

Entered May 9, 1961
A.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. 2254
Order No. R-1956

APPLICATION OF THE OHIO OIL
COMPANY FOR AN EXCEPTION TO
RULE 309 (a) AND FOR TWO
AUTOMATIC CUSTODY TRANSFER
SYSTEMS, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 19, 1961, at Santa Fe, New Mexico, before A. L. Porter, Jr., 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 April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, A. L. Porter, Jr., 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, The Ohio Oil Company, is the operator of the Lea Unit Area, comprising portions of Township 20 South, Ranges 34 and 35 East, NMPM, Lea County, New Mexico.
- (3) That the applicant seeks permission to commingle, prior to measurement, the Lea-Devonian Pool production from all wells presently completed or hereafter drilled in the above-described Lea Unit Area, except that the production from any well not yet determined by the operator of the Lea Unit to warrant inclusion in a participating area will be measured prior to commingling with production from wells in a participating area or on another basic lease.
- (4) That the applicant further seeks permission to commingle, prior to measurement, the Lea-Bone Springs Pool production from all wells presently completed or hereafter drilled

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in the above-described Lea Unit Area, except that the production from any well not yet determined by the operator of the Lea Unit to warrant inclusion in a participating area will be measured prior to commingling with production from wells in a participating area or on another basic lease.

(4) That the applicant further proposes to install two automatic custody transfer systems, one to handle the Devonian production, the other to handle the Bone Springs production in the above-described Lea Unit Area.

(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, The Ohio Oil Company, is hereby authorized to commingle, prior to measurement, the Lea-Devonian Pool production from all wells presently completed or hereafter drilled in the Lea Unit Area, comprising portions of Township 20 South, Ranges 34 and 35 East, NMPM, Lea County, New Mexico, provided, however, that the production from any well not yet determined by the operator of the Lea Unit to warrant inclusion in a participating area shall be measured prior to commingling with production from wells in a participating area or on another basic lease.

(2) That the applicant is hereby authorized to commingle, prior to measurement, the Lea-Bone Springs Pool production from all wells presently completed or hereafter drilled in the above-described Lea Unit Area, provided, however, that the production from any well not yet determined by the operator of the Lea Unit to warrant inclusion in a participating area shall be measured prior to commingling with production from wells in a participating area or on another basic lease.

(3) That the applicant is authorized to install two automatic custody transfer systems, one to handle the Devonian production, the other to handle the Bone Springs production in the above-described Lea Unit Area.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located in the above-described Lea Unit Area at least once each month to determine the individual production from each well.

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PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer systems fail 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 unattended hours, or in the alternative, shall so equip the existing facilities as to automatically shut-in the production at the header in the event the storage facilities become full, in which latter case the flowlines shall be pressure tested to at least $1\frac{1}{2}$ times the maximum well-head shut-in pressure prior to initial use of the automatic custody transfer equipment and each two years thereafter.

IT IS FURTHER ORDERED:

That all meters used in the above-described automatic custody transfer systems 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."

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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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