

Entered December 16, 1960
A.P.

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. 2134
Order No. R-1837

APPLICATION OF NEARBURG & INGRAM
FOR AN OIL-OIL DUAL COMPLETION IN
THE SOUTHWEST GLADIOLA-PENNSYLVANIAN
POOL AND IN THE SOUTHWEST GLADIOLA-
DEVONIAN POOL, FOR PERMISSION TO
COMMINGLE THE PRODUCTION FROM TWO
SEPARATE POOLS AND FOR PERMISSION
TO INSTALL 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 November 30, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 14th day of December, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Nearburg & Ingram, is the owner and operator of the Midhurst Well No. 1 located in the NW/4 NW/4 of Section 35, Township 12 South, Range 37 East, NMPM, Lea County, New Mexico, and is the owner and operator of the Midhurst Lease, consisting of the NW/4 of said Section 35.

(3) That the applicant proposes to dually complete the above-described Midhurst Well No. 1 in such a manner as to permit the production of oil from the Southwest Gladiola-Pennsylvanian Pool and the production of oil from the Southwest Gladiola-Devonian Pool through parallel strings of 2 1/16-inch tubing installed within a string of 5 1/2-inch casing set at total depth.

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(4) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(5) That the applicant further proposes to commingle the Southwest Gladiola-Pennsylvanian Pool production with the Southwest Gladiola-Devonian Pool production from all wells presently completed or hereafter drilled on the above-described Midhurst Lease, after separately metering the production from each pool.

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

(7) 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.

(8) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Nearburg & Ingram, be and the same is hereby authorized to dually complete its Midhurst Well No. 1 located in the NW/4 NW/4 of Section 35, Township 12 South, Range 37 East, NMPM, Lea County, New Mexico, in such a manner as to permit the production of oil from the Southwest Gladiola-Pennsylvanian Pool and the production of oil from the Southwest Gladiola-Devonian Pool through parallel strings of 2 1/16-inch tubing installed within a string of 5 1/2-inch casing set at total depth.

PROVIDED HOWEVER, That the applicant shall complete, operate, and produce said well in accordance with the provisions of Section V, Rule 112-A.

PROVIDED FURTHER, That the applicant shall take packer-leakage tests upon completion and annually thereafter, or as required by the Secretary-Director of the Commission.

IT IS FURTHER ORDERED:

That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or the protection of correlative rights; upon failure of the applicant to comply with any requirement of this order, the Commission may terminate the authority herein granted and require the applicant or its successors and assigns to limit its activities to regular single-zone production in the interest of conservation.

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(2) That the applicant be and the same is hereby authorized to commingle the Southwest Gladiola-Pennsylvanian Pool production with the Southwest Gladiola-Devonian Pool production from all wells presently completed or hereafter drilled on its Midhurst Lease consisting of the NW/4 of said Section 35, after separately metering the production from each pool.

(3) That the applicant be and the same 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 Midhurst 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 shall pressure test the flowlines to at least $1\frac{1}{2}$ times the shut-in pressure of the wells.

IT IS FURTHER ORDERED:

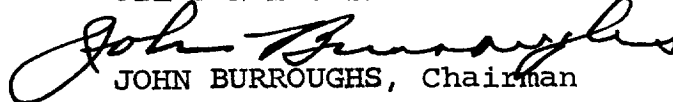
That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN BURROUGHS, Chairman


MURRAY E. MORGAN, Member


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

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