

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. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the Maljamar Paddock Pool production from all wells presently completed or hereafter drilled on the William Mitchell "A" Lease consisting of the N/2 of Sections 19 and 20, Township 17 South, Range 32 East, Lea County, New Mexico.

Case
2100

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. MORRIS: Case 2100, Application of Continental Oil Company for an automatic custody transfer system.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, representing the applicant. We have the same witness, Mr. Leo Cichowicz.

MR. MORRIS: Let the record show the witness has been sworn in the previous case.

LEO S. CICHOWICZ

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q You are the same Mr. Cichowicz who testified in the preceeding case?



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A Yes, sir.

Q Are you familiar with the application in Case No. 2100, Mr. Gichowicz?

A Yes, sir.

Q Would you outline briefly what is proposed in this case.

A This is the application of Continental Oil Company for an automatic custody transfer system for the William Mitchell "A" Lease, located in the N/2 of Sections 19 and 20, Township 17 South, Range 32 East, Maljamar Paddock Pool, Lea County, New Mexico.

Q Do you have any information on the production history of this lease?

A The William Mitchell "A" No. 20 was completed on September 20, 1960, for flowing initial potential of 100 barrels of 39 degree gravity oil and no water and this was on a 12/64th inch choke, tubing pressure 6400 pounds, casing 1350 with 245 MCF per day or a gas-oil ratio of 2450 to 1. Present plans are to drill 4 additional wells on the William Mitchell "A" Lease, subject to continue commercial development and production.

Q At the present time then there is only one well located on the lease, subject to this application?

A Yes, sir.

MR. KELLAHIN: Would you have the plat marked as Exhibit No. 1, please.

(Exhibit No. 1 through 3 marked for identification.)

MR. NUTTER: Will you refer to each of these as separate exhibits?



A I will refer to them 1, 2, and 3 throughout and in that order. Exhibit No. 1 is a location and ownership plat showing the William Mitchell "A" Lease as outlined in red with the Maljamar Cooperative Agreement area limit to the north and west indicated by a green line. The William Mitchell "A" Lease comprises the N/2 of Sections 19 and 20, Township 17 South, Range 32 East, Lea County, New Mexico. The proposed location of the subject tank battery, at which point the automatic custody transfer would take place, is installed in the northwest quarter of Section 20 and is indicated as a small red square. Continental acreage is indicated as that area shaded in yellow.

Q Is the ownership of this lease common throughout, Mr. Cichowicz?

A Yes, sir; the ownership of this lease is common. The royalty owner is the Federal Government under lease, Las Cruces No. 029405-8.

Q And Continental Oil Company is the operator of the lease?

A Yes, sir.

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

A Exhibit No. 2 is a schematic drawing of the proposed battery. Production from each well will flow through individual three-phase metering separators and then on to the automatic custody transfer run tanks. No water is being produced at the present time but a heater treater will be installed between the separators and run tank when this becomes necessary. The automatic custody transfer unit is located beyond the run tank. The movement of fluid through the transfer unit will be governed



by a high-low level switches to the run tank.

Q Do you have automatic lease shut-in facilities on this installation?

A Yes, sir.

Q Would you describe those, please.

A Exhibit No. 2 also shows the automatic lease shut-in facilities. A high level shut-off on the tank, run tank, that is closest to the heater treater line from the separators. This creates a high level condition in the separators. This in turn closes a valve on the flow line. A pressure build up on the flow lines will actuate an automatic valve on the well head and shut the well in.

Q Now, what storage facilities will you have in connection with this operation?

A We will have a 500 barrel run tank and in case of malfunction of any type, of course, the system as described previously will take effect, in the event of high level in this run tank.

Q What is the maximum unattended period?

A 16 hours. Again the well, the one well on the lease at the current time produces 44 barrels of oil. The unattended time for this will be approximately, will amount to approximately 28 barrels of oil per day. We feel that a 500 barrel run tank is plenty adequate at this time to compensate for any malfunction in this system.

Q Referring to what has been marked as Exhibit No. 3, would you discuss that, please.



A Exhibit No. 3 is a drawing of the proposed automatic custody transfer unit. As noted on the drawing, connection will be available to test the metering facilities to insure accurate reliable oil measures.

Q As these additional wells are drilled as proposed, will it be possible for you to run tests on each individual well?

A As previously mentioned, an individual metering separator will be installed to contain all the fluids from that particular well. In effect, we may and will be able to get an individual test on each well, each day, if this is required.

Q Now, in your opinion, is the proposed automatic custody transfer unit mechanical and economically feasible?

A Yes, sir.

Q Do you know who the pipeline purchaser is in this instance?

A In this particular instance, I do not.

Q Will you obtain approval of the purchaser before the installation is made?

A In the past we have negotiated with the pipeline company, I am sure we will get approval before the installation is completed.

MR. KELLAHIN: At this time I would like to offer Exhibits 1, 2 and 3.

MR. NUTTER: Continental's Exhibits 1 through 3 will be admitted into evidence.

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

MR. NUTTER: Any questions of the witness?



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(No response)

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

MR. KELLAHIN: That is all I have.

MR. NUTTER: Does anyone have anything further for Case 2100?

(No response)

MR. NUTTER: We will take the case under advisement and call 2101.



I N D E X

WITNESSES

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LEO S. CICHOWICZ	
Direct Examination by Mr. Kellahin	1

E X H I B I T S

<u>Number</u>	<u>Marked for Identification</u>	<u>Offered</u>	<u>Received</u>
1	2	5	5
2	2	5	5
3	2	5	5

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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 J 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. 2100
heard by me on 10/19, 1960
[Signature], Examiner
New Mexico Oil Conservation Commission

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