

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1275
Order No. R-1029

IN THE MATTER OF THE APPLICATION OF
SHELL OIL COMPANY FOR PERMISSION TO
INSTALL CENTRALIZED PRODUCTION TEST
FACILITIES AND AUTOMATIC CUSTODY
TRANSFER EQUIPMENT IN THE CARSON
UNIT AREA AND ON SEVEN SEPARATE LEASES
IN THE BISTI-LOWER GALLUP OIL POOL, 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 July 17, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 7th day of August, 1957, the Commission, a quorum being present, having considered the application and the evidence adduced, and being fully advised in the premises,

FINDS:

- (1) That due notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Shell Oil Company, is the unit operator of the Carson Unit Area. Further that the applicant is the operator of the following described oil and gas leases:

Phillips No. 2 Lease

Township 25 North, Range 12 West, N. M. P. M.

Section 4: Lots 1, 2 and S/2 NE/4

Section 9: N/2

Section 10: SW/4 and E/2

Section 15: All

Section 22: N/2 and SE/4

Section 27: W/2

Mudge No. 1 Lease

Township 25 North, Range 11 West, N. M. P. M.

Section 26: W/2

Section 27: S/2

Section 34: All

Mudge No. 2 Lease

Township 25 North, Range 11 West, N.M.P.M.
Section 4: SW/4
Section 9: W/2
Section 16: All

Mudge No. 4 Lease

Township 25 North, Range 12 West, N.M.P.M.
Section 21: All
Section 28: All
Section 33: All
Section 34: All

Anderson Lease

Township 25 North, Range 11 West, N.M.P.M.
Section 9: SE/4
Section 15: NW/4

Mohr Assignment Lease

Township 25 North, Range 11 West, N.M.P.M.
Section 22: NW/4

Mims Lease

Township 25 North, Range 12 West, N.M.P.M.
Section 3: Lots 1, 2, 3 and 4, S/2 N/2, and SE/4

All in San Juan County, New Mexico.

(3) That the applicant proposes to install centralized production test facilities in the Carson Unit Area and on each of the above described leases whereby production from the individual wells will be tested periodically and the oil measured by means of positive displacement meters.

(4) That the applicant also proposes to install automatic custody transfer equipment in the Carson Unit Area and on each of the above described leases whereby the oil production will be automatically tested for temperature, gravity, basic sediment and water, treated if necessary, and then measured by means of positive displacement meters as it passes into the pipeline.

(5) That the applicant seeks permission to produce more than eight wells into the above described central production test facilities and the automatic custody transfer stations.

(6) That the applicant proposes to commingle production from the participating area of the Carson Unit Area with production from wells outside the participating area of said unit, and to determine the individual well production by means of periodic production tests.

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

(8) That 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.

(9) That the production of more than eight wells into a central production test station and into an automatic custody transfer system should be permitted provided that each well in each of the several systems can be periodically tested, and provided that each of the positive displacement flow meters is periodically checked for accuracy.

(10) That each of the several systems should be so equipped as to prevent the undue waste of oil or gas in the event of malfunction or line break.

(11) That the applicant should not be permitted to commingle oil production from the participating area of the Carson Unit with oil production from outside the participating area, until the latter production has been measured in tanks or metered constantly by means of positive displacement meters.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, be and the same is hereby authorized to install central production test facilities and automatic custody transfer equipment on each of the following described leases and unit areas utilizing positive displacement meters for the measurement of oil from all wells in the Bisti-Lower Gallup Oil Pool and all extensions thereto, located on each of the said leases and unit areas:

Phillips No. 2 Lease

Township 25 North, Range 12 West, N.M.P.M.

Section 4: Lots 1, 2 and S/2 NE/4
Section 9: N/2
Section 10: SW/4 and E/2
Section 15: All
Section 22: N/2 and SE/4
Section 27: W/2

Mudge No. 1 Lease

Township 25 North, Range 11 West, N.M.P.M.

Section 26: W/2
Section 27: S/2
Section 34: All

Mudge No. 2 Lease

Township 25 North, Range 11 West, N.M.P.M.

Section 4: SW/4
Section 9: W/2
Section 16: All

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Mudge No. 4 Lease

Township 25 North, Range 12 West, N.M.P.M.

Section 21: All
Section 28: All
Section 33: All
Section 34: All

Anderson Lease

Township 25 North, Range 11 West, N.M.P.M.

Section 9: SE/4
Section 15: NW/4

Mohr Assignment Lease

Township 25 North, Range 11 West, N.M.P.M.

Section 22: NW/4

Mims Lease

Township 25 North, Range 12 West, N.M.P.M.

Section 3: Lots 1, 2, 3 and 4, S/2 N/2, and SE/4

Carson Unit Area

Township 25 North, Range 11 West, N.M.P.M.

All of Sections 5 to 8, inclusive;
17 to 20, inclusive; and 29 to 32,
inclusive;

Township 25 North, Range 12 West, N.M.P.M.

All Section 1; All Section 2;
All Sections 11 through 14, inclusive;
All Sections 23 through 26, inclusive;
All Section 35; All Section 36;

All in San Juan County, New Mexico.

PROVIDED, HOWEVER, that each well connected to each of the above-described systems shall be individually tested at least once a month.

PROVIDED, FURTHER, that each of the positive displacement flow meters shall be calibrated at intervals to be prescribed by the Commission and a report of said calibrations filed with the Commission.

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

PROVIDED FURTHER, that the production from any well in the Carson Unit Area which has not been admitted to the participating area within ninety days after the date of its completion shall have its oil measured

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in tanks or metered constantly by means of positive displacement meters prior to being commingled with oil production from the participating area of the Carson Unit Area. The Secretary-Director of the Commission shall have the authority to extend the foregoing ninety-day limitation in order to prevent undue hardship.

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