

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

EXAMINER HEARING

IN THE MATTER OF:

CASE 2284

TRANSCRIPT OF HEARING

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

EXAMINER HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF:

CASE 2284 Application of Skelly Oil Company for an excep- :
tion to Rule 303 (a), Lea County, New Mexico. :
Applicant, in the above-styled cause, seeks :
permission to commingle the oil production from :
the Hare and Drinkard Pools with the distillate :
production from the Blinebry and Tubb Gas Pools :
on its E. A. Sticher Lease, consisting of the N/2 :
SW/4 of Section 4, Township 22 South, Range 37 :
East, Lea County, New Mexico, and to allocate :
the production to each well in each pool on the :
basis of periodic well tests. :
: :

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 No. 2284.

MR. WHITE: Charles White of Gilbert, White & Gilbert,
Santa Fe, New Mexico; and George Salinger, Tulsa, Oklahoma,
appearing on behalf of the Applicant. The same witness will also
testify in this case as in Case No. 2283.

MR. MORRIS: Let the record show that the witness was
sworn in the previous case.

ARTHUR RAY BAUMGARDNER,

called as a witness, having been previously sworn, was examined,



and testified as follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Baumgardner, what does the Applicant seek in the subject application?

A The applicant seeks permission to commingle the oil production from the Hare Pool Drinkard Pool with the production from the Blinebry Gas Tubb Pool on its E. A. Sticher Lease, consisting of the north half of the southwest quarter of Section 4, Township 22 South, Range 37 East, Lea County, New Mexico.

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

Q (By Mr. White) Will you refer to Exhibit 1 and explain to the Commission what that is.

A Exhibit 1 is a plat showing the Skelly E. A. Sticher Lease outlined in red with the wells, the present flow line and the present tank batteries and proposed flow lines and also the offset operators.

Q Does it also identify the respective zones where each well is producing?

A I believe it does show the different zones that the wells are producing from.

Q Does it show the present tank batteries and the proposed tank batteries?

A Yes, sir. Wells 2 and 3 are Drinkard wells producing in

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

the bottom tank battery. Well No. 1 is the Hare Pool well which is producing into the middle tank battery. Well No. 4 is a dual completion gas well in the Blinebry Tubb Gas Pool and the proposed flow lines are shown as dotted lines.

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

Q (By Mr. White) Now refer to Exhibit 2 and explain that exhibit to the Examiner.

A Exhibit No. 2 is the proposed tank battery facilities for the E. A. Sticher Lease with the four-way valve with the production coming into the four-way valve from four different pays. The production is commingled and sent through the separator, heater treater, settling tank into the storage tank. With the four-way valve, one well can be put on test, one zone can be put on test at any specified interval and into the separator and then into the other stock tank. The four-way valve will allow any zone to be tested at any time. You can get production from the other three zones commingled diverted into the other test tanks.

MR. UTZ: Is that metering separator on the test lines?

THE WITNESS: No. We'll get the exact production by going into the tank that is not being used for production and measuring it with a gauge line.

(Whereupon, Applicant's Exhibit 3 marked for identification.)

Q (By Mr. White) Will you refer to Exhibit No. 3 and explain your portable metering separator.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A It will be used on wells 2 and 3. Wells Nos. 2 and 3 are Drinkard wells. They're two Drinkard wells which will be necessary to meter separately at the well head. Other wells will be tested through the tank battery connection since there's only one well from each other productive zone.

Q Where will it be hooked?

A At the well head, either well 2 or 3.

Q How often do you test?

A A minimum of once a month. However, we prefer to test quarterly.

Q Would you give us the production history of the well, please?

A Well No. 1 from the Hare Pool -- this is April production -- produced 344 barrels of oil per month, 17 barrels of water, 940 MCF of gas. Well No. 2 from the Drinkard during the month of April produced 200 barrels oil, 11 barrels water, 961 MCF gas.

MR. UTZ: Will you give the oil on that?

THE WITNESS: 200 barrels.

A Well No. 3, 235 barrels of oil, 8 water, 2041 MCF gas. Well No. 4, the Blinebry, produced 97 barrels distillate, no water, 3,960 MCF gas; and the Tubb produced no oil, no water, and only 378 MCF gas. The reason the Tubb did not produce any oil was that the well had a Parker Leakage Test taken during the month and the well was never opened up. It is a gas well in the Permian Basin.

MR. UTZ: How much liquid does it usually produce?



THE WITNESS: On an average, two barrels of oil per day during the previous months that we have had it on production.

Q (By Mr. White) Are any of these wells capable of making top allowable?

A No, the Blinebry and Tubbs have no oil allowable. They produce the amount of distillate to obtain the gas allowables. The Tubb is capable of producing the gas allowable. The Blinebry is not capable of producing its gas allowable. The other three wells cannot produce their top allowable.

Q What are the crude characterisitcs?

A The Hare Pool is 40 degree gravity, the Drinkard is 37.3, the Blinebry is 41, the Tubb is 47.6. We have contacted the Sinclair Purchasing Company to purchase its oil through Texas-New Mexico and they have agreed due to the small amount of production involved -- they have agreed to purchase the crude. The additional income from the crude will be approximately 60 cents a day. The commingling of the gravity will be a considerable savings in evaporation loss and especially on the Tubb distillate and the well will produce approximately 60 to 80 barrels a month for which you'd have to have a very small tank to handle this production and by commingling this, we'll run a tank, I believe, in approximately eleven days, something thereabouts.

Q What other advantage is there to this proposed commingling?

A There will also be an economic advantage. If we can produce the amount of tankage thereby reducing the operating cost and

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



produce these wells at a lower production period due to the small amount of overhead.

Q Is there any other testimony you wish to offer at this time?

A No, I believe that's all.

MR. WHITE: We offer Exhibits 1, 2, and 3.

MR. UTZ: Without objection, Exhibits 1 through 3 will be entered into the record.

MR. WHITE: That concludes our testimony.

MR. UTZ:

Q Mr. Baumgardner, what would the top allowable be for your Hare well, either on a daily or monthly basis, if you have it. Did you say it was below five thousand?

A Yes, sir.

Q Did you say five thousand?

A Yes, it's below five thousand; it's eighty barrels a day.

Q And the Drinkard?

A Sixty-one.

Q These wells are quite marginal?

A Yes, sir.

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

MR. MORRIS: I have no questions.

MR. UTZ: 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



At this time, we will take a ten minute recess.

(Recess taken.)

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. 2284, heard by me on May 24, 19 61.
Thomas F. Horne, Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

