

RESIDENCE PHONE
SHERWOOD 4-8173

OFFICE PHONE
PORTER 3-7329

J. R. CONE
ROOM 1706 - GREAT PLAINS LIFE BLDG.

LUBBOCK: TEXAS
March 18, 1961

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Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.,
Secretary & Director

Dear Mr. Porter:

Application is made herewith by J. R. Cone for authority to commingle without separate measurement the liquid production from the Blinshy Oil, Driskard Oil and Tubb Gas Pools on his Anderson lease. The said lease comprises 40 acres, more or less, being the NE/4 SE/4 Section 21, T-21-S, R-37-E, N.M.P.M., Lea County, New Mexico.

The following statements are made in support of this application:

1. There are two producing wells located on the Cone Anderson lease. Well No. 1 was completed originally April 28, 1948 in the Driskard Oil Pool. On November 14, 1961 the well was recompleted as a Driskard Oil-Tubb Gas dual and has been so produced since that time.

Well No. 2 was completed originally August 14, 1948 as a Hare Pool producer. This well was recompleted in the Wanta Abe Pool May 28, 1950; and again recompleted as a Blinshy Oil Pool producer February 2, 1961. Until recompletion in the Blinshy Oil Pool, Anderson No. 2 was produced by gas lift, the lift gas being supplied by the Tubb zone in Well No. 1.

2. The present capacity of the Driskard zone in Well No. 1 is 12 barrels per day which would properly classify the well as marginal. The current gas-oil ratio for the Driskard zone is approximately 4100 cubic feet per barrel.

During 1960 the high pressure gas allowable allocated the Tubb zone in Anderson No. 1 averaged 2,167 MCF per month whereas actual production averaged 12,486 MCF per month. Inasmuch as the lift gas was not processed through a separator, solvent liquid recovery rates for the Tubb zone are not available. However, under the proposed commingling, all Tubb gas will be passed through a high pressure separator whereby it is estimated approximately 10 barrels of 70-degree API gravity condensate will be recovered per million cubic feet of gas. Thus, Tubb condensate recovery should average about 20 barrels per month based on the 1960 allowable record.

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Page 2: J. R. Cone - Anderson lease commingling cont'd:

On 24-hour test March 3, 1961, Anderson No. 2 flowed 40 barrels of 41.5-degree API gravity oil with a gas-oil ratio of 21,825 cubic feet per barrel. Inasmuch as the limiting ratio for the Blinebry Oil Pool is 6000, Anderson No. 2 will have a penalized daily allowable of approximately 13 barrels.

Therefore, commingling of the Blinebry, Drinkard and Tubb liquids would be a composite production of approximately 26 barrels per day.

3. The Anderson lease Blinebry oil commands the top pipe line price of \$3.01 per barrel for gravities ranging from 40.0 to 44.9 degrees.

The Anderson Drinkard oil has been running to the pipe line recently at an average gravity of 36 degrees API for a price of \$2.93 per bbl.

The Tubb condensate would bring \$2.79 per barrel which price applies to liquids with gravities of 55 degrees API and above.

The three liquids together should provide a blended crude with average gravity of 40 to 41 degrees which will command top crude price. The calculated gross revenue from the commingled oil would be higher than the revenue received from separate sales. Furthermore, commingling of the Tubb condensate should reduce the evaporation loss that the high gravity condensates are subject to when saved in separate storage.

4. The lease facilities will permit periodic testing of each zone to determine the respective liquid recovery rates. Should any of the oil zones become capable of top allowable production, said zones will be saved and measured in separate storage.

5. In support of this application attached here to is a schematic sketch showing all wells on the Anderson lease and the pools from which each now is producing; all lease battery facilities; and, how the proposed commingling would be handled.

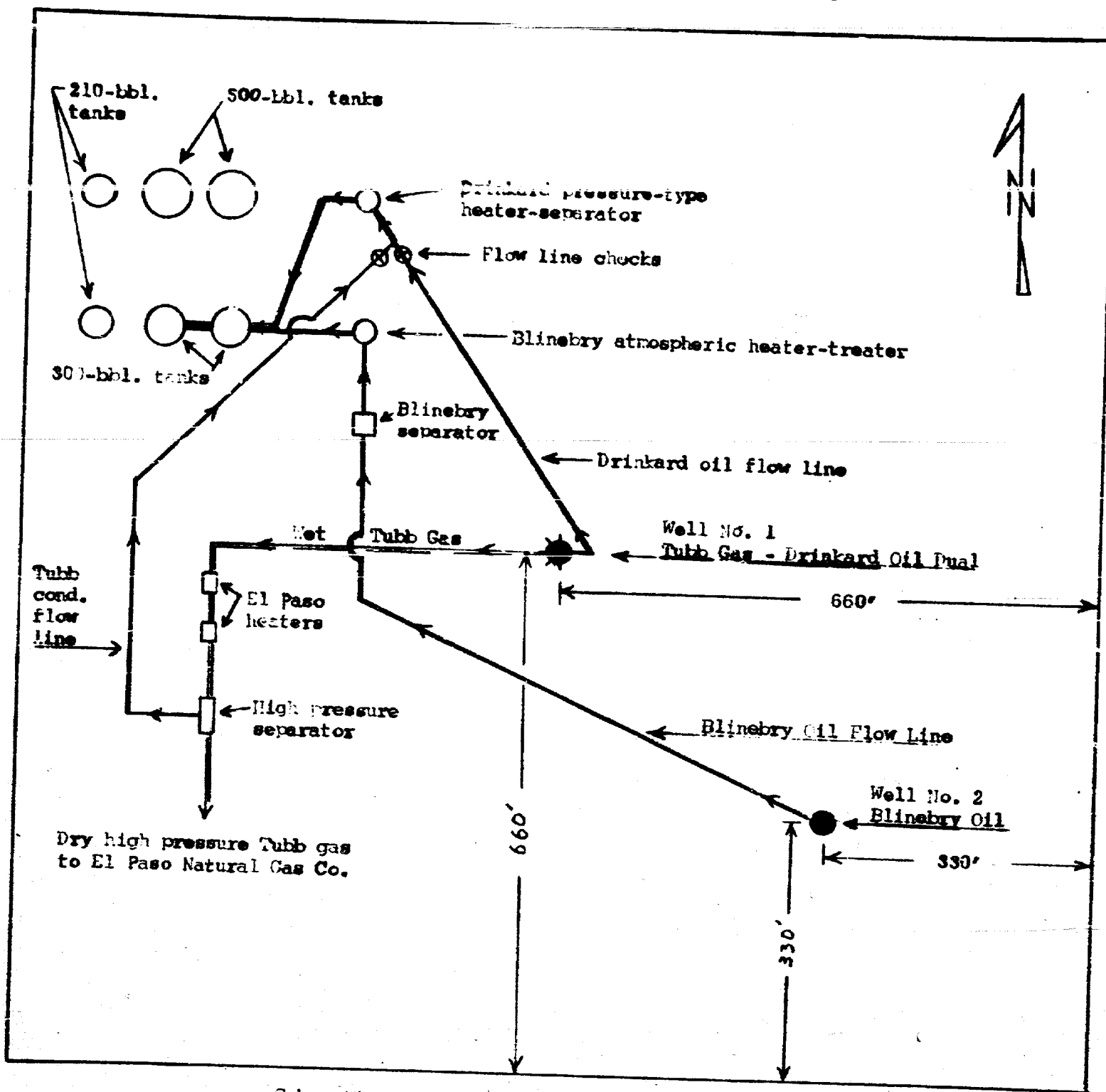
We shall appreciate this application being set for hearing on the next available docket.

Respectfully yours,

J. R. CONE

By L. O. Storm
L. O. Storm, Agent

Case 2254



Schematic Sketch of J. R. COWE Anderson Lease
 NE 1/4 SE 1/4 Section 21, T-21-S, R-37-E
 Showing All Wells And Battery Facilities
 To Accompany Application For Authority To
 Commingle Without Separate Measurement
 Blinebry Oil, Drinkard Oil & Tubb Condensate

12-61

DOCKET: EXAMINER HEARING - WEDNESDAY, APRIL 19, 1961

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or A. L. Porter, Secretary-Director, as alternate examiner:

CASE 2246:

Application of Sinclair Oil & Gas Company for an exception to Rule 303 (a) and Rule 309 (a). Applicant, in the above-styled cause, seeks permission to commingle, without separate measurement, the oil production from the Tubb Gas Pool, the oil production from the Blinbry Gas Pool and the oil production from the Drinkard Pool from all wells presently completed on its J. R. Cone "A" lease, comprising the W/2 SW/4 of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, and on its J. R. Cone "B" lease comprising the SE/4 SW/4 and the SW/4 SE/4 of said Section 26.

CASE 2247:

Application of Sinclair Oil & Gas Company for an exception to Rule 303 (a). Applicant, in the above-styled cause, seeks permission to commingle, without separate measurement, the distillate production from the Tubb Gas Pool, the distillate production from the Blinbry Gas Pool, the oil production from the Drinkard Pool and the oil production from the Wantz Abo Pool from all wells presently completed on the S. J. Sarkeys lease, comprising the SE/4 of Section 23, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 2248:

Application of Sinclair Oil & Gas Company for an exception to Rule 303 (a). Applicant, in the above-styled cause, seeks permission to commingle, without separate measurement, the oil production from the Drinkard Pool with the oil production from the Tubb Gas Pool from all wells presently completed on its A. M. York "B" lease, comprising the NE/4 NE/4 of Section 20, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 2249:

Application of Southern Union Production Company for an order force-pooling a standard 160-acre proration unit in the Tapacito-Pictured Cliffs Gas Pool. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the Tapacito-Pictured Cliffs Gas Pool in the SW/4 of Section 2, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, to form a standard 160-acre gas proration unit.

- CASE 2250: Application of Texaco, Inc. for an exception to Rule 309 (a) and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the Paduca-Delaware Pool production from all wells presently completed or hereafter drilled on the Cotton Draw Unit, comprising portions of Townships 24 and 25 South, Ranges 31 and 32 East, Eddy and Lea Counties, New Mexico. Applicant further proposes to install an automatic custody transfer system to handle said commingled production.
- CASE 2251: Application of Texaco, Inc. for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 280-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the SW/4, the E/2 SE/4 and the NW/4 SE/4 of Section 31, Township 23 South, Range 37 East, Lea County, New Mexico, to be dedicated to its E. E. Blinebry Well No. 2, located 1980 feet from the South line and 660 feet from the East line of said Section 31.
- CASE 2252: Application of Cities Service Petroleum Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the production from the Vacuum-Abo Pool from all wells presently completed or hereafter drilled on its State B "J" lease, S/2 of Section 35, Township 17 South, Range 35 East, Lea County, New Mexico.
- CASE 2253: Application of G. E. Reagin for permission to operate a treating plant. Applicant, in the above-styled cause, seeks permission to operate a sediment oil treating plant to be located at or near the City of Hobbs, New Mexico.
- CASE 2254: Application of The Ohio Oil Company for exception to Rule 309 (a) and for two automatic custody transfer systems. Applicant, in the above-styled cause, seeks permission to commingle, prior to measurement, the Lea-Devonian Pool production from all wells presently completed or hereafter drilled in the Lea Unit Area, comprising portions of Township 20 South, Ranges 34 and 35 East, Lea County, New Mexico, and to commingle, prior to measurement, the Lea-Bone Springs Pool production from all wells presently completed or hereafter drilled in said Lea Unit Area. Applicant further proposes to install two automatic custody transfer systems, one to handle the Devonian production, the other to handle the Bone Springs production.

CASE 2255: Application of Tenneco Corporation for approval of the Kemnitz-Wolfcamp Unit Agreement and for a pressure maintenance project. Applicant, in the above-styled cause, seeks approval of the Kemnitz-Wolfcamp Unit Agreement, which unit embraces 4,520 acres of State lands in Township 16 South, Ranges 33 and 34 East, Lea County, New Mexico. Applicant further seeks an order authorizing it to institute a pressure maintenance project in said Kemnitz-Wolfcamp Unit Area by the injection of gas into 5 wells in said area, and for special rules governing the operation of said project.

CASE 2256: Application of Hondo Oil & Gas Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the production from the Culwin-Queen Pool from all wells presently completed or hereafter drilled on the State RD Lease in Section 36, Township 18 South, Range 30 East, Eddy County, New Mexico.

CASE 2257: Application of J. R. Cone for an exception to Rule 303 (a). Applicant, in the above-styled cause, seeks permission to commingle, without separate measurement, the production from the Blinebry Oil Pool, the Drinkard Pool and the Tubb Gas Pool from all wells presently completed on the Anderson Lease, comprising the NE/4 SE/4 of Section 21, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 2258: Application of Markham, Cone & Redfern for an exception to Rule 303 (a). Applicant, in the above-styled cause, seeks permission to commingle, without separate measurement, the production from the Drinkard Pool, the Blinebry Gas Pool and the Tubb Gas Pool from all wells presently completed on the Eubanks lease, comprising the SW/4 of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 2259: Application of Southwest Production Company for a non-standard oil proration unit and for an unorthodox oil well location. Applicant, in the above-styled cause, seeks the establishment of a 71.3-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool comprising that portion of the SW/4 of Section 16, Township 29 North, Range 14 West, San Juan County, New Mexico, lying North of the mid-channel of the San Juan River. Applicant further seeks approval for an unorthodox oil well location in said pool at a point 1850 feet from the South line and 330 feet from the West line of said Section 16, to serve as the unit well.

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Docket No. 12-61

CASE 2260:

Application of Continental Oil Company for an unorthodox gas well location. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Eumont Gas Pool for its State F-1 Well No. 1, located 660 feet from the South and West lines of Section 1, Township 21 South, Range 36 East, Lea County, New Mexico, said well to serve as the unit well for a gas proration unit comprising all of said Section 1.

GOVERNOR
EDWIN L. MECHAM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



P. O. BOX 671
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

April 28, 1961

Mr. Charlie White
Gilbert, White & Gilbert
Box 787
Santa Fe, New Mexico

Re: Case No. 2257
Order No. R-1953
Applicant:
J. R. Cone

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

OTHER

**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. 2257
Order No. R-1953**

**APPLICATION OF J. R. CONE
FOR AN ORDER TO GRANT
303 (a), LEA COUNTY, NEW
MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 19, 1961, at Santa Fe, New Mexico, before A. L. Porter, Jr., 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 28th day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, A. L. Porter, Jr., 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, J. R. Cone, is the owner and operator of the Anderson lease, comprising the NE/4 SE/4 of Section 21, Township 21 South, Range 37 East, NEPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle, without separate measurement, the oil production from the Blinshry Oil Pool and the Brinkard Pool and the distillate production from the Tubb Gas Pool from all wells presently completed on the above-described Anderson lease.

(4) That inasmuch as all oil wells on the subject lease are low marginal wells in each of the subject pools and the Tubb gas well makes small quantities of distillate, the granting of this application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

That the applicant, J. R. Cone, is hereby granted permission to commingle, without separate measurement, the oil production

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CASE No. 2257
Order No. R-1983

from the Blinney Oil Pool and the Brinkard Pool and the distillate production from the Tubbs Gas Pool from all wells presently completed on the Anderson Lease, comprising the NE/4 SW/4 of Section 21, Township 21 South, Range 37 East, NEMH, Lea County, New Mexico.

PROVIDED FURTHER, That the total lease production shall be allocated to each well in each subject pool on the basis of monthly well tests.


PROVIDED FURTHER, That in the event any well on the subject lease becomes capable of producing top oil allowable of liquid hydrocarbons from any of the subject pools, the applicant shall notify the Santa Fe office of the Commission of such fact.


IT IS FURTHER ORDERED:


That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

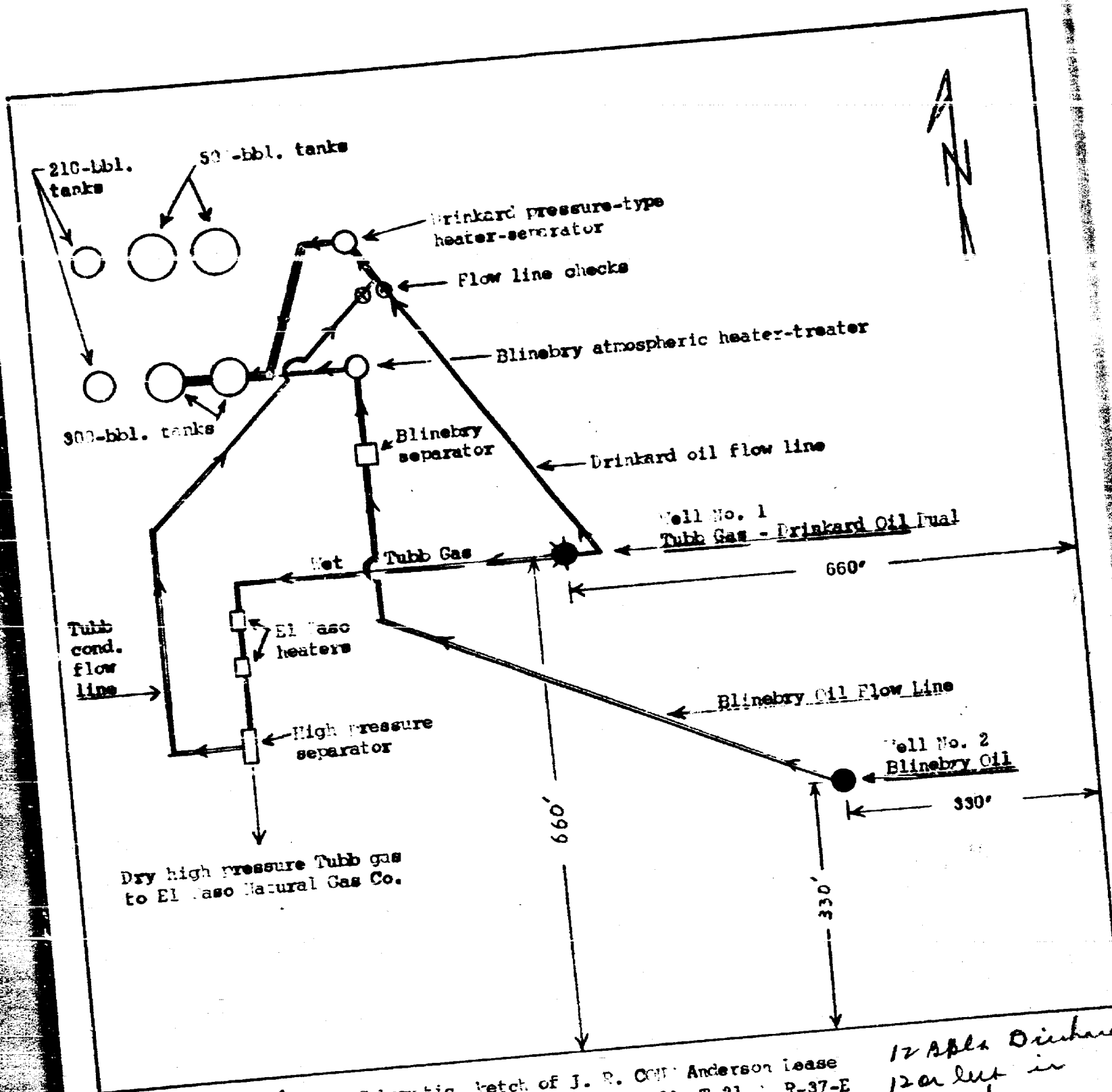


EDWIN L. METCHUM, Chairman


E. S. WALKER, Member


A. L. FOSTER, JR., Member & Secretary

ccx/

app E11
2257



Dr. 36°

Bl. 40-41

Tub. 2.79

combined 3.01

Schematic sketch of J. R. Carr Anderson Lease
T/4 NE/4 Section 21, T-21-N, R-37-E
Showing all wells and Battery Facilities
To accompany application for authority to
Combine without separate measurement
Blinbry Oil, Drinkard Oil, Tubb Condensate

12 Acres Drinkard
12 or less in
Blinbry.
2 1/2 Mcf from
Tubb condensate

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 19, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of J. R. Cone for an exception to Rule 303(a). Applicant, in the above-styled cause, seeks permission to commingle, without separate measurement, the production from the Drinkard Pool, the Blinebry Gas Pool and the Tubb Gas Pool from all wells presently completed on the Anderson Lease, comprising the NE/4 SE/4 of Section 21, Township 21 South, Range 37 East, Lea County, New Mexico.

Case 2257

Application of Markham, Cone and Redfern for an exception to Rule 303(a). Applicant, in the above-styled cause, seeks permission to commingle, without separate measurement, the production from the Drinkard Pool, the Blinebry Gas Pool and the Tubb Gas Pool from all wells presently completed on the Eubanks Lease, comprising the SW/4 of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.

Case 2258

CONSOLIDATED

BEFORE: Mr. A. L. "Pete" Porter,
Secretary-Director, Alternate Examiner

TRANSCRIPT OF HEARING

MR. PORTER: Call the next case, 2257. Application of J. R. Cone for an exception to Rule 303(a).

MR. WHITE: Charles White, Gilbert, White and Gilbert, appearing on behalf of Applicant, I might mention that the applicant in this case, 2257, is a general partner and one of the



applicants in Case 2256, and we might save some time if we were to consolidate the cases.

MR. NUTTER: Is case 2258 for an exception to Rule 303(a)?

MR. PORTER: Yes. Without objection the cases will be consolidated for the purpose of taking testimony.

MR. WHITE: We have one witness that will appear in both cases.
(Witness sworn.)

L. O. STROM

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Will you state your full name for the record, please?

A L. O. Strom.

Q By whom are you employed and in what position?

A J. R. Cone as petroleum engineer.

Q Are you acquainted with the situation that exists in case 2257?

A I am.

Q Are you also acquainted with the facts pertaining to case 2258?

A I am.

Q Mr. J. R. Cone is the operator as to both leases?

A He is operating partner in both cases, both leases.

Q Will you refer to Exhibit No. 1 in case 2257 and state



the lease location, show the location of each of the wells, producing zones and then trace the movement of the oil from each well under the proposed installation for commingling.

A The lease in question is known as the J. R. Cone-Anderson lease comprising 40 acres, more or less, being the northeast quarter of the southeast quarter of Section 21, Township 21 South, Range 37 East in Lea County, New Mexico.

Well No. 1 is a dual completion gas over oil comprising the Tubb Gas zone and the Drinkard oil. Well No. 2 is a twin now producing from the Blinsbry oil zone. This well in years past was originally completed in the Hare Pool; that zone depleted. Two years ago it was recompleted and that zone was depleted and abandoned. In February of this year the well was recompleted in the Blinsbry oil zone. All of these are recognized and defined by the Oil Conservation Commission.

In the case of the Drinkard oil it is traced in green on the exhibit. It flows from the well through a pressure-type heater treater which serves as a separating vessel and heating facility when needed. From there the well oil currently is going into the 500-barrel tanks shown at the top of the sketch. The Blinsbry oil zone produces from Well No. 2 through the individual separators, thence through an atmospheric heater treater; thence through 300-barrel tanks as shown on the sketch.

The Tubb gas zone currently is not being produced. It has been used as a supply for gas lifting and is now abandoned.



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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Prior to that, delivery of the gas had been made under high pressure to El Paso Natural Gas Company and with the recompletion of No. 2 as a flowing Blinebry oil well, there is no need to double the gas lift and we ceased production of the Tubb zone pending this hearing. If this application is approved, we anticipate moving the high pressure Tubb gas through a high pressure separator currently on the lease from whence the condensate will be separated. This will pass through a low-stage separator already on the lease facility -- correction on that -- this will pass under the comingling arrangement under the Drinkard pressure type heater separator where they'll be treated with the Drinkard oil and pass into the 300-barrel tanks.

I show it as the 300-barrel tanks for this reason: The current capacity of the Drinkard zone in well No. 1 is 12 barrels per day; that was always the daily average of that zone during 1960.

The Blinebry oil zone is testing with a ratio in excess of 21,000 as indicated in our statement; therefore, it will undergo a penalty which will reduce the allowable to 12 barrels or less than the present proration formula. Inasmuch as the Anderson lease is a 40-acre tract, the high pressure gas allowable is one-quarter of the normal 160 Tubb gas. During 1960 that allowable was approximately two and a half million cubic feet per month.

MR. MUTTER: That's the 40-acre allowable?

THE WITNESS: Yes, for the 40-acre allowable.



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PHONE CN 3-4491

ALBUQUERQUE, NEW MEXICO

A Inasmuch as we are not separating the liquids during the gas lift operation, I don't know exactly what the liquid recovery will be from the Tubb zone when we resume production. On the basis of the Eubanks lease, I estimate the recovery will be 10 barrels per million which would average 25 barrels a month less than in the commingling of the liquids. We would anticipate an end product that would total perhaps 25 barrels a day. In our statement we indicate the gravities of the liquids as they are now going through the pipeline in the Drinkard and Blinebry wells, as well as the current prices paid by Sinclair for whose account the oil is run on that lease.

The Tubb condensate if separately saved and run would bring a price of \$2.79 per barrel because it will average in gravity something above 65 degrees API. All liquids purchased for Sinclair's account above 55 degrees sell for \$2.79 on crude oil schedule.

The Drinkard oil in the last eight months has been averaging 36 degrees, API, to the pipeline. The Blinebry oil currently is running between 40 and 41 degrees, API. It is our feeling that the mixing of the three liquids will develop an end crude or blended crude that will average approximately 40 degrees API which would bring the top price of \$3.01 per barrel. Each liquid saved and run separately would bring an income something like \$35 a month less than the commingled product would bring. It would not require any additional facilities to handle



this commingling. For test purposes, we would either shut in the other zones if necessary in order to get a test of the zone in production. We think the production pattern of well No. 1 which has handled its own storage for nearly twelve years will make approximately 12 barrels and that plus the condensate recovery from the Tubb zone plus the liquid recovery from the Blinebry zone, I think we can check our Blinebry zone, I know we're within the penalized allowable.

Q You don't intend to separately meter these crudes, do you?

A Our request is for commingling without separate measurement because of the marginal nature of the production.

Q Are all wells producing their top capacity?

A They are.

Q Are any of the wells producing top allowable?

A None are capable of top allowable.

Q Do you anticipate that this production will remain approximately the same in the future?

A The same, and it will no doubt decline as is typical of oil wells.

Q That would be the same in all zones?

A I expect it will gradually decline. The liquid recovery ratio from the Tubb will decline; the Drinkard should decline and also the Blinebry oil.

Q Are all royalty interest common throughout the lease in



case 2257?

A Common in all zones and all wells.

Q Will you refer to Exhibit 1 in case 2258 and state the location of that lease and the location of oil-producing zones?

A This lease depicted is known as the Markham, Cone and Redfern lease and it occupies 160 acres, more or less, being in the southwest quarter of Section 14, Township 21 South, Range 37 East, Lea County.

Development of the lease includes four wells, three of which are dual completions. In each of the wells, the Drinkard oil zone is developed. In No. 2, the Tubb gas zone is developed. In addition, in well No. 1, the Blinebry gas zone is developed. Well No. 4 is a parallel string dual completion in the Blinebry oil zone and the Drinkard oil zone, and as a consequence of that completion the 40 acres surrounding that well were removed from the 160 acres dedicated to the Blinebry zone. The current dedication is 120 acres in the Blinebry gas zone in wells 1 and 4.

The current allowable on the four Drinkard wells totals approximately 80 barrels. As the Commission is aware, this is the annual gas-oil ratio test period for the Drinkard pay. Our present tests indicate that we will undergo some reduction due to ratio penalty in the allowable. We anticipate our total Drinkard allowable from the four wells will be something in the vicinity of 70-75 barrels, not in excess of that.

The production from the Blinebry zone is passed through a

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high pressure separator from thence the dry gas goes to El Paso. The liquids are passed through a low stage separator at the battery. The same applies to the Tubb gas zone. The liquids from the high pressure separator of that zone being passed through the same low stage separator where the two condensates are commingled under prior authority from the Commission.

Under our present operation, the liquid from the low pressure separators are passed through to the 90-barrel tanks, which are depicted on the left of the sketch. The Drinkard oil passes directly from the well to a separator, thence through a heater, thence to a 750-barrel settling tank, thence to two 500-barrel stock tanks.

The Blinebry oil zone, production is passed through its own separator which is shown as a small square and not marked -- I now notice on the exhibit -- and thence to three 210-barrel tanks shown on the sketch. It is our proposal to commingle the liquids from the four Drinkard zones, the Blinebry gas zone, and the Tubb gas zone into common storage being the 500-barrel tanks shown on the sketch. The Drinkard oil zone is a top allowable producer and we do not request commingling of that crude under any conditions at this time. It will be saved and run separately. The liquids in the other zones we would request permission to commingle without individual measurement.

Once again, we anticipate an increase in gravity in the crude to the extent that we calculate an increased revenue in the



vicinity of \$180 a month.

Q That's what the crude will command?

A In each case it will command a top crude price. I would point out that all liquids saved from the Eubanks lease are run by Shell Pipe Line Corporation for the account of Shell Oil Company.

Q In your opinion, will the tank facilities on this lease be adequate?

A Yes, sir, they will be.

Q With reference to case 2258, should the Commission see fit to grant the application, would you want to include any additional wells that may be drilled on the lease in the future?

A Yes, I would like to point out to the Commission that the lease has two unmet offset obligations to the west; one to the east. In the Blinebry oil zone the operators of that lease are faced with meeting that obligation in terms of twin drilling over the hole of the present wells.

Q That's the reason you'd like to have --

A It is possible that we would choose to drill twin locations, and such a hole, if it was drilled, would be drilled enough to open the other established pays for long range recompletion possibilities.

MR. PORTER: That would be in the Blinebry zone?

THE WITNESS: We may be forced to drill an individual hole to meet the Blinebry obligation, and, of course, for each one



we would lose 40 acres of the gas allowable.

MR. PORTER: I see.

Q (By Mr. White): Are the royalty interests common throughout the various zones?

A Royalty interests are common.

Q Do you have anything else you'd like to state before the Commission?

A I would like the Commission to be aware that during the year 1960, the recovery of the Blinbry and Tubb liquids on the Eubanks lease averaged 7.6 barrels per million cubic feet high pressure produced in the two pays. Our tests indicate that our recovery rate should be running at least 10 barrels per million. We are well aware that in the separate receiving of the condensates there will be different gravities. They will run approximately 72 degrees API by the time they have passed through their own storage until the tank is full, and as we have been running it, the gravities of those combined liquids have been running from 61 to 66 degrees in the past year. We know we are losing on evaporation and by mixing that with oil we can reduce that evaporation loss with a net increase in total liquid recovery from the lease.

Q Is that also true in case 2257?

A We anticipate the same improvement in both cases.

Q As I understand it, in case 2257 you're not separating the liquids now?



A We did not. Our gas lift was passed directly from the Tubb zone into No. 2

MR. PORTER: If you're only producing 12 barrels a month you probably wouldn't recover anything any way because it would evaporate before you got a full tank.

THE WITNESS: There's no question about it because under the present storage set-up from the Tubb zone to Anderson, it would take roughly 280 days to fill a tank. They don't like to run piecemeal.

Q (By Mr. White): Were the exhibits in both cases prepared by you?

A They were prepared by me.

MR. WHITE: We offer the exhibits in evidence.

MR. PORTER: Without objection, they will be admitted.

MR. WHITE: That concludes our direct examination.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Strom, by gravity improvement, you do expect to increase the revenue on the Anderson lease by \$35 a month, is that correct?

A Gross total.

Q And by gravity improvement on the Eubanks lease, you expect to increase the revenue by \$180 per month?

A Yes, sir, more liquids are involved there.

Q You stated that you would not commingle one well; which



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ALBUQUERQUE, NEW MEXICO

one?

A The Blinebry oil zone, well No. 4, since it is capable, we feel, of top allowable production.

Q You want this authority to include other wells that may be drilled to the Blinebry?

A I'd like to correct an impression. We don't want authority to commingle the Blinebry oil zone liquid. The Blinebry gas zone liquid, Tubb gas zone, Drinkard oil zone are the only things we are interested in commingling without measurement.

Q These three gas wells are all to the Blinebry oil pool?

A Yes, and we would hope we could shut in on it by twin drills or overhaul what we have. We have extra storage available, separate storage is available for the Blinebry pool.

Q It's not included in the application in 2258?

A No, sir.

Q Would you give the initial potential for the four Drinkard wells?

A Well, I'll have to approximate these. We are not concluded with our tests. It should be between 10 and 15 barrels per day. No. 2 will be approximately the same. Well No. 3 would be approximately the same, I would say. These three wells together will probably draw between 30 and 35 barrels for testing purposes. It's currently at 35 barrels per day plus a very small amount of water.

~~Q Now, what about in case 2257? You stated that the Bline-~~



bry oil well No. 2 would have a penalized allowable of 12 barrels.

A That is my computation on the recompletion which was affected right at the first of February, so the 30 to 60-day ratio test required by the Commission was not taken until March the 3rd. On that date, the producing ratio was shown in my statement as 21,825 cubic feet per barrel, so using the April allowable for the Blinebry oil pool, I computed that our allowable would not exceed 12 barrels on the basis of that ratio.

Q How many barrels of liquid would that be capable of producing?

A It's not capable now, today, of the 40 barrels that it was. It has declined.

Q Are any of these Drinkard wells on the Eubanks lease capable of making top allowable?

A No, sir, none. The ratio penalty will be effective on well No. 3 and possibly well No. 1 and not on wells Nos. 2 and 4.

Q Eubanks, Tubb and Blinebry are two-stage separators?

A Yes.

Q And then the Tubb gas on the Anderson lease will also be a two-stage separator by combining with the Drinkard production?

A Yes, sir. In each case the line will be checked. We can install additional checks for the commingled lines. They're actually brought together to prevent any flow break in the well.

MR. NUTTER: I believe that's all I have.

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PHOTO 20 3-0001

ALBUQUERQUE, NEW MEXICO



MR. PORTER: Mr. Morris, do you have any questions?

MR. MORRIS: We may have some problem on your notice here in the way it's been advertised. The commingling permission is sought for wells presently completed on the lease. I'm not sure it's broad enough to take in wells that may be drilled in the future.

MR. PORTER: I think the applicant is willing to withdraw any reference to future wells. They would be coincidental to exploring the Blinebry oil zone for completion purposes, for recompletion sometime in the future.

MR. STROM: If the wells are drilled, they'll be drilled probably into granite to expose all possible recompletion zones in the future. That has been our practice in the past. The established pays include the Tubb gas zone, the Blinebry oil zone, the Drinkard oil zone and the Los Abo pool. Those are the only established pays in the vicinity of that lease.

MR. MORRIS: That's all.

MR. PORTER: Are there any further questions? If not, the witness is excused.

(Witness excused.)

MR. PORTER: If there is nothing further to come before the Commission, the hearing is adjourned.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6491

ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO)

ss

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 Hearing 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 this, the 25th day of April 1961, in the City of Albuquerque, New Mexico, County of Bernalillo, State of New Mexico.


 Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2257, heard by me on April 13, 1961.


 Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-6691

ALBUQUERQUE, NEW MEXICO



DRAFT

RSM/esr
April 20, 1961

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. 2257

Order No. R- 1953

APPLICATION OF J. R. CONE
FOR AN EXCEPTION TO RULE
303 (a), LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 19, 1961, at Santa Fe, New Mexico, before A. L. Porter, Jr., 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 _____ day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, A. L. Porter, Jr., 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, J. R. Cone, is the owner and operator of the Anderson Lease, comprising the NE/4 SE/4 of Section 21, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle, without separate measurement, the ^{oil} production from the Blinebry Oil Pool, ^{and} the Drinkard Pool and the ^{distillate production from the} Tubb Gas Pool from all wells presently completed on the above-described Anderson Lease.

(4) That inasmuch as all ^{oil} wells on the subject lease are low marginal wells in each of the subject pools, ^{and the Tubb gas will make small quantities of distillate,} the granting of this application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

That the applicant, J. R. Cone, is hereby granted permission to commingle, without separate measurement, the ^{oil} production from the Blinebry Oil Pool, ^{and} the Drinkard Pool and the ^{distillate production from the} Tubb Gas Pool from all wells presently completed on the Anderson Lease, comprising the NE/4 SE/4 of Section 21, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the total lease production shall be ^{allocated} apportioned to each well in each subject pool on the basis of monthly well tests.

PROVIDED FURTHER, That in the event any well on the subject lease becomes capable of producing top ^{oil} allowable ^{of liquid hydrocarbons} from any of the subject pools, the applicant shall notify the Santa Fe office of the Commission of such fact.

IT IS FURTHER ORDERED:

That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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