

*Entered September 17, 1959  
D.S.*

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. 1748  
Order No. R-1480

APPLICATION OF MAGNOLIA PETROLEUM  
COMPANY FOR AN AUTOMATIC CUSTODY  
TRANSFER SYSTEM AND FOR PERMISSION  
TO PRODUCE MORE THAN 16 WELLS IN A  
COMMON TANK BATTERY, IN THE HORSE-  
SHOE-GALLUP OIL POOL, SAN JUAN COUNTY,  
NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 19, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 14th day of September, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Magnolia Petroleum Company, is the owner and operator of the Navajo "A" Lease in the Horse-shoe-Gallup Oil Pool, San Juan County, New Mexico, comprising the following described acreage:

<u>TOWNSHIP 31 NORTH, RANGE 17 WEST, NMPM</u>	
Section 13:	All
Section 14:	All
Section 23:	N/2
Section 24:	NE/4

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

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

(5) That the applicant proposes to measure the oil passing through the automatic custody transfer equipment by means of positive displacement meters.

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

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

(8) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown that such equipment is a reliable and economic means of transferring the custody of oil and that the use of such equipment should be permitted.

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

IT IS THEREFORE ORDERED:

That the applicant, Magnolia Petroleum Company, be and the same is hereby authorized to produce into a common tank battery all oil wells presently or hereafter completed in the Horseshoe-Gallup Oil Pool on the applicant's Navajo "A" Lease comprising the following-described acreage in San Juan County, New Mexico:

<u>TOWNSHIP 31 NORTH, RANGE 17 WEST, NMPM</u>	
Section 13:	All
Section 14:	All
Section 23:	N/2
Section 24:	NE/4

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PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of each well at lease once each month.

PROVIDED FURTHER, That the applicant shall install sufficient storage tanks to prevent the overflow and wasting of oil produced into said common tank battery.

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

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

IT IS FURTHER ORDERED:

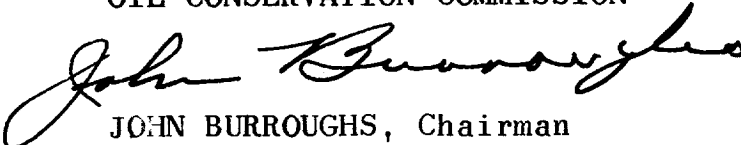
That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

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


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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

  
MURRAY E. MORGAN, Member

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

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