Roswell, New Mexico

May 10, 1963

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Re: Application of Continental Oil Company for exception to Rule 309-A in order to commingle production from Miller B No. 7 with production from Miller BX lease, Maljamar (Grayburg-San Andres) Pool, Sections 14 and 23, T17S, R32E, Lea County, New Mexico.

Gentlemen:

Continental Oil Company requests an exception to Rule 309-A for permission to commingle oil production from its Miller B No. 7 Well with production from the Miller BX Lease, Maljamar (Grayburg-San Andres) Pool, Lea County, New Mexico, and in support thereof offers the following information.

1. Applicant's Miller BX Lease is comprised of E/2 Section 14, T17S, R32E, Lea County, New Mexico, and has seven wells producing from the Maljamar (Grayburg-San Andres) Oil Pool.

2. Since the effective date of the Maljamar Cooperative Area Unit, May 1, 1963, the portion of the Miller B Lease outside the participating area has been reduced to ~~N/2~~ N/2 NW/4 Section 23, T17S, R32E, Lea County, New Mexico. This portion of the lease has one well, No. 7, producing from the Maljamar (Grayburg-San Andres) Pool. Exhibit No. 1, a plat, attached hereto, shows the leases involved, the wells thereon and the location of the tank battery.

3. The mineral interests under both the Miller B and Miller BX leases are owned by the Federal Government.

4. Exhibit No. 2, attached hereto, is a schematic diagram of the proposed installation. As shown, production from the Miller B No. 7 will be metered prior to commingling. Production from the Miller BX Lease will be determined by the subtraction method. Individual well performance can be determined by the test system.

5. Exhibit No. 3, attached hereto, is a tabulation of data showing producing characteristics of the wells involved. As shown, the commingled stream is estimated to have an API gravity of 36.2° with a value of \$2.83. Theoretically, the value of the

commingled stream will be $0.33 per day less than the separate streams, but this is expected to be offset by the reduced evaporation from weathering due to commingling.

6. Commingling of production will result in the prevention of waste and will not impair correlative rights.

7. Attached hereto is a letter from the Regional Oil and Gas Supervisor of the United States Geological Survey consenting to the proposed commingling.

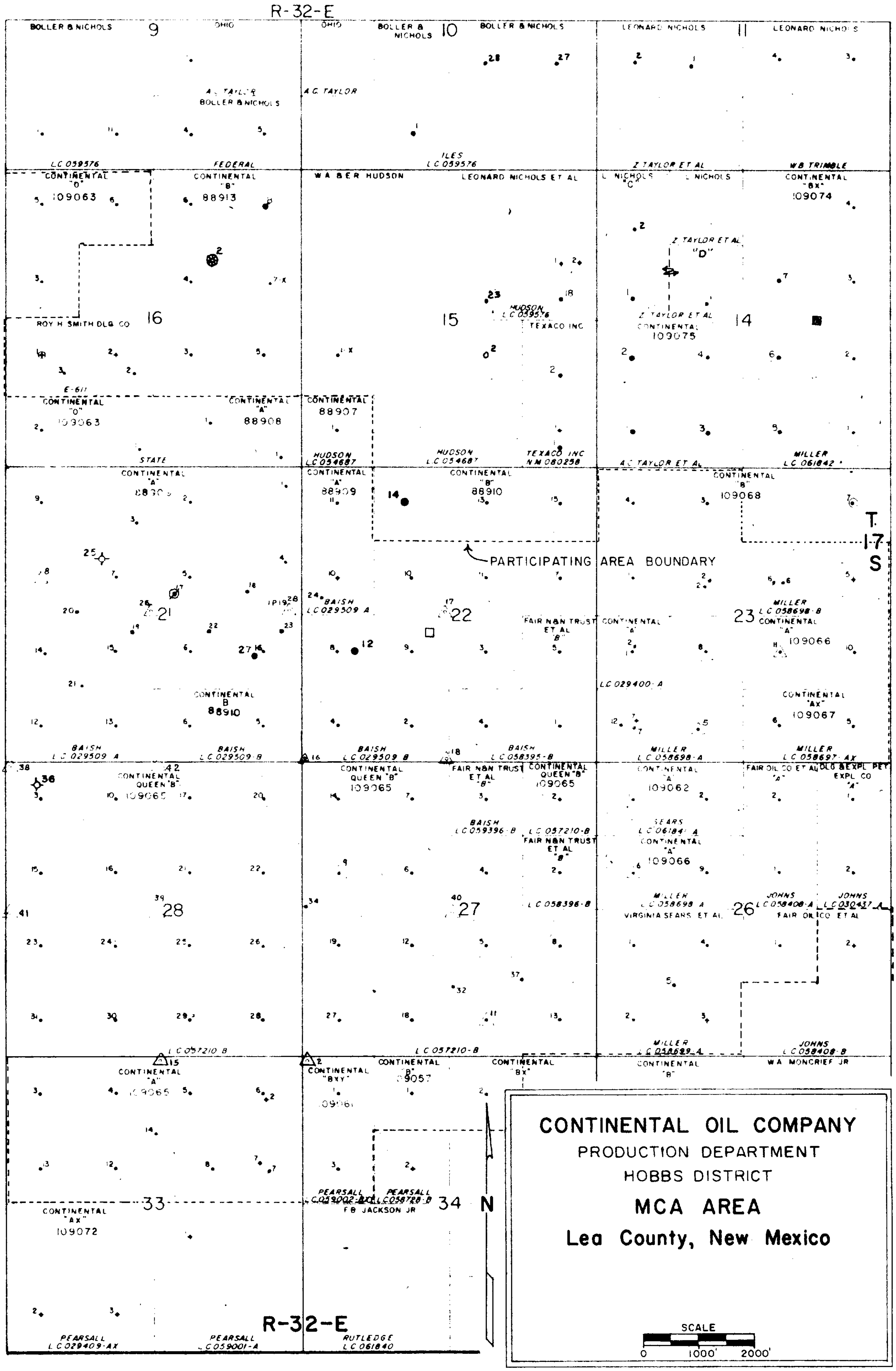
In view of the facts stated above, it is respectfully requested that an exception to Rule 309-A be granted permitting the commingling of production from Miller B No. 7 well with the production from the Miller BX Lease, as described above.

CONTINENTAL OIL COMPANY

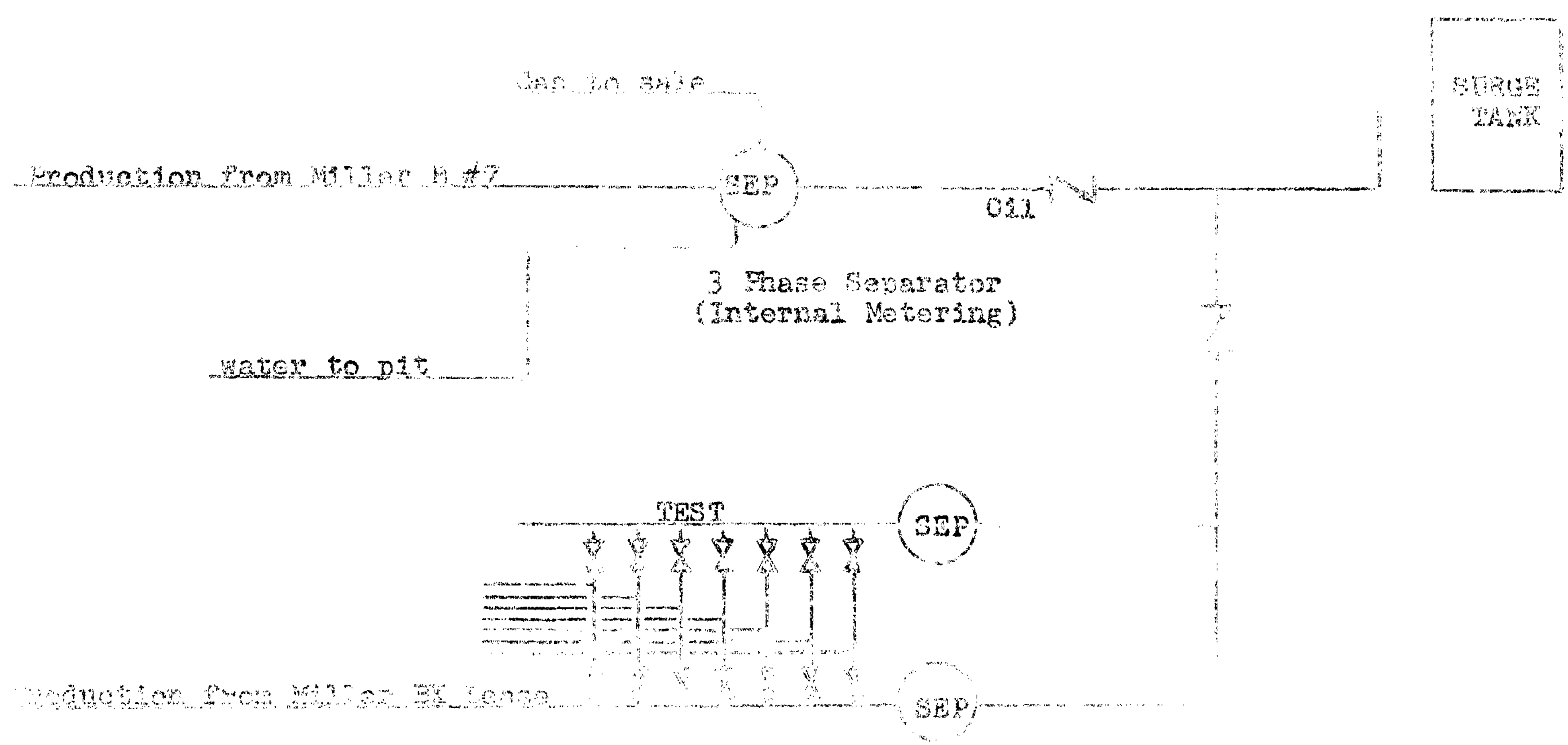
By A. B. Slaybaugh
A. B. Slaybaugh
Asst. Division Superintendent

VTL-pr
Enc.

cc:
NMOCC, Santa Fe-3
RGP
GW
JWK
CES
NGP
SW
TWS
VGM
File


R-32-E
T 17 S
PARTICIPATING AREA BOUNDARY
CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT
HOBBS DISTRICT
MCA AREA
Lea County, New Mexico
SCALE
0
1000'
2000'
N
9
10
11
14
15
16
21
22
23
26
27
28
33
34
BOLLER & NICHOLS
OHIO
LEONARD NICHOLS
A. C. TAYLOR
ILES
LC 059576
FEDERAL
Z. TAYLOR ET AL
W B TRIMBLE
CONTINENTAL "O" 109063
CONTINENTAL "B" 88913
W A & E R HUDSON
LEONARD NICHOLS ET AL
CONTINENTAL "BX" 109074
ROY H SMITH DLG CO
TEXACO INC
CONTINENTAL 109075
CONTINENTAL "A" 88908
CONTINENTAL 88907
STATE
HUDSON LC 054687
TEXACO INC NM 080258
A. C. TAYLOR ET AL
MILLER LC 061842
CONTINENTAL "A" 88909
CONTINENTAL "B" 88910
CONTINENTAL "B" 109068
BAISH LC 029509 A
FAIR N&N TRUST ET AL "B"
MILLER LC 058698-B
CONTINENTAL "A" 109066
LC 029400-A
CONTINENTAL B 88910
CONTINENTAL "AX" 109067
BAISH LC 029509-B
BAISH LC 058395-B
MILLER LC 058698-A
MILLER LC 058697-AX
CONTINENTAL QUEEN "B" 109065
CONTINENTAL "A" 109062
BAISH LC 059396-B
LC 057210-B
SEARS LC 061844-A
LC 058396-B
VIRGINIA SEARS ET AL
JOHNS LC 058408-A
FAIR OIL CO ET AL
WOLO & EXPL PET EXPL CO "A"
MILLER LC 058699-A
JOHNS LC 058408-B
CONTINENTAL "A" 109065
CONTINENTAL "BXY" 109061
CONTINENTAL "B" 109057
CONTINENTAL "BX"
CONTINENTAL "B"
W A MONCRIEF JR
PEARSALL LC 059002-B
PEARSALL LC 058728-B
F B JACKSON JR
CONTINENTAL "AX" 109072
PEARSALL LC 029409-AX
PEARSALL LC 059001-A
RUTLEDGE LC 061840

SCHEMATIC DIAGRAM
PROPOSED COMMINGLING MILLER B No. 7
AND MILLER BX LEASE



NOTE: Sampler will be installed at such time as BS and W content of oil outlet stream from metering separator exceeds 2%.

PRODUCING CHARACTERISTICS

Well		Latest Test Date	Oil	Water	Gas	GOR	Daily Average Prod. [illegible] 63 to 3-31-63	Crude Gravity	Value Per Barrel
[illegible] BY [illegible]	[illegible]	[illegible] 63	[illegible]	[illegible]	[illegible]	[illegible]			
	[illegible]	[illegible] 63	[illegible]	[illegible]	[illegible]	[illegible] 606			
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			
	[illegible]	3-22-63	[illegible]	0	26.2	5,240	4		
		3-19-63	15	0	33.0	2,200	19		
	[illegible]	[illegible]-62	6	0	61.5	10,250	1		
	[illegible]	[illegible] 25-63	[illegible]	0	56	2,250	20		
Lease Total							68	36°	\$2.83
Miller B No 7			16	0	37	2,312	11	37°	\$2.86
Average							79	36.2°	\$2.83