

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. 1961  
Order No. R-1678

APPLICATION OF GULF OIL CORPORATION  
FOR PERMISSION TO COMMINGLE THE  
PRODUCTION FROM FOUR SEPARATE POOLS  
AFTER SEPARATELY METERING THE PRODUC-  
TION FROM ONE POOL AND FOR PERMISSION  
TO INSTALL AN AUTOMATIC CUSTODY TRANSFER  
SYSTEM, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 11, 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 19th day of May, 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, Gulf Oil Corporation, is the owner and operator of the C. L. Hardy lease comprising the SW/4 of Section 20, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant proposes to commingle the production from the Blinebry, Drinkard, Paddock, and Penrose-Skelly Pools from all wells presently completed on the said C. L. Hardy lease after separately metering the production from the Blinebry Pool only, utilizing an automatic custody transfer system to handle said commingled production.
- (4) That all of the wells presently completed on the C. L. Hardy lease in the Drinkard, Paddock, and Penrose-Skelly Pools are low marginal wells.
- (5) That because of the said low marginal character of the

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Drinkard, Paddock, and Penrose-Skelly wells completed on the said C. L. Hardy lease, the applicant's request to commingle the production from the Blinebry, Drinkard, Paddock, and Penrose-Skelly Pools, after separately metering the production from the Blinebry Pool only, should be granted, provided that a monthly test is conducted on each of the subject wells to determine the individual production from each such well.

(6) That the ownership of the C. L. Hardy lease is common at all depths.

(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, provided that adequate safety features are incorporated therein.

(8) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, be and the same is hereby authorized to commingle the production from the Blinebry, Drinkard, Paddock, and Penrose-Skelly Pools from all wells presently completed on the C. L. Hardy lease comprising the SW/4 of Section 20, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, after separately metering the production from the Blinebry Pool.

PROVIDED HOWEVER, That if any well on the said C. L. Hardy lease completed in the Drinkard, Paddock, or Penrose-Skelly Pools shall at any time in the future become capable of producing considerably in excess of the present level of liquid hydrocarbon production, the authority granted by this order shall terminate unless the production from each of said pools is separately metered prior to commingling.

PROVIDED FURTHER, That the applicant shall conduct monthly tests of all wells presently completed in the subject pools on the said C. L. Hardy lease to determine the individual production from each well.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle the said commingled production from all wells located on the above-described C. L. Hardy lease.

PROVIDED HOWEVER, That the meter used to determine the Blinebry production shall be of a type which incorporates a

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non-reset totalizer indicating cumulative production, and the production as reflected by the meter shall not exceed the allowable assigned to the well.

IT IS FURTHER ORDERED:

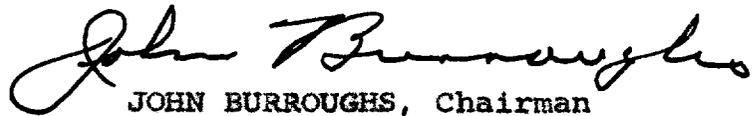
That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

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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