

*Case
2017
Cont'd auto transfer
misleading*

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing (Daniel S Nutter)

Santa Fe, NEW MEXICO

ILLEGIBLE

REGISTER

HEARING DATE July 27 & 28, 1960 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
Herbert D Miller	Amerada Pet. Corp.	Tulsa, Okla.
M. A. MacLENNAN	Continental Oil Co.	Durango, Colo.
E. O. COTHARP	Continental Oil Co.	Artesia, N. Mex.
J. Q. McGuire	Continental Oil Co.	Artesia, N. Mex.
Jason Kellahin	Kellahin & Fox	Santa Fe
Wm. Federico	Shell Oil Co.	Santa Fe
R. A. LOWERY	Shell Oil Co.	Roswell, N. M.
R. M. Anderson	Sinclair Oil Co.	Midland, Tex.
Frank E. Juby	State Engineer's Office	Santa Fe
Everett M. ...	Ed Paso Voluna ...	Farmington, N. M.
M. C. Davis	Reitor Well Equipt	Denver, Colo.
E. Thompson	U. S. G. S.	Roswell, N. M.
Am. ...	U. S. G. S.	Artesia, N. M.
L. O. ...	Michael ...	Santa Fe
D. M. Bary	Mobil Oil Co.	Durango, Colo.
E. ...	" " "	" "
R. C. Mills	" " "	" "

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NAME:

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LOCATION:

H. C. Dutton

H. C. Dutton

Hobbs

W. B. Dutton

Humboldt

Hobbs

W. B. Dutton

Humboldt

Midland

Douglas N. Epple

Humboldt

Midland

Burns H. Eubank

Modesto

Albuquerque

S. H. Gavin

Hondo Oil & Gas Co.

Roswell

J. R. McMin

Humboldt

ALBERT H. GREEN

PAN AMERICAN

LUBBOCK TEX

Jack Campbell

Campbell Russell

Roswell NM

William M. Ingham

Continental Oil Co.

Denver, Colo.

Edward J. Matson

Union Oil Co. of Cal.

Midland

E. Kirk Newman

Humboldt

Roswell

Sam A. Snyder

Union Oil Co. of Cal.

Midland

W. B. Eubank

Union Oil Co. of Cal.

Midland

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NAME:

REPRESENTING:

LOCATION:

Bill Lockman	Guy Oil Corp.	Lowell
J. W. McGee	Guy Oil Corp.	Hobbs
Harry E. Lamm	Self	Roswell
Ross Brunner	Self	Midland
Stanley J. Starkey	Benson-Martin-Grier	Farmington

ILLEGIBLE

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

EXAMINER HEARING

IN THE MATTER OF:)

Application of Continental Oil Company for)
an order authorizing an automatic custody)
transfer system to handle the Maljamar)
Pool production from its Miller "BX" lease)
comprising in pertinent part the E/2 of)
Section 14, Township 17 South, Range 32)
East, Lea County, New Mexico)

Case 2017

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.

The first case this morning will be Case 2017.

MR. PAYNE: Application of Continental Oil Company for an
order authorizing an automatic custody transfer system to handle
the Maljamar Pool production from its Miller "BX" lease comprising
in pertinent part the E/2 of Section 14, Township 17 South, Range
32 East, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin,
Kellahin and Fox, Santa Fe, representing the applicant, and we will
have one witness, Mr. Coltharp.

(Witness sworn.)

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E. D. COLTHARP

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A E. D. Coltharp.

Q By whom are you employed and in what position?

A Continental Oil Company, District Engineer, Artesia District.

Q Have you previously testified before the Oil Conservation Commission of New Mexico as a petroleum engineer?

A Yes, sir.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. NUTTER: Yes, if I knew how to spell his name.

A E. D. C-o-l-t-h-a-r-p.

MR. NUTTER: Please proceed, Mr. Kellahin.

Q Are you familiar with the application in the case before the Commission?

A Yes, sir.

Q Would you state briefly what is proposed in the application?

A This is an application of Continental Oil Company for

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a transfer system for its Miller "BX" lease, located in the East Half of Section 14, Township 17 South, Range 32 East, Maljamar Pool, Lea County, New Mexico.

Q Are there any wells presently located on that lease?

A Yes, sir. We have just a recently completed well, Miller "BX" No. 1 well, completed on June the 13th, 1960, and that well was completed for an initial flowing I.P. of 286 barrels per day on a 15-64 S choke, flowing on 600 pound tubing pressure with GOR of 1821. Another well, Miller "BX" No. 2, was recently treated on July 25 of 1960 and we're presently recovering load oil from treatment. We presently have plans for additional wells on this lease.

Q What zone are those completed in?

A Grayburg-San Andres pay of the Maljamar Pool.

Q Is there a possibility of production from other zones in this area?

A There is possibility of other production, yes, sir.

Q Is it your present proposal to commingle all the production from the lease?

A Yes.

Q Is the ownership common throughout?

A Yes, sir.

Q And Continental Oil Company is the operator?

A Yes, sir.

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Q Of the entire lease? A Yes, sir.

Q Now, referring to what has been marked as Exhibit No. 1, would you discuss the information shown on that exhibit?

A Yes, sir.

Q Exhibit 1 is location and ownership map showing the Miller "BX" lease as outlined in red and the Maljamar Cooperative Agreement area, which is below and to the left of the green line drawn across the plat.

Now, this lease is in the Northeast corner of the Maljamar Cooperative area and it lies within the Maljamar Cooperative area. This red outlined lease is the East Half of Section 14, Township 17 South, Range 32 East, Lea County, New Mexico. The proposed location of the subject tank battery, or the battery, is at the point indicated in the center of the lease in red.

Q Now, referring to what has been marked as Exhibit No. 2, would you discuss that exhibit?

A Exhibit 2 is a schematic drawing of the proposed battery. Production from each well will flow through an individual three-phase metering separator and then on to a custody transfer run tank, which is the 500 barrel tank, and then on through the automatic custody transfer unit into the pipeline. At present no water is produced from the presently producing well. Therefore, no treating facilities are required on this lease.

Q In the event there is water production, will a treater

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be installed?

A Yes, sir. We can install a heater treater between the 500-barrel run tank and the three-phase metering separators.

Q How will the movement of fluid through the transfer unit be governed?

A It will be governed by two things. One thing, if at any time there is no oil coming through it will automatically shut down by low pressure switch, and also, at any time that the pipeline is unable to take the oil, a pressure switch will also accutate the unit and shut it in so the oil will run from the 500-barrel tank through the automatic custody transfer unit and on to the pipeline. There's a high level and low level production run switch in this 500-barrel tank which will shut it down.

Q I notice from the exhibit that you have a three-phase metering separator for each of the wells, is that correct?

A Yes, sir. We will have one for each well.

Q And that means that each well will be individually metered before going into the run tank?

A Yes, sir.

Q Will that provide an accurate test of the production from each of the individual wells?

A It will provide as accurate a test as possible to be made at this time.

Q What type of meters do you propose to use there?

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A Those will be three-phase dump type meters. I mean they're volume dump type meters and they will have an intermittent sampler on the oil leg and these three-phase will meter the gas, the oil, the water and then check out on the sampler. So, actually, we will end up with a net oil as near as possible reading.

Q Now, referring to what has been marked as Exhibit No, 3, would you discuss that exhibit?

A Exhibit No. 3 is actually a schematic drawing showing the automatic custody transfer unit. As shown on the drawing, the connections will be available for testing to the metering facilities, and by that we must have at least, according to most pipeline requirements, a test approximately once every month. They vary after so long a time, but we will be able to prove that P.D. meter and we will try to keep as accurate oil measurements as possible by being able to prove that meter.

Q Who is the purchaser of the oil on this lease?

A At the present time it will be New Mexico Pipeline.

Q Has this proposal been submitted to the New Mexico Pipeline?

A Yes, it has been submitted to them and approved.

Q And they have agreed to this type of installation and will take the oil?

A Yes, sir. Excuse me, that was Texas-New Mexico Pipeline.

Q Will this type of installation enable Continental Oil



Company to make all the tests that are required by the Oil Conservation Commission?

A Yes, sir.

Q In your opinion is it in the interest of conservation?

A Yes, sir.

Q Will all of the rights of the property owners involved in this lease be protected by this type of installation?

A Yes, sir.

Q Were Exhibits 1, 2 and 3 prepared by you or under your direction and supervision?

A Yes, sir.

MR. KELLAHIN: I would like to offer in evidence Exhibits 1, 2 and 3.

MR. NUTTER: Continental's Exhibits 1, 2 and 3 will be accepted.

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

MR. NUTTER: Any questions of Mr. Coltharp?

MR. PAYNE: Yes.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q How many wells are on this lease at present?

A Right at the present time, two wells, one producing and



one recovering oil.

Q You plan six more?

A Yes, sir, approximately six more.

Q Do you feel that your 500-barrel storage is sufficient when you have the lease drilled up, in view of the fact that it will shut in if your storage is full?

A Yes, sir.

Q It does do that, doesn't it?

A Yes, sir. Naturally on this automatic custody transfer we'll be able to have about 400-barrel storage. You will keep 100 barrel above or below your high and low level switch. So, 400 barrels of production on an average day right now take care of ten wells for one day, and that's what we were thinking about.

Q Is this sour crude or sweet crude?

A Its' sour crude, yes, sir.

Q Are these metering separators, are you going to have any problem with corrosion or paraffin?

A We haven't in the past and we don't expect it in the future.

MR. PAYNE: Thank you.

MR. NUTTER: Any further questions?

BY MR. NUTTER:

Q What kind of a meter will be used in the automatic custody transfer unit?

A It will be a Brodie P.D. meter. It has the quadra-control

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on it, it will actually shut in as soon as it has made its lease allowable.

Q Is this the kind of meter that will print a ticket to show the true print?

A Yes.

Q Will this be a corrosion resistant meter?

A Yes.

Q What kind of prover will you use, tank or master meter?

A We'll use a tank on that.

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

He may be excused.

(Witness excused.)

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

MR. KELLAHIN: That's all.

MR. NUTTER: Does anyone have anything for Case 2017?

If not, we will take the case under advisement and take Case 2018.

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STATE OF NEW MEXICO)
 : SS
 COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 29th day of July, 1960.

Ada Dearnley
 Notary Public-Court Reporter

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. 2017, heard by me on 7/27, 1960.

[Signature], Examiner
 New Mexico Oil Conservation Commission

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