

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

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IN THE MATTER OF:

CASE 1902:      Application of Kenneth Murchison & Company  
for permission to commingle the production  
from two separate non-contiguous leases.  
Applicant, in the above-styled cause, seeks  
permission to commingle the Bisti-Lower  
Gallup Oil Pool production from the Federal  
lease NM-036255-A, consisting of the S/2  
SE/4 of Section 3 and the Federal Lease  
NM-036255-B, consisting of the S/2 NE/4 of  
said Section 3, Township 25 North, Range 12  
West, San Juan County, New Mexico.  
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State Corporation Commission  
Hearing Room  
Capitol Building  
Santa Fe, New Mexico  
February 25, 1960

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 1902.

MR. FLINT: Case 1902. Application of Kenneth Murchison &  
Company for permission to commingle the production from two separate  
non-contiguous leases.

MR. KELLY: William B. Kelly of Gilbert, White and Gilbert.

MR. UTZ: What was the name again?

MR. KELLY: Kelly, William B.

(Witness sworn.)

MR. UTZ: Any other appearances in this case?

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J. D. FOWLER

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

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name, please?

A J. D. Fowler.

Q Where are you employed?

A Manager of the National Tank Company, Farmington, New Mexico.

Q Have you previously testified before this Commission?

A No.

Q Would you give us a brief statement of your experience?

A I have approximately four and a half years field experience in Farmington area with the National Tank Company.

Q And has part of your experience--as part of your experience have you had any work with the subject application, the two wells that we are involved with today?

A I have been affiliated with the installation of the tank battery, treating facilities, and this metering separator in question.

MR. KELLY: Are the witness' qualifications acceptable to the Commission?

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MR. UTZ: Are you prepared to state as to the interest in these two tracts?

A Only as I have seen from copy of the letter from Kenneth Murchison to this Commission.

Q (By Mr. Kelly) And also through your conversation with Mr. Gould of Murchison?

A Yes.

MR. UTZ: We will qualify the witness on those grounds.

Q (By Mr. Kelly) Could you state the purpose of the application?

A The purpose of the application is the measuring of oil from two non-contiguous leases, each owned by the--or operated by the Kenneth Murchison Company, the royalty and ownership being identical on the two leases.

Q Are identical?

A Identical, yes.

Q Do you know whether the adjoining land owners have agreed to the commingling request?

A By observation of letters by both the adjoining land owners, they are agreeable.

Q Now, refer to what has been marked Exhibit 1. Could you explain this to the Commission?

A That is the plat?

Q Yes.

A Exhibit 1 shows the location of the Murchison



operated land in relation to joining acreage. It is Section 3 of Township 25 North, Range 12 West.

Q Could you give us a little history of how this land was acquired?

A The land was acquired from the Shell Oil Company in checkerboard leases by the Murchison Estate, Kenneth Murchison.

Q Now, referring to Exhibit 2, could you explain it to the Commission?

MR. UTZ: Mr. Kelly, I would like to clarify Exhibit 1 before we proceed further. You've got three hundred twenty acres marked here actually.

MR. KELLY: Actually, referring to Exhibit 2, the information here we are supposed to get from Murchison didn't come in time, and we had to borrow this from Sunray Mid Continent. The Exhibit 2 shows the central section in equal section, and the central section is owned by Shell, so the Kenneth Murchison leases are not contiguous.

A The leases in question are the South half of the Northwest quarter, and the south half of the--South half of the Northeast quarter and the South half of the Southeast quarter.

MR. UTZ: The North half of the Southeast quarter belongs to whom?

A Supposedly, Shell Oil Company.

MR. UTZ: As well as the North half of the Northeast quarter?



A To my understanding, that quarter possibly belongs to Kenneth Murchison. I have no record of whom that belongs to.

Q (By Mr. Kelly) At any rate, it is not drilled?

A That's right.

MR. UTZ: What you want to do here is move oil from which lease to which one, the number 3 to number 2?

A From number 3 to number 2. The tank battery is on the "A" lease which is the number 2 well, and they want to measure oil from the "B" lease which contains the number 3 well to this tank battery.

MR. UTZ: All right, sir. You may proceed.

Q (By Mr. Kelly) Do you know whether the oil from both wells is from the same zone, same pool?

A The oil from both wells, to my knowledge, is from the Lower Gallup. Both production is the same, and the oil from both zones, from both wells, is approximately forty-one degree A.P.I. gravity oil.

Q Do you know whether there is any problem of corrosion, or any water problem?

A To my knowledge, there is no corrosion problem, and water content of each well is two to three tenths of one percent, which is very small.

Q Do you know whether there would be any loss of economic value by mingling these crudes?

A Since both leases are identical ownership, I can see



no loss, no economic loss.

MR. KELLY: That's all I have on direct.

MR. UTZ: Is the gravity the same on crudes of both wells, Mr. Fowler?

A Yes, sir.

MR. UTZ: What part of the Southeast of the South half of the Southeast will the tank battery be located on?

A The tank battery is approximately on, I would say, three hundred yards west of the number 2 well.

MR. UTZ: That would be in the Southeast Southeast?

A Yes. According to Exhibit number 2, that would probably be in the Southwest of the Southeast.

MR. UTZ: You say the ownership is identical in both of these tracts?

A Yes, sir.

MR. UTZ: Have you contacted Shell in regard to this?

A In regard to this metering? Yes, sir, they have been contacted, and have written a letter of approval.

MR. KELLY: I think in the application there is a copy, we have a copy of that letter from Shell and El Paso.

MR. UTZ: Here it is.

Are there any other questions of the witness?

What is the allowable for each of these wells, Mr. Fowler?

A I believe the allowable now is, I cannot be positive of this, I believe it is 63 barrels.

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MR. UTZ: For each one, or both of them?

A I believe that would be for each well. I could stand to be corrected on that.

MR. UTZ: Do you know whether they are top allowable wells or not?

A No, sir, I don't.

MR. UTZ: What size tanks are you installing?

A I believe they are two hundred ten barrel tanks.

MR. UTZ: Two?

A Yes.

MR. UTZ: How often will the pumper visit these wells, particularly the tank battery?

A I would say at least every other day.

MR. UTZ: Do you think the four hundred and twenty barrel capacity is enough to handle two days' production from these wells?

A Yes, sir.

MR. UTZ: Actually, it might be enough to handle about four days; is that right?

A Yes, sir, it could be.

MR. UTZ: Any other questions? The witness may be excused.

MR. KELLY: Mr. Fowler, do these Exhibits reflect, as far as you know, the accurate condition of the well location in the area?



A As far as I know, they do.

MR. KELLY: I move for the introduction of Exhibits 1 and 2.

MR. UTZ: Without objection, Exhibits 1 and 2 will be entered into the record.

You may be excused.

(Witness excused.)

MR. UTZ: Any other statements to be made in this case?

Case will be taken under advisement.

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C E R T I F I C A T E

STATE OF NEW MEXICO )  
 ) ss  
 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 steno-type and reduced to typewritten transcript by me and/or 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 and Seal, this, the 15<sup>th</sup> day of March, 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 Examiner hearing of case No. 1902,  
 heard by me on Feb. 25, 1960.

Shirley H. [Signature] Examiner  
 New Mexico Oil Conservation Commission

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