

CASE 1948: Application of HUMBLE for  
authority to commingle from several  
leases and approval of automatic  
custody transfer system.

Case No.

1948

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Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 27, 1960

## EXAMINER HEARING

IN THE MATTER OF:

Application of Humble Oil & Refining Company  
for authority to commingle the production from  
several separate leases and for approval of an  
automatic custody transfer system to handle said  
commingled production. Applicant, in the above-  
styled cause, seeks permission to commingle the  
Empire-Abo Pool production from certain leases in  
Sections 4, 8, 9, 16 and 17, Township 18 South,  
Range 27 East, Eddy County, New Mexico, all of  
such leases being in the Chalk Bluff Draw Unit.  
Applicant also seeks approval of an automatic  
custody transfer system to handle said Empire-Abo  
Pool production from all wells presently completed  
or hereafter drilled on said leases.

Case  
1948

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. PAYNE: Application of Humble Oil & Refining Company  
for authority to commingle the production from several separate  
leases and for approval of an automatic custody transfer system.

MR. CHRISTY: Sim Christy, Hervey, Dow & Hinkle, for  
applicant, Humble Oil & Refining Company. We have two witnesses;  
Mr. Perry, the first one, is here, the second one will be here in  
a second. May we take the first one?

(Witness sworn.)

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MR. CHRISTY: I may state at the outset, we have sent copies of this application to interest operators Gulf, Hondo, Pan American and Continental. We have the registered return receipts. We also have obtained approval from the supervisor of the U. S. Geological Survey of the application by its letter to Humble of April 26, 1960, a copy of which I have here for the Commission, some of the land being Federal.

LEE PERRY

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Will you please state your name, address and occupation?

A Lee Perry, 2618 Northwest Drive, Hobbs, New Mexico. I am a senior engineer, production engineer, in the Hobbs District, Humble Oil & Refining.

Q Mr. Perry, have you previously testified before this Commission as a petroleum engineer?

A No, sir.

Q Would you briefly tell the Examiner the schools of higher learning which you have attended, the degrees, if any, received, and when?

A I attended Texas Technological College; received a B.S. in Petroleum Engineering in 1942; B.S. in Civil Engineering in 1947.

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Q Since 1947 what have you been doing in the petroleum engineering field?

A I have worked for Humble Oil and Refining Company since 1947. My present position is Senior Engineer in Hobbs District.

Q Has that work included Township 18 South, Range 27 East, in Eddy County?

A Yes, sir.

Q That is a portion of the area included in your duties?

A Yes, sir.

Q Are you familiar with that area, and particularly the Chalk Bluff Draw Unit area, the wells in the unit adjoining it, and their production history?

A Yes, sir.

Q Does the Commission have any question concerning the qualifications of the witness?

MR. UTZ: No; he is qualified.

Q (By Mr. Christy) Mr. Perry, what is sought by this application?

A We wish to obtain three separate authorities: Blanket approval for exceptions to Rule 309-A; first, to commingle production from all productive wells in that portion of the Abo-Chalk Bluff Unit inside the red perimeter with that in the green perimeter as shown on Exhibit 1 until such time as participating areas are finally approved for this area; second, we wish to gain

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approval to allow us to produce more than sixteen wells into one battery, and third, approval of automatic custody transfer unit for this area.

Q Now, referring you to what has been marked as Exhibit 1, would you tell us briefly what the outlined areas in green reflect?

A Outlined in green are the areas previously approved for commingling in Cases 1916 and 1940; the area outlined in red is the area we are presently asking for commingling on. We want to be able to commingle the entire area outlined in red and green.

Q I notice some hash marks in green. Will you cover that later?

A I believe Mr. Richardson will cover that.

Q And the matter marked in orange we will cover as we go along?

A Yes, sir.

Q The limits of the Chalk Bluff Draw Unit are shown by dark marks on Exhibit 1?

A It is marked with heavy blue lines.

Q Now, why couldn't this request be handled by administrative procedure under Rule 390-b?

A It could be except that ownership of the leases is not common.

Q I see. What would be the advantages gained from the commingling of all wells in this red and green perimeter?

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A By commingling into the same common tank battery that will eventually serve the participating areas, considerable tankage can be saved. The LACT unit will enhance the advantages of a central battery as a permanent completion to produce more than 16 wells. The expense of a temporary pipeline connection or drayage from each separate lease until it is included in the participating area will be saved. To prevent burdening the Commission with a succession of Hearings we are now asking for authority to commingle all present and future Abo wells in the area outlined in red and green.

Q Is that area all within the designated limits of the Empire-Abo field?

A No, sir. Some of this area is unproven. As additional wells are completed in the Abo, Form C-123's are being submitted to request extension.

Q Along these lines, has a similar commingling request ever been approved by this Commission?

A Yes, sir. In Case 1552, R-1292, dated 11/26/58, Pan American was granted permission to commingle producers in the Empire-Abo field.

Q How will this commingling for the separate leases be accomplished? At this point I would like to refer you to Exhibit 2. Will you please identify it?

A Exhibit 2 is a schematic diagram of the proposed method



of commingling at the top and the LACT unit at the bottom. This is all for this Battery No. 1, Abo-Chalk Bluff Draw Unit.

Q Now, will you please tell us how this commingling of the separate leases will be accomplished?

A Until a participating area is formed or approved, production from each base lease will be produced into the existing tank battery and measured separately. The production from Wells 1 through 5 will continue to be measured as described in the previous Hearing, 1940.

Q Those Wells 1 through 5 are outlined in green on Exhibit 1?

A Yes, sir; the wells in that area. Hondo's wells, Nos. 1 and 3, will pass through the permanent metering test separator for the battery. Well 5 from the Humble lease will be produced through a temporary metering separator. Humble's wells in Section 9, Nos. 2 and 4, will pass through the permanent production separator which is non-metering, with the production being determined by subtraction. Additional leases added before the participating area is finally approved will require additional metering separators. When a participating area is approved, production from it will utilize the permanent header (Q) and the production and test separators (A and B) in the upper left portion of Exhibit 2.

Right up there in the upper left we have the header and two separators. Production from leases not in the participating area

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will be metered through the temporary metering separate (C) at the upper right. Production from the participating area will be measured through the metering separator (B). A temporary 500 barrel tank has been set (D-3) and can be used to prove these meters.

Q Have you notified the offset operators and interested parties and, if so, have you had any objections to the application?

A We have notified them, and have had no objections.

Q You mention that metering vessel. Has that type of metering vessel been approved by this Commission?

A Yes, sir; it was approved in 1916 and 1940.

Q Now, in your opinion, would the granting of this application with respect to commingling be in the interests of conservation and the protection of the correlative rights of the independent parties?

A Yes, sir.

Q Do you see where it might violate any correlative rights?

A No, sir.

Q Now, sir, how many wells can be located in the area involved in this and the two previous commingling hearings; that is, the areas outlined in red and green?

A Twenty-four wells in all. Nineteen additional wells for this application; six of these are already completed, and two are drilling.



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Q With respect to that portion of your application relating to the production of more than sixteen wells into a common tank battery, would you explain that?

A If all of the locations in the areas involved in the red and green outline are producers we would wish to produce all of those, or as many as are economically feasible, into a common tank battery, utilizing the LACT unit for which we are asking for approval. This will efficiently handle the present allowable from this area, and will be an economic benefit in that considerable tankage and several pipeline connections would be saved. Labor and travel time for production and pipeline personnel would be reduced.

Q Where is this common tank battery, and will it stay there?

A Battery 1 is in the Southeast Quarter of the Northwest Quarter, Section 9, shown in orange on Exhibit 1. However, in the interest of flexibility it is requested that the order be written without specifying the location.

Q Now, let's turn to the LACT portion of your application, and I will refer you to the bottom half of Exhibit 2. I believe this is the schematic presentation of the LACT unit; is that correct, sir?

A Yes, sir.

Q Now, in your opinion, would this installation be in the interests of conservation?



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A Yes, sir. It very definitely will be. The LACT unit will replace an additional 3,000 barrels of tankage, a saving of something like 45 per cent in monetary value. A considerable portion of the light hydrocarbons which normally weather off in conventional lease operation would be conserved. Labor and travel time for the operator as well as the pipeline company would be reduced and with the reduced investment and labor costs the operator hopes to be able to produce this lease or unit to a lower economic limit.

Q So that there would be both an economic saving and a saving of the oil itself?

A Very definitely.

Q What type of LACT system do you propose, Mr. Perry?

A The LACT unit is similar to others installed in Empire-Abo Field. The meter proposed will be a corrosion resistant positive-displacement type meter. However, we would rather the type were not designated in the Order, if the Commission pleases. The skid mounted LACT unit will contain more or less standard equipment: charging pump, BS & W monitor, diverting valve, strainer, meter, sampler, combination back pressure and shut-in valve, and prover loop.

Q Would you please briefly tell the Examiner how this LACT system works?

A Yes, sir; first, let me state, on Exhibit 2 the existing



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battery facilities at the Chalk Bluff Draw Unit, Battery 1. At the left of the permanent header (Q), the production and metering separators (A and B) and the two permanent 500 barrel tanks (D-1 and D-2). At the upper right are the temporary metering separators (c) and the tank (D-3) which was temporarily set and will be used in the future to prove the temporary metering separators as long as it is required. Production, shown in green, will pass through the surge tank (D-2) filling it to the high level float switch which will open the shut-in valve (M), just upstream from the prover loop, down at the lower left of the prover, and start the charging pump (F) at the lower right. Production will flow to the skid mounted LACT unit, passing the charging pump and the BS & W monitor (G). Good oil will flow on through the strainer, (J), the sampler (L), the combination back pressure and shut-in valve (M), and to the pipeline. Here the flow can be diverted into the prover tank (N) to prove the meter.

In case the monitor detects unacceptable oil it will automatically open the diverting valve (H) and close the combination valve (M) turning the flow along the brown line, back to the volume tank (D-1). Bad oil will be manually treated and switched back. At present we are producing pipeline oil so no treating is necessary. When the level in the surge tank (D-2) is reduced to the low level controller it will close the shut-in valve (M) and stop the charging pump. In case the high level controller fails



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to function, oil will fill the surge tank and overflow into the volume tank (D-1) through the equalizer line. In the event the oil in the volume tank reaches the emergency high level controller either from bad oil or from overflow from the surge tank, the emergency high level controller will close both lease automatic shut-in valves (E) at the header. In turn, this will place the tubing pressure on the flow lines. We have provided for this by installing high pressure flowlines, plastic coated to resist corrosion and tested to 1-1/2 times the tubing pressure. Our plan is to have a pumper on 8-hour duty on this and other nearby leases.

A Do you feel this LACT system is reliable?

A Systems similar are in operation throughout New Mexico and in the Empire-Abo field. We feel we have accounted for all of the contingencies that might arise. The meter is equipped with a Fail-safe device, charging pump has high pressure shutdown, and the combination valve (M) is normally closed so that in the event of a power failure the LACT unit would be shut-in. The positive displacement meter itself as a measuring device has certainly proven its reliability in New Mexico.

Q Do you feel you would have any corrosion problems on the P.D. meter?

A The meter is the corrosion-resistant type. It has what A. O. Smith calls an electro-film process, patented process, but the meter has served fourteen months in this same oil.



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Q Same type of corrosive oil?

A Yes.

Q Who is purchasing the oil from this installation?

A Service Pipeline.

Q Have you submitted the LACT system to them, and have they approved it?

A They have.

Q With respect to the metering separators (C) up at the top right-hand portion of Exhibit 2, Do I understand that that is a temporary set-up?

A It is very definitely a temporary set-up. Probably after the first participating area is set up no well will come through a temporary metering separator for more than sixty days. I think Mr. Richardson will cover that more thoroughly.

MR. CHRISTY: I think that is all. One other question: Was Exhibit 2 prepared by you or under your direct supervision?

A Yes, sir.

CROSS EXAMINATION

BY MR. PAYNE:

Q How many separate leases are contained in the acreage outlined in green?

A Three.

Q At the present time are you separately metering the production from each of those leases?



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A We are separately measuring them, sir. One of them is obtained by subtraction.

Q And that was granted on the basis that once the participating area was formed it would relate back?

A Yes, sir.

Q To the time of initial production?

A Yes, sir.

Q Now, how many separate leases are contained in the red area?

A Sir, I have not actually counted them. I would say about fifteen.

Q Do you propose to separately measure the production from each of those leases until such time as a participating area is formed?

A Yes, sir.

Q Is all this acreage within the Chalk Bluff Draw Unit?

A Yes, sir.

Q Has all the acreage been committed to the Unit?

MR. CHRISTY: We have another witness who can answer that question. I don't know if this engineer knows that. The answer is, practically all of it has.

Q (By Mr. Payne) These are all flowing wells, are they not?

A Yes, sir.

Q And additional wells probably will be?

A Yes, sir, as far as we anticipate.



Q In the event of malfunction or flow-line break the wells would have to be shut in?

A We don't anticipate flow line breaks. As I said, we are putting in high pressure flow lines, tested to 1-1/2 times the tubing pressure. They are going to be corrosion-resistant. They will be plastic-coated, and flow line breaks on high pressure lines are just not something that happens.

Q You never have encountered any in your experience?

A No, I have never; not on a high pressure line. With other types, sometimes, yes; but with the best grades of pipe it is extremely, must be extremely unusual. I have been working in oil fields for fourteen years and haven't encountered it.

Q All your flow lines will be above ground?

A Yes, sir.

Q And a man will be on the lease how often, in the area?

A He will have eight hours on this and our other lease in the Empire-Abo Field, so he should be on this lease probably six hours, I would guess.

Q Now, do you ever intend to go to complete automation in this unit so that a man is seldom if ever on the lease?

A Not until it becomes more economically attractive. We don't feel that we have gotten around to the complete automation point yet; I doubt it.

Q Now, you are going to commingle the production from the leases outlined in green with the production from those outlined





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in red?

A Yes, sir.

Q The production from the leases in green are now going into a common tank battery?

A Yes, sir.

Q And you are still going to produce them into that common tank battery?

A Yes, sir, with the addition of any producing wells in the area outlined in green; they will go into the same tank battery.

MR. PAYNE: I see. Thank you.

BY MR. UTZ:

Q What is your shut-in tubing pressure?

A From 700 to 900 pounds, sir.

Q In regard to the plastic-coating of this line; how much experience have you had with corrosion prevention?

A Considerable, sir. We have had extremely good luck. This is going to be a baked-on phenolic, the best we know. As a matter of fact, the flow lines are already in with that; it is an extremely reliable coating.

Q Are these welded lines?

A No, sir; screwed lines.

Q Couplings also plastic-coated?

A Yes, sir; the coating is designed so that it overlaps on the threads just enough to bond together. We have had, within the company, something like nine year's experience with this type



of a coating now, and have found it to be very reliable.

MR. PAYNE: Mr. Perry, how is it that an initial participating area has not yet been formed?

A The participation request for a participating area has, I believe, been submitted to the Commission and I believe it is within your hands now.

MR. PAYNE: Has the U.S.C.A. approved it?

A I think they are waiting on your approval.

MR. CHRISTY: Mr. Examiner, I believe we have a witness that can cover that.

MR. UTZ: Will your next witness be able to clarify questions in connection with lease ownerships?

MR. CHRISTY: He is a person that has lived with this unit for quite a few years.

MR. UTZ: Any other questions of this witness?

MR. CHRISTY: I may ask one more.

REDIRECT EXAMINATION

BY MR. CHRISTY:

Q In response to Mr. Utz' question about shut-in tubing pressure your answer was 7 to 900. Is that maximum tubing pressure?

A That's right.

MR. UTZ: In line with that question, do you anticipate forcing up in this field?

A I'd rather not commit myself.

MR. UTZ: Ordinarily they do, don't they?

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A They do.

MR. UTZ: In which case your shut-in tubing pressure will become higher?

A I doubt that.

MR. UTZ: You doubt that your flowing pressure will become higher?

A It could be; yes.

MR. UTZ: Any other questions? Witness may be excused.

MR. CHRISTY: We would like to call Mr. Andy Richardson. He has not been sworn, Mr. Examiner.

(Witness sworn).

R. M. RICHARDSON

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you please state your name, address and occupation?

A R. M. Richardson. I am a Land Man with Humble Oil & Refining Company in Roswell, in charge of unitization and zone operations.

Q Mr. Richardson, are you familiar with the Chalk Bluff Draw Unit agreement and area?

A Yes, sir.

Q Which I believe is outlined in applicant's Exhibit 1 in this case?



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A Yes, sir.

Q Now, I refer you to the green hash marks on Exhibit 1 which have not been explained. Would you briefly explain what that is to the Examiner?

A The green hash marks are the area that has been requested as the initial participating area for the Abo Production in this unit. It includes Wells 1 through 4; the land included is the East Half West Half Section 9, Township 18 South, Range 27 East.

Q Mr. Richardson, within the perimeter of the red area, how many base leases are we speaking of? How many are there?

A Fourteen.

Q And within the perimeter of the green area how many base leases?

A There are three within the green area.

Q We have a total of seventeen base leases involved in this commingling portion of the application?

A No; I included the green leases. Actually your participating area includes a portion of base leases also in the red area.

8 Q So we would have less than seventeen?

A About fourteen; total fourteen.

Q Now, the Chalk Bluff Unit agreement, I believe it provides for participating areas?

A Right.

Q Who must approve the participating area under U.S.G.S.?



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A Director, Commission and Commissioner.

Q You mentioned that the hashed green area on Exhibit 1 was your proposed initial participating area?

A Right.

Q Has that proposal been submitted to those three bodies you have mentioned?

A It has been submitted to the Commission. It has been approved by the Commission, and is now in the hands of the Commissioner for approval. It will then be submitted, after approval by the Commissioner, to the U.S.G.S. for approval of the Director.

Q When the participating area is finally approved by those three regulatory bodies, would you tell us what the unit agreement provides with respect to the allocation of production from the participating area and when it is effective?

A The total production in the approved participating area is allocated to each tract in the participating area on a surface-acre basis.

Q Effective when?

A Effective at the time of first production; the subsequent enlargements are effective the first of the month in which is obtained knowledge on which expansions are based.

Q For example, if you expanded the participating area to take in drilling Well No. 8, which is in the Southwest Northwest Section of 9, once it is taken in the participating area it would



199, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

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be effective as of the first day of the month in which the production is obtained on that well?

A Right.

Q And I assume from your statements that the unit agreement does have a provision for expansion of these participating areas?

A Yes, sir.

Q Now, sir, within the red and green perimeter, what per cent of working interest and royalty has been committed to the unit agreement?

A It is 100 per cent committed with the exception of a 1.25 per cent override under the Northeast Southwest of Section 4, and the Southwest Southwest of Section 4, Lots 15 and 17, Section 4.

Q Those are the two tracts in the extreme north end?

A Extreme north end; 1.25 per cent override.

Q Have you had a refusal by those overrides or what?

A That was an estate at the time we were putting the unit together; it was an estate in Artesia that had not been settled and I think they didn't know who had the authority. It was all tied up, probably in litigation, and since that time we have investigated and I think the estate is now closed, but we still haven't determined exactly who can commit and Hondo is now working on that.

Q Do you anticipate you will get them?

A We anticipate they will come in.



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MR. CHRISTY: That is all the questions we have from this witness, Mr. Examiner. I might state at this time that in one or two of the prior cases on commingling, questions have come up concerning the terms of the unit agreement, various provisions of it which the witnesses did not know, or were not familiar and versed with. However, I believe Mr. Richardson is well versed and familiar with the terms of the unit agreement. If the Commission has any questions concerning it, we would be happy to try and answer them.

CROSS EXAMINATION

BY MR. PAYNE:

Q You do plan to separately measure the production from each lease prior to commingling; is that right? Each base lease?

A Once it is in a participating area, well then I don't believe --

Q Until such time as it is?

A Until such time as it is it will be separately measured.

MR. UTZ: Any other questions of the witness?

MR. CHRISTY: I might ask one question. Mr. Richardson, do you know of your own knowledge that Exhibit 1 is a true replica of the unit area and boundaries?

A It is.

MR. UTZ: Witness may be excused.

MR. CHRISTY: At this time we would like to offer in evidence applicant's Exhibits 1 and 2.





MR. UTZ: They will be admitted.

MR. KASTLER: Kastler, appearing on behalf of Gulf Oil Corporation. Gulf is a unit participant in the Chalk Bluff Draw Unit, owner of Well No. 6 which we recently brought in as a producer, Northeast Quarter of the Northwest Quarter of Section 16, 18 South, 27 East. We concur in this application.

MR. UTZ: Any other statements? Case will be taken under advisement.

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

I, the Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

*Mae Paige*  
Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1946... heard by me on April 27, 1960...

*Hubert W. [Signature]*, Examiner  
New Mexico Oil Conservation Commission

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COPY

## HUMBLE OIL &amp; REFINING COMPANY

HOUSTON 1, TEXAS

Hobbs, New Mexico  
April 4, 1960File: 6-1  
Storage - Abo Chalk  
Bluff Draw Unit  
Well No. 6Mr. M. L. Armstrong  
New Mexico Oil Conservation Commission  
207 Carper Building  
Artesia, New Mexico

Dear Sir:

Request administrative approval to measure Gulf Oil Corporation's Abo Chalk Bluff Draw Unit, Well No. 6 production (being drilled by and to be completed and operated by Humble Oil & Refining Company as Unit operator) through a BS&H two-phase metering separator on the lease until such time as this well will be put into a participating area.

It should be pointed out that although it is planned to measure the subject well's production on its lease, it is planned to have this separator dump the production through a line into separate tankage located at Humble's existing tank battery on a different lease so that a pipe line connection can be obtained to eliminate the \$ .38 per barrel truck charge that would be necessitated if the tankage was located on the subject well's lease.

Very truly yours,

R. R. Alworth  
District Superintendent

ALG/jp

cc: Oil Conservation Commission (2)  
A. L. Carpenter  
J. E. Pinkerton  
File  
Dan Nutter, NMOCC, Santa Fe

*Note to move  
4-8-60 suggesting  
he approve and  
enclosing the  
attached as a  
guide letter  
B approval.*

Reference is made to your request dated April 4, 1960, for approval to measure the Empire-Abo production from Gulf Oil Corporation's Chalk Bluff Draw Unit Well No. 6 through a BS&D two-phase metering separator and the lease, thence transport the oil through a line to separate tankage located at Humble's existing tank battery on an offsetting lease.

It is our understanding that approval of this proposal will enable you to save \$0.38 per barrel trucking charges pending the time the well is put into a participating area or until a hearing can be held and approval granted for commingling of the Gulf lease production with other Empire-Abo production from the Chalk Bluff Draw Unit.

While it is not possible to grant administrative approval of this proposal under the Rules of the Commission, it is felt that this situation is one which warrants exception under the provisions of Rule 1303.

You are therefore hereby authorized to measure and store the Empire-Abo production from Gulf's Chalk Bluff Draw Unit Well No. 6 in the manner outlined in your letter of April 4, 1960, for a period not to exceed 45 days from the date of first production from this well.

You are further authorized to pass this production through a conventional separator rather than a metering separator provided that the storage tank into which the production is passed has no physical connection with the storage facilities being utilized for production from other leases in the Chalk Bluff Draw Unit.

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 4-28-60

CASE 1948 Hearing Date 4-27-60

My recommendations for an order in the above numbered cases are as follows:

1. Approve Lumber <sup>302(a)</sup> ~~agreement~~ for comingling and LACT as follows;
2. They that meter or measure each of the 14 separate leases in the following area until such time as the entire area is included in ~~an~~ participating area and such area approved by the State Land Commissioner, SNHS and N.M.O.C.C.:  
185-27E  
Sec. 4 - S E S W, N E S W, S W S W;  
" 8 - S E N E, S E;  
" 9 W/2,  
" 16 N W/4,  
" 17 N E/4,  
3. The Storage tanks shall be equipped with ~~an~~ this level Emergency S.F. switch which will shut in the leases at the ~~with~~ lease header in the event the high level switch fails.

Staff Review

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date \_\_\_\_\_

CASE \_\_\_\_\_

Hearing Date \_\_\_\_\_

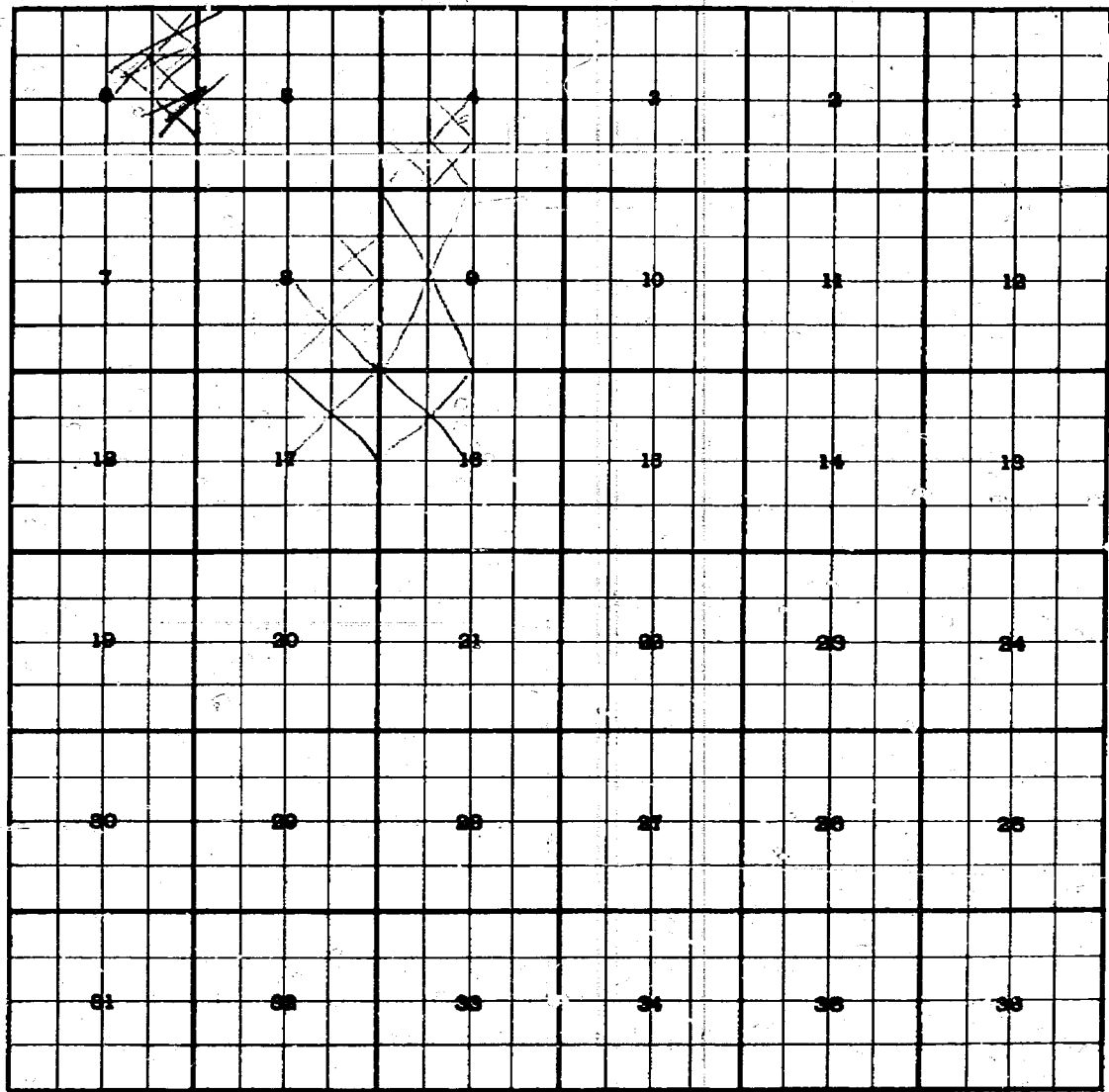
My recommendations for an order in the above numbered cases are as follows:

3. The gathering lines shall be of high pressure, plastic coated line material to prevent corrosion.
4. W. H. S. I. valves will not be required because the H. P. line will hold more pressure than the W. H. flowing pressure of the wells.
5. Provisions for testing meters and wells.
6. Usual LACT order otherwise.
7. For Engine - also port only.
8. Exception to 309(a) more than 16 wells.

*Charles R. [Signature]*

County \_\_\_\_\_ Pool \_\_\_\_\_

TOWNSHIP 18 <sup>18</sup> South, RANGE 27 <sup>27</sup> East, NEW MEXICO PRINCIPAL MERIDIAN



\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**#1-INSTRUCTIONS TO DELIVERING EMPLOYEE**

☐ Deliver **ONLY** to addressee ☐ Show address where delivered  
(Additional charges required for these services)

**RETURN RECEIPT**  
Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)  
*[Signature]*

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY  
*[Signature]*

DATE DELIVERED **4-22-60** ADDRESS WHERE DELIVERED (only if requested in item #1)

CSS-16-71548-4 GPO

**#1-INSTRUCTIONS TO DELIVERING EMPLOYEE**

☐ Deliver **ONLY** to addressee ☐ Show address where delivered  
(Additional charges required for these services)

**RETURN RECEIPT**  
Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)  
*[Signature]*

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY  
*[Signature]*

DATE DELIVERED **APR 22 1960** ADDRESS WHERE DELIVERED (only if requested in item #1)

CSS-16-71548-4 GPO

**#1-INSTRUCTIONS TO DELIVERING EMPLOYEE**

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*[Signature]*

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CSS-16-71548-4 GPO

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*[Signature]*

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY  
*[Signature]*

DATE DELIVERED **APR 23 1960** ADDRESS WHERE DELIVERED (only if requested in item #1)

CSS-16-71548-4 GPO

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

RE: Chalk Bluff Draw Unit,  
Eddy County, N.M.: Copy Request  
Commingle & LACT Equipment sent to Continental  
Oil Corp., Attn.: Production,  
Roswell, N.M.

INSTRUCTIONS: Fill in items below and com-  
plete #1 on other side, when applicable. Moisten  
gummed ends and attach to back of article. Print  
on front of article RETURN RECEIPT REQUESTED.

REGISTERED NO. 21964  
CERTIFIED NO.  
INSURED NO.

NAME OF SENDER R. M. Richardson  
Humble Oil & Refg. Co.  
STREET AND NO. OR P. O. BOX  
P. O. Box 1287  
CITY, ZONE AND STATE  
Roswell, N. M.

POSTMARK OF  
DELIVERING OFFICE  
ROSWELL, N.M.  
APR 22 1964

RETURN  
TO

CSB-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

RE: Chalk Bluff Draw Unit,  
Eddy County, N.M.: Request to Commingle  
& LACT Equipment, Copy Request sent to Gulf  
Oil Corp., Attn.: Madison/Taylor, Roswell,  
N.M.

INSTRUCTIONS: Fill in items below and com-  
plete #1 on other side, when applicable. Moisten  
gummed ends and attach to back of article. Print  
on front of article RETURN RECEIPT REQUESTED.

REGISTERED NO. 21961  
CERTIFIED NO.  
INSURED NO.

NAME OF SENDER R. M. Richardson  
Humble Oil & Refg. Co.  
STREET AND NO. OR P. O. BOX  
P. O. Box 1287  
CITY, ZONE AND STATE  
Roswell, N. M.

POSTMARK OF  
DELIVERING OFFICE  
ROSWELL, N.M.  
APR 22 1964

RETURN  
TO

CSB-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

RE: Chalk Bluff Draw Unit,  
Eddy County, N.M.: Request to Commingle  
& LACT Equipment, Copy Request sent to Hondo  
Oil & Gas Co., Roswell, N. M.

INSTRUCTIONS: Fill in items below and com-  
plete #1 on other side, when applicable. Moisten  
gummed ends and attach to back of article. Print  
on front of article RETURN RECEIPT REQUESTED.

REGISTERED NO. 21963  
CERTIFIED NO.  
INSURED NO.

NAME OF SENDER R. M. Richardson  
Humble Oil & Refg. Co.  
STREET AND NO. OR P. O. BOX  
P. O. Box 1287  
CITY, ZONE AND STATE  
Roswell, N. M.

POSTMARK OF  
DELIVERING OFFICE  
ROSWELL, N.M.  
APR 22 1964

RETURN  
TO

CSB-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

RE: Chalk Bluff Draw Unit,  
Eddy County, N.M.: Copy Request to  
Commingle & LACT Equipment sent to Pan  
American Petroleum Corp., ATTN.: Production  
Dept., Lubbock, Tex.

INSTRUCTIONS: Fill in items below and com-  
plete #1 on other side, when applicable. Moisten  
gummed ends and attach to back of article. Print  
on front of article RETURN RECEIPT REQUESTED.

REGISTERED NO. 21962  
CERTIFIED NO.  
INSURED NO.

NAME OF SENDER R. M. Richardson  
Humble Oil & Refg. Co.  
STREET AND NO. OR P. O. BOX  
P. O. Box 1287  
CITY, ZONE AND STATE  
Roswell, N. M.

POSTMARK OF  
DELIVERING OFFICE  
ROSWELL, N.M.  
APR 22 1964

RETURN  
TO

CSB-16-71548-4



P. O. Box 6721  
Roswell, New Mexico

April 26, 1960

Humble Oil and Refining Company  
P. O. Box 1287  
Roswell, New Mexico

Attention: Mr. R. M. Richardson

Gentlemen:

Your letter of April 25 requests permission to commingle production from portions of leases Nos. Las Cruces 070937, 070938, 070678(a) and New Mexico 029135, 031186, 041175(a), 041175(b) and 041175(c), and to install automatic custody transfer equipment to meter the production from such leases into the pipe line.

The method you propose for measuring and shipping oil from the lands described in your application is satisfactory to this office; provided, that no wells other than those qualified for inclusion in the Ate participating area of the Chalk Bluff Draw unit area are connected to the metering, treating, and automatic custody transfer system.

Very truly yours,

JOHN A. ANDERSON  
Regional Oil and Gas Supervisor

Copy to: Oil Cons. Comm.  
Comm. Pub. Lands  
Accounts  
Unit file

sr

*Expedite this order*

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. 1948

Order No. R-1630-B

APPLICATION OF HUMBLE OIL & REFINING  
COMPANY FOR PERMISSION TO COMINGLE THE  
PRODUCTION FROM SEVERAL SEPARATE LEASES  
AND FOR APPROVAL OF AN AUTOMATIC CUSTODY  
TRANSFER SYSTEM IN THE EMPIRE-ABO POOL,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
April 27, 1960, 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 \_\_\_\_\_ day of May, 1960, 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 sub-  
ject matter thereof.

(2) That the applicant, Humble Oil & Refining Company, is the operator of the Chalk Bluff Draw Unit in the Empire-Abo Pool, Eddy County, New Mexico, which unit consists of the following-described acreage:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 4: SE/4 SW/4, NE/4 SW/4, and SW/4 SW/4  
Section 8: SE/4 NE/4 and SE/4  
Section 9: W/2  
Section 16: NW/4  
Section 17: NE/4

(3) That there are some 14 separate leases included in the above-described Chalk Bluff Draw Unit.

(4) That the applicant <sup>seeks permission</sup> ~~proposes~~ to commingle the Empire-Abo Pool production from all wells presently completed or hereafter drilled in the said Chalk Bluff Draw Unit and it further seeks approval of an automatic custody transfer system to handle said commingled Empire-Abo Pool production.

(5) That ~~this application is necessitated by the fact that~~ while all the subject acreage is within the Chalk Bluff Draw Unit, a participating area for Empire-Abo Pool production has not yet been established. (6) That by Order R-1630 and R-1630-A the applicant was authorized to commingle the Empire-Abo Pool production from three leases in the Chalk Bluff Draw Unit, which leases comprise the following-described acreage, ←

SE/4 SW/4 of Section 4, E/2 NW/4 of Section 9,  
and E/2 SW/4 of Section 9 ←

all in Township 18 South, Range 27 East, Eddy County, New Mexico.  
(7) That said Order R-1630 and R-1630-A set forth the procedure to be used by the applicant in measuring the production from each of the three above-described leases. (8) That the applicant proposes to separately meter the production from each of the <sup>other</sup> leases in the Chalk Bluff Draw Unit until such time as said leases have been included in a participating area for the Empire-Abo Pool production from said Chalk Bluff Draw Unit.

(9) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown

-3-  
CASE No. 1948  
Order No. R-1630-A

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.

(10) That the applicant proposes to ~~is~~ install high-level emergency switches which will shut-in the wells at the header in the event the automatic custody transfer system shuts off the flow of oil to the pipeline. Further, that the applicant will install plastic-coated, corrosion-resistant high pressure flow-lines from the wells to the header. zed

see under →

PROVIDED HOWEVER, That the production from each lease included in the Chalk Bluff Draw Unit shall be separately metered until such time as ~~the leases are~~ <sup>it is</sup> included in a participating area for Empire-Abo Pool production, except that the production from the three leases described in Order R-1630 and R-1630-A shall be measured as set forth in said Orders.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle said commingled Empire-Abo Pool production from all wells presently completed or hereafter drilled in the said Chalk Bluff Draw Unit.

PROVIDED HOWEVER, That ~~the~~ storage tanks shall be equipped with a high-level emergency shut-in switch which will shut in the leases at the lease-header in the event the high-level switch fails, and that the flow-lines leading from the wells to the header shall be plastic-coated high-pressure lines.

(3) That the applicant shall provide adequate facilities to permit the testing of all Empire-Abo Pool wells located in the Chalk Bluff Draw Unit at least once each month to determine the individual production from each well.

(4) That all meters shall be operated and maintained in

-3-  
CASE No. 1948  
Order No. R-1630-A

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 be and the same is hereby authorized to commingle the Empire-Abo Pool production from all wells presently completed or hereafter drilled <sup>in</sup> the Chalk Bluff Draw Unit comprising the following-described acreage in Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 4: SE/4 SW/4, NE/4 SW/4, and SW/4 SW/4  
Section 8: SE/4 NE/4 and SE/4  
Section 9: W/2  
Section 16: NW/4  
Section 17: NE/4

PROVIDED HOWEVER, That the production from each lease included in the Chalk Bluff Draw Unit shall be separately metered until such time as <sup>it is</sup> ~~the leases are~~ included in a participating area for Empire-Abo Pool production, except that the production from the three leases described in Order R-1630 and R-1630-A shall be measured as set forth in said Orders.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle said commingled Empire-Abo Pool production from all wells presently completed or hereafter drilled <sup>in</sup> the said Chalk Bluff Draw Unit.

PROVIDED HOWEVER, That ~~the~~ storage tanks shall be equipped with a high-level emergency shut-in switch which will shut in the leases at the lease-header in the event the high-level switch fails, *and that the flow-lines leading from the wells to the header shall be plastic-coated high-pressure lines.*

(3) That the applicant shall provide adequate facilities to permit the testing of all Empire-Abo Pool wells located in the Chalk Bluff Draw Unit at least once each month to determine the individual production from each well.

(4) That all meters shall be operated and maintained in

-4-

CASE No. 1948  
Order No. R-1630-A

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 intervals not to exceed one 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."

DONE at Santa Fe, New Mexico, -----

J. M. HERVEY 1874-1953  
HIRAH M. DOW  
CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
GEORGE H. HUNKER, JR.  
HOWARD C. BRATTON  
S. B. CHRISTY IV  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
ROBERT C. BLEDSOE

LAW OFFICES  
HERVEY, DOW & HINKLE  
HINKLE BUILDING  
ROSWELL, NEW MEXICO

April 4, 1960

TELEPHONE MAIN 2-6510  
POST OFFICE BOX 547

Case 1948

Re: In the Matter of the Application of Humble Oil & Refining Company for Permission to Commingle the Production from Several Different Leases and for an Automatic Custody Transfer System, and for Permission to Produce More Than 16 Wells into a Common Tank Battery. Applicant Seeks an Order Authorizing it to Commingle the Production from Several Different Leases, to Install an Automatic Custody Transfer System and to Produce More than 16 Wells Into A Common Tank Battery, the Lands and Leases Involved Being Located in T. 18 S., R. 27 E., N.M.P.M., Eddy County, New Mexico

Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Comes now Humble Oil & Refining Company and makes application as follows:

1. Humble requests authority to commingle the production from several separate leases, to install an automatic custody transfer system, and for an exception to the 16 well limitation of Rule 309(a). The lands for which all of the above exceptions and approval are sought are as follows:

T. 18 S., R. 27 E., N.M.P.M.,  
Eddy County, New Mexico:  
Section 4 - SE $\frac{1}{4}$ SW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$ ;  
Section 8 - SE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ ;  
Section 9 - W $\frac{1}{2}$ ;  
Section 16 - NW $\frac{1}{4}$ ;  
Section 17 - NE $\frac{1}{4}$ ;

Doubt  
Mailed  
4-18-60  
JH


Page - 2 - New Mexico Oil Conservation Commission - April 4, 1960

2. All of the production sought to be covered by this application is from the Empire Abo Pool. All of the above lands are in the Chalk Bluff Draw Unit Area and are covered by the Unit Agreement.

It is requested that this matter be set for hearing before an Examiner at the hearing scheduled on April 20, 1960.

Respectfully submitted,

HUMBLE OIL & REFINING COMPANY

By   
Hervey, Dow & Hinkle  
P. O. Box 547  
Roswell, New Mexico

HCB:db



DOCKET: EXAMINER HEARING APRIL 27, 1960

Oil Conservation Commission - 9 a.m., Mabry Hall, State Capitol, Santa Fe  
The following cases will be heard before Elvis A. Utz, Examiner, or Oliver E. Payne, Attorney, as alternate examiner:

- CASE 1942: Application of Continental Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of the Jicarilla Well No. 28-1, located in the NW/4 SE/4 of Section 28, Township 25 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of oil from the Gallup formation and the production of oil from the Dakota formation through parallel strings of tubing.
- CASE 1927: (Continued)  
Application of J. W. Brown for the establishment of special rules and regulations governing the Brown Pool in Chaves County, New Mexico, to provide for 2½-acre spacing in said pool.
- CASE 1943: Application of Gulf Oil Corporation for a dual completion and for an exception to the tubing requirements of Rule 107. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Apache-Federal Well No. 8, located in Unit D, Section 8, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the Otero-Gallup Oil Pool and the production of gas from the Dakota Producing Interval through the casing-tubing annulus and the tubing respectively. Applicant further seeks an exception to certain tubing requirements set forth in Rule 107 of the Commission's Rules and Regulations.
- CASE 1944: Application of Great Western Drilling Company for establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool. Applicant, in the above-styled cause, seeks an order establishing a 200-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the E/2 NE/4 of Section 32 and the E/2 NW/4 and NW/4 NW/4 of Section 33, all in Township 19 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to its Bordages Well No. 1 located 330 feet from the North line and 270 feet from the West line of said Section 33.

CASE 1945:

Application of Permian Oil Company for an order force-pooling the interests in a 320-acre unit in the Dakota formation. Applicant, in the above-styled cause, seeks an order force-pooling all Dakota formation mineral interests in the 320 acres comprising the E/2 of Section 5, Township 30 North, Range 13 West, San Juan County, New Mexico, the non-consenting mineral interest owners being Raymond H. Walker and Edith Walker, 1250 South Figueroa Street, Los Angeles, California, and Norman Roybark and Rose Ella Roybark, address unknown.

CASE 1946:

Application of J. R. Cone for an exception to the over-production shut-in provisions of Order R-520, as amended by Order R-967, for two wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described wells in the Jalmat Gas Pool to compensate for their overproduced status without being completely shut-in in order to prevent possible waste:

Mobil-Myers Well No. 4, Unit I, Section 22

Pan American-Myers Well No. 1, Unit H, Section 22

both in Township 24 South, Range 36 East, Lea County, New Mexico.

CASE 1947:

Application of Phillips Petroleum Company for the establishment of two 80-acre non-standard oil proration units and one unorthodox oil well location. Applicant, in the above-styled cause, seeks an order establishing two 80-acre non-standard oil proration units in the Kemnitz-Wolfcamp Pool, Lea County, New Mexico, each consisting of a portion of the S/2 of Section 25, Township 16 South, Range 33 East. Applicant further seeks approval of an unorthodox oil well location in said Kemnitz-Wolfcamp Pool, the location to be in the center of the NW/4 SE/4 of said Section 25.

CASE 1948:

Application of Humble Oil & Refining Company for authority to commingle the production from several separate leases and for approval of an automatic custody transfer system to handle said commingled production. Applicant, in the above-styled cause, seeks permission to commingle the Empire-Abo Pool production from certain leases in Sections 4, 8, 9, 16 and 17, Township 18 South, Range 27 East, Eddy County, New Mexico, all of such leases being in the Chalk Bluff Draw Unit. Applicant also seeks approval of an automatic custody transfer system to handle said Empire-Abo Pool production from all wells presently completed or hereafter drilled on said leases.

CASE 1949: Application of Trice Production Company for approval of a "slim-hole" completion. Applicant, in the above-styled cause, seeks an order authorizing the "slim-hole" completion of its Four Lakes State Well No. 1, located in the NE/4 NW/4 of Section 11, Township 12 South, Range 34 East, Lea County, New Mexico, to be completed in either the Pennsylvanian or Wolfcamp formation at a minimum total depth of 10,000 feet.

CASE 1950: Application of Sinclair Oil & Gas Company for permission to commingle the production from two separate leases. Applicant, in the above-styled cause, seeks permission to commingle the West Teas Pool production from its State Lea 386 lease consisting of the S/2 NW/4 and N/2 NE/4 of Section 16 with the West Teas Pool production from that portion of its State Lea 6019 lease consisting of the NW/4 NW/4 and SE/4 of said Section 16, all in Township 20 South, Range 33 East, Lea County, New Mexico.

CASE 1951: Application of Texaco Inc. for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of the State "CH" Well No. 1, located in Unit H, Section 36, Township 20 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of gas from an undesignated Atoka gas pool and the production of gas from the South Salt Lake-Pennsylvanian Gas Pool through parallel strings of tubing.

CASE 1952: Application of Texaco Inc. for establishment of a 476-acre non-standard gas proration unit in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks the establishment of a 476-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N/2 of Section 4 and the NE/4 of Section 5, Township 24 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the E. D. Fanning Well No. 6, to be located 660 feet from the North and West lines of said Section 4.

CASE 1953: Application of Keohane, Saunders, Welch and Iverson for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Hinkle-Federal Well No. 7-B in the Shugart Pool at a point 330 feet from the South line and 2329 feet from the East line of Section 35, Township 18 South, Range 31 East, Eddy County, New Mexico.

- CASE 1954: Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Saunders (Permo-Pennsylvanian) Pool from all wells presently completed or hereafter drilled on the State A lease comprising the E/2 of Section 34, Township 14 South, Range 33 East, Lea County, New Mexico.
- CASE 1955: Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Monument Pool from all wells presently completed or hereafter drilled on the State B lease comprising the NW/4 of Section 36, Township 19 South, Range 36 East, Lea County, New Mexico.
- CASE 1956: Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Townsend-Wolfcamp Pool from all wells presently completed or hereafter drilled on the State ETA lease comprising all of Section 8, Township 16 South, Range 35 East, Lea County, New Mexico.
- CASE 1957: Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Denton (Devonian) Pool from all wells presently completed or hereafter drilled on the Priest lease comprising the N/2 of Section 1, Township 15 South, Range 37 East, Lea County, New Mexico.

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. 1948  
Order No. R-1630-B

APPLICATION OF HUMBLE OIL & REFINING  
COMPANY FOR PERMISSION TO COMMINGLE THE  
PRODUCTION FROM SEVERAL SEPARATE LEASES  
AND FOR APPROVAL OF AN AUTOMATIC CUSTODY  
TRANSFER SYSTEM IN THE EMPIRE-ABO POOL,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 27, 1960, 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 9th day of May, 1960, 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, Humble Oil & Refining Company, is the operator of the Chalk Bluff Draw Unit in the Empire-Abo Pool, Eddy County, New Mexico, which unit consists of the following-described acreage:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 4: SE/4 SW/4, NE/4 SW/4, and SW/4 SW/4  
Section 8: SE/4 NE/4 and SE/4  
Section 9: W/2  
Section 16: NW/4  
Section 17: NE/4

(3) That there are some 14 separate leases included in the above-described Chalk Bluff Draw Unit.

(4) That the applicant seeks permission to commingle the Empire-Abo Pool production from all wells presently completed

-2-

CASE No. 1948

Order No. R-1630-B

or hereafter drilled in the said Chalk Bluff Draw Unit and it further seeks approval of an automatic custody transfer system to handle said commingled Empire-Abo Pool production.

(5) That while all the subject acreage is within the Chalk Bluff Draw Unit, a participating area for Empire-Abo Pool production has not yet been established.

(6) That by Order R-1630 and R-1630-A the applicant was authorized to commingle the Empire-Abo Pool production from three leases in the Chalk Bluff Draw Unit, which leases comprise the following-described acreage, SE/4 SW/4 of Section 4, E/2 NW/4 of Section 9, and E/2 SW/4 of Section 9 all in Township 18 South, Range 27 East, Eddy County, New Mexico.

(7) That said Order R-1630 and R-1630-A set forth the procedure to be used by the applicant in measuring the production from each of the three above-described leases.

(8) That the applicant proposes to separately meter the production from each of the other leases in the Chalk Bluff Draw Unit until such time as said leases have been included in a participating area for Empire-Abo Pool production from said Chalk Bluff Draw Unit.

(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.

(10) That the applicant proposes to install high-level emergency switches which will shut-in the wells at the header in the event the automatic custody transfer system shuts off the flow of oil to the pipeline. Further, that the applicant will install plastic-coated, corrosion-resistant high pressure flow lines from the wells to the header.

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to commingle the Empire-Abo Pool production from all wells presently completed or hereafter drilled in the Chalk Bluff Draw Unit comprising the following-described acreage in Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 4: SE/4 SW/4, NE/4 SW/4, and SW/4 SW/4  
Section 8: SE/4 NE/4 and SE/4  
Section 9: W/2  
Section 16: NW/4  
Section 17: NE/4

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CASE No. 1948  
Order No. R-1630-B

PROVIDED HOWEVER, That the production from each lease included in the Chalk Bluff Draw Unit shall be separately metered until such time as it is included in a participating area for Empire-Abo Pool production, except that the production from the three leases described in Order R-1630 and R-1630-A shall be measured as set forth in said Orders.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle said commingled Empire-Abo Pool production from all wells presently completed or hereafter drilled in the said Chalk Bluff Draw Unit.

PROVIDED FURTHER, That storage tanks shall be equipped with a high-level emergency shut-in switch which will shut in the leases at the lease-header in the event the high-level switch fails, and that the flow-lines leading from the wells to the header shall be plastic-coated high-pressure lines.

(3) That the applicant shall provide adequate facilities to permit the testing of all Empire-Abo Pool wells located in the Chalk Bluff Draw Unit at least once each month to determine the individual production from each well.

(4) That all meters 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 intervals not to exceed one 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."

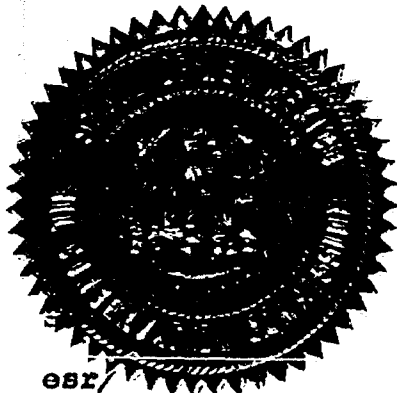
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

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



esr/

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

May 9, 1960

Mr. Sin Christy  
Harvey, Dew & Hinkle  
Box 547  
Roswell, New Mexico

Dear Mr. Christy:

On behalf of your clients, Humble Oil & Refining Company and Great Western Drilling Company, we enclose two copies of Order R-1630-B in Case 1948 and two copies of Order R-1663 in Case 1944. These orders were issued by the Oil Conservation Commission this date.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

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Encls. (4)

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