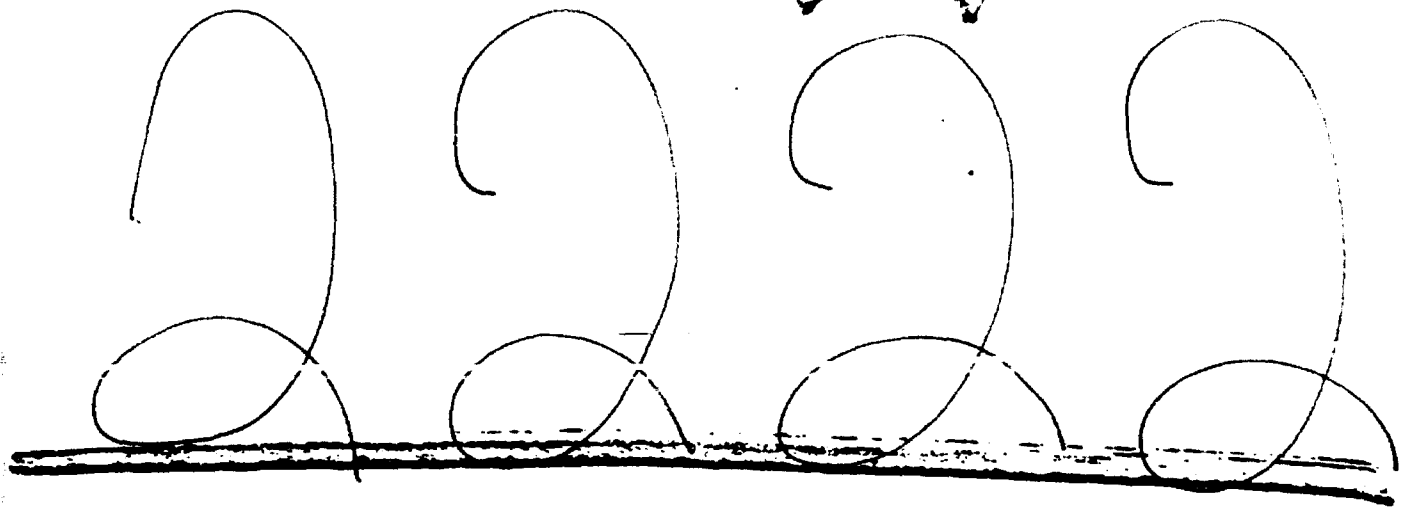


CASE 2222: Appli. of CONTINENTAL
for automatic custody transfer
system - STATE "H" LEASE).

-asa / No.



Application, Transcript,
and Exhibits, Etc.



Case 2722

CONTINENTAL OIL COMPANY

825 PETROLEUM BUILDING

ROSWELL, NEW MEXICO

February 14, 1961

WM. A. MEAD
DIVISION SUPERINTENDENT
OF PRODUCTION
NEW MEXICO DIVISION

New Mexico Oil Conservation Commission
Box 971
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

Re: APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN EXCEPTION TO RULE
309 (a) OF THE NEW MEXICO OIL
CONSERVATION COMMISSIONS RULES AND
REGULATIONS FOR ESTABLISHING
MEASUREMENT OF PRODUCED OIL WITH
LEASE AUTOMATIC CUSTODY TRANSFER
ALLOCATED TO ITS STATE "H" LEASE,
VACUUM POOL, LEA COUNTY, NEW MEXICO

Please find attached three copies of Continental Oil
Company's application for exception to Rule 309 (a) to install
automatic custody transfer for its State "H" Lease located in the
SE/4 SE/4 of Section 34, and E/2 NW/4 and NE/4 of Section 35,
T17S, R34E, Lea County, New Mexico.

We respectfully request that this matter be set for
hearing at the earliest convenient date.

Yours very truly,

W. A. Mead

WAM-sk
Attachment

W. A. Mead
3/10/61
W. A. Mead

PIONEERING IN PETROLEUM PROGRESS SINCE 1875

BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR AN
EXCEPTION TO RULE 309(a) OF THE NEW
MEXICO OIL CONSERVATION COMMISSIONS
RULES AND REGULATIONS FOR ESTABLISH-
ING MEASUREMENT OF PRODUCED OIL WITH
LEASE AUTOMATIC CUSTODY TRANSFER
ALLOCATED TO ITS STATE "H" LEASE,
VACUUM POOL, LEA COUNTY, NEW MEXICO.

Page 2222

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and petitions the Commission for an order approving automatic custody transfer from its State "H" lease located in the SE/4 of the SE/4 of Section 34, and E/2 of the NW/4 and NE/4 of Section 35, T-17-S, R-34-E, Vacuum Pool, Lea County, New Mexico, and in support thereof would show:

1. That applicant is owner and operator of said lease containing, among other lands, the SE/4 of the SE/4 of Section 34, and E/2 of the NW/4 and NE/4 of Section 35, T-17-S, R-34-E, Lea County, New Mexico.
2. That applicant has completely developed this lease for production from the Grayburg-San Andres formation by the completion of seven producing wells.
3. That production will be transferred from said wells to a battery located approximately in the NE/4 of Section 35, and custody transfer will be from this point.

Wherefore, applicant prays that this application be set for hearing before the Commission's duly appointed examiner, that appropriate notice be given, and that upon hearing, an order be entered granting applicant an exception to Rule 309(a)

New Mexico Oil Conservation Commission
Page 2

of the New Mexico Oil Conservation Commissions Rules and Regulations for automatic custody transfer of production from its State "H" lease.

Respectfully submitted,

CONTINENTAL OIL COMPANY

W. A. Mead

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

WAM-EL

CASE 2220: (Continued)

of continuous metering of the Blinebry production and periodic well tests of the Wantz-Abo and Drinkard production. Applicant also seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2221:

Application of Shell Oil Company for an exception to Rule 303 (a) and Rule 309 (a). Applicant, in the above-styled cause, seeks permission to commingle the production from the Vacuum and Vacuum-Abo Pools from all wells presently completed or hereafter drilled on the Shell State "T" Lease comprising the SE/4 of Section 33, Township 17 South, Range 35 East, Lea County, New Mexico. Applicant also seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2222:

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 Vacuum Pool production from all wells presently completed or hereafter drilled on its State "H" Lease, SE/4 SE/4 of Section 34 and E/2 NW/4 and NE/4 of Section 35, all in Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 2223:

Application of Sinclair Oil & Gas Company for a 240-acre non-standard gas proration unit, and for an order force-pooling all mineral interests therein, and for an unorthodox gas well location. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NE/4 NE/4 of Section 33 and the NW/4 and NW/4 NE/4 of Section 34, Township 19 South, Range 37 East, Lea County, New Mexico, and for an order force-pooling all mineral interests therein including those of Robert Roy Taylor, a minor, whose guardian is Johnnie S. Taylor, Jal, New Mexico. Applicant proposes to dedicate said unit to the J. H. Williams Well No. 3, located on an unorthodox location 1980 feet from the North line and 660 feet from the West line of said Section 34.

CASE 2224:

Application of Len Mayer for an unorthodox gas well location. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location in the Atoka-Pennsylvanian Gas Pool at a point 1650 feet from the South line and 990 feet from the West line of Section 28, Township 18 South, Range 26 East, Eddy County, New Mexico.

Case 2222

Heard 3-22-61

Rec. 3-23-61

1. Grant Continental's request for exception to Rule 309 for transporting production from the non-contiguous portions of the ~~its~~ state "H" lease consisting of ~~the~~ S E S E sec 34 17S-34E. to and this portion of its ~~the~~ "H" lease consisting of the E 1/2 NW 1/4 and NE 1/4 sec. 35 17S-34E where it ~~will be~~ custody will be transferred with an AET unit.
2. Grant the applicant permission to install AET for transfer of production from above described lease.

Thos. A. [Signature]

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

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

P. O. BOX 571
SANTA FE

March 28, 1961

Mr. Jason Kellahin
Kellahin & Fox
Box 1713
Santa Fe, New Mexico

Re: Case No. 2222
Order No. R-1924
Applicant:
Continental Oil Company

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 ☒
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. 2222
Order No. R-1924

APPLICATION OF CONTINENTAL OIL
COMPANY FOR APPROVAL OF AN AUTO-
MATIC CUSTODY TRANSFER SYSTEM IN
THE VACUUM 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 March 22, 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 28th 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, Continental Oil Company, is the owner and operator of the State "H" Lease, comprising in pertinent part, the SE/4 SE/4 of Section 34 and the E/2 NW/4 and the NE/4 of Section 35, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the Vacuum Pool production from all wells presently completed or hereafter drilled on the above-described portions of the State "H" 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. 2222
Order No. R-1924

IT IS THEREFORE ORDERED:

That the applicant, Continental Oil Company, be and the same is hereby authorized to install an automatic custody transfer system to handle the Vacuum Pool production from all wells presently completed or hereafter drilled on the State "H" Lease, comprising, in pertinent part, the SE/4 SE/4 of Section 34 and the E/2 NW/4 and the NE/4 of Section 35, Township 17 South, Range 34 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 portions of the State "H" 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.

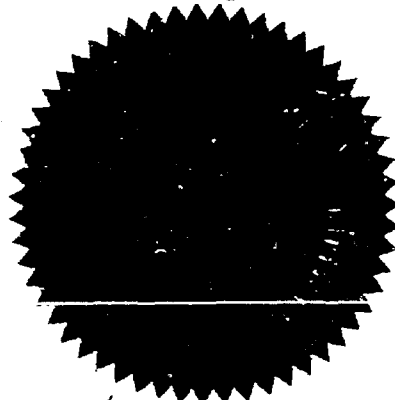
IT IS FURTHER ORDERED:

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

E. L. Mechem
EDWIN L. MECHEM, Chairman

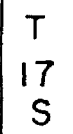
E. S. Walker
E. S. WALKER, Member

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

esr/

COMPONENT PARTS OF ACT UNIT

1. ACT Pump
2. Air Eliminator
3. Strainer
4. B.S. & W. Monitor
5. Diverter Valve
6. Sampler
7. PD Meter
8. Prover Loop
9. Shut-in Valve
10. Back Pressure Valve
11. High Pressure Shut Down Control
12. Control Panel
13. Skid

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18
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CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT
ARTESIA DISTRICT
VACUUM POOL AREA
LEA COUNTY, NEW MEXICO

3-14-61

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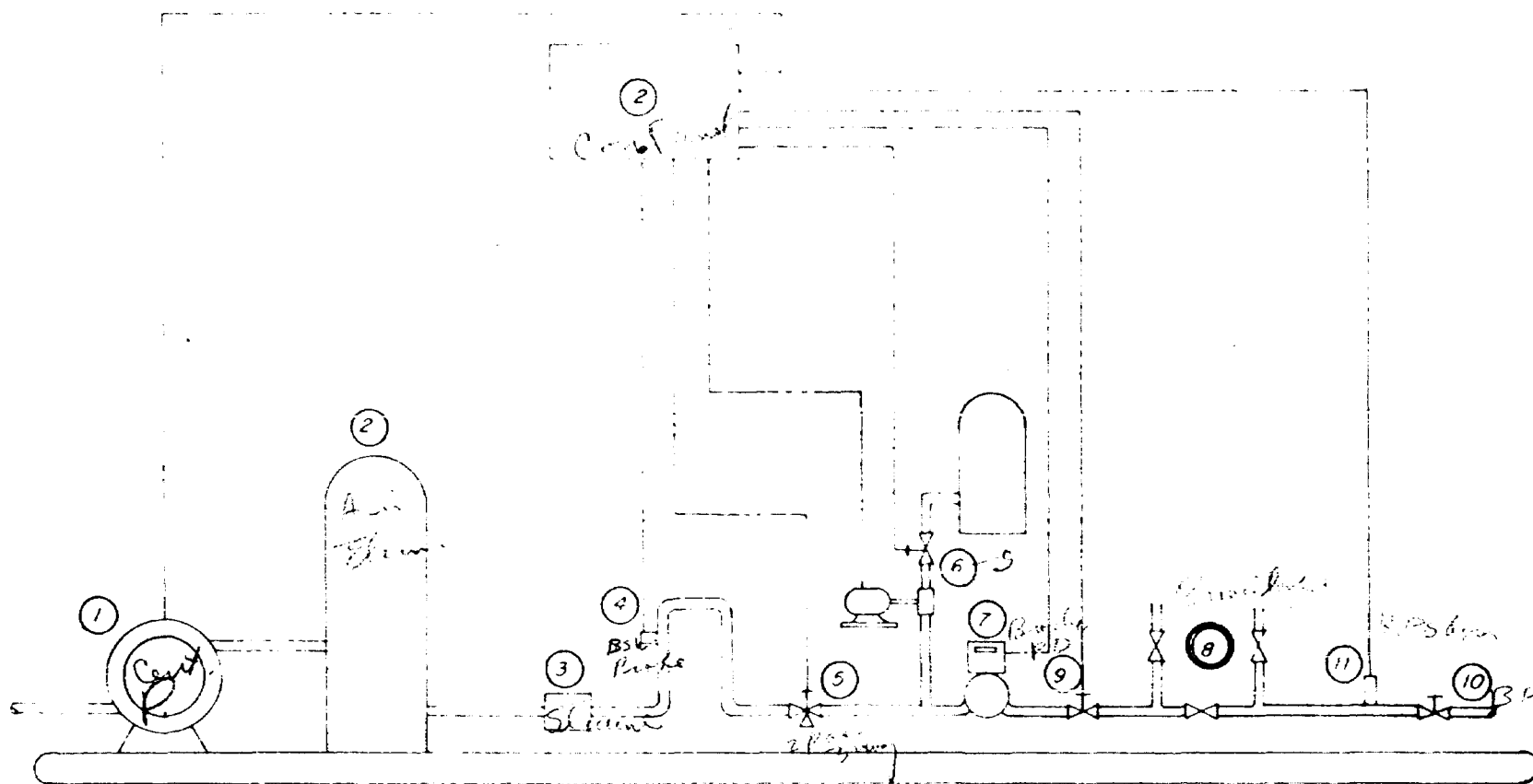


EXHIBIT NO. 3

CONTINENTAL OIL COMPANY

DLB-REC

12-28-60

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MARCH 22, 1961

EXAMINER HEARING

IN THE MATTER OF

CASE 2222: Application of Continental Oil Company for
an automatic custody transfer system. Ap-
plicant, in the above-styled cause, seeks
permission to install an automatic custody
transfer system to handle the Vacuum Pool
production from all wells presently com-
pleted or hereafter drilled on its State "H":
Lease, SE/4 SE/4 of Section 34 and E/2 NW/4
and NE/4 of Section 35, all in Township 17
South, Range 34 East, Lea County, New Mex-
ico.

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: We will take up next Case 2222.

MR. MORRIS: Case 2222. Application of Continental Oil
Company for an automatic custody transfer system.

MR. KELLAHIN: Jason Kellahin. Kellahin & Fox, represent-
ing the applicant. We will have one witness.

(Witness sworn)

ED COLTHARP,

called as a witness, having been first duly sworn, testified as

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6651

ALBUQUERQUE, NEW MEXICO



follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please.

A Ed Coltharp.

Q By whom are you employed and in what position?

A Continental Oil Company, Petroleum Engineer, Artesia District.

Q Have you testified before the Oil Conservation Commission as a petroleum engineer and had your qualifications made a matter of record?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. UTZ: Yes, sir.

Q (By Mr. Kellahin) Are you familiar with the application of Continental Oil Company in Case 2222?

A Yes, sir.

Q State briefly what is proposed in this case.

A Case 2222 is the application of Continental Oil Company for an automatic custody transfer system to handle the Vacuum Pool production from all wells presently completed or hereafter drilled on its State "H" Lease, SE/4 SE/4 of Section 34 and E/2 NW/4 and NE/4 of Section 35, all in Township 17 South, Range 34 East, Lea County, New Mexico.

Q Are all the portions of this lease currently producing?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A No, sir, only portions of this lease are currently producing.

Q Will you give us a summary of the production history of the State "H" lease?

A All right. Starting with the No. 1 Well in the State "H" and I will use the Section 22 --

(Whereupon, Applicant's Exhibit No. 1 was marked for identification)

MR. UTZ: Are you referring to what has been marked as Exhibit 1?

A Yes, sir.

Q Is that the lease plat?

A Yes. Section 22, Well No. 1, that well is presently temporarily shut down. In Section 34, the No. 1 Well there is currently producing on pump.

Q At the present time the acreage in Sections 35 and 34 are fully developed?

A Yes, sir.

Q And there is one well on the acreage in Section 22?

A Yes, sir.

Q Now, is all of the production proposed to be handled through this automatic custody transfer system from the same pool?

A Yes, sir.

Q Referring to Applicant's Exhibit No. 1, the lease acreage is somewhat scattered?



DUARNEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A Yes, sir.

Q Is it all one basic lease?

A Yes, sir.

Q The ownership of the lease is common throughout?

A Yes, sir.

Q Who owns the royalty of the lease?

A The State of New Mexico.

Q The designation which has been given to the lease does not signify separate leases?

A No, sir, just the location.

Q Now, is the proposed location of the battery which is recited as being in the approximate northwest quarter zone on the plat apparently is listed there as in the northwest corner of Section 35 and is indicated by the red square between Wells Nos. 3 and 5?

A Yes, sir.

(Whereupon, Continental's Exhibit No. 2 was marked for identification)

Q Now, referring to what has been marked as Exhibit No. 2, will you explain the proposed installation as shown on that Exhibit?

A Let's start from the southern portion of it and just trace through the State "H" 34 No. 1 Well. I believe that will be the simplest way. We will run that well through the normal production route and test route all the way to the pipeline. There the line enters a manifold which is just now a normal test manually



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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

operated manifold. And there the old oil is diverted through the production separator, or the test system through the production separator, the oil will travel directly into the treater where it is treated. From the treater, it will go into a power oil tank which is floating on the line and will be full at all times. From the power oil tank it flows into a surge or a run tank, from the surge or run tank through the ACT unit and into the pipeline. From the test system the oil will be diverted to the test manifold system directly into the test separator through a dump meter and sampler, then into the treater and through the power oil tank right on through to the run tank and pipeline. Do you have any other questions?

Q The Exhibit **also** shows Kobe Triplex and Kobe Oil meter?

A In connection with power oil, State "H" 34 No. 1 is a beam type pumping unit and State "H" 35, through 6 is all operating through a KOBE pump system. Now, the oil coming through it into the heater treater to the power oil system will be oil taken from the power oil meter systeming up there at the triplex pump and back out the individual wells. However, the well on test will be diverted through the Kobe power oil meter so that that figure may be deducted from the one barrel dump meter so we can have a net oil obtained from the well. That is clean oil and all of that oil will be directed, therefore, the well would then be tested properly.

Q Does the Exhibit show any lease shut-in facilities?

A Yes, sir. There are two methods that are used here. One



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PHONE CH 3-6691

ALBUQUERQUE NEW MEXICO

is to substitute the Kobe triplex pump and that is through the switch indicated as "B" on here. The high level shutdown switch which would go and shut in the Kobe pump which is electrically operated, and, second, to shut in a valve on State "H" 34 No. 1 line and the pressure build-up in that line would shut in the pump on State "H" 34 No. 1 Well.

Q In your opinion, would that adequately control the flow of oil?

A Yes, sir. We have run tests to indicate how much oil would continue to be produced and so far a maximum test has been 50 barrels a day on these wells, still trying to take through a little bit of oil.

Q What capacity was your run tank?

A The run tank is a 500-barrel tank, and we have at the top, this shut-in switch, which will be located at approximately 6 foot from the top of the run tank, thereby giving 200 barrels of storage space above that shut-in.

Q Is there a high level shut-in line switch on that tank?

A No, sir, not a high level shut-in switch.

Q What is the significance of the switch marked "A" on the Exhibit?

A "A" is actually the ACT run switch, it's a pressure operated switch whereby the lower limit of that will be set at 4 foot, and the upper limit will be set at approximately 9 foot from the base. Setting it at 4 foot, we have an eight-hour weathering at



all times in the run tank for pipeline requirement, to meet pipeline requirements.

Q Will this installation enable you to make individual well tests as may be required by the Commission?

A Yes, sir.

(Whereupon, Continental's Exhibit No. 3 was marked for identification)

Q Referring to what has been marked as Exhibit No. 3, will you discuss now the ACT installation?

A Exhibit No. 3 is a skid ACT unit which numbers I will go through. The numbers on the schematic diagram are just so that I can call off readily and answer any questions you may ask. I will name them right off the bat. No. 1 is just an ACT centrifugal pump. No. 2 is an air-eliminator. No. 3 is a stringer. No. 4 is a BW&W monitor. No. 5 is a two-position three-way diverter valve. No. 6 is a sampler, connection in sampler. No. 7 is a Brody PD meter. No. 8 is a prover loop, and No. 9 is an ACT shut-in valve. No. 10, a back pressure shut-in valve. No. 11 is a high pressure shutdown control. No. 12 is a "T" control panel.

Q Now, is that a type of installation which has heretofore been used and approved by this Commission?

A Yes, sir.

Q Who is the pipeline purchaser?

A Magnolia.

Q Have they consented to this type of installation?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 2-6691

ALBUQUERQUE NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A Yes, sir, except for one, I believe it's circled in red, No. 8. We have had a talk with them, and they wish for us to put a 400-barrel run tank on the prover loop and go from, anywhere up to six weeks, so they can hand gauge and prove by calculated testing before they will accept the ACT unit in its entirety, and a one month metered calculation.

Q Has Continental agreed to that proposal?

A Yes, sir, we have.

Q What is the maximum storage available on this installation?

A The maximum storage is within the run tank, and will be approximately 300 barrels from the high level run to the top of the tank.

Q What period of time would that cover?

A Right now that is approximately thirty hours of production.

Q What is the maximum unattended time on this lease?

A The maximum is sixteen hours.

Q So you would have storage facilities in excess of the maximum unattended percent?

A Yes, sir.

Q Were Exhibits 1, 2 and 3 prepared by you, or under your supervision?

A Yes, sir.

MR. KELLAHIN: We would like to offer into evidence Ex-



Exhibits 1 through 3.

MR. UTE: Without objection, Exhibits 1 through 3 will be received in evidence.

MR. TUTTER: As I understand Mr. Coltharp, if the ACT unit shuts down before the, because the quality of the oil is not produced, or for any other reason, the oil will build up on float level, and be in the run tank which has a shut-in at the Kobe Triplex and "H" 34 No. 1 and you have approximately a 200-barrel storage of oil above level?

A Yes, sir.

Q When shut-in it will flow approximately a day?

A And it will make it in one day or two days, I mean 50 barrels is maximum to see the wells through before this date.

Q This 50 barrels is going to be going in 200 barrels of storage?

A Three to nine feet, as I stated before, on control switch "A."

Q Now, who is the purchaser here?

A Magnolia Pipeline.

Q They want to leave a 400 barrel level three to four weeks?

A Yes, sir.

Q What kind of tank will you use to prove the meter?

A We will use a master meter.

Q Master meter. Thank you.

BY MR. PAYNE:

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-4491

ALBUQUERQUE, NEW MEXICO



Q I believe you testified the royalty owner is the State of New Mexico?

A Yes, sir.

Q You are aware your application was limited to the acreage in Sections 34 and 35?

A Yes, sir.

MR. PAYNE: Thank you.

MR. UTZ: Any other questions? In 35, the No. 1 through 6 are on the Kobe pump?

A Yes, sir.

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

(Witness excused)

MR. UTZ: Any statements in this case? The case will be taken under advisement. The hearing is adjourned until 1:30. Immediately after lunch we are going to take up Case 2228 so that our Commission representatives may return to home base.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, Pat Gomia, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 27 day of April, 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Patricia Gomia
 NOTARY PUBLIC

My Commission expires:

June 19, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2222, heard by me March 27, 1961.

Musta. W., Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



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. 2222
Order No. R-1924

APPLICATION OF Continental Oil Company
FOR APPROVAL OF AN AUTOMATIC CUSTODY TRANSFER
SYSTEM IN THE Vacuum 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
3-22, 1961, at Santa Fe, New Mexico, before Elmer 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,
Elmer 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, Continental Oil Company,
is the owner and operator of the State "H" Lease,
~~in part~~ comprising the SE 1/4 SE 1/4 of Section 34 and
the E 1/2 NW 1/4 and the NE 1/4
of Section 35, Township 17 South, Range 34 East, NMPM,
Lea County, New Mexico.

(3) That the applicant proposes to install an automatic
custody transfer system to handle the Vacuum
Pool production from all wells presently completed or hereafter
drilled on the above-described portions of the State "H" 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 trans-
ferring the custody of oil, and that the use of such equipment
should be permitted, provided adequate safety features are
incorporated therein.

CASE No. _____
Order No. R- _____

IT IS THEREFORE ORDERED:

That the applicant, Continental Oil Company,
be and the same is hereby authorized to install an automatic custody
transfer system to handle the Vacuum
Pool production from all wells presently completed or hereafter
drilled on the State "H" Lease,
comprising ^{in pertinent part} the SE/4 SE/4 of Section 34 and the
E/2 NW/4 and the NE/4
of Section 35, Township 17 South, Range 34 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 ^{portions of the} State "H" 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 facili-
ties become full. ~~or test the flow down to a~~
~~pressure of at least 144 times the~~

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.

not applicable in this case; all wells are ~~flow~~ pumping wells. All