

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2281

TRANSCRIPT OF HEARING

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

PHONE CH 3-6691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF: :

CASE 2281 Application of Continental Oil Company for :
an exception to Rule 309 (a), Lea County, :
New Mexico. Applicant, in the above-styled :
cause, seeks permission to commingle the :
Maljamar Pool production from all wells pre- :
sently completed or hereafter drilled on its :
Taylor Lease, comprising the SW/4 of Section :
14, Township 17 South, Range 32 East, Lea :
County, New Mexico, and on its Federal Mil- :
ler BX Lease, comprising the E/2 of said :
Section 14, after separately metering the :
production from each lease. :

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: We will call Case 2281.

MR. MORRIS: Application of Continental Oil Company for
an exception to Rule 309 (a), Lea County, New Mexico.

MR. KELLIHAN: Kellihan & Fox appearing on behalf of the
Applicant. We have one witness whom we'd like to have sworn.

(Witness sworn.)

EDWARD COLTHARP,

called as a witness, having been first duly sworn, was examined



and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A Edward Coltnarp.

Q By whom are you employed and in what position?

A Continental Oil Company as District Engineer for the Artesia District, Artesia, New Mexico.

Q Have you previously testified before the Oil Conservation Commission and had your qualifications made a matter of record?

A Yes I have.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. UTZ: Yes, they are.

(By Mr. Kellahin) Are you familiar with the Continental application in Case No. 2281?

A Yes, I am.

Q Would you state briefly what is proposed in this application?

A This is an application of Continental Oil Company for permission to commingle these productions from the Miller BX Lease located in the east half of Section 14 and the Taylor Lease comprising the southwest quarter of Section 14, Township 17 South, Range 32 East, Lea County, New Mexico.

Q What is the history of this lease?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



A The Miller BX Lease had initial production from its Miller BX Number 1 on July 14, 1960. The flowing IP was 286 barrels of oil, no water, with a GOR of 1820 to 1560. Subsequent to this completion, three additional wells have been completed on the lease. Production from this lease is transferred to the pipe line company through a positive displacement pipe ACT unit, approved by Commission's Order R-1736 dated August 4, 1960.

Q What about the Taylor lease?

A The Taylor lease is in initial completion by Taylor Number 1 on April 1, 1961 for a pumping IP of 56 barrels of oil, zero water, with a GCR of 1180. A second well is currently being completed on this lease and there are two additional open locations on the lease.

Q Is it proposed to drill these additional open locations on both the Miller and the Taylor leases?

A Yes, sir. Present plans are to drill open locations as subject to continued commercial production. This will result in a total of twelve wells on the two leases.

Q Do you have any cumulative well production figures?

A The cumulative production on Miller BX Lease at the present time for Number 1 is 10,159 barrels. I might add this is to April 1, 1961, cumulative production to that date. The Miller BX Number 2's cumulative production is 9,719 barrels. BX Number 3's cumulative production is 7,195 barrels; and Miller Number 4's cumulative production is 1,994 barrels. As I said, this is



cumulative production to April 1, 1961. There is no cumulative given to the present date to Taylor Number 1.

MR. KELLIHAN: Would you mark this.

(Whereupon, Applicant's Exhibit 1 marked for identification.)

Q (By Mr. Kellihan) Referring to what has been marked Exhibit Number 1, would you discuss the information shown on that exhibit?

A Exhibit Number 1 shows the ownership location map on which the Miller's BX Lease and the Taylor Leases are outlined in red. As mentioned before, the Miller BX is the east half of the southeast half of Section 14, and the Taylor Lease is the southwest quarter of Section 14, Township 17 South, Range 42 East. The boundaries of the Maljamar cooperative agreement are shown as colored in green. Everything to the southwest of the green line is within the Maljamar cooperative agreement area. The tank battery is located on the Miller BX lease in the center of the east half of Section 14.

Q Is that where you propose to leave the tank batteries for the purposes of commingling production?

A Yes, sir. The tank battery will be located there.

MR. KELLAHIN: Mark this Exhibit 2, please.

(Whereupon, Applicant's Exhibit 2 marked for identification.)

Q (By Mr. Kellahin) Referring to what has been marked Exhibit Number 2, would you discuss that exhibit?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



A Exhibit Number 2 is a schematic drawing proposing lease facilities for commingling production from two separate leases. The present facilities are for the Miller BX Lease and are shown by solid lines in the proposed facility for commingling and for an additional location to be drilled and added to the individual leases and are shown as dotted lines. One of the metering -- I might state this is a three-phase metering separator for the Miller BX Lease will be used as a production separator for the Taylor Lease. If additional development warrants, an additional production separator will be added to the Taylor leasing side. This will add to existing facilities so that we may comply with Commission requirements on testing wells periodically. Production from each lease will flow through a gas oil three-phase gas oil separator, then through two barrel positive meters equipped with sampling devices so that adjustments may be made for BS and W contents. The meters will be checked to assure accuracy and reliability of measurement.

Q After measurement, where will the oil flow?

A It will flow through the two measuring positive volume meters. The oil will then flow through a heater treater into the sewage tank and through the already approved ACT unit to the pipe lines.

Q All production will be handled through the present ACT unit?

A Yes, sir.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q What kind of safety devices do you have in the well?

A We have a high level metering cut-off switch located in the 500-barrel run tank, a high level shut-off switch located in the heater treater, and a high level shut-off switch located in the metering separator or production separator. If they should be installed at a later date. Each one of these high level shut-off switches actuates the valve's inflow lines and high level, low level pressure controls at the well head shut the well in.

Q How will these operate, Mr. Coltharp?

A It's a series of events that may happen. First, if pressure is unable to transfer oil to the pipe line for any reason, such as BSW content, pressure on the pipe line for allowables of the combined leases are obtained, then the ACT will shut in, filling up the storage tank and actuating the high level control switch on the storage tank; at which time, the valve will shut in both the flow line from the positive volume meters to the heater treater and then the positive volume meters will then fill up and actuate the high level switch in the metering separator, thereby shutting in each well. Normally we find the difficulties occur before then and we have high level switches which shut in the separators and then shut in the individual wells as their own individual separators.

Q This application involves the commingling of production from separate leases?

A Yes, sir.



Q Are they state, federal or **fee** leases?

A The Miller BX is a federal lease and the Taylor lease is a **fee**.

Q There is no state land involved in the application, then?

A No, sir.

Q How do you propose to allocate the production from each lease within the installation?

A Production allocation to each lease will be on the basis of mathematical formula. The positive margin meters will be checked for BS and W content. The ACT reading is also checked for BS and W content and temperature. The formula then will be assuming that A equals the metered Taylor lease production, B the Miller BX metered production, and C the ACT metered production, then the net to the Taylor lease would be A/B , A plus B times C would be its actual volume; and the net to the Miller BX lease production would be B/A plus B times C.

Q Will this installation enable you to accurately measure the production from the two separate leases as far as commingling?

A Yes, sir, we feel that it would.

Q Who is the pipe line purchaser, do you know?

A Texas-New Mexico.

Q Have they agreed with this type installation?

A Yes, sir. They have approved this type of installation.

Q Were Exhibits 1 and 2 prepared by you or under your supervision?



A Yes, sir, they were.

MR. KELLAHIN: I'd like to offer in evidence Exhibits 1 and 2.

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

MR. KELLAHIN: That's all the questions I have, Mr. Utz.

MR. UTZ:

Q Mr. Coltharp, is the second metering separator on your Miller lease a test separator?

A Yes, sir, it's considered as a test separator.

Q Which one would it test?

A Either one. They're identical; they are both three-phase metering separators.

Q I'm not sure I understood you. Do you intend to set up a meter separator on the Taylor lease?

A Yes. A three-phase meter separator is presently installed. It was on the Miller BX lease. We had three metering separators and we pulled one of them off.

Q So that each lease will be metered prior to commingling?

A Yes, sir. It will actually be metered through the positive volume meter with samplers located just downstream from the separator.

Q Is it your intention to install non-reset counters on these meters?

A Yes, sir, if its' necessary.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q How do you plan to take care of the bad oil?

A The bad oil will be cycled back through and will not go back through either one of the meters. It will be cycled back from the ACT unit, back through the heater treater into the run tank.

Q In the event you are unable to deliver oil and your run tank shuts the lease in, would you explain to me again how it shuts the well in at the well head?

A By shutting in the valve which is located just southwest of the treater, then the oil will build up in the meter separators. It will actuate a valve in the flow lines and the oil built up will actuate a mover valve on the well control itself and shut the well in.

Q Is that high level shut off a flow switch or pressure switch?

A A flow switch.

MR. UTZ: Are there any other questions of the witness?

MR. MORRIS: Yes.

MR. MORRIS:

Q How much further development do you anticipate on these leases?

A I believe I mentioned in my testimony that there is a possibility of a total of twelve wells. At the present time, we have one well completed on the Taylor, one in the process of being completed and four on the Miller BX. Depending on additional



locations, there will be four wells total on the Taylor, eight wells total on the Miller BX or a total of twelve.

Q You mentioned you were going to install a production separator on the Miller BX but not on the Taylor lease. Am I confused in this assumption?

A I am not sure.

Q You mentioned a production separator. I was confused as to whether --

A It could be right next so that we could then have the test facilities as on the Miller BX and if we can't make it rise, then we need to add another one over here.

Q Is it true, Mr. Coltharp, that the reason for hearing on this application, rather than obtaining approval by administrative procedure is because you have a diversity in the ownership of the lease in this case, federal lease and a sea lease involved. If they were both sea leases, you'd be able to get this administratively?

A Yes, sir.

Q You are aware, are you not, sir, that the Commission has appointed an industry committee to study all cases of commingling and that the approval of this installation would be contingent upon conformance to certain minimum standards that might be adopted at a later date?

A Yes, sir, I am.

Q Would Continental Oil be willing to adopt this installa-

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



tion to conform to those standards?

A I'm sure they would be, sir.

MR. MORRIS: That's all I have; thank you.

MR. UTZ: Mr. Coltharp, you do intend to install samplers as shown on each lease?

THE WITNESS: Yes, sir.

MR. UTZ: Are there any other questions?

The witness may be excused. Are there any other statements in this case.

The case will be taken under advisement.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, THOMAS F. HORNE, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 12th day of June, 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Thomas F. Horne

NOTARY PUBLIC

My Commission expires:

May 4 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2281, heard by me on *July 24*, 1961. *Thomas F. Horne*, Examiner New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

