

*Entered May 9, 1961  
A.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. 2256  
Order No. R-1952

APPLICATION OF HONDO OIL & GAS  
COMPANY FOR APPROVAL OF AN AUTO-  
MATIC CUSTODY TRANSFER SYSTEM IN  
THE CULWIN-QUEEN POOL, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 19, 1961, at Santa Fe, New Mexico, before A. L. Porter, Jr., 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 28th day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, A. L. Porter, Jr., 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, Hondo Oil & Gas Company, is the owner and operator of the State RD Lease, comprising the S/2, the SW/4 NW/4 and the W/2 NE/4 of Section 36, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the Culwin-Queen Pool production from all wells presently completed or hereafter drilled on the above-described State RD Lease.

(4) 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.

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IT IS THEREFORE ORDERED:

That the applicant, Hondo Oil & Gas Company, is hereby authorized to install an automatic custody transfer system to handle the Culwin-Queen Pool production from all wells presently completed or hereafter drilled on the State RD Lease, comprising the S/2, the SW/4 NW/4 and the W/2 NE/4 of Section 36, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

PROVIDED HOWEVER, That the installation shall conform to Exhibit Nos. 2 and 3 in this case, and shall include a set-stop counter to automatically stop the flow of oil through the automatic custody transfer system at or prior to the time the allowable has been run and shall also include a non-reset totalizer.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described State RD Lease 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 lease is unattended.

PROVIDED FURTHER, 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."

IT IS FURTHER ORDERED:

That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

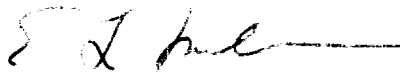
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DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

S E A L

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