

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1337

TRANSCRIPT OF HEARING

June 24, 1959

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

I N D E X

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>
JOHN H. HOOVER	4	8	

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:)

Application of Gulf Oil Corporation)
for an order amending Order No.)
R-1093-A. Applicant, in the above-)
styled cause, seeks an order amending)
Order No. R-1093-A to permit the)
commingling of Paddock production with)
the commingled Blinbry, Drinkard,)
and Langlie-Mattix production from its)
Learoy McBuffington lease consisting)
of the S/2 of Section 13, Township 25)
South, Range 37 East, Justis Field,)
Lea County, New Mexico.)

CASE NO.
1337

BEFORE:

ELVIS A. UTZ, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 1337.

MR. KASTLER: My name is Bill Kastler. I'm appearing on behalf of Gulf Oil Corporation and our witness in this case is Mr. John H. Hoover, Production Engineer from Roswell.

MR. PAYNE: Case 1337. Application of Gulf Oil Corporation for an order amending Order No. R-1093-A. Let the record show this is the same witness who has testified in the previous case and who was sworn at that time.

JOHN H. HOOVER

called as a witness, having been previously sworn on oath,

testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Mr. Hoover, would you please explain what Gulf is seeking in its application in this case No. 1337?

A We are seeking for the permission to commingle another formation into an existing L.A.C.T. battery.

Q Do you have a lease plat which will show Gulf's lease involved and the well involved, and will you then explain the pay zones of the oil that is involved?

A This lease plat is labeled Exhibit No. 1. It shows the Learcy McBuffington lease outlined in dash lines, and is described as the south half of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico.

Q Is Well No. 5 involved in this application?

A Yes, it is.

Q In what zone or zones is well No. 5 completed or proposed to be completed?

A It is in the Paddock and Ellenburger. The Ellenburger is now going into the L.A.C.T. battery, but we want permission to produce the Paddock into our sour L.A.C.T. battery.

Q Can you explain anything further as to the background of this application?

A On June the 18th, 1959, the New Mexico Oil

Conservation Commission issued Order No. A-1093-A in Case No. 1337, approving an additional lease automatic custody transfer system for the Drinkard, Blinebry, and Langlie-Mattix production on our Learoy McBuffington lease. We are now asking that this order be amended to also include the Paddock production.

Q Are all of these crudes known as sour crudes?

A Yes, they are.

Q Do you have schematic flow diagram which will illustrate the proposed installation?

A Yes, sir.

Q Is this what you have caused to be labeled Exhibit No. 2?

A Yes, it is.

Q Referring to Exhibit No. 2, would you now explain how the proposed commingling could occur?

A This test flow diagram I might say is identical to the diagram that was submitted in the Case 1337 when we had got approval for Blinebry, Drinkard and Langlie-Mattix production, so we have added the Paddock production. A duplicate would be at the top of the flow diagram. We have shown in various color schemes raw crude being pink, demersable crude being green, the water being blue, gas yellow and the non-measurable crude in brown. We propose to use the same equipment on our Paddock part of the battery as we are now using on the Blinebry and Drinkard, which

have been approved. We have a separator, a heater treater, a monitoring system with the crude going into the thousand barrel tank for delivery to the pipe line through the ACT equipment now in use. This system also ties into our central test facilities so that we are able to make adequate well tests at any time.

Q Mr. Hoover, is there a difference in the type of meter you are proposing to use in this installation?

A Yes. It might be noted that on our Blinebry and Drinkard where we have labeled 12-A and 12-B that we show a dump type meter, whereas on our Paddock labeled 12-C we have shown to be a DT meter. We are asking if this is approved that we be given authority to either use a positive displacement meter or a dump type meter.

Q In other words, Gulf requests that the order be so drawn that it may install either a PD meter or a dump type meter?

A Yes, sir.

Q Is there anything further you would like to explain in connection with Exhibit No. 2?

A No, sir, unless they would like me to trace the flow right through.

Q Have other operators in this section or offsetting this lease been notified of this application?

A Yes, sir.

Q If allowed would the commingling of Paddock oil with

the other sour crudes produced on this lease cause any waste?

A No, it would not.

Q Would correlative rights in any way be impaired?

A No, sir.

Q Are the royalty interests on this lease in common or among a common ownership?

A Yes, sir.

Q Would the granting of this application result in a substantial saving to the operator and to the pipe line?

A Yes, sir, it would. Of course, the pipe line is already connected to the battery. They would have no additional connection expenses.

Q Whereas if the commingling application were not granted there would be an additional connection expense?

A And by utilizing our existing battery we can install our Paddock equipment for approximately \$8,000, whereas if we set a conventional type battery for just the Paddock production we would then estimate the cost to be about \$12,000, or we can realize approximately \$4,000 saving through this method of commingling.

Q Mr. Hoover, were Exhibits No. 1 and 2 prepared by you or at your direction and under your supervision?

A Yes, sir.

MR. KASTLER: Mr. Utz, I request that Exhibits No. 1 and 2 be admitted into evidence in this case.

MR. UTZ: Without objection they will be admitted.

MR. KASTLER: These are the only questions I have of Mr. Hoover.

BY MR. UTZ:

Q Mr. Hoover, all four of these zones are sour, are they not?

A Yes, sir, they are.

Q Have you ever experienced any difficulty with positive displacement meters in sour crude?

A No, sir, we have not.

Q You have used quite a few of them, have you?

A No, sir. We have not used the PD meter on our present equipment, being our dump type meters. We have had no corrosion troubles, and with our other equipment we have not experienced any corrosion. However, we have not used a PD meter.

Q What type of meters do you propose to use, corrosion resistant meters?

A Yes, sir.

CROSS EXAMINATION

BY MR. PAYNE:

Q Tentatively you propose to use dump type meters in this installation even though you want the order in the alternative?

A No, sir. We plan to try a PD meter. There is quite

a saving in cost.

Q Now, do they make those meters corrosion resistant?

A It is my understanding that they do.

MR. UTZ: Has your company at any point used PD meters in sour crude in like installations?

A Yes, sir, I'm sure they have. In fact, we use a PD meter on this installation on the pipe line equipment. It's a PD meter, it's a A.O. Smith, and there has been no corrosion trouble on that. Now, we have --

MR. UTZ: Is it a corrosion resistant meter?

A Yes, sir. We would probably not use that same type of meter. We would use a smaller meter on this installation here, but it would be a corrosion resistant.

MR. UTZ: Apparently you have satisfied yourself that corrosion resistant PD meters would be satisfactory?

A It has been on our ACT equipment.

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

(Witness excused.)

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

STATE OF NEW MEXICO)
 : ss
 COUNTY OF BERNALILLO)

I, Ned A. Greenig, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision and that the same is a true and correct record to the best of my knowledge, skill and ability.

Witness my hand and seal this the 5th day of July, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ned A. Greenig
 Notary Public

My Commission Expires:
 May 5, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1337, heard by me on June 24, 1959.

Wesley H. [Signature] Examiner
 New Mexico Oil Conservation Commission