

**CASE 2128: Application of SINCLAIR
for permission to commingle from 2
pools and for an automatic custody
system.**

Case No.

2128

Application, Transcript,
Small Exhibits, Etc.

DRAFT

RSM/esr
December 1

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. 2128

Order No. R- 1831

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM TWO SEPARATE
POOLS, AND FOR PERMISSION TO INSTALL
AN AUTOMATIC CUSTODY TRANSFER SYSTEM,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
November 30, 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 _____ day of December, 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, Sinclair Oil & Gas Company, is the
owner and operator of the T. D. Pope Lease consisting of the W/2
of Section 36, Township 14 South, Range 37 East, NMPM, Lea County,
New Mexico.

(3) That the applicant seeks permission to commingle the
production from the Denton-Devonian Pool with the production from
the Denton-Wolfcamp Pool from all wells presently completed or
hereafter drilled on the above-described T. D. Pope Lease, after
separately metering only the Denton-Wolfcamp production *since no well on*
the subject lease produces top unit allowable.

(4) That the applicant further proposes to install an
automatic custody transfer system to handle said commingled
production.

(5) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown that such equipment is a reliable and economic means of transferring the custody of oil, and that the use of such equipment should be permitted, provided adequate safety features are incorporated therein.

(6) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Sinclair Oil & Gas Company, be and the same is hereby authorized to commingle the production from the Denton-Devonian Pool with production from the Denton-Wolfcamp Pool from all wells presently completed or hereafter drilled on the T. D. Pope Lease consisting of the W/2 of Section 36, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico, after separately metering only the Denton-Wolfcamp production.

PROVIDED HOWEVER, That should any well on the subject lease become capable of producing a top allowable from either pool, the applicant shall also separately meter the production from the Denton-Devonian Pool, and shall notify the Santa Fe Office of the Commission of such action.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle said commingled production.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described T. D. Pope Lease at least once each month to determine the individual production from each well.

PROVIDED FURTHER, 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 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

either
so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full, *or test the flow-lines to a pressure of at least ~~one~~ 1 1/2 times the shut-in pressure of the wells.* IT IS FURTHER ORDERED:

That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

That 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."

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

11/30

BEFORE THE OIL CONSERVATION COMMISSION OF THE ^{61 4 25}
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF SINCLAIR OIL & GAS COMPANY FOR
APPROVAL OF AN AUTOMATIC CUSTODY
TRANSFER SYSTEM AND THE COMMINGLING
OF OIL PRODUCED FROM THE DENTON
DEVONIAN POOL AND THE DENTON WOLF-
CAMP POOL ON ITS T. D. POPE LEASE,
CONSISTING OF W/2 of SECTION 36,
T-14-S, R-37-E, LEA COUNTY, NEW
MEXICO

CASE NO. 2128

ORDER NO. _____

A P P L I C A T I O N

SINCLAIR OIL & GAS COMPANY, a Maine corporation with
an operating office in Midland, Texas, hereby files its
application herein, in triplicate, and represents:

1.

That the applicant, Sinclair Oil & Gas Company, is the
operator of its T. D. Pope lease, consisting of the W/2 of
Section 36, T-14-S, R-37-E, Lea County, New Mexico, and that
said lease is productive of oil from the Denton Devonian Pool
and the Denton Wolfcamp Pool.

2.

Said lease consists of fee lands in which the working
interest under the existing oil and gas leases is owned by
Sinclair Oil & Gas Company and others and both the working
interest and royalty interest are owned in common throughout
the lease.

3.

Applicant proposes to install an automatic custody
transfer system to handle the Denton Devonian and the Denton
Wolfcamp production from all wells presently drilled or here-
after completed on said lease. Applicant proposes to meter
the Denton Wolfcamp production and to determine the Denton
Devonian production by subtraction from the total production
recorded by the automatic custody transfer system. Said
meters will be checked for accuracy at reasonable intervals

*Don't
Mail
11-17-60*

and the results of such tests furnished to the Commission as may be required by the Commission. All equipment used in the system will be operated and maintained in such a manner as to insure an accurate measurement of the oil produced from each pool.

4.

Applicant represents that the automatic custody transfer system which it proposes to install is a reliable and economic means of transferring the custody of oil and that the installation of the system and the commingling of the oil after measurement is in the interest of prevention of waste and will not impair correlative rights.

WHEREFORE, applicant prays that this application be set for hearing before an Examiner at Santa Fe, New Mexico, that notice be given hereon, and that upon such hearing the Commission grant its approval of an automatic custody transfer system and the commingling of oil produced from the Denton Devonian and Denton Wolfcamp Pools on its T. D. Pope lease, as hereinabove set forth.

HORACE N. BURTON
P. O. Box 1470
Midland, Texas

GILBERT, WHITE AND GILBERT

By *Lew White*
Bishop Building
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT
SINCLAIR OIL & GAS COMPANY

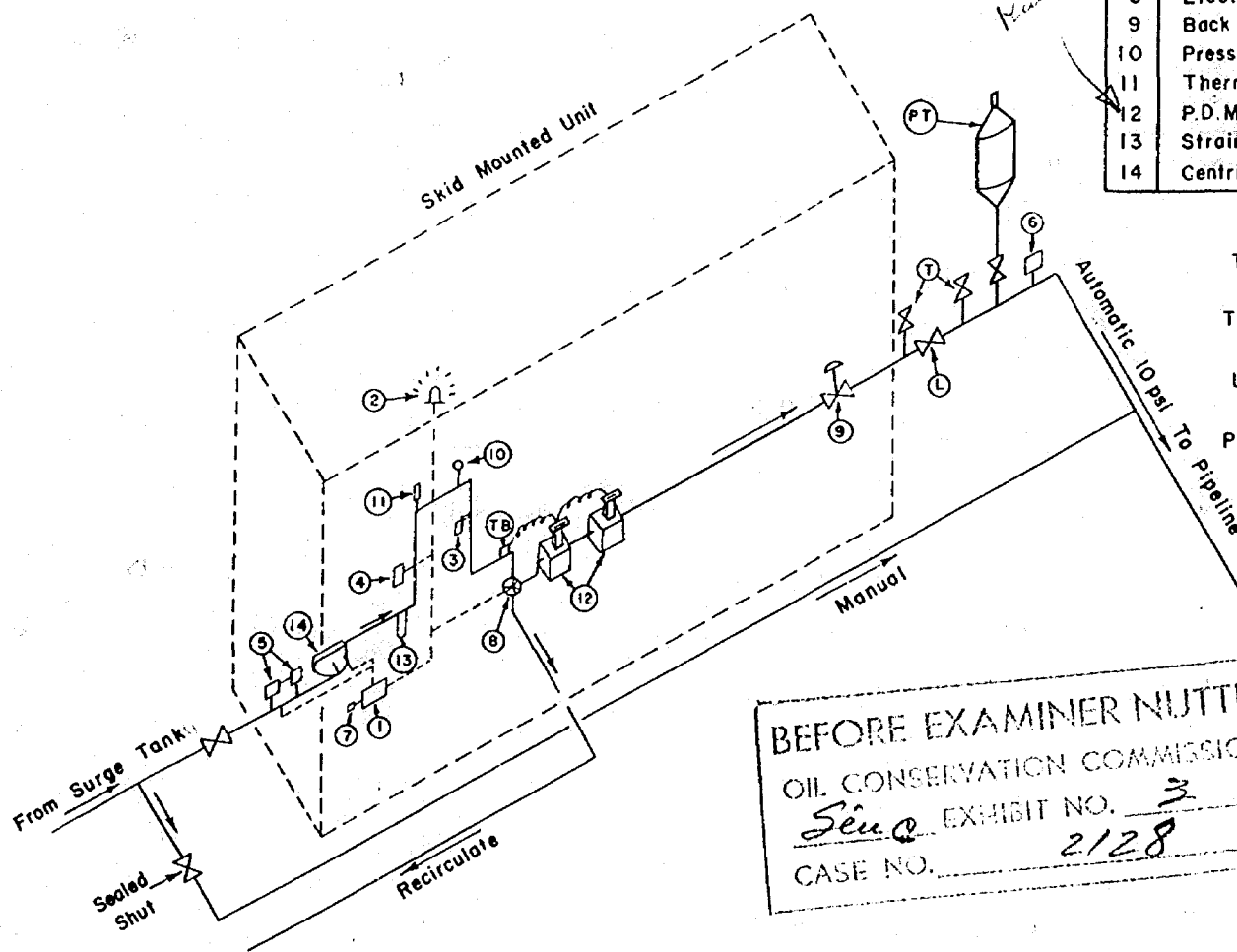
SINCLAIR OIL & GAS COMPANY
 DETAIL OF LEASE AUTOMATIC CUSTODY CONTROL UNIT
 T.D. POPE LEASE
 DENTON DEVONIAN & DENTON WOLFCAMP POOLS
 LEA COUNTY, NEW MEXICO

LEGEND FOR SKID MOUNTED UNIT

ITEM	DESCRIPTION
1	Starter
2	Beacon Light
3	Sampler
4	Monitor B.S. & W.
5	Low Pressure "Stop" Switch
6	High Pressure "Stop" Switch
7	Timer "Start" Switch
8	Electric Valve, 3 way, 2 position
9	Back Pressure Regulator (to maintain 10 psi)
10	Pressure Gauge
11	Thermometer
12	P.D. Meters (Temperature Compensated)
13	Strainer <i>capac. 700-2500 BPD</i>
14	Centrifugal Pump with Electric Motor

NOTES

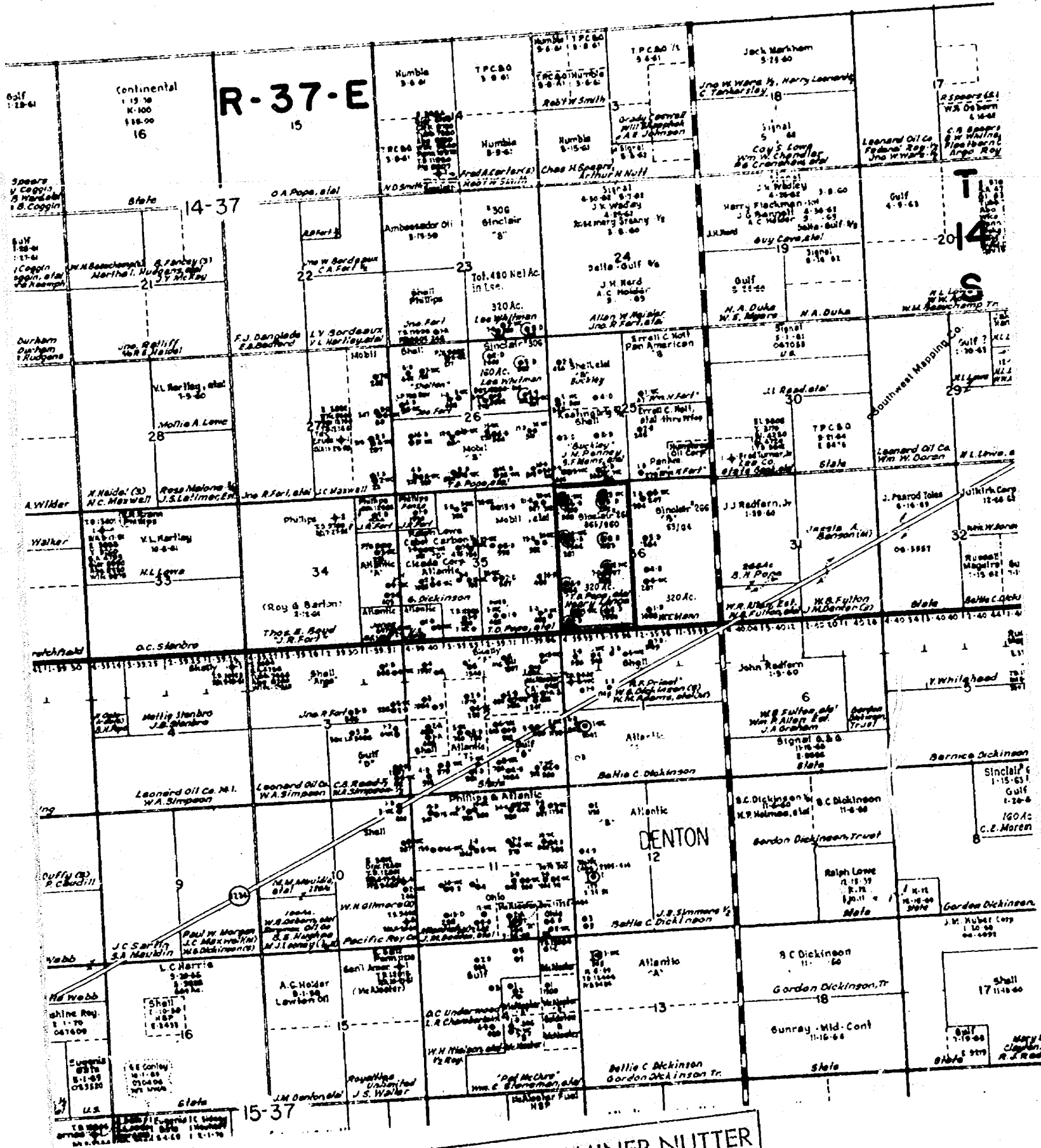
- T - Connection For Meter Proving By Master Meter
- TB - Temperature Bulb For Meter Externally Mounted
- L - Plug Valve with Leak Test Drain-cock Assembly For Meter Proving
- PT - Pipe Line Proving Tank



BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
See EXHIBIT NO. 3
 CASE NO. 2128

MODEL 301
 700 - 2500 BPD

Ex 3



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Succ. EXHIBIT E.A. COUNTY, NEW MEXICO
CASE NO. 2128

① DEVONIAN
② WOLFCAMP

Ex 1

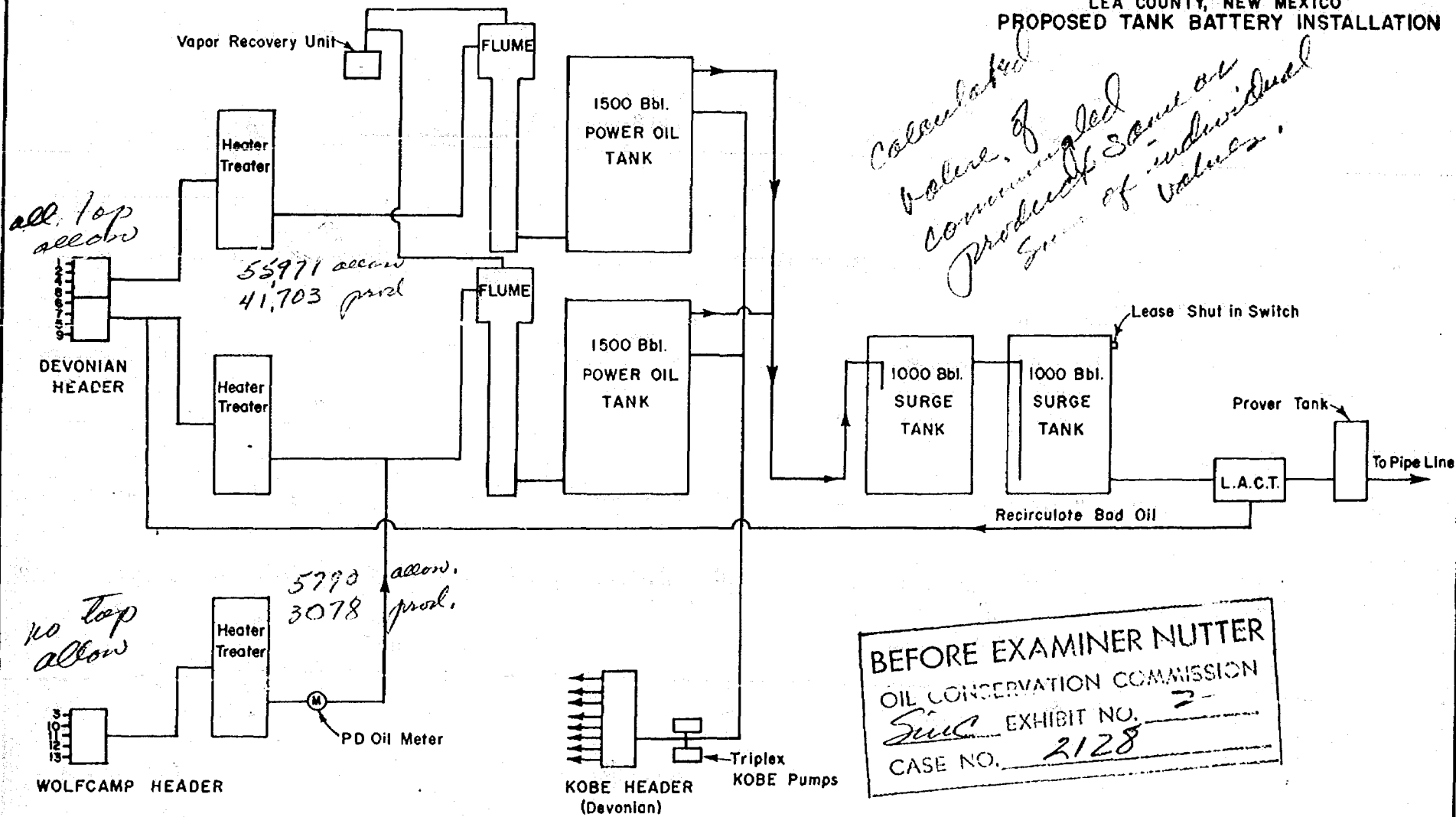
SINCLAIR OIL & GAS COMPANY

DENTON POOL

T.D. POPE LEASE

LEA COUNTY, NEW MEXICO

PROPOSED TANK BATTERY INSTALLATION



Ex 2

NO. 35-60

DOCKET: EXAMINER HEARING, WEDNESDAY, NOVEMBER 30, 1960

Oil Conservation Commission - 9 a.m., STATE LAND OFFICE BUILDING, Santa Fe, N.M.

The following cases will be heard before Daniel S. Nutter, Examiner, or Oliver E. Payne, attorney, as alternate examiner:

- CASE 2125: Application of El Paso Natural Gas Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Lusk Deep Unit Well No. 1, located in Unit A, Section 19, Township 19 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Bone Springs pool and the production of oil from an undesignated Pennsylvanian pool through parallel strings of tubing.
- CASE 2126: Application of Tidal Oil Company for an unorthodox gas well location. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in an undesignated Pictured Cliffs pool at a point 1150 feet from the South line and 2040 feet from the West line of Section 21, Township 24 North, Range 1 West, Rio Arriba County, New Mexico.
- CASE 2127: Application of Sinclair Oil & Gas Company for permission to commingle the production from two separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the production from the Dean Devonian and Dean Permo-Pennsylvanian Pools from all wells presently completed or hereafter drilled on its State Lea 396 Lease consisting of the NE/4, S/2 NW/4, and N/2 SW/4 of Section 35, Township 15 South, Range 36 East, Lea County, New Mexico, after separately metering only the production from the Dean Permo Pennsylvanian Pool. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.
- CASE 2128: Application of Sinclair Oil & Gas Company for permission to commingle the production from two separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the production from the Denton-Devonian and Denton-Wolfcamp Pools from all wells presently completed or hereafter drilled on its T. D. Pope Lease, consisting of the W/2 of Section 36, Township 14 South, Range 37 East, Lea County, New Mexico after separately metering only the Denton-Wolfcamp production. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2129: Application of Sinclair Oil & Gas Company for permission to commingle the production from two separate pools from two separate leases and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle, after separate measurement, the production from the Denton-Devonian and Denton-Wolfcamp Pools from all wells presently completed or hereafter drilled on the following-described leases:

Whitman "A" Lease, NE/4 of Section 26
Whitman "B" Lease, E/2 of Section 23,

both in Township 14 South, Range 37 East, Lea County, New Mexico, and for permission to install an automatic custody transfer system to handle said commingled production.

CASE 2130: Application of Redfern and Herd, Inc., for an order force-pooling a standard 320-acre gas proration unit in the Basin-Dakota Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Dakota Producing Interval in the W/2 of Section 29, Township 29 North, Range 11 West, Basin-Dakota Pool, San Juan County, New Mexico. The following are among the interested parties:

Aztec Oil & Gas Company, Summit Oil Company, Ruth Schrecht, Edwin A. Schrecht, Ella Blaise, and Sam Carson.

CASE 2131: Application of Robinson Brothers Oil Producers for the creation of a new gas pool and for the promulgation of special rules and regulations therefor. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Pennsylvanian production consisting of the N/2 of Section 22, Township 11 South, Range 31 East, Chaves County, New Mexico. Applicant further seeks the promulgation of special rules and regulations governing said pool including a provision for 320-acre gas proration units.

CASE 2132: Application of Humble Oil & Refining Company for permission to commingle the production from several pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the following pools underlying the State "V" Lease consisting of the SW/4, W/2 SE/4, and NE/4 SE/4 of Section 10, Township 21 South, Range 37 East, Lea County, New Mexico: Blinebry Oil Pool, Brunson Pool, Drinkard Pool, Hare Pool, Tubb Oil Pool, Wantz Abo Pool, Blinebry Gas Pool and Tubb Gas Pool, with allocation to the various pools being based on monthly well tests except that separate metering and separation facilities would be used for oil well and gas well completions.

CASE 2133: Application of Humble Oil & Refining Company for an automatic custody transfer system and for an exception to Rule 309 (a). Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the Gallup production from an undesignated Gallup pool from all wells presently completed or hereafter drilled on its Navajo "L" Lease consisting of all or portions of Sections 25, 26, 35 and 36; Township 29 North, Range 14 West, San Juan County, New Mexico.

CASE 2134: Application of Nearburg & Ingram for a dual completion, for permission to commingle the production from two separate pools, and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Midhurst Well No. 1, located in the NW/4 NW/4 of Section 35, Township 12 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Pennsylvanian Pool and the production of oil from the Southwest Gladiola-Devonian Pool through parallel strings of tubing. Applicant further seeks permission to commingle the production from said two common sources of supply from all wells on its Midhurst Lease consisting of the NW/4 of said Section 35 and for permission to install an automatic custody transfer system to handle said commingled production.

CASE 2135: Application of Nearburg & Ingram for an order creating a new oil pool and for the promulgation of temporary special rules and regulations therefor. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Pennsylvanian production consisting of the NW/4 of Section 35, Township 12 South, Range 37 East, Lea County, New Mexico. Applicant further seeks the promulgation of temporary special rules and regulations governing said pool including a provision for 80-acre proration units.

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER



P. O. BOX 871
SANTA FE

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

December 8, 1960

Mr. Charles White
Gilbert, White & Gilbert
P. O. Box 787
Santa Fe, New Mexico

Re: Case No. 2128
Order No. R-1831
Applicant:

Sinclair Oil & Gas Co.

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.,
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC
Artesia OCC
Aztec OCC

Other

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. 2128
Order No. R-1831

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM TWO SEPARATE
POOLS, AND FOR PERMISSION TO INSTALL
AN AUTOMATIC CUSTODY TRANSFER SYSTEM,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 30, 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 8th day of December, 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, Sinclair Oil & Gas Company, is the owner and operator of the T. D. Pope Lease consisting of the W/2 of Section 36, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle the production from the Denton-Devonian Pool with the production from the Denton-Wolfcamp Pool from all wells presently completed or hereafter drilled on the above-described T. D. Pope Lease, after separately metering only the Denton-Wolfcamp production since no well on the subject lease produces top unit allowable.

(4) That the applicant further proposes to install an automatic custody transfer system to handle said commingled production.

(5) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown that such equipment is a reliable and economic means of transferring the custody of oil, and that the use of such equipment should be permitted, provided adequate safety features are incorporated therein.

(6) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Sinclair Oil & Gas Company, be and the same is hereby authorized to commingle the production from the Denton-Devonian Pool with the production from the Denton-Wolfcamp Pool from all wells presently completed or hereafter drilled on the T. D. Pope Lease consisting of the W/2 of Section 36, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico, after separately metering only the Denton-Wolfcamp production.

PROVIDED HOWEVER, That should any well on the subject lease become capable of producing a top allowable from either pool, the applicant shall also separately meter the production from the Denton-Devonian Pool, and shall notify the Santa Fe Office of the Commission of such action.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle said commingled production.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described T. D. Pope Lease at least once each month to determine the individual production from each well.

PROVIDED FURTHER, 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 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 either so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full, or test the flow-lines to a pressure of at least $1\frac{1}{2}$ times the shut-in pressure of the wells.

IT IS FURTHER ORDERED:

That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon

-3-
CASE No. 2128
Order No. R-1831

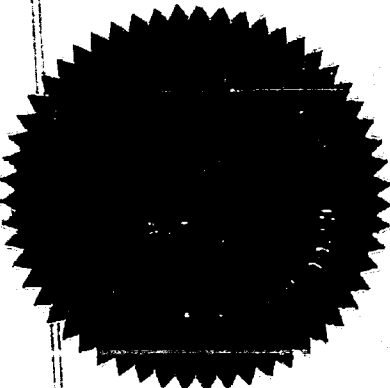
production at all times.

That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

That 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."

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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

esr/



SINCLAIR OIL & GAS COMPANY

Box 1920
Hobbs, New Mexico

January 12, 1966

*b m...
Hobbs file
Case 2128*

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Dear Sir:

The following is furnished in accordance and compliance with
the Oil Conservation Commission's Memo No. 10-61.

Effective January 1, 1966, production commingling was discontinued
on the T.D. Pope Lease, Denton Devonian and Denton Wolfcamp Pools,
Section 36, Township 14 South, Range 37 East, Lea County, New Mexico.

This commingling was authorized by the New Mexico Oil Conservation's
Case No. 2128, Order No. R-1831.

Yours truly,

Fred Burns
Fred Burns
Superintendent

FB:BJ:jl

cc: w/orig.
OCC - Hobbs
RAW - Tulsa (Systems & Computing Dept.)
REC, WTS (2)
Service Pipe Line Co.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG.
Santa Fe, New Mexico
November 30, 1960

IN THE MATTER OF:

APPLICATION OF SINCLAIR OIL & GAS COMPANY for)
permission to commingle the production from two)
separate pools and for an automatic custody transfer)
system. Applicant, in the above-styled cause, seeks)
permission to commingle the production from the)
Denton-Devonian and Denton-Wolfcamp Pools from)
all wells presently completed or hereafter drilled on)
its T. D. Pope Lease, consisting of the W/2 of)
Section 36, Township 14 South, Range 37 East, Lea)
County, New Mexico after separately metering only)
the Denton-Wolfcamp production. Applicant further)
seeks permission to install an automatic custody)
transfer system to handle said commingled produc-)
tion.)

CASE
NO. 2128

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. MORRIS: Application of Sinclair Oil & Gas Company for
permission to commingle the production from two separate pools and for an
automatic custody transfer system.

MR. WHITE: May the record show that the same counsel is
appearing as recorded in Case 2127.

MR. NUTTER: Yes, sir.

MR. MORRIS: Let the record show that the witness has



previously been sworn.

DIRECT EXAMINATION

BY MR. BURTON:

Q Will you please state your full name, by whom you are employed and in what capacity?

A R. M. Anderson, Senior Petroleum Engineer, Sinclair Oil & Gas Company, Midland Division Office.

Q Are your qualifications as an engineer before the Commission?

A Yes, they are.

Q Have you made a study of the matter now being heard?

A Yes, I have.

Q Please proceed with the exhibits which you prepared and what is Exhibit No. 1?

A Exhibit No. 1 is a area map showing the sub-lease which is Sinclair's T.D. Pope Lease outlined in red. This lease is in the Denton-Devonian and Denton-Wolfcamp fields. I have colored the eight Devonian wells green and I have colored the five Wolfcamp wells red.

Q What is the ownership of the working interest and royalty here so far as the records of the company show?

A This is Fee land and the working interest and royalty interests are common and identical with regard to the two reservoirs.

Q Sinclair is the operator of the lease?

A Yes.

Q With reference to Exhibit Nos. 2 and 3, please explain the

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-6691

ALBUQUERQUE, NEW MEXICO



like system, LACT system you propose.

A Exhibit No. 2 is a diagrammatic sketch of the proposed tank battery installation and this is a little more complicated than the previous application in that we have Kobe pumping equipment installed in the Devonian wells. Starting with the Devonian header, we finished four of the wells that come in and go to one heater treater and the other four Devonian wells go to a second heater treater. The production from the heater treaters then go into a pair of flumes and thence into two 1500 barrel tanks. We are installing at this time a vapor recovery unit and that unit takes the vapors off the top of the flume which is the point of the lowest pressure in the system and compresses them and puts them back into the casing head gas line where they are metered along with the regular casing head gas and any liquids that are recovered are put into the power oil tank and thence are eventually sold to the - through the LACT system and for that reason because we are installing vapor recovery units, we are proposing to bring the different Wolfcamp wells and put them through their heater treater and meter the oil from the Wolfcamp and then inject that oil into the top of one of the flumes so that the vapors from the Wolfcamp can be recovered by the vapor recovery unit.

The power oil tanks of course have two outlets, one of them to the Kobe pumps and the oil is pumped down to the Devonian wells, mixes with the new production in the bottom of the well and is produced back out with the new Devonian oil from the wells and of course then comes back to the header. Any excess oil over the power oil requirement flows out of the top of the power oil tank and will go to the first 1000 barrel surge tank for settling purposes and

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-5691

ALBUQUERQUE, NEW MEXICO

then into a second 1000 barrel surge tank which in turn discharges this oil to the LACT system. There is a prover tank to be installed on this system by Service Pipe Line Company and is agreeable in this installation that that will be their tank. It is their custom to set their own tank on one of these installations and it will be used to calibrate our meters. I believe that is the explanation on how the battery will work with regard to Exhibit No. 2.

Q Your Exhibit No. 3 is a detail of the automatic unit?

A Yes.

Q And is this the same equipment shown on your Exhibit No. 3 in the previous case, No. 2127?

A Yes, except the components are a little larger in this. We have two models and this is our larger model and it is designed from 700 to 2500 barrels of oil per day. We see on it two oil meters and the purpose of those are to double check each other. With this volume of oil involved, why, we have a double check on the amount of oil. We deem it necessary to have two meters and outside of that and the prover tank, it is identical to the previous unit.

Q So your testimony in this application would be the same except for that difference?

A Yes.

Q What would be the effect of commingling, the price received for the oil in this case?

A Here again both crudes are high gravity subject to penalty for high gravity and therefore when they are commingled, the resulting blend



calculates to come out the exact selling price of the commingled blend as some of the individual crudes. So there is no price advantage or disadvantage in commingling these crudes.

Q In your opinion, is this proposed system a reliable and economic means of measuring and transferring the custody of the oil produced?

A Yes, sir.

Q Is it in the interest of prevention of waste?

A Yes, sir.

Q And will there be any impairment of correlative rights?

A No, sir.

MR. BURTON: We would like to offer the exhibits into the record.

MR. NUTTER: One through three will be admitted. Anyone have any questions of Mr. Anderson?

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Anderson, are any of Denton-Wolfcamp or Denton-Devonian on this lease top allowable?

A No, sir.

Q Could you give me some relative production figures?

A I am sorry, yes, yes they are top allowable. The Denton-Devonian wells are all top allowable wells. The Denton-Wolfcamp wells are all less than top allowable and I have some production figures. The allowable in September for the Devonian wells was 55,971 barrels. However, they



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

produced 41,703 barrels which is about 75% of their allowable, and the Wolfcamp zone, its' allowable was 5790 barrels and it has produced 3078 barrels so it is not producing even its limited allowable and the Devonian wells are considerably under productive, they are top allowables.

Q Is any individual well a top allowable well?

A It is my understanding they are not, they all have declined to a point where they are all somewhat less than top allowable. There is no individual well at this time that is capable of top allowable.

Q That is the Devonian as well as the Wolfcamp?

A Yes, sir.

Q You do propose in this case also to meter the Denton-Wolfcamp only and subtract that from the total?

A Yes, sir.

Q This lease is fully developed with the exception of three wells which would be completed in the Wolfcamp by dualing existing wells?

A Yes, sir. I don't know whether they could be dualled or not at these depths with the casing program that is in the three Devonian wells. I don't know whether they could be dualled, there certainly are three existing Wolfcamp completions on the lease.

Q Do you know if Sinclair is drilling any of these Wolfcamp locations?

A We do not have any present development in the lease.

Q For all practical purposes your application is limited to the existing wells?



A Yes.

MR. PAYNE: Thank you.

MR. BURTON: However your application is filed for a present and future wells?

A That is right.

MR. BURTON: That is all we have.

CROSS EXAMINATION

BY MR. NUTTER:

Q What is the reason the Devonian production is split and goes through two systems? Is it a matter of capacity for one system?

A Yes, sir, it is a matter of capacity of the heater treaters and that is the reason.

Q Would Sinclair Oil Company, if either or both of these zones became capable of producing top allowable, be willing to install additional positive displacement meters downstream from the heater treaters on the Devonian side or to re-open this case for further study?

A Yes.

MR. NUTTER: Any further questions of Mr. Anderson? You may be excused. Do you have anything further in this case, Mr. Burton?

MR. BURTON: Nothing further.

MR. NUTTER: Does anyone have anything further for case 2128? We will take the case under advisement and call case 2129.



I N D E XWITNESSPAGE

R. M. ANDERSON
 Direct Examination by Mr. Burton
 Cross Examination by Mr. Payne
 Cross Examination by Mr. Nutter

2
 5
 7

EXHIBITS

<u>Number</u>	<u>Exhibit</u>	<u>Marked for Identification</u>	<u>Offered</u>	<u>Received</u>
No. 1	Map	2	5	5
No. 2	Sketch	4	5	5
No. 3	LACT	4	5	5

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



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

I, LEWELLYN F. NELSON, Court Reporter, 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 under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand this *16th day of Dec 1960*, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Lewellyn F. Nelson
 Lewellyn F. Nelson, Court Reporter.

*My commission expires
 June 14, 1961*

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. *2128*
 heard by me on *11/30*, 19*60*

[Signature], Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

