

to commingle intermediate  
crudes produced from its Coates "D"  
lease - Lea County, New Mexico.

Casa No.

1703

Application, Transcript,  
Small Exhibits. Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 5, 1969

Getty Oil Company  
P. O. Box 249  
Hobbs, New Mexico 88240

Attention: Mr. C. L. Wade

Administrative Order PLC-33  
and  
CANCELLATION  
Administrative Order CTS-32

Gentlemen:

Reference is made to your application dated July 10, 1969, for administrative authority to commingle Blinebry, Tubb-Drinkard, Ellenburger, Montoya, and Fusselman production on your A. B. Contes "C" and "D" Leases in Section 24, Township 25 South, Range 37 East, Lea County, New Mexico. It is our understanding that all production from both leases is of common ownership; further that all production with the exception of the Ellenburger on the "C" lease and the Blinebry on the "D" lease is of marginal nature and that you therefore propose to commingle in the following manner:

System No. 1: Commingle "C" Ellenburger, Montoya, and Fusselman production after separately metering the Ellenburger production and determining total Montoya and Fusselman production by means of the subtraction method. Allocation of this total would then be to each pool and each lease on the basis of net oil computer tests.

System No. 2: Commingle "C" Blinebry and Tubb-Drinkard production and "D" Blinebry and Tubb-Drinkard production after separately metering the Blinebry production and determining the total Tubb-Drinkard production by means of the subtraction method. Allocation to each of the two leases would then be on the basis of monthly net oil computer tests.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

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August 5, 1969

Getty Oil Company  
P. O. Box 249  
Hobbs, New Mexico 89240

Administrative Order PLC-33  
and  
CANCELLATION  
Administrative Order CTS-32

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Pursuant to the authority granted me under the provisions of Rule 303 (b) and Rule 309-B of the Commission Rules and Regulations, you are hereby authorized to commingle the production from the aforesaid pools and leases in the above-described manner. Provided however, that the installation shall be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities," including the requirement for non-reset counters on the meters, and that you shall notify the Commission in the event that any of the production which is now of marginal nature should become capable of top allowable. You are further requested to notify the Hobbs District Office of the Commission at such time as the revision of the installation is complete in order that an inspection may be made thereof.

Administrative Order CTS-32 dated September 25, 1958, which authorized certain commingling on the subject leases, is hereby superseded, and Commission Orders Nos. R-1297 and R-1330-A, which also authorized certain commingling on these leases, are hereby put in abeyance.

It is the responsibility of the producer to notify the transporter of this commingling authority.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/DSN/esr

cc: Oil Conservation Commission (with enclosure) - Hobbs  
Oil & Gas Engineering Committee - Hobbs  
United States Geological Survey - Roswell

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. 1703  
Order No. R-1330-A

APPLICATION OF TIDEWATER OIL  
COMPANY FOR AN AUTOMATIC CUSTODY  
TRANSFER SYSTEM AND PERMISSION  
TO COMingle THE PRODUCTION FROM  
SEVERAL SEPARATE OIL POOLS FROM  
TWO SEPARATE LEASES IN LEA COUNTY,  
NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 8:00 o'clock a.m. on June 24, 1959, 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 27<sup>th</sup> day of July, 1959, 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, Tidewater Oil Company, is the owner and operator of the two following-described Federal leases in the Justis Field, Lea County, New Mexico:

Coates "CW" Lease, E/2, SE/4 NW/4 and NE/4 SW/4,  
Section 24, Township 25 South, Range 37 East

Coates "WD" Lease, SE/4 SW/4, Section 24, Township  
25 South, Range 37 East

(3) That the ownership of said Federal leases is common throughout.

(4) That the applicant proposes to commingle the intermediate grade crude production from the Justis-Ellenburger, Justis-McKee, Justis-Fusselman,

Justis-Montoya, and Justis-Blinebry Pools from all wells presently completed or hereafter drilled on both the said Coates "C" and "D" Leases after separately metering the production from each pool, and to pass this commingled production through an automatic custody transfer system.

(5) That the applicant further proposes to commingle the sour crude production from the Justis-Drinkard and Langlie-Mattix Pools from all wells presently completed or hereafter drilled on both the said Coates "C" and "D" Leases after separately metering the production from each pool.

(6) That the applicant further proposes to determine the volume of production from each of the various pools underlying said Coates "C" Lease by subtracting the metered volume of production from that pool on said Coates "D" Lease from the total measured volume from the same pool underlying both leases.

(7) That approval of the subject application will neither cause waste nor impair correlative rights provided the production from each pool is separately metered prior to commingling.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tidewater Oil Company, be and the same is hereby authorized to commingle the intermediate grade crudes from the Justis-Ellenburger, Justis-McKee, Justis-Fusselman, Justis-Montoya, and Justis-Blinebry Pools from all wells presently completed or hereafter drilled on both its Coates "C" and Coates "D" Leases, which leases are described as follows:

Coates "C" Lease, E/2, SE/4 NW/4 and NE/4 SW/4,  
Section 24, Township 25 South, Range 37 East

Coates "D" Lease, SE/4 SW/4, Section 24, Township  
25 South, Range 37 East

all in the Justis Field, Lea County, New Mexico.

PROVIDED HOWEVER, That the production from each pool shall be separately metered prior to commingling with the production from any other pool.

(2) That after separately metering the production from each of the above-mentioned pools, the applicant be and the same is hereby authorized to pass this commingled production through an automatic custody transfer system.

(3) That the applicant be and the same is hereby authorized to commingle the Justis-Drinkard and Langlie-Mattix production from all wells presently completed or hereafter drilled on said Coates "C" and "D" Leases.

PROVIDED HOWEVER, That the production from each pool shall be separately metered prior to commingling with the production from the other pool.

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Case No. 1703  
Order No. R-1330-A

(4) That the applicant be and the same is hereby authorized to determine the production from each of the various pools underlying the said Coates "C" Lease by subtracting the metered volume of production from that pool on said Coates "D" Lease from the total measured volume from the same pool underlying both leases.

(5) That all meters shall be operated and maintained in such a manner as to ensure an accurate measurement of production at all times.

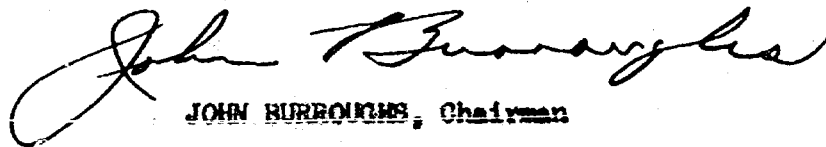
That all meters shall be checked for accuracy at intervals not to exceed one month until further direction by the Secretary-Director. Meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

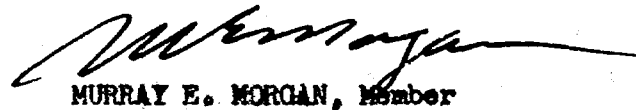
(6) That the applicant shall install adequate testing facilities to permit the testing of all wells located on the said Coates "C" and "D" Leases at least once each month to determine the individual production from each zone of each well.

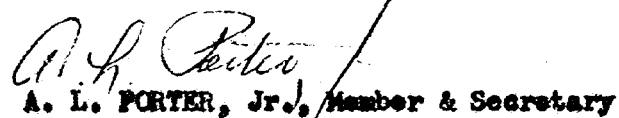
(7) That Order Nos. R-1208, R-1297, and R-1330 be and the same are hereby superseded.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHES, Chairman

  
MURRAY E. MORGAN, Member

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



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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. 1466  
Order No. R-1208

APPLICATION OF TIDEWATER OIL  
COMPANY FOR APPROVAL OF THE  
INSTALLATION OF A LEASE AUTOMATIC  
CUSTODY TRANSFER SYSTEM ON ITS  
COATES "C" LEASE TO HANDLE THE  
PRODUCTION FROM THE JUSTIS-ELLENBURGER  
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on June 11, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 18th day of June, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, 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, Tidewater Oil Company, is the owner and operator of the Coates "C" lease comprising the E/2, SE/4 NW/4 and the NE/4 SW/4 of Section 24, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to install automatic lease custody transfer equipment and automatic sampling equipment and other related facilities to handle the oil production from a maximum of ten wells on its Coates "C" lease from the Justis-Ellenburger Pool.

(4) That the applicant further proposes to transfer custody of the production from the said Coates "C" Lease to the purchaser by means of positive displacement meters.



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CASE NO. 1466

Order No. R-1208

(5) That positive displacement meters will provide an accurate and reliable means for measuring the oil produced from said lease and that their use should be permitted provided said meters are periodically checked for accuracy.

(6) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown that such equipment is a reliable and economic means of transferring the custody of oil and that the use of such equipment should be permitted.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tidewater Oil Company, be and the same is hereby authorized to install automatic testing and production facilities and automatic custody transfer equipment to handle the Justis-Allenburger Pool production from a maximum of ten wells on its Coates "C" lease comprising the E/2, SE/4 NW/4, and NE/4 SW/4 of Section 24, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That each positive displacement type meter in the system shall be checked for accuracy at intervals and in a manner satisfactory to the Commission.

PROVIDED FURTHER, That in the event the oil produced from the Allenburger formation underlying the above-described Coates "C" lease should become other than pipeline quality, the applicant shall install adequate treating and monitoring facilities in the system.

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

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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. 1550  
Order No. R-1297

APPLICATION OF TIDEWATER OIL COMPANY  
FOR PERMISSION TO COMMINGLE THE  
PRODUCTION FROM SEVERAL OIL POOLS IN  
LEA COUNTY, NEW MEXICO, AND FOR PERMISSION  
TO PRODUCE MORE THAN SIXTEEN WELLS INTO  
A COMMON TANK BATTERY.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 19, 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 26<sup>th</sup> 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, Tidewater Oil Company, is the owner and operator of the Coates "C" lease comprising the E/2, the SE/4 NW/4 and the NE/4 SW/4 of Section 24, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to commingle the Ellenburger, McKee, Fusselman and Montoya production, as well as Blinebry production if it proves to be intermediate grade crude, from all wells presently completed or hereafter drilled on the said Coates "C" lease.

(4) That the applicant also proposes to commingle the Drinkard and Langlie-Mattix production, as well as Blinebry production if it proves to be sour crude, from all wells presently completed or hereafter drilled on the said Coates "C" lease.

(5) That the applicant further proposes to separately meter the production from each pool prior to commingling.

(6) That the applicant also seeks permission to produce more than sixteen wells on the said Coates "C" lease into a common tank battery.

(7) That approval of the subject application will not cause waste nor impair correlative rights provided that the production from each pool is separately metered prior to commingling and provided further that adequate testing equipment and storage facilities are installed.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tidewater Oil Company be and the same is hereby authorized to commingle the Ellenburger, McKee, Fusselman and Montoya production, as well as Blinebry production if it proves to be intermediate crude, from all wells presently completed or hereafter drilled on the Coates "C" lease comprising the E/2, the SE/4 NW/4 and the NE/4 SW/4 of Section 24, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico. *Inter. "C" lease*

(2) That the applicant be and the same is hereby authorized to commingle the Drinkard and Langlie-Mattix production, as well as Blinebry production if it proves to be sour crude, from all wells presently completed or hereafter drilled on the said Coates "C" lease. *Sour "C" lease*

PROVIDED HOWEVER, That the production from each of said pools shall be separately metered prior to commingling and such meters shall be checked for accuracy at intervals and in a manner satisfactory to the Commission.

PROVIDED FURTHER, That the applicant shall install adequate testing facilities to permit the testing of all wells located on the said Coates "C" lease at least once a month to determine the individual production from each zone of each of said wells.

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

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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. 1584  
Order No. R-1330

APPLICATION OF TIDEWATER OIL COMPANY  
FOR PERMISSION TO COMMINGLE THE  
PRODUCTION FROM SEVERAL SEPARATE OIL  
POOLS FROM TWO SEPARATE LEASES 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 January 22, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 2nd day of February, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, 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, Tidewater Oil Company, is the owner and operator of the Coates "C" lease comprising the E/2, the SE/4 NW/4 and the NE/4 SW/4 of Section 24, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant is the owner and operator of the Coates "D" lease comprising the SE/4 SW/4 of said Section 24.

(4) That applicant was authorized by Order No. R-1297 to commingle the Ellenburger, McKee, Fusselman and Montoya production from said Coates "C" lease, as well as the Blinebry production if it proves to be an intermediate grade crude. Applicant was further authorized to commingle the Drinkard and Langlie-Mattix production from said Coates "C" lease, as well as the Blinebry production if it proves to be sour crude.

(5) That applicant seeks permission to commingle the Fusselman production from the said Coates "D" lease with the commingled production of the intermediate grade crudes from its said Coates "C" lease.

(6) That applicant further seeks permission to commingle the Drinkard and Langlie-Mattix production from said Coates "D" lease, as well as the Blinebry production if it proves to be a sour crude, with the commingled production of these sour crudes from its said Coates "C" lease.

(7) That the applicant proposes to separately meter the production from each pool prior to commingling.

(8) That approval of the subject application will not cause waste nor impair correlative rights provided that the production from each pool is separately metered prior to commingling and provided further that adequate testing equipment and storage facilities are installed.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tidewater Oil Company, be and the same is hereby authorized to commingle the Fusselman production from its Coates "D" lease comprising the SE/4 SW/4 of Section 24, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, with the Ellenburger, Fusselman, McKee, and Montoya production, as well as the Blinebry production if it proves to be an intermediate grade crude, from its Coates "C" lease comprising the E/2, the SE/4 NW/4 and the NE/4 SW/4 of said Section 24.

(2) That the applicant be and the same is hereby authorized to commingle the Drinkard and Langlie-Mattix production from said Coates "D" lease, as well as to the Blinebry production if it proves to be a sour crude, with the commingled production of these sour crudes from said Coates "C" lease.

PROVIDED HOWEVER, That the production from each of said pools shall be separately metered prior to commingling and said meters shall be checked for accuracy upon initial installation and thereafter at intervals not to exceed one month until further order of the Secretary-Director. Meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

PROVIDED FURTHER, That the applicant shall install adequate testing facilities to permit the testing of all wells located on said Coates "C" and "D" leases at least once each month to determine

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Case No. 1584  
Order No. R-1330

the individual production from each zone of each of said wells.

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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

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BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1703

TRANSCRIPT OF HEARING

June 25, 1959

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

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<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>
ROBERT N. MILLER	4	9	



BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

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IN THE MATTER OF: )  
 )  
Application of Tidewater Oil Company )  
to commingle the production from )  
several separate oil pools from two )  
separate leases: Applicant, in the )  
above-styled cause, seeks an order )  
authorizing it to commingle the )  
intermediate grade crudes produced )  
from its Coates "D" lease comprising )  
the SE/4 SW/4 of Section 24, Township )  
25 South, Range 37 East, Justis Field, )  
Lea County, New Mexico, with the )  
commingled production of all inter- )  
mediate grade crudes produced from its )  
Coates "C" Lease comprising the E/2, )  
SE/4 NW/4, and the NE/4 SW/4 of said )  
Section 24 and to pass such commingled )  
production through its automatic )  
custody transfer system. )  
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CASE NO.  
1703

BEFORE:

ELVIS A. UTZ, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 1703.

MR. PAYNE: Case 1703. Application of Tidewater Oil  
Company to commingle the production from several separate oil  
pools and from two separate leases.

MR. SETH: Oliver Seth for Tidewater Oil Company.

We have Mr. Miller as a witness.

(Witness sworn)

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ROBERT N. MILLER

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

DIRECT EXAMINATION

BY MR. SETH:

Q Will you state your name, please, Mr. Miller?

A Robert N. Miller.

Q By whom are you employed, Mr. Miller?

A Tidewater Oil Company.

Q And what are your duties in that connection?

A Area Petroleum Engineer in Hobbs, New Mexico.

Q Do you have to do with the lease production facilities?

A Yes, sir.

Q Have you testified at hearings before the  
Conservation Commission?

A Yes, sir.

Q Considering Tidewater's application 1703, have you  
prepared a plat showing the area covered by the application?

A Yes, sir.

Q Referring to this as Tidewater's Exhibit No. 1,  
would you describe what it shows, please?

A Yes, sir. It is a lease ownership map of Section 25,  
Township 25 South, Range 37 East, Lea County, New Mexico, and the  
offset operators of the other sections. Outlined in red is

Tidewater's "A-B" Coates "C" lease, outlined in green is Tidewater's "A-B" States "D" lease.

Q Now, would you explain what the purpose in the application in this case is, Mr. Miller?

A The purpose of the application is Tidewater seeks an order authorizing it to commingle intermediate grade crude oils produced from its "A-B" Coates "D" lease with intermediate crude produced from its "A-B" Coates "C" lease and then to further commingle production through its automatic custody transfer system.

Q Now, has the Commission issued orders in commingling cases concerning these same leases?

A Yes, sir, they have.

Q Would you give us a brief resume of those orders?

A I would like to explain it with Exhibit 2.

Q Now, referring to the diagram as Tidewater's Exhibit 2, would you please explain what that shows?

A This Exhibit 2 is a simplified top view flow diagram of Tidewater's "A-B" Coates "C" and "D" facilities. Commission Order R-1297 provided that Tidewater could commingle its Fusselman, Montoya, McKee and Ellenburger production with the Blinbry if it proved to be intermediate grade crude to prior zone metering for determination with each zone's production.

Q Are those facilities shown?

A Yes, they are shown in Exhibit 2, and the complete

zone facilities are shown by the brackets. It further provided that Tidewater could commingle the Coates "C", Drinkard, the Coates "C" Langlie-Mattix and the Coates "C" Blinebry production if it proved to be sour crude with prior zone metering for determination of production for each zone. The reason the order was written that way, at the time of the application that resulted in Order 1297 the Blinebry was not developed. It has not been developed and has proven to be intermediate grade crude, and it is shown as the last separator on the right of the Coates "C" facilities, and is now being commingled with other intermediate grade crude in the Coates "C" lease. Order 1330 provided that Tidewater could commingle production from its "A-B" Coates "D" Fusselman zone with production from its "A-B" Coates "C" Fusselman zone. Then after metering to be commingled with other intermediate grade crudes on the Coates "C", which is the Montoya, McKee, Ellenburger and Blinebry. And that they could commingle their Coates "D" Drinkard production with the Coates "C" Drinkard production, and after metering it could be further commingled with the "A-B" Coates "C" Langlie-Mattix production. The other three intermediate grade crudes productive in this area that we have developed to date is the Ellenburger, Blinebry and Montoya. This application deals specifically with requests to commingle the "A-B" Coates "D" Ellenburger with the "A-B" Coates "C" Ellenburger. The "A-B" Coates "D" Blinebry, the "A-B" Coates "C" Blinebry, the "A-B"

Coates "C" Montoya, then after to be further commingled and passed through the automatic custody transfer system.

Q This application seeks to add the Ellenburger, Montoya and Blinbry zones on both leases to what the Commission has already granted?

A Yes, that's correct.

Q How are these shown?

A The Coates "D" facilities are shown the four separators on the right with the brackets in red pencilings. The four separators on the right are the three-phase metering separators. Tidewater felt that perhaps all of the zones would make water eventually, and due to the inability to sample free water, there was elected to install three-phase metering equipment to knock out the free water. A sample then would be obtained from the oil and emulsified water from which the water content of the measured oil would correct the volume to the pipe line oil. It would then pass in with your appropriate zone on the Coates "C" lease down through your zone meters where the oil is measured at 60 degrees and corrected for stock tank shrinkage to be further commingled with all of the same qualifications crude and pass into your surge tank for sale to the pipe line. Now, the primary reason for installing metering separators for the Coates "D" lease, these are both Federal leases, but under a different basic lease number. Therefore, under Federal regulations it's required to -- that prior

to removing oil from a lease it is necessary to measure that oil. We discussed the problem with the U.S.C.S. and they informed us that they would consider an individual flow line, since it is a continuous tube to be part of that lease and allow us to install the Coates "D" separators at the Coates "C" location.

Q Now, is this, in your opinion, an efficient and economical operation of the two leases concerned?

A Yes, the two zones that were previously given approval and have been installed in the Drinkard and the Fusselman have worked very satisfactorily.

Q Have the mechanical facilities, the equipment worked satisfactorily?

A Yes, sir.

Q Do you anticipate any particular problems if this petition is granted for this additional commingling?

A No, sir.

Q Are these all intermediate grade crudes as far as you know now?

A The present application is concerned, yes, sir, with intermediate grade crudes.

Q Is there anything further in connection with this application you would like to present?

A I believe not, no, sir.

MR. SETH: We would like to move that the Exhibits be

admitted.

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

MR. SETH: That is all the direct questions we had, Mr. Examiner.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Miller, what you either want now or have had authority in the past is a commingling of all the intermediate grade crudes from the "D" with each other and then with those intermediate grade crudes that are produced from the "C" lease?

A No, sir, if I understand your question. We want to commingle the same zone production from the Coates "D" and the Coates "C" and then to further commingle all production after it has been metered by zones.

Q Now, is it going to be metered by leases also?

A It is metered only on the Coates "D" lease. The total production is metered by the zone meters shown at the bottom and labeled as such, and the Coates "C" production can then be determined by subtraction.

Q And that method you say is satisfactory?

A Yes, sir. The Coates "D" lease being a 40 acre lease and the installation of three phase metering, separator metering, separator for the Coates "D" lease provides a 24 hour test on each

well every 24 hours such that it is not necessary to provide any test facilities other than what has been provided to handle your zone production, due to each zone having but one well on the Coates "D". Then we do have on the Coates "D" central test facilities for this their intermediate grade crudes in which to keep accurate monthly depths.

Q All right. So you commingle the Fusselman production with the "D", for example, with the Fusselman production from the "C", then you measure that. Then you commingle that with all other intermediate grade crudes produced from both of these leases which also have been separately metered. And the same thing with the sour crudes except that they are kept separate from the intermediate grade crudes.

MR. UTZ: So you are not metering the individual zones on the "C" lease, but you are getting that by subtraction?

A That's right.

Q (By Mr. Payne) You are metering each zone or are you metering each well on the "D" lease?

A Well, it happens to be since it is a 40 acre lease we are metering each well, but I believe it's under Order 309 as long as the working interest and royalty interests are common, the Commission doesn't require metering on anything. But since this is two Federal leases but under different basic lease numbers, they require that we meter the production from the "D" before



leaving that lease with it. And in the application resulting in Order 1330, we presented as an Exhibit at that time a letter from the U.S.G.S. approving this method of operation. I do not have titles of the exhibit to present.

MR. UTZ: Mr. Miller, you have the McKee, Ellenburger, and Blinebry and intermediate crudes from both leases producing at this time?

A We have the four shown producing at this time on the Coates "D" the Drinkard. We have in addition to that on the Coates "C" lease the McKee and Montoya. And this application is asking for permission in addition to the separator shown the four zones listed to also commingle the Montoya production if and when it's found commercial on that lease.

Q (By Mr. Payne) Do you think in the interest of clarity we might supersede the other orders and state it on the docket?

A State it such that the application showed it on the docket, I think would, yes.

Q That would help clarify it?

A I would like to point out, however, as shown on the docket, it states specifically intermediate grade crudes between the Coates "C" and the "D", while 1330 is handling one sour grade crude and one intermediate grade crude.

Q (By Mr. Payne) Yes, that's right.

MR. PORTER: How many different pay, Bob, would you finally have in your L.A.C.T. system?

A You mean at this time?

Q Yes.

A We have six.

Q There is a possibility of six for the Montoya?

A Well, now, the L.A.C.T. system handles the "C" and "D" and the Montoya handles the "C". The reason I say 6 because Gulf has four on 40 productive depending on how that holds out.

MR. PAYNE: This question has no bearing on the case, but do you think it may be possible here to recover all seven of those pays in any one well bore in this lease?

A Yes, sir. We have three particular wells on 40 acres in which we have 5 of the zones producing at this time.

Q Actually producing?

A Yes, actually producing.

Q Pretty good lease?

A Yes, sir.

MR. UTZ: Mr. Miller, as I understand this thing now, what I hope to be final resume, you have seven pay zones?

A On the Coates "C"? Well, that is intermediate grade crudes.

Q Okay. Give me the intermediate grade crudes.

A I'm sorry. There is 5 intermediate grade crudes, I

beg your pardon. The Fusselman, the Blinebry, the Montoya, Ellenburger, and McKee. And sour crudes we have the Drinkard, Langlie-Mattix.

Q And the Montoya is producing only on the "C" lease?

A Yes, sir.

Q And all the others are producing on both leases?

A Yes, sir. Now, the Langlie-Mattix well on the Coates "D" lease is an oil well completed and the gas cap and makes some distillate, and since it is an oil pool you can consider that it is productive.

Q Is there any McKee on the "D" lease?

A No, sir.

Q So if you had one order that would allow you to commingle all these zones on the "C" and "D" lease, metering on the "D" lease and getting this production on the "C" lease by subtraction and then commingling all of them on the "D" lease you would be satisfied?

A Yes, we would be satisfied.

Q You would leave the sour in 1330 and cover all the rest of them?

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

MR. SETH: I don't believe I asked you directly about the ownership of the leases?

A Tidewater is the owning interest, and the government is the working interest.

MR. SETH: That's all I have.

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

(Witness excused.)

MR. UTZ: Are there other statements to be made in this case? If not the case will be taken under advisement.

STATE OF NEW MEXICO     )  
                                   :  
 COUNTY OF BERNALILLO    )     ss

I, Ned A. Greenig, 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 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.

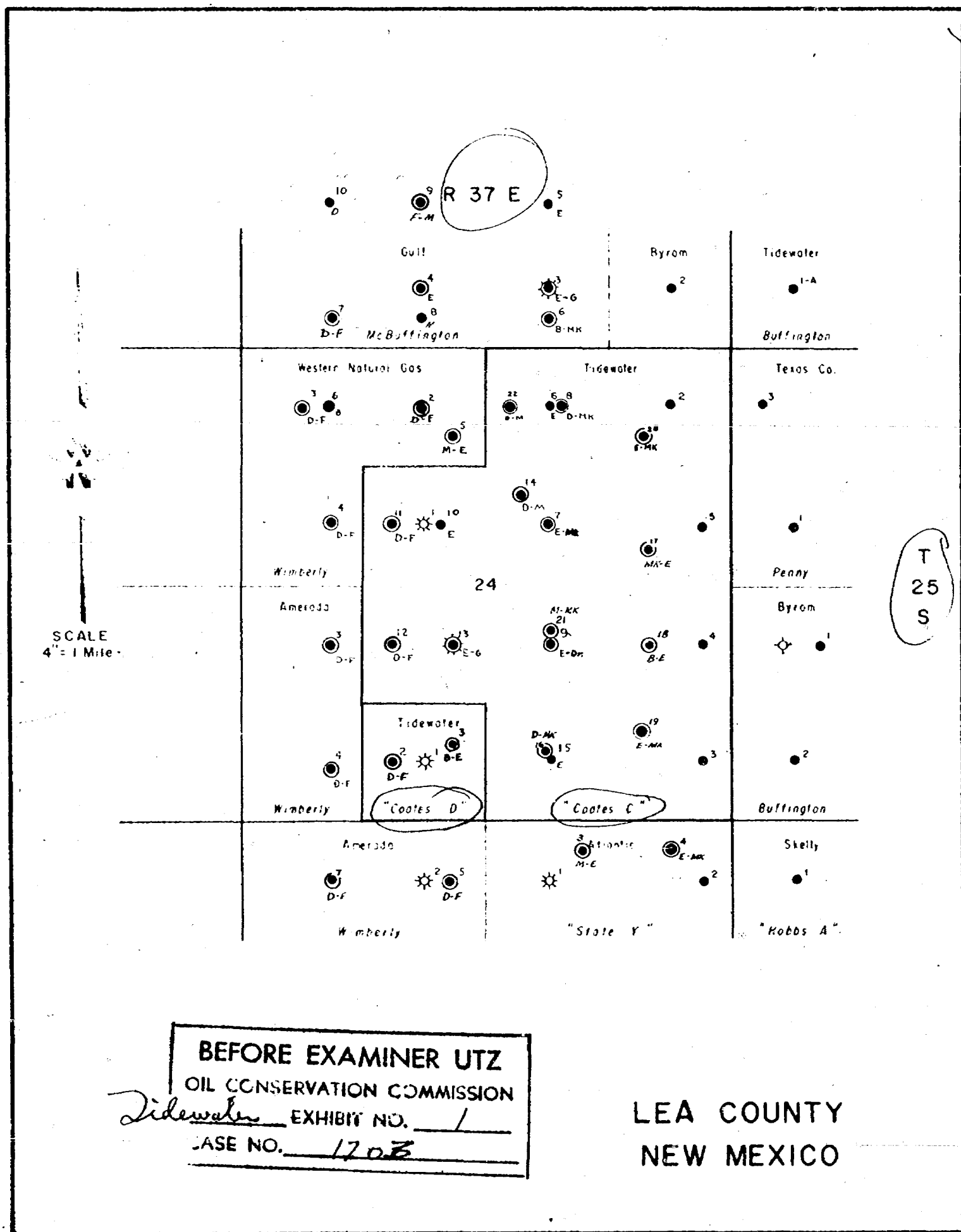
Witness my hand and seal this the 7<sup>th</sup> day of July, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ned A. Greenig  
 Notary Public

My Commission Expires:  
 May 5, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1203, heard by me on June 24, 1959.

James A. [Signature] Examiner  
 New Mexico Oil Conservation Commission



DOCKET: EXAMINER HEARING JUNE 24, 1959

OIL CONSERVATION COMMISSION - 1120 CERRILLOS ROAD, HIGHWAY DEPARTMENT  
AUDITORIUM, 8 a.m., SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director.

CONTINUED CASE

CASE 1666: Application of Sunray Mid-Continent Oil Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Central Bisti-Lower Gallup Sand Unit embracing approximately 7389 acres of federal, state, and allotted Indian lands in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

NEW CASES

CASE 1692: Application of Continental Oil Company for the establishment of a non-standard gas proration unit in the Tubb Gas Pool. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of lot 15, the N/2 SE/4 and the SE/4 SE/4 of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's Hawk B-3 Well No. 2-T, located 1650 feet from the South and East lines of said Section 3.

CASE 1693: Application of Amerada Petroleum Corporation for three non-standard oil proration units. Applicant, in the above-styled cause, seeks an order establishing three 43.7 acre non-standard oil proration units for Mississippian production in the SE/4 of Section 11, Township 13 South, Range 38 East, Lea County, New Mexico. Applicant further seeks approval of one unorthodox oil well location.

CASE 1694: Application of Texas Crude Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its Big Eddy Unit 1-30 Well, located in the SE/4 SE/4 of Section 30, Township 20 South, Range 31 East, Eddy County, New Mexico, in such a manner as to produce oil from an undesignated Tanisil pool and to produce oil from an undesignated Delaware pool through parallel strings of tubing.

CASE 1695: Application of Texaco, Inc. for a triple completion, for permission to commingle the production from three separate pools, and for the establishment of two non-standard gas proration units. Applicant, in the above-styled cause, seeks an order authorizing it to triple complete its A. H. Blinebry NCT-4 Well No. 1, located in the SE/4 SE/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit production from the Blinebry formation, production of gas from the Tubb Gas Pool, and production of oil from the Drinkard Pool through tubing, the annulus via cross-over, and tubing respectively. Applicant further seeks the establishment of a 160-acre non-standard gas proration unit in both the Tubb Gas Pool and Blinebry Gas Pool each consisting of the S/2 S/2 of said Section 31. Applicant further seeks permission to commingle the liquid production from the Blinebry, Tubb, and Drinkard formations underlying said acreage.

- CASE 1696: Application of Caulkins Oil Company for a triple completion. Applicant, in the above-styled cause, seeks an order authorizing it to triple complete its Breech "F" Well No. PMD-8, located in the NE/4 NE/4 of Section 34, Township 27 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to produce gas from the South Blanco-Pictured Cliffs Pool, gas from the Mesaverde formation, and gas from the Dakota formation through parallel strings of tubing.
- CASE 1697: Application of Universal Oil Corporation for the creation of a new oil pool for Gallup production, and for an exception to Rules 104 and 107 for wells in said pool. Applicant, in the above-styled cause, seeks an order creating a new pool for Gallup production to be designated the Shiprock-Gallup Oil Pool and located in Sections 16 and 17, Township 29 North, Range 18 West, San Juan County, New Mexico. Applicant further seeks the promulgation of pool rules to permit wells in said pool to be located closer than 660 feet to the nearest producing well in exception to Rule 104, and to permit certain exceptions to the casing requirements of Rule 107 of the Commission Rules and Regulations.
- CASE 1698: Application of Shell Oil Company for an exception to Rule 502 I (a). Applicant, in the above-styled cause, seeks an order which would exempt all wells in the Carson Unit Area and all other Shell wells in Township 25 North, Ranges 11 and 12 West, Bisti-lower Gallup Oil Pool, San Juan County, New Mexico, from the daily tolerance provisions of Rule 502 I (a) of the Commission Rules and Regulations.
- CASE 1195: Application of Graridge Corporation for capacity allowables for certain wells in a water flood project. Applicant, in the above-styled cause, seeks an order authorizing capacity allowables for three wells in the project area of its water flood in the Caprock-Queen Pool in Lea and Chaves Counties, New Mexico.
- CASE 1196: Application of Graridge Corporation for an order amending Order No. R-966. Applicant, in the above-styled cause, seeks an order amending Order No. R-966 to establish administrative procedures for development of its Artesia Water Flood Projects No. 2 and 3, Artesia Pool, Eddy County, New Mexico, and for approval of unorthodox locations for 27 wells in said projects, for authority to convert six wells in said projects to water injection, and for capacity allowables for five wells in said projects.
- CASE 1185: Application of Graridge Corporation for an order amending Order No. R-952. Applicant, in the above-styled cause, seeks an order amending Order No. R-952 to establish administrative procedures for development of its Artesia Water Flood Project No. 1, Artesia Pool, Eddy County, New Mexico, and for approval of unorthodox locations for fifteen wells in said project, and for capacity allowables for five wells in said project.
- CASE 1699: Application of J. W. Brown for an order authorizing a pilot water flood project. Applicant, in the above-styled cause seeks an order authorizing it to institute a pilot water flood project in the Brown Pool, Chaves County, New Mexico, by the injection of water into the Queen formation through four wells located in the SE/4 NW/4 of Section 26, Township 10 South, Range 26 East, Chaves County, New Mexico.



CASE 1337: Application of Gulf Oil Corporation for an order amending Order No. R-1093-A. Applicant, in the above-styled cause, seeks an order amending Order No. R-1093-A to permit the commingling of Paddock production with the commingled Blinbry, Drinkard, and Langlie-Mattix production from its Learcy McBuffington lease consisting of the S/2 of Section 13, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.

CASE 1700: Application of Gulf Oil Corporation for permission to commingle the production from two separate leases: Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the East Millman Queen-Grayburg Pool from two separate non-contiguous leases in Township 19 South, Range 28 East, Eddy County, New Mexico.

CASE 1703: Application of Tidewater Oil Company to commingle the production from several separate oil pools from two separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the intermediate grade crudes produced from its Coates "D" Lease comprising the SE/4 SW/4 of Section 24, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico, with the commingled production of all intermediate grade crudes produced from its Coates "C" Lease comprising the E/2, SE/4 NW/4, and the NE/4 SW/4 of said Section 24 and to pass such commingled production through its automatic custody transfer system.

CASE 1704: Application of Cities Service Oil Company for capacity allowables for nine wells in a water flood project and for establishment of administrative procedure for expansion of said project. Applicant, in the above-styled cause, seeks an order authorizing capacity allowable for nine wells in the project area of its water flood project in the Caprock-Queen Pool, Chaves County, New Mexico. Said capacity allowables would be in exception to Order R-1128-A. Applicant further seeks establishment of an administrative procedure to expand said water flood project.

CASE 1705: Application of Neville G. Penrose, Inc., for a capacity allowable for one well. Applicant, in the above-styled cause, seeks an order authorizing a capacity allowable for its Alston Well No. 2, located in the NW/4 NW/4 of Section 11, Township 14 South, Range 31 East, Caprock Queen Pool, Chaves County, New Mexico, due to a response from the adjoining Cities Service Oil Company water flood project. Said capacity allowable would be in exception to Order R-1128-A.

NEW MEXICO OIL CONSERVATION COMMISSION

Docket No. 23-59-a

In addition to the cases listed on Docket No. 23-59, the following cases will also be heard June 24, 1959, before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director:

- CASE 1701: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 5, located in the NW/4 SE/4, Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from an undesignated Paddock Pool and oil from the Justis-Ellenburger Pool through parallel strings of tubing.
- CASE 1702: Application of Humble Oil & Refining Company for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its South Four Lakes Unit Well No. 6, located in the SW/4 SE/4, Section 2, Township 12 South, Range 34 East, Lea County, New Mexico, in such a manner as to produce oil from a Four Lakes-Pennsylvanian Pool extension and gas from a Four Lakes-Devonian Gas Pool extension through parallel strings of tubing.
- CASE 1706: Application of Sunray Mid-Continent Oil Company for an order amending Order No. R-1414. Applicant, in the above-styled cause, seeks an order amending Order No. R-1414 to include the following additional acreage: NW/4 NW/4 of Section 6, Township 25 North, Range 12 West, and the SW/4 SW/4 of Section 31, Township 26 North, Range 12 West, San Juan County, New Mexico.

Place of hearing will be Highway Department Auditorium, 1120 Cerrillos Road, Santa Fe, New Mexico.

Time of hearing will be 8:00 o'clock a.m.

See R-1330  
(when with...  
make it 1330-A  
over 1330.)

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

Application of TIDEWATER OIL COMPANY to  
Commingle Production from the Ellenburger,  
Montoya and Blinebry Pools on Applicant's  
"Coates C" Lease, with Production from the  
same Pools on Applicant's "Coates D" Lease,  
and to Commingle such Commingled Production  
with Commingled Production from other Pools,  
and to Handle such Production through its  
Automatic Transfer Custody Unit, the Area  
in Question being in Section 24, Township  
25 South, Range 37 East, N.M.P.M., Lea  
County, New Mexico.

R-1297, R-1330  
and any others  
which may be  
to the same  
CASE NO. \_\_\_\_\_  
Subject on  
the Coates  
"C" & "D" Leases,  
both owned &  
leased  
by the same  
owner

A P P L I C A T I O N

1. Tidewater Oil Company hereby applies for authority  
and for an Order permitting it to commingle Ellenburger production  
from its Coates "C" Lease with Ellenburger production from its  
Coates "D" Lease; to Commingle Montoya production from its Coates  
"C" Lease with Montoya production from its Coates "D" Lease; and  
further to commingle Blinebry production from its Coates "C"  
Lease with Blinebry production from its Coates "D" Lease; and  
further to commingle such commingled production with productions  
from other zones in the said two leases; and to pass the commingled  
production through applicant's Automatic Transfer Custody Unit here-  
tofore authorized; Said production to be from existing and future  
wells on the described leases.

2. Production from each pool on the Coates "D" Lease  
will be metered separately prior to being commingled with product-  
ion from the Coates "C" Lease. The applicant's Coates "C" Lease  
is a Federal Lease covering the E $\frac{1}{2}$  and the SE $\frac{1}{4}$ NW $\frac{1}{4}$  and NE $\frac{1}{4}$ SW $\frac{1}{4}$ ,  
Section 24, Township 25 South, Range 37 East, N.M.P.M., Lea County,

Revised  
Mailed

6-12-59  
JL

New Mexico. Applicant's Coates "D" Lease covers the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 24, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

WHEREFORE, applicant requests that the matter be set down for hearing in due course.

TIDEWATER OIL COMPANY

By:



Its Attorney

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 6-25-59

CASE NO. 1703

HEARING DATE 6-24-59

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

Supersede R-1208, R-1297 and R-1330 with this order.

Grant Tidewater authority to commingle and install LACT system as follows:

1. The intermediate grade crudes of the "C" lease consisting of the Justis-Blinbury, Justis-Dunkley, Justis-Montoya, Justis-McKee and Justis-Elberts with the same pools of the "D" lease.
2. The sour crudes of the "D" lease consisting of the Langley Mattox and Justis-Dunkley with the same pools of the "C" lease.
3. Each Pool of the "D" lease shall be metered before commingling with the respective pool of the "C" lease.
4. Each pool of the "C" & "D" leases combined shall be metered. The volume of production from the "C" lease shall be determined by subtracting the metered volume of "D" lease from the metered volume of both leases.

Staff Member

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

(2)

Date 6-25-58

CASE 1703

Hearing Date 6-25-59

My recommendations for an order in the above numbered cases are as follows:

5. The intermediate crudes from both leases may be commingled after metering as set forth in 3 & 4 above and run through the LACT system as approved in R-1208.
6. The Low Crudes may be commingled after metering as set forth in 3 & 4 above and stored in ~~adjacent~~ Common Tanks Buttery.
5. Order should approve the Lact system as did R-1208 for the intermediate Crudes of both leases.

*Elmer A. [Signature]*

24-255-37E

E/2, SE 1/4, E/2 SW

Justis - Blensby  
Justis - Danielman  
Justis - Montoya  
Justis - McKee  
Justis - Ellenburger

Justis - Drinkwater Pool  
Lampier Mattie Pool

Staff Member