

CASE 2198: Application of H.S. MOSS
for permission to commingle the
production from 3 separate pools &
for an automatic custody trans. sys.

Don - See me
for Memo to
Don't. Rm

Case No.

2198

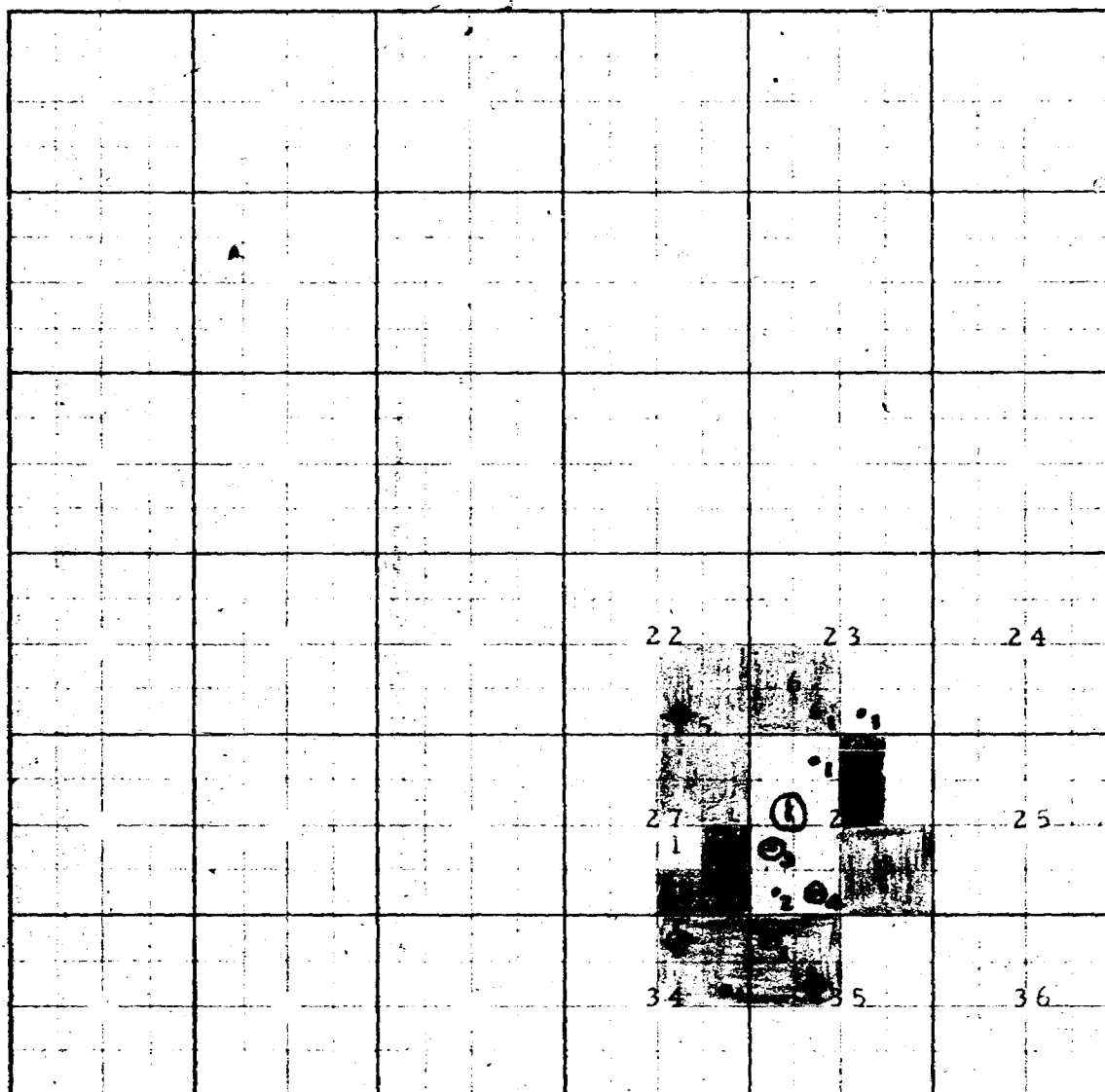
Application, Transcript,
Small Exhibits, Etc.

894 ROSS MARTIN CO.
TULSA, OKLAHOMA
TOWNSHIP PLAT
Scale: 1 inch = 1 mile
Printed in U.S.A.

TOWNSHIP 12S RANGE 37E COUNTY LEA STATE NEW MEXICO

REMARKS: ① H.S. MOSS
D.P. PECK

COMPANY H.S. MOSS



1. H. S. MOSS

2. McALESTER FUEL CO.

3. NEARBURG & INGRAM

4. SKELLY OIL CO.

5. MONTEREY OIL CO.

6. SHELL OIL CO.

CONTINENTAL OIL COMPANY
PRESENT DUAL COMPLETION INSTALLATION
STATE 10 NO. 3-D

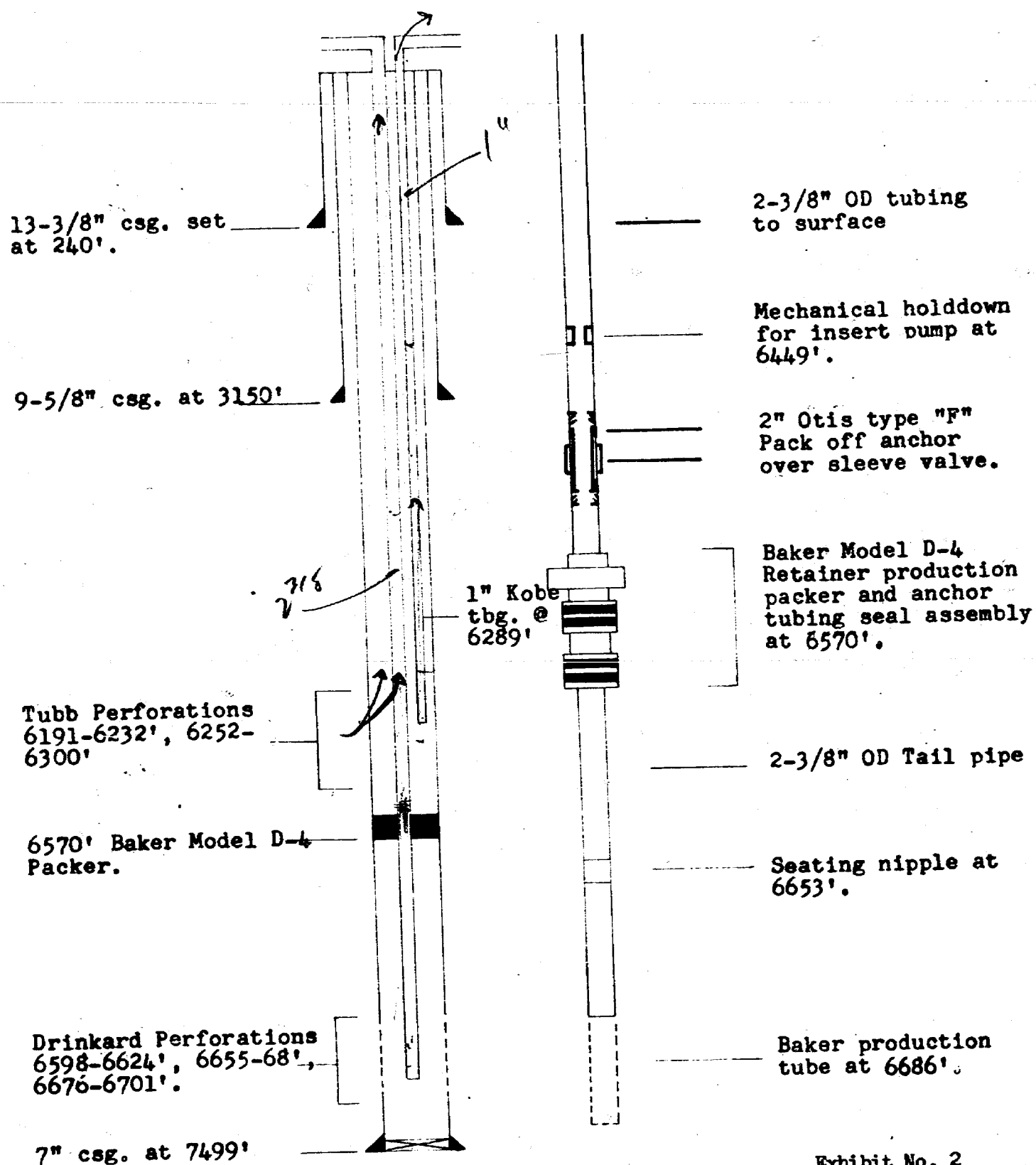


Exhibit No. 2

SERVICE PIPE LINE COMPANY

Lovington, New Mexico
February 15, 1961

Subject: Automatic Custody Transfer
Peck Lease
Gladiola Pool

Mr. H. S. Hoot
Hoot Petroleum Company
First National Bank Building
Dallas 2, Texas

Attention: Mr. John H. Little, Jr.

Dear Mr. Hoot:

I have checked your letter and drawings for the proposed subject
LACT and wish to inform you that Service Pipe Line Company is agree-
able to receiving oil through this type installation.

We will furnish a 10-barrel proving tank and assist in calibrating
the tank and in all meter proving.

Please let us know, at your earliest convenience, your scheduled
installation date, so we can have the prover tank delivered. If we can
be of any further assistance, please feel free to call on us.

Yours very truly,

U. F. Sims

cc: Charles E. Wilson
Jack B. Mahling

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<i>W. F. Sims</i>	EXHIBIT NO. <u>3</u>
CASE NO. <u>2198</u>	

MOSS PETROLEUM COMPANY
FIRST NATIONAL BANK BUILDING
DALLAS 2, TEXAS

February 2, 1961

FILED 1 11 1 1

Case 2198

New Mexico Oil Conservation Commission
Oil and Gas Division
Santa Fe, New Mexico

Re: H. S. Moss - D. P. Peck Lease
W/2 Sec 26-12S-37E, Lea County,
New Mexico

Gentlemen:

Enclosed you will find application in triplicate for a hearing for an automatic custody transfer system and permission to commingle the oil from three pools under the above mentioned lease. Also enclosed is plat of the area showing the offset lease owners.

The Commission has authorized for an offset operator, under Order R-1837, the installation of an automatic custody transfer system and permitted the commingling of oil from two zones.

We request that the hearing be held as soon as possible at a time and place acceptable to the Examiner.

Very truly yours,

H. S. MOSS

By *John M. Little, Jr.*
John M. Little, Jr.

JML/vl
Encls.

*Don't
Mailed
2-10-61*

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 24, 1961

Mr. Kirk Newman
Atwood & Malone
Box 867
Roswell, New Mexico

Re: Case No. 2198
Order No. 6-1922
Applicant:
H. S. Moss

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

ir/

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC
Aztec OCC

OTHER

DOCKET: EXAMINER HEARING - THURSDAY, FEBRUARY 23, 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 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 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.

Case 2198

Heard. 2-23-61

Rec. 3-20-61

1. Recommend the H. S. Moss be allowed to coomingle SW Gladiola - ~~SW~~ Wolfcamp, SW Gladiola - Devonian and ~~the~~ Vender. Penn pool and to install an ACT system for same.
2. The installation shall be made as shown in Exhibit #1 Case 2198 except that the Bad oil shall not returned to any of the pool separators ~~at~~ upstream from ~~any~~ pool meter nor shall any other oil be passed thru a pool meter except the production for which the meter was installed to meter.
3. I'd like to see no reset meters on this but I suppose I am premature.
4. Usual. LACT order otherwise.

RSM
3/20
3/20
DRAFT

RSM/esr
March 20, 1961

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. 2198

Order No. R- 1922

Application of H. S. MOSS
FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM THREE
SEPARATE POOLS AND FOR AN
AUTOMATIC CUSTODY TRANSFER
SYSTEM, 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 March 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, H. S. Moss, 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 here-
after drilled on its D. P. Peck Lease comprising the W/2 of
Section 26, Township 12 South, Range 37 East, NMPM, Lea County,
New Mexico.

(3) That the applicant further proposes to install an
automatic custody transfer system to handle said commingled
production.

(4) That the proposed installation as shown on Exhibit
No. 1 herein should be authorized, provided, however, that ~~one~~ a sampler

~~be installed on the main line~~
and a meter utilizing a non-reset totalizer ~~and a sampler~~ should
be installed on the main line and a sampler should be installed on the main line

~~that the oil shall not be returned to any pool separator up stream from the meter for the production from the pool.~~

(5) That inasmuch as an industry committee has been appointed to study all phases of commingling and to recommend minimum standards to prevent abuses ^{thereof,} it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(6) 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, H. S. Moss, is hereby granted 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, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That ^{a sampler and a meter utilizing a non-reset} ~~the proposed installation as shown~~

~~Exhibit No. 1 herein is authorized, provided, however, that~~
~~totalizer shall be installed on the bad oil line, and that the~~
~~bad oil line shall not be installed as indicated thereon~~
~~and, provided further, that all production meters shall be of a type~~
~~and that the bad oil shall not be returned to any pool separator~~
~~utilizing a non-reset totalizer.~~
~~up stream from the meter for the production from that pool.~~

PROVIDED FURTHER, That it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(2) That the applicant is hereby authorized to install an automatic custody transfer system to handle said commingled production.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described 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 either 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 test the flow-lines to a pressure of at least $1\frac{1}{2}$ times the shut-in pressure of the wells.

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.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF H. S. MOSS)
FOR AN ORDER OF THE COMMISSION FOR APPROVAL)
OF AN AUTOMATIC CUSTODY TRANSFER SYSTEM AND)
PERMITTING THE COMMINGLING OF OIL FROM THE)
WOLFCAMP, PENNSYLVANIAN (ATOKA SAND) AND)
DEVONIAN FORMATIONS ON THE D. P. PECK LEASE,)
W/2 OF SECTION 26-12S-37E, LEA COUNTY, NEW MEXICO)

NO. 2198

APPLICATION

COMES NOW H. S. MOSS, and states:


1. He is the operator of the D. P. Peck lease, W/2,
Section 26-12S-37E, Lea County, New Mexico.
2. That Wells No. 1 and No. 2 are completed in the Wolfcamp
formation and are subject to the rules and regulations of the Gladiola
Wolfcamp pool. Wells No. 3 and No. 4 are completed in the Devonian
formation and are subject to the rules established by the Commission for
the Southwest Gladiola Devonian pool.
3. That Well NO. 4 has encountered commercial shows of oil in
the Pennsylvanian (Atoka Sand), and H. S. Moss has requested permission
from the Oil Conservation Commission to complete same as a dual completion,
and if completed to be included in Southwest Gladiola-Pennsylvanian pool.
4. That he desires to install automatic custody transfer equipment
and commingle oil from said formations.
5. Proposed automatic custody transfer equipment is similar to
that in use and said equipment is a reliable and economic means of transferring
the custody of oil.

APPLICANT requests the Commission to set this matter down for
hearing before an examiner for the Commission, to publish notice as required
by law, and after hearing to enter its order:

Page 2-

1. Authorizing the installation of lease automatic custody transfer equipment for all wells presently completed or hereafter drilled on the applicant's D. P. Peck lease, consisting of the W/2 of Section 26-12S-37E, Lea County, New Mexico.
2. Permitting the commingling of oil from the Wolfcamp, Pennsylvanian (Atoka Sand) and the Devonian formations on said lease.

Respectfully submitted,


H. S. MOSS

HSM/1

**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. 2198
Order No. R-1922**

**APPLICATION OF H. S. MOSS
FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM THREE
SEPARATE POOLS AND FOR AN
AUTOMATIC CUSTODY TRANSFER
SYSTEM, 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. Utx, 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 24th 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. Utx, 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, H. S. Moss, 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 N/2 of Section 26, Township 12 South, Range 37 East, NMPN, Lea County, New Mexico.

(3) That the applicant further proposes to install an automatic custody transfer system to handle said commingled production.

(4) That the proposed installation as shown on Exhibit No. 1 herein should be authorized, provided, however, that a sampler and a meter utilizing a non-reset totalizer should be installed on the bad oil line, and, provided further, that all production meters should be of a type utilizing a non-reset totalizer.

CASE No. 2198
Order No. R-1922

(5) That inasmuch as an industry committee has been appointed to study all phases of commingling and to recommend minimum standards to prevent abuses thereof, it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(6) 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, H. S. Moss, is hereby granted 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, NMM, Lea County, New Mexico.

PROVIDED HOWEVER, That a sampler and a meter utilizing a non-reset totalizer shall be installed on the bad oil line, and, provided further, that all production meters shall be of a type utilizing a non-reset totalizer.

PROVIDED FURTHER, That it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(2) That the applicant is hereby authorized to install an automatic custody transfer system to handle said commingled production.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described 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 either 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 test the flow-lines to a pressure of at least $1\frac{1}{2}$ times the shut-in pressure of the wells.

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CASE No. 2198
Order No. R-1922

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

E. L. Mechem

EDWIN L. MECHEM, Chairman

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

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

esx/

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

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
2198

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order, please. The
next case will be Case 2198.

MR. PAYNE: Case 2198: Application of H. S. Moss for
permission to commingle the production from three separate pools
and for an automatic custody transfer system.

MR. NEWMAN: E. Kirk Newman of Atwood & Malone of Ros-
well, New Mexico representing the Applicant, and we will have one
witness.

(Witness sworn.)

GEORGE W. WILLIAMS,

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

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



as follows:

DIRECT EXAMINATION

BY MR. NEWMAN:

Q Would you state your name and your employment?

A George W. Williams, Differential Separation Representative of Supply, Midland.

Q Have you previously testified before the Commission concerning the LACT equipment as an expert?

A Yes sir, I have.

MR. NEWMAN: The witness' qualifications are acceptable?

MR. UTZ: Yes sir, he is an expert on LACT equipment.

Q (By Mr. Newman) Would you state generally what is intended to be done by the application?

A We propose to commingle the production on the West Half of Section 26 and then go through an LACT system -- that is in Township 12, Range 37 East, Lea County, New Mexico.

Q Is this the H. S. Moss' D. P. Peck Lease?

A Yes.

Q Would you refer to your schematic drawing which we'll offer as our Exhibit 1 showing the flow pattern of the proposed LACT system and explain to the Commission what this Exhibit shows?

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

A We will take the production from the Wolfcamp Pennsylvanian and Pennsylvanians and bring them into three common headers.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

From there, they will go to either Treater or Separators. In the case of the Pen. and Wolfcamp, no separation since it's not making any water. The water will be knocked out and oil will be metered through three PD type meter lines, each of either a Treater or Separator. The production is then commingled into a separate flow line into a 500 gallon tank, and then the production will be sold from the tank to the LACT unit.

We will monitor in production on the skid itself, and, of course, any bad oil will be sent back to the Wolfcamp Treater.

Q Would you explain your system there for control of volume of production into those tanks and how your pumps and flow switch are activated?

A The high-level switch J, when the tank is full to that point will start to pump and then will continue to pump until it reaches the low level "I" which turns the pump off. In case of malfunction in "J", if switch "J" does not function, the high switch "H" will shut the Pen. Devonian wells in at that point. Then the Wolfcamp, which are pumping wells, will go ahead and produce and will produce into the second high, 500 barrel tank by means of overflow line there.

Q What is your rate of production from the Wolfcamp well?

A About a 120 barrels a day.

Q What is the capacity of the second tank?

A About 500 barrels.

Q Do you have a chance to discover the malfunctioning be-



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

fore it happens?

A That is correct.

Q After your high-level switch activates the pumps and runs your oil through the flow panel, could you refer to what will be marked as our Exhibit 2, which is the large Exhibit and outline for the Commission the flow through this control panel and the function of their components?

A This a LACT unit itself, and it comprises of a six TAUM Worthington pump with a 5 horsepower motor. It's capable of pumping approximately 1,500 barrels a day. The pump is discharged through the monitor "K", or Probe, and if it sinks at all, it will close the valve "E" and open valve "D", and valve "D" will send the oil back to the Treater. As long as sellable oil is running, valve "D" will remain closed and valve "E" remain open, and the flow will continue through a PD meter with an error eliminator and Strainer so your sampler will take a sample every four barrels.

The meter also incorporates a safety shutdown. If there is any malfunction, if there is not oil flowing through the meter, the system will shutdown. If the pipeline pressure gets too high on the discharge side, the safety bypass around the meter, which will cause the meter to shutdown, or the LACT unit to shutdown. These are common safety features in most LACT SYSTEMS.

Q You have previously referred to Pen. and Devonian and Wolfcamp wells, two each. What is the present status of completion of the Pen. wells?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A These wells are drilled and dual -- they are not completed or dual -- but they are not completed as I understand it. There is application for completion -- they wouldn't at the present time be flowing through this system if accepted.

Q But this application contemplates that it include the Pen. wells if and when the application -- dually completed -- is granted by the Commission?

A That is correct.

Q Are there other installations using this particular type of equipment at present in the field?

A Yes sir.

Q And have those installations been approved by this Commission?

A Yes sir.

Q Does the purchaser of the production from this lease approve of this type of installation.

A Yes sir.

MR. NEWMAN: We have a letter, which are copies of a letter, which we will offer then as an Exhibit, which is self-explanatory.

Q (By Mr. Newman) Is there any probability that the use of an installation such as this or the permission to commingle would result in waste?

A No sir.

Q What is the situation with waste; is there apt to be an



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elimination of waste?

A We feel like we would be able to salvage some leased tanks to this lease. Also, it is a crossed system which would retain some items of the tanks, and also, we will be able to produce at least for a considerably longer period of time due to automatic custody transfer.

Q Will this commingling of production in any way affect correlative rights?

A No sir, it's all the same royalty owner.

Q The ownership, he is common, the entire west section

A That's correct.

Q Did you have any other comments to add in the mention of this system?

A No sir.

MR. NEWMAN: I believe that is all the direct.

MR. UTZ: You wish to offer the Exhibits at this time?

MR. NEWMAN: We would like to offer the Exhibits 1, 2 and 3.

Q (By Mr. Newman) Were these Exhibits 1, 2 and 3 prepared by you or under your direction?

A Yes sir.

MR. UTZ: Without objection, Exhibits 1, 2 and 3 will be entered into the record.

MR. PORTER: Your Exhibit is the letter from Service?

MR. NEWMAN: Yes sir, Service Pipeline.



MR. UTZ: What was your name, again?

MR. WILLIAMS: George Williams.

CROSS EXAMINATION

BY MR. UTZ:

Q Referring to your Exhibit Number 1, as I understand it, the Wolfcamp will come into a Separator and be metered by Meter "F" in that system and commingled with the Pennsylvanian and then go into your tanks?

A Yes sir.

Q And from there to your ACT system, and the bad oil from the LACT system, as I interpret this, come back into your Wolfcamp and is again metered through meter "F"?

A That's right.

Q Well, how do you account for commingled bad oil when it's metered with the Wolfcamp; wouldn't that give you an erroneous reading?

A At that particular time, it would give you an erroneous reading, but I think if you had bad oil, you would have a malfunction in the Treating system, and you'd have to calibrate your meters -- recalibrate your meters at that time. You would take a reading on the meters.

Q Well, how do you know how much -- in other words, how do you separate the meter volumes of your Wolfcamp and your bad oil?

A Well, the only way you could do it would be to put a

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meter on the bad oil line, actually, to be able to know how much bad oil you are getting, because you wouldn't know whether it was coming from the Pen., Devonian or Wolfcamp. You could subtract the -- deduct the bad oil from the other to the Pen. or Devonian.

Q That was my next question: Are you metering bad oil through meter "F" in the Wolfcamp system at the same time that you are metering Wolfcamp oil?

A Yes sir.

Q I am really confused now. That is after it's been re-treated --

MR. NEWMAN: It comes out through the same meter.

Q (By Mr. Utz) Then the subtraction method wouldn't work; it would be metered together, the Wolfcamp and the oil commingled, wouldn't it?

A That's right, with your bad oil coming back into the same Treater as your Wolfcamp production is coming into, that is correct. But if you subtracted your Pen. and Devonian from what your Wolfcamp had been making, you could pretty well determine what bad oil -- I mean, how much bad oil you were metering then.

Q You mean to separate the metered volume of Pen. and Devonian from your total of your bad oil and Wolfcamp?

A No, that wouldn't do it.

CROSS EXAMINATION

BY MR. PAYNE:

Q why is it necessary to meter the bad oil, to run it



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through that meter again?

A Well, it has to go through that meter, as that meter is on the outlet of that Treater.

MR. NEWMAN: It would require the separate installation of a Heater Treater if you didn't.

Q (By Mr. Payne) Production from all these to be Treated?

A No sir, just the Pen. Wolfcamp carry some water.

Q Well then, why don't you run your bad oil through your Devonian?

A Because this is a Separator, not a Heater Treater. You would have to run the bad oil through the Heater Treater in order to knock out the water.

Q You could do that if you placed a Heater Treater there instead of a Separator?

A You would have the same problem if you ran the bad oil back into there; then you would have or receive approximate going through the meter.

Q Except you could meter on the side of it since the Heater Treater is not necessary to the production?

A You mean put a separate Heater Treater?

Q No, I mean put it on the other side of your Heater Treater?

A I see.

MR. UTZ: The Separator, actually, from the Heater Treater, is knocking out gas, not water.



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MR. WILLIAMS: That's right, not water.

MR. UTZ: But to meter the gas, or else the meter wouldn't meter properly.

MR. WILLIAMS: That's right, you have to run the meter behind the vessel.

MR. UTZ: The only solution to keep the bad oil straight is another Heater Treater, isn't that it?

MR. WILLIAMS: Either that, or put a "PD" meter on the bad oil and put the bad oil and subtract it from the Wolfcamp.

MR. UTZ: In which you would be metering bad oil and so forth?

MR. WILLIAMS: That's right, total fluid. It would be total fluid -- would be the bad oil.

Q (By Mr. Payne) You'd know how much the Wolfcamp made already?

A That's right.

MR. UTZ: Yes, that would work. This is a 320-acre lease, is that correct?

MR. NEWMAN: Yes sir.

MR. UTZ: And how many wells in each formation at the present time?

MR. WILLIAMS: Two wells; there are one and two of the Wolfcamp and three and four of the Devonian.

MR. NEWMAN: And dual sub to application -- approval of the application. The Devonian and Pen. will be dual completed in



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Wells 3 and 4.

MR. UTZ: You have two completions in each pool?

MR. NEWMAN: Yes sir.

MR. UTZ: And you intend to further develop this pool on a 40-acre basis?

MR. WILLIAMS: Spacing temporarily.

MR. UTZ: You intend to proceed with development on 80 acres, then.

MR. WILLIAMS: Yes.

MR. UTZ: You are going to have a sizeable volume of oil flowing through this system?

MR. WILLIAMS: With the two Pen. wells if they are accepted by the Commission, there would be a total of a 1,072 barrels.

MR. UTZ: Per day?

MR. WILLIAMS: Yes sir.

MR. UTZ: Is this oil corrosive?

MR. WILLIAMS: No sir.

MR. UTZ: Is it all sweet crude?

MR. WILLIAMS: Yes sir.

MR. UTZ: You would be willing to take meter tests on this situation in accordance with the usual Commission rules?

MR. WILLIAMS: Yes.

MR. UTZ: Any other questions of the witness?

RE-CROSS EXAMINATION



BY MR. PAYNE:

Q What is that commingling going to do to the value of the oil by comparison to it without commingling and selling it commingled?

A It wouldn't make any difference, because it's all over 40 gravity oil.

Q Is that the breaking point?

A Yes sir, it runs from 42 up to 55 on the Pen. and Devonian, so it would be the same price.

Q I believe you said in the event of a malfunction, it would be shut-in?

A At the head of the Devonian and Pen., we'll put two-three thousand motor Fisher valves, and the flow lines up to that would be a pressure to withstand the shut-in pressure of the wells.

Q What would that be?

A 1,600 on the Pen., and 800 on the Devonian.

Q You intend to pressure test your lines to determine if they will stand that pressure ?

A We will use innating tubing to which has been tested above that working pressure.

Q Do you intend paraffin problems ?

A No sir.

Q What do you feel would be the unattended period from this lease?

A Sixteen hours.

Q ~~So your present plan even with dual development, you~~

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would have storage for more than 24 hours, approximately, or would you?

A No sir, in the event of a malfunction, you are in shipping range there. You would only have a matter of a foot for your Pen. Devonian oil and then to lease, those two would be shut-in and the Wolfcamp would have approximately 4 days of production to go into the other tank. We didn't want to shut in the pumping well, and that is the reason why we have plenty of storage for those two, the two pumping wells.

MR. UTZ: In the event of malfunction of your safety switch, what happens?

MR. WILLIAMS: Well then, you are filling up another 500 gallon barrel tank.

MR. UTZ: You don't have much leeway then?

MR. WILLIAMS: You have 500 barrels of storage, -- or 600 barrels of storage -- a little better than half a day's storage there.

MR. UTZ: Any other questions?

MR. PAYNE: What do these bypasses do on the Pen. side and Devonian?

MR. WILLIAMS: Just in order to get pressure downstream of the shut-in valve. They are there in order to get diaphragm gas pressure to open them up; in other words, they are formerly closed valves, and the switch on the tank has to have its pressure up to it and the valves to open it. That is why the one inch by-

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passes around those valves, to get pressure downstream and open them up.

MR. PAYNE: Through inadvertence, oil couldn't pass up through this dotted line from one to the other?

MR. WILLIAMS: No sir, that is a quarter-inch supply line to the high safety switch to a little drip-trap on the three vessels. We will have supply from all three vessels in the event we are shut down on on one particular zone or the other and supply to the other safety switch, and then back to the diaphragm of the other two motor valves.

MR. UTZ: How about this connecting line between your Heater Treater supply gas or safety switch?

MR. WILLIAMS: Yes, that is what I was referring to, just to supply gas from the three vessels, gas off the three vessels to open this pneumatic switch on the tank there.

MR. UTZ: I thought you were talking about the gas diaphragm to open up your motor valves?

MR. WILLIAMS: We will supply gas cans from those three vessels to the switch and from the switch back to the diaphragm of the motor valve.

MR. UTZ: Are you two-stage in the Pen?

MR. WILLIAMS: Yes sir.

MR. UTZ: Why is it necessary to two-stage it?

MR. WILLIAMS: It carries a considerable amount of gas where the Devonian does not.

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

(Witness excused.)

MR. UTZ: Do you have another witness? If not, any other statements in this case? The case will be taken under advisement, and the hearing is adjourned.

(Whereupon, the proceedings were concluded at 2:55 o'clock P. M.)

STATE OF NEW MEXICO)
: SS
COUNTY OF BERNALILLO)

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 13th day of March, 1961.

La Verne E. James
Notary Public - Court Reporter

My commission expires:

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2188, heard by me on July 23, 1961.

Thurman R. [Signature], Examiner
New Mexico Oil Conservation Commission

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ALBUQUERQUE, NEW MEXICO



File 2198

August 22, 1961

Cons. file

New Mexico Oil Conservation Commission
Box 2045
Hobbs, New Mexico

Re: LACT Unit, Peck Lease
Lea County, New Mexico

Gentlemen:

We are in receipt of your letter of August 17, 1961, and wish to advise you that the sampler has been installed on the above mentioned installation according to Order R-1922. This was done after our recent telephone conversation.

If you should have any further questions in regard to this installation, I suggest you contact Mr. Bonnell, our pumper, whose telephone number is Tatum 398-3266.

Very truly yours,

H. S. MOSS

JML/vi

By *John M. Little, Jr.*
John M. Little, Jr.

cc-Richard Morris ✓
OCC, Santa Fe

Service Pipeline Co.
Midland, Texas

OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO

9/98 ✓

File Copy File
Order No. 1722

August 17, 1961

C
O
P
Y

M. S. Moss
1508 First National Bank Bldg.
Dallas, Texas

Attention: Mr. John M. Little

Gentlemen:

Your attention is directed to Commission Order No. R-1922, which Order authorizes commingling and automatic custody transfer for your D. P. Peck Lease in the Southwest Gladiola area. This Order stipulates that a sampler and meter must be installed on the bad oil line from the ACT unit.

Several inspections have been made of this system, both during construction and after this system has been put in operation. To date only the meter has been installed on this bad oil line. This was called to your attention while the system was under construction and also was called to your attention by my recent telephone conversation with you.

This system is operating in violation of Order No. R-1922 and, unless a sampler is installed on the bad oil line by August 25, 1961, the Commission will order Service Pipeline to shut in the ACT system. An inspection will be made on August 25th, and if the system is still operating in violation of Order No. R-1922 it will immediately be shut in.

Yours very truly,

OIL CONSERVATION COMMISSION

Joe D. Ramsey
Proration Manager

JBR/mc
cc-Richard Morris
OCC, Santa Fe

Service Pipeline Co.
Midland, Texas