

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 8, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Amerada Petroleum Corporation for permission to commingle the production from several separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the production from the Justis-Blinbry, Justis-Brinkard, Justis-Fusselman, and an undesignated 5000 foot pay zone from all wells presently completed or hereafter drilled on the Ida Wimberley Lease comprising portions of Sections 24, 25 and 26, Township 25 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

Case
2171

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: Hearing will come to order, please. First case this morning, 2171.

MR. MORRIS: Application of Amerada Petroleum Corporation for permission to commingle the production from several separate pools and for an automatic custody transfer system.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin & Fox, Santa Fe, representing the applicant. We will have one witness, Mr. Snyder.

(Witness sworn.)

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A. E. SNYDER

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A A. E. Snyder.

Q By whom are you employed, and in what position?

A District Engineer, Amerada Petroleum.

Q Have you testified before this Commission as a Petroleum Engineer and had your qualifications accepted?

A Yes, sir.

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

MR. NUTTER: Yes, sir. Please proceed.

Q (By Mr. Kellahin) Are you familiar with the application of Amerada Petroleum Corporation in Case 2171?

A Yes, sir.

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

A In this application Amerada proposes to commingle production from its Ida Wimberley Lease located in Sections 24, 25 and 26, Township 25 South, Range 37 East, Lea County, New Mexico.

Q Was commingling previously approved on that lease?

A Yes, sir.

Q Will you outline the circumstances of that?



A In October, 1960, the Commission issued Order R-1808 authorizing Amerada to commingle the production from the Justis-Blinebry Pool, Justis-Drinkard and the Justis-Fusselman pools, and to install automatic custody transfer facilities for this three-pool commingling. Now, this application is merely to add one other zone to this previously granted application.

Q What is that zone?

A At the present time this zone is undesignated.

Q Has a well been completed in the undesignated zone?

A Yes, sir.

Q What is the status of that?

A The well is currently shut in pending an allowable for it.

Q Do you have a plat showing the area involved in this application?

A Yes, sir.

MR. KELLAHIN: May we have these marked Exhibit No. 1, please?

(Applicant's Exhibit No. 1
Marked for Identification.)

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

A This exhibit shows the Justis fields, and on the plat, outlined in red, is Amerada's Ida Wimberley Lease. All the wells on this ~~lease~~, and offsetting leases, are shown, and the completion zone is designated.

Q Is that a fee lease?



A Yes, sir.

Q Is all the area in which you seek authority to commingle production held under common ownership?

A Yes, sir.

Q Does that apply to all zones?

A Yes, sir.

Q Does that apply to the royalty interests as well?

A Yes, sir.

Q Then there would be no separate ownership in any phase of your operation under the proposed application?

A No.

Q Have you prepared a plat showing the schematic set-up of your installation?

A Yes, sir.

MR. KELLAHIN: May we have that marked as Exhibit No. 2, please?

(Applicant's Exhibit No. 2
Marked for Identification.)

Q Mr. Snyder, would you refer to what has been marked as Exhibit No. 2 and discuss the information shown on that exhibit?

A This exhibit shows the schematic diagram of our tank battery where commingling and the automatic transfer will take place. The application, as previously granted in Order 1808, granted all of this with the exception of the vessels to the extreme left, designated as the undesignated zone. These vessels will be set with header, separator and treater, and meter, before the liquids are



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commingled.

Q Will the installation be identical to the installations which have been provided for the Blinebry, Drinkard and Fusselman zones?

A Yes, sir.

Q There is no change in any phase of the operation, then?

A No. It is all the same.

Q Will it have any affect on the operations which were previously approved?

A No.

Q Will the production from the undesignated zone be separately metered?

A Yes, sir.

Q What arrangement has been made for the metering of the production from the zone; how will it be handled?

A It will be metered through a positive volume meter, similar to the other zone meters, before it goes into the commingled tank battery.

Q What type of meters are you using?

A These are positive volume dump meters.

Q Does the undesignated zone make any volumes of gas?

A At present completion it does have a high gas-oil ratio, yes, sir.

Q Has any work been planned to reduce that?

A Before it is produced very much we will probably try to



reduce the ratio, yes, sir.

Q How will the gas be handled?

A The gas will go to the sales through a common meter from all the zones, and each zone will be given credit for its amount of gas according to the State gas-oil ratio tests.

Q In your opinion, is this a feasible operation for the handling of the production from this lease?

A Yes, sir.

Q Will it be economical?

A Yes, sir.

Q In your opinion, is it in the interests of conservation, and prevention of waste?

A Yes, sir.

Q Were Exhibits 1 and 2 prepared by you or under your supervision?

A Yes, sir.

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

MR. NUTTER: Amerada's Exhibits 1 and 2 will be entered in evidence.

MR. KELLAHIN: That is all.

MR. NUTTER: Any questions?

BY MR. PAYNE:

Q As I understand it, the value of the commingled fluids will be less than the sum of the values of the fluids if they are



not commingled; is that right?

A Yes, sir, that's right.

Q Is it going to be any more less than it was before you proposed to add in this undesignated pool?

A Yes, it will be a little less with this undesignated pool.

Q You feel this loss will be made up by the use of the ACT system?

A Yes, I believe it will.

Q I take it, then, that is due to less shrinkage?

A That's right.

Q Mr. Snyder, would you explain a little bit about your fail-safe features on the ACT system?

A Referring to what we marked as Exhibit No. 2, you may notice we have, on the extreme left, what we call a bad oil tank. Any time that the runs from the surge tank through the automatic transfer system start getting bad there will be a valve that will shift the flow from the pipeline back into this bad oil tank. At the time that happens we have a light rigged up there so our switcher, who lives on the lease, will be able to know this has occurred. In case he is off someplace, this bad oil tank will fill. At the time it fills it trips a switch which shuts in the header out on the Fusselman zone. The Fusselman zone, in turn, has automatic well shut in controls that will close that zone in. We did that because it is the zone that makes the largest amount of fluids. If this happens we still have about 16 hours of storage room for the

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other three zones in our battery.

Q Is that the maximum unattended time the pumper is not on the lease?

A He is on the lease at all times, lives on the lease, but he only works eight hours a day.

Q Are these pumping or flowing wells?

A At the present time all but four are flowing, and in the near future we plan to take the four pumping out of operation and put them on a gas lift.

BY MR. NUTTER:

Q Are there any valves up here in the upper portion of the Exhibit 2 on the brown emulsion lines that would prevent the accidental backflow of oil from one zone to another zone?

A Yes, sir.

A Check valves, automatic or what?

A Check valves. There are sufficient valves through there that when bad oil starts backing up it will go back through the heater treater and there it will be retreated and come back to the storage tanks.

Q Any bad oil will be treated in the test treater, is that correct?

A Yes, sir.

Q Is this the identical schematic layout you had for the previous authorization for the commingling, with the exception you have added this undesignated zone?

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A I believe it is identical, yes, sir.

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

MR. KELLAHIN: That is all I have.

MR. NUTTER: Does anyone have anything to offer in this case? Take the case under advisement.

STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO) ss

I, JUNE PAIGE, 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 13th day of February, 1961.

June Paige
Notary Public - Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2171 heard by me on 2/8, 1961.
[Signature], Examiner
New Mexico Oil Conservation Commission

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I N D E XWITNESSPAGE

A. E. SNYDER

Direct Examination by Mr. Kellahin

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QUESTIONS by Mr. Payne

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QUESTIONS by Mr. Nutter

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E X H I B I T S

<u>NUMBER</u>	<u>EXHIBIT</u>	<u>IDENTIFIED</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Ex.#1	Plat	3	6	6
Ex.#2	Schematic Drawing	4	6	6

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NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing - Daniel S. NutterSanta Fe, NEW MEXICOREGISTER

HEARING DATE

February 8, 1961

TIME:

9 a.m.

NAME:	REPRESENTING:	LOCATION:
A. E. Snyder	Amerada Petroleum Corp	Monument, New Mexico
C. W. DEER	Amerada Petroleum Corp.	Monument, New Mexico
Jason Kellahin	Kellahin & Fox	Santa Fe, N.M.
W.G. Abbott	Rice Engineering	Hobbs, N.M.
W.S. Livingston	HUMBLE	DENVER, Colo.
R.E. Statton	Sunray Mid-cont. Oil Co.	Hobbs, NM.
F.B. Morgan	Phillips Pet. Co	Hobbs, N.M.
Carl W. Jones	" " "	Midland, Tex.
Chas. C. Spamer	atly.	Albuquerque, N.M.
D. H. Heston	Great Western	Roswell
John Huchel	Great Western	Midland
Wm. A. Damm	Sum Co	Midland
Lee N. Perry Jr	Humble	Hobbs
H. J. FLATT	✓	Durango Colo
A. L. Porter	O.C.C.	Santa Fe
H.P. Butler	H.O.H.	Corral
Foster Morrell	Drilling & Exploration Co., Inc.	Roswell
George R. Hays	Honolulu Oil Corp	Midland

