

*Entered September 1, 1960
afp.*

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. 2042
Order No. R-1608-A

APPLICATION OF TEXACO INC. FOR
PERMISSION TO COMMINGLE THE PRO-
DUCTION FROM TWO SEPARATE POOLS,
AND FOR PERMISSION TO INSTALL AN
AUTOMATIC CUSTODY TRANSFER SYSTEM
TO HANDLE SAID COMMINGLED PRODUC-
TION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 10, 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 23rd day of August, 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 owner and operator of the U. D. Sawyer lease consisting of the E/2 of Section 34, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That by Order No. R-1608 the applicant was authorized to install an automatic custody transfer system to handle the Crossroads-Devonian Pool production from all wells presently completed or thereafter drilled on the said U. D. Sawyer lease.
- (4) That the applicant seeks an amendment of said Order No. R-1608 to provide that it be permitted to commingle the Crossroads-Devonian Pool production with the production from an undesignated Mississippian Pool from all wells presently completed or hereafter drilled on the said U. D. Sawyer lease, after separately metering the production from each Pool.
- (5) That the applicant also seeks an amendment of Order No. R-1608 to provide that said commingled production may be

-2-
CASE No. 2042
Order No. R-1608-A

handled by means of the automatic custody transfer system authorized in said Order No. R-1608.

(6) That all meters to be used in the above-described system, including the power-oil meters, should be checked for accuracy once each month and the results of such tests furnished to the Commission.

(7) That in order to prevent the over-flow 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 maximum period 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.

(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, provided adequate safety features are incorporated therein.

IT IS THEREFORE ORDERED:

(1) That Order No. R-1608 be and the same is hereby superseded.

(2) That the applicant, Texaco Inc., be and the same is hereby authorized to commingle the Crossroads-Devonian Pool production with the production from an undesignated Mississippian Pool from all wells presently completed or hereafter drilled on its U. D. Sawyer lease consisting of the E/2 of Section 34, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico, after separately metering the production from each Pool.

(3) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle the said commingled production.

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

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

-3-

CASE No. 2042

Order No. R-1608-A

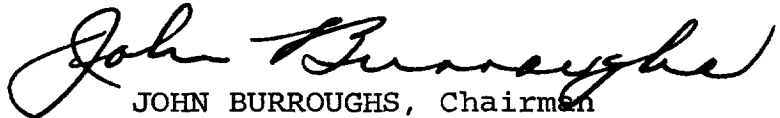
PROVIDED FURTHER, That all meters, including the power-oil meters, shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

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 over-flow and waste of oil in the event the automatic custody transfer system authorized by this Order fails to transfer the 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 maximum period 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.

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

S E A L

esr/