

**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. 2105
Order No. R-1804**

**APPLICATION OF SHELL OIL COMPANY
FOR PERMISSION TO COMMINGLE THE
PRODUCTION FROM SEVERAL SEPARATE
LEASES AND FOR AN AUTOMATIC
CUSTODY TRANSFER SYSTEM, LEA
COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 19, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 24th day of October, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 following-described State leases, located in Lea County, New Mexico:

State "M" Lease, consisting of Lots 1, 2, 7, 8, 9, 10, 15, and 16 of Section 1, Township 21 South, Range 35 East.

State "L" Lease, consisting of the SE/4 of Section 1, Township 21 South, Range 35 East.

State "G" Lease, consisting of Lots 11 and 12 of Section 6, Township 21 South, Range 36 East.

State "P" Lease, consisting of Lots 13 and 14 of Section 6, Township 21 South, Range 36 East.

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(3) That the applicant proposes to commingle the Eunice Pool production with the Eumont Pool production from all wells on the above-described leases.

(4) That Order No. R-663 authorizes the commingling of Eunice Pool production with Eumont Pool production without the necessity of metering the production from each pool prior to commingling.

(5) That the applicant further proposes to install an automatic custody transfer system to handle the commingled production.

(6) 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.

(7) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, be and the same is hereby authorized to commingle the Eunice Pool production with the Eumont Pool production from all wells presently completed or hereafter drilled on the following-described State leases in Lea County, New Mexico.

State "M" Lease, consisting of Lots 1, 2, 7, 8, 9, 10, 15, and 16 of Section 1, Township 21 South, Range 35 East.

State "L" Lease, consisting of the SE/4 of Section 1, Township 21 South, Range 35 East.

State "G" Lease, consisting of Lots 11 and 12 of Section 6, Township 21 South, Range 36 East.

State "F" Lease, consisting of Lots 13 and 14 of Section 6, Township 21 South, Range 36 East.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle the said commingled production from all wells located on the above-described leases.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the

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above-described leases at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system fails to transfer oil to the pipeline, the applicant shall add additional storage facilities from time to time, as it becomes necessary, to store the production which will accrue during the hours that said lease is unattended, or in the alternative, shall so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full.

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 BURROUGHS, Chairman


MURRAY E. MORGAN, Member


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



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