

CASE 2093: Application of Humble for
amendment of R-1630-B to permit com-
mingling of Empire-Abo prod. from all
wells in leases in Chalk Bluff Draw.

Case No.

2093

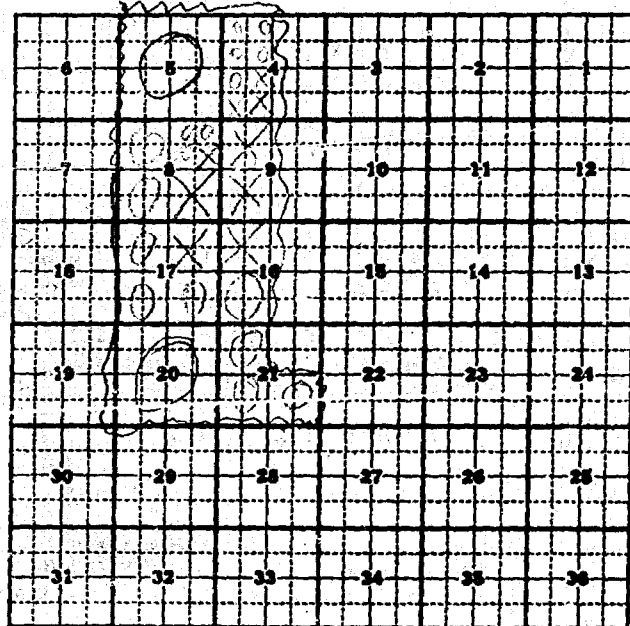
Application, Transcript,
Small Exhibits, Etc.

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MAIL OFFICE
BEFORE THE OIL CONSERVATION COMMISSION

1900 SEP 18 8:20
OF THE STATE OF NEW MEXICO

APPLICATION OF HUMBLE OIL & REFINING
COMPANY FOR THE AMENDMENT OF ORDER
NO. R-1630-B TO PERMIT THE COMMINGLING
OF THE PRODUCTION FROM ADDITIONAL
SEPARATE LEASES AND THE APPROVAL OF AN
AUTOMATIC CUSTODY TRANSFER SYSTEM TO
HANDLE SAID ADDITIONAL COMMINGLED PRO-
DUCTION IN THE EMPIRE-ABO POOL, EDDY
COUNTY, NEW MEXICO

CASE NO. 2093

To: Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Comes now Humble Oil & Refining Company and makes application
as follows:

1. Humble requests that Order No. R-1630-B be amended to
authorize Humble to commingle the Empire-Abo Pool production from
all wells presently completed or hereafter drilled in the following
described lands in the Chalk Bluff Draw Unit Area:

Township 18 South, Range 27 East, N.M.P.M.

Section 4 - W $\frac{1}{2}$;
Section 5 - All;
Section 8 - All;
Section 9 - W $\frac{1}{2}$;
Section 16 - W $\frac{1}{2}$;
Section 17 - All;
Section 20 - All;
Section 21 - W $\frac{1}{2}$, SW $\frac{1}{4}$;
SE $\frac{1}{4}$

2. Applicant requests an exception to the 16-well limitation
of Rule 309(a) to exempt the Abo production from the above described
lands.

3. Applicant will separately meter the production from each
lease in the above described lands in the Chalk Bluff Draw Unit
until such time as it is included in a participating area for
Empire-Abo Pool production.

*Booked
mailed
9-19-60
Jh*

4. Applicant requests authority to handle the said commingled Empire-Abo Pool production by means of automatic custody transfer equipment.

It is requested that this Application be set down for hearing before an Examiner at the earliest scheduled hearing.

Respectfully submitted,

HUMBLE OIL & REFINING COMPANY

By Howard C. Bratton
Hervey, Dow & Hinkle
P. O. Box 547
Roswell, New Mexico

Attorneys for Applicant

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. 1948
Order No. R-1630-B

APPLICATION OF HUMBLE OIL & REFINING
COMPANY FOR PERMISSION TO COMMINGLE THE
PRODUCTION FROM SEVERAL SEPARATE LEASES
AND FOR APPROVAL OF AN AUTOMATIC CUSTODY
TRANSFER SYSTEM IN THE EMPIRE-ABO POOL,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
April 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 Regula-
tions.

NOW, on this 9th day of May, 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, Humble Oil & Refining Company, is
the operator of the Chalk Bluff Draw Unit in the Empire-Abo Pool,
Eddy County, New Mexico, which unit consists of the following-
described acreage:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 4: SE/4 SW/4, NE/4 SW/4, and SW/4 SW/4
Section 8: SE/4 NE/4 and SE/4
Section 9: W/2
Section 16: NW/4
Section 17: NE/4

(3) That there are some 14 separate leases included in
the above-described Chalk Bluff Draw Unit. ✓

(4) That the applicant seeks permission to commingle the
Empire-Abo Pool production from all wells presently completed

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CASE No. 1948
Order No. R-1630-B

or hereafter drilled in the said Chalk Bluff Draw Unit and it further seeks approval of an automatic custody transfer system to handle said commingled Empire-Abo Pool production.

(5) That while all the subject acreage is within the Chalk Bluff Draw Unit, a participating area for Empire-Abo Pool production has not yet been established.

(6) That by Order R-1630 and R-1630-A the applicant was authorized to commingle the Empire-Abo Pool production from three leases in the Chalk Bluff Draw Unit, which leases comprise the following-described acreage, SE/4 SW/4 of Section 4, E/2 NW/4 of Section 9, and E/2 SW/4 of Section 9 all in Township 18 South, Range 27 East, Eddy County, New Mexico.

(7) That said Order P-1630 and R-1630-A set forth the procedure to be used by the applicant in measuring the production from each of the three above-described leases.

(8) That the applicant proposes to separately meter the production from each of the other leases in the Chalk Bluff Draw Unit until such time as said leases have been included in a participating area for Empire-Abo Pool production from said Chalk Bluff Draw Unit.

(9) 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.

(10) That the applicant proposes to install high-level emergency switches which will shut-in the wells at the header in the event the automatic custody transfer system shuts off the flow of oil to the pipeline. Further, that the applicant will install plastic-coated, corrosion-resistant high pressure flow lines from the wells to the header.

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to commingle the Empire-Abo Pool production from all wells presently completed or hereafter drilled in the Chalk Bluff Draw Unit comprising the following-described acreage in Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 4: SE/4 SW/4, NE/4 SW/4 and SW/4 SW/4
Section 8: SE/4 NE/4 and SE/4
Section 9: W/2
Section 16: NW/4
Section 17: NE/4

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CASE No. 1948

Order No. R-1630-B

PROVIDED HOWEVER, That the production from each lease included in the Chalk Bluff Draw Unit shall be separately metered until such time as it is included in a participating area for Empire-Abo Pool production, except that the production from the three leases described in Order R-1630 and R-1630-A shall be measured as set forth in said Orders.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle said commingled Empire-Abo Pool production from all wells presently completed or hereafter drilled in the said Chalk Bluff Draw Unit.

PROVIDED FURTHER, That storage tanks shall be equipped with a high-level emergency shut-in switch which will shut in the leases at the lease-header in the event the high-level switch fails, and that the flow-lines leading from the wells to the header shall be plastic-coated high-pressure lines.

(3) That the applicant shall provide adequate facilities to permit the testing of all Empire-Abo Pool wells located in the Chalk Bluff Draw Unit at least once each month to determine the individual production from each well.

(4) That all meters 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 intervals not to exceed one 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, Chairman

MURRAY E. MORGAN, Member

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

S E A L

esr/

State of New Mexico
Oil Conservation Commission

P. O. BOX 671
SANTA FE

Mr. Howard Bratton
Hervey, Dow & Hinkle
Box 547
Roswell, New Mexico

Humble Oil & Ref. Co.

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

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

Carbon copy of order also sent to:

Hobbs OCC 2
Artesia OCC 2
Aztec OCC 2

Other _____

Case No. 2093

Heard 10-5-60

Recom. 10-5-60

1. Grant Humble the requested amendment to R-1630-B which is to include all lands n. 18S-27E as described in their application. (Expansion of ~~area~~ area to be commingled.
2. Approve AET system for Chalk Bluff Draw with
3. All ~~wells~~ ^{Leases} not in participating area shall be metered separately until they are in part. area.
4. Grant exception to 309(a) for more than 16 wells.
5. Proceeds R-1630-B.

Thos. A. [Signature]

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. 2093
Order No. R-1799

APPLICATION OF HUMBLE OIL & REFINING
COMPANY FOR AN AMENDMENT OF ORDER
NO. R-1630-B TO PERMIT COMMINGLING
FROM ADDITIONAL SEPARATE LEASES AND
FOR APPROVAL OF AN AUTOMATIC CUSTODY
TRANSFER SYSTEM IN THE CHALK BLUFF
DRAW UNIT AREA, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
October 5, 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 24th day of October, 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, Humble Oil & Refining Company, is
the operator of numerous leases on the following-described lands
in the Chalk Bluff Draw Unit Area, Empire-Abo Pool, Eddy County,
New Mexico:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 4: W/2
Section 5: All
Section 8: All
Section 9: W/2
Section 16: W/2
Section 17: All
Section 20: All
Section 21: W/2 and SE/4

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CASE No. 2093
Order No. R-1799

(3) That the applicant seeks permission to commingle the Empire-Abo Pool production from all wells presently completed or hereafter drilled on the above-described lands in the Chalk Bluff Draw Unit Area, and it further seeks approval of an automatic custody transfer system to handle said production.

(4) That the applicant proposes to separately measure the production from each lease on the above-described lands in the Chalk Bluff Draw Unit Area, prior to commingling, until such time as it is included in a participating area for Empire-Abo Pool production.

(5) That inasmuch as Order Nos. R-1630, R-1630-A and R-1630-B authorize the commingling of Empire-Abo Pool production and the installation of an automatic custody transfer system to handle said production on only certain of the lands included in the present application and included in this order, said orders should be superseded.

(6) 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.

(7) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Humble Oil & Refining Company, be and the same is hereby authorized to commingle the Empire-Abo Pool production from all wells presently completed or hereafter drilled on the following-described lands in the Chalk Bluff Draw Unit Area, Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 4: W/2
Section 5: All
Section 8: All
Section 9: W/2
Section 16: W/2
Section 17: All
Section 20: All
Section 21: W/2 and SE/4

PROVIDED HOWEVER, That the production from each lease on the above-described lands in the Chalk Bluff Draw Unit Area shall be separately metered prior to commingling until such time as it is included in a participating area for Empire-Abo Pool production.

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CASE No. 2093
Order No. R-1799

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle said commingled Empire-Abo Pool production.

PROVIDED HOWEVER, That storage tanks shall be equipped with a high-level emergency shut-in switch which will shut in the leases at the lease-header in the event the high-level switch fails, and that the flow-lines leading from the wells to the header shall be plastic-coated high-pressure lines.

(3) That the applicant shall provide adequate facilities to permit the testing of all Empire-Abo Pool wells located in the Chalk Bluff Draw Unit at least once each month to determine the individual production from each well.

(4) That all meters 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 intervals not to exceed one 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."

(5) That Order Nos. R-1630, R-1630-A and R-1630-B be and the same are hereby superseded.

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

M. E. Morgan
MURRAY E. MORGAN, Member

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

esr/

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

In the Matter of:

CASE 2093 Application of Humble Oil & Refining Company for an amendment of Order No. R-1630-B to permit commingling from additional separate leases and for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1630-B to permit the commingling of the Empire-Abo Pool production from all wells on certain additional leases in the Chalk Bluff Draw Unit Area, Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle the aforesaid commingled production.

Mabry Hall
State Capitol Building
October 5, 1960

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 2093.

MR. PAYNE: Case 2093, "Application of Humble Oil and Refining Company for an amendment of Order No. R-1630-B to permit commingling from additional separate leases and for approval of an automatic custody transfer system."

MR. BRATTON: Howard Iratton appearing on behalf of the Applicant, Humble Oil and Refining Company. We have one

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ALBUQUERQUE, NEW MEXICO



Witness and ask that he be sworn in for brief testimony.

(Witness sworn in.)

LEE PERRY

a witness, called by and on behalf of the Applicant, having first been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. BRATTON:

Q Your name is Lee Perry, you are employed by the Humble Oil and Refining Company and you have appeared before this Commission as an expert witness in connection with this same matter previously, is that correct?

A I have.

(Thereupon, the document was marked as Applicant's Exhibit A for identification.)

Q (By Mr. Bratton) Referring to--by reference to your Exhibit A, will you explain the purpose of Humble's application there?

A We have three purposes in this application. We wish to obtain an amendment to Order R-1630-B to temporarily permit us to commingle the Empire-Abo production from all present and future wells within the position of the Abo and Chalk Bluff Draw Unit shown in the red perimeter here; second, to allow us to produce more than sixteen wells into each of one or more batteries, and to authorize or permit us to handle this production by automatic custody transfer at these batteries.

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Q All right, sir. Now, referring to the first portion, to permit the commingling, you talk about temporarily, that's with reference to your participating area, the land in and the land outside --

A That is right.

Q --that's shown on your exhibit?

A The presently approved participating area is shown outlined in green on the Exhibit A; the land that was taken and approved for commingling under R-1630-B is shown outlined in orange.

Q All right, sir; then you need permission to commingle the production from outside the approved participating areas with that inside?

A That's right.

Q Now, the area that we have requested in our application consists of what?

A It consists of a portion of Township 18 South, Range 27 East, consists of the west half of Section 4, all of Sections 5, 8, 17 and 20, the west half of Sections 9 and 16 and the west half and the southeast quarter of Section 21, Eddy County, New Mexico.

MR. BRATTON: We had that southeast quarter of Section 21 described as the southwest quarter in our application --

MR. UTZ: Yes, sir.

MR. BRATTON: --and I'd ask the Examiner please change that.

MR. UTZ: Wait a minute.



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MR. BRATTON: The advertisements are right, I believe, sir.

MR. UTZ: That is the west half of the southwest quarter should be --

MR. BRATTON: It should be the west half --

A The west half and the southeast quarter.

MR. UTZ: And the southeast quarter, okay.

Q (By Mr. Bratton) The ownership of the leases is not common?

A No.

Q All right, sir; and what are the advantages of this commingling?

A By commingling into a common tank battery, which will be the same tank battery we'll use when all of the good wells in the area are included in the participating area, we'll save considerable tankage and storage from all the production outside of the participating area until the participating area takes in the whole unit for the whole of the productive acreage.

Q And the way the trend of the Abo keeps changing, you can't foresee it, and it actually so changed on you and you had some delay in drilling?

A That's right; since our last hearing, the trend has changed from more or less southwest to southerly, it seems right now, the apparent trend, I'll put it that way. Actually, at this time, there is no way of telling which of the area surrounding the proven acreage will be productive, and for that reason, we are



asking that the designation of that area be approved for commingling. This area is the land in the Chalk Bluff Draw Unit, which is roughly within a mile of existing Abo production.

(Thereupon, the document was marked as Applicant's Exhibit B for identification.)

Q (By Mr. Bratton) All right, sir, will you refer to your Exhibit B now, Mr. Perry?

A Exhibit B is a schematic diagram of the commingling and LACT facilities which are now installed at Battery Number 1. The commingling is the TP and the ACT at the bottom as it is labeled.

Q All right, sir; is there anything about that exhibit that needs explanation or is it self-explanatory?

A I believe it's self-explanatory; that was gone through in some detail in Case 1948, the only difference is that we propose to put all of the participating area production through the permanent header "Q" up in the upper left hand corner there and the production and metering separator is there and we are now putting wells one through ten through that setup. The wells thirteen and fourteen right now are going through temporary meter separators as shown over here in the upper right hand corner. Any future wells that are brought in until the participating area covers them will go through those meter separators.

Q You have no objection to this proposal from the working interest owners or the royalty owners?

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PHONE CH 3-6691

A No.

Q And the commingling application, in your opinion, will be in the interests of conservation and prevention of economic waste and will protect correlative rights?

A Yes, sir.

Q All right. Now, with reference to the portion of your request to produce more than sixteen wells into the battery, will you explain that briefly, sir?

A Yes sir, we now have fourteen wells going into the Battery Number 1, and hope to have some more coming in from over there where the location of Number 17 is indicated, possibly might have some others within the area we are asking for commingling, they could come, for that matter, from the two to the northwest and that would give us over our sixteen for any other battery. We want the same permission in the interests of economy and conservation.

Q And you referred to more than one battery; you are requesting approval to put another battery on this unit?

A Yes sir, since we are not sure of the eventual extent of the Abo and Chalf Bluff Draw Unit, we have not requested where the specific battery should be located, and we haven't decided definitely that we will have to set one up. However, Battery Number Two will be necessary if the limits extent further out, and at present the most likely position for this battery is in the southwest quarter of Section 17, referring back to Exhibit A, we would like to be allowed flexibility in the decision to build a



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new battery, and the location. I believe this definitely would be in the interests of conservation. On one hand, it might be, if we complete only a few more producing units, it might be more than economical to produce them into Battery Number 1, depending upon their location; on the other hand, we might be unable to relay some of the flow lines from some of the wells now going to Battery Number 1 to a closer battery, again depending upon the location of the next new producers. Considering the paraphenic nature of this production and high cost of the lines, we have decided upon five thousand to six thousand feet as a maximum length of flow line. We believe that thirteen and fourteen in the south half of the northwest quarter of Section 16 are within this range of distances from the battery, and fifteen and sixteen now drilling are beyond.

Q Mr. Perry, the third part of your request concerns an ACT for this new battery?

A Yes sir, we wish permission to handle the production from wells in the enlarged commingling area by ACT, not only in Number 1, but also wish permission to equip the proposed battery Number 2 with ACT if and when it is constructed. Battery Number 2 would be built with commingling and ACT facilities identical with those at Battery Number 1 as shown on Exhibit B. The operation of these facilities was discussed in detail in Case 1948 and approved by Order R-1630-B. The same safeguards will be built and the flow lines will be tested at 1500 feet. *per*

Q Is there anything further you desire to state with regard



to this application, Mr. Perry?

A I believe I have covered everything I can think of.

Q Did you prepare Exhibit Numbers One and Two or were they prepared under your direction and supervision?

A Yes, sir.

MR. BRATTON: We will offer Exhibits One and Two in evidence, and we have nothing further to offer.

MR. UTZ: Without objection, Exhibits One and Two will be entered into the record.

Mr. Perry, is all of the land inside the red area on Exhibit Number One within the Chalf Bluff Draw Unit?

A Yes; I should have mentioned that the Chalf Bluff Draw Unit is outlined in heavy dotted blue lines on Exhibit A.

MR. UTZ: Yes, and would that consequently make the royalty interests in the area outside of the orange area common?

A It will when they are included within the participating area.

MR. UTZ: But until then, they are not?

A That is the nature of this temporary request for commingling.

MR. UTS: How do you propose to keep those interests separated in the area outside of the participating area, a separate meter on each lease?

A Yes, sir; referring back to Exhibit B, the meter separator "C" in the upper right hand corner will be used to meter each



separate lease. At present, as I have mentioned before, we have 13, Well Number 13, which is a Conoco well, and Well Number 14, which is a Hondo well, each going into one separate metering separator, and any additional wells, for instance, 15 and 16 are both Humble wells, they would go to a third meter separator.

MR. UTZ: Are there further questions? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements in this case? The case will be taken under advisement.

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ALBUQUERQUE, NEW MEXICO



I N D E X

WITNESS

PAGE

LEE PERRY

Direct Examination by Mr. Bratton

2

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ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) 58

I, JERRY MARTINEZ, Notary Public in and for the County of Santa Fe, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record of the proceedings to the best of my knowledge, skill and ability.

Dated at Albuquerque, New Mexico, this 6th day of October, 1960.

[Signature]
Notary Public

My Commission Expires:
January 24, 1962

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of case No. 5083, heard by me on October 5, 1960.

[Signature], Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DRAFT

RSM/esr
October 7

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

RSM
10/7
10/14

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2093
Order No. R- 1799

APPLICATION OF HUMBLE OIL & REFINING
COMPANY FOR AN AMENDMENT OF ORDER
NO. R-1630-B TO PERMIT COMMINGLING
FROM ADDITIONAL SEPARATE LEASES AND
FOR APPROVAL OF AN AUTOMATIC CUSTODY
TRANSFER SYSTEM IN THE CHALK BLUFF
DRAW UNIT AREA, EDDY COUNTY, NEW
MEXICO.

As of 10/10/60

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
October 5, 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 _____ day of October, 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, Humble Oil & Refining Company, is
the operator of numerous leases on the following-described lands
in the Chalk Bluff Draw Unit Area, Empire-Abo Pool, Eddy County,
New Mexico:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 4: W/2
Section 5: All
Section 8: All
Section 9: W/2
Section 16: W/2
Section 17: All
Section 20: All
Section 21: W/2 *and* SE/4

(3) That the applicant seeks permission to commingle the
Empire Abo Pool production from all wells presently completed or

hereafter drilled on the above-described lands in the Chalk Bluff Draw Unit Area, and it further seeks approval of an automatic custody transfer system to handle said production.

(4) That the applicant proposes to separately ~~meter~~ ^{measure} the production from each lease on the above-described lands in the Chalk Bluff Draw Unit Area ^{, prior to commingling,} until such time as it is included in a participating area for Empire-Abo Pool production.

~~(5) That the applicant proposes to continue to separately meter the production from the E/2 SW/4 of said Section 9 and to pass the production from the E/2 NW/4 of said Section 9 through a production separator before commingling.~~

(5) ~~That~~ That inasmuch as Order Nos ^R1630, ^R1630-A and ^R1630-B authorize the commingling of Empire-Abo Pool production and the installation of an automatic custody transfer system to handle said production ^{only certain of the} on lands included in the present application and included in this order, said orders should be superseded.

(6) ~~That~~ 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.

(7) ~~That~~ That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Humble Oil & Refining Company, be and the same is hereby authorized to commingle the Empire-Abo Pool production from all wells presently completed or hereafter drilled on the following-described lands in the Chalk Bluff Draw Unit Area, Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 4: W/2
Section 5: All
Section 8: All
Section 9: W/2
Section 16: W/2
Section 17: All
Section 20: All
Section 21: W/2 ^{and} SE/4

PROVIDED HOWEVER, That the production from each lease on the above-described lands in the Chalk Bluff Draw Unit Area shall be separately metered ^{prior to commingling} until such time as it is included in a participating area for Empire-Abo Pool production, and that the ~~production from the E/2 SW/4 of said Section 9 shall be separately metered and the production from the E/2 NW/4 of said Section 9 shall be passed through a production separator before commingling.~~

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle said commingled Empire-Abo Pool production.

PROVIDED HOWEVER, That storage tanks shall be equipped with a high-level emergency shut-in switch which will shut in the leases at the lease-header in the event the high-level switch fails, and that the flow-lines leading from the wells to the header shall be plastic-coated high-pressure lines.

(3) That the applicant shall provide adequate facilities to permit the testing of all Empire-Abo Pool wells located in the Chalk Bluff Draw Unit at least once each month to determine the individual production from each well.

(4) That all meters 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 intervals not to exceed one 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."

(5) That Order Nos. ^{R-}1630, ^{R-}1630-A and ^{R-}1630-B be and the same are hereby superseded.

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