

*Entered April 5, 1961
C. J. 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. 2212
Order No. R-1923

APPLICATION OF UNION OIL COMPANY
OF CALIFORNIA FOR PERMISSION TO
COMMINGLE THE PRODUCTION FROM TWO
SEPARATE LEASES FROM TWO SEPARATE
POOLS AND FOR PERMISSION TO INSTALL
AN AUTOMATIC CUSTODY TRANSFER SYSTEM,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 3, 1961, 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 24th day of March, 1961, 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, Union Oil Company of California, is the owner and operator of the North Anderson Ranch Unit Area, comprising the E/2 NE/4 and the NE/4 SE/4 of Section 32, and the NW/4 and the N/2 SW/4 of Section 33; and of the State "A" Lease, comprising the NW/4 NW/4, the SE/4 SW/4, the NW/4 SE/4 and the E/2 SE/4 of Section 28, and the NW/4 NE/4, the NW/4 SE/4 and the SW/4 SW/4 of Section 33; all in Township 15 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle, after separate measurement, the Anderson Ranch-Devonian and Anderson Ranch-Wolfcamp Pool production from all wells presently completed or hereafter drilled on the said North Anderson Ranch Unit Area.

(4) That the applicant also seeks permission to commingle, after separate measurement, the Anderson Ranch-Devonian and

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Anderson Ranch-Wolfcamp Pool production from all wells presently completed or hereafter drilled on the said State "A" Lease.

(5) That the applicant further proposes to install an automatic custody transfer system on its North Anderson Ranch Unit Area as specified in Exhibit No. 3 herein until such time as production is obtained from the Anderson Ranch-Devonian Pool, at which time the system will be modified to conform to Exhibit No. 2 herein, provided that the by-pass loop around the bad oil meter as shown on Exhibit No. 2 herein should be omitted, and, provided further, that this meter shall be of a type utilizing a non-reset totalizer.

(6) That the applicant further proposes to install an automatic custody transfer system on its State "A" Lease as specified in Exhibit No. 2 herein, provided that the by-pass loop around the bad oil meter should be omitted, and, provided further, that this meter shall be of a type utilizing a non-reset totalizer.

(7) That a sampler should be installed on the bad oil line.

(8) That all production meters should be of the type utilizing a non-reset totalizer.

(9) 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.

(10) That inasmuch as an industry committee has been appointed to study all phases of commingling and to recommend minimum standards to prevent abuses thereof, it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

IT IS THEREFORE ORDERED:

(1) That the applicant, Union Oil Company of California, is hereby authorized to commingle, after separate measurement, the production from the Anderson Ranch-Devonian and Anderson Ranch-Wolfcamp Pools from all wells presently completed or hereafter drilled on the North Anderson Ranch Unit Area, comprising the E/2 NE/4 and the NE/4 SE/4 of Section 32, and the NW/4 and the N/2 SW/4 of Section 33, Township 15 South, Range 32 East, NMPM, Lea County, New Mexico.

(2) That the applicant is hereby authorized to commingle, after separate measurement, the production from the Anderson

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Ranch-Devonian and Anderson Ranch-Wolfcamp Pools from all wells presently completed or hereafter drilled on the State "A" Lease, comprising the NW/4 NW/4, the SE/4 SW/4, the NW/4 SE/4 and the E/2 SE/4 of Section 28, and the NW/4 NE/4, the NW/4 SE/4 and the SW/4 SW/4 of Section 33, Township 15 South, Range 32 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That it may be that each of these installations, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(3) That the applicant is hereby authorized to install an automatic custody transfer system on the North Anderson Ranch Unit Area as specified in Exhibit No. 3 herein until such time as production is obtained from the Anderson Ranch-Devonian Pool, at which time the system shall be modified to conform to Exhibit No. 2 herein, provided that the by-pass loop around the bad oil meter as shown on Exhibit No. 2 shall be omitted, and, provided further, that this meter shall be of a type utilizing a non-reset totalizer.

(4) That a sampler shall be installed on the bad oil line.

(5) That all production meters shall be of the type utilizing a non-reset totalizer.

(6) That the applicant is hereby authorized to install an automatic custody transfer system on its State "A" Lease as specified in Exhibit No. 2 herein, provided that the by-pass loop around the bad oil meter shall be omitted, and, provided further, that this meter shall be of a type utilizing a non-reset totalizer.

(7) That Administrative Order No. PC-22 is hereby superseded.

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.

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event either of the automatic custody transfer systems 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 leases are unattended, or in the alternative, shall either so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full, or test the flow-lines to a pressure of at least $1\frac{1}{2}$ times the shut-in pressure of the wells.

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IT IS FURTHER ORDERED:

That all meters used in the above-described automatic custody transfer systems 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 herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman


E. S. WALKER, Member

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

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