

**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. 1954  
Order No. R-1666**

**APPLICATION OF SHELL OIL COMPANY  
FOR APPROVAL OF AN AUTOMATIC  
CUSTODY TRANSFER SYSTEM IN THE  
SAUNDERS (PERMO-PENNSYLVANIAN)  
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 April 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 9th day of May, 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, Shell Oil Company, is the owner and operator of the State A lease comprising the E/2 of Section 34, Township 14 South, Range 33 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the Saunders (Permo-Pennsylvanian) Pool production from all wells presently completed or hereafter drilled on the said State A lease.

(4) 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, provided adequate safety features are incorporated therein.

-2-

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IT IS THEREFORE ORDERED:

That the applicant, Shell Oil Company, be and the same is hereby authorized to install automatic custody transfer equipment to handle the Saunders (Permo-Pennsylvanian) Pool production from all wells presently completed or hereafter drilled on its State A lease comprising the E/2 of Section 34, Township 14 South, Range 33 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall either install high level safety shut-in switches in the storage tanks which will shut-in the wells at the header and at the well-head, thus preventing the over-flow of oil in the event of malfunction of the equipment, or it shall install and maintain sufficient storage capacity to handle one and one-half times the daily lease allowable excluding the capacity of the gun barrel.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on said State A lease at least once each month to determine the individual production from each well.

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.

That 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 Burroughes*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

*A. L. Porter*  
A. L. PORTER, Sec., Member & Secretary

