

MINUTE ITEM

13. APPLICATION FOR APPROVAL OF LEASE AUTOMATIC CUSTODY TRANSFER INSTALLATION (L.A.C.T.), OIL AND GAS LEASE P.R.C. 1466.1, RICHFIELD OIL CORPORATION, RINCON FIELD, VENTURA COUNTY - W.O. 3314.

After consideration of Calendar Item 29 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO APPROVE, AS REQUESTED BY THE RICHFIELD OIL CORPORATION, THE AUTOMATIC EQUIPMENT INSTALLED ON STATE OIL AND GAS LEASE P.R.C. 1466.1 TO BE USED FOR CUSTODY TRANSFER OF OIL PRODUCED ON THE LEASE, SUBJECT TO THE FOLLOWING CONDITIONS:

1. CALIBRATION AND OPERATION OF POSITIVE DISPLACEMENT METERS AND AUTOMATIC EQUIPMENT SHALL BE IN ACCORDANCE WITH CONDITIONS SPECIFIED IN WRITING BY THE STATE LANDS DIVISION AND WITH TENTATIVE A.P.I. STANDARD 1101 OR ANY REVISION THEREOF WHICH MAY BE ADOPTED;
2. ALL OTHER TERMS, CONDITIONS AND PERFORMANCE REQUIREMENTS UNDER THE LEASE TO REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.

Attachment
Calendar Item 29 (2 pages)

CALENDAR ITEM

29

APPLICATION FOR APPROVAL OF LEASE AUTOMATIC CUSTODY TRANSFER INSTALLATION (L.A.C.T.), OIL AND GAS LEASE P.R.C. 1466.1, RICHFIELD OIL CORPORATION, RINCON FIELD, VENTURA COUNTY - W.O. 3314.

State Oil and Gas Lease P.R.C. 1466.1 was issued on August 29, 1955 to the Richfield Oil Corporation, pursuant to competitive public bidding in accordance with Division 6 of the Public Resources Code, covering approximately 1,175 acres of tide and submerged lands in the Rincon Field, Ventura County.

Paragraph 9 of the lease provides that operations conducted under the lease shall comply with such applicable rules and regulations as have been issued pursuant thereto by the Commission. Article 3 of the rules and regulations of the Commission provides for conventional gauging procedures, specifies the type of tankage, and outlines the methods to be used in determining the quality and quantity of oil shipped from State leases.

An application has been received from the Richfield Oil Corporation requesting approval for the operation of an automatic custody transfer installation for the sale of crude oil. This method makes use of positive displacement meters to determine accurately the quantities of liquid involved in custody transfer. The positive-displacement meter is generally accepted and approved by both the American Petroleum Institute and the American Society for Testing Materials. Many major oil operators are using this type of equipment in pipeline oil delivery. Space limitations on the Richfield island at Rincon, with resultant limited storage capacity, necessitate the use of this method to determine the quantity of oil sold.

Since March 6, 1959, oil shipments from the lease, gauged and sampled in the conventional manner, have been transferred through the automatic equipment. During this period approximately 68,000 barrels of oil have been shipped. The difference in volume under the two methods was 111.51 barrels, or 0.163%. It is the opinion of the staff that properly designed and operated automatic equipment is more accurate than conventional gauging. This lease automatic transfer installation has been approved by companies purchasing the oil and by the pipeline carrier. The installation consists of two temperature compensated positive displacement meters in series, an automatic sampler, and auxiliary equipment required to insure proper operation. Provisions for calibrating the positive displacement meters are in conformance with tentative A.P.I. Standard 1101 which is, at present, widely accepted throughout the oil industry as a recognized standard covering the installation, calibration and operation of such meters in liquid hydrocarbon service.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO APPROVE, AS REQUESTED BY THE RICHFIELD OIL CORPORATION, THE AUTOMATIC EQUIPMENT INSTALLED ON STATE OIL AND GAS LEASE P.R.C. 1466.1 TO BE USED FOR CUSTODY TRANSFER OF OIL PRODUCED ON THE LEASE, SUBJECT TO THE FOLLOWING CONDITIONS:

CALENDAR ITEM 29. (CONTD.)

1. CALIBRATION AND OPERATION OF POSITIVE DISPLACEMENT METERS AND AUTOMATIC EQUIPMENT SHALL BE IN ACCORDANCE WITH CONDITIONS SPECIFIED IN WRITING BY THE STATE LANDS DIVISION AND WITH TENTATIVE A.P.I. STANDARD 1101 OR ANY REVISION THEREOF WHICH MAY BE ADOPTED;
2. ALL OTHER TERMS, CONDITIONS AND PERFORMANCE REQUIREMENTS UNDER THE LEASE TO REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.