BEFORE THE
OIL CONSERVATION COMMISSION
State Land Office Building
Santa Fe, New Mexico
November 30, 1960
EXAMINER HEARING

IN THE MATTER OF:

Application of Sinclair Oil & Gas Company for permission to commingle the production from two separate pools from two separate leases and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle, after separate measurement, the production from the Denton-Devonian and Denton-Wolfcamp Pools from all wells presently completed or hereafter drilled on the following-described leases:

Whitman "A" Lease, NE/4 of Section 26
Whitman "B" Lease, E/2 of Section 23,

both in Township 14 South, Range 37 East, Lea County, New Mexico, and for permission to install an automatic custody transfer system to handle said commingled production.

Case 2129

BEFORE:
Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. MORRIS: Application of Sinclair Oil and Gas Company for permission to commingle the production from two separate pools from two separate leases and for an automatic custody transfer system.

MR. WHITE: We will have the same appearances in this case as in Case 2127 and 2128.

MR. MORRIS: Let the record show the witness has been sworn.

R. M. ANDERSON

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

DIRECT EXAMINATION

BY MR. BURTON:

Q State your name and employment.

A R. M. Anderson, Petroleum Engineer for Sinclair Oil and Gas Company, Midland Division Office.

Q Are your qualifications as an engineer a matter of record before the Commission?

A They are.

Q And have you made a study of the matter now being heard?

A I have.

Q Would you produce your Exhibits that you prepared in connection with this application?

A Yes, I have three Exhibits in this application.

(Whereupon, Applicant's Exhibit No. 1, marked for identification.)

Q What is shown by Exhibit No. 1?

A Exhibit No. 1 shows our Whitman "A" and "B" Leases outlined in red. These leases are in the Denton-Devonian and Denton-Wolfcamp Pools and I have colored the Devonian completion green, the Wolfcamp completion is in red. This was at the time this lease was acquired -- our records reflect that it was one common basic lease. However, for accounting purposes and to accommodate

subsequent -- a subsequent division of royalty, we have arbitrarily split the lease in two and have an "A" and "B" Tract.

Q What is the description of those tracts, is it shown there?

A Yes, it's outlined on the plat; the "A" Lease is the Northeast Quarter of Section 26, Township 14 South, Range 37 East, and the "B" Tract is the East Half of Section 23, Township 14 South, Range 37 East. The royalty under the "B" Tract and the "A" Tract -- the royalty is common vertically under both of these leases, but it is not, they are not identical to each other.

(Whereupon, Applicant's Exhibit No. 2 & 3 marked for identification.)

Q Now, with reference to your Exhibits 2 and 3, explain the lease automatic custody transfer system which you propose?

A Exhibit 2 is a schematic diagram of the proposed tank battery installation; it shows the Lea Whitman "B" Installation at the top of the page, and at the bottom of the page is the Lea Whitman "A" Installation. Going through the "B" Installation, the Wolfcamp, we will go through a separator and then through a PD oil meter and thence to the surge tank which will deliver to the LACT system. The Devonian wells on the "B" Lease, two wells, will go through a heater treater, they will go through a three way directing valve, thence into a flume and thence into a power oil tank and then to the Kobe Installation. When the power oil tank is full, the electrically operated directing valve will direct the

Devonian production through a metering vessel and thence commingle it with the all ready Wolfcamp oil, and thence into the surge tank. When the power oil tank is lowered to a certain point, the liquid level control switch will turn the three way valve again to the power oil tank and replenish the power oil tank back to full position. We have an intermittent production of the Devonian stream, it enters into the power oil tank and then through the metering vessel into the LACT system. Of course, with the Kobe triplex pumping, it will be drawing on the power oil tank constantly.

On the "A" Lease is an identical setup as the "B", except we have a few more wells. We will individually meter the Wolfcamp oil prior to commingling, and individually meter the Devonian oil prior to commingling into the surge tank. And of course, in the surge tank the "A" Lease will be commingled, and the "B" Lease will be commingled into the surge tank also. The production from each zone on each lease will be individually measured prior to commingling on this particular installation. We have the same Fail-Safe feature we had on the previous installations, and all of the wells are pumping wells on the lease.

Q Here you have a meter on each stream; then you have four meters in all?

A Yes, sir.

Q You use a positive displacement meter on one zone and a meter vessel on the other zone, why do you have a difference?

A The Devonian zone will be produced into the LACT system

and tanks intermittently in both sizes; but to the actions of this directing valve, we felt for that type of delivery a meter vessel would work better and be more accurate than an oil meter would.

MR. NUTTER: What is this, a dump type counter or something?

A A one barrel vessel; when it filled it, it would count each dump when it filled up one barrel.

Q (By Mr. Burton) Would the commingling in this case affect the value of the oil or price received for it?

A Here again, both crudes or the selling price will not be affected adversely or otherwise by the commingling.

Q Your next Exhibit is a detail of the Lact Unit?

A Yes, identical detail as presented in the previous case on the Pope Lease.

Q Case 2128, and is your testimony with respect to this unit, the same as in the previous case?

A Yes, sir.

Q Is this system in your opinion an economic and reliable means of measuring the production and transferring custody of the oil?

A Yes, it is.

Q Is it in the interest of prevention of waste?

A Yes, sir.

Q And will there be any impairment of correlative rights?

A No, sir.

MR. BURTON: We offer the Exhibits in the record.

MR. NUTTER: Sinclair's Exhibits 1 through 3 will be admitted. Anyone have any questions of Mr. Anderson?

CROSS-EXAMINATION

BY MR. PAYNE:

Q Mr. Anderson, do you have any corrosion problems with either the Devonian or Wolfcamp?

A Yes, the Devonian is corrosive, and we have been producing it for a long time and it is not a problem. It is something we have worked out, and corrosion preventive measures have been taken on the lease, and we have it under control, and the proposed system that we are putting in has got corrosion preventive materials and is of a nature we anticipate will work.

Q Then your meters will be corrosion resistant?

A Yes, sir.

MR. PAYNE: Thank you.

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Anderson, what is the capacity of the PD meters in this Lact Unit on Exhibit 3 in this case?

A Both meters will be the same, an A.O. Smith two inch meters, temperature compensated, maximum rate of one hundred and twenty gallons per minute.

Q I think in the previous case you had a similar installation, you said the capacity of the system was from seven hundred

to twenty-five barrels a day?

A Yes, sir.

Q Is this similar in this one?

A Yes, sir.

Q Now, the Wolfcamp production in either one of these leases is not passed into the power oil system in any way, is it?

A No.

Q After it has been metered it is kept separate from the Devonian until after the Devonian has been metered?

A Right, yes, sir.

Q In each case we have the Wolfcamp being separately measured, the Devonian being separately measured, and then the amount of oil that comes from each lease is determined by adding the sums of the two formations under each lease?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Anderson? You may be excused. Do you have anything further, Mr. Burton?

MR. BURTON: That is all, thank you.

MR. NUTTER: Does anyone have anything further for Case 2129? We will take the case under advisement and take Case 2130.

(Whereupon, the hearing was adjourned.)

I N D E X

E X H I B I T S

Number	Marked for Identification	Offered	Received
Applicant 1	2	6	6
Applicant 2	3	6	6
Applicant 3	3	6	6

STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

I, LEWELLYN NELSON, 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 16 day of December, 1960.

Lewellyn Nelson
Notary Public-Court Reporter

My commission expires:

June 14, 1964.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2129, heard by me on 11/30, 1960.

....., Examiner
New Mexico Oil Conservation Commission