

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

In the Matter of:

CASE 2093 Application of Humble Oil & Refining Company for an amendment of Order No. R-1630-B to permit commingling from additional separate leases and for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1630-B to permit the commingling of the Empire-Abo Pool production from all wells on certain additional leases in the Chalk Bluff Draw Unit Area, Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle the aforesaid commingled production.

Mabry Hall
State Capitol Building
October 5, 1960

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 2093.

MR. PAYNE: Case 2093, "Application of Humble Oil and Refining Company for an amendment of Order No. R-1630-B to permit commingling from additional separate leases and for approval of an automatic custody transfer system."

MR. BRATTON: Howard Bratton appearing on behalf of the Applicant, Humble Oil and Refining Company. We have one

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witness and ask that he be sworn in for brief testimony.

(Witness sworn in.)

LEE PERRY

a witness, called by and on behalf of the Applicant, having first been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. BRATTON:

Q Your name is Lee Perry, you are employed by the Humble Oil and Refining Company and you have appeared before this Commission as an expert witness in connection with this same matter previously, is that correct?

A I have.

(Thereupon, the document was marked as Applicant's Exhibit A for identification.)

Q (By Mr. Bratton) Referring to--by reference to your Exhibit A, will you explain the purpose of Humble's application there?

A We have three purposes in this application. We wish to obtain an amendment to Order R-1630-B to temporarily permit us to commingle the Empire-Abo production from all present and future wells within the position of the Abo and Chalk Bluff Draw Unit shown in the red perimeter here; second, to allow us to produce more than sixteen wells into each of one or more batteries, and to authorize or permit us to handle this production by automatic custody transfer at these batteries.



Q All right, sir. Now, referring to the first portion, to permit the commingling, you talk about temporarily, that's with reference to your participating area, the land in and the land outside --

A That is right.

Q --that's shown on your exhibit?

A The presently approved participating area is shown outlined in green on the Exhibit A; the land that was taken and approved for commingling under R-1630-B is shown outlined in orange.

Q All right, sir; then you need permission to commingle the production from outside the approved participating areas with that inside?

A That's right.

Q Now, the area that we have requested in our application consists of what?

A It consists of a portion of Township 18 South, Range 27 East, consists of the west half of Section 4, all of Sections 5, 8, 17 and 20, the west half of Sections 9 and 16 and the west half and the southeast quarter of Section 21, Eddy County, New Mexico.

MR. BRATTON: We had that southeast quarter of Section 21 described as the southwest quarter in our application --

MR. UTZ: Yes, sir.

MR. BRATTON: --and I'd ask the Examiner please change that.

MR. UTZ: Wait a minute.

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MR. BRATTON: The advertisements are right, I believe, sir.

MR. UTZ: That is the west half of the southwest quarter should be --

MR. BRATTON: It should be the west half --

A The west half and the southeast quarter.

MR. UTZ: And the southeast quarter, okay.

Q (By Mr. Bratton) The ownership of the leases is not common?

A No.

Q All right, sir; and what are the advantages of this commingling?

A By commingling into a common tank battery, which will be the same tank battery we'll use when all of the good wells in the area are included in the participating area, we'll save considerable tankage and storage from all the production outside of the participating area until the participating area takes in the whole unit for the whole of the productive acreage.

Q And the way the trend of the Abo keeps changing, you can't foresee it, and it actually so changed on you and you had some delay in drilling?

A That's right; since our last hearing, the trend has changed from more or less southwest to southerly, it seems right now, the apparent trend, I'll put it that way. Actually, at this time, there is no way of telling which of the area surrounding the proven acreage will be productive, and for that reason, we are



asking that the designation of that area be approved for commingling. This area is the land in the Chalk Bluff Draw Unit, which is roughly within a mile of existing Abo production.

(Thereupon, the document was marked as Applicant's Exhibit B for identification.)

Q (By Mr. Bratton) All right, sir, will you refer to your Exhibit B now, Mr. Perry?

A Exhibit B is a schematic diagram of the commingling and LACT facilities which are now installed at Battery Number 1. The commingling is the TP and the ACT at the bottom as it is labeled.

Q All right, sir; is there anything about that exhibit that needs explanation or is it self-explanatory?

A I believe it's self-explanatory; that was gone through in some detail in Case 1948, the only difference is that we propose to put all of the participating area production through the permanent header "Q" up in the upper left hand corner there and the production and metering separator is there and we are now putting wells one through ten through that setup. The wells thirteen and fourteen right now are going through temporary meter separators as shown over here in the upper right hand corner. Any future wells that are brought in until the participating area covers them will go through those meter separators.

Q You have no objection to this proposal from the working interest owners or the royalty owners?



A No.

Q And the commingling application, in your opinion, will be in the interests of conservation and prevention of economic waste and will protect correlative rights?

A Yes, sir.

Q All right. Now, with reference to the portion of your request to produce more than sixteen wells into the battery, will you explain that briefly, sir?

A Yes sir, we now have fourteen wells going into the battery Number 1, and hope to have some more coming in from over there where the location of Number 17 is indicated, possibly might have some others within the area we are asking for commingling, they could come, for that matter, from the two to the northwest and that would give us over our sixteen for any other battery. We want the same permission in the interests of economy and conservation.

Q And you referred to more than one battery; you are requesting approval to put another battery on this unit?

A Yes sir, since we are not sure of the eventual extent of the Abo and Chalf Bluff Draw Unit, we have not requested where the specific battery should be located, and we haven't decided definitely that we will have to set one up. However, Battery Number Two will be necessary if the limits extent further out, and at present the most likely position for this battery is in the southwest quarter of Section 17, referring back to Exhibit A, we would like to be allowed flexibility in the decision to build a

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new battery, and the location. I believe this definitely would be in the interests of conservation. On one hand, it might be, if we complete only a few more producing units, it might be more than economical to produce them into Battery Number 1, depending upon their location; on the other hand, we might be unable to relay some of the flow lines from some of the wells now going to Battery Number 1 to a closer battery, again depending upon the location of the next new producers. Considering the paraphenic nature of this production and high cost of the lines, we have decided upon five thousand to six thousand feet as a maximum length of flow line. We believe that thirteen and fourteen in the south half of the northwest quarter of Section 16 are within this range of distances from the battery, and fifteen and sixteen now drilling are beyond.

Q Mr. Perry, the third part of your request concerns an ACT for this new battery?

A Yes sir, we wish permission to handle the production from wells in the enlarged commingling area by ACT, not only in Number 1, but also wish permission to equip the proposed battery Number 2 with ACT if and when it is constructed. Battery Number 2 would be built with commingling and ACT facilities identical with those at Battery Number 1 as shown on Exhibit B. The operation of these facilities was discussed in detail in Case 1948 and approved by Order R-1630-B. The same safeguards will be built and the flow lines will be tested at 1500 feet.

Q Is there anything further you desire to state with regard

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to this application, Mr. Perry?

A I believe I have covered everything I can think of.

Q Did you prepare Exhibit Numbers One and Two or were they prepared under your direction and supervision?

A Yes, sir.

MR. BRATTON: We will offer Exhibits One and Two in evidence, and we have nothing further to offer.

MR. UTZ: Without objection, Exhibits One and Two will be entered into the record.

Mr. Perry, is all of the land inside the red area on Exhibit Number One within the Chalf Bluff Draw Unit?

A Yes; I should have mentioned that the Chalf Bluff Draw Unit is outlined in heavy dotted blue lines on Exhibit A.

MR. UTZ: Yes, and would that consequently make the royalty interests in the area outside of the orange area common?

A It will when they are included within the participating area.

MR. UTZ: But until then, they are not?

A That is the nature of this temporary request for commingling.

MR. UTS: How do you propose to keep those interests separated in the area outside of the participating area, a separate meter on each lease?

A Yes, sir; referring back to Exhibit B, the meter separator "C" in the upper right hand corner will be used to meter each



separate lease. At present, as I have mentioned before, we have 13, Well Number 13, which is a Conoco well, and Well Number 14, which is a Hondo well, each going into one separate metering separator, and any additional wells, for instance, 15 and 16 are both Humble wells, they would go to a third meter separator.

MR. UTZ: Are there further questions? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements in this case? The case will be taken under advisement.

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WITNESS

PAGE

LEE PERRY

Direct Examination by Mr. Bratton

2

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