

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 2, 1960
Examiner Hearing
Case No. 2115

IN THE MATTER OF:)

Application of James G. Brown &)
Associates for permission to commingle)
the production from two separate leases.)
Applicant, in the above-styled cause,)
seeks an order permitting it to commingle)
the Saunders-Permo Pennsylvanian Pool)
production from the following portions)
of the following State leases:)

E-8334, NW/4 SE/4 of Section 9)

E-7353, SE/4 SE/4 of Section 9)

Township 14 South, Range 33 east, Lea)
County, New Mexico.)

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: The next case will be 2115.

MR. MORRIS: Application of James G. Brown & Associates
for permission commingle the production from two separate leases.

MR. KELLAHIN: Jason Kellahin & Fox, Santa Fe. We will
have one witness I would like to have sworn. We represent the
Applicant.

(Witness sworn.)

JAMES A. WARREN

called as a witness, having been previously duly sworn, testified

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as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A James A. Warren.

Q And by whom are you employed and in what particular?

A James G. Brown & Associates as Production Superintendent.

Q Are you a petroleum engineer?

A Yes, sir.

Q Have you previously testified before the Commission as a petroleum engineer, and were your qualifications accepted?

A Yes, on several occasions.

MR. KELLAHIN: Are this witness's qualifications satisfactory?

MR. UTZ: Yes.

Q (By Mr. Kellahin) Mr. Warren, are you familiar with the application in Case 2115?

A Yes, sir.

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

A It is simply to commingle the production of the Line Stake No. 1 Well in the northwest quarter of the southeast quarter of Section 9, 14 South, 33 East, which is on State lease E-8334, and the production from the Line Stake A No. 2 located in the southeast quarter of the southeast quarter of Section 9, 14 South,

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33 East on State lease E-7353.

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

A Exhibit 1 shows the locations of the two wells in question, and the surrounding ownership of the acreage.

Q Is the location of the proposed tank battery shown on the Exhibit?

A Yes, indicates the tank battery by the little square that is approximately six hundred feet east of Well No. 1.

Q Now, this is on two separate leases, is that correct?

A Yes.

Q They are both State leases?

A Yes, sir.

Q Is the lease ownership common throughout?

A Lease ownership?

Q Yes, sir, working interest.

A Yes, the working interest is the same for each well.

Q Is the royalty ownership the same for each well?

A Royalty ownership is the same, which is State-owned land on which we have a letter from the Commissioner of Public Lands in that regard.

Q Are the beneficiaries the same?

A The beneficiaries, the schools in both cases.

Q And you say you have a letter from the State Land Commissioner?



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A Yes, sir.

Q Do you know whether a copy of that was forwarded to the Oil Conservation Commission?

A It was addressed to the Commission, dated October 7th.

Q And does that letter approve the commingling of the production from the two separate leases?

A Yes, sir. It states that the lands described are owned by the Common Schools and permission is hereby granted for the requested commingling.

Q Would you outline, for the benefit of the Examiner, the installation which you propose to make for handling the production from the two leases?

A Well, we have presently installed at the location shown on the plat one ordinary tank battery, two five hundred-barrel tanks, and one treater, and I have not prepared any sketch or detail of what we proposed to do. Of course, we would go according to what the Commission would require in regards to additional treating equipment and metering of the production from one or both wells.

Q Now, are the fluid characteristics the same for the two wells?

A Yes, sir. Do you want to know approximately how much they produce?

Q Yes.

A Present production of the No. 1 well, it is



approximately 100 barrels of oil per day and 40 barrels of water, and about 145 mcf gas per day. The last test on the No. 2 well, which was just recently completed -- on the first of October -- was on the day when it was producing 210 barrels of oil per day, approximately 100 barrels of water per day with 250 cubic feet, 250 mcf gas per day.

Q Now, do you know what the current allowable is?

A Current allowable is 125 barrels per day.

Q Then the No. 1 well, would you consider it commercial?

A Yes, sir.

Q Are both these wells on a pump?

A No. 1 well is on a conventional pumping unit; No. 2 well just last week has been put on Cobe hydraulic pumping equipment.

Q And No. 2 is a top-allowable well, is it not?

A Yes, sir. At the present time it has -- it flowed for approximately three weeks and, of course, we just have about four days' production since the Cobe installation was completed and during which days it produced approximately 130, 130 to 132 barrels per day.

Q Were both of these wells completed in the same producing interval?

A Yes, sir, to the best of my knowledge, and to all appearances they are from a common source of supply.

Q And what is that source of supply?

A The Permo-Pennsylvanian zone, appearing at a depth of



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9900 feet in this area.

Q What is the gravity of the oil being produced?

A Gravity ranges, over the past several months, have been from -- well, from 40.5 to 43.9, corrected.

Q Now, is that gravity the same for both wells?

A Yes, sir.

Q Then there would be no change in the commingled product as to gravity of the fluids involved?

A No, sir.

Q What disposition is being made of the gas, Mr. Warren?

A To date, the gas has been vented, but we have signed a contract with Warren Petroleum Corporation and they expect to start construction of the gas line within the next two weeks.

Q Now, will the gas production be separately accounted for from the two wells?

A Yes.

Q There will be no commingling of gas?

A No, sir -- as we presume that would be required.

Q Will the installation you propose enable you to account for the production from the individual wells accurately?

A Yes, sir.

Q Are you willing to make such meter tests, or other tests, as may be required by this Commission?

A Yes, we are.

Q Have the offsetting owners approved this application?



A Yes, we also have letters from the offsetting operators, which were addressed to the Commission, Lion Oil Company, the Atlantic Refining Company, Texaco, each of which have registered no objection and approved the commingling. I believe the Commission has the original of those letters. I also have a copy of a letter from Cosden Petroleum Company, as a non-operating part-owner on both of these wells, in which they state that they concur with our application to commingle.

Q Was Exhibit No. 1 prepared by you or under your supervision?

A Yes, sir, under my supervision.

MR. KELLAHIN: I would like at this time to offer in evidence Exhibit No. 1.

MR. UTZ: Without objection, Exhibit No. 1 will be entered into the record.

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

CROSS-EXAMINATION

BY MR. UTZ:

Q Is your No. 2 well a top-allowable well, you say?

A Yes. The last four days it produced a 130 to 132 barrels per day, since it was put on Cobe equipment. It just went on production with the Cobe pumping equipment last Friday.

Q The allowable is 120?

A 125.

Q Just barely is, then, isn't it?



A Well, it is at a relatively low pumping rate for the Cobe, we feel, but we have not found out yet whether it will produce more.

Q Did you have any conversation with the State Land Office as to metering these leases separately?

A No, sir, I had no conversation other than --

Q It is your intention to meter them separately?

A Well, it is my intention to meter them. I first would propose to meter the oil and gas for the No. 2 well, and by making whatever tests are necessary to be sure that the meter is checking out with tank gauges to provide the production on that basis, but if it would be required by the Commission, or the State Land Office, why, we would meter the production of both wells.

Q Well, what was the production, again, from the No. 1?

A Approximately 100 barrels a day of oil, 40 barrels of water. Do you want the gas, also?

Q No.

MR. UTZ: Are there any other questions?

THE WITNESS: I might add, we were talking about the fluids produced by both wells. I might say that the water, since both wells produce water, the analyses indicate that it is also the same, apparently the same source of supply.

Q (By Mr. Utz) It is your intention -- are you going to separate the gas and oil and water on the No. 2 lease, your 7353, before you transport it to the common battery?



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A Well, we would if required.

Q What was your proposal?

A What I had in mind was setting all the treating equipment at the same location. Of course, if it is required to separate on the No. 2 location, we are already set up doing that on a temporary basis and would leave it there if it is preferred.

Q Well, if you had one, if you separated both on one lease, would you have two separators?

A Yes, sir, two separators with two treaters. We do have, of course, the salt water disposal problem. It would help to have that at the same location, also. The water from both treaters would go to the same tank.

MR. UTZ: Are there other questions of the witness? If not, the witness may be excused.

Are there statements in this case?

The case will be taken under advisement.



STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, LAWRENCE HOLMES, JR., Certified Shorthand 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 this 22nd
 day of November, 1960.

Lawrence Holmes Jr.
 CERTIFIED SHORTHAND REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2115, heard by me on Nov. 2, 1960.
Thos. G. Alf, Examiner
 New Mexico Oil Conservation Commission

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