

BEFORE THE
OIL CONSERVATION COMMISSION
DECEMBER 10, 1958

IN THE MATTER OF:

APPLICATION OF SUNRAY MID-CONTINENT OIL COMPANY
CASE 1558

TRANSCRIPT OF HEARING

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NEW MEXICO OIL CONSERVATION COMMISSION

Mabry Hall

Santa Fe, NEW MEXICO

REGISTER

HEARING DATE December 10, 1958 Examiner _____ TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION:
William R. Loar John Kristof IV	Sunray Mid-Continent + Hervey Dow + Hinkle	Tulsa, Okla. Roswell
Lee Hill	Sunray Mid-Cont.	Santa Fe
Rogers J. Francis	Continental Oil	Hobbs
John H. Shroyer	Pan American Pet.	Roswell
Jerry Long	U. S. G. S.	FARMINGTON
John J. Sible	Pan American Petro.	Roswell
W. P. Swant, Jr.	Pan American Pet.	Roswell
N. E. Hall	Sunray Mid-Continent	Midland, Texas
R. E. Statton	Sunray Mid-Continent	Hobbs, N. M.
L. M. Hill	El Paso Natural Gas Products	El Paso
L. J. ^{FINEFRUCK} Sunfork	Sunray Mid-Cont	Tulsa, Okla.
Chuck Newman	Steward + Malone	Roswell, N. M.
Thomas M. Hogan	British-American Oil Co	Alamosa, Colo.
Wm. A. Damm	Humble	Midland
R. W. Sullivan	The Brit-Am. Oil Prod. Co.	Denver, Colorado.
John E. Stein	The Brit-Am. Oil Prod. Co.	Denver, Colo.
Nelson Williamson	British-American oil Prod. Co.	Denver, Colo.
Nancy Royal	NM State Game Reporting Service - Santa Fe	

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NAME:	REPRESENTING:	LOCATION:
R. T. Miller G. Seth	Idemstar Co. Seth's Trustee	Hobbs Santa Fe
Jason Kellahin	Kellahin + Fox	Santa Fe, N. M.
John Woodward	El Paso Natural Gas Products	El Paso
Frank Stearns	Caucasian Oil Co.	Jarvisington
Sam A. Snyder	Union Oil Co of Cal.	Midland
Ed Matamor	"	"
Merrill Wilson	Great Western Drilling Co.	Midland, Texas
J. S. Duncan	Superior Oil Co.	Lubbock ✓
Dewey Watson	Olsen Oils Inc.	Dal NM
Philip Randolph	Graham Page Co of Tex.	Midland
John Langston	Great Western Oil	MIDLAND Texas ✓
Sam Snoddy	✓ ✓ ✓	✓ ✓ ✓

BEFORE THE
OIL CONSERVATION COMMISSION
DECEMBER 10, 1958

IN THE MATTER OF:

Application of Sunray Mid-Continent Oil Com-)
pany for permission to commingle the production)
from two separate oil pools. Applicant, in)
the above-styled cause, seeks an order authoriz-)
ing it to commingle the production from the)
Blinebry Oil Pool and Drinkard Pool on its State)
Land "15" Lease comprising the S/2 S/2 of)
Section 16, Township 21 South, Range 37 East,)
Lea County New Mexico. Applicant proposes to)
meter the production from the Blinebry Oil Pool)
prior to being commingled and to determine)
Drinkard Pool production by subtracting the)
metered volume on the total gauged production in)
the common tank battery.)

Case 1558

BEFORE:

DANIEL S. NUTTER, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.

First case on the docket this morning will be case 1558.

MR. PAYNE: Case 1558, Application of Sunray Mid-
Continent Oil Company for permission to commingle the production
from two separate oil pools.

MR. WHITE: If the Examiner please, Charles White, of
Gilbert, White & Gilbert, of Santa Fe, New Mexico, appearing on
behalf of the applicant. At this time, I'd like to request of
the Examiner that William R. Loar, Sunray attorney out of Tulsa,
Oklahoma, be associated with me and with the next case. We have
one witness at this time.

(Witness sworn.)

MR. NUTTER: At this time, we will ask if there are any other appearances to be made in 1558? Would you proceed, Mr. White.

ROBERT E. STATTON

the witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Statton, state your name?

A Robert E. Statton.

Q By whom are you employed and in what capacity?

A I am employed by the Sunray Oil Company as area engineer.

Q Are you familiar with Sunray Mid-Continent's present application?

A Yes, sir.

Q Have you testified on previous occasions before either the Examiner or the Commission?

A Yes, sir.

MR. WHITE: If the Examiner please, are his qualifications accepted?

MR. NUTTER: Proceed, they are.

Q (By Mr. White) This application asks for an order for permission to commingle production from two separate formations as to lands set forth in the application. Refer to Exhibit One and explain that.

(Sunray Mid-Continent Exhibit One marked for identification.)

A Yes, sir, Exhibit One shows the State "15" Lease located on the south half south half of Section 16, Township 21 South, Range 37 East. This plat also shows the offset operators and shows that wells number one, two and four produce from the Drinkard Oil Pool, and well number three, a dually completed well, produces from the Drinkard and Blinebry Oil Pool. The Drinkard formation is found at a depth of 6600 feet and the Blinebry at a depth of 5600 feet.

Q Will you explain your proposed program in the event the application is granted?

A Yes, sir. We propose to meter the Drinkard oil and meter the Blinebry oil and commingle both into a line leading to common tanks.

Q Now, refer to Exhibit Two. Identify that and explain it.

(Sunray Mid-Continent Exhibit 2 marked for identification.)

A Exhibit Two shows the system that we propose to use. We propose to use and approved positive displacement or dump type meter downstream, a heater treater and a similar meter downstream from the Blinebry separator to measure the oil from the two zones separately before commingling.

Not shown on this exhibit is a test line leading from the downstream side of the Blinebry meter into one tank, whereby we will be able to test each meter for accuracy.

MR. WHITE: If the Examiner please, we failed to set forth the additional meter on the exhibit right there, and this is the corrected exhibit from which he's testifying.

MR. PAYNE: Do you wish to amend your application, Mr. White to include a provision that both zones be separately metered prior to commingling?

MR. WHITE: We could have, but I thought that might be sufficient on the way the testimony would be brought out.

MR. PAYNE: That is sufficient if you don't care to amend.

Q (By Mr. White) Will you trace on Exhibit 2 the flow of production from the Blinebry Oil Pool?

A The Blinebry production will enter the Blinebry separator and the oil will be dumped through the metering system, and then the oil will go into a line leading to the tanks. The flow diagram of the Drinkard oil is similar.

Q Now, what is the nature and the amount of production from each zone?

A The Blinebry oil has a gravity of 44 degrees API, and well number three produces 47 barrels of oil top allowable, no water. The Drinkard has a gravity of 37 API. Four produces a total of 21 barrels a day, no water.

Q Is there a common royalty interest in each lease?

A Yes, sir.

Q Did you obtain a consent from the State Land Commissioner?

A We have a verbal consent from them. They informed us they would furnish consent in writing.

Q Are the institutional beneficiaries in common?

A Yes, sir.

(Marked Sunray Midcontinent Exhibit 3 for identification.)

MR. WHITE: We have Exhibit 3, which are the consents from the offset operators, being as follows: Shell Oil Company, Sinclair Oil and Gas Company, Continental Oil Company, N. B. Hunt, Amerada and Tidewater. They are marked as Exhibit 3 collectively.

MR. NUTTER: Fine.

Q (By Mr. White) In your opinion, will the system which you propose to install provide an accurate and positive method for the measuring of production in both zones?

A Yes, sir.

Q Is it your opinion that the proposal will result in the prevention of waste?

A Yes, sir, by being able to fill and run the tanks faster there will be a saving in gravity and shrinkage, and also we will be able to produce a higher barrel oil rate per day prior to abandonment. Due to lower operating cost, we will not have to maintain separate tankage.

Q Is the same pipeline company taking the crude from both zones?

A Yes, sir.

Q Do you have anything further to add in reference to the proposed system, its operation and maintenance?

A Only that we will be able to comply with the test requirements for each well. We will -- each meter will be tested for accuracy at intervals satisfactory to the Commission.

Q Were Exhibits One and Two prepared under your direction or supervision?

A Yes, sir, at my direction.

MR. WHITE: We move for the admission of Exhibits One, Two and Three.

MR. NUTTER: If there is no objection, they will be admitted.

MR. WHITE: That's all the direct we have.

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Statton, is the oil produced from these two zones of similar quality insofar as sulfur content is concerned?

A Yes, sir. The same pipe line company does take it through a common line.

Q Is the owner of the working interest as well as royalty and overriding royalty identical for the two zones?

A Yes, sir.

MR. NUTTER: Any further questions of the witness? If there are no further questions, Mr. Statton may be excused.

(Witness excused.)

