

**CASE 3155: Application of CONTINENTAL
for automatic custody transfer system
to handle production from REED B-23
and REED B-24 LEASES.**

Casa No.

2155

Application, Transcript,
Small Exhibits, Etc.

Transcript in

Case 2151

and 2152

Memo

From
Daniel S. Nutter
Chief Engineer

To Case 2155

DSN SF
9am 1/4/61

Recommend approval of
Cont's LACT w/ provision
that automatic ST facilities
shall be installed as
adequate ST to handle
production during max.
unattended time.

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR AN EXCEPTION
TO RULE 309(a) IN ORDER TO INSTALL AN
AUTOMATIC CUSTODY TRANSFER SYSTEM FOR
ALL WELLS PRODUCING FROM THE MONUMENT,
EUNICE, AND EUMONT OIL POOLS WITHIN THE
BOUNDARIES OF THE REED B-23 AND REED B-24
LEASES CONSISTING OF THE E/2 AND S/2 SW/4
OF SECTION 23 AND SW/4 SECTION 24, T-20S,
R-36E, NMPM, LEA COUNTY, NEW MEXICO.

Case 7155

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and respectfully requests an exception to statewide Rule No. 309(a) for permission to install an automatic custody transfer system for all wells producing from the Monument, Eunice, and Eumont Oil Pools within the boundaries of the Reed B-23 and Reed B-24 leases consisting of the E/2 and S/2 SW/4 of Section 23 and SW/4 Section 24, T-20S, R-36E, NMPM, Lea County, New Mexico, and in support thereof would show:

1. That the applicant is co-owner and operator of the Reed B-23 and Reed B-24 leases consisting of the E/2 and S/2 SW/4 of Section 23 and SW/4 Section 24, T-20S, R-36E, NMPM, Lea County, New Mexico.
2. That the Reed B-23 and Reed B-24 leases are part of the same basic lease.
3. That the royalty interests are common, that being the United States Government.
4. That applicant proposes to consolidate the existing tank batteries and install an automatic custody transfer system.
5. That approval to commingle the oil production from the Monument, Eunice, and Eumont Oil Pools is being sought under the provisions of Rule 663 of the New Mexico Oil Conservation Commission.
6. That the proposed installation in exception to Rule 309(a) is in the interest of conservation and prevention of waste.

Wherefore, applicant prays that this matter be set for hearing before the Commission's duly qualified examiner and that upon hearing an order be entered granting applicant permission to install an automatic custody transfer system on the above described property.

*Revised
Mailed
12-27-60*

Respectfully submitted,

W. A. Mead

Wm. A. Mead
Division Superintendent
of Production
New Mexico Division

DOCKET. EXAMINER HEARING, WEDNESDAY, JANUARY 4, 1961

OIL CONSERVATION COMMISSION CONFERENCE ROOM - 9 a. m. - STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Oliver E. Payne, alternate examiner:

- CASE 2147: Application of Socony Mobil Oil Company for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water into the Pennsylvanian formation through its Capps Federal Well No. 1, located 1980 feet from the South and East lines of Section 13, Township 9 South, Range 35 East, Bough (Pennsylvanian) Pool, Lea County, New Mexico.
- CASE 2148: Application of Pan American Petroleum Corporation for a force-pooling order. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Atoka-Pennsylvanian Gas Pool in a 320-acre standard gas unit consisting of the N/2 of Section 22, Township 18 South, Range 26 East, Eddy County, New Mexico. Interested parties include:
- Mobil Oil Company, Sinclair Oil & Gas Company, Mr. J. R. Lee, Mr. Clyde R. Jenkins and wife and The New Mexico Veterans Service Commission as guardian for Mr. Thomas Franklin Egger.
- CASE 2149: Application of El Paso Natural Gas Products Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the Cha-Cha-Gallup Pool production from all wells presently completed or hereafter drilled on the Ojo Amarillo Lease comprising all of Sections 27, 28, 33, and 34, Township 29 North, Range 14 West, San Juan County, New Mexico.
- CASE 2150: Application of Continental Oil Company for a triple completion. Applicant, in the above-styled cause, seeks an order authorizing the triple completion of its Northeast Haynes-Apache 9 No. 1 Well, located in the NW/4 SW/4 of Section 9, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of hydrocarbons from the Blanco-Mesaverde Pool, the production of hydrocarbons from the Greenhorn formation and the production of hydrocarbons from the Dakota Producing Interval through the casing-

CASE 2150: (Continued)

tubing annulus, 2 7/8-inch tubing and 2 3/8-inch tubing respectively.

CASE 2151: Application of Continental Oil Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the Monument Pool and Eumont Pool oil production from all wells presently completed or hereafter drilled on the Reed A-3 Lease, comprising the W/2, SE/4 S/2 NE/4, and NE/4 NE/4 of Section 3, Township 20 South, Range 36 East, Lea County, New Mexico.

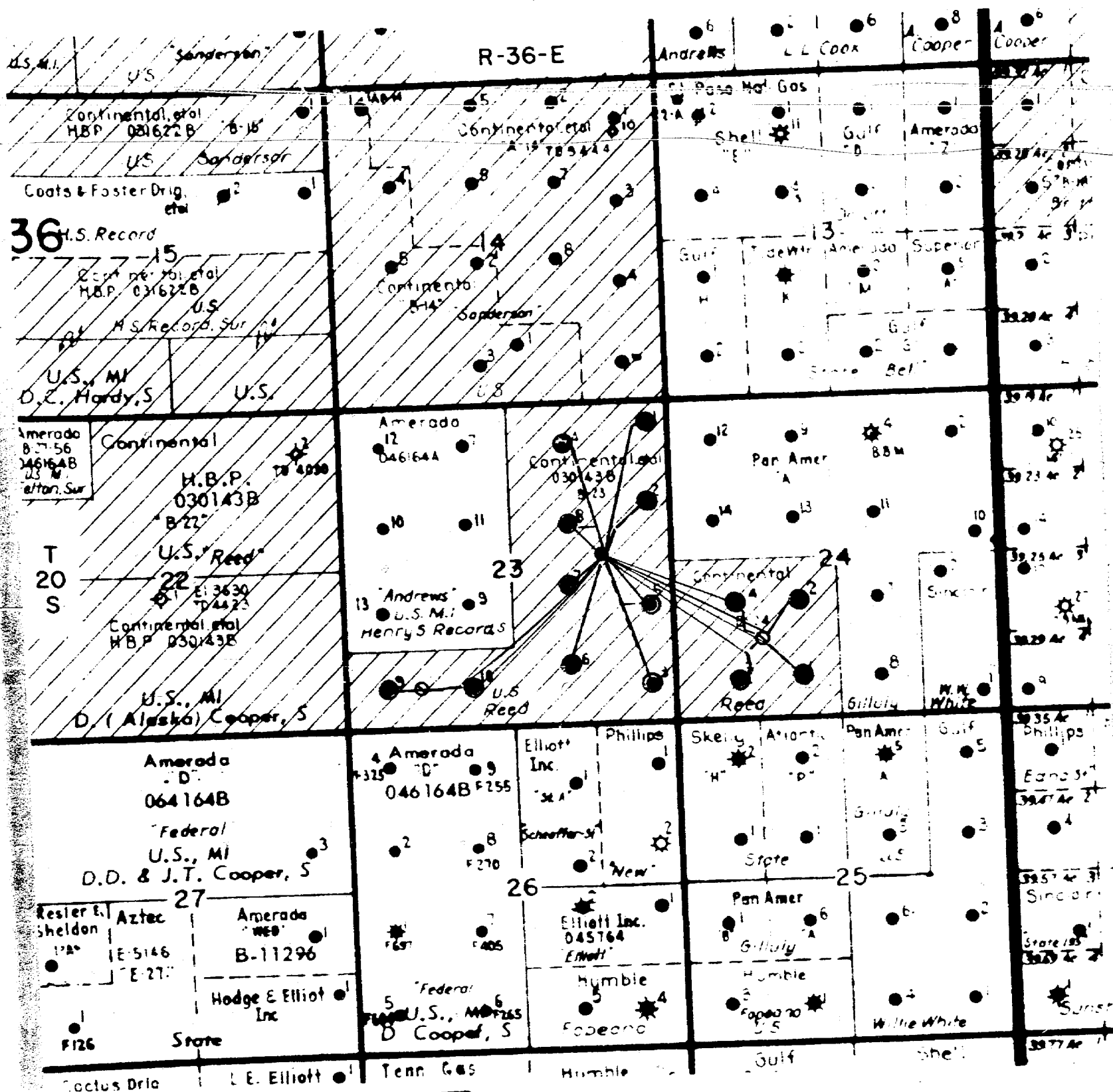
CASE 2152: Application of Continental Oil Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the Monument Pool and Eumont Pool oil production from all wells presently completed or hereafter drilled on the Sanderson B-10 and Sanderson B-15 leases, comprising the N/2 N/2, SE/4 NE/4, NE/4 SE/4, and S/2 S/2 of Section 10 and the N/2 N/2 and S/2 of Section 15, Township 20 South, Range 36 East, Lea County, New Mexico.

CASE 2153: Application of Continental Oil Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the Monument Pool production from all wells presently completed or hereafter drilled on the Sanderson A-11, Sanderson A-14 and Sanderson AB-14 Leases, comprising the SE/4 and S/2 SW/4 of Section 11 and the NE/4, E/2 NW/4, N/2 SE/4, SE/4 SE/4, and NW/4 NW/4 of Section 14, Township 20 South, Range 36 East, Lea County, New Mexico.

CASE 2154: Application of Continental Oil Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the Monument Pool and Eumont Pool oil production from all wells presently completed or hereafter drilled on the Sanderson B-14 Lease, comprising the SW/4 SW/4 SE/4, and the SW/4 NW/4 of Section 14, Township 20 South, Range 36 East, Lea County, New Mexico.

CASE 2155:

Application of Continental Oil Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the Eunice Pool, Monument Pool, and Eumont Pool oil production from all wells presently completed or hereafter drilled on the Reed B-23 and Reed B-24 Leases, comprising the E/2 and S/2 SW/4 of Section 23 and the SW/4 of Section 24, Township 20 South, Range 36 East, Lea County, New Mexico.

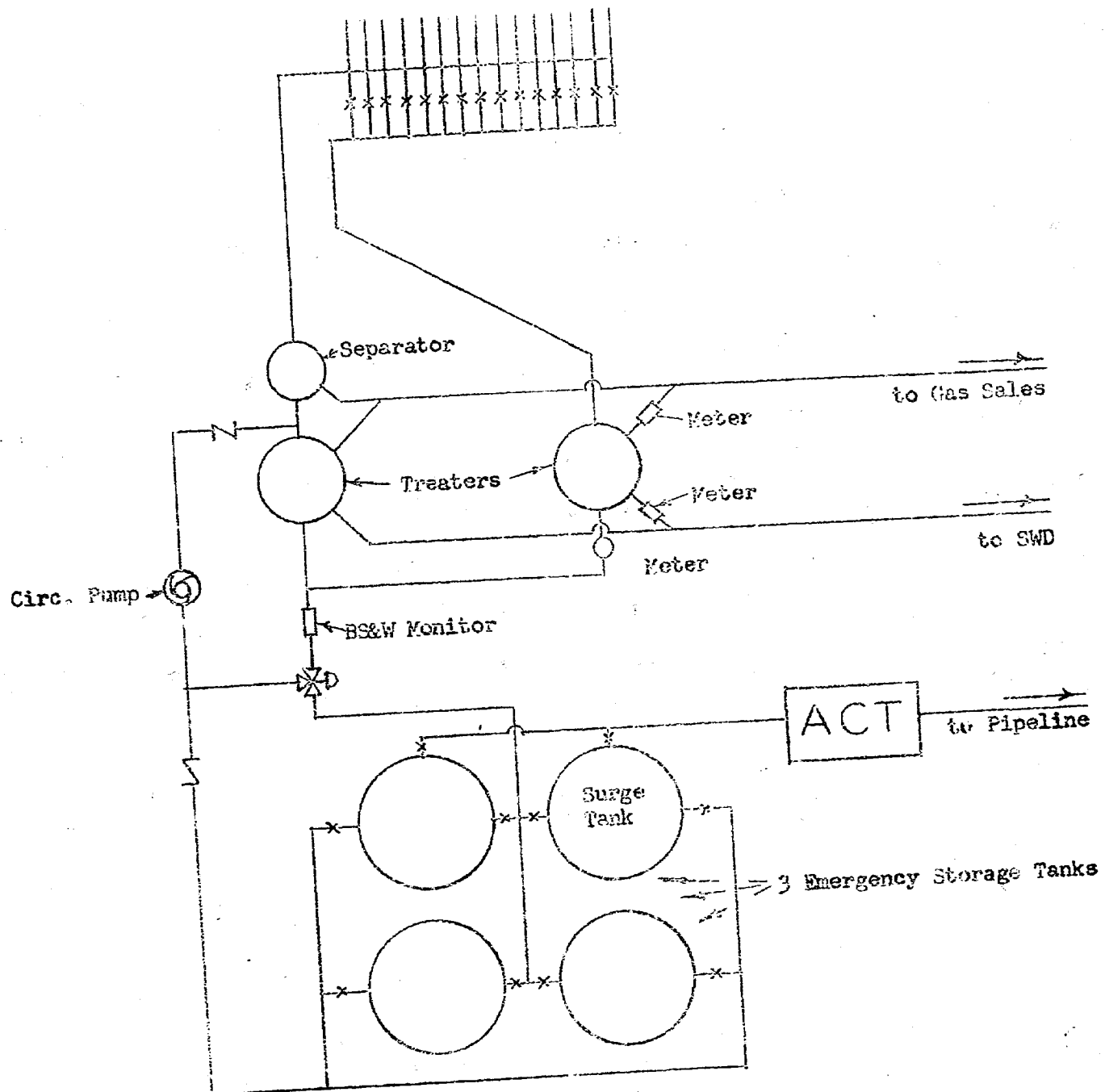


BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
PROPOSED AUTOMATIC TANK BATTERY INSTALLATION
EXHIBIT NO. 2155
CASE NO. 2155

CONTINENTAL OIL COMPANY
REED B-23 & B-24 LEASES
scale: 1"=2000'

- LEGEND
- Proposed ACT Site & Battery
 - Existing Batteries
 - Proposed Flow Lines
 - Existing Flow Lines
 - Eunice-Monument Wells

CASE: 2155
EXHIBIT: /

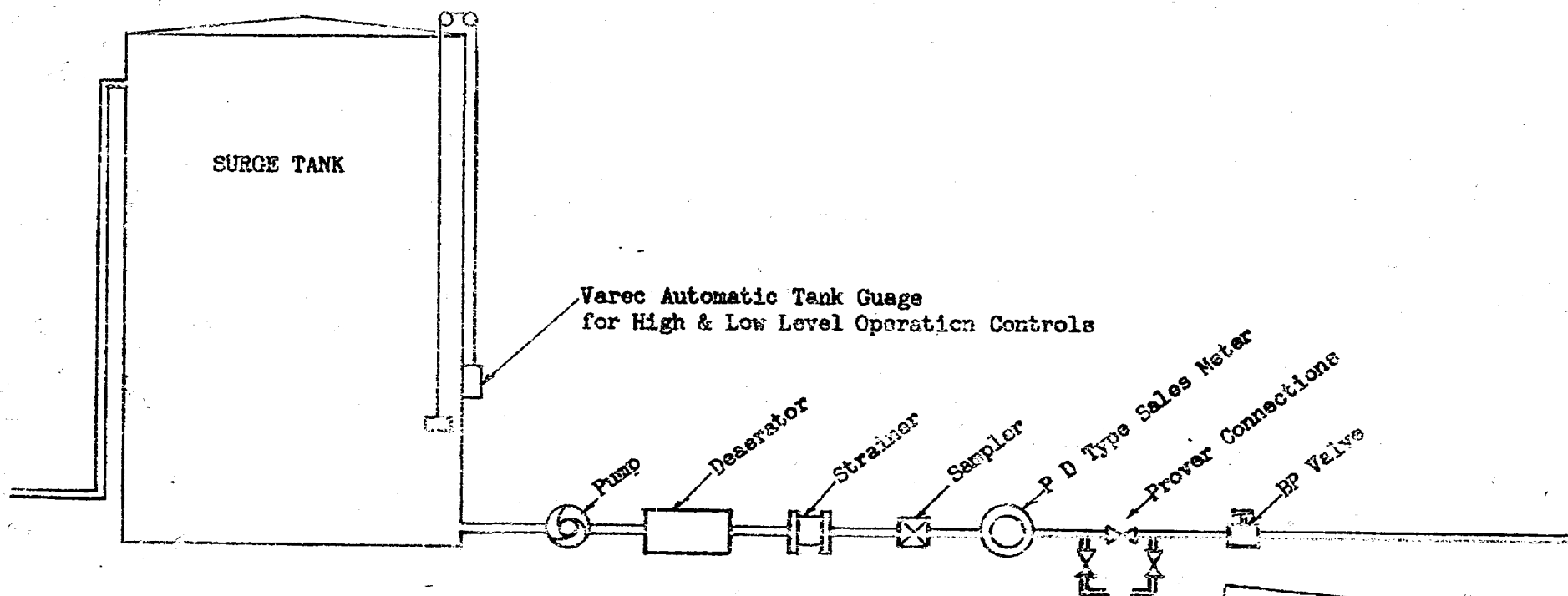


BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
Conall EXHIBIT NO. 2
 CASE NO. 2155

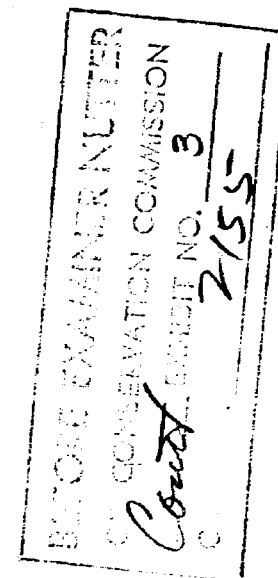
CONTINENTAL OIL COMPANY
 REED B-23 & B-24 LEASES
 WEST MONUMENT AREA
 Schematic Drawing
 TANK BATTERY HOOKUP

Hobbs Dist. Office

CASE: 2155
 EXHIBIT: 2



CONTINENTAL OIL COMPANY
Schematic Diagram Of
PROPOSED ACT INSTALLATION



CASE: 2155
EXHIBIT: 3

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY DIRECTOR

P. O. BOX 871
SANTA FE

January 18, 1931

Mr. James H. Hinkle
Hinkle & Son
Box 1718
Santa Fe, New Mexico

Re: Case No. 2100
Order No. 2101
Applicant: 2102
2103
2104
2105

Dear Sir:

Continental Oil Company

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC ✓
Artesia OCC
Aztec OCC

Other

**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. 2155
Order No. R-1856**

**APPLICATION OF CONTINENTAL OIL COMPANY
FOR APPROVAL OF AN AUTOMATIC CUSTODY
TRANSFER SYSTEM IN THE RUNICE-MONUMENT
AND HUNMONT POOLS, LEA COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 4, 1961, 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 10th day of January, 1961, 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, Continental Oil Company, is the owner and operator of the Reed B-23 and Reed B-24 Leases, comprising the E/2 and S/2 SW/4 of Section 23 and the SW/4 of Section 24, Township 20 South, Range 26 East, NMPM, Lea County, New Mexico.

(3) That the above-described leases have common ownership throughout and are one basic Federal lease divided into two leases by the applicant for administrative purposes.

(4) That the applicant proposes to install an automatic custody transfer system to handle the Runice-Monument and Hunmont Pool production from all wells presently completed or hereafter drilled on the above-described Reed B-23 and Reed B-24 Leases.

(5) 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, provided adequate safety features are incorporated therein.

(6) That permission to commingle production from the Eunice-Monument and Eunont Pools on said leases has previously been obtained for some of the wells thereon.

(7) That the subject order should become effective when the applicant has filed amended Form C-110 indicating its intention to commingle the production from the Eunice-Monument and Eunont Pools, as authorized by Order No. R-663, for the remaining wells on the subject leases.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, be and the same is hereby authorized to install an automatic custody transfer system to handle the Eunice-Monument and Eunont Pool production from all wells presently completed or hereafter drilled on the Reed B-23 and Reed B-24 Leases, comprising the E/2 and S/2 SW/4 of Section 23 and the SW/4 of Section 24, Township 29 South, Range 36 East, MMPN, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described Reed B-23 and Reed B-24 Leases at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system fails to transfer oil to the pipeline, the applicant shall add additional storage facilities from time to time, as it becomes necessary, to store the production which will accrue during the hours that said lease is unattended, or in the alternative, shall so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full.

IT IS FURTHER ORDERED:

That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

That 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."

(2) That this order shall become effective when the applicant has filed amended Form C-110 indicating its intention

-3-

CASE No. 2155
Order No. R-1856


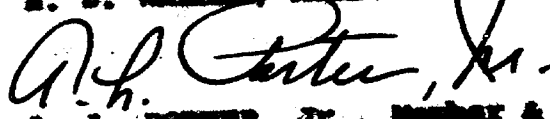
to commingle the production from the Eunice-Mount and Humont
Pools from all wells on the subject leases.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman


H. S. WALKER, Member

A. L. PORTER, JR., Member & Secretary

ese/

~~DRAFT~~
RSM/esr
January 5, 1961

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

Dsm
1/5
[Signature]
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2155
Order No. R-1856

1/6
[Signature]
APPLICATION OF CONTINENTAL OIL COMPANY
FOR APPROVAL OF AN AUTOMATIC CUSTODY
TRANSFER SYSTEM IN THE ^{EUNICE} MONUMENT AND
EUMONT POOLS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

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NOW, on this _____ day of January, 1961, the Commission,
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evidence adduced, and the recommendations of the Examiner, Daniel S.
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(2) That the applicant, Continental Oil Company, is the
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Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That the above-described leases have common ownership
throughout and are one basic Federal lease divided into two leases
by the applicant for administrative purposes.

(4) That the applicant proposes to install an automatic
custody transfer system to handle the ^{Eunice} Monument and Eumont Pool
production from all wells presently completed or hereafter drilled
on the above-described Reed B-23 and Reed B-24 Leases.

*Let that the subject order should become effective
when the applicant has filed amended Form C-110
indicating its intention to commingle the production
from the Eunice Monument and Eumont Pools, as authorized
by Order No. R-665.*

(5) 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, provided adequate safety features are incorporated therein.

(6) That permission to commingle production from the *Eunice* Monument and Eumont Pools on said leases has previously been obtained for some of the wells thereon.

(7) That the subject order should become effective when the applicant has filed ~~an~~ amended Form C-110 indicating its intention to commingle the production from the *Eunice* Monument and Eumont Pools, as authorized by Order No. R-663, for the remaining wells on the subject leases.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, be and the same is hereby authorized to install an automatic custody transfer system to handle the *Eunice* Monument and Eumont Pool production from all wells presently completed or hereafter drilled on the Reed B-23 and Reed B-24 Leases, comprising the E/2 and S/2 SW/4 of Section 23 and the SW/4 of Section 24, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described Reed B-23 and Reed B-24 Leases at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system fails to transfer oil to the pipeline, the applicant shall add additional storage facilities from time to time, as it becomes necessary, to store the production which will accrue during the hours that said lease is unattended, or in the alternative, shall so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full.

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That 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."

(2) That this order shall become effective when the applicant has filed ~~an~~ amended Form C-110 indicating its intention to commingle the production from the ^{Enid} Monument and Eumont Pools from all wells on the subject leases.

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