

CASE 2132: Application of HUMBLE OIL
* REFINING CO. to commingle prod.
from pools underlying the STATE "V"
LEASE.

Case No.

2132

Application, Transcript,
Small Exhibits, Etc.

J. M. HERVEY 1874-1953
HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.
HOWARD C. BRATTON
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD

LAW OFFICES
HERVEY, DOW & HINKLE
HINKLE BUILDING
ROSWELL, NEW MEXICO

Case 2132
MAIN OFFICE OCC

TELEPHONE MAIN 2-6510
POST OFFICE BOX 547

November 9, 1960

Re: Application of Humble Oil & Refining Company for Permission to Commingle the Production from Several Separate Pools underlying the SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 10, T. 21 S., R. 37 E., N.M.P.M., Lea County, New Mexico.

New Mexico Oil Conservation Commission
Santa Fe
New Mexico

Comes now Humble Oil & Refining Company and requests the following:

1. On Humble Oil & Refining Company's New Mexico State "V" Lease consisting of the SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 10, T. 21 S., R. 37 E., N.M.P.M., Lea County, New Mexico, permission is requested to commingle the production from several separate pools underlying the lease. Commingling will be from the Blinebry Oil Pool, Brunson Oil Pool, Drinkard Oil Pool, Hare Oil Pool, Tubb Oil Pool, Wantz Abo Oil Pool, Blinebry Gas Pool and Tubb Gas Pool. Exception is requested to Rule 303(a) to permit the above commingling and allocation to the various pools based on monthly well tests.

Separate metering and separation facilities will be utilized for the gas and oil completions on the lease.

It is requested that the above matter be set down for Examiner hearing at the earliest possible date.

Respectfully submitted,

HUMBLE OIL & REFINING COMPANY

By Hervey, Dow & Hinkle
Hervey, Dow & Hinkle
P. O. Box 547
Roswell, New Mexico

Attorneys for Applicant, Humble Oil & Refining Company

Doyle
Mailed
11-17-60
HCB:db

280 acres
10 more top
oil wells
all
to B. Jones.
Prod from
gas wells
also

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.

Case file

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

October 2, 1967

C
O
P
Y

Humble Oil & Refining Company
P. O. Box 2100
Hobbs, New Mexico 88240

Attention: Mr. M. C. Turner

Re: Order No. R-1834

Gentlemen:

Reference is made to your letter dated September 14, 1967, wherein you request authority to allocate production in your New Mexico State "V" commingling installation on the basis of quarterly tests, rather than the monthly tests set forth in Order No. R-1834 which authorized the commingling installation.

Inasmuch as the commingling procedure set forth for administrative approval in Rule 303 of the Commission Rules and Regulations as amended since Order No. R-1834 was entered permits quarterly testing, you are hereby authorized to make such determination and allocation on a quarterly basis.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSH/esr

HUMBLE OIL & REFINING COMPANY

P. O. Box 2100
Hobbs, New Mexico 88240
September 14, 1967

⑦

Mr. A. L. Porter, Jr.
Secretary - Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87502

22-3: Order R-1834,
Commingled Production
New Mexico "V" State Lease
Lea County, New Mexico

MAIL ROOM

'67 SEP 15 AM 8 43

Dear Mr. Porter:

Oil Conservation Commission Order R-1834, dated December 8, 1960 permitted Humble to commingle oil production from the Blinebry, Brunson, Drinkard, Hare, Tubb, and Wantz Abo Pools and condensate from the Blinebry and Tubb Gas Pools. Allocation of production from the various pools was to be on the basis of monthly well tests since all wells produced less than top allowable. A provision of the order was that "The applicant shall install separate metering facilities - in the event any well producing from any of the above mentioned pools becomes capable of making top allowable".

In 1963 Wells 3, 6, and 8 were dualled in the Blinebry and Drinkard, and the Blinebry completions proved to be capable of top allowable. At this time a separate metering facility consisting of a three-phase metering separator was installed for each zone in the manner prescribed by OCC regulations.

At present there are no wells on the New Mexico "V" State Lease capable of making top allowable, and Humble will now remove the extra three-phase metering separators. The installation will then comply with the original language of the order requiring separate metering and separation facilities for oil well and gas well completions, only.

As stated before, the 1960 order requires allocation of production on the basis of monthly well tests. It is our understanding that since the advent of administrative approval for commingling, allocation of

HUMBLE OIL & REFINING COMPANY

Mr. A. L. Porter, Jr.

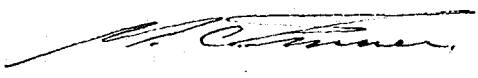
- 2 -

September 14, 1967

production from incapable wells is normally permitted on the basis of quarterly well tests. An amendment of Order R-1834 is hereby requested to permit allocation of production on the basis of quarterly well tests on Humble's New Mexico "V" State Lease. If additional data or information is required please contact Mr. Lee N. Perry, Jr., Supervising Engineer for Production, in this office (Phone 393-2185).

Yours truly,

HUMBLE OIL AND REFINING COMPANY



M. C. Turner

LNP/mcb

cc: New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico

cc: Mr. C. A. Langner
Humble Oil & Refining Company
P. O. Box 1600
Midland, Texas

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

Mr. Howard Bratten
Harvey, Dow & Hinkle
Box 847
Roswell, New Mexico

Re: Case No. 2132 & 2133
Order No. R-1834 & R-1835
Applicant:

Humble Oil & Refining Company

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. 2132
Order No. R-1834

APPLICATION OF HUMBLE OIL & REFINING
COMPANY FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM SEVERAL POOLS,
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, Humble Oil & Refining Company, is the owner and operator of 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, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle the production from the Blinebry Oil Pool, Brunson Pool, Drinkard Pool, Hare Pool, Tubb Oil Pool and Wantz Abo Pool with the liquid production from the Blinebry Gas Pool and Tubb Gas Pool.

(4) That the applicant proposes to allocate production from the various pools on the basis of monthly well tests except that separate metering and separation facilities would be used for oil well and gas well completions.

(5) That the ownership of the above-described State "V" Lease is common at all depths.

-2-

CASE No. 2132
Order No. R-1834

IT IS THEREFORE ORDERED:

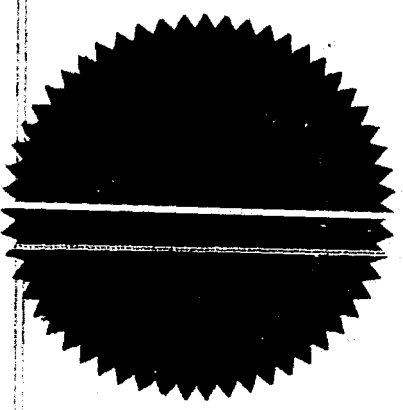
That the applicant, Humble Oil & Refining Company, be and the same is hereby authorized to commingle the production from the Blinebry Oil Pool, Brunson Pool, Drinkard Pool, Hare Pool, Tubb Oil Pool and Wantz Abo Pool with the liquid production from the Blinebry Gas Pool and the Tubb Gas Pool from all wells located on 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, NMPM, Lea County, New Mexico, with allocation of production to the various pools on the basis of monthly well tests except that separate metering and separation facilities shall be used for oil well and gas well completions.

PROVIDED HOWEVER, That the applicant shall install separate metering facilities to the satisfaction of the Commission in the event any well producing from any of the above-mentioned pools shall become capable of making top unit allowable.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on the said State "V" Lease at least once each month 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
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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

esx/

State of New Mexico



Commissioner of Public Lands

MURRAY E. MORGAN
COMMISSIONER



P.O. BOX 791
SANTA FE, NEW MEXICO

Refer Reply To:
Oil & Gas Royalty Division

November 14, 1960

Humble Oil & Refining Company
P. O. Box 1600
Midland, Texas

Gentlemen:

This will acknowledge receipt of your letter of November 3, 1960, referring to the permission to ~~commingle~~ approved July 1959 from eight separate fields, under State Lease B-935, Sec. 10, T-21S R-37E, Lea County, State of New Mexico. The proposed plan as it is now outlined in your letter has been approved by this office.

Sincerely yours,

MURRAY E. MORGAN,
Commissioner of Public Lands
BY: *Ted Bilberry*

Ted Bilberry, Supervisor
Oil & Gas Royalty Division

TB:ML

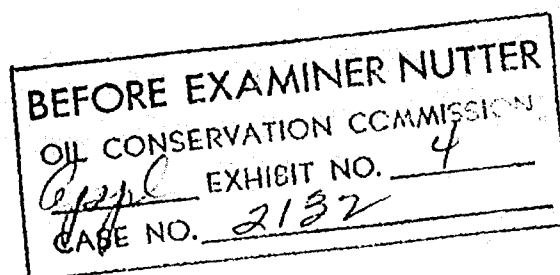


EXHIBIT 3 - CASE 2132

RESULTS OF METER - SAMPLER TESTS

JUNE-NOVEMBER, 1960 - NEW MEXICO STATE V LSE.

HUMBLE OIL & REFINING CO. - HOBBS DISTRICT

	Date	Net Production		Difference		Percent BS&W To Meter
		Metered	Gauged	Barrels	Percent	
	6/23 - 7/1/60	207.55	207.12	+ .43	0.20	1.2 ✓
x	6/23 - 7/7/60	343.04	343.99	- .95	0.28	1.2
	7/12 - 7/18/60	161.30	158.73	+2.57	1.63	57-62
	7/19 - 7/25/60	156.80	158.89	-2.09	1.32	50-63 ✓
	7/26 - 8/1/60	146.48	147.20	- .72	.49	48-61
x	7/12 - 8/1/60	464.58	464.82	- .24	.05	48-63
	8/6 - 8/15/60	219.97	215.97	+4.00	1.85	1.8
	8/16 - 8/22/60	145.34	145.82	- .48	.03	1.8
x	8/6 - 8/22/60	365.31	361.79	+3.52	.97	1.8
	8/23 - 8/29/60	145.41	143.07	+2.34	1.64	1.7-1.8
	8/30 - 9/5/60	153.19	152.02	+1.17	.77	1.8
	9/6 - 9/10/60	91.14	90.11	+1.03	1.14	1.8-2.0
	9/13 - 9/19/60	146.01	146.51	- .50	.30	2.0
x	8/23 - 9/19/60	579.89	571.59	+8.30	1.45	1.7-2.0
	9/20 - 9/26/60	135.94	137.76	-1.82	1.38	2.2
	9/27 - 10/10/60	390.74	301.21	- .47	.16	2.4-2.2
	10/11 - 10/17/60	140.94	138.95	+1.99	1.41	2.8
x	9/20 - 10/17/60	577.62	577.92	- .30	.05	2.2-2.8
	10/18 - 10/24/60	132.19	134.82	-2.63	1.95	2.8
	10/25 - 10/31/60	125.61	127.94	-2.33	1.82	2.8-1.9
	11/1 - 11/7/60	117.67	118.99	-1.32	1.11	1.9-2.0
	11/8 - 11/14/60	118.58	117.62	+ .96	.81	2.0
x	10/18 - 11/14/60	494.05	499.37	-5.32	1.07	1.9-2.8
Totals		2,824.49	2,819.48	+5.01	0.18	

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE 2132

DRAFT

RSM/esr
December 2

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. 2132
Order No. R- 1834

APPLICATION OF HUMBLE OIL & REFINING
COMPANY FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM SEVERAL POOLS,
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, Humble Oil & Refining Company, is
the owner and operator of 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, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle the
production from the Blinebry Oil Pool, Brunson Pool, Drinkard
Pool, Hare Pool, Tubb Oil Pool and Wantz Abo Pool with the ^{liquid} pro-
duction from the Blinebry Gas Pool and Tubb Gas Pool.

(4) That the applicant proposes to allocate production
from the various pools on the basis of monthly well tests except
that separate metering and separation facilities would be used for
oil well and gas well completions.

(5) That the ownership of the above-described State "V" Lease is common at all depths.

IT IS THEREFORE ORDERED:

That the applicant, Humble Oil & Refining Company, be and the same is hereby authorized to commingle the production from the Blinebry Oil Pool, Brunson Pool, Drinkard Pool, Hare Pool, Tubb Oil Pool and Wantz Abo Pool with the ^{liquid} production from the Blinebry Gas Pool and the Tubb Gas Pool from all wells located on 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, NMPM, Lea County, New Mexico, with allocation of production to the various pools on the basis of monthly well tests except that separate metering and separation facilities shall be used for oil well and gas well completions.

PROVIDED HOWEVER, That the applicant shall ^{install} separate ~~separate~~ metering ~~facilities to the satisfaction of the Commission~~ ^{in the event any well producing from} ~~the production from any pool~~ ^{any of the above-mentioned} ~~that~~ pools shall become capable of making top ^{unit} allowable.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on the said State "V" Lease at least once each month to determine the individual production from each well.

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

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
NOVEMBER 30, 1960

IN THE MATTER OF:

CASE 2132 Application of Humble Oil & Refining Company for :
permission to commingle the production from sev- :
eral pools. Applicant, in the above-styled :
cause, seeks permission to commingle the produc- :
tion 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 comple- :
tions. :

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: We will call now Case 2132.

MR. MORRIS: Case 2132. Application of Humble Oil & Re-
fining Company for permission to commingle the production from sev-
eral pools.

MR. BRATTON: Howard Bratton, appearing on behalf of the
applicant.

(Witness sworn)

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



LEE N. PERRY,

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

DIRECT EXAMINATION

BY MR. BRATTON:

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

A I am Lee Perry. I work for Humble Oil as senior engineer.

Q Have you previously testified before this Commission as an expert witness, Mr. Perry?

A Yes, sir, I have, sir.

Q Are you familiar with the area in question and the request in Case No. 2132?

A Yes, sir, I am.

Q What is the purpose of that request?

A We wish to produce the twelve wells on numbers into a common tank battery. This lease is 280 acres, the south half of Section 10, Township 21 South, Range 37 East, Lea County, New Mexico. This is just north of Eunice. There are ten non-top allowable oil wells producing from six zones which would be metered together with a production directed by well test. Production from a dual gas well would be metered also with complete metering facilities provided. The production from those eight prorated pools would be commingled into common tankage.

Q What pools are involved, Mr. Perry?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A They are: (1) Blinebry Oil Well; (2) Brunson Oil Wells; (3) Drinkard Pool; (4) Hare Oil Wells; Tubb Oil Pool, and Wantz Abo Oil Well, and the two duals are Blinebry-Tubb Gas Wells

Q Did you prepare a plat of this lease, Mr. Perry?

A Yes, sir.

Q "NM" on Exhibit No. 1 in the upper right-hand side?

A I didn't notice that.

Q Is the ownership of production common?

A Yes, sir. State of New Mexico is the sole royalty owner, and, by the way, we have a letter dated November the 14th, 1960 from the Commissioner of Public Lands approving our proposed commingling procedure.

Q Do you have a copy of that letter with you?

A Yes, sir, I do.

(Whereupon, Humble's Exhibit No. 1 was marked for identification.)

Q Mr. Perry, referring to what has been marked as Exhibit No. 1, what does it show?

A It shows the existing facilities on the New Mexico State "V" Lease. Down in the lower left-hand corner, actually over to the left side there, also shows the location of the wells and batteries on the lease and the offset operators in the upper right-hand corner. I have used a color legend to the existing facilities on the existing batteries. They will net, there are actually seven batteries containing nine 500-barrel tanks. Two flow treaters are



shown, but in time there is no doubt that the others will have to be installed. We feel they eventually will be needed to deplete the lease with the existing facilities.

Q What are the producing characteristics of the wells, Mr. Perry?

A The oil wells are non-top allowable with total production in October of 145 barrels of oil per day, and there is a definite trend of declining production. This is an average of 15 barrels per day per well with some wells making as low as -- here was 4 barrels, actually 2 barrels on the two Hare Wells, have production at present. Dual gas well characteristics, 34 barrels of 52 condensate for total lease production of 179 barrels.

(Whereupon, Humble's Exhibit No. 2 was marked for identification.)

Q Refer to Exhibit No. 2, Mr. Perry. Is that a schematic diagram of your proposed facility?

A Yes, sir. Exhibit No. 2 shows piping and equipment that will be used in -- we propose to use in the commingling of this production. There is a legend over in the lower left-hand corner, you might notice, to make things a little easier to follow. At the bottom header for the two gas wells on the left and the ten oil wells on the right. The pattern of the combined oil production is shown in red, passing first through a three-phase separator, then through the meter and sampler, and then to the tanks or through the treater, as required. The pattern of the condensate from the gas

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wells is shown in green as follows: a similar sequence of equipment. In orange is shown a route for production on well tests. The test will be routed by the proper zone meter, as I have shown here, so the two zones meters at all time show less production.

MR. NUTTER: Three phases on the gas header?

A Yes, sir.

Q Do you run the production from the gas wells on this lease through two-stage separation?

A Yes, sir.

Q Actually, one phase missing, is that right?

A Yes, sir. It's on back down the line. Those are high pressure separators and are near the wells.

Q Referring to your test facilities --

A The test facilities include water and gas meter besides the dump type oil meter. Using these facilities, the oil meters would be meters as a small percentage of water with the oil that amounts which was as the three-phase separator. This would normally be in the form of emulsion. In tests that we have run on these on this set-up, this has amounted to 1.2 to 2.8 percent of the total metered fluid. Meter reading would be corrected by the sampler shakeout. Result on oil production or condensate production would be allowed to the wells on the basis of monthly well tests which we propose to take. We are doing this. As I said, these wells are all pretty far down the line on depletion. We are taking -- those monthly tests are for our own use anyway.



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Q What equipment are you using and propose to use, Mr. Perry?

A Let me add one thing before we get away from this point. I would like to make one statement here. In case that down the line we do some working over, or, say, any one of these wells does become a top allowable well, we would certainly feel that that zone or that well should be metered separately and correlated to get your desire and agreeable to putting that extra meter in. Now, the facilities, we intend to use a conventional one-barrel plastic coated dump type meter. I think those have been presented, well accepted as zone meters in New Mexico. A proportional sampler from National Tank Company, Hi Bond, or Simmons Company, Inc., along with a conventional gas or phase meter and commercial water meter would be employed.

Q Have you had experience with this type of equipment, Mr. Perry?

A Yes, sir, for the past six months we have had a three-phase meter and sampler of a type we propose to use in operation on Brunson production on the State "V" Lease, that is, Wells 3 and 6.

(Whereupon, Humble's Exhibit No. 3 was marked for identification.)

This Exhibit 3 is a resume of the results of our testing for the past four months. We have compared the metering and sampler results there against tank gauging and variation of eighteen-hundredths



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of one percent for the past four months. That's five barrels out of 28. As you see, the first two months we spent juggling this thing around trying to be sure that the meter itself and the sampler were getting good results, satisfied ourselves to see that before we put the production through. It's on this resume. There on Exhibit 3, if you will notice the water percentage, we have varied the water percentage from, in the meter fluid, from about 1.2 percent to 63 percent and have found no predictable variation in the meter and sampler accuracies. We feel on the basis of these tests that the meter and sampler accuracies have been fully established. The difference between the meter and gauge volume for weekly periods is always less than 2 percent. Now, this test was conducted on a pool or on production about 18 to 24 barrels of oil per day, and I think probably that statistically our accuracies should be increased or percentage accuracies should be increased by the increased volume of production it would be put through.

Q You are satisfied with the accuracies that your variation would not exceed 2 percent?

A I am more than satisfied, I am very pleasantly surprised myself.

Q Will this installation serve the interests of recoveries and protect correlative rights, in your opinion, Mr. Perry?

A Very definitely. As we said, this is practically a completed area down there, and we stand to be able to salvage about six thousand dollars worth of equipment that is on -- not on the



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new price, but on the second-hand price. In addition, with the continued depletion of the lease we would have to install four additional treaters which would cost us about sixteen thousand dollars to handle the water production as the completion continues. There will also be a considerable reduction in pumper's labor for this lease due to the reduced number of tanks to be gauged and the complete testing facilities they have provided. The price for the commingled crude could be slightly higher than the total of the separate prices. It totals around five dollars a week, so they are just approximately the same. Where we have here leases making, oh, say, like the Brunson, 20 barrels going into 500 barrels, it takes quite a while to fill that tank up. The operator can certainly afford to produce a lease of this depleted type, to a lower limit production with the economics provided in these, in a commingling set-up of this type, I don't know. I certainly would hate to be pinned down just how much, it's bound to be a certain additional recovery in something like that. For that reason, we feel our request is in the interest of economy and prevents waste.

Q Were Exhibits 1 through 3 prepared by you, Mr. Perry?

A Yes, sir.

MR. BRATTON: We would like to offer Exhibits 1 through 3 and also Exhibit 4, which is a letter from the Public Land Commissioner.

MR. NUTTER: Humble's Exhibits 1 through 4 will be entered in evidence.



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

MR. BRATTON: We have nothing further to offer.

MR. NUTTER: Any questions?

CROSS-EXAMINATION

BY MR. PAYNE:

Q Mr. Perry, what is the commingled value of the hydrocarbons as compared to the value on there in separate tanks?

A Approximately five dollars a day, more for the commingled products.

Q It will be more?

A Yes, sir.

Q Now, are you going to separately meter the production from each of the gas wells, or is that one meter?

A One meter for the two gas wells.

Q How do you know how much to attribute to the Tubb and Blinbry in this case?

A We will take monthly tests and allocate it back.

Q Do these gas wells generally make their allowable?

A In general, yes, sir. They have done probably better than most of the others.

Q So that actually you need an exception to Rule 403, that gas wells be separately metered, the production from each gas well?

A I guess I do, Mr. Payne. I didn't realize it.

MR. NUTTER: Are you going to measure the gas separately?

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A Oh, yes, the gas will be measured separately. The condensate will be put together, this is condensate only.

MR. PAYNE: I see.

A I beg your pardon.

Q (By Mr. Payne) You will meter the dry gas separately?

A Yes, the condensate will be commingled, the gas will be metered separately. I beg your pardon.

Q I notice on your Exhibit No. 1 you have a burning pit up in the corner. You get a permit from the District Office in Hobbs before using that?

A I don't know how long it's been since we burned on that.

Q Mr. Perry, Exhibit 1 shows the installation as it is presently.

A Yes.

Q Then Exhibit 2, what you are planning to install?

A That's right.

Q Is it possible for the oil production to pass through the three-phase separator, through the meter and sampler and directly into the stock tanks if it should be stock tank quality oil?

A Yes, sir.

Q I presume that would be on the third line up, sir?

A Go right on up to the third line and just joining, right on up, and join the gas flow in the top line there. Go either way, actually. That's so that, we have that header arranged so it's completely flexible.



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Q Is it manually operated?

A Yes, sir, manually.

Q Only the production pools, the red line and through the treater?

A Yes, sir. It would have to because actually the only wells we have right now that are making much water are the Brunson and the Hare.

Q Those are the two that are going through these treaters that are shown on Exhibit 1?

A Yes, sir.

Q What size treater will you install?

A 8 by 32. We've already got the one there.

Q You will use the same one you are using at the moment on the Brunson?

A Yes, sir.

Q Is it of adequate capacity to handle Brunson as well as the Hare?

A Adequate to handle everything after it's commingled. We will have to put everything through there.

Q These meters, the one for handling the fluids from the gas pools and the one for handling the oil from the oil pools are one-barrel dump meters?

A Yes, sir. You also have a meter for metering the fluids on the test leg of the thing.

Q Is that a one-barrel dump?



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A Yes, sir.

Q What kind of meter is that for metering the water on the test?

A Just a commercial water meter. We have Pittsburgh. Pittsburgh makes them, I think. That is the kind we normally use. Just like a house water meter. We had very good results, we use quite a few of them, actually. We are using quite a few of them at present. We have good results. They have been dependable, seem to be pretty tough and aren't always broken, and we get just plenty good results with them.

Q In combining the data for Exhibit No. 3, you ran a series of tests from June through October of this year --

A Yes, sir.

Q -- in which you passed the production through a meter and then on into the tanks and gauge the tanks, correct?

A Yes, sir.

Q What type of meter were you using here?

A Exactly what we'll be using -- what we are proposing to use.

Q One-barrel dump meter?

A I intend to use the hole between, I didn't intend to move it, leave it right where it is sitting in the position there in the set-up where we propose.

Q Three 500-barrel tanks, that's going to provide adequate storage?



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A That would be 179 barrels per day now and decline.

Q So you have adequate storage for several days' production?

A Plus one tank that would be left for test most of the time. It would be testing quite often there.

Q None of these oil wells are capable of making top allowable in the pool in which it is completed, is that correct?

A That's not the one I said is non-top allowable, it's penalized due to GOR.

Q Its allowable as assigned to it is less than top allowable for Drinkard Pool?

A Here again, in November it was assigned full allowable. On the 20th of October we sent in GOR tests showing GOR over 6800. Well, six thousand is the permissible GOR. So in December it will have a GOR allowable of 40 barrels.

Q Is this penalized allowable?

A Yes, sir.

Q What has been the trend as far as the GOR on this well is concerned? It's going up?

A It's been steadily going up.

Q You anticipate that this well will be assigned top allowable?

A I can't foresee. When a well does get top allowable and we find out what we need to do to get our producer equipment in line with your desires. If we are always looking for ways to in-



crease or take and looking for ways to work these wells over. Right now we don't foresee any. If they come up, we've already thought that one out.

MR. NUTTER: Any further questions of Mr. Perry? You may be excused.

(Witness excused)

MR. NUTTER: Do you have anything further for Case 2132, Mr. Bratton?

MR. BRATTON: No, sir.

MR. NUTTER: Does anyone have any more for Case 2132? We will take the case under advisement.

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, LLEWELYN NELSON, Court Reporter, 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 machine shorthand 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 and Seal this, the 16 day of June,
1961, in the City of Albuquerque, County of Bernalillo, State of
New Mexico.

William D. Nelson
NOTARY PUBLIC

My Commission expires:

June 14, 1964

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2132 heard by me on 11/30, 1960.

....., Examiner
New Mexico Oil Conservation Commission

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