

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MARCH 22, 1961

EXAMINER HEARING

IN THE MATTER OF

CASE 2222: Application of Continental Oil Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the Vacuum Pool production from all wells presently completed or hereafter drilled on its State "H" Lease, SE/4 SE/4 of Section 34 and E/2 NW/4 and NE/4 of Section 35, all in Township 17 South, Range 34 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: We will take up next Case 2222.

MR. MORRIS: Case 2222. Application of Continental Oil Company for an automatic custody transfer system.

MR. KELLAHIN: Jason Kellahin, Kellahin & Fox, representing the applicant. We will have one witness.

(Witness sworn)

ED COLTHARP,

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

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ALBUQUERQUE, NEW MEXICO



follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please.

A Ed Coltharp.

Q By whom are you employed and in what position?

A Continental Oil Company, Petroleum Engineer, Artesia District.

Q Have you testified before the Oil Conservation Commission as a petroleum engineer and had your qualifications made a matter of record?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. UTZ: Yes, sir.

Q (By Mr. Kellahin) Are you familiar with the application of Continental Oil Company in Case 2222?

A Yes, sir.

Q State briefly what is proposed in this case.

A Case 2222 is the application of Continental Oil Company for an automatic custody transfer system to handle the Vacuum Pool production from all wells presently completed or hereafter drilled on its State "H" Lease, SE/4 SE/4 of Section 34 and E/2 NW/4 and NE/4 of Section 35, all in Township 17 South, Range 34 East, Lea County, New Mexico.

Q Are all the portions of this lease currently producing?



A No, sir, only portions of this lease are currently producing.

Q Will you give us a summary of the production history of the State "H" lease?

A All right. Starting with the No. 1 Well in the State "H" and I will use the Section 22 --

(Whereupon, Applicant's Exhibit No. 1 was marked for identification)

MR. UTZ: Are you referring to what has been marked as Exhibit 1?

A Yes, sir.

Q Is that the lease plat?

A Yes. Section 22, Well No. 1, that well is presently temporarily shut down. In Section 34, the No. 1 Well there is currently producing on pump.

Q At the present time the acreage in Sections 35 and 34 are fully developed?

A Yes, sir.

Q And there is one well on the acreage in Section 22?

A Yes, sir.

Q Now, is all of the production proposed to be handled through this automatic custody transfer system from the same pool?

A Yes, sir.

Q Referring to Applicant's Exhibit No. 1, the lease acreage is somewhat scattered?



A Yes, sir.

Q Is it all one basic lease?

A Yes, sir.

Q The ownership of the lease is common throughout?

A Yes, sir.

Q Who owns the royalty of the lease?

A The State of New Mexico.

Q The designation which has been given to the lease does not signify separate leases?

A No, sir, just the location.

Q Now, is the proposed location of the battery which is recited as being in the approximate northwest quarter zone on the plat apparently is listed there as in the northwest corner of Section 35 and is indicated by the red square between Wells Nos. 3 and 5?

A Yes, sir.

(Whereupon, Continental's Exhibit No. 2 was marked for identification)

Q Now, referring to what has been marked as Exhibit No. 2, will you explain the proposed installation as shown on that Exhibit?

A Let's start from the southern portion of it and just trace through the State "H" 34 No. 1 Well. I believe that will be the simplest way. We will run that well through the normal production route and test route all the way to the pipeline. There the line enters a manifold which is just now a normal test manually



operated manifold. And there the old oil is diverted through the production separator, or the test system through the production separator, the oil will travel directly into the treater where it is treated. From the treater, it will go into a power oil tank which is floating on the line and will be full at all times. From the power oil tank it flows into a surge or a run tank, from the surge or run tank through the ACT unit and into the pipeline. From the test system the oil will be diverted to the test manifold system directly into the test separator through a dump meter and sampler, then into the treater and through the power oil tank right on through to the run tank and pipeline. Do you have any other questions?

Q The Exhibit **also** shows Kobe Triplex and Kobe Oil meter?

A In connection with power oil, State "H" 34 No. 1 is a beam type pumping unit and State "H" 35, through 6 is all operating through a KOBE pump system. Now, the oil coming through it into the heater treater to the power oil system will be oil taken from the power oil meter systeming up there at the triplex pump and back out the individual wells. However, the well on test will be diverted through the Kobe power oil meter so that that figure may be deducted from the one barrel dump meter so we can have a net oil obtained from the well. That is clean oil and all of that oil will be directed, therefore, the well would then be tested properly.

Q Does the Exhibit show any lease shut-in facilities?

A Yes, sir. There are two methods that are used here. One



is to substitute the Kobe triplex pump and that is through the switch indicated as "B" on here. The high level shutdown switch which would go and shut in the Kobe pump which is electrically operated, and, second, to shut in a valve on State "H" 34 No. 1 line and the pressure build-up in that line would shut in the pump on State "H" 34 No. 1 Well.

Q In your opinion, would that adequately control the flow of oil?

A Yes, sir. We have run tests to indicate how much oil would continue to be produced and so far a maximum test has been 50 barrels a day on these wells, still trying to take through a little bit of oil.

Q What capacity was your run tank?

A The run tank is a 500-barrel tank, and we have at the top, this shut-in switch, which will be located at approximately 6 foot from the top of the run tank, thereby giving 200 barrels of storage space above that shut-in.

Q Is there a high level shut-in line switch on that tank?

A No, sir, not a high level shut-in switch.

Q What is the significance of the switch marked "A" on the Exhibit?

A "A" is actually the ACT run switch, it's a pressure operated switch whereby the lower limit of that will be set at 4 foot, and the upper limit will be set at approximately 9 foot from the base. Setting it at 4 foot, we have an eight-hour weathering at



all times in the run tank for pipeline requirement, to meet pipeline requirements.

Q Will this installation enable you to make individual well tests as may be required by the Commission?

A Yes, sir.

(Whereupon, Continental's Exhibit No. 3 was marked for identification)

Q Referring to what has been marked as Exhibit No. 3, will you discuss now the ACT installation?

A Exhibit No. 3 is a skid ACT unit which numbers I will go through. The numbers on the schematic diagram are just so that I can call off readily and answer any questions you may ask. I will name them right off the bat. No. 1 is just an ACT centrifigal pump. No. 2 is an air-eliminator. No. 3 is a stringer. No. 4 is a BW&W monitor. No. 5 is a two-position three-way diverter valve. No. 6 is a sampler, connection in sampler. No. 7 is a Brody PD meter. No. 8 is a prover loop, and No. 9 is an ACT shut-in valve. No. 10, a back pressure shut-in valve. No. 11 is a high pressure shutdown control. No. 12 is a "T" control panel.

Q Now, is that a type of installation which has heretofore been used and approved by this Commission?

A Yes, sir.

Q Who is the pipeline purchaser?

A Magnolia.

Q Have they consented to this type of instellation?



A Yes, sir, except for one, I believe it's circled in red, No. 8. We have had a talk with them, and they wish for us to put a 400-barrel run tank on the prover loop and go from, anywhere up to six weeks, so they can hand gauge and prove by calculated testing before they will accept the ACT unit in its entirety, and a one month metered calculation.

Q Has Continental agreed to that proposal?

A Yes, sir, we have.

Q What is the maximum storage available on this installation?

A The maximum storage is within the run tank, and will be approximately 300 barrels from the high level run to the top of the tank.

Q What period of time would that cover?

A Right now that is approximately thirty hours of production.

Q What is the maximum unattended time on this lease?

A The maximum is sixteen hours.

Q So you would have storage facilities in excess of the maximum unattended percent?

A Yes, sir.

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

A Yes, sir.

MR. KELLAHIN: We would like to offer into evidence Ex-



hibits 1 through 3.

MR. UTZ: Without objection, Exhibits 1 through 3 will be received in evidence.

MR. NUTTER: As I understand Mr. Coltharp, if the ACT unit shuts down before the, because the quality of the oil is not produced, or for any other reason, the oil will build up on float level, and be in the run tank which has a shut-in at the Kobe Triplex and "H" 34 No. 1 and you have approximately a 200-barrel storage of oil above level?

A Yes, sir.

Q When shut-in it will flow approximately a day?

A And it will make it in one day or two days, I mean 50 barrels is maximum to see the wells through before this date.

Q This 50 barrels is going to be going in 200 barrels of storage?

A Three to nine feet, as I stated before, on control switch "A."

Q Now, who is the purchaser here?

A Magnolia Pipeline.

Q They want to leave a 400 barrel level three to four weeks?

A Yes, sir.

Q What kind of tank will you use to prove the meter?

A We will use a master meter.

Q Master meter. Thank you.

BY MR. PAYNE:



Q I believe you testified the royalty owner is the State of New Mexico?

A Yes, sir.

Q You are aware your application was limited to the acreage in Sections 34 and 35?

A Yes, sir.

MR. PAYNE: Thank you.

MR. UTZ: Any other questions? In 35, the No. 1 through 6 are on the Kobe pump?

A Yes, sir.

MR. UTZ: Any other questions of the witness? The witness may be excused.

(Witness excused)

MR. UTZ: Any statements in this case? The case will be taken under advisement. The hearing is adjourned until 1:30. Immediately after lunch we are going to take up Case 2228 so that our Commission representatives may return to home base.

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ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, Pat Gomia, 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 27 day of April, 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Patricia Gomia
 NOTARY PUBLIC

My Commission expires:

June 19, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of case No. 2222, heard by me on March 29, 1961.

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

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