

**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. 1877  
Order No. R-1607**

**APPLICATION OF CONTINENTAL OIL  
COMPANY FOR AN AUTOMATIC CUSTODY  
TRANSFER SYSTEM AND FOR PERMISSION  
TO PRODUCE MORE THAN 16 WELLS INTO  
A COMMON TANK BATTERY IN THE SKAGGS  
POOL, LEA COUNTY, NEW MEXICO**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on January 27, 1960, 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 8th day of February, 1960, 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 Southeast Monument Unit within the defined limits of the Skaggs Pool, Lea County, New Mexico, a portion of which unit comprises the following-described acreage:

**TOWNSHIP 20 SOUTH, RANGE 37 EAST**

Section 13: SW/4 NE/4, SE/4, S/2 SW/4 and NW/4 SW/4  
Section 14: SE/4 and S/2 NE/4  
Section 23: N/2 NE/4  
Section 24: E/2, E/2 W/2 and NW/4 NW/4  
Section 25: NE/4 and N/2 SE/4

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TOWNSHIP 20 SOUTH, RANGE 38 EAST

Section 18: NW/4 SW/4, S/2 SW/4 and SW/4 SE/4

Section 19: W/2, SE/4, S/2 NE/4 and NW/4 NE/4

Section 30: N/2, N/2 SW/4 and NW/4 SE/4

(3) That the applicant proposes to produce into a common tank battery 44 Skaggs Pool oil wells presently or hereafter completed on that portion of the Southeast Monument Unit described above.

(4) That the applicant further proposes to install an automatic custody transfer system to handle the Skaggs Pool production from 44 wells on that portion of the Southeast Monument Unit described above.

(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 automatically shut-in affected wells 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 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.

(9) That approval of the subject application will neither cause waste nor impair correlative rights provided adequate treating, 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 44 Skaggs Pool oil wells presently or hereafter completed on that portion of the Southeast Monument Unit comprising the following-described acreage in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 37 EAST

Section 13: SW/4 NE/4, SE/4, S/2 SW/4 and NW/4 SW/4

Section 14: SE/4 and S/2 NE/4

Section 23: N/2 NE/4

Section 24: E/2, E/2 W/2 and NW/4 NW/4

Section 25: NE/4 and N/2 SE/4

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Section 18: NW/4 SW/4, S/2 SW/4 and SW/4 SE/4

Section 19: W/2, SE/4, S/2 NE/4 and NW/4 NE/4

Section 30: N/2, N/2 SW/4 and NW/4 SE/4

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of each well on the above-described portion of the Southeast Monument Unit at least once each month.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle the Skaggs Pool production from 44 wells on that portion of the Southeast Monument Unit described above.

PROVIDED HOWEVER, That the automatic custody transfer system shall be so equipped as to automatically shut-in affected wells 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."

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