



PETROLEUM AND ITS PRODUCTS

ROSWELL DISTRICT

W. A. SHELLSHEAR
District Manager

F. D. MORTLOCK
District Exploration Manager

M. I. TAYLOR
District Production Manager

G. A. PRICE
District Services Manager

GULF OIL CORPORATION

P. O. DRAWER 669 • ROSWELL, NEW MEXICO

July 13, 1960

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Gentlemen:

Re: Request to Amend Order No. R-1605,
Case No. 1872, to Include Gulf Oil
Corporation's Lea State "AR"
Lease located in S/2 of Section 33,
and SW/4 of Section 34, T-19-S,
R-35-E, Lea County, New Mexico

Gulf Oil Corporation respectfully requests administrative approval to add Pearl-Queen Pool production from the Lea State "AR" Lease to the commingled production from the Lea State "AP", "BG", "IH" and "AQ" Leases in the automatic custody transfer system which was approved by NMOCC Order No. R-1605, Case No. 1872, dated February 8, 1960.

In support of this request, Gulf Oil Corporation states the following:

- (1) By NMOCC Order No. R-1605, applicant was authorized to commingle the Pearl-Queen Pool production from all wells located on the following described leases in Lea County, New Mexico:

Lea State "AP" Lease, E/2 of Section 30;
Lea State "AQ" Lease, N/2 of Section 32;
Lea State "BG" Lease, N/2 of Section 33;
Lea State "IH" Lease, W/2 SW/4 and W/2
SE/4 of Section 29; all in T-19-S, R-35-E.

Provided, however, that prior to such commingling, operator shall separately meter the production from the said "AQ" Lease and shall also separately meter the combined production from the said "AP", "BG" and "IH" Leases.

- (2) By this Order No. R-1605, applicant was authorized to install automatic custody transfer equipment to handle the Pearl-Queen Pool production from all wells located on the above described leases.

Provided, however, that applicant shall install adequate facilities to permit testing of all wells on each of the subject leases, at least once each month, to determine the individual production from each well.

Handwritten notes:
Hatched
M. I. Taylor
July 26, 1960
JR.

- (3) Applicant is the owner and operator of the Lea State "AR" Lease, consisting of the S/2 of Section 33, and the SW/4 of Section 34, T-19-S, R-35-E, Lea County, New Mexico.
- (4) Applicant's Lea State "AR" Lease is contiguous and has common ownership with the above described leases. The State Beneficial Institution for the Lea State "AR" Lease is the same as the Lea State "AP", "BG" and "IH" Leases.
- (5) Applicant plans to develop Pearl-Queen Pool oil production from the Lea State "AR" Lease and proposes to commingle this production with the Pearl-Queen oil production from the above described leases, which have already been approved for commingling.
- (6) Applicant proposes, prior to commingling, to separately measure the production from the said "AQ" Lease and also to separately meter the combined production from the said "AP", "BG", "IH" and "AR" Leases.
- (7) Applicant will install adequate facilities to permit the taking of all required tests.
- (8) The granting of this request is in the interest of conservation and will protect correlative rights.
- (9) By copy of this letter, all offset operators and the pipe line concerned are notified of this request.
- (10) Attached is a plat showing the above described leases.
- (11) Also attached is a copy of a letter from the State of New Mexico Commissioner of Public Lands, granting permission to commingle production from the Lea State "AR" Lease with production from the Lea State "AP", "IH" and "BG" Leases.

In connection with Item (11), it is noted that the Commissioner of Public Lands has not yet approved the inclusion of the Lea State "AQ" Lease in the automatic custody transfer system as approved by NMOCC Order

July 13, 1960

No. R-1605. However, he has not disapproved, and in order to facilitate operations the Lea State "AQ" production will be handled separately in a conventional tank battery until such approval is obtained.

Respectfully submitted,

GULF OIL CORPORATION

By:



W. A. Shellshear

JCG:ers

cc: Oil Conservation Commission
Post Office Box 2045
Hobbs, New Mexico

Cabot Carbon Company
Post Office Box 4395
Midland, Texas

Cactus Drilling Corporation
Post Office Box 348
San Angelo, Texas

Calco Drilling Company
1113 Continental Bank Building
Fort Worth 2, Texas

Shell Oil Company
Post Office Box 1957
Hobbs, New Mexico

Skelly Oil Company
Post Office Box 38
Hobbs, New Mexico

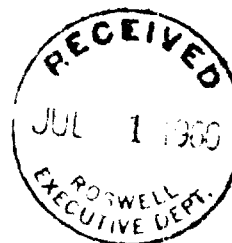
Shell Pipe Line Company
Post Office Box 1509
Midland, Texas

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Shenck*

State of New Mexico



Commissioner of Public Lands



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MURRAY E. MORGAN
COMMISSIONER



P.O. BOX 791
SANTA FE, NEW MEXICO

June 28, 1960

In reply refer to:
Oil and Gas Division

Gulf Oil Corporation
P. O. Drawer 669
Roswell, New Mexico

Attention: W. A. Shellshear

Dear Sir:

This will acknowledge receipt of your letter of June 3, 1960 in which you sought permission to commingle your Lea-State "AP", "IH", "BG", and "AR" leases, which are located in Township 19S, Range 35E in Lea County, New Mexico, in a common tank battery located upon your "AQ" lease. You also state that you will continue to use the conventional tank battery at your Lea-State "AQ" well for production from that lease. By keeping all the production for all leases thus far mentioned separated from the production of the Lea-State "AQ" lease, we feel that this will serve as a beneficial act toward the state of New Mexico and Gulf Oil Corporation. If the proposed plan as outlined in your letter of June 3, is followed, it is acceptable to the state and is hereby approved. However, the Commissioner of Public Lands reserves the right to retract this permission if the enactment of this plan proves to be unsound or imprudent to the state of New Mexico in the future.

Yours very truly,

MURRAY E. MORGAN
Commissioner of Public Lands

By:

E. L. Buck
Geologist

ELB: jw

ILLEGIBLE

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Case No. 1872

Order No. R-1605

PROVIDED FURTHER, That the automatic custody transfer system shall be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

PROVIDED FURTHER, That all meters used in the above-described system shall be operated in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

PROVIDED FURTHER, That all meters shall be checked for accuracy at least once a 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, Chairman

MURRAY E. MORGAN, Member

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

S E A I.

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OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 18, 1960

Gulf Oil Corporation
P. O. Drawer 669
Roswell, New Mexico

Attention: Mr. W. A. Shellshear

Gentlemen:

Reference is made to your application relative to including the Lea State "AR" lease in the commingling and ACT authorization granted by Order No. R-1605.

Unfortunately the expansion of automatic custody transfer facilities to include additional leases may be approved only after notice and hearing. While the commingling portion of your application could be approved administratively, it would be of no value to you without the ACT authorization.

Unless I hear from you to the contrary, I will docket your application for an examiner hearing on August 10, 1960.

Very truly yours,

OLIVER E. PAYNE
General Counsel

OEP/esr

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

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July 26, 1960
JRC*