

Case No.

1527

Application, Transcript,
Small Exhibits, Etc.

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BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case No. 1527 and 1528

TRANSCRIPT OF HEARING

October 22, 1958

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

BEFORE THE
OIL CONSERVATION COMMISSION
October 22, 1958

IN THE MATTER OF:

Application of Tennessee Gas Transmission Company
for permission to commingle the oil produced from
two separate oil pools. Applicant, in the above-
styled cause, seeks an order authorizing it to com- : Case 1527
mingle the oil produced from its State A. A. Kem-
nitz "B" Well No. 5, located in the SW/4 NW/4 of
Section 25, Township 16 South, Range 33 East, Lea
County, New Mexico, from the Kemnitz-Wolfcamp Pool
and an undesignated Pennsylvanian (Cisco) pool.
Applicant proposes to separately meter the pro-
duction from each zone prior to commingling.

Application of Tennessee Gas Transmission Company
to commingle the production from two separate oil
pools from three of its state leases. Applicant, : Case 1528
in the above-styled cause, seeks an order autho-
rizing it to commingle the oil produced from the
Kemnitz-Wolfcamp and Kemnitz-Cisco Pools from the
wells on its State "B", State "C" and State "D"
Leases located in Sections 21 and 28, Township
16 South, Range 34 East, Lea County, New Mexico.

Mabry Hall
Santa Fe, New Mexico

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The next case on the docket will be Case 1527.

MR. PAYNE: Case 1527, "Application of Tennessee Gas
Transmission Company for permission to commingle the oil produced
from two separate oil pools."

MR. CARNES: J. F. Carnes. Tennessee Gas requests that

Case 1528 be heard with Case 1527.

MR. UTZ: Are you asking for a consolidation of Cases 1527 and 1528 for purposes of testimony?

MR. CARNES: Yes, sir.

MR. UTZ: Is there objection to the consolidation of 1527 and 1528 for purposes of testimony?

If there is no objection, they will be consolidated for purposes of testimony only.

MR. CARNES: I must apologize to the Examiner that we do not have legal counsel with us today. I will be the only witness for Tennessee Gas.

(Witness sworn in).

J. H. CARNES

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

DIRECT EXAMINATION

BY MR. PAYNE:

MR. UTZ: Would you state your name again, please?

A J. H. Carnes. I have not previously qualified before this Commission.

Q (By Mr. Payne) What is your position, Mr. Carnes?

A District Engineer for Tennessee Gas in Hobbs, New Mexico.

Q Would you give us a brief resume of your background

and experience?

A I graduated from Kansas State College, BS in Mechanical Engineering in January, 1950. For the past eight and a half years, I have been active in supervisory positions as a petroleum engineer.

Q Are you familiar with the Tennessee Gas Transmission Company's applications in these two cases?

A I am.

MR. PAYNE: Are the witness' qualifications acceptable, Mr. Examiner?

MR. UTZ: They are, yes.

Q (By Mr. Payne) Proceed.

A We will present three exhibits for this hearing, a plat of the Kemnitz area showing the development on the Tennessee Gas leases as covered by these two applications outlined. Exhibit Two will be a schematic presentation of the proposed tank battery on the Kemnitz "B" lease covering application 1527, and Exhibit Three will be a schematic presentation of the proposed tank battery on "B," "C" and "D" leases covering application 1528.

Tennessee proposes to consolidate to commingle the surface storage production from the Kemnitz-Wolfcamp and Kemnitz-Cisco oil pools under these two leases. We propose to--Tennessee proposes to use positive displacement meters to meter the production from both the Cisco and Wolfcamp zones in the common surface storage.

These same type metering equipment and metering installations

have previously been approved in the Phillips Petroleum Company New Mexico lease in Section 25 South that offsets the Kemnitz "B" lease on Order Number R-1201, and have been approved for the purchase of State "E" lease in Section 21 offsetting "A," "B," "C" and "D" leases. That was approved on Order Number R-1216.

Referring to Exhibits Two and Three, we propose to use metering equipment on the downstream site, our separator and our standard hookup.

I have no more testimony to present at this time.

CROSS EXAMINATION

BY MR. UTZ:

Q What does your Exhibit Number Three show?

A Exhibit Number Three merely shows the proposed tank battery arrangement for the "B," "C" and "D" leases, they will be very similar. Adequate test facilities will be installed at both batteries. There is no production at this time on the "D" lease.

Q Exhibit Number Two shows the proposed hookup for your "B" lease and Exhibit Number Three shows the proposed tank batteries for your metering devices for "B," "C" and "D" leases?

A "B," "C" and "D" leases. We have previously been approved for common storage in the Wolfcamp only.

MR. UTZ: Yes. Do you wish to enter Exhibits One, Two and Three in evidence?

A At this time, if I may.

MR. UTZ: Without objection, they will be accepted.

Does that conclude your testimony?

A It does.

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

MR. FISCHER: Yes, sir.

MR. UTZ: Mr. Fischer:

CROSS EXAMINATION

BY MR. FISCHER:

Q Mr. Carnes, could you give us the gravities of the two sources?

A Pardon me, the Wolfcamp oil gravity averages 39.8 and from the Cisco it averages approximately 40.1. Both crudes are sweet.

Q Do you happen to have the GOR's?

A The GOR's at the present time from the Wolfcamp field are approximately 1215, that from the Cisco approximately 1500.

Q How many days' storage would you have on each tank battery when they are commingled?

A When they are commingled, approximately four days.

Q On each battery?

A On each battery.

Q How long does it take you--do you have any trouble getting your tanks to run?

A No.

MR. FISCHER: That's all I have.

MR. UTZ: Any other questions of the witness?

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Carnes, do you propose to separately meter the production from each zone prior to commingling?

A Yes sir, our schematic presentation shows that there will probably be no commingling prior to metering.

MR. PAYNE: Thank you.

A You will notice on the Kemnitz "B" battery we in effect have three metering separators, two for production, one for test.

CROSS EXAMINATION

BY MR. UTZ:

Q There will be no possibility of commingling in the pools before metering?

A None.

CROSS EXAMINATION

BY MR. FISCHER:

Q Do you have two separators for each pay?

A We only have one Cisco well on either lease, so they will be continuously metered. On the Wolfcamp, we will have a metering separator and a production separator.

Q What size are your tanks?

A On the Kemnitz "B" lease, they are a thousand barrels and on "B", "C" and "D" they are five hundred barrels. None of the wells on "B," "C" or "D" at this time are top allowable.

Q Is there any water production in the metering?

A At this time, no.

Q None?

A And none is expected.

MR. FISCHER: Thank you.

MR. UTZ: Mr. Carnes, would your company be willing to make any production tests necessary to indicate the producing ability of each of the wells when they are commingled together?

A We would.

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

(No response).

MR. UTZ: If not, the witness may be excused.

(Witness excused).

MR. UTZ: Are there any other statements to be made in this case?

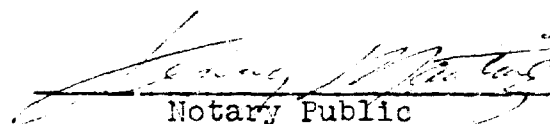
(No response).

MR. UTZ: If there are no other statements, the case will be taken under advisement.

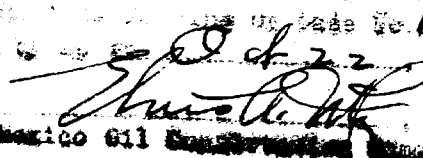
STATE OF NEW MEXICO)
 : SS
 COUNTY OF BERNALILLO)

I, JERRY MARTINEZ, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me, 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 23rd day of October, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


 Notary Public

My Commission Expires:
 January 24, 1962

I do hereby certify that the foregoing is
 a true and correct copy of the proceedings in
 the case of State vs. [illegible] in
 the County of Bernalillo State of New Mexico
 heard at Albuquerque on the 22nd day of October 1958.

 Notary Public

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

November 10, 1958

C
O
P
Y

Mr. J. F. Carnes
Tennessee Gas Transmission Co.
P.O. Box 307
Hobbs, New Mexico

Dear Mr. Carnes:

We enclose two copies of Order R-1273 issued November 5, 1958, by the Oil Conservation Commission in Case 1527, which was heard on October 22nd at Santa Fe before an examiner.

Please note that this order requires that each meter installed in the subject system shall be tested for accuracy at intervals and in a manner satisfactory to the Commission. It will be necessary for you to run a series of tests of sufficient duration to determine that the meters are functioning properly immediately following installation. Thereafter, tests should be made at intervals not to exceed one month and a report of said calibration filed with the Commission. The meters shall be calibrated against a master meter or against a test tank of measured volume.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

**BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:**

**CASE NO. 1527
Order No. R-1273**

**APPLICATION OF TENNESSEE GAS
TRANSMISSION COMPANY FOR PERMISSION
TO COMMINGLE THE PRODUCTION FROM
TWO SEPARATE POOLS IN LEA COUNTY,
NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 22, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 5th day of November, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Tennessee Gas Transmission Company, is the owner and operator of the State A. A. Kennitz "B" Well No. 5, located 1930 feet from the North line and 660 feet from the West line of Section 25, Township 16 South, Range 33 East, NMPN, Lea County, New Mexico.

(3) That by Administrative Order DC-675 applicant was authorized to dually complete the said State A. A. Kennitz "B" Well No. 5 in such a manner as to permit the production of oil from an undesignated Cisco (Pennsylvanian) pool and the production of oil from the Kennitz-Wolfcamp Pool.

(4) That applicant seeks an order authorizing the commingling of production from the said State A. A. Kennitz "B" Well No. 5 from an undesignated Cisco (Pennsylvanian) pool and from the Kennitz-Wolfcamp Pool after the production from each of said pools has been separately measured.

-2-

Case No. 1527

Order No. R-1273

(5) That approval of the subject application will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

That the applicant, Tennessee Gas Transmission Company, be and the same is hereby authorized to commingle the Cisco (Pennsylvanian) and Kemnitz-Wolfcamp production from the dually completed State A. A. Kemnitz "B" Well No. 5, located 1980 feet from the North line and 880 feet from the West line of Section 25, Township 16 South, Range 23 East, NEPM, Lea County, New Mexico, provided that the production from each of said pools is separately measured by positive displacement meters prior to being commingled.

PROVIDED FURTHER, That the applicant shall check said meters for accuracy at intervals and in a manner satisfactory to the Commission.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



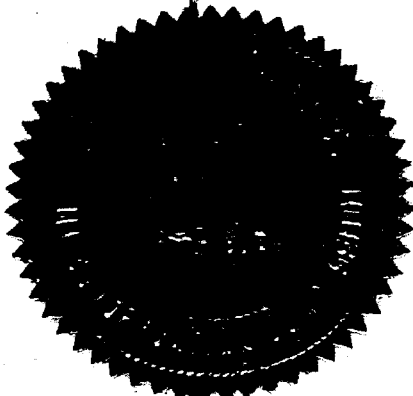
EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



A. L. PORTER, Jr., Member & Secretary



lr/

Case 1527

TENNESSEE GAS TRANSMISSION COMPANY

Post Office Box 307
Hobbs, New Mexico
August 28, 1958

State of New Mexico
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Re: Application For Dual Completion

Gentlemen:

Attached is an Application For Dual Completion of the Tennessee Gas Transmission Company State A. A. Kemnitz "B". Well No. 5, located in Unit E, Section 25, Township 16 South, Range 33 East, N. M. P. M., Lea County, New Mexico.

Tennessee proposes to utilize parallel strings of 2-3/8 inch tubing for the production of oil from the Kemnitz Wolfcamp Pool and an undesignated Pennsylvanian (Cisco) pool. A schematic diagram of the proposed completion is attached. A similar application was approved on Order No. R-1201 for the dual completion of the Phillips Petroleum Company New Mex "A", Well No. 1, the Southeast offset to the subject well. Administrative approval of this application is therefore respectfully requested.

Tennessee further proposes to commingle the production from these zones into common surface storage after separately measuring the production from each zone by the use of positive displacement meters. A similar request was approved on Order No. R-1201 for the Phillips Petroleum Company New Mex "A" No. 1. If administrative approval to this portion of the Application cannot be granted, then it is respectfully requested that the matter be scheduled for hearing at an early date.

All offset operators have been furnished copies of this Application and waivers requested from each.

Very truly yours,

TENNESSEE GAS TRANSMISSION COMPANY

J. F. Carnes
District Engineer

JFC/mh

cc: Forest Oil Corporation, Box 4106, Odessa, Texas.
Phillips Petroleum Company, Box 2105, Hobbs, New Mexico.
Sinclair Oil & Gas Company, 520 East Broadway, Hobbs, New Mexico.
N. M. O. C. C., Box 2045, Hobbs, New Mexico

Attachments.

Handwritten signature: J. F. Carnes
Handwritten signature: Commingle

Handwritten note: Commingle
Handwritten note: P. 304

Handwritten note: Docket Mailed
Handwritten note: 10-5-58 BP

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 10-29-58

CASE NO. 1527

HEARING DATE 10-22-58

My recommendations for an order in the above numbered case(s) are as follows:

1. approve Tennen Nat. Gas Trans. request to commingle oil from these State A.A. Kennedy "B" Well No. 5 in unit E Sec. 25-165-33E.
2. This well is a Dual completion as follows:
Upper zone - Kennedy Wolfcamp
Lower " - Undesignated Perm.
DC - 675
3. Each zone shall be metered before commingling. Positive displacement meters shall be used.
4. Wells shall be tested at required intervals to determine their producing ability.
5. all wells on their State Kennedy "B" should be included in this approval. N/2 25 to Sec 165. 33E.

Thos. G. Dyer
Staff Member

DOCKET: EXAMINER HEARING OCTOBER 22, 1958

Oil Conservation Commission 9 a.m. Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before Elvis A. Utz, Examiner:

- CASE 962: Application of Humble Oil & Refining Company for the amendment of a unit agreement. Applicant, in the above-styled cause, seeks an order amending the South Four Lakes Unit Agreement approved by Order B-710 to enlarge the unit area to include the N/2 SW/4 of Section 1, Township 12 South, Range 34 East, Lea County, New Mexico.
- CASE 1527: Application of Tennessee Gas Transmission Company for permission to commingle the oil produced from two separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the oil produced from its State A. A. Kennitz "B" Well No. 5, located in the SW/4 NW/4 of Section 25, Township 16 South, Range 33 East, Lea County, New Mexico, from the Kennitz-Wolfcamp Pool and an undesignated Pennsylvanian (Cisco) pool. Applicant proposes to separately meter the production from each zone prior to commingling.
- CASE 1528: Application of Tennessee Gas Transmission Company to commingle the production from two separate oil pools from three of its state leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the oil produced from the Kennitz-Wolfcamp and Kennitz-Cisco Pools from the wells on its State "B", State "C" and State "D" Leases located in Sections 21 and 28, Township 16 South, Range 34 East, Lea County, New Mexico.
- CASE 1529: Application of Kersey & Company for permission to commingle production from two separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Grayburg-Jackson Pool and the Fren Pool from two wells located on the SE/4 SW/4 of Section 16, Township 17 South, Range 31 East, Eddy County, New Mexico. Applicant does not propose to meter the production from each pool.
- CASE 1530: Application of Rice Engineering & Operating, Inc. for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its E-M-E SWD Well No. A-32 to be located 1320 feet from the North and East lines of Section 32, Township 21 South, Range 36 East, Lea County, New Mexico. Applicant proposes to inject the produced salt water into the San Andres formation in the interval from 4250 feet to 4600 feet.

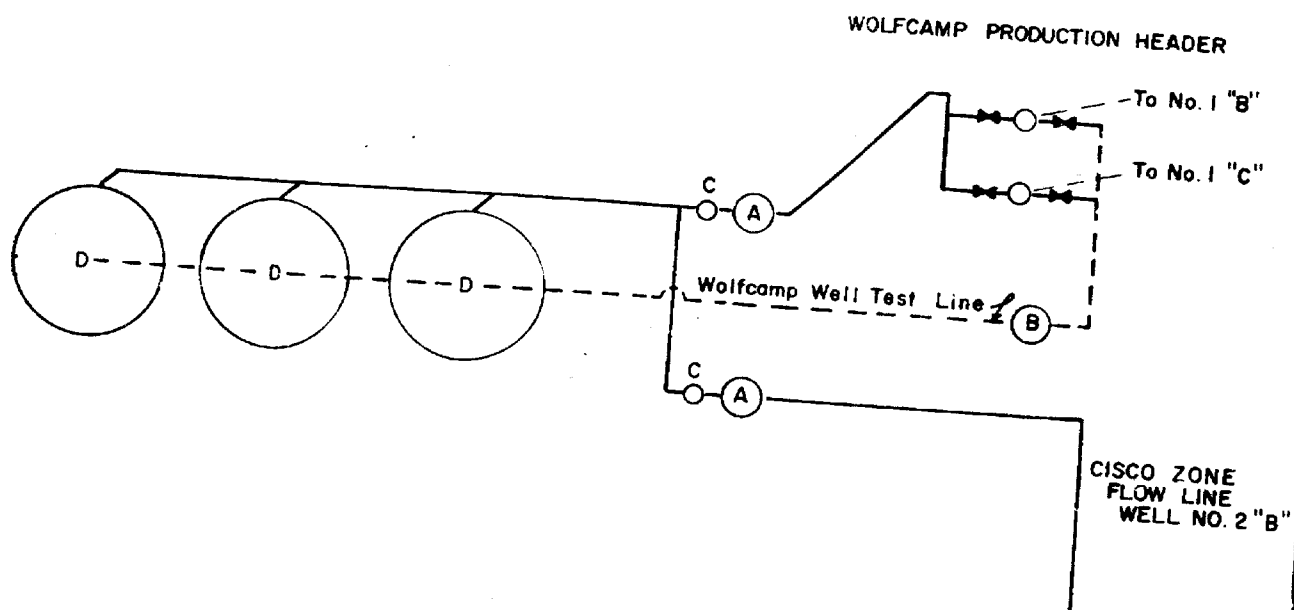
- CASE 1531: Application of Rice Engineering & Operating, Inc. for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through Amerada Petroleum Corporation's Adkins Well No. 2, located 990 feet from the South line and 330 feet from the West line of Section 5, Township 20 South, Range 37 East, Lea County, New Mexico. Applicant proposes to inject the produced salt water into the San Andres formation in the interval from 4490 feet to 4950 feet.
- CASE 1532: Application of Sunray Mid-Continent Oil Company for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its Hobbs "G" Well No. 1, located 1980 feet from the North and West lines of Section 36, Township 9 South, Range 33 East, Lea County, New Mexico. Applicant proposes to inject the produced salt water through the well bore into the Pennsylvanian formation in the interval from 9834 feet to 9865 feet.
- CASE 1533: Application of El Paso Natural Gas Products Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its Frontier No. 1-B Well, located 890 feet from the South line and 890 feet from the East line of Section 9, Township 27 North, Range 11 West, San Juan County, New Mexico, in such a manner as to permit the production of oil from an undesignated Gallup oil pool and the production of gas from an undesignated Dakota gas pool through parallel strings of tubing.
- CASE 1534: Application of Zapata Petroleum Corporation for permission to commingle production from nine non-contiguous state leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from nine separate state leases in the Vacuum Pool, all in Townships 17 and 18 South, Range 35 East, Lea County, New Mexico.
- CASE 1535: Application of Carper Drilling Company for permission to commingle the oil produced from two separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from three wells completed in the Corbin Pool and one well completed in the Maljamar Pool, all on its Wyatt lease in Sections 33 and 34, Township 17 South, Range 33 East, and Section 5, Township 18 South, Range 33 East, Lea County, New Mexico, and to ascertain the production from each well by means of periodic tests.
- CASE 1536: Application of Shell Oil Company for permission to commingle the oil produced from four separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from four separate state leases in Sections 8 and 9, Township 16 South, Range 34 East, Hume-Queen Pool, Lea County, New Mexico.

- CASE 1537:** Application of Pure Oil Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its South Vacuum Unit No. 2-35 Well, located 1980 feet from the South line and 660 feet from the East line of Section 35, Township 18 South, Range 35 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the South Vacuum-Devonian Pool and gas from an undesignated McKee gas pool through parallel strings of tubing.
- CASE 1538:** Application of Aztec Oil & Gas Company for the assignment of minimum allowables to certain gas wells in the Fulcher Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order assigning minimum allowables to the following described gas wells in the Fulcher Kutz-Pictured Cliffs Gas Pool in order to prevent premature abandonment of said wells:
- Coxsens No. 3 and No. 4 Wells, both in Section 20, Township 29 North, Range 11 West;
Hart No. 1 Well, Section 11, Township 29 North, Range 12 West;
Holder No. 1 Well, Section 29, Township 30 North, Range 12 West;
Cornell No. 3 and No. 4 Wells, both in Section 12, Township 29 North, Range 12 West;
- all in San Juan County, New Mexico.
- CASE 1539:** Application of T. J. Sivley for an exception to the casing requirements for the potash-oil area in Eddy and Lea Counties, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing an exception to the casing requirements for the potash-oil area as set forth in Order R-111-1 for its Federal-Silver No. 1, an exploratory well to be located 1980 feet from the South and East lines of Section 28, Township 20 South, Range 34 East, Lea County, New Mexico. Applicant proposes to drill with cable tools to the Yates formation. The casing program of applicant is as follows:
- 13-3/8" Casing in top of red bed at approximately 70 feet.
- 10-3/4" Casing as cave string to about 700 feet.
- 8-5/8" Casing, this being the water shutoff string to approximately 1250', but in any event below water.
- 5-1/2" Casing to be set at a point selected by operator above pay zone expected to be encountered at 3625', but in no event to exceed a depth greater than 600 feet below the base of salt.
- That the applicant should be permitted to pull all casing except the 5-1/2" production string in the event that commercial oil or gas is found.

CASE 1540: Application of E. P. Campbell for an exception to Rule 505 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting an exception to Rule 505 of the Commission Rules and Regulations and assigning an allowable proportional factor of 1.33 for the oil pool in the Abo formation discovered by applicant's Cockerham No. 1 Well, NE/4 NE/4 Section 34, Township 18 South, Range 26 East, Eddy County, New Mexico, even though the depth of the casing shoe is 4205 feet. The top of the Abo pay is at approximately 5280 feet in the above-described well.

CONTINUED CASE

CASE 1516: Application of El Paso Natural Gas Company for two non-standard gas proration units and for the approval of one unorthodox gas well location. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N/2 SW/4 and the SW/4 SW/4 of Section 4, Township 25 South, Range 37 East, said unit to be dedicated to the applicant's Wells Federal No. 3 Well located 1980 feet from the South and West lines of said Section 4. Applicant further seeks the establishment of a 200-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the SE/4 SW/4 of Section 4 and the NW/4 of Section 9, Township 25 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Wells Federal No. 11 Well located 430 feet from the South line and 2317 feet from the West line of said Section 4. Applicant further seeks approval of the unorthodox gas well location of the said Wells Federal No. 11 Well.



LEGEND

- A - 3'x11' Union Tank Vertical O. & G. Separator
- B - (Spherical) Sivalis Metering Separator
- C - Kimray 2" P.D. Meters
- D - 500 Bbl. Stock Tanks

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Tennessee EXHIBIT NO. E
CASE NO. 1527-28

TENNESSEE GAS TRANSMISSION CO.
PRODUCTION DEPT. HOBBS NEW MEXICO
PROPOSED TANK BATTERY
STATE B, C & D LSE.
SEC 21 T-16-S, R-33-E
LEA CO., NEW MEXICO
NO SCALE

Exhibit III