

*Entered April 17, 1961*  
*R.L.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. 2219  
Order No. R-1934

APPLICATION OF SHELL OIL COMPANY  
FOR AN EXCEPTION TO RULE 309 (a)  
AND FOR 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 22, 1961, 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 10th day of April, 1961, 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, Shell Oil Company, is the owner and operator of the Turner lease, comprising the W/2 NE/4 of Section 34; the Sanger lease, comprising all of Section 27; the State "B" lease, comprising the N/2 NW/4 of Section 33; and the Grimes lease, comprising the SW/4 of Section 28, all in Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to transport the Hobbs Pool oil production from the above-described Turner lease, prior to measurement, to the above-described Sanger lease where such production would be commingled with the Hobbs Pool oil production from said Sanger lease after separately measuring the production from each lease; the Hobbs Pool oil production would be transported from the above-described State "B" lease, prior to measurement, to the above-described Grimes lease where such production would be commingled with the Hobbs Pool oil production from said Grimes lease after separately measuring the production from each lease; and the Hobbs Pool oil production from each of the said four leases would then be commingled on the said Grimes lease.

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

(5) That the proposed installation as shown on Exhibit Nos. 1, 2, and 4 in this case should be authorized, provided, however, that all meters should be of a type utilizing a non-reset totalizer, and, provided further that all of the automatic valves should be incapable of manual actuation.

(6) 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.

(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.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, is hereby authorized to transport the Hobbs Pool oil production from the Turner lease, comprising the W/2 NE/4 of Section 34, prior to measurement, to the Sanger lease, comprising all of Section 27, where such production will be commingled with the Hobbs Pool oil production from said Sanger lease after separately measuring the production from each lease; the Hobbs Pool oil production will be transported from the State "B" lease, comprising the N/2 NW/4 of Section 33, prior to measurement, to the Grimes lease, comprising the SW/4 of Section 28, where such production will be commingled with the Hobbs Pool oil production from said Grimes lease after separately measuring the production from each lease; and the Hobbs Pool oil production from each of the said four leases will then be commingled on the said Grimes lease; all leases being in Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That this installation shall conform to Exhibit Nos. 1, 2, and 4 in this case except that (a) all meters shall be of a type utilizing a non-reset totalizer, and (b) the automatic valves shall be incapable of manual actuation.

PROVIDED FURTHER, That 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.

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(2) That the applicant 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 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 the automatic custody transfer system 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.

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 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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