

July 8

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

APPLICATION OF GREAT WESTERN DRILLING COMPANY FOR AUTHORITY TO COMMINGLE THE PRODUCTION FROM SEPARATE LEASES AND TO PRODUCE MORE THAN SIXTEEN WELLS INTO A COMMON TANK BATTERY, AND TO INSTALL AUTOMATIC CUSTODY TRANSFER INSTALLATIONS IN CONNECTION WITH SUCH COMMINGLING AND PRODUCTION, ALL WITHIN THE EXTERIOR BOUNDARIES OF THE NORTH CENTRAL CAPROCK QUEEN UNIT AREA IN THE CAPROCK QUEEN FIELD IN CHAVES AND LEA COUNTIES, NEW MEXICO

CASE NO. 1721

Comes now the Applicant, Great Western Drilling Company, whose address is P. O. Box 1659, Midland, Texas, and states:

1. That Applicant is the operator of the North Central Caprock Queen Unit Agreement, which has heretofore been approved by the Commission in Case No. 1564, Order No. R-1311, dated December 17, 1958.

2. That the area embraced in said Unit Agreement is located in Chaves and Lea Counties, New Mexico, and is more particularly described as follows:

Township 13 South, Range 31 East, N.M.P.M.
Section 13 - All;
Section 14 - All;
Section 15 - $SE\frac{1}{4}NE\frac{1}{4}$, $E\frac{1}{2}SE\frac{1}{4}$;
Section 24 - $NW\frac{1}{4}NW\frac{1}{4}$;

Township 13 South, Range 32 East, N.M.P.M.
Section 17 - $N\frac{1}{2}NW\frac{1}{4}$;
Section 18 - $W\frac{1}{2}$, $NE\frac{1}{4}$;
Section 19 - $NW\frac{1}{4}NW\frac{1}{4}$;

containing 2,040 acres, more or less.

That there are large number of leases embracing said lands which are owned by numerous working interest owners; that subject only to the comments herein contained, all of such working interest owners have effectively committed their leases to said Unit Agreement.

That all of said lands, except the $SE\frac{1}{4}NE\frac{1}{4}$, $E\frac{1}{2}SE\frac{1}{4}$, Section 15, T. 13 S., R. 31 E., N.M.P.M., are owned by the State of New Mexico; that

*to be committed effective approx. July 1, 1959.

See attached to ... to the Applicant

the SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$, of said Section 15 is owned by the United States of America. That as a result of the aforementioned Unit Agreement the ownership of all royalty, overriding royalty and working interest is common throughout the entire above described premises.

3. Applicant requests permission to commingle the production from all leases within the exterior boundaries of the above described Unit Area and in support of this request states that it is the belief of the Applicant that such commingling will neither cause waste nor impair correlative rights. All production so proposed to be commingled is produced from the Queen Sand, defined in said Unit Agreement as a member of the Queen formation of the Guadalupe Series, a part of the Permian System, which is found at 3,050 feet to 3,066 feet in the Gulf Oil Corporation, State of New Mexico, "BMC" No. 1 Well, located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 23, T. 13 S., R. 31 E., N.M.P.M.; that all such production is uniform and similar in composition, gravity, and component parts.

4. As an exception to Rule 309(a) of the Commission Rules, applicant further requests authority to transport oil from the unitized formations from the various leases within the exterior boundaries of the Unit Agreement prior to such oil having been received and measured in tanks located on the individual leases. Applicant believes and states that adequate tankage and other equipment can be installed so that production from the aforescribed Unit Area can be accurately determined at reasonable intervals without separately measuring such oil in tanks located on the individual leases. In this connection it is proposed to transport such unitized oil from as many as 51 wells within the Unit Area to one central location within the Unit Area for the purpose of receiving and measuring such production. Appropriate lines will be

laid from each well into the central gathering system, and a plat thereof will be submitted at the hearing upon this application.

5. Applicant further requests the approval of the installation of an automatic custody transfer system to be installed within the Unit Area for the purpose of receiving, treating, measuring, and marketing of unitized oil produced within the area embraced in said Unit Agreement. Applicant states that similar automatic custody transfer systems have heretofore been approved by the Commission, and a diagrammatic sketch of the proposed system will be presented at the hearing on this application. Applicant believes and states that the granting of permission to install such automatic custody transfer system will neither cause waste nor impair correlative rights, that such system contains adequate testing and measuring equipment, including positive displacement meters which can be calibrated against a test tank of measured volume, and will in all things be in the interest of conservation.

6. Applicant offers to ^{comply with} all reasonable rules of the Commission relative to the testing, storage and metering of the facilities requested to be approved in this application, and to file all required reports in connection therewith.

Applicant, therefore, respectfully requests that this Application be set before and Examiner Hearing at Santa Fe, New Mexico, and that upon such a hearing, that Applicant as Unit Operator of the North Central Caprock Queen Unit Agreement be granted authority to:

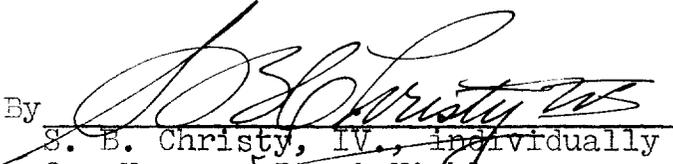
1. Commingle the production from separate leases in the North Central Caprock Queen Unit Agreement Area situated in the Caprock Queen Field in Chaves and Lea Counties, New Mexico; and,
2. Produce all unitized oil within the North Central Caprock Queen Unit Area into a common tank battery; and,

3. Install an automatic custody transfer system for the receipt treatment, measurement, and marketing of all unitized oil produced within the North Central Caprock Queen Unit Agreement Area.

DATED this 17th day of June, 1959.

GREAT WESTERN DRILLING COMPANY

By


~~S. B. Christy, IV., individually~~
for Hervey, Dow & Hinkle, as a
member of the firm
P. O. Box 547
Roswell, New Mexico

Attorneys for the Applicant