

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case No. 1529

TRANSCRIPT OF HEARING

October 22, 1958
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BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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IN THE MATTER OF: :

Application of Kersey & Company for permission to :
commingle production from two separate oil pools. :
Applicant, in the above-styled cause, seeks an :
order authorizing it to commingle the production :Case 1529
from the Grayburg-Jackson Pool and the Fren Pool :
from two wells located on the SE/4 SW/4 of Section:
16, Township 17 South, Range 31 East, Eddy County, :
New Mexico. Applicant does not propose to meter :
the production from each pool. :

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Mabry Hall
Santa Fe, New Mexico

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The next case on the docket will be Case 1529.

MR. PAYNE: Case 1529, "Application of Kersey & Company
for permission to commingle production from two separate oil
pools."

MR. KERSEY: My name is Harold Kersey, Kersey & Company.
(Witness sworn in).

HAROLD KERSEY

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

DIRECT EXAMINATION

BY MR. PAYNE:

Q Will you please state your name and position?

A Harold Kersey, owner of Kersey & Company.

Q Mr. Kersey, have you previously testified before the New Mexico Oil Conservation Commission?

A Yes, I have.

Q Your qualifications were accepted?

A Yes.

MR. PAYNE: Mr. Examiner, are the witness' qualifications acceptable?

MR. UTZ: Yes, he's previously qualified.

Q (By Mr. Payne) Proceed, please.

A We have this lease that has two wells, one producing from the Seven Rivers and one producing from the Grayburg-Jackson. The Grayburg-Jackson well is an old well that is about depleted and at the present time it is down to approximately three barrels per day.

The tank battery has deteriorated and it will either be necessary to put a new tank battery or commingle with the Seven Rivers production, and to put in a metering separator would cost approximately the same as a tank battery and neither would be justified on account of the stage of depletion of the well. And for economic reasons, we think it would be better to commingle the oil rather than to plug the well or purchase additional tank batteries.

That pretty well sums it up.

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

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Kersey, in the event that this application was denied, do you feel that it would lead to premature abandonment?

A Yes, I do, because it's like I say, it's producing on its last stages now and eventually we will abandon it and this will prolong the life of the well and there will be oil recovered that might not be recovered otherwise.

MR. PAYNE: Thank you.

MR. UTZ: Any other questions of the witness?

MR. FISCHER: Yes, sir.

MR. UTZ: Mr. Fischer?

CROSS EXAMINATION

BY MR. FISCHER:

Q You do not propose to meter the production from each pool?

A Well, we can test the production, but we cannot put in metering separators because of the economics.

Q You will gauge the production?

A We will gauge the production.

Q You are not putting in any special type meters?

A That is right.

Q Could you give us the average or estimated production?

A We have checked it over a six months period and the

production from this well is about three and five tenths barrels and the Seven Rivers Well is about five and nine tenths barrels. That's for 1958.

Q Are both of them --

A The Seven Rivers Well flows and the Grayburg-Jackson is a pumper.

Q Is there any water production?

A No water production from either zone.

MR. FISCHER: No more questions, Mr. Utz.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Kersey, I missed the production you gave for your Kersey Number 296 from the Seven Rivers?

A About five and nine tenths barrels for 1958. That's the average.

Q You say that you intend to gauge the production from each of these two pools. How would you do that?

A We could shut down the flowing well periodically, however you might desire, and gauge the production from the pumping well.

Q But the actual production would be determined in proportion to the production tests on each well?

A That is right, on the production tests on each well because we could shut down either well and get a gauge on the tank for whichever well we were testing.

CROSS EXAMINATION

BY MR. PAYNE:

Q Would you have any objection to an order which so provided?

A No, I would have no objection to that order. I would be happy to do it.

CROSS EXAMINATION

BY MR. FISCHER:

Q Did you say on this battery that you propose to use, did you give the number of separators you have?

A Well, the flowing well has a separator but the pumping well does not have a separator.

Q The flowing well is the one that would have to be destroyed --

A That is right.

Q Do you have the approximate average gravities of the two --

A Both are approximately the same, thirty-six gravity.

Q And how many days' storage will you have in the proposed battery?

A We will have fifty days, which is plenty of storage.

Q You don't feel that in this particular case--you won't have to fill up your tanks to get your oil, will you?

A No, we won't.

Q What type batteries will you have?

A Two 250's, five hundred barrels.

MR. FISCHER: That is all.

CROSS EXAMINATION

BY MR. UTZ:

Q Further in relation to the tanks, I missed the number. What size tanks would you use?

A Well, it's Texas-New Mexico and they require minimum tanks of about 250 barrels. We couldn't hardly replace with less.

Q What would the cost of new tanks be?

A About twelve hundred dollars.

Q What would the cost of a metering separator be?

A Just about the same. It takes a separator or a displacement meter and it's approximately between eleven and twelve hundred dollars.

Q At three barrels of oil a day, it would take quite a while to get your cost out?

A It certainly would, with the cost of operation out of it.

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

(No response).

MR. UTZ: If not, the witness may be excused.

A Thank you.

(Witness excused).

MR. UTZ: Are there any other statements to be made in this case?

(No response).

MR. UTZ: If there are none, the case will be taken under advisement.

