

Case No.

2361

Application, Transcript,
and Exhibits, Etc.

Case 2361 Application of SHILL
for exception to RULE 303 to per-
mit commingling (Taylor Glenn Lee)

9241

OIL CONSERVATION COMMISSION

P. O. BOX 2088
SANTA FE, NEW MEXICO

August 17, 1965

Shell Oil Company
P. O. Box 1898
Roswell, New Mexico

Attention: Mr. S. B. Deal

Amendment
Administrative Order PC-107

Gentlemen:

Reference is made to your letter dated July 19, 1965, wherein you advise that all wells currently producing into the tank battery authorized for commingling Brinkard, Terry Blinbry and Hare production on your Taylor-Glass Lease pursuant to the provisions of Administrative Order PC-107 are now of marginal nature; you therefore propose to discontinue separate measurement of the production and to allocate the production to each well in each pool on the basis of monthly well tests.

Administrative Order PC-107 is hereby amended to delete the separate metering requirement, provided however, that you shall notify the Commission at such time any well in any of the pools is capable of top allowable production.

Very truly yours,

A. L. Porter, Jr.
Secretary-Director

ALP:BNW:sg

cc: Oil Conservation Commission (with enclosure) - Hobbs
Oil & Gas Engineering Committee - Hobbs

2-2-1

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

June 26, 1962

Shell Oil Company
P. O. Box 1858
Roswell, New Mexico

Attention: Mr. R. L. Rankin

Re: Orders Nos. R-2097, R-2099,
and R-2100

Gentlemen:

Reference is made to your letter of June 14, 1962, wherein you request that the three commingling installations covered by the captioned Commission orders be excepted from the requirement of said orders that the monthly well tests for determination of production be filed on a six-month basis as prescribed by our letter of November 9, 1961.

Inasmuch as the production from all pools on all leases covered by the subject orders is clearly of a marginal nature, the filing of the well test data will no longer be required, except as normally filed for annual tests. It will be expected, however, that Shell Oil Company notify the Commission at such time as any well in any pool underlying any of the leases becomes capable of top allowable production.

Very truly yours,

A. L. POSTER, Jr.,
Secretary-Director

ALP/DSH/esr

cc: Oil Conservation Commission
Hobbs, New Mexico

C
O
P
Y



OFFICE OF THE SHELL OIL COMPANY

P. O. Box 1858
Roswell, New Mexico

June 14, 1962

Subject: Filing of Well Test Data
For Commingling Facilities
Covered by Commission Orders
R-2099, R-2100, R-2097

2361: R-2099 10/18
2362: R-2100 "
2363: R-2097 "

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

Gentlemen:

This is to confirm the telephone conversation of June 11, 1962, between Mr. A. L. Porter, Jr. and our Mr. L. O. Brady concerning the filing of well test data for the three commingling installations covered by the captioned Commission Orders. The commingling installations will hereafter be referred to as the Eunice Consolidation. All wells in the Eunice Consolidation are marginal and production is allocated on the basis of monthly well tests. Shell Oil Company is now required to file monthly well tests on a six-month basis as prescribed by your letter of November 9, 1961.

The Eunice Consolidation commingling installations came up for hearing as Cases 2361, 2362, and 2363 on August 30, 1961, which was prior to the adoption of the Commission "Manual for the Installation and Operation of Commingling Facilities." Since the adoption of the Commingling Manual, administrative orders approving similar commingling installations have not required the submission of well test data. Refer to Order Nos. PC-77, PC-52, and PC-46. The Eunice Consolidation is the only Shell consolidation in New Mexico for which the filing of well test data is required. Special procedures are necessary as a result, since nonroutine filing is required. We therefore request that for the sake of consistency and the elimination of this nonroutine paper work, the filing of well test data not be required for wells in the Eunice Consolidation either.

To aid you in your consideration of this request we are attaching a tabulation of the latest well capacity tests entered in our books for each well included in the Eunice Consolidation. As shown on the tabulation, all of the wells are clearly marginal producers. The Commission will be notified at such time as any well becomes capable of top allowable production.

New Mexico Oil Conservation Commission

2

For your information, we have not as yet constructed the Turner Central Batteries covered by Order No. 2097; however, we plan to in the near future.

Very truly yours,



R. L. Rankin
Division Production Manager

Attachment

cc: New Mexico Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

EUNICE CONSOLIDATION
LATEST WELL CAPACITY TESTS
STATE (SEC. 2) AND TAYLOR GLENN CENTRAL BATTERIES

Lease, Field And Well No.	Test		Date of Test	Lease, Field And Well No.	Test		Date of Test
	BO	BW			BO	BW	
State (Sec. 2) Lease Consolidation Central Battery #1				Argo-Argo A-Turner Consolidation			
Hare 3	31	1	5-6-62	Hare:			
Hare 7	35	4	5-7-62	Argo 10	22	0	4-11-62
Hare 10	7	0	6-4-62	Argo 11	1	0	4-25-62
Hare 11	5	0	6-5-62	Argo 12	20	0	5-3-62
Hare 12	7	0	6-6-62	Argo A-7	4	0	4-19-62
Hare 14	12	0	5-20-62	Argo A-9	10	0	4-18-62
Hare 16	9	0	5-16-62	Argo A-10	0	0	4-23-62
Brunson 5	8	3	4-23-62	Turner 4	4	0	5-25-62
Brunson 6	12	16	5-2-62	Turner 8	0	0	5-30-62
Central Battery #2				Turner 10	15	0	5-25-62
Drinkard 1	8	1	4-30-62	Turner 11	8	0	5-29-62
Drinkard 2	39	0	4-24-62	Brunson:			
Drinkard 4	31	1	4-29-62	Argo 6	14	0	12-6-61
Drinkard 9	7	0	5-1-62	Argo 7	18	139	10-6-61
Drinkard 13	12	0	5-7-62	Argo 8	10	0	12-7-61
Terry Blinebry 8	35	1	5-7-62	Argo 9	31	64	3-4-62
Terry Blinebry 17	9	0	5-2-62	Argo A-6	22	0	11-28-61
Terry Blinebry 18	23	1	5-8-62	Argo A-8	21	5	12-5-61
Terry Blinebry 19	33	1	3-19-62	Argo A-11	25	3	11-24-61
Terry Blinebry 20	27	0	3-10-62	Argo A-12	4	3	11-29-61
Terry Blinebry 21	21	0	5-9-62	Turner 14	18	0	3-9-62
Terry Blinebry 22	31	2	3-28-62	Blinebry:			
Tubb 15	11	0	4-4-62	Turner 16	8	0	5-9-62
Taylor Glenn Lease Consolidation				Drinkard:			
Drinkard 1	10	0	4-30-62	Argo 2	18	0	3-27-62
Drinkard 2	11	0	3-19-62	Argo 3	26	0	5-8-62
Drinkard 5	44	2	4-14-62	Argo 4	9	0	5-10-62
Drinkard 6	No allowable at present.			Argo A-1	7	0	2-9-62
Hare 4	20	1	5-7-62	Argo A-2	11	0	4-3-62
Terry Blinebry 3	18	1	5-2-62	Argo A-3	33	0	5-4-62
TOP ALLOWABLES:				Argo A-4	32	0	5-6-62
Drinkard - 61 BOPD				Argo A-5	4	0	2-13-62
Blinebry - 46 BOPD				Turner 1	12	0	2-6-62
Terry Blinebry - 46 BOPD				Turner 2	11	0	5-3-62
Wantz Abo - 80 BOPD				Turner 3	11	0	5-4-62
Tubb - 61 BOPD				Turner 5	21	0	5-4-62
Brunson - 81 BOPD				Turner 6	9	0	5-11-62
Hare - 80 BOPD				Turner 12	17	0	2-4-62
				Turner 13	11	0	1-3-62
				Turner 15	3	0	2-16-62
				Wantz Abo:			
				Argo 5	10	0	2-14-62

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

236
May 3, 1962

C
O
P
Y
Shell Oil Company
P. O. Box 1888
Roswell, New Mexico

Attention: Mr. R. L. Raskin

Gentlemen:

Reference is made to your letter of April 23, 1962, in which you request that PC-71 be cancelled and that Shell Oil Company be permitted to continue commingling Tarry-Blinchey, Brinkard and Hare production from its Taylor-Glenn lease located in Sections 3 and 4, Township 21 South, Range 37 East, Lea County, New Mexico, in accordance with Order No. A-2099, dated October 18, 1961, which request is hereby approved.

Under the provisions of said order, the commingled production shall be allocated to the separate pools on the basis of monthly well tests with the stipulation that in the event any well in any pool shall become capable of producing top allowance, the operator shall notify the Commission of such fact and the Secretary-Director of the Commission may require that meters be installed on all zones.

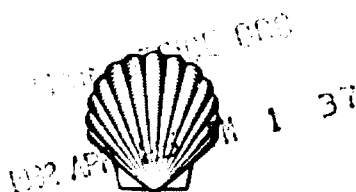
Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/DSH/OSK

cc: Oil Conservation Commission
Sobbs, New Mexico

cc: Mr. R. L. Raskin
cc: Mr. J. H. ...



SHELL OIL COMPANY

P. O. Box 1858
Roswell, New Mexico

April 23, 1962

*OK to
cancel PC-71
and continue
commingling
on basis of
monthly well
tests, as per
Order No R-2099*

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

Gentlemen:

Reference is made to Administrative Order PC-71 authorizing Shell Oil Company to commingle Hare and Terry-Blinbry production without measurement, and to commingle said commingled production with the separately metered Drinkard production on our Taylor-Glenn Lease located in Sections 3 and 4, T-21-S, R-37-E, Lea County, New Mexico. The above administrative order is approval of our application, dated March 5, 1962, to revise the Taylor-Glenn commingling system to handle top allowable production from Taylor-Glenn No. 5. This well was recently recompleted from the Hare Pool to the Drinkard Pool.

Although Taylor-Glenn No. 5 produced in excess of its top allowable on the OPT test and on a test soon after the OPT, its capacity has since declined. Production since the recompletion, and recent well tests have revealed conclusively that the well is not capable of top allowable production. We therefore request that Administrative Order PC-71 be canceled and that we be permitted to continue commingling on the basis of monthly well tests, since all wells on the lease are still marginal. Refer to Case No. 2361, Order No. R-2099.

A tabulation of four recent well tests and the average production from Taylor-Glenn No. 5 for the last two months is shown below:

<u>Taylor-Glenn No. 5</u> <u>Production For:</u>	<u>Total</u>	<u>Daily Average</u>	<u>Allowable</u>
February	1225	44	64
March	1437	46.5	62

New Mexico Oil Conservation Commission

2

Well Tests

<u>Date</u>	<u>Production, Barrels</u>	<u>Choke Size</u>
April 11	47 BO 3 BW	20/64"
April 12	49 BO 1 BW	20/64"
April 13	49 BO 1 BW	20/64"
April 14	44 BO 2 BW	24/64"

If additional information is desired, please contact this office.

Yours very truly,



For R. L. Rankin
Division Production Manager

cc: New Mexico Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

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:

CAFE No. 2361
Order No. R-2099

APPLICATION OF SHELL OIL COMPANY
FOR AN EXCEPTION TO RULE 303 (a),
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 30, 1961, at Santa Fe, New Mexico, before Elvis A. Uts, 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 18th day of October, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Uts, 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 Taylor Glenn Lease, comprising in pertinent part Lots 5, 6, 9, 10 and 11 in Section 3 and Lot 8 in Section 4, all in Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle the production from the Terry-Blinbry, Drinkard, and Hare Pools on the above-described Taylor Glenn Lease, and to allocate production on the basis of monthly well tests.

(4) That all the oil wells on the subject lease are marginal in all pools from which they are producing at the present time.

(5) That the subject application should be approved; provided however, that the Secretary-Director of the Commission may require that meters be installed on all zones in the event any well in any pool should become capable of producing top allowable.

-2-

CASE No. 2361
Order No. R-2099

(6) That the subject installation should be operated in accordance with the Commission Manual for the Installation and Operation of Commingling Facilities.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, is hereby authorized to commingle the production from the Terry-Blinebry, Brinkard, and Hare Pools on the Taylor Glenn Lease, comprising in pertinent part Lots 5, 6, 9, 10 and 11 in Section 3 and Lot 8 in Section 4, all in Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the commingled production shall be allocated on the basis of monthly well tests, and the results of such tests shall be submitted to the Commission.

PROVIDED FURTHER, That in the event any well in any pool should become capable of producing top allowable, the operator shall notify the Commission of such fact and the Secretary-Director of the Commission may require that meters be installed on all zones.

PROVIDED FURTHER, That the subject installation shall be operated in accordance with the Commission Manual for the Installation and Operation of Commingling Facilities.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



E. L. Mechem

EDWIN L. MECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

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

esr/

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

October 19, 1961

2362
2361
2362

Re: Case No. _____
Order No. B-2097, B-2099 & B-2100
Applicant: Shell Oil Company

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

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 ☒

Artesia OCC

Aztec OCC

OTHER

Case 2361

Heard 8-30-61

Rec. 10-10-61

1. Grant Shells request to
coomingle three pools, all of ~~the~~ wells
in each pool are marginal.

The pools are Terry Blinby,
Drinkard, & Hare. All wells & pools
to be coomingle are on their Taylor
Shen lease which consists of
Lots 4 - sec 4 & Lots 5, 6, 9, 10 & 11 sec.

3 all in 215-37 E.

2. all wells to be tested each mo.

3. If any well becomes N. M.

It shall be metered.

4. Installation shall be in accordance
with coomingle manual of
OCC. 9-13-61.

Thurston

No. 24-61

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 30, 1961

9:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as alternate examiner:

Cases 2368 through 2372 will not be heard before 1:00 P.M.

- CASE 2359: Application of Shell Oil Company for a pilot water flood project in the Townsend-Wolfcamp Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pilot water flood project in the Townsend-Wolfcamp Pool with water injection initially to be through the Texas Pacific Coal & Oil Company State "J" Well No. 2, located in the NE/4 SW/4 of Section 10, Township 16 South, Range 35 East, Lea County, New Mexico.
- CASE 2360: Application of Shell Oil Company for a pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a Pressure Maintenance Project in the Bisti-Lower Gallup Oil Pool in the Carson Unit Area and also in Sections 10, 15 and 22, Township 25 North, Range 12 West, San Juan County, New Mexico.
- CASE 2361: Application of Shell Oil Company for an exception to Rule 303, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 to permit commingling of the production from the Terry-Blinbry, Drinkard, and Hare Pools on its Taylor Glenn Lease, located in Sections 3 and 4, Township 21 South, Range 37 East, Lea County, New Mexico, and to allocate production to each pool on the basis of monthly well tests.
- CASE 2362: Application of Shell Oil Company for an exception to Rule 303, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 to permit commingling of the production from the Brunson and Hare Pools on its State (Section 2) Lease located in Section 2, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further proposes to commingle the production from the Terry-Blinbry, Drinkard, Tubb and Wantz-Abo Pools on its said State (Section 2) Lease. Applicant proposes to allocate production to each pool on the basis of monthly well tests.

- CASE 2363: Application of Shell Oil Company for exceptions to Rules 303 and 309, Lea County, New Mexico. Applicant, in the above-styled cause, seeks exceptions to Rules 303 and 309 to permit commingling of the production from the Drinkard, Blinebry, and Wantz-Abo Pools and from the Brunson and Hare Pools on its Argo-Argo (A) Lease in Sections 15 and 22, Township 21 South, Range 37 East, and to commingle the production from the aforesaid pools on its Turner Lease in said Section 22, allocating the production from each pool on each of the aforesaid leases on the basis of monthly well tests. Applicant further proposes to commingle the commingled production from each lease, prior to treating, allocating the production to each lease on the basis of continuous metering and sampling.
- CASE 2364: Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its A. H. Blinebry NCT-1 Well No. 14, located in Unit M, Section 28, Township 22 South, Range 38 East, Lea County, New Mexico, as a triple completion (conventional), in the South Paddock, Tubb and Drinkard Pools, the production of oil from each pool to be through parallel strings of 2 3/8 inch tubing.
- CASE 2365: Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its G. L. Erwin (b) NCT-2 Well No. 1, located in Unit P, Section 35, Township 24 South, Range 37 East, Lea County, New Mexico, as a triple completion (conventional) in undesignated Fusselman, McKee and Ellenburger pools, the production of oil from each pool to be through parallel strings of 2 3/8 inch tubing.
- CASE 2366: Application of Texaco Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 198.64-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the SW/4 NW/4 of Section 4, and the NE/4 of Section 5, all in Township 24 South, Range 37 East, Lea County, New Mexico; said unit is to be dedicated to applicant's E. D. Fanning Well No. 7, located 1980 feet from the North and East lines of said Section 5.

CASE 2367: Application of Skelly Oil Company for an unorthodox gas proration unit in the Jalmat Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the NE/4, NW/4 SE/4, N/2 SW/4 and SW/4 SW/4 of Section 17, Township 23 South, Range 37 East, Lea County, New Mexico; said unit is to be dedicated to the E. L. Steeler Well No. 7, located 1980 feet from the South line and 660 feet from the West line of said Section 17.

The following cases will not be heard before 1:00 P.M.

CASE 2368: Application of Sinclair Oil & Gas Company for an exception to Rule 309, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Devonian oil production from its C. S. Stone lease, comprising the N/2 of Section 22, from its Reed Estate Lease, comprising the SE/4 of Section 22, and from its B. D. Buckley Lease, comprising the SW/4 of Section 22, all in Township 15 South, Range 38 East, Lea County, New Mexico, after separately metering the production from each lease.

CASE 2369: Application of Sunray Mid-Continent Oil Company for a dually completed oil-producing salt water disposal well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks permission to dually complete its State "O" Well No. 3, located in Unit O, Section 12, Township 19 South, Range 28 East, Eddy County, New Mexico, in such a manner as to permit the production of oil through tubing from perforations at 1763 feet to 2178 feet and to dispose of produced salt water through the casing-tubing annulus into the Rustler Anhydrite and Yates formation through perforations at 386 feet to 884 feet.

CASE 2370: Application of Newmont Oil Company for special rules governing its Square Lake Pool Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special rules governing its Square Lake Pool Waterflood Project in Eddy County, New Mexico, to include provisions for the immediate conversion to water injection of certain wells in said project and the conversion of additional wells to water injection at later stages in the life of said waterflood project.

Docket No. 24-61

CASE 2371: Application of Hudson & Hudson for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks permission to locate its Puckett "B" Well No. 19, at an unorthodox oil well location in the Maljamar (Grayburg-San Andres) Pool, 2615 feet from the South and West lines of Section 25, Township 17 South, Range 31 East, Eddy County, New Mexico.

CASE 2372: Application of Aztec Oil & Gas Company for an unorthodox oil well location and for a non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of an 86.02-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, consisting of Lot 4 and the NE/4 SE/4 and SW/4 SE/4 of Section 30, Township 29 North, Range 13 West, San Juan County, New Mexico, to be dedicated to the Hagood Well No. 29-G to be located at an unorthodox location 450 feet from the South line and 3600 feet from the East line of said Section 30.

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 YU 3-7315

August 10, 1961

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

Attention: Mr. A. L. Porter, Jr.
Secretary-Director

Re: Application by Shell Oil Company For
Exception to OCC Rules 303 and 309(a) --

Shell Taylor Glenn Lease, containing
240 acres in Lot 7 of Section 4,
Lots 5, 6, 9, 10 and 11 of Section 3,
T. 21 S., R. 37 E., Lea County

Gentlemen:

Applicant requests an exception to Rule 303 and Rule 309(a) of the Commission to permit commingling of production from separate fields and permit transportation of production from its Taylor Glenn Lease consisting of 240 acres in Lot 7, Section 4; Lots 5, 6, 9, 10 and 11 of Section 3, T. 21 S., R. 37 E. in Lea County.

Applicant proposes to commingle production from the Terry Blinebry, Drinkard and Hare Fields on the above described lease on the basis of monthly well tests and to transfer the commingled production through automatic custody transfer facilities to the pipeline.

We would appreciate it if this matter could be set down for hearing.

Very truly yours,

SHELL OIL COMPANY

By Alvin J. Smith

OS:wcl

cc: Mr. R. L. Rankin
Division Production Manager
Shell Oil Company
P. O. Box 1858
Roswell, New Mexico

Do not mail
8-17-61 *OK*

TAYLOR-GLENN CENTRAL BATTERY

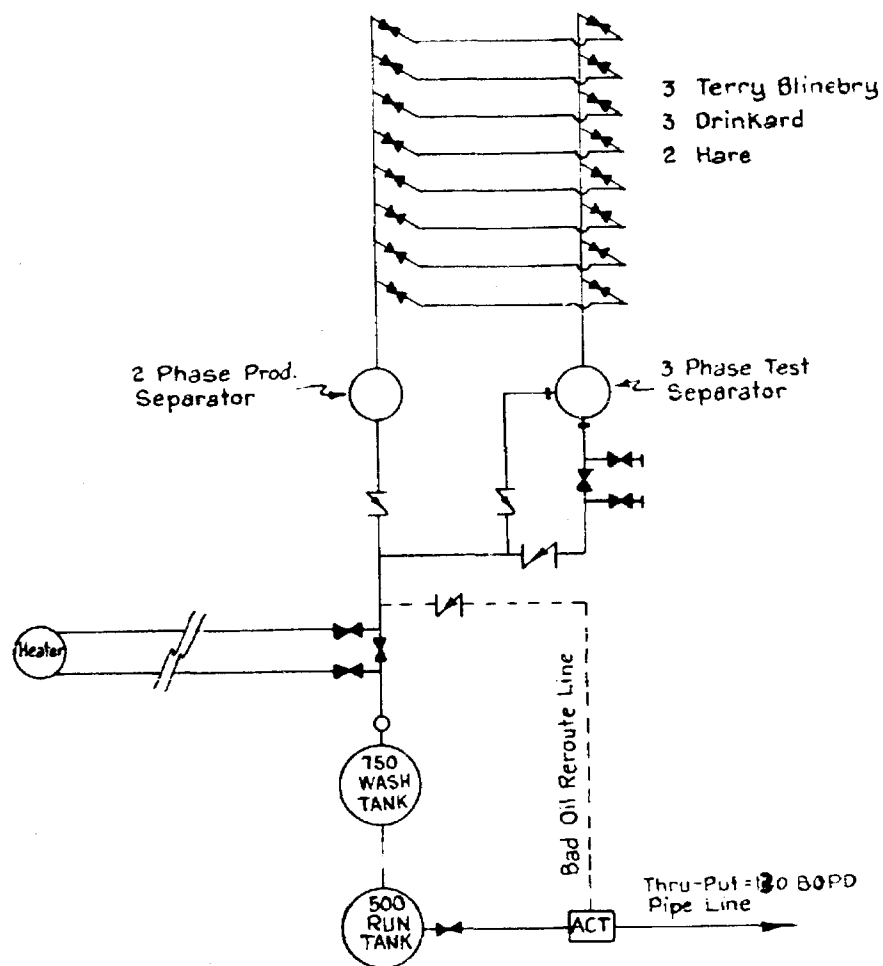
Terry Blinebry, Drinkard & Hare

Sec 3 & 4, T-21-S, R-37-E

8-3-61

EXHIBIT # 2

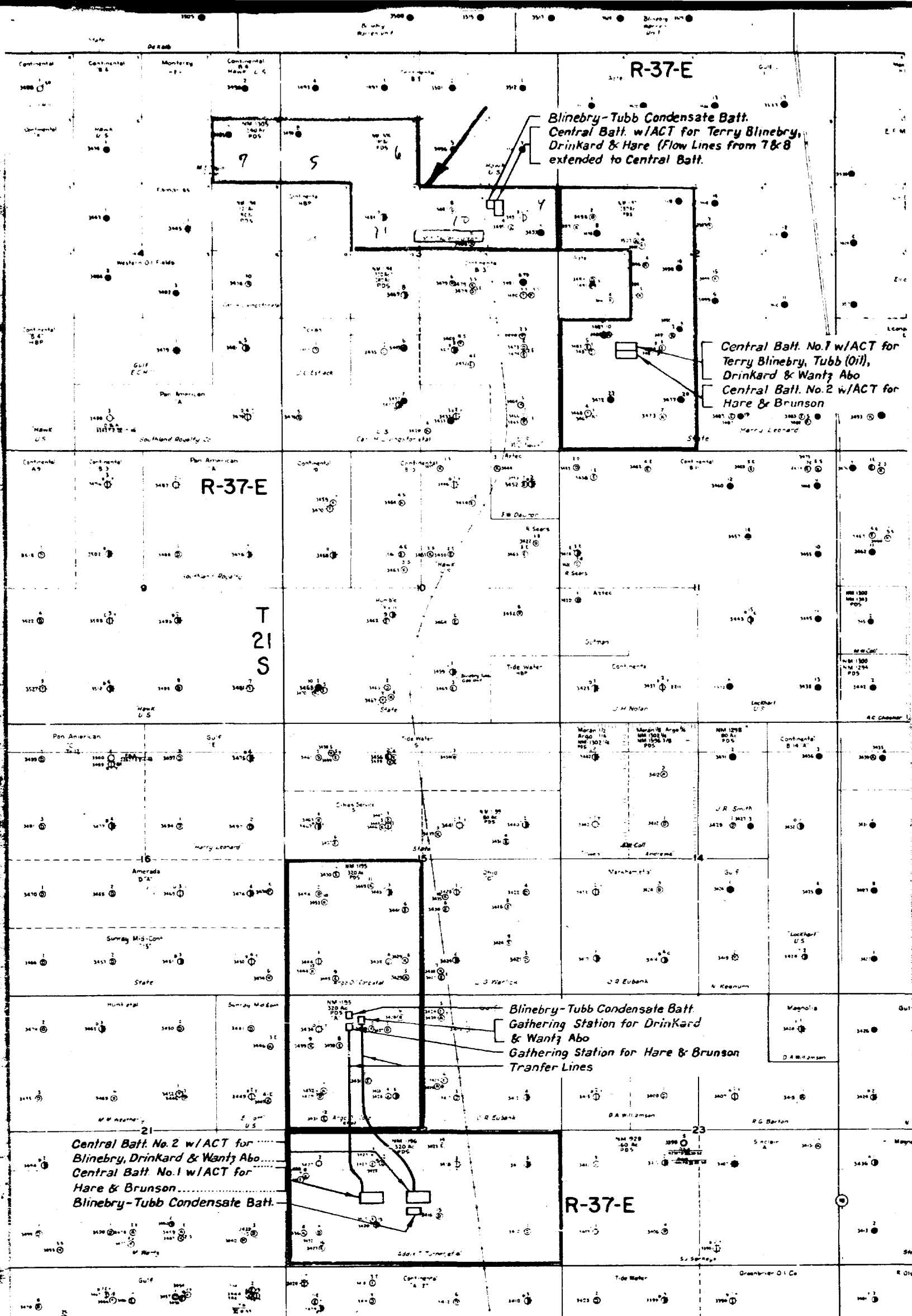
2361



SYMBOLS

- Block Valve
- Check Valve
- Dump Counter
- Prover Connection

Shell Oil Company
Case 2361
Exhibit # 2



SHELL OIL CO.
EUNICE PRODUCTION UNIT CONSOLIDATION PLAT for
GENERAL LOCATION of PROPOSED INSTALLATIONS
Zones Commingled on Basis of Monthly Well Tests
Leases Commingled on Basis of PD Metering & Sampling

T-21-S, R-37-E

8-3-61

Case 2361

EXHIBIT #1

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CM 3-6691

ALBUQUERQUE, NEW MEXICO

PAGE

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
AUGUST 30, 1961

EXAMINER HEARING

IN THE MATTER OF:
CASE 2361

TRANSCRIPT OF HEARING

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
AUGUST 30, 1961

IN THE MATTER OF:

Application of Shell Oil Company for an
exception to Rule 303, Lea County, New
Mexico. Applicant, in the above-styled
cause, seeks an exception to Rule 303
to permit commingling of the production
from the Terry-Blinebry, Drinkard, and
Hare Pools on its Taylor Glenn Lease,
located in Sections 3 and 4, Township 21
South, Range 37 East, Lea County, New
Mexico, and to allocate production to
each pool on the basis of monthly well
tests.

Case 2361

BEFORE:

Elvis A. Utz, Examiner

EXAMINER HEARING

MR. UTZ: Case 2361, Application of Shell Oil Company
for an exception to Rule 303.

MR. SETH: Oliver Seth appearing for the Applicant.
Before we go on the record may we discuss --

(Discussion off the record.)

MR. UTZ: Back on the record, now. Will you stand and
be sworn.

JOSEPH G. YOPE,

called as a witness herein, having been first duly sworn, was
examined and testified as follows:

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DIRECT EXAMINATION

BY MR. SETH:

Q Would you state your name, please.

A Joseph G. Yope.

Q And what is your position with Shell Oil Company?

A I am a Mechanical Engineer in the Roswell Division.

Q And what has been your practical experience?

A I was employed with Shell in '54, have 7 years with the company, of which the last 5 I have been employed in Roswell working in the Mechanical Engineering Section on Surface Facilities, Oil Handling Equipment, and Producing Methods, and Drilling Engineering.

Q Have you had some formal training in mechanical engineering?

A Yes, sir. I am a graduate of the The University of Michigan, BS in Mechanical Engineering.

Q Did you design the facilities which are the subject of the obligation in these 3 cases?

A Yes, sir; I did.

MR. SETH: May he testify?

MR. UTZ: Yes, sir.

Q (By Mr. Seth) Will you tell us, briefly, first please, what the purpose of the Application in 2361 is?

A Shell is proposing to commingle Drinkard Wantz Abo -- correction on that -- proposing to commingle the Drinkard, the Hare, and the Terry-Blinbry Oil on our Taylor Glen Lease, and

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commingle it on the basis of monthly well tests.

Q Do you have a plat showing the location of these?

A I would like to enter Exhibit 1, which is a general plat of the area. The Taylor Glenn Lease is indicated at the top with an arrow pointing to it. There are several leases enclosed in red on there. This plat also indicates the general location of the Central Battery that will serve the three zones, and it indicates that a condensate battery will still be there, operated separately from this system.

Q Is the ownership, royalty ownership common through all zones on this lease?

A To the best of my investigation of our records, ownership is common throughout. It is a fee lease.

Q Do you have a diagram of the proposed facilities?

A Yes, sir; I do. Entered here is Exhibit 2, the diagrammatic sketch of the proposed facilities to handle the three zones into a common treating and/or common central battery.

Q Now, would you explain this briefly, and trace the information for us if you will?

A As you notice here on Exhibit 2, there is one production separator and one test separator. All wells will come into the header and go into one induction separator, being commingled at the separator. The gas produced from the three zones will be commingled at that point and so from the production separator. We have a test separator which will be used to determine our

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monthly well tests. It is a 3-phase metering separator, oil, water, and gas, which has a prover connection downstream so the accuracy of this meter can be checked periodically.

Q Is this pretty much a typical layout for this kind of facility? Do you have others similar to this?

A Somewhat similar. We do not have any that are exactly like this in our division. For commingling zones on the basis of monthly well tests, yes, we have another one like this in our Livingston.

Q Is that operating successfully?

A Yes, it is.

Q Is there anything further on the diagram that you want to mention?

A Well, I would like to point out, here, that the estimated production rates involved here from these zones, and we have the three wells, Terry-Blinbry, commingled, which produce approximately 80 barrels a day.

Q In the aggregate, you mean?

A The total of the three, the three Drinkard wells produce approximately 30 barrels per day, and the two Hare wells produce approximately 20 barrels per day. All wells are marginal.

MR. UTZ: What is the production on it?

THE WITNESS: 80 barrels a day for three wells.

MR. UTZ: Those are the totals for wells shown on

Exhibit 2?



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THE WITNESS: Yes, sir.

MR. UTZ: In other words, the Drinkard is 30 for three wells?

THE WITNESS: Yes, sir.

MR. UTZ: And the Hare is 20 for two wells?

THE WITNESS: That is correct.

MR. PORTER: Do you have a little breakdown on that Terry Blinebry?

MR. MORRIS: I think we ought to have a breakdown on all of them, if I might interrupt.

THE WITNESS: Okay. On your Terry-Blinebry, we have Well No. 3, produces approximately 30 barrels per day; Well No. 7 produces about 22 barrels per day; Well No. 8 produces about 30 barrels per day. Those are the three Terry-Blinebry. The three Drinkard wells are Well No. 1, produces about 12 barrels per day; Well No. 2 producing about 10 barrels per day, and Well No. 6 producing 8 barrels per day. On the Hare, we have Well No. 4 producing about 12 barrels per day, and Well No. 5 producing about 7 barrels per day. These total aggregate figures are rounded off, so they may not add up exactly.

Q (By Mr. Seth) Is there any significance about water production?

A No, sir. The only zone producing any water, percentage wise, is the Hare, and there we have about 20 per cent water being produced with the No. 5 Well. The other two zones produce one



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per cent or less in water.

Q Do you believe that the planning on monthly well tests is a reasonable basis?

A Yes, sir; I do. I believe that the wells are steady enough that we will allocate production to the best of our ability on a monthly well test basis.

Q Does this, generally, conform to the Committee's recommendation on commingling procedures?

A In general, it does. They do not diagram commingling below top allowable wells in the Committee report. I believe all the diagrams there are pertinent to top allowable, metering every zone. So, this does not correspond to any diagram in the minimum standard report.

Q Now, this will be the usual closed system; will it not?

A Yes, sir. We will go in to a central battery, a surge tank, and then sell the oil with ACT to create a closed system.

Q How much saving in volume and gravity do you anticipate?

A We anticipate conservation of half a degree API gravity, which would give us six tenths of one per cent volume increase. This has occurred in our most recent installation in the Hobbs Consolidation. They are experiencing at least half a degree increase at the time.

Q Is there anything further on this Application you would like to mention?

A No, sir.



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MR. SETH: I believe that is all. Perhaps there are other questions.

Q (By Mr. Utz) How do you spell your name, please.

A Y-o-p-e.

Q Mr. Yoep, do you plan to participate in work on any of these wells in the near future?

A This is possible, but I don't really anticipate it at this time.

Q If, at any time, anyone of these 8 wells became non-marginal, would you be willing to advise the Commission to meter that well?

A Yes, sir; we would. We would like to be able to raise some of those wells, really, if we could.

MR. UTZ: Are there other questions of the witness?

MR. MORRIS: Yes, sir.

Q (By Mr. Morris) Mr. Yoep, you said that all the wells here were marginal. Now, are any of them marginal only in the sense that they produce below top allowable because they are penalized?

A We have several wells that are penalized. Particularly in the Terry-Blinbry this applies, and that is Well No. 7, I believe it is.

Q Do you know what that well is capable of producing?

A No. 7, there, the last 24-hour test, tested 22 barrels of oil and six tenths per cent water on a 14,000 GOR. The well is



flowing, and had a 200-pound tubing pressure with a twenty sixty-fourths-inch choke. We do not believe that it is capable of producing top allowable if we just opened it up. How much it can produce, I really don't know.

Q Are any of your other wells penalized because of high GOR?

A Yes, sir. The Drinkark, Taylor Glenn 1 and 2 have penalized GOR's of 18 barrels each and our most recent test data on them, the wells are not even capable of making that, now. No. 1 made 12 barrels, and No. 2 made 10 barrels.

Q It is possible, though, that your No. 7 might be able to produce more than its 22 barrels, but that 22 is your top limit as a penalized allowable; is that right?

A Let me check. 21 is the top.

Q The reason I am going into this at some length, Mr. Yoep, it is anticipated that the commingling of marginal wells may be allowed, as such, only when the wells are incapable of producing their top penalized allowable, and inasmuch as a decision on the cases that are heard today will probably be deferred until after standards are adopted, it may be that your installation, here, won't be eligible for approval if the decision is based upon the standards that are adopted. Would it be possible for you to get some additional information together on the potentials of these wells and submit it to the Commission?

A This would be possible, true, best information I could

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give you. Eight months, June or July test, here, is what I am reading from, but they were 24-hour tests, and I imagine we can open some of these wells up.

MR. SETH: We have only one well.

THE WITNESS: I would like to correct that for the record, here. I was looking at the wrong well, No. 3 is the penalized well on the Terry-Blinebry.

MR. UTZ: These figures you gave us, then, Mr. Yope, are not maximum production figures. They are choked production figures?

THE WITNESS: Yes, sir; they are choked, what we test for our own benefit as to what the well can do from month to month.

MR. UTZ: Well, would each of these wells do anymore with this potential increase if you enlarged the choke?

THE WITNESS: Well, this is possible, but it is always a question as to whether or not this can be maintained. I mean, you can shut the well in and open it, open on a long choke and produce top allowable.

MR. UTZ: Would you maintain a top allowable?

THE WITNESS: I don't know. We haven't tested any this way, to my knowledge. Just what the capacity of the well is, I really don't know.

MR. UTZ: Well sir, you would be in a position to obtain these maximum tests and submit them to us?



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THE WITNESS: Yes, sir; I believe we could.

MR. UTZ: Would you do so, please?

MR. SETH: How do you mean, without a choke, or --

MR. UTZ: Conduct them in such a manner that we can arrive at the maximum productibility of each well. We have no standards set up. The only way I know he could do it would be to --

MR. SETH: That is why I asked the question as do you have any suggestions as to how it should be; time choke, and time wise, and so forth.

MR. UTZ: Well, it should be 24-hour tests, and the only rule of thumb that I could give you would be to use the largest choke possible, to what it will produce through.

THE WITNESS: Now, on which wells are you referring to, sir?

MR. UTZ: Well, I am referring to all of them.

THE WITNESS: Every one?

MR. UTZ: Since they are all choked, even the 8-barrel well, we are not sure, are we, whether it is the top allowable or not.

THE WITNESS: I think we can pretty well say it couldn't. It's got a 22 tubing pressure through it.

MR. UTZ: If you have that type of information that you can submit --

THE WITNESS: Well, I do, sir.



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MR. SETH: Let's go through it for each well. Do you want to do that, Elvis?

MR. UTZ: Yes. I guess we can.

THE WITNESS: Let's take the Drinkard, first. Taylor Glenn No. 1.

MR. UTZ: All right.

THE WITNESS: 24-hour test at 12 barrels of oil, no water, 13,000 GOR, 175 shut-in tubing pressure. This is surface pressure, surface tubing pressure between cycles. In other words, the well is shut-in for 10 minutes and flowed 5 minutes, flowing through a twenty-two sixty-fourths inch choke.

MR. SETH: Would you rather we tabulated this and submit it as a --

MR. UTZ: I think it would probably be better to do that. Then, we will take a look at them and request tests on the ones we think that should have tests. It is probably a better way to handle it.

MR. MORRIS: I have some further questions, here.

MR. UTZ: Mr. Morris.

Q (By Mr. Morris) Mr. Yope, you said that your installation, here, will conform substantially to the Committee report recommending minimum standards. Would the operation of this system, as far as the accuracy that you would observe and metering methods that you would use, would they conform to the general requirements of that report?



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A Yes, sir; but I would like to point out I don't believe there is anything outlined in the report on marginal type wells.

Q There are general requirements, Mr. Yope. They are applicable to all commingling installations.

A Well, true. This metering pot is one that we would use in this type of installation.

MR. UTZ: Now, what do you call a metering pot?

THE WITNESS: I am referring to the test separator to obtain our monthly well tests.

MR. UTZ: Oh, yes.

MR. MORRIS: I have no further questions. Thank you, Mr. Yope.

MR. UTZ: Are there any other questions? Are there any other statements. The witness may be excused. Are there any statements to be made in this case. If not, the case will be taken under advisement.

When do you think you can get those tabulations to us?

MR. MORRIS: Let's go off the record for a minute.

(Discussion off the record.)

MR. UTZ: The case will be taken under advisement.

(Whereupon the Hearing of Case 2361 was concluded.)



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

I, MICHAEL P. HALL, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill, and ability.

IN WITNESS WHEREOF, I have affixed my hand and notary seal this 30th day of August 1961.

Michael P. Hall
Court Reporter - Notary Public

My Commission expires:

June 20, 1965.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2361, heard by me on August 30, 1961.

Shirley D. Hall, Examiner
New Mexico Oil Conservation Commission

