

MINUTE ITEM

37. AMENDMENT TO RULES AND REGULATIONS OF THE STATE LANDS COMMISSION,  
LEASE AUTOMATIC CUSTODY TRANSFER (LACT) - W.O. 3344.

After consideration of Calendar Item 44 attached, and upon motion duly  
made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO INITIATE PROCEDURES UNDER THE  
PROVISIONS OF SECTION 11420, ET SEQ., GOVERNMENT CODE, FOR CONSIDERATION  
OF THE ADDITION OF SECTION 2107.5, CALIFORNIA ADMINISTRATIVE CODE, TITLE  
2, DIVISION 3, RULES AND REGULATIONS OF THE STATE LANDS COMMISSION, AS  
PROPOSED IN EXHIBIT "A" ATTACHED HERETO.

Attachment

Calendar Item 44 (3 pages)

CALENDAR ITEM

44.

AMENDMENT TO RULES AND REGULATIONS OF THE STATE LANDS COMMISSION, LEASE  
AUTOMATIC CUSTODY TRANSFER (LACT) - W.O. 3344.

The pipe line industry has in the last few years developed a widespread interest in, and acceptance of the positive-displacement meter as an improved tool to determine accurately the quantities of liquid involved in custody transfers. This has been brought about by a realization on the part of the pipe line operator that the positive-displacement meter will effect a more economic use of manpower, equipment, and available space, and will at the same time achieve an optimum degree of measurement accuracy.

This phase of meter application has been stimulated considerably by the current interest in automation. Briefly, equipment required in a Lease Automatic Custody Transfer (LACT) unit other than tanks and pumps would consist of a quality-monitoring instrument, air eliminator, strainer, positive-displacement meter, and proportional sampler. Each installation would also include adequate meter-proving equipment.

Volume measurements achieved by the automatic unit are considered more accurate than those resulting from conventional gauging procedures because of the elimination of the human element and other factors influencing conventional gauged volumes.

Custody transfer of petroleum by means of temperature compensated displacement meters has been accepted by major oil companies in the Gulf Coast area for some time, and tentative standards have been specified by the American Petroleum Institute.

At its meeting of August 27, 1959, the Commission approved the installation of LACT equipment on Richfield Lease No. P.R.C. 1466.1. Approval of the installation was given after thorough comparative tests between the equipment and conventional gauging were made, covering the shipment of 68,000 barrels of oil. These tests indicated a variance of measurement of considerably less than one per cent.

A request and specifications have been received for the installation of similar equipment on another State lease. Further, it is anticipated that other lessees will desire to install automatic gauging equipment. Therefore it is necessary that the State Lands Commission provide rules and regulations for installation and operation of LACT equipment.

The Rules and Regulations of the State Lands Commission (California Administrative Code, Title 2, Section 3, Article 3) make no provision for the use of LACT equipment. However, they provide in detail for conventional manual gauging. In view of the foregoing, amendment to the Commission's Rules and Regulations is proposed.

CALENDAR ITEM 44 (CONTD.)

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO INITIATE PROCEDURES UNDER THE PROVISIONS OF SECTION 11420, ET SEQ., GOVERNMENT CODE, FOR CONSIDERATION OF THE ADDITION OF SECTION 2107.5, CALIFORNIA ADMINISTRATIVE CODE, TITLE 2, DIVISION 3, RULES AND REGULATIONS OF THE STATE LANDS COMMISSION, AS PROPOSED IN EXHIBIT "A" ATTACHED HERETO.

Attachment  
Exhibit "A"

EXHIBIT "A"

2107.5 AUTOMATIC CUSTODY TRANSFER.

(a) Any applicant holding a lease may submit an application to install Automatic Custody Transfer Control equipment. The application shall include (1) a detailed drawing of the proposed system, and (2) detailed drawings and specifications of the major equipment components.

(b) Lease Automatic Custody Transfer equipment and its installation shall comply with the specifications outlined in American Petroleum Institute Code No. 1101 (tentative), revised January 1952, or any revision thereof, which may be adopted by the American Petroleum Institute, unless specifically modified with the approval of the State Lands Division. Monitoring valves shall meet the recommendation of American Petroleum Institute Code No. 2509 A. The equipment shall include a proportional sampler for securing laboratory test samples.

(c) Upon determination that required standards of accuracy for measuring oil shipments have been obtained, the State Lands Commission may approve oil shipments by Lease Automatic Custody Transfer.

(d) The equipment shall be operated in a manner approved by the State Lands Division. Use of the equipment shall be discontinued at any time it is required by an Inspector, upon determination that required standards of measurement and accuracy or quality are not being obtained. Where use has been discontinued, the equipment shall not be placed in use again except upon approval of the Inspector.

(e) Installation and removal of meter tickets and opening and closing meter readings shall be made with a State gauger present.

(f) A memorandum of transfer shall be furnished the State for each run of oil from lessee's tanks within 24 hours of the completion of such run.

(g) For each run of oil from the lessee's tanks, a copy of official "Gauger's Report of Oil Run" will be furnished to the lessee.

(h) Where approved Lease Automatic Custody Transfer equipment is in operation, the provisions of Sections 2104, 2106(d) 2107 and 2109 of this Code are not applicable. Where circumstances require conventional gauging for Custody Transfer, the aforesaid sections shall apply.