

**RULES  
OF THE  
OIL AND GAS PROGRAM  
DIVISION OF WATER RESOURCES**

**CHAPTER 0400-54-05  
COMMINGLING AND AUTOMATIC CUSTODY  
TRANSFER OF HYDROCARBONS**

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**0400-54-05-.01 PERMISSION TO COMMINGLE.**

Permission to commingle gas and/or liquid hydrocarbons and to measure and transfer custody of liquid hydrocarbons by use of methods other than customary gauge tanks may be obtained without the necessity of a public hearing, in the absence of protest, as hereinafter provided, and upon strict compliance with the procedure set forth herein.

- (1) Detailed schematic diagram of the mechanical installation to be used with adequate explanation of the flow of gas and/or liquid hydrocarbons and indicating locations of locking devices and seals to provide assurance against, or evidence of, tampering.
- (2) Statement by the producer that in his opinion the use of the proposed method shall provide reasonably accurate measurement and shall not create inequities.
- (3) A list of all known interested parties, including operators and royalty owners, affected by the application.

**Authority:** T.C.A §§ 60-1-201 et seq., and 4-5-201 et seq. **Administrative History:** Original rule filed March 20, 2013; effective June 18, 2013.

**0400-54-05-.02 NOTICE PUBLICATION.**

Notice of the filing of an application for projects applicable to this chapter shall be published in a newspaper of general circulation in the county wherein the field is located.

**Authority:** T.C.A §§ 60-1-201 et seq., and 4-5-201 et seq. **Administrative History:** Original rule filed March 20, 2013; effective June 18, 2013.

**0400-54-05-.03 GRANTING PERMISSION.**

Upon the basis of application as herein provided, no permission for projects applicable to this chapter shall be granted if, in the judgment of the Supervisor, the data and information submitted does not warrant the approval of the application or if any party protests the application by filing written protest with the Supervisor within 15 days following the first publications of the notice of the application; however, in either of the foregoing events, the application may be set for public hearing at the election of the applicant or the Supervisor.

**Authority:** T.C.A §§ 60-1-201 et seq., and 4-5-201 et seq. **Administrative History:** Original rule filed March 20, 2013; effective June 18, 2013.

**0400-54-05-.04 METER CALIBRATIONS.**

The applicant shall provide a suitable means of calibrating each meter used for measurement of hydrocarbons in order that its accuracy in operation can be proven, such calibration to be done before or at the time the meter is initially installed and at such intervals or other times as the Supervisor or his representative shall, after consideration of the inherent characteristics of the particular equipment, deem proper. The results of all meter calibrations required by this order shall be certified as being true and correct by the party performing the calibration. These results shall be available upon request to the Supervisor or his representative.

**Authority:** T.C.A §§ 60-1-201 et seq., and 4-5-201 et seq. **Administrative History:** Original rule filed March 20, 2013; effective June 18, 2013.

**0400-54-05-.05 OPERATIONAL LIMITATIONS.**

The approved custody transfer or commingling installation shall be permitted to operate so as to transfer or commingle, as produced, the hydrocarbons produced from the well or wells served by such installation. The limitations on the operation of such installation are as follows:

- (1) The daily production rate from any well or wells shall not cause waste.
- (2) Unless otherwise permitted, no production from a well in a prorated pool in excess of the total monthly allowable may be transferred during a calendar month.
- (3) The production from any given well in any one day shall not be increased more than 25% of the legally permissible hydrocarbon production from such well or wells.

**Authority:** T.C.A §§ 60-1-201 et seq., and 4-5-201 et seq. **Administrative History:** Original rule filed March 20, 2013; effective June 18, 2013.

**0400-54-05-.06 BY-PASS LINES.**

Permission, in writing, from the Supervisor shall be obtained for all by-pass lines or other lines that shall permit flow around the regular meter, and each such line shall have a meter that shall permit individual well measurement.

**Authority:** T.C.A §§ 60-1-201 et seq., and 4-5-201 et seq. **Administrative History:** Original rule filed March 20, 2013; effective June 18, 2013.

**0400-54-05-.07 RESERVED.**

**Authority:** T.C.A §§ 60-1-201 et seq., and 4-5-201 et seq. **Administrative History:** Original rule filed March 20, 2013; effective June 18, 2013.

**0400-54-05-.08 RETENTION OF REPORTS.**

Should approval be given, the applicant shall indicate in the "Remarks" column on the current CN-0239 form that appropriate well tests have been conducted. The applicant shall retain the actual reports of such tests and such reports shall be kept on file, and available for inspection by the Supervisor or any party at interest for a period of not less than 3 years.

**Authority:** T.C.A §§ 60-1-201 et seq., and 4-5-201 et seq. **Administrative History:** Original rule filed March 20, 2013; effective June 18, 2013.