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Application, Transcript, Small Exhibits, Etc. BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF SOCONY MOBIL OIL COMPANY, INC. FOR AN EXCEPTION TO STATEWIDE RULE 303 TO ALLOW COMMINGLING OF PRODUCTION FROM THE PENROSE SKELLY, PADDOCK, BLINEBRY GAS, TUBB GAS, DRINKARD AND BRUNSON POOLS, MONTOYA, SILURIAN AND SIMPSON FORMATIONS PRODUCED FROM ITS BRUNSON ARGO LEASE, LEA COUNTY, NEW MEXICO

APPLICATION

Applicant States:

1. That it is the owner and operator of an cil and gas lease known as its Brunson Argo lease, which includes the following lands:

Township 22 South, Range 37 East, NMPM Section 10: NW¹/₄
Section 9: NE¹/₄
Lea County, New Mexico

- 2. That wells located upon said lease are producing from the Penrose Skelly, Paddock, Blinebry Gas, Tubb Gas,
 Drinkard and Brunson Pools.
- 3. That Applicant anticipates that the following formations will be productive of hydrocarbons in the near future, although to the best of Applicant's knowledge, said formations are not productive in this area at the present time: Montoya, Silurian, and Simpson.
- 4. That in order to operate said leases more efficiently, Applicant proposes to commingle production from said pools and formations by the consolidation of tankage and installation of facilities which will continuously meter or measure the production from all zones and place it in storage.
- 5. That attached hereto and made a part hereof is a plat marked Exhibit A showing Applicant's Brunson Argo lease and adjoining leases, and the wells located therein.

wherefore Applicant prays that this application be set for hearing, that notice be given as required by law and that upon the evidence adduced at such hearing this Commission issue an order granting applicant permission to commingle production as herein requested and such other relief as this Commission may deem proper and necessary.

SOCONY MOBIL OIL COMPANY, INC.

By MODRALL, SEYMOUR, SPERLING, ROEHL & HARRIS

Bv

Burns H. Errebo

Attorneys for Applicant P. O. Box 466, Simms Building

Albuquerque, New Mexco

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DOCKET: EXAMINER HEARING FEBRUARY 10, 1960

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

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

CASE 1889:

Application of Continental Oil Company for three non-standard gas proration units. Applicant, in the above-styled cause, seeks the cancellation of three existing non-standard units and the establishment of three non-standard gas proration units in the Jalmat Gas Pool, Lea County, New Mexico. One such unit is to comprise 400 acres, being the NE/4, N/2 NW/4 and the N/2 S/2 of Section 32, Township 22 South, Range 36 East. Another unit is to comprise 160 acres, being the S/2 S/2 of said Section 32. Another unit is to comprise 80 acres, being the S/2 NW/4 of said Section 32. The proposed units are to be dedicated respectively to the State, A-32 Wells Nos. 2, 3 and 4 all in said Section 32 and located respectively in the SW/4 NE/4, the SE/4 SE/4 and the SE/4 NW/4.

CASE 1890:

Application of Socony Mobil Oil Company, Inc. for permission to commingle the production from several separate pools.

Applicant, in the above-styled cause, seeks an order authorizing it to commingle, after separate measurement, the production from the Penrose Skelly, Paddock, Blinebry Gas, Tubb Gas, Drinkard and Brunson Pools as well as production from the Montoya, Silurian and Simpson formations from all wells on its Brunson Argo Lease, consisting of the NE/4 of Section 9 and the NW/4 of Section 10, both in Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 1891:

Application of Val R. Reese & Associates, Inc. for extension of the Escrito-Gallup Oil Pool and for the promulgation of special rules and regulations governing said pool. Applicant, in the above-styled cause, seeks an order extending the Escrito-Gallup Oil Pool, Rio Arriba County, New Mexico, to include acreage in Sections 19 and 30, Township 24 North, Range 6 West, and acreage in Sections 24 and 25, Township 24 North, Range 7 West. Applicant also proposes the promulgation of special rules and regulations governing the drilling, spacing and allocation of allowables to oil wells and gas wells in said pool, including gas-oil ratio limitations

LAW OFFICES OF

Modrall, Seymour, Sperling, Roehl & Harios 000

SIMMS BUILDING

JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS
DANIEL A. SISK
DEAN P. KIMBALL

LELAND S. SEDBERRY BURNS H, ERREBO ALLEN C. DEWEY P. O. BOX 466
ALBUQUERQUE, NEW MEXICO

January 14, 1960

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JOHN F. SIMMS (1885-1954

Cast 1870

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

Gentlemen:

Attached herewith in triplicate is the application of Socony Mobil Oil Company. Inc. for permission to commingle production from certain pools and formations insofar as its Brunson Argo lease, Lea County, New Mexico, is concerned. We would appreciate your setting this application for hearing at the Examiner Hearing to be held during the first part of February.

Very truly yours,

Burn W. Orreba

Burns H. Errebo

BHE/b enclosures

Prailed 8,60 mailed 8,60

EXHIBIT III

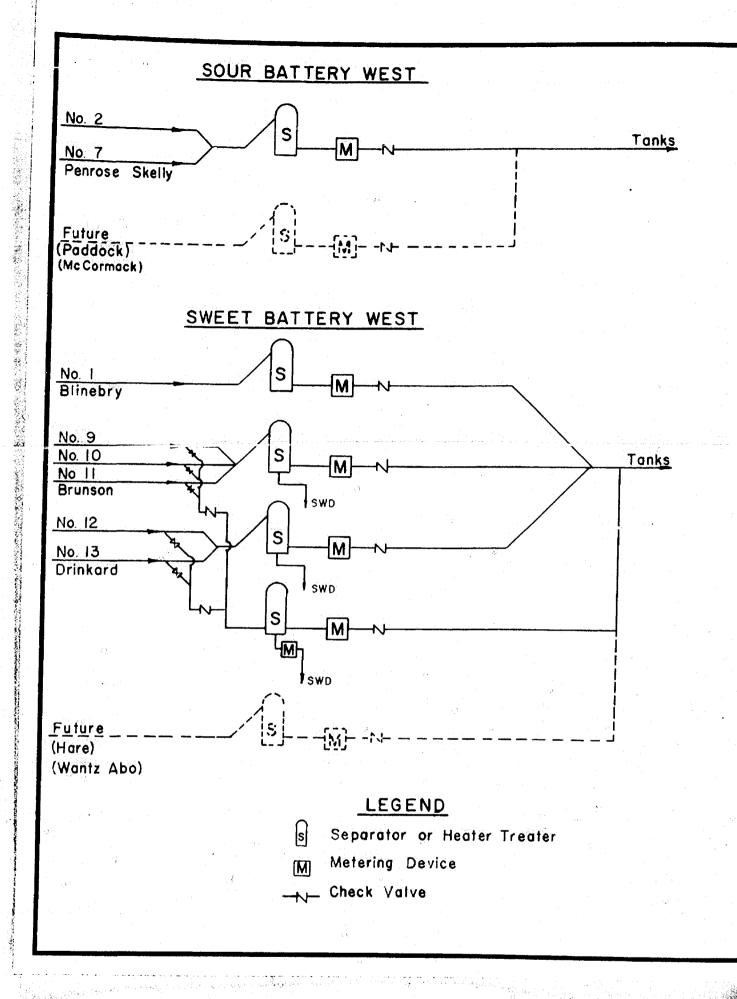
Commingled Fluid Production Socony Mobil Oil Company, Inc. Brunson Argo Lease Lea County, New Mexico

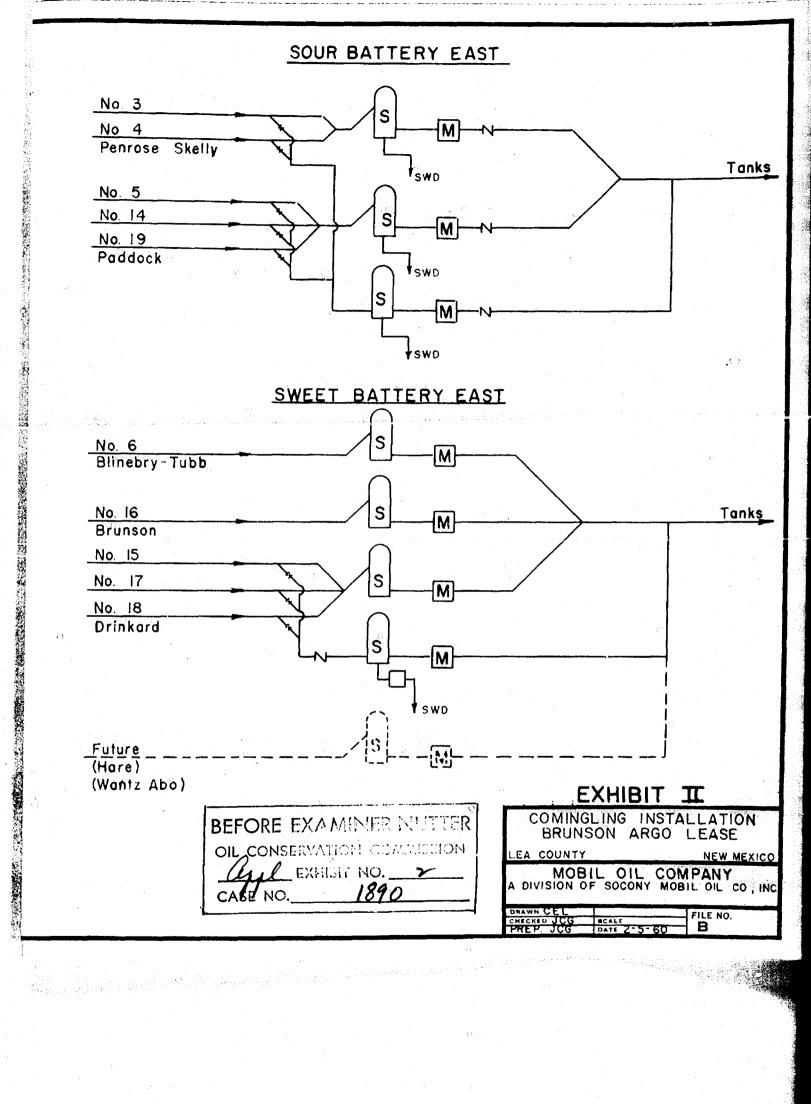
Battery	Zone	Pipeline Company	o, API Gravity	Dai Producti Oil	ly on, Bbls. Water	Unit Value	Total Value
Sour Battery West	Penrose Skelly	Shell	33•5	7	0	\$ 2.74	\$ 19.18
Sweet Battery West	Blinebry Brunson Drinkard Battery Total	Magnolia	45.0 37.2 35.8	10 22 13 45	0 1 0	\$ 2.99 2.95 2.91	\$ 29.90 64.90 37.83 \$132.64
Calculated C	ommingle Total		38.5	45	ericana Tanàna	\$ 2.97	\$133.65 V
Sour Battery East	Penrose Skelly Paddock Battery Total	Shell	33.5 35.3	7 69 76	0 9	\$ 2.74 2.80	\$ 19.18 193.20 \$212.38
Calculated (Commingle Total		35.1	76		\$ 2.80	\$212.80
Sweet Battery East	Blinebry-Tubb Brunson Drinkard Battery Total	Magnolia	62.5 37.2 35.9	6 3 16 25	0 0	\$ 2.79 2.95 2.91	\$ 16.74 8.85 46.56 \$ 72.15
Calculated (Commingle Total		41.8	25		\$ 3.01	\$ 75.25 /
Future (Hare) (Wantz Abo) (McCormack)	impsou Montaga Silienian	Magnolia Magnolia Shell	知.8 38.6 36.6				

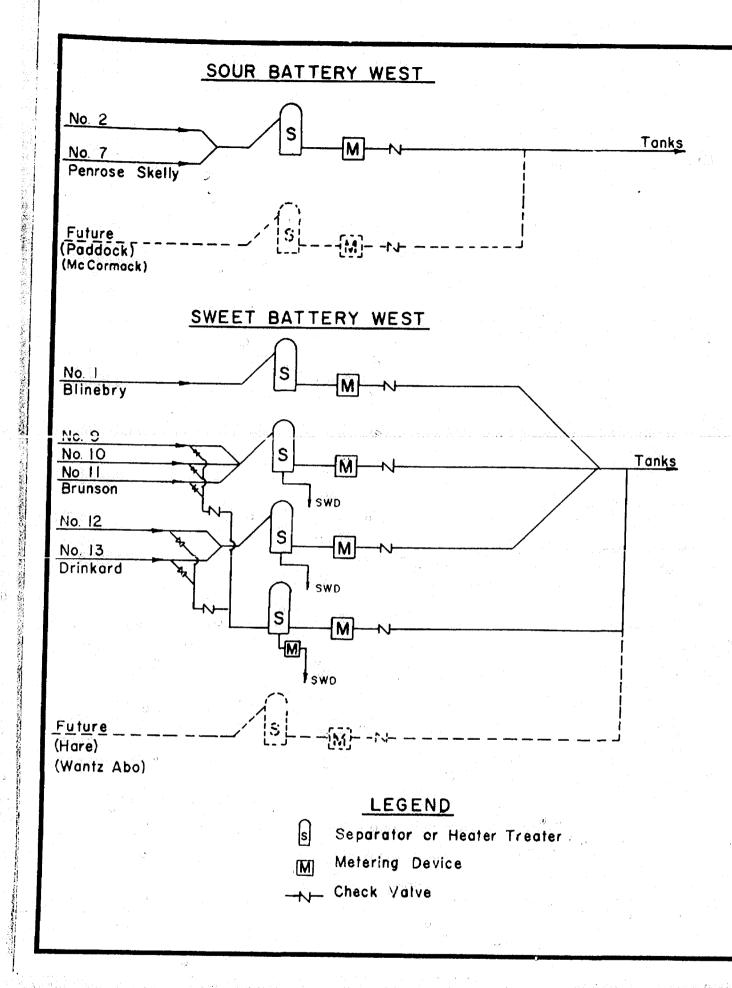
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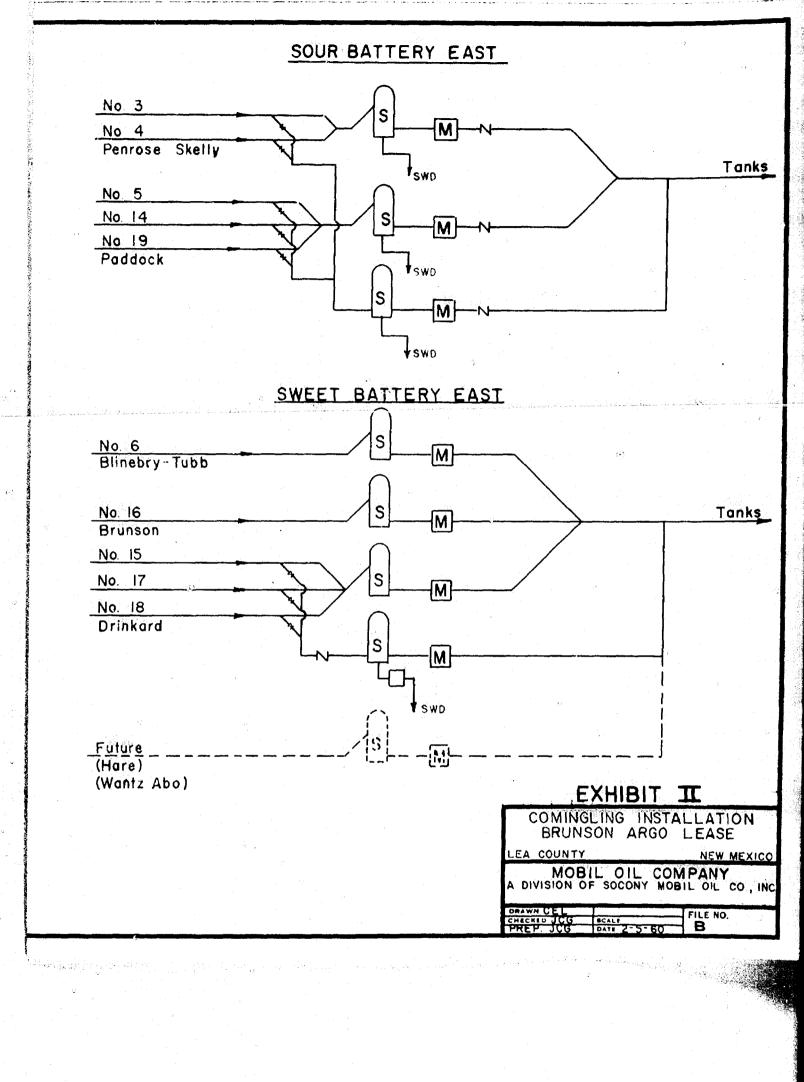
BEFORE EXAMINER NUTTER
OIL CONSERVATION GOAMISTION
OLD EXHIBIT NO. 3
CASE NO. 1890

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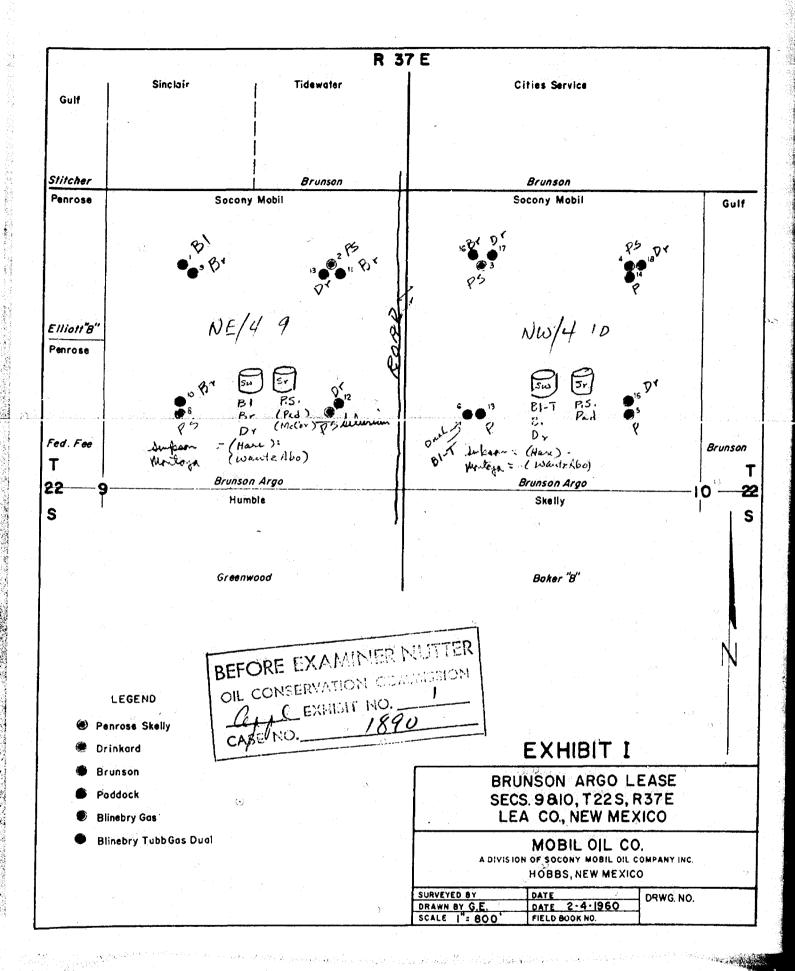


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EXHIBIT III

Commingled Fluid Production Socony Mobil Oil Company, Inc. Brunson Argo Lease Lea County, New Mexico

Battery	Zone	Pipeline Company	o, API Gravity		eily tion, Bbls. Water	Unit Value	Total Value
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Future (Hare) - Sm. /(Wantz Abo) /(McCormack)	- Montosa"	Magnolia Magnolia Shell	41.8 Au 38.6 Au 36.6 A	xit			

JCO/nrh 2/8/60

BEFORE THE OIL COMSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF MEN MEXICO FOR THE PURPOSE OF COMSIDERING:

> CASE No. 1890 Order No. R-1616

APPLICATION OF SOCONY MOBIL OIL COMPANY, INC. FOR PRIMISSION TO COMMINGLE THE PRODUCTION FROM SEVERAL SEPARATE POOLS IN LEA COUPTY. NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 10, 1960, at Santa Fe, New Mexico, before Daniel S. Mutter, Examiner duly appointed by the Oil Conservation Commission of New Hexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this day of March, 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,

PINDS:

- (1) That due public notice baving 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 Brunson Argo lease consisting of the MB/4 of Section 9 and the MM/4 of Section 10, all in Township 22 South, Range 37 East, MMM, Lea County, New Mexico.
- (3) That the applicant proposes to commingle in one or more tank batteries, after separate measurement, the sweet and intermediate grade liquid hydrocarbon production from the Slimebry Gas, Brunson, Tubb Gas, and Drinkard Pools and from the Simpson and Montoya formations from all wells presently completed or hereafter drilled on said Brunson Argo lease.
- (4) That the applicant further proposes to commingle in one or more tank batteries, after separate measurement, the sour liquid hydrocarbon production from the Penrose Skelly and Paddock Pools and from the Silurian formation from all wells presently completed or hereafter drilled on said Brunson Argo lease.

-2-Case No. 1890 Order No. R-1616

(5) 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 in one or more tank batteries the sweet and intermediate grade liquid hydrocarbon production from the Blinebry Gas, Brunson, Tubb Gas, and Drinkard Pools and from the Simpson and Montoya formations, and further, to commingle in one or more tank batteries the sour liquid hydrocarbon production from the Penrose Skelly and Paddock Pools and from the Silurian formation, from all wells presently completed or hereafter drilled on the Brunson Argo lease comprising the ME/4 of Section 9 and the MW/4 of Section 10, all in Township 22 South, Range 37 East, HMPM, Lea County, New Mexico.

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

(2) 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."

(3) That the applicant shall install adequate facilities to permit the testing of all wells presently completed or hereafter drilled on the above-described Brunson Argo lease once each month to determine the individual production from each well.

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

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

John Bunneys

JOHN BURROUGHE, Chairman

MUBRAY B. 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 1890: Application of Socony Mobil Oil Company, Inc. for permission to commingle the production from several separate pools.

TRANSCRIPT OF HEARING

FEBRUARY 10, 1960

BEFORE THE OIL CONSERVATION COMMISSION SANTA FE. NEW MEXICO

IN THE MATTER OF:

CASE 1890: Application of Socony Mobil Oil Company, Inc. permission to commingle the production from several separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle, after separate measurement, the production from the Penrose Skelly, Paddock, Blinebry Gas, Tubb Gas, Drinkard and Brunson Pools as well as production form the Montoya, Silurian and Simpson formations from all wells on its Brunson Argo Lease, consisting of the NE/4 of Section 9 and the NW/4 of Section 10, both in Township 22 South, Range 37 East, Lea County, New Mexico.

BEFORE:

DANIEL S. NUTTER, Examiner

PROCEEDINGS TRANSCRIPT OF

MR. NUTTER: We will take up next Case 1890.

MR. PAYNE: Case 1890. Application of Socony Mobil Oil Company, Inc. for permission to commingle the production from several separate pools.

MR. ERREBO: Burns Errebo, Modrall, Seymour, Sperling, Roehl, and Harris, appearing on behalf of the Applicant, Socony Oil Company. We have one witness, Mr. Joe Gordon, Jr. (Witness sworn.)

JOSEPH GORDON, JR.



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

DIRECT EXAMINATION

BY MR. ERREBO:

- Will you state your name, please? Q
- Joseph C. Gordon, Jr.
- Q By whom are you employed?
- Mobil Oil Company.
- Where are you employed. Mr. Gordon?
- Hobbs, New Mexico.
- In what capacity?
- As production engineer in the Operations and Processing Group.
- Have you previously testified before this Commission as a petroleum engineer?
 - Yes, sir.

MR. ERREBO: Are his qualifications acceptable?

MR. NUTTER: Yes, sir, please proceed.

- (By Mr. Errebo) Mr. Gordon, are you familiar with the Q application in this case?
 - A Yes, sir.
- Q And will you briefly state to the Commission, by referring to Exhibit No. 1, what that exhibit shows?
- On Exhibit No. 1 is shown our Brunson Argo Lease in Section 9 and 10, Township 22 South, Range 37 East, the 160 acres



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the NW/4 of Section 10. and 160 acres of the NE/4 of Section 9. Shown there and colored coded are present completions on the Brunson Argo Lease in the Penrose, Skelly, Drinkard, Brunson, Paddock, Binebry Gas, and Blinebry Tubb formations.

Now, actually, the spots on that map actually aremains present on the ground, are they not?

Yes. Those are actual single completions for each location shown. The one dual on this lease is Well No. 6, located in the SW/4 of the 160 acres in Section 10. This is a dual completion. All the rest of these wells are single completions to the formations shown.

They were actually drilled somewhere around 1930, were they not? A Yes, sir.

Actually, is this lease divided by any physical feature? Q

Yes, sir, there is a road section line, road running down between the two sections of the lease effectively dividing the lease.

Then would it be your proposal to set up separate batteries for each side of the road, so to speak, on that lease?

Yes, sir, to more or less have an east side battery and a west side battery.

Now, has that arrangement been shown on Exhibit No. 2?

Yes, sir.

Will you proceed to point out briefly the significant

features of that exhibit?



NEW MEXICO

CH 3-6691

Exhibit No. 2 is a schematic diagram of our proposed commingling installation denoting four batteries; sour battery west, sweet battery west, sour battery east, and sweet battery Denoted for each zone are the wells presently completed and the zone in which they are completed. The dotted portion indicates our estimated future completions and the location which they would occupy in respect to this schematic. The sour battery west now only has one zone being completed in it, the Penrose Skelly with two wells, and the sweet battery west, we have the No. 1 well in the Blinebry formation by itself. We have the Brunson formation with wells No. 9, 10, and 11; the Drinkard formation with wells no. 12 and 13, and in the future with Hare and Wantz Abo completions. Here we have shown that each formation would proceed to its own separating vessels, thence to a meter and then on to the tanks being commingled down stream of the meter and check valve to prevent any commingling of fluids before metering. Provision is made by means of a branch takeoff or test connections to a separate separator installation for the testing of wells periodically from each of these muti well installations. The total result in production is to be commingled in tanks.

The east battery installations are similar in every respect to the west battery installations.

Have you finally determined at this time what type of meters or metering devices will be used?

No, sir, I cannot say. They will be either positive



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displacement type or the dump meter type.

Q Do you have anything further to give with regard to this exhibit?

A No, sir.

Q Will you then proceed to Exhibit No. 3 and state briefly what the significance of that exhibit is?

On Exhibit No. 3 we show, by the divisions as shown on Exhibit No. 2, the sour battery west and its production; the sweet battery west; sour battery east, and sweet battery east, the present production by zone into the batteries, the amount of that production, the API gravity, and the unit value or per barrel value of each zone's production, and we have added in each battery the total value of the zone's producting into that battery. Immediately below that summarization we have a calculated commingle total which represents the commingling values for the crudes and their result and value in gravity and the total value for the batteries' commingled production. The sour battery west at present would have no, would not have more than one zone, but in the sweet battery, for example, we show Binebry, Brunson, and Drinkard production coming to a total battery production on a daily basis of \$132.32 as divided by zones. On the calculated value of the commingling total we show that that production, the same production would be worth \$133.65.

Q Then actually, as the other batteries, you show an increased value for the commingled total, do you not, over what



CH 3-6691

it is at the present time?

In all cases we indicate an increase in value as a result of the commingling.

Mr. Gordon, do you anticipate that this will enable your company to more efficiently operate this lease?

Yes, sir.

Do you anticipate that this more efficient operation will result in greater ultimate recovery from the lease?

Yes, in being able to add these future completions from the Silurian, Montoya, and the Simpson formations which are shown here as their field hames, the Hare, Wantz Abo and McCormack.

Now, is it your conclusion that the granting of this A Yes, sir. application will prevent waste?

Now, with regard to the Montoya, Silurian, and Simpson, they have corresponding nomenclatures as presently recognized by the Commission in Southeast New Mexico? A Yes, sir.

And would you, for the benefit of the Commission, identify and compare the names that you have for each zone?

The Hare Pool is from the Simpson formation, the Wants Abo Pool is from the Montoya formation, and the McCormack is from the Silurian formation.

Now, they are all oil producing formations? I mean, are they recognized as oil formations? A Yes, sir.

Did you have any particular reason, in the application, in identifying these formations by their more general name?



PHONE CH 3-6691

Yes, sir, to possibly not restrict ourselves to the presently known field pool designations.

Now, are these other three formations presently productive in the immediate vicinity of the Brunson Argo Lease?

Yes, sir. On some of the offsett operators' leases these are productive.

De you concemplate that at some time in the future that your completions will be made in these three formations?

Yes, sir.

Q You are requesting at this time to be given permission to commingle the production from these three formations to avoid the necessity of a further hearing, is that correct?

A Yes, sir.

Q Or application for administrative approval should such an order be issued by the Commission?

Yes, sir.

Do you have anything further to add at this time? Q

No. sir.

MR. ERREBO: That's all we have.

MR. NUTTER: Any questions of Mr. Gordon?

MR. PAYNE: Yes.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Mr. Gordon, do you have any corrosion or paraffil



ALBUQUERQUE, NEW MEXICO

problems from any of these producing horizons?

- No, sir. A
- Not even from sour crude?

Well, the sour crude, yes, sir, there is a corrosion It is strictly in our tankage. At the present time we are problem. faced with replacement of our present tankage.

I was wondering if you propose to use corrosion resistant meters or if you had some other method of handling any corrosion problem that may be encountered?

Lacking definite experience with meters in this service, we will probably be experimenting as we go, but we are aware of the possibilities offered by certain types of equipment in regard to corrosion.

Q And you don't propose to commingle sour crude with A No, sir. sweet crude?

Q So you are assuming that the Hare, Wantz Abo production will be sweet and the McCormack will be sour, is that right?

Yes, sir.

If it doesn't turn out that way, it will be rearranged? Q

Yes, sir. There are previous experiences in this other portions of this area, the unit area, showing that the McCormack is sour and the Hare and Wantz Abo as sweet.

MR. PAYNE: Thank you.

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

He may be excused.



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PHONE CH 3..6691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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

MR. ERREBO: That's all, Mr. Examiner. I would like

to -- First of all, you are still under oath, will you please

state if you prepared these exhibits or if they were prepared under
your supervision?

A Yes, sir.

MR. ERREBO: I would like their admission into evidence, Exhibits one through three.

MR. NUTTER: Socony Mobil's Exhibits 1, 2, and 3 will be entered. Does anyone have anything further for Case 1890? Take that case under advisement.



ALBUQUERQUE, NEW MEXICO

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 22 day of Zalanday of 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the marking of case No. 1960.

heard by Le on Examiner Examiner Review Oil Conservation Commission



RQUE, NEW MEXICO