

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
AUGUST 9, 1961

EXAMINER HEARING

IN THE MATTER OF:

- CASE ~~2349~~
- 2350
- 2351
- 2352
- 2353

File

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
August 9, 1961

IN THE MATTER OF:

Application of Socony Mobil Oil Co., Inc. for
 an exception to Rule 303 (a), Lea County, New
 Mexico. Applicant, in the above-styled cause,
 seeks an exception to Rule 303 (a) to permit
 commingling of the production from the Blinebry
 Gas, Tubb Gas, Brunson, Drinkard, Hare, Wantz
 Abo, Paddock, Penrose-Skelly, McCormick and
 undesignated San Adres Pools on its E. O. Carson
 lease in Township 21 South, Range 37 East, Lea
 County, New Mexico. Applicant proposes to
 allocate production on the basis of quarterly
 well tests and to meter top allowable wells

Case
2349

Application of Socony Mobil Oil Co., Inc. for
 an exception to Rule 303 (a), Lea County, New
 Mexico. Applicant, in the above-styled cause
 seeks an exception to Rule 303 (a) to permit
 commingling of the production from the Terry-
 Blinebry and Wantz Abo Pools, and from other
 zones which may become productive on its
 Stephens Estate lease, comprising the SW/4 of
 Section 24, Township 21 South, Range 37 East,
 Lea County, New Mexico. Applicant proposes to
 allocate production on the basis of quarterly
 well tests and to meter top allowable wells.

Case
2350

Application of Socony Mobil Oil Co., Inc. for
 an exception to Rule 303 (a), Lea County, New
 Mexico. Applicant, in the above-styled cause,
 seeks an exception to Rule 303 (a) to permit
 commingling of the production from the Blinebry
 Gas, Tubb Gas and Drinkard Pools on its S. E.
 Long lease comprising the SE/4 of Section 11,
 Township 22 South, Range 37 East, Lea County,
 New Mexico. Applicant proposed to allocate
 production on the basis of quarterly well tests.

Case
2351

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Application of Socony Mobil Oil Co., Inc. :
 for an exception to Rule 303 (a), Lea County, :
 New Mexico. Applicant, in the above-styled :
 cause, seeks an exception to Rule 303 (a) :
 to permit commingling of the production from :
 the Blinebry Gas, Tubb Gas, Drinkard, Paddock : Case
 and Penrose-Skelly Pools on its Cordelia-Hardy : 2352
 lease, comprising the NW/4 of Section 29, :
 Township 21 South, Range 37 East, Lea County, :
 New Mexico. Applicant proposes to allocate :
 production on the basis of quarterly well tests :
 and to meter top allowable wells. :

Application of Socony Mobil Oil Co., Inc. for :
 an exception to Rule 303 (a), Lea County, New :
 Mexico. Applicant, in the above-styled cause :
 seeks an exception to Rule 303 (a) to permit :
 commingling of the production from the Bline- : Case
 bry Gas, Tubb Gas, Brunson, Drinkard, Penrose- : 2353
 Skelly and Paddock Pools on its Brunson-Argo :
 lease comprising the NE/4 of Section 9 and :
 the NW/4 of Section 10, all in Township 22 :
 South, Range 37 East, Lea County, New Mexico. :
 Applicant proposes to allocate production on :
 the basis of quarterly well tests and to meter :
 top allowable wells. :

BEFORE:

Daniel S. Nutter, Examiner

EXAMINER HEARING

MR. NUTTER: The Hearing will come to order, please.
 The first case on the docket for this afternoon will be Case No.
 2349.

MR. MORRIS: Application of Socony Mobil Oil Co., Inc.
 for an exception to Rule 303 (a).

MR. ERREBO: If it please the Examiner, I am Burns



Errebo, of Modrall, Seymour, Sperling, Roehl & Harris of Albuquerque, appearing on behalf of the Applicant. We have in addition to this case number, four following case numbers which involve, all of which involve five leases within a five-mile radius in the Eunice Area. They all seek permission to commingle the production, without the necessity of metering from various zones under these leases. Certain of the leases are presently operating. In fact, most of them are under commingling orders, either granted as Notice of Hearing Order of the Commission, or through administrative approval. There are certain zones which are the subject of these cases, here today, which are 2349 through 2353, inclusive, which cover zones which are not presently included in any authority now existing to commingle. To that extent, they all have a common purpose; and if the Examiner desires, we would be glad to combine all five of these cases for purposes of Hearing.

MR. NUTTER: I think that might be well, Mr. Errebro. We will also, at this time, call Case 2350, 2351, and 2353, and 2352, and the style of those cases is what, Mr. Morris?

MR. MORRIS: The style of these cases is the same as the case already called, Case 2349.

MR. NUTTER: Very good. Will you proceed.

MR. ERREBO: We will have one witness: Mr. Gordon.

JOSEPH C. GORDON,

called as a witness herein, having been first duly sworn on oath,



was examined and testified as follows:

DIRECT EXAMINATION

BY MR. ERREBO:

Q Will you state your name, please, by whom you are employed, and what capacity, and where you are located.

A Joseph C. Gordon, Jr., employed as a Senior Production Engineer by Mobil Oil Company at Hobbs, New Mexico.

Q Have you ever previously testified before this Commission as an Engineer?

A Yes, I have.

Q I wonder if you would state to the Examiner the approximate location of these leases with regard to each other that are covered by these five cases, which I believe we will be talking about collectively, initially, and then we will take up as individual cases later.

A All of these leases are located in the immediate vicinity of Eunice, New Mexico. The E. O. Carson is now inside the expanding City Limits of Eunice. The Cordelia Hardy Lease is adjacent to E. O. Carson. The Steven Estate Lease is approximately four miles northeast of the Carson. The S. E. Long is approximately four miles east of the Carson, and the Brunson-Argo is approximately four miles south of the Carson Lease. They are all producing from, in some cases, identical pays, and they are all of the same type of production.

Q What is the purpose of your Applications here today?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A On four of these leases, we are now permitted by order of the Commission to commingle through meters into common tankage. At the present time, we are commingling through meters, and we seek to reduce our operating costs further by eliminating the need for monthly meter checks, monthly meter reports to the Commission, and also in this way reducing our paper work load, and to some light extent, the Commission's paper work load, and also to reduce our maintenance costs which are incurred of a necessity of keeping the meter at 100 per cent operating condition 30 days every month. At the present time, our maintenance costs are still excessive on some of our metering installations. We have not been able to achieve 100 per cent satisfaction to our own satisfaction with the particular meters that we have installed. We would propose to eliminate the reporting and the necessary calibrations of these meters, but leave the meters installed since we have installed the meters. The meters, themselves, are of a type that act as a portion of the mechanical dumping system of our separators and heat treaters. We would like to just get rid of the necessity for the reporting on these things in the monthly manner, but leave the equipment installed. We plan, as we possibly have the need for this equipment somewhere else since it is rather expensive, we would like to utilize it, remove it from these leases, and install it where meters are needed. But, we would like to do away with the necessity for the reporting on these meters.



Q And for the use of them, also, on a regular basis.

A Well, the required use of them on a regular basis.

Q Now, do you also have any proposal to make to the Commission for an administrative procedure whereby those wells which achieve top allowable through the workover, or for other reasons, could be required to meter, or their production could be required to metering converts to those wells which decline in production and are no longer top allowable? Would you propose an administrative procedure whereby metering could be eliminated?

A I hesitate to recommend any administrative procedure that would entail quite a bit of additional reporting to the Commission. In the past, in one case here on one of these leases, we do have a provision already written in one of the orders that we shall meter when the wells are top allowable in the zone, and we shall not meter when they are not top allowable. I believe, there, we are going on good faith.

It seems that an administrative procedure whereby we would report monthly the status of zones, and indicate that no zones are top allowable, therefore, no metering has been done, might be satisfactory; but I believe we would leave this matter in the hands of the Commission to do as they see fit.

Q So far as you know, there are certain instances where this changing from one status to another is permitted by the Commission under existing orders, and you are not proposing any

--

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



A Yes.

Q -- special way of reporting or doing that. You would more or less suggest that it be done in the way it is now being taken care of; is that right?

A True. We hate to file any additional reports. I assume the Commission, in a way, hates to receive additional reports. If we can work together --

MR. ERREBOG: Mr. Examiner, that is all, I believe, we have as to the general overall aspects of these five Applications. Do you have any questions at this time?

MR. NUTTER: No, sir, not until after we hear the individual cases.

Q (By Mr. Errebo) Will you refer to Case No. 2349, then, Mr. Gordon. That refers to what lease?

A Case 2349 refers to our E. O. Carson Lease situated in the West half of the Southwest Quarter, and the Southeast Quarter of the Southwest Quarter of Section 28, and the Northwest Quarter and the Southwest Quarter of the Northeast Quarter of Section 33, all in Township 21 South, Range 37 East.

Q I would like to state for the record that under Order No. R-1528, Case No. 1799, dated November 17, 1959, the Commission authorized commingling after metering of the Brunson, Drinkard, Hare and Wantz Abo Pools. This Order was currently amended by Order No. R-1528-A, dated April 18, 1961, which eliminated metering for the Wantz Abo and the Drinkard formations. By adminis-



trative Order No. PC-13, dated July 28, 1960, the Commission authorized commingling of the Paddock, Penrose Skelly, and McCormick zones.

Now, this Application, as was shown by the record, covers all of those zones at this time, with the exception of what we have labeled or designated, undesignated San Andres Oil Pool.

Mr. Gordon, has the undesignated San Andres Pool referred to in the Application, since the filing of the Application been designated with a particular name?

A Yes, sir; it has. It is now designated as Eunice San Andres.

Q So then, it would be Mobil's object as to this particular case to secure authority to commingle the Eunice San Andres Pool and, in addition, to secure authority to commingle without the necessity of metering all of the pools which are named in the Application?

A Yes, with the understanding, here, that we are commingling at so-called sweet production and separately commingling all so-called sour production.

Q Would it be your intent, also, to any zone having a well which is a top allowable, to mingle the production from that zone?

A Yes. We feel that is a necessity to meter your top allowable zone, or a zone which has a top allowable well should be metered as a separate zone.



Q Are there any zones which are the subject of this case which have a top allowable well?

A At the present time, the only top allowable well we have noted, and this is of the August proration schedule, is the Eunice San Andres zone. Our one well there does have a top allowable classification.

Q All other wells do not make top allowable?

A All other wells are marginal. It is my understanding, I don't have any definite word on this, that we will soon file a C-116 on our Eunice San Andres well which will, in effect, make us have no top allowable well. At this time, we, of course, look forward to restoring to the top allowable any well that can make it or are working over in the new zones and receiving top allowables?

Q Will you refer to your Exhibit No. 1, and just state briefly what that shows.

A Exhibit No. 1 is a lease plat showing the aforementioned acreage and showing the well locations and the completion zone of each of our wells.

Q What is Exhibit No. 2?

A Exhibit No. 2 is a roughly schematic diagram of our present installations on the E. O. Carson Lease indicating the meters which we now have installed. We would like to use the meters as we see fit without the necessity of reporting on them if wells are not top allowable. This is essentially the same



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

diagram which we submitted on four Order No. R-1528 in that it shows all of the zones. Subsequent to that time, we had added the Eunice San Andres as a zone of production, and we had commingled without separate metering in the Wantz Abo and the Drinkard formations. This was done as the result of Orders 1528 and 1528-A, and the other Order, I believe, PC-10, which referred to our sour batteries.

Q In other words, as I understand it, you do now have meters set which have been required, and you propose to leave them there and perhaps use them from time to time, but in the event you should want to transfer equipment to some other lease to avoid the purchase of other new meters you would want to be free to do that?

A Yes, sir. We are also involved here on the sweet batteries, noted on the left hand side of the diagram, and further commingling between a north side and a south side in order to arrive into one set of common tanks, rather than two sets of common tanks. We are looking forward to the installation of scraper recovery and LCT equipment.

Q Will you refer to Exhibit No. 3, and identify it.

A Exhibit No. 3, entitled "Commingled Fluid Production, Socony Mobil Oil Co., Inc., E. O. Carson Lease."

Q That Exhibit, with the exception where it shows the Eunice San Andres, was presented, was it not, at the previous Hearing?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A Yes. Perhaps in the same form, perhaps not the same, for since, this has been brought up to date to reflect our latest allowable. It shows here a division by zones into their segregated batteries, the well numbers, and the allowables those wells now have in their respective zones, our best recording of the API gravity presently being produced in those zones, the price per barrel which is the field-quoted price, and the income resulting from the allowable production and the stated price per barrel. We have shown here the totals of income from the separate zones, and have also shown below each battery, here, a calculated commingled total, which is a calculation of the result in volume and the result in API gravity and a new price for this combined crude, and have furnished here a comparison of this calculated commingling value versus the allowable zoned production total price. In a way, this Exhibit may be taken as a demonstration of what is now being achieved, with the exception of the Eunice San Andres which is the third zone under Battery No. 4. This Eunice San Andres is now segregated by itself, and the results shown here would be what we would achieve with commingling.

Q Mr. Gordon, have you prepared a similar Exhibit to your Exhibit No. 3, here, for the other cases and the other leases which are covered here today?

A Yes.

Q Is it your intent not to offer this Exhibit, to avoid burdening the record, where you have no zones which you need



commingling authorization on?

A We do not intend to furnish Exhibit No. 3 in these following cases where we have no top allowable wells nor where we have previously submitted this information, or this type of information to the Commission.

Q But if the Commission wants it, we will be glad to offer it as to those leases; is that correct?

A Right.

Q Do you have anything further as to Case No. 2349?

A No, sir.

MR. ERREBO: Does the Examiner have anything at this time?

MR. NUTTER: Not right now.

Q (By Mr. Errebo) Will you refer to Case No. 2350, and state what that lease covers.

A 2350 covers the Stevens Estate Lease, located in the Southwest Quarter of Section 24, Township 21 South, Range 37 East.

Q I would like to state for the record, here, that commingling as to the Terry-Blinebry and Wantz Abo was approved by Order No. R-1266 in Case No. 1518 dated October 25, 1958. The Application also covers all other zones, all other zones which might be found in the lease were not covered by the previous order. To that extend, this Application is original as to commingling on those other zones.

Q (By Mr. Nutter) Mr. Gordon, this Exhibit, in this case,



doesn't have the legend down here colored in.

A No, sir. It doesn't. It should be colored out as the Terry-Blinebry, being red, and the Wantz Abo, being blue.

MR. NUTTER: Thank you.

Q (By Mr. Errebo) Would you have anything further to say about your Exhibit No. 1, Mr. Gordon?

A No, sir.

Q That does show the lease; does it not?

A Yes, Exhibit No. 2 is a schematic of our present installation on the subject lease.

Q That is similar in the method of its preparation and what it shows on Exhibit No. 2 of your previous case; is that right?

A Yes, it corresponds.

Q Is there anything, there, that you care to comment on?

A No, sir. Again, we want to make the same remarks, of course, regarding the doing away with the meter reporting and the use of meters as a standard production procedure.

Q Exhibit No. --

A That is it.

Q Is that all? How about the other zones that you are covering in your Application?

A In our Application, I believe we asked for such future zones that may become productive. Now here, we have, at the present time, no concrete plans for any future production, but



if possible, we would like to secure from the Commission permission to commingle such zones at such future time as they do prove productive.

Q Without the necessity of metering?

A If it comes in under as a marginal, well then, we will be glad to abide by the top allowable, the metering top allowable types of production.

Q Do you have anything further with regard to this case?

A No, sir.

Q Will you then refer to Case No. 2351, and state what lease that covers, and what acreage the lease covers?

A This covers our S. E. Long Lease, located in the Southeast Quarter of Section 11, Township 22 South, Range 37 East.

MR. ERREBO: I would like to state for the record that there is no previous order to this lease, so this Application is original as to commingling and as to the elimination of metering, which the Commission sometimes requires.

Q (By Mr. Errebo) Will you state what zones are covered by this Application?

A Our Application, here, we are asking for the commingling of the Blinebry, Tubb, and Drinkard into common tanks without metering.

Q Two of those zones are gas, are they not, so the commingling would refer to liquids.

A Yes. The Blinebry and Tubb are presently completed as

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



gas wells, and it is merely their liquid which we are seeking to commingle with the oil produced from the Drinkard formation.

Q Are there any top allowable wells?

A No, sir. This lease has no top allowable wells on the Blinebry, Tubb, and Drinkard zones.

Q Will you refer, then, to Exhibit No. 2, and state what that shows.

A Exhibit No. 2 is our proposed installation of the separating and metering equipment necessary to produce and test these zones adequately to allocate our zone production without constant metering.

Q Is this arrangement similar to the arrangement in the previous cases that you have testified concerning?

A Yes, it is similar in general, but it does offer a -- This is how we would do it if we were starting all over again on our leases. The one meter is shown here as serving the test separator, and we do not have meters on the other zones, and this is a more slightly, more streamlined version than what we have shown on our other drawings where we have further modifications of existing commingling installations.

Q Will you refer to your Exhibit No. 3, and state what it shows?

A Exhibit No. 3, entitled, "Commingled Fluid Production of Our S. E. Long Lease", shows the zones, the well numbers, and allowables for wells in those zones, and the API gravity, the price

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



per barrel, and the income resulting from both our production as it exists now and from our calculation of the commingling production resulting from this. We do show, here, a slight increase in value of our resultant production from the lease.

Q Now, the second column from the left on this Exhibit, would you state what that refers to particularly?

A The second column from the left, entitled, "Well Numbers and Allowables", shows our No. 6 well in the Drinkard zone with the three barrels allowable, and in our No. 7 well with a three barrels allowable. The No. 5 well at present is off-schedule, and is undergoing remedial work.

Q This means showing this information has been used on the other Exhibits which you have proposed, which you have presented, and will be presented subsequently; is that correct?

A Yes. This is identical in form.

Q Do you have anything further with regard to this lease?

A No, sir; except that we would like to obtain the same provisions as we have previously asked for with regard to the top allowable wells requiring metering.

Q Will you, then, refer to Case No. 2352. State what lease it involves, and the acreage covered by the lease.

A This Application covers our Cordelia Hardy Lease, located in the Northwest Quarter of Section 29, Township 21 South, Range 37 East.

MR. ERREBO: I would like to state for the record, here,



that commingling of all of the zones covered by this Application was authorized by Administrative Order PC-10, dated June 6, 1960.

Q (By Mr. Errebo.) Do any of these zones have top allowable wells?

A No, sir; none of these zones have top allowable wells.

Q Will you refer to your Exhibit No. 1, and state what is shown there.

A Exhibit No. 1 is a lease plat of the afore-described Quarter Section showing the well location and by colors designating the zone from which the well is producing.

Q And your Exhibit No. 2?

A Exhibit No. 2 is another schematic diagram of our presently-installed battery hookup, showing the zones and the wells. There are hookups to test separators and the meters, and showing the commingled production going on in the tanks. Here again, we would like to do away with the report and the constant reporting using these meters and using the meters to secure our quarterly well tests as are prescribed by the Commission for allocation of production.

Q Now, not only as to this lease, but as to other cases which are involved here this afternoon. You have previously hit on this point, but I want to be sure that you make yourself clear on it.

Do you feel that the maintenance and the constant repair and adjustment of these meters is a matter of substantial expense

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



to your company?

A It is a matter of quite noticeable expense, especially on leases such as these that have no top allowable wells, that are truly marginal, both as to their allowable and as to their economic aspects. While we have achieved certain economic gains on these leases by the use of meters through the reduction of tankage and repairs on tankage and elimination of new construction of tankage in some cases, these leases have now declined and are declining to a point where a dollar, in this case, is going to be too much to spend for very simple jobs. And every elimination that we can achieve of work and work expense will permit us to produce these leases a little bit longer and extend their economic life and the result of total production.

Q Do you have anything further on this lease that you care to bring to the Commission's attention?

A No, sir.

Q Will you refer to Case No. 2353. State the name of the lease involved and what acreage it covers.

A Here, we are talking about the Brunson-Argo Lease, located in the Northeast Quarter of Section 9, and the Northwest Quarter of Section 10, Township 22 South, Range 37 East.

Q Are there any top allowable wells on this lease?

A At the present time, we have one top allowable well on this lease.

Q What zone is that in?



A This is in the Hare zone.

MR. ERREBO: I would like to state, at this time, for the record, that commingling was authorized for the zones covered by this Application by Order No. R-1616 in Case No. 1890, dated March 3, 1960. That order authorized the commingling of the six zones which are the subject of this Application, and in addition, ordered commingling of other zones which are designated by geologic name.

Q (By Mr. Errebo: Mr. Gordon, which of the zones given geologic names include the Hare formation?

A We named in our previous Application and in the Order, the Simpson and Montoya formations without specifically referring to any pool. The Hare Pool, which we are now producing from, and it is the top allowable well on the subject lease, is in the Simpson formation. As such, it has not been previously named as a pool, but it was included as a member of the Simpson formation.

MR. ERREBO: Off the record, please.

(Discussion off the record.)

MR. ERREBO: Back on the record, again.

Q (By Mr. Errebo) Do you have anything further, at this time, to offer with regard to this case?

A We would like to furnish Exhibit No. 1, which is a lease plat of the before-mentioned lease, showing the well location and by color code showing the productive formation in which each well is completed.



Q Your Exhibit No. 2 is a schematic diagram similar to the other exhibits which you heretofore offered in other cases; is that right?

A Yes.

Q Does this contain anything different from those others that you want to call my attention to?

A No, sir. There are no distinctive features here.

Q You prepared Exhibit 3, which is similar, almost, to Exhibit 3 of your other -- That shows the commingled fluid production values, and we will not offer that unless the Commission wants to hear it. It's probably not material. Well, let's see, though. However, it does show the Hare zone. Perhaps you should offer that.

(Whereupon Socony Mobil's Exhibit No. 3 marked for identification.)

Q (By Mr. Errebros) Is there anything further which you have to offer, Mr. Gordon?

A No, sir; no further Exhibits or testimony.

MR. ERREBRO: Mr. Examiner, this concludes the five commingling cases. That is through Case No. 2353. 2354 is still for disposal. That is all we have at this time, only these five cases.

MR. NUTTER: Are there any questions of Mr. Gordon?

MR. MORRIS: Yes, sir.

MR. NUTTER: Mr. Morris.



Q (By Mr. Morris) Mr. Gordon, as you know, the Commission has a case docketed for the 16th of this month to consider a commingling manual, and at the present time has a tentative, or rather has a report of the Commingling Committee that was appointed, which may serve as a business for the manual to be adopted by the Commission. Have you made a study of that report?

A Yes, sir, in brief, I have.

Q Will your proposals here today meet the requirements as set forth in the report as it is set up now?

A No, sir; they will not.

Q In what respect, Mr. Gordon?

A I hesitate to quote offhand any specific points. I believe, in general here, we are relying entirely upon manual devices. We are relying on our personnel to insure proper testing procedures, and we have no plans, have not tried to consider the installation of automatic types of interlocking valves in order to eliminate the possibility of commingled production and possible errors arising in testing procedures.

Q Do the meters that you plan to use meet the specifications for meters as set forth in that manual? Are they going to have some reset totalizers?

A I believe we have reset counters on all of our meters. I do not know if they meet the standard in regard to salability. They are not plastic coated. I know of no other discrepancy of our meters and the recommended standards.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q In each application on each lease, is the ownership common at all departments? In other words, on your E. O. Carson lease, is your ownership common vertically?

A Yes, sir.

Q Is that true on all of your leases?

A Yes, all leases have common royalty.

Q And common working interests, also?

A Yes.

Q Now, you have referred to the wells as being marginal in some cases, all wells on a given lease being marginal. Are any of these wells marginal in the sense that they make less than top allowable because they are penalized due to a higher gas-oil ratio?

A I cannot say definitely. I believe, however, that some of them are, say, penalized or reduced allowable as the result of gas-oil ratio. Some, I don't have any tabulation.

Q Whereas, without a gas-oil ratio restriction, they would be capable of making top allowable from this particular zone?

A Yes, possibly.

Q You don't have the information on which wells that might be, do you?

A No, sir; I do not.

MR. ERREBO: Furnish that to me, could you.

THE WITNESS: We could furnish a tabulation of that showing the reason for the reduction from top allowable for each well.



MR. MORRIS: I wish you would furnish us that, Mr. Gordon, if you would, please.

THE WITNESS: All right.

MR. MORRIS: That is all I have. Thank you.

Q (By Mr. Nutter) Mr. Gordon, I would like to summarize these one at a time, here, taking the E. O. Carson and your Exhibit No. 2, coming down the side, over here.

A Yes, sir.

Q You have a meter on the Brunson and a meter on the Blinebry. You would propose to remove those when the time was right; is that correct, those two meters?

A Yes, sir; and possibly use -- Here again, we are coming back into the geographical location of our equipment, and possibly we will plan to use the test separator shown here as our testing facility. In some cases, here, where we indicate test separator, we do have test separators with meter facilities included.

Q This must have, I presume, because it doesn't show the line going to a test tank. It must be a dump separator with a counter.

A Yes, sir.

Q So, you would remove the two meters marked M?

A At some future time, possibly, yes, sir.

Q Coming down here to the Drinkard. You are presently commingling the Drinkard and Wantz Abo without separate measurements?

A Yes, sir.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



Q But you would remove the meter down stream from that commingled production?

A Yes, sir.

Q How about the Hare? Now, that is a marginal well. Here, you would remove that meter?

A Yes, sir. Now, in certain cases, here, possibly we would leave the meter in as our testing facilities for these periodic well tests.

Q But, you want the authority to remove these meters?

A Yes, sir.

Q And down to the Brunson. You have got two wells going into a meter. You would remove that meter?

A Yes, sir.

Q Again, the Blinebry, Tubb, has a meter. You would remove that, possibly?

A Yes, sir.

Q You are commingling the meter and Wantz Abo without separate measurement, and you would want authority to remove that meter?

A Yes, sir.

Q And again, on the Hare, another meter which you would want to remove?

A Right.

Q Over on the south side, you are commingling Penrose Skelly Unit, San Andres, and Paddock. You would remove the meters on the

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



Penrose Skelly and the Paddock, and leave the one on the Eunice San Andres as long as it was top allowable?

A Yes, sir.

Q And Battery 5, you would remove all three of those batteries?

A Correct.

Q On the Stevens Estate F, you have two meters shown, one on the Terry-Blinebry and one on the Wantz Blinebry. Those are both marginal, so you would remove those, too?

A Yes, sir.

Q And you have no concrete plans, you state, for drilling any additional wells on this lease at any time?

A No. We have no plans for additional wells or work overs. Again, we are trying to try to get everything possible at this time, rather than have to come back and ask for these small dribbles.

Q On the Long Lease, does the Blinebry top production run their two-stage preparation prior to the time it is commingled with the Drinkard?

A Yes, sir. It is separately metered as to its gas stream, and commingled to fluid separation. This is the common procedure in the Blinebry Tubb, I believe, for quite a few years.

Q And as I understand it, the production from the Blinebry Tubb and the two Drinkard wells would be commingled without separate measurement, but you would put a meter downstream from the tub for test purposes?



A Yes, sir.

Q Over here on the Hardy Lease. In the sour battery you have a meter shown for the Paddock, for the Penrose Skelly, and one test meter. Now, what would you remove there?

A I would plan there on removing the first two meters, leaving the meter on the testing separator, and making that a common test separator for both zones. At present, the test separator serves as a tester for the Penrose Skelly.

Q How would you get the Paddock into that separator?

A It is not shown here, sir. It would run your production line into the test separator just as the three Penrose separators.

Q So, you would have to have another line here that is not shown?

A Yes, sir. I believe, here, our intent is more in our words than in our drawings. Our drawings show the existing installations. Our intent is to make these existing installations conform to the orders as we receive them to commingle without metering.

Q Well, we will need a record, Mr. Gordon, in the Commission files of what this installation is actually like after you have made these modifications. I believe, if you install any additional lines or anything, we are going to have to have that depicted on some type of a chart or schematic drawing.

A We will furnish installed drawings with your District Office in regard to all of these as they are made.

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 And any changes that you need, you submit a plan of that to the Commission, and you would do this in this case if you installed this line for testing the Paddock, here, through the Penrose Skelly test separator?

8 A Now, would you want these as they are done? Should they also be filed in Santa Fe with the Commission's Office?

Q I don't know. That point is going to be covered in that manual if and when it is adopted. How these things are to be submitted -- This very point is covered in that manual.

MR. MORRIS: I think it only fair to state at this point that the decision in this case and the order reflecting the decision would probably be delayed until the commingling case at the regular hearing this month is heard, and may be subject to such limitations as would be imposed at that time. I can't say for sure, but I think that note of warning should be sounded.

MR. ERREBO: May I ask how long we may foresee that the order would be held up pending a decision on your state wide case?

MR. MORRIS: Probably not too long.

MR. NUTTER: Now, back to the sweet battery on the Hardy Lease. Mr. Gordon, you had a meter on the Blinebry Tubb. You have a meter on the Drinkard, and a test meter on the Drinkard. What would you remove there?

THE WITNESS: Again, as in the sour case, I think we could -- I beg your pardon. In this case, we would probably remove,



in the near future, the Drinkard production meter, not the test separator, and possible leave on the meter on the Blinebry Tubb for the near future. It would just be the omission, there, of the middle meter.

Q And then, on the Brunson-Argo. You have one top allowable well in the Hare Pool, correct?

A Yes, sir. The No. 9 Hare Well, shown in the sweet battery west, is the top allowable well.

Q Up here on the sour battery west, the Penrose Skelly, and possible future Paddock and McCormick; is that correct?

A Yes, sir.

Q But, for the time being --

A For the time being, we only had Penrose.

Q You ran Penrose Skelly into tanks by itself?

A Yes, sir. There is a possibility that we will be performing work overs into the Paddock and McCormick zones on that side of the lease. At that time, we would be installing separating facilities for that zone. We have not indicated any meters at all.

Q Well, in this case, you haven't requested any future zones, either, have you?

A No, sir. I believe our Paddock and McCormick, oh, it is covered here, it is shown in the diagram on the sour battery east, and we have asked for the zone specifically in the Paddock by name.

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 about the McCormick. I don't believe it is mentioned.

A No, sir; it is not.

Q Now, on the sweet battery west, you have Blinebry with a meter. I presume you would take that out?

A Yes, sir.

Q You have Hare with a meter. I presume you would leave that in.

A That would be left in since it is a top allowable well.

Q You have Drinkard with a meter, which, I presume, would come out.

A The Drinkard production meter would be scheduled to come out. The Drinkard test meter shown would probably be left in for testing purposes on periodic well tests.

Q And then, what would you do for testing the Hare and the Blinebry? The Hare is routed through the --

A Yes, sir. The Hare comes on down through our present -- It's the Drinkard, but the Blinebry could be simply connected.

Q I see. On the sour battery east, you have Penrose Skelly shown with no meter.

A Yes, sir.

Q Paddock with no production meter, but a test meter. Is that the way you would set the thing up?

A Yes. Here, we are bringing all zones through a common test. It is not designated test, but that is intended as a test



facility.

Q Now this lower separator is a test separator?

A Yes, sir.

Q And in the sweet battery east, you have Blinebry, Brunson, and Drinkard, no meters on them except the test separator and the meter.

A Yes, sir. The Blinebry and the Brunson should show common testing lines into the designated test separator.

Q Now, there was one back here on one of these others that I had one question about. On the Long Lease.

A Yes, sir.

Q The Paddock isn't included. Is that a sour crude, and the others are sweet?

A Yes, sir.

Q So it will continue to be measured and sold?

A Correct.

MR. NUTTER: Are there any further questions of Mr. Gordon?

MR. ERREBO: I wanted to ask Mr. Morris a question.

MR. NUTTER: Mr. Gordon may be excused, then.

MR. ERREBO: Mr. Morris, the possible administrative state wide order, which you are contemplating adopting as a result of the Hearing this month, you mentioned these orders might be held up until that could be disposed of.

MR. MORRIS: Right.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIERS REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

MR. ERREBO: Do you contemplate imposing all of the standards of the state wide quarter upon each of these installations, say, or only part of them? As I understand it, the state wide order would be an administrative procedure, and therefore, you might contemplate applying standards applicable to administrative procedures to the situation, here, where we have had a Hearing. And I am wondering if you would need as high a standard applicable to that situation as you would where the Commission has not had a chance to have a Hearing on it.

MR. MORRIS: Mr. Errebo, of course, I can't say what the Commission is going to do, but you are quite right in the purpose of establishing the manual and changing these rules, which is what we are going to do at the regular Hearing. It would seem to me that the Commission would take a pretty close look at any commingling installations that would deviate too far from the standards set forth in this manual, and whether or not they would change anything from the proposals that you have set up, here today, I don't know, but I think they would hold it up until the decision in this case, up until after this commingling case coming up on the 16th. And that was the only point that I wanted to make.

MR. ERREBO: Thank you.

MR. NUTTER: Do you have anything further, Mr. Errebo?

MR. ERREBO: Nothing further. I would like to offer all the Exhibits that have been offered, into evidence.



MR. NUTTER: Socony Mobil's Exhibits in their entirety will be entered into evidence.

(Whereupon Petitioner's Exhibits 1, 2 and 3 received in evidence.)

MR. NUTTER: Does anyone have anything they wish to offer in Case 2349, 2350, 2351, 2352, 2353? We will take the cases under advisement.

(Whereupon the Hearing of the above cases was concluded.)

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, MICHAEL P. HALL, 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 notary seal this 9th day of August 1961.

Michael P. Hall
Court Reporter - Notary Public

My Commission expires:

June 20, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. *2349, 2350, 2351, 2352, 2353* heard by me on *8/9*, 19 *61*.
[Signature], Examiner
New Mexico Oil Conservation Commission
2358

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

