

Entered February 11, 1960
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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. 1870
Order No. R-1606

APPLICATION OF NEWMONT OIL
COMPANY FOR PERMISSION TO
INSTALL A SEPARATE AUTOMATIC
CUSTODY TRANSFER SYSTEM ON
EACH OF FOUR LEASES IN THE
LOCO HILLS 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 January 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 8th day of February, 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 is the operator of four leases in Eddy County, New Mexico, which are described as follows:

Yates Federal lease, S/2 NW/4 and N/2 SW/4
of Section 6, Township 18 South, Range 30 East;

Yates "A" Federal lease, N/2 NW/4, NE/4,
N/2 SE/4, SW/4 SE/4, and S/2 SW/4 of Section 6,
Township 18 South, Range 30 East;

Ballard "A" Federal lease, N/2 SE/4 and SE/4 NE/4
of Section 1, Township 18 South, Range 29 East;

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Ballard "B" Federal lease, N/2 NE/4 and
SW/4 NE/4 of Section 1, Township 18 South,
Range 29 East.

(3) That the applicant proposes to install a separate automatic custody transfer system on each of the above-described leases to handle the Loco Hills Pool production from all wells on that particular lease.

(4) That the applicant proposes to measure the oil passing through each of said automatic custody transfer systems by means of either dump-type or positive displacement meters.

(5) That the meters to be used in the above-described systems should be checked for accuracy once each month and the results of such tests furnished the Commission.

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

(7) 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.

IT IS THEREFORE ORDERED:

That the applicant be and the same is hereby authorized to install a separate automatic custody transfer system on each of the following-described leases in Eddy County, New Mexico, to handle the Loco Hills Pool production from all wells on the subject leases:

Yates Federal lease, S/2 NW/4, and N/2 SW/4
of Section 6, Township 18 South, Range 30 East;

Yates "A" Federal lease, N/2 NW/4, NE/4,
N/2 SE/4, SW/4 SE/4, and S/2 SW/4 of Section 6,
Township 18 South, Range 30 East;

Ballard "A" Federal lease, N/2 SE/4 and SE/4 NE/4
of Section 1, Township 18 South, Range 29 East;

Ballard "B" Federal lease, N/2 NE/4 and
SW/4 NE/4 of Section 1, Township 18 South,
Range 29 East.

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PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells on each of the subject leases at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That the above-described systems shall be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

PROVIDED FURTHER, That all meters used in the above-described systems shall be operated in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.


PROVIDED FURTHER, 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."

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