

BEFORE THE
OIL CONSERVATION COMMISSION
NOVEMBER 19, 1958

IN THE MATTER OF:

APPLICATION OF THE SHELL OIL COMPANY, CASE 1548

TRANSCRIPT OF HEARING

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BEFORE THE
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IN THE MATTER OF:

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 1548

BEFORE:

ELVIS A. UTZ, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The next case is 1548.

MR. PAYNE: Application of Shell Oil Company for an automatic custody transfer system and for permission to commingle the production from four separate leases.

MR. SETH: Oliver Seth of Santa Fe appearing for the applicant. This is an application to install central treating facilities, automatic transfer facilities, and to commingle production from four separate leases in the Vacuum Pool. These are contiguous state leases. There are 9 wells on the leases, and 8 pumping wells and one flowing well. Mr. Elkins is the witness in this case.

(Witness sworn.)

R. L. ELKINS

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

DIRECT EXAMINATION

BY MR. SETH:

Q Would you state your name?

A R. L. Elkins.

Q What is your position with the company?

A Division Mechanical Engineer for the Shell Oil Company
in Roswell.

Q Are you familiar with the application of Shell in this
case?

A I am.

Q Have you previously testified before the Commission?

A Yes.

Q As a mechanical engineer?

A Yes, sir.

Q Have you prepared a plat showing the well location?

A Yes.

MR. SETH: Would you mark that Exhibit One, please.

(Shell Exhibit 1 marked for
identification.)

Q (By Mr. Seth) Would you please state to the Commission
what this shows?

A This plat shows the four State leases which are contiguous
which Shell proposes to commingle production from into one

common tank battery.

Q Is the location of the proposed battery located there?

A Yes, sir, it is indicated by a rectangle in the northeast corner of Section 31.

Q Now, this development is relatively old. What is the reason for the submission of the application at this time?

A We are proposing to centralize tank batteries at this time because the four tank batteries we have on these separate leases are corroded and beyond repair.

Q Approximately how old is the development here?

A It is approximately 20 years old.

Q Have you prepared a sketch or diagram of the proposed installation?

A I have prepared a diagram of the proposed ~~Lact~~ Unit, and we have no diagram for the battery itself, inasmuch as it will be a standard battery ahead of the Lact Unit. What I mean by the standard battery, we will have production of daily oil from 9 wells and we will have a production separator and a metering test separator to test the wells once a month. From the separator, the production will go to a water tank and from there into a surge tank in much the same manner as in a conventional battery.

Shell is proposing to allocate production to the various leases on the basis of monthly well tests which will be taken by the metering test separator.

Q Now, would you cover, if you would, please, the automatic

equipment?

A All right. Looking at the diagrammatic --

Q Excuse me. This is a diagram attached to our Exhibit 2, is that correct?

A That's right. Looking at that diagram, you come in from the run tank on the line in the upper right hand corner, and the first piece of equipment is a charging pump, which will increase the pressure on the crude oil and tend to prevent gas from leaking over the P. D. Meter. The next is a strainer.

Q You are going from right to left?

A I'm going according to the way the stream flows, from right to left. And the next thing, we have a continuous bypass stream of fluid around the charging pump, and from that bypass stream we will take a sample from the continuous stream of crude oil to the pipe line, and this sample of crude oil will be analyzed, first put in a sample container and analyzed for average B. S. & W. content and shipped to the pipe line.

The next is a deaerator to remove any gas that might cause an error in our meter.

The next is an S-12, A. O. Smith P. D. Meter that is temperature compensated. The next item is a back pressure regulator to maintain pressure on the system through the P. D. Meter. It also acts as a stop valve. From there we go into the pipe line.

On the skid here, we propose to have meter prover connections with the idea we will prove this P. D. Meter with a master meter once a

month, or how often the Commission might require.

Q Are the various items of equipment you've enumerated shown on the first sheet of Exhibit Two?

A Yes, sir.

Q And these numbers correspond to the numbers there?

A Yes, sir, the numbers correspond to the numbers.

Q Would you say this installation is similar to the installation by Shell in the Pearl Queen Application that has been considered by the Commission?

A It is very similar with exceptions. In this installation here, we have not quite the B. S. & W. monitor which we have on our Pearl facility. The reason we haven't here, in eight of our wells the water cut does not exceed three tenths of one per cent. In the ninth well, the water cut is only three per cent. Essentially, we are producing pipe line oil from a well to begin with; it is unlikely we would have bad oil going to a pipe line.

Q These are old wells?

A It is an old well, a depletion type reservoir. We wouldn't expect water cuts. The next difference is the A. O. Smith P. D. Meter. In our meter we have a ticket printer inserted into the meter, and we do not include a ticket printer facility on this meter in order to prevent jamming of this meter by dust and sand we have encountered in this area. It will be a non-resettable counter meter so that the meter reading cannot be changed at any time.

Q Is the same conservation purpose effected as in the Queen system?

A Yes, it will. We have stated if the Pearl were going to this type of system we could keep a better closed system on the crude oil and by that means conserve volume and obtain a higher price for our crudes. In addition to that, it will reduce our operating costs and allow us to carry the field to a lower point of completion. We will be able to produce more oil from the field.

Q Does the system have an emergency high level shut in valve?

A Yes, it does. In our surge tank we have an emergency high level control that once the level builds up to this emergency level it will shut in our pumping wells; it will not shut in our flowing well; however, above the emergency shut in, we have 210 barrels of storage capacity in our surge tank which will be the capacity to handle the flowing well for about five days.

Q Did you receive any objections from any adjoining offset operators?

A We notified all offset operators by registered mail. We haven't received any objections.

Q Is the ownership of the land common in these four leases?

A Yes, it is. It is all State land.

Q Is there an overriding royalty interest?

A We have one on the State "H" Lease.

Q Did he indicate any objection?

A No, we have a waiver from this man.

MR. SETH: Would you mark that as Exhibit 3, please?

(Marked Shell Exhibit 3 for
identification.)

Q (By Mr. Seth) Was the Commissioner of Public Lands advised of the proposed application and did he indicate any objection or approval here?

A Yes, he was advised, and no he didn't offer any objection to it. It was all dedicated to common pools, and we have a waiver on that.

Q Do you have a letter from him?

A Yes, sir.

MR. SETH: Would you mark that, please?

(Marked Shell Exhibit 4 for
identification.)

Q (By Mr. Seth) You are prepared to, I believe you indicated, conduct whatever testing that the Commission may from time to time require, and in view of that you have installed connections for metering and things like that?

A Yes, we have.

Q Is there anything further you would like to discuss?

A Only one other thing. We have a wire from The Texas-New Mexico Pipeline who will be taking this oil. They are in agreement and concur in our proposal here.

MR. SETH: We would like to offer Exhibits One through Four at this time.

MR. UTZ: Without objection, they will be received.

MR. SETH: That's all the direct testimony.

MR. UTZ: Are there questions of the witness?

EXAMINATION BY MR. UTZ:

Q Mr. Elkins, in regard to the H Lease, is that a top allowable well?

A The H Lease is not top allowable. It is the only well in the unit that isn't.

Q How do you determine the amount of royalty to pay the royalty owner in this lease?

A By monthly well tests from our automatic test separator.

Q That is the only lease that it would make any difference on, is that correct?

A That is correct.

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

(Witness excused.)

MR. UTZ: Any other statement to be made in this case, any further testimony? If not, the case will be taken under advisement.

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

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.

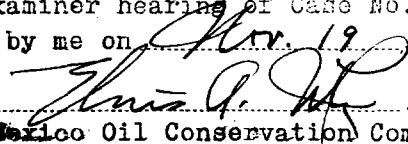
WITNESS my Hand and Seal this 26th day of November, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


 NOTARY PUBLIC

My Commission Expires:

January 24, 1962

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1548, heard by me on Nov. 19, 1958.


 Examiner
 New Mexico Oil Conservation Commission