

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. 1836
Order No. R-1576

APPLICATION OF CONTINENTAL OIL
COMPANY FOR PERMISSION TO IN-
STALL AN AUTOMATIC CUSTODY TRANS-
FER SYSTEM ON ITS STATE J-2 LEASE,
ARROWHEAD POOL, LEA COUNTY, NEW
MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 6, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 18th day of January, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 the applicant is the owner and operator of the State J-2 Lease consisting of the N/2 and the SE/4 of Section 2, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to install an automatic custody transfer system to handle the Arrowhead Pool production from all wells presently drilled or hereafter completed on said State J-2 Lease.
- (4) That the applicant proposes to measure the oil passing through said automatic custody transfer system by means of either dump-type or positive displacement meters.
- (5) That the meters to be used in the above-described system should be checked for accuracy once each month and the results of such tests furnished to the Commission.

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(6) That the above-described system should be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

(7) That the 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.

IT IS THEREFORE ORDERED:

That the applicant, Continental Oil Company, be and the same is hereby authorized to install automatic custody transfer equipment to handle the Arrowhead Pool production from all wells presently drilled or hereafter completed on its State J-2 Lease consisting of the N/2 and the SE/4 of Section 2, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells on said State J-2 Lease 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 automatic custody transfer 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 a 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."

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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