

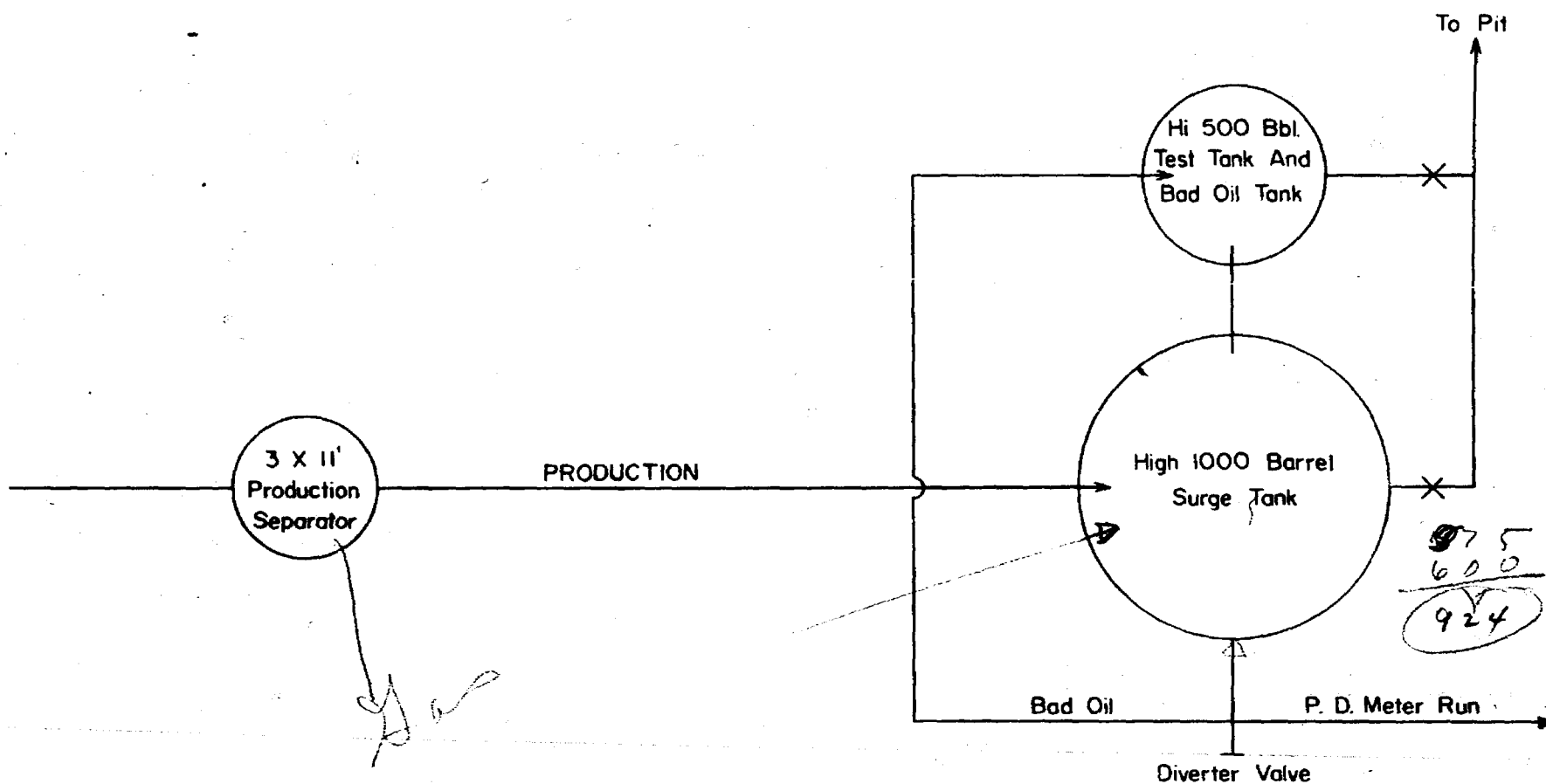
CASE 2195: Application of GULF for an  
automatic custody transfer system.  
(Lea-State "LB" lease).

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-asa / No.

2195

Application, Transcript,  
Small Exhibits, Etc.



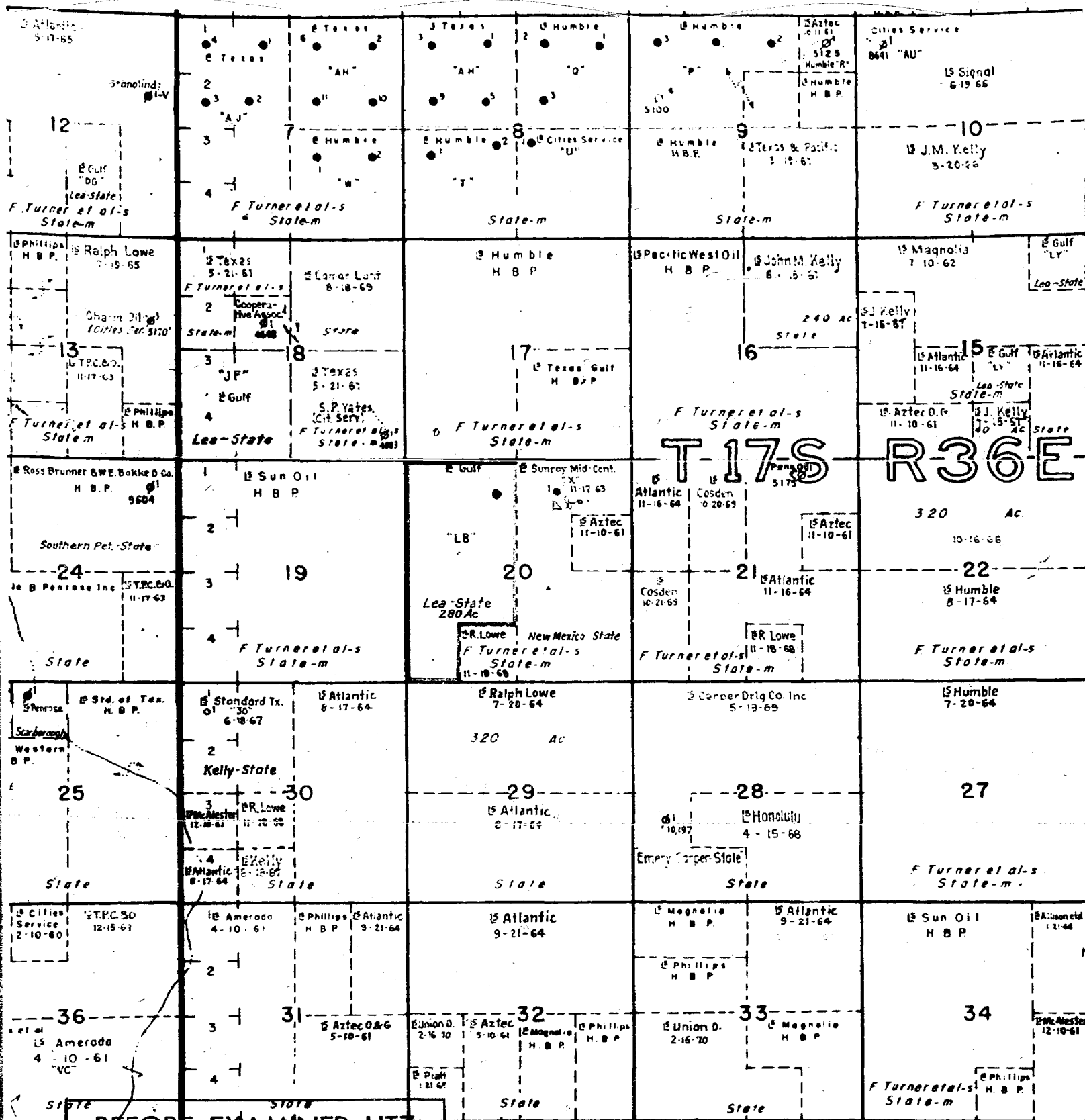
BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
*Bluff* EXHIBIT NO. 2  
CASE NO. 2195

Case No. 2195  
Exhibit No. 2

PRODUCTION FLOW DIAGRAM OF LEA  
STATE "LB" TANK BATTERY AND ACT

Gulf Oil Corporation

February 23, 1961



BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

EXHIBIT NO. 2195

CASE NO. 2195

LEASE PLAT

STATE "LB" LEASE

LEA COUNTY, NEW MEXICO

LEGEND -

☐ Pertinent Gulf Lease

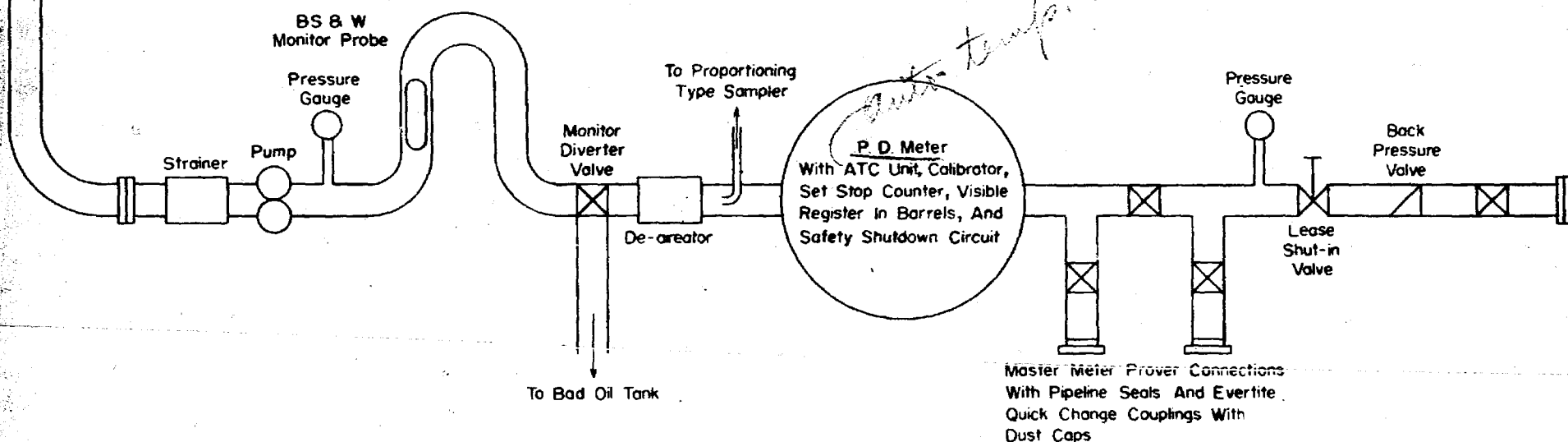
Case No. 2195  
Exhibit No. 1

Gulf Oil Corporation

February 23, 1961

Surge Tank

*14-80-6+3*



BEFORE EXAMINER UTZ  
 OIL CONVEYANCE COMMISSION  
*Gulf.* EXHIBIT NO. 3  
 CASE NO. 2195

Case No. 2195  
 Exhibit No. 3

**PROPOSED AUTOMATIC CUSTODY  
 TRANSFER SYSTEM**  
 LEA STATE "LB" LEASE  
 Gulf Oil Corporation February 23, 1961

(Enc 2198)

# Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. A. Shellishear  
DISTRICT MANAGER  
F. O. Mortlock  
DISTRICT EXPLORATION  
MANAGER  
M. J. Taylor  
DISTRICT PRODUCTION  
MANAGER  
H. C. Vivian  
DISTRICT SERVICES MANAGER

P. O. Drawer 669  
Roswell, New Mexico

January 19, 1961

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

Re: Application for Approval of ACT  
System for Abo Production,  
Undesignated Pool, Underlying  
Gulf's Lea-State "LB" Lease,  
NW/4, N/2 SW/4 and SW/4 SW/4  
Section 20, Township 17 South,  
Range 36 East, Lea County, New  
Mexico. Also requested is  
Administrative Approval for  
All Future ACT Systems installed  
by Gulf, utilizing similar ACT  
equipment.

Gentlemen:

Gulf Oil Corporation herewith makes application for approval to install and operate automatic custody transfer equipment for Abo production from the subject lease in exception to Rule 309(a), which requires measurement of oil in tanks before such oil is transported from the lease. Also requested is Administrative Approval for all future ACT Systems installed by Gulf, utilizing similar ACT equipment.

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

- (1) Applicant is the owner and operator of the Lea-State "LB" Lease which consists of the NW/4, N/2 SW/4 and SW/4 SW/4 of Section 20-17S-36E, Lea County, New Mexico. Lease plat is attached.
- (2) Applicant proposes to install ACT equipment similar to numerous other ACT Systems previously approved by the Commission. A diagram of the proposed ACT Unit is attached.
- (3) The proposed ACT installation will have adequate facilities for all required tests and will result in efficient accounting of crude oil transferred to the pipe line gathering system.
- (4) The proposed ACT installation will have adequate safety devices to shut in the lease in the case of high levels or will provide sufficient storage to handle the lease production during the unattended hours.



January 19, 1961

- (5) Applicant will request approval of the ACT System prior to the establishment of Abo production from the lease. This will allow the installation of the permanent battery without the necessity of temporary storage facilities.
- (6) There is no diversity of royalty ownership underlying the above described lease.
- (7) The granting of this application is in the interest of conservation, and will protect the correlative rights.
- (8) By copy of this letter, all offset operators are notified of this application.

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

Respectfully submitted,

GULF OIL CORPORATION

BY

*W. A. Shellshear*  
W. A. Shellshear

Attachments

JHH:dd

cc: Oil Conservation Commission  
Post Office Box 2045  
Hobbs, New Mexico

Sun Oil Company  
Post Office Box 2792  
Odessa, Texas

Texaco Inc.  
Post Office Box 3109  
Midland, Texas

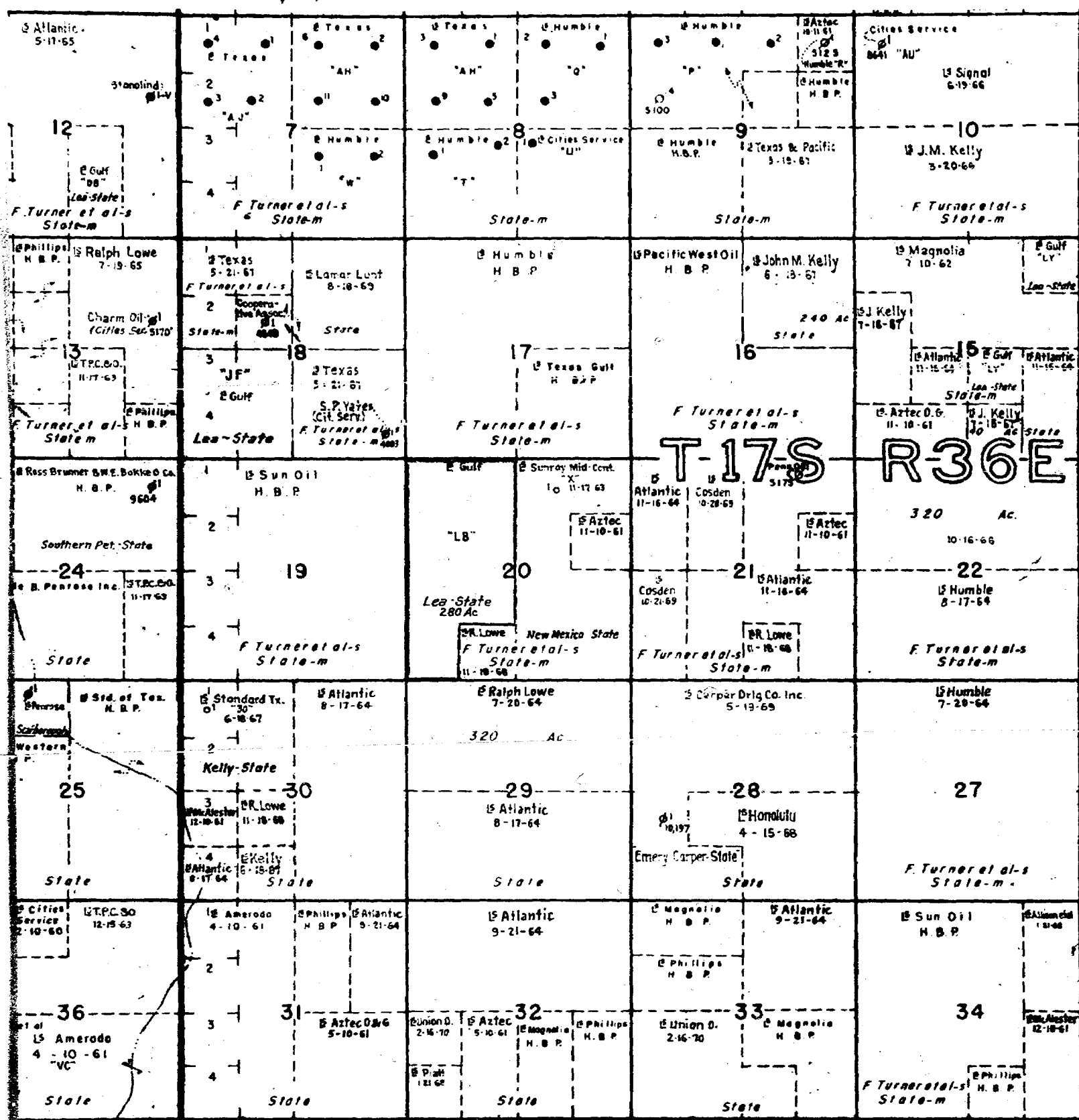
Humble Oil & Refining Company  
Post Office Box 1600  
Midland, Texas

Texas-Gulf Producing Company  
Post Office Box 1764  
Midland, Texas

Sunray Mid-Continent Oil Company  
306 Winkinson-Foster Building  
Midland, Texas

Ralph Lowe  
Post Office Box 832  
Midland, Texas

The Atlantic Refining Company  
J. P. White Building  
Roswell, New Mexico



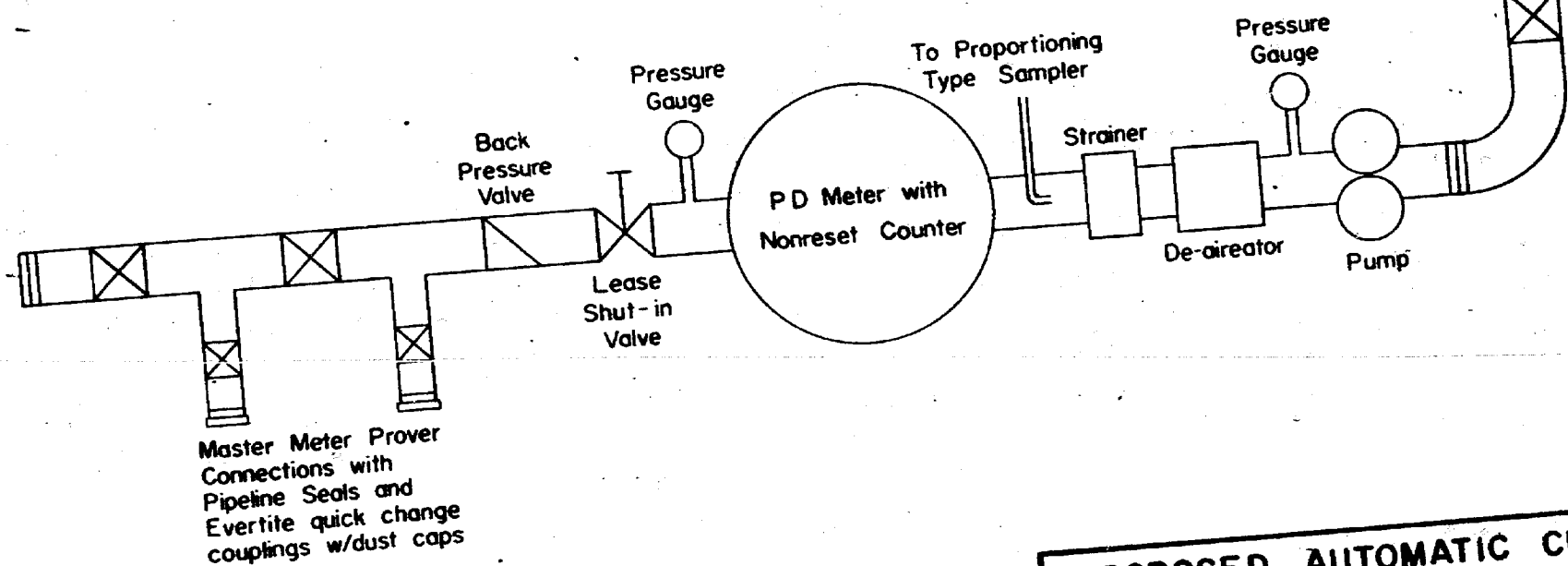
LEASE PLAT  
LEA STATE "LB" LEASE  
LEA COUNTY, NEW MEXICO  
- LEGEND -

Pertinent Gulf Lease

Gulf Oil Corporation



# CENTRAL BATTERY LACT UNIT



**PROPOSED AUTOMATIC CUSTODY  
TRANSFER SYSTEM**

Gulf Oil Corporation

DOCKET: EXAMINER HEARING - THURSDAY, FEBRUARY 23, 1961

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

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

CASE 2193: Application of Newmont Oil Company for two unorthodox oil well locations and for one unorthodox location for an injection well. Applicant, in the above-styled cause, seeks approval for two unorthodox oil well locations, and for one unorthodox water injection well location in the Loco Hills Waterflood Project, Eddy County, New Mexico. The proposed locations for the producing wells and injection well are respectively as follows:

Yates A No. 14 Well, 1980 feet from the North line and 1310 feet from the East line of Section 6, Township 18 South, Range 30 East.

Brigham No. 5 Well, 1320 feet from the South line and 990 feet from the East line of Section 31, Township 17 South, Range 30 East.

Brigham No. 4 Well, 1320 feet from the South line and 5 feet from the East line of Section 31, Township 17 South, Range 30 East.

CASE 2187: Application of Continental Oil Company for a 400-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 400-acre non-standard gas proration unit in the Eumont Gas Pool comprising the W/2 of Section 26, the E/2 E/2 of Section 27, and the E/2 SE/4 of Section 22, all in Township 20 South, Range 37 East, Lea County, New Mexico. Said unit is to be dedicated to the SEMU Eumont Well No. 65, located 2363 feet from the South line and 0 feet from the West line of said Section 26.

CASE 2188: Application of Continental Oil Company for an exception to Rule 26 (a) of Order No. R-1670. Applicant, in the above-styled cause, seeks an exception to Rule 26 (a) of Order No. R-1670 for the reclassification to a Tubb gas well of its State 10 Well No. 3-D, located 990 feet from the North line and 840 feet from the West line of Section 10, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

- CASE 2189: Application of Continental Oil Company for two non-standard gas proration units. Applicant, in the above-styled cause, seeks the establishment of two non-standard gas proration units in the Eumont Gas Pool, Lea County, New Mexico, the first being a 480-acre unit consisting of the S/2 and NE/4 of Section 24 to be dedicated to the SEMU Eumont Well No. 67 located 1980 feet from the South and West lines of said Section 24 and the second being a 280-acre unit consisting of the NW/4 of said Section 24 and the S/2 and NW/4 SW/4 of Section 13 to be dedicated to the SEMU Eumont Well No. 69, located 1980 feet from the North and West lines of Section 24, all in Township 20 South, Range 37 East.
- CASE 2190: Application of Continental Oil Company for a 560-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 560-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the W/2 of Section 14, the E/2 E/2 of Section 15 and the E/2 NE/4 of Section 22, Township 20 South, Range 37 East, Lea County, New Mexico. Said unit is to be dedicated to the SEMU Eumont Well No. 66, located 1980 feet from the South line and 660 feet from the West line of said Section 14.
- CASE 2191: Application of Continental Oil 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 Empire-Abo Pool production from all wells presently completed or hereafter drilled on its State S-30 lease comprising in pertinent part the NW/4 and NW/4 SW/4 of Section 30, Township 17 South, Range 29 East, Eddy County, New Mexico.
- CASE 2192: Application of Amerada Petroleum Corporation for permission to commingle the production from two separate leases. Applicant, in the above-styled cause, seeks permission to commingle the Blinebry Oil Pool production from all wells presently completed or hereafter drilled on its State "D" lease, consisting of the NW/4 and its State "H" lease, consisting of the W/2 SE/4, both in Section 1, Township 20 South, Range 36 East, Lea County, New Mexico.
- CASE 2194: Application of Sunray Mid-Continent Oil Company for an oil-oil dual completion utilizing two strings of casing.

CASE 2194: (Cont.)

Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "Y" Well No. 2, located in Unit A, 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 2195:

Application of Gulf Oil Corporation for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the production from an undesignated Abo pool from all wells presently completed or hereafter drilled on the Lea-State "LB" Lease comprising the NW/4, N/2 SW/4 and SW/4 SW/4 of Section 20, Township 17 South, Range 36 East, Lea County, New Mexico.

CASE 2196:

Application of Gulf Oil Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle, without separate metering, the production from the Drinkard and Langlie-Mattix Pools from all wells presently completed or hereafter drilled on the Ollie I. Boyd Lease, comprising the S/2 SW/4, NE/4 SW/4 and SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 2197:

Application of Tennessee Gas and Oil Company for the promulgation of temporary special rules and regulations governing the Totah-Gallup Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating temporary special rules and regulations governing the Totah-Gallup Pool, San Juan County, New Mexico, including a provision for 80-acre proration units.

CASE 2198:

Application of H. S. Moss for permission to commingle the production from three separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the production from the Southwest Gladiola-Wolfcamp Pool, the Southwest Gladiola-Devonian Pool and an undesignated Pennsylvanian Pool from all wells presently completed or hereafter drilled on its D. P. Peck Lease comprising the W/2 of Section 26, Township 12 South Range 37 East, Lea County, New Mexico.

-4-  
Docket No. 6-61

CASE 2198: (Cont.)

Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

*Oil  
3/1  
Pm  
3/2*

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. 2195  
Order No. R- 1891

*Oil  
3/1  
Pm  
3/2  
3-2-61*

APPLICATION OF Gulf Oil Corporation  
FOR APPROVAL OF AN AUTOMATIC CUSTODY TRANSFER  
SYSTEM IN ~~THE~~ an undesignated 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. 23, 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 \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, \_\_\_\_\_, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Gulf Oil Corporation, is the owner and operator of the Lea - State "LB" Lease, comprising the NW/4, N/2 SW/4 and SW/4 SW/4 of Section 20, Township 17 South, Range 36 East, NMPM, Lea County, New Mexico.

*nated Abo*  
(3) That the applicant proposes to install an automatic custody transfer system to handle the production from an undesignated Abo pool production from all wells presently completed or hereafter drilled on the above-described Lea - State "LB" 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.

CASE No. 2195  
Order No. R-\_\_\_\_\_

IT IS THEREFORE ORDERED:

That the applicant, Gulf Oil Corporation,  
be and the same is hereby authorized to install an automatic custody  
transfer system to handle the production from an undesignated  
*Also* pool production from all wells presently completed or hereafter  
drilled on the Lea-State "LB" Lease,  
comprising the NW/4, N/2 SW/4 and SW/4 SW/4  
of Section 20, Township 12 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 Lea-State "LB" 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.

GOVERNOR  
EDWIN L. MECHEM  
CHAIRMAN

State of New Mexico  
**Oil Conservation Commission**

LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER



P. O. BOX 871  
SANTA FE

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

March 7, 1961

Mr. M. I. Taylor  
Gulf Oil Corporation  
Box 669  
Roswell, New Mexico

Re: Case No. 2193  
Order No. R-1891  
Applicant:  
Gulf Oil Corporation

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. 2195  
Order No. R-1891**

**APPLICATION OF GULF OIL CORPORATION  
FOR APPROVAL OF AN AUTOMATIC CUSTODY  
TRANSFER SYSTEM IN AN UNDESIGNATED  
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 23, 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 March, 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, Gulf Oil Corporation, is the owner and operator of the Lea-State "LB" Lease, comprising the NW/4, N/2 SW/4 and SW/4 SW/4 of Section 20, Township 17 South, Range 36 East, N28W, Lea County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the production from an undesignated Abo pool from all wells presently completed or hereafter drilled on the above-described Lea-State "LB" 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.

CASE No. 2195  
Order No. R-1891

IT IS THEREFORE ORDERED:

That the applicant, Gulf Oil Corporation, be and the same is hereby authorized to install an automatic custody transfer system to handle the production from an undesignated Abo pool from all wells presently completed or hereafter drilled on the Lea-State "LB" Lease, comprising the NW/4, E/2 SW/4 and SW/4 SW/4 of Section 20, Township 17 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 Lea-State "LB" 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 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 hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
EDWIN L. MECHEM, Chairman

  
E. S. WALKER, Member

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

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 23, 1961

EXAMINER HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF:

Application of Gulf Oil Corporation for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the production from an undesignated Abo pool from all wells presently completed or hereafter drilled on the Lea-State "LB" Lease comprising the NW/4, N/2 SW/4 and SW/4 SW/4 of Section 20, Township 17 South, Range 36 East, Lea County, New Mexico.

CASE  
2195

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

(Marked Applicant's  
Exhibits No's. 1, 2 & 3  
for identification.)

MR. UTZ: Case 2195.

MR. PAYNE: Case 2195: Application of Gulf Oil Corporation for an automatic custody transfer system.

MR. KASTLER: Bill Kastler from Roswell, New Mexico appearing on behalf of Gulf. Our witness will be Franklin Bridges.

FRANKLIN BRIDGES, (Witness sworn.)

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

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you state your name and address, your employer and



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-6691

ALBUQUERQUE, NEW MEXICO

your position?

A My name is Franklin Bridges; I work for Gulf Oil Corporation in Hobb, New Mexico.

Q What is your position?

A Petroleum Engineer.

Q Would you please briefly review your educational experience and background as a Production Engineer?

A I attended UCLA where I received a BS degree in petroleum engineering in 1956 and went to work at Gulf Oil for trainees and pump and well tested until I was classified as an engineer. At which time, I began engineering work on work-overs, well completions, equipment design and other production properties. For the past year, I have been handed some drilling problems and primarily worked on LACT batteries and installation.

Q Are you familiar with Gulf Oil Corporation's Lea-State "LB" Lease, and its application for installation of an automatic custody transfer system?

A Yes sir.

MR. KASTLER: Are the witness' qualifications satisfactory?

MR. UTZ: Yes sir, they are.

Q (By Mr. Kastler) I wish to call your attention to a least plat which you have caused to be marked Exhibit Number 1 in Case 2195. Would you please give the geographical location of the Gulf lease involved in this application?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A Yes sir, this Gulf Lea-State "LB" which is located in the Northwest Quarter of the North Half of the Southwest Quarter and Southwest Quarter of the Southwest Quarter of Section 20, Township 17 South, Range 36 East, Lea County, New Mexico.

Q That is a State, Federal or fee lease?

A State.

Q What institution is the beneficiary and the royalty owner?

A This is common school.

Q Is there any divestity of common ownership?

A No sir.

Q Are there any wells on this lease at the present time?

A No sir, we are not rigging up -- preparing to drill our first well.

Q You expect to drill that well to what depth -- the pay zone?

A Approximately 9,000 feet to the Abo.

Q Is there any Abo production nearby or offsetting this lease, and if so, state the location of that production.

A Yes sir, Sunray Mid-Continent had the discovery well. It is a direct offset to our lease. It's located in the Northwest Quarter of the Fourth East Quarter of Section 20, Township 17 South, Range 36 East, Lea County, New Mexico. This well potential is in excess of top allowable.

Q Do you know the probable depth or approximate depth of



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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

this well?

A Approximately 9,000 feet.

Q Is there any other development presently going on in this area?

A I understand Humble is now drilling a well just north of our lease in Section 17, same Township and Range. I understand that this is recently discovered and as yet an undesignated Abo pool for which Gulf is planning.

Q Is that a standing problem of its State "LB" Lease, is that correct?

A Yes sir.

Q How many locations potentially does Gulf have on this lease?

A Seven.

Q Why did Gulf propose lease custody automatic transfer before drilling its first well?

A Primarily a matter of economics. We like to go ahead and be able to install this ACT equipment. It would not put tanks in for a while and not have to take some of them out.

Q What are the present plans of Gulf in connection with this lease, or what is the state of things now

A Well, we are now rigging up to drill our first well there.

Q There is no other undesignated elbow production offsetting this lease other than the Mid-Continent well, is that correct?

A As far as I know, no sir.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q I wish to call your attention to Exhibit Number 2, Production Flow Diagram of Lea State "LB" Battery and ACT. I understand this is the proposed installation or production facilities alone. Would you please trace the flow?

A Yes sir, we plan to install a Production Separator, a 1,000 barrel Surge Tank, and a 500 barrel Test Tank. The production will come into the Production Separator, and the gas will go off that Separator -- which I didn't put on the drawing -- and the oil will go on to the Surge Tank where it will be running, if approved, to ACT methods, to the Tank link.

Q You anticipate any water emulsion immediately?

A No sir.

Q What are your test facilities proposed?

A Well, until we get more than two or three wells, we will just test through the Production Separator. If we just have one well, we'll just test straight into the Surge Tank. When we have two wells, we have to close one well in during the period of testing. Then later, as we get more wells, we will install a test Separator to test any well without shutting any of the other wells in, into the Test Tank.

Q Isn't it true that the production facilities are substantially what any prudent operator would install whether or not an ACT was authorized?

A Yes sir.

Q I then wish to call your attention to Exhibit Number 3



DEARNLEY-MEIER REPORTING SERVICE, Inc.  
 ALBUQUERQUE, NEW MEXICO  
 PHONE CH 3-6691

which is a schematic diagram for the automatic custody transfer system which is proposed. Would you please trace the flow through that?

A Yes sir, when the oil in the Surge Tank reaches an upper pre-set level, the pump will start and the relief shut-in valve will open and kill contact through this run as long as the BS&W does upset the maximum as set on the marker. Until the oil drops into the Surge Tank to the lower pre-set level, at that time, the relief shut-in valve will close, and the pump will stop.

Q What are those pre-set levels of turning and turning off?

A It will probably operate between six feet and three feet.

Q All right, continue.

A If the BF&W course ever exceeds the maximum set on the meter, then the oil will be diverted to the bad oil tank until the BS&W falls below the maximum set and go back on the pipe line.

Q Is that tank the tank that you will have in the Number 2, the high, 500 barrel tank, is that correct?

A Yes sir.

Q Would you proceed further with tracing the flow from the Surge Tank to the pipe line?

A Well, the course as this Exhibit Number 3 shows, the oil goes through the Strainer, the pump, by the BS&W marker probe and through the Aireator. A sample of oil will be taken at this point, and the oil continued through the PD Meter and onto the pipeline.





DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q What are the features of the proposed PD Meter?

A The PD Meter will have an ACT Unit Calibrator; an LACT, Automatic Temp Compensator Calibrator and Stop-down, or visible register and barzel and safety shut-down circuit.

Q Does this proposed LACT Unit differ substantially from any previous ACT Unit which Gulf has in operation approached by the the New Mexico Oil Conservation Commission?

A No sir, this principle is the same.

Q Would you please outline the safety precautions that are planned in the event of a time failure?

A Well, if the pipeline pump should fail to come or break or something go wrong with it, or the meter should break, the linkage between the meter and chamber and register should fail, the safety shut-down curcuit would shut the pump and release shut-down until someone came by and corrected the trouble.

Q In your opinion, are these production facilities adequate for sufficient storage during the unattended hours?

A Yes sir, we will at all times have sufficient storage to handle the production during unattended hours or install safety devices to shut the well in if the storage is approved.

Q What are your facilities for selling this to the pipeline? What pipeline company is connected ?

A At the present time, there is no pipeline in this new field. The oil will be trucked for a time, and then one of two pipelines within three and a half miles will probably come in. Both



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have been contacted and are receptive to SCT (ACT).

Q Which are the pipelines which are situated and located within two and a half miles?

A Texas and New Mexico full pipeline.

Q Is that in the interest in conservation of oil and gas and preservation of waste?

A Yes sir.

Q Does it impair any correlative rights?

A No sir.

Q Were Exhibits 1, 2 and 3 prepared at your direction and under your supervision?

A Yes sir.

MR. KASTLER: That completes the questions. I would like to move at this time for entrance of Exhibits 1, 2 and 3.

MR. UTZ: Exhibits 1, 2 and 3 entered into the record of this case.

# CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Bridges, did you say what your maximum unattended hours might be?

A No sir, I didn't state it. Our plans now are to have a pumper there, and he will be there every day. If we operate this tank between six feet and three feet, we will have at least 600 barrels of room on the 1,000 barrel and as much as 475 at 1,100 or 1,125 barrels. At the time, the allowable will be 924 barrels a



day, so that it gives you a little over a day's storage. Of course if it becomes necessary, we will have to add another tank. Like I said a while ago, put in safety devices.

Q These safety devices would consist of a high-level safety switch or shut-in on high pressure lines?

A Yes sir, consisting of both high-level flood into the Surge Tank and devices of the well to shut the well in.

Q Do you know whether this oil is sour or sweet?

A It's intermediate, semi-sweet.

Q Semi-corrosive?

A I don't know for sure about that, because we don't have any yet.

MR. UTZ: Any questions of the witness?

CROSS EXAMINATION

BY MR. PAYNE:

Q Do you know what the gas-oil ratio is on Sunray Mid-Continent Oil?

A No sir, I do not.

Q So you don't know whether there is any possibility in the near future as you get your wells drilled of someone coming in to take the casinghead gas?

A No sir.

Q Too early to anticipate this yet?

A Yes sir.

RE-CROSS EXAMINATION

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BY MR. UTZ:

Q Where do you propose to drill the next well, in the Northeast of the Northwest?

A Yes sir.

Q Do you know where Humble is drilling theirs?

A No sir, I don't know the exact location. It would be in the Southwest Quarter of Section 17.

Q And your unit will undoubtedly be set in the same quarter section as well?

A Yes sir. It may be set down more in the middle of the lease, not necessarily in the Northeast Quarter of that Fourth West Quarter.

Q Even though you don't know whether you are going to get production in the south end?

A That's right. We feel we will get at least four wells in by putting the tank batteries down on the center of the lease. Our pull line links are going to be about the same for to put it up in the Northeastern Half.

MR. UTZ: Any other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements in this case? The case will be taken under advisement.

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STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) : ss

I, LA VERNE E. JAMES, 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 13<sup>th</sup> day of March, 1961.

*La Verne E. James*  
Notary Public - Court Reporter

My commission expires:  
January 6, 1965.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2195, heard by me on Feb. 23, 1961.  
*[Signature]*  
Examiner  
New Mexico Oil Conservation Commission

