



# CONTINENTAL OIL COMPANY

P. O. Box 460  
Hobbs, New Mexico 88240  
January 13, 1971

*Case 4508*

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

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

Gentlemen:

Subject: Amendment to Order No. R-2016 - Lease Commingling -  
Mitchell "A" and "B" Leases, Lea County, New Mexico

Order No. R-2016 authorized the commingling of Maljamar Paddock production from our Mitchell "A" and Mitchell "B" leases after separate metering. The metering equipment has deteriorated to the extent that it is no longer reliable and we have shut-in production on the Mitchell "A" lease. The Mitchell "A" lease now has only one Paddock well, well No. 1, which when shut-in had an allowable of 8 barrels of oil per day. Mitchell "B" production during November was as follows:

No. 10	471
No. 11	824
No. 15	565
TOTAL LEASE	1860

During November the lease produced a total of 1869 barrels, the break-down by wells is not yet available.

The producing capacity of the Mitchell "A" lease is insufficient to justify installation of new metering equipment of desired accuracy. In addition, we now have under study a sophisticated metering system to serve a number of tank batteries in this area. This system would be compatible with our computer-operated monitoring system.

Since the only alternative to shutting-in the Mitchell "A" lease is to commingle production with the Mitchell "B" lease and allocate on the basis of monthly well tests, we have requested and received approval from the United States Geological Survey to so commingle. The attached letter grants this approval subject to approval by the Commission.

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By copy of this letter we are notifying the overriding royalty owners under the Mitchell "A" lease of our intent to commingle production without metering and to allocate production on the basis of monthly well tests. Our experience indicates that such allocation will be more accurate than would be the measurement by the meters which are no longer capable of reliable operation.

If administrative approval of this request can be given, we should appreciate such approval. If a hearing is necessary, we should appreciate your docketing this application for hearing as a companion case to the next application which is set for hearing before the Commission's Examiner.

Yours very truly,

  
G. C. Jamieson  
Assistant Division Manager

VTL-RW  
CC: RLA, JJB, JWK  
Overriding Royalty Owners  
(Address List Attached)

OVERRIDING ROYALTY OWNERS  
MITCHELL "A"

Bankers Trust Company  
Ancillary Exe. Est  
Janet M. Jacobsen Decd.  
P. O. Box 3561  
Church Street Station  
New York, New York 10008

Richard A. Ogden  
Exe. of the Estate of  
Margaret M. Ogden Deceased  
Fairfield County Trust Co.  
946 Post Road  
Darien, Connecticut 06820

Henry W. Beardsley  
C/O Intl. Hotels Corp.  
Pan American Building  
New York City, New York 10017

Virginia Simon  
106 Osborn  
Artesia, New Mexico 88210

El Paso National Bank and Trust  
Baish Trust Est.  
El Paso, Texas 77901

United States Geological Survey  
Las Cruces - 029405A  
P. O. Box 1857  
Roswell New Mexico

First National Bank Lake George  
For Deposit to Account of  
Malcolm T. Mitchell  
Lake George, New York 12845

United States Geological Survey  
Las Cruces  
P. O. Box 1857  
Roswell, New Mexico

Elizabeth B. King  
Morgan Guaranty Trust Co., New York  
Custody Collection Section  
A/C Elizabeth B. King  
23 Wall Street  
New York, New York 10015

Mutual Life Insurance Company  
Account of B.H.R. Corp.  
Attention Mr. M. C. Ball  
Mail Drop 2 6  
1740 Broadway  
New York, New York 10019

Northwestern Mutual Life Insurance Co  
Account B.H.R. Corpatt  
Securities Department  
720 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202

