



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. DRAWER 1290 · FORT WORTH 1, TEXAS

H. P. REARDON
DIVISION
PETROLEUM ENGINEER

FORT WORTH
PRODUCTION DIVISION

January 5, 1960



Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: Application for Approval of ACT System and Request for Exception to Rule 309 for Gulf Oil Corporation's Lea-State "AP", "AQ", "BG", and "IH" Leases Located in the Pearl (Queen) Pool, Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation herewith makes application for exception to the applicable Rules and Regulations of the New Mexico Oil Conservation Commission to obtain permission to install and operate automatic custody transfer equipment to handle production from the subject leases in the Pearl (Queen) Pool.

In order to fully utilize the proposed ACT system, Gulf Oil Corporation will request exceptions to:

- (1) NMOCC Rule 309(a) which requires measurement of oil in tanks before such oil is transported from the lease.
- (2) Commingle production from each of the subject leases into a common battery to be located on the Lea-State "AQ" Lease.
- (3) That portion of Rule 309 which limits production from sixteen wells that can be received by common tankage.

In support of this application Gulf Oil Corporation states the following:

- (a) Applicant is the owner and operator of the following leases: Lea-State "AP" consisting of the E/2 of Section 30; Lea-State "AQ" consisting of the N/2 of Section 32; Lea-State "BG" consisting of the N/2 of Section 33; and Lea-State "IH" consisting of the W/2 of the SW/4 and the W/2 of the SE/4 of Section 29, all in T-19-S, R-35-E, Lea County, New Mexico.

- ~~(b) There is no diversity of royalty ownership underlying the above-described leases.~~

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- (c) Applicant proposes to replace present individual lease batteries with an automatic custody transfer system using dump type meters and appropriate companion equipment as necessary to measure in barrels the amount of merchantable oil delivered to the pipeline. This ACT battery will be located on the Lea-State "AQ" Lease.
- (d) The proposed ACT installation will have adequate facilities to permit the taking of all required tests.
- (e) The granting of this application is in the interest of conservation and will protect correlative rights.
- (f) By copy of this letter all offset operators and the pipeline concerned are notified of this application.

Respectfully submitted,

GULF OIL CORPORATION

By H. P. Reardon
Division Petroleum Engineer

cc: Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Cabot Carbon Company
P. O. Box 4395
Midland, Texas

Cactus Drilling Corporation
P. O. Box 348
San Angelo, Texas

Calco Drilling Company
1113 Continental Bank Bldg.
Fort Worth 2, Texas

Shell Oil Company
P. O. Box 1957
Hobbs, New Mexico

Skelly Oil Company
P. O. Box 38
Hobbs, New Mexico

Shell Pipeline Company
P. O. Box 1509
Midland, Texas