

EXAMINER HEARING
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 26, 1958

IN THE MATTER OF: Case No. 1386

TRANSCRIPT OF PROCEEDINGS

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EXAMINER HEARING
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IN THE MATTER OF:

The application of Shell Oil Company for permission to commingle the production from two separate leases. Applicant, in the above-styled cause, seeks an order granting permission to commingle the production from the following described leases in the Monument Pool:

) Case 1386

Cooper "A" Lease, NW/4 NE/4 Section 4;
Cooper "B" Lease, N/2 NW/4 and SW/4 NW/4
Section 4;

all in Township 20 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate the individual lease production on the basis of monthly well tests.

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BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The next case on the docket will be Case 1386.

MR. COOLEY: Case 1386: In the matter of the application of Shell Oil Company for permission to commingle the production from two separate leases.

MR. MONTGOMERY: J. W. Montgomery, appearing for Shell.

(Witness sworn.)

J. W. MONTGOMERY

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

DIRECT EXAMINATION

By MR. COOLEY:

Q State your name and position for the record, please.

A J. W. Montgomery, mechanical engineer, Shell Oil Company in Roswell, New Mexico.

Q Have you previously qualified as an expert witness before this Oil Conservation Commission of New Mexico?

A Yes, sir.

Q Are you familiar with the particular conditions existing in the Monument Pool in Lea County, New Mexico?

A As applies to this case, yes, sir.

Q Would you please proceed with your statement?

A First I would like to pass out a plat of the leases.

MR. UTZ: Do you want this identified as an exhibit?

A Yes, sir, I believe this will be the only exhibit that I have.

MR. UTZ: How do you wish it marked?

A Exhibit No. 1.

MR. UTZ: No. 1?

A Yes, sir.

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

A I'm sorry that I didn't mark the leases in red in this case, but they're our Cooper "A" and Cooper "B" Leases. The Cooper "A" is 40 acres in the northwest of the northeast of Section 4,

Check well the map

and the Cooper "B" lease 120 acres from the north half of the southwest quarter northwest quarter of Section 4, both in Township 20 South, Range 37 East, Lea County, New Mexico. On the plat listed is our Cooper "A" and "B", they are in the upper portion of Section 4 there. We indicate the wells in question and the approximate location of the battery. All of these wells are producing from the Monument Pool. Three of them are flowing and one well is pumping at the present time. The gas-oil ratio on all of them is less than 1,000.

I would like to state that the mineral interest on the two leases in question is identical. This will be a normal lease operation in that it will be operated manually and checked daily by a lease pumper. Production will be allocated to the individual wells on the basis of monthly period well tests. I presume they will be monthly, with a meter and separator.

All offset operators have been notified of our intent and our request for this hearing and our intent to commingle production on these two leases.

We feel that centralization or commingling of the two leases into common tankage will prevent the waste of unmined hydrocarbons by lowered operating costs and also capital investment.

I would like to introduce the Exhibit 11 in evidence. That concludes my direct testimony.

MR. UTZ: Any objection to the entrance of Shell's Exhibit No. 1 in Case 1386? If not, it will be so admitted.

CROSS EXAMINATION

By MR. UTZ:

Q Mr. Montgomery, how many wells do you plan to commingle in this tank battery?

A Just the four shown on the plat.

Q If the mineral interest is the State "A" and "B" Leases, how come they're "A" and "B" instead of all "B" or all "A"?

A I don't know as I can really answer the question. We wonder that ourselves. I can probably answer it in that the mineral interest is different with depth. Now that possibly is the answer, otherwise I don't know. In the particular case in question it's identical.

Q This is the Monument Pool, is that correct?

A Yes, sir.

MR. UTZ: Are there any other questions of Mr. Montgomery?

Mr. Cooley.

By MR. COOLEY:

Q Mr. Montgomery, when you state that the mineral interests are common, do you refer to both overriding royalty and working interest?

A Yes, sir.

Q Common completely throughout?

A Yes, sir.

Q When you stated that the offset operators have been notified, have the royalty owners been notified?

A No, sir.

Q The maximum number of wells that would be drilled, that could possibly be drilled, would be five wells on two leases?

A Four wells.

Q There is one undrilled location in the northeast northeast of 4?

A Northeast?

Q I am sorry, the Cooper "A" is just a 40 acre lease?

A That is correct.

Q I have got it wrong. So it is completely developed in the Monument Pool?

A Yes, sir.

MR. COOLEY: That's all the questions I have.

MR. UTZ: Does anyone else have a question? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Are there any further statements to be made in this case? If no further statements, the case will be taken under advisement.

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