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EXAMINER HEARING

Application of Continental Oil Company for commingling authority, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle the production from the Drinkard, Tubb and Wantz Abo Oil Pools on its J. H. Nolan lease with Blinebry Gas Pool liquids produced on its J. H. Nolan Unit, Section 11, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 2728

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.
The next case will be 2728.

MR. DURRETT: Application of Continental Oil Company
for commingling authority, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, representing the Applicant. We have one witness. He was sworn in the prior case.

MR. DURRETT: You are still under oath, Mr. Wolfe. The record will so show.

JOHN W. WOLFE

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



DIRECT EXAMINATION

BY MR. KELLAHIN:

Q You are the same Mr. Wolfe who testified in Case 2727?

A Yes, sir.

Q Mr. Wolfe, are you familiar with the application of the Continental Oil Company in Case 2728?

A Yes, sir.

Q Would you state briefly what Continental proposes in this case?

A This is the application of Continental Oil Company for an exception to Rule 303-A to commingle oil produced from the Drinkard, Tubb and Wantz Abo Pools on its J. H. Nolan lease with the distillate produced from the Blinebry Gas Pool on its J. H. Nolan Unit well.

(Whereupon, Applicant's Exhibits Nos. 1 through 4 marked for identification.)

Q Referring to Exhibit No. 1, would you discuss the information that's shown on that exhibit, please?

A Exhibit No. 1 is the location ownership plat showing the Nolan lease and surrounding area. J. H. Nolan lease, shown outlined in red, consists of the Northeast Quarter, Southwest Quarter, and South Half of the Southwest Quarter of Section 11, Township 21 South, Range 37 East, Lea County, New Mexico. Also shown in red is the present tank battery site. Each well is circled in the color as designated by the legend for the pool from

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which it is producing.

Q Directing your attention to what has been marked as Exhibit No. 2, would you identify that exhibit and discuss the information shown on it?

A Exhibit No. 2 is a schematic diagram of the proposed installation which will be located at the present battery site. As shown, this facility conforms to the requirement of the manual for the installation dated September 30, 1961. At the present time there are no top allowable wells in any of the pools on the J. H. Nolan lease. In the event that any wells become top allowable or may be recompleted as top allowable, the production from any such pool or pools will be measured by a suitable meter for non-reset counter and sampler prior to its commingling, until such time production from the Drinkard, Tubb and Wantz Abo Pools will be allocated on the basis of periodic gas-oil ratio tests.

Q Is the royalty interest common under these pools?

A The royalty paid on the Drinkard, Tubb and Wantz Abo is common. The Blinebry gas well is in a unit and its distillate production will be measured separately by suitable meter with non-reset counter and sampler prior to commingling.

Q Is there a large volume of distillate produced?

A 3.7 barrels per day.

Q How many test facilities and separators will be utilized in this installation?

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A There will be one test facility through which all oil wells on the lease will be periodically tested. This will provide accurate measurement for the performance of each individual well.

Q Referring to what has been marked as Exhibit 3, will you identify that exhibit and discuss it?

A Exhibit No. 3 is a tabulation showing the latest test on each well and the average daily production and gravity by pools from the period September 1st to November 1st, 1962. The estimated gravity of the commingled production is calculated to be 40.8 degrees API. The actual value of the commingled production will be approximately \$3.00 a day more than at the present time. Production from the several pools under the Nolan lease is presently being produced into separate tank battery facilities at one battery site. By commingling production to one battery there will be less investment for the equipment, and it is anticipated there will be a reduction in operating cost.

Q Is this proposal, in your opinion, in the interest of conservation and the prevention of waste?

A Yes, it is.

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

A Yes, sir.

Q Directing your attention to what has been marked as Exhibit No. 4, would you identify that exhibit and discuss the



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information shown on it?

A Exhibit No. 4 is a letter countersigned by Mr. Prentice Watts of Aztec Oil and Gas Company granting their permission for the commingling of the Unit Blinebry distillate with the other oil pools on the lease.

Q Are they owners in the J. H. Nolan Unit --

A Yes, sir.

Q -- from which the distillate is being produced?

A That is correct.

Q Other than Aztec, are there any other working interest owners involved in this application?

A No.

Q The letter that has been submitted, is there a copy of it in the files of the Aztec Oil Company?

A Yes, sir.

MR. KELLAHIN: At this time we would like to introduce the exhibits in evidence.

MR. NUTTER: The exhibits will be admitted in evidence.

(Whereupon, Applicant's Exhibits
1 through 4 admitted in evidence.)

MR. KELLAHIN: That's all the questions I have.

MR. NUTTER: Does anyone have any questions of Mr. Wolfe?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Wolfe, you stated that this schematic diagram, being Exhibit No. 2, illustrated an installation which was in



A Yes, sir.

Q Did they furnish you with that list?

A Yes.

Q Who are the royalty interests under the Aztec tract?

(Whereupon, Applicant's Exhibit
No. 5 marked for identification.)

Q Who are the royalty interests under the Continental



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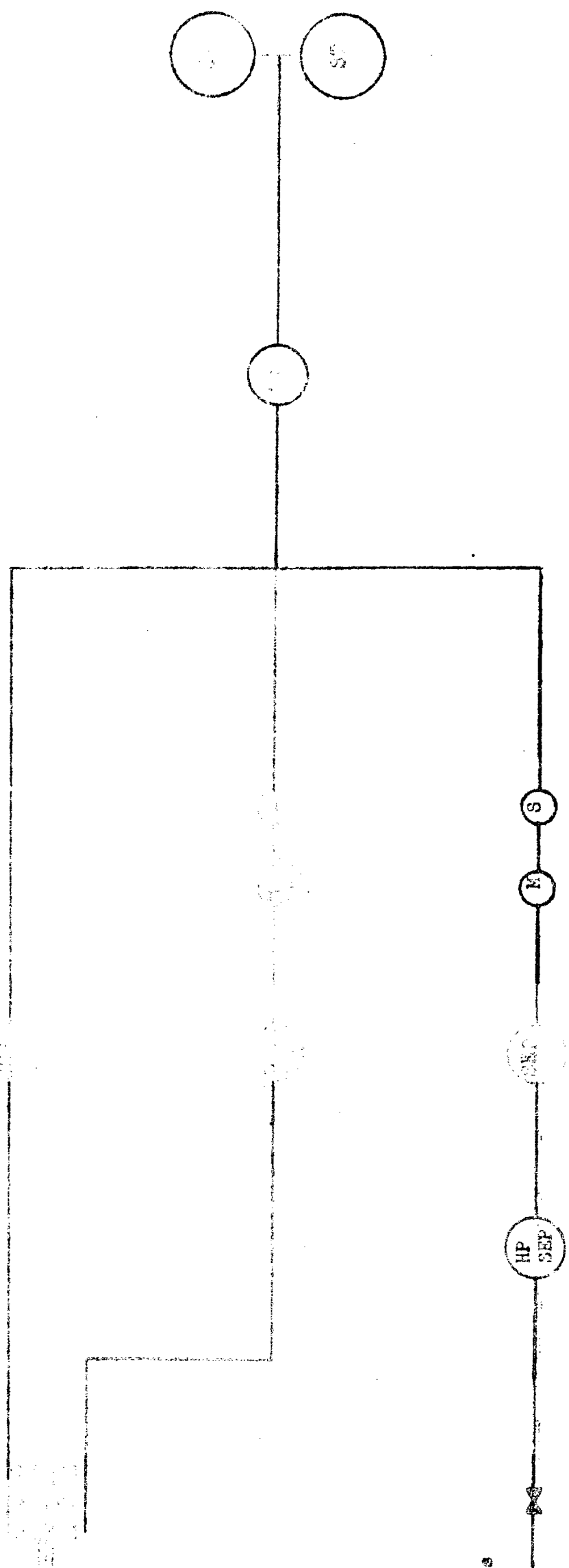


Exhibit No 2

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