



Case No.

1550

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 5, 1969

Getty Oil Company
P. O. Box 249
Hobbs, New Mexico 88240

Attention: Mr. C. L. Wade

Administrative Order PLC-33
and
CANCELLATION
Administrative Order CTR-32

Gentlemen:

Reference is made to your application dated July 10, 1969, for administrative authority to commingle Blinobry, Tubb-Drinkard, Ellenburger, Montoya, and Fusselman production on your A. B. Centes "C" and "D" leases in Section 24, Township 25 South, Range 37 East, Lea County, New Mexico. It is our understanding that all production from both leases is of common ownership; further that all production with the exception of the Ellenburger on the "C" lease and the Blinobry on the "C" lease is of marginal nature and that you therefore propose to commingle in the following manner:

System No. 1: Commingle "C" Ellenburger, Montoya, and Fusselman production after separately metering the Ellenburger production and determining total Montoya and Fusselman production by means of the subtraction method. Allocation of this total would then be to each pool and each lease on the basis of net oil computer tests.

System No. 2: Commingle "C" Blinobry and Tubb-Drinkard production and "D" Blinobry and Tubb-Drinkard production after separately metering the Blinobry production and determining the total Tubb-Drinkard production by means of the subtraction method. Allocation to each of the two leases would then be on the basis of monthly net oil computer tests.

OIL CONSERVATION COMMISSION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

-2-

August 5, 1969

Getty Oil Company
P. O. Box 349
Hobbs, New Mexico 88240

Administrative Order PLC-31
and
CANCELLATION
Administrative Order CFB-32

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Pursuant to the authority granted me under the provisions of Rule 303 (b) and Rule 305-B of the Commission Rules and Regulations, you are hereby authorized to commingle the production from the aforesaid pools and leases in the above-described manner. Provided however, that the installation shall be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities," including the requirement for non-reset counters on the meters, and that you shall notify the Commission in the event that any of the production which is now of marginal nature should become capable of top allowance. You are further requested to notify the Hobbs District Office of the Commission at such time as the revision of the installation is complete in order that an inspection may be made thereof.

Administrative Order CFB-32 dated September 25, 1958, which authorized certain commingling on the subject leases, is hereby superseded, and Commission Orders Nos. S-1297 and S-1230-A, which also authorized certain commingling on these leases, are hereby put in abeyance.

It is the responsibility of the producer to notify the transporter of this commingling authority.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSK/ear

cc: Oil Conservation Commission (with enclosure) - Hobbs
Oil & Gas Engineering Committee - Hobbs
United States Geological Survey - Roswell

DOCKET: EXAMINER HEARING NOVEMBER 19, 1958

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

The following cases will be heard before Elvis A. Utz, Examiner:

CASE 1337: Application of Gulf Oil Corporation for permission to commingle the production from two separate oil pools. Applicant, in the above-styled cause, seeks an order amending Order R-1093 and Order R-1093-A to authorize it to commingle the production from the Montoya formation with the production from the Ellenburger, Fusselman, and McKee formations on its Learcy Mc-Buffington Lease consisting of the S/2 of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico.

CASE 1548: Application of Shell Oil Company for an automatic custody transfer system and for permission to commingle the production from four separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system and to commingle the production from the Vacuum Pool on four State Leases located in Sections 29, 30, and 31, Township 17 South, Range 35 East, Lea County, New Mexico.

CASE 1549: Application of Tidewater Oil Company for two non-standard gas proration units. Applicant, in the above-styled cause, seeks an order establishing a 120-acre non-standard gas proration unit, in both the Tubb Gas Pool and the Blinbry Gas Pool, each to comprise the S/2 SE/4 and SE/4 SW/4 of Section 36, Township 21 South, Range 37 East, Lea County, New Mexico, and to be dedicated to applicant's State "Q" Well No. 1, located in the SE/4 SW/4 of said Section 36, which well is dually completed in the aforesaid pools.

CASE 1550: Application of Tidewater Oil Company to commingle the production from several separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Ellenburger, McKee, Fusselman, Montoya and any other pool or pools encountered which produces oil of similar qualities on its Coates "C" Lease comprising the E/2 and SE/4 NW/4 and NE/4 SW/4 of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico. Applicant further requests permission to commingle production from the Drinkard formation on said lease with any other pool or pools encountered which produce sour crudes. Applicant proposes to separately meter production from each pool prior to being commingled. Applicant further seeks permission to produce more than sixteen wells into said common facilities.

CASE 1551: Application of Pan American Petroleum Corporation for permission to commingle the production from three separate leases and for permission to produce more than sixteen wells into a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Empire-Abo Pool from the three separate Federal leases hereinafter described:

LC-065478-B N/2 NW/4, NE/4, N/2 SE/4, and E/2 SW/4
Section 3; E/2 Section 10

NM-025604 S/2 SE/4 Section 3; W/2 Section 10

LC-067858 N/2 and SW/4 Section 11

all in Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant further requests authority to produce more than sixteen wells into the common tank battery for said leases. Applicant proposes to separately meter production from each of the above-described leases prior to being commingled.

CASE 1552:

Application of Pan American Petroleum Corporation for permission to commingle the production from four separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Abo formation adjacent to the Empire-Abo Pool from the four separate State leases hereinafter described:

E-5461 NW/4 NW/4 Section 2

B-7244-30 S/2 NW/4, NW/4 SW/4, and SE/4 SW/4 Section 2

B-8814-12 NE/4 SW/4 Section 2

E-7833 SW/4 SE/4 Section 2

all in Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant proposes to separately meter the production from each of said leases prior to being commingled.

CASE 1553:

Application of The Texas Company for a dual completion and for permission to commingle the liquids produced from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its Peery-Federal (NCT-1) Well No. 1 located 1980 feet from the North and East lines of Section 29, Township 15 South, Range 30 East, Chaves County, New Mexico, in such a manner as to permit the production of oil from an undesignated Devonian oil pool and gas from an undesignated Ellenburger Gas Pool through parallel strings of tubing. Applicant further requests permission to commingle the liquids and low pressure gas produced from the Devonian and Ellenburger formations from all existing and future wells on its Peery-Federal Lease which comprises all of said Section 29.

CASE 1554:

Application of The Texas Company for an automatic custody transfer system and for permission to commingle the production from five separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system and to commingle the production from the Bisti-Lower Gallup Oil Pool on five Navajo Allottee Leases located in Sections 14, 15, and 23, Township 25 North, Range 11 West, San Juan County, New Mexico. Applicant proposes to separately meter the production from each lease prior to being commingled.

CASE 1555:

Application of H. K. Riddle for two non-standard oil proration units and two unorthodox oil well locations. Applicant, in the above-styled cause, seeks an order establishing a 61-acre non-standard oil proration unit consisting of Lots 1, 2, 3, and 4 of Section 18, said unit to be dedicated to a well to be drilled on an unorthodox location 1980 feet from the South line and 252 feet from the West line of said Section 18; applicant further seeks

the establishment of a 63-acre non-standard oil proration unit consisting of Lots 1, 2, 3, and 4 of Section 19, said unit to be dedicated to a well to be drilled on an unorthodox location 660 feet from the North line and 256 feet from the West line of said Section 19, all in the Bisti-Lower Gallup Oil Pool, Township 26 North, Range 13 West, San Juan County, New Mexico.

CASE 1556:

Application of Chaco Oil Company for an exception to Rule 104 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing it to drill four additional oil wells in the Red Mountain-Mesaverde Oil Pool in the SW/4 SE/4 of Section 20 and the NW/4 NE/4 of Section 29, Township 20 North, Range 9 West, McKinley County, New Mexico.

CASE 1557:

Application of Cities Service Oil Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its State "P" No. 3 Well located 990 feet from the South and West lines of Section 32, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Blinbry Oil Pool and from an undesignated Glorieta oil pool through parallel strings of tubing.

MAIN OFFICE 600

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BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

Application of TIDEWATER OIL COMPANY
to Commingle Production from the Ellenburger,
McKee, Fusselman, Montoya, and Other Pools
After Having Measured Such Production by Use
of Meters and Not in Tankage, and for an
Exception to Rule 309 of the Commission;
and, Further, to Commingle Production from
the Drinkard Pool with Production from Other
Pools, and for an Exception to Rule 309,
the Above Production Being from the
Applicant's Coates "C" Lease, Covering E $\frac{1}{2}$,
and SE $\frac{1}{4}$ NW $\frac{1}{4}$ and NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 24, Township
25 South, Range 37 East, N.M.P.M., Lea
County, New Mexico.

APPLICATION

1. Tidewater Oil Company hereby applies for authority and for an Order permitting it to commingle production from its lease known as the Coates "C" Lease, the same being a Federal lease covering the E $\frac{1}{2}$ and SE $\frac{1}{4}$ NW $\frac{1}{4}$ and NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 24, Township 25 South, Range 37 East, Lea County, New Mexico; also to include production from other leases which may be commingled with the Coates "C" production by approval of the Commission. The production from the Coates "C" Lease to be so commingled is from the following Pools: Ellenburger, McKee, Fusselman, Montoya, and from other pools encountered upon the same Lease in the future which produce intermediate grade crudes. The production will be commingled after having been separately metered but not having been measured in tankage.

2. The applicant further wishes authority and an Order permitting it to commingle production from the Drinkard Pool upon the same Lease described above with production from other pools which may hereafter be encountered upon the same Lease which produce sour

Docketed
11-5-58 BP

crudes or with such production from other leases commingled with Coates "C" production as may be approved by the Commission. This commingling will be made after the measurement of such production by meters and not having been measured in tankage.

3. The applicant shows the Commission that on the subject Lease, it has wells producing from each of the five Pools named above. The oil produced from the Ellenburger, McKee, Fusselman and Montoya Pools, as to quality, is classified as an intermediate grade crude. The gravities from each of the Pools varies slightly. There is no objection on the part of the purchaser to the commingling of the crudes insofar as gravity or quality is concerned.

The production on the subject Lease from the Drinkard Pool is classified as sour crude as to quality, and consequently it is not now anticipated that this crude will be commingled with any other crudes now being produced from the subject Lease, but will be commingled with other sour crudes in the event that such crudes are encountered on this Lease.

4. The applicant proposes that the flow lines from the existing and future wells on this Lease conduct the production to a central facility where there will be installed separate conventional type separators for production from each of the Pools, and at which point there will be installed separate meters for production from each of the Pools. These meters will be dump-type meters of a brand or type in general use. There will also be installed at this location test circuit facilities to include test separators of a type in general use and necessary manifolds to return the flow from the test circuit to the proper lines at a point between the individual separators and the individual meters. The production, after separate metering, will be commingled as indicated in Paragraphs 2 and 3

above and will be connected to the automatic custody transfer equipment located on this Lease which has heretofore been approved by the Commission.

5. To handle gas, the central facilities will also include necessary connections between the individual pool separators and the gas purchasers' connections on the Lease. These connections will be so arranged that the gas may be separately measured.

6. The facilities will be so constructed that in the event water is produced in any of the pools on the Lease in the future, it may be properly separated and handled.

7. An individual circuit with separators and meters will be provided for production from the Drinkard Pool, with connections for any future production from any other pool on the Lease of crude which is classified as sour crude.

8. As indicated above in this application, the proposed facilities will be such that oil will be transported from the Lease not having been received and measured in tanks located on the Lease as required by Rule 309 of the Commission; furthermore, production from more than eight units will be conducted into common facilities and commingled.

WHEREFORE, Applicant requests that this matter be set down for hearing, and that this application be granted.

TIDEWATER OIL COMPANY

By *Oliver Smith*
Its Attorney.



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 6721
Roswell, New Mexico

IN REPLY REFER TO

September 15, 1958

Tidewater Oil Company
P. O. Box 547
Hobbs, New Mexico

Attention: Mr. H. P. Shackelford

Gentlemen:

By letter of September 10, 1958; you request our approval to commingle oil produced from the Ellenburger, McKee, Montoya and Fusselman zones on your lease Las Cruces 032650(b) into a common tank battery. You propose to measure the production from each zone separately prior to being commingled.

No objection is offered to the method that you propose for measuring and selling oil from the lease, provided, that approval is obtained from the New Mexico Oil Conservation Commission for proration purposes.

Very truly yours,


JOHN A. ANDERSON

Regional Oil and Gas Supervisor

TEXAS - NEW MEXICO PIPE LINE COMPANY
P. O. BOX 1860
MIDLAND, TEXAS
Aug. 26, 1938

New Mexico Oil Conservation Commission
P. O. Box 781
Santa Fe, New Mexico

Gentlemen:

Texas-New Mexico Pipe Line Company as transporter of crude oil from Tidewater Oil Company's A. B. Conates "C" lease has no objection to co-mingling of similar classification crude oils and approves co-mingling of the Ellenberger, McKee, Passelmann and Montoya crudes from this lease.

Very truly yours,

TEXAS-NEW MEXICO PIPE LINE CO.

P. B. Whitaker, Jr.
P. B. Whitaker, Jr.

CYG-12

TEXAS - NEW MEXICO PIPE LINE COMPANY
P. O. BOX 1510
MIDLAND, TEXAS
Aug. 25, 1938

New Mexico Oil Conservation Commission
P. O. Box 781
Santa Fe, New Mexico

Gentlemen:

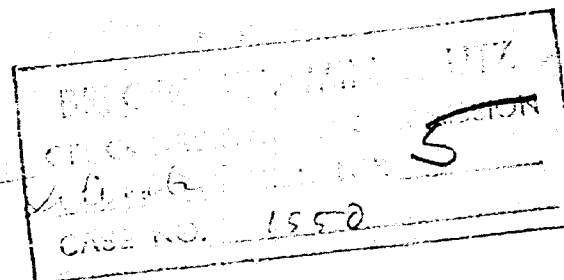
Texas-New Mexico Pipe Line Company as transporter of crude oil from Tidewater Oil Company's A. B. Cates "C" lease has no objection to co-mingling of similar classification crude oils and approves co-mingling of the Ellenberger, McKee, Fusselman and Montoya crudes from this lease.

Very truly yours,

TEXAS-NEW MEXICO PIPE LINE CO.

F. B. Whitaker, Jr.
F. B. Whitaker, Jr.

RJH:MS



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 1850
Order No. B-1297

APPLICATION OF TIDEWATER OIL COMPANY
FOR PERMISSION TO COMMINGLE THE
PRODUCTION FROM SEVERAL OIL HOLES IN
LEA COUNTY, NEW MEXICO, AND FOR PERMISSION
TO PRODUCE MORE THAN SIXTEEN WELLS INTO
A COMMON TANK BATTERY.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 19, 1958, at Santa Fe, New Mexico, before Elvis A. Uta, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 26th day of November, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Uta, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Tidewater Oil Company, is the owner and operator of the Coates "C" lease comprising the E/2, the SE/4 NW/4 and the NE/4 SW/4 of Section 24, Township 25 South, Range 37 East, NMPN, Lea County, New Mexico.

(3) That the applicant proposes to commingle the Ellenburger, McKee, Fusselman and Montoya production, as well as Blinbry production if it proves to be intermediate grade crude, from all wells presently completed or hereafter drilled on the said Coates "C" lease.

(4) That the applicant also proposes to commingle the Drinkard and Langlie-Mattix production, as well as Blinbry production if it proves to be sour crude, from all wells presently completed or hereafter drilled on the said Coates "C" lease.

(5) That the applicant further proposes to separately meter the production from each pool prior to commingling.

(6) That the applicant also seeks permission to produce more than sixteen wells on the said Coates "C" lease into a common tank battery.

(7) That approval of the subject application will not cause waste nor impair correlative rights provided that the production from each pool is separately metered prior to commingling and provided further that adequate testing equipment and storage facilities are installed.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tidewater Oil Company be and the same is hereby authorized to commingle the Ellenburger, McKee, Finselman and Montoya production, as well as Blinberry production if it proves to be intermediate crude, from all wells presently completed or hereafter drilled on the Coates "C" lease comprising the E/2, the SE/4 NW/4 and the NE/4 SW/4 of Section 24, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That the applicant be and the same is hereby authorized to commingle the Drinkard and Langlie-Mattix production, as well as Blinberry production if it proves to be sour crude, from all wells presently completed or hereafter drilled on the said Coates "C" lease.

PROVIDED HOWEVER, That the production from each of said pools shall be separately metered prior to commingling and such meters shall be checked for accuracy at intervals and in a manner satisfactory to the Commission.

PROVIDED FURTHER, That the applicant shall install adequate testing facilities to permit the testing of all wells located on the said Coates "C" lease at least once a month to determine the individual production from each zone of each of said wells.

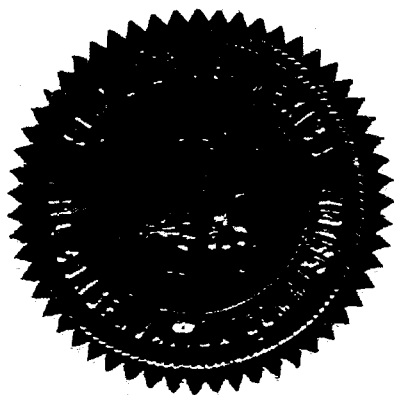
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

S. L. Mechem
EDWIN L. MECHEM, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 28, 1958

Mr. Oliver Seth
P.O. Box 828
Santa Fe, New Mexico

Dear Mr. Seth:

On behalf of your client, Tidewater Oil Company, we enclose two copies of Orders R-1291 and R-1297 issued November 26, 1958, by the Oil Conservation Commission in Cases 1549 and 1550, respectively.

Please note that Order R-1297 requires that each meter installed in the subject system shall be tested for accuracy at intervals and in a manner satisfactory to the Commission. It will be necessary for Tidewater Oil Company to run a series of tests of sufficient duration to determine that the meters are functioning properly immediately following installation. Thereafter, tests should be made at intervals not to exceed one month and a report of said calibration filed with the Commission. The meters shall be calibrated against a master meter or against a test tank of measured volume.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

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**OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO**

Date 11-21-58

CASE NO. 1550

HEARING DATE 11-10-58

My recommendations for an order in the above numbered case(s) are as follows:

Gave the following:

1. To commingle intermediate grade crude from the
 (a) Justice-Montoya oil Pool & adjacent area of Coate's "C" lease.
 (b) " Fusselman " " " " "
 (c) " McKee " " " "
 (d) " Ellentager " " " "
 and the Blinbury production if it proves to be
 productive & intermediate grade crude.
2. To commingle sour crudes from the
 (a) Justice - Drinkard adjacent area of Coate's "C" lease.
 (b) Langfries - Mattix oil Pool for the Coate's "C" lease.
 and the Blinbury production if it proves productive
 & sour.
3. Should note that CTB-32 allows the commingling
 of Coate's C + D Fusselman ~~only and the Drinkard~~
 and the Coate's C + D Drinkard only.

Staff Member

Staff Member
James A. [Signature]

BEFORE THE
OIL CONSERVATION COMMISSION
NOVEMBER 19, 1958

IN THE MATTER OF:

APPLICATION OF TIDEWATER OIL COMPANY, CASE 1550

TRANSCRIPT OF HEARING

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

BEFORE THE
OIL CONSERVATION COMMISSION
NOVEMBER 19, 1958

IN THE MATTER OF:

Application of Tidewater Oil Company to commingle)
the production from several separate oil pools.)
Applicant, in the above-styled cause, seeks an)
order authorizing it to commingle the production)
from the Ellenburger, McKee, Fusselman, Montoya)
and any other pool or pools encountered which)
produces oil of similar qualities on its Coates)
"C" Lease comprising the E/2 and SE/4 NW/4 and)
NE/4 SW/4 of Section 24, Township 25 South,)
Range 37 East, Lea County, New Mexico. Applicant) Case 1550
further requests permission to commingle)
production from the Drinkard formation on said)
lease with any other pool or pools encountered)
which produce sour crudes. Applicant proposes)
to separately meter production from each pool)
prior to being commingled. Applicant further)
seeks permission to produce more than sixteen)
wells in said common facilities.)

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ:

MR. UTZ: Proceed to Case 1550.

MR. PAYNE: Case 1550, Application of Tidewater Oil
Company to commingle the production from several separate oil
pools.

MR. SETH: Oliver Seth for Tidewater. This is an applica-
tion by Tidewater to commingle production from the Coates "C"
Lease comprising the east half and the southeast quarter north-
west quarter and the northeast quarter southwest quarter of

Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, the production to be commingled, being from the Ellenburger, McKee, Fusselman, Montoya and other pools that may be encountered on the same lease which may produce intermediate grade crude, the application also to commingle production from the Drinkard with any other production that may be encountered which is classified as sour crude. There are but slight gravity productions in the production from the several pools. Mr. Miller will appear as a witness for Tidewater.

(Witness sworn.)

ROBERT N. MILLER

the witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. SETH:

Q State your name, please, Mr. Miller.

A Robert N. Miller.

Q Your position with the company?

A Area Petroleum Engineer.

Q Have you testified before the Commission on previous occasions?

A Yes, sir.

Q Has the Commission heretofore approved running Ellenburger production through automatic custody transfer equipment?

A Yes, sir. Order 1208, Tidewater was granted approval to transfer Ellenburger crude through LACT unit.

Q Has the Commission previously approved the commingling of oil from the Coates "C" and "D" Lease

A Administrative Order 32, Tidewater was granted approval to commingle between the Coates "C" and "D" Leases.

Q Have you prepared a plat on these leases in question showing the proposed facilities?

A Yes, sir.

Q Would you describe what Exhibit One shows?

A Exhibit One shows the location of Tidewater's A. B. Coates "C" Lease outlined in green and the location of the proposed commingling facilities outlined in a red rectangle.

Q Referring to Exhibit Number Two, would you describe what that is, please?

A That is a flow diagram of the proposed facilities.

Q Would you describe, please, briefly the routing of the oil?

A Through the McKee Zone -- all zones are identical.

Q You are beginning at the right hand side of the exhibit?

A Yes, sir. And, if the Commission please, we will go through the McKee section. All others are identical.

The well production comes through individual flow manifolds where it is either routed to the McKee production separator or the test separator. The test separator, as oil enters the production separator, the gas is separated and goes through a meter to gas sales to El Paso. The oil is dumped to a zone meter which is of

the dump type. Oil is metered there, being corrected to 60 degrees and weather conditioned and is dumped in a thousand barrel stock tank. There is a flow action previously approved by the Commission on 1,000 barrel stock tanks where it is transferred through to the pipe to LACT unit. Well produce is routed from the manifold through the test leg to the test separator where the gas is metered. The oil is metered through a test meter. It is dumped into a manifold and then routed to the appropriate zone for zone metering.

The test meter is also of the dump type.

Q Would you describe briefly the test circuit, whether or not facilities are available for periodic testing if the Commission so desires?

A Yes. There are facilities available. We have plans of testing one well, a well each month, and the test will be recorded by the pumper who reads the odometer on the test meter. All gas coming from the test separator is commingled with the Ellenburger sales line; however, there is a gas meter on the test and each month it will be easy to deduct that amount of the gas produced through your Ellenburger gas sale.

Likewise, the production for the Fusselman, Montoya and Ellenburger can be routed as explained for the McKee zone.

Q And the oil from the test meter, test separator, is routed back through the appropriate circuit?

A Yes, sir, through a manifold into the appropriate zone meter.

Q Ahead of the zone meter?

A Yes, sir, that is correct.

Q Now, in the application of Tidewater, you have requested approval of a similar handling of any future production?

A Yes, sir.

Q Of oil of comparable quality. How would that, if the Commission approves the application in that respect, how would that be handled?

A It would be handled by putting a similar manifold production separator and zone meter for whichever was added, and the production would be the same as any other zone.

Q And the test separator would be utilized for that as well?

A Yes, sir. There is one test facility for all zones.

Q Have you prepared an additional exhibit showing a little more graphically the installation of the separator?

A Yes, sir, it's identical to Exhibit Two except it is an isometric drawing and shows the location of treaters at such times the zones produce water.

Q Do you contemplate the installation of these treaters at the present time?

A No, sir. There are no wells producing water from the four intermediate grades, crudes, proposed to commingle as described. We do not anticipate they will make water in the immediate future.

Q This Exhibit Number Three shows how the meters would be set in the circuits, is that correct? I mean the treaters?

A Yes, sir, it shows how they will be set in the line.

Q Is there any other comment on Exhibit 3 you would like to make?

A None, other than the fact should the Commission approve this the individual zone allowable will be determined by the dump meters and the allowable as run through the pipe line will be determined by the LACT unit.

Q Do you have any comments concerning the accuracy of the dump type meter?

A We have none in operation. The only testing that we can quote is that done by independent laboratories of the type meter we plan on installing has the accuracy of 99.5 percent based on weighted volumes put through the laboratory. There has been more extensive testing done on a similar type meter, and I will quote from an average. The average never fell below 99.8 percent for any set of the tests run and fell below 99.9 percent for only seven of the 28 groups of tests, the group of tests being flow rates of 250, 500, 750 and a thousand barrels per day at common pressure of 500 psig.

Q I notice you have no exhibits prepared as to the Drinkard?

A No, sir.

Q Will the Drinkard production be handled through a similar facility?

A At the present time it is handled through conventional type lease facilities. In the event there are more zones encountered that produce sour classification of crude oils, it could be set up; and we are asking for permission to set it up as our intermediate grade crudes in a similar manner.

Q That will evade future hearings in the event additional production zones are encountered on the same lease?

A Yes, sir.

Q What has the USGS indicated its position as to this application?

A Yes, sir, they have approved that. We have as Exhibit Number Four the letter from Mr. John Anderson, Regional Oil and Gas Supervisor, approving this type of installation.

Q Have you received any statement of the position of the pipe line company?

A Yes, sir. We have submitted as Exhibit 5 a letter from Mr. Whitaker to the New Mexico Oil Conservation Commission approving the commingling of the similar classifications of crude oils.

Q Would you state the advantages of the installation of this system that you've proposed?

A It will save in materials approximately 20 thousand dollars. There will be accrued savings produced, weathering time, based on the experience of Tidewater and of other operators, and will lead to more efficient operations. There will be workovers

of wells in the future, and by having these accurate well tests, we can perform workovers in an optimum time.

Q Does the installation of a facility of this type lead to better, easier well tests?

A Yes, sir, more accurate well tests.

A And is it so arranged that tests at irregular times or whenever requested by the Commission can be made satisfactorily?

A Yes, sir.

Q Is there any other comment on the application you'd like to make?

A Other than the API corrected gravity of the four crudes in question and sulfur content is as follows: Ellenburger 33.8 degrees API. Corrected gravity with sulfur content of .22 percent. McKee, 41.15 degrees. Corrected gravity 0.4 degrees. Fusselman 36.9 degrees API. Corrected 0.44 degrees. Montoya 37.1 degrees API. Corrected gravity sulfur content 0.36 percent.

Q Are all of those as far as sulfur content within reasonable limits would you say?

A Yes.

MR. SETH: At this time we offer Exhibits One through Five in evidence.

MR. UTZ: Without objection, they will be recieved.
Any questions of the witness?

CROSS-EXAMINATION

BY MR. PAYNE:

SHAW-WALKER
SHAW-WALKER
SHAW-WALKER
SHAW-WALKER

Q You have Administrative Order CTB-32?

A Yes, sir.

Q It provides A. B. Coates D Lease -- referring to Exhibit One -- A. B. Coates D. Lease is the southeast, the southwest of Section 24, 25, 37; the Coates C Lease is shown outlined in green by Administrative Order CTB-32?

MR. SETH: I don't believe it is outlined in green on One.

MR. PAYNE: I see it here.

A A. B. Coates C is outlined in green. We were granted permission to commingle oil between the Coates C Lease and the Coates D Lease, royalty being common, working interest being common.

Q (By Mr. Payne) That is from all zones?

A That is the commingling of Fusselman oil from the Coates D with Fusselman oil of the Coates C, Drinkard oil from Coates D and Drinkard oil from Coates C, keeping each zone independent.

Q So the D Lease doesn't come in this common tank battery now?

A Yes, sir, by virtue of CTB Number 32.

Q That is for the Fusselman oil?

A That is for the Fusselman and Drinkard.

Q As I understand it, this battery here outlined in red doesn't have anything to do with the Drinkard?

A Yes, sir, that is where the Drinkard is located there.

Q No Drinkard oil is to be produced into this one?

A No, sir. The Coates D Lease as set out in Administrative

Order CTB-32, as pertaining to the Exhibit 2, commingling application, refers only to the Fusselman depth. We have authority to commingle oil from the Coates C; in the event we drill an Ellenburger well on the Coates D, there is none at this time.

Q I'm getting at now this Montoya production and the McKee production; leave it those two. If you had any of that production on the D Lease, you have no authority to commingle that into this common tank battery, is that right?

A That's right. We would have to ask for an Administrative CTB Order. We have, through this order, we have permission to commingle oil from the Ellenburger and the Fusselman zones as pertaining to the intermediate grade crude on the Coates lease. That is all.

Q On this automatic custody transfer, you have an order on the Justice-Ellenburger, there, is that correct?

A That's correct.

Q That will be all that is tied into the LACT system at present?

A That is all that is tied in at the present time. When this system is put in, all systems will go through the LACT Unit.

Q Then you'd have to have another hearing? I mean, does the order provided for the Justice-Ellenburger provide for other oils?

MR. SETH: It provides for the approval of the system to run oils from the Coates C Lease. I don't believe there is any

particular question as to what zone it comes from. With the installation of this system, it won't make any difference as we see it what oil is run through that system if the system meets the approval of the Commission. As such, we have the separate metering and testing before, ahead of that system, if this application is approved. So the entire commingled production will be returned through the automatic unit then, but the separate testing, metering and so forth will be, if this application is approved, will be accomplished through this system.

Q (By Mr. Payne) Do you see any possibility of encountering sweet crudes other than in four zones?

A Yes, sir, there is a possibility there. There is another zone in that area, the Blinbry, which was analyzed by Gulf Oil Corporation and found to be sour. It was analyzed by the Texas-New Mexico Pipe Line and found to be sweet. The Texas-New Mexico pipe line has set up the first well for any lease, established classification of that crude for that lease only. Therefore, we have two classifications. It would be hard for us to tell whether the Blinbry-Tidewater or Coates C Lease would be sour or sweet.

Q The way your application was framed, whether it was sour or sweet, you'd be able to produce into common storage if it was sour with the Drinkard, if it was sweet with the Montoya, etc.

A Yes, sir.

MR. SETH: That's the reason it was so presented.

MR. PAYNE: Thank you.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Are there any other statements or testimony to be given in this case? If not, the case will be taken under advisement.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, JOHN CALVIN BEVELL, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me; that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 26th day of November, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

John Calvin Bevell
NOTARY PUBLIC

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1550, heard by me on Nov. 19, 1958.

My Commission Expires:
January 24, 1962

James A. [Signature] Examiner
New Mexico Oil Conservation Commission