

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
December 11, 1959

EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Continental Oil Company for )  
an amendment of Order R-1445. Applicant, )  
in the above-styled cause, seeks an amendment )  
of Order R-1445 to permit the installation of ) Case 1826  
automatic custody transfer equipment to handle )  
the Delaware production from its Wilder, )  
Payne and Bradley leases in Sections 25, 26 )  
and 35, Township 26 South, Range 32 East, and )  
in Sections 30 and 31, Township 26 South, )  
Range 33 East, Lea County, New Mexico, and )  
for permission to produce more than 16 wells )  
in a common tank battery. )  
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BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.  
We'll take next Case 1826.

MR. PAYNE: Case 1826: Application of Continental  
Oil Company for an amendment of Order R-1445.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox,  
Santa Fe, representing the Applicant. We have Mr. Lyon as a witness.  
May the record show that he was sworn in the preceding case.

MR. PAYNE: Fine.

VICTOR LYON

called as a witness, having been first duly sworn on oath, testified  
as follows:

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DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Are you the same Mr. Lyon that testified in the preceding case?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, sir.

Q (By Mr. Kellahin) Are you familiar with the application in Case 1826?

A Yes, sir.

Q Would you state briefly what is proposed in this application?

A This application is for amendment to Order R-1445, I believe is the number. We are requesting in this amended order that we be allowed to commingle the production from our Wilder, Payne and Bradley, 35 leases, including additional acreage in the Payne lease which at the time of the original hearing we had no reason to believe was productive.

We are also requesting exception to the requirement in Order No. R-1445 that not more than 16 wells be produced into a common battery, and we are also requesting approval of a lease automation installation.

Q Now you have a plat of the area involved in this application?

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A Yes, sir.

(Applicant's Exhibit No. 1  
marked for identification.)

Q Referring to what has been marked Exhibit No. 1,  
would you discuss that exhibit, please?

A Exhibit No. 1 is a plat of the general area in which  
these leases are located. The Wilder lease is shown to consist  
of Section 26 and the South Half, the Northwest Quarter, the West  
Half of the Northeast Quarter, and the Southeast Quarter of the  
Northeast Quarter of Section 25; that's all except for the  
Northeast Northeast of 25.

The Payne lease is shown to consist of the South Half  
of Section 30, the South Half of the North Half of Section 30,  
and all of Section 31, which is a fractional section. These  
sections are located in Township 26 South, Range 33 East, Lea County,  
New Mexico, and the lease also contains Lots 1, 2, 3, and 4 in  
Section 35 of Township 26 South, Range 32 East; and the Bradley  
lease is shown to consist of the North Half of the North Half of  
Section 35, Township 26 South, Range 32 East.

This plat also shows the location of the wells in the  
area, it isn't quite up to date. No. 4 on the Payne in Section 30  
has been completed.

MR. NUTTER: As a producer?

A As a producer. No. 14 on the Wilder in Section 25  
at a location 1980 from the North and 660 from the West has been  
completed as a producer; and the Bradley 35 No. 2 at a location

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660 from the North and West of Section 35 has been completed as a producer. No. 15 on the Wilder, located 660 from the North and 1980 from the West, Section 25, has been drilled and is in the process of being completed.

The plat also shows the location of the tank battery, the metering area, it shows the location of the headers and the flow lines going from the headers, and from the headers to the battery.

Q How will the oil be handled then on the individual lease?

A There is a header located on each lease, and a production and a test line going from the header to the metering area located at the battery site.

Q As indicated by your Exhibit No. 1, this area is subject to continuing development, is that right?

A Yes, sir.

Q Is other development presently contemplated in the area?

A Yes, there is.

Q Now do you have a schematic diagram of the proposed system that you propose to use on these leases?

A Yes, sir.

(Applicant's Exhibit No. 2 & 2-A marked for identification.)

Q Referring to what has been marked as Exhibit No. 2, will you discuss that exhibit, please?



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A Exhibit No. 2 is a schematic diagram of the flow of oil through our proposed installation. At the top left-hand corner is shown the installation on the Wilder lease, this header is located on the lease and when the wells are producing into the production leg of the header, production goes from the header to the production separator, then to the heater-treater; and through a monitor probe, through a dump meter and then into the storage tank. When a well is producing into the test leg, the production goes from the header into the metering free water knockout, which meters both oil and water and the production, the oil production then goes into the production heater-treater and from that point follows the same route as the production leg.

In the center on the left is shown the installation, I'm afraid it isn't designated at that point, but it shows the Bradley 35 system. The header is located on the lease and therefore is not shown on this exhibit. We pick up the production from the production line, and the test line, which are designated 19 and 20, respectively. On this lease, the production leg goes through a three-phase metering heater-treater which serves as a separator, a treater, and a metering vessel. Then it goes through the monitor and probe into the storage tank or surge tank. The test leg goes through a three-phase metering test separator where the oil and water are metered separately, and then the oil production goes into the three-phase metering heater-treater and is metered along with the rest of the production on the lease.



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The installation for the Payne is identical to that on the Bradley. I would like to point out at this time that the monitor and probe that are shown schematically on this diagram have not been installed because at the present time we aren't in a position to install automation. There are two things which prevent this at this time. One is that there is no pipeline connection. The oil is being trucked; and another is that there is no electricity, no electric power available at the present time so this installation we hope to put in in the future, when the conditions are such that it is possible to install it.

Now from the storage tank or surge tank, the flow proceeds to that portion on the right of the exhibit which is proposed to be a skid-mounted automatic custody transfer unit. This has not been installed and cannot be installed until the conditions which I spoke of are corrected. But following the flow from the surgetank, which has a high level and low level controls, it goes through a pipeline pump with a starter controlled by the automation controls. The strainer, the aerator, positive displacement meter, we presume that we will have a test F. D. meter in series with it. Should this not be installed, we will have connections with a prover meter be installed so that the accuracy of the meter can be checked at whatever intervals the Commission may require. Downstream from the meter is a sampler and sample container, check valve and back pressure valve. Referring to the portion at the lower right-hand portion of Exhibit 2, we show the



proposed installations which we will make, to make this as field safe as possible.

On a flowing level, we will have a high-low controller operated by pressure, so that should the pressure at the wellhead become higher or lower than the settings, the well will automatically be shut in, which is accomplished by a motor valve. On a pumping well, we will install Mercoid switches, which will accomplish this same purpose. We also propose to install more floats on the treaters and separators, and on the sump tank, so that at any time these vessels fill with fluid, the wells will be shut in.

At the lower portion of the exhibit, we have shown diagrammatically the proposed equipment which will control this, which includes the test programmer, the production programmer, the monitors, which will operate the diverting valves so that any time the bad oil passes the monitor probe, this will re-route the production into the heater-treater to restore the oil to pipeline conditions.

Q What method will you use for making individual tests on the lease, Mr. Lyon?

A At the time this is automated, we could set the wells to test periodically by the test programmer, and when the control gets to the point where a well is to be tested, then a signal is sent to the header so that the production from the well is diverted from the production leg into the test leg, and then the production follows the flow as shown by this exhibit.

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Q And under this system, all of the production from the individual leases would be separately measured?

A Yes, they would.

Q Now as I understand your testimony, the installation of the automatic custody transfer system will be delayed somewhat, is that correct?

A Yes.

Q Is it necessary, then, that the present order be amended at this time?

A Well, it is not essential. We thought that we might be able to save some expense by presenting our views to the Commission at this time.

Q Is all the land covered in the present order which is necessary in order to commingle the production?

A No, sir, the present order does not include Sections 30 and 31 in Township 26 South, Range 33 East.

Q Now the amendment of that portion of it would be necessary for the economical operation of the system?

A Yes, sir. When the production from our Wilder No. 15 goes into the present battery, we will be in violation of the Commission's order requiring not more than 16 wells be produced into a common battery. The production from the Payne at the present time is being diverted into two tanks, which are located at the battery site, but they receive only from the Payne and it is kept separately at this time, pending approval of this application.





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Q Are the minerals under each of the tracts common ownership?

A No, sir, there are three different leases, they are all Federal leases.

Q But different overriding royalties are involved?

A Yes, sir.

Q But is it all from a common pool?

A Yes, it is, all the production.

Q Would it be practical in your opinion to set separate batteries on each of these leases involved?

A Well, it would be practical; however, we feel it would be much more efficient and would be more in the interest of conservation to have one battery and commingle the production from the several leases.

Q What would be the maximum number of wells that you would anticipate for each of the individual leases involved?

A On the Wilder lease, should all the locations be productive, we could have 31 wells. On the Payne lease, it would be possible to have 22 wells; and on the Bradley four wells.

Maybe I had better check that, 24 on the Payne and four on the Bradley 35; 31 on the Wilder.

Q In your opinion is this proposed installation in the interest of conservation and the prevention of waste?

A Yes, sir.

Q Do you have anything further to add to your testimony?



A I believe not.

Q Were Exhibits 1 and 2 prepared by you and under your direction and supervision?

A They were.

MR. KELLAHIN: I would like to offer Exhibits 1 and 2.

MR. NUTTER: Continental Exhibits 1 and 2 will be admitted.

MR. KELLAHIN: That's all the questions I have.

MR. NUTTER: Anyone have any questions of Mr. Lyon?

MR. PAYNE: Yes, sir.

CROSS EXAMINATION

BY MR. PAYNE:

Q Why do you propose a different installation on the Wilder lease than you do on the Payne and Bradley 35 leases? Is there any particular reason for that?

A Yes, sir. The discovery well in that was the Hill and Meeker State 36 No. 1. Soon after that a well was drilled and completed just above our Wilder No. 9 in Section 25. That well, of course, was located in Section 24. Based on these two wells, we were reasonably certain that we would have ten to twelve or more wells on the Wilder, but we do not know how many wells to expect on the Payne. Consequently, we assumed that there would be just a few wells, and the metering heater-treater appeared to be adequate to handle that production. In the event it proves to be inadequate, we will install adequate facilities to handle it.

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Q Is all this acreage in the Elmar-Delaware Pool?

A Yes, sir, it is.

Q Have you any corrosion problems with Delaware production here?

A There does seem to be a slight paraffin problem in this area, the extent of it we haven't evaluated.

Q You feel that you will be able to take care of it by means of this installation?

A Yes, sir.

Q If you develop these three leases fully, you'll have 59 wells to run into a common tank battery?

A Yes, sir.

Q Is Continental prepared to have sufficient storage capacity to take care of that many wells?

A Yes, we will.

MR. PAYNE: Thank you. That's all.

BY MR. NUTTER:

Q According to Exhibit No. 2, the Wilder lease has a production separator, but I don't see any separator on the others. I presume it's off this exhibit and over on the leases, is that the deal?

A No, sir, in the event that separators are installed, they will be installed in this area, in the metering area; however, the gas-oil ratios are reasonably low and the metering heater-treater has been adequate to handle it, except in the case of the Payne



lease, and we are in the process of installing a production separator for that lease at the present time.

Q You mean the gas-oil ratios are so low you don't have to pass the production through a separator at all on some of the leases?

A Well, the heater-treater acts as a separator, it will handle up to about two and a half million cubic feet a day.

Q And this production is treated and the gas is removed prior to the time it's metered then?

A Yes.

Q Now is this probe, I think it's Item No. 9, in constant operation?

A Of course the probe is always in constant operation. There are two types of probes under consideration: One is a bypass and one is an inline probe, the difference being that a pump is required to pump oil over the bypass probe, whereas the inline probe monitors the oil that passes through the production line.

Q Now the one that you have depicted here would be the bypass type?

A Yes, sir.

Q Would the motor be in operation at all times on this type?

A On a bypass, the motor is in continuous operation.

Q In the event it detects oil that is not pipeline quality, does it put it back through the heater-treater?

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A Yes.

Q Does it have capacity, the heater-treater, to handle current production as well as production that is being rerouted?

A I think the way we will install it, of course, this is subject to change because this may be completely obsolete by the time we get ready to install it, but the way we have in mind to do it now is that in the event bad oil is detected, we will shut in the header and the production will cease until good oil is detected by the probe.

Q How much of these plans are actually firm, and how much may be changed, Mr. Lyon?

A Well, the part here, the normal lease equipment, the separator, the treater, the test vessels are installed. The rest of it we cannot install or have no reason to install until we have a pipeline and a source of electric power.

Q I notice also on this exhibit you show that the gas production is going to gas sales. This is also tentative?

A Yes.

Q You have no gas sales at the present time?

A Not at the present time.

Q When do you anticipate that an oil pipeline will be available?

A We hope that it will be early next year, but we have no definite commitment at all. It may be necessary to build our own.



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Q And this automatic custody transfer will not be installed until such time as you do have a pipeline?

A That's correct.

Q Now is this portion of the plan pretty well firmed up, Mr. Lyon, that you will have these Mercoid and these high-low pressure shutoffs?

A Yes, unless there is a better device that comes on the market.

Q You will have a means of shutting in the wells if you have a high level of oil in the storage tanks, or if you would have a flow line break?

A Yes, sir.

MR. NUTTER: Any further questions?

Q (By Mr. Nutter) Are Hill and Meeker also trucking their oil from this area?

A Yes, sir. all operators are trucking their oil in this area.

MR. FLINT: I have a couple of questions.

MR. NUTTER: Mr. Flint.

BY MR. FLINT:

Q What percentage of the wells on these leases do you anticipate will be pumping wells?

A Eventually all of them.

Q Assuming that this system would be put into operation sometime next year, would it be something over half of them pumping



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wells?

A I think not.

Q That Mercoid pressure switch, which is identified as No. 1 on your Exhibit No. 2, does that close in the well on high pressure or low pressure?

A On high pressure.

MR. NUTTER: Only?

A I believe so. I'm not sure whether it can be set both ways. As far as I know, it's operated by high pressure element.

MR. NUTTER: Your flowing well is a high-low?

A Yes, sir.

MR. FLINT: That's all I have.

MR. NUTTER: Any further questions? The witness may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, that's all.

MR. NUTTER: Does anyone have anything further in Case 1826?

MR. PAYNE: Off the record.

(Whereupon a discussion off the record was held.)

MR. NUTTER: We'll take the case under advisement.

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STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing was reported by me in stenotype, and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 24th day of December, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Ada Dearnley*  
NOTARY PUBLIC

My Commission Expires:  
June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Executive hearing of Case No. 1826 heard by me on 12-11, 1959.

*Adam*, Examiner  
New Mexico Oil Conservation Commission

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DOCKET: EXAMINER HEARING DECEMBER 11, 1959OIL CONSERVATION COMMISSION - 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico.

The following cases will be heard before Daniel S. Nutter, Examiner, or A. L. Porter, Jr., Secretary:

CASE 1804:

(Continued)

Application of Cabot Carbon Company for an oil-oil dual completion and for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Howard Fleet Well No. 1, located 1980 feet from the South line and 660 feet from the East line of Section 35, Township 13 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Pennsylvanian oil pool and the production of oil from the King-Devonian Pool through parallel strings of 1½-inch tubing. Applicant further seeks permission to commingle the Devonian and Pennsylvanian production from said Howard Fleet Well No. 1.

NEW CASESCASE 1824:

Application of The Atlantic Refining Company for an exception to Rule 104 (c) of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an exception to Rule 104 (c) so that it may recomplete in the Denton Wolfcamp Pool its Federal Jones Well No. 2, located 330 feet from the South and East lines of Section 34, Township 14 South, Range 37 East, Lea County, New Mexico, said well being located closer than 660 feet to a well producing from the same common source of supply.

CASE 1825:

Application of Continental Oil Company for an amendment of Order R-1440. Applicant, in the above-styled cause, seeks an order amending Order R-1440 to permit the commingling of Tubb and Blinebry production on its Lockhart A-17 lease in Section 17, Township 21 South, Range 37 East, Lea County, New Mexico, without separate measurement.

CASE 1826:

Application of Continental Oil Company for an amendment of Order R-1445. Applicant, in the above-styled cause, seeks an amendment of Order R-1445 to permit the installation of automatic custody transfer equipment to handle the Delaware production from its Wilder, Payne and Bradley leases in Sections 25, 26 and 35, Township 26 South, Range 32 East, and in Sections 30 and 31, Township 26 South, Range 33 East, Lea County, New Mexico, and for permission to produce more than 16 wells in a common tank battery.

CASE 1827:

Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 5, located 1650 feet from the South line and 1980 feet from the East line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Paddock pool and the production of oil from the Justis-Blinebry Pool through parallel strings of tubing.

- CASE 1828: Application of Francis L. Harvey for an exception to Rule 104 of the Commission Rules and Regulations and for certain exceptions to well completion requirements. Applicant, in the above-styled cause, seeks an order establishing 2 $\frac{1}{2}$ -acre spacing for Mesaverde oil wells in Sections 10, 11, 21, 22, 23 and 33 of Township 18 North, Range 3 West, Sandoval County, New Mexico, in exception to Rule 104. Applicant further proposes certain exceptions to well completion requirements.
- CASE 1829: Application of John M. Kelly for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for one well in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing its Shahan Well No. 3 in the SW/4 NE/4 of Section 33, Township 25 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to compensate for its overproduced status without being completely shut-in in order to prevent possible waste.
- CASE 1830: Application of Texaco Inc. for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its United Royalty "A" Well No. 3 located in Unit F, Section 19, Township 24 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Dollarhide-Queen Pool and the production of oil from the Dollarhide-Drinkard Pool through parallel strings of tubing.
- CASE 1831: Application of Texaco Inc. for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its United Royalty "A" Well No. 4, located in Unit K, Section 19, Township 24 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Dollarhide-Queen Pool and the production of oil from the Dollarhide-Drinkard Pool through parallel strings of tubing.
- CASE 1832: Application of Jal Oil Company for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for one well in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described well in the Jalmat Gas Pool to compensate for its overproduced status without being completely shut-in in order to prevent possible waste:
- Watkins Well No. 2, SE/4 NE/4 of Section 25,  
Township 24 South, Range 36 East, Lea County,  
New Mexico.

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. 1826  
Order No. R-1445-A

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR PERMISSION TO COM-  
MINGLE THE PRODUCTION FROM THREE  
SEPARATE LEASES AND FOR PERMISSION  
TO INSTALL AN AUTOMATIC CUSTODY  
TRANSFER SYSTEM IN THE EL MAR-  
DELAWARE POOL, LEA COUNTY, NEW  
MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 11, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 16th day of December, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Continental Oil Company, is the owner and operator of the following-described leases in Lea County, New Mexico:

Wilder lease, W/2, SE/4, W/2 NE/4 and SE/4  
NE/4 of Section 25 and all of Section 26,  
Township 26 South, Range 32 East.

Payne lease, Lots 1, 2, 3, and 4 of Section  
35, Township 26 South, Range 32 East, and the  
S/2 and S/2 N/2 of Section 30 and all of  
Section 31, Township 26 South, Range 33 East.

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Case No. 1826  
Order No. R-1445-A

Bradley 35 lease, N/2 N/2 of Section 35,  
Township 26 South, Range 32 East.

(3) That the applicant proposes to commingle the El Mar-Delaware production from all wells located on the above-described leases after separately metering the production from each lease. Applicant proposes to install an automatic custody transfer system to handle said production.

(4) 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.

(5) That approval of the subject application will neither cause waste nor impair correlative rights provided adequate testing and storage facilities are installed.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, be and the same is hereby authorized to commingle the El Mar-Delaware production from all wells presently drilled or hereafter completed on the following-described leases in Lea County, New Mexico, after separately metering the production from each lease:

Wilder lease, W/2, SE/4, W/2 NE/4 and SE/4  
NE/4 of Section 25 and all of Section 26  
Township 26 South, Range 32 East.

Payne lease, Lots 1, 2, 3, and 4 of Section  
35, Township 26 South, Range 32 East, and the  
S/2 and S/2 N/2 of Section 30 and all of  
Section 31, Township 26 South, Range 33 East.

Bradley 35 lease, N/2 N/2 of Section 35,  
Township 26 South, Range 32 East.

(2) That the applicant be and the same is hereby authorized to install automatic custody transfer equipment to handle the El Mar-Delaware Pool production from all wells presently drilled or hereafter completed on the above-described leases.

PROVIDED HOWEVER, That the automatic custody transfer system shall be so equipped as to prevent the undue waste of oil in the event of malfunction or flow-line break.

PROVIDED FURTHER, That if the automatic custody transfer system which is installed differs in any significant respect from the system presented in the hearing of this case, such system shall not be utilized until approved by the Secretary-Director.

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Case No. 1826

Order No. R-1445-A

PROVIDED FURTHER, 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.

Meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibrations filed with the Commission on the Commission form entitled "Meter Test Report."

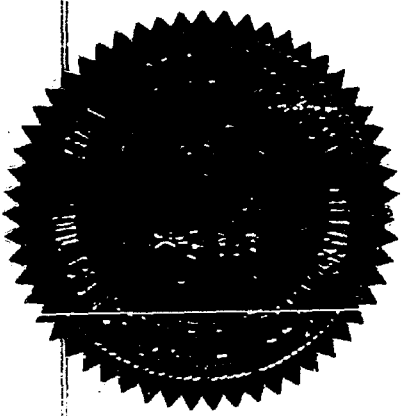
IT IS FURTHER ORDERED:

That the applicant shall install adequate facilities to permit the testing of each well on the above-described leases at least once each month.

(3) That Order No. R-1445 be and the same is hereby superseded.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member & Secretary

vem/



# CONTINENTAL OIL COMPANY

825 PETROLEUM BUILDING  
ROSWELL, NEW MEXICO

WM. A. MEAD  
DIVISION SUPERINTENDENT  
OF PRODUCTION  
NEW MEXICO DIVISION

November 3, 1959

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

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

Re: Continental Oil Company's  
Application to Amend Order  
No. R-1445 to Commingle  
Production, Install Auto-  
matic Custody Transfer, and  
for an Exception to Rule 309  
for the Wilder, Payne and  
Bradley 35 Leases, El Mar  
Pool, Lea County, New Mexico

Gentlemen:

Forwarded herewith are three copies of an application to amend Order No. R-1445 so as to permit Continental Oil Company to commingle production from the Wilder, Payne and Bradley 35 Leases, located in Sections 25, 26 and 35, T-26S, R-32E and Sections 30 and 31, T-26S, R-33E, N.M.P.M., Lea County, New Mexico, to install automatic custody transfer, and for an exception to Rule 309 to produce more than 16 wells into the common tank battery.

Please set the above application for an Examiner Hearing at your earliest convenience.

Yours very truly,

WAM-BR  
Enc

PIONEERING IN PETROLEUM PROGRESS SINCE 1875

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL OIL COMPANY FOR AMEND-  
MENT TO ORDER NO. R-1445 PERMITTING  
TRANSPORTING TO A CENTRAL POINT AND  
COMMINGLING AFTER SEPARATE MEASURE-  
MENT THE PRODUCTION FROM ITS WILDER,  
PAYNE AND BRADLEY 35 LEASES LOCATED  
IN SECTIONS 25, 26 AND 35, T26S, R32E  
AND SECTIONS 30 AND 31, T26S, R33E,  
NMPM, LEA COUNTY, NEW MEXICO, TO PRO-  
DUCE MORE THAN 16 WELLS INTO THE  
COMMON TANK BATTERY AND TO INSTALL  
AUTOMATIC CUSTODY TRANSFER.

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and respectfully requests amendments to Order No. R-1445 for permission to transport to a central point for measurement and subsequently to commingle production from its Wilder, Payne and Bradley 35 Leases located in Sections 25, 26 and 35, T26S, R32E and Sections 30 and 31, T26S, R33E, NMPM, Lea County, New Mexico; to produce more than 16 wells into the common tank battery; and to install automatic custody transfer facilities and in support thereof would show:

1. Applicant is the owner of (a) the Wilder Lease consisting of Section 26; W/2, SE/4, N/2 NE/4 and SE/4 NE/4 Section 25, T26S, R32E; (b) the Payne Lease consisting of Lots 1, 2, 3 and 4 in Section 35, T26S, R32E, and S/2 and S/2 N/2 Section 30 and all of Section 31, T26S, R33E; (c) the Bradley 35 Lease consisting of N/2 N/2 Section 35, T26S, R32E, NMPM, Lea County, New Mexico.

2. That Order No. R-1445 granted permission to commingle only the above described lands located in T26S, R33E.

3. That the minerals under each of the above described leases are owned by the Federal Government.

4. That oil production has been obtained from each of the above described leases from the El Mar Delaware Pool.

5. That the three leases are in an isolated location and the installation of three separate tank batteries would require considerable additional difficulty and expense.

6. That applicant proposes to install separate metering and test facilities for each lease in order to test and measure that the production from each individual lease will be separately measured and

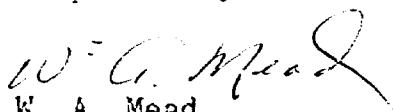
reported and the performance of each well can be accurately checked.

7. That the maximum number of wells anticipated for each lease would be (a) 31 on Wilder, (b) 24 on Payne and, (c) four on Bradley 35.

8. That the proposed installation in exception to Rule 309 is in the interest of conservation and the prevention of waste.

Wherefore, applicant prays that this matter be set for hearing before the Commission's duly qualified examiner and that upon hearing Order No. R-1445 be amended granting applicant permission to commingle into a single tank battery the oil produced from the three leases as described hereinabove and to install automatic custody transfer facilities.

Respectfully submitted,

  
W. A. Mead  
Division Superintendent  
of Production  
New Mexico Division

WAM-BLF



CASE 1825: Application of CONTINENTAL  
for amendment of Order R-1440 to  
permit commingling.

Case 1825 is

Refilm - taken at 12 first -

Case No.

1825

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Application, Transcript,  
Small Exhibits, Etc.

December 11, 1959.

DEANLEY, MEYER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
Phone 2-2222

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
December 11, 1959.

## EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Continental Oil Company for )  
an amendment of Order R-1440. Applicant, )  
in the above-styled cause, seeks an order )  
amending Order R-1440 to permit the com- )  
mingling of Tubb and Blinebry production )  
on its Lockhart A-17 lease in Section 17, )  
Township 21 South, Range 37 East, Lea )  
County, New Mexico, without separate meas- )  
urement. )

Case 1825

-----  
BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. PAYNE: "Application of Continental Oil Company  
for an amendment of Order R-1440."

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa  
Fe, New Mexico, representing the Applicant, and we'll have one  
witness, Mr. V. T. Lyon.

(Witness sworn.)

MR. KELLAHIN: This is an application for an amendment  
to Order R-1440 which was entered in Case 1682 following a hearing  
held June the 3rd, 1959. In connection with that case the pro-  
posal of the Applicant was to meter production from only one zone.  
However, Order R-1440 required that prior to commingling that the

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



oil production from the Blinebry Oil Pool and the oil produced from the Tubb Gas Pool be separately metered prior to commingling, which is the purpose of this application, to attempt to show to the Commission such a requirement results in waste and may well result in premature abandonment of some oil in the reservoir, and rather than go through all the testimony which has been previously entered in this case, we would like at this time to offer in evidence the record which was made in Case 1682, held on June 3rd, of 1959, and merely supplement this record and bring it down to date.

MR. NUTTER: This's Case 1682?

MR. KELLAHIN: Yes, sir, Case 1682.

MR. NUTTER: The Case in 1682 will be incorporated in this case, Mr. Kellahin.

VICTOR T. LYON

called as a witness, having been previously duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A Victor T. Lyon.

Q By whom are you employed and in what position?

A I am employed by Continental Oil Company as District Engineer in the Eunice District, located in Eunice, New Mexico.

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Q Have you previously qualified before this Commission as an expert engineer and had your qualifications accepted?

A Yes, sir.

MR. KELLAHIN: Are the witness's qualifications accepted?

MR. NUTTER: Yes, sir, please proceed.

Q You have heard the statement that I have just made in regard to this application. Is there other information which is presently available which you would like to offer the Commission in regard to the Lockhart A-17 Lease?

A Yes, sir. As you pointed out, the Order R-1440 required that we meter separately the production from these two zones prior to commingling, and also that at the time that water production commences that we install separate treating facilities.

Q Before we get into a discussion of that, will you describe briefly to the Commission what is involved since we don't have the record here before us?

A Yes, sir, this lease consists of 120 acres. There is, there are three wells on the lease. One is a Blinbry oil well which pumps approximately 5 barrels of oil per day. Another well is dually completed in the Drinkard and the Tubb zones. The Tubb is oil productive on this, at this location, and that well is flowing about 16 to 18 barrels per day. Another well on the lease is completed in the Drinkard Pool as a single producer. The two formations that we're concerned with are the Tubb and

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Blinebry. When the Tubb producer was completed we thought that in the interest of economy and conservation that we should commingle the Tubb and Blinebry production. This, as I say, is in the interest of conservation in that the Blinebry battery consists of two 210-barrel tanks.

At the rate that the Blinebry produces, it requires approximately 40 days to fill the tanks during which time the oil is subject to evaporation. By commingling the Tubb and Blinebry, our production will, our daily production will be increased to 20 to 25 barrels a day, so that the time to fill the tanks is materially reduced and, of course, the evaporation losses are materially reduced.

Q Now, under the present order, of course, you can already commingle into one common tank battery the production from the two zones, is that correct?

A Yes, sir.

Q What objection is there to the present order?

A Well, when we filed our application we had proposed to install an economical metering separator, which for slightly additional cost would give us a little more information on which to report the production from the individual zones. However, under the terms of the order that was entered, we were required to install a dump meter, or some type of meter for the Blinebry, and in the event that water production again, we would also be



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required to install a treater.

Well, the dump meter costs approximately \$600.00, heater treater costs approximately \$3600.00, you'll recall that this well pumps about 5 barrels per day from a depth of 5500 feet, it is very near the economic limit. If we were required to install the equipment we would be likely to abandon the Blinebry in order to use the Blinebry battery for the Tubb production. Consequently we feel that we would be forced to prematurely abandon the Blinebry.

Q Would the installation which you propose give you an accurate measure of the oil production from the two separate zones, and if so, how would that measurement be made?

A As I have stated, we have a metering separator for the Tubb so that we have a very good indication of the amount of oil that is produced by the Tubb. Also we take periodic tests, both required by the Commission and those which we take for our own information, so that we can determine quite accurately we believe the production at the individual zones.

Q If the tanks are filled in eight to ten days, as you have testified, would the factor of shrinkage by evaporation make an appreciable difference in your oil measurement?

A I'm not sure what the magnitude of the shrinkage is. We haven't made any tests to determine it. I'm sure that it is significant. I don't know of what volumes it would involve.





Q Assuming that there is some shrinkage, is there any difficulty entailed in the accounting for the royalty owners or overriding royalty?

A No, sir, the working interest and the royalty interests in both of these zones on this lease are identical.

Q Then the only purpose in measuring the production to a high degree of accuracy is to account for the zone from which it came?

A That's correct.

Q Both wells are marginal I believe you testified?

A Yes, sir.

Q So there's no danger of exceeding any allowable assigned by this Commission?

A No, that is of no concern whatever. I might point out also that the Commission has recently allowed commingling of two zones without requiring separate measurement, and perhaps we misled them when we stated that we would put a metering separator on the Tubb. We were trying our best to give an accurate accounting of the two zones, but actually these, both of these zones are marginal and there's no way that we could possibly produce more oil than we're allowed to.

Q Is the proposal of Continental, in your opinion, in the interest of conservation and the prevention of waste?

A Yes, sir.

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Q Do you have anything further to add?

A I don't believe so.

MR. KELLAHIN: That's all the questions I have.

MR. NUTTER: Any questions of Mr. Lyon?

MR. PAYNE: Yes, sir.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q I believe you testified that the ownership is common in this lease at all depths, is that right?

A Yes, sir.

Q And that both zones are marginal?

A Yes, sir.

Q And you expect them to remain so?

A Yes, sir.

Q Do you propose to drill any additional wells on this lease in the Blinebry or the Tubb?

A No, we do not.

Q In that case it doesn't really matter what the shrinkage is, does it?

A That's about right.

MR. PAYNE: Thank you.

BY MR. NUTTER:

Q Mr. Lyon, the amount of time that it takes to fill



these tanks isn't changed by an amendment to this order, the amount of shrinkage that goes on, due to the length of time it takes to fill a tank, is going to remain the same whether you meter each zone separately or not?

A That's true.

Q Both of these wells are classified as oil wells?

A Yes, sir.

Q The Blinebry and Tubb both?

A Yes, sir.

Q Is there any danger of either one of them being re-classed as gas wells?

A I am certain there is no danger of the Blinebry being reclassified. It is a pumping well with a very low gas-oil ratio.

Q What is the gas-oil ratio?

A I don't have that information with me. I can send it to you if you desire, but I believe it's less than 2,000 to 1.

Q How about the Tubb, what's the gravity there?

A The gravity, I believe, it's about 39 degrees.

MR. NUTTER: Any further questions of Mr. Lyon? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, that's all I have.

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MR. NUTTER: Does anyone have anything further for Case 1825? We will take this case under advisement and take a fifteen minute recess.

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) : SS

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 16<sup>th</sup> day of December, 1959.

*Ada Dearnley*  
Notary Public-Court Reporter

My commission expires:  
June 19, 1963.

I do hereby certify that the foregoing is a correct record of the proceedings in the New Mexico Oil Conservation Commission at Case No. 1825- heard by me on 12-11, 1959.

*[Signature]*  
Examiner  
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DOCKET: EXAMINER HEARING DECEMBER 11, 1959

OIL CONSERVATION COMMISSION - 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico.

The following cases will be heard before Daniel S. Nutter, Examiner, or A. L. Porter, Jr., Secretary:

CASE 1804:

(Continued)

Application of Cabot Carbon Company for an oil-oil dual completion and for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Howard Fleet Well No. 1, located 1980 feet from the South line and 660 feet from the East line of Section 35, Township 13 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Pennsylvanian oil pool and the production of oil from the King-Devonian Pool through parallel strings of 1½-inch tubing. Applicant further seeks permission to commingle the Devonian and Pennsylvanian production from said Howard Fleet Well No. 1.

NEW CASES

CASE 1824:

Application of The Atlantic Refining Company for an exception to Rule 104 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an exception to Rule 104 (c) so that it may recomplete in the Denton Wolfcamp Pool its Federal Jones Well No. 2, located 330 feet from the South and East lines of Section 34, Township 14 South, Range 37 East, Lea County, New Mexico, said well being located closer than 660 feet to a well producing from the same common source of supply.

CASE 1825:

Application of Continental Oil Company for an amendment of Order R-1440. Applicant, in the above-styled cause, seeks an order amending Order R-1440 to permit the commingling of Tubbs and Blinebry production on its Lockhart A-17 lease in Section 17, Township 21 South, Range 37 East, Lea County, New Mexico, without separate measurement.

CASE 1826:

Application of Continental Oil Company for an amendment of Order R-1445. Applicant, in the above-styled cause, seeks an amendment of Order R-1445 to permit the installation of automatic custody transfer equipment to handle the Delaware production from its Wilder, Payne and Bradley leases in Sections 25, 26 and 35, Township 26 South, Range 32 East, and in Sections 30 and 31, Township 26 South, Range 33 East, Lea County, New Mexico, and for permission to produce more than 16 wells in a common tank battery.

CASE 1827:

Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 5, located 1650 feet from the South line and 1980 feet from the East line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Paddock pool and the production of oil from the Justis-Blinebry Pool through parallel strings of tubing.

CASE 1828: Application of Francis L. Harvey for an exception to Rule 104 of the Commission Rules and Regulations and for certain exceptions to well completion requirements. Applicant, in the above-styled cause, seeks an order establishing  $2\frac{1}{4}$ -acre spacing for Mesaverde oil wells in Sections 10, 11, 21, 22, 23 and 33 of Township 18 North, Range 3 West, Sandoval County, New Mexico, in exception to Rule 104. Applicant further proposes certain exceptions to well completion requirements.

CASE 1829: Application of John M. Kelly for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for one well in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing its Shahan Well No. 3 in the SW/4 NE/4 of Section 33, Township 25 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to compensate for its overproduced status without being completely shut-in in order to prevent possible waste.

CASE 1830: Application of Texaco Inc. for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its United Royalty "A" Well No. 3 located in Unit F, Section 19, Township 24 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Dollarhide-Queen Pool and the production of oil from the Dollarhide-Drinkard Pool through parallel strings of tubing.

CASE 1831: Application of Texaco Inc. for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its United Royalty "A" Well No. 4, located in Unit K, Section 19, Township 24 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Dollarhide-Queen Pool and the production of oil from the Dollarhide-Drinkard Pool through parallel strings of tubing.

CASE 1832: Application of Jal Oil Company for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for one well in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described well in the Jalmat Gas Pool to compensate for its overproduced status without being completely shut-in in order to prevent possible waste:

Watkins Well No. 2, SE/4 NE/4 of Section 25,  
Township 24 South, Range 36 East, Lea County,  
New Mexico.

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. 1825  
Order No. R-1440-A

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR PERMISSION TO COM-  
MINGLE THE PRODUCTION FROM TWO  
SEPARATE POOLS IN LEA COUNTY,  
NEW MEXICO, WITHOUT SEPARATE  
MEASUREMENT

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 11, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 16th day of December, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 is the operator of the Lockhart A-17 Lease comprising among other acreage, the E/2 NE/4 and the NE/4 SE/4 of Section 17, Township 17 South, Range 37 East, N4PM, Lea County, New Mexico.

(3) That the applicant proposes to commingle the production from the Blinbry Oil Pool and the Tubb Gas Pool from all wells located on the above-described acreage without separately metering the production from each pool.

(4) That the wells currently completed in the Blinbry Oil Pool and the Tubb Gas Pool on the subject acreage are capable of producing a total of between 20 and 25 barrels of oil per day.

(5) That because of the very marginal character of the producing wells on the subject acreage, the applicant's request for

-2-

Case No. 1825

Order No. R-1440-A

permission to commingle without prior metering should be granted, provided that a monthly test is conducted on all wells located on the subject acreage to determine the individual production from each well.

(6) That approval of the subject application will neither cause waste nor impair correlative rights.

(7) That Order No. R-1440, granting authority to commingle the production as herein proposed, but requiring separate metering, should be superseded by the order issued in this case.

IT IS THEREFORE ORDERED:

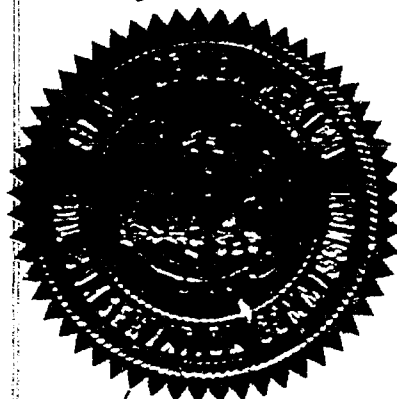
(1) That Order No. R-1440 be and the same is hereby superseded.

(2) That the applicant be and the same is hereby authorized to commingle the production from the Blinbry Oil Pool and the Tubbs Gas Pool from all wells presently completed on the E/2 NE/4 and the NE/4 SE/4 of Section 17, Township 21 South, Range 37 East, NMPN, Lea County, New Mexico, without separately metering the production from each of said pools prior to commingling.

PROVIDED HOWEVER, That if any well on the subject acreage shall at any time in the future become capable of producing considerably in excess of its present level of liquid production, the authority granted by this order shall terminate unless the production from each of the two pools is separately measured prior to commingling.

PROVIDED FURTHER, That the applicant shall conduct monthly tests of all wells located on the subject acreage to determine the individual production from each zone of each well.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member & Secretary





NOV 11 1959

NOV 11 1959

# CONTINENTAL OIL COMPANY

825 PETROLEUM BUILDING  
ROSWELL, NEW MEXICO

November 3, 1959

WM. A. MEAD  
DIVISION SUPERINTENDENT  
OF PRODUCTION  
NEW MEXICO DIVISION

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

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

Re: Continental Oil Company's  
Application to Amend Order  
No. R-1440 to Commingle  
Production, Tubb and Blin-  
bry Zones, Lockhart A-17  
Lease, Lea County, New Mexico

Gentlemen:

Forwarded herewith are three copies of an application  
to amend Order No. R-1440 so as to permit Continental Oil  
Company to commingle without separate measurement the Tubb and/  
Blinbry crude produced on its Lockhart A-17 Lease in Section 17,  
T-21S, R-37E, N.M.P.M., Lea County, New Mexico.

Please set this matter for hearing at your earliest  
convenient date.

Yours very truly,

WAM-BR  
Enc

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF CONTINENTAL OIL COMPANY FOR  
AMENDMENT OF ORDER NO. R-1440 TO  
PERMIT COMMINGLING WITHOUT SEPARATELY  
METERING THE TUBB AND BLINEBRY  
CRUDE PRODUCED ON ITS LOCKHART A-17  
LEASE IN SECTION 17-T21S-R37E, NMPM,  
LEA COUNTY, NEW MEXICO.

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and requests the amendment of Order No. R-1440 so as to permit applicant to commingle without separate measurement the Tubb and Blinebry crude produced on its Lockhart A-17 Lease in Section 17-T21S-R37E, NMPM, Lea County, New Mexico, and in support thereof would show:

1. That application was filed in case No. 1632 for permission to commingle the production from the two pools enumerated above and that hearing thereon was held on June 3, 1959, before the Commission's duly appointed examiner.
2. That Order No. R-1440 was entered in July, 1959, requiring separate treating and metering of the crudes before commingling.
3. That the initial potential of the Tubb well was 20 barrels of oil per day and is not expected to increase; and the current production from the Blinebry well is five barrels per day. No additional completions in these formations are anticipated on this lease.
4. That the commingling will result in savings of money otherwise required for equipment and will conserve hydrocarbons by reducing evaporation losses.
5. That the requirements of Order No. R-1440 are unduly severe and will result neither in prevention of waste nor the protection of correlative rights but will instead result in economic and physical waste.

Wherefore, applicant prays that this matter be set for hearing before the Commission's duly appointed examiner, that appropriate notice thereof be given, and that upon hearing Order No. R-1440 be amended as described above.

New Mexico Oil Conservation Commission  
Page 2

Respectively submitted,

CONTINENTAL OIL COMPANY

*W. A. Mead*  
W. A. Mead  
Division Superintendent  
of Production  
New Mexico Division

WAM-BLF