

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. 1817
Order No. R-1544

APPLICATION OF SUNRAY MID-
CONTINENT OIL COMPANY FOR AN
AUTOMATIC CUSTODY TRANSFER
SYSTEM AND FOR PERMISSION TO
PRODUCE MORE THAN 16 WELLS
INTO A COMMON TANK BATTERY,
IN THE BISTI-LOWER GALLUP OIL
POOL, SAN JUAN COUNTY, NEW
MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 24, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, 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 10th day of December, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 is the unit operator of the Central Bisti-Lower Gallup Sand Unit within the defined limits of the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, comprising the following-described acreage:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Section 3: SW/4
Sections 4, 5, 6, 7, 8, and 9: All
Section 10: NW/4, W/2 SW/4
Section 15: W/2 NW/4
Section 16: All
Section 17: N/2, SE/4, N/2 SW/4 and SE/4 SW/4
Section 18: NE/4, N/2 NW/4, and N/2 SE/4
Section 20: NE/4 and NE/4 NW/4
Section 21: N/2, N/2 SE/4, and NE/4 SW/4

-2-

Case No. 1817

Order No. R-1544

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPL

Section 31: S/2 N/2, and S/2

Section 32: S/2 N/2, and S/2

Section 33: S/2 SW/4

(3) That the applicant proposes to produce into a common tank battery all the Bisti-Lower Gallup oil wells presently or hereafter completed within the above-described Central Bisti-Lower Gallup Sand Unit.

(4) That the applicant proposes to install an automatic custody transfer system to handle the Bisti-Lower Gallup Oil Pool production from all wells on said Central Bisti-Lower Gallup Sand Unit.

(5) That the applicant proposes to measure the oil passing through the automatic custody transfer system by means of dump-type or positive displacement meters.

(6) That the above-described system should be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

(7) That the meters used in the automatic custody transfer system should be checked for accuracy once each month until further direction of the Secretary-Director.

(8) That the owner of an overriding royalty interest in the Val R. Reese Lease, comprising the S/2 SW/4 of Section 32, Township 26 North, Range 12 West, has not signed the Unit agreement. Therefore, the production from said lease should be separately metered prior to commingling with other production from the Unit.

(9) 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.

(10) That approval of the subject application will neither cause waste nor impair correlative rights provided adequate testing and storage facilities are installed.

IT IS THEREFORE ORDERED:

(1) That the applicant be and the same is hereby authorized to produce into a common tank battery all oil wells presently or hereafter completed in the Bisti-Lower Gallup Oil Pool on the Central Bisti-Lower Gallup Sand Unit comprising the following-described acreage in San Juan County, New Mexico.

-3-

Case No. 1817
Order No. R-1544

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Section 3: SW/4
Sections 4, 5, 6, 7, 8, and 9: All
Section 10: NW/4, W/2 SW/4
Section 15: W/2 NW/4
Section 16: All
Section 17: N/2, SE/4, N/2 SW/4 and SE/4 SW/4
Section 18: NE/4, N/2 NW/4, and N/2 SE/4
Section 20: NE/4 and NE/4 NW/4
Section 21: N/2, N/2 SE/4, and NE/4 SW/4

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Section 31: S/2 N/2, and S/2
Section 32: S/2 N/2, and S/2
Section 33: S/2 SW/4

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of each well on said Central Bisti-Lower Gallup Sand Unit at least once each month.

PROVIDED FURTHER, That the production from the Val R. Reese Lease, comprising the S/2 SW/4 of Section 32, Township 26 North, Range 12 West, shall be separately metered prior to commingling with other production from the Unit.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle the Bisti-Lower Gallup Oil Pool production from all wells presently completed or hereafter drilled within the above-described Central Bisti-Lower Gallup Sand Unit.

PROVIDED HOWEVER, That the automatic custody transfer system shall be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

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 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."

-4-

Case No. 1817

Order No. R-1544

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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



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