

*Entered February 17, 1960*  
*A.P.*

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. 1844  
Order No. R-1585

APPLICATION OF TEXACO INC. FOR  
PERMISSION TO COMMINGLE THE  
PRODUCTION FROM TWO SEPARATE  
POOLS IN LEA COUNTY, NEW MEXICO,  
AND FOR PERMISSION TO INSTALL  
AN AUTOMATIC CUSTODY TRANSFER  
SYSTEM

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 6, 1960, 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 27th day of January, 1960, 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 is the owner and operator of the C. E. Penny Lease, consisting of the NW/4 of Section 19, Township 25 South, Range 38 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to commingle the production from the Justis-Ellenburger Pool and the Justis-McKee Pool from all wells on the said C. E. Penny Lease in a common tank battery, after separately metering the production from each pool.
- (4) That the applicant further proposes to install an automatic custody transfer system to handle the Justis-Ellenburger and the Justis-McKee production from all wells presently drilled or hereafter completed on said C. E. Penny Lease.

-2-

Case No. 1844

Order No. R-1585

(5) That the applicant proposes to measure the oil produced from wells on the subject lease which passes through said automatic custody transfer equipment by means of positive displacement or dump-type meters.

(6) That the meters to be used should be checked for accuracy once each month and the results thereof furnished to the Commission.

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

(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 the use of such equipment should be permitted.

(9) 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 should 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 should so equip the existing facilities as to automatically shut down the lease production in the event the storage facilities become full.

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

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to commingle the production from the Justis-Ellenburger Pool and the Justis-McKee Pool from all wells on the C. E. Penny Lease consisting of the NW/4 of Section 19, Township 25 South, Range 38 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the production from each pool shall be separately metered prior to commingling.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle the Justis-Ellenburger Pool production and the Justis-McKee Pool production from all wells presently drilled or hereafter completed on the above-described C. E. Penny Lease.

-3-

Case No. 1844  
Order No. R-1585

PROVIDED HOWEVER, That the above-described 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.

(3) That all meters shall be operated and maintained in such a manner as to ensure an accurate measurement of production at all times.

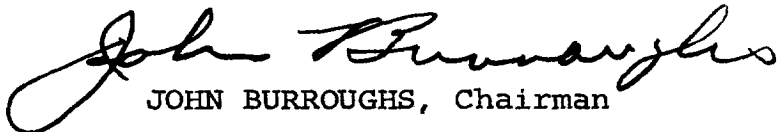
That all meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director. Meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system authorized by this order 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 down the lease production in the event the storage facilities become full.

(4) That the applicant shall conduct monthly tests of all wells located on the subject lease to determine the individual production from each well.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

S E A L

  
MURRAY E. MORGAN, Member

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

vem/