

IN THE MATTER OF THE APPLICATION
 OF CONTINENTAL OIL COMPANY FOR AN
 EXCEPTION TO RULE 309 (a) OF THE RULES
 AND REGULATIONS OF THE NEW MEXICO OIL
 CONSERVATION COMMISSION, AUTHORIZING
 PRODUCTION FROM THEIR W. D. GRIMES
 LEASE AND STATE A-33 LEASE, HOBBS POOL,
 LEA COUNTY, NEW MEXICO TO BE TRANS-
 PORTED FROM THE LEASES PRIOR TO MEASURE-
 MENT AND AUTHORIZING PRODUCTION FROM
 SAID LEASES TO BE COMMINGLED WITH OIL
 PRODUCED FROM THE STATE A-29 LEASE,
 HOBBS POOL IN A COMMON AUTOMATIC TANK
 BATTERY, AND AUTHORIZING THE INSTALLA-
 TION OF A LEASE AUTOMATIC CUSTODY
 TRANSFER SYSTEM.

) BEFORE THE
) OIL CONSERVATION
) COMMISSION
) OF THE
) STATE OF
) NEW MEXICO

APPLICATION

Comes now CONTINENTAL OIL COMPANY, a Delaware corporation, hereinafter referred to as "Applicant", and would respectfully show unto the Commission as follows:

1.

That applicant is the owner and operator of the W. D. Grimes lease, consisting of the SE/4 of Section 28; the State A-33 Lease, consisting of the SW/4, W/2 of SE/4, and SW/4 of NE/4 of Section 33; and the State A-29 lease, consisting of the E/2 of SW/4, and the NW/4 of SE/4 of Section 29, T-18S, R-38E, N.M.P.M., Lea County, New Mexico.

2.

That present storage facilities for Hobbs pool wells on said W. D. Grimes and State A-33 leases, which are within the city limits of Hobbs, New Mexico, are situated in highly populated residential and industrial areas and that continued operation of these facilities in their present location presents a grave fire hazard.

3.

That applicant proposes to transport the oil produced from these two leases via pipe line to a centralized automatic tank battery located on the said State A-29 lease with produced oil from all three leases being commingled.

4.

That proposed pipe lines will be buried in accordance with the different State, County, and City regulations.

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5.

That separate treating facilities will be provided for each lease and that production from each lease will be measured and recorded by dump type positive displacement meters prior to commingling, thereby preventing any inequities and protecting correlative rights.

6.

That centralized facilities will be completely automatic and will be so designed as to permit automatic testing of each well producing into the battery at least once per month.

7.

That all wells producing into the centralized battery will be equipped with high-low pressure shut-off switches to insure that they will be shut-in at the wellhead in the event of plugged or broken flow lines.

8.

That applicant proposes to incorporate a lease automatic custody transfer system into the proposed centralized battery.

9.

That there is attached hereto and made a part thereof a plat, marked Exhibit "A", showing said leases and the Hobbs pool wells situated thereon (encircled in red); the location of existing tank batteries, location of the proposed common battery and the location of the proposed pipe lines.

WHEREFORE, applicant prays that this application be set for hearing upon due notice and that upon hearing an order be entered granting Applicant an exception to Rule 309 (a) authorizing Applicant to transport oil from the W. D. Grimes and State A-33 leases prior to measurement and authorize the production of Hobbs pool wells on three leases, the W. D. Grimes, State A-33 and State A-29 to be produced into a common automatic tank battery, and authorizing the installation of a Lease Automatic Custody transfer system.

Respectfully submitted,

CONTINENTAL OIL COMPANY

BY 
R. L. Adams
Division Superintendent

RLA-BR

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