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TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS

December 9, 1959

Case 1844

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

Attn: Mr. A. L. Porter

Gentlemen:

TEXACO Inc. is presently completing its C. E. Penny (NCT-4) Well No. 4 as a dual producer in the Justis (Ellenburger) and Justis (McKee) Pools. Location of the well is Unit E, Section 19, T-25-S, R-38-E, Lea County, New Mexico.

It is proposed that the crude production from the Ellenburger and McKee reservoirs be commingled in a common tank battery and that a lease automatic custody transfer system be installed. The LACT system is to be located in the approximate center of the NW/4 of Section 19, which comprises our 160 acre lease. The production from both reservoirs is considered as intermediate crude with gravities for the Ellenburger and McKee being 44.3° API and 43.6° API, respectively. The present price of these two oils is $3.01 per barrel; therefore, there will be no monetary difference in the price per barrel when these two crudes are commingled. In accordance with Commission regulations, metering equipment will be installed for each zone, thereby affording continuous production determinations from each completion. Positive displacement type meters are proposed for both the commingling and LACT operations. The meters will be A. O. Smith type T-6 with cast iron bodies and anodized aluminum parts and internally plastic coated.

There are three other wells on the lease producing from the Queen formation, Langlie-Mattix Pool. This crude is sour and, therefore, will not be commingled with the subject production.

Previously, the Commission has approved similar commingling and automatic custody transfers involving the Ellenburger and McKee reservoirs. These operations were approved on Tidewater's Coates "C" and "D" Leases and Gulf's Learcy McBuffington Lease, offsetting our Penny Lease to the west and northwest, respectively.

Docket Mailed 12-27-59

TEXACO Inc. respectfully requests that administrative approval be granted for this proposed commingling and LACT system. In the event that administrative approval cannot be granted, it is respectfully requested that temporary administrative approval be granted pending the outcome of a hearing. If the latter is the prevailing case, or if it is not possible to grant temporary administrative approval, please accept this letter as an application for hearing.

Very truly yours,

H. N. Wade
Division Proration Engineer

JER,jr.-MM
Attachments

JBR-JSR

L. C. White
Santa Fe, N. M.

Operation C. E. Penny NCT-4 Lease

Conditions

2 wells completed

McKee allowable	2 x 87 =	174 BPD
Ellenburger allowable	2 x111 =	222 BPD
Total		396 BPD

Assume tank A fills to F-2. LACT unit starts delivery to pipe line. If because of power failure LACT unit fails to start tank A will continue to fill and will overflow by conventional overflow line to tank B.

Storage above F-2 in tank A is 80 barrels.
Storage in tank B 300 barrels.
Total storage 380 barrels.

$$\text{Allowable barrels per hour} = \frac{396}{24} = 16.5$$

$$\text{Hours storage space above F-2} = \frac{380}{16.5} = 23$$

$$\text{Storage space above F-1} = 140 + 300 = 440$$

$$\text{Hours storage space above F-1} = \frac{440}{16.5} = 26.6$$

Maximum time lease will operate unattended will not be over 20 hours.

TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS

January 15, 1960

Case file No. 1844

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

Attn: Mr. Daniel S. Nutter

Gentlemen:

The application of TEXACO Inc. for permission to commingle the production from two separate pools and for permission to install an automatic custody transfer system on its C. E. Penny Lease, consisting of the NW/4 of Section 19, T-25-S, R-38-E, Lea County, New Mexico, was heard as Case No. 1844 on January 6, 1960. During the hearing, it was requested that TEXACO Inc. supply the New Mexico Oil Conservation Commission with a schematic diagram of the surge tanks showing the locations of the low and high level floats and the capacities of the tanks above these floats.

Pursuant to your request, we are attaching three copies of a schematic diagram of the surge tanks and the locations of the floats. The low level float (F-1) is located in a position to comply with pipe line requirements to allow sufficient weathering time. In case of malfunction of the LACT system at the time the crude reaches the high level float (F-2), there will remain an additional storage of 80 barrels in Tank A and 300 barrels in Tank B. In cases where the oil has been equalized to Tank B, the oil will be pumped into Tank A after the malfunction has been corrected; therefore, Tank B will always be in ready reserve. We are also attaching a resume' of the operations of the lease under conditions where there are two McKee and two Ellenburger wells.

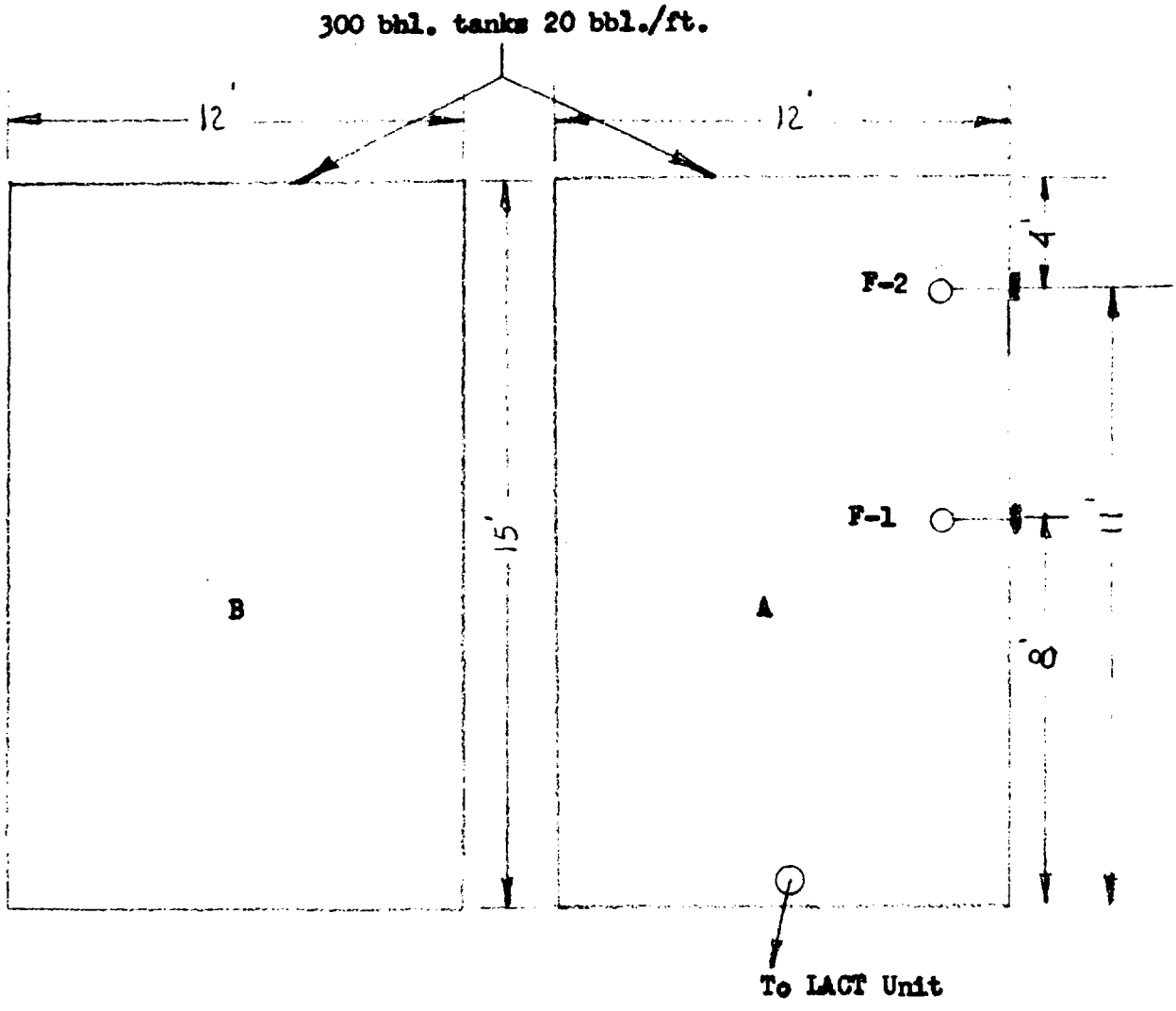
We trust that this information will be beneficial. If you have any questions, please do not hesitate to call.

Very truly yours,

J. E. Robinson, Jr.

J. E. Robinson, Jr.
Division Proration Engineer

JERjr-MM
Attach.



Schematic Storage Tanks
TEXACO INC.
C.E. Penny NCT-4 Lease
Justis (Ellenburger) & Justis (McKee) Pools
Lea County, New Mexico