

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 27, 1960

IN THE MATTER OF:

APPLICATION OF CONTINENTAL OIL COMPANY
for permission to commingle the production
from two separate pools. Applicant, in the
above-styled cause, seeks an order author-
izing it to commingle the production from
the Weir (Drinkard) Oil Pool and Weir-Tubb
Gas Pool from all wells on its Britt B-15
lease consisting of the W/2 and the W/2
E/2 of Section 15, Township 20 South,
Range 37 East, Lea County, New Mexico.

CASE NO.
1876

APPLICATION OF CONTINENTAL OIL COMPANY
for permission to commingle the production
from two separate pools. Applicant, in the
above-styled cause, seeks an order authorizing
it to commingle the production from the Weir
(Drinkard) Oil Pool and the Weir-Tubb Gas
Pool from all wells on that portion of the
Southeast Monument Unit consisting of the W/2
W/2 of Section 14 and the E/2 E/2 of Section
15, Township 20 South, Range 37 East, Lea
County, New Mexico.

CASE NO.
1878

BEFORE:

ELVIS A. UTZ - EXAMINER

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<u>NUMBER</u>	<u>EXHIBIT</u>	<u>RECEIVED</u>
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TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 1876.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, representing the Applicant, I believe it would be possible, since an identical situation exists in Case 1878, the only difference being a different unit, that the two cases could be consolidated just for the purposes of testimony.

MR. UTZ: There are two different units aren't there?

MR. KELLAHIN: Yes, sir, they are. The set-ups will be identical.

MR. UTZ: Is there any objection for consolidation of the two cases for purposes of testimony only? If not, proceed.

MR. KELLAHIN: Let the record show Mr. Queen has already been sworn.

JOHN A. QUEEN

a witness, called by and on behalf of the Applicant, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Queen, are you familiar with the applications in Cases No. 1876 and 1878?

A I am.

Q Would you state briefly what is proposed in those two cases?

A Yes, sir. In April, 1959, Continental Oil Company



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completed its Britt B-15 No. 9 well as a discovery well and if I may pass out the Exhibits, we have ample exhibits. As I previously testified that Continental, in April, 1959, completed its Britt B-15 No. 9 as discovery well of the Weir-Tubb Gas Pool as extension of the Weir-Drinkard Oil Pool. At the present time we have one well completed in these pools on the Britt B-15 lease and another well drilling, the SEMU No. 70 which is being considered in Case 1878. Our future plans call for the installation of an LACT on this lease and on the SEMU, southeast monument unit lease, if future developments of this area warrant, and in order to avoid unnecessary expenditures for tanks, we would like to commingle production in the Drinkard and Tubb zones of the Weir pools after separate measurements. Exhibit No. 1, which we have furnished you is a schematic drawing for both Case 1876 and 1878 for the Britt B-15 No. 9 and the SEMU No. 70 to show our proposed installation. This distillate from the Tubb zone, and it is possible that this will be oil, however, we do not know at this date, and the oil from the Drinkard zone will be metered by positive volume or positive displacement meters before going to the tanks. Tank gauges will be made daily so that in the event that one meter fails, production can still be determined from tank gauges from the other meter reading and the meters will be calibrated periodically as required by the Commission's Rules and Regulations.

Q Referring to what has been marked as Exhibit No. 2 in each of the cases, would you discuss those exhibits, please?



A Exhibit 2, for Case 1876 shows the outline of the Britt B-15 lease which consists of the W/2 of Section 5 and the W/2 of the E/2 of Section 15, Township 20 South, Range 37 East. The Well No. 9 which has been duly completed as previously stated is circled in red. Exhibit 2 for 1878 case shows a part of the SEMU, outlined in red. This well has been successfully completed in the Drinkard formation and present plans are to complete it as a dual completion as a Drinkard-Tubb producer.

Q Now, as I understand your testimony, the Britt B-15 well has already been dualled, has it not?

A That is correct.

Q And production from the Drinkard Zone is distillate in the well?

A No, sir, the Drinkard is oil and the Tubb is distillate.

Q What is the status on the well on the SEMU unit?

A It has been completed as a Drinkard well and at the present time operations are completing it for dual formations. On the Tubb application there is some question whether the Tubb will be distillate or an oil well.

Q Referring again to Exhibit No. 2, is the royalty under the two wells common as to each tank meter?

A Yes, sir.

Q They are different as to the two wells?

A No, sir, they are not. They are identical through-



out; however, one is in the Southeast Monument Unit as approved by the U.S.G.S. and the other one is a Federal acreage that is not in the SEMU Unit.

Q In your opinion, would the granting of this application be in the interests of protecting royalty rights and prevention of waste?

A It would.

Q What about the gravity of the fluids of the two zones?

A We have measured the gravity and production on the Britt B-15 well and therefore propose it to be approximately the same as on the SEMU No. 70 well after it is completed. The Drinkard is producing approximately 1,485 barrels of oil per month of 36.5 API gravity. The Tubb formation in the SEMU 70 produced 2,065 barrels of oil, or distillate on the 46.5 degrees gravity.

MR. UTZ: Did I understand you to say per month?

A Yes, sir.

After these two fluids are combined, they should yield oil of approximately 42.2 gravity, API.

QUESTIONS BY MR. KELLAHIN:

Q Does that result from the higher gravity from the over-all production?

A Yes, sir, it would to apply this figure to the economics it would show approximately \$260.00 per month increase in revenue to the operators and to the royalty owners by combining the



two fluids.

Q Would you have adequate tankings?

A Yes, sir.

Q Were Exhibits 1 and 2 in Case 1876 and Exhibits 1 and 2 in Case 1878 prepared by you or under your direction?

A Yes, sir, they were.

MR. KELLAHIN: At this time, we would like to offer the Exhibits in the two cases.

MR. UTZ: Without objection they will be accepted into the record.

(Thereupon the documents referred to above were received in evidence as Applicant's Exhibits 1 and 2 in Case No. 1876 and 1878.)

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

QUESTIONS BY MR. UTZ:

Q Mr. Queen, I believe I understand this correctly, but I'd like to clarify it if I may. All you intend to do is to meter the two zones from each well and commingle the two pools for each well?

A Into two separate tank batteries.

Q And the oil will be gauged in the tank batteries?

A It will be metered and also gauged in the tank batteries.

QUESTIONS BY MR. PAYNE:

Q Do you feel that your meters will have to be cor-

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rosion resistant to be of the Drinkard's characteristic?

A At this time we do not anticipate it; however, a great many reservoirs will produce roughly sweet fluids as some people refer to them. There is a certain reservoir pressure at which time they will drop over the classification and called corrosive fluids and this may be the case here.

Q Do you feel justified in assuming that the Tubb production from your SEMU 70 well will be practically the same as the Tubb production from your Britt well?

A Yes, sir. The Britt well is now classified as a gas well, the Britt B-15 No. 9. It is our opinion that within a matter of a few months it will be classified as an oil well. As you know, I testified that the gravity was 46.5. At the time this well was completed it was 50.6, so evidently this well is drilled near the oil-gas contact.

Q Now, it will be the liquid hydrocarbon production which is separately meted?

A That is correct.

Q That's all you propose to actually commingle?

A That's all that will be commingling in the tanks, yes, sir.

Q In other words, the dry gas production from the Tubb will not be commingled with the casinghead gas from the Drinkard prior to going --

A No, sir.

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MR. PAYNE: Thank you.

QUESTIONS BY MR. UTZ:

Q Mr. Queen, this application does not pertain only to these two wells, but all wells on each lease, is that correct?

A That is correct. At the present time, the unknown factor as to the size of the reservoir could not let us say how many we anticipate. We do have one more well proposed at the present time which is located approximately 1320 feet north and west of the Britt B-15 No. 9 well. We honestly do not know whether we have a small free gas cap at this time or how large it is, but evidently there is one there.

MR. PAYNE: In all probability, if you get considerable production on these units, you will ask to install LACT equipment in any event?

A Yes, sir, I stated that we would anticipate installing an LACT unit at some future date.

MR. UTZ: You don't anticipate any more than 16 wells on either pool on either lease?

A No, sir, we do not.

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

Case No. 1879 will be the last case for the day.

(Witness excused.)

MR. KELLAHIN: If the Examiner please, Jason Kellahin,

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of the Kellahin & Fox, representing the Applicant. At this time, we would like to request that this case be continued to be heard before the same Examiner at the last examiner hearing in February.

MR. UTZ: Is there objection to counsel's motion? If not, the case will be continued to February 25th. This hearing will be recessed until 9:00 o'clock tomorrow morning.

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STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO) ss

I, LAURA MORENO, Court Reporter, 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 under my personal supervision and that the same is a true and correct record to the best of my knowledge, ability and skill.

WITNESS my hand this 6 day of February, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Laura Moreno.
 Laura Moreno, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner's Hearing of Case No. 1828, heard by me on Jan. 27, 1960.
[Signature], Examiner
 New Mexico Oil Conservation Commission

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