

CASE 2100:Application of CONTINENTAL  
For an automatic custody transfer sy-  
stem. - William Mitchell "A" Lease.

NE SW/4  
SE/4SW

Case No.

2100

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Application, Transcript,  
and Exhibits, Etc.

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 17  
CASE NO. 2100

18

-16-

15-

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A. 22

CONTINENTAL OIL COMPANY  
PRODUCTION DEPARTMENT  
ARTESIA DISTRICT  
LEASE PLAT

SCALE IN FEET 0 1000 2000

MALJAMAR Paddock Pool

LEGEND:

⊙ PROPOSED WELL

● PRODUCING WELL.

·  DRY HOLE

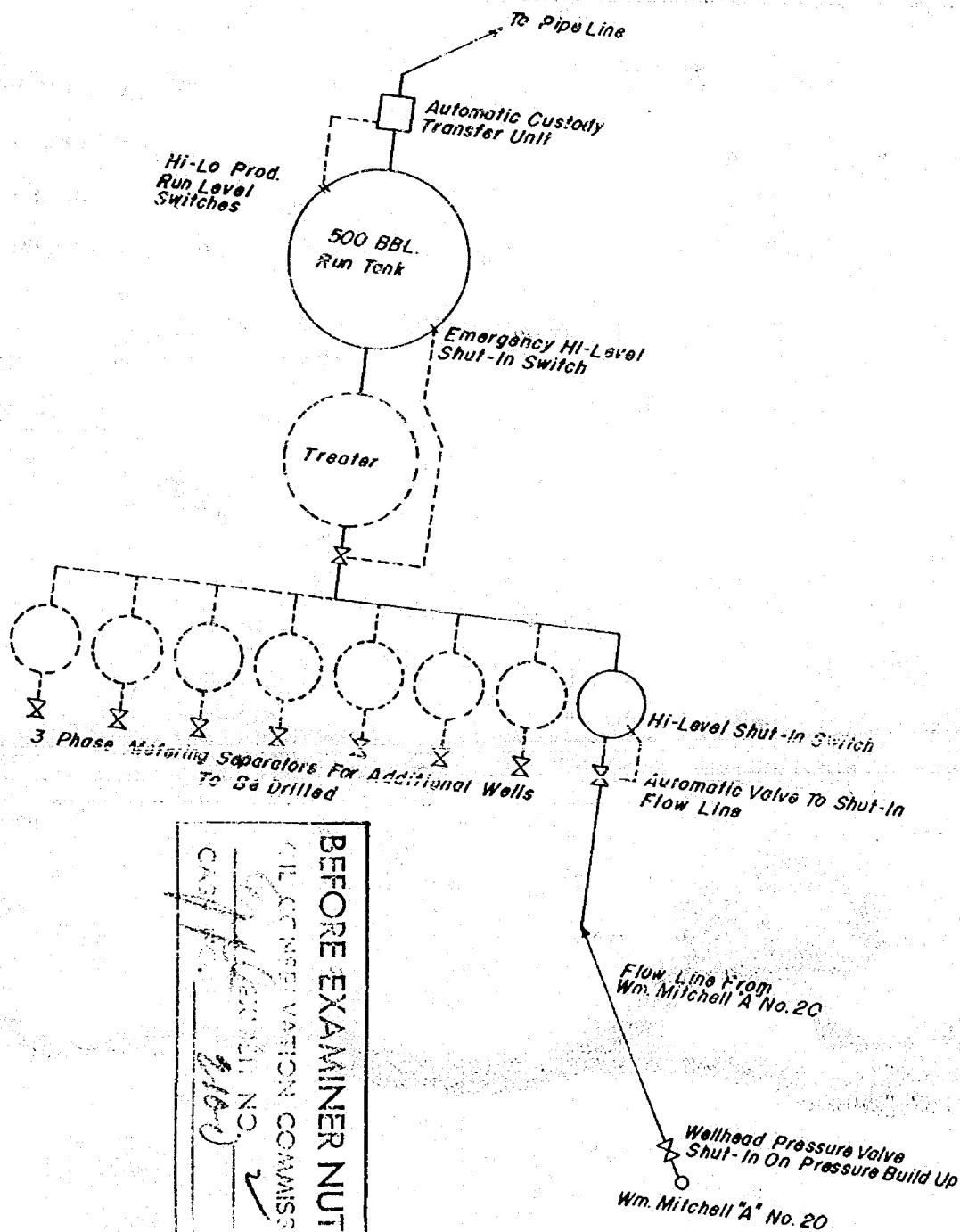
~~(S)~~ PROD. & ABANDONED

EXHIBIT I

10-13-60

EDC-REC

# **AUTOMATIC CUSTODY TRANSFER UNIT** **Wm. MITCHELL "A" LEASE** **LEA COUNTY, NEW MEXICO**

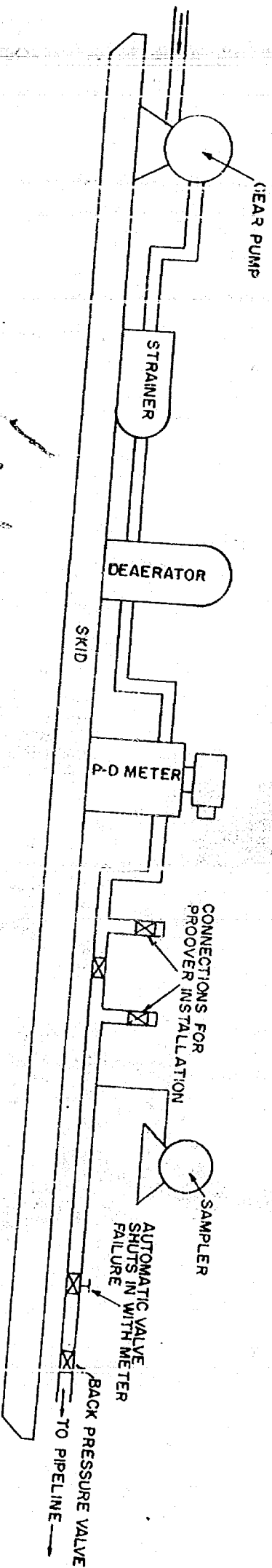


**BEFORE EXAMINER NUTTER**  
 OIL CONSERVATION COMMISSION  
 CASE NO. 2160

**EXHIBIT No. II-A**

EDC-REC 10-13-60

# PROPOSED SKID MOUNTED AUTOMATIC CUSTODY TRANSFER UNIT



*Check and  
verify  
all connections  
before start*

BEFORE EXAMINING MUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 3  
CASE NO. 2150

CONTINENTAL OIL COMPANY  
PRODUCTION DEPARTMENT  
PROPOSED SKID MOUNTED AUTOMATIC  
CUSTODY TRANSFER UNIT  
EDC-REC  
EXHIBIT III  
10-13-60



OFFICE OCC

1960 SEP 21 PM 1:18  
**CONTINENTAL OIL COMPANY**

828 PETROLEUM BUILDING  
ROSWELL, NEW MEXICO

September 21, 1960

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

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: Continental Oil Company's Application  
For Exception to Rule 309 (a) of the  
New Mexico Oil Conservation Commission's  
Rules and Regulations for Establishing  
Measurement of Produced Oil with Lease  
Automatic Custody Transfer Equipment  
Allocated to Its Mitchell A Lease,  
Maljamar Paddock Pool, Lea County, New  
Mexico

Gentlemen:

We are attaching three copies of Continental Oil  
Company's Application for Exception to Rule 309 (a) of the  
New Mexico Oil Conservation Commission's Rules and Regulations  
for permission to use automatic transfer custody equipment to  
measure production from the Wm. Mitchell A Lease consisting of  
the N/2 of Sections 19 and 20, T.17S, R.32E, Maljamar Paddock  
Pool, Lea County, New Mexico.

It is respectfully requested that this matter be set  
for hearing at the earliest convenient date.

Yours very truly,

W. A. Mead

W. A. Mead  
10-5-60  
WAM:AD  
Encs.

DOCKET: EXAMINER HEARING, WEDNESDAY, OCTOBER 19, 1960

Oil Conservation Commission - 9 a.m., Mabry Hall, State Capitol, Santa Fe, NM

The following cases will be heard before Daniel S. Nutter, Examiner, or Oliver E. Payne, Attorney, as Alternate Examiner:

CASE 2099: Application of Continental Oil Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the Eunice Pool production from all wells presently completed or hereafter drilled on the Meyer B-4 Lease consisting of the E/2 and the E/2 W/2 of Section 4, Township 21 South, Range 36 East, Lea County, New Mexico.

CASE 2100: Application of Continental Oil Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the Maljamar Paddock Pool production from all wells presently completed or hereafter drilled on the William Mitchell "A" Lease consisting of the N/2 of Sections 19 and 20, Township 17 South, Range 32 East, Lea County, New Mexico.

CASE 2101: Application of Cities Service Oil Company for an order force-pooling all mineral interests in a standard 80-acre oil production unit. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests within the vertical limits of the Southwest Gladiola-Devonian Pool in a standard 80-acre unit consisting of the S/2 SW/4 of Section 27, Township 12 South, Range 37 East, Lea County, New Mexico. The non-consenting royalty owners include B. F. Turner and wife, George C. Koch and wife, Hugh O. Sears and wife, Harry J. Kaendl and wife, and Clark and Judge Properties, a partnership.

CASE 2102: Application of Amerada Petroleum Corporation for permission to commingle the production from several separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the Blinbry, Drinkard, and Fusselman production from all wells on its Ida Wimberley lease comprising portions of Sections 24, 25 and 26, Township 25 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

- CASE 2103: 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 Vinson-Ramsay "B" Well No. 6, located in Unit K, Section 36, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Justis-Blinebry Pool and the production of oil from an undesignated Tubb Pool through parallel strings of 1½-inch tubing.
- CASE 2104: Application of Shell Oil Company for permission to commingle the production from separate pools. Applicant, in the above-styled cause, seeks permission to commingle the Drinkard Pool and Tubb Pool production from all wells located in Section 4, Township 22 South, Range 37 East, Lea County, New Mexico, after separately metering the production from the Tubb Pool only.
- CASE 2105: Application of Shell Oil Company for permission to commingle the production from two separate pools from several separate leases and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the Eunice and Eumont Pool production from all wells on four leases in Section 1, Township 21 South, Range 35 East, and Section 6, Township 21 South, Range 36 East, Lea County, New Mexico. Applicant further seeks authorization to install an automatic custody transfer system to handle said commingled production.
- CASE 2106: Application of Texaco Inc. for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of the State "BH" Well No. 3, located in Unit E, Section 11, Township 12 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Wolfcamp Pool and the production of oil from an undesignated Pennsylvanian Pool through parallel strings of tubing.
- CASE 2107: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the Denton (Devonian) and Denton (Wolfcamp) Pool production from two wells on the W. H. Fort "A" lease comprising the E/2 of Section 25, Township 14 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.



Docket No. 31-60

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CASE 2108: Application of Chambers and Kennedy for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its Sinclair State Well No. 1 to be located in an undesignated Abo pool at a point 990 feet from the South line and 200 feet from the West line of Section 35, Township 17 South, Range 28 East, Eddy County, New Mexico.

CASE 2109: Application of Jack S. Reaves for the establishment of a 52-acre non-standard oil proration unit. Applicant, in the above-styled cause, seeks an order establishing a 52-acre non-standard Delaware oil proration unit consisting of lots 3 and 4 of Section 36, Township 26 South, Range 28 East, Eddy County, New Mexico.

CASE 2110: Application of Chambers and Kennedy for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Monterey State Well No. 3, located 660 feet from the North line and 1650 feet from the West line of Section 32, Township 18 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from an undesignated Yates oil pool and the production of oil from the North Shugart-Queen Grayburg Pool through parallel strings of 2-inch tubing.

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GOVERNOR  
JOHN BURROUGHS  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
MURRAY E. MORGAN  
MEMBER



STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY DIRECTOR

P. O. BOX 871  
SANTA FE

October 24, 1960

Mr. Jason Kellahin  
Kellahin & Fox  
Box 1713  
Santa Fe, New Mexico

Re: Case No. 2100  
Order No. N-1811  
Applicant:  
Continental Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.,  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC        \*  
Artesia OCC         
Aztec OCC       

Other

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE  
STATE OF NEW MEXICO

MAIN OFFICE OCC  
1977 SEP 22 PM 1:10

IN THE MATTER OF THE APPLICATION  
OF CONTINENTAL OIL COMPANY FOR AN  
EXCEPTION TO RULE 309(a) OF THE NEW  
MEXICO OIL CONSERVATION COMMISSION'S  
RULES AND REGULATIONS FOR ESTABLISH-  
ING MEASUREMENT OF PRODUCED OIL WITH  
LEASE AUTOMATIC CUSTODY TRANSFER  
ALLOCATED TO ITS WM. MITCHELL "A"  
LEASE, MALJAMAR PADDOCK POOL, LEA  
COUNTY, NEW MEXICO

Case 2100

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and petitions the Commission for an order approving automatic custody transfer from its Wm. Mitchell "A" Lease located in the N/2 of Sections 19 and 20, T-17S, R-32E, Maljamar Paddock Pool, Lea County, New Mexico, and in support thereof would show:

1. That applicant is owner and operator of said lease containing, among other lands, the N/2 of Sections 19 and 20, T-17S, R-32E, Lea County, New Mexico.
2. That applicant completed its Wm. Mitchell "A" No. 20 well as a producer from the Paddock formation, located 1295 feet from the North line and 1520 feet from the West line of Section 20, and presently plans to drill one more well on this lease.
3. That production will be transferred from said wells to a battery located approximately in the center of NW/4 of Section 20 of subject lease, and custody transfer will be from this point.

Wherefore, applicant prays that this application be set for hearing before the Commission's duly appointed examiner, that appropriate notice be given, and that upon hearing, an order be entered granting applicant an exception to Rule 309(a)

New Mexico Oil Conservation Commission  
Page 2

of the New Mexico Oil Conservation Commission's Rules and Regulations for automatic custody transfer of production from its Wm. Mitchell "A" lease.

Respectfully submitted,  
CONTINENTAL OIL COMPANY

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

WAM-EL

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. 2100  
Order No. R-1811

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR AN AUTOMATIC CUSTODY  
TRANSFER SYSTEM IN THE MALJAMAR-  
PADDOCK 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 October 19, 1960, 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 24th day of October, 1960, 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 William Mitchell "A" Lease consisting of the N/2 of Section 19 and the N/2 of Section 20, both in Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the Maljamar-Paddock Pool production from all wells presently completed or hereafter drilled on the above-described William Mitchell "A" Lease.

(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, provided adequate safety features are incorporated therein.

-2-

CASE NO. 2100  
Order No. R-1811

IT IS THEREFORE ORDERED:

That the applicant, Continental Oil Company, be and the same is hereby authorized to install an automatic custody transfer system to handle the Maljamar-Paddock Pool production from all wells presently completed or hereafter drilled on the William Mitchell "A" Lease, consisting of the N/2 of Section 19 and the N/2 of Section 20, both in Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described William Mitchell "A" Lease at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system fails to transfer oil to the pipeline, the applicant shall add additional storage facilities from time to time, as it becomes necessary, to store the production which will accrue during the hours that said lease is unattended, or in the alternative, shall so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full.

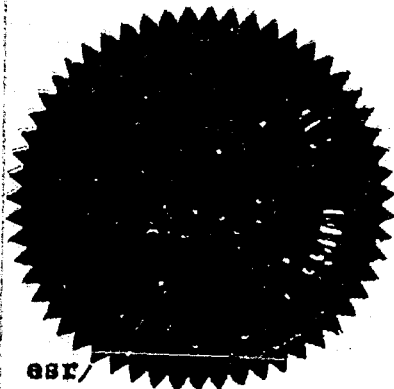
IT IS FURTHER ORDERED:

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.

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

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

esr/

BEFORE THE  
OIL CONSERVATION COMMISSION  
MABRY HALL  
Santa Fe, New Mexico  
October 19, 1960

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the Maljamar Paddock Pool production from all wells presently completed or hereafter drilled on the William Mitchell "A" Lease consisting of the N/2 of Sections 19 and 20, Township 17 South, Range 32 East, Lea County, New Mexico.

Case  
2100

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. MORRIS: Case 2100, Application of Continental Oil Company for an automatic custody transfer system.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, representing the applicant. We have the same witness, Mr. Leo Cichowicz.

MR. MORRIS: Let the record show the witness has been sworn in the previous case.

LEO S. CICHOWICZ  
called as a witness, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q You are the same Mr. Cichowicz who testified in the preceeding case?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

A Yes, sir.

Q Are you familiar with the application in Case No. 2100, Mr. Gichowicz?

A Yes, sir.

Q Would you outline briefly what is proposed in this case.

A This is the application of Continental Oil Company for an automatic custody transfer system for the William Mitchell "A" Lease, located in the N/2 of Sections 19 and 20, Township 17 South, Range 32 East, Maljamar Paddock Pool, Lea County, New Mexico.

Q Do you have any information on the production history of this lease?

A The William Mitchell "A" No. 20 was completed on September 20, 1960, for flowing initial potential of 100 barrels of 39 degree gravity oil and no water and this was on a 12/64th inch choke, tubing pressure 6400 pounds, casing 1350 with 245 MCF per day or a gas-oil ratio of 2450 to 1. Present plans are to drill 4 additional wells on the William Mitchell "A" Lease, subject to continue commercial development and production.

Q At the present time then there is only one well located on the lease, subject to this application?

A Yes, sir.

MR. KELLAMIN: Would you have the plat marked as Exhibit No. 1, please.

(Exhibit No. 1 through 3 marked for identification.)

MR. NUTTER: Will you refer to each of these as separate exhibits?





A I will refer to them 1, 2, and 3 throughout and in that order. Exhibit No. 1 is a location and ownership plat showing the William Mitchell "A" Lease as outlined in red with the Maljamar Cooperative Agreement area limit to the north and west indicated by a green line. The William Mitchell "A" Lease comprises the N/2 of Sections 19 and 20, Township 17 South, Range 32 East, Lea County, New Mexico. The proposed location of the subject tank battery, at which point the automatic custody transfer would take place, is installed in the northwest quarter of Section 20 and is indicated as a small red square. Continental acreage is indicated as that area shaded in yellow.

Q Is the ownership of this lease common throughout, Mr. Cichowicz?

A Yes, sir; the ownership of this lease is common. The royalty owner is the Federal Government under lease, Las Cruces No. 029405-8.

Q And Continental Oil Company is the operator of the lease?

A Yes, sir.

Q Now, in referring to what has been marked as Exhibit No. 2, would you discuss that exhibit, please.

A Exhibit No. 2 is a schematic drawing of the proposed battery. Production from each well will flow through individual three-phase metering separators and then on to the automatic custody transfer run tanks. No water is being produced at the present time but a heater treater will be installed between the separators and run tank when this becomes necessary. The automatic custody transfer unit is located beyond the run tank. The movement of fluid through the transfer unit will be governed



by a high-low level switches to the run tank.

Q Do you have automatic lease shut-in facilities on this installation?

A Yes, sir.

Q Would you describe those, please.

A Exhibit No. 2 also shows the automatic lease shut-in facilities. A high level shut-off on the tank, run tank, that is closest to the heater treater line from the separators. This creates a high level condition in the separators. This in turn closes a valve on the flow line. A pressure build up on the flow lines will actuate an automatic valve on the well head and shut the well in.

Q Now, what storage facilities will you have in connection with this operation?

A We will have a 500 barrel run tank and in case of malfunction of any type, of course, the system as described previously will take effect, in the event of high level in this run tank.

Q What is the maximum unattended period?

A 16 hours. Again the well, the one well on the lease at the current time produces 44 barrels of oil. The unattended time for this will be approximately, will amount to approximately 28 barrels of oil per day. We feel that a 500 barrel run tank is plenty adequate at this time to compensate for any malfunction in this system.

Q Referring to what has been marked as Exhibit No. 3, would you discuss that, please.



A Exhibit No. 3 is a drawing of the proposed automatic custody transfer unit. As noted on the drawing, connection will be available to test the metering facilities to insure accurate reliable oil measures.

Q As these additional wells are drilled as proposed, will it be possible for you to run tests on each individual well?

A As previously mentioned, an individual metering separator will be installed to contain all the fluids from that particular well. In effect, we may and will be able to get an individual test on each well, each day, if this is required.

Q Now, in your opinion, is the proposed automatic custody transfer unit mechanical and economically feasible?

A Yes, sir.

Q Do you know who the pipeline purchaser is in this instance?

A In this particular instance, I do not.

Q Will you obtain approval of the purchaser before the installation is made?

A In the past we have negotiated with the pipeline company, I am sure we will get approval before the installation is completed.

MR. KELLAHIN: At this time I would like to offer Exhibits 1, 2 and 3.

MR. NUTTER: Continental's Exhibits 1 through 3 will be admitted into evidence.

MR. KELLAHIN: That is all the questions I have.

MR. NUTTER: Any questions of the witness?



(No response)

MR. NUTTER: You may be excused. Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: That is all I have.

MR. NUTTER: Does anyone have anything further for Case 2100?

(No response)

MR. NUTTER: We will take the case under advisement and call 2101.

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DEARNLEY-MEIER REPORTING SERVICE, Inc.  
ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

PAGE 7

I N D E X

WITNESSES

PAGE

LEO S. CICHOWICZ  
Direct Examination by Mr. Kellahin

1

E X H I B I T S

<u>Number</u>	<u>Marked for Identification</u>	<u>Offered</u>	<u>Received</u>
1	2	5	5
2	2	5	5
3	2	5	5



STATE OF NEW MEXICO }  
COUNTY OF BERNALILLO } ss

I, LEWELLYN NELSON, 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 31st day of October, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Lewellyn J. Nelson*  
NOTARY PUBLIC

My Commission Expires:

June 14, 1964.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2100 heard by me on 10/19, 1960.  
*[Signature]*, Examiner  
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-5691

ALBUQUERQUE, NEW MEXICO



DRAFT

RSM/esr  
October 20

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

*10/20*  
*10/20*  
IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 2100

Order No. R- 1877

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR AN AUTOMATIC CUSTODY  
TRANSFER SYSTEM IN THE MALJAMAR  
PADDOCK 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  
October 19, 1960, 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 \_\_\_\_\_ day of October, 1960, 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 William Mitchell "A" Lease consisting  
of the N/2 of Sections <sup>and the N/2 of Section 20, both in</sup> 19, ~~and 20~~, Township 17 South, Range 32  
East, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to install an automatic  
custody transfer system to handle the Maljamar-Paddock Pool  
production from all wells presently completed or hereafter  
drilled on the above-described William Mitchell "A" Lease.

(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 trans-  
ferring the custody of oil, and that the use of such equipment  
should be permitted, provided adequate safety features are  
incorporated therein.

IT IS THEREFORE ORDERED:

That the applicant, Continental Oil Company, be and the same is hereby authorized to install an automatic custody transfer system to handle the Maljamar-Paddock Pool production from all wells presently completed or hereafter drilled on the William Mitchell "A" Lease, consisting of the N/2 of Sections 19<sup>and the N/2 of Sec. 20</sup> and 20, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

*both in*  
PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all ~~Maljamar-Paddock~~ wells located on the above-described William Mitchell "A" Lease at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system fails to transfer oil to the pipeline, the applicant shall add additional storage facilities from time to time, as it becomes necessary, to store the production which will accrue during the hours that said lease is unattended, or in the alternative, shall so equip the existing facilities as to automatically shut-in the lease production at the wellhead in the event the storage facilities become full.

IT IS FURTHER ORDERED:

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.

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

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