

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
DECEMBER 12, 1960

IN THE MATTER OF: :
: :
: :

CASE 2138 Application of Skelly Oil Company for permission :
to commingle the production from two separate :
pools. Applicant, in the above-styled cause, :
seeks permission to commingle without separately :
measuring the production from the Penrose Skelly :
and Drinkard Pools from all wells presently com- :
pleted on its Baker "B" Lease consisting of the :
SW/4 and the W/2 SE/4 of Section 10, Township 22 :
South, Range 37 East, Lea County, New Mexico. :
: :

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: Case 2138.

MR. MOORE: Case 2138. Application of Skelly Oil Com-
pany for permission to commingle the production from two separate
pools.

MR. WHITE: Charles White of Gilbert, White & Gilbert of
Santa Fe, appearing on behalf of the applicant. We have one wit-
ness, Mr. Examiner.

MR. UTZ: Any other appearances in this case? (No response)
You may proceed.

(Witness sworn)

ARTHUR BAUMGARDNER,

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

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follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q Will you state your full name?

A Arthur Baumgardner. B-a-u-m-g-a-r-d-n-e-r.

Q By whom are you employed and in what capacity?

A By Skelly Oil Company as petroleum engineer, Hobbs District.

Q Are you familiar with the subject application?

A Yes, sir, I am.

Q Have you previously testified as an expert before the Commission or before one of its Examiners?

A Yes, sir, I have.

Q Have your qualifications been accepted?

A Yes, sir.

MR. WHITE: Are the witness's qualifications acceptable?

MR. UTZ: Yes, sir.

Q (By Mr. White) What does Skelly propose by this application, Mr. Baumgardner?

A They propose to commingle Penrose Skelly with the Drinkard in the Baker "B" Lease, located in the southwest quarter and the west half of the southeast quarter of Section 10, Township 22 South, Range 37 East, Lea County, New Mexico.

(Whereupon. Applicant's Exhibit
A marked for identification)

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Q Refer to what has been marked Exhibit A and explain to the Examiner, what that shows please.

A Exhibit A is a map of the area involved, namely, the Baker "B" Lease. It shows the present tank battery, the present flow lines, the proposed flow lines, the offset operator and the offset operator's well.

Q Which is the present tank battery which you expect to dispose of?

A The tank battery on the left, presently serving wells 1, 2, and 3.

Q Then, the dotted lines are your proposed lines?

A Yes, sir, to transport the oil from the Penrose well the Drinkard tank battery on the right. This will be to the Penrose Skelly and then to the Drinkard on the right.

(Whereupon, Applicant's Exhibit B marked for identification)

Q Will you refer to what has been marked Exhibit B and explain that, please?

A Exhibit B is the tank battery, proposed tank battery to serve both the Drinkard and Penrose Skelly wells. It is the present Drinkard tank battery with the addition of Penrose Skelly separator and necessary to permit testing of the separate pay zones at regular intervals. The Penrose Skelly wells proposed on the left of the diagonal go into a separate separator and is commingled or separated in the tank on the left for test purposes.



The Drinkard wells will go through the separator treater heater and either commingled or separated in the tank on the right for testing purposes.

Q How often do you contemplate taking these tests of each well?

A A minimum of once a month. More often than deemed advisable.

Q Will this be manually operated?

A Yes sir, it is.

Q What are the crude characteristics?

A The Penrose Skelly in this area has gravity of 34 percent, it's classified as sour crude. The Drinkard has a gravity of 38.5 and also classified as sour crude.

Q Are these wells producing?

A Well, No. 1, 2 and 3 for the month of October averaged 1.47 barrels of oil per day per well, making a total for the three wells of approximately four and a half barrels. Well No. 3 --

Q Per month?

A Per day, yes, sir. Wells No. 6, 7 and 9 and 11 averaged 10.8 barrels of oil per day for the month of October. The five wells produced approximately 65 barrels of oil per day.

Q Will the commingling of these crudes increase or decrease the price?

A Increase the price in that the 34 gravity will be brought up to 48 gravity; 38 crude, and increase it to 54 a day.



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Q Are the working interests throughout the lease?

A They are.

Q And royalty also?

A Yes.

Q What economic advantages would be obtained?

A The Penrose Skelly tank battery is presently needing replacement, and we have estimated that we can commingle these at cheaper costs than replacing the present tank battery and also the additional well and reduce the operating expense of the extra tank battery by now commingling.

Q It is your opinion this application, if granted, would be in the interest of conservation?

A If it were granted it would reduce the whole well time from approximately twenty days to approximately eight days, and it takes approximately eight days to fill a one hundred barrel tank and by commingling we can reduce this to approximately eight days.

Q Will correlative rights be adequately protected?

A Yes, sir, they will.

Q Were these Exhibits prepared by you or under your direction?

A Yes, they were.

MR. WHITE: We offer A and B at this time.

MR. UTZ: Without objection, they will be entered.

(Whereupon, Applicant's Exhibits
A & B were received in evidence.)



MR. WHITE: That is all we have on direct.

MR. UTZ: Any questions of the witness?

CROSS-EXAMINATION

BY MR. PAYNE:

Q You gave the average production per well in each of those wells. Is there any single well in either of the pools that is capable of producing to that unit allowable?

A No, sir. I can read these off if you like.

Q All right.

A Well No. 1, this is for the average for the month of October. Well No. 1, 1.35. Well No. 2, 1.35, 3, 1.77, Well No. 6 which is 7.55. Well No. 7, 7.87. Well No. 8, 4.19. Well No. 9, 4.87 and No. 11, 27.52.

Q Does Skelly have any plans to drill additional Drinkard or Penrose Skelly wells on this acreage?

A Not at the present time.

Q Did you have any plans to rework any of these wells?

A No, sir.

Q In the event that there was additional drilling or the existing wells were reworked and if it came in and the wells were capable of producing to that unit allowable would Skelly separate the production from each pool?

A Yes, sir.

Q (By Mr. Utz) Did I understand you to say both the royalty and working interest were identical in both pools?



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A Yes, sir.

Q Are these sweet or sour crudes?

A Classified as sour crude.

Q Both are sour?

A Yes, sir.

MR. UTZ: Any other questions? (No response)

(Witness excused)

MR. UTZ: The case will be taken under advisement.



STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, LLEWELYN NELSON, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 16 day of Dec, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Llewellyn 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. 2138, heard by me on Dec. 12, 1960.

Thomas H. [Signature], Examiner
 New Mexico Oil Conservation Commission

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