

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MARCH 22, 1961

EXAMINER HEARING

IN THE MATTER OF

CASE 2221: Application of Shell Oil Company for an excep-
tion to Rule 303 (a) and Rule 309 (a). Appli-
cant, in the above-styled cause, seeks permis-
sion to commingle the production from the Vac-
uum and Vacuum-Abo Pools from all wells pres-
ently completed or hereafter drilled on the
Shell State "T" Lease comprising the SE/4 of
Section 33, Township 17 South, Range 35 East,
Lea County, New Mexico. Applicant also seeks
permission to install an automatic custody
transfer system to handle said commingled pro-
duction.

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 2221.

MR. MORRIS: Case 2221. Application of Shell Oil Company
for an exception to Rule 303 (a) and Rule 309 (a).

MR. SETH: Same appearance and same witness as 2218.

MR. UTZ: Any other appearances?

MR. MORRIS: Let the record show the witness has been
previously sworn.

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MR. SETH: If the Commission please, at the onset we would like to point out we have already received administrative approval for an exception to Rule 303 (a) that was inadvertently included in this application, so there will be just Rule 309 (a).

R. L. SOMERWELL,

recalled as a witness, having been previously sworn, testified as follows:

DIRECT EXAMINATION

BY MR. SETH:

Q State your name.

A R. L. Somerwell.

Q Are you employed by Shell?

A Yes, sir.

Q In what capacity?

A Mechanical Engineer, Roswell Division.

Q Are you familiar with the application in 2221?

A Yes, sir, I sure am.

Q State what it proposes.

A We have received administrative approval to commingle the production from the Vacuum and Vacuum-Abo Pools, which is our basis for seeking approval to install an ACT system for both zones.

Q Do you have a plat showing the lease location?

A Yes.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification)



Q This has been marked as Exhibit 1, and would you tell the Examiner what it shows?

A Exhibit 1. These solid dots are the four San Andres Wells. The circle with an "A" in the middle is an Abo well, and the circle with a vertical line, the applicant is drilling an Abo well right now and we anticipate and hope to complete two additional Abo wells on other leases.

Q What type of lease is this, fee lease or State lease?

A State lease.

Q Do you have a diagram of the unit that you propose to install?

A Yes, sir, I sure do.

(Whereupon, Shell's Exhibit No. 3 was marked for identification)

Q I hand you Shell's Exhibit No. 3 and ask you to state what it shows?

A It is a diagram of the ACT unit which we are proposing and have received approval from the pipeline carrier to install. It is somewhat different from the other ACT units.

Q Could you outline the difference?

A Starting right down at the bottom of the page is the side view. We have the charging pump, and immediately above that is a three-way two-position manual valve, the horizontal lock returned to the treating system, and would normally be open and in vertical position to produce from the ACT unit after raising their P valve.



We might refer to the top picture, gas goes through the combination air-eliminator or an SF 6 PD meter and proceeds down. The meter proving loop and back pressure valve monitor has been deleted from this installation. Actually, that is the only difference, the main difference.

Q Now, are the mechanical items the same as they are in 2213?

A Yes, sir. This is a centrifugal pump. The air-eliminators are A. O. Smith, and the A.O.Smith and sampler is identical to the others installed.

Q Is this a reliable mechanical arrangement?

A Yes, sir. We have two such units very similar to this. One is Vacuum State, and State "B" Monument.

Q You have had experience in this facility?

A Yes, sir, we sure have.

Q Do you have a pumper that will attend to this daily?

A Yes, sir. He is on the lease daily.

Q Do you have some reserve capacity in this facility?

A The San Andres Wells are top allowable and will produce approximately 145 barrels or 140 barrels a day. And the Abo Wells, at maximum, will produce 420 barrels a day. The peak production from this lease should be 560 barrels per day. We have provided for two 500-barrel surge tanks. One will be evacuated in an emergency arising from something less than two-day storage.

Q As to that Exhibit, this ACT unit, other than you have



indicated, it will all be the same as in Case 2218, is that correct?

A Yes, sir. We have deleted the monitor at the wishes of Texas-New Mexico Pipeline carrier. We have generally agreed with them, should bad oil be a problem and exceed the limit, we would immediately install a BS&W monitor at their request. We will try to maintain our treating system in such a manner.

MR. SETH: We would like to incorporate the testimony in Case 2218 for those modifications in this case, Mr. Utz.

MR. UTZ: The only modifications are those stated in the records as far as this system is concerned?

MR. SETH: Referring to mechanical.

A Yes, mechanically they will be the same, except on the deletion of the monitor.

MR. UTZ: On the point of the 2218 record, you want to incorporate in this case only that part referring to the mechanical description, and will be the first sheets of this Exhibit? Let the record show that the mechanical description of the ACT system of Case 2218 will apply to this.

Q (By Mr. Seth) Will the Texas-New Mexico Pipeline accept production through these facilities?

A Yes, sir.

Q Have you been advised of this?

A Yes, sir.

MR. NUTTER: Do you know what administrative order that



was that authorized that?

A No, sir.

(Whereupon, Shell's Exhibit No. 2
was marked for identification)

Q (By Mr. Seth) Referring to Exhibit No. 2, will you state what that is, please?

A That is a private approval from Texas-New Mexico Pipeline Company in the form of a telegram that this proposed lease be accepted. We would like to refer to a letter, in addition to this, in which they did agree to asking your permission for us to install a monitor.

Q And the facilities referred to in Exhibit No. 2 is or are they those described in Exhibit No. 3?

A They were submitted to the Pipeline carriers.

Q Do you have any other statements or comments you would like to make to the Commission in this case?

A No, sir, except this will eliminate any handling and hazards to persons and create a closed system for production.

Q And you expect the usual savings on volume and gravity?

A Yes, sir, we sure do.

MR. SETH: We would like to move the Commission have Exhibits 1 through 3 entered into the record.

MR. UTZ: Exhibits 1, 2 and 3 will be entered into the record of this case.



(Whereupon, Shell's Exhibits 1,2
and 3 were received in evidence)

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Somerwell, the commingling of the Abo and San Andres on the State "T" lease, which is the diagrammatic sketch which was submitted on the application, in that, the commingling did not go into the oil treating and storage facilities that are available. I think the storage and testing facilities, however, might be permanent. Now, with the installation of the ACT system, where will the treater be installed in this?

A Downstream of both the metering separators.

Q But you recall there is another schematic, I mean, I believe we submitted a corrected schematic with motor valves shown on it.

A I have a copy that we haven't submitted as an exhibit but --

Q In the event that this oil becomes such that the sampler finds out it is not pipeline quality, then you are going to have to reroute the oil back to the treater by operation of manual three-way valve in ACT system?

A Yes, sir.

Q Valve No. 2?

A Yes, sir.

Q For the period of time, there is a possibility that pipeline, that oil which does not meet pipeline quality, will go into



the pipeline, though, if you don't have a meter installed?

A Yes, sir.

Q Until the next time you take out a sample?

A Yes, sir, that is true.

Q Where will the oil go when it's routed by hand through the valve No. 2, back through the treating facilities?

A That will be going back to the inlet of the heater shown in the upper left-hand portion. A two-inch valve runs over the inlet to the heater. Do you follow that?

MR. SETH: Let me mark that as an Exhibit so that the record will follow the testimony, and call this No. 4.

(Whereupon, Shell's Exhibit No. 4 was marked for identification)

Q (By Mr. Nutter) This is the line labeled "2-inch line" coming off the ACT units?

A Yes, sir.

Q That comes off the left and is plastic coated?

A Yes, sir.

Q What does it normally carry?

A Carries produced oil from both zones into the heater and heated and returned to the tank.

Q Do you have samplers downstream from the metering separators as you did in the previous ones this morning?

A That was not prepared by me. I believe they do not have any water production on these leases other than a small two-tenths



water. I don't believe they are producing any water. I am not positive.

Q The purpose of the meter is to maintain a high quality of oil?

A Yes, sir. I am not saying we don't have any water, but in very small amounts. I don't know the magnitude. I sure don't.

Q So what water is producing from either the San Andres or Abo is metered by but not sampled, and then passed into the heater water knocked out in the heater?

A I don't know, samples aren't shown. I presume they are not intended to be installed. Should there be enough water to produce water, I am sure they will be installed.

Q Then the same oil kicked back by the ACT goes into a line which carries commingled production from the separators, which has not been treated?

A Yes, sir.

MR. NUTTER: Thank you.

BY MR. PAYNE:

Q But in any event that bad oil which is routed back never goes through a production meter to any other zone?

A No, sir, certainly doesn't.

MR. NUTTER: You are going to maintain these three 500-barrel storage tanks and a 750-barrel settling tank?

A No, the shaded area will be deleted from the lease.

MR. NUTTER: So you will have two 500-barrel storage tanks



and the 750-barrel settling tank?

A Yes, sir.

MR. UTZ: Any other questions? The witness may be excused.

(Witness excused)

MR. UTZ: Any statements in this case?

MR. SETH: We have nothing further.

MR. UTZ: The case will be taken under advisement.

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ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

I, PAT GONIE, Court Reporter, 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 accurate and true and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record of the hearing of my knowledge, skill and ability.

WITNESSE MY HAND AND SEAL THIS _____ DAY OF _____ 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

NOTARY PUBLIC

COMMISSION EXPIRES: _____
JUNE 19, 1961