

CASE 2312: Appli. of CONTINENTAL
for an exception to Rule 309 (a)
to permit commingling.

-asa//o.

2312

plication, Transcript,
and Exhibits, Etc.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

P. O. BOX 871
SANTA FE

July 7, 1961

SECRET
ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10/12/01 BY 1045

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

Re: CASE NO. 2312
ORDER NO. R-2016
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.
A. L. PORTER, Jr.
Secretary-Director

lr/

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC
Aztec OCC

OTHER

**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. 2312
Order No. R-2016**

**APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN EXCEPTION TO
COMMISSION RULE 309 (a) TO ALLOW
THE COMINGLING OF OIL PRODUCED
FROM TWO SEPARATE LEASES AFTER
SEPARATE MEASUREMENT, LEA COUNTY,
NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 28, 1961, at Santa Fe, New Mexico, before Elvis A. Uts, 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 7th day of July, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Uts, 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 comprising the N/2 of Section 19 and the N/2 of Section 20, and of the William Mitchell "B" Lease comprising the W/2 and the W/2 E/2 of Section 17, the E/2 and the E/2 W/2 of Section 18, the E/2 of Section 19 and the S/2 of Section 20, all in Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle the Maljamar-Paddock Pool production from its William Mitchell "A" and William Mitchell "B" Leases after separately metering the production from each Lease.

(4) That the applicant, prior to commingling, should be required to separately meter each lease with meters equipped with non-reset totalizers and with samplers.

-2-

CASE No. 2312
Order No. R-2016

(5) That the commingling of oil from the above-described leases will neither cause waste nor violate correlative rights.

(6) That inasmuch as an industry committee has been appointed to study all phases of commingling and to recommend minimum standards to prevent abuses thereof, it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

(7) That permission was granted to applicant by Commission Order No. R-963 to commingle production from the Maljamar-Paddock Pool with production from the Maljamar (Grayburg-San Andres) Pool on said William Mitchell "B" Lease, which order should be superseded.

IT IS THEREFORE ORDERED:

That the applicant, Continental Oil Company, is hereby authorized to commingle the Maljamar-Paddock Pool production from its William Mitchell "A" Lease, comprising the E/2 of Section 15 and the E/2 of Section 20 with the Maljamar-Paddock Pool production from its William Mitchell "B" Lease, comprising the W/2 and the W/2 E/2 of Section 17, the E/2 and the E/2 W/2 of Section 18, the S/2 of Section 19 and the S/2 of Section 20, all in Township 17 South, Range 32 East, NUPH, Lea County, New Mexico.

PROVIDED HOWEVER, That prior to commingling the production from each lease shall be separately metered with meters equipped with non-reset totalizers and with samplers.

PROVIDED FURTHER, That the provisions of this order supersede the authority to commingle previously granted the applicant by Commission Order No. R-963.

PROVIDED FURTHER, That it may be that this installation, at a later date, will have to be altered to conform to such standards as the Commission may prescribe.

IT IS FURTHER ORDERED:

That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-3-
CASE No. 2312
Order No. R-2016

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



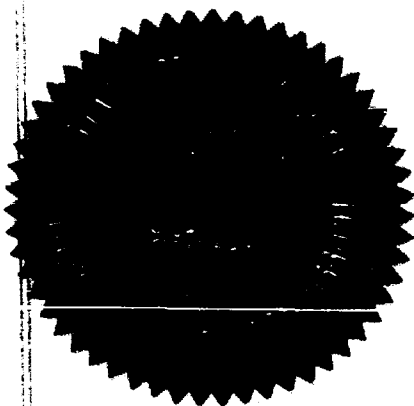
EDWIN L. MEEHAN, Chairman



E. S. WALKER, Member



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



per/

DOCKET: EXAMINER HEARING - WEDNESDAY, JUNE 28, 1961

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner or Daniel S. Nutter, as alternate Examiner:

CONTINUED CASE

CASE 2298: Application of Chambers & Kennedy for a gas-oil dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Monument State Well No. 1, located in Unit J, Section 34, Township 19 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont Gas Pool and the production of oil from the Eunice-Monument Pool through the 5½-inch by 2½-inch casing-tubing annulus and through 2½-inch tubing respectively.

NEW CASES

CASE 2309: Application of Texaco Inc. for an oil-oil-oil triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its C. P. Falby (a) Well No. 4, located in Unit E, Section 8, Township 22 South, Range 37 East, Lea County, New Mexico, as a triple completion (conventional) in the Eumont Gas Pool, the Penrose-Skelly Pool, and the Drinkard Pool, the production of oil from each pool to be through parallel strings of 2 3/8-inch tubing.

CASE 2310: Application of Standard Oil Company of Texas for permission to transfer allowables, Lea County, New Mexico. Applicant, in the above-styled cause, during vertical communication tests, seeks permission to transfer allowables in the Vacuum Abo Pool for a 120-day period from its Vac-Edge Unit Well No. 4, located in the NW/4 NE/4 of Section 4, Township 18 South, Range 35 East, Lea County, New Mexico, to its Vac-Edge Unit Wells Nos. 3 and 6, located in the NE/4 NW/4 of said Section 4 and in the NE/4 NE/4 of said Section 4, respectively.

CASE 2311: Application of Continental Oil Company for an oil-oil dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Britt B-15 Well No. 10, located in Unit F, Section 15, Township 20 South, Range 37 East, Lea County, New Mexico, as a dual completion (conventional) in an undesignated Blinebry Pool and in the Monument-Tubb Pool, the production of oil from each pool to be through parallel strings of 2-inch tubing.

CASE 2312:

Application of Continental Oil Company for an exception to Rule 309 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 309 (a) to permit the commingling, after separate measurement, of the Maljamar-Paddock Pool production from the William Mitchell "A" lease, consisting of the N/2 of Sections 19 and 20, and from the William Mitchell "B" lease, consisting of the W/2 and the W/2 E/2 of Section 17, the E/2 and the E/2 W/2 of Section 18, and the S/2 of Sections 19 and 20, all in Township 17 South, Range 32 East, Lea County, New Mexico.

CASE 2313:

Application of W. W. Holmes for an order fixing the spacing of wells, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks an order fixing the spacing of wells producing from the Mesaverde formation in the N/2 of Section 11, Township 18 North, Range 3 West, Sandoval County, New Mexico. Applicant recommends the establishment of two and one-half acre well spacing with no increase in the allowable to be assigned a basic 40-acre oil proration unit.

CASE 2314:

Application of Shell Oil Company for an exception to the gas-oil ratio provisions of Rule 26 (A), Order No. R-1670, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the gas-oil ratio provisions of Rule 26 (A), Order No. R-1670, to permit its Shell State Well No. 1-A, located 380 feet from the North line and 380 feet from the West line of Section 36, Township 24 South, Range 36 East, Lea County, New Mexico, to remain classified as a gas well in the Jalmat Gas Pool, with a gas-oil ratio below 100,000: 1.

CASE 2315:

Application of Pan American Petroleum Corporation for a non-standard oil proration unit and for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of an 86.62-acre non-standard oil proration unit in the Totah-Gallup Oil Pool consisting of Lots 2, 3 and 4 of Section 12, Township 28 North, Range 13 West, San Juan County, New Mexico, to be dedicated to the Gallegos Canyon Unit Well No. 100 at an unorthodox location 476 feet from the North line and 1980 feet from the West line of said Section 12.

CASE 2316:

Application of Pan American Petroleum Corporation for permission to dispose of salt water into the Wolfcamp formation, Lea County, New Mexico. Applicant, in the above-styled

CASE 2316:
(Cont.)

cause, seeks permission to dispose of produced salt water into the Wolfcamp formation through its Lois Wingerd Well No. 8 located 660 feet from the South and East lines of Section 24, Township 12 South, Range 37 East, Gladiola-Wolfcamp Pool, Lea County, New Mexico.

CASE 2317:

Application of Pan American Petroleum Corporation for a pressure maintenance project in the Horseshoe-Gallup Oil Pool, San Juan County, New Mexico, and for special rules governing said project. Applicant, in the above-styled cause, seeks permission to institute a pressure maintenance project in the Horseshoe-Gallup Oil Pool by the injection of water into certain Northeast Hogback Unit wells in Sections 10, 11, 13, 14, 15 and 24, all in Township 30 North, Range 16 West, San Juan County, New Mexico. Applicant further seeks special rules governing the operation of said project.

CASE 2318:

Application of El Paso Natural Gas Products Company for an order force-pooling a non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Cha Cha-Gallup Oil Pool lying North of the mid-channel of the San Juan River in the SE/4 of Section 17, Township 29 North, Range 14 West, San Juan County, New Mexico. Interested parties include Humble Oil & Refining Company, Pan American Petroleum Corporation, and A. L. Duff.

CASE 2319:

Application of Tenneco Oil Company for a non-standard oil proration unit and for permission to commingle the production from separate leases, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 90.5-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of lots 3 and 4 and the E/2 SW/4 of Section 31, Township 29 North, Range 13 West, San Juan County, New Mexico. Applicant further seeks permission to commingle the Gallup oil production from the subject unit with other Gallup oil production from the E/2 W/2 and from the E/2 of said Section 31 after separately metering the production from each area.

CASE 2320:

Application of R. C. Banks for approval of the High Point Unit Agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the High Point Unit

CASE 2320:
(Cont.)

Agreement, which unit embraces 1920 acres of State land in Township 11 South, Ranges 34 and 35 East, Lea County, New Mexico.

The following cases will not be heard before 1:30 P.M.

CASE 2321:

Application of Benson-Montin-Greer Drilling Corporation for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Cha Cha-Gallup Oil Pool for its Jones Well No. 7, located 1200 feet from the North line and 900 feet from the West line of Section 15, Township 28 North, Range 13 West, San Juan County, New Mexico.

CASE 2322:

Application of Southwest Production Company for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Cha Cha-Gallup Oil Pool for a well to be drilled 2260 feet from the North line and 330 feet from the West line of Section 16, Township 29 North, Range 14 West, San Juan County, New Mexico.

CASE 2323:

Application of Southwest Production Company for two non-standard oil proration units and for an unorthodox oil well location in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of two non-standard oil proration units in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, one unit consisting of the West 56.625 acres and one unit consisting of the East 56.625 acres of that portion of the SE/4 of Section 16, Township 29 North, Range 14 West, lying North of the mid-channel of the San Juan River; the West proration unit is to be dedicated to a well to be drilled at an unorthodox location 1912 feet from the South line and 2310 feet from the East line of said Section 16.

CASE 2324:

Application of Aztec Oil & Gas Company for an order force-pooling a standard 320-acre gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in a standard 320-acre gas proration unit in the Basin-Dakota Gas Pool, consisting of the N/2 of Section 2, Township 29 North, Range 12 West, San Juan County, New Mexico.

CASE 2325:

Application of Aztec Oil & Gas Company for a non-standard oil proration unit in the Totah-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause,

CASE 2325:
(Cont.)

seeks the establishment of an 86.13-acre non-standard oil proration unit in the Totah-Gallup Oil Pool, consisting of Lot 1, the NE/4 NW/4 and the NW/4 NE/4 of Section 30, Township 29 North, Range 13 West, San Juan County, New Mexico, to be dedicated to the Hagood Well No. 28-G located 765 feet from the North line and 3175 feet from the East line of said Section 30.

CASE 2326:

Application of David Fasken for permission to drill directionally, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks permission to sidetrack and recomplete the David Fasken-King-Davis Well No. 2, located 1980 feet from the North line and 1980 feet from the West line of Section 27, Township 8 South, Range 37 East, Roosevelt County, New Mexico, in such a manner as to locate the bottom of the hole in the Bough "C" formation of the Bluit-Pennsylvanian Pool 300 feet West of said surface location.

CASE 2327:

Application of the Oil Conservation Commission on its own motion to consider the establishment of non-standard gas proration units for the Basin-Dakota Pool in Townships 29, 30, 31 and 32 North, Ranges 4, 5, 6, 7, 8, 9, 11, 12, 13 West, San Juan and Rio Arriba Counties, New Mexico. Said non-standard units are necessitated by irregular sections resulting from survey corrections in the United States Public Lands Survey.



CONTINENTAL OIL COMPANY

825 Petroleum Building
Roswell, New Mexico

June 5, 1961

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

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

Gentlemen:

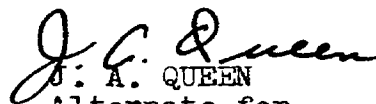
Re: CONTINENTAL OIL COMPANY'S
APPLICATION FOR AN EXCEPTION
TO RULE NO. 309 IN ORDER TO
COMMINGLE PRODUCTION AFTER
SEPARATE MEASUREMENT FROM
ITS WILLIAM MITCHELL A AND
WILLIAM MITCHELL B LEASES,
MALJAMAR PADDOCK POOL
LOCATED IN SECTIONS 17, 18,
19 and 20, T17S, R32E, NMPM,
LEA COUNTY, NEW MEXICO

We are attaching three copies of Continental Oil Company's application as described above.

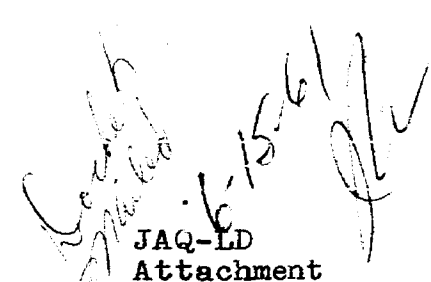
Continental Oil Company is requesting that this application be set for hearing in preference to being handled administratively due to the exceedingly large number of royalty and overriding royalty owners involved and the length of time which would be required in contacting each interest owner in obtaining the necessary consent to commingle production to conform with Statewide Rule 309(b) (5).

Since Continental Oil Company is interested in installing these commingling facilities as soon as possible, we respectfully request that this application be set for hearing at the earliest convenient date.

Yours very truly,


J. A. QUEEN

Alternate for
Division Superintendent


JAQ-LD

Attachment

cc: RGP HGD JWK CHH

PIONEERING IN PETROLEUM PROGRESS SINCE 1875

BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

1312

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR AN
EXCEPTION TO RULE NO. 309 OF THE NEW
MEXICO OIL CONSERVATION COMMISSION'S
RULES AND REGULATIONS IN ORDER TO
COMMINGLE THE PRODUCTION AFTER
SEPARATE MEASUREMENT FROM ITS WM.
MITCHELL "A" AND WM. MITCHELL "B"
LEASES, MALJAMAR PADDOCK POOL,
LOCATED IN SECTIONS 17, 18, 19, &
20, T-17-S, R-32-E, NMPM, LEA
COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now applicant, Continental Oil Company, and respectfully requests an exception to statewide Rule No. 309 for permission to commingle production from its Wm. Mitchell "A", and Wm. Mitchell "B" leases, Maljamar Paddock Pool, located in Sections 17, 18, 19, and 20, T-17-S, R-32-E, NMPM, Lea County, New Mexico, and in support thereof would show:

1. That the applicant is the owner of (a) the Wm. Mitchell "A" lease consisting of the N/2 Section 19, and the N/2 Section 20, T-17-S, R-32-E; (b) the Wm. Mitchell "B" lease consisting of the W/2, W/2 E/2 Section 17, the E/2, E/2 W/2 Section 18, the S/2 Section 19, and the S/2 Section 20, T-17-S, R-32-E, NMPM, Lea County, New Mexico.

2. That by Order No. R-963 the Commission granted the applicant permission to commingle the oil production from the Wm. Mitchell "B" lease, Maljamar Paddock, with oil production from the Wm. Mitchell "B" lease, Maljamar Grayburg-San Andres, which would be discontinued upon approval and completion of this proposed installation.

3. That oil production has been obtained on the Wm. Mitchell "B" lease from the Maljamar Paddock Pool, and that the Maljamar Paddock was proved productive on the Wm. Mitchell "A" lease in the recently completed wells, Nos. 20 and 21.

4. That due to the necessity of separating Maljamar Paddock production from Maljamar Grayburg-San Andres production, and due to the locations of the three Wm. Mitchell "B" Maljamar Paddock wells, two separate tank batteries would have to be constructed at considerable additional difficulty and expense.

X 5. That the applicant, realizing that different lessors are involved in each lease, proposes to install adequate metering facilities to protect the royalty rights of each individual lessor.

6. That the applicant proposes to handle the Wm. Mitchell "B" lease, Maljamar Paddock, production through the automatic custody transfer installation on the Wm. Mitchell "A" lease that has been granted Commission approval by Order No. R-1811; and that accurate metering facilities will be installed for each lease so that production from each individual lease will be accurately metered and reported, and that the performance of each well will be accurately checked.

7. 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, an order be entered granting applicant permission to commingle the oil produced from the two leases described hereinabove.

Respectfully submitted,

W. A. Mead

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

PADDOCK WELLS

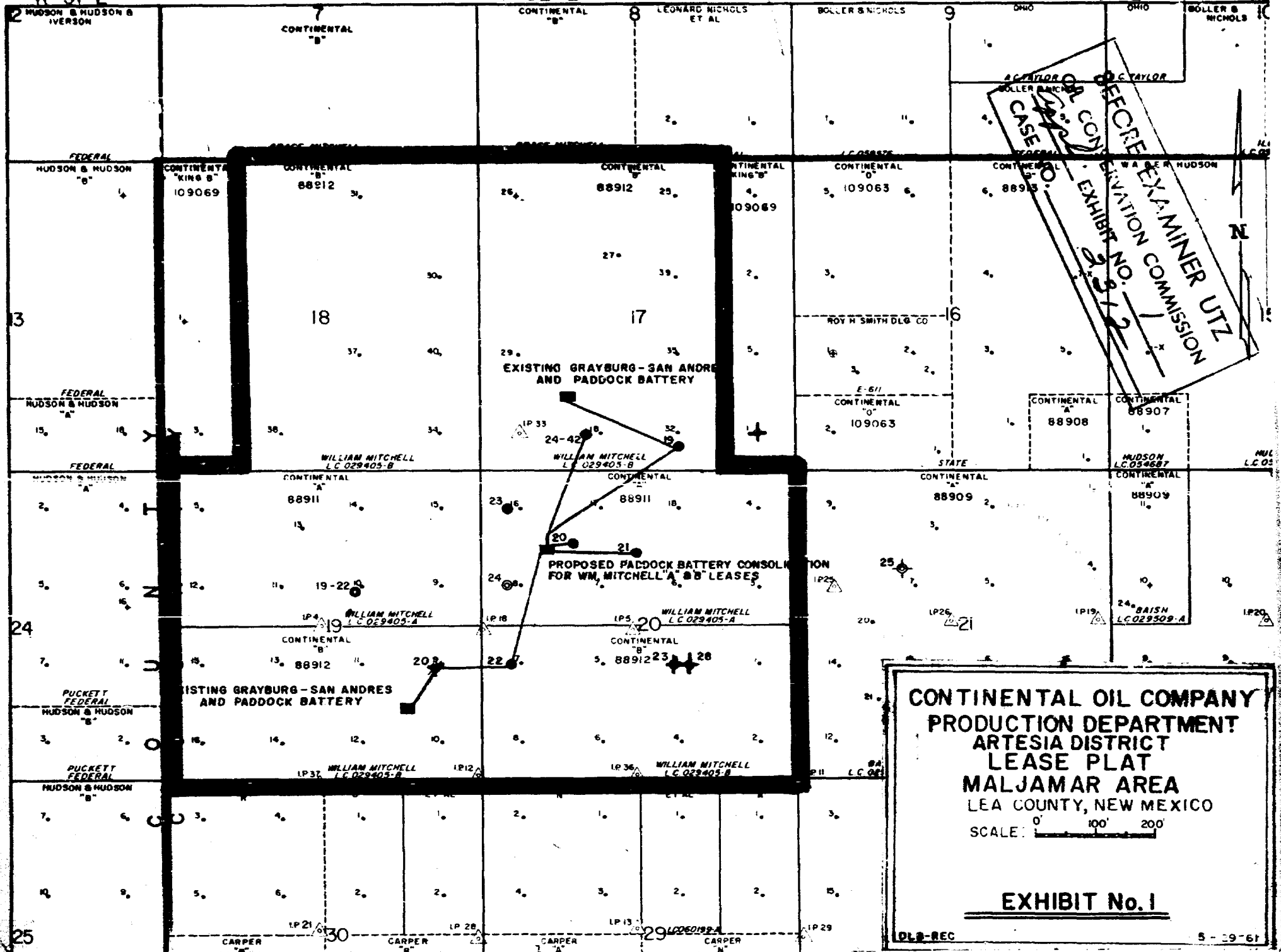
<u>Well</u>	<u>Location</u>	<u>Cum. Prod. to 6-1-61</u>	<u>Present Status</u>
Wa. Mitchell "A" No. 20	1295' FNL & 1520' FWL Section 20-17S-32E	11,728 bbls.	Producing interval perforations 5334'-5344'
Wa. Mitchell "A" No. 21	1345' FNL & 2615' FWL Section 20-17S-32E	7,468 bbls.	Producing interval perforations 5369'-5375'
Wa. Mitchell "A" No. 19- 22	1980' FNL & 2180' FEL Section 19-17S-32E	New Well	P & A 9-8-50; re-entered and presently attempting Paddock comp.
Wa. Mitchell "A" No. 23	660' FNL & 460' FWL Section 20-17S-32E	New Well	Perforated interval 5322'-5328'
Wa. Mitchell "B" No. 19	330' FSL & 1980' FEL Section 17-17S-32-E	172,038 bbls.	Producing interval open hole 5365'-5386'
Wa. Mitchell "B" No. 20	1980' FSL & 860' FEL Section 19-17S-32E	48,275 bbls.	T.A. 1-29-57
Wa. Mitchell "B" No. 22	1980' FSL & 460' FWL Section 20-17S-32E	120,785	Producing interval perforations 5267'-5294'
Wa. Mitchell "B" No. 23	1980' FSL & 2193' FEL Section 20-17S-32E	-0-	P & A 8-26-50. No production casing run.
Wa. Mitchell "A" No. 24- 42	660' FSL & 1780' FWL Section 17-17S-32E	2,839 bbls.	P & A 2-27-53. Re-entered and presently producing from per- forations at 5354'-59'
Wa. Mitchell "B" No. 28	1980' FSL & 1830' FEL Section 20-17S-32E	-0-	T.A. 7-25-59. 7" csg. @ 5578'. Int. perf.: 5498'-5506', 5474'-5486', 5435'- 5443', 5414'-5422', 5366'-5372'
M. E. Baish "A" No. 25	1780' FNL & 1780' FWL Section 21-17S-32E		T.A. 10-16-54. 5½" csg. run to 11,813'. No test in Paddock.
King "B" No. 1	660' FSL & 660' FEL Section 17-17S-32E		P & A 11-5-50. 7" csg. to 3628'.

MLB-EL
6-13-61

R-31-E

R-32-E

R-32-E



**MALJAMAR PADDOCK, METERING AND TREATING,
BATTERY CONSOLIDATION FOR
Wm. MITCHELL "A" AND Wm. MITCHELL "B" LEASES**

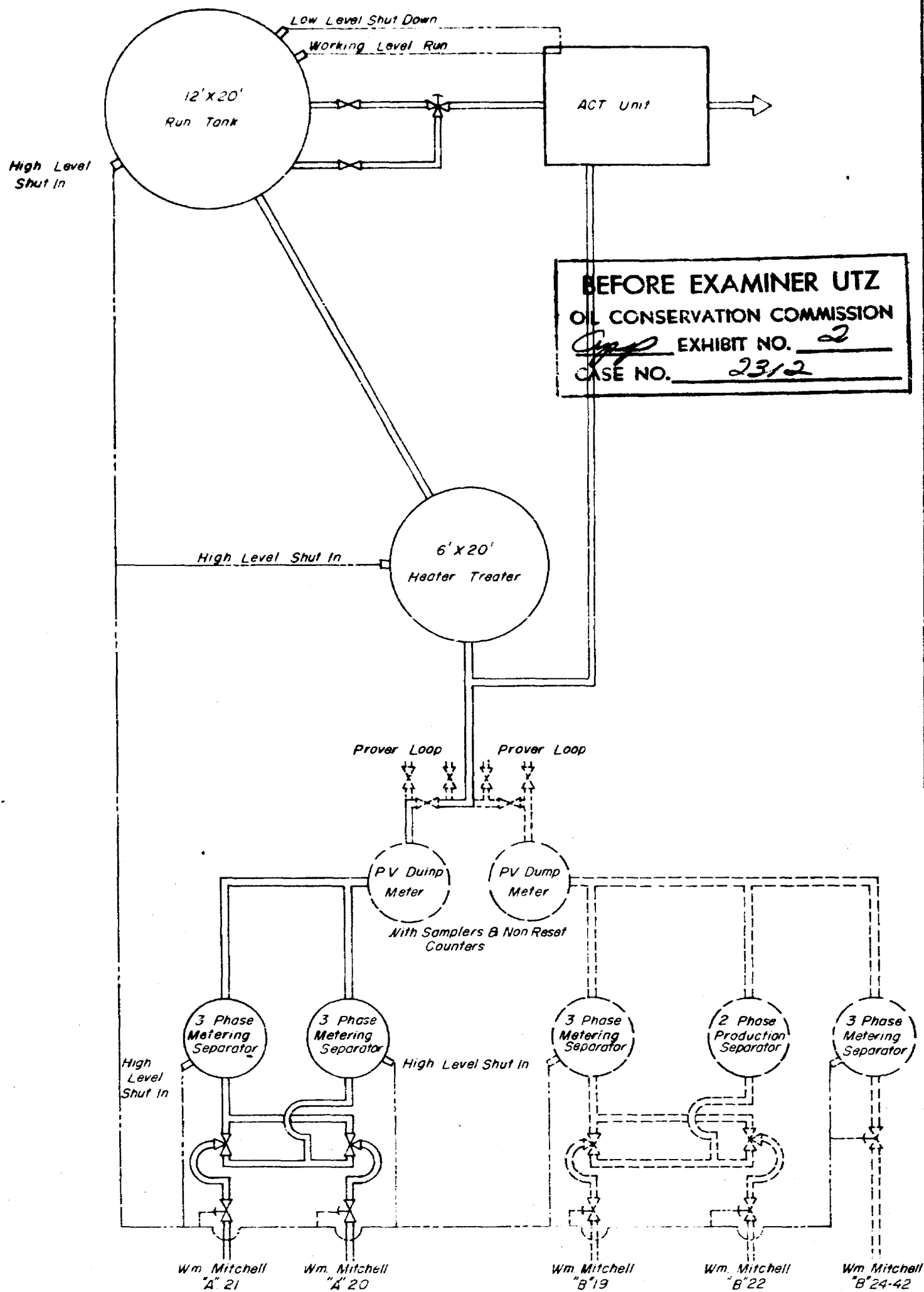


EXHIBIT No. II

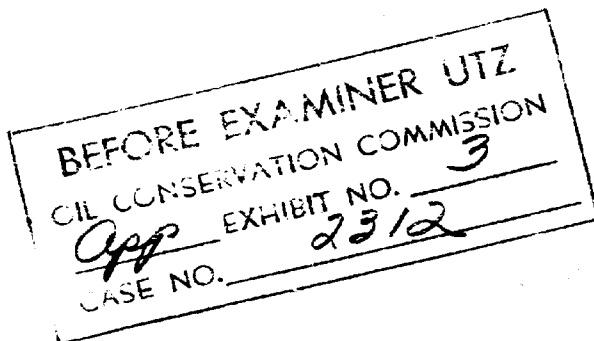
ROYALTY OWNERS

Wm. Mitchell "A" Lease

Federal	5.000000%
M. E. Baish	1.875000%
Virginia Simon	.535714%
Malcolm T. Mitchell	.714286%
Janet M. Jacobsen	.714286%
Margaret M. Ogden	.714286%
El Paso National Bank, Trustee of Baish Trust Estate	1.875000%
Elizabeth B. King	.535714%
Henry W. Beardsly	.535714%
Lease Total	12.500000%

Wm. Mitchell "B" Lease

Federal	12.500000%
---------	------------



OIL CONSERVATION COMMISSION

EXAMINER HEARING

Santa Fe, New Mexico

Case No. 2312

June 28, 1961

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-4491



EXAMINER HEARING

Application of Continental Oil Company for an exception to Rule 309 (a), Lea County, New Mexico. Applicant, in the above-styled cause seeks an exception to Rule 309 (a) to permit the commingling, after separate measurement, of the Maljamar-Paddock Pool production from the William Mitchell "A" Lease, consisting of the N/2 of Sections 19 and 20, and from the William Mitchell "B" Lease, consisting of the W/2 and the W/2 E/2 of Section 17, the E/2 and the E/2 W/2 of Section 18, and the S/2 of Sections 19 and 20, all in Township 17 South, Range 32 East, Lea County, New Mexico.

Case
2312

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Call Case 2312.

MR. MORRIS: Application of Continental Oil Company for an exception to Rule 309 (a), Lea County, New Mexico.

MR. KELLAHIN: Jason A. Kellahin, Kellahin & Fox, appearing for the applicant; and we have Mr. Queen as the witness. May the record show that he has been sworn?

MR. UTZ: Yes, sir; it will so show.

JOHN A. QUEEN,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6951

ALBUQUERQUE, NEW MEXICO

Q Would you state your name, please.

A John A. Queen.

Q You are the same Mr. Queen who testified in Case 2311?

A I am, sir.

Q Mr. Queen, you are familiar with the application of Continental Oil Company in Case 2312?

A Yes, sir; I am.

Q Will you state briefly what is proposed in this case?

A Case 2312 is the application of Continental Oil Company to commingle production with the Maljamar-Paddock Pool production from the Mitchell "B" lease and the Mitchell "A" lease, from those wells producing from Maljamar-Paddock Pool located in Section Mitchell "A" Battery as located in the Northwest Quarter, Northwest Quarter of Section 20, Township 17 South, Range 32 East.

Q Would you give us the production history on this area?

A Presently, the Maljamar-Paddock formation is productive from William Mitchell No. 20 "A", 21, and 23, and the William Mitchell "B" 19, 24-42, and 22. There are several other wells in the surrounding area that have produced little or no oil from the Paddock formation that are now abandoned. These wells are shown on what is marked Exhibit 1. Columns of production are shown in the attached table to Exhibit 1. The product production from the William Mitchell "B" lease -- the Mitchell 19 and No. 22 are presently being commingled with the Grayburg-San Andres production, which was authorized by No. R-96. The Maljamar-Paddock production



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-4911

ALBUQUERQUE, NEW MEXICO

by the William Mitchell "A" No. 20 and 21 is being handled by an ACT Installation on the Mitchell "A" lease which is authorized by Ordinance R-1811. The William Mitchell "A" No. 23 well is now -- will also be processed through the William Mitchell ACT Installation. This well has not been completed.

Q Now, referring to what has been marked as Exhibit No. 1, would you discuss the information on that exhibit?

A Exhibit No. 1 is Lease in Ownership Plat, and it shows the producing wells in the area; and the six Paddock wells that are producing are marked in purple or blue, and the four plugged Maljamar-Paddock wells are shown with a crossed red mark.

Q Now, there are some abandoned wells shown on the exhibit, are there not?

A That is correct. They are marked with a cross, red cross.

Q The William Mitchell "A" lease, how is it shown? I mean, the William Mitchell "A" 19-22.

A The William Mitchell 19-22 is presently being completed and is not connected with a tank battery at this time.

Q What is the history of the William Mitchell "B" No. 20?

A The William Mitchell "B" No. 20 has produced 48,275 barrels of oil before depletion, and is now plugged and abandoned.

Q The exhibit likewise shows the location of the ACT Unit, does it now?

A That is correct. It shows the location of the ACT Unit.



PHONE CH 3-4691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PAGE 4

It shows the outline of the Mitchell "A" and Mitchell "B" leases and also a part of the Maljamar Cooperative Agreement Area which is outlined in green.

Q Now, what is the situation as to the proposed flow lines?

A The proposed flow lines are indicated in red. The present flow lines of the producing wells are shown in green.

Q Now, what will be necessary in order to discontinue commingling the Maljamar-Paddock oil with the Grayburg-San Andres oil?

A The present flow line from the Mitchell "B" 19 and the Mitchell "B" 22 are tied into the Grayburg-San Andres tank battery, as previously discussed. The proposed flow line for the Mitchell "B" 19, 22, and the other wells to be completed are shown in red, and it will be tied into the Mitchell "A" lease which is shown as a red square on Exhibit 1.

Q Would it be unnecessarily expensive to discontinue the commingling of the San Andres-Grayburg and Paddock oil?

A There is now in preparation a proposed water injection program in the Maljamar Cooperative Area, and it is necessary to discontinue the commingling of Maljamar oil with Grayburg and San Andres production; it would be necessary to install two tank batteries or two ACT Units to handle this production. This is the purpose and the request of this hearing: To commingle this production into one ACT Unit which is installed.

Q Now, referring to what has been marked as Exhibit No. 2, would you discuss the information on that exhibit?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-4691

ALBUQUERQUE, NEW MEXICO

A Exhibit 2 is a schematic drawing of the existing ACT installation on the Mitchell "A" lease. The existing installations are shown in heavy lines and the proposed additional phases are shown as dotted lines. The fluid production from each well on the William Mitchell "A" lease is presently being metered individually prior to being metered by PV Lease Meter with sampler. The fluid production with the Mitchell "B" 19-22 will be metered together, while the Mitchell "B" No. 24-42 will be separately metered prior to being metered by the PV Lease Meter with sampler. A system to divert one well at a time through the metering vessel to obtain individual well tests on the William Mitchell "B" 19-22 is also included.

Q Will this installation enable you to make all the tests which may be required by the Commission?

A It will.

Q Will it enable you to accurately attribute the production to the various leases involved?

A It will.

Q What safety factors do you have on this installation?

A This installation will have a working level shutdown control to take into consideration vessel fillup.

Q That is already in the present installation?

A That is correct.

Q That is the installation which has heretofore been approved?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-4491

ALBUQUERQUE, NEW MEXICO

A That is correct.

Q Will any additional safety factors be necessary in the event the Commission approves this application?

A No, sir; I do not believe so.

Q In your opinion, the safety features are adequate for installation at this time?

A That is correct.

Q Will the royalty owners' rights be protected by the facilities being installed?

A Yes, sir; they will.

Q Will the approval of this application be in the interest of conservation?

A Yes, sir; it will.

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

A They were.

MR. KELLAHIN: I now offer Exhibits 1 and 2 in evidence.

MR. UTZ: Without objection, Exhibits 1 and 2 will be entered into the record.

MR. KELLAHIN: That completes the direct examination, Mr. Utz.

EXAMINATION

BY EXAMINER UTZ:

Q Mr. Queen, are the oil ownerships, including the overriding royalties, the same on the "B" lease?



A Yes, sir.

Q And likewise on the "A" lease?

A Yes, sir.

Q Now, which well was it that you said is being completed at the present time?

A There is one drilling well being completed at the present time -- the William Mitchell "A" No. 23 located in the northwest of the northwest of Section 20, and also the William Mitchell "A" 19-22 located in the southwest of the northeast of Section 19.

Q These are proposed Paddock wells?

A These are proposed Paddock wells.

Q And you propose to put them into your ACT?

A That is correct. We also have an additional drilling program planned for the areas which will be included as the wells are completed.

Q Did I understand you to say that the No. 20 was P. and A.?

A Yes, sir.

Q In all zones?

A The No. 20 -- pardon me just a minute. The No. 20 is a recent recompletion, sir. It was completed in the Maljamar-Paddock at one time. I'm a little bit confused, pardon me.

Q Your application showed it as a recompletion.

A It is an omission, sir. It had been attempted to be completed in the Maljamar-Paddock by another company.

Q So the red cross should not be on there?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6491

ALBUQUERQUE, NEW MEXICO

A That is correct.

Q The only P. and A. wells are the 23 and 28 on the "B" lease?

A Now, the William Mitchell "A" No. 20 is a recently drilled well, a new well. I beg your pardon, sir. The William Mitchell "B" No. 20 is a plugged and abandoned well. I'm confused between the Mitchell "A" 20 and Mitchell "B" 20. The Mitchell "A" 20 is a producing well. The Mitchell "B" 20 is a plugged and abandoned well.

Q So it is plugged?

A Yes, sir. It is as shown on the exhibit.

Q And this is the well that produced 48,275 barrels of oil before it was depleted, as testified?

A The William Mitchell "B" 24-42 is a recompleted well that had previously been abandoned.

Q It is now completed in the Paddock?

A That is correct, sir.

Q Now, the ACT that you show on your Exhibit No. 3.

A I believe No. 1. No. 1 shows the location of the ACT, and No. 2 shows the schematic of the ACT.

Q What is the exhibit number of the schematic?

A Number 2.

Q The ACT Unit shown on that, is it the one that has already been approved by R-1811?

A That is correct, sir; with the exception of that, of



course, the Mitchell "B" wells have not been connected to the ACT.

Q Yes sir. Now, why do you meter separately your "B" 42-24?

A A recouping basis. This is a property purchased from another company and the original agreement calls for recoup of drilling wells.

Q And you will continue to meter that well separately?

A This is correct; until payout of the well, at which time we proposed to handle it in the normal manner. As you will note also, the William Mitchell "B" 19 and William Mitchell "B" 22 --

Q That was my next question.

A The new wells, the William Mitchell "A" No. 20 and William Mitchell "A" No. 21 are being metered separately for recoup purposes. The William Mitchell "B" 24-42 is being metered separately for recoup. The William Mitchell 23, when completed, will be metered separately, -- William Mitchell "A" 23. Likewise, the William Mitchell "A" 19-22, when successfully completed, will be metered separately. Only those wells that were being completed at the time of the purchase require separate metering and we continue to handle them through a header with an individual test system through each lease.

Q Then the only one that does not require metering for your own purposes is the "B" 19?

A No, sir. The William Mitchell "B" 19 does not require --

Q Oh, I see. On your "B" 19 and your "B" 22, then, the



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

metering separator there is just a test?

A A production separator and a test separator there tied into each other as a header. The metering separators on the individual wells will be salvaged at such time as recoup has been made, and all wells will be handled in the manner as the Mitchell "B" 19 and Mitchell "B" 22 with allocation on an individual test basis.

Q Now, your PV Dump Meter shown on your "B" lease circuit which was dotted in as "proposed".

A Yes, sir. That will be installed with the approval of this publication. At the present time, of course, it is not necessary since the PV Meter on the ACT, PV Meter on the ACT, is controlling the sale of oil through that line.

Q How about the "B"?

A It will be installed with approval of this application.

Q But you will still meter your other wells separately, all except the 19 and 22?

A That is correct.

Q It should be well metered.

A That is correct, sir.

Q Now, the type of PV Dump Meters you intend to use, do you have any information on the accuracy of these?

A We have made -- or required, and of course, necessary tests on the PV Meters that we have presently had approved by the Commission. The accuracy of our Dump Meters is in the neighborhood of .005 to .001 accuracy in per cent.



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

PHONE CH 3-6691

Q After one?

A Yes, sir.

Q Do you have any paraffin problems in this pool?

A No; not to a great extent. We do not anticipate any paraffin problems that cannot be handled through the normal maintenance of this installation.

Q Now, if your metering separators on your well circuit read differently than your PV Dump Meters, how do you intend to rectify it?

A The production will be allocated, of course, first from the sales meter on the ACT Unit back to the individual lease meters, PV Meters, that have been corrected to agree with the ACT Sales Meter; and from there it will be directed back to the individual well meters.

MR. UTZ: Are there other questions?

MR. MOORE: Yes, sir.

EXAMINATION

BY MR. MORRIS:

Q Mr. Queen, if you had chosen to notify royalty owners in this application, could you have obtained administrative approval?

A If we could have located all of them, sir, I'm sure we could have obtained approval. I believe this property is under the control of an oil payment in which is a large group of people. We first made this application approximately six months ago to be handled through the normal administrative approval procedure; and



in the process of trying to find and locate each individual person who had an interest in this oil payment, we decided that it would be more economical for Continental Oil Company to appear here on its own and request this approval.

Q I thought this was in the original application?

A It's in the cover letter, sir, to the Commission.

Q Mr. Queen, would Continental be willing to conform this installation to meet such demands as the Commission may later adopt on the commingling installation, or in the alternative for any permission that might be granted?

A I assume that the order that will be finally issued from the committee that is presently working on this thing will be a usable one; and so I'm sure that Continental would agree to it. However, it would not be up to me to say that Continental would make any retroactive changes without knowing what the final results would be of that final order; and since Continental has a representative on that Commission there would be no problem, but I'm afraid I could not commit the company.

Q I feel sure, Mr. Queen, that any order that might be entered in this case would make a provision on that. It would have to be conformed; and if the permission is granted in this case, it would be conditioned upon that. That is all. Thank you, sir.

MR. UTZ: Are there any other questions? The witness may be excused.

~~This case will be taken under advisement.~~



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, MICHAEL HALL, 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.

Michael Hall
NOTARY PUBLIC

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2312, heard by me on 6-28-1961.

John A. Hall
Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CM 3-6691

