

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1820

TRANSCRIPT OF HEARING

NOVEMBER 24, 1959

BEFORE THE
OIL CONSERVATION COMMISSION
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IN THE MATTER OF: :

CASE 1820 Application of Carper Drilling Company, Inc., :
and T. J. Sivley for permission to commingle :
the production from two separate leases. Ap- :
plicant, in the above-styled cause, seeks per- :
mission to commingle the Empire-Abo Pool pro- :
duction from that portion of State Lease B-1483: :
consisting of lot 2 of Section 2 and that por- :
tion of State Lease 2029 consisting of lot 3 of :
said Section 2, Township 18 South, Range 27 :
East, Eddy County, New Mexico. :
: :

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: Case 1820.

MR. PAYNE: Case 1820. Application of Carper Drilling Company, Inc., and T. J. Sivley for permission to commingle the production from two separate leases.

MR. LOOSE: Mr. Examiner, I'm A. J. Loose of Loose & Stewart, Artesia, New Mexico, representing the applicant. I have one witness, Mr. Riley.

(Witness sworn)

MARSHALL RILEY,

called as a witness, having been first duly sworn, testified as

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follows:

DIRECT EXAMINATION

BY MR. LOOSE:

Q Would you state your name, please?

A Marshall Riley.

Q Where do you live, Mr. Riley?

A Artesia, New Mexico.

Q What is your occupation?

A Vice president of Carper Drilling Company, Incorporated.

Q Have you previously testified before the Commission as an expert?

A I have.

Q The most recent Case was Case 1535?

A Yes, sir.

MR. LOOSE: Are his qualifications acceptable, Mr. Examiner?

MR. UTZ: Yes, sir, they are.

Q Are Carper Drilling Company and T. J. Sivley the working interest owners of the Wright State No. 4 Well and the State "AB" No. 5 Well?

A They are.

Q Both of these wells are located on contiguous 40-acre subdivisions?

A Yes, sir.

Q The State "AB" No. 5 Well is on State Lease 2029?



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A Yes, sir.

Q What is the location of that well?

A The 5 "AB" is located 1980 from the West line, 990 from the North line of Section 2, Township 18 South, Range 27 East.

Q When was that well completed?

A The 5 "AB" was completed in August of 1959.

Q In what producing horizon is that well completed?

A The Abo Reef.

Q The Wright State No. 4 Well is located on State Lease No. B-1483, is that correct?

A Yes, sir.

Q Is that Lease also dedicated to the common schools?

A Yes, sir, it is.

Q What is the location of this Wright State No. 4 Well?

A 1660 feet from the East line, 990 from the North line of Section 2, Township 18 South, Range 27 East.

Q When was that well completed?

A October of 1959.

Q In what producing horizon is that well completed?

A In the Abo Reef also.

(Whereupon, Applicant's Exhibit No. A was marked for identification.)

Q You have before you a copy of Exhibit A. Would you state what that is, sir?



A Exhibit A is the production record of Carper Drilling Company and T. J. Sivley covering their State "AB" No. 5 and the Wright State No. 4 Wells, which was prepared under my direction.

Q Are both of those wells top allowable wells?

A They are.

Q Is the State of New Mexico the lessor of each lease?

A Yes, sir.

Q Is the overriding royalty and other burdens on production common through each lease, or is it different?

A It is different.

Q Would you state as to the Abo reef what overriding royalty exists as to B-1483, which is the Wright State No. 4 Well?

A Under State Lease B-1483 Laura Stratton Kaempf, K-a-e-m-p-f, has twelve overriding royalties.

Q Are there any other burdens on production on that Lease in that formation?

A No, sir.

Q Referring to the State "AB" No. 5 as to the Abo reef, what burdens are there on production?

A Under State Lease No. 2029, E. A. Peyton, Doris Peyton, L. B. Fetter, and H. G. Watson in equal shares, have a five percent production payment until two hundred thousand dollars exclusive of taxes have been paid from this Lease and other leases.

Q Have the four people you just mentioned on this State

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Lease 2029 consented giving their consent in writing to this proposed commingling of oil?

A They have.

Q Has Mrs. Kaempf consented in writing to this commingling?

A Mrs. Kaempf has not in writing, no, sir.

Q Was she notified of this application?

A She was.

Q Did you or anyone in Carper's organization discuss the matter with her over the telephone?

A Yes, sir. My landman, Mr. Robert Bowing talked to her over the telephone, and she gave verbal approval.

(Whereupon, Applicant's Exhibit B was marked for identification.)

Q Please refer to Exhibit B, and would you state what that is, sir?

A Exhibit B shows the estimated cost of constructing a separate tank battery for our Wright State No. 4 Well.

Q Did you prepare this?

A It was prepared under my direction.

Q What would be the cost of constructing that separate tank battery for this recently completed Wright State No. 4 Well?

A Approximately seven thousand five hundred and seventy-five dollars.

Q You propose by your application to meter the produc-



tion from this well. By what method do you propose to meter the production?

A We'll use adequate metering facilities as approved by the Commission.

Q What would be the cost of constructing a separator and metering equipment?

A Approximately fourteen hundred and fifty dollars.

Q Do you feel that the metering of this production from this well before it enters the tank battery located on the State "AB" 5 will protect the correlative rights of the parties involved?

A Yes, sir.

MR. LOOSE: At this time we'll offer the service on the working interest owners and consents. I have no further questions.

CROSS EXAMINATION

BY MR. UTZ:

Q Would you give me the locations of these two wells, what locations, again?

A The footage?

Q Yes, sir.

A The 5 "AB" is 1980 feet from the West line, 990 feet from the North line of Section 2, 18, 27. The Wright 4, 1650 feet from the East line, 990 feet from the North line, same Section, Township and Range.



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Q Which tract will the tank battery be located on?

A The tank battery will be located on the State "AB" No. 5 tract, which is 1980 from the West, 990 from the North.

Q What type of meters do you propose to use?

A A type that has been approved, or will be approved by the Commission. Mr. Examiner, there are quite a number on the market that -- we will use that one that would be approved by the Commission.

Q Do you have a preference between dump type and positive displacement?

A Not particularly. If the Commission so desires, I believe the positive displacement meters have been doing a better job out there in that particular field, however, because of corrosion problems, I've been told.

Q You say the positive displacement has been doing a better job?

A I believe that is correct, yes, sir.

Q You intend to use corrosive resistant meters, do you not?

A We will, if at all possible. And we have been checking on that, and we were told a few days ago that it might take from two to three months to get the corrosive type. We certainly intend to if we can get them within a reasonable time.

MR. PAYNE: By that, do you mean the plastic coated meters? You could get them more rapidly, couldn't you?



A The type I'm referring to I'm just not exactly familiar with. It is one that Pan American has had very good success on, and I believe it is more the type of material rather than the coating.

MR. PAYNE: Is your tank battery adequate to handle the production from both of these wells?

A Yes, sir. It is two five hundred barrel tanks.

Q (By Mr. Utz) Will the production be metered on the Wright Lease or on the State 5 "AB?"

A Yes, the meter will be on the Wright, on the Wright, yes, sir. No meter on the 5.

Q You intend to meter the oil from the State 5 "AB", do you not?

A No, we had intended to meter the oil off of 4, and the other oil that goes off of 5 into the tank will be the difference in that.

Q Use the subtraction method?

A Yes, sir.

MR. PAYNE: That charges all the shrinkage to the one lease, doesn't it, Mr. Riley, if any there be?

A Well, there shouldn't be very much.

Q (By Mr. Utz) Do you have any idea what the shrinkage has been running in the Abo Pool?

A No, sir.

Q Do you anticipate additional wells into this system?



A No, sir. Only these two wells; this is all we plan.

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

Q (By Mr. Utz) Are these both top allowable wells?

A Yes, sir, they are.

Q Would you have objection to metering both leases before commingling rather than using the subtraction method?

A Not if the Commission directed. It would run the cost up a little bit more, it would be double the approximate figure, fourteen fifty, to do so. That is still a saving over that.

MR. PAYNE: Do you feel that any shrinkage there might be during one season of the year would be made up in the ensuing season?

A Oh, I think it's a good possibility, yes, sir.

MR. PAYNE: I mean, what you lost in the summer you would make up in the winter --

A Yes, sir.

MR. PAYNE: -- or the other way around?

A Yes. Reverse it.

MR. UTZ: Any other questions? No other questions, the witness may be excused.

(Witness excused)

MR. LOOSE: We'll offer our Exhibits A and B.

MR. UTZ: Without objection, they'll be entered into



the record.

(Thereupon, Applicant's Exhibits
A and B were received in evidence.)

MR. UTZ: Any other statements to be made in this case?

The case will be taken under advisement.

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