Case 1497

AMBASSADOR OIL CORPORATION
3109 WINTHROP AVENUE
P. O. BOX 9338
FORT WORTH 7, TEXAS



F. KIRK JOHNSON
PRESIDENT

JULY 24, 1958

OIL CONSERVATION COMMISSION OF NEW MEXICO
STATE CAPITOL BUILDING
SANTA FE, NEW MEXICO

GENTLEMEN:

WOULD YOU PLEASE SCHEDULE A HEARING AT THE EARLIEST DATE POSSIBLE TO ENABLE AMBASSADOR OIL CORPORATION TO MAKE APPLICATION FOR THE APPROVAL OF A "LEASE AUTOMATIC CUSTODY TRANSFER" SYSTEM PROPOSED FOR THE NORTH CAPROCK QUEEN UNIT NO. 2 OPERATED BY AMBASSADOR IN LEA AND CHAVES COUNTIES, NEW MEXICO. APPROVAL HAS BEEN SECURED FROM THE SERVICE PIPE LINE COMPANY CURRENTLY SERVING THE AREA. THE PROPOSED UNIT WOULD UTILIZE POSITIVE DISPLACEMENT METERS AND HANDLE PRODUCTION FROM THE TOTAL UNIT.

AT THE SAME HEARING WE WOULD LIKE TO APPLY FOR THE NECESSARY APPROVAL TO COMMINGLE PRODUCTION FOR ALL WELLS IN THE UNIT INTO THE CENTRAL BATTERY AND LACT SYSTEM. AS YOU KNOW THE UNIT NO. 2 BECAME EFFECTIVE JUNE 1, 1958, AND TOTAL PRODUCTION IS NOW ALLOCATED ACCORDING TO RESPECTIVE PARTICIPATION.

A PLAT OF THE UNIT AREA IS ATTACHED SHOWING THE PROPOSED OIL GATHERING SYSTEM AND LOCATION OF THE "LACT" UNIT.

SINCERELY YOURS,

AMBASSADOR OIL CORPORATION

Robert H. Vick

ROBERT H. VICK
CHIEF ENGINEER
SECONDARY OPERATIONS

RHV/HA

# NATIONAL TANK COMPANY

SAND SPRINGS ROAD & 31ST WEST AVE.

POST OFFICE BOX 1710
TULSA 1, OKLAHOMA

Wichita Falls, Texas
August 15, 1958

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 1497

Ambassador Oil Corporation
Fort Worth, Texas
Attention: Mr. Bob Vick

Dear Mr. Vick:

The attached is a schematic proposal for installation in your North Caprock Queen Field of Lea and Chaves County, New Mexico, consisting of a horizontal free water knockout, a vertical atmospheric type heater-treater settling tank, and a vertical cone bottom bolted tank for settling and monitoring of oil prior to transfer to sales tank and pipeline connection. Also included is a PD Meter, type LACT custody transfer, skid mounted unit for the purpose of measuring salable oil to the pipeline.

The continuity of operations is as follows:

1. From a common header connected to all producing wells in the unit, the fluid will enter a horizontal free water knockout vessel at which point the free water will be separated from the total fluid, and water will be dumped to a central collecting tank for use in your water flood operations. The emulsion and oil from this vessel will be piped to the inlet of the vertical heater settling tank and be processed by heating and water washing action so as to give us a low BS&W content oil available for sale to pipeline.

2. Clean oil from the treater will enter a 1250 bbl. cone bottom settling tank through a deck connection and enter tank through a 6" perforated down comer pipe to center of cone bottom. Oil in this tank will be monitored continuously by Instruments, Inc. Model 1728-CIE explosion proof monitor. Intake to monitor is from center of tank 6' above edge of cone and the discharge is 2' above edge of cone. A five gallon per minute electric pump will give continuous circulation of fluids through the 2" line and through the probe on the Instruments, Inc. BS&W monitor.

Oil overflow from settling tank to pipeline surge tank will be from the 17' level on the settling tank to deck inlet and through 6" perforated down comer to bottom of tank. Installed in this line will be a 6" fail closed diaphragm valve activated by a control circuit in monitor and, or, by a high fluid level control in surge tank. Tied into the same circuit to be activated when monitor gives indication of bad oil existing in settling tank will be a 50 barrel an hour circulating pump drawing suction from center of cone bottom of settling tank. Bottom of settling tank will be pumped off periodically be means of a time clock operating a 50 barrel an hour pump. Should oil fail to go to the pipe line for any reason, the settling tank will fill to the 19' level and bypass to additional storage tanks.

3. Oil will go to pipe line pump and sampler from regular pipe line connection on 500 barrel surge tank. Oil will then go to meter skid unit. It will go through a 3" gas eliminator, 3" strainer, and two 2" A.O. Smith Model S-12 meters, temperature compensated with ticket printer, complete with valve arrangement so that either one or both meters can be used or bypassed completely. Oil will then go through your back pressure valve and to the 10 barrel plastic coated atmospheric meter prover.

4. The meters will have a maximum capacity of 171 barrels per hour or 4104 barrels per day. It is recommended these meters, for best results should be operated at a constant rate of about 140 to 150 barrels per hour so the pipe line pump will need to be sized accordingly. This will handle a maximum capacity of 3600 barrels per day. It is noted on the print for future installation, a like type skid unit could be parallel mounted with the present unit to be able to double the maximum capacity as listed above.

5. Should meters fail, you will note that the system is arranged so that normal pipe line runs from all tanks can be made.

Very truly yours,

NATIONAL TANK COMPANY

W R Willis

W. R. Willis, District Manager

WRW:lam

*World Wide Distribution*

COPY

LAW OFFICES OF
CAMPBELL & RUSSELL
J. P. WHITE BUILDING
ROSWELL, NEW MEXICO

JACK M. CAMPBELL
JOHN F. RUSSELL

TELEPHONES
MAIN 2-4641
MAIN 2-4642

22 September 1958

Re: Case No. 1497
Order No. R-1243
Caprock Queen Pool

Mr. E. A. Riley
Ambassador Oil Corporation
P. O. Box 9338
Fort Worth 7, Texas

Dear Mr. Riley:

I am enclosing herewith two copies of Order No. R-1243 in the captioned case authorizing production into a common tank battery and the installation of A.C.T. equipment.

Your attention is directed to the fact that the Order requires that each meter installed in the system shall be tested for accuracy at intervals and in a manner satisfactory to the Commission. I have been advised by the Commission that it will be necessary for you to run a series of tests of sufficient duration to determine that the meters are functioning properly immediately following installation. Thereafter, tests should be made at intervals not to exceed one month and a report of said calibration should be filed with the Commission. The meters shall be calibrated against a master meter or against a test tank of measured volume.

The above requirements have been made by the Commission in their transmittal letter to me and these requirements should be considered a part of the Order.

Very truly yours,

CAMPBELL & RUSSELL

Jack M. Campbell

Jack M. Campbell

JMC:bb
Enclosures
cc: A. L. Porter - OCC

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

September 19, 1958

COPY

Mr. Jack Campbell
Campbell & Russell
P.O. Box 721
Roswell, New Mexico

Dear Mr. Campbell:

On behalf of your client, Ambassador Oil Corporation, we enclose two copies of Order R-1243 issued September 17, 1958, by the Oil Conservation Commission in Case 1497, which was heard on August 20th at Santa Fe before an examiner.

Please note that this order requires that each meter installed in the subject system shall be tested for accuracy at intervals and in a manner satisfactory to the Commission. It will be necessary for Ambassador Oil Corporation to run a series of tests of sufficient duration to determine that the meters are functioning properly immediately following installation. Thereafter, tests should be made at intervals not to exceed one month and a report of said calibration filed with the Commission. The meters shall be calibrated against a master meter or against a test tank of measured volume.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

FORM 240 (9-58)



# SERVICE PIPE LINE COMPANY

Lubbock, Texas
August 6, 1958



Mr. Robert H. Vick
Chief Engineer, Secondary Operations
Ambassador Oil Corporation
3109 Winthrop Avenue
P. O. Box 9338
Fort Worth 7, Texas

Dear Mr. Vick:

We have examined your plans for a LACT Unit to be installed on your North Caprock Queen Unit #2 in Lea and Chaves Counties, New Mexico. We can find no objections to the installation as proposed.

We would appreciate your having a back pressure valve installed at the factory and billed to us. The specifications for the back pressure valve are: three-inch cast steel, 300 pound W.P. Charles Wheatley Streamflo Check Valve with external counter balance arms and weights to hold ten psi back pressure (weights adjustable), victaulic connections.

If there is any further information or help that we can furnish you, please do not hesitate to call on us.

Yours very truly,

By J. D. Behling
J. D. Behling

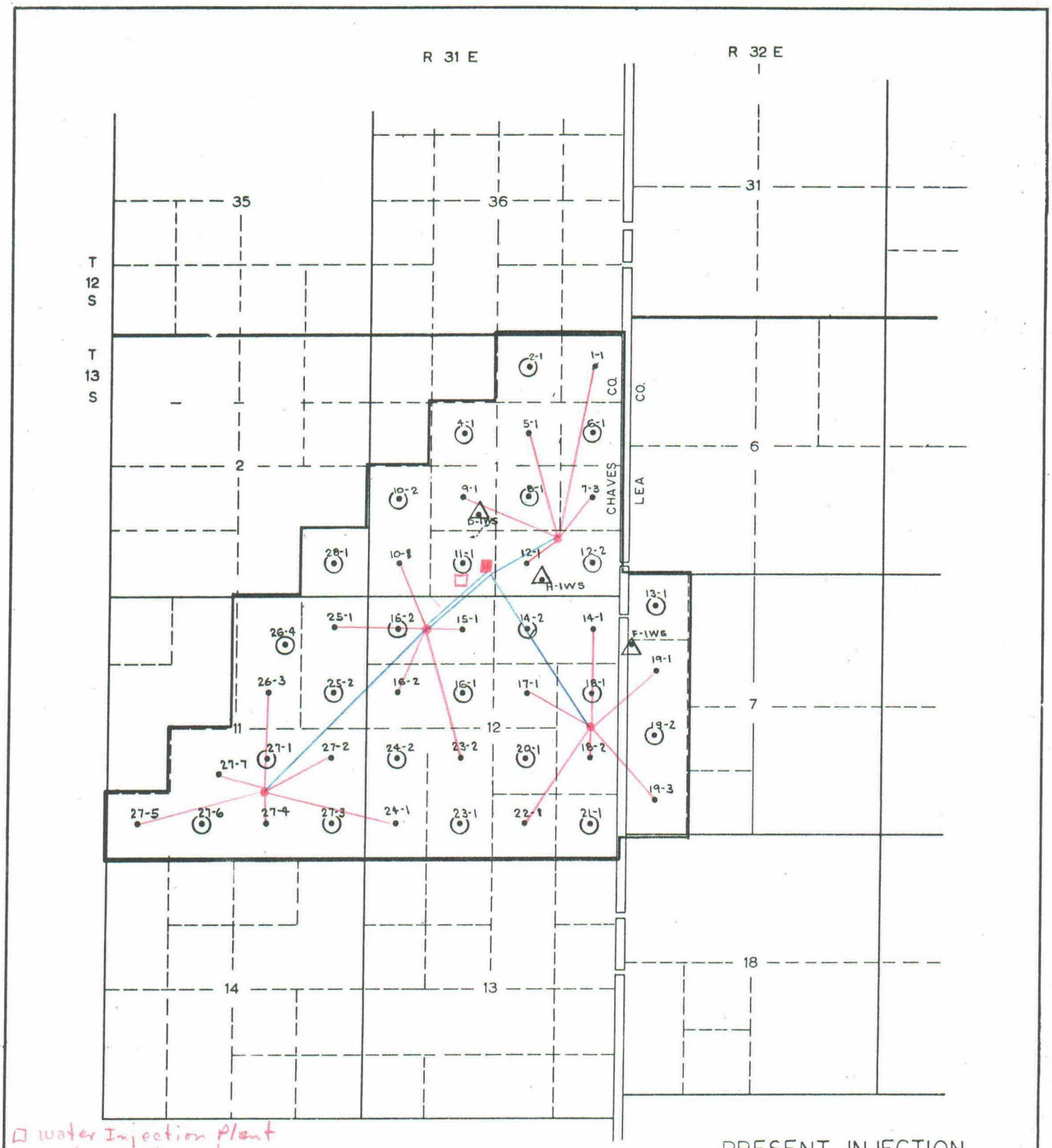
CEW:JDB:vmw

cc: J. C. Dotson - Lovington

Case No.

14977

Large Exhibits




□ water Injection Plant

■ Central Battery & "2ACT" Unit.

• Well Test Station

— 3" Flow Line

-- 3" C.L.

= 4" C.L.

# AMBASSADOR OIL CORP.

PLAT OF NORTH CAPROCK QUEEN UNIT NO. 2, CAPROCK QUEEN POOL, LEA AND CHAVES COUNTIES, NEW MEXICO.

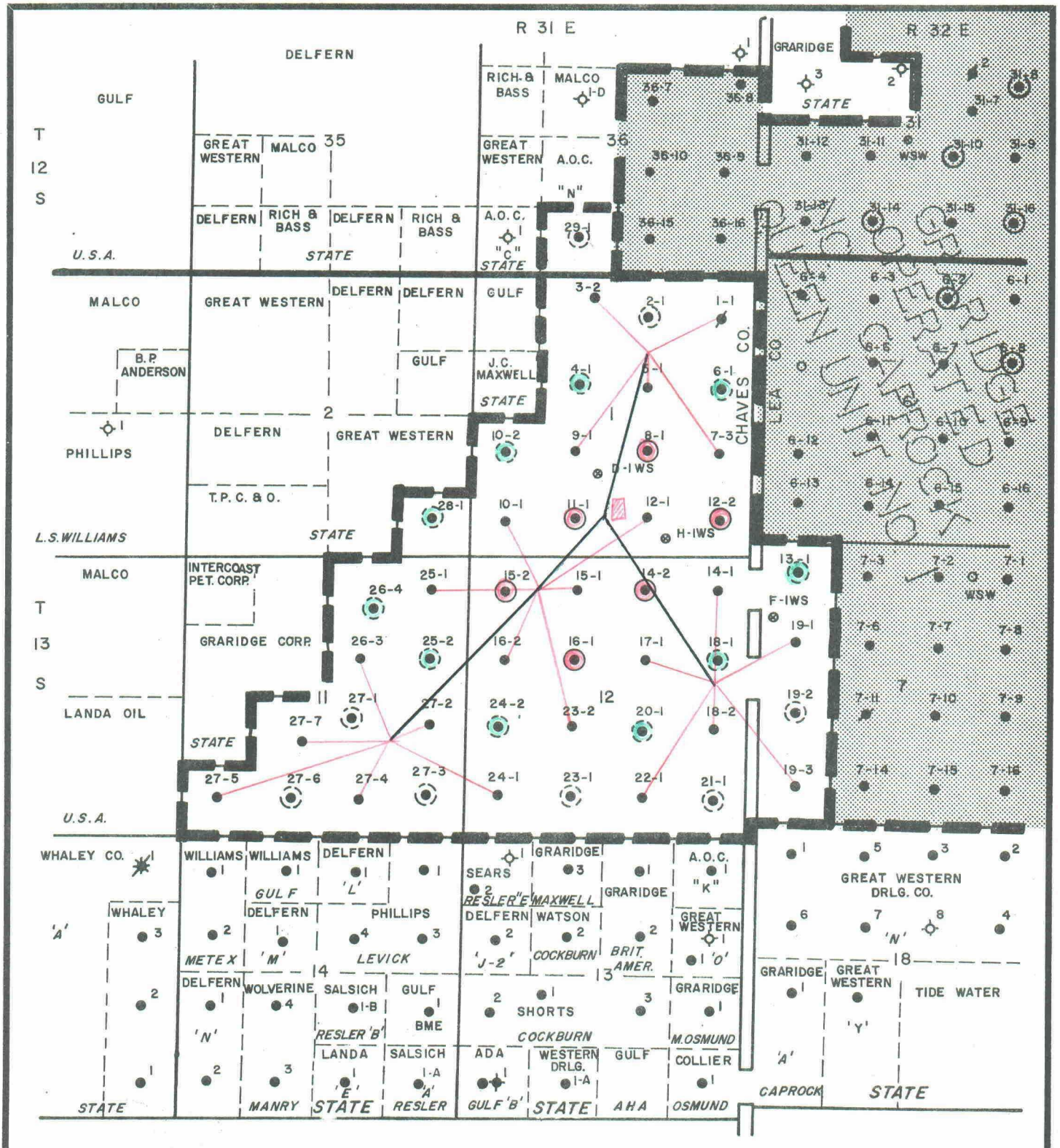
EXHIBIT A

⊙ PRESENT INJECTION WELLS

⊙ PROPOSED INJECTION WELLS

• PRESENT PRODUCERS

△ WATER SUPPLY WELLS




# AMBASSADOR OPERATED

## NORTH CAPROCK QUEEN UNIT NO. 2

CAPROCK QUEEN POOL, LEA AND CHAVES COUNTIES, NEW MEXICO.

**LEGEND**

- PRODUCING WELLS
- INJECTION WELL
- PROPOSED INJECTION WELL
- Individual Flow Lines to "Test Headers"
- Trunk Lines To "LACT" System.
- Central Battery & "LACT" Location

SCALE

0 — ½ Mi. — 1 Mi.

| C.B.M. | 7-15-58 |
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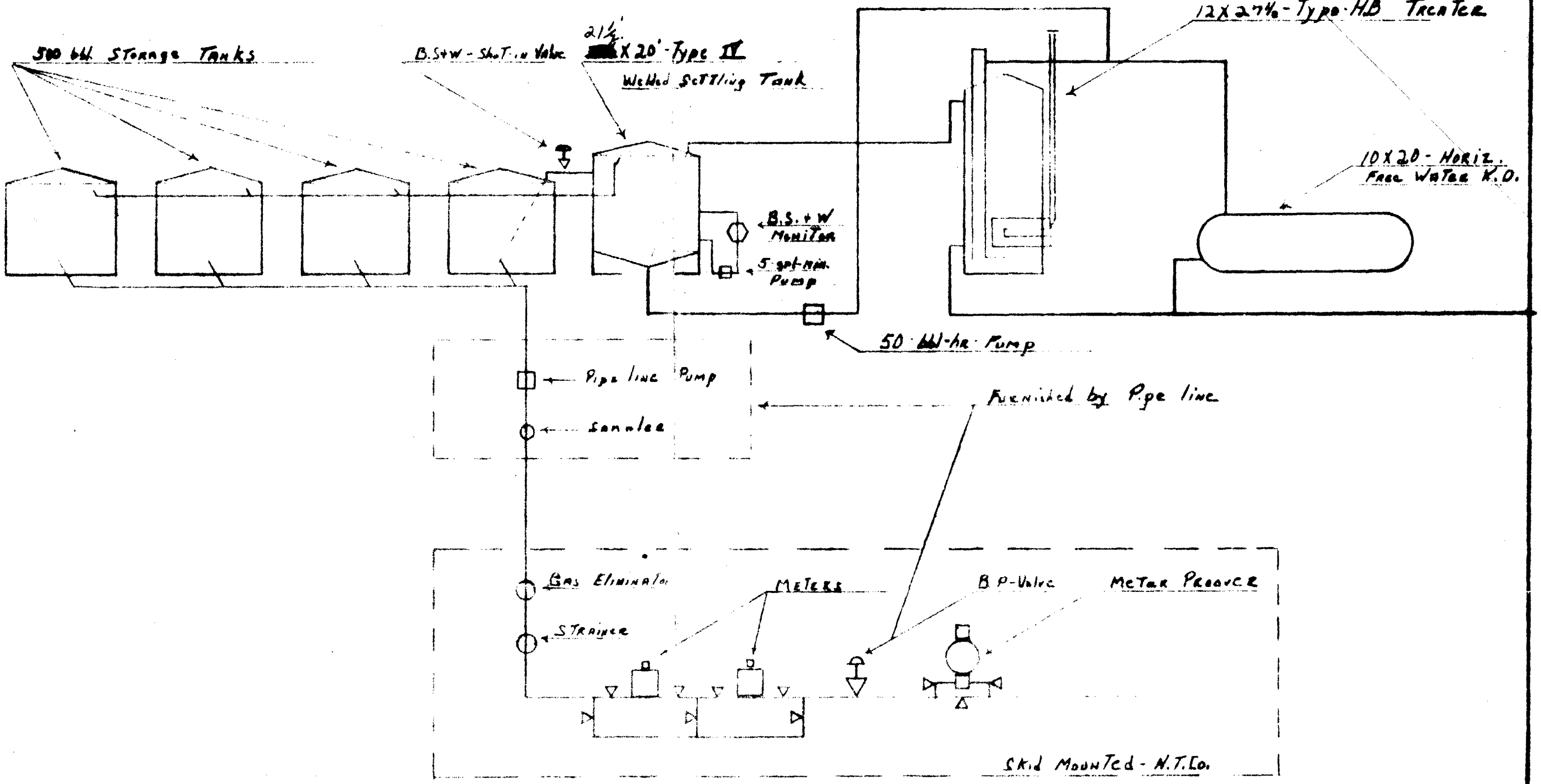


| NO. | DATE | MADE BY | CH'KED BY | DESCRIPTION |
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REVISIONS

| NO. | REFERENCE DRAWINGS |
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DRAWING FILE NO. C-E-109

**NATIONAL TANK COMPANY** TULSA, OKLAHOMA U.S.A.

| DRAWN BY | DATE | SCALE | CHECKED | APPROVED |
|---|---|---|---|---|
| WPW | 3-5-58 | | | |

CUSTOMER [redacted] Ambassador

SHOP ORDER NO.

REVISION NO. △

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