

Case No.

1715

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 1715
Order No. R-1450

APPLICATION OF GULF OIL
CORPORATION FOR PERMISSION TO
INSTALL A LEASE AUTOMATIC
CUSTODY TRANSFER SYSTEM ON
ITS B. V. CULP LEASE, LEA
COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION

This cause came on for hearing at 9:00 o'clock a.m. on July 8, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 31st day of July, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Gulf Oil Corporation, is the owner and operator of the B. V. Culp Lease consisting of the SW/4 NW/4, E/2 NW/4, and the NE/4 of Section 19, Township 19 South, Range 37 East, Lea County, New Mexico.
- (3) That the applicant proposes to install a lease automatic custody transfer system to handle the Monument Pool production from all wells located on said B. V. Culp Lease.
- (4) That the applicant proposes to measure the oil passing through said automatic custody equipment by means of either dump-type or positive displacement meters.

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Case No. 1715
Order No. R-1480

(5) That the meters to be used in the above-described system should be checked for accuracy once each month and the results of such tests furnished to the Commission.

(6) That the above-described system should be so equipped as to prevent the undue waste of oil in the event of malfunction on flow-line break.

(7) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown that such equipment is a reliable and economic means of transferring the custody of oil, and that the use of such equipment should be permitted.

IT IS THEREFORE ORDERED:

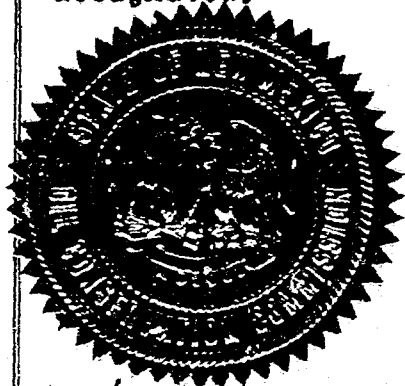
That the applicant, Gulf Oil Corporation, be and the same is hereby authorized to install lease automatic custody transfer equipment to handle the Monument Pool production from its B. V. Culp Lease consisting of the SW/4 NW/4, E/2 NW/4, and the NE/4 of Section 19, Township 19 South, Range 37 East, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells on the said B. V. Culp Lease at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That all meters used in the automatic custody transfer system referred to above shall be checked for accuracy at least once each month until further direction of the Secretary-Director, and the results of such tests shall be furnished to the Commission.

PROVIDED FURTHER, That the above-described automatic custody transfer system shall be so equipped as to cause all flowing wells connected thereto to be shut-in at the well-head in the event of malfunction or flow-line break.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

vem/

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 7/24/59

CASE NO. 1715

HEARING DATE 9am 7/8/59
DSN @ SF

My recommendations for an order in the above numbered case(s) are as follows:

Approve the automatic custody transfer system for Gulf's Culp Lease as requested in subject case.

Require the usual for auto custody systems plus the high-pressure low pressure shut off as is usually required on high pressure systems.

(Pulse - So
Vac Dev.)

Sam Miller
Staff Member
Examiner



MAIN OFFICE
PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. DRAWER 669 - 8, ROSWELL, NEW MEXICO

ROSWELL DISTRICT

W. A. SHELLSHEAR
District Manager

E. S. GREAR
District Exploration Manager

M. I. TAYLOR
District Production Manager

G. A. PRICE
District Services Manager

July 10, 1959

FORT WORTH
PRODUCTION DIVISION

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Re: Case 1715 - Application for an
Exception to Rule 309 (a) for Gulf
Oil Corporation's B. v. Culp (NCT-A)
Lease, Section 19, T-19-S, R-37-E,
Lea County, New Mexico

In accordance with your request for additional information in the
referenced case, heard by the Examiner on July 8, 1959, the following informa-
tion is submitted:

| <u>Well No.</u> | <u>Flowing Tubing Pressure</u> |
|-----------------|--------------------------------|
| 1 | 210 psig |
| 2 | 225 psig |
| 3 | 220 psig |
| 4 | 105 psig |
| 5 | 240 psig |
| 6 | 230 psig |
| 7 | 180 psig |

We trust that this will comply with your request; however, if you
desire additional information, please advise.

Yours very truly,

M. I. Taylor
M. I. TAYLOR

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BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1715

TRANSCRIPT OF HEARING

JULY 8, 1959

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

BEFORE THE
OIL CONSERVATION COMMISSION,
SANTA FE, NEW MEXICO
JULY 6, 1959

IN THE MATTER OF:

CASE 1715 Application of Gulf Oil Corporation for permission to install a lease automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to install automatic custody transfer equipment to receive and measure the oil produced from its B. V. Culp lease consisting of the SW/4 NW/4, E/2 NW/4, and the NE/4 of Section 19, Township 19 South, Range 37 East, Lea County, New Mexico.

BEFORE:

Daniel S. Nutter, 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. NUTTER: We will take next Case 1715.

MR. PAYNE: Case 1715. Application of Gulf Oil Corporation for permission to install a lease automatic custody transfer system.

MR. KASTLER: Bill Kastler from Roswell, New Mexico, appearing on behalf of the Gulf Oil Corporation. Our witness in this case is Mr. John W. Hoover.

(Witness sworn)

JOHN W. HOOVER,

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

follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name and position?

A John Hoover, Petroleum Engineer, Gulf Oil Corporation,
Roswell, New Mexico.

Q Mr. Hoover, have you previously appeared and qualified
as an expert witness and testified before the New Mexico Oil Con-
servation Commission and its examiners?

A Yes, sir, I have.

Q Are you familiar with the application of Gulf Oil
Corporation in Case 1715?

A Yes, sir.

Q Would you please state what Gulf is seeking in this
application?

A We are asking for an exception to Rule 309-A, which
requires the measurement of oil in tanks before the oil is trans-
ported from the lease; also approval for the installation and
operation of automatic custody transfer equipment for our B. V.
Culp NCTA lease.

MR. KASTLER: Mr. Examiner, is the witness qualified
to your satisfaction?

MR. NUTTER: Yes, sir.

Q Mr. Hoover, do you have a lease plat that has been
marked Case 1715, Exhibit No. 1, for introduction here as an Ex-

hibit?

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A Yes, sir.

(Thereupon, the document above referred to was marked Applicant's Exhibit No. 1 for identification.)

Q Referring now to Exhibit No. 1, would you state what can be seen on that plat?

A This is a lease plat for our B. V. Culp NCTA Lease, showing the lease outlined with hashed marks, also outlined with red pencil.

Q What is the acreage of this lease, if you please?

A This is a 280-acre lease which we have seven wells producing from the Monument Oil Pool, one well being dually completed in the Eumont Gas Well No. 3.

Q Mr. Hoover, your application states that this lease is approximately 278.7 acres due to the fact there are irregular lots. Do you wish to correct your testimony in that respect as to the acreage, --

A Yes.

Q -- rather than 280?

A 278.7.

Q Is this a State, Federal or Fee lease?

A This is a Fee lease.

Q Is there a diversity of the royalty ownership on this lease?

A No, there is not.

Q Does Exhibit No. 1 show the offset operators?

A Yes, sir.

Q And does it also show the completion, or well completions in the Monument Oil Pool?

A Yes, sir, it does.

Q Would you explain what completions are made on this lease?

A We have seven wells that are completed in the Monument Oil Pool. They were completed back in 1935 and '36. Well No. 3, as shown there, is dually completed in the Monument Oil Eumont Gas.

Q Is the pipeline connection to these wells the same?

A Yes, it is.

Q What is that pipe line?

A Gulf Refining Company takes the oil.

Q Mr. Hoover, do you also have an Exhibit labeled "Case 1715, Exhibit No. 2," which consists of a schematic diagram?

A Yes, sir.

Q Is this schematic diagram a diagram of the proposed LACT installation involved in Case 1715?

A Yes, sir, it is.

(Thereupon, Gulf's Exhibit No. 2 was marked for identification.)

Q Referring now to Exhibit No. 2, would you trace the course of the crude oil from the seven wells into the pipe line through this proposed installation?

A On this schematic diagram we have shown a color code which determines the different types of crude, being -- the pink being raw crude, green, merchantable crude, blue is water, yellow is gas, and brown non-merchantable crude. The center of this Exhibit you will see seven lines coming in labeled "flow lines." There will be a flow line from each of our seven wells going into a windwell header. It will come out of this header through a shut-in valve to a production separator, at which point the oil and gas will be separated, the gas going to sales, the crude going to a production heater-treater. It will come out of the production, heater-treater passing through over a BS & W monitor, and then to a low five hundred barrel storage tank. We will also have test facilities in which the flow will be approximately the same, going through the shut-in valve to the test separator, where the gas is measured, and then on to sales, the oil going to a test heater-treater, at which point the oil and water will be measured, the oil tying into the merchantable crude line and going to the low five hundred barrel tank.

Q Before that is tied in, is it metered or proposed to be metered from the test facilities?

A Yes, it is metered before it goes back into the production line.

Q All right. Continue.

A At the storage tank or volume tank, being the low five hundred barrel tank, we will have a PD meter, skid-mounted

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unit for measuring the oil delivered to the pipe line. We will have a strainer, a pump, PD meter, back pressure valve and connections for installing a test meter, check meter. Also we will have safety devices which will shut the lease in case of high level. We will have a high level float in the test heater-treater, the production heater-treater, the test separator, the production separator, and the low five hundre barrel tank. If the level at any one of these vessels reaches that point, it will shut the shut-in valves, close the shut-in valves, which are between that windwell header and the prodution separator and the test separator. This will cause a slight buildup of pressure on the flow lines, and we will have valves at each well that will shut in from this differential pressure.

Q Mr. Hoover, is your proposed windwell header or the test selector of a type frequently used by the oil industry in New Mexico?

A Yes, sir, we have used several of them and have had no trouble with them.

Q Is it so arranged that at any time the production from six of the wells or perhaps seven of the wells can be flowed directly to the production separator or if you wish to select one well for test, the well, the oil from that well can be diverted to the testing facilities?

A Yes, it has seven connections, or inlet connections which will handle seven wells, two outlet connections, one being

a production line and one a test line, and you can have one well on test all the time, or by a bypass arrangement with valves, the well that would be on test can be blocked to the test separator and produced around through the production separator, and all the wells would go through the production facilities at the time we are not making tests on the wells.

Q Is there any possibility of a backflow into any of the production lines?

A No, sir. The check valves will prevent that.

Q In your opinion, are the proposed testing facilities adequate?

A Yes, sir.

Q Does Gulf seek approval to use either a dump-type meter or PD meter on its test facilities or downstream from its test facilities?

A Yes, sir.

Q And whichever is used will be properly calibrated?

A Yes.

Q Will you please explain the operation of the BS & W monitor?

A The crude oil coming from either the production heater-treater, test heater-treater, or both, pass over this BS & W monitor. If the oil reaches a BS & W content above a pre-set point, it starts the tank bottom pump, closes the valve going to the low five hundred barrel tank. Therefore, the crude is circulated

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back around through the production heater-treater, again over the BS & W monitor, and at such time as the oil meets specifications, then the valve will open to the low five hundred barrel storage tank and the tank bottom pump will be shut off.

Q This tank bottom pump is also a recirculating pump, then?

A Yes, it is. We can, by manual operation, recirculate tank bottoms for retreating at any time we so desire.

Q Is the BS & W monitor an electric control that actuates the recirculating or tank bottom pump?

A Yes, sir, that's automatic.

Q And you say you can take the unmerchantable crude, if any should be found at the bottom of the surge tank and recirculate that through the heater-treater, --

A Yes, sir.

Q ... and then find its way back to the surge tank?

A Yes, sir.

Q Will you explain the operation of the surge tank?

A In addition to the high level float, which I mentioned previously, we have a pipe line high level switch and a low level switch. When the crude reaches the low level switch, it shuts the pump down to the pipe line; when it reaches the high level switch, it starts the pump up.

Q Delivering the crude oil from the surge tank through

the LACT mechanism and then through the pipe line?

A

Yes, sir, through the meter.

Q

And you have already explained if there should be any further -- that this proposed installation is set up so that it will fail safe.

A

Yes, sir, it will fail safe.

Q

Have all offset operators been notified of this requested exception to Rule 309-A?

A

Yes, sir, they have.

Q

Have you had any communication from them that they are opposed to that?

A

No, sir.

Q

Will the granting of this application afford protection of correlative rights of the royalty owners and offset operators?

A

Yes, sir, it will.

Q

Will this result in any waste?

A

No, sir, none.

Q

Will this proposed installation insure as much accuracy of measurement as is presently obtained through manual gauging of tanks?

A

Yes, sir. We believe that it will be as accurate or more accurate than manual gauging.

Q

Were Exhibits Nos. 1 and 2 prepared by you or at your direction and under your supervision?

A Yes, sir.

MR. KASTLER: Mr. Examiner, that concludes the questions I have, and at this time I would like to move that Exhibits 1 and 2 be admitted into evidence.

MR. NUTTER: Gulf's Exhibits 1 and 2 will be admitted into evidence.

(The documents heretofore marked Gulf's Exhibits 1 and 2 were received in evidence.)

MR. NUTTER: Any questions of Mr. Hoover?

MR. PAYNE: Yes, sir.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Hoover, are your flow lines above ground or below ground?

A Above ground. All of these lines will be above ground on this installation.

Q Do you propose to have a man on the lease?

A There will not be a man on the lease all the time, but there is a switcher pumper who makes the rounds every day, probably several times a day.

Q Now, these seven wells, are they pump wells or flowing wells?

A They are flowing wells.

Q I believe you testified that you have a high pressure shutoff switch, is that right?

A High level.

Q Yes. Do you have also a low level in case of malfunction or flow line breaks?

A No, sir, we do not have a low level.

Q Do you believe that is necessary when you have flowing wells?

A No, sir. We are not speaking of very high pressures, probably twenty-five pounds on our separators.

MR. PAYNE: Thank you. That's all.

MR. NUTTER: Mr. Porter.

QUESTIONS BY MR. PORTER:

Q Mr. Hoover, has Gulf employed this same type of installation with success elsewhere on other leases?

A Which part of it, just in general?

Q The whole setup?

A Yes, sir, this is similar to what we have on our other automatic batteries. The facilities for measuring the oil to the pipe line is --

Q That was the main thing I was interested in. Now, you testified that you thought the measurement of the oil would be at least as accurate as manual gauging. Has this been borne out by your other installations?

A Yes, sir, it has, and I believe it will be supported by the test results which we have submitted to the Commission.

MR. PORTER: Thank you.

QUESTIONS BY MR. NUTTER:

Q Mr. Hoover, you stated that the No. 3 Well was a Eumont-Monument dual. Is that an oil-oil dual or a gas-oil dual?

A No, sir, a gas-oil dual.

Q Does that well make any liquids?

A The gas part?

Q Yes, sir.

A No, sir.

Q So this installation you are talking about is for handling the liquids produced from the Monument zone only, correct?

A Yes, sir.

Q Now, as I understand it, there is a valve, an automatic valve downstream from the BS & W monitor and downstream from the brown line that goes to the tank bottom pump?

A Yes, sir. It is where -- after you pass over the BS & W monitor, that valve where the brown line takes off perpendicular from it. It is a two-way valve. When it is open, you will be going through the green line. When the pump starts, it closes, and it opens the green line, from the brown line to the green line.

Q If the monitor doesn't like the oil that is going through it, it closes the portion of the valve that leads into the green line going to the five hundred barrel tank and opens the valve into the brown line, correct?

A Yes, sir.

Q But if the monitor likes the oil, the normal flow is

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straight through the valve and then into the tank?

A Yes, sir.

Q And theoretically, nothing but pipe-line quality oil is going into the five hundred barrel tank, correct?

A Yes, sir, that's correct.

Q Now, in response to some questions by Mr. Payne, you said that your separators are operating on twenty-five pounds. What pressure is actually on the flow lines coming from the wells?

A Well, probably fifty pounds, sixty pounds.

Q Are you acquainted with the wellhead flowing pressures?

A I don't have that information available. I can get it.

Q Are they in excess of a hundred pounds?

A I'd hate to answer that and not know it. It would be just a guess. I can furnish that information.

Q Would you do that, please?

A Of course. They are choked at the well, being flowing wells, and your pressure to the flow line wouldn't approximate the wellhead pressure.

Q The reason I ask, Mr. Hoover, is because in previous orders for installations similar to this, the Commission has required low pressure valves at the wellhead --

A Yes, sir.

Q --to shut the well in case of a flow line break. Now, if there is any excessive pressure on those flow lines, perhaps those low pressure valves should be installed in this instance.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, J. A. Trujillo, Notary Public 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 Stenotype and reduced to typewritten transcript by me, 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 23rd day of July, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
NOTARY PUBLIC

My Commission Expires:
October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1715, heard by me on 7-8, 1959.

[Signature], Examiner
New Mexico Oil Conservation Commission

A I can get that information. You would like the well-head pressure?

Q Yes, sir.

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Hoover? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Kastler?

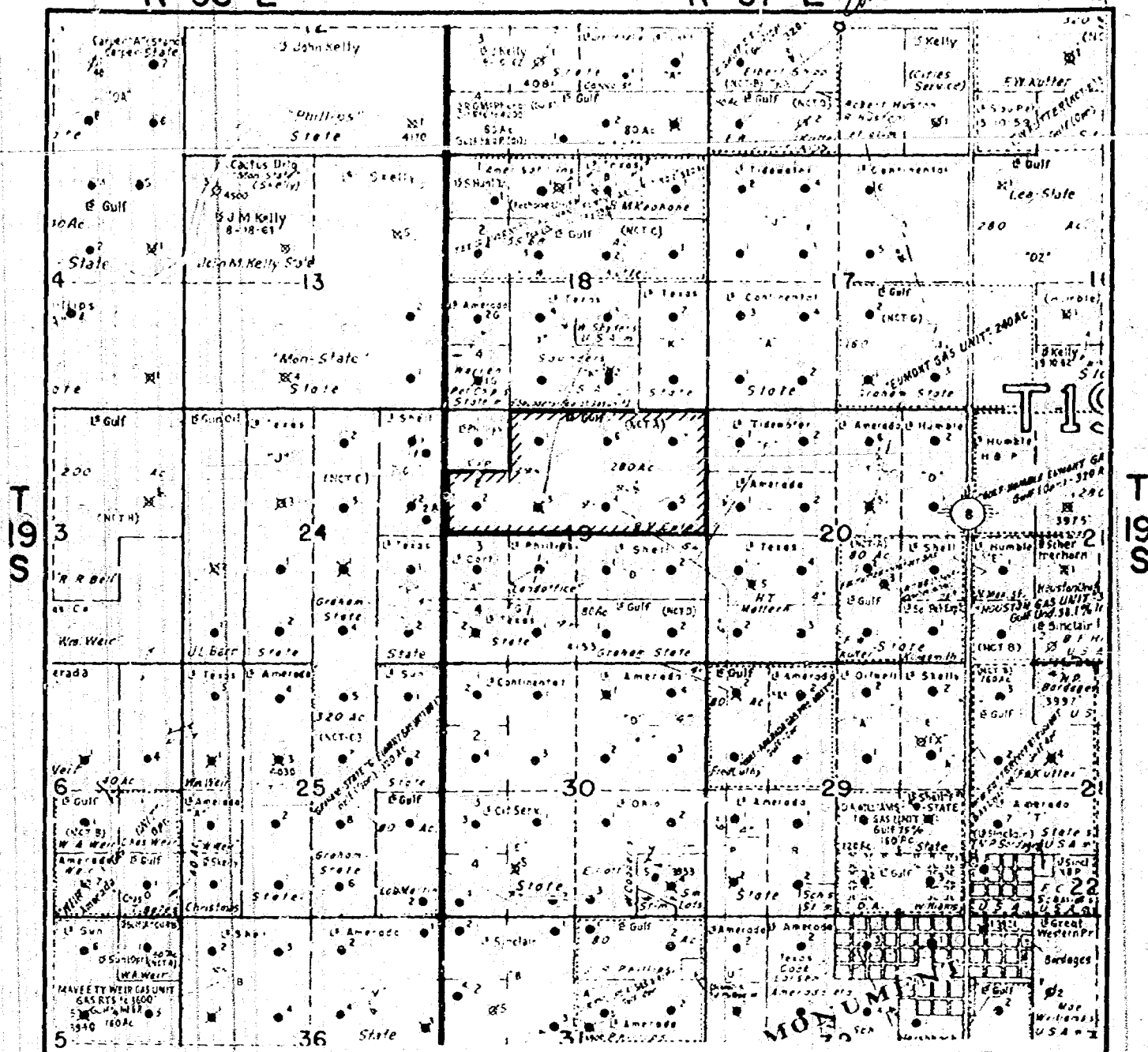
MR. KASTLER: No.

MR. NUTTER: Does anyone have anything further in Case 1715? We will take the case under advisement.

R-36-E

R-37-E

Monument Oil Pool



LEASE PLAT

B. V. CULP (NCT-A)

MONUMENT OIL POOL

LEA COUNTY, NEW MEXICO

LEGEND

 Pertinent Gulf Lease

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

 EXHIBIT NO. 1
 CASE NO. 1715

Gulf Oil Corporation

July 8, 1959

Case No. 1715Exhibit No. 1

DOCKET: EXAMINER HEARING JULY 8, 1959

OIL CONSERVATION COMMISSION, 9 a.m., MABRY HALL, STATE CAPITOL, SANTA FE

The following cases will be heard before Daniel S. Nutter, Examiner, or
A. L. Porter, Jr., Secretary-Director.

- CASE 1707: Application of Continental Oil Company for two non-standard oil proration units. Applicant, in the above-styled cause, seeks the establishment of two non-standard oil proration units for Delaware production, one 49.8-acre unit to consist of lots 1 and 2 of partial Section 35, Township 26 South, Range 32 East, Lea County, New Mexico, the other 49.9-acre unit to consist of lots 3 and 4 of said partial Section 35. Said units are to be dedicated respectively to a well to be located 330 feet from the North and East lines of lot 1 and to a well to be located 330 feet from the North and East lines of lot 3, all in said Section 35.
- CASE 1708: Application of Continental Oil Company for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks permission to commingle the production from an undesignated Delaware pool from three separate leases in Sections 25, 26, and 35, Township 26 South, Range 32 East, Lea County, New Mexico, after separately metering the production from each lease.
- CASE 1709: Application of Continental Oil Company for a 160-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in an undesignated Tubb gas pool consisting of the E/2 SW/4 and the W/2 SE/4 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's Britt B-15 Well No. 9 located 1980 feet from the South and East lines of said Section 15.
- CASE 1710: Application of The Atlantic Refining Company for the establishment of three non-standard oil proration units and for approval of an unorthodox oil well location. Applicant, in the above-styled cause, seeks the establishment of three 44.56-acre non-standard oil proration units in the Horseshoe-Gallup Oil Pool, the three units together to comprise all of lots 1, 2, 3, and 4 of Section 33, Township 31 North, Range 16 West, San Juan County, New Mexico, one unit to be dedicated to a well in said lot 1, another to a well in said lot 2, the other to a well in said lot 4. Applicant further seeks approval of an unorthodox location for the well in said lot 2.
- CASE 1711: Application of The Atlantic Refining Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "Y" Well No. 8, located in the SE/4 NE/4 of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from the Justis Blinbry Pool and from the Justis Fusselman Pool through parallel strings of tubing.
- CASE 1712: Application of Angels Peak Oil Company for a non-standard gas proration unit or in the alternative for a force pooling order. Applicant, in the above-styled cause, seeks the establishment of a 98.87-acre non-standard gas proration unit in the Fulcher Kutz-Pictured Cliffs Pool consisting of lots 1 and 2 of Section 10 and lots 3 and 4 of Section 11, both in Township 28 North, Range 11 West, San Juan County, New Mexico said unit to be

CASE 1712 (continued) dedicated to applicant's Angels Peak Well No. 5, located 285 feet from the North line and 1520 feet from the West line of said Section 11. Applicant proposes, in the alternative, to force pool all interests in the above-described acreage in said Fletcher Kutz-Pictured Cliffs Pool.

CASE 1713: Application of El Paso Natural Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hancock Well No. 3, located in the SW/4 SW/4 of Section 22, Township 28 North, Range 9 West, San Juan County, New Mexico, in such a manner as to produce gas from the Aztec-Pictured Cliffs Pool and to produce gas from the Blanco-Mesaverde Pool through the casing-tubing annulus and tubing respectively. Applicant proposes to utilize a retrievable-type packer in said well.

CASE 1714: Application of John H. Trigg for an order authorizing a pilot water flood project, for capacity allowables for seven wells in said project area, and for establishment of an administrative procedure for expansion of said project and for granting capacity allowables. Applicant, in the above-styled cause, seeks an order authorizing it to institute a pilot water flood project in the Caprock-Queen Pool in Chaves County, New Mexico. Applicant proposes to inject water into the Queen formation through 4 wells located in Sections 4 and 5, Township 14 South, Range 31 East. Applicant also seeks capacity allowables for seven wells in said project. Applicant further seeks the establishment of a procedure whereby the project area may be expanded and capacity allowables granted without notice and hearing.

CASE 1715: Application of Gulf Oil Corporation for permission to install a lease automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to install automatic custody transfer equipment to receive and measure the oil produced from its B. V. Culp Lease consisting of the SW/4 NW/4, E/2 NW/4, and the NE/4 of Section 19, Township 19 South, Range 37 East, Lea County, New Mexico.

CASE 1716: Application of Northwest Production Corporation for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its "S" Lease Well No. 15-11, located in the NE/4 NE/4 of Section 11, Township 24 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to produce oil from an undesignated Gallup oil pool and the production of gas from an undesignated Dakota gas pool through parallel strings of tubing.

CASE 1717: Application of Pan American Petroleum Corporation for an exception to the "No-Flare" provisions of Order No. R-1237. Applicant, in the above-styled cause, seeks an exception to the requirement in Order No. R-1237 that no casinghead gas be flared or vented from any well within the defined limits of the Otero-Gallup Oil Pool or within one mile therefrom for its Jicarilla Tribal 35 Well No. 1, located in the NW/4 SW/4 of Section 35, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 1718: Application of Samadan Oil Corporation for an unorthodox oil well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox oil well location in the Kemnitz-Wolfcamp Pool for a well to be located 660 feet from the South and East lines of Section 20, Township 16 South, Range 34 East, Lea County, New Mexico, in exception to the spacing requirements for said pool as promulgated by Order No. R-1011.

CASE 1719:

Application of Sinclair Oil & Gas Company to commingle the production from several separate pools. Applicant, in the above-styled cause, seeks authority to commingle the production from the Penrose-Skelly Pool and the Paddock Pool from all wells on its Brunson lease comprising the NW/4 SW/4 of Section 3 and the W/2 SE/4 of Section 4, Township 22 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to commingle the production from the Hare Pool, Drinkard Pool and Tubb Gas Pool from all wells on said lease.

CASE 1720:

Application of Skelly Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its W. P. Saunders Well No. 1, located in the SW/4 SE/4 of Section 11, Township 26 North, Range 11 West, San Juan County, New Mexico, in such a manner as to produce oil from the Gallegos-Gallup Oil Pool and to produce oil from an undesignated Dakota pool through parallel strings of tubing.

CASE 1721:

Application of Great Western Drilling Company for an automatic custody transfer system, for permission to commingle the production from separate leases, for permission to produce more than 16 wells into a common tank battery, and for an administrative procedure whereby wells may be produced in excess of top unit allowable. Applicant, in the above-styled cause, seeks an order authorizing installation of an automatic custody transfer system and for permission to commingle the Caprock-Queen Pool production from more than 16 wells located on separate leases within the confines of the North Central Caprock Queen Unit Area in Township 13 South, Ranges 31 and 32 East, Lea and Chaves Counties, New Mexico. Applicant further proposes the establishment of an administrative procedure whereby wells in said Unit Area may be permitted to produce in excess of top unit allowable for said Caprock-Queen Pool.



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

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P. O. DRAWER 1290 FORT WORTH 1, TEXAS
June 8, 1959

E. HOSFORD
DIVISION PRODUCTION COORDINATOR

FORT WORTH
PRODUCTION DIVISION



Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Case 1715

Re: Application for an Exception to Rule 309 for Gulf Oil Corporation's B. V. Culp (NCT-A) Lease, Section 19, T-19-S, R-37-E, Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation herewith makes application for an exception to Rule 309(a) of the New Mexico Oil Conservation Commission Rules and Regulations which requires measurement of oil in tanks before such oil is transported from lease. In this case applicant requests permission to install and operate automatic transfer equipment on subject lease.

In support of this request, Gulf Oil Corporation states the following:

- (1) Applicant is the owner and operator of the approximately 278.7-acre B. V. Culp (NCT-A) Lease which consists of the SW/4 of the NW/4 (Lot 2), E/2 of the NW/4 and the NE/4 of Section 19, T-19-S, R-37-E, Lea County, New Mexico.
- (2) There is no diversity of royalty ownership underlying the above described lease.
- (3) Applicant proposes to replace present wooden tank batteries with automatic custody transfer equipment using a dump type or positive displacement type liquid meter and appropriate companion equipment as necessary to measure in barrels the amount of merchantable oil delivered to the pipe line.
- (4) The proposed ACT installation will have adequate facilities to permit the taking of all required tests.
- (5) The granting of this application is in the interest of conservation and will protect correlative rights.

*Rechecked
Mailed
6-25-59
JR*

Oil Conservation Commission

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June 8, 1959

- (6) By copy of this letter of application, all offset operators are notified of the requested exception to Rule 309

Gulf Oil Corporation respectfully requests that this matter be set for hearing at an early date.

Respectfully submitted,

GULF OIL CORPORATION

By E. Hasford
Division Production Coordinator

cc: Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Amerada Petroleum Corporation
P. O. Box 2040
Tulsa, Oklahoma

Continental Oil Company
P. O. Box 427
Hobbs, New Mexico

Phillips Petroleum Company
P. O. Box 2105
Hobbs, New Mexico

Shell Oil Company
P. O. Box 1957
Hobbs, New Mexico

Texaco, Inc.
P. O. Box 1270
Midland, Texas

Tidewater Oil Company
P. O. Box 1404
Houston, Texas

Gulf Refining Company
P. O. Box 4232
Odessa, Texas