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Application, Transcript,
and Exhibits, Etc.

CASE 23621 Application of SHELL
for exception to RULE 303 to
permit commingling (Sec 2 lease)

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 26, 1962

Shell Oil Company
P. O. Box 1858
Roswell, New Mexico

Attention: Mr. R. L. Rankin

Re: Orders Nos. R-2097, R-2099,
and R-2100

Gentlemen:

Reference is made to your letter of June 14, 1962, wherein you request that the three commingling installations covered by the captioned Commission orders be excepted from the requirement of said orders that the monthly well tests for determination of production be filed on a six-month basis as prescribed by our letter of November 9, 1961.

Inasmuch as the production from all pools on all leases covered by the subject orders is clearly of a marginal nature, the filing of the well test data will no longer be required, except as normally filed for annual tests. It will be expected, however, that Shell Oil Company notify the Commission at such time as any well in any pool underlying any of the leases becomes capable of top allowable production.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/DSH/esr

cc: Oil Conservation Commission
Albuquerque, New Mexico

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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. 2362
Order No. R-2100

**APPLICATION OF SHELL OIL COMPANY
FOR AN EXCEPTION TO RULE 303 (a),
LEA COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 30, 1961, 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 18th day of October, 1961, 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, Shell Oil Company, is the owner and operator of the State (Section 2) Lease, located in Section 2, Township 21 South, Range 37 East, NEPM, Lea County, New Mexico.
- (3) That the applicant seeks permission to commingle the production from the Brunson and Hare Pools in one installation and to commingle the production from the Terry-Blisbry, Drinkard, Tubb and Wanta-Abo Pools in another separate installation, all on the above-described State (Section 2) Lease, and to allocate production on the basis of monthly well tests.
- (4) That all oil wells on the subject lease are marginal in all pools from which they are producing at the present time.
- (5) That the subject application should be approved; provided however, that the Secretary-Director of the Commission may require that meters be installed on all zones in either installation in the event any well in any pool producing into said installation should become capable of producing top allowable.

-2-
CASE No. 2362
Order No. R-2100

(6) That the subject installations should be operated in accordance with the Commission Manual for the Installation and Operation of Commingling Facilities.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, is hereby authorized to commingle the production from the Brunson and Hare Pools in one installation and to commingle the production from the Terry-Blinebry, Drinkard, Tubb and Wanta-Abo Pools in another separate installation, all on the State (Section 2) Lease, comprising Lots 11, 12, and 14 and the SW/4 of Section 2, Township 21 South, Range 37 East, NEPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the commingled production shall be allocated on the basis of monthly well tests, and the results of such tests shall be submitted to the Commission.

PROVIDED FURTHER, That the applicant shall notify the Commission in the event any well in any pool in either installation should become capable of producing top allowable, and the Secretary-Director of the Commission may require that meters be installed on all zones producing into said installation.

PROVIDED FURTHER, That the subject installations shall be operated in accordance with the Commission Manual for the Installation and Operation of Commingling Facilities.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



E. L. Mechem

EDWIN L. MECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

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

esr/

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

October 19, 1961

Re: Case No. 2263
2361
2362
Order No. R-2097, R-2099 & R-2100
Applicant:
Shell Oil Company

Mr. Oliver Seth
Seth, Montgomery, Federici & Andrews
P. O. Box 828
Santa Fe, New Mexico

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC _____

Artesia OCC _____

Aztec OCC _____

OTHER _____

Case 2362

Heard 8-30-61

Rec. 10-11-61

1. Grant Shell's request for coaming-
ling 6 pools on its site (see. 2)
less as follows:

(a) System #1

The Hare & Brunson pools to be
coamingled and metered thru
an ACT system.

(b) System #2

The Jerry Blinby, Drinkard,
Dubb, and Nanty Abs pools to
be coamingled and metered
thru an ACT system.

2. Wells to be tested each month.

3. Installation to be made in
accordance with O.C.C. Coamingly
mand. of 9-13-61.

4. Reporting of non-Mary.
wells to be reported in accordance
with above manual.

Thos. W.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 30, 1961

9:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as alternate examiner:

Cases 2368 through 2372 will not be heard before 1:00 P.M.

- CASE 2359: Application of Shell Oil Company for a pilot water flood project in the Townsend-Wolfcamp Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pilot water flood project in the Townsend-Wolfcamp Pool with water injection initially to be through the Texas Pacific Coal & Oil Company State "J" Well No. 2, located in the NE/4 SW/4 of Section 10, Township 16 South, Range 35 East, Lea County, New Mexico.
- CASE 2360: Application of Shell Oil Company for a pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a Pressure Maintenance Project in the Bisti-Lower Gallup Oil Pool in the Carson Unit Area and also in Sections 10, 15 and 22, Township 25 North, Range 12 West, San Juan County, New Mexico.
- CASE 2361: Application of Shell Oil Company for an exception to Rule 303, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 to permit commingling of the production from the Terry-Blinebry, Drinkard, and Hare Pools on its Taylor Glenn Lease, located in Sections 3 and 4, Township 21 South, Range 37 East, Lea County, New Mexico, and to allocate production to each pool on the basis of monthly well tests.
- CASE 2362: Application of Shell Oil Company for an exception to Rule 303, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 to permit commingling of the production from the Brunson and Hare Pools on its State (Section 2) Lease located in Section 2, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further proposes to commingle the production from the Terry-Blinebry, Drinkard, Tubb and Wantz-Abo Pools on its said State (Section 2) Lease. Applicant proposes to allocate production to each pool on the basis of monthly well tests.

- CASE 2363: Application of Shell Oil Company for exceptions to Rules 303 and 309, Lea County, New Mexico. Applicant, in the above-styled cause, seeks exceptions to Rules 303 and 309 to permit commingling of the production from the Drinkard, Blinebry, and Wantz-Abo Pools and from the Brunson and Hare Pools on its Argo-Argo (A) Lease in Sections 15 and 22, Township 21 South, Range 37 East, and to commingle the production from the aforesaid pools on its Turner Lease in said Section 22, allocating the production from each pool on each of the aforesaid leases on the basis of monthly well tests. Applicant further proposes to commingle the commingled production from each lease, prior to treating, allocating the production to each lease on the basis of continuous metering and sampling.
- CASE 2364: Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its A. H. Blinebry NCT-1 Well No. 14, located in Unit M, Section 28, Township 22 South, Range 38 East, Lea County, New Mexico, as a triple completion (conventional), in the South Paddock, Tubb and Drinkard Pools, the production of oil from each pool to be through parallel strings of 2 3/8 inch tubing.
- CASE 2365: Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its G. L. Erwin (b) NCT-2 Well No. 1, located in Unit P, Section 35, Township 24 South, Range 37 East, Lea County, New Mexico, as a triple completion (conventional) in undesignated Fusselman, McKee and Ellenburger pools, the production of oil from each pool to be through parallel strings of 2 3/8 inch tubing.
- CASE 2366: Application of Texaco Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 198.64-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the SW/4 NW/4 of Section 4, and the NE/4 of Section 5, all in Township 24 South, Range 37 East, Lea County, New Mexico; said unit is to be dedicated to applicant's E. D. Fanning Well No. 7, located 1980 feet from the North and East lines of said Section 5.

CASE 2367: Application of Skelly Oil Company for an unorthodox gas proration unit in the Jalmat Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the NE/4, NW/4 SE/4, N/2 SW/4 and SW/4 SW/4 of Section 17, Township 23 South, Range 37 East, Lea County, New Mexico; said unit is to be dedicated to the E. L. Steeler Well No. 7, located 1980 feet from the South line and 660 feet from the West line of said Section 17.

The following cases will not be heard before 1:00 P.M.

CASE 2368: Application of Sinclair Oil & Gas Company for an exception to Rule 309, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Devonian oil production from its C. S. Stone lease, comprising the N/2 of Section 22, from its Reed Estate Lease, comprising the SE/4 of Section 22, and from its B. D. Buckley Lease, comprising the SW/4 of Section 22, all in Township 15 South, Range 38 East, Lea County, New Mexico, after separately metering the production from each lease.

CASE 2369: Application of Sunray Mid-Continent Oil Company for a dually completed oil-producing salt water disposal well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks permission to dually complete its State "O" Well No. 3, located in Unit O, Section 12, Township 19 South, Range 28 East, Eddy County, New Mexico, in such a manner as to permit the production of oil through tubing from perforations at 1763 feet to 2178 feet and to dispose of produced salt water through the casing-tubing annulus into the Rustler Anhydrite and Yates formation through perforations at 386 feet to 884 feet.

CASE 2370: Application of Newmont Oil Company for special rules governing its Square Lake Pool Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special rules governing its Square Lake Pool Waterflood Project in Eddy County, New Mexico, to include provisions for the immediate conversion to water injection of certain wells in said project and the conversion of additional wells to water injection at later stages in the life of said waterflood project.

CASE 2371: Application of Hudson & Hudson for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks permission to locate its Puckett "B" Well No. 19, at an unorthodox oil well location in the Maljamar (Grayburg-San Andres) Pool, 2615 feet from the South and West lines of Section 25, Township 17 South, Range 31 East, Eddy County, New Mexico.

CASE 2372: Application of Aztec Oil & Gas Company for an unorthodox oil well location and for a non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of an 86.02-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, consisting of Lot 4 and the NE/4 SE/4 and SW/4 SE/4 of Section 30, Township 29 North, Range 13 West, San Juan County, New Mexico, to be dedicated to the Hagood Well No. 29-G to be located at an unorthodox location 450 feet from the South line and 3600 feet from the East line of said Section 30.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
AUGUST 30, 1961

EXAMINER HEARING

IN THE MATTER OF:
CASE 2362

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CM 3-6691

ALBUQUERQUE, NEW MEXICO



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
August 30, 1961

IN THE MATTER OF:

Application of Shell Oil Company for an
exception to Rule 303, Lea County, New
Mexico. Applicant, in the above-styled
cause, seeks an exception to Rule 303 to
permit commingling of the production from
the Brunson and Hare Pools on its State
(Section 2) Lease located in Section 2,
Township 21 South, Range 37 East, Lea
County, New Mexico. Applicant further
proposes to commingle the production from
the Terry-Blinbry, Drinkard, Tubb and
Wantz-Abo Pools on its said State
(Section 2) Lease. Applicant proposes
to allocate production to each pool on
the basis of monthly well tests.

Case 2362

BEFORE:

Elvis A. Utz, Examiner

EXAMINER HEARING

MR. UTZ: Case 2362.

MR. MORRIS: Application of Shell Oil Company for an
exception to Rule 303.

JOSEPH G. YOPE,

recalled as a witness herein, having been previously duly sworn
on oath, was examined and testified further as follows:

DIRECT EXAMINATION

BY MR. SETH:

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q Will you state your name, please.

A Joseph G. Yope.

Q You are the same witness that testified in Case 2361; are you not?

A That is correct.

MR. SETH: Will the record show that he is sworn.

MR. UTZ: Yes, sir.

Q (By Mr. Seth) Do you have a plat showing the area that is involved in this Application?

A Yes, sir. It is Exhibit 1, a general plat of the area.

Q State, generally, what the purpose of the Application is?

A Shell proposes to commingle crude oil from the Brunson and Hare zones on our State Section 2 Lease on the basis of monthly well tests, and sell this through one central battery to the pipeline through ACT, and are proposing a central battery to handle the production from Terry-Blinbry, Tubb Oil, and Drinkard Oil on the basis of monthly well tests, and to sell this through ACT system.

Q Now, is the royalty common in this lease?

A Yes, sir. It is all State Land, and the royalty interest is common to all depths.

Q As shown on Exhibit 1, that is the portion outlined in red with the arrow --

A Yes, sir.



Q -- do you have a list of the wells and the estimated production?

A First, I will offer Exhibit 2, which is a diagrammatic sketch of our two systems involved on the State Section 2 Lease.

Q Now, what is Exhibit 2? Will you describe Exhibit 2 a little more fully?

A Exhibit 2 shows two systems: on the left being the Hare and Brunson commingled system where we have commingling, 7 Hare wells and 2 Brunson wells into a central battery, and then sell it through a ACT system. On the right of Exhibit 2, we have the central battery setup, metering facilities for a commingled battery to serve 7 Terry-Blinbry wells, 4 Drinkard wells, 1 Wantz-Abo well, and 1 Tubb well.

MR. UTZ: Is this all in this one lease?

THE WITNESS: Yes, sir. This is our 280-acre State Section 2 Lease, consisting of Lots 11, 12, 14, and the Southwest Quarter of Section 2, Township 21 South, Range 37 East.

Q (By Mr. Seth) Do you have the production figures?

A Yes, sir. A rundown of production on our Brunson: We have Well No. 5, 24-hour test production, 10 barrels of oil, got one per cent water. It is on pump, and that is pumping all we can get out of that well. No. 6, also the last 24-hour test, I have 30 barrels of oil, 20 barrels of water, and it is also on pump. I believe neither well, in this case, is capable of producing any more.

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MR. UTZ: Not even by enlarging the pump size?

THE WITNESS: No, sir; because that pump deficiency would be, oh, say, No. 5, there will be something like 10 per cent, and No. 6, it will be 40 per cent, in the neighborhood of. On our Hare zone, the Well No. 3, last test was 35 barrels of oil, 1 barrel of water. It is also on pump. Well No. 7, 24-hour test, 10 barrels of oil, got six tenths per cent water. It is on pump. Well No. 10, 24-hour test, 10 barrels of oil, two tenths per cent water. It is being gas lifted. Well No. 11, 24-hour test, 9 barrels of oil, got two tenths per cent water. It is being gas lifted. Well No. 12, 12 barrels of oil, got two tenths per cent water. It is being gas lifted. Well No. 14 is a flowing well, the only flowing Hare Well, flowed 12 barrels of oil, got two tenths per cent water with 110 tubing pressure through a sixteen sixty-fourths inch choke. Well No. 16, 24-hour test, 8 barrels of oil, cut two tenths per cent water. It is on gas lift. I believe that is all the artificial lifted wells, gas lift, and pump are not capable of producing much higher than the test indicates at this point.

The efficiencies involved here on these tests of the capacity of the equipment lifting them, are so low that we feel that the quantity of fluid being produced is all we can get. The Well No. 14 is flowing with 12 barrels of oil, as I stated. The tubing pressure is relatively low, but the choke size is low. However, our last bottom hole pressure on the well was 920, with a



productivity induction of .055; and we believe it is highly doubtful that this well will produce any appreciable amount more.

So in summary, the Hare and the Brunson, I submit that these wells definitely are in a marginal situation. We have highly doubtful ways of increasing the production from them.

On our second system on the right of your Exhibit 2, we have 3 Drinkard wells: Well No. 1 is on pump, 24 hours pumped 10 barrels of oil. Well No. 2 in on pump, 24 hours pumped 10 barrels of oil and 1 barrel of water. Well No. 4 is flowing, 24-hour test flowed 24 barrels of oil. It is on intermitter, flowing one hour on and shut-in one hour, with a maximum shut-in pressure of 180 PSI. Well No. 9 is pumping, 24-hour test 20 barrels of oil. In our Terry-Blinebry, we have Well No. 8, last 24-hour test flowed 20 barrels of oil, cut two tenths per cent water. It is on intermitter, 15 minutes flowing and one hour shut-in, maximum shut-in pressure 1,000 PSI through twenty eight sixty-fourths inch choke. Well No. 17 is on pump, 24-hour test, 12 barrels of oil, 1 per cent water. Well No. 18, 24-hour test, on pump, 23 barrels of oil. Well No. 19, is flowing, flowed 38 barrels of oil, got four tenths per cent water through a eighteen sixty-fourths inch choke, 200-pound tubing pressure. Well No. 20 flowing, 24-hour test, flowed -- excuse me, 33 barrels of oil. It has a 600-pound tubing pressure, maximum shut-in tubing pressure, I should say, on intermitter, flowing one and one half hours and shut-in one and one half hours, through a twenty four sixty-eighths

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inch choke. Well No. 21, 24-hour test, 25 barrels of oil, 1 barrel of water. It is pumping. Well No. 22, 24-hour test, it flowed 41 barrels of oil with a tubing pressure of 80 pounds.

In the Tubb, we have one well. That is Well No. 15. It is flowing, 24-hour test was 10 barrels of oil through a twenty-four sixty-fourths inch choke, 90 PSI tubing pressure.

In the Wantz-Abo, we have one well. It is Well No. 13. It is on pump, 24 hours, pumped 13 barrels of oil. That summarizes the latest production capacity of the wells that we have record of.

MR. UTZ: You actually have two wells in Terry-Blinebry capable of producing above top allowable, No. 19 and No. 22.

MR. PORTER: What are the capacities of those wells?

MR. UTZ: 32, and 39, and 41.

MR. PORTER: I believe your top allowable for the Tubb

THE WITNESS: 46 for this past month.

MR. UTZ: You may proceed.

Q (By Mr. Seth) Do you have any further comments on the production figures?

A I believe the Drinkard is not capable of producing much more, particularly those on pump. And one thing characteristic of the Drinkard formation, normally a high bottom hole pressure, a low productivity index, and an intermittent flowing condition, on this basis, we think we are getting most of the oil we can, wherever possible; and I doubt whether any of those can be classi-



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fied as very much greater capacity than these tests I have indicated. There is some doubt as to whether or not particularly those two Terry-Blinebry wells will make a top allowable. We don't know.

Q Well, you have been attempting to produce a top allowable, haven't you, up to this point?

A Yes, we have.

Q Have you experimented with these intermitters to determine the proper, or the most efficiency?

A Yes, sir; most people change the intermitters and choke sizes to try to maintain their production.

MR. UTZ: Do either of these wells have intermitters?

THE WITNESS: My records show only No. 8. No. 8 and No. 20 of the Terry-Blinebry are on intermittent flow.

Q (By Mr. Seth) Is there anything further?

A I would like to point out that we shall consider these things marginal from the economic standpoint, and if we are required to meter the varicus zones separately, we may not be able to do it because of the economics involved. I think if you notice here, the oil productions are not very great in either of the systems. The total throughput is approximately 275 barrels from the Terry-Blinebry, Drinkard, Wantz-Abo, and Tubb Central Battery, and 140 barrels a day for the Brunson and Hare side. So we do believe that this is a marginal situation from our standpoint, and certainly if we had to meter each zone we would have



to re-evaluate our economics involved, and don't believe it would be justified.

MR. SETH: I believe that is all of our direct. We offer the Exhibits.

MR. UTZ: Without objection, Exhibits 1 and 2 will be entered into the record in this case.

(Whereupon Applicant Exhibits 1 and 2 received in evidence.)

MR. UTZ: Are there other questions?

MR. MORRIS: I have one.

Q (By Mr. Morris) Mr. Yope, now these figures that you have given on the production, there, from, I think they were all from 24-hour tests.

A Yes, sir.

Q They don't represent the allowable that the well has been producing, necessarily, do they?

A No, sir; they sure don't. In fact, I haven't even correlated them with the allowable in the book.

Q None of your wells, here, are marginal, only in the sense that they are penalized by a gas-oil ratio.

A Some of them are penalized by gas-oil ratio.

Q But not marginal just because of that reason.

A Well, just from total fluid involved, we would consider them marginal.

MR. SETH: They would be marginal even if they weren't

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penalized?

THE WITNESS: Right. I think if you would check this against the allowable record for August, No. 8 is capable of producing slightly more than its allowable of 15. On down the line there, some are under and some are over this 24-hour test data I gave you. Some are above and some are under and some are over the allowable for August.

Q (By Mr. Morris) The actual allowable is an allowable based, in this case, upon the penalty because of the GOR?

A Right.

Q I see. So, in order to determine which wells would be capable of producing more than their penalized allowable, we would have to go through these one at a time and compare the production figures to the actual allowable figures, wouldn't we?

A As to whether or not it is capable of producing its penalized allowable.

Q Greater than its penalized allowable?

A Right. Well, I could read those off into the record. Well, it is a matter of the Commission record, but I was just wondering if you concur with me in that observation?

Q Yes, sir.

MR. MORRIS: Thank you.

MR. PORTER: Mr. Yope, I was wondering if you have actual average production figures. Now, I realize that these are test figures, but do you have an observation that your average

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ALBUQUERQUE, NEW MEXICO



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production runs below your test figures?

THE WITNESS: That is correct. I have here graphs of our well tests and monthly production data by well.

MR. PORTER: I don't think it is necessary to put that into the record.

MR. SETH: May we go off the record a moment?

MR. PORTER: Yes, let's do.

(Discussion off the record)

MR. UTZ: Are there other questions of this witness?

MR. SETH: We have no further questions.

MR. UTZ: The witness may be excused. Are there other statements in this case.

THE WITNESS: I would like to make one statement, if I could: that based on this capability of making top allowable, we believe it is highly doubtful that any of the wells involved in this case can make top allowable, with that understanding of the marginal well.

MR. UTZ: Are you prepared to state so under oath, that none of these wells can make more than top allowable?

THE WITNESS: I say to the best of our information we believe it is not possible. There are, I'll admit, three doubtful wells here which we could probably re-test, or wide-open test, or something.

MR. UTZ: That would be your entire Blinebry, your Nos. 19 and 20, and what other one?



THE WITNESS: It would be 4, 8, 19, 20, and 22.

MR. UTZ: I wonder if you would further evaluate those four wells and submit a report to us?

THE WITNESS: Yes, sir.

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

(Whereupon the Hearing of Case 2362 was concluded.)

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, MICHAEL P. HALL, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill, and ability.

IN WITNESS WHEREOF, I have affixed my hand and notary seal this 30th day of August 1961.

Michael P. Hall
Court Reporter - Notary Public

My Commission expires:
June 20, 1965.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2362 heard by me on Aug. 30, 1961.
John D. [Signature], Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO





SHELL OIL COMPANY

P. O. Box 1858
Roswell, New Mexico

October 2, 1961

Subject: Supplementary Data in Support
of Cases 2361, 2362, and 2363
Heard Before the N.M.O.C.C.
on August 30, 1961

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. Daniel S. Nutter

Gentlemen:

At your request during the August 30, 1961, hearing on the subject cases, we attach herewith a tabulation of average daily production over a recent sixty-day period for the wells concerned in the Shell Oil Company commingling application of August 21, 1961. Also attached is a tabulation of the gravities of the crudes to be commingled and the resulting commingled gravities.

This data supports our belief that there are no unpenalized wells capable of sustained top allowable production in the proposed commingling projects. The State (Sec. 2) #22, Terry Blinebry Well can produce its top allowable on a 24-hour test at times; but as indicated in the tabulation, its sustained average production falls quite short of top allowable production.

The State (Sec. 2) #13, Wantz Abo Well is currently being recompleted to the Drinkard zone, and additional pay has been perforated in the Argo A #3, Drinkard Well. The Argo A #3 is being tested at the present time. If either or both of these two wells prove to be capable of top allowable performance, we will notify you immediately.

By your letter of September 21, 1961, signed by Mr. Richard S. Morris, the Commission requested that we file a new application for the subject commingling project. We believe that with the attached supplementary data, sufficient information is available to the Commission for you to act on our original application. Therefore, we respectfully request that you proceed with action on our previous application which was presented before the Commission by hearing on August 30, 1961.

Very truly yours,

R. L. Rankin
Division Production Manager

Attachment

Case 2361

Average Daily Production Over 60-Day Period
Taylor Glenn Consolidation

<u>Field</u>	<u>Well No.</u>	<u>Avg. Daily Oil Prod.</u>
Drinkard	1	15
Top Daily Allowable - 61	2	8
	6	7
Terry Blinebry	3	16
Top Daily Allowable - 46	7	14
	8	32
Hare	4	12
Top Daily Allowable - 80	5	4

Case 2362

Average Daily Production Over 60-Day Period
State (Sec. 2) Lease Consolidation
Central Battery No. 2

<u>Field</u>	<u>Well No.</u>	<u>Avg. Daily Oil Prod.</u>
Drinkard	1	8
Top Daily Allowable - 61	2	10
	4	9
	9	13
Terry Blinebry	8	17
Top Daily Allowable - 46	17	16
	18	28
	19	22
	20	23
	21	28
	22✓	38
Tubb	15	10
Top Daily Allowable - 61		
Wantz Abo	13	12
Top Daily Allowable - 80		

capable at times.

rework to be

<u>Field</u>	<u>Well No.</u>	<u>Avg. Daily Oil Prod.</u>
	Central Battery No. 1	
Brunson	5	5
Top Daily Allowable - 80	6	27
Hare	3	27
Top Daily Allowable - 80	7	10
	10	10
	11	7
	12	15
	14	15
	16	8

Case 2363

Average Daily Production Over 60-Day Period
Argo-Argo A-Turner Consolidation

<u>Field</u>	<u>Well No.</u>	<u>Avg. Daily Oil Prod.</u>
Drinkard	Argo 2	18
Top Daily Allowable - 61	Argo 3	16
	Argo 4	12
	Argo A 1	7
	Argo A 2	15
	Argo A 3	21
	Argo A 5	4
	Turner 1	15
	Turner 2	13
	Turner 3	19
	Turner 5	3
	Turner 6	12
	Turner 12	5
	Turner 13	18
	Turner 15	2
Wantz Abo	Argo 5	13
Top Daily Allowable - 80		
Blinebry (Oil)	Turner 16	12
Top Daily Allowable - 46		
Brunson	Argo 6	5
Top Daily Allowable - 80	Argo 7	19
	Argo 8	14
	Argo 9	30
	Argo A 6	19
	Argo A 8	38
	Argo A 11	4
	Argo A 12	7
	Turner 14	17

<u>Field</u>	<u>Well No.</u>	<u>Avg. Daily Oil Prod.</u>
Bare	Argo 10	25
Top Daily Allowable - 80	Argo 11	6
	Argo 12	17
	Argo A 4	0
	Argo A 7	10
	Argo A 9	17
	Argo A 10	6
	Turner 4	4
	Turner 8	6
	Turner 10	14
	Turner 11	7

Case 2361 - Taylor Glenn Consolidation

<u>Zone</u>	<u>No. of Wells</u>	<u>Daily Average Production</u>	<u>API Gravity of Crude</u>	<u>Daily Income</u>
Terry Blinebry	3	62	41.2°	\$183.00
Drinkard	3	30	37.2°	85.80
Hare	<u>2</u>	<u>16</u>	39.7°	<u>49.00</u>
Totals	8	108		\$317.80

Commingled Gravity = 39.8° API
Commingled Income = \$316.00 (Sour Price)

Case 2362 - State (Sec. 2) Consolidation

Central Battery #1 (Sweet Crudes)

Hare	7	124	41.7°	\$382.00
Brunson	<u>2</u>	<u>32</u>	42.6°	<u>98.50</u>
Totals	9	156		\$480.50

Commingled Gravity = 41.9° API
Commingled Income = \$480.50

Central Battery #2 (Sour Crudes)

Terry Blinebry	7	172	40.1°	\$507.00
Drinkard	4	40	37.8°	114.40
Wantz Abo	1	12	40.6°	35.30
Tubb	<u>1</u>	<u>10</u>	36.5°	<u>28.30</u>
Totals	13	234		\$685.00

Commingled Gravity = 39.6° API
Commingled Income = \$684.00

Case 2363 - Argo-Argo A-Turner Consolidation

Consolidation No. 1 (Sour Crudes)

Drinkard	15	180	39.6°	\$526.00
Blinebry	1	12	37.5°	34.10
Wantz Abo	<u>1</u>	<u>13</u>	39.8°	<u>37.90</u>
Totals	17	205		\$598.00

Commingled Gravity = 39.5° API
Commingled Daily Income = \$598.00

Hare
Brunson

Consolidation No. 2 (Sweet Crudes)

Totals

11
9
20

112
153
265

42.25°
41.7°

\$345.00
471.00
\$816.00

Commingled Gravity = 42.0° API
Commingled Daily Income = \$816.00

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
GEORGE A. GRAHAM, JR.

SETH, MONTGOMERY, FEDERICI & ANDREWS
ATTORNEYS AND COUNSELORS AT LAW
301 DON GASPAR AVENUE
SANTA FE, NEW MEXICO

POST OFFICE BOX 828
TELEPHONE YU 3-7315

August 10, 1961

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.
Secretary-Director

Re: Application by Shell Oil Company For
Exception to OCC Rules 303 and 309(a) --

Shell State (Section 2) Lease, consisting
of a portion of the $W\frac{1}{2}$ of Section 2,
T. 21 S., R. 37 E., Lea County

Gentlemen:

Applicant requests an exception to Rule 303 and Rule 309(a) of the Commission to permit the commingling of production from separate fields and permit the transfer of production from the lease before it has been received and measured in tankage on such lease.

The applicant proposes to commingle production from its State (Section 2) Wells consisting of a portion of the $W\frac{1}{2}$ of Section 2, T. 21 S., R. 37 E. from the Brunson and Hare Fields on the basis of monthly well tests and to transfer this commingled production through automatic custody transfer facilities to the pipeline.

Applicant further proposes to commingle production from the Terry Blinebry, the Drinkard, the Tubb and the Wantz Abo Fields from its State (Section 2) Lease described above on the basis of monthly well tests and to transfer this commingled production through automatic custody transfer facilities to the pipeline.

It would be appreciated if this matter could be set down for hearing.

Very truly yours,

SHELL OIL COMPANY

By Chas. L. Smith

OS:wcl

cc: Mr. R. L. Rankin
Division Production Manager
Shell Oil Company
P. O. Box 1858
Roswell, New Mexico

*Rec'd
Mailed 8-17-61*

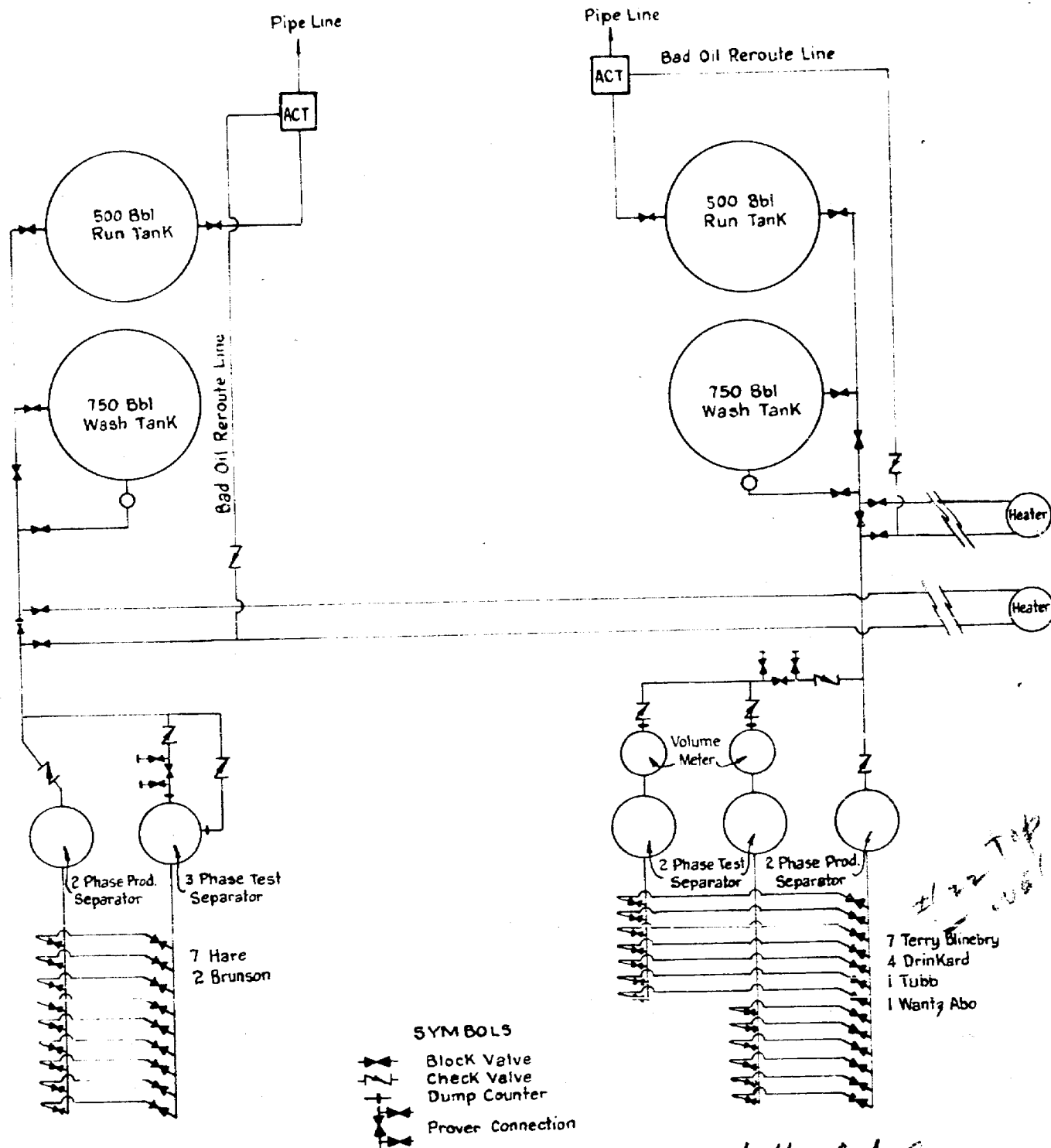
STATE (Sec. 2) CONSOLIDATION

Hare and Brunson Commingled on Monthly Well Tests and Sold through an ACT Unit - Central Battery No. 1

Terry Blinbry, Tubb, Drinkard and Wantz Commingled on Monthly Tests and Sold through an ACT Unit - Central Battery No. 2
Sec. 2, T-21-S, R-37-E

8-3-61

EXHIBIT #2



Shell Oil Company
Case 2362
Exhibit #2

