

CASE 1955: Application of SHELL OIL  
CO. for approval of automatic custody  
to handle Monument Pool production.

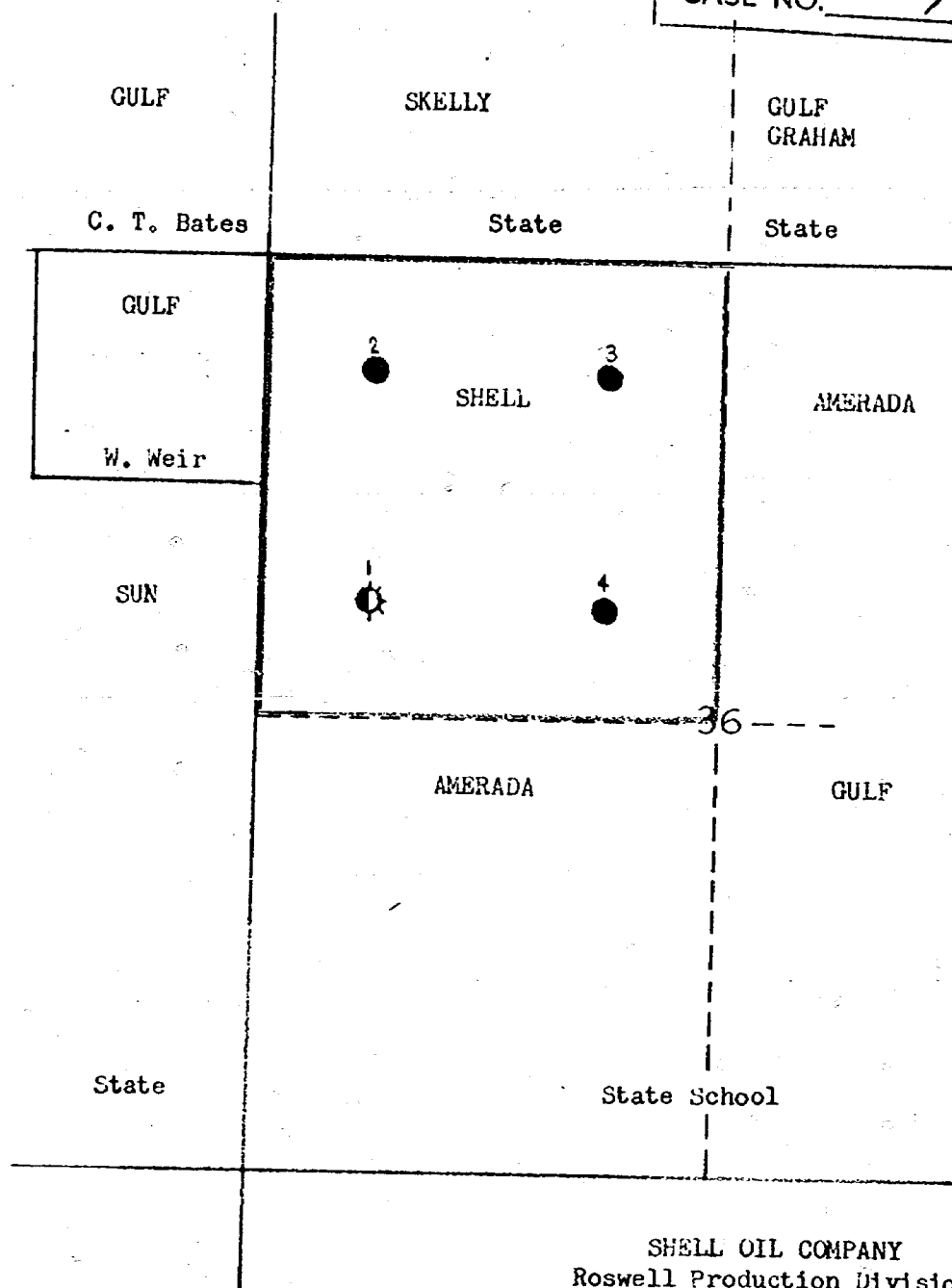
Case No.

1955

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Application, Transcript,  
Small Exhibits, Etc.

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
*Appl.* EXHIBIT NO. 1  
CASE NO. 1955



● Oil

★ Gas-Oil

SHELL OIL COMPANY  
Roswell Production Division

MONUMENT POOL  
State "P" Lease

1/4, Sec. 36, T19S, R36E  
Lea County, New Mexico  
April 25, 1960

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-00)

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination.

LA033 DA290

D MDA194 PD=MIDLAND TEX 25 303P CST=

P A DENNIE, SHELL OIL CO=

1960 APR 25 PM 2 20

HINKLE BLDG ROSWELL NMEX=

YOUR PROPOSAL FOR L A C T ON STATE B LEASE APPEARS IN  
ORDER. TEXAS NEW MEXICO PIPELINE CO WILL ACCEPT  
CUSTODY TRANSFER FROM THIS INSTALLATION=

F B WHITAKER TEXAS NEW MEXICO PIPE LINE==

BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

*Appl.* EXHIBIT NO. 3

CASE NO. 1955

L A C T B.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

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 350 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 886 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 16 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 NEW MEXICO OIL CONSERVATION COMMISSION

In the Matter of the Application  
of SHELL OIL COMPANY for an  
Exception to Section (a) of Rule  
309 of the Commission to Permit  
Installation of Automatic Custody  
Transfer Equipment in the NW $\frac{1}{4}$  of  
Section 36, Township 19 South,  
Range 36 East, Monument Field,  
Grayburg-San Andres Production.

*Case 1955*

PETITION

SHELL OIL COMPANY hereby makes application for a hearing and order to approve an exception to Section (a) of Rule 309 of the Commission to permit the movement of oil from the Lease hereinafter described without the same being measured in tankage, and to permit the installation of automatic custody transfer facilities thereon, and for the movement of oil from the said lease to the pipe line connection. The production which is the subject of this application is from the Grayburg-San Andres formation. The lease which is the subject of this application is known as Shell State E Lease, Monument Field, and covers the NW $\frac{1}{4}$  of Section 36, Township 19 South, Range 36 East, N.M.P.M.

Applicant requests that the exception and approval, if granted, cover all present and future production from the said Lease insofar as it covers the Grayburg-San Andres formation.

Respectfully submitted,

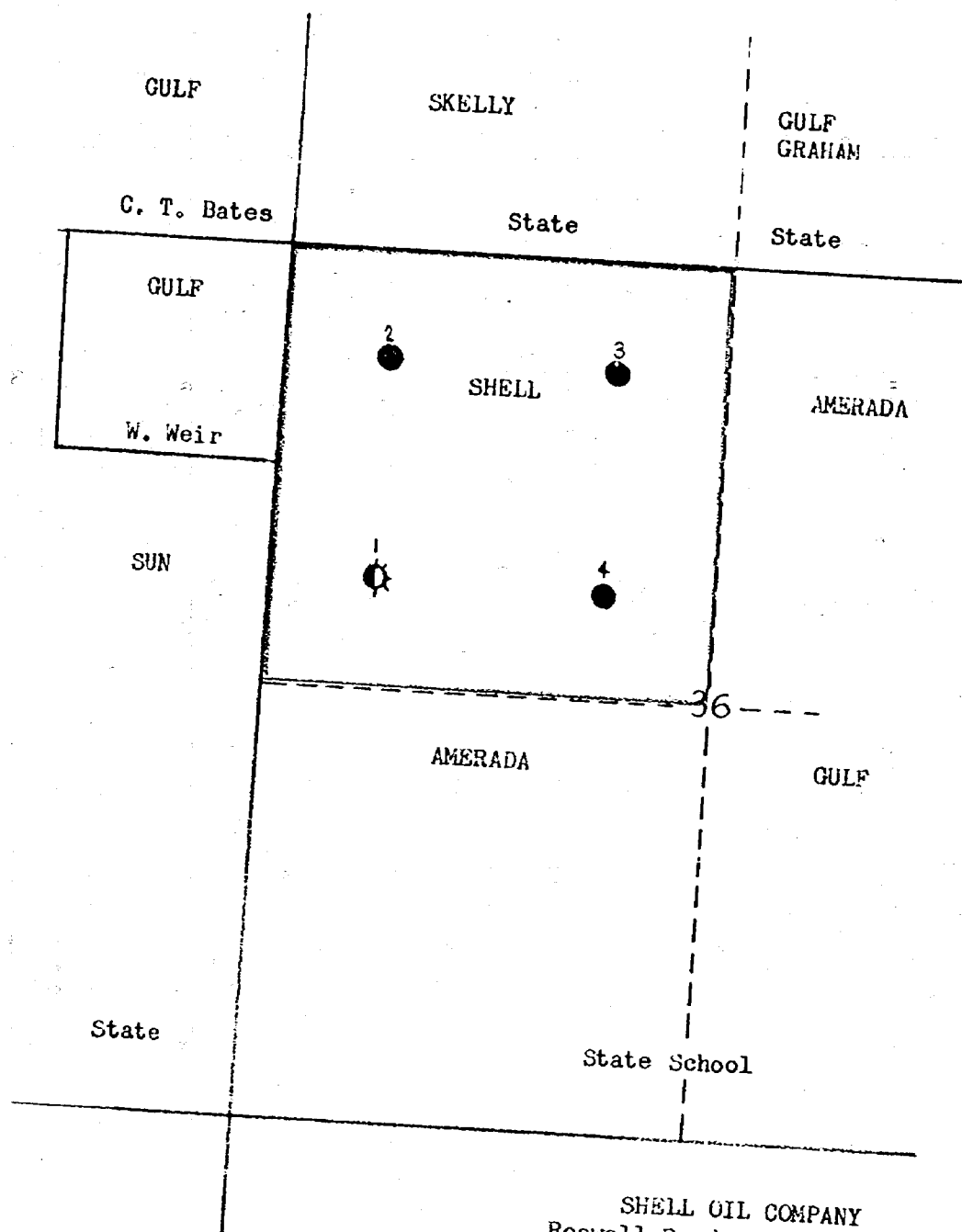
SHELL OIL COMPANY

By:

*Alma Leth*

Its Attorney.

*Booked  
Mailed  
2/18/60*



● Oil

⊙ Gas-Oil

SHELL OIL COMPANY  
Roswell Production Division

MONUMENT POOL  
State "E" Lease

Nm/4, Sec. 36, T19S, R36E  
Lea County, New Mexico  
April 25, 1960

# BILL OF MATERIAL

1. Viking 1 1/2" pump, Model HL-154 mounted on base with a 1 1/2 H.P. drip-proof 220-volt, 1200 RPM, 3-phase, 60 cycle motor c/w relief valve. (To be supplied by Shell Oil Company)
2. Nordstrom 1 1/2" 3-way, 3-port, semi-steel multiport valve.
3. 1 1/2" A. O. Smith combination air eliminator and strainer w/ 1/4" mesh screen.
4. 1 1/2" Model T-6 A.O. Smith positive displacement meter w/standard trim, 125 psi, flanged ends, cast iron body complete with No. 109 horizontal non-reset counter to register barrels. Type T electric transmitter geared for 1 pulse per 2 barrels throughput, automatic temperature compensator for 31° API crude.
5. 1 1/2" threaded plug valve (equipped with apparatus to permit usage of conventional pipe line seal).
6. 0-100 psi pressure gauge and gauge snubber.
7. 3" x 1 1/2" threaded swage with 1" collar.
8. 1" collar.
9. BS&B Type 18 2" threaded back pressure valve (with soft seat and spring force to close) set at 25 psi.

## NOTES

1. Equipment to be skid-mounted, as close coupled as practicable and adequately braced.
2. Drain piping to be connected to air eliminator.
3. Mount weather proof electrical components on metal rack 2' above skid.

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
*Appl.* EXHIBIT NO. 2  
CASE NO. 1955

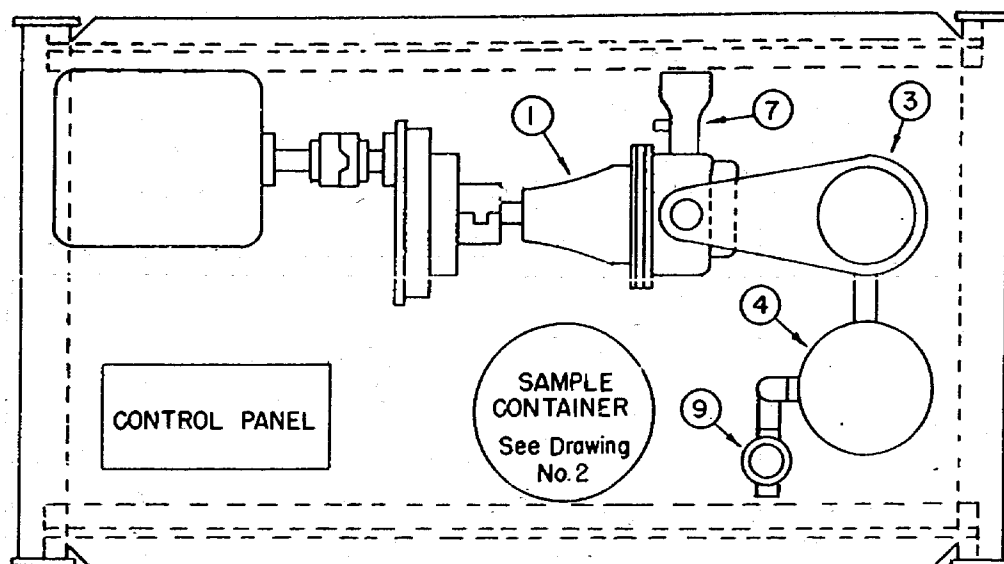
SHELL OIL COMPANY  
ROSWELL DIVISION  
MECHANICAL ENGINEERING SECTION

SKID MOUNTED PD METER  
ACT UNIT

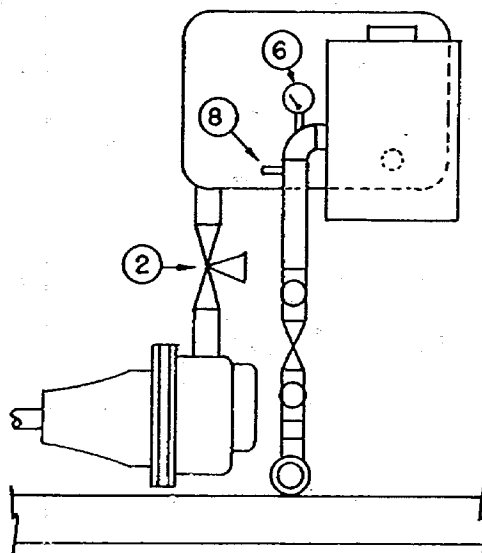
Drawn by: JFJ

Date: 4-20-60

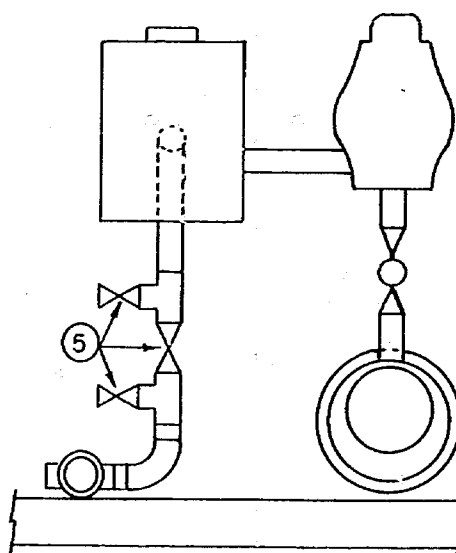
Drawing No. 1



Top View



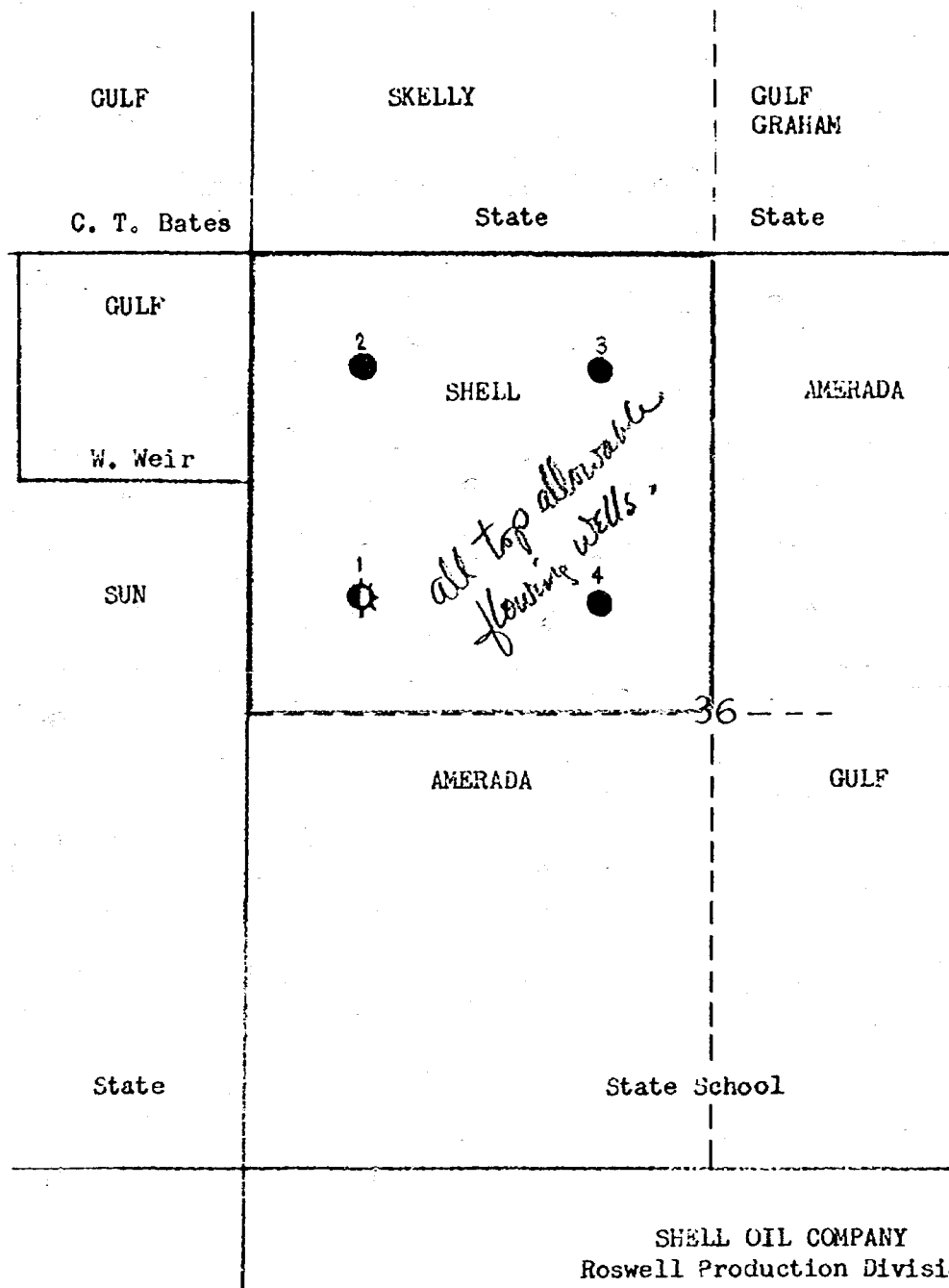
Side View



End View

1. Viking 1 1/2" pressure  
drip-proof 220-v  
valve. (To be su
  2. Nordstrom 1 1/2"
  3. 1 1/2" A. O. Sm  
mesh screen.
  4. 1 1/2" Model T-6  
trim, 125 psi,  
horizontal non-  
transmitter gear  
temperature comp
  5. 1 1/2" threaded  
of conventional
  6. 0-100 psi pressu
  7. 3" x 1 1/2" th
  8. 1" collar.
  9. BS&B Type 18 2"  
spring force to
- 
1. Equipment to be  
adequately brace
  2. Drain piping to
  3. Mount weather p

BEFORE EXAMINER U  
OIL CONSERVATION COMMIS  
*Appl.* EXHIBIT NO. *2*  
CASE NO. *1955*



● Oil

⊕ Gas-Oil

SHELL OIL COMPANY  
Roswell Production Division

MONUMENT POOL  
State "P" Lease

N1/4, Sec. 36, T19S, R36E  
Lea County, New Mexico  
April 25, 1960

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

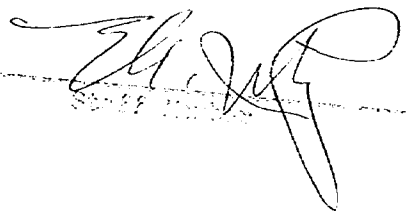
CASE 1955

Date 5-2-60

Hearing Date 4-27-60

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

1. Grant Shells a ~~quest~~ <sup>ACT</sup> for their St. "B" lease consisting of:  
NW/4 sec. 36-19S-36 E, Monument (Grayburg-San Andres) Oil Pool. (Pub 309(a))
2. In lieu of not having W.H. Shut-in valves ~~into system~~ shall gathering system shall not carry more than 50# pressure.
3. In lieu of not having ~~dehi~~ level emergency lease shut-in ~~featur~~ safety feature the lease storage shall be maintained at at ~~an~~ minimum of  $1\frac{1}{2}$  times the lease daily allowable (excluding the "Lumbard")
4. All wells are pumping but choked to keep line pressures down.
5. Usual Act order otherwise

  
\_\_\_\_\_  
2011 12 20

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 28, 1960

EXAMINER HEARING

IN THE MATTER OF:

Application of Shell Oil Company for approval  
of an automatic custody transfer system.

CASE 1955

TRANSCRIPT OF HEARING

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 28, 1960

EXAMINER HEARING

IN THE MATTER OF:

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 1955

BEFORE:

Mr. Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 1955.

MR. PAYNE: Application of Shell Oil Company for approval  
of an automatic custody transfer system.

MR. FEDERICI: Same appearances as in the other three  
cases.

(Applicant's Exhibits Nos. 1, 2,  
& 3 marked for identification.)

GEORGE W. OLSON

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

DEARNLEY-MEIER REPORTING SERVICE, Inc.  
ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691





DIRECT EXAMINATION

BY MR. FEDERICI:

Q And you are still the same George Olson who testified previously?

A Yes, sir.

Q Are you familiar with the type of installation that's proposed in this application?

A Yes, sir, I am.

Q I hand you Exhibit 1 and ask you to state what that is and if you will, explain it briefly to the Examiner.

A Exhibit 1 is a plat showing Shell's State B lease in the Monument Pool. This lease is located in the Northwest Quarter of Section 36, Township 19 South, Range 36 East.

This lease has four flowing wells. These wells are all top allowable wells producing less than one percent B. S. and W. We have on this lease at the present time three 500 barrel tanks, and we propose to retain one 500 barrel tank for surge tank on this lease.

Q Is all production, as far as you know, from one lease?

A Yes, sir.

Q Now, with reference to Exhibit No. 2, will you explain to the Examiner what that is and any difference between what is shown on Exhibit 2 in the other three cases?

A Exhibit 2 shows a schematic drawing of the automatic custody transfer skid unit for the Monument Field. This skid unit



in principle is similar to the ones previously described, with the exception that it does not have a B. S. and W. monitor. The B. S. and W. monitor was omitted because the lease produces essentially clean oil and the pipe line accepting this oil has agreed to operate without a monitor.

The components in the example of the pump and the motor are smaller, but in principle the operation is similar to those previously described. The unit will be controlled by level controls on the tank, as I have previously mentioned. We do not propose to install a safety shut-in switch on this installation on the tanks. The lease will be supervised in the same manner as it is now supervised to prevent loss due to overflow or due to any malfunction of the other equipment on the lease.

Q Has the pipe line accepted this?

A Yes, they have.

Q Do you have an exhibit?

A Yes, we do, a wire from Texas-New Mexico Pipe Line, stating their acceptance and agreement to operating this automatic custody transfer unit.

Q Would this system which is to be installed here also tend to reduce loss of ultimate gas?

A Yes, it will. We anticipate it will, due to reducing the retention time in the stock tank and also eliminate the need for opening the thief hatches and the stock tank to atmospheric pressure.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

Q Does it thereby tend to prevent waste of crude?

A Yes, it does.

Q In your opinion is this in the interest of conservation and prevention of waste?

A Yes, I believe it is.

MR. FEDERICI: We also offer in this case the testimony in the previous cases, 1954, 1956, and 1957, insofar as it is pertinent and material to this case.

MR. UTZ: Such testimony will be entered in the record of this case.

MR. FEDERICI: We offer in evidence at this time Exhibits 1, 2, and 3.

MR. UTZ: Without objection they will be accepted.

CROSS EXAMINATION

BY MR. UTZ:

Q What is your flowing pressure on these four wells?

A The flowing pressure in the flow lines would be in the order of 50 pounds. It would be separator pressure.

Q Of course, you have a choke at the well head?

A Yes, sir.

Q Your gathering lines are regular line pipe?

A Yes, sir.

Q How much oil will this lease produce?

A Well, these are unit allowable wells. It will produce in the order of 140 barrels a day, depending on your, whatever the



allowable is.

Q Are these above 5,000 feet?

A Yes. Above, did you say?

Q Yes.

A Yes.

Q So you have approximately three days storage in a 500 barrel tank?

A Yes, I believe that would be right.

Q I believe you stated you intend to attend this lease the same with this system now as you do without it?

A Yes, we do intend to attend it the same.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements in this case? If not, the case will be taken under advisement and the hearing adjourned.

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DEARNLEY-MEIER REPORTING SERVICE, Inc.  
ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing was reported by me in stenotype, and that the same was reduced to typewritten transcript by me and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 9th day of May, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Ada Dearnley*  
NOTARY PUBLIC

My Commission Expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1955, heard by me on April 27, 1960.

*John A. R. [Signature]* Examiner  
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE NEW MEXICO  
Phone CHapel 3-6691

DRAFT  
OEP:esr  
May 4

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. 1955

Order No. R-1667

APPLICATION OF SHELL OIL COMPANY  
FOR APPROVAL OF AN AUTOMATIC  
CUSTODY TRANSFER SYSTEM IN THE  
MONUMENT POOL, 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 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, Shell Oil Company, is the owner and operator of the State B lease comprising of the NW/4 of Section 36, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the Monument Pool production from all wells presently completed or hereafter drilled on the said State B lease.

(4) 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:

That the applicant, Shell Oil Company, be and the same is hereby authorized to install automatic custody transfer equipment to handle the Monument Pool production from all wells presently completed or hereafter drilled on its State B lease, comprising the NW/4 of Section 36, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That in lieu of installing well-head shut-in valves the gathering system shall not carry in excess of 50 pounds <sup>a</sup> pressure *in excess of 50 pounds.*

PROVIDED ~~FURTHER~~ HOWEVER, That the applicant shall either install high level safety shut-in switches in the storage tanks which *and at the well-head,* will shut-in the wells at the header, thus preventing the over-flow of oil in the event of malfunction of the equipment, or *and maintenance* it shall install sufficient storage capacity to handle one and one-half times the daily lease allowable exclusive of the storage capacity of the gun barrel.

PROVIDED FURTHER, That the applicant shall install adequate



-3-

CASE No. 1955

Order No. R-\_\_\_\_\_

facilities to permit the testing of all wells on said State B lease at least once each month to determine the individual production from each well.

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.

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, -----

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. 1955  
Order No. R-1667

APPLICATION OF SHELL OIL COMPANY  
FOR APPROVAL OF AN AUTOMATIC  
CUSTODY TRANSFER SYSTEM IN THE  
MONUMENT POOL, 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 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, Shell Oil Company, is the owner and operator of the State B lease comprising of the NW/4 of Section 36, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to install an automatic custody transfer system to handle the Monument (Grayburg-San Andres) Pool production from all wells presently completed or hereafter drilled on the said State B lease.
- (4) 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.

-2-  
CASE No. 1955  
Order No. R-1667

IT IS THEREFORE ORDERED:

That the applicant, Shell Oil Company, be and the same is hereby authorized to install automatic custody transfer equipment to handle the Monument (Grayburg-San Andres) Pool production from all wells presently completed or hereafter drilled on its State B lease, comprising the NW/4 of Section 36, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall either install high level safety shut-in switches in the storage tanks which will shut-in the wells at the header and at the well-head, thus preventing the over-flow of oil in the event of malfunction of the equipment, or it shall install and maintain sufficient storage capacity to handle one and one-half times the daily lease allowable exclusive of the storage capacity of the gun barrel.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on said State B lease at least once each month to determine the individual production from each well.

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.

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."

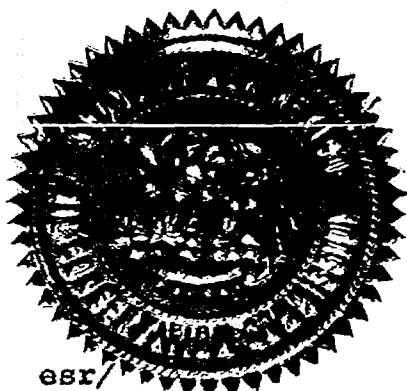
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

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/