

BEFORE THE
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO

IN THE MATTER OF:

Case 1287

TRANSCRIPT OF PROCEEDINGS

August 7, 1957

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BEFORE THE
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
August 7, 1957

IN THE MATTER OF:

CASE 1287: Application of Continental Oil Company for an
 order authorizing the production of more than
 eight oil wells into a common tank battery on
 its Reed "A-3" Lease in the Eumont Gas Pool,
 Lea County, New Mexico. Applicant, in the
 above-styled cause, seeks an order authorizing
 it to produce all oil wells presently drilled,
 or hereafter completed, in the Eumont Gas Pool
 within the boundaries of its Reed "A-3" Lease
 into a common tank battery located in the NW/4
 of Section 3, Township 20 South, Range 36 East,
 Lea County, New Mexico. The said Reed "A-3"
 Lease consists of the S/2, NW/4, S/2, NE/4, and
 NE/4 of said Section 3.

Oil Conservation Commission
Office
1000 West Broadway
Hobbs, New Mexico

BEFORE:

WARREN W. MANKIN, Examiner

TRANSCRIPT OF HEARING

MR. MANKIN: Next case on the docket is Case 1287.

MR. COOLEY: Case 1287. Application of Continental Oil
Company for an order authorizing the production of more than eight
oil wells into a common tank battery on its Reed "A-3" Lease in the
Eumont Gas Pool, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin representing Continental Oil

Company. I have as a witness Mr. Anderson.

MR. MANKIN: Off the record.

(Discussion off the record.)

MR. MANKIN: On the record. Proceed.

(Witness sworn.)

E D W A R D R. A N D E R S O N

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

DIRECT EXAMINATION

BY MR. KELLAMIN:

Q Would you state your name, please?

A Edward R. Anderson.

Q By whom are you employed?

A Continental Oil Company.

Q What is your position?

A I am Production Engineer.

Q Have you ever testified before this Oil Conservation Commission and had your qualifications accepted as an expert engineer?

A I have.

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

MR. MANKIN: They are.

BY MR. KELLAMIN:

Q Mr. Anderson, are you familiar with the application filed in Case 1287?

A Yes, sir, I am.

Q What is the purpose of that application?

A Purpose of this application is to obtain permission to produce more than eight oil wells into a common tank battery.

Q And in what pools?

A The Eumont Gas Pool ^{for} to the Reed "A-3" Lease.

Q Now, what is the current allowable on those eight wells presently in that lease?

A Approximately a hundred and twenty barrels per day.

Q How many tanks do you have set on that lease at the present time?

A We have four, four hundred barrel tanks.

Q And how much storage does that provide?

A This would provide for over four days' storage.

Q Referring to what has been marked as Exhibit No. 1, Mr. Anderson, would you state what that is?

A Exhibit 1 is a ownership plat showing Continental Oil Company's operating acreage cross hatch. Your Red lines contains approximately six hundred acres of the oil producing in the lease and are assigned to common beneficiaries.

Q Who has the ownership of the Reed "A-3" Lease?

A Continental Oil has a twenty-five percent overriding interest. The ownership is NMFV.

Q Is Continental Oil a corporation of New Mexico?

A That is correct.

Q Is the royalty interest common throughout the Reed "A-3"

Lease?

A That is correct.

Q Referring to what has been marked Exhibit No. 1, state what that is?

A Exhibit 2 is a plat showing the boundary lines of the Reed "A-3" Lease, the locations of the eight Eumont Wells that are currently producing in the common tank battery, and the location of the lease to drill the Eumont Well, and the method it will be productive into a common tank battery. The eight Eumont Wells in the lease, there is a ninth Eumont Well, and the tank batteries are in the lower boundaries of the Reed "A-3" Lease, and they are on the same basic lease.

Q In the application it stated there were eight wells currently producing and one proposed. Has that additional well been completed?

A The recent completed well hasn't been tested, it is in the process of recovering the crude oil, there has been no test made.

Q Referring to what has been marked Exhibit No. 3. Would you state what that shows?

A Exhibit No. 3 is a schematic diagram of battery number 2 on the Reed "A-3" Lease, which shows the standard equipment, or the major items of equipment over the lease, method in which they come together for production test purposes. This equipment consists of four four hundred barrel tanks, treater, two horizontal separators, and a manifold. All wells produce to a manifold and common productions are routed through the production separator, through the treater, and into storage tanks. The manifold is so connected that any well can

be routed through a test separator. The gas in the test separator is measured through the orifice meter, the oil from the test separator is measured through an oil meter. This oil meter device has a method of assembling eighteen representative samples of oil passing through it, and these samples must be placed in the centrifuge and the water production can be obtained from the samples. As a double check on the oil production of any individual wells, and also as a check on the oil meter. The oil routes, either have two stock tanks, and the production is checked by the tank gauges.

Q You have referred to this sampling method, is that the method that will be used to test water content?

A Yes, sir.

Q And **how** would that be done?

A The sample is placed in the centrifuge and ground out and the percentage of water residue is obtained.

Q Is there an appreciable production of water in this area from the Reed "A-3" Lease?

A A very small percentage of water, usually less than three percent.

Q Now, under the arrangement you have described, is it possible to test any individual well at any time?

A That is correct.

Q And how often could you run a test on these wells?

A With nine wells hooked to the header, to the Warren Petroleum Gathering System, every ten days.

Q If any additional wells were connected to the battery, would that change that situation?

A That is correct. It is possible to have eleven to twelve wells hooked to this battery; in that case, we will be able to test a well every twelve days.

Q Is eleven to twelve wells the maximum contemplated production at the end of this battery?

A That is correct.

Q Do you have the facilities to take care of that number of wells?

A Yes, sir.

Q Would Continental supply this additional storage?

A Yes, sir.

MR. KELLAHIN: Those are all the questions I have.

CROSS EXAMINATION

BY MR. COOLEY:

Q Am I to understand, Mr. Anderson that this application seeks a maximum of eleven wells, located on the Reed "A-3" Lease, to be produced into a single common tank battery?

A That is correct.

MR. KELLAHIN: I would like to make a statement in this connection, if I **may**. When the application was filed, if you will notice, the original application has been amended. The original application was for the production of one additional well into a common tank battery, providing we got the administrative approval, rather than a full scale hearing on the additional wells. Continental has no objection whatever, to whatever requirements may be placed

upon their producing the additional wells into the tank battery, but it was the suggestion of members of the Commission staff that the application was then amended to include any wells drilled on this lease, the maximum of which has been testified to, would be eleven.

Q (By Mr. Cooley) And, as I understand your testimony, concerning Exhibit 1, the cross-hatched area is consisting of four and a fraction of sections, is the Reed "A-3" Lease?

A Well, the cross-hatch area on the whole is Continental acreage.

Q It is not the Reed "A-3"?

A It consists of only six hundred acres in Section No. 3. You will notice the portion outlined in red, as that portion of the Reed "A-3" Lease is proven to be productive in the Eumont Pool, or which is anticipated to be productive for the Eumont Pool.

Q Just one last attempt to clarify this. Your operation or production is a maximum of eleven wells located in the Reed "A-3" Lease, and is in Section 3, Township 20 South, Range 36 East, into a common tank battery?

A That is correct.

Q How often can each well be tested with your present testing facilities, if eleven wells were connected to a common tank battery?

A Every twelfth day.

Q Every twelfth day. That is all I have.

EXAMINATION

BY MR. MANKIN:

Q Mr. Anderson, on Exhibit 2, you show Wells Nos. 1, 2, 3, 4, and 5. What zones are those completed in?

A Monument Pools were completed in the Grayburg Formation.

Q There are presently on this Reed "A-3" Lease eight completed wells, and one well is being drilled, is that correct?

A On the whole, there are eight Eumont Wells completed, that is correct, with one just being drilled.

Q Then, the present plan would be to complete the No. 1 to 14, and + drilling, and 1 additional well in the Reed "A-3" Lease in the Eumont Pool?

A That is correct.

Q Which gives you a maximum of eleven wells?

A Into battery No. 2, Eumont 2 battery.

Q Where is this battery presently located?

A Shown on Exhibit No. 2.

Q Refer to it in the particular quarter section.

A I beg your pardon, in the northwest quarter of Section 3.

Q Well, the Reed "A-3" Lease encompasses some six hundred acres in Section 3 does it not?

A Yes, sir.

Q But it's not anticipated that additional Eumont development will incorporate the east half of the east half of Section 3?

A No, sir.

Q If it is, if this should develop, that would be on a different battery?

A Well, I'd say it probably would be.

Q So, the maximum is what you have stated, the maximum of

eleven wells on this Reed "A-3" Lease, and a portion of which is shown on Exhibit 1 in the red outline.

A Would you repeat that question again?

Q The eleven wells which you propose to complete and pull into this battery on the Reed "A-3" Lease is that acreage shown in the red outline, on Exhibit 1?

A That is correct.

Q Which is not the entire Reed "A-3" Lease?

A That is correct.

Q Which is six hundred acres, the hundred and sixty-six acres which is the east half, east half, east half of Section 1?

A Yes.

Q You indicated with the completion of Well No. 14, it would give you nine wells, or approximately four days' storage. Did I understand--

A (Interrupting) Yes.

Q With the completion of two additional wells, or a total of eleven wells at present, what are the present facilities that you have?

A Over three days' storage.

Q With the pipe line conditions that you might encounter in this area, do you feel three days' storage is adequate for this lease?

A At present, yes, sir.

Q But the conditions might change and you might desire more than three days' storage in the future?

A That is possible, in the future, yes, sir.

MR. MANKIN: Are there any further questions of this witness?

MR. KELLAHIN: We would like to offer in evidence Exhibits 1, 2, and 5.

MR. MANKIN: Any objections?

(No response.)

MR. MANKIN: They will be received in evidence. Mr. Fischer.

BY MR. FISCHER:

Q Mr. Anderson, what is the gravity range of the wells now producing into the battery?

A Thirty-six to thirty-eight degrees, A. M. T. *PT*

Q I notice in your application that you listed only Atlantic, Pan American, Standard of Texas, as off-set operators. Are these three actually the only off-set operators to that lease?

A I believe they are our partners in this Reed "A-3" Lease.

Q Have you notified the off-set operators?

A Yes.

Q Do they agree with your proposal?

A They have no objections.

Q I'd like to know who takes the gas from the property?

A Warren Petroleum.

Q They have been notified of this? A Yes.

MR. FISCHER: That is all I have.

BY MR. MANKIN:

Q Who again is the oil purchaser for these leases?

A Shell Pipe Line.

Q Shell Pipe Line?

A Yes, sir.

MR. MANKIN: Any further questions of this witness?

(No response.)

MR. MANKIN: If there is nothing further, the witness may be excused. Do you have anything Mr. Kellahin?

MR. KELLAHIN: No.

MR. ANDERSON: I'd like to make a correction, that is Atlantic Petroleum Transport.

MR. MANKIN: That correction will be made. Atlantic Petroleum Transport. The witness may be excused.

(Witness excused.)

MR. MANKIN: Any statements to be made in this case?

(No response.)

MR. MANKIN: If there are no further statements to be made, or anything further, we will take the case under advisement.

* * *

R E P O R T E R ' S C E R T I F I C A T E

STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

ss

I, ROBERT V. MAES, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify the foregoing and attached Transcript of Proceedings before the Oil Conservation Commission Examiner, for the State of New Mexico was reported by me in stenotype and reduced to typewritten transcript by me, and that same is a true and correct record to the best of my knowledge, skill and ability.

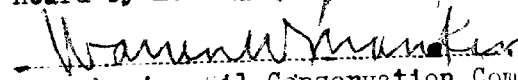
WITNESS my Hand and Seal this 21st day of August, 1957.

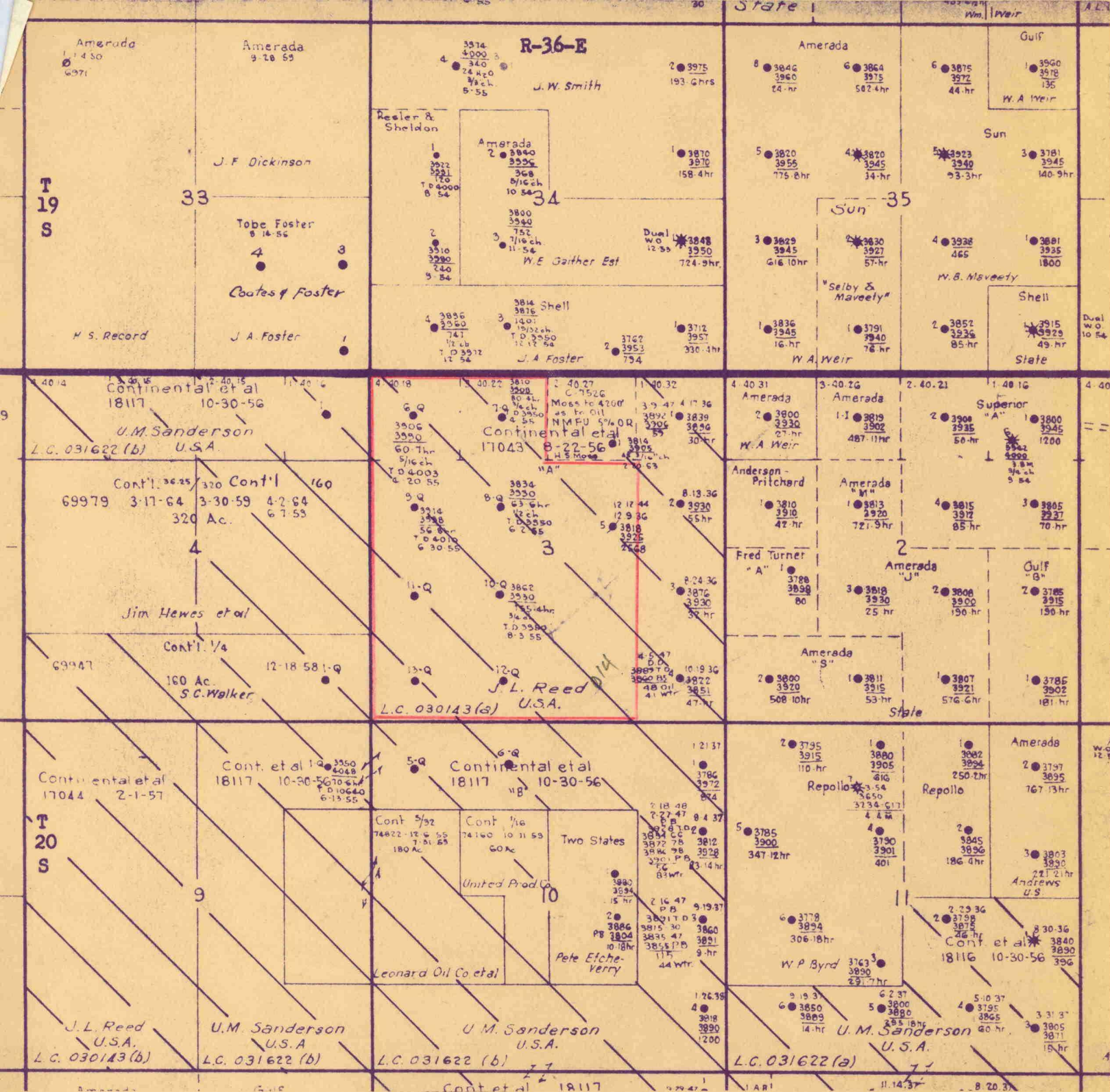

Notary Public - Court Reporter

My Commission Expires

February 7, 1961

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1287, heard by me on August 7, 1957.

 Examiner
New Mexico Oil Conservation Commission



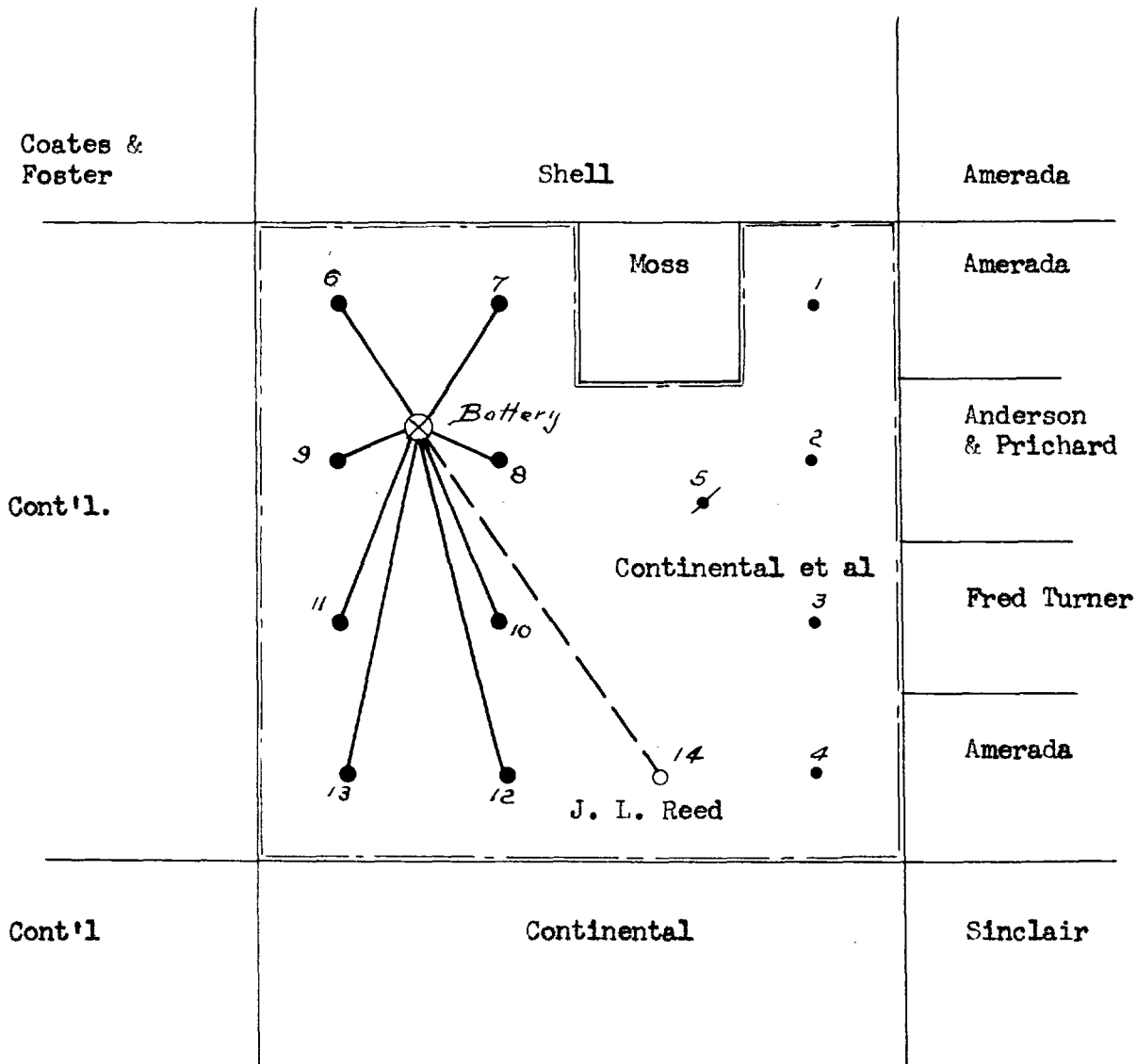
CONTINENTAL OIL COMPANY
REED A-3 LEASE
OFFSET OWNERSHIP PLAT

Scale: 1" = 2000'

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
1287 EXHIBIT No. 1
CASE 1287

CASE 1287
EXHIBIT 1

CONTINENTAL OIL COMPANY
 REED A-3 LEASE
 Section 3-20S-36E,
 Lea Co., New Mexico.



scale: 1"=1500'

BATTERY HOOKUP

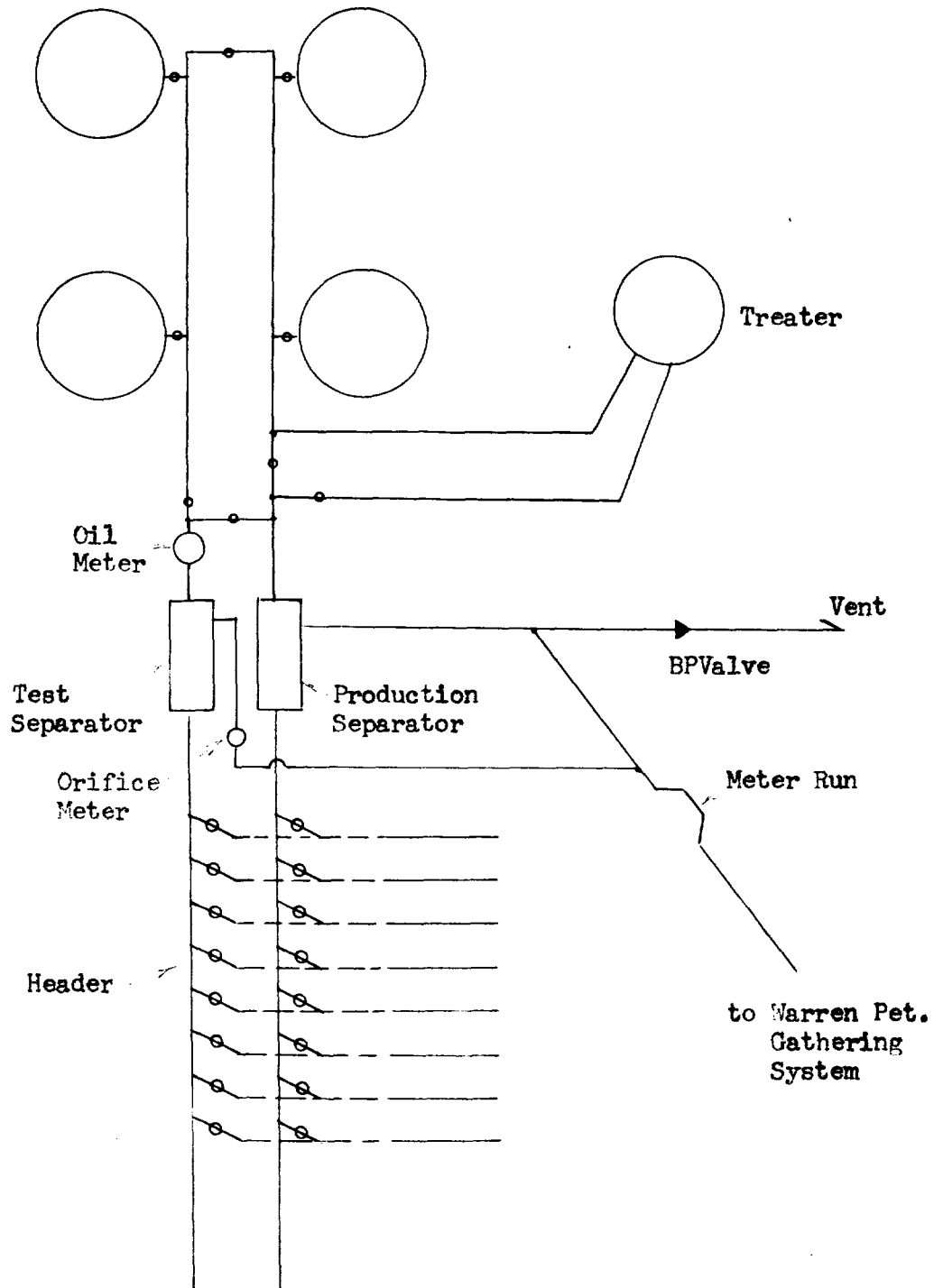
LEGEND

- Eumont Well
- Monument Well
- Proposed Well
- and Line
- Lease Limits

CASE 1287
 EXHIBIT 2

BEFORE THE
 OIL CONSERVATION COMMISSION
 SANTA FE, NEW MEXICO
 EXHIBIT No. 2
 CASE 1287

4 - 400 bbl Stock Tanks

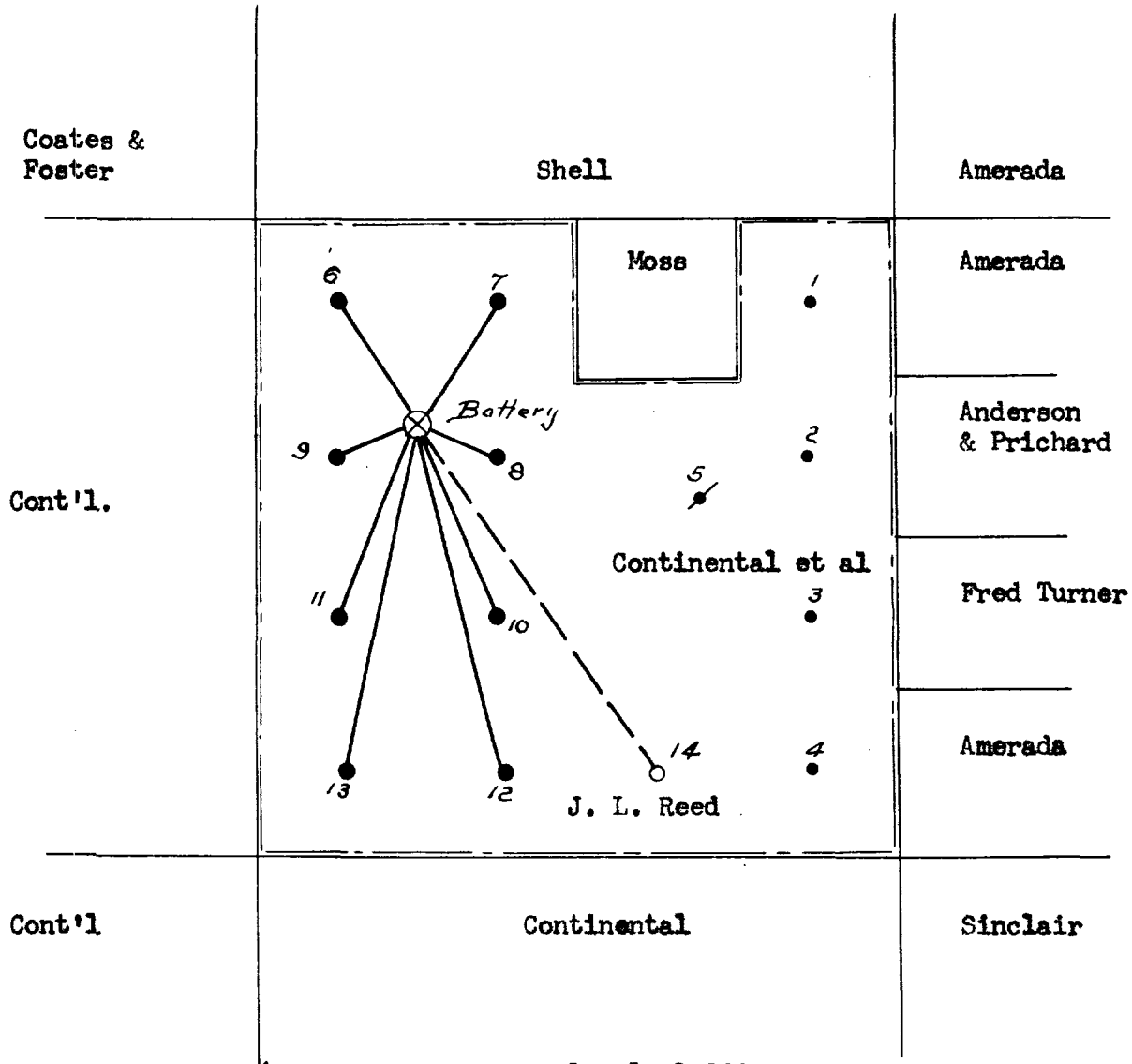


BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT NO. 3
1287

CONTINENTAL OIL COMPANY
REED A-3 LEASE
BATTERY NO.2 DETAIL

CASE 1287
EXHIBIT 3

CONTINENTAL OIL COMPANY
 REED A-3 LEASE
 Section 3-20S-36E,
 Lea Co., New Mexico.



scale: 1"=1500'

BATTERY HOOKUP

LEGEND

- Eumont Well
- Monument Well
- Proposed Well
- and Line
- Lease Limits

Exhibit A