

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1337
Order No. R-1093

APPLICATION OF GULF OIL CORPORATION
FOR APPROVAL OF A LEASE AUTOMATIC
CUSTODY TRANSFER SYSTEM TO RECEIVE
AND MEASURE THE PRODUCTION FROM MORE
THAN EIGHT WELLS AND FOR PERMISSION
TO COMMINGLE THE OIL PRODUCED FROM
THE MCKEE AND ELLENBURGER POOLS
UNDERLYING SAID LEASE IN LEA COUNTY,
NEW MEXICO, AND FOR PERMISSION TO
PRODUCE THE WELLS ON SAID LEASE IN
EXCESS OF THE MONTHLY ALLOWABLE
TOLERANCE FOR A LIMITED PERIOD OF TIME.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 14, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 27th day of November, 1957, the Commission, a quorum being present, having considered the application and the evidence adduced, 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 Gulf Oil Corporation is the owner and operator of all producing rights below 3,800 feet on the Learcy McBuffington Lease which consists of the S/2 of Section 13, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the McKee and the Ellenburger formations underlying the aforementioned Learcy McBuffington Lease are productive of oil, and that the applicant expects to fully develop said lease in both of said formations.
- (4) That the applicant proposes to install automatic production and testing facilities on said Lease for each of the aforementioned formations, and further, to commingle the production

from said formations after it has been metered by means of dump-type oil meters, and to transfer the custody of all such oil to the purchaser by means of a positive displacement meter.

(5) That the applicant amended its application at the hearing to delete that portion wherein permission was requested to produce the wells on the above-described lease in excess of the monthly allowable tolerance.

(6) That if the said Learcy McBuffington Lease is fully developed there will be more than eight wells producing into the system.

(7) That the metering system proposed by the applicant will provide an accurate and reliable means for measuring the amount of oil produced from each formation, provided the meters are periodically checked for accuracy.

(8) That the previous use of automatic equipment, similar to that proposed by the applicant has shown that such equipment is a reliable and economic means of measuring and transferring the custody of oil and that the use of such equipment should be permitted.

(9) That the applicant should be permitted to install and operate the automatic equipment in the manner proposed and to commingle the production from the McKee formation and the Ellenburger formation after said production has been measured, provided that each of the meters in the system is periodically checked for accuracy.

(10) That the system should be so equipped as to prevent the undue waste of oil or gas in the event of malfunction or line break.

(11) That the system should be so equipped as to permit the testing of each well in the system at least once a month.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, be and the same is hereby authorized to install central production and test facilities utilizing dump-type oil meters, and automatic custody transfer equipment utilizing a positive displacement meter, to receive the production from all wells completed in the McKee formation and the Ellenburger formation on the following described lease:

LEARCY McBUFFINGTON LEASE

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 13: S/2

all in Lea County, New Mexico.

-3-

Case No. 1337
Order No. R-1093

FURTHER, That the applicant be and the same is hereby authorized to commingle the production from the McKee formation and the Ellenburger formation underlying the above-described lease after such production has been separately metered through the central production and test facilities.

PROVIDED HOWEVER, That each well connected to the above-described system shall be individually tested at least once a month.

PROVIDED FURTHER, That each dump-type meter and positive displacement meter in the above-described system shall be checked for accuracy at intervals and in a manner satisfactory to the Commission.

PROVIDED FURTHER, That the above-described system shall be so equipped as to prevent the undue waste of oil or gas in the event of malfunction or line break.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



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



ir/