

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. 2221
Order No. R-1935

APPLICATION OF SHELL OIL COMPANY
FOR AN EXCEPTION TO RULE 303 (a)
AND RULE 309 (a), LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 22, 1961, 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 April, 1961, 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, Shell Oil Company, is the owner and operator of the Shell State "T" lease, comprising the SE/4 of Section 33, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle the production from the Vacuum (Grayburg-San Andres) and Vacuum-Abo Pools from all wells presently completed or hereafter drilled on the above-described Shell State "T" lease, after separately metering the production from each pool.

(4) That the exception to Rule 303 (a) granted by Administrative Order No. PC-19 should be superseded by this order.

(5) That the proposed installation as shown on Exhibit Nos. 3 and 4 in this case should be authorized, provided, however, that all production and test meters should be of a type utilizing a non-reset totalizer, and, provided further that the automatic valves should be incapable of manual actuation.

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(6) That inasmuch as an industry committee has been appointed to study all phases of commingling and to recommend minimum standards to prevent abuses thereof, it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

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

(8) 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, Shell Oil Company, is hereby authorized to commingle the production from the Vacuum (Grayburg-San Andres) and Vacuum-Abo Pools from all wells presently completed or hereafter drilled on the Shell State "T" lease, comprising the SE/4 of Section 33, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, after separately metering the production from each pool.

PROVIDED HOWEVER, That this installation shall conform to Exhibit Nos. 3 and 4 in this case except that (a) all production and test meters shall be of a type utilizing a non-reset totalizer and (b) the automatic valves shall be incapable of manual actuation.

PROVIDED FURTHER, That it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(2) That the applicant is hereby authorized to install an automatic custody transfer system to handle said commingled production.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described Shell State "T" lease 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.

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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 all 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."


(3) That Administrative Order No. PC-19 is hereby superseded.

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