

*Entered September 22, 1958  
C.H.O.*

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. 1497  
Order No. R-1243

APPLICATION OF AMBASSADOR OIL  
CORPORATION FOR PERMISSION TO  
INSTALL CENTRAL STORAGE FACILITIES  
AND AUTOMATIC CUSTODY TRANSFER  
EQUIPMENT ON THE NORTH CAPROCK QUEEN  
UNIT NO. 2, CAPROCK QUEEN POOL, CHAVES  
AND LEA COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 20, 1958, 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 17<sup>th</sup> day of September, 1958, 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, Ambassador Oil Corporation, is the unit operator of the North Caprock-Queen Unit No. 2 in the Caprock-Queen Pool, Chaves and Lea Counties, New Mexico, which unit was established and defined by Order No. R-1194.
- (3) That the applicant proposes to install central storage facilities and automatic custody transfer equipment on the North Caprock-Queen Unit No. 2.
- (4) That the applicant proposes to produce all wells in the North Caprock-Queen Unit No. 2 into the common tank battery referred to above.

(5) That the applicant proposes to measure the oil passing through the automatic custody transfer equipment by means of positive displacement meters.

(6) That positive displacement meters provide an accurate and reliable means for measuring oil and their use should be permitted.

(7) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown that such equipment is a reliable and economic means of transferring the custody of oil and that the use of such equipment should be permitted.

(8) That the applicant should be permitted to produce more than sixteen wells into the proposed central tank battery provided each well which is producing into said battery is periodically tested to determine the production from said well.

(9) That the positive displacement meters used in the above-described system should be periodically checked for accuracy.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Ambassador Oil Corporation, be and the same is hereby authorized to produce into a common tank battery all wells in the North Caprock-Queen Unit No. 2 in the Caprock-Queen Pool, Chaves and Lea Counties, New Mexico, which unit was established and defined by Order No. R-1194.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment utilizing positive displacement meters on the aforementioned North Caprock-Queen Unit No. 2.

PROVIDED HOWEVER, That the applicant shall make periodic production tests of all wells producing into the common tank battery to determine the individual production of said wells.

PROVIDED FURTHER, That the positive displacement meters used in the automatic custody transfer equipment referred to above shall be checked for accuracy at intervals and in a manner satisfactory to the Commission.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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

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