

CASE 2218: Application of SHELL
for exception to Rule 309 (a) and
for automatic custody (McKinley A
and B leases).

you - please see me - you
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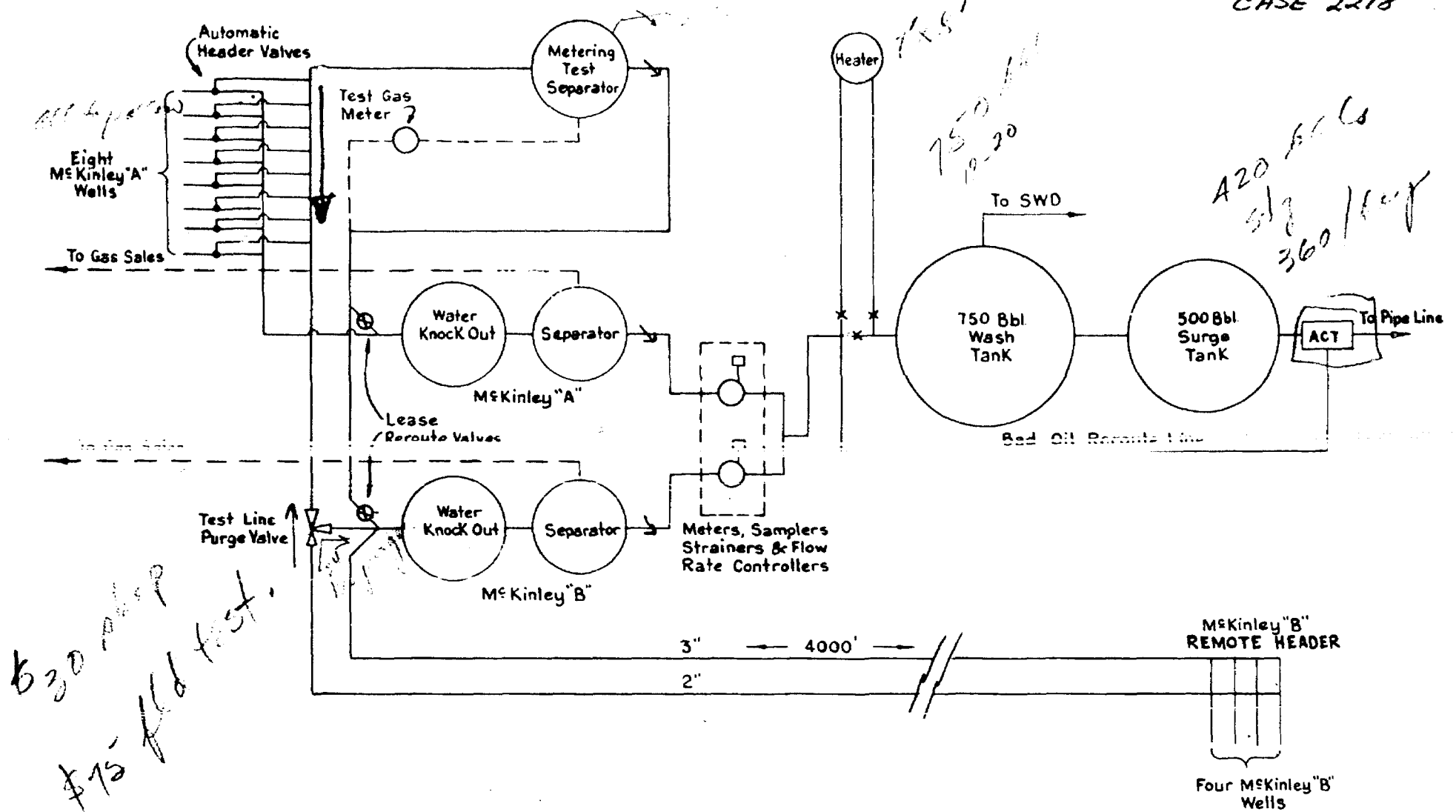
-asa / No.

2218

Application, Transcript,
and Exhibits, Etc.

McKINLEY "A" & "B" BATTERY

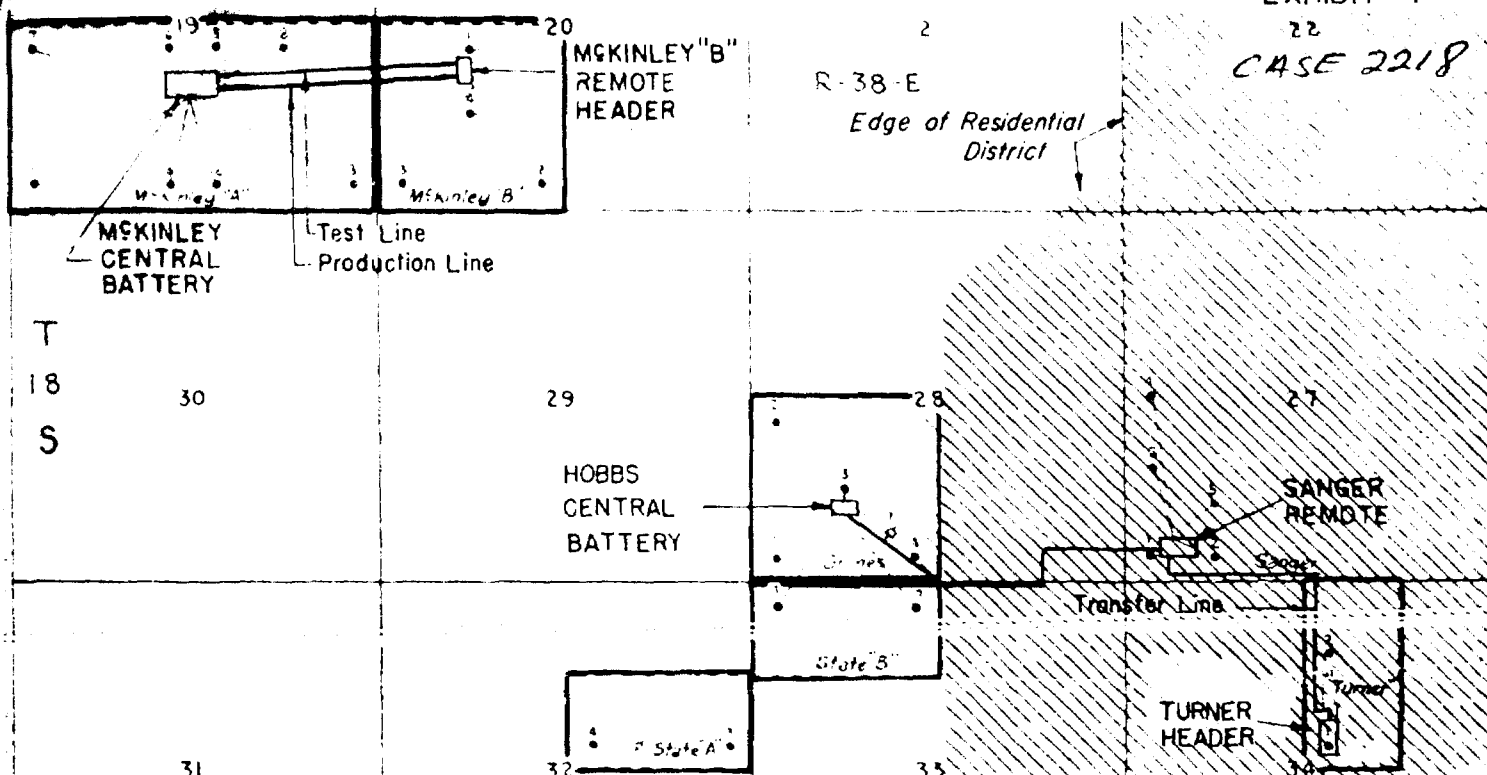
SHELL EXHIBIT 2
CASE 2218



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 2218

SHELL OIL COMPANY
McKINLEY "A" & "B"
CONSOLIDATED BATTERY
HOBBS FIELD

Data: R.L.S. Date: 1-30-61 Drawn by: J.F.J.



GENERAL DESCRIPTION OF HOBBS CONSOLIDATION

1. Hobbs Central Battery: Treating system, salt water disposal and ACT for State B, Grimes, Sanger and Turner Leases. Lease production measurement, sampling, automatic well test and gas sales for the Grimes and State B Leases.
2. Sanger Remote: Lease Production measurement, sampling, automatic well test, and gas sales for the Turner and Sanger Leases. Oil and water will be transferred to Hobbs Central for treating and ACT.
3. Turner Test Header: Test header will serve the two Turner wells. Oil, water, and gas will be produced into the Sanger Remote for metering, well test, and gas sales. Well test will be manual for Turner wells.
4. McKinley Central Battery: Treating system, salt water disposal, ACT, lease production measurement, sampling, automatic well test and gas sales for both McKinley A and B Leases.
5. McKinley "B" Remote Header: Four well automatic header controlled from McKinley Central. Each well will purge test line 24 hours before passing through test separator at McKinley Central.

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
2218	EXHIBIT NO. 1
CASE NO.	Shell

SHELL OIL COMPANY
HOBBS FIELD CONSOLIDATION
Data by RLS Date: 1-30-61 Drawn by JFJ

RSM
3/30
DRAFT

RSM/esr
March 30, 1961

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:

3-31
CASE No. 2218

Order No. R 1432

3-31
APPLICATION OF SHELL OIL COMPANY
FOR AN EXCEPTION TO RULE 309 (a)
AND FOR 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 March 22, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Shell Oil Company, is the owner and operator of the McKinley "A" lease, comprising the S/2 of Section 19, and the McKinley "B" lease, comprising the SW/4 of Section 20, both in Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to transport the Hobbs Pool oil production from the above-described McKinley "B" lease, prior to measurement, to the above-described McKinley "A" lease where such production would be commingled with the Hobbs Pool oil production from said McKinley "A" lease after separate measurement of the production from each lease.

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

(5) That the proposed installation as shown on Exhibit *1, 2, and 4 in this case* Nos. ~~1, 2, and 4~~ should be authorized, provided, however, that all meters should be of a type utilizing a non-reset totalizer, and, provided further that the automatic valves should be incapable of manual actuation.

(6) That inasmuch as an industry committee has been appointed to study all phases of commingling and to recommend minimum standards to prevent abuses thereof, it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(7) 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.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, is hereby authorized to transport the Hobbs Pool oil production from the McKinley "B" lease, comprising the SW/4 of Section 20, prior to measurement, to the McKinley "A" lease, comprising the S/2 of Section 19, both leases being in Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, where ~~such production will be com-~~ *the* ~~mingled with the~~ *both the* Hobbs Pool oil production from said McKinley "A" *and the McKinley "B" lease will be commingled* lease after separate measurement of the production from each lease.

PROVIDED HOWEVER, That this installation shall conform to Exhibit Nos. ~~1, 2, and 4~~ *1, 2, and 4 in this case* ~~herein~~ except that (a) all meters shall be of a type utilizing a non-reset totalizer, and (b) the automatic valves shall be incapable of manual actuation.

PROVIDED FURTHER, That it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(2) That the applicant is hereby authorized to install an automatic custody transfer system 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 leases 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 leases are unattended.

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.

FEDERAL ABSTRACT CO.

Name

Address

Ph.

Remarks:

18-35

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

T R State
or County

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

SETH, MONTGOMERY, FEDERICI & ANDREWS

ATTORNEYS AND COUNSELORS AT LAW

301 DON GASPAR AVENUE
SANTA FE, NEW MEXICO

POST OFFICE BOX 828
TELEPHONE WU 3-7315

February 28, 1961

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Re: Shell Oil Company Application for
Exception to Rule 309 (a)
McKinley "A" Lease S $\frac{1}{2}$ Section 19,
Twp. 18 S., Rge. 38 E., and
McKinley "B" Lease SW $\frac{1}{4}$ Section 20,
Twp. 18 S., Rge. 38 E., Lea County

Hobbs Pool
Hobbs Pool

Gentlemen:

Application is hereby made for an exception to Rule 309 (a) of the Rules of the Commission to permit the applicant to transport production from its McKinley "B" Lease SW $\frac{1}{4}$ Section 20, Twp. 18 S., Rge. 38 E., before it has been received and measured in tanks located on the said lease, and to likewise transport production from its McKinley "A" Lease without having received and measured the same in tanks located thereon.

Applicant proposes to transport the production from the McKinley "B" Lease to the McKinley "A" Lease (S $\frac{1}{2}$ Section 19, Twp. 18 S., Rge. 38 E.) and to continuously meter and sample the production from the "B" lease by facilities located on the McKinley "A" Lease. By the facilities on the McKinley "A" Lease the production from the McKinley "A" Lease will be likewise continuously metered and sampled and then commingled with the production from the "B" lease in the treating system and sold to a pipe line through an automatic custody transfer unit. There are presently four wells completed on the McKinley "B" Lease and eight wells completed on the McKinley "A" Lease. All production is from the San Andres zone. This application is intended to cover wells presently completed and any future wells that may be completed upon the two leases which may encounter production from the San Andres zone.

Case 8318
Robert F. Miller
2-10-61
Q

Page 2 - New Mexico Oil Conservation Commission February 28, 1961

It would be appreciated if you would give consideration to this application and set the matter down for an Examiner Hearing.

Respectfully submitted,

SHELL OIL COMPANY

By



Its Attorney

OS:mc

ROS THIS MID SRY WAS BY ON AND NACH WILL HV TO RERUN THIS ONE
P U READING ME N
YES I AM READING UTHIS ROS CA

434 MID OFC 3-20-61-421P/NEW/
ROSWELL - SHELL OIL COMPANY

THE DESIGN OF THE LACT EQUIPMENT WHICH YOU PROPOSE TO INSTALL ON
THE SHELL-MCKINLEY "A" LEASE, S/8 SECTION 19, R-38-E, T-18-S, LEA
COUNTY, NEW MEXICO, THE SHELL-GRINES LEASE, SW/4 SECTION 28, R-38-E,
T-18-S, LEA COUNTY, NEW MEXICO, AND THE SHELL-LIVINGSTON LEASE SECTION
4, T-21-S, R-37-E, LEA COUNTY, NEW MEXICO, IS APPROVED AS OUTLINED IN
YOUR LETTERS DATED FEBRUARY 23 AND FEBRUARY 28, 1961, AND SHELL PIPE
LINE CORPORATION WILL ACCEPT CUSTODY TRANSFER OF THE CRUDE WITH
P. D. METERS.

H E WHITE NGR WEST TEXAS DIVN SPLC

END ROS INX

DNIDT

SHELL EXHIBIT 3
CASE 2218

DOCKET: EXAMINER HEARING - WEDNESDAY, MARCH 22, 1961

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

The following cases will be heard before Elvis A. Utz, Examiner, or Oliver E. Payne, attorney, as alternate examiner:

CASE 2218: Application of Shell Oil Company for an exception to Rule 309 (a) and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to transport oil from its McKinley "A" lease, S/2 of Section 19, to its McKinley "B" lease, SE/4 of Section 19, and to commingle the production from the two leases after separate metering and to install an automatic custody transfer system to handle said commingled production. Both leases are located in Township 18 South, Range 38 East, Lea County, New Mexico, and the production involved is all from the Hobbs Pool.

CASE 2219: Application of Shell Oil Company for an exception to Rule 309 (a) and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to transport oil from its Turner Lease, W/2 NE/4 of Section 34, to its Sanger Lease, Section 27, prior to measurement, and after measurement and commingling of production from the two leases, to transport it to the Grimes Lease, SW/4 of Section 28, for treatment. Applicant also desires to transport oil from its State "B" Lease, N/2 NW/4 of Section 33, to the said Grimes lease prior to measurement, and then, after measurement and ~~measurement~~ to commingle such production with the production from the other three leases, at which time the commingled production from the four leases is proposed to be handled by automatic custody transfer facilities. All leases are located in Township 18 South, Range 38 East, Lea County, New Mexico, and the production involved is all from the Hobbs Pool.

CASE 2220: Application of Shell Oil Company for an exception to Rule 303 (a) and Rule 309 (a). Applicant, in the above-styled cause, seeks permission to commingle the production from the Drinkard, Wantz-Abo and Blinbry Oil Pools from all wells presently completed or hereafter drilled on the Carl H. Livingston Lease comprising 320 acres in Sections 3 and 4, Township 21 South, Range 37 East, Lea County, New Mexico, allocating the production from the various pools on the basis

Case 2218

Recd 3-22-61

Rec. 3-27-61

1. Grant Shell's ~~and~~ request for combining ~~the~~ all wells on its McKinley "A" complete in the Hobbs - San Andres pool with all wells on its McKinley "B" lease ~~consolidation~~. The 2,000 Gpm ~~limiting~~ ^{is} after separate metering from each lease.
2. This authority shall be granted if the installation is made in accordance with Exhibit No. 2 of this case except for the following changes:
 - (a) The lease and ACT meters shall of the type using non-reset Totalizers.
 - (b) The automatic valves on the McKinley "B" & "A" leases shall be of the type ~~for~~ not incorporating the manual override features
3. Incorporate the recent ~~prostate~~ ^{statements} as to the ~~the~~ Co-ACT Committee & possible changes which may be required.

Thurston

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

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

P. O. BOX 871
SANTA FE

April 10, 1961

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

Re: Case No. 2218
Order No. R-1933
Applicant: Shell Oil 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.
A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x
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. 2218
Order No. R-1933

APPLICATION OF SHELL OIL COMPANY
FOR AN EXCEPTION TO RULE 309 (a)
AND FOR 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 March 22, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 10th day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Shell Oil Company, is the owner and operator of the McKinley "A" lease, comprising the S/2 of Section 19, and the McKinley "B" lease, comprising the SW/4 of Section 20, both in Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to transport the Hobbs Pool oil production from the above-described McKinley "B" lease, prior to measurement, to the above-described McKinley "A" lease where such production would be commingled with the Hobbs Pool oil production from said McKinley "A" lease after separate measurement of the production from each lease.

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

(5) That the proposed installation as shown on Exhibit Nos. 1, 2, and 4 in this case should be authorized, provided,

CASE No. 2218
Order No. R-1933

however, that all meters should be of a type utilizing a non-reset totalizer, and, provided further that the automatic valves should be incapable of manual actuation.

(6) That inasmuch as an industry committee has been appointed to study all phases of commingling and to recommend minimum standards to prevent abuses thereof, it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(7) 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.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, is hereby authorized to transport the Hobbs Pool oil production from the McKinley "B" lease, comprising the SW/4 of Section 20, prior to measurement, to the McKinley "A" lease, comprising the S/2 of Section 19, both leases being in Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, where the Hobbs Pool oil production from both the said McKinley "A" lease and the McKinley "B" lease will be commingled after separate measurement of the production from each lease.

PROVIDED HOWEVER, That this installation shall conform to Exhibit Nos. 1, 2, and 4 in this case except that (a) all meters shall be of a type utilizing a non-reset totalizer, and (b) the automatic valves shall be incapable of manual actuation.

PROVIDED FURTHER, That it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(2) That the applicant is hereby authorized to install an automatic custody transfer system 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 leases 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

-3-
CASE No. 2218
Order No. R-1933

necessary, to store the production which will accrue during the hours that said leases are unattended.

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.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


E. S. WALKER, Member


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

esr/

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 3, 1964

C
O
P
Y

Shell Oil Company
P.O. Box 1838
Roswell, New Mexico

Attention: T. B. Dyer

Gentlemen:

Reference is made to your letter of March 25, 1964, wherein you advise that the commingling authority granted by Commission Order R-1933 is no longer necessary and that separate tank batteries will be used to handle the production from your McKinley A and McKinley B Leases, Robbs Pool, Lea County, New Mexico.

You further advise that you will continue to use the automatic custody transfer system for your McKinley A Lease.

All portions of Commission Order R-1933, with the exception of that portion relating to the use of automatic custody transfer equipment for your McKinley A Lease, are herewith put in abeyance.

Very truly yours,

W. L. Porter, Jr.
Secretary-Director

WLP:ag

cc: Oil Conservation Commission - Robbs
Oil & Gas Engineering Committee - Robbs
Case Number 2218
Oil & Gas Accounting - Santa Fe



SHELL OIL COMPANY MAIN OFFICE OCC

P.O. Box 1858
Roswell, New Mexico

1964 MAR 25 PM 1:23

March 25, 1964

Subject: Commingling McKinley A,
McKinley B Leases, Hobbs Field

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

Gentlemen:

Reference is made to Order No. R-1933 granting permission to commingle Hobbs Pool oil production from Shell's McKinley A and McKinley B Leases, Hobbs Field.

We plan to separate these two leases into individual tank batteries on each lease. The use of an automatic custody transfer system will continue on the McKinley A Lease. It is requested that the above mentioned order be amended to reflect this change to individual lease batteries.

Yours very truly,

T. H. Dwyer
Division Production Manager

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing - Elvis A. Utz

Santa Fe, NEW MEXICO

REGISTER

HEARING DATE March 22, 1961 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
Wayne A. Hawthorn D. Seth	Shell Oil Co "	Roswell, N.M. S. Fe
G. W. EATON JR.	PAN AMERICAN	FARMINGTON
W. J. Lyons Jr.	Pan American	Del Rio, Tex
R. L. Summers	Shell Oil Co	Roswell N.M.
Brooks Kelly	Shell Oil Co	SF
Ernest Newman	Alameda National	Ros -
E. D. Cartwright	Continental Oil Co.	Antonia
Jason Kellahi	Kellahi & Fox	Santa Fe
A. R. Fendrick	OCC	Antonia
J. P. Murphy	Sinclair Oil Co	Musland, Tex
R. R. Menden	" "	" "
A. L. Carter	OCC	Santa Fe.
GARRETT WHITWORTH	EL PASO NATURAL GAS CO.	EL PASO, TEX.
Len Mayfield	AG	Roswell, N.M.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MARCH 22, 1961

IN THE MATTER OF:

CASE 2218 Application of Shell Oil Company for an excep- :
tion to Rule 309 (a) and for an automatic cus- :
tody transfer system. Applicant, in the above- :
styled cause, seeks permission to transport oil :
from its McKinley "A" lease, S/2 of Section 19, :
to its McKinley "B" lease, SW/4 of Section 20, :
and to commingle the production from the two :
leases after separate metering and to install :
an automatic custody transfer system to handle :
said commingled production. Both leases are :
located in Township 18 South, Range 38 East, :
Lea County, New Mexico, and the production in- :
volved is all from the Hobbs Pool. :

BEFORE:

Elvis A. Utz, 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. UTZ: The next case will be 2218.

MR. MORRIS: Application of Shell Oil Company for an ex-
ception to Rule 309 (a) and for an automatic custody transfer sys-
tem.

MR. SETH: Oliver Seth, appearing for the applicant. We
have one witness, Mr. Examiner.

MR. UTZ: Are there any other appearances in this case?
If not, you may proceed.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CM 3-6691

ALBUQUERQUE, NEW MEXICO



(Witness sworn)

R. L. SOMERWELL,

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

DIRECT EXAMINATION

BY MR. SETH:

Q Would you state your name, please?

A R. L. Somerwell.

Q You are employed by Shell Oil Company?

A Yes, sir.

Q In what capacity?

A I'm a mechanical engineer in the Rosell Division.

Q Have you been in that capacity for any length of time?

A Yes. I have been employed by Shell for four and a half years, and been in Roswell for two and a half years.

Q Have you testified before the Commission in previous hearings?

A Yes.

Q Are you generally familiar with the application in this case?

A Yes, sir.

MR. SETH: May he testify as a mechanical engineer witness?

MR. UTZ: Yes, sir, he may.

Q (By Mr. Seth) Will you state, briefly, please, the gen-

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

eral purpose of the application?

A Yes, sir. Cases 2218 and 2219, as far as Shell Oil Company is concerned, are more or less combined for Commission purposes. We have separated them, but the over-all plan of this consolidation is to remove as much as possible Shell's operations from the City of Hobbs for safety purposes and for conservation and for labor protection within the company.

Q Let's refer specifically to your McKinley "A" and "B" leases there, and state what you propose to do by the application, generally. Let's take it generally.

A We would like to transport the production from McKinley "B" to the McKinley "A" lease prior to measurement at the McKinley "A." We plan to meter both the McKinley "B" and the McKinley "A" production, and commingle it into a treating system, and transfer the production through an ACT union.

MR. UTZ: Are these two leases state or fee leases?

A They are fee leases.

Q (By Mr. Seth) Do you have a diagram or plat showing the proposed --

A Yes, sir.

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

Q With reference to what has been marked as Shell's Exhibit 1, would you state what that is?

A On the McKinley "B" we have a 4-well automatic header,



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-4691

ALBUQUERQUE, NEW MEXICO

which will be led from the McKinley "A" lease, and two lines will connect this header with the McKinley "A" central battery. A three-inch production line and two-inch test line. Production will normally produce through the three-inch over to the McKinley "A," and when a well is tested, it will be for production over there, through the two-inch test line for production over there.

Q All the metering testing will be done on the McKinley "A" lease --

A Yes, sir, it sure will.

Q -- for production from both leases?

A Yes.

Q What pool or field or strata is this production from?

A The four wells on the McKinley "B" lease, and the eight wells on the McKinley "A" are producing from the Hobbs San Andres zone.

Q All wells are from the same zone?

A Same zone.

Q Have you prepared a diagram of the facilities which you propose to install?

A Yes, I sure have. It will be Exhibit 2, I believe.

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

Q Referring to Exhibit 2, would you please describe the flow and the general mechanical system there?

A Yes. In the bottom right corner is the remote header.



DEARNLEY-MEIER REPORTING SERVICE, INC.

PHONE CH 3-6491

ALBUQUERQUE, NEW MEXICO

This is actually located on the McKinley "B" lease, and following through the three-inch line, the production will normally enter the free water knockout and go through the McKinley "B" separator and go through PD meters, which are temperature compensated, and then dumped into the treating system. The eight wells at the top left-hand portion of the Exhibit, the eight McKinley "A" wells then are manifolded and completed with automatic valves. Normally, through production, the McKinley "A" wells will produce through the free water knockout, and the McKinley "A" separator, and the McKinley "A" PD meter. They will be commingled at that point for treating. The test vessel, which is in the upper portion of the Exhibit --

Q What is that marked?

A That is metering test separator. This test separator will be utilized by both and, proposed to be utilized by both leases. Following the McKinley "A" header, the McKinley "A" 1 is placed on test, it will be diverted through the test separator. The fluid will then be rerouted back through the McKinley "A" free water knockout. The lease reroute valves are electrically interlocked with the McKinley "A" header so that no accidental commingling can be accomplished at that point.

Q Would you expand on that a little more? How does that operate?

A Well, these valves, the lease reroute valves are normally closed, fail-safe valves, and unless electrical energy is applied, they will not open. Any time a McKinley "A" lease well is placed



through the test separator, this reroute valve is opened and re-routes the test fluid back through the correct lease separator and through the correct lease meter.

Q What is the advantage of an interlocking system of that character?

A It just prevents any accidental commingling, primarily. In addition, it prevents any accounting problem at the end of the month. All the test material --

Q It eliminates the human error in operating the valves?

A Yes.

MR. UTZ: There is an automatic valve?

A Yes, sir. Both of these leases will be automatically tested; there will be a programmer.

Q Would you describe that in connection --

A We might follow a McKinley "B" well placed on test. Say, one McKinley "B" well is placed on the test line at the remote header. They will produce through the test line, through the test line pump valve, which is at the production separator. This pump valve is through the free water knockout, and the McKinley, after twenty-four hours have elapsed, this well will still remain in this two-inch test line at the header, but the test line pump valve will be energized the second twenty-four hours, which will divert, and at the same time the McKinley "B" lease reroute valve will be energized, which will return the McKinley "B" production to the McKinley "B" separator.

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Q Does that system require a pumping of the lines?

A Yes. And that will be automatically programmed during the program.

Q Describe how that will work.

A Well, the way we'll program it is, the McKinley "A-1" may be on test twenty-four hours. At the same time it's on test, the McKinley "B-1" header valve will be energized at the remote header. That will divert it into the two-inch test line. The twenty-four hours that "A-1" is testing, the "B-1" is producing through the two-inch test line, and then the next twenty-four hours the programmer stops, and "B-1" remains in the header at the remote header, the two-inch test line at the remote header, but is diverted to the test separator at the central battery and tested that way.

Q Is this program automatically handled?

A Yes, sir, it sure is.

Q Do you have any comments in regard to Exhibit 2?

A No.

Q Could you compare this with the Pearl Queen facilities, in a general way?

A Yes, we sure could, which was approved by Commission Order 1101. This is, for all practical purposes, identical to our Pearl Queen installation Wier meters, that are temperature compensated. Free water knockouts will be installed when our free water exceeds fifteen percent, which, in the case of these two leases, it



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does, so that we can accurately sample them.

Q On the Pearl Queen you are metering emulsions, are you not?

A Yes, sir, we sure are.

Q Are those comparable to the emulsions that you expect to meter on this facility if it is installed?

A As far as magnitude of BW&W, we will maintain them below fifteen percent by the use of free water knockouts, and, if necessary, chemical.

Q In your opinion, can an emulsion of this percentage be accurately metered?

A Yes. If the Commission please, I have some data. In a twenty-two month period we have commingled production from fourteen leases for a total of 636,617 barrels of oil, and that was the magnitude indicated by the fourteen lease meters. The ACT meter which ships to the pipeline the oil from these fourteen leases, indicated 637,836 barrels, that is a percent deviation of .191, less than two-tenths percent.

MR. UTZ: What was the first figure?

A Through the fourteen lease meters, it was 636,617. The ACT reading was 637,836.

Q Do you believe that is reasonably accurate?

A Yes, we do.

Q Very accurate?

A Yes, considering that we are sampling each lease meter



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and determining the BS&W content by sample.

Q On the proposed facilities for the McKinley "A" and "B" this indicates a continuous metering for both leases?

A Yes, sir, it certainly does. I might also mention that although the total deviation was .191, we have a maximum deviation during any one month with a .97, and the best was .0082 percent.

Q You are referring to the Pearl Queen figures again?

A Yes, sir.

MR. NUTTER: .082?

A .0082.

MR. NUTTER: 0082?

A Yes, sir.

Q (By Mr. Geth) Do you have any other comments on the Pearl Queen experience?

A No, sir, except we have been highly pleased with our accuracies and we have effected expense savings in labor on that and the treating system.

Q Have you accomplished any conservation?

A Yes. The gravity data that we collected in tankage showed that we had effected one API conservation.

Q One degree?

A Yes.

Q How about the volume?

A I believe that's about 1.5 percent.

Q Will that be a significant amount over the life of the



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field?

A Yes, sir, it sure would.

Q Now, referring again to the application in this case, do you contemplate the addition of an ACT facility?

A Yes, sir, we do to transfer the commingled oil after it's treated.

Q Do you have a diagram with specifications on that?

A Yes, sir.

MR. SETH: This is Exhibit 4.

(Whereupon, Shell's Exhibit No. 4 was marked for identification)

Q Now, referring to Exhibit 4, will you please tell the Commission what this shows?

A Yes, sir, this unit is very similar to what Shell has installed in the past.

Q Describe the flow and tell us which diagram you are referring to.

A This shows Exhibit No. 4.

MR. UTZ: Which one was Exhibit No. 3?

MR. SETH: It hasn't been introduced yet. That's the telegram.

A Item 2, this will be BS&W monitor probe. That will be set at approximately one percent. Should our water exceed that, it will divert the fluid back to the treating system for further treating. In the top picture, it shows Item 7, which is the divert-



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ing valve. This is the valve that is energized by the monitor, should all that be received. At the same time bad oil is indicated, Value 5 at the end of the skid is also closed.

Q Does that reroute the oil automatically?

A Why, it sure does. Item 3 is a --

Q Why don't you run through the flow first?

A Well, the fluid is pumped by the pump, Item 1, up to the BW&W monitor through the diverting valve, through the air-eliminator and strained, Item 3; through the PD meter, Item 4; and through the meter proving loop, and then finally the back pressure valve. It holds 15 to 20 pounds of back pressure.

Q Mechanically, is this similar to other installations that you have in the State?

A Yes, sir, the same components.

Q What type of meter is it?

A It's an A. O. Smith positive displacement meter.

Q Is that described in Exhibit 4 too?

A Not in detail, no, sir, other than it is the same type meter that we have used.

Q Has it been successful, as far as you are concerned?

A Yes, it sure has. Very accurate.

Q Referring also to Exhibit 4, what else does it show? Do you have some further diagrams?

A Well, the second page shows our sampling system which contains a representative sample of the product produced.



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Q Would you describe the procedure there?

A Well, close to the center of the picture, Item 1, is a piston driven diaphragm, piston driven by a diaphragm, and a fresh sample is taken into this piston and on a meter.

Q Is there an enlargement of that?

A Yes, Section B.

Q Describe a little bit how that operates.

A When the meter is not sending out a pulse to take an electrical pull to take a sample, why, this piston is depressed by the fluid pressure, and every two barrels, I believe every two, is what we had it set at, an electrical impulse is set and energized a solenoid valve which pushes the diaphragm and pushes the sample into the container. Item 2 is a check valve, and Item 3 is a pressure relief valve so fluid can enter the piston, but when it tries to discharge, it overcomes the relief valve and stores the sample.

Q Is this a reliable method and device for taking samples?

A Yes. We have it on four of our ACT systems, and it operates satisfactorily.

Q This can be set to operate to take the sample at any given volume?

A Yes, sir.

Q What do you recommend as the setting?

A We normally set them at two or four barrels. Sometimes the pipeline companies haven't a purpose for the size.



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Q Does this Exhibit also show the electrical diagram?

A Yes. The third drawing shows the electrical portion of the skid. Without delving into the electrical portion, we have provided daily and monthly allowable set stops. So, should the daily or monthly allowable be exceeded, it will be shut down. We have meter lockout counter circuits that should it drop below some value, 75 percent, why, the unit will be shut down.

Q Does this contain generally acceptable safety devices there?

A Yes. It has a number of safety features. We are using a pressure switch on the surge tank to stop and start on approximately one and three foot levels in the surge tank.

Q Generally, in your opinion, will this type of installation result in savings or gravity and of volume comparable to, say, the Pearl Queen?

A Yes, sir. As mentioned a while ago, it is one degree API. We don't anticipate that good a savings, that is a little better than we hope for, but if we can effect a half a degree API and one percent volume savings, we shall be satisfied.

Q Would that be a substantial figure over the life of the field?

A Yes, sir. I don't contemplate it, but it will be.

Q That, in your opinion, will be in the interest of conservation?

A Yes, sir.



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Q You have a communication from the pipeline company that they will accept the oil --

A Yes, sir.

Q -- that passes through these facilities?

A Yes, sir.

Q Do you have any other comments on this application?

A No, sir. We do have approximately twenty-four hours surge capacity at this battery, and we do not propose to install any safety shutdowns on this system other than having the surge capacity.

Q The twenty-four hour period, is that greater than the period of time?

A Yes. The maximum number of hours would be sixteen, that the pumper would check it each day.

MR. SETH: We would like to offer the Exhibits, Mr. Utz.

MR. UTZ: Without objection, Exhibits 1 through 4 will be accepted into the record.

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

MR. SETH: That's all our direct testimony.

MR. UTZ: Are there questions of the witness? Mr. Nutter.

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Somerwell, I believe you stated that you had a set stop counter --



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A Yes, sir.

Q -- on the ACT unit.

A Yes.

Q This is set for daily allowable as well as monthly allowable?

A Yes, sir.

Q This set stop counter, in other words, as soon as the total allowable of both leases has been produced, then it shuts the unit in?

A Yes, sir, that's correct.

Q What assurance does this give that one lease hasn't been overproduced and one underproduced?

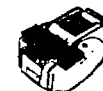
A Just that our lease operator will keep up with each lease's production through the PD meters and will daily check those meters and that should be a fairly reliable, or should be a very reliable method of keeping up with the daily production.

Q You have a meter back behind the ACT unit for each one of the two leases, have you not?

A Yes, sir, we sure do. Both leases are being metered into the treater system.

Q Describe the feasibility with putting set stop counters on those meters.

A It would just be quite expensive because the set stop counter would have to actuate something, and to shut in all the wells would be quite costly, and we would rather not do that. If



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the wells are flowing, it could kill the wells. We don't like to install any automatic equipment that will inhibit a well's production and if we can produce independently, install it, and maintain our daily allowables in proper proportion, we would rather do that, we prefer to do that. In specific answer to your question, we would have to install either a mechanical or electrical driven timer or counter that after a predetermined count would close the switch which would close a valve entering the separators, and if we use pressure, we could pressure up the lines to the wells and eliminate running on the wells.

Q I take it, then, that you don't anticipate shutting in either or both of the leases in the event that the set stop counter on the ACT unit shuts the transfer down?

A No, sir. That would be indicated on the ACT unit, and our lease operator would immediately shut in the leases.

Q I see. What are you relying on until he shuts it in, available storage in the wash tank --

A Yes.

Q -- and the surge tank?

A Yes. And it would be carried as stock for that month. That amount of stock, even if it were maximum, would not exceed it.

Q I think you said that your pressure switch in the surge tank would operate with a one to three foot level?

A Yes, sir, approximately.

Q The three foot is the maximum level that the oil would



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attain before starting up ACT transfer?

A Yes. That is adjustable, the differential is fixed, but the position of the differential is adjustable.

Q How tall is the surge tank?

A It's sixteen feet.

Q So you are always going to have a maximum, then --

A I think it works out just about 420 barrels.

Q 420 barrels of available empty storage at all times?

A Yes.

Q What's the status of the wash tank normally?

A We normally carry our oil level in those approximately, maybe eighteen to twenty feet.

Q What percentage of the total capacity is that?

A Oh, that's a 750, it would be about 600 barrels of the 750.

Q So for all practical purposes, that tank is carried more or less full at all times?

A Yes. We can install a valve and utilize that extra barrel storage if we wanted to, if we needed to.

Q In the event the ACT does shut down, about all that you have is 420 barrels of storage space --

A Yes, sir.

Q -- without having to shut in the wells?

A And the oil production from these two leases is 360 barrels per day. It would actually care for an excess of twenty-four



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hours.

Q Of the four wells, how many are top allowable?

A Three of the McKinley "B" are under allowable. The rest, all the McKinley "A" and one of the McKinley "B" wells is top allowable.

Q Any prospect for making the McKinley "B" wells that are marginal at this time top allowable?

A We have spent considerable money trying, and we, at this time, we don't expect to.

Q So you don't anticipate that unless there was a substantial increase in production?

A No, we sure don't.

Q What's the maximum time that the lease operates?

A Sixteen hours.

Q A pumper is on duty there every day?

A Yes, and week-ends.

Q If no well is on test on either the "B" lease or the "A" lease, what's the position of the pump valve?

A It is normally into the production separator, the pump valve on the test line.

Q And if no well is on test, there's no oil coming down this two-inch test line, the line which I've indicated with an arrow on this Exhibit 2. There would be no oil coming down this line to the pump valve?

A No, sir.



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MR. UTZ: Is that the metering test separator?

MR. SETH: That's from the metering test separator loop.

A No, sir, there would be no oil in that tank.

Q And the valve, then, will be in a position diverting the two-inch line from the McKinley "B" into the water knockout?

A Into the McKinley "B" water knockout.

Q So oil normally flowing in the two-inch line of the McKinley is not a test?

A No, sir.

Q It would be full of oil, but it wouldn't be moving?

A Right.

Q And then had you put a well on test for twenty-four hours, the oil is moving into the direction from the two-inch line into the water knockout, at the end of twenty-four hours, the valve is energized and diverts itself from the line position to the meter test separator?

A Yes, sir.

Q All of the wells in the McKinley "A" lease, then, are diverted into the production line and not the test line?

A Yes, sir.

Q When you put a well on the McKinley "B" on test in the remote header, is the wiring connection such that the automatic header valves on the McKinley "A" lease are all diverted into the production line of the header?

A Yes, sir.



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Q And the valves of the left test line of the McKinley "A" lease are shut?

A Yes, sir, three-way, two-position valves.

Q Is there any possibility of having a well on the McKinley "B" lease on test, and showing it throwing a switch to open any valves in the McKinley "A" header to put that well into the test line?

A No, sir, not without a fairly thorough knowledge of electrical fan panels.

Q Would it be possible?

A Yes, sir, inside the panels it would, if you could get inside there with a wire and do it.

Q At least if a person was of a mind, even if it required a jumper switch wire, it could, because these lease reroute valves are wired together, one is open, the other one closed?

A No, sir. They are electrically connected with the -- in other words, the McKinley "A" reroute valve is electrically interlocked with the McKinley "A" header so that unless a McKinley "A" well is energized, the McKinley "A" reroute valve is closed. The only way it can be opened is for the McKinley "A" valve to be energized.

Q These two valves are wired together?

A Right, yes, sir.

Q Can these electrically controlled valves be manually operated? By that, I mean at the valve itself without referring



back to the switchboards and panel?

A The well seal, in other words, are available where operators have sometimes installed with initial starter of the system to facilitate continued operation in any malfunction out of the system. They are desirable, but should the Commission not want these on, we'll sure not have them on. They are desirable, should we have an electrical power failure, we can still operate without impairing our system any.

Q (By Mr. Nutter) Now, getting back to this business of your not treating the oil at all prior to the time it's commingled

A I would say no, sir.

Q You are taking it from a free water knockout?

A Yes, sir.

Q Is it similar to the Pearl Queen?

A Very similar to oil in the Pearl, approximately the same gravity, a little above 34-35 degrees.

Q Now, your two month total for the Pearl Queen, the sum of the meter readings on the fourteen leases were 636,617 barrels?

A Yes, sir.

Q And the ACT meter?

A Yes, sir.

Q These fourteen leases were reading oil emulsion?

A Yes, sir. Net value, with the emulsion and the meter factor applied.

Q These meters actually read considerably more and you de-

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ducted the emulsion from it?

A Yes, sir.

Q Where is the extra thousand concerned, or the 1200 barrels?

A Just through error.

Q Allocated back through each?

A Even though 1200 over these, allocated back on each to any individual leases on it.

Q What was the total amount of emulsion that was metered by those fourteen?

A I don't have those figures. I have the averages approximately from two percent to eight percent, and we keep it below fifteen percent.

Q How often does the pumper switcher determine what percentage of emulsion is in the oil that is passing through the lease meter?

A Normally, once a month. He will check it around the 25th so he will know about how he is running on the flow lease, and once he has some history, it becomes less difficult to operate after the meters have proven correct where he can start checking his lease out at the end of the month.

Q Does he also test these meters for accuracy?

A Yes, sir.

Q Then he tests it through identically for percent with the BS&N?



A Yes, sir. We try to take two samples to get a representative sample, and two or three shakeouts, and then we have a master test meter which he installs, we have meter proving loops, and at each meter he takes the master reading and develops the factor.

Q During the present time, the compass is the factor for error in the meter plus the percentage of emulsion in this?

A No, sir. Two separate factors. By the Engineering Meter Plan, every three months they calculate it and send us a factor to use the next three months.

Q How much did they charge for laboratory calculating?

A Thirty dollars, plus mailing.

Q Then I believe it's seventy-five dollars for engineers to come on these leases and tests?

A It runs approximately from Midland to New Mexico.

Q Now, what facilities will be used to test the meter in Lact Units?

A This is going to Shell Pipeline, and then they have a portable prober which they come around and prove the meter with each month.

Q I presume that test is conducted by Shell Pipeline and

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witnessed by the rest of the production companies?

A Yes, sir, sure is.

Q And then the factor that is determined each month is used to apply against the meter reading for that month?

A Yes, sir.

Q The following month?

A Yes, sir.

Q This is done monthly?

A That's right. Every month.

Q Shell Pipeline started using master meters every two months?

A To probe their own meters.

Q In your ACT units you have a probe and monitor an automatic three-way valve. What is the approximate cost of your probe component, if bought separately?

A It would certainly be an approximation. I think the monitor approximately is seven hundred dollars; that may be plus wiring. And the three-way valves cost ninety dollars.

Q So that it costs approximately eight hundred dollars for a probe monitor and three-way valve?

A I would say nine hundred dollars.

Q That is an electrically operated automatic valve?

A Yes, sir.

Q How about a valve operated by gas pressure?

A Electrically energized by gas solenoid.



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Q The gas supplies energy to operate the valve?

A Yes, sir. The valve runs about three hundred twenty-two dollars and fifty cents, in that neighborhood.

Q Mr. Somerwell, on Exhibit No. 2, the automatic header valves on the McKinley "A" lease, do they have the manual feature on them?

A Like I said, Mr. Nutter, we would like to have them, but should the Commission desire this, we will.

Q You desire them on the automatic header valves as well as the lease reroute valves?

A I don't think we would put them on the lease reroute valves, but on our header valves we would like to -- well, on our lease reroute, if we had a power failure, we would like to be able to continue to operate without tearing into our system.

Q With a manual reset or manual operating feature on these valves, would there be a possibility of commingling the "A" lease and "B" lease when "A" lease is on test?

A It would be possible to, inadvertently, yes, sir.

Q Is there any possibility when you have an "A" lease well on test of the "B" lease reroute valve being accidentally opened?

A No, sir.

Q It is wired with the "B" lease header?

A On this, yes, sir.

Q The only possibility of that would be if you had a manual feature on it?



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A Yes, sir.

Q Now, on your heater treater, does all of the oil after it leaves the lease meters go through the heater treater?

A If our treating system will handle it, we like to put the free water back on the gun barrel to prevent any accidental dumpage of oil to salt water system. My personal opinion, more or less, where your testing system is adequate to bring the water back to gun barrel, it is less likely of spilling oil into the disposal system.

Q It would be treated then?

A Yes, sir. From the water station.

Q It would be treated from the free water knockouts?

A If we can handle it.

Q How big a treater?

A A No heater treater, we will have the 750-barrel wash tank and the heater is, I believe, a 7 foot 6-inch by 8 foot jumper type heater.

Q Have any chemicals been used in that wash tank?

A I believe we are using chemical for scale control in the gun barrel right now.

Q And your emulsion, you removed most of that from your oil, but from your wash tank heater is charged back equal to, less, or a what was that?

A The water production.

Q Yes, sir.

~~A Any loss by BS&W backed by the well tests, no point to do~~



it, with the meter water from each lease.

Q Then after arriving at the amount of production each lease is going to have to produce on the lease after testing, you overrun the lease meter by that amount so that you will accept less allowable in the ACT system?

A Once we develop the history into the BS&W, into the lease meters, yes, sir. I would like to point out a slight overage on these meters which we will attempt to prevent, which I think we can with daily readings. We don't have a set stop counter for these two leases.

Q Isn't the allowable on the "B" lease on the basis of top allowable for one well? I believe it was, and your total of your tests on your three marginal wells, substitute your allowable to "B" lease rather?

A Yes, sir, make up the total allowable for that lease, yes, sir.

Q The capacity of each well, to determine it?

A This is how we are operating right now.

Q On an ACT system, the sampling device automatically takes these samples, I believe you said. How is the sample actually determined, by the percentage of BS&W, is that manual?

A This is on the lease meters. It is actually circulated within the container and drawn off normally, and then out into the storage to determine it.

Q Who does that?

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A Shell Pipeline Company.

Q How do you operate the sampler?

A On the lease meters in a very similar manner we have sample containers, and in the Pearl we have a portable pump, and take each sample, and, as I remember, take samples every fifteen minutes and withdraw, normally withdraw three samples, I believe, average the three samples, the shakeouts of each of the three samples to determine the cut for the lease.

Q What does that cut usually run percentagewise?

A We will not let it exceed fifteen percent of the test. On the Pearl right now, the average is between two and eight percent, I believe eight. As long as we can keep the fluid in emulsion form, we feel we can accurately sample it. We would like on the metered emulsions primarily to reduce the number of system expenses, such as lowering operating costs; and treating system is one of the big expense items in the lease operation of surface equipment.

Q On all your systems, you treat after it is metered?

A On the Pearl Queen and on this one we are proposing.

Q Do you ever foresee any reason to treat before sampling?

A No, sir, no reason, the accuracies in the past, no reason at all. It is a very equitable system, and fair to every one, and quite advantageous to us.

MR. UTZ: Any other questions?

BY MR. PAYNE:



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Q Mr. Somerwell, does your schematic diagram show every line will be used to carry oil?

A I believe it does with the exception of water piping; we have not shown that on the diagram.

Q There will be no check valves installed; there will be none installed?

A There will be a number of check valves not shown on the diagram.

Q Where will those be?

A A check valve on each header; on each well we have a check valve downstream of each separator, we have a check valve downstream of both the oil and water outlets of test vessel. This is the only one I see right now that we will probably install.

MR. PAYNE: Thank you.

BY MR. MORRIS:

Q In view of the fact the industry has proposed to study commingling and come up with minimum standards, will Shell be willing to conform to this installation, if it is approved, to meet those standards?

A Yes, sir, we certainly would. We feel this is near the ultimate as far as trying to accurately meter. Certainly, any additional derived from this request, we are willing to go along with.

Q That would apply to your other mechanics and other installations that you are planning for today?



A Yes, sir, the ones we are planning for today, it certainly would.

MR. MORRIS: That's all.

BY MR. PORTER:

Q This sampling procedure integrated on your ACT, has it not been pretty well standardized by Shell Pipeline Company and all LACT installations?

A No, it hasn't -- the sampling?

Q Yes, sir.

A Normally, the operator, Shell Oil Company presented to the pipeline carrier the sampler we would like to install for economic reasons, though very probably, they will have minimum requirements. They have approved each individual skid.

MR. PORTER: That's all.

BY MR. NUTTER:

Q The flow, after the oil has been commingled, is such that is, I presume, the two valves and the heater loop, the two upper valves are open and lower valves are closed?

A Yes, sir.

Q Is the installation which Shell Pipeline proposes on Exhibit No. 4 technically the same one you submitted here on Exhibit No. 2? They mention a design for an ACT unit?

A Yes, sir.

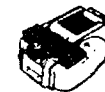
Q By your Exhibit No. 4?

A Same one, yes, sir. It refers to the same request we are

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going to present this morning.

MR. NUTTER: I believe that's all. Thank you.

MR. UTZ: Are the header valves on the McKinley "B" lease automatic?

A Yes, sir, they are. They will be controlled by a control wire 4,000 feet from the central battery there.

Q And the test line pump valve is an automatic valve?

A Yes, sir. They are not actually electrically controlled, they are interlocked neumatically with McKinley "B" valve. Any time the "B" valve is energized, gas will be placed on the pump valve.

Q To open it to separator?

A Right.

MR. UTZ: Any other questions? If not, the witness may be excused.

(Witness excused)

MR. SETH: We have nothing further.

MR. UTZ: Any statements in this case? If there are none, the case will be taken under advisement.

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I Patricia Gomia, 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 28 day of April, 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Patricia L. Gomia
NOTARY PUBLIC

My Commission expires:
June 19, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner Hearing of Case No. 2218, heard by me on March 22, 1961.
Thomas A. W., Examiner
New Mexico Oil Conservation Commission

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