

**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. 2220  
Order No. R-1936**

**APPLICATION OF SHELL OIL COMPANY  
FOR AN EXCEPTION TO RULE 303 (a)  
AND RULE 309 (a), LEA COUNTY, NEW  
MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on March 22, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, 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 April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Shell Oil Company, is the owner and operator of the Carl H. Livingston lease, comprising 320 acres in Sections 3 and 4, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle the production from the Drinkard, Wants-Abo, and Blinebry Oil Pools from all wells presently completed or hereafter drilled on said Carl H. Livingston lease, with the production from the various pools determined by subtracting the Blinebry Oil Pool production from the total commingled production and allocating the remaining production between the Drinkard and Wants-Abo Pools on the basis of monthly well tests.

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(4) That all wells on the subject lease producing from the Drinkard and Wantz-Abo Pools are marginal.

(5) That the Blinebry Oil Pool production should be continuously metered and should be limited to the allowable for that pool as shown by the Blinebry production meter.

(6) That the proposed installation as shown on Exhibit Nos. 2 and 4 in this case should be authorized, provided, however, that all production and test meters should incorporate a non-reset totalizer and should be calibrated against a test tank or a master meter.

(7) That inasmuch as an industry committee has been appointed to study all phases of commingling and to recommend minimum standards to prevent abuses thereof, it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

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

(9) 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, Shell Oil Company, is hereby authorized to commingle the production from the Drinkard, Wantz-Abo, and Blinebry Oil Pools from all wells presently completed or hereafter drilled on the Carl H. Livingston lease, comprising 320 acres in Sections 3 and 4, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, with the production from the various pools determined by subtracting the Blinebry Oil Pool production from the total commingled production and allocating the remaining production between the Drinkard and Wantz-Abo Pools on the basis of monthly well tests.

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PROVIDED HOWEVER, That this installation shall conform to Exhibit Nos. 2 and 4 in this case except that all production and test meters shall incorporate a non-reset totalizer and shall be calibrated against a test tank or a master meter.

PROVIDED FURTHER, That the production from the Blinebry Oil Pool shall be limited to the allowable for that pool as shown by the Blinebry production meter.

PROVIDED FURTHER, That it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

PROVIDED FURTHER, That in the event any well on said lease becomes capable of producing top unit allowable from the Wantz-Abo or the Drinkard Pools, the applicant shall notify the Santa Fe office of the Commission at which time this case shall be reopened.

(2) That the applicant 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 Carl H. Livingston 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.

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

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That all 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



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



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