BEFORE THE OIL CONSERVATION COMMISSION OF THE

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF 4 TEXACO INC. FOR PERMISSION TO INSTALL AN AUTOMATIC CUSTODY TRANSFER SYSTEM 5 ON ITS "AR" LEASE IN THE ECHOLS (DEVONIAN) POOL, LEA COUNTY, NEW MEXICO. 6

Case No. 1958

APPLICATION

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Comes now Texaco Inc. and respectfully petitions the New Mexico Oil Conservation Commission for permission to install an automatic custody transfer system and respectfully shows:

1. Applicant is the owner and operator of its State of New Mexico "AR" lease consisting of 117 acres located in Section 2, a fractional section, consisting of the North half of the Southwest Quarter, and Lot 3 (containing 18.52 acres) and Lot 4 (containing 18.58 acres), all being in Township 11 South Range 37 East Lea County, New Mexico. Applicant is the operator of two wells on said lease producing from the Echols (Devonian) Pool.

2. Applicant proposes to install a permanent automatic custody transfer system to handle the Echols (Devonian) Pool production from the aforesaid wells. The applicant proposes to measure the oil passing through said automatic custody transfer system by means of either dump-type or positive displacement meters. Said meters will be checked for accuracy at reasonable intervals and the results of such tests furnished to the Commission as may be required by it. All equipment used in the system shall be operated and maintained in such a manner as to insure an accurate measurement of the liquid hydro-carbon production at all times.

3. Applicant represents that the automatic custody transfer equipment 27 which it proposes to install is a reliable and economic means of transferring 28 the custody of oil and that the use of such equipment is in the interest of 29 prevention of waste and will not impair correlative rights.

GILBERT, WHITE AND GILBERT ATTORNEYS AT LAW SANTA FE, NEW MEXICO 15

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WHEREFORE, applicant prays that this application be set for hearing before an Examiner at Santa Fe, New Mexico, that notice be given hereon and that upon such hearing permission be granted as herein requested. TEXACO INC. By GILBERT, WHITE AND GILBERT Bу Applicant Attorneys for P. O. Box 787 Santa Fe, New Mexico GILBERT, WHITE AND GILBERT ATTORNEYS AT LAW SANTA FE, NEW MEXICO -2-