

*Consider August 19, 1960  
APP*

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. 2028  
Order No. R-1747

APPLICATION OF PAN AMERICAN PETROLEUM  
CORPORATION FOR PERMISSION TO COMMINGLE  
THE PRODUCTION FROM EIGHT SEPARATE LEASES,  
AND FOR PERMISSION TO INSTALL AN AUTOMATIC  
CUSTODY TRANSFER SYSTEM, EDDY COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
July 27, 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 9th day of August, 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  
following-described State leases, located in Eddy County, New  
Mexico:

Lease No. B-2071-17, comprising the S/2 NW/4,  
S/2 NE/4, N/2 SE/4, and the SE/4 SE/4 of  
Section 27, Township 17 South, Range 28 East.

Lease No. B-8814, comprising the SW/4 SW/4 of  
Section 27, Township 17 South, Range 28 East.

Lease No. E-7832, comprising the NE/4 NE/4 of  
Section 34, Township 17 South, Range 28 East.

Lease No. B-2071, comprising the SE/4 NE/4 of  
Section 34, Township 17 South, Range 28 East.

Lease No. E-7116, comprising the W/2 NE/4 and the  
NE/4 NW/4 of Section 34, Township 17 South, Range  
28 East.

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Lease No. 647-360, comprising the SE/4 NW/4 of  
Section 34, Township 17 South, Range 28 East.

Lease No. 647-85, comprising the SW/4 NW/4 of  
Section 34, Township 17 South, Range 28 East.

Lease No. B-2071, comprising the SW/4 of  
Section 34, Township 17 South, Range 28 East.

(3) That the applicant proposes to commingle the Empire-Abo Pool production from each of the above-described leases into a common battery to be located on the said State lease No. B-2071, after separately metering the liquid production from each lease.

(4) That water and/or emulsion presently constitutes less than one per cent of the total production from each lease.

(5) That in the event that water and/or emulsion should constitute one per cent or more of the total production from any such lease, the applicant should install adequate continuous-sampling facilities to determine the amount of water and/or emulsion produced from each lease, or should eliminate such water and/or emulsion from the individual lease production prior to commingling.

(6) That the State beneficiary is the same under all of the subject leases, but there is a diversity in overriding royalty interests.

(7) That the applicant proposes to install an automatic custody transfer system to handle the commingled production.

(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 that adequate safety features are incorporated therein.

(9) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, be and the same is hereby authorized to commingle the production from the Empire-Abo Pool from all wells presently completed on the following-described State leases in Eddy County, New Mexico, after separately metering the liquid production from each lease:

Lease No. B-2071-17, comprising the S/2 NW/4,  
S/2 NE/4, N/2 SE/4, and the SE/4 SE/4 of  
Section 27, Township 17 South, Range 28 East.

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Lease No. B-8814, comprising the SW/4 SW/4 of  
Section 27, Township 17 South, Range 28 East.

Lease No. E-7832, comprising the NE/4 NE/4 of  
Section 34, Township 17 South, Range 28 East.

Lease No. B-2071, comprising the SE/4 NE/4 of  
Section 34, Township 17 South, Range 28 East.

Lease No. E-7116, comprising the W/2 NE/4 and the  
NE/4 NW/4 of Section 34, Township 17 South, Range  
28 East.

Lease No. 647-360, comprising the SE/4 NW/4 of  
Section 34, Township 17 South, Range 28 East.

Lease No. 647-85, comprising the SW/4 NW/4 of  
Section 34, Township 17 South, Range 28 East.

Lease No. B-2071, comprising the SW/4 of  
Section 34, Township 17 South, Range 28 East.

PROVIDED HOWEVER, That in the event that water and/or emulsion should constitute one per cent or more of the total production from any such lease then the applicant shall notify the Secretary-Director of the Commission, and shall, subject to the approval of the Secretary-Director, install adequate continuous-sampling facilities to determine the amount of water and/or emulsion produced from each lease, or shall eliminate such water and/or emulsion from the individual lease production prior to commingling.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle the said commingled production from all wells located on the above-described leases.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described leases at least once each month to determine the individual production from each well on each lease, and a monthly tabulation indicating the per cent of water and/or emulsion produced by each well shall be filed with the Commission.

PROVIDED FURTHER, That the applicant shall install high level safety shut-in switches in the storage tanks which will shut-in the wells at the wellhead in the event of malfunction of the equipment.

PROVIDED FURTHER, That the flowlines used in the automatic custody transfer system shall be high pressure tubing which has been tested to at least 1500 psi.

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IT IS FURTHER ORDERED:

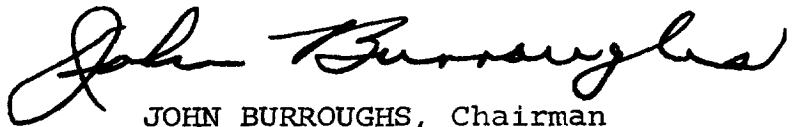
That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

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

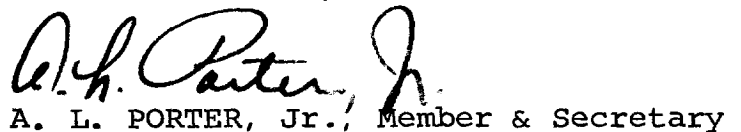
That meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

  
MURRAY E. MORGAN, Member

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

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