

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. 1816
Order No. R-1101-A

APPLICATION OF SHELL OIL COMPANY
FOR PERMISSION TO COMMINGLE THE
PRODUCTION FROM SEVERAL SEPARATE
POOLS FROM SEVERAL SEPARATE LEASES
AND FOR PERMISSION TO INSTALL
AUTOMATIC CUSTODY TRANSFER EQUIP-
MENT TO HANDLE THE PRODUCTION FROM
SAID LEASES IN LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 24, 1959, 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 16th day of December, 1959, 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 by Order R-1101 the applicant was authorized to commingle the production from the Pearl-Queen Pool in Lea County, New Mexico, from the following-described leases after separately metering the production from each lease and to transfer custody of said production by means of automatic custody transfer equipment:

McIntosh "E" lease, E/2 SW/4 of Section 21

McIntosh "D" lease, E/2 of Section 21

McIntosh "B" lease, E/2 NW/4 and NW/4 SW/4
of Section 22

McIntosh "A" lease, SW/4 SW/4 of Section 22

McIntosh "C" lease, NE/4 and NE/4 SE/4 of
Section 28

McIntosh lease, W/2 NW/4 and NW/4 SW/4 of
Section 27

Kimberlin lease, E/2 SW/4 and W/2 SE/4 of
Section 22

State "PB" lease, E/2 NW/4 of Section 27

State "PA" lease, E/2 SW/4 of Section 27

Hooper lease, W/2 NE/4 of Section 27

Allen Estate "A" lease, E/2 NE/4 of Section 27

Allen Estate lease, E/2 SE/4 and NW/4 SE/4
of Section 27 and NE/4 NE/4 of Section 34

Record "A" lease, SW/4 SE/4 of Section 27

State "PD" lease, NW/4 of Section 34

State "PC" lease, W/2 NE/4 of Section 34

State "PE" lease, SE/4 NE/4 of Section 34 and
SW/4 NW/4 and NW/4 SW/4 of Section 35

State "PF" lease, N/2 SE/4 of Section 34

State "PG" lease, S/2 SE/4 of Section 34 and
S/2 SW/4 of Section 35

Record lease, S/2 SW/4 of Section 23, all of
Section 26, N/2 N/2 and SW/4 NE/4 and SE/4 NW/4
and NE/4 SW/4 and NW/4 SE/4 and S/2 SE/4 of
Section 35

State "PI" lease, SE/4 NE/4 and NE/4 SE/4 of
Section 35

Record "B" lease, all of Section 25

State "PJ" lease, N/2 and SW/4 of Section 36

all in Township 19 South, Range 35 East.

State "PH" lease, all of Section 2, Township
20 South, Range 35 East.

(3) That by Administrative Order CTB-38, issued April 28, 1959, the applicant was authorized to commingle the production from the Pearl-Queen Pool from the said State "PA," State "PB," State "PC," State "PD," State "PE," State "PF," and State "PG" leases without separately metering the production from each of said leases.

(4) That the applicant now proposes to commingle the Pearl-Queen, San Andres, and Atoka production from the said State "PI" lease and the said Record lease after separately metering the production from each zone of each of said leases.

(5) That the applicant further proposes to enlarge the previously authorized automatic custody transfer equipment to handle the Pearl-Queen production from all wells presently drilled or hereafter completed on the leases described in Finding No. 2 and also to handle San Andres and Atoka production from the said State "PI" lease and the said Record lease.

(6) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has demonstrated 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.

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to commingle the Pearl-Queen, San Andres, and Atoka production from all wells presently drilled or hereafter completed on the following-described leases after separately metering the production from each zone of each lease and to commingle said production with Pearl-Queen production from all leases described in this order:

State "PI" lease, SE/4 NE/4 and NE/4 SE/4
of Section 35

Record lease, S/2 SW/4 of Section 23, all of
Section 26, N/2 N/2 and SW/4 NE/4 and SE/4 NW/4
and NE/4 SW/4 and NW/4 SE/4 and S/2 SE/4 of
Section 35

both in Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) That the applicant be and the same is hereby authorized to commingle the production from the Pearl-Queen Pool from all wells presently drilled or hereafter completed on the following-described leases after separately metering the production from each lease and to commingle said production with the production from all leases described in this order:

McIntosh "E" lease, E/2 SW/4 of Section 21

McIntosh "D" lease, E/2 of Section 21

McIntosh "B" lease, E/2 NW/4 and NW/4 SW/4
of Section 22

McIntosh "A" lease, SW/4 SW/4 of Section 22

McIntosh "C" lease, NE/4 and NE/4 SE/4 of
Section 28

McIntosh lease, W/2 NW/4 and NW/4 SW/4 of
Section 27

Kimerlin lease, E/2 SW/4 and W/2 SE/4 of
Section 22

Hooper lease, W/2 NE/4 of Section 27

Allen Estate "A" lease, E/2 NE/4 of Section 27

Allen Estate lease, E/2 SE/4 and NW/4 SE/4 of
Section 27 and NE/4 NE/4 of Section 34

Record "A" lease, SW/4 SE/4 of Section 27

Record "B" lease, all of Section 25

State "PJ" lease, N/2 and SW/4 of Section 36

all in Township 19 South, Range 35 East.

State "PH" lease, all of Section 2, Township 20
South, Range 35 East.

(3) That the applicant be and the same is hereby authorized to commingle the Pearl-Queen Pool production from all wells presently completed or hereafter drilled on the following-described State leases without separately metering the production from each lease and to commingle said production with the production from all leases described in this order:

State "PB" lease, E/2 NW/4 of Section 27

State "PA" lease, E/2 SW/4 of Section 27

State "PD" lease, NW/4 of Section 34

State "PC" lease, W/2 NE/4 of Section 34

State "PE" lease, SE/4 NE/4 of Section 34
and SW/4 NW/4 and NW/4 SW/4 of Section 35

Case No. 1816
Order No. R-1101-A

State "PF" lease, N/2 SE/4 of Section 34

State "PG" lease, S/2 SE/4 of Section 34
and S/2 SW/4 of Section 35

PROVIDED HOWEVER, That the total production from the above-described seven State leases shall not be commingled with the production from any other leases until it has been separately metered.

(4) That the applicant be and the same is hereby authorized to enlarge the previously authorized automatic custody transfer equipment to handle the Pearl-Queen production from the leases described in this order and also to handle San Andres and Atoka production from the above-described State "PI" lease and the Record lease, and, if necessary, to transport the oil off of said leases prior to measurement.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells on the subject leases at least once each month to determine the individual production from each well.

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 flow-line break.

PROVIDED FURTHER, That all meters used in the above-described system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

PROVIDED FURTHER, That all meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director. 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 No. R-1101 and Administrative Order Nos. CTB-20 and CTB-38 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, Chairman

S E A L

MURRAY E. MORGAN, Member

vem/

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

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

December 26, 1957

Mr. Oliver Seth
Seth & Montgomery
P.O. Box 828
Santa Fe, New Mexico

Dear Sir:

Enclosed herewith is Order No. R-1101 entered December 18, 1957, in Case No. 1342, the application of Shell Oil Company for approval of an automatic custody transfer system in the Pearl-Queen Pool, Lea County, New Mexico.

You will note that in the "It Is Therefore Ordered" portion of Order R-1101 that paragraph three requires "That each of the positive displacement meters in the above-described systems shall be checked for accuracy at intervals and in a manner satisfactory to the Commission."

Shell Oil Company is hereby directed to so calibrate each positive displacement meter at intervals not to exceed one month by means of a master calibrated meter or a meter test tank. The above-described tests shall be conducted until further notice from the Commission and a report of said calibrations filed monthly with the Commission.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

ALP/DSN:bp
Encls.

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DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a fast telegram	
TELEGRAM	
DAY LETTER	
NIGHT LETTER	

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WESTERN UNION TELEGRAM

1206 (4-55)

W. P. MARSHALL, PRESIDENT

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise the message will be sent at the full rate	
FULL RATE	
LETTER TELEGRAM	
SHORE-SHIP	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			OIL CONSERVATION COMMISSION	3:20 p.m.

Send the following message, subject to the terms on back hereof, which are hereby agreed to

DECEMBER 6, 1957

ED NESTOR
SHELL OIL CO.
MIDLAND, TEXAS

COMMISSION WILL APPROVE SHELL'S APPLICATION CASE 1342. ORDER SHOULD
FOLLOW WITHIN A FEW DAYS.

A. L. PORTER, JR.
OIL CONSERVATION COMMISSION

11/21/57 1246
MAIL ROOM

THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS



PRODUCING DEPARTMENT

WEST TEXAS DIVISION

O. F. SEBESTA, ASSISTANT DIVISION MANAGER

P. O. BOX 1720
FORT WORTH 1, TEXAS

November 21, 1957

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Re: Application by Shell Oil Company
for Exception to Rule 309 of the
Rules and Regulations of the New
Mexico Oil Conservation Commission

Gentlemen:

The Texas Company was notified of Shell Oil Company's request for approval of an exception to Section (a) of Rule 309 of the Rules and Regulations of the New Mexico Oil Conservation Commission to permit (1) oil to be transported from a lease for measurement, and (2) the production of more than eight wells into common storage in the Pearl Queen Pool, Lea County, New Mexico, by receipt of a copy of Shell's letter of application to the Commission dated October 16, 1957.

This is to inform you that The Texas Company has no objection to the application of Shell Oil Company as outlined above.

Yours very truly,

THE TEXAS COMPANY

O. F. Sebesta
Assistant Division Manager

HNW-JEB

*Special
Order
Approved*

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 11-29-57

CASE 1342

Hearing Date 11-20-57

My recommendations for an order in the above numbered cases are as follows:

1. Same order as R-1029 for Carron unit.
except,

(a) Since several lease come into one Production
and test header we should specify that
~~some~~ proper mechanical schemes be
provided to prevent the transfer of oil
from one lease to another by
accident. (Check-valves)

(b) The lease P.D. meters should be
tested every 30 days, until sufficient
field data is obtained to justify longer
test periods.

(c) I believe that in spite of the fact that
all wells are pumpjacks there should
be safety precautions taken to shut
the well down in the event of line
breakage. (Waste)

Thad. R.
Staff Member

WESTERN OIL TRANSPORTATION CO., INC.

OFFICE PHONE MU 3-1891 P. O. BOX 1219

MIDLAND, TEXAS

November 18, 1957

Mr. M. T. Smith
Shell Oil Company
Crude Oil Department
P. O. Box 1509
Midland, Texas

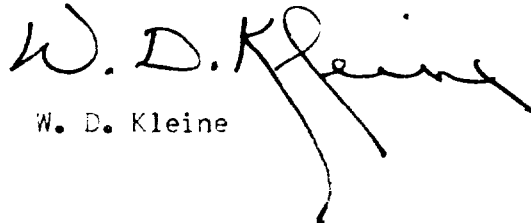
Dear Sir:

This has reference to Shell Oil Company leases, which Western Oil Transportation Company, Inc. is transporting oil from in the Pearl Queen Field area of Lea County, New Mexico. As we have discussed, the production department is preparing to install a Lease Automatic Custody, P. D. Meter LACT Unit.

We are very agreeable to transporting this oil on the basis of measurements set forth on this meter unit. We have discussed the matter thoroughly with the production department, and it appears that it will be a very workable operation for both parties. It is mutually understood that in case any problems should arise, we will work together and iron them out. If this meter unit works as effectively as it appears it will, it will definitely be a time and money saving operation for our company.

If we can in any way be of assistance in the testing or actual installing of this meter system, please contact us at this office.

Very truly yours,

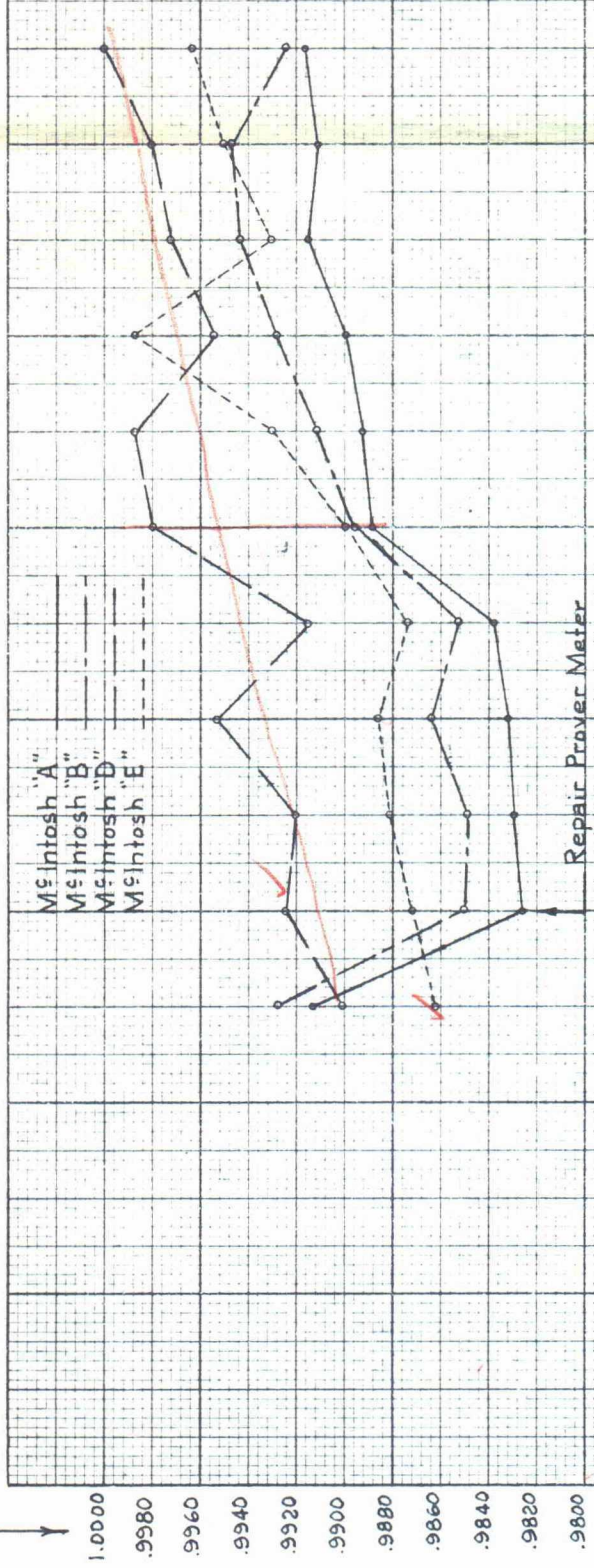

W. D. Kleine

WDK/mjw

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Shell EXHIBIT No. 6
CASE 1342

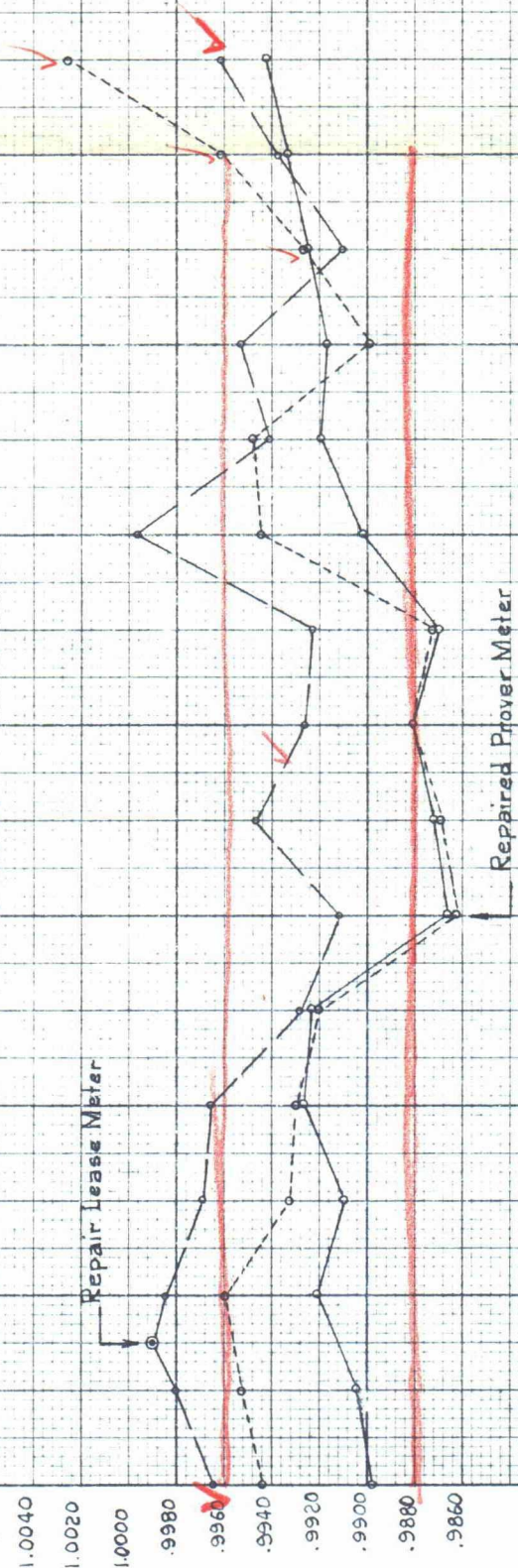


FACTOR



State "PA" "PB"
Record "A"
McIntosh

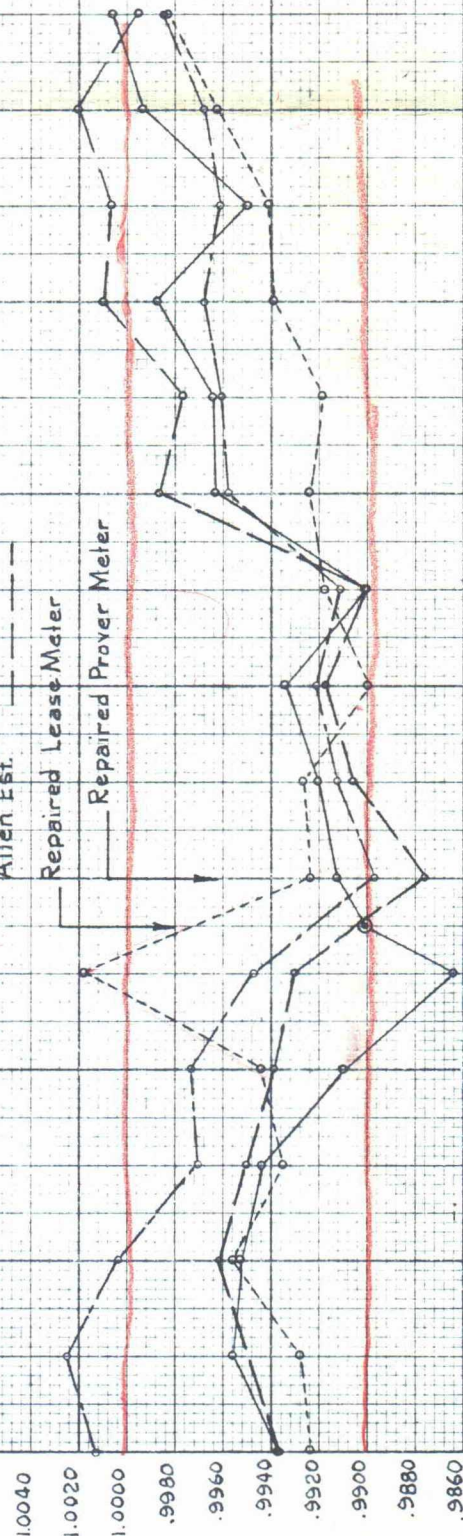
Repair Lease Meter



Hooper
Kimberlin
Allen Est. "A"
Allen Est.

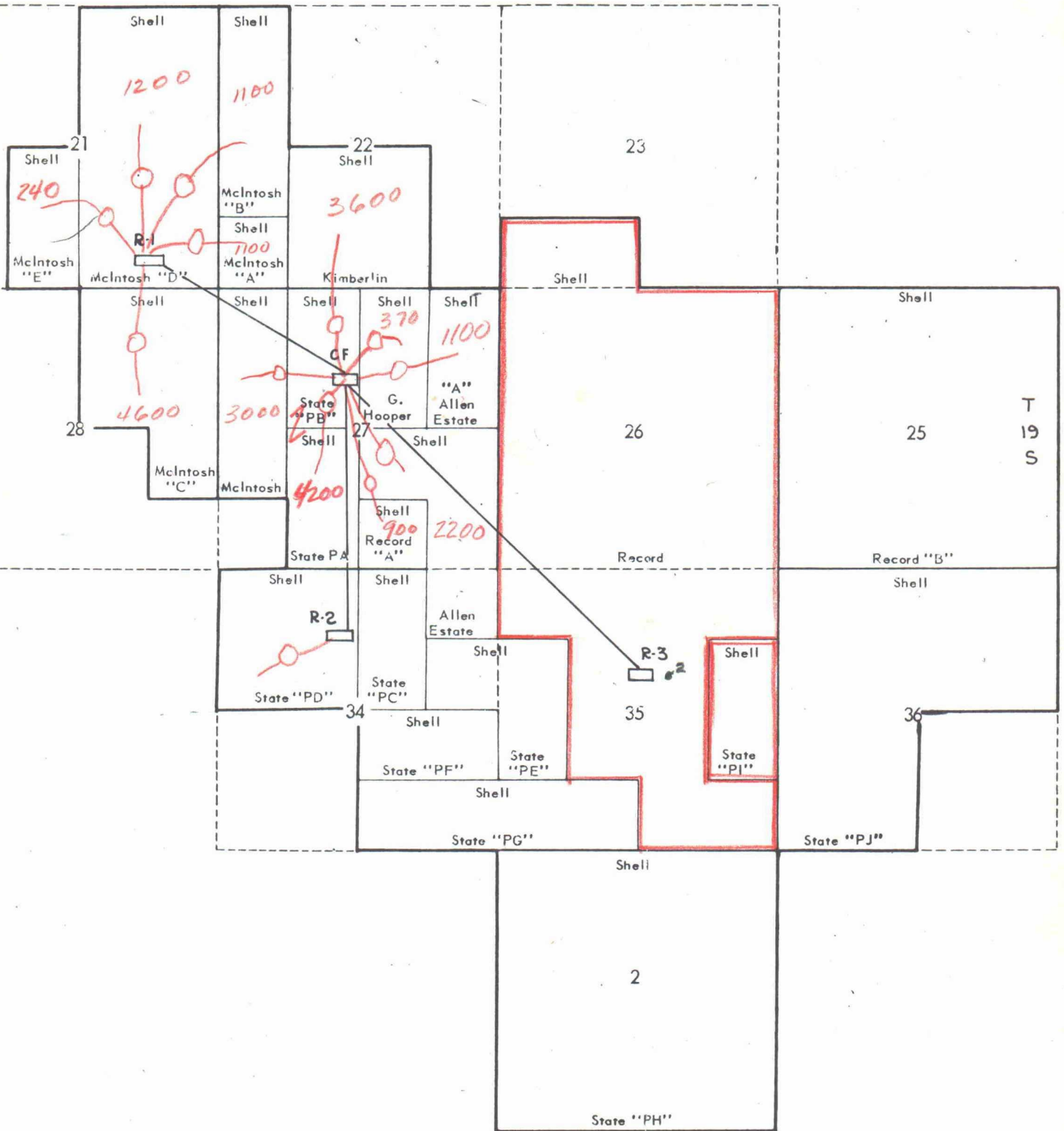
Repaired Lease Meter

Repaired Prover Meter



7-58 8-58 9-58 10-58 11-58 12-58 1-59 2-59 3-59 4-59 5-59 6-59 7-59 8-59 9-59 10-59 11-59 12-59

R 35 E



Pearl Queen Field
Lea Co., New Mexico

SIX MONTH AVERAGE FACTORS COMPARED TO OVERALL AVERAGE FACTORS

FOR LEASE METERS

Lease	Initial Meter Factor	Average of Each Sixth Meter Factor	Overall Aver- age Factor Excluding 12-58	Difference Between Six Month Average and Overall Average Factor	Per Cent Difference	Remarks -
<u>Central Facility</u>						
Record "A"	.9898	.9894	.9906	+.12	+.12	Average of the two factors for 8-1 and 8-15-58 was used in calculating overall average; meter was repaired 8-15-58
McIntosh	.9944	.9902	.9928	+.26	+.26	
State "FA-FB"	.9965	.9945	.9954	+.09	+.09	
Hooper	.9924	.9929	.9935	+.06	+.06	Meter repaired 1-15-59, average of two factors for 1-1 and 1-15-59 was used
Kimberlin	.9938	.9936	.9947	+.11	+.11	
Allen Estate "A"	1.0017	.9960	.9962	+.02	+.02	Excluding 8-58
Allen Estate	.9936	.9941	.9956	+.15	+.15	
<u>Remote Facility</u>						
McIntosh "A"	.9826	.9861	.9875	+.14	+.14	Calibrator on meter was reset 7-1-59
McIntosh "B"	.9851	.9882	.9897	+.15	+.15	
McIntosh "C"	.9399					
McIntosh "D"	.9925	.9957	.9959	+.02	+.02	
McIntosh "E"	.9872	.9901	.9917	+.16	+.16	

NOTE: Factors for 12-58 were excluded due to broken temperature compensating element on prover meter.

METER FACTORS

Date	Central Facility						Remote Facility					ACT	
	Record "A"	McIntosh	State "PA-PB"	Hooper	Kimberlin	Allen Estate "A"	Allen Estate	McIntosh "A"	McIntosh "B"	McIntosh "C"	McIntosh "D"		McIntosh "E"
7-58	.9898	.9944	.9965	.9924	.9938	1.0017	.9936						1.0066
8-58	.9905	.9953	.9980	.9928	.9957	1.0025	1.0135						
9-58	.9921	.9960	.9992* .9984	.9957	.9953	1.0003	.9961						1.0139
10-58	.9910	.9933	.9969	.9936	.9945	.9970	.9950						1.0128
11-58	.9927	.9930	.9966	.9944	.9911	.9973	.9939						1.0168
12-58	.9924	.9921	.9929	1.018	.9865	.9947	.9930	.9913	.9928	.9477	.9901	.9862	1.0180
1-59**	.9866	.9863	.9916	.9924	.9901* .9917	.9896	.9876	.9826	.9851	.9399	.9925	.9872	
2-59	.9872	.9870	.9947	.9927	.9921	.9916	.9906	.9830	.9849	.9470	.9920	.9881	1.0151
3-59	.9881	.9881	.9926	.9900	.9935	.9921	.9918	.9832	.9864	.9421	.9954	.9886	1.0143 1.0004***
4-59	.9870	.9873	.9923	.9918	.9901	.9911	.9900	.9838	.9853	.9395	.9916	.9874	.9983***
5-59	.9902	.9945	.9997	.9925	.9964	.9958	.9987	.9889	.9896	.9392	.9980	.9898	.9998
6-59	.9920	.9948	.9941	.9919	.9965	.9961	.9977	.9895	.9912	.9346	.9988	.9930	.9944
7-59	.9917	.9899	.9954	.9939	.9988	.9968	1.0010	.9899	.9929	.9980***	.9955	.9987	.9957
8-59	.9925	.9926	.9911	.9941	.9951	.9961	1.0007	.9915	.9944	.9971	.9973	.9930	.9958
9-59	.9934	.9962	.9938	.9963	.9994	.9968	1.0020	.9911	.9947	.9981	.9980	.9950	.9970
10-59	.9942	1.0026	.9962	.9983	1.0007	.9984	.9995	.9916	.9925	.9980	1.0000	.9963	.9965

* Repaired Lease Meter
** Repaired Prover Meter
*** Reset Calibrator

SIGNAL OIL AND GAS COMPANY

GENERAL OFFICES, 811 WEST SEVENTH STREET, LOS ANGELES 17, CALIFORNIA

MID-CONTINENT DIVISION OFFICE
1010 FORT WORTH NATIONAL BANK BLDG.
FORT WORTH 2, TEXAS

November 14, 1957

New Mexico Oil Conservation Commission
Mabry Hall, State Capitol Building
Santa Fe, New Mexico

Attention: Mr. Elvis A. Utz, Examiner

Re: Examiner Hearing - Case No. 1342
"Application of Shell Oil Co. for
Exception to Rule 309 of Rules & Reg.
of New Mexico Oil Cons. Commission"

Gentlemen:

Signal Oil and Gas Company, as offset operator, hereby approves the application of Shell Oil Company for permission to install centralized automatic production facilities and lease custody transfer on certain of its leases in the Pearl-Queen pool of Lea County, New Mexico; and for permission to produce more than eight (8) wells into common storage, and to transfer oil from the leases prior to measurement.

Very truly yours,

SIGNAL OIL AND GAS COMPANY

By N. E. Godbe
N. E. Godbe
Chief Division Engineer

NEG:LP

cc: Shell Oil Company
Roswell, New Mexico
Atten: Mr. J. W. Montgomery