Entered March 16, 1961 225
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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. 2178
Order No. R-1874

APPLICATION OF HUMBLE OIL & REFINING
COMPANY FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM SEVERAL SEPARATE
LEASES, AND FOR AN AUTOMATIC CUSTODY
TRANSFER SYSTEM, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 8, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 15th day of February, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 owner and operator of the following-described leases located in Township 31 North, Range 17 West, NMPM, San Juan County, New Mexico:

Navajo "F" Lease, consisting of all of Sections 3, 4, 9, and 10

Navajo "G" Lease, consisting of all of Sections 1, 2, 11, and 12

Navajo "M" Lease, consisting of the NE/4 of Section 5.

(3) That the applicant proposes to commingle the Horseshoe-Gallup Oil Pool production from all wells presently completed or hereafter drilled on the above-described leases.

(4) That by Order No. R-1406 authorization was granted to commingle the production from the above-described Navajo "G" and Navajo "F" Leases, which order should now be superseded.

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

(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, is hereby authorized to commingle the Horseshoe-Gallup Oil Pool production from all wells presently completed or hereafter drilled on the following-described leases in Township 31 North, Range 17 West, NMPM, San Juan County, New Mexico:

Navajo "F" Lease, consisting of all of Sections 3, 4, 9, and 10

Navajo "G" Lease, consisting of all of Sections 1, 2, 11, and 12

Navajo "M" Lease, consisting of the NE/4 of Section 5.

(2) That Order No. R-1406 is hereby superseded.

(3) That the applicant is hereby authorized to install automatic custody transfer equipment to handle said commingled production.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described leases 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 leases are 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.

PROVIDED FURTHER, That if the applicant finds it necessary to add treating facilities to the proposed installation and/or if applicant should plan to remove one of the 1000-barrel tanks from the proposed installation, it shall notify the Santa Fe office of the Commission of the proposed modification of the installation and shall accompany such notification by a schematic drawing of the installation as proposed.

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

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

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

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