

*Entered October 21, 1960*  
*Asst*

120

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. 2091  
Order No. R-1795

APPLICATION OF GULF OIL CORPORATION  
FOR AN OIL-OIL DUAL COMPLETION IN  
AN UNDESIGNATED ABO POOL AND IN THE  
ALLISON-PENNSYLVANIAN POOL, LEA  
COUNTY, NEW MEXICO, FOR PERMISSION  
TO COMMINGLE PRODUCTION FROM TWO  
SEPARATE POOLS, 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 October 5, 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 11th day of October, 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, Gulf Oil Corporation, is the owner and operator of the Federal-Mills Well No. 1, located 660 feet from the North line and 1980 feet from the West line of Section 11, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to dually complete the above-described Federal-Mills Well No. 1 in such a manner as to permit the production of oil from an undesignated Abo Pool and the production of oil from the Allison-Pennsylvanian Pool through parallel strings of 2 7/8-inch and 2 3/8-inch tubing, respectively.
- (4) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.
- (5) That the applicant further proposes and the royalty owner consents, to commingle the Abo oil production with the

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Allison-Pennsylvanian oil production from all wells presently completed or hereafter drilled on the said Federal-Mills lease, comprising the NW/4 of said Section 11, after separately metering the production from each pool.

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

(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, provided adequate safety features are incorporated therein.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, be and the same is hereby authorized to dually complete its Federal-Mills Well No. 1, located 660 feet from the North line and 1980 feet from the West line of Section 11, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Abo pool and the production of oil from the Allison-Pennsylvanian Pool through parallel strings of 2 7/8-inch and 2 3/8-inch tubing, respectively.

PROVIDED HOWEVER, That the applicant shall complete, operate, and produce the well in accordance with the applicable provisions of Section V, Rule 112-A.

PROVIDED FURTHER, That the applicant shall take packer-leakage tests upon completion and annually thereafter during the Gas-Oil Ratio Test Period for the Allison-Pennsylvanian Pool, or as directed by the Secretary-Director of the Commission.

PROVIDED FURTHER, That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or the protection of correlative rights; upon failure of the applicant to comply with any requirement of this order, the Commission may terminate the authority herein granted and require the applicant or its successors and assigns to limit its activities to regular single-zone production in the interest of conservation.

(2) That the applicant be and the same is hereby authorized to commingle the Abo oil production with the Allison-Pennsylvanian oil production from all wells presently completed or hereafter drilled on the Federal-Mills lease, comprising the NW/4 of said Section 11, after separately metering the production from each pool.

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

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

PROVIDED FURTHER, That 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 system is unattended, or in the alternative shall so equip the existing facilities as to automatically cause production to cease in the event the storage facilities become full.

IT IS FURTHER ORDERED:

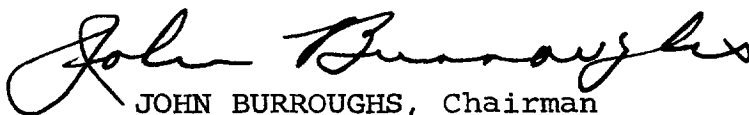
That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

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


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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