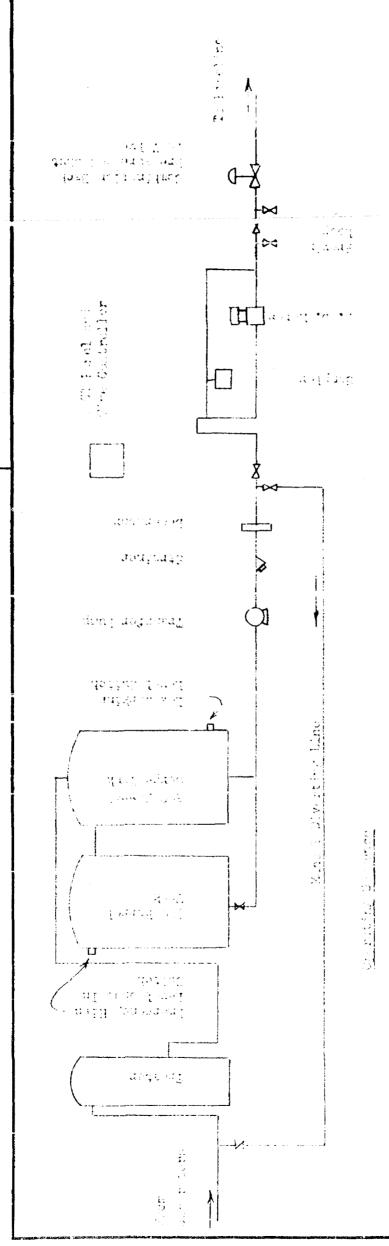
CASE 2219: Application of HUMBLE for an Automatic custody transfer system. (State "M" Louis - Lea County).

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CASE 2208:

Application of Great Western Drilling Company for a water injection-oil producing dual completion and for an exception to Rule 107 (d). Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Federal MM Well No. 1, located in the NW/4 NE/4 of Section 8, Township 9 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the injection of water into an interval from 4300 feet to 9400 feet and the production of oil from an undesignated Pennsylvanian pool. Applicant further seeks an exception to Rule 107 (d) to permit the setting of tubing in said well more than 250 feet above the top of the pay section.

CASE 2209:

Application of The Atlantic Refining Company for permission to commingle the production from two separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Denton-Wolfcamp and Denton-Devonian Pools from all wells presently completed or hereafter drilled on the State "T" Lease, comprising the SE/4 NW/4, E/2 SW/4 and SW/4 SW/4 of Section 2, Township 15 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

The following cases will not be heard before 1:00 P.M.

CASE 2210:

Application of Humble Oil & Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the commingled production from the Eumont, Arrowhead and Langlie-Mattix Pools from all wells presently completed or hereafter drilled on the State "M" Lease, comprising portions of Sections 17, 18, 19, 20, 29 and 30, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 2211:

Application of Union Oil Company of California for an unorthodox water injection well location. Applicant, in the above-styled cause, seeks permission to locate a water injection well in the South Caprock Queen Unit, Caprock-Queen Pool, at an unorthodox location 1325 feet from the North line and 330 feet from the East line of Section 18, Township 15 South, Range 31 East, Chaves County, New Mexico.

OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

	Date 0/6/61
CASE NO. 2210 HEAT	RING DATE 9am 3/3/61 PSN (6) SI=
My recommendations for an order in the	
as follows:	
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•	Van Minu
	Staff Member

DRAFT

RSM/esr March 7, 1961

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. 2210

Order No. R- 1896

APPLICATION OF HUMBLE OIL & REFINING COMPANY FOR APPROVAL OF AN AUTOMATIC CUSTODY TRANSFER SYSTEM IN THE EUMONT, ARROWHEAD AND LANGLIE-MATTIX POOLS, LEA COUNTY, NEW MEXICO.

and the

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 3, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, or this day of March, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Humble Oil & Refining Company, is the owner and operator of the State "M" Lease, comprising portions of Sections 17, 18, 19, 20, 29, 30 of Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to install an automatic custody transfer system to handle the Eumont, Arrowhead and Langlie-Mattix Pool production from all wells presently completed or hereafter drilled on the above-described State "M" Lease.
- (4) That by the authorization granted in Order No. R-663, the applicant is presently authorized to commingle the production from the Eumont, Arrowhead and Langlie-Mattix Pools on the subject lease.

(5) 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 sarety reatures are incorporated therein.

IT IS THEREFORE ORDERED:

That the applicant, Humble Cil & Refining Company, is hereby authorized to install an automatic custody transfer system to handle the Eumont, Arrowhead and Langlie-Mattix Pool production from all wells presently completed or hereafter drilled on its State "M" Lease, comprising portions of Sections 17, 18, 19, 20, 29, and 30, of Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described State "M" Lease at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system fails to transfer oil to the pipeline, the applicant shall add additional storage facilities from time to time, as it becomes necessary, to store the production which will accrue during the hours that said lease is unattended, or in the alternative, shall so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full, at to shut-in the production at the header and provide flow-lines tested to at least 15 times the maximum shut-in 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.

BOVERNOR EDWIN L. MECHEM CHAIRMAN

State of New Wexico Oil Conservation Commission

LAND COMMISSIONER E. S. JOHNNY WALKER MEMBER



STATE SECLOSIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

March 9, 1961

Re:	Case No.	2	121	.0	
	Order No. <u>p. 1896</u> Applicant:				
	• •		k	Refining	œ.

Dear Sir:

OTHER

Box 10

Mr. Howard Bratton Hervey, Dow & Hinkle

Roswell, New Mexico

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ir/
Carbon copy of order also sent to:

Hobbs OCC
Artesia OCC
Aztec OCC

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE CIL COMMUNICAL COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE No. 2210 Order No. R-1896

APPLICATION OF HUMBLE OIL & REPINING COMPANY FOR APPROVAL OF AN AUTOMATIC CUSTODY TRANSFER SYSTEM IN THE HUMONY, ARROWHEAD AND LANGLIE-MATTIX POOLS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 3, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this Sth day of March, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises.

FINDS:

- (1) That due public motice 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 owner and operator of the State "M" Lease, comprising portions of Sections 17, 18, 19, 20, 29, 30 and 31 of Township 22 South. Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to install an automatic custody transfer system to handle the Eumont, Arrowhead and Langlie-Mattix Pool production from all wells presently completed or hereafter drilled on the above-described State "M" Lease.
- (4) That by the authorization granted in Order No. R-663, the applicant is presently authorized to commingle the production from the Eumont, Arrowhead and Langlie-Mattix Pools on the subject lease.
- (5) 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

-2-CASE No. 2210 Order No. R-1896

should be permitted, provided adequate safety features are incorporated therein.

IT IS THEREFORE ORDERED:

That the applicant, Humble Oil & Refining Company, is hereby authorised to install an automatic custody transfer system to handle the Eumout, Arrowhead and Langlie-Mattix Pool production from all wells presently completed or hereafter drilled on its State "N" Lease, comprising portions of Sections 17, 18, 19, 20, 29, 30 and 31 of Township 22 South, Range 37 Bast, HMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described State "N" Lease at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system fails to transfer oil to the pipeline, the applicant shall add additional storage facilities from time to time, as it becomes necessary, to store the production which will accrue during the hours that said lease is unattended, or in the alternative, shall so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full, or to shut-in the production at the header and provide flow-lines tested to at least 14 times the maximum shut-in pressure at the wellhead.

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."

-3-CASE No. 2210 Order No. R-1896

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO OIL COMBERVATION COMMISSION

EDWIN L. MECHEN, Chairman

E. S. WALKER, Howber

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

esr/

IN THE MATTER OF:

Application of Humble Oil & Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the commingled production from the Eumont, Arrowhead and Langlie-Mattix) Pools from all wells presently completed or hereafter drilled on the State "M" Lease, comprising portions of Sections 17, 18, 19, 20, 29 and 30, Township 22 South, Range 37 East, Lea County, New Mexico.

) 2210

BEFORE

Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: Call 2210.

MR. MORRIS: Application of Humble Oil & Refining Company

for an automatic custody transfer system.

MR. BRATTON: Howard Bratton appearing on behalf of the applicant. We have one witness and ask that he be sworn.

(Witness sworn.)

LEE PERRY,

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

DIRECT EXAMINATION

BY MR. BRATTON:

Will you state your name, by whom you are employed and in



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whas capacity?

I am Lee Porry, employed by Humble Wil & Refining in Nobbs, New Mexico, as a senior engineer.

Have you previously testified before this Commission as an expert witness?

Yes, sir. Á

Are you familiar with the area and the matters covered in Case No. 2210?

A I am.

What is Humble's objective in this hearing, Mr. Perry? Q

We wish to obtain permission to store the production for more than 16 wells in a single tank battery and permission to use automostic custody transfer for production of all present and future wells in the New Mexico "M" Lease, south of Eunice, Lea County, New Mexico. Langlie-Mattix, Eumont and Arrowhead production from this lease are commingled under provisions of OCC Order R-663.

Referring to your Exhibit No. 1, will you locate the State "M" lease and describe the facilities shown thereon?

The "M" lease is outlined by crosshatched line on Exhibit 1. It consists of the SW/4 of Section 18, all of sections 19 and 30, the N/2 of Section 31. In Section 29 there is the V/2 of the NR/4 of the SE/4 and the M/2 of the Section. In Section 20 the W/2 of the SE/4, the E/2 of the SW/4 and theSW/4 of the SW/4 and the W/4 of Section 17, all in Township 22, South, Range 37 East, Liea County, New Mexico. Existing batteries are shown in red.



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DEARNLEY-MEIER REPORTING SERVICE, Inc.

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Finally $\ln z$ we can are shown as once does, and approved locations as circles. We propose we awandon Patter, A down in Section 31, ouild separate stations as shown as separator 1 in Section 29, and two in Section 19, and flow from each of these through a single line to Battery 4 where we propose to install the automatic custody transfer unit. This is not, this rigamarole I have just Jeen through is not a part of our request, but it contributes to the economics on the automatic custody transfer.

When you were referring to the W/4 of Section 17, do you mean the W/2 of the W/2?

Yes.

What would be the advantages of this consolidation and installation of the LACT unit, Mr. Perry?

Due to the continuing expansion of the Langlie-Mattix production on this lease we are faced with a problem of providing additional storage. It is our hope that we will eventually have just about twice as many wells producing from the Langlie-Mattix and Eumont on this lease as we now have. Another battery is needed right now at the location of separator station 2 in Section 19, and at lease one additional tank at Battery 4 when the indicated locations are drilled. We can consolidate, using Battery 4 as a central pattery using an automatic custody transfer for less investment than providing additional storage. Other benefits, there is an operating advantage from reduction of total flow line length by Labout 40% and a heavily paraffinic production; savings in labor for



CH 3-6691

for roth the pipeline and he producer, coduction in weathering toss, less maintenance.

- Q Describe the HACT unit you propose there, Mr. Perry,
- Exhluit 2. We will reave two 500-barrel tanks at Battery 4 at least until all the operating difficulties with automatic custody transfer are resolved. At that time one 500-barrel tank may suffice as a surge tank. The equipment itself is a conventional skidmounted unit with one exception: Since we have adequate treating facilities at Battery 4 and no unusual treating problems, Texas-New Mexico Pipeline Company, the purchaser, has not required a BS & W monitor. Time controls will be used to start the unit, with pressure controls for low working level and high level lease shut-in switches. Solenoid-operated lease shut-in valves will be installed at headers, with pressure shut-in switches on pumping unit. Flow lines will be tested to assure they will stand wellhead pressures. P.D. meter will be correction resistant.
- Q Why don't you just run through the diagram from left to right, there?
- A 0il would be produced through the treater into the 500-barrel surge tank, the tank to the right there. At preset intervals the time controller would start the transfer pump and open the combination back pressure and shut-in valve over at the right-hand end of the diagram. Oil will be pumped from the surge tank through the equipment on the skid. That is, through the strainer, deaerator,



ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

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sampler, meter, and the proving loop to the pigeline connection on the right. When the oil in the surge tank reaches a preset low working Level a pressure switch will stop the transfer pump and allow the combination valve to crose. Manual diverting valve is provided so that oil can be routed back to the treater if necessary. One provision the pipeline did ask when they said we could do without the monitor was a sight glass on the sampler so water could be detected there.

An equalizer line between the tanks and the emergency high level shut-in switch are shown. When both tanks are filled the switch will close the lease shut-in valves at the header.

- This installation has been approved by the pipeline?
- Yes, sir. Α
- You stated the commingling has already been approved by Q previous order of the Oil Commission?
- It was approved sometime ago. This was a general order called on the motion of the Oil Commission itself.
- In your opinion, is thestorage capacity here sufficient with your high level and low level switches and your shut-in equipment to protect against overflow?
 - It is.
- Anything else you care to state in connection with this application, Mr. Perry?
 - No, sir. $\hat{\mathbf{A}}$
 - Would the installation be in the interests of conservation



CH 3.6691

time.

and would is probedulentme ablive rights?

- Yes, sic.
- Were Exhibits a mid 2 prepared by you or under your supervision?
 - Yes, sir. A

AND DD ANDROLL TO HOULD OFFICE HUMBLE'S EXPIDITE 1 and 2.

MR. NUTTER: Humble's Exhibits 1 and 2 will be admitted.

MR. BRATTON: I believe we have nothing further at this

MR. NUTTER: Does anyone have any questions of Mr. Perry? BY MR. PAYNE:

- What is the total number of wells you anticipate having dn this lease?
- Mr. Payne, I ought to be able to answer that question, but I am not real positive. We now have about 24 wells, about 7 of which will not go into this battery at present. We will probably add another, roughly, 20 wells, or we hope to add if we are lucky.
 - You do anticipate morethan 16?
- Yes, sir. There will be when we finish this consolidation. There will be more than 16 wells going into the battery right now.
 - What is the total allowable at present?
- It is approximately 600 barrels. It changes pretty fre-We bring in a well about once a week down there. quently.
 - You have a thousand barrels of storage?
 - We now have a thousand barrels of storage, yes, sir,



ALBUQUERQUE, NEW MEXICO

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ALBUQUERQUE, NEW MEXICO

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You are going to mave those the 500-carrer tanks inv

- This we are sempletely satisfied that our automatic custody transfer is working properly, that there are no problems. We can't afford to be shut in. There are four or five low capacity wells involved and we can't afford to be shut in, so, until we are sure our equipment is working properly we will leave two tanks there.
 - Q Does the pumper visit this lease every day?
 - A Yes, sir.
 - Q Does he live on the lease?
 - A No, sir.
- Q When thereis a malfunction and the lease is shut in at the header, how much pressure do you anticipate will be on the flow lines?
- A About 3 or 400 pounds. I believe the highest pressure we have at present, shut in wellhead pressure at present is 450 pounds.
- And you are going to pressure test your flow lines prior to installation?
 - A Yes, sir.
 - Q For what, a thousand pounder.
- A We have been using about one and a half times the maximum shut in well head pressure.
- Q Your Form C-110 shows your production is being commingled pursuant to Order 663?
 - A Yes.



ALBUQUERQUE, NEW MEXICO

Y MAL NUTTER:

- Mr. Perry, as I anderwand it one cansier pump and the ACT unit is turned on by a crock?
 - Yes, sir,
- And it is turned off by a low revel switch in the surge tank?
- That's right. This allows the pipeline to schedule their production and possibly, in some cases -- eventually we are all thinking in terms of their being able to install smaller lines by scheduling their production, and possibly we will save them on some pump capacity, too.
- That is the reason for using the choke instead of using a high level switch in the tank?
- Of course, these things are all interchangeable. For one thing, it is less expensive than a high level switch is. It is about \$60 less.
 - Is that an electric clock?
 - Yes, sir. Λ
- If the MOT fails to transfer oil, the emergency high level switch shuts in the header, correct?
- That's right. One thing I might say there, this lease is completely electrified and it is possible that instead of putting a shut in switch at the header we might elect to put it at the well because all of these wells will be pumping before long.
 - But for the time being you shut them in at the header and



your pressure outlids ap in the flow line and operates a mercury switch or someth ng back there on the pumping unit?

Yes, sir.

And the flowing wells, is doesn't shut them in at the wellhead, but your flow lines are designed to handle the maximum pressure of the well?

Yes, sir. A

How do you determine how much production comes from each well? Do you have testing facilities at the separator stations?

We will have a test separator at each separator station and one at the battery itself to take care of the adjacent wells. If at some future time we decide to take Battery 1 in we will have a station there with a separator and sampler at that point.

In other words, your separating facilities are the normal type of installation; that is the reason you didn't include it on here?

That's righ.. This is all one lease. À

That's all one basic State of New Mexico lease? Q

Tes, sir. Â

MR. NUTTER: Any further questions of Mr. Perry? He may be excused. Do you have anything further, Mr. Bratton?

MR. BRATTON: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case 2110? Take the case under advisement.



CH 3-6691

ALBUQUERQUE, NEW MEXICO

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COUNTY OF BERNALIFIO

I, JUNE PAIGE, 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.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 11th day of March, 1961.

Notary Public - Court Reporter

My Commission expires:

May 11, 1964.

I do hereby certify that the foregoing is a considered to the properties in the limit to the limit of the lim

New Mexico Oil Conservation Commission



ALBUQUERQUE, NEW AVEXICO

DELIRVIEY-MEIER REPORTING SERVICE, Inc. Albuquerque, new mixico phone ch 3-6601

INDEX				
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Direct Examination of Mr. Bratton QUESTIONS by Mr. Payne QUESTIONS by Mr. Nutter	÷ 6 8			

EXHIBITS

NUMBER	EXHIBIT	IDENTIFIED	OFFERED	ADMITTED
Ex.#1	Piat	5	6	6
Ex.#2	Schematic Diagram	4	6	6

