

CASE 9087: Application of GULF OIL
for automatic custody transfer
system. (Lea-State "AV" Lease).

OK
Wash
SI

Case No.

2087

Application, Transcript,
and Exhibits, Etc.

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

April 24, 1969

COPY
Gulf Oil Corporation
P. O. Box 98
Andrews, Texas

Attention: Mr. F. G. Courtney

Re: Commission Order No.
R-1790

Gentlemen:

Reference is made to your letter of April 15, 1969, wherein you advise that the automatic custody transfer equipment installed on your Lea State "AV" Lease in the Gladiola Field pursuant to authority contained in Commission Order No. R-1790 is being removed, and requesting that said order be cancelled.

It is technically impossible to cancel the order without a hearing; however said order is being placed in abeyance until further order of the Commission.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSM/og

cc: Oil Conservation Commission - Hobbs
Service Pipeline Company
3411 Knoxville Avenue
Lubbock, Texas 79413

Case File 2087

PH 1 11
69 APR 11

Gulf Oil Corporation

ANDREWS PRODUCTION AREA

April 15, 1969

P. O. Box 98
Andrews, Texas

New Mexico Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Remove LACT; Lea State "AV" Lease
Gladiola (Devonian & Wolfcamp) Pool
Lea County, New Mexico

Gentlemen:

New Mexico Oil Conservation Commission Order No. R-1790 dated October 3, 1960, authorized Gulf Oil Corporation to install an automatic custody transfer system to handle the Gladiola (Devonian) Pool Production from all wells presently completed or hereafter drilled on the Lea State "AV" Lease, comprising the NW/4 of Section 19, T-12-S, R-38-E, NMPM, Lea County, New Mexico. On October 31, 1962 under Administrative Order PC-106 authority to commingle production from the Gladiola (Devonian) and Gladiola (Wolfcamp) Pools on this lease was granted.

Because of the present low production rate at the subject lease, the operation and maintenance of an LACT unit is no longer justified. It is requested the the NMOCC Order No. R-1790 be cancelled and Gulf Oil Corporation will remove the LACT unit. Arrangements with the transporter are being made for running the crude from this lease by conventional methods.

Yours very truly,

GULF OIL CORPORATION

Fred G. Courtney
Fred G. Courtney
Area Production Manager

NM/rn

cc: Oil Conservation Commission
P.O. Box 1980
Hobbs, New Mexico 88240

Service Pipeline Co.
3411 Knoxville Ave.
Lubbock, Texas 79413

M. I. Taylor
Roswell, New Mexico



OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

Case 2087

March 2, 1962

Gulf Oil Corporation
P. O. Box 1938
Roswell, New Mexico

Attention: Mr. W. A. Shellshoe

Gentlemen:

Reference is made to your letter of February 21, 1962, wherein you request that the meter proving frequency for the Bradie D-58-B meter used in your Lea-State "AV" Lease Automatic Custody Transfer System be extended from once a month to once each three months.

Inasmuch as the previous history of this meter, as reflected by the tabulation of meter factors as well as the graph which you enclosed, indicates that reliable performance has been consistently achieved, the three-month testing frequency is hereby approved.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/DSH/eq

cc: Mr. C. F. Sines
Service Pipeline Company
Lovington, New Mexico

Mr. Joe D. Ramey
Oil Conservation Commission
Hobbs, New Mexico

C
O
P
Y

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. 2067
Order No. R-1790

APPLICATION OF GULF OIL CORPORATION
FOR APPROVAL OF AN AUTOMATIC CUSTODY
TRANSFER SYSTEM IN THE GLADIOLA
(DEVONIAN) 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 September 21, 1960, at Santa Fe, New Mexico, before Daniel S. Hutter, 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 3rd day of October, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Hutter, 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, Gulf Oil Corporation, is the owner and operator of the Lea-State "AV" Lease, comprising the NW/4 of Section 19, Township 12 South, Range 38 East, NEPM, Lea County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the Gladiola (Devonian) Pool production from all wells presently completed or hereafter drilled on the above-described Lea-State "AV" 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.

-2-

CASE No. 2087
Order No. R-1790

IT IS THEREFORE ORDERED:

That the applicant, Gulf Oil Corporation, be and the same is hereby authorized to install an automatic custody transfer system to handle the Gladiola (Devonian) Pool production from all wells presently completed or hereafter drilled on the Lea-State "AY" Lease, comprising the NW/4 of Section 19, Township 12 South, Range 18 East, N34E, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all Devonian wells located on the above-described Lea-State "AY" 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, or in the alternative, shall so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full.

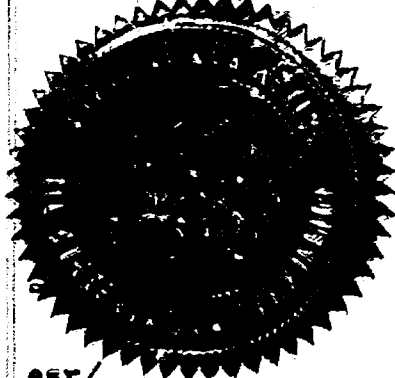
IT IS FURTHER ORDERED:

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 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

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY DIRECTOR

P. O. BOX 871
SANTA FE

Mr. Bill Eastler
Gulf Oil Corporation
Box 889
Lawson, New Mexico

Re: Case No. 2087
Order No. E-1/90
Applicant:
Gulf Oil Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC ☒ _____
Artesia OCC _____
Aztec OCC _____

Other _____

DOCKET: EXAMINER HEARING, WEDNESDAY, SEPTEMBER 21, 1960

The following cases will be heard before Daniel S. Nutter, Examiner, or Oliver E. Payne, Attorney, as Alternate Examiner:

* Case Nos. 2083 through 2089 will not be heard before 1 p.m.

CASE 2055: (Continued)

Application of Aztec Oil & Gas Company for a gas-gas dual completion utilizing two strings of casing. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hanks Well No. 12-D, located in Unit H, Section 7, Township 27 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Fulcher Kutz-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4 1/2-inch casing cemented in a common well bore. Applicant proposes to install 2 3/8-inch tubing to produce the Dakota gas.

NEW CASESCASE 2073:

Application of Aztec Oil & Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hanks Well No. 18-D, located in Unit B, Section 5, Township 27 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Fulcher Kutz-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4 1/2-inch casing cemented in a common well bore. Applicant also proposes to install 2 3/8-inch tubing to produce the Dakota gas.

CASE 2074:

Application of Aztec Oil & Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hanks Well No. 16-D, located in Unit K, Section 6, Township 27 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Fulcher Kutz-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4 1/2-inch casing cemented in a common well bore. Applicant also proposes to install 2 3/8-inch tubing to produce the Dakota gas.

CASE 2075: Application of Aztec Oil & Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hanks Well No. 15-D, located in Unit B, Section 6, Township 27 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Fulcher Kutz-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4 1/2-inch casing cemented in a common well bore. Applicant also proposes to install 2 3/8-inch tubing to produce the Dakota gas.

CASE 2076: Application of Aztec Oil & Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hare Well No. 15-D located in Unit D, Section 10, Township 29 North, Range 10 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Aztec-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 7/8-inch and 4 1/2-inch cemented in a common well bore. Applicant also proposes to install 2 3/8-inch tubing to produce the Dakota gas.

CASE 2077: Application of El Paso Natural Gas Company and Sinclair Oil & Gas Company for two non-standard gas proration units. Applicants, in the above-styled cause, seek an order establishing two 191-acre non-standard gas proration units in the South Blanco-Pictured Cliffs Gas Pool, Rio Arriba County, New Mexico, one comprising the NE/4 and lots 1 and 2 of Section 18, the other comprising the SE/4 and lots 3 and 4 of said Section 18, both in Township 24 North, Range 3 West. Said units are to be dedicated respectively to the Tonkin Federal Well No. 3, located 1470 feet from the North line and 1750 feet from the East line of said Section 18 and to the Tonkin Federal Well No. 4, located 1500 feet from the South line and 990 feet from the East line of said Section 18.

CASE 2078: Application of Chambers & Kennedy for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Monterey State Well No. 2, Unit D, Section 32, Township 18 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from an undesignated Yates oil pool and the production of oil from the North Shugard Queen-Grayburg Pool through parallel strings of 1 1/2-inch and 2 3/8-inch tubing respectively.

CASE 2079: Application of Socony Mobil Oil Company for a "slim-hole" oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its E. O. Carson Well No. 23, located 760 feet from the South line and

860 feet from the West line of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Paddock Pool and the production of oil from the Wantz-Abo Pool using parallel stings of 2 7/8-inch tubing cemented in a common well bore.

CASE 2080:

Application of W. H. Swearingen for an amendment of Order No. R-1748. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1748 to include the SE/4 NW/4 of Section 21 with the remainder of the N/2 of said Section 21, both in Township 18 South, Range 26 East, Eddy County, New Mexico, to form a standard 320-acre gas unit in the Atoka-Pennsylvanian Gas Pool. Applicant further seeks a determination of the well costs which are to be paid by the parties.

CASE 2081:

Application of Phillips Petroleum Company and Phillips Chemical Company for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks permission to commingle the production from the Vacuum Pool from all wells on the following-described portions of three State leases:

State Lease No. B-2073, SE/4 NE/4 of Section 19

State Lease No. B-2388, NW/4 SE/4 of Section 20

State Lease No. B-1501, NE/4 NW/4 of Section 29

all in Township 17 South, Range 35 East, Lea County, New Mexico.

CASE 2082:

Application of Pan American Petroleum Corporation for off-lease storage of oil. Applicant, in the above-styled cause, seeks an order authorizing it to store the Empire-Abo Pool production from its Malco "N" Lease (NW/4 and N/2 SW/4 of Section 15) in a separate tank battery to be located on its State "BR" Lease (NE/4 NE/4 of Section 16), both in Township 18 South, Range 27 East, Eddy County, New Mexico.

The following cases will not be heard before 1 p.m. on September 21, 1960.

CASE 2083:

Application of Gulf Oil Corporation for a 160-acre non-standard gas proration unit and for an order force-pooling the mineral interests therein. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests within the vertical limits of the Tubb Gas Pool in a 160-acre

non-standard gas proration unit consisting of the W/2 E/2 of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico, including the following non-consenting interest owners: J. M. Newton, Ronald J. Byers, Robert E. Byers, and Constance E. Byers. Said unit is to be dedicated to the Naomi Keenum Well No. 2, located 660 feet from the South line and 1980 feet from the East line of said Section 14.

CASE 2084:

Application of Gulf Oil Corporation for permission to commingle the production from several separate pools and for permission to install two automatic custody transfer systems. Applicant, in the above-styled cause, seeks permission to commingle the production from the Brunson-Ellenburger Pool with production from the Hare Pool, and to commingle the production from the Terry-Blinebry Pool with the production from the North Paddock Pool, on its Harry Leonard "F" Lease, consisting of the E/2 of Section 2, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install two automatic custody transfer systems to handle the aforesaid commingled production.

CASE 2085:

Application of Gulf Oil Corporation for permission to commingle the production from several separate pools and for permission to install two automatic custody transfer systems. Applicant, in the above-styled cause, seeks permission to commingle the production from the Brunson-Ellenburger Pool with production from the Hare Pool, and to commingle the production from the Wantz-Abo Pool, Paddock Pool, Penrose-Skelly Pool and Drinkard Pool with the gas condensate production from the Tubb Gas Pool and the Blinebry Gas Pool, from all wells on its Eunice King Lease consisting of the N/2 of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install two automatic custody transfer systems to handle the aforesaid commingled production.

CASE 2086:

Application of Gulf Oil Corporation for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the Gladiola (Devonian) Pool production from all wells presently completed or hereafter drilled on the M. M. Harris Lease comprising the NW/4 of Section 8, Township 12 South, Range 38 East, Lea County, New Mexico.

CASE 2087:

Application of Gulf Oil Corporation for an automatic custody transfer system. Applicant, in the above-styled cause seeks an order authorizing the installation of an automatic custody transfer system to handle the Gladiola (Devonian) Pool production from all wells presently completed or hereafter drilled

Docket No. 27-60

-5-

on the Lea-State "AV" Lease comprising the NW/4 of Section 19, Township 12 South, Range 38 East, Lea County, New Mexico.

CASE 2089:

Application of Tennessee Gas Transmission Company for an amendment of Order No. R-1755. Applicant, in the above-styled cause, seeks an order amending Order No. R-1755 to expressly designate the applicant as operator of the unit pooled in said order with all powers incidental to the proper operation of the unit including the power and authority to market the production from the unit well.

CASE 2089:

Application of Val R. Reese & Associates, Inc. for the promulgation of special rules and regulations governing the Escrito-Gallup Oil Pool. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations governing the drilling, spacing and production of oil and gas wells in the Escrito-Gallup Oil Pool, Rio Arriba County, New Mexico and further, to extend said pool to include all of Section 25, Township 25 North, Range 7 West.

Gulf Oil Corporation

MANAGER OFFICE OCC
ROSWELL PRODUCTION DISTRICT

1960 SEP 2 AM 8:41

W. A. Shellshear
DISTRICT MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
G. A. Price
DISTRICT SERVICES MANAGER

P. O. Drawer 669
Roswell, New Mexico

August 31, 1960

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Gentlemen:

Re: Application for Approval of ACT
System for Devonian Production,
Gladiola Pool, underlying Gulf's
Lea-State "AV" Lease, NW/4 Section
19, T-12-S, R-38-E, Lea County,
New Mexico

Gulf Oil Corporation herewith makes application for exception to the applicable Rules and Regulations of the New Mexico Oil Conservation Commission to install and operate automatic custody transfer equipment for Devonian production on the subject lease.

Gulf will request exception to NMOCC's Rule 309 (a) which requires measurement of oil in tanks before such oil is transported from the lease.

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

- (A) Applicant is the owner and operator of the Lea-State "AV" Lease, which consists of the NW/4 of Section 19, T-12-S, R-38-E, Lea County, New Mexico. Lease plat is attached.
- (B) There is no diversity of royalty ownership underlying the above described lease.
- (C) The proposed ACT installation will have adequate facilities for all required tests and will result in efficient accounting of crude oil transferred to the pipeline gathering system.
- (D) The granting of this application is in the interest of conservation and will protect correlative rights.
- (E) By copy of this letter, all offset operators and the pipeline concerned are notified of this application.



Case 2087

9-9-60
[Handwritten signature]

Oil Conservation Commission

August 31, 1960

Page 2.

Gulf Oil Corporation respectfully requests that this matter be set for Examiner Hearing at an early date.

Respectfully submitted,

GULF OIL CORPORATION

By: W. A. Shellshear
W. A. Shellshear

JHH:hs

Attachment

cc: Oil Conservation Commission
Post Office Box 2045
Hobbs, New Mexico

Sinclair Oil & Gas Company
Post Office Box 1470
Hobbs, New Mexico

Pan American Petroleum Corporation
Post Office Box 68
Hobbs, New Mexico

Texas Crude Oil Company
1201 V & J Tower
Midland, Texas

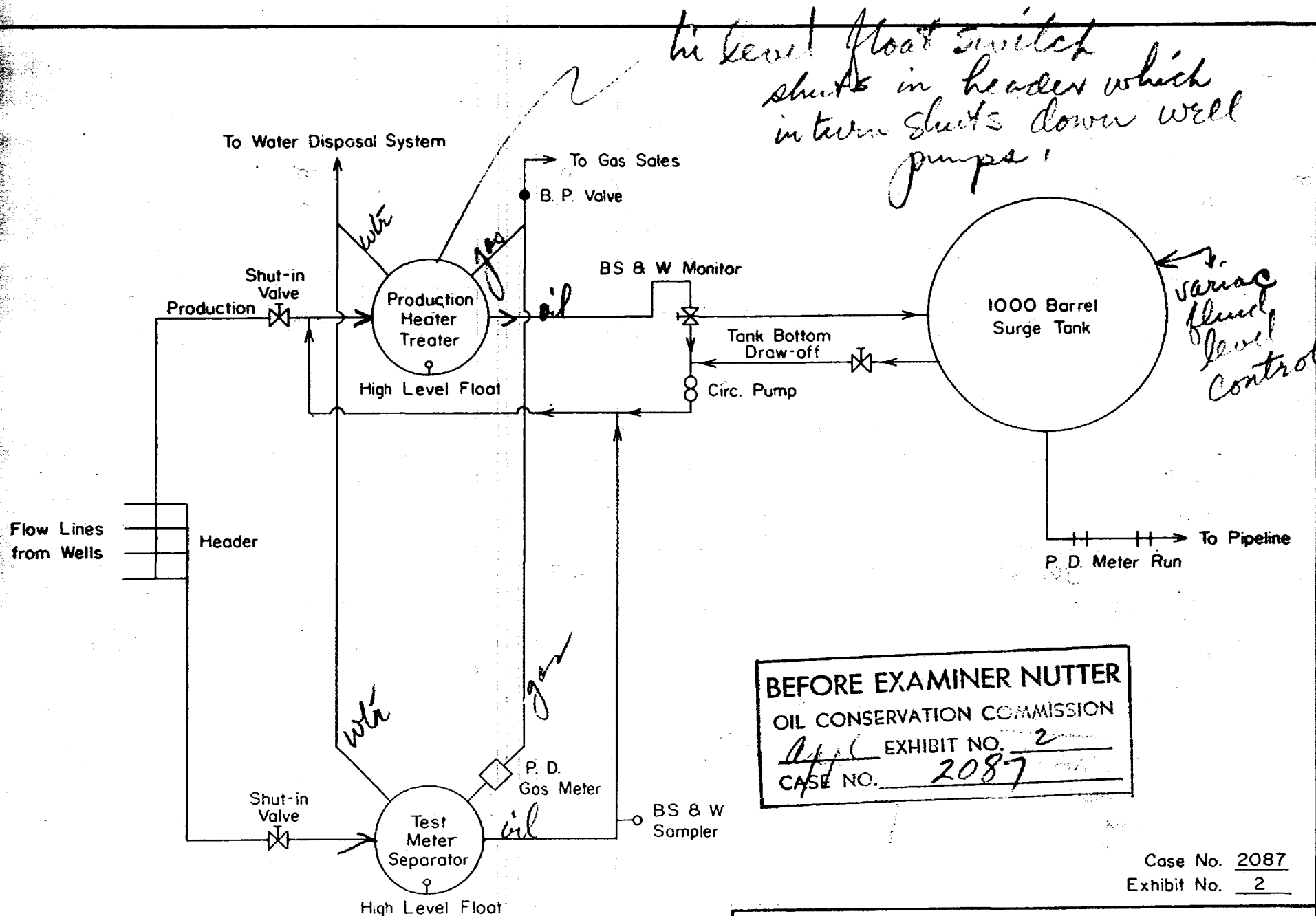
J. D. Hancock Oil Company, Ltd.
Post Office Box 1578
Midland, Texas

Service Pipe Line Company
Pan American Petroleum Corporation Building
1628 - 19th Street
Lubbock, Texas



Case No. 2087
Exhibit No. 1

Exhibit No. 1



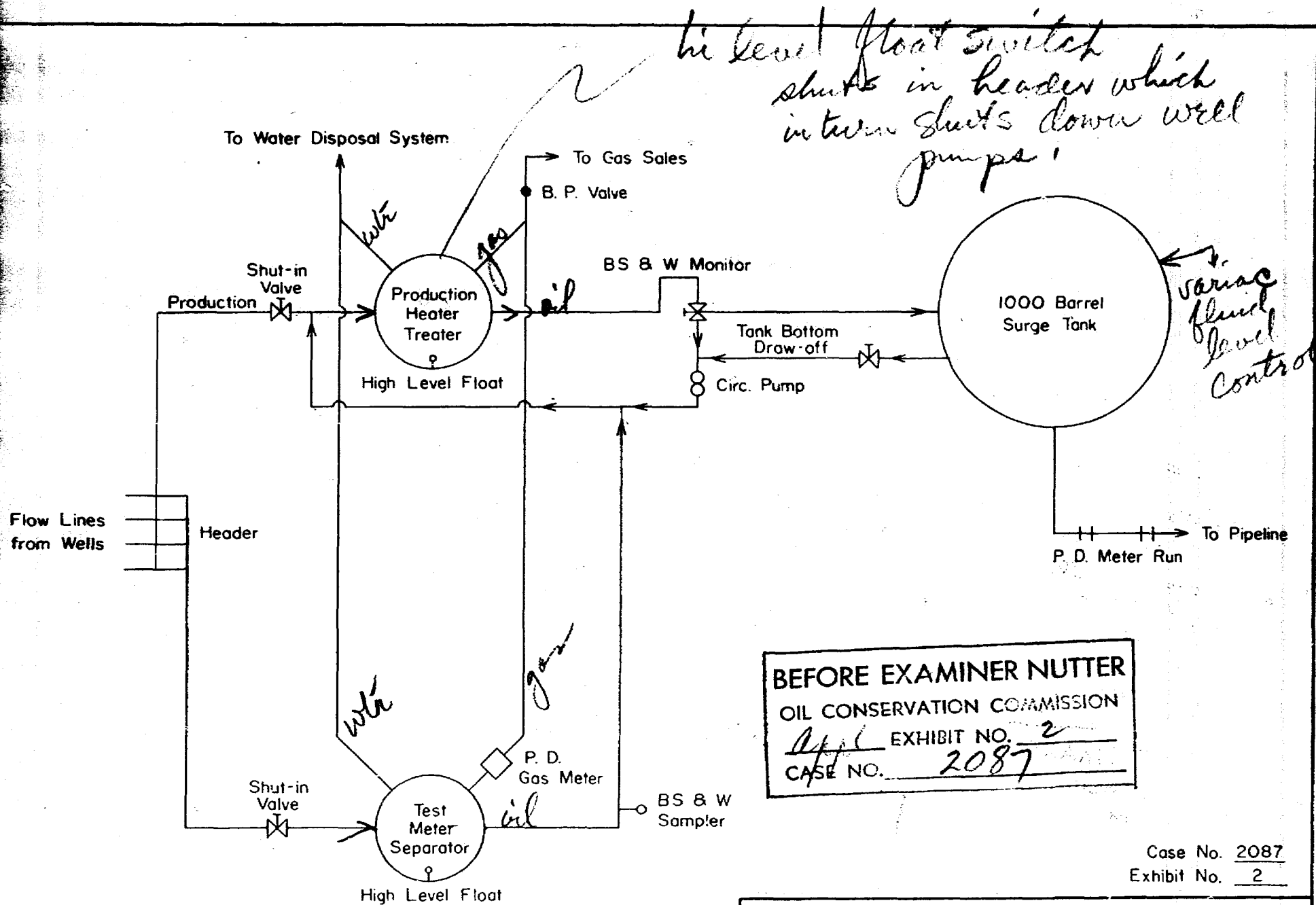
BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 2087

Case No. 2087
Exhibit No. 2

PRODUCTION FLOW DIAGRAM OF LEA
STATE "AV" TANK BATTERY AND LACT

Gulf Oil Corporation

September 21, 1960



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 2087

Case No. 2087
Exhibit No. 2

PRODUCTION FLOW DIAGRAM OF LEA
STATE "AV" TANK BATTERY AND LACT

Gulf Oil Corporation

September 21, 1960

BEFORE EXAMINER NUTTER

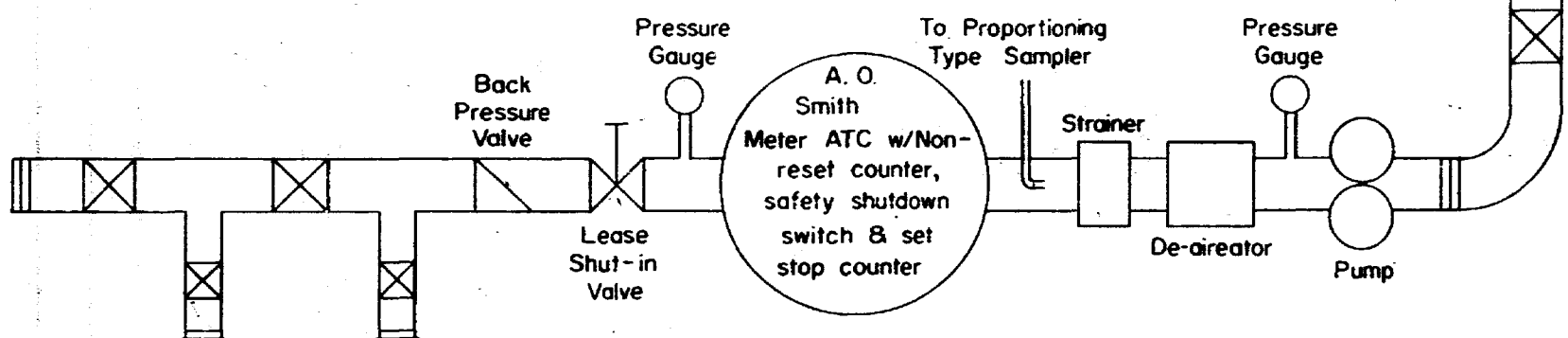
OIL CONSERVATION COMMISSION

Lea EXHIBIT NO. 3

CASE NO. 2087

CENTRAL BATTERY LACT UNIT

Surge Tank



Master Meter Prover
Connections with
Pipeline Seals and
Evertite quick change
couplings w/dust caps

Case No. 2087
Exhibit No. 3

PROPOSED AUTOMATIC CUSTODY
TRANSFER SYSTEM

Lea State "AY" Lease

Gulf Oil Corporation

September 21, 1960