STATEMENT OF THE ATLANTIC REFINING CO.
CONCERNING APPLICATION FOR APPROVAL
OF AN AUTOMATIC CUSTODY TRANSFER SYSTEM
ATLANTIC RUTTER FEDERAL LEASE
BLUITT POOL, ROOSEVELT COUNTY, NEW MEXICO
CASE NO. 2232

The Atlantic Refining Co. proposes to install an automatic custody transfer system to handle production from all wells presently completed or hereafter drilled in the Bough "C" formation on the above lease. This lease is located in the SW/4 Section 28, Township 8 South, Range 37 East, NMPM, and contains about 160 acres. The equipment we plan to install will be of the same general type previously approved by the Commission for installation in the State of New Mexico. Previous use of equipment similar to this proposal has proven that this is a reliable method of transferring custody of oil.

Attached is a plat showing the Rutter Federal lease and location of the existing tank battery. Also attached is a schematic showing the proposed automatic custody transfer system.

Oil will be transferred to the pipe line from a surge tank. Components of the LACT unit in flow order are as follows:

1. Pump: An electrically driven pump maintains a pressure in the metering system above the vapor pressure of the crude. It provides a constant flow rate through the system to insure meter accuracy.

Appl. & Case 2232

2. Strainer - Air Eliminator: A combination strainer and air eliminator removes any air, gas, or foreign particles which may interfere with the operation of the meter.

3. Sampler: Samples of the crude are taken during each period of transfer to the pipe line. The samples will be stored in a vapor proof container for gravity and BS&W measurement. The sampler is actuated by electrical impulses from the meter. This will give samples proportional to the amount of oil transferred.

4. Oil Meter: A positive displacement meter is used to measure the volume of oil transferred. This meter is equipped with a temperature compensator, non-reset counter registering barrels, tenths, and hundreths. The counter registers the amount of oil transferred corrected to 60° F. A transmitter delivers one electrical pulse per barrel and paces the safety shut down circuit, the set-stop allowable counter, and sampler.

5. Meter Proving Loop: A four valve proving loop will permit calibration of the oil meter at any time. This proving loop has a bleed valve between double in-line block valves to insure that no oil by-passes the calibration equipment.

6. Back Pressure Valve: The back pressure valve maintains a constant pressure in the meter. This pressure is above the vapor pressure of the crude.

7. Check Valve: A check valve prevents any backflow of oil from the pipe line to Atlantic's equipment.

A control panel, located on the skid, performs the following functions:

1. Stops booster pump on low surge tank level and holds all circuits locked out until the oil level returns to the high level switch. Starts the pump at the high level in the surge tank. A manual override permits starting the pump between level switches.
2. A set-stop counter prevents overrunning of the scheduled monthly allowable. It must be manually reset each month.
3. Stops transfer of oil on a signal from the set-stop counter. Prevents further transfer until the set-stop counter is reset.
4. Stops transfer of oil on a meter failure or if the flow rate drops below a present minimum. This is a lockout function and must be manually reset.
5. The control panel, sampler, and proving loop valves can be sealed by the pipe line company.

The positive displacement meter can be calibrated jointly by the pipe line company and The Atlantic Refining Co. The meter can be calibrated by either a master meter or a test tank.

In order to prevent the overflow of oil in the event of a failure in the custody transfer system we propose to provide adequate facilities to store the production during unattended operations.