

*Entered April 11, 1960  
C.S.*

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. 1926  
Order No. R-1643

APPLICATION OF HONDO OIL & GAS  
COMPANY FOR APPROVAL OF AN AUTO-  
MATIC 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 March 23, 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 4th day of April, 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 State 647 lease comprising the following-described acreage in Eddy County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 31: E/2 E/2  
Section 32: SW/4 and NE/4

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 6: NE/4 SE/4, S/2 NE/4, and NE/4 NE/4

(3) That the applicant proposes to install an automatic custody transfer system to handle the Empire-Abo Pool production from all wells presently completed or hereafter drilled on said State 647 lease.

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(4) That all meters used in the above-described automatic custody transfer system should be checked for accuracy once each month and the results of such tests furnished to the Commission.

(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, provided adequate safety features are incorporated.

IT IS THEREFORE ORDERED:

That the applicant, Hondo Oil & Gas Company, be and the same is hereby authorized to install automatic custody transfer equipment to handle the Empire-Abo Pool production from all wells presently completed or hereafter drilled on its State 647 lease comprising the following-described acreage in Eddy County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 31: E/2 E/2  
Section 32: SW/4 and NE/4

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 6: NE/4 SE/4, S/2 NE/4, and NE/4 NE/4

PROVIDED HOWEVER, That the applicant shall install high level safety shut-in switches in the storage tanks which will shut-in the wells at the header, thus preventing the overflow of oil in the event of malfunction of the equipment.

PROVIDED FURTHER, That the automatic custody transfer system shall be so equipped as to shut-in the flowing wells at the wellhead in the event of a flow-line break.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on said State 647 lease at least once each month to determine the individual production from each well.

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.

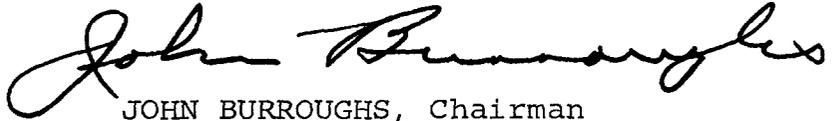
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That meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

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

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