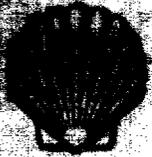


DOCKET: EXAMINER HEARING MAY 6, 1959OIL CONSERVATION COMMISSION, MABRY HALL, STATE CAPITOL, 9 a.m., SANTA FE

The following cases will be heard before Elvis A. Utz, Examiner:

- CASE 1651: Application of Continental Oil Company for an automatic custody transfer system and for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system and to commingle the production from the Hobbs Pool from three separate non-contiguous leases in Township 18 South, Range 38 East, Lea County, New Mexico. Applicant proposes to separately meter the production from each lease prior to commingling.
- CASE 1652: Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N/2 of Section 8, Township 23 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to applicant's Danciger A-8 Well No. 3 located 990 feet from the North and East lines of said Section 8.
- CASE 1653: Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the NE/4 of Section 28 and the NW/4 of Section 27, Township 23 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to applicant's Lynn A-28 Well No. 5 located 660 feet from the North and East lines of said Section 28.
- CASE 1654: Application of Shell Oil Company for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the West Henshaw-Grayburg Pool from three separate contiguous leases located in Township 16 South, Range 30 East, Eddy County, New Mexico. Applicant proposes to separately meter the production from each lease prior to commingling.
- CASE 1655: Application of Skelly Oil Company for permission to commingle the production from the Tubb Gas Pool and the Drinkard Oil Pool. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the liquids produced from the Tubb Gas Pool with the oil produced from the Drinkard Oil Pool underlying its State "K" Lease comprising the N/2 NW/4 of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to meter the production from each pool prior to commingling.
- CASE 1656: Application of Skelly Oil Company for permission to commingle the production from five separate pools. Applicant, in the above-styled cause, seeks authority to commingle the production from the Ellenburger, McKee, Fusselman, Montoya, and Blinbery formations underlying its Hobbs "A" Lease comprising the NW/4 of Section 30, Township 25 South, Range 38 East, in the Justis Field, Lea County, New Mexico. Applicant proposes to separately meter the production from each pool prior to commingling.
- CASE 1657: Application of Standard Oil Company of Texas for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order authorizing its Vac-Edge Unit Area comprising 2078 acres, more or less, of state lands in Township 18 South, Range 35 East, Lea County, New Mexico.

- CASE 1658: Application of The Texas Company for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its "BN" (NCT-1) Well No. 1 located 1980 feet from the South line and 660 feet from the West line of Section 25, Township 11 South, Range 32 East, Lea County, New Mexico. Applicant proposes to inject the produced salt water in the interval from 3529 feet to 7430 feet.
- CASE 1659: Application of Tidewater Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its A. B. Coates "C" Well No. 9 located in the NW/4 SE/4 of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Justis-Drinkard Pool and the production of oil from the Justis-Ellenburger Pool through parallel strings of 2-3/8 inch tubing.
- CASE 1660: Application of Atlantic Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system utilizing positive volume tanks with automatic dumping facilities to transfer custody of all oil produced on its Navajo Lease comprising certain acreage in Township 31 North, Range 16 West, Horseshoe-Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1661: Application of Pan American Petroleum Corporation for a gas-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its W. H. Turner No. 1 located in the SE/4 SE/4 of Section 29, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont producing interval adjacent to the Eumont Pool and the production of oil from the Drinkard Pool. Applicant proposes to utilize a retrievable-type packer in said well.
- CASE 1662: Application of Pan American Petroleum Corporation for permission to commingle the production from several separate leases and for permission to produce more than sixteen wells into a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Empire-Abo Pool from all or a portion of seven separate federal leases in Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant further requests authority to produce more than sixteen wells into the common tank battery for said leases. Applicant proposes to separately meter production from each lease prior to commingling.



SHELL PIPE LINE CORPORATION

P. O. Box 1910
Midland, Texas

April 27, 1959

Subject: Installation of LACT Equipment
on Continental State "A" 29 Lease,
Lea County, New Mexico

Continental Oil Company
Hobbs, New Mexico

Attention Mr. H. W. Swain

Gentlemen:

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<i>Cont.</i>	EXHIBIT NO. <u>3</u>
CASE NO.	<u>1651</u>

We approve of your proposal to install LACT equipment on the above lease as outlined in your letter of April 15, 1959. However, we feel that the following changes should be made in the design:

1. A meter failure detection device or circuit to shut the installation down should a meter failure occur.
2. A timer or counter to provide for controlling (limiting) the daily production. This could be a timer with 24 hour reset to limit the charging pump to a preset total pumping time per day.
3. A monthly allowable set stop counter. This can be furnished by A. O. Smith with the meter.
4. The pipeline sampler should be relocated and installed downstream from the return to treaters line and preferably downstream from the air eliminator.
5. The low head centrifugal pump should be replaced with a small rotary pump capable of operating at up to 50 psi head. This is required since the LACT system will pump into a gravity pipeline system which is connected to other batteries that are considerably higher than your lease. In a gravity system, the high oil normally goes out first; however, a LACT battery may need to run at any time and against the head of the higher batteries.
6. A manual start-stop switch should be provided near the meter for convenience in proving the meter. Just as a matter of information, we have found that the ticket printer register sometimes leads to trouble (drag) which would be more pronounced on the small 1-1/2" meter. An ordinary small general, non reset type counter is acceptable to us. Also on your sketch you indicated both a CIs Valve and a back pressure valve downstream from the proving connections. These two valves can be combined into one. CIs Valve can furnish a combination back pressure and shut-off valve.

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Industrial Air Company

As discussed in item 5 above the meter required for the operation of an EMT battery. The cost of the meter and its installation would be at your expense. If you agree to this arrangement and to the associated items above, please sign and return one copy of this letter.

After the facilities have been installed and proved to be reliable by field testing, we will be agreeable to their use for emergency custody transfer.

Yours very truly,



C. E. Bell
Division

CONTINUED

Accepted _____

JMB:RMC

ILLEGIBLE

STATE LAND OFFICE

Lands To New Mexico



Oil and Gas Division

MURRAY E. MORGAN
COMMISSIONER OF PUBLIC LANDS

March 30, 1959

BEFORE EXAMINER UTZ OIL CONSERVATION COMMISSION <i>Conf.</i> EXHIBIT NO. <u>4</u> CASE NO. <u>1657</u>

Continental Oil Company
225 Petroleum Building
Roswell, New Mexico

Attention: Mr. R.L. Adams

Dear Mr. Adams:

Your application to commingle the production from the W.D. Grimes lease, Section 28, T-186, R-38E, with the State A-29 lease in Section 29, T-186, R-38E (Lease No. B-2657) and State A-33 lease in Section 33, T-186, R-38E (Lease No. B-2656), has been approved by this office after due consideration.

There is one question that we would like to ask concerning your method of marketing and reporting upon the State wells in this unit. We understand that each well will be individually metered and recorded and we are assuming that the production and royalty statements will be submitted. Marketing will be done from these records. Will you please let us know your plans in this matter?

Also, Mr. Floersheim who handles right of way easements has requested us to check with you to determine whether or not you have the proper easements for pipelines for the project.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

By: *Ted Bilberry*
Ted Bilberry
Supervisor, Oil and Gas Division

TB/yds
cc: Jason W. Kellahin

ILLEGIBLE

LARGE FORMAT
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BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

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AND IS LOCATED
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