

GOVERNOR  
JOHN BURROUGHS  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
MURRAY E. MORGAN  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY DIRECTOR

P. O. BOX 871  
SANTA FE

February 2, 1961

Mr. Jason Kellahin  
Kellahin & Fox  
Box 1713  
Santa Fe, New Mexico

Re: Case No. 2153  
Order No. R-1859  
Applicant:  
Continental

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.,  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x  
Artesia OCC         
Aztec OCC       

Other

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. 2153  
Order No. R-1859

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR APPROVAL OF AN AUTOMATIC CUSTODY  
TRANSFER SYSTEM IN THE MONUMENT 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 January 4, 1961, 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 2nd day of February, 1961, 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, Continental Oil Company, is the owner and operator of the Sanderson A-11, Sanderson A-14, and Sanderson AB-14 Leases, comprising the SE/4 and S/2 SW/4 of Section 11, the NE/4, E/2 NW/4, N/2 SE/4, and the SE/4 SE/4 of Section 14, and the NW/4 NW/4 of Section 14, respectively, all in Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That ownership of the Sanderson A-11 and Sanderson A-14 Leases is common throughout.

(4) That the applicant proposes to commingle the Monument Pool production from all wells on the subject leases after separately metering the production from the one-well Sanderson AB-14 Lease, the unit well on which is marginal.

(5) That the total amount of Monument Pool production to be attributed to the Sanderson A-11 and Sanderson A-14 Leases should be determined by subtracting the amount of metered production from the Sanderson AB-14 Lease from the total commingled production.

-2-

CASE No. 2153  
Order No. R-1859

(6) That the applicant proposes to install an automatic custody transfer system to handle the commingled production from all wells presently completed or hereafter drilled on the above-described leases.

(7) 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:

(1) That the applicant, Continental Oil Company, be and the same is hereby authorized to commingle the Monument Pool production from all wells on the Sanderson A-11, Sanderson A-14 and Sanderson AB-14 Leases, comprising the SE/4 and S/2 SW/4 of Section 11, the NE/4, E/2 NW/4, N/2 SE/4, and the SE/4 SE/4 of Section 14, and the NW/4 NW/4 of Section 14, respectively, all in Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, after separately metering the production from the Sanderson AB-14 Lease.

PROVIDED HOWEVER, That the total amount of Monument Pool production to be attributed to the Sanderson A-11 and Sanderson A-14 Leases shall be determined by subtracting the amount of metered production from the Sanderson AB-14 Lease from the total commingled production.

PROVIDED FURTHER, That in the event the well on the Sanderson AB-14 Lease becomes capable of producing top allowable, the operator shall notify the Santa Fe Office of the Commission and this case shall be reconsidered.

(2) That the applicant be and the same is hereby authorized to install an automatic custody transfer system to handle the commingled Monument Pool production from all wells presently completed or hereafter drilled on the above-described leases.

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

-3-

CASE No. 2153  
Order No. R-1859

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



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

