

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1839: Application of Franklin, Aston & Fair, Inc.,  
for permission to commingle the production  
from three separate leases.

TRANSCRIPT OF HEARING

JANUARY 6, 1960

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IN THE MATTER OF:

CASE 1839: Application of Franklin, Aston & Fair, Inc.,  
for permission to commingle the production from  
three separate leases. Applicant, in the above-  
styled cause, seeks permission to commingle  
the Empire-Abo Pool production from three  
separate State leases, one in Section 6, Town-  
ship 18 South, Range 28 East, and the other  
two in Section 31, Township 17 South, Range 28  
East, Eddy County, New Mexico.

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BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will take next Case 1839.

MR. PAYNE: Case 1839. Application of Franklin,  
Aston & Fair, Inc., for permission to commingle the production  
from three separate leases.

MR. JENNINGS: I am James T. Jennings, appearing on  
behalf of Franklin, Aston & Fair, and before proceeding, I would  
like to file with the Commission consents to commingle, executed  
by the working interest operators, and a consent from the State  
Land Office, which is a royalty owner.

MR. NUTTER: You wish to have these identified as an  
exhibit in this case?

MR. JENNINGS: No, sir, I would prefer they be filed

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in the case. They are instruments to be filed, if there is no objection.

MR. NUTTER: There is none.

(Witness sworn.)

TOM STEPHENS

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

DIRECT EXAMINATION

BY MR. JENNINGS:

Q You are Tom Stephens?

A That's right.

Q By whom are you employed, Mr. Stephens?

A Franklin, Aston, & Fair.

Q What is your capacity?

A Landman..

Q And are you familiar with the application which has been filed here by Franklin, Aston, & Fair to commingle production from three separate State leases?

A I am.

Q Roughly, this application covers the W/2, SE/4, SE/4 SW/4 of Section 31, Township 17 South, Range 28 East, and the NE/4, NE/4, S/2, NW/4, N/2, SW/4 of Section 6, Township 17 South, Range 28 East?

A That's right.

Q I hand you here, Mr. Stephens, what has been marked as



Exhibit 2 and ask you to identify that.

A Yes. You want me to state the ownership?

Q Will you, from that exhibit, would you state the ownership of the various leases and give the numbers of the leases.

A The E/2 of the SE/4 of Section 21, 17 South, 28 East is owned by Byrd Aston and R. W. Fair. That's lease No. B-2071. The SE/4 of the SW/4 of Section 31, 17 South, 28 East is owned by Byrd Aston. The lease covering the NE/4 of the NW/4 and S/2 of the NW/4, the N/2 of the SW/4 is lease No. B-11594, owned by Franklin, Aston & Fair, Incorporated.

Q Mr. Stephens, have all offset parties entered into an operating agreement covering all of the leases with Pan American Petroleum Company?

A They have.

Q Are there any outstanding overriding royalty interests or any production payments?

A There isn't.

Q Are all of the lands owned by one common beneficiary, common school lands?

A Yes, sir, that's right.

Q Now, Franklin, Aston & Fair is the operator under the terms of the operating agreement?

A That's right.

Q How many wells have been completed on it?

A Three.

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Q Will you identify the wells?

A On lease B-11594 is well No. 1, in the SW/4 of the NW/4, and well No. "BB" Well No. 2 in the SE/4 of the NW/4, and "BB" No. 3 in the NE/4 of the NW/4. They have been completed.

Q Actually, Mr. Stephens, all of the working interest operators, other than Pan American, have pooled their production under the three leases?

A That's right.

Q Would it result in a considerable saving to the operators if they installed a common tank battery here?

A That's right.

MR. JENNINGS: I believe that's all we have of this witness.

MR. NUTTER: Any questions of the witness?

CROSS EXAMINATION

BY: MR. NUTTER:

Q What is the proposed location of the tank battery?

A It is in the SE/4. It is about four hundred feet directly south of the Well "BB" No. 2. It is in the SE/4 of the NW/4 of Section 6, 18 South, 28 East.

Q I believe you propose to meter the production from each of the three leases prior to the commingling with the production from any of the other leases?

A That is correct.

MR. NUTTER: Any further questions of the witness?



He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further?

MR. JENNINGS: Yes, sir. Mr. Green.

(Witness sworn.)

ALBERT H. GREEN

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

DIRECT EXAMINATION

BY: MR. JENNINGS:

Q Will you state your name, please.

A Albert H. Green.

Q Mr. Green, by whom are you employed and in what capacity?

A Pan American Petroleum Corporation as petroleum engineer in their Lubbock District office, Lubbock, Texas.

Q Have you testified previously before this Commission?

A Yes, sir, I have.

Q Have your qualifications been accepted?

A Yes, sir.

MR. JENNINGS: Are the witness' qualifications acceptable?

MR NUTTER: Yes, sir.

Q (By Mr. Jennings) Pan American has an interest in the working interest, is that right?

A Yes, sir.

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Q In an operating agreement?

A Yes, sir.

Q Now, who has charge of Pan American's operations here?

A The Lubbock District Office where I am employed.

Q Mr. Green, Exhibit 1 is there on the board. Would you explain just what that is?

A Exhibit 1 here on the board is a map of the general area of the Empire-Abo field, and in the northeast portion there, I have outlined in color those leases which are the subject of this case. Outlined in green is the State lease B-11549; outlined in red is the State lease B-7966; outlined in black is State lease B-2071

Q Would you locate again for the Commission the presently producing wells on these leases?

A Presently there are three wells, which are indicated on State lease B-11594 as Well No. 1, Well No. 2, and Well No. 3.

Q Are they drilling wells?

A They are. These two wells are now drilling; Well No. 4 in State lease B-11549, and Well No. 1 in State lease B-7966.

Q Do you contemplate drilling the other remaining locations in the immediate future?

A Yes, sir.



Q Where are these wells that have been completed; from what formation are they completed at?

A They are in the Abo formation.

Q Where do you contemplate locating the central tank battery?

A In the NE/4, SW/4, Section 6, about four hundred feet south of Well No. 2.

Q You have Exhibit 3, what has been marked as Exhibit 3, Mr. Green?

A Yes, sir.

Q Would you explain that to the Examiner, please.

A On Exhibit 3 we have a schematic drawing showing the central tank battery installation, the lease separators, the lease production meters, and on the right hand side is shown the lease production manifolds, and for the sake and convenience in explaining this drawing, I'll follow the flow of production through the central tank battery by tracing its flow from one of the leases.

We can look at the flow from State lease B-7966, which is shown in red. After entering the central tank battery, production will flow through the lease separator, pass through the lease production meter, and then into a common header where it is, for the first time, commingled with production from the other two leases. From that point, production will flow on into the central storage facilities. The colors on Exhibit 3 cor-





respond to the colors on Exhibit 1 and 2. We have shown these colors specifically to indicate that production from the three leases will be kept separate until it passes through the production meters.

Q Mr. Green, are the meters devised so that the production from each well can be tested?

A Yes, sir. The equipment will be arranged such that any single well on any of the three leases can be individually tested. We have set up a test separator and a test meter for that purpose.

Q What types of individual lease and well test meters will you have?

A These will be positive displacement meters.

Q Have these meters been proven as to their accuracy and dependability?

A Yes, sir. Pan American has previously tested these meters and found them to be extremely accurate and dependable, and we now have several meters of this type in operation, and we have a few of these type meters now measuring oil from the Empire-Abo pool.

Q They work satisfactory?

A Yes, sir, very satisfactory.

Q Mr. Green, in your opinion, will commingling of production from the various wells in the various leases into a centralized storage facility effect a considerable savings



in installation cost and operating expenses, and also be in the interest of conservation and will not cause any waste or impair correlative rights?

A Yes, sir.

Q Will it result in a substantial saving?

A Yes, sir, it certainly will.

MR. JENNINGS: Does the Commission have any questions?

MR. NUTTER Are there any questions of the witness?

Mr. Payne.

# CROSS EXAMINATION

BY: MR. PAYNE:

Q Mr. Green, you propose to commingle the production from the maximum of eight wells, is that correct?

A Yes, sir, that is correct.

Q Are these flowing wells at the present time?

A Yes, sir.

Q The three?

A The three that are completed are flowing.

MR. PAYNE: That is all.

MR. NUTTER: Any further questions of the witness?

MR. JENNINGS: We would like to offer Exhibits 1, 2, and 3.

MR. NUTTER: Exhibits 1, 2, and 3 will be entered in evidence in this case.

MR. JENNINGS: I have one further question.



REDIRECT EXAMINATION

BY: MR. JENNINGS:

Q Mr. Green, when do you contemplate completing the well which is located on the lease marked in red, which will be a well located where the presently producing wells are located?

A I would say probably within the next thirty days.

Q You also need to have your common storage by them?

A Yes, sir, it would be helpful if we could, it would save investment cost and additional storage.

MR. JENNINGS: That's all.

MR. NUTTER: Does anyone have anything further they wish to offer in this case? The witness may be excused.

(Witness excused.)

MR. NUTTER: We will take the case under advisement.

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STATE OF NEW MEXICO     )  
                                   )  
 COUNTY OF BERNALILLO    )

I, J. A. Trujillo, 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 New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, 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 3<sup>rd</sup> day of January, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

J. A. Trujillo  
 NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1839, heard by me on 1-6, 1960.

[Signature], Examiner  
 New Mexico Oil Conservation Commission

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