

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. 1917
Order No. R-1656

APPLICATION OF AMERADA PETROLEUM
CORPORATION FOR PERMISSION TO
COMMINGLE THE PRODUCTION FROM TWO
SEPARATE POOLS IN LEA COUNTY, NEW
MEXICO, SEPARATELY METERING THE
PRODUCTION FROM ONLY ONE POOL
PRIOR TO COMMINGLING.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 16, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 25th day of April, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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, Amerada Petroleum Corporation, proposes to commingle the Monument Pool production from all wells located on its State B-869 lease, comprising the SW/4 of Section 36, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, with the liquid hydrocarbon production from the Monument-McKee Gas Pool underlying said State B-869 lease, and to determine the production from each of said pools by metering the production from one pool and subtracting said metered production from the total commingled production as measured in tanks on the lease.

(3) That due to weathering of the commingled production in storage tanks on the lease, there will be some percentage of shrinkage of the total volume of liquid hydrocarbons held in such tankage, and that said shrinkage will vary considerably according to season, and that without knowledge of the proper weathering or "shrinkage" factors to apply to the measured volume of oil, it will be impossible to accurately determine

the amount of production from each pool.

(4) That the applicant proposes, upon approval of the requested commingling authorization and the installation of such single meter, to initiate a series of tests to determine the shrinkage factor to be incorporated into the single meter each month; but the evidence adduced at this hearing, in view of the relatively short duration of the comparative tests introduced in evidence at the hearing as well as the meter failure which occurred during said tests, does not, in the opinion of the Commission, indicate that such factors have been nor can be accurately determined at this time.

(5) That the request of the applicant, Amerada Petroleum Corporation, for authority to commingle the Monument Pool oil production with the Monument-McKee Gas Pool liquid production from all wells on its said State B-869 lease should be approved, but that the determination of the liquid hydrocarbon production from each of said pools should be made by means of two separate meters, one for each pool.

(6) That the applicant should be permitted, on its option, to initiate a series of carefully controlled tests, which tests should be of at least one year's duration, in order to secure a complete variation of seasonal temperature changes, as well as to obtain a complete performance history of the meters involved, to compare the efficiency of its proposed one-meter installation with the hereinafter authorized two-meter installation. Said tests should consist of simultaneously comparing the production from one pool, as measured by a single independent third meter and as adjusted by a shrinkage factor as proposed by the applicant, with the production as determined and adjusted by means of the standard two-meter installation hereinafter authorized and commonly in use in New Mexico.

(7) That if the applicant chooses to exercise the above-mentioned option and conduct the aforesaid tests, it should consult with the Secretary-Director of the Commission prior to installation of the necessary equipment and commencement of the tests.

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to commingle the oil production from the Monument Pool and the liquid hydrocarbon production from the Monument-McKee Gas Pool from all wells on its State B-869 lease, comprising the SW/4 of Section 36, Township 19 South, Range 36 East, NMPPM, Lea County, New Mexico.

(2) That the applicant's request that the production from

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only one pool be metered and that this metered production be subtracted from the total commingled production in determining the production from the pool which is not metered be and the same is hereby denied.

(3) That the production from each of said pools shall be separately metered prior to commingling.

(4) That the applicant may, at its option, run a series of tests over a one-year period to determine whether shrinkage factors can be accurately determined in a one-meter installation. If the applicant chooses to exercise such option, it shall notify the Secretary-Director prior to installation of the necessary equipment and commencement of the tests.

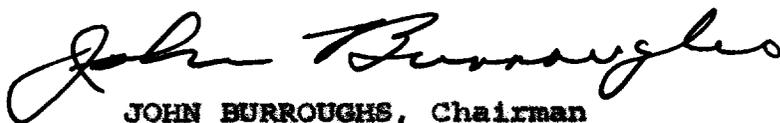
(5) That the applicant shall install adequate facilities to permit the testing of all wells on the said State B-869 Lease at least once each month to determine the individual production from each well.

(6) That all meters shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

That all meters shall be checked for accuracy at least once each 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."

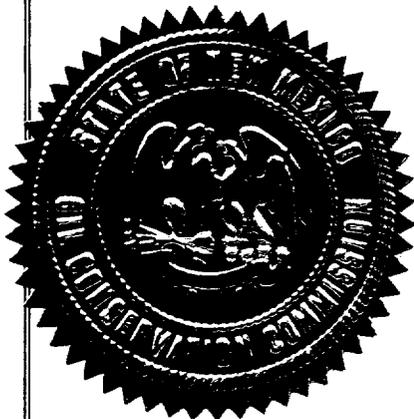
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN BURROUGHS, Chairman


MURRAY E. MORGAN, Member


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



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