CASE 1844: Application of Texaco Inc
to commingle from
automatic
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Held for
further info
to be mailed in

Case No.

1844

Application, Transcript,
Small Exhibits, Etc.

JANUARY 6, 1960

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JANUARY 6, 1960

IN THE MATTER OF

CASE 1844 Application of Texaco Inc. for permission to commingle the production from two separate pools and for permission to install an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Justis-Ellenburger and Justis-McKee Pools from all wells on its C. E. Penny lease consisting of the NW/4 of Section 19, Township 25 South, Range 38 East, Lea County, New Mexico, and for permission to install an automatic custody transfer system to handle said commingled production.

BEFORE:

Daniel S. Nutter, Examiner

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: The next case we will take will be Case 1844.

MR. PAYNE: Case 1844. Application of Texaco Inc. for permission to commingle the production from two separate pools and for permission to install an automatic custody transfer system.

MR. WHITE: If the Commission please, Charles White of Gilbert, White & Gilbert, appearing on behalf of the applicant. We have one witness to be sworn at this time.

(Witness sworn)

JOSEPH E. ROBINSON, JR.,

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Robinson, will you state your full name for the record, please?

A Joseph E. Robinson, Jr.

Q By whom are you employed and in what capacity?

A Texaco, Inc. as proration engineer.

Q Are you familiar with the instant Case 1844?

A Yes, sir, I am.

Q Will you briefly state what the applicant is seeking in this matter?

A We are seeking permission to commingle two fluids from the Justis-Ellenburger and the Justis-McKee Pools, and for permission to install an automatic custody transfer system on our C. E. Penny NCT 4 lease.

(Thereupon, Texaco's Exhibit No. 1 was marked for identification.)

Q Will you refer to what has been marked as Exhibit No. 1 and explain that to the Commission, please?

A Exhibit No. 1 is a plat of the area with Texaco, Inc.'s C. E. Penny NCT 4 outlined in yellow marking. It shows the wells with what pools these wells are located in on the C. E. Penny NCT 4 lease. We have our Well No. 4 which has recently been completed as

a dual producer in the McKee and the Ellenburger formations.

Q This shows all the offset operators with names and addresses?

A Yes, sir, that's right, it does. It also shows their addresses at the bottom of the plat.

(Thereupon, Texaco's Exhibit No. 2 was marked for identification.)

Q Will you explain your commingling installation and in so doing refer to Exhibit No. 2?

A We propose to commingle the Ellenburger and the McKee production. Both of these zones are flowing completions. We propose to produce the Ellenburger production through a separator where the gas will be taken off the separator, passed through and metered through a gas meter and on to a gas sales line. The liquid will pass through a separator, through an A. O. Smith type T-6 PD meter. We will also have downstream from the meter a snap acting dump valve. This valve is necessary to assure the right amount of fluid passing through the meter for accurate measurement. It will pass on through the snap acting dump valve and on down the line. We propose to produce the McKee production in an identical manner as the Ellenburger production by passing it through a separator, metering our gas and hooking the gas to the gas sales line. The fluid will pass through a PD meter on through a snap acting dump valve, and then the fluid will be commingled downstream where it will be stored in two three hundred barrel surge tanks.

(Thereupon, Texaco's Exhibit No. 3 was marked for identification.)

Q Will you give some of the production characteristics of these crudes and in so doing refer to Exhibit No. 3?

A Exhibit No. 3 is the production characteristics of the two fluids. Before commingling, the McKee has an intermediate sweet type crude with a gas-oil ratio of five hundred and seven to one with a gravity of forty-three point zero degrees API corrected. The price per barrel that we would receive from the McKee is three dollars and one cent a barrel with the present allowable of eighty-seven barrels of oil per day.

The Ellenburger is also an intermediate sweet type crude with a gas-oil ratio of twelve thousand -- excuse me -- twelve hundred and twenty-seven to one with a gravity of forty-six point zero degrees API corrected to sixty degrees, with a price per barrel of two dollars and ninety-seven cents, with an allowable of eleven hundred barrels per day. After commingling of the McKee and Ellenburger crudes, we will still have an intermediate sweet type crude with a composite gravity of forty-four point six degrees API, and we will receive three dollars and one cent a barrel price for the commingled crude since the breakover price is forty-four point nine degrees API.

The value of the daily production before commingling would be eighty-seven barrels at three dollars and one cent a barrel plus one hundred and eleven barrels at two ninety-seven for a total price

of five hundred and ninety-one dollars and fifty-four cents, and the value of the daily allowable after commingling will be a summation of a hundred and ninety-eight barrels at three dollars and one cent a barrel for a difference -- that total price would be five hundred and ninety-five dollars and ninety-eight cents, or we would stand to gain in total production by four dollars and forty-four cents a day.

Q Are both the Ellenburger and McKee flowing?

A Yes, sir, they both are flowing production right now.

(Thereupon, Texaco's Exhibit No. 4 was marked for identification.)

Q Now, will you refer to Exhibit No. 4 and explain that, please?

A Exhibit No. 4 is a schematic diagram of the LACT equipment that we propose to install. The LACT equipment will be installed in the approximate center of our lease; that is noted on Exhibit No. 1. After the oil is collected in the two three-hundred barrel surge tanks, as noted on Exhibit No. 2, they will pass into a gear type pump which is noted by Item No. A on this diagram. The fluid will pass through the gear pump and through a BS & W monitor system, which has a probe in it. If the fluid passing through is acceptable by the pipe line, there will be no action, and it will go on downstream. However, if the crude does not meet the pipe line specifications, the monitor will close the pipe line shutoff valve labeled G, a solenoid will open a valve labeled E,

and the crude will be circulated back to the surge tanks. In case of bad oil, the circulation will take place upstream of the meter and no fluid will be metered. At this time we do not have any heater treaters for this crude. However, should the need arise where we will start getting bad oil, then we will install a heater to take care of this. If the oil is acceptable through the monitor, it will pass on through a combination strainer and air eliminator marked D on this Exhibit. Actually, there are two items marked D. The air eliminator and strainer is located on the left side of the plat marked D. The strainer is to strain out all foreign matters before it gets into the meters. The air eliminator will remove any entrain gas or air within the crude. It will pass through the air eliminator through the meter labeled D, which is a type A. O. Smith, type T-6 meter. It will pass on through the meter on downstream through the back pressure valve labeled G and on into the pipe line.

We've also installed valves labeled F where we can install a master prover to calibrate the meter that is on the line when it needs to be calibrated. The back pressure valve will keep a constant pressure on the fluid to keep any gas in solution and what not. We also have a sampler which is located by the designation C. This sampler is -- takes fluid according to the volume that passes through the meter. We can set it to take a sample out of every barrel or out of every four barrels that pass through, and it is retained in the sampler until the pipe line takes the sample

that they desire to test, and then it can be pumped back out into the line and then on downstream.

Q What if your monitor failed to function properly, do you have any safeguard as to that?

A If the monitor fails to function correctly, we also have a brain system in the meter. However, I don't believe this will occur; this type of monitor the pipe lines have accepted, the monitor to measure BS & W that passes through. However, if an incorrect volume is passing through the meter, it will shut down the system and no more fluid will pass on through.

Q As to this type of equipment you are presently proposing, has the Commission previously approved similar installations?

A Yes, sir. There are two other LACT systems where the McKee and Ellenburger are being commingled and handled with LACT installations. Gulf's Larry McBuffington lease, which joins Texaco's C. E. Penny lease to the northwest, has an LACT system to handle these two crudes, and also Tidewater Coats lease, which is located to the west in Section 24.

Q Are these meters corrosive resistant?

A Yes, sir. The meter is cast iron with the moving parts and the inside plastic coated. The strainer and air eliminator are also plastic coated. However, with the crude being an intermediate sweet, we do not anticipate any corrosion problems. However, we have plastic coated the equipment in case corrosion

should start occurring.

Q Does Texaco have all the working interests?

A Yes, sir, we do.

Q Were these Exhibits prepared by you or under your supervision and direction?

A Yes, sir, they were.

MR. WHITE: We move to offer Texaco's Exhibits 1 through 4.

MR. NUTTER: They will be entered.

(Whereupon, Texaco's Exhibits Nos. 1 through 4 were received in evidence.)

MR. WHITE: That's all we have on direct.

MR. NUTTER: Does anyone have any questions of the witness?

MR. PAYNE: Yes, sir.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Robinson, are the McKee and Ellenburger wells on pump or flowing?

A They are flowing. Both zones are top allowable zones capable of making their full daily allowable.

Q Now, do you have any high-low switch to take care of the motors in case of a malfunction or line break?

A Yes, sir, we have. On our surge tanks we have high-

low switches where the motor will start on the high level, and at the low level it will shut off. This LACT will not operate continually since it will be governed by high-low level switches.

Q Well, Mr. Robinson, what happens in the event the motor detects bad oil and returns the oil to the storage tanks and you continue to produce? Now, you have -- what do you have, six hundred barrels of storage there?

A Yes, sir, we have six hundred barrels of storage capacity. These two tanks have an equalizor line so in case of bad oil we have an indicator light there that would light up, and even in case of bad oil we would still have approximately two days' additional capacity in the surge tanks.

Q What if the bad oil came at the time when the tanks were pretty near full?

A I don't believe that with the operations that it would come at such a time since the high level switch will not be located at a position where the tanks would be near capacity before the system starts putting oil on the line.

Q What is the level of the switch that puts the oil on the line? How much reserve capacity do you have at the time the pump, Item No. A, is turned on?

A We would have approximately four hundred barrels.

Q Of storage?

A Storage available when the high level switch goes on.

Q And these wells make a hundred and ninety-eight barrels

a day total?

A That is correct.

QUESTIONS BY MR. NUTTER:

Q Do you anticipate there will be any more wells completed in the C. E. Penny lease in either the Ellenburger or McKee formations?

A Possibly one more McKee-Ellenburger well.

Q The other wells presently completed on this lease are Langley Mattix?

A That is correct, yes, sir.

Q And they are all being handled in a separate conventional type battery?

A Conventional type battery, yes, sir.

Q What safeguards are provided here in the event of a flow line break?

A The back pressure valve always maintains a constant back pressure on the system, and should a line break occur, then a solenoid would cut off the gear pump and not allow any fluid to be pumped past the gear pump.

Q I mean the flow line breaks between the well and the header, where the two wells come together, or the flow line breaks on the lease itself.

A We don't have any, to my knowledge. There is no safeguard there that would shut the flowing well down if a flow line would break between the well head and the surge tank.

Q Mr. Robinson, it is commonly said that one of the advantages of the automatic custody transfer system on a lease is the savings in pumper time, that the pumper does not have to spend as much time on the lease under normal conditions. Therefore, the lease is unattended for more hours per day, as a rule.

A That is possibly correct. However, in -- particularly in this instance, we find that it is more economical on initial completion to install this LACT rather than a conventional type battery since we can't install this system for a less amount than we could a conventional type battery.

Q You mean your pumper is going to be on the lease the same amount -- if you had a conventional type tank, he is going to be on the lease?

A I can't answer that for sure since I don't know what other rounds this particular pumper makes who pumps this lease. However, I don't think that -- we haven't had the experience of having difficulties with flow lines, a break in between.

Q What are the flowing pressures on these two zones?

A Well, we would operate the separator with a pressure of approximately forty pounds.

Q I meant the pressure at the wellhead.

A I don't have that available for you, but the separator would control the line pressure from the choke at the well to the separator.

Q And the separator would maintain a back pressure of

forty pounds on the flow line back to the wellhead?

A Yes, sir, from approximately twenty-five to forty pounds.

Q What are you using for flow lines there, just ordinary line pipe, or are you using high pressure line pipe, or just what are you using, do you know?

A We are probably using two and three-eighths line pipe, standard line pipe.

Q Standard line pipe?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Robinson?

QUESTIONS BY MR. FLINT:

Q Mr. Robinson, I gather you are not sure for just how long a time the subject lease would be unattended?

A No, sir, in that I don't know presently the amount of hours that the pumper spends on the lease.

MR. PAYNE: He will visit this lease every day, though?

A Yes, sir, he will visit the lease every day. Roughly, I would say he would probably spend a couple or three hours, at least, every day on the lease since we do have three other Langley-Mattix wells. It is a company policy that we take daily tank gauges.

Q (By Mr. Flint) Are your flow lines above ground?

A No, sir, they are buried. I might correct myself, I'm assuming that they are buried.

MR. NUTTER: Any further questions?

QUESTIONS BY MR. NUTTER:

Q Mr. Robinson, would you be willing to prepare and send to the Commission a schematic diagram of the surge tank showing the location of the float level switches and so forth?

A Yes, sir, I would.

Q We would appreciate it.

A All right.

MR. NUTTER: If there is nothing further from this witness, he may be excused.

(Witness excused)

MR. NUTTER: Do you have anything further, Mr. White?

MR. WHITE: That's all we have.

MR. NUTTER: Does anyone have anything further in Case No. 1844? The case will be taken under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, J. A. Trujillo, 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 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, the 12th day of January, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

J. A. Trujillo
NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1844 heard by me on 1-6, 1960.

Examiner
New Mexico Oil Conservation Commission

TEXACO
INC.
PETROLEUM PRODUCTS

DRAWER 728
HOBBS, NEW MEXICO 88240

MAIN OFFICE OCC
MAR 18 PM 1 12

March 17, 1966

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

RE: COMMINGLING, ORDER NO. R-1585,
TEXACO INC. C. E. PENNY NCT-4
LEASE, JUSTIS (ELLENBURGER AND
MCKEE) FIELDS, LEA COUNTY, NEW
MEXICO

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Because the Justis McKee production on the subject lease has been committed to a secondary recovery unit that has separate storage facilities, the Justis Ellenburger and McKee production on this lease shall no longer be commingled.

Therefore, it is respectfully requested that the commingling authorization granted by Order R-1585 be cancelled.

Yours very truly,

J. C. Blevins, Jr.
Assistant District Superintendent

WPY/ckr
cc: NMOCC - Hobbs
USGS - Roswell
TNM Pipeline - Midland

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. 1844
Order No. R-1585

APPLICATION OF TEXACO INC. FOR
PERMISSION TO COMMINGLE THE
PRODUCTION FROM TWO SEPARATE
POOLS IN LEA COUNTY, NEW MEXICO,
AND FOR PERMISSION TO INSTALL
AN AUTOMATIC CUSTODY TRANSFER
SYSTEM

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 6, 1960, 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 27th day of January, 1960, 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 is the owner and operator of the C. E. Penny Lease, consisting of the NW/4 of Section 19, Township 25 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to commingle the production from the Justis-Ellenburger Pool and the Justis-McKee Pool from all wells on the said C. E. Penny Lease in a common tank battery, after separately metering the production from each pool.

(4) That the applicant further proposes to install an automatic custody transfer system to handle the Justis-Ellenburger and the Justis-McKee production from all wells presently drilled or hereafter completed on said C. E. Penny Lease,

(5) That the applicant proposes to measure the oil produced from wells on the subject lease which passes through said automatic custody transfer equipment by means of positive displacement or dump-type meters.

(6) That the meters to be used should be checked for accuracy once each month and the results thereof furnished to the Commission.

(7) That the above-described automatic custody transfer system should be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

(8) 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 the use of such equipment should be permitted.

(9) That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system fails to transfer oil to the pipeline, the applicant should add additional storage facilities from time to time, as it becomes necessary, to store the production which will accrue during the hours that said lease is unattended, or in the alternative should so equip the existing facilities as to automatically shut down the lease production in the event the storage facilities become full.

(10) That approval of the subject application will neither cause waste nor impair correlative rights, provided adequate treating, testing, and storage facilities are installed.

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to commingle the production from the Justis-Ellenburger Pool and the Justis-McKee Pool from all wells on the C. E. Penny Lease consisting of the NW/4 of Section 19, Township 25 South, Range 38 East, NMPM, Lea County, New Mexico.

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

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle the Justis-Ellenburger Pool production and the Justis-McKee Pool production from all wells presently drilled or hereafter completed on the above-described C. E. Penny Lease.

PROVIDED HOWEVER, That the above-described automatic custody transfer system shall be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

(3) 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 least once each 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."

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system authorized by this order fails to transfer oil to the pipeline, the applicant shall add additional storage facilities from time to time, as it becomes necessary, to store the production which will accrue during the hours that said lease is unattended; or, in the alternative, shall so equip the existing facilities as to automatically shut down the lease production in the event the storage facilities become full.

(4) That the applicant shall conduct monthly tests of all wells located on the subject lease to determine the individual production from each well.

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

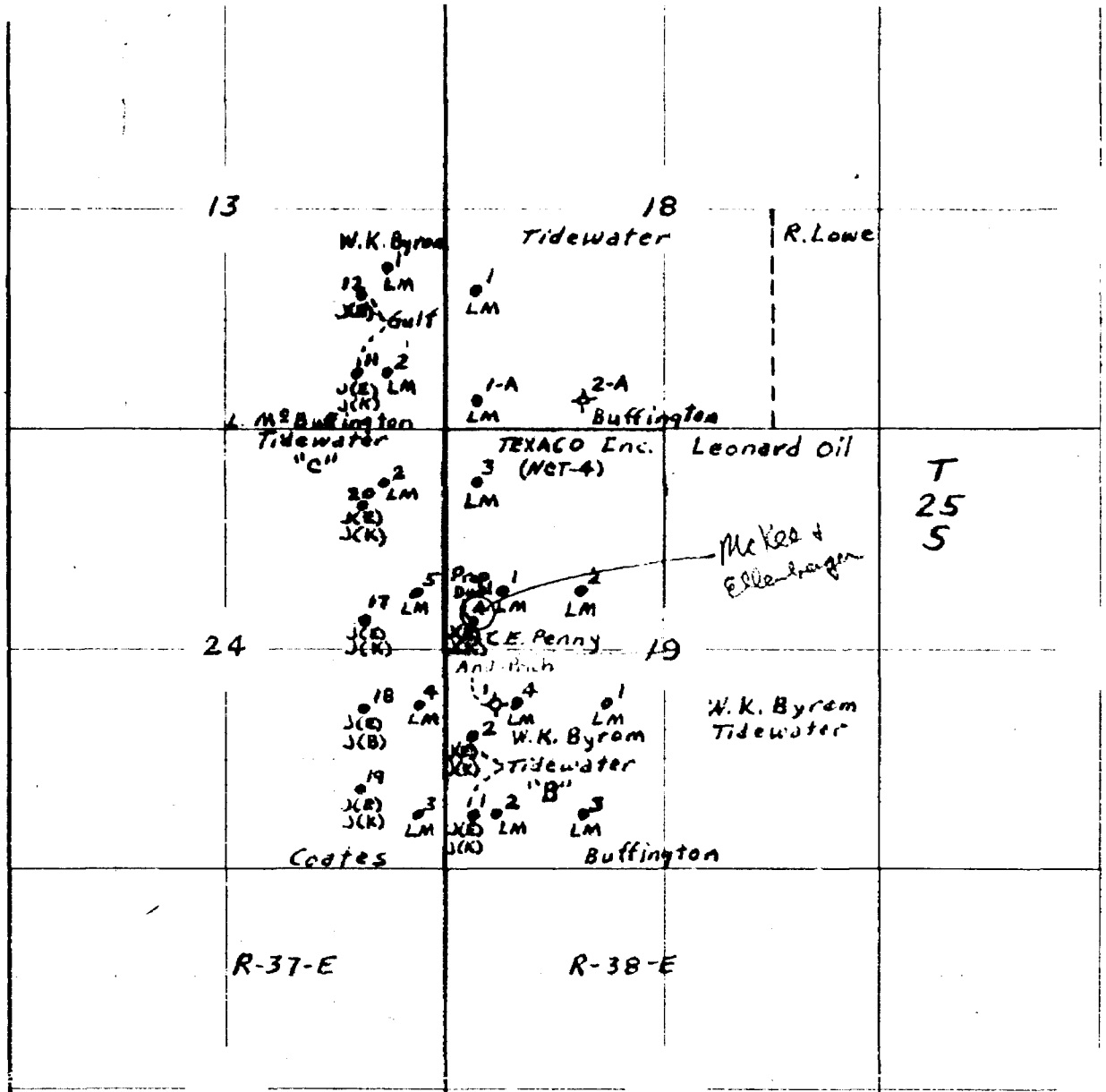
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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

vem/



PLAT OF TEXACO INC. C. E. PENNY (NCT-4) LEASE
AND OFFSET LEASES
Lea County, New Mexico
Scale 1" = 2000'
L&F--November 28, 1959

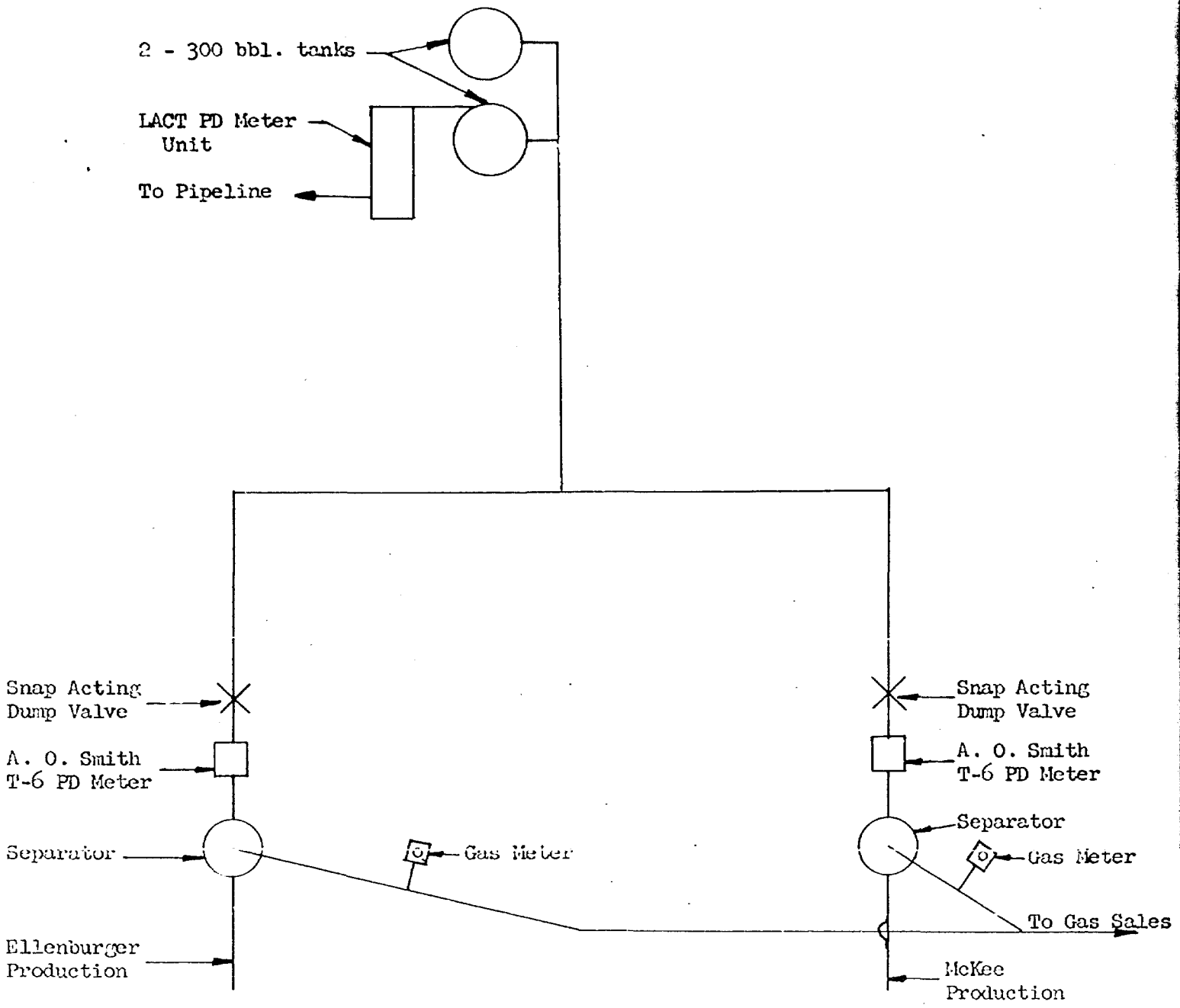
LEGEND

L'--Langlie-Mattix Pool
J(E)--Justis (Ellenburger) Pool
J(B)--Justis (Blinebry) Pool
J(K)--Justis (McKee) Pool

OFFSET OPERATORS

Tidewater Oil Company-Box 1231-Midland, Texas
Gulf Oil Corporation- P. O. Drawer 669- Roswell, New Mexico
W. K. Byrom-817 N. Turner-Hobbs, New Mexico
Leonard Oil Company- P. O. Box 768-Roswell, New Mexico

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 1844



SCHEMATIC OF COMMINGLING INSTALLATION
TEXACO Inc.
C. E. Penny NCT-4 Lease
Justis (Ellenburger), Justis (McKee) Pools
Lea County, New Mexico

BEFORE EXAMINER NUTT
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 1844

EXHIBIT NO._____

Application of TEXACO Inc. to commingle the production from two separate pools and to install an automatic custody transfer system.

PRODUCTION CHARACTERISTICS

Before Commingling

Item	McKee	Ellenburger
Type Crude	Intermediate Sweet	Intermediate Sweet
GOR	507:1	1227:1
Gravity	43.0°	46.0°
Price/Bbl.	$ 3.01	$ 2.97
Allowable BOPD	87	111

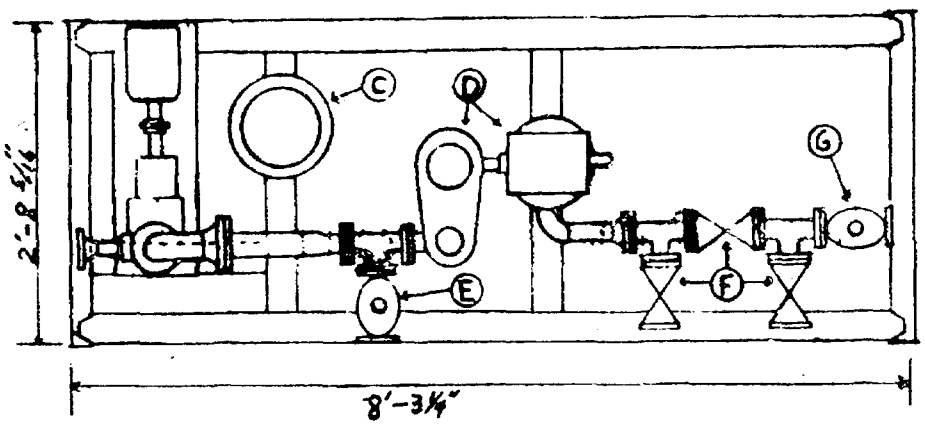
After Commingling

Item	McKee & Ellenburger
Type Crude	Intermediate Sweet
Gravity	44.6°
Price/Bbl.	$ 3.01

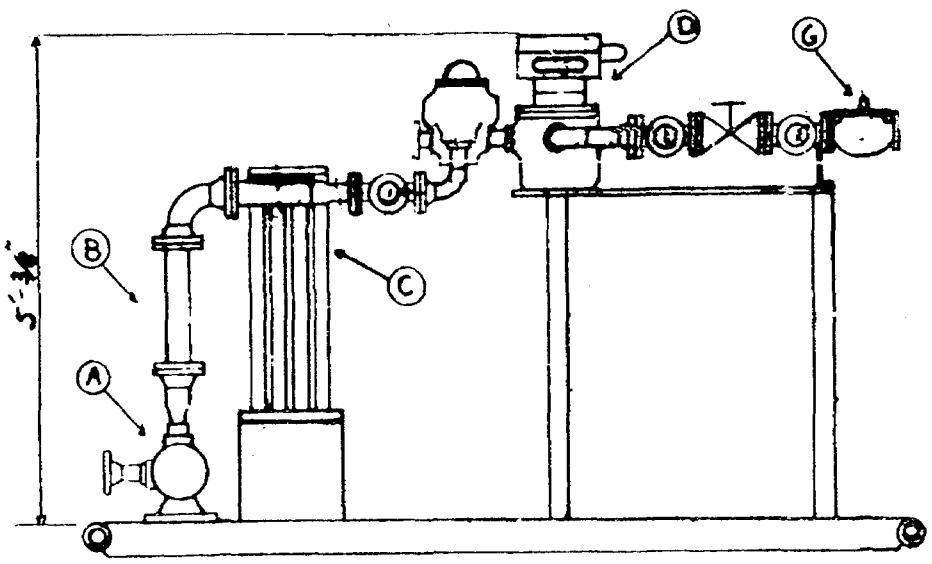
Value of Daily Allowable (Before Commingling) -
87 (3.01) + 111 (2.97) = $591.54

Value of Daily Allowable (After Commingling) -
198 (3.01)

Difference (Gain) = $595.98 / $ 4.44



LIST OF EQUIPMENT		
ITEM	DESCRIPTION	QUAN.
A.	VIKING MODEL HL 4151 PUMP	1
B.	2" B.S.&W. MONITOR & PROB	1
C.	Y-Z CARBURETOR SAMPLER	
D.	AO SMITH T-6 METER & AIR	1
	ELIMINATOR	
E.	1½" CLAYTON MODEL #136E	1
	VALVE C/W SOLENOID, F.E.	
F.	2" NORDSTROM FIG. 143	
	PLUG VALVE, FE	
G.	1½" CLAYTON MODEL #58E	1
	COMBINATION BACK PRES-	
	SURE & SOLENOID VALVE	
H	FABRICATED SKID	1



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 4
CASE NO. 1844

BASIN. ENGR. CORP
T-6 LACT UNIT
FOR
TEXACO

DWG. NO. T20
DATE: 12-31-59

NO. 1-60

DOCKET: EXAMINER HEARING JANUARY 6, 1960

OIL CONSERVATION COMMISSION - 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

The following cases will be heard before Daniel S. Nutter, Examiner, or A. L. Porter, Jr., Secretary-Director.

CASE 1835: Application of Continental Oil Company for two non-standard gas proration units. Applicant, in the above-styled cause, seeks an order establishing two non-standard gas proration units in the Eumont Gas Pool, one consisting of the N/2 of Section 3, the other consisting of the S/2 of said Section 3, Township 20 South, Range 36 East, Lea County, New Mexico. Applicant proposes to dedicate the units respectively to its Reed A-3 Well No. 2, located 1980 feet from the North line and 660 feet from the East line of said Section 3 and to its Reed A-3 Well No. 3, located 1980 feet from the South line and 660 feet from the East line of said Section 3. Applicant further proposes the cancellation of an existing Eumont gas proration unit comprising the E/2 of said Section 3 and presently dedicated to the said Reed A-3 Well No. 3.

CASE 1836: Application of Continental Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system to handle the Arrowhead Pool production from all wells on its State J-2 lease consisting of the N/2 and the SE/4 of Section 2, Township 22 South, Range 36 East, Lea County, New Mexico.

CASE 1837: Application of Continental Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Baish "A" Well No. 27, located in the NE/4 SE/4 of Section 21, Township 17 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Abo pool and the production of oil from an undesignated Wolfcamp pool through parallel strings of tubing.

CASE 1838: Application of El Paso Natural Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Huerfano Unit Well No. 111 (GD), located in Unit F, Section 20, Township 26 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from an undesignated Gallup pool and the production of gas from an undesignated Dakota pool through parallel strings of tubing.

CASE 1839: Application of Franklin, Aston & Fair, Inc., for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks permission to commingle the Empire-Abo Pool production from three separate State leases, one in Section 6, Township 18 South, Range 28 East, and the other two in Section 31, Township 17 South, Range 28 East, Eddy County, New Mexico.

CASE 1840: Application of Pan American Petroleum Corporation for a non-standard gas unit. Applicant, in the above-styled cause, seeks an order establishing a 264-acre non-standard gas unit in the Blanco-Pictured Cliffs Pool consisting of the N/2 of Section 6, Township 29 North, Range 9 West, San Juan County, New Mexico, to be dedicated to the Houck Gas Unit Well No. 1, located 1650 feet from the North and East lines of said Section 6.

CASE 1841: Application of Sinclair Oil & Gas Company for the creation of a new pool in the Potash-Oil Area and for the promulgation of special rules and regulations pertaining thereto. Applicant, in the above-styled cause, seeks an order creating a new pool for Yates production in the Potash-Oil Area as defined by Order R-111-A, said pool to comprise the SE/4 NW/4 of Section 16, Township 20 South, Range 33 East, Lea County, New Mexico, and such other acreage as may reasonably be proven productive from the same common source of supply. Applicant further seeks the promulgation of special rules and regulations for said pool as follows:

A. Cable Tool Casing Program.

Same as Order R-1078 for Teas Pool.

B. Rotary Tool Casing Program.

Surface casing set at 600 feet and cement circulated No salt protection string. Production casing to be set through pay from 3146 feet to 3232 feet (approximately) with cement circulated to at least 50 feet into surface casing.

CASE 1842: Application of Skelly Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Langlie-Mattix Pool and the Drinkard Pool from all wells on its Baker "A" lease comprising the NW/4 of Section 26, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 1843: Application of Roy H. Smith Drilling Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Maljamar-Yates Pool and the Pearsall Pool from all wells on its Walker "A" lease, comprising the S/2 NE/4 of Section 5, Township 18 South, Range 32 East, Lea County, New Mexico.

CASE 1844: Application of Texaco Inc. for permission to commingle the production from two separate pools and for permission to install an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Justis-Ellenburger and Justis-McKee Pools from all wells on its C. E. Penny lease consisting of the NW/4 of Section 19, Township 25 South, Range 38 East, Lea County, New Mexico, and for permission to install an automatic custody transfer system to handle said commingled production.

CASE 1845: Application of Western Natural Gas Company for an oil-gas dual completion and for an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Bonnie Schlosser Federal Well No. 1, located 790 feet from the North line and 1980 feet from the West line of Section 10, 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 pool and the production of gas from an undesignated Dakota pool through parallel strings of tubing. Applicant further seeks an unorthodox Dakota gas well location for the said Bonnie Schlosser Federal Well No. 1.

CASE 1846: Application of Rice Engineering and Operating, Inc. for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing it to recomplete the Lowe Oberholtzer Well No. 2 as a salt water disposal well. Said well is located 1980 feet from the North and East lines of Section 8, Township 12 South, Range 38 East, Gladiola Pool, Lea County, New Mexico. Applicant proposes to inject the produced salt water in the Devonian formation in the interval from 12,223 feet to 12,500 feet.

CASE 1847: Application of Rice Engineering and 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 Hobbs SWD Well No. F-29 to be located 1880 feet from the North line and 1742 feet from the West line of Section 29, Township 18 South, Range 38 East, Hobbs, Pool, Lea County, New Mexico. Applicant proposes to inject the produced salt water into the San Andres formation in the interval from 4700 feet to 5000 feet.

CASE 1848: Application of El Paso Natural Gas Company for an exception to Paragraph 3 of Order R-1065. Applicant, in the above-styled cause, seeks an extension of time to make up the accrued underproduction of the Jones 4-A Well (a pressure build-up test well), located in Unit B, Section 13, Township 28 North, Range 8 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

CASE 1849: Application of Western Natural Gas Company for an exception to the over-production shut-in provisions of Order R-520, as amended by Order No. R-967, for 3 wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order permitting the following-described gas wells in the Jalmat Gas Pool, Lea County, New Mexico, to compensate for their overproduced status without being completely shut-in in order to prevent possible waste.

Wells Federal No. 1 Well, SW/4 NE/4 of Section 6,
T-26-S, R-37-E.

Guthrie No. 1 Well, SW/4 SE/4 of Section 34,
T-23-S, R-36-E.

State McDonald A-15 Well No. 1, NW/4 SW/4 of Section 15,
T-22-S, R-36-E.

ig/

TEXACO
INC.
PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS

January 15, 1960

Case file
no. 1844

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

Attn: Mr. Daniel S. Nutter

Gentlemen:

The application of TEXACO Inc. for permission to commingle the production from two separate pools and for permission to install an automatic custody transfer system on its C. E. Penny Lease, consisting of the NW/4 of Section 19, T-25-S, R-38-E, Lea County, New Mexico, was heard as Case No. 1844 on January 6, 1960. During the hearing, it was requested that TEXACO Inc. supply the New Mexico Oil Conservation Commission with a schematic diagram of the surge tanks showing the locations of the low and high level floats and the capacities of the tanks above these floats.

Pursuant to your request, we are attaching three copies of a schematic diagram of the surge tanks and the locations of the floats. The low level float (F-1) is located in a position to comply with pipe line requirements to allow sufficient weathering time. In case of malfunction of the LACT system at the time the crude reaches the high level float (F-2), there will remain an additional storage of 80 barrels in Tank A and 300 barrels in Tank B. In cases where the oil has been equalized to Tank B, the oil will be pumped into Tank A after the malfunction has been corrected; therefore, Tank B will always be in ready reserve. We are also attaching a resume' of the operations of the lease under conditions where there are two McKee and two Ellenburger wells.

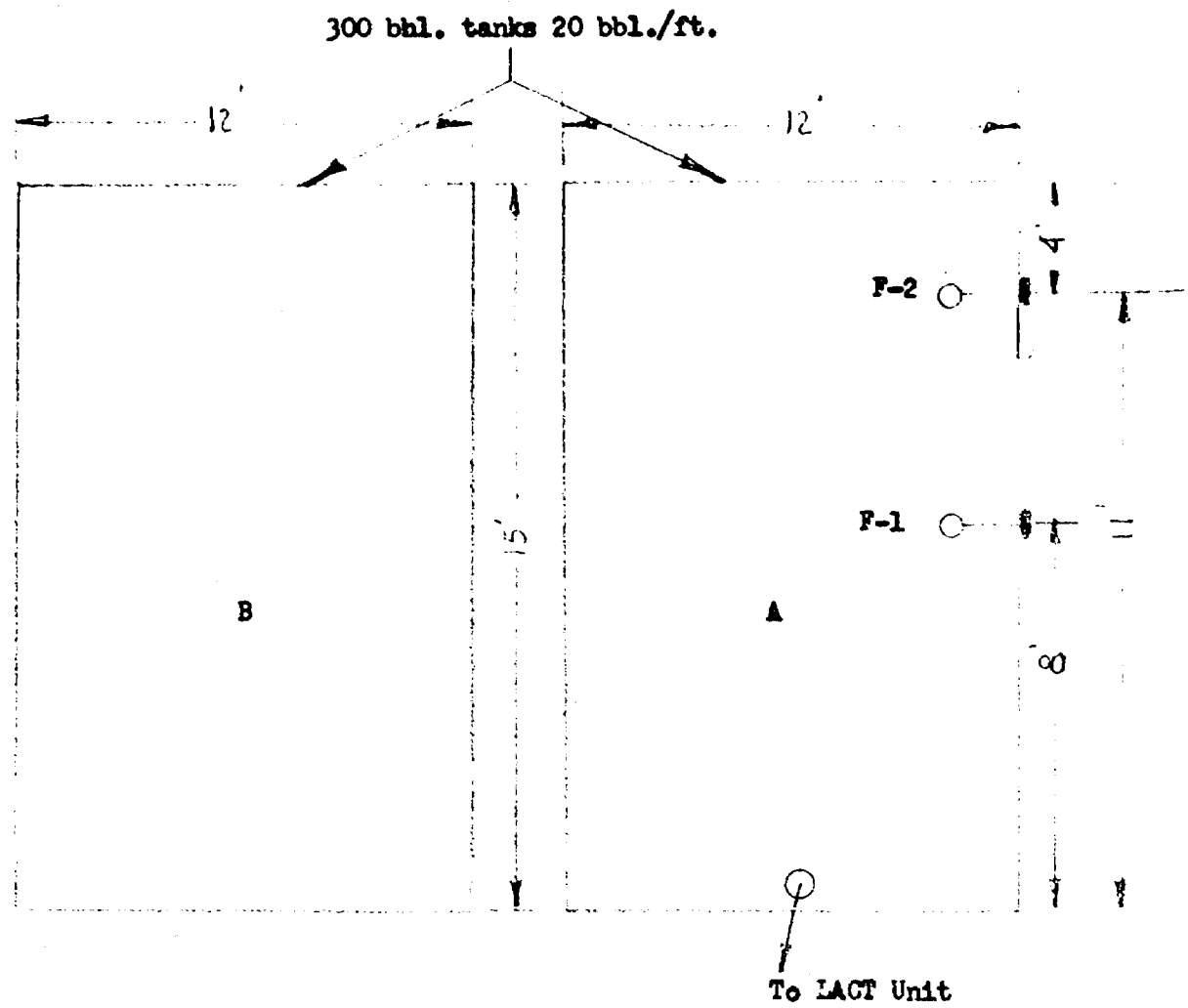
We trust that this information will be beneficial. If you have any questions, please do not hesitate to call.

Very truly yours,

J. E. Robinson, Jr.

J. E. Robinson, Jr.
Division Proration Engineer

JERJr-MM
Attach.



Schematic Storage Tanks
TEXACO INC.
C.E. Penny NCT-4 Lease
Justis (Ellenburger) & Justis (McKee) Pools
Lea County, New Mexico

Operation C. E. Penny NCT-4 Lease

Conditions

2 wells completed		
McKee allowable	2 x 87 =	174 BPD
Ellenburger allowable	2 x111 =	222 BPD
Total		396 BPD

Assume tank A fills to F-2. LACT unit starts delivery to pipe line. If because of power failure LACT unit fails to start tank A will continue to fill and will overflow by conventional overflow line to tank B.

Storage above F-2 in tank A is 80 barrels.
Storage in tank B 300 barrels.
Total storage 380 barrels.

Allowable barrels per hour = $\frac{396}{24} = 16.5$

Hours storage space above F-2 = $\frac{380}{16.5} = 23$

Storage space above F-1 = 140 + 300 = 440

Hours storage space above F-1 = $\frac{440}{16.5} = 26.6$

Maximum time lease will operate unattended will not be over 20 hours.

Set for Hrg
Jan 6

TEXACO
INC.
PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS

December 9, 1959

Case 1844

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

Attn: Mr. A. L. Porter

Gentlemen:

TEXACO Inc. is presently completing its C. E. Penny (NCT-4) Well No. 4 as a dual producer in the Justis (Ellenburger) and Justis (McKee) Pools. Location of the well is Unit E, Section 19, T-25-S, R-38-E, Lea County, New Mexico.

It is proposed that the crude production from the Ellenburger and McKee reservoirs be commingled in a common tank battery and that a lease automatic custody transfer system be installed. The LACT system is to be located in the approximate center of the NW/4 of Section 19, which comprises our 160 acre lease. The production from both reservoirs is considered as intermediate crude with gravities for the Ellenburger and McKee being 44.3° API and 43.6° API, respectively. The present price of these two oils is $3.01 per barrel; therefore, there will be no monetary difference in the price per barrel when these two crudes are commingled. In accordance with Commission regulations, metering equipment will be installed for each zone, thereby affording continuous production determinations from each completion. Positive displacement type meters are proposed for both the commingling and LACT operations. The meters will be A. O. Smith type T-6 with cast iron bodies and anodized aluminum parts and internally plastic coated.

There are three other wells on the lease producing from the Queen formation, Langlie-Mattix Pool. This crude is sour and, therefore, will not be commingled with the subject production.

Previously, the Commission has approved similar commingling and automatic custody transfers involving the Ellenburger and McKee reservoirs. These operations were approved on Tidewater's Coates "C" and "D" Leases and Gulf's Learcy McBuffington Lease, offsetting our Penny Lease to the west and northwest, respectively.

TEXACO Inc. respectfully requests that administrative approval be granted for this proposed commingling and LACT system. In the event that administrative approval cannot be granted, it is respectfully requested that temporary administrative approval be granted pending the outcome of a hearing. If the latter is the prevailing case, or if it is not possible to grant temporary administrative approval, please accept this letter as an application for hearing.

Very truly yours,

H. N. Wade
Division Proration Engineer

JER,jr.-MM
Attachments

JBR-JSR

L. C. White
Santa Fe, N. M.