

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

## EXAMINER HEARING

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IN THE MATTER OF: )

Application of Shell Oil Company for permission )  
to commingle the production from two separate )  
pools from several separate leases and for auto- )  
matic custody transfer system. Applicant, in )  
the above-styled cause, seeks permission to )  
commingle the Eunice and Eumont Pool production )  
from all wells on four leases in Section 1, )  
Township 21 South, Range 35 East, and Section 6, )  
Township 21 South, Range 36 East, Lea County, )  
New Mexico. Applicant further seeks authoriza- )  
tion to install an automatic custody transfer )  
system to handle said commingled production. )  
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Case 2105

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. MORRIS: Application of Shell Oil Company for per-  
mission to commingle the production from two separate pools from  
several separate leases and for an automatic custody transfer  
system.

MR. FEDERICI: William Federici, Seth, Montgomery and  
Federici. I have one witness, Mr. Bob Sumerwell.

MR. MORRIS: Let the record show that Mr. Sumerwell was  
sworn in the prior case.

R. L. SUMERWELL

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

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MR. FEDERICI: Are the witness's qualifications to testify in this case satisfactory to the Commission?

MR. NUTTER: Yes, sir.

DIRECT EXAMINATION

BY MR. FEDERICI:

Q Are you acquainted with Shell's application in Case 2105?

A Yes, sir.

Q Will you state the purpose of Shell's application?

A The four leases in question, which are shown on Exhibit 1 --

(Whereupon, Exhibit 1 through 2 marked for identification.)

Q (By Mr. Federici) -- I hand you Exhibit 1 and will ask you to explain that to the Examiner.

A The four leases are state leases operated by Shell. The two leases on the right, contain four wells which are producing from the Eunice pay. The two leases on the left, contain eleven wells which are producing from the Eumont pay. Currently, the production is produced into separate tank batteries. However, these batteries are deteriorated or either in need of replacement or commingling. Again, the four leases are marginal production, all the wells are under allowable. Considerable retention time on two of the leases, particularly constitute weathering on leases due to weathering; so Shell's proposal to install two remote facilities which will be test sites at Remote G. and Remote L. The wells from those two



points will be tested at those locations. The wells on the M lease or central battery will transfer down to the central battery testing, and we have a proposal to install an A.C.T. unit to transfer the production to the pipe line. Production will be allocated back to each, by monthly well tests. That is what we are proposing.

Q Have you prepared a plat of the proposed consolidation system?

A Yes, sir.

(Whereupon, Exhibit 2 marked for identification.)

Q (By Mr. Federici) I hand you what has been marked as Shell's Exhibit 2 and ask you to state what that is and explain it to the Examiner, what's shown on the Exhibit?

A The left corner is the existing battery serving it, and we propose to take it out and the A.C.T. unit will be added; but the test facilities and the treating system are the same. The Remote G in the right hand corner is proposed, and we are proposing to install a three phase metering separator to test the wells, and then the fluid will be produced on down to the central battery to the heater, and it has treating and testing facilities to test the wells. The transfer lines are under low pressure, we have a relief valve in both the Remotes and are higher than the central battery, so we merely have pressure that is sufficient to buck the head on the counter on the heating system.

Q Does Shell have other installations of this type in



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operation in New Mexico?

A Yes, sir.

Q Would you state, in your opinion, if this has been successful?

A Yes, sir; they sure have.

Q Is the area involved here fully developed?

A Yes, sir.

Q And did you explain the type of wells?

A They are marked on Exhibit 1. Six of them are flowing wells and I believe nine are pumping wells.

Q And did you state the production of the wells, production rate?

A Yes, sir; I will. The M lease produces approximately twenty-two hundred barrels per month. The L lease produces approximately 1740 a month. The G, 490, and the F lease, 433 barrels per month.

Q Is this proposed installation adequate to handle the expected production from the entire lease?

A Yes, sir. We expect a total of something like 200 barrels a day to pass through the A.C.T. unit. We have 600 barrels of storage, which would give us approximately three days. I might also state, we have the Land Commissioner's permission to commingle these leases and is all dedicated to a common beneficiary.

Q Have you the approval of the purchaser for this system?

A Shell Pipe Line has approved these specifications.



(Whereupon, Exhibit 3  
marked for identification.)

Q (By Mr. Federici) I hand you what has been marked as Shell's Exhibit 3, and will ask you to state what that is and explain it to the Commission, please.

A From the Surge tank, the oil will come to the suction of the pipe and pass through a BS & W monitor and will divert the bad oil on, if the BS & W exceeds one percent. Item 7 is the diverting valve, which would be energized when excessive BS & W is sensed. Item 3 is a combination strainer and air eliminator. Item 4 is a P.D. meter, item 5 is a back pressure valve and set-stop valve and closes when the pump is not energized. Item 6, this is in essence what we have installed on six leases in the past.

Q Do I understand the system, this is a method for measuring the oil?

A Yes, sir; that is all the A.C.T. unit will do.

Q And eliminates tank batteries?

A Eliminate approximately eight tanks. We have now installed ten tanks, and we expect considerable conservation through shipping the oil directly to the pipe line.

Q Does the system which is proposed to be installed, tend to help loss of volume to the gas?

A Yes, sir.

Q Is the acreage factor in this system of significance?

A To conserve both gravity and volume, which is both money.

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Q Tends to prevent waste?

A Yes, sir.

Q In your opinion, will this be in the interest of conservation and the prevention of waste?

A Yes, sir.

Q Were Exhibits 1, 2 and 3 prepared under your supervision?

A Yes, sir; they sure were.

MR. FEDERICI: We offer Exhibits 1 through 3.

MR. NUTTER: They will be admitted.

MR. FEDERICI: That is all I have.

MR. NUTTER: Any questions of Mr. Sumerwell?

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Sumerwell, Remote G uses a three phase metering test separator. The State M. Lease is measured through a volume meter, would you describe what a volume meter is?

A A volume meter is no more than a vessel which we calibrate for a one barrel dump and will meter the production, and we have a sampler, also, to determine the cut. The three phase separator, we are installing; the volume meters we already have installed. We don't propose to change that, but wells F and G are currently tested in the tank without any means of testing; so to modernize this facility, we are going to put in a three phase separator for tests.

Q So the volume meter in effect will be a one barrel dump meter?



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A Yes, sir.

Q What is the current top unit allowable for the Eunice Pool?

A Thirty-three barrels per day, I believe.

Q Are any of these four Eunice Pools capable of making top allowable?

A No, sir; they sure are not.

Q The top unit allowable for the Eumont?

A Thirty-three barrels.

Q Are any of the eleven wells in the Eumont capable of making top allowable?

A No, sir; all the wells are marginal.

Q Marginal.

A The Eumont and Eunice, I think some of the M wells are probably capable, but we were penalized on the gas-oil ratio.

Q What is the actual working level in the -- first of all, you have two three hundred barrel tanks on Exhibit 2. Is one of those a Surge tank and the other available storage?

A Yes, sir; it sure is. The first tank there, will be equipped with a pressure switch, which will run the oil to the pipe line, and the second will be equipped with equalizers to handle it.

Q Normally, that second tank would be empty?

A Completely.

Q What are your working levels in the run tank?



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A They will be two to four feet, very low.

Q What is your available storage, about the four foot level?

A Sixteen foot tanks, twelve feet.

Q So normally, you have three hundred barrels of available storage in the overflow tank, and approximately, how much would you have available --

A -- Approximately, two hundred barrels.

Q Do you have that much capacity in your gun barrel or is that normally full?

A It's normally pretty full.

Q Now, do you provide any kind of lease shut-in device in this installation?

A No, sir; none are proposed.

Q You are relying on the five to six hundred barrels of storage?

A Yes, sir; we are.

Q To take care of production in the event of malfunction?

A More than adequate.

Q What is the maximum unattended time for this lease?

A Sixteen hours. It will be well supervised, the lease operator's doghouse is on that lease, and it will get a little more attention than the rest of the leases. I might point out, take our F lease, for instance, we probably will have only one tank of oil from this lease and will have approximately thirty days weathering time, so this will be considerably reducing weathering and shrinkage.





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Q I see. Now, the M lease at the present time is averaging twenty-two hundred barrels a month?

A Yes, sir.

Q The L, 1740 barrels a month?

A Yes, sir.

Q The G, 409?

A Yes, sir.

Q And the F, 433?

A That is correct.

Q Does that approximately total 4863?

A I haven't any idea.

Q At any rate, that rate of production is less than the sixteen hour total unattended time, as far as your storage capacity is concerned?

A Yes, sir. It's approximately 200 barrels per day that the rate for the four leases -- we have 600 barrel storage, was that your question?

Q Yes, sir.

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

(No response)

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

MR. FEDERICI: Nothing further.

MR. NUTTER: Does anyone have anything further in Case



(No response)

MR. NUTTER: We will take the case under advisement and take a fifteen minute recess.

(Whereupon, the taking of the hearing was concluded.)

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I N D E XWITNESS:PAGE

R. L. SUMERWELL

Direct Examination by Mr. Federici

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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>
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App 2	3	6	6
App 3	5	6	6

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STATE OF NEW MEXICO     )  
                                   )     ss  
 COUNTY OF BERNALILLO    )

I, LEWELLYN NELSON, 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 17 day of November, 1960.

*Llewellyn F. Nelson*

Notary Public-Court Reporter

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. 4105 heard by me on 10/19, 19 60.

*[Signature]*, Examiner  
 New Mexico Oil Conservation Commission

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