

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 27, 1960
EXAMINER HEARING

IN THE MATTER OF:)

Application of Newmont Oil Company)
for permission to install four)
separate automatic custody trans-)
fer systems.)

Case 1870

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IN THE MATTER OF:)
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Application of Newmont Oil Company for)
permission to install four separate)
automatic custody transfer systems.)
Applicant, in the above-styled cause,) Case 1870
seeks an order authorizing it to in-)
stall a separate automatic custody)
transfer system on each of four leases)
in applicant's water flood project in)
the Loco Hills Pool, Eddy County, New)
Mexico.)

BEFORE:
Mr. Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 1870.

MR. PAYNE: Application of Newmont Oil Company for
permission to install four separate automatic custody transfer
systems.

MR. CAMPBELL: Mr. Examiner, Jack Campbell, Campbell
and Russell, Roswell, New Mexico appearing on behalf of the appli-
cant. I have one witness to be sworn.

(Witness sworn.)

MR. UTZ: Any appearances to be made in this case?

HERMAN LEDBETTER

called as a witness, having previously been duly sworn, testified

as follows:

DIRECT EXAMINATION

BY MR. CAMPBELL:

Q Will you state your name, please?

A Herman Ledbetter.

Q By whom are you employed and in what capacity?

A Newmont Oil Company as Superintendent for their New Mexico operations.

Q Have you previously testified before this Commission or one of its examiners?

A Yes, sir.

Q Are you in charge of the operations of Newmont Oil Company in their Loco Hills water flood project?

A Yes, sir.

Q Are you generally acquainted with the application of Newmont in this particular case?

A Yes, sir.

Q What does Newmont Oil Company seek by way of an order from the Commission in this case, Mr. Ledbetter?

A We seek to get an order to install four automatic tank batteries, a battery each on our Yates, Yates A, Ballard, Ballard A and Ballard B.

MR. CAMPBELL: Will you mark this as Exhibit 1, please?

(Marked Newmont Oil Company's Exhibit No. 1, for identification.)

Q Mr. Ledbetter, I ask you to refer to a plat which has been placed upon the board there and ask you to state where these four leases are situated in the Loco Hills Pool please, giving the legal description for the record.

A The Yates Lease is the South Half of the Northwest and the North Half of the Southeast of Section 6, 18 South, 30 East, and the Yates A Lease is the North Half of the North Half and the South Half of the Northeast and the North Half of the Southeast, the South Half of the Southwest plus the Southeast of the Southwest of the Southeast.

Q Will you outline those leases with that red pencil, please?

A (Witness complies.)

Q You have marked on that with red pencil the four leases that are involved here, is that correct?

A Yes.

Q Will you point out to the Examiner where the four units are to be located?

A The tank batteries are to be located here, here, here, here and here.

Q You have pointed out the location of the tank batteries. How are those identified on the particular plat?

A With small circles, three small circles indicating the three tanks.

Q Now, Mr. Ledbetter, will you refer to what has been identified as Exhibit No. 1 in this case and state what that is, please?

A This is a diagrammatic sketch of the proposed automatic tank battery.

MR. CAMPBELL: Mark this as Exhibit No. 2.

(Marked Newmont Oil Company's Exhibit No. 2, for identification.)

Q I refer you to what has been identified as Exhibit No. 1 and Exhibit No. 2 and ask you to state what those are, please.

A Exhibit No. 1 is a diagrammatic sketch of the proposed tank batteries and the Exhibit No. 2 is a description of operation of this tank battery.

Q Will you state, please, briefly to the Examiner how this installation will be operated?

A The oil will come in from the wells through this Valve 1 and into this Tank No. 2, which is a gun barrel, and after it's filled, why it will overflow near the top through a BS and W monitor into Tank marked No. 5, which is the run tank. From this tank the oil will be run through the metering facilities turning the pump on with a high-level switch and turning it off with a low-level switch. Should the BS and W monitor show bad

oil, the valve at the top of this first Tank No. 5 is closed and the oil is, that is produced is routed into the second tank and at the same time a valve is opened and the oil in the gun barrel is recirculated through the heater until the oil becomes good and then it is reopened and goes back into the run tank.

Q Mr. Ledbetter, are the installations that you propose the same on each of these four leases?

A Yes, except for the size of the tanks on the Yates A Lease.

Q What is the difference on the size of the tanks and which tank --

A On the Ballard A, Ballard B and Yates Lease, why the tanks are 500, the gun barrel is 500 barrel and the two tanks are 250 barrel tanks and on the Yates A Lease the gun barrel is a thousand barrel and the two tanks are 500 barrel tanks.

Q Do you have separate metering facilities for each of the wells on the lease?

A No.

Q How do you determine the amount of oil produced from each of the wells?

A By testing with a tester at the well.

Q What are the controls available on these units for in case of emergency situations, overflow of tanks and so forth?

A If at any time enough bad oil is produced or for any

other reason that both tanks, the No. 2 Tank becomes full, it has a high-level shutdown switch which will close in Valve No. 1 on the line. This, in turn, will pressure up the oil lines to the well and with a pressure switch will shut in the well.

Q Have you contacted the purchasing companies purchasing the oil from these leases?

A Yes, sir.

Q Who are those companies?

A Continental Oil Company purchases the oil from the Yates Lease and Texas-New Mexico purchases the oil from the Ballard A and B Leases.

MR. PAYNE: Pardon, which does New Mexico Pipeline take?

A On the Yates A, the Ballard A and B Leases.

(Marked Newmont Oil Company's Exhibits 3 and 4, for identification.)

Q I refer you to what have been marked as Exhibits 3 and 4 and ask you to state what those are, please.

A Exhibit No. 3 is the letter in response to an inquiry to Texas-New Mexico Pipeline about accepting these tank batteries, and in this letter they state they will accept this tank battery.

Q Are there any qualifications in either of the letters?

A In the Exhibit No. 4 the Continental's requests that a check valve be placed near the valve marked No. 9 and which we plan to do.

Q Mr. Ledbetter, have you had someone living on or near these installations?

A Yes, sir, we'll have a pumper living in whose house, the tank batteries will be in sight of his house.

Q Do you plan to install some kind of equipment to alert him in the event there is a breakdown of the automatic transfer custody systems?

A Yes, we plan to install a beacon light.

MR. CAMPBELL: I would like to offer applicant's Exhibits 1 through 4 in evidence.

MR. UTZ: Without objection they will be entered.

MR. CAMPBELL: That's all I have at this time.

MR. UTZ: Any questions of the witness?

MR. PAYNE: Yes, sir.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Ledbetter, are these pumping wells or flowing wells?

A Pumping.

Q So you don't feel that you need a low level shutoff switch in the case of flow line break?

A We feel that we've operated these leases before, I mean without the batteries, without such equipment, and very successfully, and we don't feel that we need it.

Q You feel that the man on the leases will visit the

batteries about as often as he does under your present system?

A Oh, yes.

Q Are your flow lines above ground or under ground?

A Most of them are above ground.

Q Do you have any corrosion problem in this area?

A No, we do not. We haven't had to date.

Q What type meters do you propose to use in your systems?

A We propose to use this A. O. Smith S 12 C meter.

Q Is that a positive displacement meter?

A Yes.

Q You don't propose to make them corrosion resistant then since you have had no particular corrosion problem?

A No.

Q Have you had any paraffin problems?

A Only on wells where there's very small production.

MR. PAYNE: Thank you.

BY MR. UTZ:

Q What do you estimate the line pressures will be from your wells to these tanks?

A I don't expect it to exceed 50 pounds at any time.

Q Is that more or less than under normal operating conditions without this system?

A It should be the same except when the shutin valve is shut in.

Q You do have a high-level shutoff don't you?

A Yes.

Q On the tanks which will shut in the wells at Valve No. 1?

A Yes, it is on the tank marked Tank No. 10 at the left of the drawing. It's marked No. 11.

Q This will prevent you from wasting oil due to overflow when the tanks are all full, is that correct?

A Yes, sir.

Q Are the crudes from these leases sour or sweet?

A I couldn't definitely state on that, but it is my belief that it was considered sour crude.

Q Are you taking any precautions against corrosion?

A We've taken certain precautions such as coating the bottoms of the tanks.

Q Will your meter be a corrosion resistant meter?

A It will be, I couldn't state whether it will be any special metals.

Q I'm not sure that I have the true picture here. Where will the oil be metered on each lease, you will have one on each lease?

A Yes, there'll be four individual batteries.

MR. UTZ: Any other questions? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: The case will be taken under advisement.

STATE OF NEW MEXICO)
 :
 : SS
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, 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 notarial seal this ^{5th} day of February, 1960.

Ada Dearnley

Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is a correct and true copy of the proceedings in the New Mexico Oil Conservation Commission, held on January 27, 1960.

[Signature]
_____, Examiner
New Mexico Oil Conservation Commission