

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. 1977
Order No. R-1694

APPLICATION OF HONDO OIL & GAS COMPANY
FOR APPROVAL OF AN AUTOMATIC CUSTODY
TRANSFER SYSTEM IN THE EMPIRE-ABO POOL,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 1, 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 10th day of June, 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 owner and operator of the Hondo-Western-Yates State 647 lease comprising in pertinent part the following-described acreage in Eddy County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 25: All
Section 26: All
Section 34: N/2 SE/4
Section 35: NE/4, E/2 NW/4, and N/2 S/2
Section 36: N/2 and N/2 S/2

(3) That the applicant proposes to install an automatic custody transfer system to handle the Empire-Abo Pool production from all wells presently completed or hereafter drilled on the above-described acreage.

(4) That all meters used in the above-described automatic custody transfer system should be checked for accuracy once each month and the results of such tests furnished to the Commission.

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(5) 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.

IT IS THEREFORE ORDERED:

That the applicant, Hondo Oil & Gas Company, be and the same is hereby authorized to install automatic custody transfer equipment to handle the Empire-Abo Pool production from all wells presently completed or hereafter drilled on that portion of the Hondo-Western-Yates State 647 lease hereinafter described:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 25: All
Section 26: All
Section 34: N/2 SE/4
Section 35: NE/4, E/2 NW/4, and N/2 S/2
Section 36: N/2 and N/2 S/2

all in Eddy County, New Mexico.

PROVIDED HOWEVER, That inasmuch as the lease shut-in facilities will be at the lease header rather than at the wellheads, the flowlines used in the automatic custody transfer system shall be high pressure tubing which shall be tested to at least 1500 psi upon installation.

PROVIDED FURTHER, That the applicant shall install a high-level safety shut-in switch in the storage tank which will shut-in the wells at the header thus preventing the overflow of oil in the event of malfunction of the equipment.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all Empire-Abo Pool wells on the above-described acreage 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.

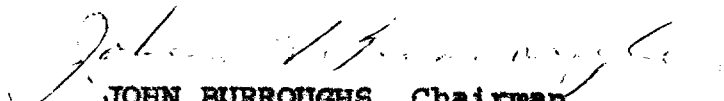
That meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such

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calibration filed with the Commission on the Commission form
entitled "Meter Test Report."

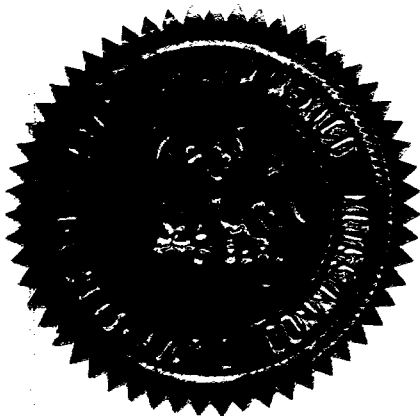
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN BURROUGHS, Chairman


MURRAY E. MORGAN, Member


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



esr/