

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

IN THE MATTER OF:

Case No. 1754

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

September 2, 1959

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Joe D. Ramey

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BEFORE THE
OIL CONSERVATION COMMISSION
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IN THE MATTER OF: :

Application of Skelly Oil Company for per- :
mission to commingle the production from two :
separate oil pools. Applicant, in the above- :
styled cause, seeks an order authorizing it : CASE NO.
to commingle the production from the Langlie- : 1754
Mattix Pool and from an undesignated Blinebry :
oil pool from all wells on its R. R. Sims :
lease comprising the W/2 SW/4 and NE/4 SW/4 :
of Section 3, Township 23 South, Range 37 :
East, Lea County, New Mexico :
-----:

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 1754.

MR. PAYNE: Case 1754. Application of Skelly Oil
Company for permission to commingle the production from two
separate oil pools. Applicant, in the above-styled cause, seeks
an order authorizing it to commingle the production from the
Langlie-Mattix Pool and from an undesignated Blinebry oil pool
from all wells on its R. R. Sims lease comprising the W/2 SW/4
and NE/4 SW 4 of Section 3, Township 23 South, Range 37 East,
Lea County, New Mexico.

MR. WHITE: If the Examiner please, may the record
show the same appearances as appear in Case Number 1752?

MR. UTZ: Yes.

MR. PAYNE: Let the record show that the witness is the same Mr. Ramey who testified in the previous case and was sworn at that time.

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Ramey, are you the same witness that testified in Case Number 1752?

A Yes, I am.

Q Are you familiar with Skelly Oil Company's application in Case Number 1754?

A Yes.

Q Will you briefly state the nature of the petition, please?

A This is an application for permission to commingle the production from the Langlie Mattix Pool and from an undesignated Blinebry oil pool on a portion of our R. R. Sims lease.

Q The Exhibits to be introduced in this case were also prepared by you or under your supervision?

A Yes, they were.

Q Will you refer to Exhibit 1 and explain this please?

A Exhibit 1 is a plat showing that part of the R. R. Sims lease which is affected by this application and is outlined in red. This portion of the lease includes the west half of the southwest quarter and the northeast of the southwest quarter of Section 3, Township 23 South, Range 37 East, Lea County, New

heater treater and from the heater treater into the right hand tank.

Q With this present setup is it necessary to shut up the wells at any time?

A Yes, when the tank becomes full and the pipeline runs the oil, why it is usually necessary to shut the wells down for one day.

Q How much loss of production --

A Approximately fifteen barrels a day, I think the Queen has the ability of making up part of its production that is lost by shutdown, and I believe the Blinebry will just about lose a day's production if it is shut in for a day.

Q In view of this small production, would it be economically feasible to install separate tankage for each zone?

A No. I think the cost of another battery for the well number seven would be around two thousand dollars, that is for a small battery, and cost of installing this tankage is too great disproportionate to the revenue produced.

Q Is it possible for you to commingle these two zones with no further revision to your present storage facilities?

A Yes, it would be. It would be a matter of opening and closing valves.

Q How could you take the necessary tests?

A By the same process, testing would be accomplished by the way the wells are producing now. We could divert the Queen

into one battery and we could divert the Blinebry into another. I should say tank rather than battery.

Q Over and above the **economic** savings in dollars and cents, do you believe that this proposal of commingling will be in the interest of conservation and prevention of waste?

A Yes, it would be. The storage time will be cut just about in half and hence the evaporation would be cut in half so there would be a savings of sort from evaporation losses.

Q Has the Commission granted similar application under similar circumstances as this?

A Yes, I believe they have.

Q What is the recompletion cost of your R. R. Sims number seven well?

A Estimated fourteen thousand three hundred dollars.

Q Do you have anything further to say in support of the application?

A I think that is all. We could, if the Commission so desire, we could produce this well separately up until the time that the pipeline runs oil; however, we would like to have permission to at least commingle them for at least a day or two days a month. However, this would not be the most efficient setup. The most efficient setup would be to put both as soon as possible into the same tank with the exception of testing time.

MR. WHITE: At this time we offer Exhibit 1 through 2.

MR. UTZ: Without objection Exhibits 1 and 2 will be

entered into the record.

MR. WHITE: This completes our direct examination.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Ramey, I'm a little confused at this point on what the Blinebry is making. I believe your application stated ten barrels and you just stated twelve barrels?

A The well had fallen down to ten barrels; however, over the last month we had an average of twelve barrels a day production from that.

Q And the Queen zone is about what?

A Those wells are each making around three barrels a day, a total of nine barrels a day.

Q You said the Blinebry was capable of making up some of its production. How do you mean, up to twelve barrels?

A I believe the Blinebry, if it is shut in for twenty-four hours, I believe you'll lose approximately twelve barrels of oil. However, the Queen in that area you can shut it down and not lose a full day's production.

Q Even though there are --

A That has been our experience in that area.

Q You mean not lose any production over nine barrels a day?

A We would not lose a full nine barrels a day by shutting the well in for twenty-four hours.

Q Well, it will make a little more than nine barrels a day

and then settle off to nine barrels again?

A Yes.

Q In other words, what you mean is that they will still average out, even though you shut them in, they will average nine barrels a day, but they wouldn't make over that?

A I don't believe it has been our experience in that area-- Most of the wells have the ability after being shut down for a rod job or similar shut down of some kind, why they will just about the next day, they will just about double their normal daily production. However, there will be some loss.

Q Would you be willing to test these wells once a month for the capacity?

A Yes, or even at a more frequent time. There is no problem to testing these wells.

MR. UTZ: Are there any other questions of the witness?

MR. PAYNE: Yes.

BY MR. PAYNE:

Q Mr. Ramey, is the royalty common at all depths in this lease?

A Yes, it is.

Q Do you propose to drill any more wells on this lease?

A No, we do not.

Q So that you don't need any sort of procedure then to take care of commingling of future wells drilled here to Langlie Mattix or Blinbry?

A No, I don't think so. There might be further applications. We have, in number 7, this was a former plugged and abandoned well which had been converted to a water supply well, and then recompleted in the Blinebry.

Q Is the Blinebry and the Langlie Mattix production, are both of those sour?

A No, they are not, the Blinebry is sweet crude, sweet or intermediate and the Langlie Mattix is sour; however, we have consulted Shell on this and they have no line in this area except a sour crude line and they have given us approval to commingle all this.

Q This does lower the value of your commingled crude on this when you have to put the sweet in with the sour and lower gravity of the total?

A No, I believe it would be sold as sour crude. If the Blinebry were put in separate storage, it would be, still be sold as sour crude.

Q Is this Blinebry well producing now, the seven well?

A Yes, it is.

Q What are you doing with it now?

A Going into the right hand tank.

Q It is the only one that is going in there now?

A Yes, and the other three wells, number two, five and six, are going into the left hand.

Q Now, do you propose to move the second tank off the lease

if your application here is granted?

A No, we do not.

Q Now, in the event that any of these wells are worked over and become capable of producing in excess of top unit allowable, you would be willing at that time to install separate tankage or meter the production from such wells prior to commingling would you not?

A Yes, we would. The wells are capable of supporting such an investment, it would certainly be --

Q This is all one basic lease?

A Yes, it is.

Q And this is a separate lease here to the left (indicating)?

A No, it is not. We have separate tankage for the wells in that portion of the lease.

Q You propose to produce those wells into separate tankage?

A Yes, we do.

MR. PAYNE: That's all, thank you.

MR. UTZ: Any other questions? If not, witness may be excused. Any statements to be made in this case? If there are none, the case will be taken under advisement.

C E R T I F I C A T E

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, J. A. TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 12th day of September, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

James A. Trujillo
 NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1754, heard by me on Sept. 2, 1959.
James A. Trujillo, Examiner
 New Mexico Oil Conservation Commission