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PHILLIPS PETROLEUM COMPANY

Hobbs, New Mexico
P.O. Box 2105

Case 1745

1959 JUL 22 AM 8:22

July 20, 1959

In re: Application of Phillips Petroleum Company for Approval of LACT System - Ranger Unit - T-12-S, R-34-E, Lea County, New Mexico

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

Gentlemen:

Phillips Petroleum Company proposes installation of a dump-tank type lease automatic custody transfer system (LACT) on the Ranger Unit, located in T-12-S, R-34-E, Lea County, New Mexico.

Rule 309(a) states that "oil shall not be transported from a lease until it has been received and measured in tanks located on the lease". The dump tank type LACT system proposed for use on the Ranger Unit will provide for measurement of oil in a tank and, therefore, is not believed to be in conflict with Rule 309(a). We are not aware of other rules which would preclude our proceeding with the proposed installation.

We respectfully request your opinion as to the necessity for an Examiners' Hearing. If it is your conclusion that a hearing is required, we wish to have this letter considered as our application for such hearing and to state the following in support of the application:

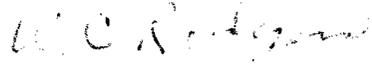
1. The installation of the dump tank type automatic custody transfer system will accurately measure produced oil and result in efficient accounting of crude oil transported to the pipe line gathering system.
2. The Ranger Unit, approved by Order R-797, contains approximately 1520 acres and is described as all Section 23, W/2 NW/4 Section 24, NW/4 Section 25, all Section 26, T-12-S, R-34-E, Lea County, New Mexico

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Oil Conservation Commission
LACT - Ranger Unit
July 20, 1959
Page Two

3. Installation of the proposed LACT system is in the interest of conservation and will protect correlative rights.
4. The oil will be delivered to Service Pipe Line Company. Their verbal approval has been received for the proposed installation.
5. By copy of this letter, all offset operators and the Pipe Line Company are notified of Phillips Petroleum Company's application.

Respectfully submitted,



W. C. RODGERS
District Superintendent
Production Department

FCM:b
cc. Oil Conservation Commission
P.O. Box 2045
Hobbs, New Mexico

OFFSET OPERATORS

Tidewater Oil Company
P.O. Box 547
Hobbs, New Mexico

J. C. Barnes Oil Company
P.O. Box 505
Midland, Texas

Pan-American Petroleum Corp.
P.O. Box 68
Hobbs, New Mexico

*W.D.S.
I would like to
talk to
you about
this*

*File
have
file w/
reply*

PHILLIPS PETROLEUM COMPANY

P. O. Box 2105
Hobbs, New Mexico

October 20, 1959

In re: New Mexico Oil Conservation Commission Order No. R-1490 -
Case No. 1745 - West Ranger LACT

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Attention of Mr. D. S. Nutter

Gentlemen:

This will confirm conversation between Mr. D. S. Nutter, of your office, and Messrs. Spann and Morgan, representing Phillips Petroleum Company, relative to the subject order. The specific point of discussion concerned the requirement in the subject order "That the above-described automatic custody transfer system shall be so equipped as to cause all flowing wells connected thereto to be shut-in at the well-head in the event of malfunction or flow line break."

In regard to the above requirement, we wish to state the following:

1. Testimony at the hearing included a statement that "In the event a malfunction occurs and no oil is sold to the pipeline, the surge tank will fill and oil will overflow into the emergency overflow tank. When the oil level reaches level six (see Exhibit No. 1) the lease shut-in valve at the header will close thus shutting in the lease." This testimony assumed all wells would be on a flowing status.
2. The flowing pressure is rapidly declining and now approximates 50 psi on some wells. This pressure is inadequate to permit reliable use of low pressure shut-in valves at the well-heads.
3. Due to the rapid decline in bottom hole pressure, we now anticipate a portion of the wells will change from a flowing to a pumping status in two to four months. All wells are expected to be on a pumping status within six months.

4. An additional expenditure of approximately \$3750 would be required to install the low pressure shut devices at the wellheads of the eight flowing wells. We do not consider this expenditure necessary or justified for the low pressure short term protection afforded those wells with adequate flowing pressure to permit use of the low pressure shut down device.
5. Our present intention is to use a parallel string free type hydraulic pumping system for artificially lifting the Ranger wells. With this system, production would be stopped on all artificially lifted wells by shutting down the prime mover powering the triplex pump in the event of a malfunction by the LACT system. Any remaining flowing wells would be shut in at the header as discussed above.
6. All flow lines are plastic coated and no failures have occurred to date.

In view of the above discussion, we respectfully request your approval to shut-in all Ranger flowing wells at a central header rather than at individual wells in the event of a malfunction of the LACT unit.

Very truly yours,


W. C. Rodgers
District Superintendent
Production Department

FCM:wma

cc: Mr. C. C. Spann
Box 1031
Albuquerque, New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

file Case # 1745

September 29
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Mr. Charles C. Spann
The Simms Building
Box 1031
Albuquerque, New Mexico

Dear Mr. Spann:

On behalf of your client, Phillips Petroleum Company, we enclose two copies of Order No. R-1490, issued by the Oil Conservation Commission, September 28, 1959, in Case No. 1745.

You will note that this order requires that the automatic custody transfer system be checked for accuracy at least once every six months until further direction by the Secretary-Director.

It is our understanding, after discussion of this matter with Mr. Morgan of the Hobbs District Office of Phillips Petroleum Company, that Phillips proposes to, in effect, install two systems to receive the production of oil from the Ranger Lake Unit; one system to receive the production from the majority of the wells in the unit area, and the other system to receive the production from certain acreage which carries an over-riding royalty interest ascribed to Vickers Petroleum Company.

Insofar as the Oil Conservation Commission is concerned, this arrangement will be satisfactory inasmuch as

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Mr. Charles C. Spann

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September 29, 1959

all of the production will be passed through the dump-type metering system, even though the production from the two areas is measured separately and at different times.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

lcr/

Enclosures (2)

cc: Phillips Petroleum Company
Hobbs, New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 3, 1959

Phillips Petroleum Company
P. O. Box 2105
Hobbs, New Mexico

Attention: Mr. W. C. Rodgers

Re: Case No. 1745
Order No. R-1490

Gentlemen:

Reference is made to your letter of October 20, 1959, wherein you describe certain operating conditions prevailing on your West Ranger Unit, Ranger Lake-Pennsylvanian Pool, Lea County, New Mexico, and request, in view of said conditions, to be permitted to shut-in all Ranger Lake flowing wells at a central header rather than at the individual well-head in the event of a malfunction of the LACT unit, as prescribed by the subject order.

It is our understanding that the flowing pressure of the wells on the Ranger Lake Unit is rapidly declining and now approximates some 80 psi on certain of the wells; further, that you anticipate that all wells will be on artificial lift within six months, and that when said wells are put to artificial lift, a hydraulic pumping system will be installed which will automatically be shut-down in the event of LACT failure.

In view of these circumstances, we believe that shutting in of the wells at the central header is comparable to shutting in the wells at the well-head. Phillips Petroleum Company is there-

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OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

fore authorized to so equip the system as to cause said wells to be shut-in at the header in the event of malfunction of the equipment.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSN/ir

cc: Mr. C. C. Spann
Box 1031
Albuquerque, New Mexico

N. M. Oil Conservation Commission
Box 2045
Hobbs, New Mexico

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OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 29, 1959

Mr. Charlie Spann
Simms Building
Box 1031
Albuquerque, New Mexico

Dear Mr. Spann:

On behalf of your client, Phillips Petroleum Company,
we enclose two copies of Order No. R-1490 issued by
the Oil Conservation Commission on September 28, 1959,
in Case No. 1745.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Enclosures

*copy to
Hobbs*

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Case 1745

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

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Docket
mailed 8-4-59
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July 23, 1959

Phillips Petroleum Company
P. O. Box 2105
Hobbs, New Mexico

Attention: Mr. W. C. Rodgers

Gentlemen:

Reference is made to your letter of July 20, 1959, where-
in you have inquired as to the necessity of a hearing to
obtain approval for your proposed automatic custody transfer
system on the Ranger Lake Unit, Lea County, New Mexico.

Even though you propose to measure the oil in tanks, it has
been the custom of the Commission to require a hearing prior
to authorization of any automatic transfer system.

We are, therefore, setting your application for hearing
before one of the Commission's examiners on or about August
19th. You will be notified by copy of the docket of the
exact date that your case will be heard.

Very truly yours,

DANIEL S. NUTTER
Chief Engineer

DSN/ir