

-asa / No.

2363

Application, Transcript,
and Exhibits, Etc.

Application of BUREAU
for exceptions to RULES 303 & 309
to permit commingling (Argo-Argo
(A) Lease.)

OIL CONSERVATION COMMISSION

P. O. BOX 2088
SANTA FE, NEW MEXICO

August 17, 1965

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

Attention: Mr. S. B. Deal

Amendment
Administrative Order PC-180

Gentlemen:

Reference is made to your letter of July 19, 1965, wherein you advise that your Argo A Well No. 9 was recently completed as a top allowable ~~water-also~~ producer. Administrative Order PC-180 authorized the commingling of top allowable Elinebry production with marginal Drinkard and Wants-Abo production on the Argo-Argo A Lease after separately metering the Elinebry production and the combined Drinkard Wants-Abo marginal production.

Administrative Order PC-180 is hereby amended to permit the commingling of Elinebry, Drinkard, and Wants-Abo production in accordance with the schematic diagram which you submitted with your letter of July 19, separately and continuously metering each of the three producing zones prior to commingling.

Very truly yours,

A. L. Forter, Jr.
Secretary-Director

ALP:DEW:ec

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

✓ 100-2-303

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

January 17, 1964

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

Attention: Mr. T. E. Dwyer

Administrative Order PC-180

Gentlemen:

Reference is made to your letter of December 20, 1963, regarding Shell Oil Company's commingling installations on the Turner and Argo - Argo A Leases, Lea County, New Mexico.

After reviewing the previous orders entered authorizing commingling on these leases, we believe that the following represents the current status of the commingling authorization:

- (1) Commission Order No. R-2897, dated October 18, 1961, authorized the commingling of Argo - Argo A production from the Brinkard and Wente-Abe Pools on the basis of periodic well tests, and authorized the commingling of Turner production from the Brinkard and Blinbury Pools on the basis of periodic well tests, and then authorized the commingling of the aforesaid commingled production prior to treatment after separately metering the production from each lease in a tank battery to be located on the Turner Lease. The order further authorized the commingling of Argo - Argo A production from the Brunson and Hare Pools on the basis of periodic well tests, and the commingling of Turner production from the Brunson and Hare Pools on the basis of periodic well tests, and then authorized the commingling of the aforesaid commingled production prior to treatment in a battery to be located on the Turner Lease.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

January 17, 1964

Shell Oil Company
Roswell, New Mexico

Administrative Order PC-180

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- (2) Our letter of January 8, 1963, authorized the movement of the commingling installations for the two leases from the Turner Lease to the Argo - Argo A Lease.
 - (3) Our letter of March 13, 1963, being Administrative Order PC-130, authorized the commingling of top allowable Blinbry production with the existing marginal Drinkard and Wanta-Abo production on the Argo - Argo A Lease after separately metering the Blinbry production and the combined Drinkard - Wanta-Abo marginal production.

It is our understanding from your letter of December 20, 1963, that you now wish to segregate the Turner Lease production from the Argo - Argo A Lease production and that each lease will have two batteries, one each for the sweet and sour crude production. It is our further understanding that the Blinbry Pool underlying the Turner Lease is now capable of top allowable production and that you propose to meter said Blinbry production prior to metering the same with the Drinkard production on said lease, determining the Drinkard production by means of the subtraction method.

Commission Order No. B-3037 is herewith put in abeyance and our letter of January 8, 1963, is hereby superseded; Administrative Order PC-130, dated March 13, 1963, is hereby cancelled; and pursuant to the authority vested in me under the provisions of Rule 303(h) of the Commission Rules and Regulations, Shell Oil Company is authorized to commingle as follows:

On the Argo - Argo A Lease:

Shell is authorized to commingle Brunson and Hare production, allocating the production to each pool on the basis of periodic well tests.

Shell is authorized to commingle Blinbry and Wanta-Abo and Drinkard production after separately

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

-3-

January 17, 1964

Shell Oil Company
Roswell, New Mexico

Administrative Order PC-180

metering the Blinberry production and separately metering the combined Wanta-Abo - Drinkard production, allocating the production to each of the two latter pools on the basis of periodic well tests.

On the Turner Lease:

Shell is authorized to commingle the Brunson and the Hare production on the basis of periodic well tests.

Shell is authorized to commingle the Drinkard and Blinberry production after separately metering the Blinberry production and determining the Drinkard production by means of the subtraction method.

Each of the aforesaid installations shall be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities," including the requirement for non-reset counters on the meters.

Please advise us if our interpretation of the present status of the subject installations is not correct.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/BSH/ear

cc: Oil Conservation Commission (with enclosure) - Hobb
Oil & Gas Engineering Committee - Hobb
OCC Case File No. 2363 and PC-130 File

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 13, 1963

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

Attention: Mr. R. L. Rankin

Administrative Order PC-130

Gentlemen:

Commission Order No. R-2097 and our letter of January 8, 1963, authorized Shell Oil Company to commingle Drinkard and Wants-Abo production on its Argo-Argo A Lease and to commingle Drinkard and Blinshry production on its Turner Lease and to commingle the commingled production from both leases on the Argo-Argo A Lease prior to treating, and to allocate the production from each pool on each of the leases on the basis of monthly well tests.

Your letter of January 14, 1963, advises that you have now completed your Argo A Well No. 10 as a top allowable well in the Blinshry Pool, and requests administrative approval to commingle top allowable Blinshry production with the existing marginal Drinkard and Wants-Abo production, separately and continuously metering the Blinshry production and metering the combined Drinkard, Wants-Abo marginal production after commingling.

By the authority vested in me under the provisions of Rule 303 (b) of the Commission Rules and Regulations, you are hereby authorized to commingle the production from the aforesaid pools on said lease in the above-described manner. Provided, however, that the installation shall be operated in accordance with the provisions of the Commission "Manual

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

March 13, 1963

Shell Oil Company
Roswell, New Mexico

Administrative Order PC-103

for the Installation and Operation of Commingling Facilities,"
including the requirement for non-reset counters on the meters.

In all other respects, Order No. R-2097 will remain in
effect.

Very truly yours,

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

ALP/DSM/csr

cc: Oil Conservation Commission (with enclosure) - Hobbs
Oil & Gas Engineering Committee - Hobbs
Case File (No. 2363)

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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. 2363
Order No. R-2097

APPLICATION OF SHELL OIL COMPANY
FOR AN EXCEPTION TO RULE 303 (a)
AND RULE 309-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 Argo-Argo (A) Lease located in Sections 15 and 22 and the Turner Lease located in said Section 22, 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 Drinkard and Wanta-Aho Pools on the above-described Argo-Argo (A) Lease, to commingle the production from the Drinkard and Wanta-Aho Pools on the above-described Turner Lease, and to commingle the commingled production from both leases on the said Turner Lease prior to treating.

(4) That the applicant further seeks permission to commingle the production from the Brunson and Ware Pools on both the said Argo-Argo (A) Lease and the said Turner Lease, and to commingle the commingled production from both leases on the said Turner Lease prior to treating.

CASE No. 2363
Order No. R-2097

(5) That the applicant further proposes to allocate the production from each pool on each of the leases on the basis of monthly well tests, and to allocate the production to each lease on the basis of continuous metering and sampling.

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

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

(8) That the subject installations 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 Drinkard and ~~Watts-Hoe Pools~~ on the Argo-Argo (A) Lease, comprising the SW/4 of Section 15 and the NW/4 of Section 22, all in Township 21 South, Range 37 East, N20E, Lea County, New Mexico, to commingle the production from the Drinkard and Blinabry Pools on the Turner Lease, comprising the S/2 of said Section 22, and to commingle the commingled production from both leases on the said Turner Lease prior to treating. That the applicant is hereby further authorized to commingle the production from the Brunson and Hare Pools on both the said Argo-Argo (A) Lease and the said Turner Lease and to commingle the commingled production from both leases on the said Turner Lease prior to treating.

PROVIDED HOWEVER, That the commingled production from each pool underlying each of the leases shall be allocated on the basis of monthly well tests, the results of such tests to be submitted to the Commission, and the commingled production from each lease shall be allocated on the basis of continuous metering and sampling.

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 may require that meters be installed on all zones of the lease on which the top allowable well is situated.

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

-3-

CASE No. 2363

Order No. R-2097

(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



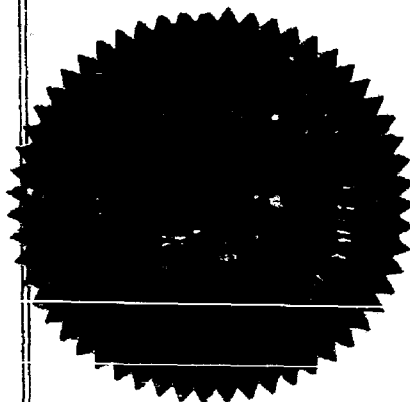
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



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

Re: Case No.

2363

2361

2362

Order No. R-2097, R-2099 & R-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 ☐

OIL CONSERVATION COMMISSION

P. O. BOX 671
SANTA FE, NEW MEXICO

January 8, 1963

Shell Oil Company
Post Office Box 1858
Roswell, New Mexico

Attention: Mr. R. L. Rankin

Gentlemen:

Reference is made to your letter of December 21, 1962, wherein you state that for maximum efficiency and to minimize operating costs, you desire to change the shipping points for the commingling installations authorized by Order No. R-2097 from the Turner Lease to the Argo-Argo A Lease. It is our understanding that with the exception of the actual location of these facilities, the installations will in all ways conform to those proposed at the hearing of Case No. 2363.

Shell Oil Company is hereby authorized to commingle and ship the commingled production from the Argo-Argo A Lease and the Turner Lease, as proposed in Case No. 2363, on the Argo-Argo A Lease.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

cc: Oil Conservation Commission
Hobbs, New Mexico

Case File 2363 ✓

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SHELL OIL COMPANY

P. O. Box 1858
Roswell, New Mexico

December 21, 1962

Subject: Transfer of Crude Oil Shipping Points
Argo-Argo A-Turner Consolidation
N.M.O.C.C. Order No. R-2097

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

Gentlemen:

Reference is made to New Mexico Oil Conservation Commission Case No. 2363, Order No. R-2097 which authorizes Shell Oil Company to:

1. Commingle the Drinkard and Wantz Abo Pools on the Argo-Argo A Lease, to commingle the Drinkard and Blindbry Pools on the Turner Lease, and to commingle the commingled production from both leases on the Turner Lease prior to treating.
2. Commingle the Hare and Brunson Pools on the Argo-Argo A Lease and on the Turner Lease, and to commingle the commingled production from both leases on the Turner Lease prior to treating.

This is a request for Administrative Approval to change the location of the shipping points. In order to insure maximum efficiency and minimum operating costs, we now propose to commingle the commingled production from both leases (for each of the systems above) on the Argo-Argo A Lease rather than on the Turner Lease. The two systems will otherwise be installed and operated in accordance with said Order No. R-2097.

We are attaching for your consideration schematic diagrams of the two revised commingling systems and two copies of Shell Pipe Line Corporation's acceptance of the subject revisions. If additional information is desired, please contact this office.

Very truly yours,

R. L. Rankin
Division Production Manager

Attachments



SHELL PIPE LINE CORPORATION

WILCO BUILDING

P. O. BOX 1910

MIDLAND, TEXAS

December 18, 1962

Subject: Transfer of Crude Oil Shipping
Points Argo - Argo "A" - Turner
Consolidation, Lea County, New Mexico

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

Attention Mr. R. L. Rankin

Gentlemen:

With reference to your letter of December 4, 1962, we wish to express our agreement to your proposed change of shipping points for both the sweet and sour crude on the captioned leases. Since this change will not affect our pumping facilities, we still request the rotary charging pump on the sweet LACT unit and centrifugal charging pump on the sour LACT unit as stated in our original acceptance letter of September 8, 1961. Also, please note our letter dated May 18, 1962, in which we notified you of changes in our LACT specifications.

Thank you for the schematic diagrams of the proposed commingling systems. If we may be of any further service, please contact this office.

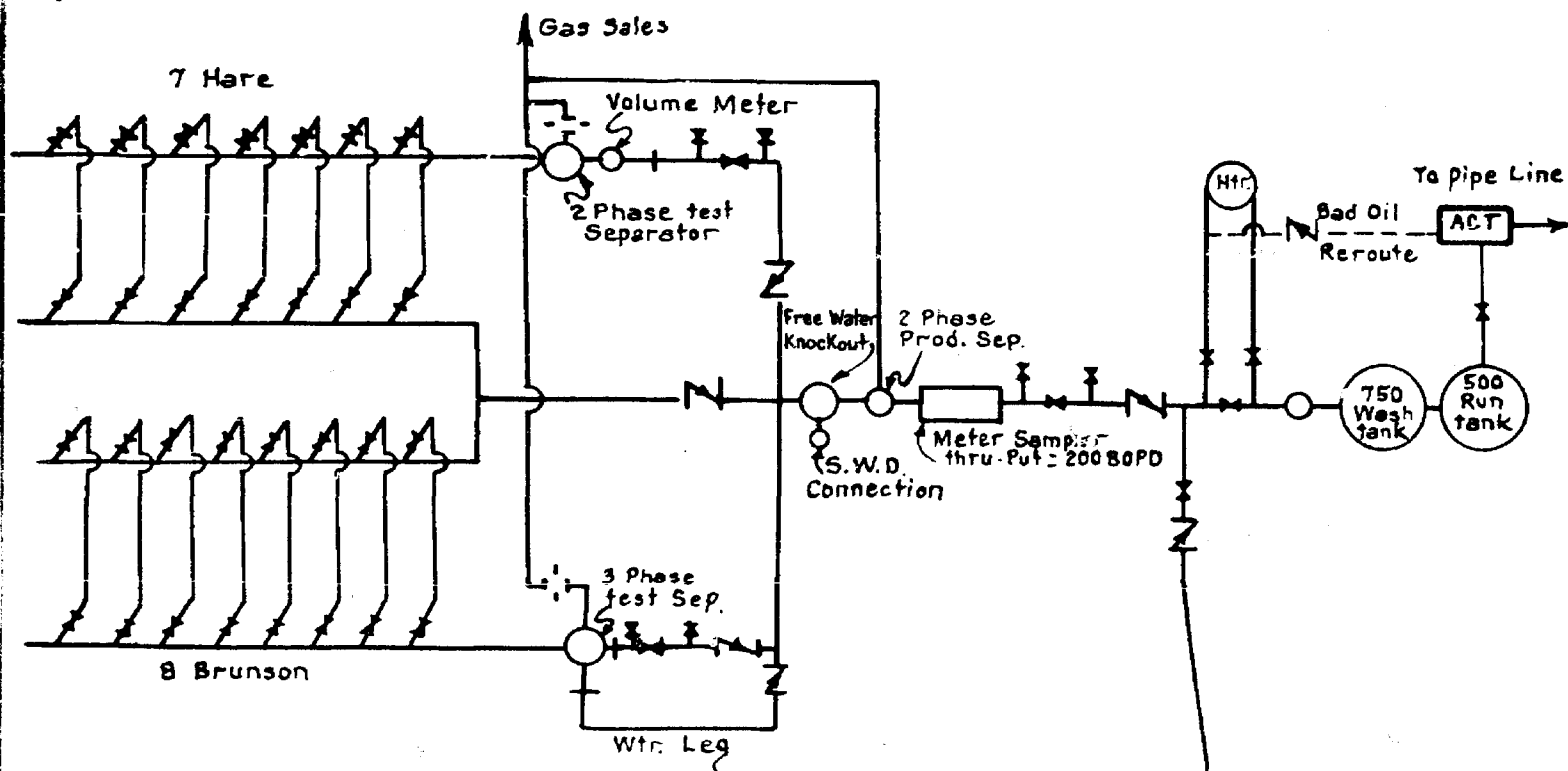
Yours very truly,

N. F. Schreiner

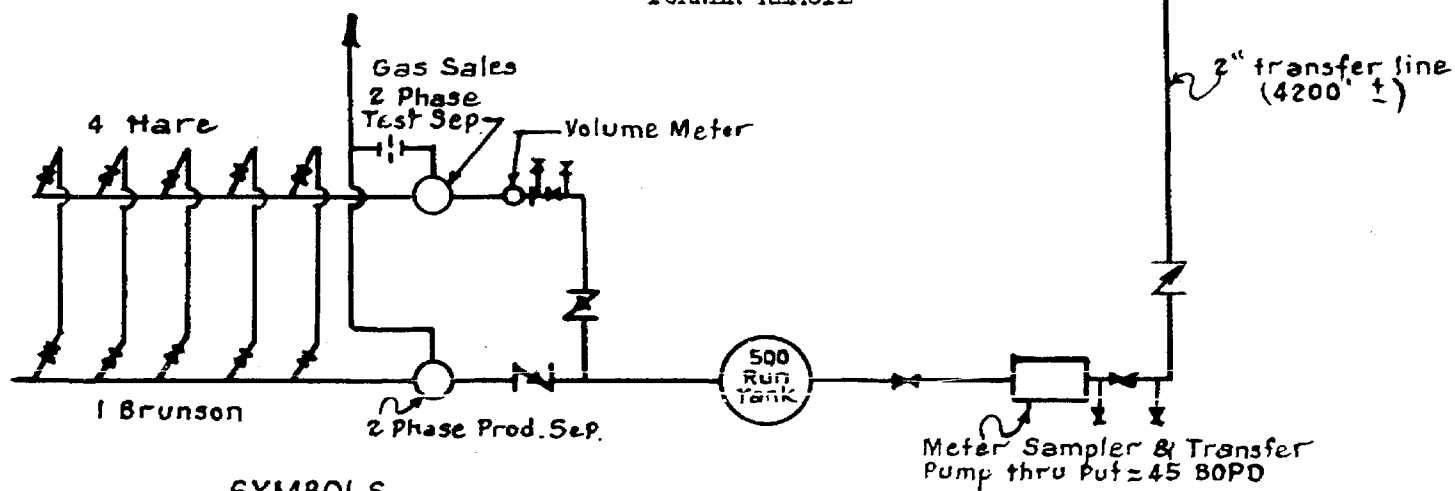
N. F. Schreiner, Supervisor
Operations-Engineering

SHELL	
RECEIVED	
DEC 19 1962	
ROSWELL PROD.	
Divn. Mgt.	
Surf.	
E. Eng.	
M. Eng.	
P-S Supv.	
Drig. F.	
Off. Supv.	
Discuss	Well File
Reply	Lea. File
Call Up	Field File
Destroy	Gen. File

ARGO & ARGO "A" CENTRAL



TURNER REMOTE



SYMBOLS

- Block Valve
- Check Valve
- Dump Counter
- Prover Connections
- Orifice Meter Run

ARGO, ARGO "A", & TURNER CONSOLIDATION NO. 2
 Commingle Hare and Brunson
 Secs. 15 & 22, T-21-S, R-37-E
 11-12-62

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

June 26, 1962

Shell Oil Company
P. O. Box 1238
Roswell, New Mexico

Attention: Mr. R. L. Rankin

Re: Orders Nos. 2-2097, 2-2099,
and 2-2100

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 annually 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. PORTER, Jr.,
Secretary-Director

ALP/ESH/esr

cc: Oil Conservation Commission
Albuquerque, New Mexico

Case 2363

Heard 9-30-61

Rec. 10-10-61

1. Grant Shell's request for commingling 5 pools in which all wells in each pool is marginal, as follows:

(a) ~~System #1~~ The Drinkard & Nanty-Aho pools on the Argo & Argo "B" leases to be commingled & metered before transporting to the Turner lease.

(b) The Drinkard and Blunby pools on the Turner lease ~~lease~~ to be commingled and metered prior to being further commingled with the Argo-Argo "A" lease production.

System #2.

(c) ~~The~~ Hare & Brunson pools on the Argo-Argo "B" leases to be commingled & metered prior to being transported to the Turner lease.

(d) The Hare and Brunson pools on the Turner lease to be commingled and metered prior to being commingled with the Argo-Argo "A" production.

2. Installation shall conform to O.C.C. commingling manual of 9-13-61.

3. Monthly well tests on all wells.

James A. McF.

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.

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

August 10, 1961

POST OFFICE BOX 828
TELEPHONE YU 3-7315

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 Argo-Argo(A) Lease

SW $\frac{1}{4}$ Sec. 15

NW $\frac{1}{4}$ Sec. 22

T. 21 S., R. 37 E. and

Shell Turner Lease

S $\frac{1}{2}$ Sec. 22

T. 21 S., R. 37 E.

Lea County

Gentlemen:

Application is hereby made by Shell Oil Company for an exception to Rule 303 and Rule 309(a) of the Commission to permit the commingling of production from separate leases and fields and to permit the transportation of production from leases prior to its having been received and measured in tanks located thereon, and for approval of the commingling program hereinafter described.

Applicant proposes to commingle production from the Drinkard, Blinebry and Wantz Abo Fields on the basis of monthly well tests for each lease. The Drinkard and Wantz Abo production from the Argo-Argo(A) Lease will be commingled on this lease which consists of SW $\frac{1}{4}$ of Section 15 and NW $\frac{1}{4}$ of Section 22, T. 21 South, R. 37 E.

The Drinkard and Blinebry production from the Turner Lease will be commingled on the Turner Lease which consists of the S $\frac{1}{2}$ of Section 22, T. 21 S., R. 37 E.

This commingled production will be continuously metered and sampled from both leases and commingled as "wet" crude into a central tank

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August 10, 1961

battery for treatment and will thereafter be run through automatic custody transfer facilities to the pipeline.

Applicant further proposes to commingle the production from the Brunson and Hare Fields on both the Argo-Argo(A) and the Turner Leases described above on the basis of monthly well tests on each lease. It is proposed initially that the production from eight Brunson wells and seven Hare wells on the Argo-Argo(A) Lease be there commingled and that the production from four Hare wells and one Brunson well located on the Turner Lease be commingled on such lease. Thereafter the production so commingled on each lease will be continuously metered and sampled and such commingled production from each lease will be commingled as "wet" crude into a central tank battery for treatment and will then be run through an automatic custody transfer unit to the pipeline.

It would be appreciated if this matter could be set down for a hearing.

Very truly yours,

SHELL OIL COMPANY

By 

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

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

EXAMINER HEARING

IN THE MATTER OF:
CASE 2363

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



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

IN THE MATTER OF:

Application to 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 2363

BEFORE:

Elvis A. Utz, Examiner

EXAMINER HEARING

MR. UTZ: Case 2363.

MR. MORRIS: Application of Shell Oil Company for exceptions to Rules 303 and 309.

MR. SETH: Same appearances and the same witness.

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

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



sworn in Case 2361.

JOSEPH G. YOPE,

recalled as a witness herein, having been previously duly sworn on oath, was examined and testified further as follows:

DIRECT EXAMINATION

BY MR. SETH:

Q Will you proceed.

A Exhibit 1, I have a plat of the general area.

Q What does that show?

A The Argo-Argo (A) Lease and the Turner Lease are designated with an arrow, on Exhibit 1, in the lower portion.

Q Tell us what the general purpose of the Application is?

A In this case, Shell proposes to commingle the Drinkard and Wantz-Abo on the Argo-Argo (A) Lease on the basis of monthly well tests, meter this commingled product and transfer it to the Turner Lease, at which point, it will be commingled with a metered commingled product from the Turner Lease, the commingled product from the Turner Lease being produced from the Drinkard Pool and the Blinebry Oil Pool. These two zones will be commingled on the Turner Lease on the basis of monthly well tests and metered, combined with Argo Production, and treated through a central battery and sold to the pipeline through ACT. Also, we are proposing to commingle the Hare and Brunson production from the Argo-Argo (A) Lease on the basis of monthly well tests, meter the

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6671

ALBUQUERQUE, NEW MEXICO



commingled product, transfer it to the Turner Lease, commingle it with a metered commingled product from the Turner Lease. The commingled product from the Turner Lease will be production from the Hare Oil and Brunson commingled on the basis of monthly well tests. The two metered products will then be treated in a central battery and sold to the pipeline.

Q Do you have a diagram of all of that?

MR. UTZ: You have two separate systems, here, then?

THE WITNESS: That is correct, sir.

MR. UTZ: And you are commingling, there, two pools of each lease?

THE WITNESS: Right.

MR. UTZ: This is a total of how many pools, four?

THE WITNESS: Five. I would like to offer Exhibit 2, which is a diagrammatic sketch of the commingling setup for the Drinkard and Blinebry on the Turner Lease, and the Drinkard and Wantz-Abo from the Argo-Argo (A) Lease.

Q (By Mr. Seth) Trace that just briefly, if you would, please.

A Let's start on the Argo-Argo (A) Lease.

Q That is the bottom portion?

A The bottom half of Exhibit 2. Seven Drinkard wells and one Wantz-Abo well produce into a common header. Also connected to this header is a test separator which will be used for monthly well tests. All zones will pass through the production separator



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

into a surge tank. The untreated oil will then be transferred with a transfer pump through a positive displacement meter and a continuous sampler into a 2-inch line which carries the oil to the Tur^{mill} Central Battery. It enters the central battery downstream of the metered Drinkard and Blinebry production from the Turner Lease. The combined commingled product will then go through the treating system, consisting of a heater and a wash tank, into a surge tank, and sold to the ACT system. The Turner production, coming from eight Drinkard wells and one Blinebry well will enter a common header into a common separator, and downstream from the separator will pass through a meter and actually pass through a flow rate controller, first, and then a meter and sampler device before it commingles with the product from the Argo-Argo (A) Lease. Again, a test separator is set up for the Turner production to obtain monthly well tests.

Q Now, are any of these wells capable of producing in amounts greater than the unit allowable?

A From the information we have available, we believe it is not possible for any of the wells involved on the two leases to produce top allowable for the particular pool involved.

Q Do you have a tabulation of those?

A Yes, sir. Starting on the Argo-Argo (A) Lease, the Wantz-Abo well is No. 5, Argo No. 5. 24-hour test, is pumping, produced 18 barrels of oil and no water. The Drinkard wells, Argo No. 2, 24-hour test, gas lifting, produced 21 barrels of



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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

of oil and no water. Argo No. 3, 24-hour test, flowing on intermitter, 15 minute flowing time, 45 minute shut-in through a twenty sixty-fourths inch choke, maximum shut-in tubing pressure 550 PSI. It produced 20 barrels of oil and no water. Argo No. 4, 24-hour test, flowing, 15 minutes on, 45 minutes off through a 64 inch choke, maximum shut-in pressure of 330 PSI. It produced 9 barrels of oil and no water. Argo (A) No. 1, 24-hour test, flowing, 7 minutes on, 23 minutes shut-in through a sixty-fourths inch choke, shut-in tubing pressure 875 PSI, flowed 6 barrels of oil and no water, a very high GOR well, 80,000 on that test. Argo No. 2, 24-hour test, gas lifting, 12 barrels of oil and no water. Argo (A) No. 3, 24-hour test, flowing, 15 minutes on, 45 minutes off through a twenty sixty-fourths inch choke, maximum shut-in tubing pressure of 350, produced 22 barrels of oil, a tenths per cent water. Argo (A) No. 5, flowing, 24-hour test, flowing 30 minutes on, shut-in 23 1/2 hours, maximum shut-in tubing pressure 440 PSI through a thirty-two sixty-fourths inch choke, flowed 4 barrels of oil.

On our Turner Lease, the Drinkard wells, our Turner No. 1, 24-hour test, flowed 15 minutes on, 3/4-hours shut-in, maximum shut-in tubing pressure of 285 PSI through a forty-eighth sixty fourths inch choke, flowed 10 barrels of oil. The Turner No. 2, 24-hour test, flowing, 30 minutes on, 1 1/2-hours off, maximum shut-in tubing pressure 315 pounds PSI, flowed 12 barrels of oil. Turner No. 3, 24-hour test, flowing 1 hour and 10 minutes



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHCNE CH 3-6691

ALBUQUERQUE, NEW MEXICO

every 6 hours, and a maximum shut-in tubing pressure of 600, flowing tubing pressure of 185, produced 14 barrels of oil. Turner No. 5, 24-hour test, flowing 4 hours 45 minutes per day, maximum shut-in is 1200 PSI, flowed 4 barrels of oil. Turner No. 6, 24-hour test, 15 minutes on, 45 minutes off, 325 pounds maximum shut-in tubing pressure through a twenty sixty-fourths inch choke, flowed 11 barrels of oil, minimum flowing pressure on that was 95 pounds. Turner No. 12, 24-hour test, flowing 20 minutes on, 1 hour and 5 minutes off, maximum flowing shut-in tubing pressure of 635 through a twenty sixty-fourths inch choke, flowed 17 barrels of oil. Turner No. 13, 24-hour test, flowing 25 minutes every 2 hours, 770 maximum shut-in tubing pressure through a twenty sixty-fourths inch choke, flowed 20 barrels of oil. Turner No. 15, 24-hour test, flowing 1 hour every 12 hours, 880 pounds maximum shut-in pressure, flowed 3 barrels of oil. And our one Blinebry well is Turner No. 16. In 24 hours it pumped 15 barrels of oil and 2 barrels of water.

We believe it is highly doubtful that any of these wells are capable of producing top allowable.

Q Now, do you have a parallel system?

A I offer Exhibit 3, which is a diagramatic sketch of a parallel system, and handling the Hare and Brunson crudes for the two leases.

Q Now, Exhibit 3. Is this similar to the physical setup on Exhibit 2?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A Yes. It is similar except for the free water knockout. You notice in the lower part of Exhibit 3, just before the run tank, we had a free water knockout installed. This is due to the fact that the Brunson Field on our Argo Lease is producing water, and we have a salt water disposal connection point at that spot.

Q Is this the only significant difference?

A Yes, sir; it is.

Q Now, would you cover the production on the Hare and the Brunson wells?

MR. UTZ: Mr. Seth, the more I think of it, the more I think I would rather have copies of his tests or tabulations, either one.

MR. SETH: All right.

MR. UTZ: And also save time and record, here.

THE WITNESS: Right.

Q (By Mr. Seth) Then, you will provide a tabulation on the production data on the Hare and Brunson wells on both these lists?

A Yes, sir; I will.

Q From the data that is available to you, do you have an opinion as to whether or not any of these wells are capable of producing the top unit allowable?

A From the data we have available, it appears that neither the Brunson nor the Hare wells are capable of producing top allowable on either the Argo-Argo (A) Lease or the Turner. All



of the Brunson wells are on pump or artificial lift, and all but two of the Hare wells on the two leases are being artificially lifted.

Q Is there anything further on the production data that you would like to mention?

A No, sir.

MR. SETH: I believe that is all in this case.

Q (By Mr. Utz) Mr. Yope, is this Argo-Argo (A) Lease actually one lease or two leases?

A It is one lease, New Mexico Lease No. 1195, I believe it is.

Q All of the Argo and Argo (A)?

A It originally started out being called the Argo-Argo (A) because of the two circuits that it is covering. You know, it is part of the N15 and part of the N Section 22. We are operating it and have been for several years as a single lease.

MR. UTZ: Are there other questions? The witness may be excused. Are there other statements in this case? The case will be taken under advisement.

(Whereupon the Hearing of Case 2363 was concluded.)

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



PHONE CW 3-6691

ALBUQUERQUE, NEW MEXICO

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 F. Hall

Court Reporter - Notary Public

My Commission expires:

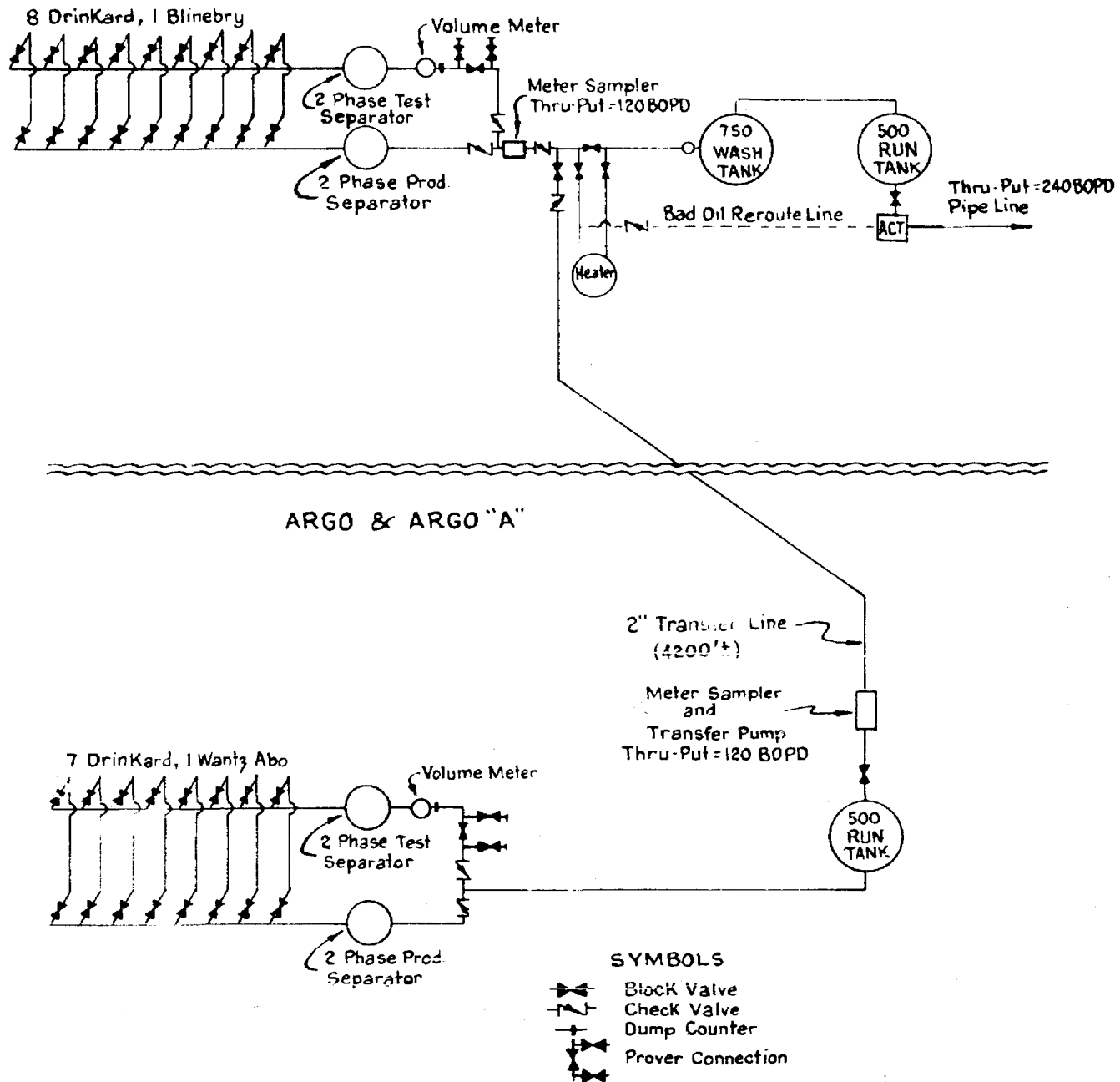
June 20, 1965.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 2363,
heard by me on July 9, 1961.

_____, Examiner
New Mexico Oil Conservation Commission



TURNER CENTRAL



ARGO, ARGO "A" & TURNER CONSOLIDATION No.1
Blinebry, Drinkard & Wantz Abo

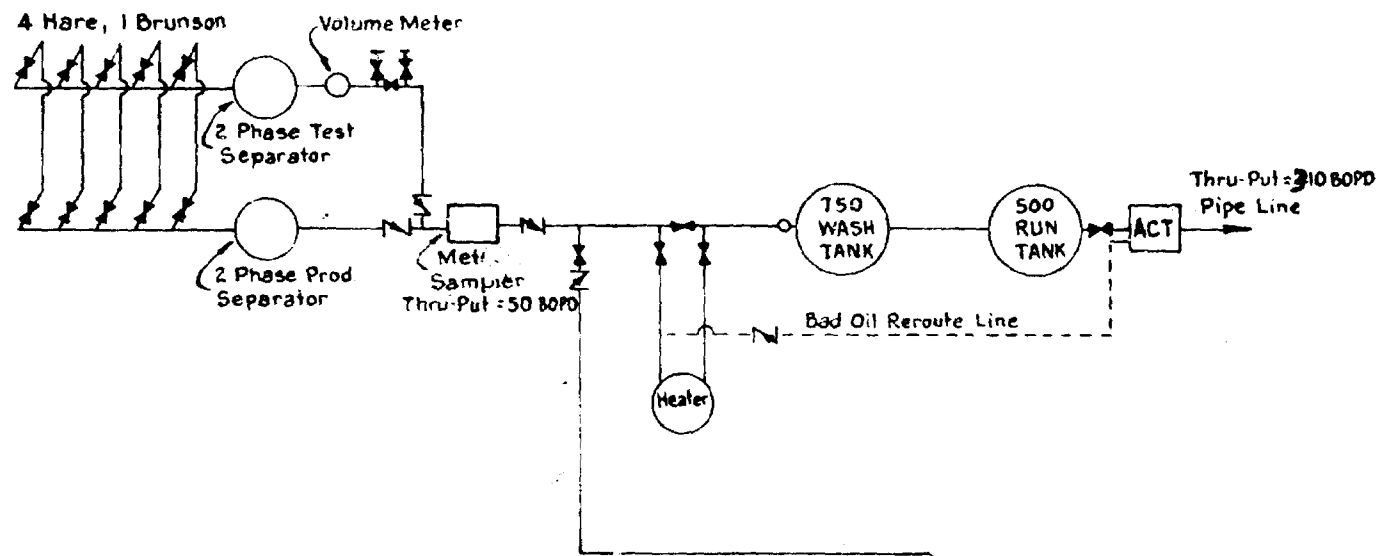
Sec. 15 & 22, T-21-S, R-37-E

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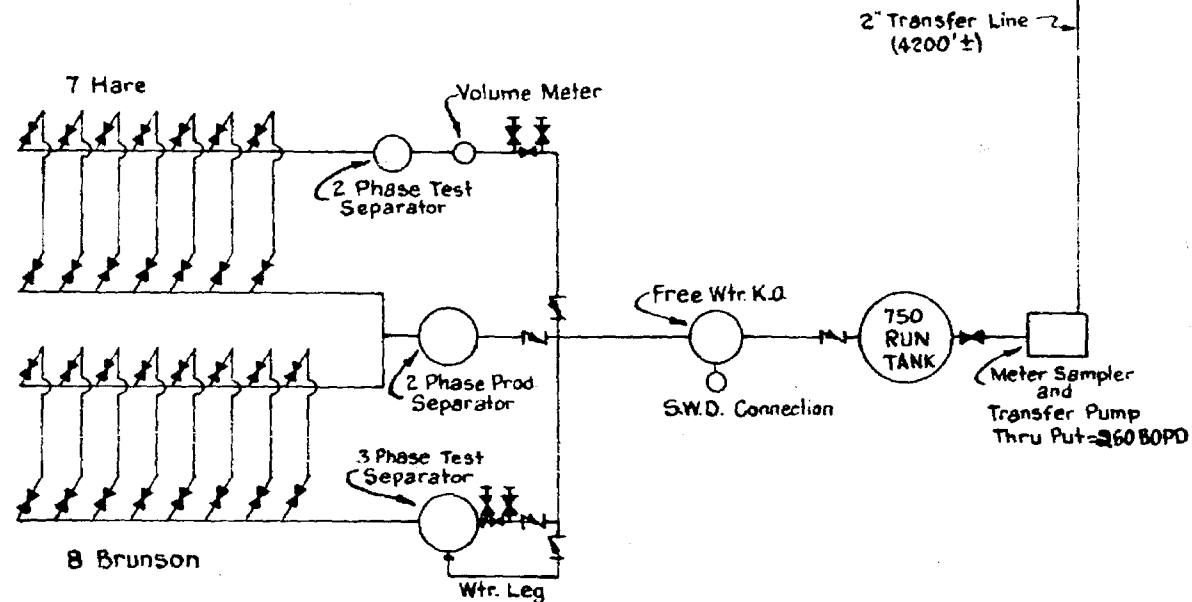
Case 2363 EXHIBIT #2

Shell Oil Company

TURNER CENTRAL



ARGO & ARGO "A"



SYMBOLS

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

ARGO, ARGO "A" & TURNER CONSOLIDATION No.2

Hare & Brunson

Sec. 15 & 22, T-21-S, R-37-E

9-3-61

Case 9363

EXHIBIT #3

Shell Oil Company