



CONTINENTAL OIL COMPANY

P. O. BOX 1377
ROSWELL NEW MEXICO

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

September 14, 1961

825 PETROLEUM BUILDING
TELEPHONE: MIN 2-4202

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

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

Re: SUGGESTED CHANGES TO
PROPOSED COMMINGLING
MANUAL

*Note -
these proposals
were received
5 days
after the manual
had been
adopted
(Order
no
R-2060)*

At the conclusion of Case No. 2356 on August 16, 1961, Continental Oil Company requested permission to advise by letter of any changes which they considered to be desirable in the commingling manual. Mr. Porter requested that these suggestions be submitted without delay. Listed below are the suggestions offered by Continental Oil Company.

1. Section I, Paragraph E-3 (1) is not clear and should be clarified. It was the Committee's intent that no correction of meter reading should be permitted other than for meter factor unless a sampler was utilized. However, Continental Oil Company does not believe this to be practical, since the differences between (1) production as determined by pipeline runs adjusted by opening and closing inventory and (2) the summation of meter readings must be re-apportioned on a prorata basis to account for BS&W content determined by the pipeline gauger or representative. Attached is Continental Oil Company's suggested re-wording of this paragraph.
2. Continental Oil Company suggests that section II, Paragraph A be amended to clarify the definition of the word "lease". The suggested change would require the treating of zones which have been farmed out or where difference in ownership of working interest or royalty interests are not identical as separate leases. Attached is Continental Oil Company's suggested re-wording of this paragraph.

3. Drawing A-7. This drawing is somewhat confusing in that the bad oil return line is shown to have a by-pass around the heater treater. The purpose of the by-pass is not indicated on the drawing. A notation as to the purpose of the by-pass should be included on the drawing.

It is believed that the manual should be clarified for those instances where several zones containing no top allowable wells are to be commingled with one or more zones containing top allowable wells. It is Continental Oil Company's recommendation that any zone which does not contain a top allowable well should not be required to be metered prior to commingling.

Your consideration of these suggested changes is respectfully requested.

Yours very truly,

W. C. Rhead

WAM-3K
Attachment