

CASE 1872: Application of GULF OIL
to commingle prod. from 4 separate
leases & for automatic custody trans-
fer system.

Case No.

1872

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 27, 1960
EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation
for authority to commingle the pro-
duction from four separate leases and
for approval of an automatic custody
transfer system to handle said com-
mingled production.

Case 1872

BEFORE THE
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Santa Fe, New Mexico
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EXAMINER HEARING

IN THE MATTER OF:)
)

Application of Gulf Oil Corporation for)
authority to commingle the production from)
four separate leases and for approval of)
an automatic custody transfer system to)
handle said commingled production. Appli-)
cant, in the above-styled cause, seeks per-)
mission to commingle the production from)
the following four separate leases and to)
install an automatic custody transfer)
system to handle the Pearl-Queen Pool pro-)
duction from all wells located thereon:)

Case 1372

Lea-State "AP" lease, E/2 of Section 30;)
Lea-State "AQ" lease, N/2 of Section 32;)
Lea-State "BG" lease, N/2 of Section 33;)
Lea-State "IH" lease, W/2 SW/4 and W/2)
SE/4 of Section 29,)

all in Township 19 South, Range 35 East, Lea)
County, New Mexico.)

BEFORE:

Mr. Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 1872.

MR. PAYNE: Application of Gulf Oil Corporation for
authority to commingle the production from four separate leases
and for approval of an automatic custody transfer system to handle
said commingled production.

MR. KASTLER: Bill Kastler, Roswell, New Mexico.

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District Lawyer for Gulf Oil Corporation. Our witness in this case is Mr. Hoover.

(Witness sworn.)

JOHN HOOVER

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

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name, your place of residence and your position with Gulf Oil Corporation?

A John Hoover, Roswell, New Mexico, petroleum engineer.

Q Have you previously appeared and qualified as an expert witness and given testimony before the New Mexico Oil Conservation Commission?

A Yes, sir, I have.

Q Are you familiar with Gulf's application for approval of an automatic custody transfer system and requesting exception to Rule 339 leases Lea-State "AP", E/2 of Section 30; Lea-State "AQ", N/2 of Section 32; Lea-State "BG", N/2 of Section 33; and Lea-State "IH", W/2 SW/4 and W/2 SE/4 of Section 29, all in Township 19 South, Range 35 East, located in the Pearl-Queen Pool, New Mexico?

A Yes, sir.

MR. KASTLER: Are the witness's qualifications accept-

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able?

MR. UTZ: Yes, sir.

MR. KASTLER: I would like to state that there is a slight error in our application. Sub paragraph B states there is no diversity of royalty ownership underlying the above-described leases. There is a diversity and we would like that section stricken, if it's all right.

MR. UTZ: Without objection, it will be stricken.

Q Mr. Hoover, have you prepared certain exhibits for presentation in this case here?

A Yes, sir.

Q I call your attention to a lease plat labeled Exhibit No. 1 in Case 1872. Will you please state what is shown on this Exhibit that is pertinent to this case?

A This lease plat shows the location of the Lea-State "AP", "IH", "BG" and "AQ" leases. These leases are outlined in red and the "AP" Lease is described as the East Half of Section 30, "IH" Lease, West Half, Southeast Quarter and West Half, Southwest Quarter of Section 29. "AQ" Lease, described as the North Half of Section 32. The "BG" Lease, described as the North Half of Section 33, all in Township 19 South, Range 35 East, Lea County, New Mexico.

Q Do you have coordinate numbers that identify these by State Lease numbers and, if so, would you give those numbers, please?

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A Yes, the Lea-State "AP" is Lease E-5885. The "IH" Lease is E-1587, the "BG" Lease is E-5841, the "AQ" Lease is E-5886.

Q Mr. Hoover, all of the wells shown on these four leases outlined in red are proposed to be commingled, is that correct?

A Yes, that's correct.

Q How many wells are there in all?

A At the present time there are fifteen wells which we have shown here. Let me clarify that two of them, No. 6 and 7-AQ are shown as not completed. No. 6 has been completed but not connected and No. 7 is drilling.

Q Will you please identify the State beneficiaries royalty owners on these leases?

A Yes, the Lea-State "AP", the Lea-State "AH" and the Lea-State "BG" leases have as the beneficial institution the State Penitentiary, but the Lea-State "AQ" lease has as its beneficial institution the common schools.

Q So there are, in substance, two beneficial royalty owners involved in this application, is that correct?

A Yes, sir, that is correct.

Q I now wish to call your attention to Exhibit 2 and ask you to explain what is shown there.

A This is, in effect, the same as Exhibit 1, showing the

leases except that it is a diagram of the proposed flow and test lines that we intend to install in this automatic custody transfer unit. The dotted green lines are the flow lines, the solid green lines are the production and test lines. We show here as our legend a circle there on the Lea-State "AQ" Lease, that being the proposed tank battery, and we show on the "AH" Lease and on the "BG" Lease a square, which is a header. We have the flow lines on the "IH" Lease and the "AP" Lease going into the header, located on the "IH" Lease, and from that header we show two solid green lines, one of those is a production line and one is a test line, and you will notice that goes down to the central battery.

Likewise on the "BG" Lease we also show the two lines coming from the header to the battery on the "AQ" Lease. We show the flow lines tying right into the proposed battery. However, there is a header right at the battery.

Q I now call your attention to Exhibit No. 3. Would you refer to this and identify it first and then outline the proposal of flow from the various leases?

A Yes. This is a diagram of the proposed test and production equipment. If you will notice, we have three heater treaters. We will have a production heater treater for the "IH", "AP" and "BG" Leases. We will have a production heater treater for the "AQ" Lease, and then we will have one common test heater treater where that we can produce any well on test through the

test heater treater and then that well will go back into the production line depending on whether it's the "AQ" Lease or the "IH", "AP" or "BG" Leases.

Q Will the oil be measured at the test facility?

A It will be measured at the test facility.

Q Will it again be measured after the production facility?

A Yes, after it goes through the test meter it ties back into the production line ahead of the "BS" and W monitor which is also ahead of the meter on the respective leases. The production will come in, for example, just taking the flow from the "AQ", it will come up through, as our legend shows, is a rectangle which we're calling a lease shutin valve, from there it goes to a production heater treater, out of the production heater treater it goes through a BS and W monitor, and then we show a "T" which is an automatic diverter valve and pump.

In the event the BS and W content exceeds the specification, it closes that valve, starts the pump around, recirculates it back through the heater treater until it does meet specification, then the valve opens and goes through the dump valve, dump meter to the surge tank.

Likewise on the production facilities for the "IH", "AP" and "BG" Leases, those tie into the production heater treater for that system. And by our two flow lines coming from each of the headers, or from the headers, we can direct any well through the

test facility. On the test facility we measure the oil, water and the gas.

MR. UTZ: As I gather, this "AG", "AQ" Lease will be measured separately from the other leases?

A Yes. That has the beneficial institution the common schools, so that is measured separately.

Q What facilities do you have for cleaning the tank bottom?

A There is a circulating pump which will circulate the bottoms back through the test heater treater and then back to the tank.

Q Are those various headers and valves involved in this application proposed, are they going to be manually operated or automatic or electrically?

A They are all manually operated with the exception we have a high and low level switch on the surge tank to start and stop the pump, and then we also have a high level safety switch in the event of a high level in the surge tank or also a high level switch in the heater treater, so that if we get a high level in the surge tank heater treaters it will close the lease shutin valves shown there as a rectangle. We will have shutin valves at the well which will close the wells in and we will also have safety switch to shut the pumping units down.

Q I now call your attention to Exhibit No. 4 labeled

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"Proposed Automatic Custody Transfer System".

A This is just a schematic sketch of our proposed equipment for delivery of the oil to the pipeline, tracing it in the direction of flow, we have a pump, a strainer, a deaerator and then an A. O. Smith S-12 Meter, that is a P. D. Meter, with a non reset counter. We will also have a safety shutdown switch so that in the event the meter is running but not recording it will shut the pump down.

Q Mr. Hoover, New Mexico Oil Conservation Commission Rule 309-A requires measurement of oil in tanks before such oil is transported from the lease. Will the oil be measured before being transported off any lease?

A No, it will not.

Q Therefore, in order to obtain approval for this application, would Gulf have to have an order waiving this rule?

A Yes.

Q 309 also provides that not more than 16 wells can produce into a single tank. Why does Gulf seek an exception to this portion of the rule?

A We anticipate that there will be possibly 19 wells.

Q Has the Commissioner of Public Lands been informed of this application?

A Yes, sir, they have.

Q ~~Has he, in the past, consented to the commingling of~~

production from State lands belonging to a single beneficiary institution for which he is trustee?

A Yes, they have.

Q Has he consented to the proposal contained in this application?

A Not as yet.

Q Does Gulf intend to measure the production from the penitentiary land separately from the production from the common schools land?

A Yes, sir.

Q Is the proposed installation capable of making a highly accurate measurement of production from each State land, in your opinion?

A In my opinion it is.

Q Have you made any calculation whether or not either beneficiary institution would lose anything by the granting of this application in the nature of lower gravity oil or oil having a lower value?

A Yes, sir.

Q What do your calculations show?

A We have taken the run tickets, that is the pipeline run tickets from the Lea-State "IH" and "AQ" Lease "BG" since the first of the year, and on these run tickets they indicate the tank gauges opening and closing, the observed gravity and the

temperature of the oil and from these figures we have arrived at gross barrels, net barrels and a corrected gravity. Then we have weighted this gravity on each of the leases. We find that the Lea-State "BG" Lease will have a weighted gravity of 36.9 degrees. On the Lea-State "AH" the weighted gravity will be 36.4, on the Lea-State "AQ" will be a weighted gravity of 36, and then we have weighted this gravity by combining the "BG" and the "IH" Leases, and this weighted gravity is 36.7 and then we have combined the "BG", "IH" and "AQ" Leases and the weighted gravity is 36.4.

Q Why didn't you take into account the Lea-State "AP" Lease?

A That is a new well and is not on production.

Q So you are unable to obtain a sample of the gravity from a pipeline taken?

A That is correct.

Q And your conclusion again was that there was no change which would effect the price of this oil after commingling?

A These gravities are all in the same price range, per barrel, price per barrel range.

Q Did you arrive at this by calculating the weighted average gravity from each lease and then combining the figures to determine the weighted average gravity for the four leases?

A For the three, we did not have the "AP".

Q Has the Commissioner of Public Lands been advised that

neither beneficiary would suffer from the loss of gravity if the proposed commingling were allowed?

A It is my understanding that he has been unofficially informed.

Q Informed this morning? A Yes.

MR. KASTLER: Off the record.

(Whereupon a discussion was held off the record.)

Q Will Gulf furnish a copy of the calculations to the Land Commissioner or to the Oil Commission if desired?

A Yes, if required.

MR. KASTLER: Do you desire to have a copy of these calculations?

MR. UTZ: I think if you send a copy to the Land Office it will be sufficient.

Q Mr. Hoover, does this application involve the commingling of production from separate pools?

A No, it does not, only the Pearl-Queen Pool.

Q Will the proposed automatic custody transfer installations have adequate facilities to permit the taking of all required tests?

A Yes, it will.

Q Is the granting of this application in the interest of conservation and will it protect correlative rights?

A Yes.

Q Were Exhibits 1, 2, 3 and 4 prepared by you or at your direction and under your supervision?

A Yes, they were.

MR. KASTLER: This concludes the questions on direct testimony.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Hoover, will it be necessary for you to have an exception to Rule 309 for your "AQ" Lease? Will it not be metered on the lease?

A We'll have to have the exception of the Rule 309 for the 16 wells.

MR. KASTLER: It wouldn't be transported off that lease.

A Now by the exception to Rule 309.

Q You can't get any more than 8 wells on that lease, can you?

A You mean exception to Rule 309 strictly for the "AQ" Lease?

Q Yes.

A That's true, there would be no more than a maximum of wells on that lease, but for our application we would have to have the exception to 309 for the --

Q For your other four leases?

A Yes, sir.

Q Is this crude, sweet or sour crude?

A We have no evidence of any corrosion. I believe it's a sour crude price, but it is not a corrosive crude in our experience.

Q Intermediate?

A I would say it probably was. I do not have the figures on that, but we definitely have no evidence of corrosion problem.

Q I take it that you don't intend to use corrosive resistant meters or make any provisions for the protection of corrosion?

A No, sir, at this time, however I believe that this A. O. Smith meter is the same type of meter that is used on other batteries we have that are in the sour crude service.

MR. UTZ: Any other questions?

BY MR. PAYNE:

Q Do you have any paraffin problems?

A Yes, sir, slight amount. We plan to plastic-coat all of the new lines that we will put in and the ones that we rearrange and the lines that are already in there that will be utilized in place will only be plastic-coated as the trouble indicates that it should be done.

Q Do these wells make any salt water?

A They make some water.

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Q You don't feel that it's corrosive enough to give you any problem in that regard?

A No, sir. It is not indicated at this time.

Q Are these pumping wells or flowing wells?

A Out of the 15 wells that we will have there, 11 are pumping, and 4 flowing. Now I'm taking into account that Well No. 6, which is completed but not on production, a pump went on the well and the 4 flowing wells have a flowing tubing pressure of 100 pounds and we anticipate that we will be on pump shortly.

Q You apparently don't feel that you need a low level safety switch?

A No, sir, we don't. We feel that the line pressures are very low and this is all new equipment, it's a new field, new development. We do not believe it will be justified.

Q Are your flow lines aboveground or below?

A Yes, sir, they would be aboveground except where road closing or other points dictate they would be buried.

Q It would be somewhat unusual, wouldn't it, for the wells in the same pool in such an immediate area to vary over about one degree in gravity?

A Yes, sir, it's in the neighborhood of one degree. For example, on the "BG" it varied from 36.3 to 37.4 and on the "IH" it had approximately the same variation and the "AQ" in the same range.

Q Where is the dividing line on price pay?

A 36 to 36.9 is one price. Then it varies below and above that. 35 to 35.9 is one price. 36 to 36.9 and 37 to 37.9.

Q So the price paid for the oil on each of these leases is the same?

A Yes, sir. On our weighted gravity they all fall within the same bracket.

MR. PAYNE: Thank you.

MR. UTZ: Any other questions? The witness may be excused.

(Witness excused.)

MR. KASTLER: I would like to move that Exhibits 1, 2, 3 and 4 be admitted into evidence in this case.

MR. UTZ: Without objection they will be admitted. Any other statements to be made in this case? The case will be taken under advisement.

Ten minute recess.

STATE OF NEW MEXICO)
 : SS
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal
this 15th day of February, 1960.

Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 1872,
heard by me on Jan 27, 1960.
[Signature], Examiner
New Mexico Oil Conservation Commission

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GENERAL LAW REPORTERS
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Phone CHapel 3-6691

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. 1872
Order No. R-1605

APPLICATION OF GULF OIL CORPO-
RATION FOR PERMISSION TO COM-
MINGLE THE PRODUCTION FROM FOUR
SEPARATE LEASES AND FOR PERMISSION
TO INSTALL AN AUTOMATIC CUSTODY
TRANSFER SYSTEM IN THE PEARL-
QUEEN 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 27, 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 28th day of February, 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 is the owner and operator of the following-described leases in Township 19 South, Range 35 East, Lea County, New Mexico:

Lea-State "AP" lease, E/2 of Section 30;

Lea-State "AQ" lease, E/2 of Section 32;

Lea-State "EG" lease, W/2 of Section 33;

Lea-State "IH" lease, W/2 SW/4 and W/2 SE/4
of Section 29.

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Case No. 1872
Order No. R-1603

(3) That the applicant proposes to commingle the Pearl-Queen Pool production from all wells located on the above-described leases after separately metering the combined production from the said "AP," "BG," and "IH" leases and after separately metering the production from the said "AQ" lease.

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

(5) 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.

(6) That approval of the subject application will neither cause waste nor impair correlative rights, provided adequate treating, testing, and storage facilities are installed.

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to commingle the Pearl-Queen Pool production from all wells located on the following-described leases in Lea County, New Mexico:

Lea-State "AP" lease, E/2 of Section 30;

Lea-State "AQ" lease, E/2 of Section 32;

Lea-State "BG" lease, E/2 of Section 33;

Lea-State "IH" lease, W/2 SW/4 and W/2 SE/4 of Section 29;

all in Township 19 South, Range 35 East.

PROVIDED HOWEVER, That prior to such commingling, the operator shall separately meter the production from the said "AQ" lease and shall also separately meter the combined production from the said "AP," "BG," and "IH" leases.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle the Pearl-Queen Pool production from all wells located on the above-described leases.

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

-3-

Case No. 1872
Order No. R-1605

PROVIDED FURTHER, That the automatic custody transfer 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 system shall be operated 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."

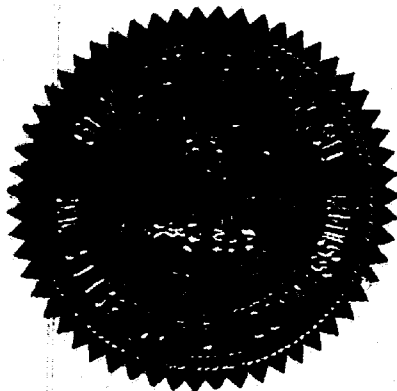
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John T. Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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



vesa/

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 8, 1960

Mr. Bill Kastler
Box 689
Roswell, New Mexico

Dear Mr. Kastler:

On behalf of your client, Gulf Oil Corporation,
we enclose two copies of Order R-1605 in Case No.
1872 issued by the Oil Conservation Commission on
this date.

Very truly yours,

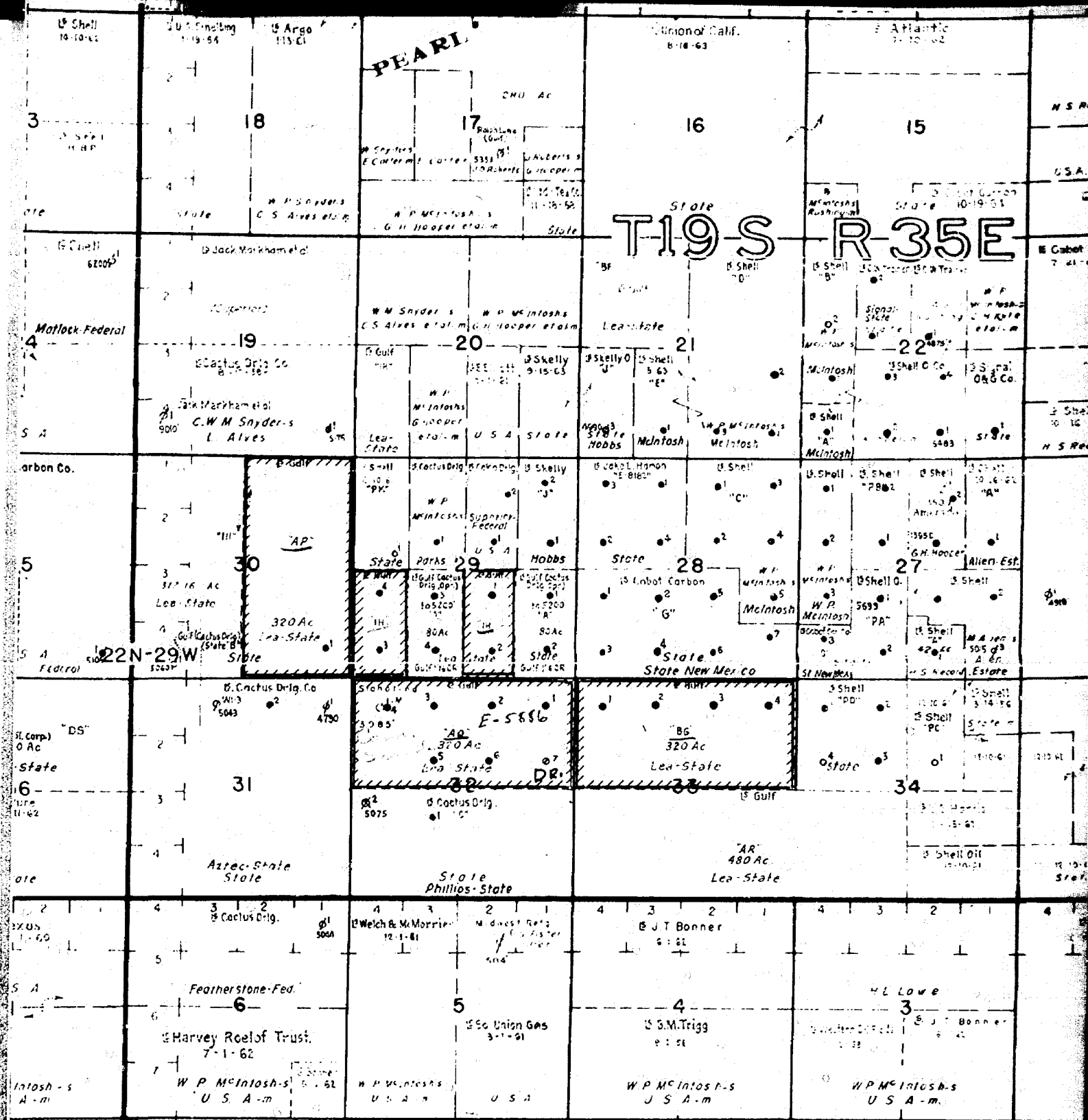
A. L. PORTER, Jr.
Secretary-Director

ir/

Enclosures

Copy to
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LEASE PLAT
 LEA-STATE "AP," "IH," "BG" & "AQ"
 PEARL QUEEN POOL
 LEA COUNTY, NEW MEXICO
 -LEGEND-
 Pertinent Gulf Leases

Gulf Oil Corporation Jan. 27, 1960 Case No. 1872 Exhibit No. 1

DOCKET: EXAMINER HEARING JANUARY 27, 1960OIL CONSERVATION COMMISSION - 9 a.m., MABRY HALL, STATE CAPITOL, SANTA FE

The following cases will be heard before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director:

- CASE 1866: Application of British-American Oil Producing Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its West Bisti-Lower Gallup Sand Unit Agreement, which Unit is to comprise 14,331 acres, more or less, in Townships 25 and 26 North, Ranges 13 and 14 West, San Juan County, New Mexico.
- CASE 1867: Application of British-American Oil Producing Company for a pressure maintenance project in the Bisti-Lower Gallup Oil Pool and promulgation of special rules in connection therewith. Applicant, in the above-styled cause, seeks an order authorizing a pressure maintenance project in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, by the injection of water into the Lower Gallup formation through 17 wells. Applicant further proposes that special rules be adopted governing said project including the transfer of allowables from injection and shut-in wells to producing wells in the project and for establishment of an administrative procedure to convert additional wells to injection.
- CASE 1868: Application of Hamilton Dome Oil Company, Ltd. for permission to commingle the production from three separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Justis-Drinkard Pool, the Justis-Fusselman Pool and an undesignated Tubb pool from wells on a lease consisting of the S/2 SE/4 of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 1869: Application of Newmont Oil Company for approval to convert five additional wells in the Loco Hills Pool to water injection. Applicant, in the above-styled cause, seeks an order authorizing it to convert to water injection five additional wells in its water flood project in the Loco Hills Pool, Eddy County, New Mexico. Said wells are the Brigham Well No. 1-A, Yates Well No. 4, Yates A Well No. 10, Yates A Well No. 12, and Coppedge Well No. 2, located respectively in the SE/4 SE/4 of Section 31, Township 17 South, Range 30 East, NE/4 SW/4 of Section 6, SW/4 SW/4 of Section 6, NE/4 NE/4 of Section 6, and NW/4 NW/4 of Section 5, all in Township 18 South, Range 30 East.

CASE 1870:

Application of Newmont Oil Company for permission to install four separate automatic custody transfer systems. Applicant, in the above-styled cause, seeks an order authorizing it to install a separate automatic custody transfer system on each of four leases in applicant's water flood project in the Loco Hills Pool, Eddy County, New Mexico.

CASE 1871:

Application of Union Oil Company of California for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its North Anderson Ranch Unit Agreement, which Unit is to comprise 360 acres, more or less, consisting of portions of Sections 32 and 33, Township 15 South, Range 32 East, Lea County, New Mexico.

CASE 1872:

Application of Gulf Oil Corporation for authority to commingle the production from four separate leases and for approval of an automatic custody transfer system to handle said commingled production. Applicant, in the above-styled cause, seeks permission to commingle the production from the following four separate leases and to install an automatic custody transfer system to handle the Pearl-Queen Pool production from all wells located thereon:

Lea-State "AP" lease, E/2 of Section 30;
Lea-State "AQ" lease, N/2 of Section 32;
Lea-State "BG" lease, N/2 of Section 33;
Lea-State "IH" lease, W/2 SW/4 and W/2 SE/4
of Section 29,

all in Township 19 South, Range 35 East, Lea County, New Mexico.

CASE 1873:

Application of The Atlantic Refining Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Langlie Federal "A" Well No. 1, located in Unit H, Section 14, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Justis-Blinbry Pool and the production of oil from an undesignated Tubb pool through parallel strings of tubing.

CASE 1874:

Application of Val R. Reese & Associates, Inc., for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Lybrook Well No. 1-19, located in Unit C, Section 19, Township 24 North, Range 6 West, Rio Arriba 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 1875:

Application of Continental Oil Company for a non-standard gas proration unit and for an order force-pooling the interests therein. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of lots 6, 10, 11, and 12 of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, to be dedicated to Shell Oil Company's Taylor-Glenn Well No. 1, located 3226 feet from the North line and 1980 feet from the West line of said Section 3. Applicant further seeks an order force-pooling the interests of those in said non-standard gas proration unit who have gas rights within the vertical limits of the Blinebry Gas Pool, including M. F. Taylor, P. O. Box 574, Amarillo, Texas, and R. B. Glenn, P. O. Box 461, Amarillo, Texas.

CASE 1876:

Application of Continental Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Weir (Drinkard) Oil Pool and Weir-Tubb Gas Pool from all wells on its Britt B-15 lease consisting of the W/2 and the W/2 E/2 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 1877:

Application of Continental Oil Company for permission to install an automatic custody transfer system and for permission to produce more than 16 wells in a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system to handle the production from all Skaggs Pool oil wells on its Southeast Monument Unit comprising lands located in Township 20 South, Ranges 37 and 38 East, Lea County, New Mexico.

CASE 1878:

Application of Continental Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Weir (Drinkard) Oil Pool and the Weir-Tubb Gas Pool from all wells on that portion of the Southeast Monument Unit consisting of the W/2 W/2 of Section 14 and the E/2 E/2 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 1879:

Application of Amerada Petroleum Corporation for a gas-oil dual completion and for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State EM "A" Well No. 2, located 660 feet from the South and West lines of Section 22, Township 19 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont Gas Pool and the production of oil from the Eumont Gas Pool through the casing-tubing annulus and the tubing respectively. Applicant further seeks the establishment of a 160-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the SW/4 of said Section 22 to be dedicated to the said State EM "A" Well No. 2.

CASE 1880:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Blinebry Oil Pool and the Drinkard Pool from all wells on its V. M. Henderson lease consisting of the N/2 of Section 30, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1881:

Application of Texaco Inc. for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of automatic custody transfer facilities to handle the Crossroads-Devonian Pool production from the U. D. Sawyer lease comprising the E/2 of Section 34, Township 9 South, Range 36 East, Lea County, New Mexico.

CASE 1882:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Tubb Pool and the Blinebry Oil Pool from all wells located on its Mittie Weatherly lease comprising the NW/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1883:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Culwin (Queen) Pool and the Culwin-Yates Pool from all wells located on its Federal Lease comprising the NE/4, E/2 NW/4, N/2 SE/4 and the NE/4 SW/4 of Section 6, Township 19 South, Range 31 East, Eddy County, New Mexico.

CASE 1842:

(Continued)

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 1884:

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 that portion of the J. V. Baker lease comprising the SE/4 SW/4 of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 1885:

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 Drinkard Pool and the Tubb Gas Pool from all wells on its State "K" lease comprising the N/2 NW/4 of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1886:

Application of E. P. Campbell for an exception to Rule 107 (e) of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an exception to Rule 107 (e) in order to recomplete his No. 1 Cleveland Well, located in NW/4 NE/4 of Section 33, Township 18 South, Range 26 East, Eddy County, New Mexico, as a "slim-hole" completion in the Pennsylvanian formation at a depth greater than 5000 feet.

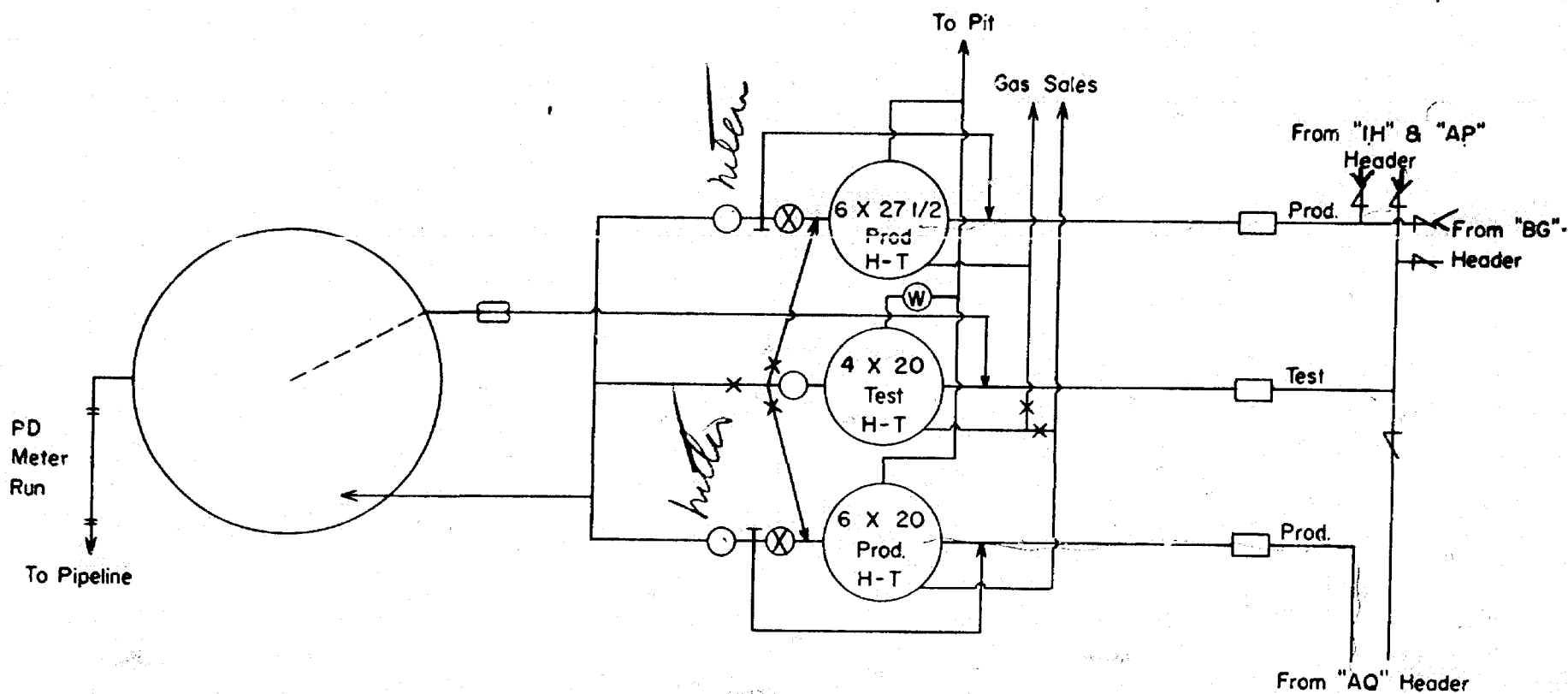
CASE 1887:

Application of Monsanto Chemical Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks an exception to February 15, 1960, to the "no-flare" provision of Order R-1427 for five wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1888:

Application of C. W. Trainer for off-lease storage of oil production. Applicant, in the above-styled cause, seeks permission to store the Pearl-Queen Oil Pool production from his Rushing lease, consisting of the W/2 NE/4 of Section 22, Township 19 South, Range 35 East, Lea County, New Mexico, in a tank battery located on his Signal State lease, consisting of the E/2 NW/4 of said Section 22.

ig/



-LEGEND-

- Lease Shut-in Valve
- ⊗ BS&W Monitor
- T Automatic diverter valve & pump
- Dump Meter
- ▤ Tank Bottom Pump
- × Plug Valve
- ▤ Check Valve

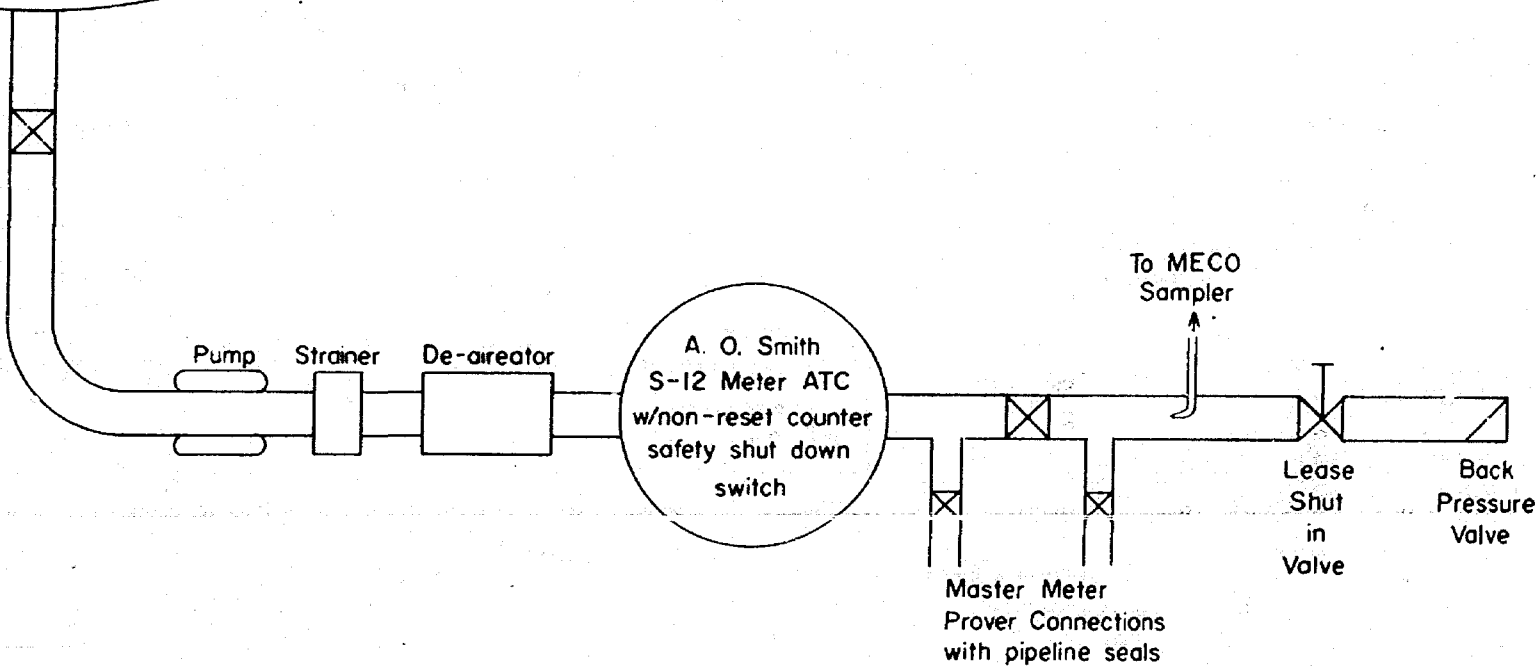
Case No. 1872
Exhibit No. 3

PRODUCTION AND TEST FLOW DIAGRAM

Gulf Oil Corporation

Jan. 27, 1960

Hi 500 Barrel Surge Tank

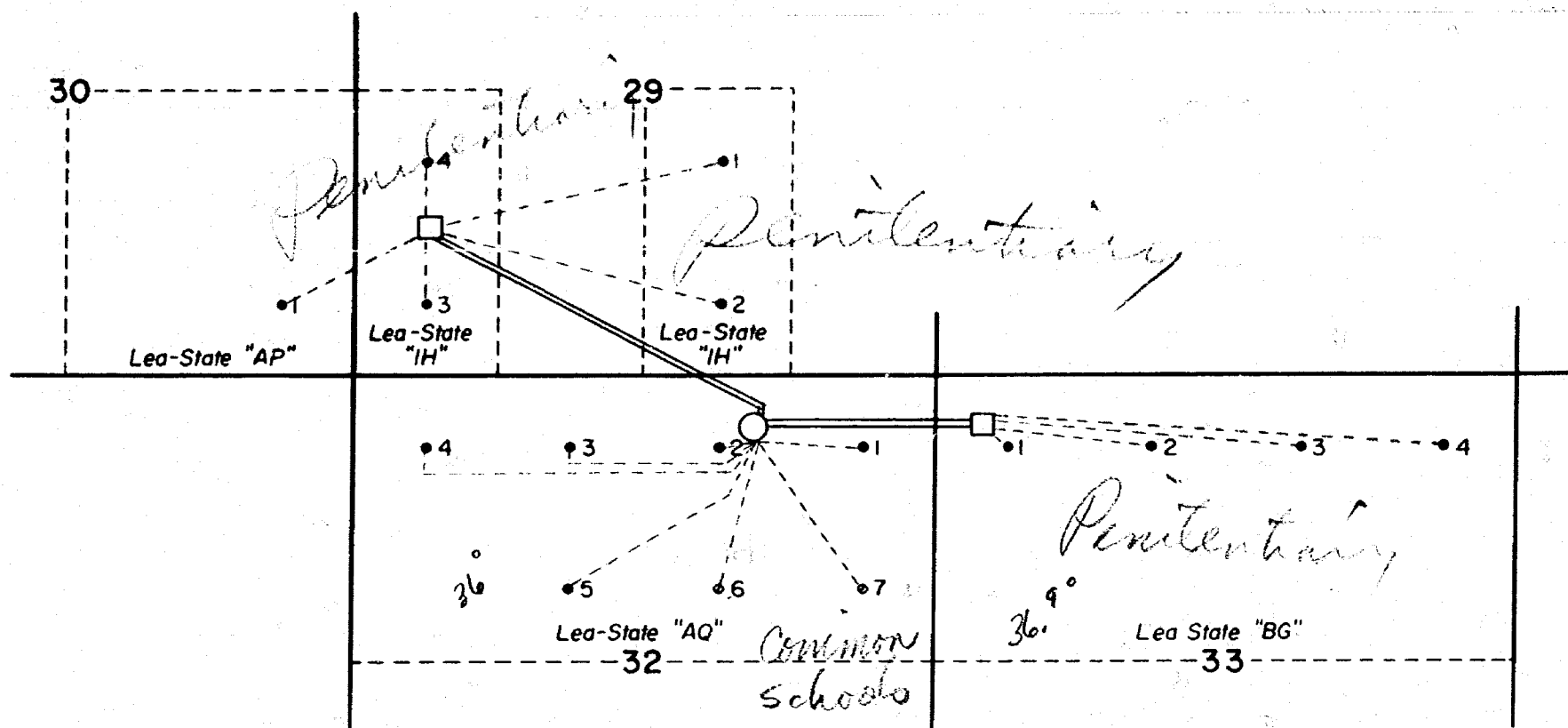


Case No. 1872
Exhibit No. 4

**PROPOSED AUTOMATIC CUSTODY
TRANSFER SYSTEM**

Gulf Oil Corporation

Jan. 27, 1960



- LEGEND -

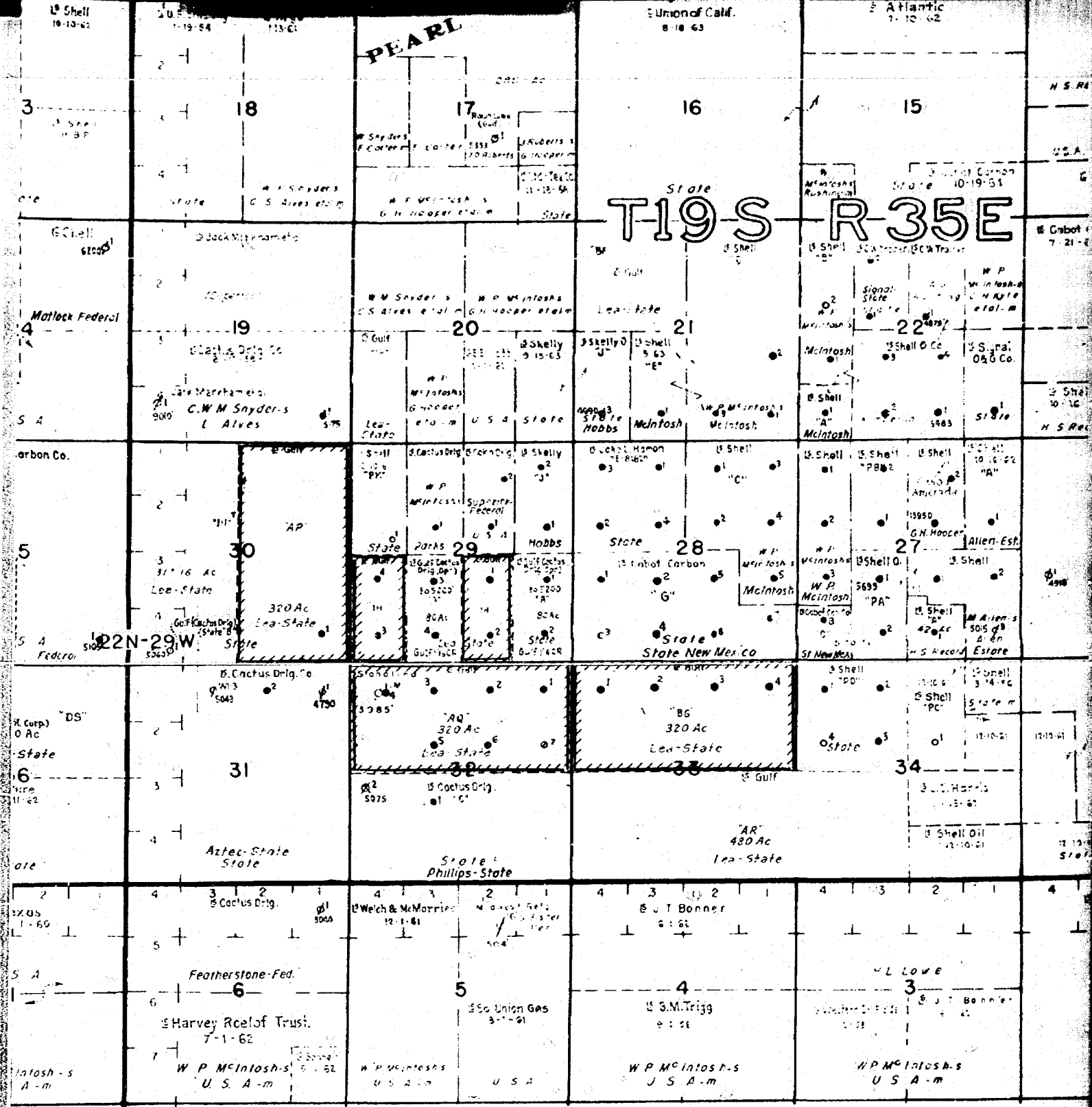
- Proposed Tank Battery
- Proposed Header

Case No. 1872
Exhibit No. 2

DIAGRAM OF PROPOSED FLOW
AND TEST LINES

Gulf Oil Corporation

Jan. 27, 1960



LEASE PLAT
LEA-STATE "AP," "IH," "BG" & "AQ"
PEARL QUEEN POOL
LEA COUNTY, NEW MEXICO
-LEGEND-
Pertinent Gulf Leases

Gulf Oil Corporation

Jan. 27, 1960

Case No. 1872
Exhibit No. 1



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. DRAWER 1290 · FORT WORTH 1, TEXAS

H. P. REARDON
DIVISION
PETROLEUM ENGINEER

FORT WORTH
PRODUCTION DIVISION

January 5, 1960



Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: Application for Approval of ACT System and Request for Exception to Rule 309 for Gulf Oil Corporation's Lea-State "AP", "AQ", "BG", and "IH" Leases Located in the Pearl (Queen) Pool, Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation herewith makes application for exception to the applicable Rules and Regulations of the New Mexico Oil Conservation Commission to obtain permission to install and operate automatic custody transfer equipment to handle production from the subject leases in the Pearl (Queen) Pool.

In order to fully utilize the proposed ACT system, Gulf Oil Corporation will request exceptions to:

- (1) NMOCC Rule 309(a) which requires measurement of oil in tanks before such oil is transported from the lease.
- (2) Commingle production from each of the subject leases into a common battery to be located on the Lea-State "AQ" Lease.
- (3) That portion of Rule 309 which limits production from sixteen wells that can be received by common tankage.

In support of this application Gulf Oil Corporation states the following:

- (a) Applicant is the owner and operator of the following leases: Lea-State "AP" consisting of the E/2 of Section 30; Lea-State "AQ" consisting of the N/2 of Section 32; Lea-State "BG" consisting of the N/2 of Section 33; and Lea-State "IH" consisting of the W/2 of the SW/4 and the W/2 of the SE/4 of Section 29, all in T-19-S, R-35-E, Lea County, New Mexico.

- (b) ~~There is no diversity of royalty ownership underlying the above-described leases.~~

January 5, 1960

- (c) Applicant proposes to replace present individual lease batteries with an automatic custody transfer system using dump type meters and appropriate companion equipment as necessary to measure in barrels the amount of merchantable oil delivered to the pipeline. This ACT battery will be located on the Lea-State "AQ" Lease.
- (d) The proposed ACT installation will have adequate facilities to permit the taking of all required tests.
- (e) The granting of this application is in the interest of conservation and will protect correlative rights.
- (f) By copy of this letter all offset operators and the pipeline concerned are notified of this application.

Respectfully submitted,

GULF OIL CORPORATION

by H. P. Pearson
Division Petroleum Engineer

cc: Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Cabot Carbon Company
P. O. Box 4395
Midland, Texas

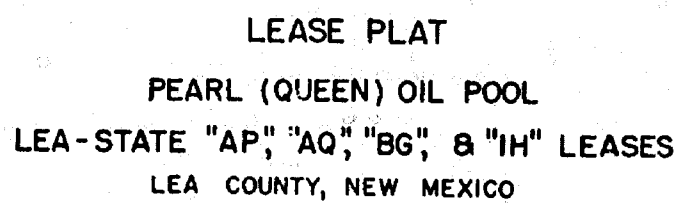
Cactus Drilling Corporation
P. O. Box 348
San Angelo, Texas

Calco Drilling Company
1113 Continental Bank Bldg.
Fort Worth 2, Texas

Shell Oil Company
P. O. Box 1957
Hobbs, New Mexico

Skelly Oil Company
P. O. Box 38
Hobbs, New Mexico

Shell Pipeline Company
P. O. Box 1509
Midland, Texas



PERTINENT GULF LEASES

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 2-1-60

CASE 1572

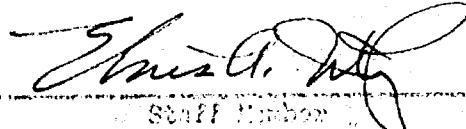
Hearing Date 1-27-60

My recommendations for an order in the above numbered cases are as follows:

1. Grant Gulf's application for ACT system for 5 State leases. The leases are as follows:

Lea Lt. AP	E/2 sec. 30	19S-35E
" " A Q CO	N/2 " 32	" "
" " B J	N/2 " 33	" "
" " IH	W/2 SW/4, sec. 29	" "
	W/2 SE/4 sec. 29	" "

2. Grant ~~exceptions~~ to 302(A) for all leases except the Lea Lt. A Q lease. This lease shall be metered separately before commencing and will not have more than 16 wells in the Pearl-Queen Pool.
3. Meters shall be tested each 30 days.
4. Mechanical provisions shall be made to test each well in the system every 30 days.
5. Dump type ^{P.D.} meters will be used on ACT system.


Staff Member