

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing - Daniel S. NutterSanta Fe NEW MEXICOREGISTERHEARING DATE October 19, 1960 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
J.E. Robinson, Jr.	TEXACO Inc.	Midland, TEXAS
RW VERTREES	CONOCO	DENVER, COLO.
M.H. McLENNAN	CONOCO	DENVER, COLO

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing - Daniel S. Nutter

Santa Fe, NEW MEXICOREGISTERHEARING DATE October 19, 1960 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
Jason Kellahi	Kellahi & Fox	Santa Fe
Des S. Cichowicz	Continental Oil Co.	Roswell
Char Malone	Atwood & Malone	Roswell
W. J. Sandidge	Pan American Pet Corp	Lubbock, Texas
Wm Federico	Shell Oil Co.	Santa Fe, N.M.
R. L. Sommer	Shell Oil Co	Roswell, N.M.
A. E. Snyder	Amerada	Monument, N.M.
B. L. Lang	"	"
Emmett Williams	Cities Service	Roswell - N.M.
Tom McKenna	McKenna & Sommer	Santa Fe
W. J. Alexander	Chambers & Kennedy	Midland
J. C. Johnson	Gulf Oil Corp.	Termit, Texas
W. V. Kasten	"	Roswell.
Nancy Royal	NB State House	Santa Fe

BEFORE THE
OIL CONSERVATION COMMISSION
MABRY HALL
Santa Fe, New Mexico
October 19, 1960

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company for
an automatic custody transfer system. App-
licant, in the above-styled cause, seeks an
automatic custody transfer system to handle
the Eunice Pool production from all wells
presently completed or hereafter drilled on
the Meyer B-4 Lease consisting of the E/2 and
the E/2 W/2 of Section 4, Township 21 South,
Range 36 East, Lea County, New Mexico.

Case 2099

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please. The
first case will be Case 2099.

MR. MORRIS: Case 2099, Application of Continental Oil
Company for an automatic custody transfer system.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, representing
the applicant. We will have one witness that I would like to have
sworn.

(Whereupon witness sworn.)

LEO S. CICHOWICZ

called as a witness, having been first duly sworn on oath, testi-
fied as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please.

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A Leo S. Cichowicz.

Q By whom are you employed and what position, Mr. Cichowicz?

A Continental Oil Company, Senior Production Engineer.

Q Have you ever testified before the Oil Conservation Commission?

A No, sir.

Q For the benefit of the Examiner, would you please state your education and your experience qualifications as a Petroleum Engineer?

A I graduated from the Colorado College of Mines in 1951 at which time I was employed by Continental Oil Company. After approximately 20 months on the Continental Oil Company's training program, I was assigned to the North Cabin area in Texas. In 1955 I was promoted to District Engineer in Odessa District, Odessa, Texas, in which capacity I served until 1957. In 1957 I was transferred to Roswell as Senior Production Engineer, the title which I now hold.

Q Is the area involved in this application within the Roswell District and under your supervision?

A It is in the Roswell Division, yes, sir.

MR. KELLAHIN: Are the witnesses qualifications acceptable?

MR. NUTTER: Yes, sir; they are, please proceed.

Q (By Mr. Kellahin) Mr. Cichowicz, are you familiar with the application in Case 2099?

A Yes, sir.

Q Would you briefly review what is proposed in this application?

A Yes, sir. At the present time Continental Oil Company is



producing 17 Eunice Pool oil wells in the Meyer B-r Lease into a centralized tank battery as authorized by order number R 792. Exhibit No. 1 is the location plat.

MR. KELLAHIN: Will you hand the exhibit to the Examiner so we can follow your testimony?

(Whereupon Exhibit No. 1 was marked for identification.)

Q (By Mr. Kellahin) Would you please continue your discussion of Exhibit No. 1?

A Exhibit No. 1 is a location plat showing the Meyer B-4 Lease and in the surrounding area, in order to reduce weather, and increase the gravity of the oil stored. In this application, Continental proposes to put in an automatic custody transfer system to provide for continuous runs to the pipe line.

Q Mr. Cichowicz, is all of this production from the same source, common source of supply?

A Yes, sir.

Q Eunice Oil Company will gravity the same throughout?

A Yes, sir.

MR. KELLAHIN: Referring to what has been marked - would you have Exhibit No. 2 marked, please?

(Whereupon Exhibit No. 2 was marked for identification.)

Q (By Mr. Kellahin) Referring to what has been marked as Exhibit No. 2, would you explain that.

A Yes, sir. Exhibit No. 2 is a schematic drawing of the proposed installation. The oil will be received into a storage tank, equipped with liquid level controls which will regulate



pipeline runs. During pipeline runs, the oil will be continuously monitored through a BS & W and if the content of the BS & W monitor exceeds pipeline specifications, the oil will automatically be diverted back to the treater until the BS & W content is reduced to pipeline specifications. A positive displacement meter will be used for sales and will be calibrated in accordance with New Mexico Oil Conservation Regulations.

Q Will the installation which you propose enable you to test individual wells being produced through this system?

A Yes, the installations will be equipped with a three-phase metering treater in order to test oil, gas and water on the individual wells proposed for tests for any particular interval.

Q What intervals would you be able to make the tests on individual wells.

A We would be able to very adequately run one well test per month per well.

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

A We propose to install the installation, and we will have it all equipped with the usual safety features to prevent any oil run and in the event of the equipment failure we have adequate storage and our minimum unattended period will be safely shut down. The equipment will prevent loss of oil due to equipment failure.

Q You said the minimum, you meant the maximum, did you not?

A The maximum.

Q What would that maximum unattended period be?

A The maximum unattended period would amount to 16 hours.



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Q What storage facilities would you have available on this installation?

A We would have storage facilities to accommodate or contain 800 barrels of additional oil.

Q What period would that take care of production from the lease?

A The leases produces approximately 326 barrels of oil per day. This would allow $2\frac{1}{2}$ days of storage time.

Q Which would be far in excess of the unattended period involved here.

A Yes, sir.

Q Is there any cut-off features included in the installation which would shut-in individual wells?

A On this particular installation, we do not have cut-off features that will shut wells in. We feel the storage would be adequate to handle any oil which may be run during the unattended period at which time the lease would be producing unattended.

Q Who is the pipeline purchaser?

A The pipeline purchaser in this installation is, I have to check that and find out, I am not familiar with it.

Q In your opinion, would the granting of this application be in the interest of furthering conservation?

A Yes, sir; it would.

Q Would correlative rights be protected?

A Yes, sir.

Q Is all the ownership common throughout?

A Federal Government Royalty.



Q And the working interest is all under Continental, is that correct?

A No, sir; this particular lease is a portion of the New Mexico Federal Unit.

Q Which Continental is the operator?

A Yes, sir.

MR. KELLAHIN: At this time I would like to move the introduction of Exhibits 1 and 2.

MR. NUTTER: Continental Exhibits 1 and 2 will be admitted.

MR. KELLAHIN: That is all the questions I have of the witness.

MR. NUTTER: Any questions of Mr. Cichowicz?

(No response)

CROSS EXAMINATION

BY MR. NUTTER:

Q In your testimony you stated you didn't have any shut-in features. What is the purpose of the high level limit switch in your surge tank?

A The high level limit switch or control would be used to actuate the pump which would in turn move oil from the surge tank through the act system.

Q I thought that the fluid level in the surge tank would be controlled by the varec control and that the range throughout would be between the high and the low on the varec switch.

A The varec switch will be used to operate the act unit, in that it becomes deactivated when a low level is reached and when produced fluids move into the surge tank and the high level



switches, the high level float or switch is actuated and the pump in turn is turned on which sends fluid through the act. We do not propose to use a high level control on this installation.

Q This high level switch up here is actually not operational.

A That is right, sir.

Q What type of positive displacement meter will you be using?

A Are you referring to trade names?

Q Yes, sir.

A No, sir; I am not familiar with that.

Q Has the purchaser or pipeline concurred in this installation?

A That is also something I am not familiar with.

Q You will get their concurrence prior to installation.

A We definitely will.

MR. NUTTER: Any further questions?

(No response)

MR. NUTTER: The witness may be excused. Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: We will take the case under advisement and we will call Case 2100.

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I N D E XWITNESSESPAGE

LEO S. CICHOWICZ

Direct Examination by Mr. Kellahin

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Cross Examination by Mr. Nutter

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E X H I B I T S

<u>Number</u>	<u>Marked for Identification</u>	<u>Offered</u>	<u>Received</u>
1	3	6	6
2	3	6	6

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, LEWELLYN NELSON, 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 under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 31st day of October, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Lewellyn Nelson

NOTARY PUBLIC

My Commission Expires:

June 14, 1964.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 2099
heard by me on 10/19, 191960

[Signature], Examiner
New Mexico Oil Conservation Commission

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