

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. 1760
Order No. R-1498

APPLICATION OF THE ATLANTIC
REFINING COMPANY FOR AN AUTO-
MATIC CUSTODY TRANSFER SYSTEM
AND FOR PERMISSION TO PRODUCE
MORE THAN 16 WELLS INTO A
COMMON TANK BATTERY, IN THE
HORSESHOE-GALLUP OIL POOL,
SAN JUAN COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 30, 1959, 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 19th day of October, 1959, 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, The Atlantic Refining Company, is the operator of the Navajo "B" Lease in the Horseshoe Gallup Oil Pool, San Juan County, New Mexico, comprising the following described acreage:

<u>TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM</u>	
Section 17:	All
Section 18:	All
Section 19:	All
Section 20:	All
Section 16:	All that portion thereof within the Navajo Indian Reservation
Section 21:	All that portion thereof within the Navajo Indian Reservation

Case No. 1760
Order No. R-1498

(3) That the applicant proposes to produce into a common tank battery all the Horseshoe-Gallup oil wells presently or hereafter completed on the above described Navajo "B" Lease.

(4) That the applicant proposes to install an automatic custody transfer system to handle the Horseshoe-Gallup Oil Pool production from all wells on said Navajo "B" Lease.

(5) That the applicant proposes to measure the oil passing through the automatic custody transfer system by means of dump-type or positive displacement meters.

(6) That the above-described system should be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

(7) That the meters used in the automatic custody transfer system should be checked for accuracy once each month until further direction by the Secretary-Director.

(8) 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.

(9) That approval of the subject application will neither cause waste nor impair correlative rights provided adequate testing and storage facilities are installed.

IT IS THEREFORE ORDERED:

(1) That the applicant, The Atlantic Refining Company, be and the same is hereby authorized to produce into a common tank battery all oil wells presently or hereafter completed in the Horseshoe-Gallup Oil Pool on the Navajo "B" Lease comprising the following described acreage in San Juan County, New Mexico:

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM

Section 17:	All
Section 18:	All
Section 19:	All
Section 20:	All
Section 16:	All that portion thereof within the Navajo Indian Reservation
Section 21:	All that portion thereof within the Navajo Indian Reservation

-3-

Case No. 1760
Order No. R-1498

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of each well on said Navajo "B" Lease at least once each month.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle the Horseshoe-Gallup Oil Pool production from all wells presently completed or hereafter drilled on the above-described Navajo "B" Lease.

PROVIDED HOWEVER, That the automatic custody transfer system shall be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

IT IS FURTHER ORDERED:

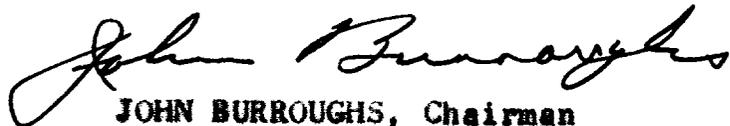
That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

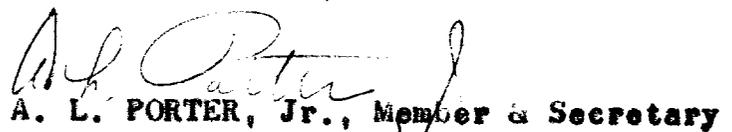
Meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibrations filed with the Commission on the Commission form entitled "Meter Test Report."

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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