

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1890: Application of Socony Mobil Oil Company, Inc.
for permission to commingle the production
from several separate pools.

TRANSCRIPT OF HEARING

FEBRUARY 10, 1960

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1890: Application of Socony Mobil Oil Company, Inc. permission to commingle the production from several separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle, after separate measurement, the production from the Penrose Skelly, Paddock, Blinbry Gas, Tubb Gas, Drinkard and Brunson Pools as well as production from the Montoya, Silurian and Simpson formations from all wells on its Brunson Argo Lease, consisting of the NE/4 of Section 9 and the NW/4 of Section 10, both in Township 22 South, Range 37 East, Lea County, New Mexico.

BEFORE:

DANIEL S. NUTTER, Examiner

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: We will take up next Case 1890.

MR. PAYNE: Case 1890. Application of Socony Mobil Oil Company, Inc. for permission to commingle the production from several separate pools.

MR. ERREBO: Burns Errebo, Modrall, Seymour, Sperling, Roehl, and Harris, appearing on behalf of the Applicant, Socony Mobil Oil Company. We have one witness, Mr. Joe Gordon, Jr.

(Witness sworn.)

JOSEPH GORDON, JR.

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

DIRECT EXAMINATION

BY MR. ERREBO:

Q Will you state your name, please?

A Joseph C. Gordon, Jr.

Q By whom are you employed?

A Mobil Oil Company.

Q Where are you employed, Mr. Gordon?

A Hobbs, New Mexico.

Q In what capacity?

A As production engineer in the Operations and Processing Group.

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

A Yes, sir.

MR. ERREBO: Are his qualifications acceptable?

MR. NUTTER: Yes, sir, please proceed.

Q (By Mr. Errebo) Mr. Gordon, are you familiar with the application in this case?

A Yes, sir.

Q And will you briefly state to the Commission, by referring to Exhibit No. 1, what that exhibit shows?

A On Exhibit No. 1 is shown our Brunson Argo Lease in Section 9 and 10, Township 22 South, Range 37 East, the 160 acres



of the NW/4 of Section 10, and 160 acres of the NE/4 of Section 9. Shown there and colored coded are present completions on the Brunson Argo Lease in the Penrose, Skelly, Drinkard, Brunson, Paddock, Binebry Gas, and Blinebry Tubb formations.

Q Now, actually, the spots on that map actually ~~are~~ present on the ground, are they not?

A Yes. Those are actual single completions for each location shown. The one dual on this lease is Well No. 6, located in the SW/4 of the 160 acres in Section 10. This is a dual completion. All the rest of these wells are single completions to the formations shown.

Q They ~~were~~ actually drilled somewhere around 1930, were they not?

A Yes, sir.

Q Actually, is this lease divided by any physical feature?

A Yes, sir, there is a road section line, road running down between the two sections of the lease effectively dividing the lease.

Q Then would it be your proposal to set up separate batteries for each side of the road, so to speak, on that lease?

A Yes, sir, to more or less have an east side battery and a west side battery.

Q Now, has that arrangement been shown on Exhibit No. 2?

A Yes, sir.

Q Will you proceed to point out briefly the significant features of that exhibit?



A Exhibit No. 2 is a schematic diagram of our proposed commingling installation denoting four batteries; sour battery west, sweet battery west, sour battery east, and sweet battery east. Denoted for each zone are the wells presently completed and the zone in which they are completed. The dotted portion indicates our estimated future completions and the location which they would occupy in respect to this schematic. The sour battery west now only has one zone being completed in it, the Penrose Skelly with two wells, and the sweet battery west, we have the No. 1 well in the Blinbry formation by itself. We have the Brunson formation with wells No. 9, 10, and 11; the Drinkard formation with wells no. 12 and 13, and in the future with Hare and Wantz Abo completions. Here we have shown that each formation would proceed to its own separating vessels, thence to a meter and then on to the tanks being commingled down stream of the meter and check valve to prevent any commingling of fluids before metering. Provision is made by means of a branch takeoff or test connections to a separate separator installation for the testing of wells periodically from each of these muti well installations. The total result in production is to be commingled in tanks.

The east battery installations are similar in every respect to the west battery installations.

Q Have you finally determined at this time what type of meters or metering devices will be used?

A No, sir, I cannot say. They will be either positive



displacement type or the dump meter type.

Q Do you have anything further to give with regard to this exhibit?

A No, sir.

Q Will you then proceed to Exhibit No. 3 and state briefly what the significance of that exhibit is?

A On Exhibit No. 3 we show, by the divisions as shown on Exhibit No. 2, the sour battery west and its production; the sweet battery west; sour battery east, and sweet battery east, the present production by zone into the batteries, the amount of that production, the API gravity, and the unit value or per barrel value of each zone's production, and we have added in each battery the total value of the zone's producing into that battery. Immediately below that summarization we have a calculated commingle total which represents the commingling values for the crudes and their result and value in gravity and the total value for the batteries' commingled production. The sour battery west at present would have no, would not have more than one zone, but in the sweet battery, for example, we show Binebry, Brunson, and Drinkard production coming to a total battery production on a daily basis of \$132.32 as divided by zones. On the calculated value of the commingling total we show that that production, the same production would be worth \$133.65.

Q Then actually, as the other batteries, you show an increased value for the commingled total, do you not, over what

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it is at the present time?

A In all cases we indicate an increase in value as a result of the commingling.

Q Mr. Gordon, do you anticipate that this will enable your company to more efficiently operate this lease?

A Yes, sir.

Q Do you anticipate that this more efficient operation will result in greater ultimate recovery from the lease?

A Yes, in being able to add these future completions from the Silurian, Montoya, and the Simpson formations which are shown here as their field names, the Hare, Wantz Abo and McCormack.

Q Now, is it your conclusion that the granting of this application will prevent waste?

A Yes, sir.

Q Now, with regard to the Montoya, Silurian, and Simpson, do they have corresponding nomenclatures as presently recognized by the Commission in Southeast New Mexico?

A Yes, sir.

Q And would you, for the benefit of the Commission, identify and compare the names that you have for each zone?

A The Hare Pool is from the Simpson formation, the Wantz Abo Pool is from the Montoya formation, and the McCormack is from the Silurian formation.

Q Now, they are all oil producing formations? I mean, are they recognized as oil formations?

A Yes, sir.

Q Did you have any particular reason, in the application, in identifying these formations by their more general name?

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A Yes, sir, to possibly not restrict ourselves to the presently known field pool designations.

Q Now, are these other three formations presently productive in the immediate vicinity of the Brunson Argo Lease?

A Yes, sir. On some of the offset operators' leases these are productive.

Q Do you contemplate that at some time in the future that your completions will be made in these three formations?

A Yes, sir.

Q You are requesting at this time to be given permission to commingle the production from these three formations to avoid the necessity of a further hearing, is that correct?

A Yes, sir.

Q Or application for administrative approval should such an order be issued by the Commission?

A Yes, sir.

Q Do you have anything further to add at this time?

A No, sir.

MR. ERREBO: That's all we have.

MR. NUTTER: Any questions of Mr. Gordon?

MR. PAYNE: Yes.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Gordon, do you have any corrosion or paraffin



problems from any of these producing horizons?

A No, sir.

Q Not even from sour crude?

A Well, the sour crude, yes, sir, there is a corrosion problem. It is strictly in our tankage. At the present time we are faced with replacement of our present tankage.

Q I was wondering if you propose to use corrosion resistant meters or if you had some other method of handling any corrosion problem that may be encountered?

A Lacking definite experience with meters in this service, we will probably be experimenting as we go, but we are aware of the possibilities offered by certain types of equipment in regard to corrosion.

Q And you don't propose to commingle sour crude with sweet crude?

A No, sir.

Q So you are assuming that the Hare, Wantz Abo production will be sweet and the McCormack will be sour, is that right?

A Yes, sir.

Q If it doesn't turn out that way, it will be rearranged?

A Yes, sir. There are previous experiences in this other portions of this area, the unit area, showing that the McCormack is sour and the Hare and Wantz Abo as sweet.

MR. PAYNE: Thank you.

MR. NUTTER: Any further questions of Mr. Gordon?

He may be excused.



(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Errebo?

MR. ERREBO: That's all, Mr. Examiner. I would like to -- First of all, you are still under oath, will you please state if you prepared these exhibits or if they were prepared under your supervision?

A Yes, sir.

MR. ERREBO: I would like their admission into evidence, Exhibits one through three.

MR. NUTTER: Socony Mobil's Exhibits 1, 2, and 3 will be entered. Does anyone have anything further for Case 1890? Take that case under advisement.

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STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO) ss

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 22nd day of February, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph 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 Examiners Hearing of Case No. 1890, heard by me on 2-10, 1960.

Joseph A. Trujillo, Examiner
 New Mexico Oil Conservation Commission

