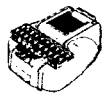
BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 28, 1960.

I N T H E M A T T E R O F

C A S E N O. 1 8 8 0

TRANSCRIPT OF PROCEEDINGS

January 28, 1960.



I N D E X

NUMBER	EXHIBIT	MARKED FOR IDENTIFICATION	OFFERED	ADMITTED
App.#1	Plat	5	12	12
" #2	Schematic Diagram	5	12	12
" #3	Production Characteristics	7	12	12

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 28, 1960

IN THE MATTER OF: APPLICATION OF TEXACO, INC., for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Blinebry Oil Pool and the Drinkard Pool from all wells on its V. M. Henderson lease consisting of the N/2 of Section 30, Township 21 South, Range 37 East, Lea County, New Mexico.	CASE NO. 1880

BEFORE:

Elvis Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The next case will be Number 1880.

MR. PAYNE: Case 1880. Application of Texaco, Incorporated, for permission to commingle the production from two separate pools.

MR. WHITE: Charles White, of Gilbert, White, and Gilbert, Santa Fe, New Mexico, appearing on behalf of the applicant. We have one witness, Mr. Robinson, to be sworn.

(Witness sworn.)

J. E. ROBINSON, JUNIOR

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Robinson, will you state your full name for the record, please?

A J. E. Robinson, Junior.

Q By whom are you employed, and in what capacity?

A Texaco Company, Incorporated, as Proration Engineer, in our Midland Division.

Q Have you previously testified before this Commission as a petroleum engineer?

A Yes, sir, I have.

Q Is the Examiner familiar with his qualifications, and if so, are they acceptable?

MR. UTZ: Yes, sir, acceptable.

Q (By Mr. White) Mr. Robinson, are you familiar with the Texaco Company's V. M. Henderson lease?

A Yes, sir, I am.

Q Will you briefly state what the Texaco Company seeks to accomplish by this application?

A The Texaco Company proposes to commingle the Blinebry production from Well Number 2, and the Drinkard production from Well Number 3, and from any wells that may be completed in these reservoirs on the lease in the future.

Q Is Texaco the owner and operator of this lease?

A Yes, sir, they are.

Q Are the royalty interests common throughout?

A Yes, sir.

Q And how about the working interests?

A The working interests are common also.

Q Will you refer to what has been marked as Exhibit Number 1 on the Plat, and explain that, please?

A Exhibit Number 1 is a plat of the area, with Texaco Company's V. M. Henderson lease outlined in yellow, which is located in the North half of Section 30, Township 21 South, Range 37 East, Lea County. Presently, there are five wells on the lease. We have recently completed our Henderson Number 2 as a Blinebry oil well: Well Number 1 is a Penrose-Skelly well; Well Number 2, a Blinebry; Number 3 is a Drinkard well; Number 4 is a Eumont gas well; and Number 5 is a Penrose-Skelly, and a Paddock well.

Presently, we have three tank batteries serving the Penrose-Skelly, Paddock and Drinkard formations. To eliminate the need of installing an additional tank battery to serve the Blinebry production, we propose to commingle the Drinkard from Well Number 3, and the Blinebry from Well Number 2.

Q Does this plat also show the offset operators?

A Yes, sir, it shows the offset operators, their addresses, and the pools that the wells are completed in.

Q Now, will you refer to Exhibit Number 2, and explain that, please?

A Exhibit Number 2 is a schematic diagram, showing the

commingling installation. The Drinkard will come into a separator, where the free gas will be taken off of the separator, the liquid production will go on downstream, where it will pass through a positive displacement meter with a snap acting pilot to be measured and go on downstream. The Blinebry, as shown in the red marking, will pass through a separator, where the free gas will be taken off, and it will be tied in with the gas coming from the Drinkard zone. We do not have a gas market now for this gas, and we will flare it until such time as we can acquire a market for the gas. The liquid production will be going on downstream where it will also pass through an identical positive displacement meter with a snap acting pilot, and go on downstream where it will be tied in with the liquid production from the Drinkard, and go into a conventional tank battery consisting of two 500-barrel stock tanks.

The Blinebry has a flowing tube pressure of 1300 pounds, and the Drinkard has a flowing pressure of 125 pounds.

MR. UTZ: Three hundred on Blinebry?

A Thirteen hundred on Blinebry.

Q (By Mr. White) What type crudes are these, sweet or sour?

A These are intermediate sweet crudes.

Q Have you have any corrosive problems?

A No, sir, we have not. However, our positive displacement meters will be corrosive resistant meters.

Q Mr. Robinson, will you now give the crude character-

istics, and in so doing, refer to what has been marked as Exhibit Number 3?

A Exhibit Number 3 is a -- shows the production characteristics of the Blinebry zone, which is producing from Well Number 2, and the Drinkard zone which is producing from Well Number 3. Both of these crudes are intermediate sweet crudes.

The Blinebry has a gas-oil ratio of 28,583 to 1. It has a gravity of 38.8 degrees, corrected to 60 degrees. The bottom hole pressure on this zone has not been taken.

The Drinkard zone has an intermediate sweet crude, with a gas-oil ratio of 5,430, with a gravity of 36 degrees, and a bottom hole pressure of 949 PSI.

The commingling status, the Blinebry zone, metered separately, it is a penalized well due to a high gas-oil ratio, and it has a present allowable of 11 barrels of oil per day, with a gravity of 38. degrees. The price per barrel of this type of crude is $2.97 a barrel, for a revenue of $32.67 a day.

The Drinkard well is a marginal well, where it only produces five barrels of oil a day, with no water. It has a gravity of 36 degrees, and a price per barrel of two-ninety-three, or a revenue of $14.65.

So, by producing these two reservoirs separately, we have a revenue of $47.32 a day; by commingling, we will have a composite allowable of 16 barrels a day, a composite gravity of 38 degrees, for a price per barrel of two-ninety-seven, and the revenue of

$47.52; or, we stand to gain approximately 20 cents a day by commingling.

Q In your opinion, will this installation bring about a more economical operations of this lease?

A Yes, sir, it will. From initial investment alone, we can show quite an economic savings by commingling rather than putting in an additional conventional tank battery.

MR. WHITE: That's all the questions we have on direct examination.

QUESTIONS BY MR. UTZ:

Q Mr. Robinson, how much gas do you believe will be flared a day?

A The Blinebry zone has a top allowable of 50 barrels a day, and a gas-oil ratio limit of 6,000 to 1. The Blinebry zone will produce approximately 300 MCF a day, which will be vented. The Drinkard would only flare approximately 10 MCF a day.

Q So that, that -- how much would that total?

A Well, that would be about 310 MCF a day.

Q What would the drawing price of that gas be?

A I believe we could possibly negotiate contracts for 11 to 13 cents.

Q So you have got around $35.00 worth of gas a day that you are flaring, is that right?

A That's correct, yes, sir.

Q And what do I understand the productivity of these

two wells is, 11 barrels in the Blinebry and 5 barrels in the Drinkard?

A That's correct.

Q So your oil is only worth around forty-five to fifty dollars a day, is that right?

A Yes, sir, forty-seven fifty-two.

Q How far is it from the pipeline in this area?

A From a gas line?

Q Yes, sir.

A I'm sorry, Mr. Utz, I don't know. I could find out for you, and let you know, but I don't know just what the availability there of a gas line is. I don't know that there's any gas lines in the area. Well, of course, the Eumont gas would have a connection there, but the line would probably be a high pressure line, and they would not be able to take this gas without having some type of a booster or compressor to buck the line pressure.

Q The line pressure in that are would probably be somewhere around 500 pounds?

A I would imagine that it would probably be somewhere in that neighborhood; at least, in a range higher than what we would be able to take care of gas from these zones.

Q Do you intend to complete more wells on this lease, than the Blinebry and Drinkard?

A Not at this time, we do not.

Q How about your Penrose-Skelly well completed in the

Paddock, are you flaring gas from it?

A Yes, sir, we are.

Q How much gas will you be flaring from it?

A I don't have those figures available at this time.

Q I wonder if you would supply the Commission with those?

A I certainly will.

QUESTIONS BY MR. PAYNE:

Q Mr. Robinson, your application states that the gravity of the Blinebry is 42.5, and that the Drinkard is 37. How do you account for the discrepancy between your application and Exhibit 3?

A The application was turned in prior to us completing our Number 2 Well.

Q I see.

A And, the gravity shown on the exhibit is the gravity from the crude after the well was completed.

Q Now, as the production decreases from one of those zones more rapidly than the other, the gravity in the commingled fluids would change from the 38, is that right?

A Yes, sir, they could.

Q But at the present time, at least, the value of the commingled crude is worth more than the sum of the prices for the two separate pools?

A Yes, sir, that's right.

Q That means that the State is getting more severance

tax.--

A That's correct.

Q -- since the severance tax is paid on the production in the tank battery?

A That's right.

Q Now, you are flaring the gas now?

A That's right.

Q So whether you commingle, or whether you don't commingle, it doesn't solve the gas flaring problem?

A That's correct.

MR. PAYNE: Thank you.

QUESTIONS BY MR. UTZ:

Q Did you say 1300 pounds on the Blinebry flow line?

A No, sir, the tubing pressure.

Q That's the flowing tubing pressure?

A Yes.

Q Hundred twenty-five flowing tubing pressure --

A On the Drinkard.

Q I need a little clarification. What is a "snap acting pilot"?

A To provide for the proper flow through a meter, to enable you to get accurate measurement, a meter of this type, we will be using a meter that is rated between 15 and 60 gallons per minute. If you didn't have this snap acting pilot control valve on there, as your separator dumped, and as it would be

completing the dump, there would be a point in there where you would be getting a flow through the meter less than 15 barrels per minute. With this snap acting control valve on there, it works on a pressure device, and when the flow starts diminishing, it will snap and give an immediate shut-off, thereby eliminating any small flows through your positive displacement meter.

MR. UTZ: Any other questions?

Q (By Mr. Utz) What kind of crude is coming from the Paddock?

A The Paddock in some areas is sour. I don't know if it would be an intermediate sweet, or sour.

Q You are taking it separately?

A That is correct, yes, sir.

MR. UTZ: The witness may be excused.

(Witness excused.)

MR. UTZ: Did you offer your exhibits?

MR. WHITE: At this time, I would like to offer all the exhibits. Were these prepared by you, or under your supervision?

A Yes, sir.

MR. UTZ: Without objection, they will be entered into the record. Any other statements to be made in the case? The case will be taken under advisement.

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, THOMAS T. TOMKO, 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, skill and ability.

WITNESS my hand this 29th day of January, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Thomas T. Tomko

Thomas T. Tomko, Court Reporter.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1850, heard by me on 2-10, 1960.

, Examiner
New Mexico Oil Conservation Commission

TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS

Case 1880

February 3, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attn: Mr. Elvis A. Utz

Gentlemen:

Case No. 1880, the application of Texaco Inc. to commingle the production from the Blinebry Oil Pool and Drinkard Pool on its V. M. Henderson Lease, comprising the E/2 of Section 34, T-9-S, R-36-E, Lea County, New Mexico, was heard on January 28, 1960. During the testimony in this case, the undersigned was requested by Mr. Utz, the Examiner, to supply the Commission with information showing the amount of gas being produced and flared from the wells completed in the Penrose Skelly, Paddock, Blinebry and Drinkard zones on subject lease.

In rechecking our records, it has been found that the Drinkard Gas produced from well No. 3 has been erroneously reported as being flared. Skelly has a casinghead gas connection on the lease and is taking the gas. The following is a list of all oil wells on the V. M. Henderson Lease and the disposition of the gas:

Well No. 1 - Plugged and abandoned - January, 1960
Well No. 2 - (Blinebry Oil) has unassigned allowable and no gas connection. As soon as allowable is assigned, a gas connection will be made.

Well No. 3 - (Drinkard) Previously gas reported as being flared. Gas is being sold to Skelly.

Well No. 5 - Dual producer (Penrose Skelly and Paddock) Penrose Skelly gas is sold. Paddock gas is used to operate lease equipment with excess gas being vented. During December 1959, 231 MCF were used on lease equipment and 973 MCF were flared.

I trust that the above information will be helpful and will clarify any questions in this regard. If you have any additional questions, please do not hesitate to call.

Yours very truly,

J. E. Robinson, Jr.

J. E. Robinson, Jr.
Petroleum Engineer

JERjr-DL