

CASE 1836: Application of CONTINENTAL  
for approval of automatic custody  
transfer system for Arrangement prod.

Case No.

1836

Application, Transcript,  
Small Exhibits, Etc.

JANUARY 6, 1950

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
JANUARY 6, 1960

IN THE MATTER OF:

CASE 1836      Application of Continental Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system to handle the Arrowhead Pool production from all wells on its State J-2 lease consisting of the N/2 and the SE/4 of Section 2, Township 22 South, Range 36 East, Lea County, New Mexico.

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T    O F    P R O C E E D I N G S

MR. NUTTER: We will take up Case 1836.

MR. PAYNE: Case 1836. Application of Continental Oil Company for approval of an automatic custody transfer system.

MR. KELLAMIN: Let the record show the same appearances, and Mr. Queen, the witness, already having been sworn.

MR. NUTTER: The record will so show.

JOHN QUEEN

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY: MR. KELLAMIN:



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Q Are you the same John Queen who testified in Case 1835?

A I am.

Q Mr. Queen, are you familiar with the application in Case 1836?

A Yes, sir, I am.

Q Will you discuss that application briefly, please?

A Case 1836 has to do with application of Continental Oil Company to install an automatic custody transfer facility on the State J-2 lease. The State J-2 is outlined on Exhibit 1, of which I have just passed out, and it shows, among other things the State J-2 lease, the offset operators, and their respective leases as known to us.

Q Now, is all the ownership common on the State J-2 lease?

A Yes, sir, it is.

Q That applies to the royalties and overriding royalties?

A Yes, sir, it does.

Q Referring to what has been marked Exhibit No. 2, will you discuss that exhibit please?

A Exhibit No. 2 is a schematic diagram of the proposed installation showing the production and test facilities and the flow procedure through the LACT. Production from the State J-2 lease wells is produced through the header through the separator and through the heater treater and into the surge tank



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as marked on Exhibit 2. The surge tank has a high-low level operating switch whereby it can be automatically controlled at such time that this tank becomes full or becomes empty. When a well is being tested, the production is produced through the header through a three-phase metering test separator and into the production line ahead of the production heater treater with the other production from the lease. The oil in the surge tank is pumped through a strainer and air eliminator and across a probe nipple, and the BS & W content of the oil can be pumped from the surge tank. This is an inlined type probe. If the BS & W content of the oil exceeds the amount for which the monitor is set, an electrical signal will switch the bad oil valve and route the oil back through the heater treater and the BS & W content of the oil is lowered to pipeline requirements. It will allow the oil to pass through to the sales equipment. The oil then is pumped through a temperature compensated positive displacement meter and back pressure valve into the pipeline.

The test facilities that we propose to install would accurately meter the production from each well on the lease and check each well's performance.

Q Will the test facilities which you will have available enable you to make adequate test of production of each individual well as may be required by the Commission?

A They will.

Q What would be the result, Mr. Queen, if there were



a break in flow lines between the well and the header?

A We will install sufficient safety valves to adequately protect all producing wells and all vessels from breaks.

Q Will there be a high-low pressure switch?

A There will be after some time. It will depend on whether the well is a pumping well or a flowing well.

Q Now, in your opinion, is the proposed installation in the interest of conservation and prevention of waste?

A It is.

Q Were Exhibits 1 and 2 prepared by you or under your direction and supervision?

A They were.

MR. KELLAMIN: At this time we would like to offer Continental's Exhibits 1 and 2.

MR. NUTTER: Continental's Exhibits 1 and 2 in Case 1836 will be admitted.

Q (By Mr. Kellahin) Who is the pipeline purchaser for this crude, Mr. Queen, do you know?

A We have contacted the pipeline in regard to this matter and discussed the installation with them, and while I'm trying to find out who it is, I believe it is Shell Oil Company, but I do not seem to have all the copies of my correspondence with me at this time. They have been contacted, and a copy of their requirements will be filed prior to the installation of this LACT. We realize we must have this cooperation in getting

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this work done.

MR. KELLANIN: That's all the questions I have.

A I would like to add one other statement. In my proposed testimony, or in my testimony I stated that a positive displacement meter would be used. Continental Oil Company, along with, I guess, all other companies in the industry, is undecided as to what is the most economical and most efficient meter to be used. At this time we propose to use a positive displacement meter. As I understand it, the Commission does not in their orders stipulate what meters to be used, and it is possible that Continental would desire to put in a positive volume meter, if at that time we have additional information. This is a major problem with us, as to which is the more accurate meter to use.

#### CROSS EXAMINATION

BY MR. NUTTER:

Q Regardless of the type of meter, you will test periodically?

A Yes, sir.

EXAMINATION BY MR. PAYNE:

Q Mr. Queen, I notice from your exhibit there that you have a different method of shutting in the wells, depending on whether they are flowing or pumping.

A That is correct.

Q Now does this emergency shut-in valve work on the No. 2 well, on the flowing well?

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A This is a high-low pressure type of valve that operates and will allow the well to produce or stay open. I should say the valve will stay open within certain pressure ranges. If this pressure range exceeds this, the valve will shut in by shutting the well in. We have had numerous conferences and discussions as to which is the best and most economical valve to use, and we have been in contact with numerous other companies in the industry, and this again is one of the other major problems as to how to accurately test these wells from both high pressure cost and a line break, which would be a low pressure cost, but it is our intention to adequately protect these wells.

Q Now, in the pumping wells, the mercoid pressure switch operates in the same manner that you described?

A Right. It shuts the well off in that case.

Q It is high-low also?

A It is high-low also. There are problems involved actually in the sense that you might, if you have a flow line break--we use a pump--and it is not seen by the pumper. There are problems involved in LACTs where you have a small break where part of the oil goes into the LACT and part pumped into the ground where you have no large break.

Q You will have a man on the lease, is that correct?

A We will have a man on the lease. Actually, in most of your present installations, we do not even immediately see any increase in his work load, and Continental has a policy that



wherever possible, and so far this has not been done, of releasing any personnel's duties. Most of your people are older and they, no doubt, in time will be replaced if these are as economic as everyone says they are.

MR. PAYNE: That's all.

MR. NUTTER: Any further questions of Mr. Queen?

MR. UTZ: Yes.

MR. NUTTER: Mr. Utz.

EXAMINATION BY MR. UTZ:

Q What, if you know, is the operating range of your valve, the Mercoid pressure switch?

A We have a meeting scheduled for a week from Thursday, and the types of meters available to date we propose to discuss. This particular lease is a New Mexico federal lease, which Pan American, Standard of Texas, and the Atlantic are co-owners with Continental. The problem, as I previously stated, is of such magnitude on the meters and safety equipment, that we have not decided what we will put on, and I'm not qualified right now to tell you what those limits are, even on the one we initially proposed, but since we are having this meeting, everything has been dropped until after this meeting.

Q Do you have any idea what your line pressure will be?

A In the majority of the cases, if they exceed thirty to fifty pounds, why you have operating problems involved, so in

most of your flow line cases, they are in that neighborhood

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We have one or two flow lines that we have evaluated the pressures where we consider LACT for a hundred pounds pressure, and we are trying to reduce that operating pressure on the flow lines.

Q Do you feel that if you can get it up, it will operate?

A The manufacturers are the ones who say they can. This is one of your problems. Actually, there are several possible answers to this. Of course, the safer they are, the more expensive they are. We are just as interested in saving that oil from being pumped into the ground as the royalty owners and the Commission, because it is loss of revenue to the industry, but this is one of the problems, and the thing that should be kept in mind, Mr. Utz, is that should a line fail under manual operations, this must be seen by pumper or gauger or foreman to be fixed, and as bad as it may sound, we have known of some of these leaks to go on for days and days. We have some pumpers that are not as energetic as they should be, and maybe a flow line has access to a small creek with a pretty good sized dam on the creek. What problems we have with automation are no new problems, they are there now and we feel we can control them with automation, even though we can't possibly eliminate all problems.

Q Do you feel this type of valve is necessary to this system?

A These valves, to get into the price, that will appear at this time to do the job, cost between eight hundred and a thousand dollars per valve, which on several wells involved, gets

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to be considerable money. We feel like it is necessary to protect our wells if we talk about automation as we do today. I do not believe we would need them because we will have a pumper available, probably as often as he would be otherwise. If we are looking at automation in the future, when we talk about push-button house cleaning and push-button automobile driving and push-button automobile operation, then at this time we will need more safety measures, and we are trying to evaluate that equipment, we are trying to aid the manufacturer into producing new equipment, and the only way they can do that is to sell some that they have on hand, that's why they are installed on that basis and not because we actually needed them. We have been told there are some cheaper, and that's one of the reasons we are having a meeting this week. One of our partners has told us that they have had success with a cheaper valve, and we are interested in finding out about this.

EXAMINATION BY MR. NUTTER:

Q Mr. Queen, is the operating level in your storage tank between the high level switch and low level switch?

A As shown here --

Q Is that the range of operation of the tank, or is there another valve in there that is not shown?

A What we considered showing here are the high level switch, the shut-in switch this storage tank will have, and the adjustable switch that will control it when the oil goes to sales.



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Your metering accuracy is better controlled if you sell a small amount of oil frequently rather than a full tank of oil occasionally. This will be controlled in part by the pipeline. Some pipelines during the daytime operate at three hundred pounds pressure; sometimes those same pipelines operate at a vacuum at night. It may pay the operator to have sufficient storage to sell his oil only at night and thereby not require him to put in high pressure pumps to pump this oil at the times --

Q This high level switch is the shut off switch?

A Safety shut off switch, yes.

Q And when this high level switch is activated, it shuts in the headers?

A In this particular instance, it does. We do have these things in the treater. The treater is not shown here merely because of room. These treaters must have a high level switch too.

Q If your high level switch in your storage tank is activated, it shuts off the header and the flow lines by pressure; activates the switches at the wells?

A That is correct.

MR. NUTTER: Any further questions of Mr. Queen?

He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr.

Kellahin?



MR. KELLAMIN: No.

MR. NUTTER: Does anyone have anything further in  
this case?

Take the case under advisement.

STATE OF NEW MEXICO        )  
COUNTY OF BERNALILLO    )       ss

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 12<sup>th</sup> day of January, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Joseph A. Trujillo*  
NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1836 heard by me on 1-6, 1960.

*[Signature]*, Examiner  
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

A. ALBUQUERQUE, NEW MEXICO



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. 1836  
Order No. R-1576

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR PERMISSION TO IN-  
STALL AN AUTOMATIC CUSTODY TRANS-  
FER SYSTEM ON ITS STATE J-2 LEASE,  
ARROWHEAD POOL, LEA COUNTY, NEW  
MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 6, 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 18th day of January, 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 State J-2 Lease consisting of the N/2 and the SE/4 of Section 2, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to install an automatic custody transfer system to handle the Arrowhead Pool production from all wells presently drilled or hereafter completed on said State J-2 Lease.
- (4) That the applicant proposes to measure the oil passing through said automatic custody transfer system by means of either dump-type or positive displacement meters.
- (5) That the meters to be used in the above-described system should be checked for accuracy once each month and the results of such tests furnished to the Commission.

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Case No. 1836  
Order No. R-1576

(6) That the above-described system should be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

(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.

IT IS THEREFORE ORDERED:

That the applicant, Continental Oil Company, be and the same is hereby authorized to install automatic custody transfer equipment to handle the Arrowhead Pool production from all wells presently drilled or hereafter completed on its State J-2 Lease consisting of the N/2 and the SE/4 of Section 2, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells on said State J-2 Lease at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That the above-described system shall be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

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.

PROVIDED FURTHER, That all meters shall be checked for accuracy at least once a month until further direction by the Secretary-Director. 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*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*  
A. L. PORTER, JR., Member & Secretary



DOCKET: EXAMINER HEARING JANUARY 6, 1960OIL CONSERVATION COMMISSION - 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

The following cases will be heard before Daniel S. Nutter, Examiner, or A. L. Porter, Jr., Secretary-Director.

CASE 1835: Application of Continental Oil Company for two non-standard gas proration units. Applicant, in the above-styled cause, seeks an order establishing two non-standard gas proration units in the Eumont Gas Pool, one consisting of the N/2 of Section 3, the other consisting of the S/2 of said Section 3, Township 20 South, Range 36 East, Lea County, New Mexico. Applicant proposes to dedicate the units respectively to its Reed A-3 Well No. 2, located 1980 feet from the North line and 660 feet from the East line of said Section 3 and to its Reed A-3 Well No. 3, located 1980 feet from the South line and 660 feet from the East line of said Section 3. Applicant further proposes the cancellation of an existing Eumont gas proration unit comprising the E/2 of said Section 3 and presently dedicated to the said Reed A-3 Well No. 3.

CASE 1836: Application of Continental Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system to handle the Arrowhead Pool production from all wells on its State J-2 lease consisting of the N/2 and the SE/4 of Section 2, Township 22 South, Range 36 East, Lea County, New Mexico.

CASE 1837: Application of Continental Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Baish "A" Well No. 27, located in the NE/4 SE/4 of Section 21, Township 17 South, Range 32 East, 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 an undesignated Wolfcamp pool through parallel strings of tubing.

CASE 1838: Application of El Paso Natural Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Huerfano Unit Well No. 111 (GD), located in Unit F, Section 20, Township 26 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from an undesignated Gallup pool and the production of gas from an undesignated Dakota pool through parallel strings of tubing.

CASE 1839: Application of Franklin, Aston & Fair, Inc., for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks permission to commingle the Empire-Abo Pool production from three separate State leases, one in Section 6, Township 18 South, Range 28 East, and the other two in Section 31, Township 17 South, Range 28 East, Eddy County, New Mexico.

CASE 1840: Application of Pac American Petroleum Corporation for a non-standard gas unit. Applicant, in the above-styled cause, seeks an order establishing a 264-acre non-standard gas unit in the Blanco-Pictured Cliffs Pool consisting of the N/2 of Section 6, Township 29 North, Range 9 West, San Juan County, New Mexico, to be dedicated to the Houck Gas Unit Well No. 1, located 1650 feet from the North and East lines of said Section 6.

CASE 1841:

Application of Sinclair Oil & Gas Company for the creation of a new pool in the Potash-Oil Area and for the promulgation of special rules and regulations pertaining thereto. Applicant, in the above-styled cause, seeks an order creating a new pool for Yates production in the Potash-Oil Area as defined by Order R-111-A, said pool to comprise the SE/4 NW/4 of Section 16, Township 20 South, Range 33 East, Lea County, New Mexico, and such other acreage as may reasonably be proven productive from the same common source of supply. Applicant further seeks the promulgation of special rules and regulations for said pool as follows:

A. Cable Tool Casing Program.

Same as Order R-1078 for Teas Pool.

B. Rotary Tool Casing Program.

Surface casing set at 600 feet and cement circulated No salt protection string. Production casing to be set through pay from 3146 feet to 3232 feet (approximately) with cement circulated to at least 50 feet into surface casing.

CASE 1842:

Application of Skelly Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Langlie-Mattix Pool and the Drinkard Pool from all wells on its Baker "A" lease comprising the NW/4 of Section 26, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 1843:

Application of Roy H. Smith Drilling Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Maljamar-Yates Pool and the Pearsall Pool from all wells on its Walker "A" lease, comprising the S/2 NE/4 of Section 5, Township 18 South, Range 32 East, Lea County, New Mexico.

CASE 1844:

Application of Texaco Inc. for permission to commingle the production from two separate pools and for permission to install an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Justis-Ellenburger and Justis-McKee Pools from all wells on its C. E. Penny lease consisting of the NW/4 of Section 19, Township 25 South, Range 38 East, Lea County, New Mexico, and for permission to install an automatic custody transfer system to handle said commingled production.

CASE 1845:

Application of Western Natural Gas Company for an oil-gas dual completion and for an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Bonnie Schlosser Federal Well No. 1, located 790 feet from the North line and 1980 feet from the West line of Section 10, Township 27 North, Range 11 West, San Juan County, New Mexico, in such a manner as to permit the production of oil from an undesignated Gallup pool and the production of gas from an undesignated Dakota pool through parallel strings of tubing. Applicant further seeks an unorthodox Dakota gas well location for the said Bonnie Schlosser Federal Well No. 1.

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Docket No. 1-60

CASE 1846: Application of Rice Engineering and Operating, Inc. for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing it to recomplete the Lowe Oberholtzer Well No. 2 as a salt water disposal well. Said well is located 1980 feet from the North and East lines of Section 8, Township 12 South, Range 38 East, Gladiola Pool, Lea County, New Mexico. Applicant proposes to inject the produced salt water in the Devonian formation in the interval from 12,223 feet to 12,500 feet.

CASE 1847: Application of Rice Engineering and Operating, Inc. for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its Hobbs SWD Well No. F-29 to be located 1880 feet from the North line and 1742 feet from the West line of Section 29, Township 18 South, Range 38 East, Hobbs Pool, Lea County, New Mexico. Applicant proposes to inject the produced salt water into the San Andres formation in the interval from 4700 feet to 5000 feet.

CASE 1848: Application of El Paso Natural Gas Company for an exception to Paragraph 3 of Order R-1065. Applicant, in the above-styled cause, seeks an extension of time to make up the accrued underproduction of the Jones 4-A Well ( a pressure build-up test well), located in Unit B, Section 13, Township 28 North, Range 8 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

CASE 1849: Application of Western Natural Gas Company for an exception to the over-production shut-in provisions of Order R-520, as amended by Order No. R-967, for 3 wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order permitting the following-described gas wells in the Jalmat Gas Pool, Lea County, New Mexico, to compensate for their overproduced status without being completely shut-in in order to prevent possible waste.

Wells Federal No. 1 Well, SW/4 NE/4 of Section 6,  
T-26-S, R-37-E.

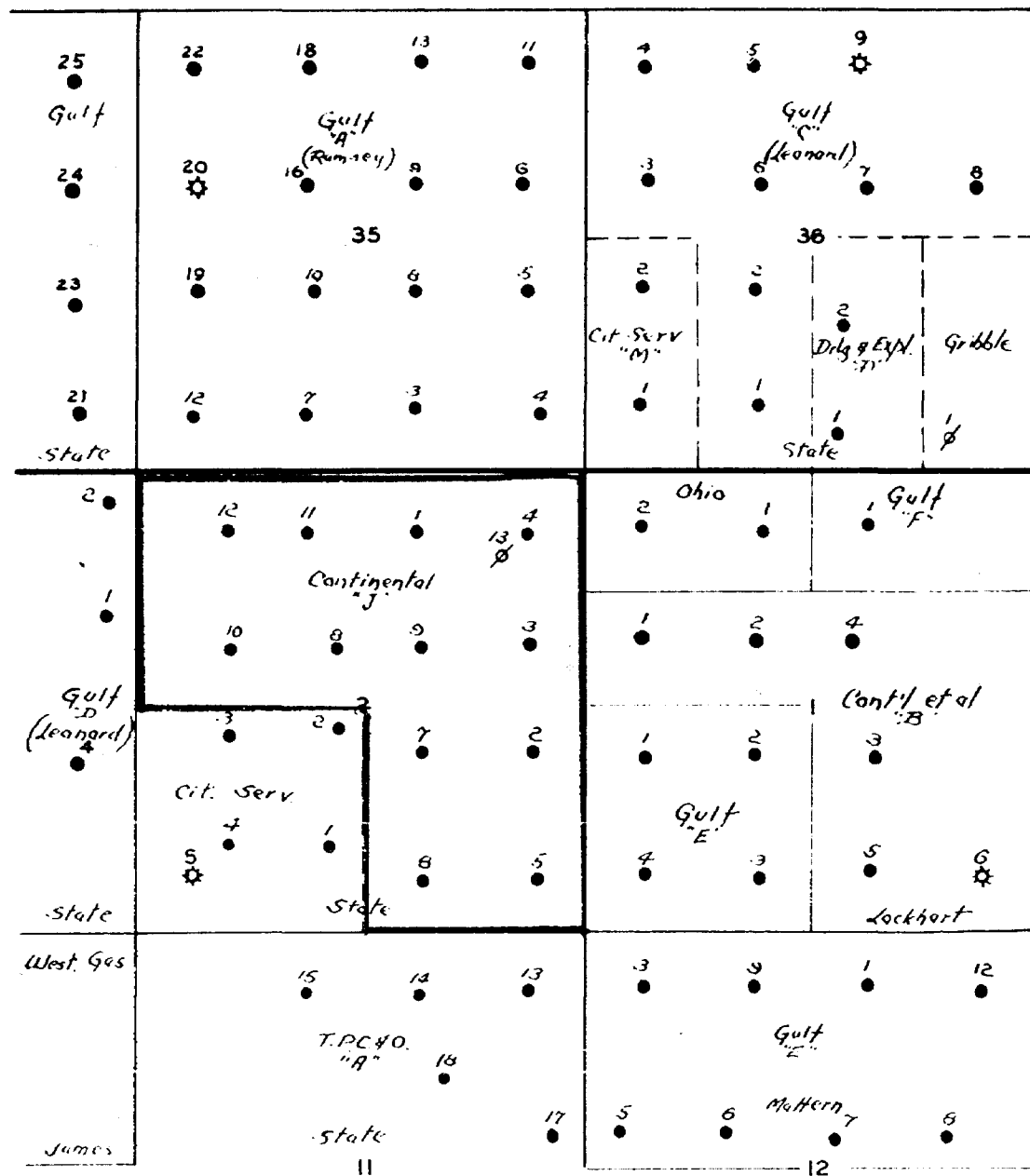
Guthrie No. 1 Well, SW/4 SE/4 of Section 34,  
T-23-S, R-36-E.

State McDonald A-15 Well No. 1, NW/4 SW/4 of Section 15,  
T-22-S, R-36-E.

R-36-E

T  
21  
S

T  
22  
S

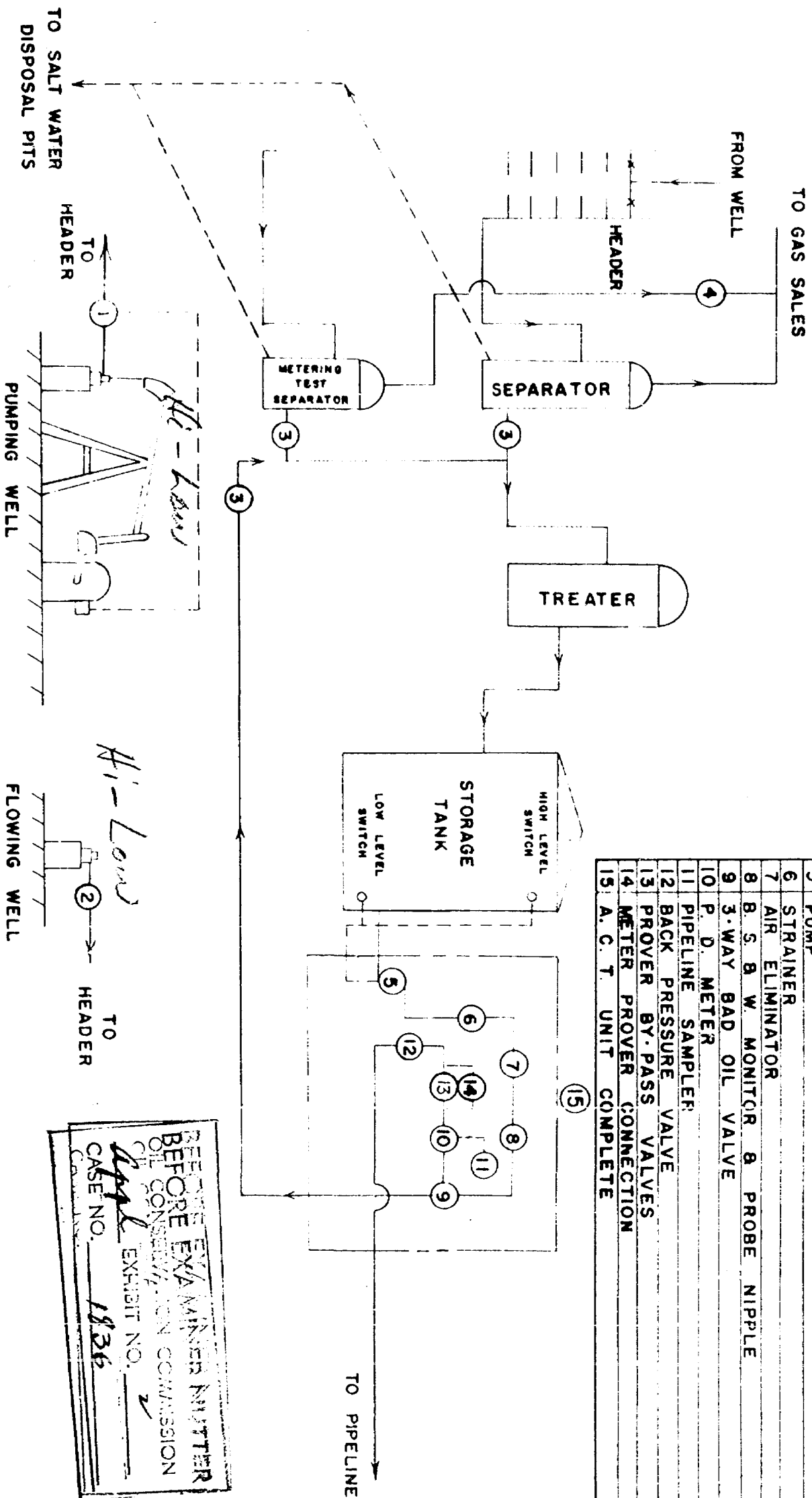


CONTINENTAL OIL COMPANY  
ARROWHEAD AREA  
BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 1  
CASE NO. 1836

SCALE: 1" = 2000'

PROPOSED AUTOMATION  
OF  
STATE J-2 LEASE

1	MERCROID PRESSURE SWITCH	H-1-6-0-0
2	EMERGENCY SHUT-IN PILOT VALVE	H-1-6-0-0
3	CHECK VALVE	
4	TEST METER LOOP	
5	PUMP	
6	STRAINER	
7	AIR ELIMINATOR	
8	B. S. B. W. MONITOR & PROBE NIPPLE	
9	3-WAY BAD OIL VALVE	
10	P. D. METER	
11	PIPELINE SAMPLER	
12	BACK PRESSURE VALVE	
13	PROVER BY-PASS VALVES	
14	METER PROVER CONNECTION	
15	A. C. T. UNIT COMPLETE	



SEE EXAMINER'S NOTE  
BEFORE EXAMINATION COMMISSION  
CASE NO. 1836  
EXHIBIT NO. 2



# CONTINENTAL OIL COMPANY 31

825 PETROLEUM BUILDING  
ROSWELL, NEW MEXICO

WM. A. MEAD  
DIVISION SUPERINTENDENT  
OF PRODUCTION  
NEW MEXICO DIVISION

December 11, 1959

New Mexico Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Re: Application of Continental Oil Company  
for Permission in Exception to Rule  
309 (a) to Install Automatic Custody  
Transfer on its State J-2 Lease in  
Section 2, T-22S, R-36E, NMPM, Lea  
County, New Mexico

Gentlemen:

Please find attached three copies of Continental Oil Com-  
pany's application for permission in exception to Rule 309 (a) to  
install automatic custody transfer on its State J-2 lease in Section 2,  
T-22S, R-36E, NMPM, Lea County, New Mexico.

We respectfully request that this matter be set for hearing  
at the earliest convenient date.

Yours very truly,

WAM-PD  
Encs.

*Go back  
marked  
12-27-59  
W. A. Mead*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL OIL COMPANY FOR PERMISS-  
SION IN EXCEPTION TO RULE 309 (a)  
TO INSTALL AUTOMATIC CUSTODY TRANS-  
FER ON ITS STATE J-2 LEASE IN SECTION  
2, T-22S, R-36E, NMPM, LEA COUNTY,  
NEW MEXICO.

*Case 1836*

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and respectfully requests permission to install automatic custody transfer facilities on its State J-2 Lease located in Section 2, T-22S, R-36E, NMPM, Lea County, New Mexico; and in support thereof would show:

1. Applicant is the owner of the State J-2 Lease consisting of N/2 and SE/4 of Section 2, T-22S, R-36E, NMPM, Lea County, New Mexico.
2. That applicant has twelve wells producing from the Arrowhead Pool on said lease. Said wells produce approximately 300 barrels of oil per day into a single tank battery.
3. That the present battery is in such poor condition that it must be replaced. In lieu of replacing the conventional battery it is proposed to install an automatic custody transfer facility.
4. That equipment installed will permit accurate testing by wells and accurate measurement of oil delivered to the pipeline.
5. That the proposed installation is more efficient than conventional batteries and its installation will be in the interest of preventing waste and protecting correlative rights.

Wherefore, applicant prays that this matter be set for hearing before the Commission's duly qualified examiner and that upon hearing permission be granted to install automatic custody transfer facilities as described above.

Respectfully submitted,

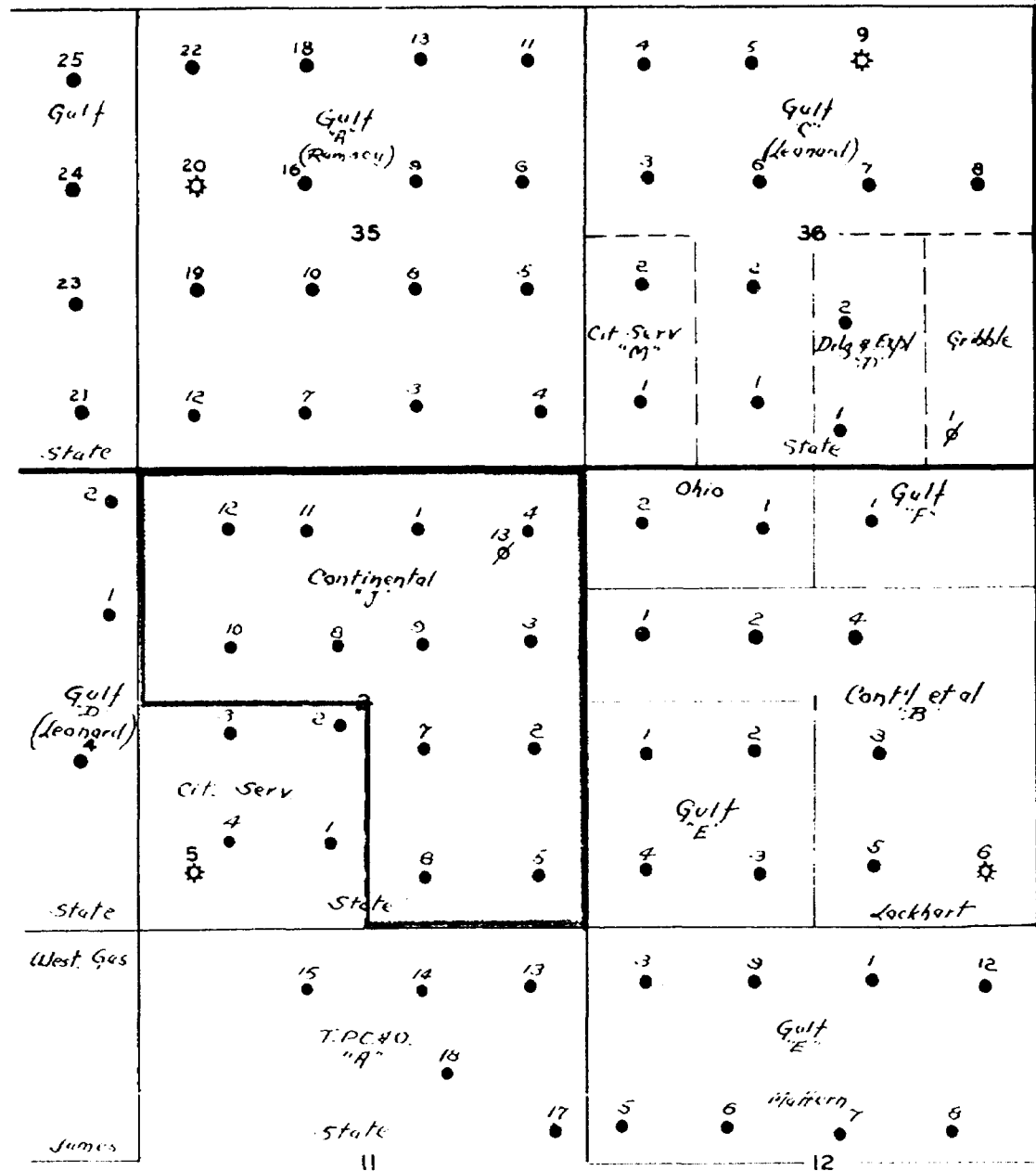
*W. A. Mead*  
W. A. Mead  
Division Superintendent  
of Production  
New Mexico Division

WAM-MLR

R-36-E

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CONTINENTAL OIL COMPANY  
ARROWHEAD AREA

SCALE: 1" = 2000'



Case 1845

WESTERN NATURAL GAS COMPANY  
BONNIE C. SCHLOSSER FEDERAL #1

LOC. 790' FROM NORTH LINE & 1980' FROM WEST LINE  
SEC. 10 T-27-N R-11-W N.M.P.M.

SAN JUAN COUNTY, NEW MEXICO S.F.-078673

DIAGRAMMATIC SKETCH OF PROPOSED OIL-GAS DUAL COMPLETION  
SHOWING SINGLE-PACKER, FULL OPENING PARALLEL STRING HOOK-UP,  
WITH SHORT STRING SUSPENDED.

(NOTE: All measurements are approximate  
and not to scale.)

