

CASE 1870: Application of NEWBNT for
permission to install 4 separate
automatic custody transfer systems.

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Case No.

1870

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 27, 1960
EXAMINER HEARING

IN THE MATTER OF:)

Application of Newmont Oil Company)
for permission to install four)
separate automatic custody trans-)
fer systems.)

Case 1970

IN THE MATTER OF:

Application of Newmont Oil Company for permission to install four separate automatic custody transfer systems. Applicant, in the above-styled cause, seeks an order authorizing it to install a separate automatic custody transfer system on each of four leases in applicant's water flood project in the Loco Hills Pool, Eddy County, New Mexico.

Case 1870

BEFORE:

Mr. Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 1870.

MR. PAYNE: Application of Newmont Oil Company for permission to install four separate automatic custody transfer systems.

MR. CAMPBELL: Mr. Examiner, Jack Campbell, Campbell and Russell, Roswell, New Mexico appearing on behalf of the applicant. I have one witness to be sworn.

(Witness sworn.)

MR. UTZ: Any appearances to be made in this case?

HERMAN LEDBETTER

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

as follows:

DIRECT EXAMINATION

BY MR. CAMPBELL:

Q Will you state your name, please?

A Herman Ledbetter.

Q By whom are you employed and in what capacity?

A Newmont Oil Company as Superintendent for their New Mexico operations.

Q Have you previously testified before this Commission or one of its examiners?

A Yes, sir.

Q Are you in charge of the operations of Newmont Oil Company in their Loco Hills water flood project?

A Yes, sir.

Q Are you generally acquainted with the application of Newmont in this particular case?

A Yes, sir.

Q What does Newmont Oil Company seek by way of an order from the Commission in this case, Mr. Ledbetter?

A We seek to get an order to install four automatic tank batteries, a battery each on our Yates, Yates A, Ballard, Ballard A and Ballard B.

MR. CAMPBELL: Will you mark this as Exhibit 1, please?

Q Mr. Ledbetter, I ask you to refer to a plat which has been placed upon the board there and ask you to state where these four leases are situated in the Loco Hills Pool please, giving the legal description for the record.

A The Yates Lease is the South Half of the Northwest and the North Half of the Southeast of Section 6, 18 South, 30 East, and the Yates A Lease is the North Half of the North Half and the South Half of the Northeast and the North Half of the Southeast, the South Half of the Southwest plus the Southeast of the Southwest of the Southeast.

Q Will you outline those leases with that red pencil, please?

A (Witness complies.)

Q You have marked on that with red pencil the four leases that are involved here, is that correct?

A Yes.

Q Will you point out to the Examiner where the four units are to be located?

A The tank batteries are to be located here, here, here, here and here.

Q You have pointed out the location of the tank batteries. How are those identified on the particular plat?

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A With small circles, three small circles indicating the three tanks.

Q Now, Mr. Ledbetter, will you refer to what has been identified as Exhibit No. 1 in this case and state what that is, please?

A This is a diagramatic sketch of the proposed automatic tank battery.

MR. CAMPBELL: Mark this as Exhibit No. 2.

(Marked Newmont Oil Company's
Exhibit No. 2, for identification.)

Q I refer you to what has been identified as Exhibit No. 1 and Exhibit No. 2 and ask you to state what those are, please.

A Exhibit No. 1 is a diagramatic sketch of the proposed tank batteries and the Exhibit No. 2 is a description of operation of this tank battery.

Q Will you state, please, briefly to the Examiner how this installation will be operated?

A The oil will come in from the wells through this Valve 1 and into this Tank No. 2, which is a gun barrel, and after it's filled, why it will overflow near the top through a BS and W monitor into Tank marked No. 5, which is the run tank. From this tank the oil will be run through the metering facilities turning the pump on with a high-level switch and turning it off with a low-level switch. Should the BS and W monitor show bad

oil, the valve at the top of this first Tank No. 5 is closed and the oil is, that is produced is routed into the second tank and at the same time a valve is opened and the oil in the gun barrel is recirculated through the heater until the oil becomes good and then it is reopened and goes back into the run tank.

Q Mr. Ledbetter, are the installations that you propose the same on each of these four leases?

A Yes, except for the size of the tanks on the Yates A Lease.

Q What is the difference on the size of the tanks and which tank --

A On the Ballard A, Ballard B and Yates Lease, why the tanks are 500, the gun barrel is 500 barrel and the two tanks are 250 barrel tanks and on the Yates A Lease the gun barrel is a thousand barrel and the two tanks are 500 barrel tanks.

Q Do you have separate metering facilities for each of the wells on the lease?

A No.

Q How do you determine the amount of oil produced from each of the wells?

A By testing with a tester at the well.

Q What are the controls available on these units for in case of emergency situations, overflow of tanks and so forth?

A If at any time enough bad oil is produced or for any

other reason that both tanks, the No. 2 Tank becomes full, it has a high-level shutdown switch which will close in Valve No. 1 on the line. This, in turn, will pressure up the oil lines to the well and with a pressure switch will shut in the well.

Q Have you contacted the purchasing companies purchasing the oil from these leases?

A Yes, sir.

Q Who are those companies?

A Continental Oil Company purchases the oil from the Yates Lease and Texas-New Mexico purchases the oil from the Ballard A and B Leases.

MR. PAYNE: Pardon, which does New Mexico Pipeline take?

A On the Yates A, the Ballard A and B Leases.

(Marked Newmont Oil Company's Exhibits 3 and 4, for identification.)

Q I refer you to what have been marked as Exhibits 3 and 4 and ask you to state what those are, please.

A Exhibit No. 3 is the letter in response to an inquiry to Texas-New Mexico Pipeline about accepting these tank batteries, and in this letter they state they will accept this tank battery.

Q Are there any qualifications in either of the letters?

A In the Exhibit No. 4 the Continental's requests that a check valve be placed near the valve marked No. 9 and which we plan to do.

Q Mr. Ledbetter, have you had someone living on or near these installations?

A Yes, sir, we'll have a pumper living in whose house, the tank batteries will be in sight of his house.

Q Do you plan to install some kind of equipment to alert him in the event there is a breakdown of the automatic transfer custody systems?

A Yes, we plan to install a beacon light.

MR. CAMPBELL: I would like to offer applicant's Exhibits 1 through 4 in evidence.

MR. UTZ: Without objection they will be entered.

MR. CAMPBELL: That's all I have at this time.

MR. UTZ: Any questions of the witness?

MR. PAYNE: Yes, sir.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Ledbetter, are these pumping wells or flowing wells?

A Pumping.

Q So you don't feel that you need a low level shutoff switch in the case of flow line break?

A We feel that we've operated these leases before, I mean without the batteries, without such equipment, and very successfully, and we don't feel that we need it.

Q You feel that the man on the leases will visit the

batteries about as often as he does under your present system?

A Oh, yes.

Q Are your flow lines above ground or under ground?

A Most of them are above ground.

Q Do you have any corrosion problem in this area?

A No, we do not. We haven't had to date.

Q What type meters do you propose to use in your systems?

A We propose to use this A. O. Smith S 12 C meter.

Q Is that a positive displacement meter?

A Yes.

Q You don't propose to make them corrosion resistant then since you have had no particular corrosion problem?

A No.

Q Have you had any paraffin problems?

A Only on wells where there's very small production.

MR. PAYNE: Thank you.

BY MR. UTZ:

Q What do you estimate the line pressures will be from your wells to these tanks?

A I don't expect it to exceed 50 pounds at any time.

Q Is that more or less than under normal operating conditions without this system?

A It should be the same except when the shutin valve is shut in.

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ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

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Q You do have a high-level shutoff don't you?

A Yes.

Q On the tanks which will shut in the wells at Valve No. 1?

A Yes, it is on the tank marked Tank No. 10 at the left of the drawing. It's marked No. 11.

Q This will prevent you from wasting oil due to overflow when the tanks are all full, is that correct?

A Yes, sir.

Q Are the crudes from these leases sour or sweet?

A I couldn't definitely state on that, but it is my belief that it was considered sour crude.

Q Are you taking any precautions against corrosion?

A We've taken certain precautions such as coating the bottoms of the tanks.

Q Will your meter be a corrosion resistant meter?

A It will be, I couldn't state whether it will be any special metals.

Q I'm not sure that I have the true picture here. Where will the oil be metered on each lease, you will have one on each lease?

A Yes, there'll be four individual batteries.

MR. UTZ: Any other questions? If not, the witness may be excused.

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Phone CHapel 3-6691

(Witness excused.)

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

STATE OF NEW MEXICO)
 : SS
 COUNTY OF BERNALILLO)

I, ADA DEARNLEY, 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 5th day of February, 1960.

Ada Dearnley
 Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is a correct record of the proceedings in the New Mexico Oil Conservation Commission of Case No. 1870, heard by the Commission on January 27, 1960.

W. H. H. H., Examiner
 New Mexico Oil Conservation Commission

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

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 8, 1960

C
O
P
Y

Mr. Jack Campbell
Box 766
Roswell, New Mexico

Dear Mr. Campbell:

On behalf of your client, Newmont Oil Company, we
enclose two copies of Order R-1587 in Case 1869 which
was issued January 27th, and Order R-1606 in Case No.
1870 issued this date.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

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Enclosures

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. 1870
Order No. R-1606

APPLICATION OF HENDONT OIL
COMPANY FOR PERMISSION TO
INSTALL A SEPARATE AUTOMATIC
CUSTODY TRANSFER SYSTEM ON
EACH OF FOUR LEASES IN THE
LOCO HILLS POOL, EDDY COUNTY,
NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 27, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, 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 8th day of February, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 is the operator of four leases in Eddy County, New Mexico, which are described as follows:

Yates Federal lease, S/2 NW/4 and N/2 SW/4
of Section 6, Township 18 South, Range 30 East;

Yates "A" Federal lease, N/2 NW/4, NE/4,
N/2 SE/4, SW/4 SE/4, and S/2 SW/4 of Section 6,
Township 18 South, Range 30 East;

Ballard "A" Federal lease, N/2 SE/4 and SE/4 NE/4
of Section 1, Township 18 South, Range 29 East;

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Case No. 1870
Order No. R-1606

Ballard "B" Federal lease, N/2 NE/4 and
SW/4 NE/4 of Section 1, Township 18 South,
Range 29 East.

(3) That the applicant proposes to install a separate automatic custody transfer system on each of the above-described leases to handle the Loco Hills Pool production from all wells on that particular lease.

(4) That the applicant proposes to measure the oil passing through each of said automatic custody transfer systems by means of either dump-type or positive displacement meters.

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

(6) That the above-described systems should be so equipped as to prevent the undue waste of oil in the event of malfunction or 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 be and the same is hereby authorized to install a separate automatic custody transfer system on each of the following-described leases in Eddy County, New Mexico, to handle the Loco Hills Pool production from all wells on the subject leases:

Yates Federal lease, S/2 NW/4, and N/2 SW/4
of Section 6, Township 18 South, Range 30 East;

Yates "A" Federal lease, N/2 NW/4, NE/4,
N/2 SE/4, SW/4 SE/4, and S/2 SW/4 of Section 6,
Township 18 South, Range 30 East;

Ballard "A" Federal lease, N/2 SE/4 and SE/4 NE/4
of Section 1, Township 18 South, Range 29 East;

Ballard "B" Federal lease, N/2 NE/4 and
SW/4 NE/4 of Section 1, Township 18 South,
Range 29 East.

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Case No. 1870
Order No. R-1606

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

PROVIDED FURTHER, That the above-described systems shall be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

PROVIDED FURTHER, That all meters used in the above-described systems shall be operated in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

PROVIDED FURTHER, That all meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director. Meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

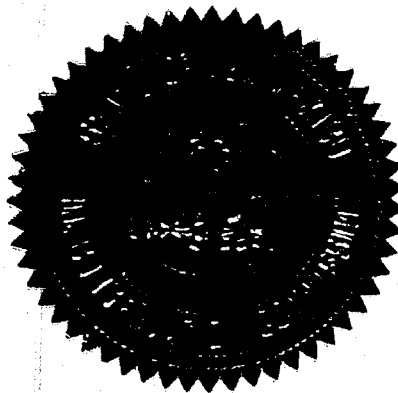
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

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



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DOCKET: EXAMINER HEARING JANUARY 27, 1960OIL CONSERVATION COMMISSION - 9 a.m., MABRY HALL, STATE CAPITOL, SANTA FE

The following cases will be heard before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director:

- CASE 1866: Application of British-American Oil Producing Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its West Bisti-Lower Gallup Sand Unit Agreement, which Unit is to comprise 14,331 acres, more or less, in Townships 25 and 26 North, Ranges 13 and 14 West, San Juan County, New Mexico.
- CASE 1867: Application of British-American Oil Producing Company for a pressure maintenance project in the Bisti-Lower Gallup Oil Pool and promulgation of special rules in connection therewith. Applicant, in the above-styled cause, seeks an order authorizing a pressure maintenance project in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, by the injection of water into the Lower Gallup formation through 17 wells. Applicant further proposes that special rules be adopted governing said project including the transfer of allowables from injection and shut-in wells to producing wells in the project and for establishment of an administrative procedure to convert additional wells to injection.
- CASE 1868: Application of Hamilton Dome Oil Company, Ltd. for permission to commingle the production from three separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Justis-Drinkard Pool, the Justis-Fusselman Pool and an undesignated Tubb pool from wells on a lease consisting of the S/2 SE/4 of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 1869: Application of Newmont Oil Company for approval to convert five additional wells in the Loco Hills Pool to water injection. Applicant, in the above-styled cause, seeks an order authorizing it to convert to water injection five additional wells in its water flood project in the Loco Hills Pool, Eddy County, New Mexico. Said wells are the Brigham Well No. 1-A, Yates Well No. 4, Yates A Well No. 10, Yates A Well No. 12, and Coppedge Well No. 2, located respectively in the SE/4 SE/4 of Section 31, Township 17 South, Range 30 East, NE/4 SW/4 of Section 6, SW/4 SW/4 of Section 6, NE/4 NE/4 of Section 6, and NW/4 NW/4 of Section 5, all in Township 18 South, Range 30 East.

CASE 1870:

Application of Newmont Oil Company for permission to install four separate automatic custody transfer systems. Applicant, in the above-styled cause, seeks an order authorizing it to install a separate automatic custody transfer system on each of four leases in applicant's water flood project in the Loco Hills Pool, Eddy County, New Mexico.

CASE 1871:

Application of Union Oil Company of California for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its North Anderson Ranch Unit Agreement, which Unit is to comprise 360 acres, more or less, consisting of portions of Sections 32 and 33, Township 15 South, Range 32 East, Lea County, New Mexico.

CASE 1872:

Application of Gulf Oil Corporation for authority to commingle the production from four separate leases and for approval of an automatic custody transfer system to handle said commingled production. Applicant, in the above-styled cause, seeks permission to commingle the production from the following four separate leases and to install an automatic custody transfer system to handle the Pearl-Queen Pool production from all wells located thereon:

Lea-State "AP" lease, E/2 of Section 30;
Lea-State "AQ" lease, N/2 of Section 32;
Lea-State "BG" lease, N/2 of Section 33;
Lea-State "IH" lease, W/2 SW/4 and W/2 SE/4
of Section 29,

all in Township 19 South, Range 35 East, Lea County, New Mexico.

CASE 1873:

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 Langlie Federal "A" Well No. 1, located in Unit H, Section 14, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Justis-Blinbry Pool and the production of oil from an undesignated Tubb pool through parallel strings of tubing.

CASE 1874:

Application of Val R. Reese & Associates, Inc., for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Lybrook Well No. 1-19, located in Unit C, Section 19, Township 24 North, Range 6 West, Rio Arriba County, New Mexico, in such a manner

as to permit the production of gas from an undesignated Gallup pool and the production of gas from an undesignated Dakota pool through parallel strings of tubing.

CASE 1875:

Application of Continental Oil Company for a non-standard gas proration unit and for an order force-pooling the interests therein. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of lots 6, 10, 11, and 12 of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, to be dedicated to Shell Oil Company's Taylor-Glenn Well No. 1, located 3226 feet from the North line and 1980 feet from the West line of said Section 3. Applicant further seeks an order force-pooling the interests of those in said non-standard gas proration unit who have gas rights within the vertical limits of the Blinebry Gas Pool, including M. F. Taylor, P. O. Box 574, Amarillo, Texas, and R. B. Glenn, P. O. Box 461, Amarillo, Texas.

CASE 1876:

Application of Continental Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Weir (Drinkard) Oil Pool and Weir-Tubb Gas Pool from all wells on its Britt B-15 lease consisting of the W/2 and the W/2 E/2 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 1877:

Application of Continental Oil Company for permission to install an automatic custody transfer system and for permission to produce more than 16 wells in a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system to handle the production from all Skaggs Pool oil wells on its Southeast Monument Unit comprising lands located in Township 20 South, Ranges 37 and 38 East, Lea County, New Mexico.

CASE 1878:

Application of Continental Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Weir (Drinkard) Oil Pool and the Weir-Tubb Gas Pool from all wells on that portion of the Southeast Monument Unit consisting of the W/2 W/2 of Section 14 and the E/2 E/2 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 1879:

Application of Amerada Petroleum Corporation for a gas-oil dual completion and for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State EM "A" Well No. 2, located 660 feet from the South and West lines of Section 22, Township 19 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont Gas Pool and the production of oil from the Eumont Gas Pool through the casing-tubing annulus and the tubing respectively. Applicant further seeks the establishment of a 160-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the SW/4 of said Section 22 to be dedicated to the said State EM "A" Well No. 2.

CASE 1880:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Blinebry Oil Pool and the Drinkard Pool from all wells on its V. M. Henderson lease consisting of the N/2 of Section 30, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1881:

Application of Texaco Inc. for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of automatic custody transfer facilities to handle the Crossroads-Devonian Pool production from the U. D. Sawyer lease comprising the E/2 of Section 34, Township 9 South, Range 36 East, Lea County, New Mexico.

CASE 1882:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Tubb Pool and the Blinebry Oil Pool from all wells located on its Mittie Weatherly lease comprising the NW/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1883:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Culwin (Queen) Pool and the Culwin-Yates Pool from all wells located on its Federal Lease comprising the NE/4, E/2 NW/4, N/2 SE/4 and the NE/4 SW/4 of Section 6, Township 19 South, Range 31 East, Eddy County, New Mexico.

CASE 1842:

(Continued)

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 the production from the Langlie-Mattix Pool and the Drinkard Pool from all wells on its Baker "A" lease comprising the NW/4 of Section 26, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 1884:

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 the production from the Langlie-Mattix Pool and the Drinkard Pool from all wells on that portion of the J. V. Baker lease comprising the SE/4 SW/4 of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 1885:

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 the production from the Drinkard Pool and the Tubb Gas Pool from all wells on its State "K" lease comprising the N/2 NW/4 of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1886:

Application of E. P. Campbell for an exception to Rule 107 (e) of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an exception to Rule 107 (e) in order to recompleate his No. 1 Cleveland Well, located in NW/4 NE/4 of Section 33, Township 18 South, Range 26 East, Eddy County, New Mexico, as a "slim-hole" completion in the Pennsylvanian formation at a depth greater than 5000 feet.

CASE 1887:

Application of Monsanto Chemical Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks an exception to February 15, 1960, to the "no-flare" provision of Order R-1427 for five wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1888:

Application of C. W. Trainer for off-lease storage of oil production. Applicant, in the above-styled cause, seeks permission to store the Pearl-Queen Oil Pool production from his Rushing lease, consisting of the W/2 NE/4 of Section 22, Township 19 South, Range 35 East, Lea County, New Mexico, in a tank battery located on his Signal State lease, consisting of the E/2 NW/4 of said Section 22.

Case 1870

LAW OFFICES OF
CAMPBELL & RUSSELL
J. P. WHITE BUILDING
ROSWELL, NEW MEXICO
December 29, 1959

JACK M. CAMPBELL
JOHN F. RUSSELL

TELEPHONES
MAIN 2-4641
MAIN 2-4642

Mr. A. L. Porter
New Mexico Oil Conservation
Commission
Box 871
Santa Fe, New Mexico

Dear Sir:

Enclosed please find Application of Newmont Oil
Company for the installation of four lease automatic custody
transfer units.

It is requested that this matter be set down for
hearing at the examiner hearing on January 27, 1960.

Very truly yours,

Jack M. Campbell
Jack M. Campbell

for CAMPBELL & RUSSELL

JMC:np

Enclosures

*Delivered
mailed
1-18-60
JH*

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
NEWMONT OIL COMPANY FOR AN ORDER)
AUTHORIZING THE INSTALLATION AND USE)
OF LEASE AUTOMATIC CUSTODY TRANSFER)
EQUIPMENT ON EACH OF FOUR OF ITS)
LEASES IN ITS LOCO HILLS WATERFLOOD)
PROJECT IN THE LOCO HILLS POOL, EDDY)
COUNTY, NEW MEXICO)

Case No. 1870

APPLICATION

COMES NOW Applicant, Newmont Oil Company, by its attorneys,
Campbell & Russell, and states:

1. Applicant is the operator of wells situated on the Yates Federal lease, the Yates-A Federal lease in Section 6, Township 18 South, Range 30 East, the Ballard-A Federal lease and the Ballard-B Federal lease in Section 1, Township 18 South, Range 29 East, Eddy County, New Mexico.
2. The wells on the aforesaid leases are included in a waterflood project in the Loco Hills Pool authorized by Commission Order No. R-1267.
3. In order to provide for efficient operation of the project and to economically handle production of oil from wells situated on said leases, Applicant desires to install lease automatic custody transfer equipment on each of the aforesaid leases.
4. Applicant does not intend to commingle oil from more than 16 wells on any of said leases.

WHEREFORE, Applicant requests that it be authorized to install lease automatic custody transfer equipment on the Yates lease, the Yates-A lease, the Ballard-A lease and the Ballard-B

lease as described above in the Loco Hills Pool, Eddy County, New Mexico, and Applicant further requests the Commission to set this matter down for hearing before an examiner at the earliest possible date and that notice of such hearing be published as required by law.

DATED this 30th day of December, 1959.

Respectfully submitted,

NEWMONT OIL COMPANY

By Jack M. Campbell
Campbell & Russell
P. O. Box 766
Roswell, New Mexico

Its Attorneys

5-11-2
1 870

NEWMONT OIL COMPANY
DISCRIPTION OF OPERATION
OF "LACT" FACILITIES FOR
ATTACHED DRAWING

The oil flows from the wells through a lease shut-in valve 1, then into gunbarrel 2. When the gunbarrel is full the fluid overflows through flowline and BS&W monitor 3, and run tank fill valve 4, into run tank 5. When high BS&W is indicated on monitor 3, the Bad Oil Valve 7 & 9, open and fill valve 4 close and the recirculating pump 8 starts and the fluid is sent back up stream through treating facilities. In the event the flow of Bad Oil is greater than the recirculating pump 8 can handle, it will carry over into Bad Oil Tank 10, this oil will be pumped out manually. If the Bad Oil Tank 10 fills up and actuates the HLSD 11, this will shut the lease shut-in valves 1, until the Bad Oil has been pumped out. When the monitor shows good oil, the run tank valve 4, will open again, and the Bad Oil valves 7 & 9 will close, and recirculating pump 8 will stop. Periodic recirculation of the surge tank bottom is set so a timer may be set and at any given time the timer will open recirculating valve 9, and start recirculating pump 8, and will recirculate until the preset timer stops, at this time the recirculating pump 8 will stop and valve 9 will close.

The oil flows from the run tank 5, to "LACT". There is a stand pipe 12, in line to "LACT", and this pipe has the "LACT" charge pump controls 13. When the upper pump switch (Fisher 2800-252V) is actuated the "LACT" charge pump 14 starts and the fluid is pumped through the deaerator 15, strainer 16, block valve 17, A.O. Smith S-12-C meter 18, block valves 17, A.O. Smith S-12-B meter 19, block valve 17, back pressure valve 21, shut-in valve 22.

The A.O. Smith S-12-C 18, meter has a ticket-printer with a built-in micro switch which sends out an electrical pulse for every barrel of oil that has been temperature compensated and passed through the meter. This pulse is sent to a safety shut-down circuitry package, which has an adjustable timer, and if the counter printer fails to operate for a given time the shut-down circuitry will stop the charge pump 14, and close the shut-in valve 22.

This will happen if there is a malfunction of the meter or there is some obstruction in the pipe line down stream of the unit. When the safety shut-down circuitry starts receiving a pulse again the charge pump 14 will start and the shut-in valve 22 will open, and the unit will operate. The A.O. Smith S-12-B has temperature compensation and counter only. This is used to check the calibration of the other meter. If the figures on the two (2) counter vary too much, they should be recalibrated with a prover tank or master meter.

There is a prover by-pass provided so a volume type prover or a master P.D. meter may be used to calibrate the meters. When the run tank is empty and the lower float switch 13, in the boot 12, the unit will shut-in.

The pipe line sampler is a proportional to flow unit, and the motor runs continuous. However, if the pipe line requires a sampler that requires the motor to run only when taking a sample, then the safety micro switch in the ticket-printer will be left off and a type "C" transmitter will be used. This transmitter can be used to pace the sampler motor and also pulse the safety shut-down circuitry.

If the set stop counter is required, it is used only for preset allowable.

BLACK, SIVALLS & BRYSON, INC.


R. L. Kelly
City Sales Representative

TEXAS-NEW MEXICO PIPE LINE COMPANY

F. B. WHITAKER, JR.
DIVISION MANAGER

January 5, 1960

P. O. BOX 1810
MIDLAND, TEXAS

Newmont Oil Company
300 Booker Building
Artesia, New Mexico

Attention: Mr. Herman J. Ledbetter
Superintendent

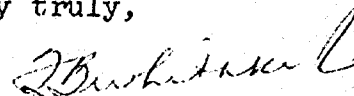
Gentlemen:

This is in reply to your letter dated December 28, 1959, concerning your proposed LACT facilities on your Yates A, Ballard A, and Ballard B Leases in the Loco Hills Pool, Eddy County, New Mexico.

We have examined your proposals in some detail, and find them to be satisfactory. We will, of course, need a brief testing period to eliminate any bugs, or malfunction that may develop. After this short period, we will be pleased to accept these installations for automatic custody transfer.

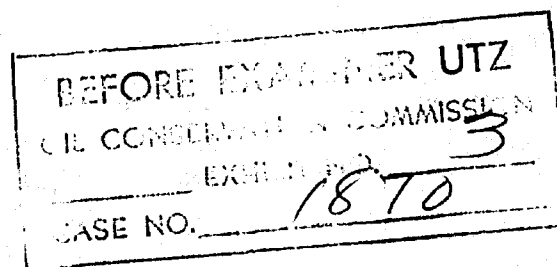
Texas-New Mexico Pipe Line Company will accept these three LACT installations.

Yours very truly,



RWB-btk

cc: Mr. L. P. Schraub
Loco Hills, New Mexico





CONTINENTAL PIPE LINE COMPANY

P. O. Box 367
Artesia, New Mexico
January 15, 1960

Mr. Herman J. Ledbetter
Newmont Oil Company
300 Booker Building
Artesia, New Mexico

Dear Mr. Ledbetter:

We have reviewed your proposed LACT installation for your Yates lease and find it to be acceptable with one exception. It would appear that a check valve should be installed next to valve No. 9 (shown in red on enclosed map) to prevent bad oil from entering tank No. 5 in the event the production was greater than the capacity of pump No. 8.

The metering facilities will be acceptable to us if provisions are made to prove meter No. 19 at least semi-annually by means of a prover tank or a master meter provided by a service company which could furnish a certified capacity report. Meter No. 19 would then be used to prove meter No. 18 on a monthly basis. The custody transfer would be made through meter No. 18 only.

If these conditions can be met your proposed facilities will be very satisfactory as far as we are concerned.

BEFORE EXAMINER UTZ	
OIL COMMISSION COMMISSIONER	
EXHIBIT NO.	4
CASE NO.	1870
TWS-seb	
enc	

Very truly yours,

T. W. Sigler

T. W. Sigler
Assistant Superintendent
New Mexico District

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 2-1-60

CASE 1870

Hearing Date 1-27-60

My recommendations for an order in the above numbered cases are as follows:

1. approve Newmonta application for 4 separate LAET systems on the following 4 leases:

Ballard A, SE/4 NE/4, Sec. 1 185-29E.
N/2 SE/4

Ballard B N/2 NE/4, " "
SW/4 NE/4

Yates S/2 NW/4, Sec. 6 185-30E
N/2 SW/4

Yates H NE/4, N/2 NW/4, " "
S/2 SE/4, N/2 SE/4, Sec. 6
SW/4 SE/4.

2. All leases are on Newmonta waterflood project in the Loco Hills Grayburg Pool.
3. Meters to be tested every 30 days.
4. provisions shall be made to test each well on each lease every 30 days.

Ernest H. [Signature]

Staff Member