

**CASE 21624 Application of ATLANTIC
for automatic custody transfer
system - Lea County, New Mexico.**

Case No.

2162

Application, Transcript,
Small Exhibits, Etc.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

December 21, 1983

Arco Oil & Gas Company
New Mexico - Arizona District
P.O. Box 1710
Hobbs, NM 88240

Attention: Anthony Carapezza,
Production Facilities Engineer

Re: Request for Allocation by
Well Tests
Lease Commingling Order R-1862 *LAUGLIE LEASE*
Sec. 14, T-25S, R-37E, Lea *Case # 2162*
County, New Mexico

Dear Mr. Carapezza:

I have reviewed your request for permission to use well tests in determining allocation for the leases stated in Order R-1862. The marginal nature of the leases and the low volume of liquids produced are sufficient justification to allow well tests as a means of determining production allocation.

Arco Oil & Gas Company is therefore allowed to use biannual well tests as a means of determining allocation for lease commingled production affected by Order R-1862. Should top allowable for any of the subject leases be reached, the permission granted by this letter will be rescinded and determination of allocation must again revert to the original means stated in Order 1862 or to one appropriate with the NMOC "Manual for the Installation and Operation of Commingling Facilities".

Should you have any questions, call me at 827-5807.

Sincerely,

Gilbert P. Quintana

GILBERT P. QUINTANA
Petroleum Engineer

GPQ/dp

cc: Joe D. Ramey
Hobbs District Office
Case File No. 2162



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

December 21, 1983

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5808

Arco Oil & Gas Company
New Mexico - Arizona District
P.O. Box 1710
Hobbs, NM 88240

Attention: Anthony Carapezza,
Production Facilities Engineer

Re: Request for Allocation by
Well Tests
Lease Commingling Order R-1862 *LAUGLIE LEASE*
Sec. 14, T-25S, R-37E, Lea *Case # 2162*
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Should you have any questions, call me at 827-5807.

Sincerely,

Gilbert P. Quintana

GILBERT P. QUINTANA
Petroleum Engineer

GPQ/dp

cc: Joe D. Ramey
Hobbs District Office
Case File No. 2162

ARCO Oil and Gas Company
Permian District - West Area
P.O. Box 1710
Hobbs, New Mexico 88240
Telephone 505 392 3551

OIL CONSERVATION DIVISION

SEP - 7 1984

RECEIVED



September 4, 1984

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Attn: Gilbert P. Quintana
Petroleum Engineer

RE: Interest Owner Approval of Commingle by Test Proposal
to Determine Lease Allocation for the Duthie Andrews
and Langlie Federal Leases

Dear Gilbert:

As you suggested, since interest ownership (working, royalty, and overriding) was not identical between the Duthie Andrews Leases, waiver forms were sent to the interest owners requesting that ARCO be allowed to determine lease allocation by periodic well test rather than by the current method of metering. The same was also done for the Langlie Federal Leases.

All of the waiver forms for both of the leases have now been returned and we have received unanimous approval to carry out our request. Since you indicated that this condition would allow ARCO to put into effect the commingling by test orders, we have done so as of September 1st of this year.

The prior issued order for the Duthie Andrews Leases is CTB-288, dated 12-14-83. Permission to allocate production by well test for the Langlie Federal Leases is contained in your letter to me dated 12-21-83.

ARCO will comply with the BLM's stipulation to well test once each month for these leases.

The transporters and the BLM will be notified of our recent action.

Attached to this letter is my original request letter, the blank copy interest owner request letters, copies of the waiver letters, and copies of the previously mentioned orders.

Gilbert P. Quintana
Page 2
September 4, 1984

If you have any questions, please call me at Ext. 205. Thanks for
your help.

Sincerely,

Tony Carapezza cmj
Tony Carapezza
Production/Facilities Engineer

TC:knc

Attachments

cc: C.M. Tellinghuisen - Hobbs
D.K. McSparran - MIO 646



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P. O. Box 1397

Roswell, New Mexico 88201

IN REPLY
REFER TO:

LC-060941

LC-060943

LC-060944

August 17, 1984

ARCO Oil and Gas Company
Attention: Mr. Anthony Carapezza
P.O. Box 1710
Hobbs, New Mexico 88240

Gentlemen:

Your application, dated February 7, 1984, for permission to surface commingle and of lease storage of production from the Langlie Federal "B" lease No. LC-060941 and production from the Langlie Federal "A" lease No. LC-060944 with production from the Langlie Federal lease No. LC-060943 and stored in facilities to be located in the NE 1/4 sec. 14, T. 25 S., R. 37 E., Lea County, New Mexico, lease No. LC-060943, is hereby approved.

As a condition of approval, you are required to test each well for a minimum of twenty-four (24) hours once per month. Any wells or leases proposed to be added to the approved commingling facilities must be approved by the Area Manager in Carlsbad prior to their being included in the facility. Any waterflood operations you contemplate in the future must be conducted pursuant to either an approved lease line agreement or a secondary recovery unit agreement, as appropriate.

This approval should not be construed as granting any right-of-way or construction rights not granted by the lease instrument. Such approval must be obtained from the surface managing agencies concerned.

Please notify the Area Manager in Carlsbad when this action is initiated.

Sincerely yours,

District Manager

Associate

HOBBS OFFICE

AUG 20 1984

DATE REC'D.

PRODUCTION DATA *

JUSTIS BLINEBRY POOL (Top Unit Allowable: 107 BOPD)

<u>Lease & Lease #</u>	<u>Period Mon & Yr</u>	<u>Well #</u>	<u>Producing Days</u>	<u>Monthly Total Bbls Oil</u>	<u>Daily Avg. BOPD</u>
Langlie Federal LC 060943	Nov. 1983	1	30	300	10.0
		2	30	<u>343</u> 643	<u>11.4</u> 21.4
	Dec. 1983	1	31	260	8.4
		2	31	<u>372</u> 632	<u>12.0</u> 20.4
	Nov. 1983	1	30	270	8.7
		2	30	<u>305</u> 575	<u>10.2</u> 18.9
Langlie Federal "A" LC 060944	Dec. 1983	1	31	239	7.7
		2	31	<u>294</u> 533	<u>9.5</u> 17.2
	Nov. 1983	1	30	93	3.1
				101	3.2
	Dec. 1983	1	31		
BATTERY TOTALS	Nov. 1983	5	150	1311	43.4
	Dec. 1983	5	155	1266	40.8

*Taken from State Operator's Monthly Report, Form C-115

LIST OF OWNERS FOR LANGLIE FEDERAL LEASES

Atlantic Richfield Company
P.O. Box 354
Dallas, Texas 75221

Minerals Management Service
Lakewood Accounting Center
Box 5810 T A
Denver, Colorado 80217

Margaret W. Aurand
1350 Bellaire Street
Denver, Colorado 80220

Miriam B. Johnson
660 So. Alton Way, Apt. 9 D
Denver, Colorado 80231

Alice N. Robertson
1150 South Payne Avenue
Casper, Wyoming 82601

William E. Thomas II
4500 Montview Blvd.
Denver, Colorado 80207

Amoco Production Company
P.O. Box 84573
Dallas, Texas 75284

HOBBS OFFICE

MAR 1967

MAR 1967

RECEIVED

DATE REC'D.

ARCO Oil and Gas Company
P.O. Box 1710
Hobbs, New Mexico 88240

Dear Ms. Aurand:

I concur/do not concur with ARCO's (Atlantic Richfield Company;
ARCO Oil and Gas Company) proposed commingling by test on the
following leases:

Langlie Federal Lease, LC 060943 (N/2, SE/4, Sec 14,
T25S, R37E, Lea County, New Mexico)

Langlie Federal "A" Lease, LC 060944 (S/2, NE/4, Sec 14,
T25S, R37E, Lea County, New Mexico)

Langlie Federal "B" Lease, LC 060941 (N/2, NE/4, Sec 14,
T25S, R37E, Lea County, New Mexico)

Signed,

Mary Ann J. Aurand Title: Owner Date: 3/21/84

Title: _____ Date: _____

Title: _____ Date: _____

HOBBS
(Must be owner(s) or designated representative of same)

APR 1 1967

DATE REC'D.

Miriam B. Johnson
660 So. Alton Way, Apt. 9 D
Denver, Colorado 80231

ARCO Oil and Gas Company
P.O. Box 1710
Hobbs, New Mexico 88240

Gentlemen:

I concur/~~do not concur~~ with ARCO's (Atlantic Richfield Company;
ARCO Oil and Gas Company) proposed commingling by test on the
following leases:

Langlie Federal Lease, LC 060943 (N/2, SE/4, Sec 14,
T25S, R37E, Lea County, New Mexico)

Langlie Federal "A" Lease, LC 060944 (S/2, NE/4, Sec 14,
T25S, R37E, Lea County, New Mexico)

Langlie Federal "B" Lease, LC 060941 (N/2, NE/4, Sec 14,
T25S, R37E, Lea County, New Mexico)

Signed,

Miriam B. Johnson Title: Owner Date: 3/3/84

Title: _____ Date: _____

Title: _____ Date: _____

(Must be owner(s) or designated representative of same)

Alice N. Robertson
1150 ~~South~~ Payne Avenue
Casper, Wyoming 82601

82609

ARCO Oil and Gas Company
P.O. Box 1710
Hobbs, New Mexico 88240

Gentlemen:

I concur/~~do not concur~~ with ARCO's (Atlantic Richfield Company;
ARCO Oil and Gas Company) proposed commingling by test on the
following leases:

Langlie Federal Lease, LC 060943 (N/2, SE/4, Sec 14,
T25S, R37E, Lea County, New Mexico)

Langlie Federal "A" Lease, LC 060944 (S/2, NE/4, Sec 14,
T25S, R37E, Lea County, New Mexico)

Langlie Federal "B" Lease, LC 060941 (N/2, NE/4, Sec 14,
T25S, R37E, Lea County, New Mexico)

Signed:

Alice N. Robertson Title: Owner Date: 7/12/1989

____ Title: _____ Date: _____

____ Title: _____ Date: _____

(Must be owner(s) or designated representative of same)

William E. Thomas II
4500 Montview Blvd.
Denver, Colorado 80207

ARCO Oil and Gas Company
P.O. Box 1710
Hobbs, New Mexico 88240

Gentlemen:

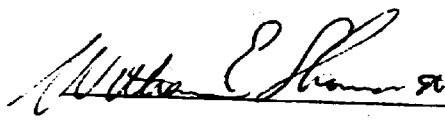
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T25S, R37E, Lea County, New Mexico)

Langlie Federal "B" Lease, LC 060941 (N/2, NE/4, Sec 14,
T25S, R37E, Lea County, New Mexico)

Signed,

 Title: _____ Date: 4-14-84

_____ Title: _____ Date: _____

_____ Title: _____ Date: _____

(Must be owner(s) or designated representative of same)

HOBBS OFFICE

APR 18 1984

DATE REC'D.

Amoco Production Company
P. O. Box 84573
Dallas, Texas 75284

ARCO Oil and Gas Company
P.O. Box 1710
Hobbs, New Mexico 88240

Gentlemen:

I concur/do not concur with ARCO's (Atlantic Richfield Company;
ARCO Oil and Gas Company) proposed commingling by test on the
following leases:

Langlie Federal Lease, LC 060943 (N/2, SE/4, Sec 14,
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T25S, R37E, Lea County, New Mexico)

Langlie Federal "B" Lease, LC 060941 (N/2, NE/4, Sec 14,
T25S, R37E, Lea County, New Mexico)

Signed,

J. P. Barnett **DIVISION PRODUCTION MANAGER** Date: _____
Title: _____
Date: _____
Title: _____
Date: _____
(Must be owner(s) or designated representative of same)

HOBBS OFFICE

APR 26 1984

DATE REC'D.

ARCO Oil and Gas Company
P.O. Box 1710
Hobbs, New Mexico 88240

Gentlemen:

I concur/do not concur with ARCO's (Atlantic Richfield Company;
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following leases:

Langlie Federal Lease, LC 060943 (N/2, SE/4, Sec 14,
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T25S, R37E, Lea County, New Mexico)

Langlie Federal "B" Lease, LC 060941 (N/2, NE/4, Sec 14,
T25S, R37E, Lea County, New Mexico)

Signed,

Title: _____ Date: _____

Title: _____ Date: _____

Title: _____ Date: _____

(Must be owner(s) or designated representative of same)

DRAFT

RSM/esr
January 30

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. 2162
Order No. R-1862

APPLICATION OF THE ATLANTIC REFINING
COMPANY FOR APPROVAL OF AN AUTOMATIC
CUSTODY TRANSFER SYSTEM IN THE JUSTIS
TUBB-DRINKARD AND JUSTIS-BLINEBRY 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 25, 1961, 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 February day of January, 1961, 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, The Atlantic Refining Company, is
the owner and operator of the following-described Federal leases
in Township 25 South, Range 37 East, NMPM, Lea County, New
Mexico:

- (a) Langlie Federal Lease - N/2 SE/4 of
Section 14
- (b) Langlie Federal "A" Lease - S/2 NE/4
of Section 14
- (c) Langlie Federal "B" Lease - N/2 NE/4
of Section 14

(3) That the applicant ~~proposes to commingle~~ ^{under authority granted by Order No. R-1557, is} the production
from the Justis-Blinebry Pool with the production from the Justis
Tubb-Drinkard Pool from ^{all wells presently completed or hereafter drilled on} each of the above-described leases after
separately metering the production from each pool from each lease.

(4) That the applicant proposes to install an automatic custody transfer system to handle said commingled production from all wells presently completed or hereafter drilled on the above-described 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.

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to commingle in a common tank battery the production from the Justis-Blinebry Pool with the production from the Justis Tubb-
all wells presently completed or hereafter drilled on
Drinkard Pool from each of the following-described Federal leases in Township 25 South, Range 37 East, NMPM, Lea County, New Mexico:

- (a) Langlie Federal Lease - N/2 SE/4 of Section 14
- (b) Langlie Federal "A" Lease - S/2 NE/4 of Section 14
- (c) Langlie Federal "B" Lease - N/2 NE/4 of Section 14

PROVIDED HOWEVER, That the production from each pool from each lease shall be separately metered prior to commingling.

(2) That the applicant be and the same is hereby authorized to install an automatic custody transfer system to handle said commingled production from all wells presently completed or hereafter drilled on the above-described leases.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described 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, at 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."

(3) That Order No. R-1557 be and the same is hereby superseded.

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

J. M. HERVEY 1874-1953
HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.
HOWARD C. BRATTON
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD

LAW OFFICES
HERVEY, DOW & HINKLE

HINKLE BUILDING

ROSWELL, NEW MEXICO

January 4, 1961

TELEPHONE MAIN 2-6510
POST OFFICE BOX 547

IN RE: APPLICATION OF THE ATLANTIC REFINING
COMPANY FOR APPROVAL FOR AN AUTOMATIC CUSTODY
TRANSFER SYSTEM IN THE JUSTIS BLINEBRY AND
JUSTIS TUBB-DRINKARD OIL POOLS IN LEA COUNTY,
NEW MEXICO

Mr. A. L. Porter, Jr.
Secretary-Director New Mexico Oil
Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

The Atlantic Refining Company hereby makes application
for permission to install an automatic custody transfer
system to handle the production from the Justis Blinebry
and Justis Tubb-Drinkard Oil Pools in Lea County, New Mexico,
from the following described leases:

- (a) Langlie Federal Lease - N $\frac{1}{2}$ SE $\frac{1}{4}$ Section 14,
Twp. 25 S., Rge. 37 E., N.M.P.M.,
- (b) Langlie Federal "A" Lease - S $\frac{1}{2}$ NE $\frac{1}{4}$ Section 14,
Twp. 25 S., Rge. 37 E., N.M.P.M.,
- (c) Langlie Federal "B" Lease - N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 14,
Twp. 25 S., Rge. 37 E., N.M.P.M.

By Order No. R-1557 entered in Case No. 1811, permission
was granted to commingle the production from the above pools
and leases. It is now proposed to install an automatic custody
transfer system to handle this production.

It is requested that this matter be set down for hearing
before an examiner at the first available date.

Very truly yours,

HERVEY, DOW & HINKLE

Howard C. Bratton

HCB:lm

cc: A. B. Tanco
W. P. Tomlinson

DOCKET: EXAMINER HEARING - WEDNESDAY, JANUARY 25, 1961

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

The following cases will be heard before Elvis A. Utz Examiner, or Oliver E. Payne, attorney, as alternate examiner:

CASE 2159: Application of Continental Oil Company for three non-standard gas proration units. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard gas proration units in the Jalmat Gas Pool, Lea County, New Mexico:

A 320-acre non-standard gas proration unit consisting of the W/2 E/2 and E/2 W/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to the Sholes B-19 Well No. 1, located in the center of the SE/4 SW/4 of said Section 19.

A 320-acre non-standard gas proration unit consisting of the E/2 and NE/4 NW/4 of Section 1, Township 25 South, Range 36 East, to be dedicated to the Wells B-1 Well No. 1, located in the center of the NE/4 NE/4 of said Section 1.

A 360-acre non-standard gas proration unit consisting of the SE/4, E/2 W/2 and SW/4 SW/4 of Section 29, Township 22 South, Range 36 East, to be dedicated to the Meyer A-29 Well No. 3, located in the center of the SE/4 SW/4 of said Section 29.

CASE 2160: Application of Continental Oil Company for a quadruple completion. Applicant, in the above-styled cause, seeks an order authorizing the quadruple completion of its North-east 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 Greenhorn formation through a string of 2 7/8-inch casing, the production of hydrocarbons from the Dakota formation through 2 3/8-inch tubing installed within a string of 4 1/2-inch casing, the production of hydrocarbons from the Mesaverde formation through the 2 3/8 x 4 1/2-inch annulus of the latter casing string, and the production of hydrocarbons from the Gallup formation through 2 3/8-inch tubing installed within a second string of 4 1/2-inch casing, the three strings of casing being cemented in a common well bore.

CASE 2161:

Application of Texaco, Inc. for a triple completion. Applicant, in the above-styled cause, seeks an order authorizing the triple completion of the C. H. Weir "B" Well No. 4, located in Unit I, Section 11, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont Gas Pool, the production of oil from the Skaggs-Glorieta Pool and the production of oil from the Skaggs-Drinkard Pool through the casing-tubing annulus, through 2 3/8-inch tubing, and through 2 3/8-inch tubing respectively.

CASE 2162:

Application of The Atlantic Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the commingled Justis Tubb-Drinkard and Justis-Blinbry production from the following-described leases:

Langlie Federal Lease, N/2 SE/4 of Section 14

Langlie Federal "A" Lease, S/2 NE/4 of Section 14

Langlie Federal "B" Lease, N/2 NE/4 of Section 14

all in Township 25 South, Range 37 East, Lea County, New Mexico.

CASE 2163:

Application of Yates Drilling Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the Pennsylvanian formation production from all wells presently completed or hereafter drilled on Federal Lease NM 03283, comprising the W/2 of Section 31, Township 8 South, Range 37 East, Roosevelt County, New Mexico.

CASE 2164:

Application of Hudson and Hudson for an exception to Rule 506 (A) of the Commission Rules and Regulations and for permission to transfer allowables. Applicant, in the above-styled cause, seeks an exception to Rule 506 (A) by increasing the limiting gas-oil ratio for the West Tonto Yates Seven Rivers Pool, Lea County, New Mexico, from 2,000 to 6,000 cubic feet of gas per barrel of oil. Applicant further seeks permission to shut-in one well in said pool and transfer its allowable to another well.

CASE 2165:

Application of Pan American Petroleum Corporation for two unorthodox oil well locations and a non-standard oil proration unit. Applicant, in the above-styled cause, seeks approval of two unorthodox oil well locations in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, said locations to be as follows:

Navajo Tribal "E" Well No. 7, to be located 250 feet from the South line and 800 feet from the West line of Section 16.

Navajo Tribal "G" Well No. 5, to be located 1830 feet from the South line and 885 feet from the East line of Section 18, both in Township 29 North, Range 14 West.

Applicant also seeks an 88.7-acre non-standard oil proration unit in said pool comprising that portion of the SW/4 of Section 16, within the Navajo Reservation lying South of the mid-channel of the San Juan River, Township 29 North, Range 14 West, to be dedicated to said Navajo Tribal "E" Well No. 7.

CASE 2166:

Application of Pan American Petroleum Corporation for permission to take interference tests and transfer allowables. Applicant, in the above-styled cause, seeks permission to take interference tests in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, by shutting in its Navajo Tribal "E" Well No. 3, located in the NE/4 SW/4 of Section 21, Township 29 North, Range 14 West and transferring the allowable of said well in equal parts to the other five wells on the said Navajo "E" Lease.

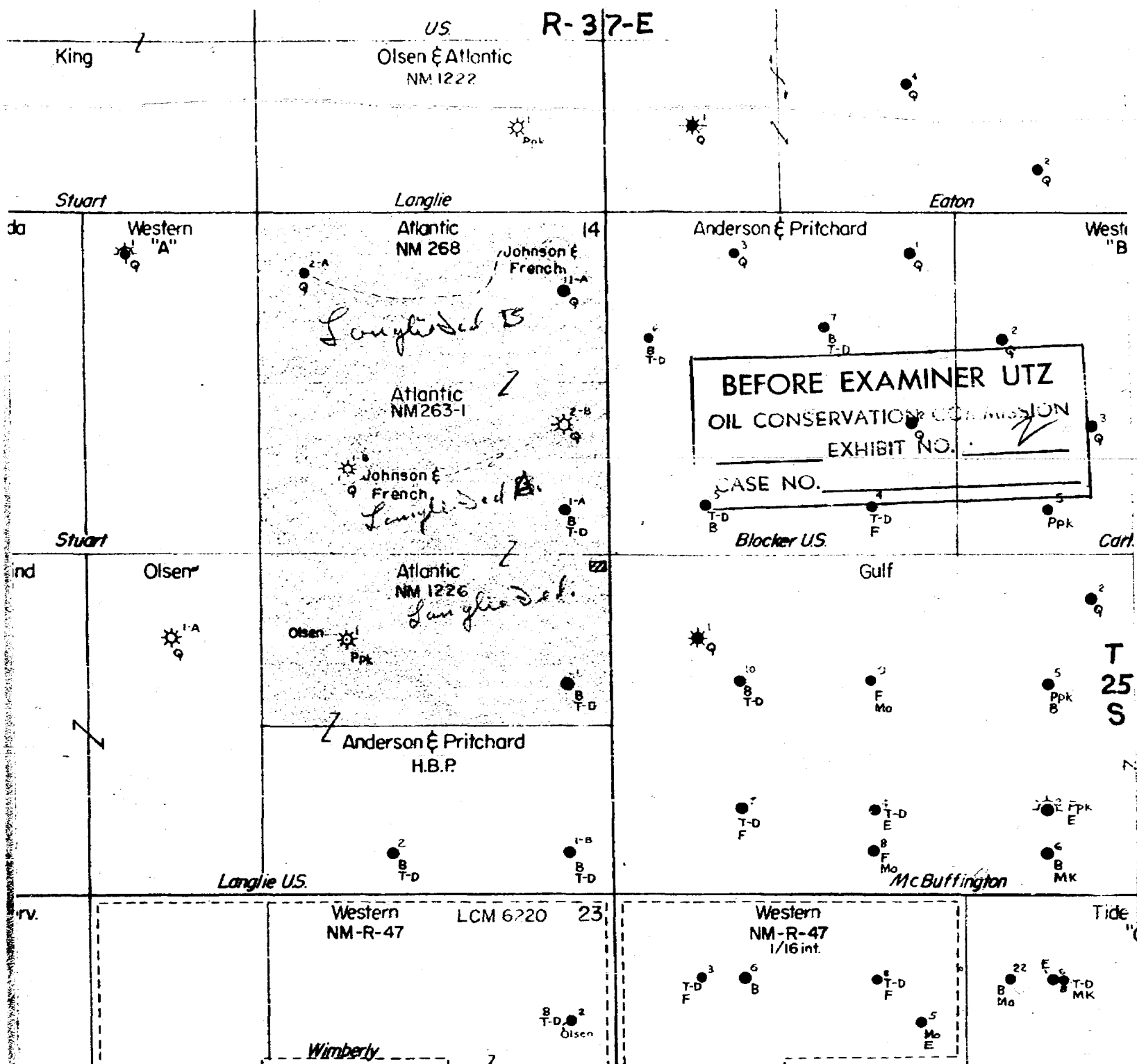
CASE 2167:

Application of Chambers & Kennedy for a 200-acre non-standard gas proration unit and for an unorthodox gas well location. Applicant, in the above-styled cause, seeks the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico, comprising the NE/4 NE/4, S/2 NE/4, and the N/2 SE/4 of Section 34, Township 19 South, Range 37 East. Said unit is to be dedicated to the Monument State Well No. 1, located on an unorthodox location at a point 1649 feet from the South line and 2197 feet from the East line of said Section 34.

CASE 2168: Application of Continental Oil Company for permission to shut-in one well and transfer its allowable to other wells. Applicant, in the above-styled cause, seeks permission to shut-in its Wilder Well No. 20, located 1980 feet from the South and East lines of Section 26, Township 26 South, Range 32 East, El Mar-Delaware Pool, Lea County, New Mexico, and transfer its allowable to the following offset wells in said Section 26: Wilder Lease Well Nos. 17, 18, 22 and 25.

CASE 2169: Application of Gulf Oil Corporation for a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water into the Grayburg and San Andres formations through its J. F. Janda "F" Well No. 17, located in Unit A, Section 4, Township 22 South, Range 36 East, Lea County, New Mexico, with the proposed injection interval from 3999 feet to 5650 feet.

CASE 2170: Application of Amerada Petroleum Corporation for an amendment of Order R-1750. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1750, which authorized the triple completion of its Wimberly Well No. 13, located in Unit M, Section 24, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, to substitute an undesignated oil pool, probably Paddock, for the Langlie-Mattix which was previously authorized. Applicant also proposes to use three parallel strings of tubing rather than two as provided in Order R-1750.



THE ATLANTIC REFINING COMPANY
WEST TEXAS-NEW MEXICO REGION

AREA OF ATLANTIC LANGLEIE FEDERAL LEASES

JUSTIS POOL

SCALE: 1"=1000'

LEGEND:

Ppk - Paddock
B - Blinberry
T-D - Tubb-Drinkard
F - Fusselman

M_o - Montoya
A_k - McKee
E - Ellenburger
[Square with cross] - Tank Battery

ATLANTIC EXHIBIT
CASE NO. 2162

Case 2162
Atlantic

2162

Heard 1-25-61

1-27-61

1. Grant Atlantic's request for LACT for their Langlie Deck, A, B. classes as described in R-1557.

2. Sufficient storage shall be used on the systems for ample storage during maximum attendance time.

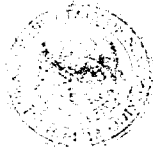
3. Supersede R-1557 using all its provision

Thurston

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER



P. O. BOX 871
SANTA FE

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

February 3, 1961

Mr. Edward Bratton
Harvey, Dow & Ninkie
Box 547
Roswell, New Mexico

Re: Case No. 2162
Order No. B-1862
Applicant:

The Atlantic Refining Co.

Dear Sir:

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 X
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. 2162
Order No. R-1862**

**APPLICATION OF THE ATLANTIC REFINING
COMPANY FOR APPROVAL OF AN AUTOMATIC
CUSTODY TRANSFER SYSTEM IN THE JUSTIS
TURN-DRINKARD AND JUSTIS-BLINNEY 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 25, 1961, 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 3rd day of February, 1961, 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, The Atlantic Refining Company, is the owner and operator of the following-described Federal leases in Township 25 South, Range 37 East, NEEN, Lea County, New Mexico:

- (a) Langlie Federal Lease - N/2 SE/4 of Section 14
- (b) Langlie Federal "A" Lease - S/2 NE/4 of Section 14
- (c) Langlie Federal "B" Lease - N/2 NE/4 of Section 14

(3) That the applicant proposes to commingle the production from the Justis-Blinney Pool with the production from the Justis Turn-Drinkard Pool from all wells presently completed or hereafter drilled on each of the above-described leases after separately metering the production from each pool from each lease.

(4) That the applicant proposes to install an automatic custody transfer system to handle said commingled production from all wells presently completed or hereafter drilled on the above-described 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.

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to commingle in a common tank battery the production from the Justis-Blinchry Pool with the production from the Justis Tubb-Drinkard Pool from all wells presently completed or hereafter drilled on each of the following-described Federal leases in Township 25 South, Range 37 East, NMPM, Lea County, New Mexico:

- (a) Langlie Federal Lease - N/2 SE/4 of Section 14
- (b) Langlie Federal "A" Lease - S/2 NE/4 of Section 14
- (c) Langlie Federal "B" Lease - N/2 NE/4 of Section 14

PROVIDED HOWEVER, That the production from each pool from each lease shall be separately metered prior to commingling.

(2) That the applicant be and the same is hereby authorized to install an automatic custody transfer system to handle said commingled production from all wells presently completed or hereafter drilled on the above-described leases.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described 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.

-3-
CASE No. 2162
Order No. R-1862

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."

(3) That Order No. R-1557 be and the same is hereby superseded.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



E. L. Mechem

EDWIN L. MECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

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

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 25, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of The Atlantic Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the commingled Justis Tubb-Drinkard and Justis-Blinebry production from the following-described leases:

Case
2162

Langlie Federal Lease, N/2 SE/4 of Section 14

Langlie Federal "A" Lease, S/2 NE/4 of Section 14

Langlie Federal "B" Lease, N/2 NE/4 of Section 14

all in Township 25 South, Range 37 East, Lea County,
New Mexico.

BEFORE:

Elvin A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case No. 2162.

MR. PAYNE: Application of Atlantic Refining Company for an automatic custody transfer system.

MR. BRATTON: Howard Bratton, appearing on behalf of the applicant. We have one witness, and I ask he be sworn.

(Witness sworn.)

HAROLD FROST, JR.,

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

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DIRECT EXAMINATION

BY MR. BRATTON:

Q Will you state your name, by whom you are employed, and in what capacity?

A Harold Frost, Production Engineer for Atlantic Refining in the Midland Regional Office, Midland, Texas.

Q Are you familiar with the application in Case 2162, and with the area covered thereby?

A I am.

Q Have you previously testified before this Commission as an expert witness?

A I have.

Q Will you proceed to explain what the application is, and what the request of Atlantic is in this case?

A In December, 1959, when the Commission issued Order R-1557, it granted us permission to commingle our production from the Langlie Federal, Langlie Federal "A" and Langlie Federal "B" leases in the Justis field. At this time we propose to install an automatic custody transfer system for this commingling production.

Q Will you describe the area and the proposed ACT?

A The schematic diagram on the left shows the lease hook-up as approved by the Commission in their previous order, and inside the heavy dashed line at the right is the ACT Unit as proposed now. We would use one of our existing three 224-barrel tanks as our surge tank. There is a transfer pump with a pressure gauge, and

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thermometer downstream of the pump. We then go through a combination strainer and air eliminator to remove any foreign particles, or gas or air. Downstream of the eliminator is our pipeline sampler which is controlled by pulses from the P.D. meter. This will give us samples in proportion to the rate of flow through the meter. The meter will be temperature compensated, will have a non-reset counter and will read the barrels of oil corrected to 60 degrees.

Our meter proving loop consists of four valves with a bleed valve between two in-line block valves to preclude any valve leakage. The back pressure valve will maintain pressure in the system above the vapor pressure of the crude, and the check valve will prevent backflow from the pipeline.

Our control panel will stop the transfer pump at the low surge tank level, which will be located two to three feet above the pipeline connection in the tank. This will hold all circuits locked out of function until the oil level returns to the high level switch. When the oil reaches the high level switch the transfer of oil will be started. Manual override switch will permit putting the unit in operation if the level does not reach the top switch. Monthly set-stop count will prevent the over-running of the scheduled allowable and it must be manually reset each month. The transfer of oil will be stopped if the flow rate drops below a pre-set minimum or malfunction of the meter. This will lock out and must be manually reset. The two extra tanks will be used as overflow tanks in case the unit is shut down ^{due} to a malfunction, and these tanks are



sufficient to store any production during unattended operation.

Q Did you receive the approval of the pipeline company?

A Yes. They are in agreement with this proposal.

Q That is shown by a letter?

A We have a copy of a letter from the Texas-New Mexico Pipeline Company.

Q Is this ACT system substantially similar to those which have been heretofore approved by this Commission?

A Yes, it is.

Q Is there anything else you care to explain about the system?

A I believe that is all.

MR. BRATTON: If the Commission please, we will ask that the plat of the area which has been handed to the Commission be marked as Exhibit No. 1, and for the purpose of simplification, let's just mark the statement as Exhibit 2, and that contains the letter from the pipeline company and the schematic diagram.

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

A They were.

MR. BRATTON: We offer in evidence Exhibits Nos. 1 and 2.

MR. UTZ: Without objection Exhibits 1 and 2 will be entered into the record in this case.

MR. BRATTON: We have nothing further to offer.

BY MR. UTZ:

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Q Mr. Frost, what are the two pools this lease is producing from at the present time?

A Blinebry and Drinkard-Tubb. We have one on the Langlie Federal Lease, a dual completion in both zones, and a dual completion on the Langlie Federal "A" Lease producing from both zones.

Q Total oil produced which you will use this ACT for is how much?

A 184 barrels per day.

Q And you will have three 224-barrel tanks?

A Yes, sir.

Q Do you intend to complete any more wells in these pools which will go through this system?

A At the present time we are considering one more well to be handled by the system.

Q How often do you expect to attend the lease?

A The pumper will be around there every day.

Q Do you have storage enough for approximately three days?

A Yes.

Q Therefore, you feel that the high level safety switch is not necessary?

A No, sir, we don't think so. It will overflow into the other two tanks if it reaches the high level in the surge tank.

MR. UTZ: Are there any other questions?

BY MR. PAYNE:

Q Mr. Frost, is the oil from either of these two pools



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corrosive?

A We have had no corrosion problems to date, no indication that there will be corrosion.

Q Have you had any paraffin problems?

A No, sir.

Q You propose to use a positive displacement meter?

A That's right.

Q Are these flowing wells or pumping wells?

A These are flowing wells, one pumping, three flowing wells.

BY MR. NUTTER:

Q Mr. Frost, which leases are which on this Exhibit?

A The Langlie Federal is the N/2 of the SE/4; the Langlie Federal "A" is the S/2 of the NE/4, and the Langlie Federal "B" is the N/2 of the NE/4.

Q On this schematic drawing of your automatic custody transfer there is no monitor depicted. Is there assurance this is going to be pipeline quality oil at all times, and no monitor is necessary?

A The pipeline company does not want a monitor on there. If, at any time, we do run water to them then they are going to require something to prevent water entering the custody transfer unit.

Q How will they know water isn't entering into it if they don't have a monitor?

~~A By the sample they take out at the end of the month.~~



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Q Which might show water did enter the pipeline, but at the time it is entering they won't know?

A Not necessarily. I think the pumper will know since he will be checking it every day anyway.

Q Now, on your commingling loop over on the left, you do have heater treaters?

A That's right.

Q Are these actually installed?

A The two shown in solid lines are installed; the two in dashed lines will be installed when those two zones start producing water.

Q There is some actual water production at the present time in the area?

A There is in two wells.

Q But the heater treaters seem to be taking all the water out, and it is going to the pipeline?

A Yes, sir.

Q What is the normal storage in the two overflow tanks, zero?

A Zero, normally, that's right.

Q So you have 448 barrels of empty storage capacity available at all times?

A That is correct.

Q And since there is no monitor the only time that storage would be necessary would be in the event of malfunction?

A That's right.



MR. NUTTER: I believe that is all. Thank you.

MR. UTZ: Any other questions? The witness may be excused. Any other statements in this case?

Case will be taken under advisement.

STATE OF NEW MEXICO)
) as
COUNTY OF BERNALILLO)

I, JUNE PAIGE, 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 31st day of January, 1961.

June Paige
Notary Public - Court Reporter

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



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WITNESS

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QUESTIONS by Mr. Nutter	

EXHIBITS

<u>NUMBER</u>	<u>EXHIBIT</u>	<u>IDENTIFIED</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Ex.#1	Plat	4	4	4
Ex.#2	Statement	4	4	4

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2162.. heard by me on Jan. 25, 1961..

[Signature], Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 2162

STATEMENT OF THE ATLANTIC REFINING CO.
CONCERNING APPLICATION FOR APPROVAL
OF AN AUTOMATIC CUSTODY TRANSFER SYSTEM
ATLANTIC LANGLEIE FEDERAL LEASES
JUSTIS FIELD, LEA COUNTY, NEW MEXICO
CASE NO. 2163

2162

In December, 1959 the New Mexico Conservation Commission in Order No. R-1557 granted permission for The Atlantic Refining Co. to commingle production on its Langlie Federal, Langlie Federal "A", and Langlie Federal "B" leases in Justis Field.

The Atlantic Refining Co. proposes to install an automatic custody transfer system to handle Justis-Blinbry and Drinkard-Tubb Pool production from all wells presently completed or hereafter drilled on the above leases. The equipment we plan to install will be of the same general type previously approved by the Commission for installation in the State of New Mexico. Previous use of equipment similar to this proposal has proven that this is a reliable method of transferring custody of oil.

Attached is a plat showing the Langlie Federal leases and location of the existing tank battery. Also attached is a schematic showing the central battery as approved by Order No. R-1557 and the proposed automatic custody transfer system.

Oil will be transferred to the pipe line from a surge tank after being metered separately from each zone on each lease. Components of the LACT unit in flow order are as follows:

1. Pump: An electrically driven pump maintains a pressure in the metering system above the vapor pressure of the crude. It provides a constant flow rate through the system to insure meter accuracy.

2. Strainer - Air Eliminator: A combination strainer and air eliminator removes any air, gas, or foreign particles which may interfere with the operation of the meter.
3. Sampler: Samples of the crude are taken at regular intervals during each period of transfer to the pipe line. The samples will be stored in a vapor proof container for gravity and BS&W measurement. The sampler is actuated by electrical impulses from the meter. This will give samples proportional to the amount of oil transferred.
4. Oil Meter: A positive displacement meter is used to measure the volume of oil transferred. This meter is with a temperature compensator, non-reset counter registering barrels, tenths, and hundredths. The counter registers the amount of oil transferred corrected to 60° F.
5. Meter Proving Loop: A four valve proving loop will permit calibration of the oil meter at any time. This proving loop has a bleed valve between double in-line block valves to insure that no oil by-passes the calibration equipment.
6. Back Pressure Valve: The back pressure valve maintains a constant pressure in the meter. This pressure is above the vapor pressure of the crude.
7. Check Valve: A check valve prevents any backflow of oil from the pipe line to Atlantic's equipment.

A control panel, located on the skid, performs the following functions:

1. Stops booster pump on low surge tank level and holds all circuits locked out until the oil level returns to the high level switch. Starts the pump at the high level in the surge tank. A manual override permits starting the pump between level switches.
2. A set-stop counter prevents overrunning of the scheduled monthly allowable. It must be manually reset each month.
3. Stops transfer of oil on a signal from the set-stop counter. Prevents further transfer until the set-stop counter is reset.
4. Stops transfer of oil on a meter failure or if the flow rate drops below a present minimum. This is a lockout function and must be manually reset.
5. The control panel door can be sealed by the pipe line company.

Two overflow tanks are provided in case the custody transfer unit is shutdown due to a malfunction. These two tanks are large enough to store all production during unattended operation.

The positive displacement meter can be calibrated jointly by the pipe line company and The Atlantic Refining Co. The meter can be calibrated by either a master meter or a test tank.

TEXAS-NEW MEXICO PIPE LINE COMPANY

F. B. WHITAKER, JR.
DIVISION MANAGER

January 23, 1961

100-208-001
MIDLAND, TEXAS

Re: IACT Unit
Langlie Federal Lease
Justis Field
Lea County, New Mexico

The Atlantic Refining Company
P. O. Box 1610
Midland, Texas

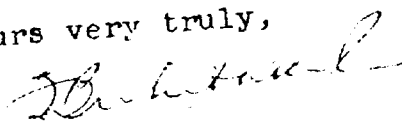
Attention: Mr. H. E. Bond
Regional Production Superintendent

Gentlemen:

This is in reply to your letter dated January 12, 1961, concerning your IACT unit that you propose to install on your Langlie Federal Lease, Justis Field, Lea County, New Mexico.

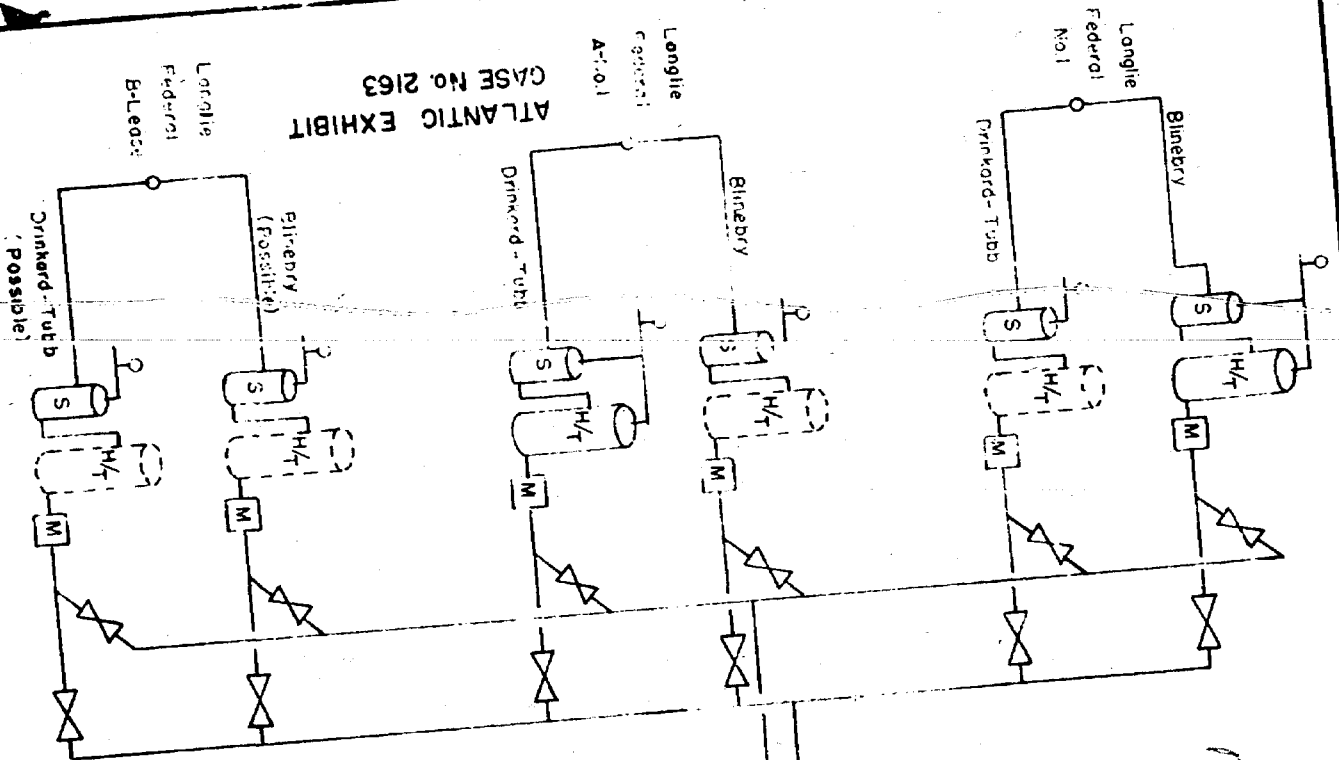
We have examined your proposal in some detail and think that it should prove satisfactory from both of our viewpoints. We would be pleased to receive fluid through this installation following a minimum testing period.

Yours very truly,



RWB-btk

ATLANTIC EXHIBIT
CASE No. 2163



- LEGEND**
- S - Separator
 - H/T - Emulsion Treater
 - M - Oil Meter
 - - Gas Meter
 - Δ - Manual Block Valve
 - A - High Level Switch
 - B - Low Level Switch

- 1 - Rotary Pump
- 2 - Pressure Gauge
- 3 - Thermometer
- 4 - Strainer - Air Eliminator
- 5 - Sampler
- 6 - P.D. Meter
- 7 - Back Pressure Valve
- 8 - Check Valve

PROPOSED AUTOMATIC CUSTODY TRANSFER
THE ATLANTIC REFINING CO.
LANGLIE-FEDERAL LEASES
JUSTIS FIELD, LEA COUNTY, NEW MEXICO