

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Shell Oil Company for approval
of an automatic custody transfer system.

CASE 1955

TRANSCRIPT OF HEARING

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IN THE MATTER OF:)

Application of Shell Oil Company for approval)
of an automatic custody transfer system.)
Applicant, in the above-styled cause, seeks)
an order authorizing the installation of an) CASE 1955
automatic custody transfer system to handle)
the production from the Monument Pool from)
all wells presently completed or hereafter)
drilled on the State B lease comprising the)
NW/4 of Section 36, Township 19 South, Range)
36 East, Lea County, New Mexico.)

BEFORE:

Mr. Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 1955.

MR. PAYNE: Application of Shell Oil Company for approval
of an automatic custody transfer system.

MR. FEDERICI: Same appearances as in the other three
cases.

(Applicant's Exhibits Nos. 1, 2,
& 3 marked for identification.)

GEORGE W. OLSON

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

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DIRECT EXAMINATION

BY MR. FEDERICI:

Q And you are still the same George Olson who testified previously?

A Yes, sir.

Q Are you familiar with the type of installation that's proposed in this application?

A Yes, sir, I am.

Q I hand you Exhibit 1 and ask you to state what that is and if you will, explain it briefly to the Examiner.

A Exhibit 1 is a plat showing Shell's State B lease in the Monument Pool. This lease is located in the Northwest Quarter of Section 36, Township 19 South, Range 36 East.

This lease has four flowing wells. These wells are all top allowable wells producing less than one percent B. S. and W. We have on this lease at the present time three 500 barrel tanks, and we propose to retain one 500 barrel tank for surge tank on this lease.

Q Is all production, as far as you know, from one lease?

A Yes, sir.

Q Now, with reference to Exhibit No. 2, will you explain to the Examiner what that is and any difference between what is shown on Exhibit 2 in the other three cases?

A Exhibit 2 shows a schematic drawing of the automatic custody transfer skid unit for the Monument Field. This skid unit



in principle is similar to the ones previously described, with the exception that it does not have a B. S. and W. monitor. The B. S. and W. monitor was omitted because the lease produces essentially clean oil and the pipe line accepting this oil has agreed to operate without a monitor.

The components in the example of the pump and the motor are smaller, but in principle the operation is similar to those previously described. The unit will be controlled by level controls on the tank, as I have previously mentioned. We do not propose to install a safety shut-in switch on this installation on the tanks. The lease will be supervised in the same manner as it is now supervised to prevent loss due to overflow or due to any malfunction of the other equipment on the lease.

Q Has the pipe line accepted this?

A Yes, they have.

Q Do you have an exhibit?

A Yes, we do, a wire from Texas-New Mexico Pipe Line, stating their acceptance and agreement to operating this automatic custody transfer unit.

Q Would this system which is to be installed here also tend to reduce loss of ultimate gas?

A Yes, it will. We anticipate it will, due to reducing the retention time in the stock tank and also eliminate the need for opening the thief hatches and the stock tank to atmospheric pressure.



Q Does it thereby tend to prevent waste of crude?

A Yes, it does.

Q In your opinion is this in the interest of conservation and prevention of waste?

A Yes, I believe it is.

MR. FEDERICI: We also offer in this case the testimony in the previous cases, 1954, 1956, and 1957, insofar as it is pertinent and material to this case.

MR. UTZ: Such testimony will be entered in the record of this case.

MR. FEDERICI: We offer in evidence at this time Exhibits 1, 2, and 3.

MR. UTZ: Without objection they will be accepted.

CROSS EXAMINATION

BY MR. UTZ:

Q What is your flowing pressure on these four wells?

A The flowing pressure in the flow lines would be in the order of 50 pounds. It would be separator pressure.

Q Of course, you have a choke at the well head?

A Yes, sir.

Q Your gathering lines are regular line pipe?

A Yes, sir.

Q How much oil will this lease produce?

A Well, these are unit allowable wells. It will produce in the order of 140 barrels a day, depending on your, whatever the



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allowable is.

Q Are these above 5,000 feet?

A Yes. Above, did you say?

Q Yes.

A Yes.

Q So you have approximately three days storage in a 500 barrel tank?

A Yes, I believe that would be right.

Q I believe you stated you intend to attend this lease the same with this system now as you do without it?

A Yes, we do intend to attend it the same.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements in this case? If not, the case will be taken under advisement and the hearing adjourned.



STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing was reported by me in stenotype, and that the same was reduced to typewritten transcript by me and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 9th day of May, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley

 NOTARY PUBLIC

My Commission Expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1955, heard by me on April 27, 1960.

Shirley R. [Signature]
 _____, Examiner
 New Mexico Oil Conservation Commission

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