EXAMINER HEARING
OIL CONSERVATION COMMISSION
May 6, 1959

IN THE MATTER OF: Case 1655

TRANSCRIPT OF PROCEEDINGS

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BEFORE THE
OIL CONSERVATION COMMISSION
EXAMINER HEARING
May 6, 1959

IN THE MATTER OF:

Application of Skelly Oil Company for permission to commingle the production from the Tubb Gas Pool and the Drinkard Oil Pool. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the liquids produced from the Tubb Gas Pool with the oil produced from the Drinkard Oil Pool underlying its State "K" Lease comprising the N/2 NW/4 of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to meter the production from each pool prior to commingling. Case 1655

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The hearing will come to order, please. The next case on the docket will be 1655.

MR. PAYNE: Case 1655: Application of Skelly Oil Company for permission to commingle the production from the Tubb Gas Pool and the Drinkard Oil Pool.

MR. WHITE: Charles White of Gilbert, White, and Gilbert, appearing on behalf of the Applicant. We have one witness to be sworn.

MR. UTZ: Any other appearances to be made in this case? If not, you may proceed.

(Witness sworn.)

JOE D. RAMEY

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Will you state your full name, please, for the record?

A Joe D. Ramey.

Q By whom are you employed and in what capacity?

A Skelly Oil Company, District Petroleum Engineer for the New Mexico District.

Q Have you previously testified before the Commission as an expert in your field?

A Yes, sir.

Q Are you familiar with Skelly's application in Case No. 1655?

A Yes, I am.

MR. WHITE: If the Examiner please, are the witness's qualifications acceptable?

MR. UTZ: Yes, sir, they are.

Q Mr. Ramey, will you state where Skelly State "K" Lease is located and in what Pool?

A The Skelly State "K" Lease comprises the North Half of the Northwest Quarter, Section 32, Township 21 South, Range 37 East, Lea County, New Mexico. Production from the State "K" Lease is: Wells 1 and 2 are Penrose Skelly producers, and Wells

3 and 4 are Drinkard Pool producers, and Well No. 3 is a dually completed in the Tubb and Drinkard Pools.

(Skelly Oil Company's Exhibits Nos. 1 and 2 marked for identification.)

Q Will you refer to what has been marked as Exhibit No. 1 and explain what that shows?

A Exhibit No. 1 shows the location of Skelly's State "K" Lease outlined in red, and the location of the Drinkard tank battery and proposed commingling facilities outlined in the green rectangle.

Q Does it show the direct offset operators?

A Yes, it does. They are Gulf,Sinclair,Ohio and Amerada.

Q What production are you presently obtaining from your recently completed State "K" Well No. 3?

A It is producing presently at the rate of -- this is from the Tubb side -- 230 M.C.F., and is also producing 1.90 barrels of 44.6 gravity oil. I think in our application we stated that was distillate.

Q It is now producing oil?

A Yes, it originally made some distillate and now it is --

Q Will you state what production you are receiving from your Wells No. 3 and 4?

A Well No. 3 is producing around 16 barrels of oil per day from the Drinkard and Well No. 4 is also producing around

16 barrels of oil per day.

Q Will you refer to what has been marked Skelly's Exhibit No. 2 and explain that exhibit, including the tracing of the flow lines?

A Exhibit No. 2 is a flow diagram of the proposed commingling facilities. Flow for the Drinkard zone, which is on the right, is as follows: Fluids from the wells enter the separator where the gas and oil are separated; the gas leaves the top of the separator and passes through a gas meter to a Skelly gas sales; the oil will then be dumped to the Drinkard zone meter where it will be measured, and from the meter it will pass into stock which in this case will be two five hundred barrel stock tanks. The Tubb flow is very similar, with the exception that the well fluids pass through a high pressure separator and the gas goes to Permian and the oil then goes to a low pressure separator and the well is now producing approximately twenty percent water; we haven't been able to determine whether that is load water or whether it is formation water. If it continues to be formation water, we will seat a small heater treater in front of the meter so that only pipeline oil will pass through the meter.

Q You show on the exhibit the use of positive displacement meters. Would you like the order to give the alternative right to use a dump type meter?

A Yes, we would, either one.

Q Are these corrosive crudes?

A The Drinkard is corrosive, and I believe the Tubb is a sweet crude.

Q In your opinion will the proposed installation provide an accurate and positive method of measuring the production from each of these producing zones?

A Yes, it will.

Q Is the ownership interest common as to all zones?

A Yes, it is.

Q Will the facilities be such that you can efficiently test each well at least once a month?

A Yes, one of the Drinkard wells will probably either have to be shut down or measured separately with a portable test separator, but they can be measured accurately.

Q How often do you propose to test the accuracy of the meters?

A We will test them at least once a month, or whatever frequency the Commission requires.

Q Has the Commission approved similar type installations?

A Yes, I believe they have.

Q Would you state what economic advantage,if any, would be gained by Skelly through the proposed program?

A Actually there probably won't be too much savings in equipment; however, with the Tubb side making about, only about two barrels of oil per day, why, the retention time of this Tubb oil in tanks would be considerable, and hence there would probably

be considerable evaporation loss, so actually the commingling will result in less evaporation and hence would be an all-around savings.

Q Then this is not only an economic measure but a conservation measure as well?

A Yes, it is.

Q Were these exhibits prepared by you or under your direction?

A Yes, sir, they were.

MR. WHITE: We offer the exhibits in evidence.

MR. UTZ: Without objection the Exhibits 1 and 2 will be considered in evidence.

MR. WHITE: We have no further questions.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Ramey, what did you say your production from the Tubb zone in this Lease was?

A Permian is producing the well at the rate of about 230 M.C.F. of gas, and it was making on a six-day test we took just recently, it averaged 1.90 barrels of oil per day.

Q Is there one or two tanks on the Lease?

A There is one.

Q Which well is the dually completed well?

A No. 3, that is the dual completion, Drinkard oil and Tubb gas.

Q Has your company had any experience with corrosive

crudes and positive displacement meters?

A No, we have not.

Q Then you don't know just how positive displacement meters will work with the Drinkard oil?

A I believe positive displacement meters are being used in other areas for lease A.C.T.O. oil.

Q Yes, but they have been having trouble with corrosive crudes.

A That's why we asked for dump type, the alternative on dump type.

Q Would your company be willing to install dump type meters on the Drinkard side?

A Yes, I think we would probably prefer to.

Q And the Tubb side is not corrosive?

A No, it is not.

Q They do make dump type meters with plastic linings for corrosive crudes. Would your company be willing to use such a meter?

A Yes, I'm sure they would.

MR. UTZ: Any other questions of the witness?

MR. PAYNE: No, sir.

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

(Witness excused.)

MR. UTZ: Is there anything further in this case? If there are no statements, the case will be taken under advisement.

C E R T I F I C A T E

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings was reported by me in Stenotype, and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 8th day of May, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1655, heard by me on May 6, 1959.

, Examiner
New Mexico Oil Conservation Commission