

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

In the Matter of:

CASE 2062 Application of Continental Oil Company for approval of an automatic custody transfer system to handle commingled production. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system to handle the production from the Weir Pool and the Cass Pool from certain wells located on that portion of the Southeast Monument Unit comprising Sections 15 and 23, Township 20 South, Range 37 East, Lea County, New Mexico.

Mabry Hall
September 7, 1960

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The next case will be 2062.

MR. PAYNE: Case 2062, Application of Continental Oil Company for approval of an automatic custody transfer system to handle commingled production.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, representing the Applicant. We have one witness I'd like to have sworn in.

(Witness sworn in.)

MR. UTZ: Are there other appearances in this case? You may proceed.

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(Thereupon, Applicant's Exhibits One through Four were marked for identification.)

RONALD McWILLIAMS

a witness, called by and on behalf of the Applicant, having first been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Ronald McWilliams.

Q By whom are you employed and in what position?

A Employed by Continental Oil Company in Hobbs, New Mexico as District Engineer.

Q Are you a petroleum engineer, Mr. McWilliams?

A Yes, sir.

Q Have you previously testified before the Commission as an expert petroleum engineer?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. UTZ: Yes sir, they are.

Q (By Mr. Kellahin) Mr. McWilliams, are you familiar with the application in this case before the Commission?

A Yes, sir.

Q Would you state briefly what's proposed in this application?

A Continental Oil Company is proposing to consolidate their SEMU Pennsylvanian and SEMU Drinkard batteries and install



a CT unit.

Q When you say SEMU, that means Southeast Monument Unit.

A Yes, sir.

Q That will involve commingling, will it not, and --

A Yes sir, we have applied for commingling of the Cass and Weir Pool production administratively.

Q Now, referring to what has been marked as Exhibit Number One, will you discuss that exhibit, please?

A Exhibit Number One is a location plat showing the wells involved in this commingling and the location of the tank batteries; it also shows the existing flow lines, the five wells shows are producing from the Cass Pennsylvanian Pool, and the single well down in the SEMU Drinkard is producing from the Weir Pool.

Q Now, the exhibit likewise shows the offsetting ownership of the area, does it not?

A Yes, sir.

Q Referring to what has been marked Exhibit Number Two, would you discuss that exhibit?

A Exhibit Number Two is a plat showing the wells as they will be when the batteries are consolidated. We propose to bring the production from the SEMU Drinkard Nine to our Cass Pool, or the SEMU Pennsylvanian battery and consolidate them there at that Pennsylvanian site and install ACT.

Q Now, would you refer to Exhibit Number Three and discuss the proposed battery consolidation?

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A Exhibit Number Three is a schematic drawing of the battery as we propose to install it. The production from the Pennsylvanian wells will be brought in through their own system and monitored before metered, being metered, and also the production from the Weir Pool will be maintained or metered separately prior to being commingled, and therefore only pipeline oil reaches your surge tank.

Q As I understand your testimony, all the oil will be monitored prior to metering on each lease?

A That's right, only pipeline oil will be metered by our zone meters.

Q And will all the oil be metered from each lease prior to commingling?

A Yes.

Q In the event the oil does not meet pipeline specifications, how will it be handled?

A Well, there will be a diverting valve installed immediately down from the BT and W monitor which will divert the oil back through the treater until it does meet pipeline specifications.

Q Now, the exhibit shows a surge tank and other installations on there; will you discuss those, please?

A Well, although we show a surge tank there, there are actually, there will be two tanks, and this portion of our battery is in the planning stage; in other words, we haven't quite made up our minds yet as to whether to install adequate storage for the



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maximum amount of period or to install safety shut-in equipment.

Q Now, is all the royalty ownership common throughout on the leases to be handled in this installation?

A Yes sir, there's one royalty owner, the United States Government.

Q And the working interests are common throughout?

A Yes, sir.

Q Now, how will the oil sales be handled?

A Exhibit Number Four is a schematic drawing of the ACTU unit. It will be a standard unit with all the usual safety devices to prevent the sale or running of any oil in the event of an equipment failure; I think this is pretty much a standard installation.

Q And then will the oil go directly to the pipeline?

A Yes.

Q To what pipeline does the oil go?

A Atlantic.

Q Have they agreed to take the oil from this installation?

A Yes, sir.

Q What steps will be taken to prevent the loss of oil in the case of an equipment failure?

A Well, this is still under consideration; we will either install adequate storage to provide for the maximum unattended period or we will install a high level control and safety shut-in switches at the wells.



Q Now, in your opinion, will this installation adequately handle the production from the separate leases and prevent waste?

A Yes, sir.

Q Is it in the interests of conservation?

A Yes, sir.

Q Were Exhibits One through Four prepared by you or under your direct supervision?

A Yes, sir.

MR. KELLAHIN: We would like to offer in evidence Exhibits One through Four inclusive.

MR. UTZ: Without objection, they will be entered into the record.

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

EXAMINATION BY MR. UTZ:

Q Mr. McWilliams, what's a GOT Meter?

A Garrett Oil Tools, it's just a brand name. It's actually a positive volume meter.

Q A PV meter then?

A PV.

Q And the production from your Weir Drinkard will be metered before commingling?

A Yes, sir.

Q How about the gas from your Drinkard separator, will it be metered?

A Yes, sir.



Q Your oil will be treated and your water knocked out ahead of your meter in both instances, right?

A Yes, sir.

MR. UTZ: Are there other questions of the witness?

EXAMINATION BY MR. PAYNE:

Q Mr. McWilliams, do you intend to meter the production also from the Cass Pool prior to commingling?

A Yes sir, as shown on that schematic; we refer to them as Pennsylvanian wells when they are in the Cass Pool.

Q So that both pools will be separately metered prior to commingling?

A Yes, sir.

Q Do you have any corrosion problems in this area?

A Not unusual.

Q I am just wondering whether you intended to use corrosion resistant meters, perhaps, or corrosion resistant flow lines.

A The meters will be plastic coated, and the flow lines, since they are existing, we don't plan to make any changes in them.

MR. PAYNE: Thank you.

EXAMINATION BY MR. UTZ:

Q What do you anticipate the maximum unattended time will be?

A I would say approximately three days.

Q Then I believe it was your testimony that you would have enough storage to handle three days' allowable, or put a high level switch, high level shut-off in your surge tank?



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A Yes, sir.

Q What are your flow lines at the present time, are they just regular line pipe?

A I believe that they are three-inch tubing.

Q Capable of holding how much pressure?

A I would imagine that they would probably be capable of handling two to three thousand pounds.

Q Are these all flowing wells?

A No sir, there are three pumping wells and two gas lift wells at the present time; however, within the next year, they will all be pumping.

Q You have no facilities, or do you anticipate to put shut-in facilities at the wellhead in case of failure of your high level switch?

A If we go that route, we will install wellhead safety switches which will shut in the wells in the event of failure.

Q In all probability, you will probably go the storage route, though, won't you?

A Well, we are leaning toward the safety shut-in switches at the moment.

Q I see; do you have any idea what the flowing wellhead pressures are on the flowing wells at the present time?

A Well, they are being gas lifted, so they vary from zero to approximately two hundred fifty pounds.

Q The shut-in pressures would be considerably higher than



that, wouldn't they?

A No sir, I would imagine that they would just be a matter of a few hundred pounds, since they do have to be lifted.

MR. UTZ: Are there other questions? If there are no further questions, the witness may be excused.

(Witness excused.)

MR. UTZ: Are there other statements in this case, any other statements in this case? The case will be taken under advisement.

* * *

STATE OF NEW MEXICO)
: SS
COUNTY OF BERNALILLO)

I, JERRY MARTINEZ, Notary Public in and for the County of Santa Fe, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record of said proceedings to the best of my knowledge, skill and ability.

Dated at Albuquerque, New Mexico, this 9th day of September,

1960. I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2062, heard by me on Sept. 7, 1960.

_____, Examiner
New Mexico Oil Conservation Commission

_____, Notary Public

My Commission Expires:
January 24, 1962

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