

CASE 2177: Application of PHILLIPS
for an automatic custody transfer
system to handle Corbin-Abo Pool
production.

See letter of
Special - Phil -
transmission per
J.P. - Yours

Case No.

2177

Application, Transcript,
Small Exhibits, Etc.

Exhibit
DRAFT

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. 2177
Order No. R- 1844

APPLICATION OF Phillips Petroleum Company
FOR APPROVAL OF AN AUTOMATIC CUSTODY TRANSFER
SYSTEM IN THE CORBIN - ABO POOL,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on Feb. 8, 1961, at Santa Fe, New Mexico, before DSN 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 February, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, DSN, 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, Phillips Petroleum Company, is the owner and operator of the Williams Lease, comprising the NE/4, the E/2 NW/4 and the SW/4 NW/4 of Section 33 and the N/2 of Section 34, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the Corbin - Abo Pool production from all wells presently completed or hereafter drilled on the above-described Williams Lease.

(4) 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:

That the applicant, Phillips Petroleum Company,
be and the same is hereby authorized to install an automatic custody
transfer system to handle the Corbin - Abo
Pool production from all wells presently completed or hereafter
drilled on the Ei 11/2m 5 Lease,
comprising the NE/4, the E/2 NW/4 and the SW/4 NW/4
of Section 33 and the N/2
of Section 34, Township 17 South, Range 33 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 Ei 11/2m 5 Lease
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 facili-
ties 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."

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

Case 2177

PHILLIPS PETROLEUM COMPANY

P. O. BOX 794
MIDLAND, TEXAS
January 10, 1961

LEGAL DEPARTMENT
RAYBURN L. FOSTER
VICE PRESIDENT
AND GENERAL COUNSEL
WM. J. ZEMAN
GENERAL ATTORNEY

MIDLAND DIVISION
CARL W. JONES
CHIEF ATTORNEY
EDWARD H. HILL
JOE D. MERONEY
GEORGE W. TERRY, JR.
STAFF ATTORNEYS

Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico

Re: Application of Phillips Petroleum Company
for Permission to Install Automatic Custody
Transfer Equipment on its Williams Federal
Lease, Corbin-Abo Pool, Lea County, New
Mexico

Gentlemen:

Enclosed in triplicate is application in the above matter
which I shall appreciate your filing and setting for hearing before
an Examiner as soon as possible.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

By Carl W. Jones
Carl W. Jones
Division Attorney

CWJ:mb
Encls.

Locke
Miles
1-30-61

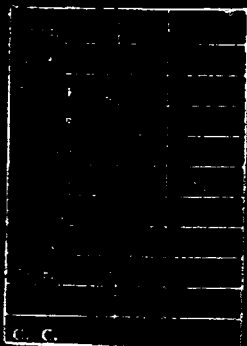


IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P.O. Box 6721
Roswell, New Mexico

January 26, 1961



File:

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

Attention: Mr. W. C. Rodgers

Gentlemen:

Your letter of January 17 addressed to the District Engineer, U. S. Geological Survey, Artesia, New Mexico, requests approval for the use of an automatic custody transfer system to ship oil produced from the Abo formation on that portion of lease Las Cruces 060967 described as NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$ sec. 33 and N $\frac{1}{2}$ sec. 34, T. 17 S., R. 33 E., N.M.P.M., Lea County, New Mexico.

The method you propose for shipping Abo production from the above described portions of lease Las Cruces 060967 is satisfactory to this office.

Very truly yours,

EDWIN M. THOMASSON
Acting Regional Oil and Gas Supervisor

TEXAS-NEW MEXICO PIPE LINE COMPANY

P. O. BOX 1810
MIDLAND, TEXAS

January 13, 1961

F. B. WHITAKER, JR.
DIVISION MANAGER

Re: Proposed Pump Tank ACT Unit
Williams Lease
Corbin-Abo Pool
Lea County, New Mexico
T-NM File: 296,426

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

Attention: Mr. E. C. Morgan

Gentlemen:

We have examined your proposed pump tank ACT unit to be installed on the Phillips - Williams Lease located in the Corbin-Abo Pool of Lea County, New Mexico and find it to be satisfactory.

As pointed out in your letter yesterday however, we will expect you to revise the installation in the 1000-barrel storage tank by either moving the pump line to an overhead position, or by adding an up-spool to the present pump line to a point above the top float in this tank. This would tend to provide the desired amount of weathering time.

Texas-New Mexico Pipe Line Company will accept this installation.

Yours very truly,



F.B.W.

cc: Mr. L. P. Schraab
P. O. Box 2105
Hobbs, New Mexico

DOCKET: EXAMINER HEARING - WEDNESDAY, FEBRUARY 8, 1961

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

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

CASE 2171: Application of Amerada Petroleum Corporation for permission to commingle the production from several separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the production from the Justis-Blinebry, Justis-Drinkard, Justis-Fusselman, and an undesignated 5000 foot pay zone from all wells presently completed or hereafter drilled on the Ida Wimberley Lease comprising portions of Sections 24, 25 and 26, Township 25 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2172: Application of Rice Engineering & Operating, Inc. for a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its Gulf Houston Well No. 1, located 1980 feet from the South and East lines of Section 19, Township 12 South, Range 38 East, Lea County, New Mexico, with injection to be in the Devonian formation in the interval from 12,200 feet to 12,500 feet.

CASE 2173: Application of Yates Petroleum Corporation for an order force-pooling a 322.4-acre gas proration unit in the Atoka-Pennsylvanian Gas Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Atoka-Pennsylvanian Gas Pool in the S/2 of Section 21, Township 18 South, Range 26 East, Eddy County, New Mexico. Interested parties include J. N. Hawkins, J. W. Potter, William H. Swearingen, Smith B. Crane, Frank F. Coon, A. F. Escobar, Olive E. Harrison, Penn American Petroleum Corporation, Mayme Ressinger, J. R. Raymond, Isabell Gallegos, Alice Heck Martin, Maze Heck Pinnell, Wave Heck Hill.

- CASE 2174: Application of Yates Petroleum Corporation for an order force-pooling a 322.2-acre gas proration unit in the Atoka-Pennsylvanian Gas Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Atoka-Pennsylvanian Gas Pool in the N/2 of Section 28, Township 18 South, Range 26 East, Eddy County, New Mexico. Interested parties include William H. Swearingen, Alice Heck Martin, Maze Heck Pinnell, Wave Heck Hill, J. W. Potter, James W. Hall and Mrs. Lucille Ruddell South.
- CASE 2175: Application of Sunray Mid-Continent Oil Company for an oil-oil dual completion utilizing two strings of casing. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "Y" Well No. 1, located in Unit G, Section 32, Township 18 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from the Culwin-Yates Pool and the production of oil from the North Shugart Queen-Grayburg Pool through parallel strings of 2 7/8-inch casing cemented in a common well bore.
- CASE 2176: Application of Honolulu Oil Corporation for a pressure maintenance project. Applicant, in the above-styled cause, seeks an order authorizing it to install a pressure maintenance project in the Horseshoe-Gallup Oil Pool by the injection of water into the Gallup formation through its Navajo Well No. 4, located in the SE/4 SE/4 of Section 5, Township 31 North, Range 17 West, San Juan County, New Mexico. Applicant further seeks the adoption of special rules governing the operation of said project.
- CASE 2177: Application of Phillips Petroleum 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 Corbin-Abo Pool production from all wells presently drilled or hereafter completed on the Eilliams Federal Lease comprising portions of Sections 33 and 34, Township 17 South, Range 33 East, Lea County, New Mexico.
- CASE 2178: Application of Humble Oil & Refining Company for permission to commingle the production from several separate leases and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the

CASE 2178: (Cont.)

Horseshoe-Gallup Oil Pool production from all wells presently completed or hereafter drilled on the Navajo "F" lease, comprising all of Sections 3, 4, 9, and 10, the Navajo "G" lease, comprising all of Sections 1, 2, 11 and 12, and the Navajo "M" lease, comprising the NE/4 of Section 5, all in Township 31 North, Range 17 West, San Juan County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2179:

Application of Drilling and Exploration Company, Inc. for approval of the Mescalero Ridge Unit Agreement. Applicant, in the above-styled cause, seeks approval of the Mescalero Ridge Unit Agreement, which unit embraces 7521 acres of Federal and State lands in Township 19 South, Range 34 East, Lea County, New Mexico.

CASE 2180:

Application of Great Western Drilling Company for an order force-pooling a 40-acre proration unit in the Eumont Gas Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Eumont Gas Pool in the SE/4 NE/4 of Section 32, Township 19 South, Range 37 East, Lea County, New Mexico. Interested parties include Dr. Hans May, B. A. Bowers, Estate of George F. Henneberry, William R. Kershaw, C. B. Neal, Fred Manley, Mae Williams, and W. L. Crutchfield.

CASE 2181:

Application of Gulf Oil Corporation for approval of the Hackberry Hills Unit Agreement. Applicant, in the above-styled cause, seeks approval of the Hackberry Hills Unit Agreement, which unit embraces 13,920 acres in Townships 21 and 22 South, Ranges 25 and 26 East, Eddy County, New Mexico.

LEASES AND OIL CONVEYANCES COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR PERMISSION TO INSTALL
AUTOMATIC CUSTODY TRANSFER EQUIP-
MENT ON ITS BILLIAMS FEDERAL LEASE,
CORBIN-ABO POOL, LEA COUNTY, NEW
MEXICO

CASE NO. 2177

APPLICATION

Comes now PHILLIPS PETROLEUM COMPANY and makes this applica-
tion for an order granting it permission to install automatic custody
transfer equipment on its Billiams Federal Lease, Corbin-Abo Pool, Lea
County, New Mexico, and in support of the application states:

1.

Applicant Phillips Petroleum Company is the working interest
owner and operator of the Billiams Federal Lease consisting of the fol-
lowing described land located in Township 17 South, Range 33 East,
N.M.P.M., Lea County, New Mexico:

Section 33:	NE/4; E/2 NW/4; SW/4 NW/4
Section 34:	N/2

2.

The Billiams Federal Lease has two oil wells completed in
the Corbin-Abo Pool at the present time, and applicant is drilling
another well and contemplates drilling two other wells in the immediate
future for completion in the Corbin-Abo Pool on said lease.

3.

Applicant proposes and requests permission of the Commission
to install an automatic custody transfer system to handle the Corbin-Abo
Pool production from all wells now completed or hereafter completed on
the Billiams Federal Lease above described. The system will measure the
oil production by means of a plastic-coated 25 barrel metering tank and
will be an accurate, efficient, reliable and economic means of trans-
ferring the custody of the oil.

**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. 2177
Order No. R-1877**

**APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR APPROVAL OF AN AUTOMATIC
CUSTODY TRANSFER SYSTEM IN THE CORBIN-
ABO POOL, LEA COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 8, 1961, at Santa Fe, New Mexico, before Daniel S. Better, 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 17th day of February, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Better, 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, Phillips Petroleum Company, is the owner and operator of the Williams Lease, comprising the NW/4, the E/2 NW/4 and the SW/4 NW/4 of Section 33 and the E/2 of Section 34, Township 17 South, Range 33 East, NEMH, Lea County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the Corbin-Abo Pool production from all wells presently completed or hereafter drilled on the above-described Williams Lease.

(4) 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.

-2-

CASE No. 2177
Order No. R-1877

IT IS THEREFORE ORDERED:

That the applicant, Phillips Petroleum Company, be and the same is hereby authorized to install an automatic custody transfer system to handle the Corbin-Abo Pool production from all wells presently completed or hereafter drilled on the Hillams Lease, comprising the NE/4, the E/2 NW/4 and the SW/4 NW/4 of Section 33 and the N/2 of Section 34, Township 17 South, Range 33 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 Hillams Lease 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.

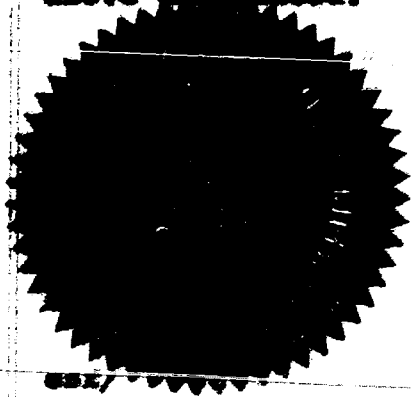
IT IS FURTHER ORDERED:

That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to insure 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."

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. McChes
EDWIN L. MCCHES, Chairman

E. S. Walker
E. S. WALKER, Member

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

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

Case #2177

February 17, 1961

Mr. Charles C. Spann
P. O. Box 1831
Simon Building
Albuquerque, New Mexico

Dear Mr. Spann:

Enclosed herewith are two copies of Order No. R-1877, recently entered by the Commission in Case No. 2177 for your client, Phillips Petroleum Company.

You will note that the order provides for the dump-type metering vessel to be calibrated monthly until such time as the Secretary-Director of the Commission directs otherwise.

If, upon completion of from three to six months production history, there is no evidence of paraffin buildup or of malfunction due to failure of the temperature compensator, counter, counter-linkage or other components, the Secretary-Director will be happy to consider a request from Phillips Petroleum Company to extend the time between tests.

Very truly yours,

DANIEL S. MUTTER
Chief Engineer

DSM/ear
Enclosures

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

C
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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 2177
Order No. R-1877-A

IN THE MATTER OF THE APPLICATION OF
PHILLIPS PETROLEUM COMPANY FOR APPROVAL
OF AN AUTOMATIC CUSTODY TRANSFER SYSTEM
IN THE CORBIN-ABO POOL, LEA COUNTY,
NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE COMMISSION:

It appearing to the Commission that due to clerical error and inadvertence, Order No. R-1877, dated February 17, 1961, does not correctly state the intended order of the Commission in one particular.

IT IS THEREFORE ORDERED:

(1) That that paragraph of Order No. R-1877 entitled "PROVIDED FURTHER" be changed to read as follows:

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, (a) 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, or (b) shall install high pressure ~~test~~ flow lines and shall so equip the existing facilities as to automatically shut-in the lease production at the header in the event the storage facilities become full.

(2) That the correction set forth above be entered nunc pro tunc as of February 17, 1961.

DONE at Santa Fe, New Mexico, on this _____ day of March, 1961.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 15, 1961

Mr. F. C. Morgan
Phillips Petroleum Company
P. O. Box 2105
Bosque, New Mexico

Dear Frosty:

We are enclosing herewith Order No. R-1877-A, a
same yet true order of the Commission which corrects
the original Order No. R-1877 to include the high
pressure flow lines which you had proposed as the third
alternative in the fail-safe features of the automatic
custody transfer system authorized by said order.

The correction is, of course, effective the date of
the original order, February 17, 1961.

Very truly yours,

DANIEL S. MUTTER
Chief Engineer

DSM/esr
Enclosure

cc: Mr. Charles C. Sporn
P. O. Box 1031
Sims Building
Albuquerque, New Mexico

Oil Conservation Commission
P. O. Box 2045
Bosque, New Mexico

C
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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 2177
Order No. R-1877-A

IN THE MATTER OF THE APPLICATION OF
PHILLIPS PETROLEUM COMPANY FOR APPROVAL
OF AN AUTOMATIC CUSTODY TRANSFER SYSTEM
IN THE CORBIN-ABO POOL, LEA COUNTY,
NEW MEXICO.

MUNC PRO TUNC ORDER

BY THE COMMISSION:

It appearing to the Commission that due to clerical error and inadvertence, Order No. R-1877, dated February 17, 1961, does not correctly state the intended order of the Commission in one particular.

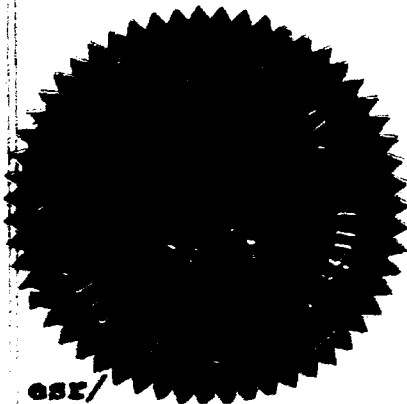
IT IS THEREFORE ORDERED:

(1) That that paragraph of Order No. R-1877 entitled "PROVIDED FURTHER" be changed to read as follows:

PROVIDED FURTHER, That in order to prevent the over-flow and waste of oil in the event the automatic custody transfer system fails to transfer oil to the pipelines, 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, (a) 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, or (b) shall install high pressure flow lines and shall so equip the existing facilities as to automatically shut-in the lease production at the header in the event the storage facilities become full.

(2) That the correction set forth above be entered ~~same~~ ^{same} ~~pro~~ ^{pro} ~~tunc~~ ^{tunc} as of February 17, 1961.

DONE at Santa Fe, New Mexico, on this 15th day of March, 1961.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

[Signature]
EDWIN L. MECHAM, Chairman

[Signature]
E. S. WALKER, Member

[Signature]
A. L. PORTER, Jr., Member & Secretary

esr/



PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79760
PHILLIPS BUILDING, FOURTH & WASHINGTON

EXPLORATION & PRODUCTION DEPARTMENT

70 AUG 28 PM 1 07

August 27, 1970

7-5: LACT Facility Removal --
Eilliams Lease, Corbin (Abo) Field,
Lea County, New Mexico

File: W6-Ba-746-70

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

Attention: Chief Engineer

Gentlemen:

Please cancel the authority to operate a Lease Automatic Custody Transfer facility, as approved in NMOCC Case No. 2177, Order R1877, R1877-A, serving our Eilliams Lease in the Corbin (Abo) Field, Lea County, New Mexico. This equipment has been removed from the lease.

Yours very truly,

PHILLIPS PETROLEUM COMPANY

F. F. Lovering

F. F. Lovering, Manager
Southwestern District

HM:ep

cc: New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico 88240

File Case 2177

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 8, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Phillips Petroleum 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 Corbin-Abo Pool production from all wells presently drilled or hereafter completed on the Eilliams Federal Lease comprising portions of Sections 33 and 34, Township 17 South, Range 33 East, Lea County, New Mexico.

Case
2177

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: Case 2177.

MR. MORRIS: Application of Phillips Petroleum Company for an automatic custody transfer system.

MR. SPANN: Charles C. Spann, 904 Simms Building, Albuquerque, New Mexico I have with me Mr. Carl Jones, attorney from Midland, Texas, representing the applicant.

(Witness sworn.)

F. C. MORGAN

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

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DIRECT EXAMINATION

BY MR. JONES:

Q Will you state your name for the record, please?

A F. C. Morgan.

Q By whom are you employed?

A Phillips Petroleum Company.

Q In what capacity?

A Assistant District Superintendent, Hobbs Production District.

Q As such, are you familiar with the subject matter of this application?

A Yes, sir, I am.

Q Have you previously testified and had your qualifications as a petroleum engineer accepted by this Commission?

A Yes, sir.

MR. JONES: Any questions about his qualifications?

MR. NUTTER: No, sir. Please proceed.

Q (By Mr. Jones) Mr. Morgan, what land does this application cover?

A We have Exhibit No. 1 showing the area covered in this application.

Q The application for the NE/4, E/2 of the NW/4 and SW/4 of NW/4 of Section 33 and the N/2 of Section 34, Township 17 South, Range 33 East; is that correct

A That's correct.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q And you have prepared a plat of the area involved?

A Yes.

MR. JONES: We ask that be identified as Phillips Exhibit No. 1.

(Applicant's Exhibit No. 1
Marked for Identification.)

Q Is the land which is the subject of this application, is it not true that that land is covered by a single basic Federal lease?

A That is correct.

Q And it is known as Phillips Eilliams Federal Lease, is it not?

A The Eilliams Lease; we don't use the Federal.

Q How many proration units would this land consist of if all the units turned out to be productive?

A This lease would consist of fifteen 40-acre units.

Q This application does not involve an exception to Rule 309 as to the number of wells to be produced in a common tank battery?

A Yes, sir.

Q Simply the use of the automatic transfer custody system?

A Yes, sir.

Q How many wells are now located on the Eilliams Lease?

A We presently have three wells producing. Well 4 is drilling 6,300 feet. We have Well No. 5 shown as an approved location.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q Are these pumping or flowing wells?

A These are flowing wells.

Q Mr. Morgan, have you prepared a flow diagram of the proposed installation?

A Yes, sir, I have.

MR. JONES: We ask that be identified as Phillips Exhibit No. 2, please.

(Applicant's Exhibit No. 2
Marked for Identification.)

Q Will you go through the flow diagram and explain to the Examiner the nature of the proposed system?

A Yes, sir. I might explain, first, that all wells on the lease presently produce pipeline oil. Therefore, automatic custody transfer battery has been designed for these conditions. There are no treating facilities. There are two oil and gas separators, and three 500-barrel stock tanks. Pipes and equipment shown by the dashed lines will be installed initially. We have clean oil flowing from the separator into the surge tank. When the oil in the surge tank reaches the top level, Level 2, P-1, the transfer pump is started and meter tank starts filling. The transfer pump fills the meter tank to the weir and spills over and down into the drain-down line. The drain-down line which you see going to the surge line is sized to drain down at a rate less than the transfer rate, and that permits the oil level to rise outside the weir into Level 3. When Level 3 goes wet the transfer pump shuts down. It all comes to



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

drain down from outside the weir, and when the oil level drops below Level 3, 5-1 opens to start the delivery cycle. Metered volume is, therefore, the volume between 5-1 and the weir. Level 3 must dry before Valve 1 opens. When the hole in the metering tank drains to Level 4 a time delay is actuated which closes Valve 1. This time delay insures the oil is below 5-1 before 5 closes. The closing of Valve 1 initiates another transfer cycle.

The sump tank is provided so that the pipeline pump, P-2, will not be stopped and started between dumps. The pipeline pump can be controlled by Level 5. All pumps are powered by electric motors.

The delivery of oil to the pipeline will be greater than the lease production. Therefore, the oil in the surge tank will drop until Level 1 is reached; delivery will be interrupted with the meter tank empty until Level 2 goes wet.

Fail-safe dump counter will be used to count the number of dumps sold, and will shut down the lease when the monthly allowable is produced. Temperature of each dump will be registered on a counter which will permit determination of the average temperature of the oil sold. Proportional samples will be stored in vapor-type vessels to provide composite gravity and per cent water information.

If malfunction occurs and no oil is sold, the surge tank overflows into the emergency overflow tank. When the oil level in the emergency overflow tank reaches Level 6 the lease shut-in valves will close in, thus shutting in the lease. We believe locating the shut-in valves at the header will be satisfactory because the field



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lines will be tested to one and a half times the well pressure to place the LACT system in operation.

The equipment shown by dotted lines will be installed when and if producing oil does not meet pipeline specifications. In that event the monitor pump, P-3, will run continuously, pump oil through the surge tank, through the monitor seal and back through the surge tank. When the monitor registers bad oil the circulating pump, P-4 is started. The circulating pump pumps oil from the surge tank back through the treating facilities until the monitor registers good oil, the circulating pump is stopped, and transfer pump is allowed to restart as required.

Q What is the nature of the metering tank in this system?

A The metering tank is actually a 25-barrel vessel, internally plastic-coated with baked-on plastic.

Q To whom is the oil sold at the present time, Mr. Morgan?

A Texas-New Mexico Pipeline Company now serves the Williams Lease.

Q And has Texas-New Mexico Pipeline Company been apprised of this application and the nature of the proposed system?

A Yes, sir. We have thoroughly reviewed this installation with them and have Exhibit 3, a photostatic copy of a letter from Texas-New Mexico Pipeline Company stating their approval.

Q I note from the second paragraph of the letter from Texas-New Mexico Pipeline Company, one alteration was suggested in the proposed system. Has the system which you described been revised



to meet that proposal?

A Yes, sir. Our system will incorporate their requirement.

MR. JONES: We ask this this letter be accepted as Phillips
Exhibit 3.

(Applicant's Exhibit No. 3
Marked for Identification.)

Q This application is to transfer custody of oil from the
Corbin-Abo Pool, is it not, just merely one single producing for-
mation?

A Yes, sir, the Abo formation.

Q Has your company had experience with similar installation
in other areas?

A Yes, sir. Actually we have thirty systems of the type we
suggest here in operation. Eighteen of these are in Oklahoma, nine
in Texas, and three in Utah. We have one such system proposed in
Order R-1490, although the system was not actually installed because
of lower production.

Q That was the Ranger Lake Pool?

A Yes, sir.

Q Approved by this Commission?

A Yes, sir.

Q Mr. Morgan, what economic benefits do you anticipate from
this system as compared to production into and transfer from a
conventional stock tank?

A Our primary purpose is to effect economy and improved
operations on the lease. The production from the eight wells,

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which I feel will be the minimum 840 barrels a day, that would require seven 500-barrel tanks at a cost of about \$18,000. This proposed LACT battery and two 500-barrel tanks, \$17,700. Direct savings will result if eight or more wells are producing. We anticipate a gravity increase which will amount to an additional \$300 a month. We also expect to improve the utilization of labor.

Q You mentioned a moment ago this was a single basic Federal lease. Has the United States Geological Survey been apprised of this application and the proposed system?

A Yes, sir. We have discussed it with U.S.G.S., and we have a photostatic copy of a letter stating their approval.

MR. JONES: I ask this letter be marked as Phillips Exhibit No. 4, please.

(Applicant's Exhibit No. 4
Marked for Identification.)

Q What provision do you make for testing of this installation?

A We presently have a test separator with adequate provisions to test.

Q Have the offset owners, lease owners, been notified of this application?

A Yes, sir, they have.

Q What provision do you intend to make for calibration?

A I mentioned earlier, the inside of our metering tank is plastic-coated with baked-on plastic. The experience from thirty

other installations indicate that incrustation will not form on the



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interior of our coated tanks, and these installations include one installation in the Texas area where we had oil with 4.50 degrees. We have periodically inspected all metering vessels and found no incrustation. We feel confident this proposed installation will record the same success. I might add further, 1490 covering the Ranger Lake unit did include a requirement that the system be checked for accuracy at least every six months. I consider that a reasonable requirement.

Q From your familiarity with this system, and from the experience your company has had with similar systems, is it your opinion this will be efficient and reliable and a safe means of transferring custody of the oil?

A Yes, sir. That would certainly be indicated on the basis of the other experience.

Q Is it your opinion the approval of this application is in the interests of conservation?

A I say it is because gravity increases from .2 to .6 following an ACT installation because of more rapid transfer to the pipeline. Weathering is minimized, and there is less flashing of the vapors.

Q Is it your opinion that the correlative rights of all interested parties will be protected by this installation?

A Yes, sir.

MR. JONES: I believe that is all the questions we have.

MR. NUTTER: Any questions of the witness?



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BY MR. PAYNE:

Q How much additional storage capacity do you have?

A We have three 500-barrel stock tanks at the present time. Our intentions are, once this system is in and levelled out we intend only to retain two 500-barrel tanks on a permanent basis.

Q What do the wells make, total, now?

A 315 barrels a day production now.

Q You anticipate drilling a maximum of 15 wells on the lease?

A No, sir. I do not. I figure we will have a minimum of eight, but certainly something less than twelve. There has been a dry hole drilled to the north and west of our wells. I think that will limit our development to the north line.

Q What do you feel will be the maximum production per day when it is fully developed?

A 840 barrels is all we could reasonably predict at this time.

Q You would have emergency storage that would take care of production during the maximum unattended hours of your operation?

A I feel we will have a minimum of 30 hours storage provided at all times on this lease.

Q A pumper does visit this lease every day?

A No, sir. We swing weekends. The lease is unattended Sundays and Mondays.

Q Consecutively?

A Yes, sir. That is correct.



Q You have 30 hours?

A We also have provisions made in a malfunction for the lease to be shut in.

Q You say you had tested, or would test, the flow lines?

A Yes, prior to placing the system we would at least test the flow line to one and a half times the maximum wellhead shut-in pressure.

REDIRECT EXAMINATION

BY MR. JONES:

Q Mr. Morgan, when would you like to start construction of this project if the necessary approval can be obtained?

A We would certainly like to start within the next two weeks. We have one company rig running in the area on continuous development, and we will have our fourth well completed in the next ten days, two weeks. We would like to have it in operation shortly after that to save buying unnecessary stock tanks.

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

A Yes, sir.

MR. JONES: I would like to offer Exhibits 1 through 4 into evidence.

MR. NUTTER: Exhibits 1 through 4 will be entered in evidence.

BY MR. NUTTER:

Q Mr. Morgan, you mentioned 500-barrel tanks. The letter

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from Texas-New Mexico is asking you to revise the fill line in the 1000-barrel tank. What tank is he talking about?

A I can only say he is actually aware of what we have on the lease, and I am sure that is a misprint.

Q I thought maybe running to another storage tank?

A No, sir. It is presently tied into the 500-barrel tanks, no change involved.

Q What does he actually want you to revise here; is he talking about the surge tank?

A Actually Texas-New Mexico Pipeline has a requirement. Phillips prefers bottom fills and they do not agree with bottom fills. In this instance they objected to our proposal to bottom-fill the surge tank. They would feel the crude was not weathered, might channel straight across the tank into the transfer pump. They wanted the oil by top fill or upcomer to give them the weathering. It was proposed to provide the upcomer.

Q How high up in the tank?

A Actually about four feet from the top of the tank.

Q In the event that the monitor, which may ultimately be installed here, detects bad oil, the monitor pump, P-3, turns on; is that correct?

A The monitor, any time the monitor detects bad oil the monitor pump is running continuously at all times. Anytime we see bad oil we immediately shut down the transfer pump, if it is in operation and start our circulating pump and, of course, the circu-



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lating pump runs continuously, circulates the oil back through the heater treater until the monitor sees good oil.

Q Does the transfer pump stay on at all times?

A The transfer pump only runs on signal. The monitor pump would run continuously.

Q How is the monitor going to get good oil back if the transfer pump isn't running?

A Sir, the circulating pump will run, will be circulating the oil out of the surge tank through the treating facilities; the monitor pump takes surges out of the surge tank.

Q Does the monitor pump have suction to pull oil from the transfer pump?

A Yes, sir.

MR. NUTTER: Any further questions?

BY MR. PORTER:

Q Mr. Morgan, you testified that the gravity would be increased from .2 to .6 degrees?

A Yes, sir.

Q Assuming that you got your ultimate production there of 840 barrels per day, how much would that amount to, moneywise, do you think, in a month's time?

A \$300 a month would be the gravity benefits.

MR. NUTTER: Any further questions of Mr. Morgan: He may be excused. Do you have anything further, Mr. Jones?

MR. JONES: No, sir.



MR. NUTTER: Does anybody have anything they wish to offer in Case 2177?

Take the case under advisement. At this time we will take a 15-minute recess.

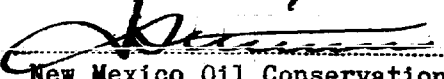
STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

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 14th day of February, 1961.


Notary Public - Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2177 heard by me on 2/8, 1961.


Examiner
New Mexico Oil Conservation Commission

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I N D E XWITNESSPAGE

F. C. MORGAN

Direct Examination by Mr. Jones

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QUESTIONS by Mr. Payne

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Redirect Examination by Mr. Jones

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QUESTIONS by Mr. Nutter

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QUESTIONS by Mr. Porter

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<u>NUMBER</u>	<u>EXHIBIT</u>	<u>E X H I B I T S</u>		
		<u>IDENTIFIED</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Ex.#1	Plat	3	11	11
Ex.#2	Flow Diagram	4	11	11
Ex.#3	Pipeline letter	7	11	11
Ex.#4	U.S.G.S. letter	8	11	11