

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1902: Application of Kenneth Murchison & Company
 for permission to commingle the production
 from two separate non-contiguous leases.
 Applicant, in the above-styled cause, seeks
 permission to commingle the Bisti-Lower
 Gallup Oil Pool production from the Federal
 lease NM-036255-A, consisting of the S/2
 SE/4 of Section 3 and the Federal Lease
 NM-036255-B, consisting of the S/2 NE/4 of
 said Section 3, Township 25 North, Range 12
 West, San Juan County, New Mexico.

State Corporation Commission
Hearing Room
Capitol Building
Santa Fe, New Mexico
February 25, 1960

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 1902.

MR. FLINT: Case 1902. Application of Kenneth Murchison &
Company for permission to commingle the production from two separate
non-contiguous leases.

MR. KELLY: William B. Kelly of Gilbert, White and Gilbert.

MR. UTZ: What was the name again?

MR. KELLY: Kelly, William B.

(Witness sworn.)

MR. UTZ: Any other appearances in this case?

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J. D. FOWLER

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

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name, please?

A J. D. Fowler.

Q Where are you employed?

A Manager of the National Tank Company, Farmington, New Mexico.

Q Have you previously testified before this Commission?

A No.

Q Would you give us a brief statement of your experience?

A I have approximately four and a half years field experience in Farmington area with the National Tank Company.

Q And has part of your experience--as part of your experience have you had any work with the subject application, the two wells that we are involved with today?

A I have been affiliated with the installation of the tank battery, treating facilities, and this metering separator in question.

MR. KELLY: Are the witness' qualifications acceptable to the Commission?

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MR. UTZ: Are you prepared to state as to the interest in these two tracts?

A Only as I have seen from copy of the letter from Kenneth Murchison to this Commission.

Q (By Mr. Kelly) And also through your conversation with Mr. Gould of Murchison?

A Yes.

MR. UTZ: We will qualify the witness on those grounds.

Q (By Mr. Kelly) Could you state the purpose of the application?

A The purpose of the application is the measuring of oil from two non-contiguous leases, each owned by the--or operated by the Kenneth Murchison Company, the royalty and ownership being identical on the two leases.

Q Are identical?

A Identical, yes.

Q Do you know whether the adjoining land owners have agreed to the commingling request?

A By observation of letters by both the adjoining land owners, they are agreeable.

Q Now, refer to what has been marked Exhibit 1. Could you explain this to the Commission?

A That is the plat?

Q Yes.

A Exhibit 1 shows the location of the Murchison



operated land in relation to joining acreage. It is Section 3 of Township 25 North, Range 12 West.

Q Could you give us a little history of how this land was acquired?

A The land was acquired from the Shell Oil Company in checkerboard leases by the Murchison Estate, Kenneth Murchison.

Q Now, referring to Exhibit 2, could you explain it to the Commission?

MR. UTZ: Mr. Kelly, I would like to clarify Exhibit 1 before we proceed further. You've got three hundred twenty acres marked here actually.

MR. KELLY: Actually, referring to Exhibit 2, the information here we are supposed to get from Murchison didn't come in time, and we had to borrow this from Sunray Mid Continent. The Exhibit 2 shows the central section in equal section, and the central section is owned by Shell, so the Kenneth Murchison leases are not contiguous.

A The leases in question are the South half of the Northwest quarter, and the south half of the--South half of the Northeast quarter and the South half of the Southeast quarter.

MR. UTZ: The North half of the Southeast quarter belongs to whom?

A Supposedly, Shell Oil Company.

MR. UTZ: As well as the North half of the Northeast quarter?



A To my understanding, that quarter possibly belongs to Kenneth Murchison. I have no record of whom that belongs to.

Q (By Mr. Kelly) At any rate, it is not drilled?

A That's right.

MR. UTZ: What you want to do here is move oil from which lease to which one, the number 3 to number 2?

A From number 3 to number 2. The tank battery is on the "A" lease which is the number 2 well, and they want to measure oil from the "B" lease which contains the number 3 well to this tank battery.

MR. UTZ: All right, sir. You may proceed.

Q (By Mr. Kelly) Do you know whether the oil from both wells is from the same zone, same pool?

A The oil from both wells, to my knowledge, is from the Lower Gallup. Both production is the same, and the oil from both zones, from both wells, is approximately forty-one degree A.P.I. gravity oil.

Q Do you know whether there is any problem of corrosion, or any water problem?

A To my knowledge, there is no corrosion problem, and water content of each well is two to three tenths of one percent, which is very small.

Q Do you know whether there would be any loss of economic value by mingling these crudes?

A Since both leases are identical ownership, I can see



no loss, no economic loss.

MR. KELLY: That's all I have on direct.

MR. UTZ: Is the gravity the same on crudes of both wells, Mr. Fowler?

A Yes, sir.

MR. UTZ: What part of the Southeast of the South half of the Southeast will the tank battery be located on?

A The tank battery is approximately on, I would say, three hundred yards west of the number 2 well.

MR. UTZ: That would be in the Southeast Southeast?

A Yes. According to Exhibit number 2, that would probably be in the Southwest of the Southeast.

MR. UTZ: You say the ownership is identical in both of these tracts?

A Yes, sir.

MR. UTZ: Have you contacted Shell in regard to this?

A In regard to this metering? Yes, sir, they have been contacted, and have written a letter of approval.

MR. KELLY: I think in the application there is a copy, we have a copy of that letter from Shell and El Paso.

MR. UTZ: Here it is.

Are there any other questions of the witness?

What is the allowable for each of these wells, Mr. Fowler?

A I believe the allowable now is, I cannot be positive of this, I believe it is 63 barrels.



MR. UTZ: For each one, or both of them?

A I believe that would be for each well. I could stand to be corrected on that.

MR. UTZ: Do you know whether they are top allowable wells or not?

A No, sir, I don't.

MR. UTZ: What size tanks are you installing?

A I believe they are two hundred ten barrel tanks.

MR. UTZ: Two?

A Yes.

MR. UTZ: How often will the pumper visit these wells, particularly the tank battery?

A I would say at least every other day.

MR. UTZ: Do you think the four hundred and twenty barrel capacity is enough to handle two days' production from these wells?

A Yes, sir.

MR. UTZ: Actually, it might be enough to handle about four days; is that right?

A Yes, sir, it could be.

MR. UTZ: Any other questions? The witness may be excused.

MR. KELLY: Mr. Fowler, do these Exhibits reflect, as far as you know, the accurate condition of the well location in the area?

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A As far as I know, they do.

MR. KELLY: I move for the introduction of Exhibits 1 and 2.

MR. UTZ: Without objection, Exhibits 1 and 2 will be entered into the record.

You may be excused.

(Witness excused.)

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

Case will be taken under advisement.

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