

*Entered January 24, 1961
U.L.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. 2155
Order No. R-1856

APPLICATION OF CONTINENTAL OIL COMPANY
FOR APPROVAL OF AN AUTOMATIC CUSTODY
TRANSFER SYSTEM IN THE EUNICE-MONUMENT
AND EUMONT POOLS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 4, 1961, 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 10th day of January, 1961, 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, Continental Oil Company, is the owner and operator of the Reed B-23 and Reed B-24 Leases, comprising the E/2 and S/2 SW/4 of Section 23 and the SW/4 of Section 24, Township 20 South, Range 26 East, NMPM, Lea County, New Mexico.

(3) That the above-described leases have common ownership throughout and are one basic Federal lease divided into two leases by the applicant for administrative purposes.

(4) That the applicant proposes to install an automatic custody transfer system to handle the Eunice-Monument and Eumont Pool production from all wells presently completed or hereafter drilled on the above-described Reed B-23 and Reed B-24 Leases.

(5) 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.

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(6) That permission to commingle production from the Eunice-Monument and Eumont Pools on said leases has previously been obtained for some of the wells thereon.

(7) That the subject order should become effective when the applicant has filed amended Form C-110 indicating its intention to commingle the production from the Eunice-Monument and Eumont Pools, as authorized by Order No. R-663, for the remaining wells on the subject leases.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, be and the same is hereby authorized to install an automatic custody transfer system to handle the Eunice-Monument and Eumont Pool production from all wells presently completed or hereafter drilled on the Reed B-23 and Reed B-24 Leases, comprising the E/2 and S/2 SW/4 of Section 23 and the SW/4 of Section 24, Township 20 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 Reed B-23 and Reed B-24 Leases 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."

(2) That this order shall become effective when the applicant has filed amended Form C-110 indicating its intention

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to commingle the production from the Eunice-Monument and Eumont Pools from all wells on the subject leases.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

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