

Case No.

1656

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 5-18-59

CASE NO. 1656

HEARING DATE 5-6-59

My recommendations for an order in the above numbered case (#) are as follows:

1. Grant Skellip's application to commingle the, Ellentburger, McKee, Fusselman, Montoya, and Blinbury zones if & when they prove to be productive on their Hobbs "A" lease consisting of NW/4 of sec. 30-25S-3E.
2. All zones to be metered by P.I. or P.V. meters before commingling.
3. 30 day bench tests & core tests satisfactory to the Commission.
4. Corrosion resistant meter to be used on any zones which prove to be sour.

W. H. R.

Staff Member

EXAMINER HEARING
OIL CONSERVATION COMMISSION
May 6, 1959

IN THE MATTER OF: Case 1656

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

IN THE MATTER OF:

Application of Skelly Oil Company for permission to commingle the production from five separate pools. Applicant, in the above-styled cause, seeks authority to commingle the production from the Ellenburger, McKee, Fusselman, Montoya and Blinberry formations underlying its Hobbs "A" Lease comprising the NW/4 of Section 30, Township 25 South, Range 38 East, in the Justis Field, Lea County, New Mexico. Applicant proposes to separately meter the production from each pool prior to commingling..

Case 1656

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The next case will be Case 1656.

MR. PAYNE: Case 1656: Application of Skelly Oil Company for permission to commingle the production from five separate pools.

MR. WHITE: If the Commission please, may the record show the same appearances as in the preceding case.

MR. UTZ: Yes.

MR. WHITE: We have the same witness, and I believe he understands he is still under oath.

MR. PAYNE: Very good.

JOE D. RAMEY

called as a witness, having been first duly sworn on oath,
testified as follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q Are you the same witness that testified in the previous case, Mr. Ramey?

A Yes, I am.

Q Are you familiar with the application of Skelly in Case No. 1656?

A Yes, I am.

(Skelly Oil Company's Exhibits
Nos. 1, 2, marked for identification.)

Q Will you refer to your ownership map, I believe it's marked Exhibit 1, and explain that to the Commission, please?

A Exhibit 1 is a plat showing the location of the Skelly Hobbs "A" Lease outlined in red, and also shows the present existing tank battery and the proposed commingling facilities, which are outlined in a green rectangle.

Q Does it also show the offset operators?

A Yes, it does.

Q And the location of the wells on your Lease?

A Yes.

Q And the present gathering system?

A That's correct.

Q Have you completed the drilling of your Hobbs "A" Well No. 5?

A No, that well is presently being drilled.

Q In what pool or pools do you expect to complete the well?

A We have obtained a dual completion order for that well to be completed in the Justis-McKee and Justis-Ellenburger Pools as an oil-oil dual completion.

Q Will you state in what zones your Hobbs "A" Wells 1, 2, 3, and 4 are producing?

A Those are producing from the Queen, and they are Langley-Mattix Pool producers.

Q What are the characteristics of the crudes that you intend to commingle?

A I believe those are all classified as sweet crudes, the characteristics are very similar. I think the gravity is different.'

Q Would that be a corrosive crude?

A No, it would not.

Q Are other operators in the same area commingling these crudes?

A Yes.

Q Will you refer to what has been marked as Exhibit No. 2 and explain that, please?

A Exhibit No. 2 is a flow diagram of the proposed

commingling facilities. Flow from each zone will be as follows -- well, if the Commission please, we will go through the Blinebry zone. The well fluids will enter individual well manifolds where they can be, they will either be diverted through the test system which I have outlined at the bottom, or they will go directly to the zone separator; from the separator, they will pass through what we have marked as positive displacement meters.

Q Would you like the order to give you the right to use the dump type meter if need be?

A Yes, we would. Then from the meters they go into stock tanks which in this case will be thousand barrel stock tanks.

Q You designated a heater treater that is marked in brown marks, will you explain that, please?

A Well, in the event that any of the zones produce water, why, the fluid from the separator will go through the heater treaters where the water will be separated from the oil.

Q In other words, your installation will be such that you can install heater treaters if need be?

A Yes.

Q Is this similar to the proposal to which you have previously testified in the last case?

A Yes, it is.

Q Is the ownership interest common as to all zones?

A Yes, it is.

Q Will this installation be so that you can efficiently

test the meters?

A Yes, we will set up a definite testing program and test the meters at least once a month.

Q Will you state what economic advantages, if any, Skelly might obtain through this installation?

A If all five pays are present on the Hobbs "A" Lease, the five pays that we propose to commingle, there will be an equipment saving in the neighborhood of \$15,000.00, and also with this hookup we can, it will be possible to determine in an optimum time when and if well workovers are necessary; and also with commingling, the retention time of the oil in tanks will be considerably reduced and thus evaporation will be less.

Q Then this will be not only an economic measure, but conservation as well?

A Yes.

Q Were these exhibits prepared under your direction and supervision?

A Yes, they were.

MR. WHITE: We move into evidence the exhibits.

MR. UTZ: They will be admitted.

MR. WHITE: We have no further questions.

CROSS EXAMINATION

BY MR. UTZ:

Q Did I understand you to say that the No. 1, 2, 3, and 4 wells are being produced from the Queen?

A Yes, they are.

Q They are being commingled?

A No, they are from the same pay. They will not be affected by the commingling order.

Q You are not requesting that they be commingled?

A No, we are not.

Q They are all single completions?

A Yes.

Q Then the only well at the present time is No. 5?

A Yes, that's right.

Q That's not completed yet?

A No, it isn't.

Q You intend to complete that well in what zones now?

A The Justis-McKee and Justis-Ellenburger. We have had favorable drill stem tests to date in that in the Blinbry, the well flowed at the rate of twenty-seven barrels an hour, and in the Montoya-Fusselman it was not present in this well. In the Montoya we recovered free oil with drill stem tests.

Q You had a D.S.T. on the Blinbry?

A Yes.

Q So there may be some question as to whether you will need this authority for the Fusselman then?

A Yes, that is true. However, the Fusselman could be present in other wells.

Q Do I understand you to say that you had D.S.T.'s on

the Ellenburger and McKee?

A No, we have in the Simpson, but we haven't reached the McKee or the Ellenburger.

Q Do you have any idea as to the probability of whether these crudes will be sour or not?

A I think they are all being, at least part of them are being commingled by Atlantic, Tidewater, and Gulf, and they have been classified by the pipeline as sweet crude, or semi-sweet.

Q All five zones?

A Yes. The Drinkard is also present in this area, and it is a sour crude. However, we appear to be below the water-oil contact in the Drinkard. We do not anticipate any Drinkard production.

MR. UTZ: Any other questions of the witness?

MR. PAYNE: Yes.

MR. UTZ: Mr. Payne.

BY MR. PAYNE:

Q If the Blinebry proves to be sour, which it sometimes does in this area, do you still propose to commingle it with the others?

A No, we do not.

Q Now, on the Coates "C" Lease to the north, and the MacBuffington Leases, I believe they are in the Justis Field, all five of these pools have been encountered, have they not?

A Yes, they have.

MR. PAYNE: That's all. Thank you.

MR. UTZ: Are there other questions of the witness?

If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements to be made in this case? If there are none, the case will be taken under advisement.

C E R T I F I C A T E

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings 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 8th day of May, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1658, heard by me on *May 19, 1959*.
[Signature] Examiner
New Mexico Oil Conservation Commission

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

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GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

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Mailed 5-1-59

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF SKELLY OIL COMPANY FOR AN EX-
CEPTION TO RULE 303 TO PERMIT CO-
MINGLING OF SIMILAR CRUDES OF THE
JUSTIS, ELLENBURGER, MCKEE, FUSSELMAN,
MONTROYA AND BLINEBRY POOLS WHICH MAY
BE ENCOUNTERED ON APPLICANT'S HOBBS
"A" LEASE.

Case No. _____

A P P L I C A T I O N

TO: THE HONORABLE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO.

Comes now the applicant, Skelly Oil Company, and respectfully al-
leges and states as follows:

1. That it is the owner and operator of its Hobbs "A" Lease which
consists of the NW $\frac{1}{4}$ of Section 30, Township 25 South, Range 38 East, Lea
County, New Mexico.

2. That there is no diversity of royalty ownership underlying the
above described Lease.

3. Applicant is presently drilling its Hobbs "A" Well No. 5 at a
location 330 feet from the North and West lines of the above mentioned Sect-
ion 30 which is scheduled to be completed in the Justis Ellenburger and
Justis McKee Pools.

4. That it is anticipated by applicant that production may be en-
countered on the aforesaid Lease from the Justis, Ellenburger, McKee,
Fusselman, Montoya and Blinebry Pools.

5. That applicant proposes to comingle the production obtained
from the foregoing five Pools into common tankage and by so doing the pro-
duction from each pool will be separately metered with positive displacement
meters prior to such comingling.

6. Attached hereto marked EXHIBIT "A" and made a part hereof by
reference is a plat which shows the location of applicant's Hobbs "A" Well

Docketed & Mailed
4-22-59
BP


GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

1 No. 5 on the subject Lease and the names of all off-set operators.

2 7. That attached hereto marked EXHIBIT "B" and made a part hereof
3 by reference is a ~~diagrammatic~~ sketch which shows the proposed method of
4 measurement and storage of the production produced.

5 WHEREFORE, applicant prays that this application be set for hear-
6 ing, that notice be given as required by law, and that upon the evidence
7 adduced the Commission issue an Order permitting applicant to comingle its
8 production from the Justis Ellenburger, McKee, Fusselman, Montoya and
9 Blinebry Pools underlying its Hobbs "A" Lease, Lea County, New Mexico, as
10 more fully set out in this application.

11
12 SKELLY OIL COMPANY

13 By 
14 L. C. White,
15 One of Its Attorneys
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DOCKET: EXAMINER HEARING MAY 6, 1959

OIL CONSERVATION COMMISSION, MABRY HALL, STATE CAPITOL, 9 a.m., SANTA FE

The following cases will be heard before Elvis A. Utz, Examiner:

- CASE 1651:** Application of Continental Oil Company for an automatic custody transfer system and for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system and to commingle the production from the Hobbs Pool from three separate non-contiguous leases in Township 18 South, Range 38 East, Lea County, New Mexico. Applicant proposes to separately meter the production from each lease prior to commingling.
- CASE 1652:** Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N/2 of Section 8, Township 23 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to applicant's Danciger A-8 Well No. 3 located 990 feet from the North and East lines of said Section 8.
- CASE 1653:** Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the NE/4 of Section 28 and the NW/4 of Section 27, Township 23 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to applicant's Lynn A-28 Well No. 5 located 660 feet from the North and East lines of said Section 28.
- CASE 1654:** Application of Shell Oil Company for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the West Henshaw-Grayburg Pool from three separate contiguous leases located in Township 16 South, Range 30 East, Eddy County, New Mexico. Applicant proposes to separately meter the production from each lease prior to commingling.
- CASE 1655:** Application of Skelly Oil Company for permission to commingle the production from the Tubb Gas Pool and the Drinkard Oil Pool. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the liquids produced from the Tubb Gas Pool with the oil produced from the Drinkard Oil Pool underlying its State "K" Lease comprising the N/2 NW/4 of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to meter the production from each pool prior to commingling.
- CASE 1656:** Application of Skelly Oil Company for permission to commingle the production from five separate pools. Applicant, in the above-styled cause, seeks authority to commingle the production from the Ellenburger, McKee, Fusselman, Montoya, and Blinberry formations underlying its Hobbs "A" Lease comprising the NW/4 of Section 30, Township 25 South, Range 38 East, in the Justis Field, Lea County, New Mexico. Applicant proposes to separately meter the production from each pool prior to commingling.
- CASE 1657:** Application of Standard Oil Company of Texas for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order authorizing its Vac-Edge Unit Area comprising 2078 acres, more or less, of state lands in Township 18 South, Range 35 East, Lea County, New Mexico.

Docket No. 15-59

- CASE 1658: Application of The Texas Company for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its "BN" (NCT-1) Well No. 1 located 1980 feet from the South line and 660 feet from the West line of Section 25, Township 11 South, Range 32 East, Lea County, New Mexico. Applicant proposes to inject the produced salt water in the interval from 3529 feet to 7430 feet.
- CASE 1659: Application of Tidewater Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its A. B. Coates "C" Well No. 9 located in the NW/4 SE/4 of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Justis-Drinkard Pool and the production of oil from the Justis-Ellenburger Pool through parallel strings of 2-3/8 inch tubing.
- CASE 1660: Application of Atlantic Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing it to install an automatic custody transfer system utilizing positive volume tanks with automatic dumping facilities to transfer custody of all oil produced on its Navajo Lease comprising certain acreage in Township 31 North, Range 16 West, Horseshoe-Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1661: Application of Pan American Petroleum Corporation for a gas-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its W. H. Turner No. 1 located in the SE/4 SE/4 of Section 29, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont producing interval adjacent to the Eumont Pool and the production of oil from the Drinkard Pool. Applicant proposes to utilize a retrievable-type packer in said well.
- CASE 1662: Application of Pan American Petroleum Corporation for permission to commingle the production from several separate leases and for permission to produce more than sixteen wells into a common tank battery. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Empire-Abo Pool from all or a portion of seven separate federal leases in Township 18 South, Range 27 East, Eddy County, New Mexico. Applicant further requests authority to produce more than sixteen wells into the common tank battery for said leases. Applicant proposes to separately meter production from each lease prior to commingling.

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BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Shuler EXHIBIT NO. 1
CASE NO. 1656

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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. 1656
Order No. R-1402

APPLICATION OF SKELLY OIL
COMPANY FOR PERMISSION TO
COMMINGLE THE PRODUCTION FROM
SEVERAL SEPARATE OIL POOLS IN
LEA COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 6, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, 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 25th day of May, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Skelly Oil Company, is the owner and operator of the Hobbs "A" Lease comprising the NW/4 of Section 30, Township 25 South, Range 38 East, Justis Field, Lea County, New Mexico.
- (3) That the applicant proposes to commingle the intermediate grade crude production from the Justis-Ellenburger Pool, the Justis-McKee Pool, the Justis-Fusselman Pool, the Justis-Montoya Pool, and the Justis-Blinebry Pool from all wells presently completed or hereafter drilled on said Hobbs "A" Lease.
- (4) That the applicant does not propose to commingle any production which may prove to be sour crude with intermediate grade crude production.
- (5) That the applicant proposes to separately meter the production from each pool prior to commingling.
- (6) That approval of the subject application will neither cause waste nor impair correlative rights.

-2-

Case No. 1656
Order No. R-1402

IT IS THEREFORE ORDERED:

That the applicant, Skelly Oil Company, be and the same is hereby authorized to commingle the oil production from the Justis-Ellenburger Pool, the Justis-McKee Pool, the Justis-Fusselman Pool, the Justis-Montoya Pool, and the Justis-Blinbry Pool from all wells presently completed or hereafter drilled on the Hobbs "A" Lease, comprising the NW/4 of Section 30, Township 25 South, Range 38 East, Justis Field, Lea County, New Mexico.

PROVIDED HOWEVER, That if the oil production from any of the above-mentioned pools underlying the Justis Field on said Hobbs "A" Lease proves to be sour crude, it shall not be commingled with the intermediate grade crudes.

PROVIDED FURTHER, That the production from each of said pools shall be separately metered by means of positive displacement meters or dump-type meters prior to commingling.

PROVIDED FURTHER, That meters shall be operated and maintained in such a manner as to ensure an accurate measurement of production at all times.

PROVIDED FURTHER, That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director. 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."

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells located on said Hobbs "A" Lease at least once each month to determine the individual production from each zone of each well.

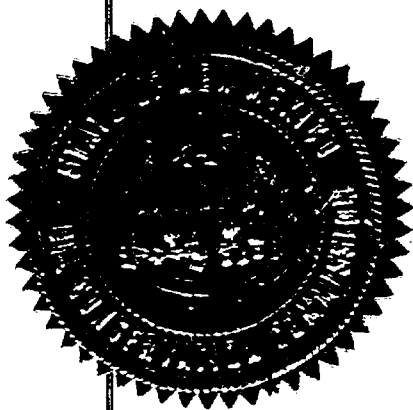
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

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



OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

May 25, 1959

Mr. Charlie White
Box 787
Santa Fe, New Mexico

Dear Mr. White:

On behalf of your clients, Skelly Oil Company and
Texaco, Inc., we enclose two copies of Order E-1401
and Order E-1402 for Skelly, and two copies of Order
E-1403 for Texaco, Inc., issued May 25, 1959, by the
Oil Conservation Commission.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

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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. 1656

Order No. R- 1402

APPLICATION OF SKELLY OIL
COMPANY FOR PERMISSION TO
COMMINGLE THE PRODUCTION FROM
SEVERAL SEPARATE OIL POOLS IN
LEA COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 6, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, 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 May, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Skelly Oil Company, is the owner and operator of the Hobbs "A" Lease comprising the NW/4 of Section 30, Township 25 South, Range 38 East, Justis Field, Lea County, New Mexico.
- (3) That the applicant proposes to commingle the intermediate grade crude production from the Justis-Ellenburger Pool, the Justis-McKee Pool, the Justis-Fusselman Pool, the Justis-Montoya Pool, and the Justis-Blinbry Pool from all wells presently completed or hereafter drilled on said Hobbs "A" Lease.
- (4) That the applicant does not propose to commingle any production which may prove to be sour crude with intermediate grade crude production.
- (5) That the applicant proposes to separately meter the production from each pool prior to commingling.
- (6) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(.) That the applicant, Skelly Oil Company, be and the same is hereby authorized to commingle the oil production from the Justis-Ellenburger Pool, the Justis-McKee Pool, the Justis-Fusselman Pool, the Justis-Montoya Pool, and the Justis-Blinebry Pool from all wells presently completed or hereafter drilled on the Hobbs "A" Lease, comprising the NW/4 of Section 30, Township 25 South, Range 38 East, Justis Field, Lea County, New Mexico.

PROVIDED HOWEVER, That if the oil production from any of the above-mentioned pools underlying the Justis Field on said Hobbs "A" Lease proves to be sour crude, it shall not be commingled with the intermediate grade crudes.

PROVIDED FURTHER, That the production from each of said pools shall be separately metered by means of positive displacement meters or dump-type meter prior to commingling.

PROVIDED FURTHER, That meters shall be operated and maintained in such a manner as to ensure an accurate measurement of production at all times.

PROVIDED FURTHER, That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director. 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."

PROVIDED FURTHER, That the applicant shall install adequate ~~testing~~ facilities to permit the testing of all wells located on said Hobbs "A" Lease at least once each month to determine the individual production from each zone of each well.

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

STATE OF NEW MEXICO
OCC