

BEFORE THE
OIL CONSERVATION COMMISSION
JANUARY 22, 1959

IN THE MATTER OF:

APPLICATION OF AMERADA PETROLEUM CORPORATION, CASE 1583

TRANSCRIPT OF HEARING

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

NEW MEXICO OIL CONSERVATION COMMISSION

Mabry Hall

Santa Fe, NEW MEXICO

REGISTERHEARING DATE Examiner January 22, 1959 TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION:
R. H. Thiem	Dickwater	Hobbs
Alvin Smith	Dickwater	Santa Fe
R. E. Broschert	Amerada	Hobbs
Jason Kellahin	Kellahin + Fox	Santa Fe, N.M.
James C. Vandiver	El Paso Products Co	Farmington, N.M.
R. L. Hamblin	El Paso Products	El Paso, Texas
Chas. C. Spann	El Paso Products	Chihuahua, N.M.
H. P. Bratton	Atlantic	Farmington, N.M.
Harry H. Dippel	Continental	Farmington, N.M.
Ernest N. Welch	El Paso Products Co	Farmington, N.M.
Victor T. Lyon	CONTINENTAL OIL CO	EDNICE, N.M.
RAYMOND A. BEIRNE	CONTINENTAL OIL CO.	EDNICE, N.M.
BRUCE VERNOR	the Atlantic Refining Co	Casper, Wyo.
Nancy Royal	N.M. Statehouse Reports	Santa Fe

BEFORE THE
OIL CONSERVATION COMMISSION
JANUARY 22, 1959

IN THE MATTER OF:

Application of Amerada Petroleum Corpo-)
ration to commingle the production from)
three separate oil pools. Applicant, in)
the above-styled cause, seeks an order)
authorizing it to commingle the pro-)
duction from the McKee, Abo and Connell)
Pools on its Fred Turner, Jr., Lease)
consisting of the W/2 SW/4 of Section)
17, Township 20 South, Range 38 East,)
Lea County, New Mexico. Applicant)
proposes to separately meter the produc-)
tion from each zone prior to commingling.)

Case 1583

BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.
The first case on the Docket this morning will be Case 1583.

MR. PAYNE: Case 1583: Application of Amerada
Petroleum Corporation to Commingle the production from three
separate oil pools.

MR. KELLAHIN: Jason Kellahin, of Kellahin and Fox,
representing the Applicant. At this time, I'd like to state
this application is concerned with seeking an order for commingling
production from the McKee, the Abo and the Connell formations under
one lease in Lea County. By Order Number R-1322, a dual completion
in the McKee and Abo was approved for one well in this lease.
By Order R-1323, a dual completion for production from the McKee

and Connell was approved. Subsequent to the completion of this well, it was found that the Abo oil is a sour crude and it is not desirable to commingle that crude with the oil from the other two formations. We would like to amend our application to the extent of deleting the Abo from the application.

MR. NUTTER: Is there objection to deleting the Abo from the subject application? If not, the Abo will be deleted.

MR. KELLAHIN: We have one witness, Mr. Broschat.

(Witness sworn.)

RICHARD E. BROCHAT

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please?

A My name is Richard E. Broschat.

Q By whom are you employed and in what position?

A Amerada Petroleum Corporation as District Petroleum Engineer in Monument, New Mexico.

Q Have you previously testified before this Commission as a petroleum engineer and had your qualifications accepted?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications accepted?

MR. NUTTER: They are; proceed.

Q (By Mr. Kellahin) Are you familiar with the application

in Case 1583?

A Yes, I am.

Q Is the area involved in that application within your district?

A Yes, it is.

(Marked Applicant's Exhibit One
for identification.)

Q Referring to what has been marked as Exhibit One, would you state what that shows?

A Exhibit one is a plat of a portion of the Warren-McKee Field in Lea County, New Mexico. It shows the subject lease, the Fred Turner, Jr., Lease, outlined in red. This lease is located on the west half of the southwest quarter of Section 17, Township 20 South, Range 38 East.

The Number One Well, Fred Turner, Jr., One, is dually completed in the McKee and Abo formations; and the Number Two Well is dually completed in the McKee and Connell formations.

Q Your original application was for the purpose of commingling the production from all three of these formations. You heard the amendment which was made to the application at the outset; have you any comment on that?

A No, I have no further comment on that.

Q You have found it undesirable to commingle the Abo production with the other?

A Yes. After running tests, we have found the Abo

is a sour crude; it is not advisable to mix it with the other two.

Q Referring to the Turner Lease, is it a B Lease?

A Yes.

Q Is it all under common ownership?

A Yes, it is.

(Marked Applicant's Exhibit Two for identification.)

Q Referring to Exhibit Two, state what that shows?

A Exhibit Two is a diagrammatic sketch of our proposed tank battery in which we propose to commingle the McKee and Connell production. Oil from the McKee Formation, the two McKee Wells, will go through a separator then through a dump type meter where oil production will be metered; then it will go into a tank battery. The same procedure will be followed for the Connell. It will be metered by a dump type meter before going to common storage.

Q Is the dump type meter you propose to use the same that has been heretofore approved by this Commission?

A Yes, it has.

Q Do you consider it an accurate meter?

A We do.

Q Will such an arrangement as you propose here enable you to separately report and keep track of the production from the separate formations?

A Yes, it will.

Q How would the gas sales from these two formations be

handled?

A Gas sales would be handled separately. We show that on our sketch here. Gas would be taken off the separators.

Q You don't propose to commingle gas production from the two formations?

A No, sir.

Q Now, will the production from the two formations be substantially the same as to volume?

A As to volume, yes. They will be practically the same. The allowable now on the wells from nine to ten thousand feet is 125 barrels per day. Our present allowable on the two McKee Wells is 94 barrels per day. So it would be approximately the same volume.

Q Do you have any information on the gravities of the crudes from the two formations?

A The gravity of the McKee is 44; gravity of the Connell is approximately 54.

Q Who is the purchaser of this oil?

A Shell Pipeline Corporation.

Q Do they have any objection to the commingling of the crudes of the two gravities?

A No, sir.

Q It is my understanding that the McKee Formation is penalized because of high gas-oil ratio, is that correct?

A That is correct.

Q Are you willing and able to make any test the Commission may desire in connection with the operation of this common tankage?

A Yes.

Q Did you make the test heretofore required in regard to the type of meter that is to be installed?

A We are prepared to test our meters.

Q Were Exhibits One and Two prepared by you?

A They were prepared under my direction.

MR. KELLAHIN: We would like to offer Exhibits One and Two.

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

(Whereupon Applicant's Exhibits
One and Two were received in
evidence.)

MR. KELLAHIN: That's all the questions I have.

MR. NUTTER: Any questions of Mr. Broschat?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Broschat, is the working interest as well as the royalty interest common to both zones?

A It is.

MR. NUTTER: If there are no further questions of Mr. Broschat, he may be excused.

(Witness excused.)

MR. NUTTER: Anyone have anything further to offer in

Case 1583? We will take the case 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 23rd day of January, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

John Calvin Bevell
NOTARY PUBLIC

ILLEGIBLE

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. 1583 heard by me on 1/22, 1959.

Sandra Martin Examiner
New Mexico Oil Conservation Commission