

CASE 3767: Application of MOBIL  
OIL CORP. FOR LEASE COMMINGLING,  
LEA COUNTY, NEW MEXICO.

Case Number

3767

Application

Transcripts.

Small Exhibits

ETC.

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  
FOR THE PURPOSE OF CONSIDERING:

CASE No. 3767  
Order No. R-3415

APPLICATION OF MOBIL OIL CORPORATION  
FOR LEASE COMMINGLING, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 16, 1968,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 20th day of May, 1968, the Commission, a  
quorum being present, having considered the record and the  
recommendations of the Examiner, and being fully advised in the  
premises,

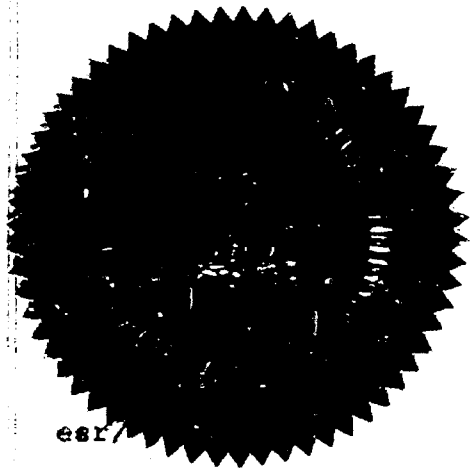
FINDS:

That the applicant's request for dismissal should be  
granted.

IT IS THEREFORE ORDERED:

That Case No. 3767 is hereby dismissed.

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



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

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

esr/

# Mobil Oil Corporation

P.O. BOX 633  
MIDLAND, TEXAS 79701

May 2, 1968

• New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

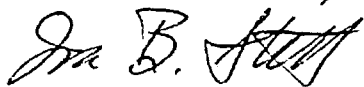
MAY 16, 1968 HEARINGS - NEW  
MEXICO CASE 3767 - REQUEST FOR  
AUTHORITY TO COMMENCE PRODUCTION  
MOBIL OIL CORPORATION'S BRIDGES  
STATE LEASE - VACUUM FIELD  
LEA COUNTY, NEW MEXICO

CASE 3768 APPLICATION FOR  
MULTIPLE COMPLETION - MOBIL OIL  
CORPORATION'S BRIDGES STATE  
WELL NO. 126 - BRIDGES STATE  
LEASE - VACUUM FIELD  
LEA COUNTY, NEW MEXICO

Gentlemen:

Please cancel the subject hearings. The problem in Case 3767 was solved  
by relocating flow lines and diverting production to another battery.  
Mobil's application in Case 3768 was filed in error.

Yours very truly,



Ira B. Stitt  
Division Operations Engineer

FLM:art/vp

cc: James E. Sperling

MAIL OFFICE

68 MAY 6 AM 7 5

State of New Mexico  
Oil Conservation Commission



P. O. BOX 2000  
SANTA FE

Other \_\_\_\_\_

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

April 23, 1968

*Case 3767*

Mobil Oil Corporation  
Post Office Box 633  
Midland, Texas 79701

Attention: Mr. Ira B. Stitt

Gentlemen:

Reference is made to our letter of April 19, 1968, advising that your request to commingle Grayburg-San Andres production on your Bridges State lease in the Vacuum Pool would be set for hearing on May 22.

We have now scheduled an extra examiner hearing for May, which will be on the 16th. Your request will be set for hearing at that time. Please advise if this is not satisfactory.

Very truly yours,

DANIEL S. NUTTER  
Chief Engineer

DSN/ir

cc: Oil Conservation Commission - Hobbs, New Mexico  
State Land Office - Santa Fe  
Mr. James Sperling - Albuquerque, New Mexico  
Phillips Petroleum Company, Midland, Texas - *3791*  
Phillips Petroleum Company, Odessa, Texas - Attn:  
Mr. F. F. Lovering

DOCKET MAILED

Date 5/2/68

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

April 19, 1963

*Case 3767*

Mobil Oil Corporation  
Post Office Box 633  
Midland, Texas 79701

Attention: Mr. Ira B. Stitt

Gentlemen:

Reference is made to your letter of April 3, 1963, requesting authority to commingle Grayburg-San Andres production from your Bridges State Wells Nos. 8 and 53 with production from your wells in the W/2 of Section 24, Township 17 South, Range 34 East, allocating the production on the basis of periodic tests.

Since there is now a diversity of ownership between your Bridges State Lease in the W/2 of Section 24 and the remainder of the Bridges State Lease due to the Phillips override, administrative approval cannot be given unless the commingled production is metered. Your application is therefore being set on the earliest available hearing docket, that of May 22.

In the meantime, inasmuch as Wells Nos. 8 and 53 are shut in, if you will furnish this office with the consent to commingling from the Commissioner of Public Lands, the purchaser of the crude oil, and Phillips Petroleum Company, allocating as proposed on the basis of well tests, we will consider temporary approval pending the outcome of the hearing.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/DSN/ir

cc: Oil Conservation Commission - Hobbs, New Mexico  
State Land Office - Santa Fe  
Mr. James Sperling - Albuquerque, New Mexico  
Phillips Petroleum Company, Midland, Texas  
Phillips Petroleum Company, Odessa, Texas - Attn: Mr. F.P. Lovering

# Mobil Oil Corporation

P.O. BOX 633  
MIDLAND, TEXAS 79701

April 8, 1968

*See 3767*  
*Set for hearing*

- New Mexico Oil Conservation Commission - 3  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attention Mr. A. L. Porter, Jr.

68 APR 9 AM 8 31

EXCEPTION TO RULE 309-A  
COMMINGLING OF PRODUCTION  
FROM TRACTS HAVING DIVERSE  
OVERRIDING ROYALTY INTEREST  
MOBIL OIL CORPORATION'S  
BRIDGES STATE LEASE - VACUUM  
FIELD - LEA COUNTY, NEW MEXICO

Gentlemen:

Mobil Oil Corporation respectfully requests Commission approval to commingle and account for by monthly well tests, the Grayburg-San Andres production from the W/2 of Sec. 24, T17S, R34E, with Grayburg-San Andres production from Well No. 8, J-23-17S-34E and Well No. 53, H-23-17S-34E. The diversity of overriding royalty interest evolved from a recent transaction of properties in the Vacuum (Grayburg-San Andres) Field between Phillips Petroleum Corporation and Mobil. Attached for your information is a copy of the assignment from Phillips to Mobil, a copy of a letter from Phillips to Mobil relative to this transaction and a copy of a letter from Mobil to the Commissioner of Public Lands giving particulars of this transaction and requesting State Land Office approval of this commingling.

Wells No. 8 and No. 53 until April 1, 1968, were producing into common storage facilities located on the W/2 of Sec. 24. These wells are now shut-in pending approval of this application. As pointed out in Mobil's letter to the Commissioner of Public Lands, production from the Santa Fe Well No. 10 (C-24-17S-34E) is being stored and measured in separate facilities located on the same unit. These facilities will continue to be operated until Well No. 10 is converted to injection service in the near future.

As stated in the letter from Phillips to Mobil, Phillips is agreeable to accept their overriding royalty payments based on well tests. Therefore, Mobil believes the request to the Commission to account for this production on a monthly well test basis, rather than providing metering equipment, to be reasonable.



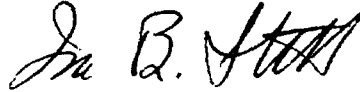
April 8, 1968

Mobil Oil Corporation respectfully requests that this application be granted by administrative action; however, if the Commission concludes that this matter cannot be disposed of administratively, it is requested that it be set for hearing at the earliest possible date.

Attached are copies of a plat showing the tracts and wells involved in this application.

Should additional information be required, please advise.

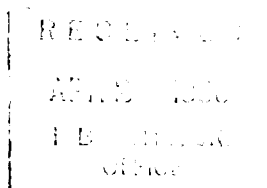
Yours very truly,



Ira B. Stitt  
Division Operations Engineer

ADBond/vp  
Attachments

cc: Commissioner of Public Lands  
James Sperling w/Attachments



Case 3767

Phillips Petroleum Company, hereinafter referred to as "Phillips", for an adequate consideration and subject to the conditions, exceptions and reservations set out below, hereby assigns to Mobil Oil Corporation, its successors and assigns, hereinafter referred to as "Mobil", all Phillips' right, title and interest, without warranty either express or implied, in that certain Oil and Gas Lease from the State of New Mexico to Phillips Petroleum Company as Lessee, being Lease No. B3935 dated March 11, 1935, but only insofar as it covers and pertains to the following subsurface interval underlying the following described land, to-wit:

NE/4 NW/4 Section 24, Township 17 South, Range 34 East, N.M.P.M., Lea County, New Mexico, as to, but only as to, that subsurface interval described as the Grayburg formation and the upper portion of the San Andres formation of the Permian system which is shown to occur between the logged depths (measured from the Kelly bushing) of 4033 feet (the top of the Grayburg formation) and 4995 feet (which is the base of the interval and which is shown to be the top of a radioactive zone) on the November 6, 1964, Schlumberger sonic-gamma ray log of the Phillips-Santa Fe No. 103 well, located 990' FNL and 491' FNL Section 23, T-17-S, R-34-E, Lea County, New Mexico (said land, as to such subsurface interval, being hereinafter called "the assigned premises").

1. Phillips also hereby sells, transfers and assigns to Mobil, its successors and assigns, the Phillips Santa Fe Well No. 10 located on the NE/4 NW/4 Section 24, Township 17 South, Range 34 East, N.M.P.M., Lea County, New Mexico, together with the well-head and the casing and tubing therein, but reserves to itself and its successors and assigns all other personal property which may be located on said NE/4 NW/4 Section 24.

2. Phillips hereby excepts from said assignment and reserves unto itself, its successors and assigns, as an overriding royalty, 1/16 or 7/8 of all oil and gas (including casinghead gas) produced, saved and sold from the assigned premises under the terms of the above described lease or any extension or renewal of same. Said overriding royalty on oil shall (at Phillips' option) be delivered free of cost (either into its storage tanks or) into the pipeline to which the well or wells on said land may be connected. Said overriding royalty on gas shall be measured on

the market value of the well from which produced. The proceeds of said overriding royalty interest shall be paid monthly amount to Phillips at its office at Bartlesville, Oklahoma, by the purchaser or purchasers of said production. It is expressly understood and agreed by Phillips that, for the purpose of computing Phillips' share of any oil and gas production from the assigned premises, Mobil may (in lieu of measuring the actual production from any well or wells on the assigned premises separately from any production from wells on other lands) allocate production to the well or wells on the assigned premises on the basis of periodic well tests as authorized or required by the New Mexico Oil Conservation Commission. Mobil shall notify Phillips prior to taking such well tests, however, so that a representative of Phillips may witness such well tests, if it desires. Such notice shall be given to Phillips' office at Midland, Texas (or to such other address as Phillips may hereafter designate by written notice to Mobil.)

3. All rights in and to said lease other than those expressly assigned hereby are reserved to Phillips, its successors and assigns.

4. The effective date of this assignment shall be April 1, 1968, at 7:00 a.m. (MST).

EXECUTED this 21<sup>st</sup> day of March, 1968.

PHILLIPS PETROLEUM COMPANY

By [Signature]  
Fred Forward  
Attorney-in-Fact

APPROVED BY
<u>[Signature]</u>
ATTORNEY
<u>[Signature]</u>
CONTRACTMAN
DATE OF APPROVAL

MOBIL OIL CORPORATION

[Signature]

DATE
TIME
BY
FOR
DATE
TIME
BY
FOR

THE STATE OF TEXAS :  
COUNTY OF MIDLAND :

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day  
of March, 1963, by WILL FORNARD as Attorney-in-Fact on behalf of  
PHILLIPS PETROLEUM COMPANY, a Delaware corporation.

Gala McKague  
Notary Public in and for Midland  
County, Texas Gala McKague

THE STATE OF Texas :  
COUNTY OF Midland :

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day  
of March, 1963, by J. S. Shigley, Jr. as Attorney-in-  
Fact on behalf of MOBIL OIL CORPORATION, a New Jersey corporation.

Doris B. Hines  
Notary Public in and for Midland  
County, Texas

My Commission Expires:  
June 1, 1969

DORIS B. HINES Notary Public  
in and for Midland County, Texas



PHILLIPS PETROLEUM COMPANY  
BARTLESVILLE, OKLAHOMA 74003

WILLIAM B. COOPER  
OFFICE

EXPLORATION AND PRODUCTION DEPARTMENT

Land & Acquisition Division

RECEIVED

FEB 22 1968

OFFICE

TO	100
FROM	100
DATE	100
TIME	100
BY	100
FILE	100

February 22, 1968

Exchange of Grayburg San Andres  
Producing Equity - Vacuum Field,  
Lea County, New Mexico

AIR MAIL

*Check 3167*

Mobil Oil Corporation  
P. O. Box 633  
Midland, Texas 79701

Attention Mr. E. R. Frazier

Gentlemen:

This confirms a mutually approved exchange whereby Mobil Oil Corporation will assign to Phillips a 1/16 of 7/8 overriding royalty in the Grayburg San Andres rights only in the W/2 of Section 24, and Phillips Petroleum Company will assign to Mobil its fully-owned Santa Fe No. 10 well and similar rights in the NE NW of Section 24, all being in Township 17 South, Range 34 East, Lea County, New Mexico. It is understood that the necessary instruments conveying this exchange of ownership will provide the following:

- 1) Phillips to retain all equipment on the Santa Fe Lease except the well-head, casing, and tubing.
- 2) Overriding royalty payments to Phillips on this 320-acre tract, based on production allocated from well tests, are acceptable to Phillips provided Phillips will be furnished advance notice of the date of such tests in sufficient time to witness the tests, if desired.
- 3) The Grayburg San Andres equity is intended to mean all pay considered as the source of production in these secondary projects. It is suggested that the unit agreement for the North Vacuum Grayburg San Andres Unit, copies of which were forwarded to you, defines such equity.

A representative of Mobil should contact Mr. W. A. Cunningham, of the Phillips Midland office, who will represent Phillips in the preparation of the necessary instruments. The decision as to possible title examination of the acreage

March 1, 1968

involved in this exchange will be left to the discretion of our Midland offices. To avoid any unnecessary billing for operating between Midland and Phillips, it is further suggested that the effective date and the date of transfer of operations should be the same. I know that this is unrealistic, but it is hoped that a joint gauge of stocks above pipeline connections and the transfer of operations can be made effective March 1, 1968.

We appreciate your cooperation in the handling of this matter.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

R. W. Myers

RMB/dr

cc: Mr. W. A. Cunningham

# Mobil Oil Corporation

P.O. BOX 633  
MIDLAND, TEXAS 79701

April 8, 1968

Commissioner of Public Lands - 3  
P. O. Box 1148  
Santa Fe, New Mexico 87501

*Case 3767*

REQUEST FOR AUTHORITY TO  
COMMINGLE PRODUCTION FROM  
TRACTS HAVING DIVERSE OVERRIDING  
ROYALTY INTEREST - MOBIL OIL  
CORPORATION'S BRIDGES STATE LEASE  
VACUUM FIELD - LEA COUNTY, NEW MEX.

Gentlemen:

In a recent transaction between Phillips Petroleum Corporation and Mobil Oil Corporation, Phillips conveyed to Mobil their rights as to Grayburg Formation and the upper portion of the San Andres Formation (more particularly described in the attached assignment instrument) in the NE/4 NW/4 of Sec. 24, T17S, R34E, Vacuum Field, Lea County, New Mexico. In turn for this conveyance, Mobil assigned to Phillips, as an overriding royalty, 1/16 of 7/8 of all oil and gas produced from the aforementioned formations underlying the W/2 of Sec. 24, T17S, R34E, Vacuum Field, Lea County, New Mexico. Resulting from this transaction is a diversity in the overriding royalty interests between the W/2 of Sec. 24, T17S, R34E, and the other tracts in Mobil's Bridges State Lease. Because of this diverse overriding royalty interest, it is necessary to obtain an exception to Rule 309-A from the New Mexico Oil Conservation Commission so as to permit the commingling of Grayburg-San Andres production from the W/2 of Sec. 24 with Grayburg-San Andres from other tracts of the Bridges State Lease.

Accordingly, Mobil plans to make application to the New Mexico Oil Conservation Commission for authorization to commingle the Grayburg-San Andres production from the W/2 of Sec. 24, with Grayburg-San Andres production from Wells No. 8 and No. 53 only, located in the E/2 of Sec. 23. Well No. 8 is located in the NW SE of Sec. 23, and No. 53 is located in the SE NE of Sec. 23. Mobil's request to the Conservation Commission will be to account for production from these tracts by well tests rather than installing metering equipment. Overriding royalty payments to Phillips on the W/2 of Sec. 24, based on production allocated from well tests are acceptable to Phillips (see attached copy of letter from Phillips to Mobil).

Commissioner of Public  
Lands - Santa Fe

- 2 -

April 8, 1965

Production from the well (Santa Fe Well No. 10) on the tract Phillips assigned to Mobil is being stored in separate facilities located on the tract itself; therefore, the accounting for this production presents no problem. Plans are to convert this well to injection service in the near future, hence, this tract will cease to have production to be accounted for.

If this proposal meets with the approval of the State Land Office, a letter to the New Mexico Oil Conservation Commission with a copy to Mobil so stating will be appreciated. Should additional information relative to this matter be required, please advise.

A plat of the tracts and wells involved in this application is enclosed for your use.

Thank you.

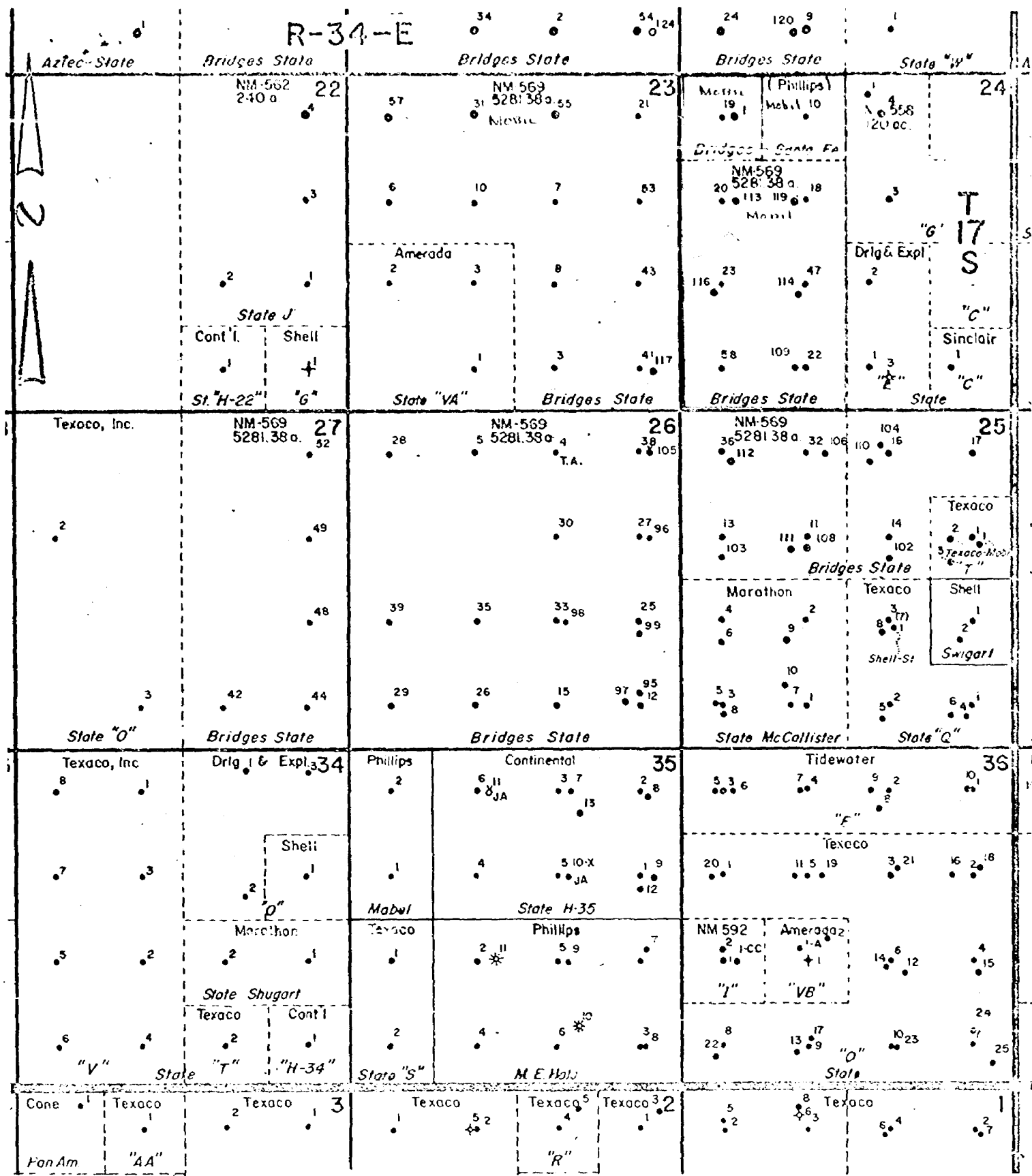
Yours very truly,

Ira B. Stitt  
Division Operations Engineer

ABRond/vp  
Attachments

cc: NMOC - Santa Fe ✓  
James Sparling





**Mobil Oil Corporation**

EXPLORATION AND PRODUCING DEPARTMENT  
MIDLAND DIVISION

VACUUM FIELD

Lea County, New Mexico

Scale: 1" = 2000'

Date:

Case 3767

DOCKET: EXAMINER HEARING - THURSDAY - MAY 16, 1968

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

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

- CASE 3760: Application of Union Oil Company of California for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of water produced in the South Vacuum-Devonian Pool into the Devonian formation in the interval from 12,000 feet to 12,180 feet in its John Trigg Lea Federal J Well No. 2 located in Unit P of Section 14, Township 18 South, Range 35 East, Reeves-Devonian Pool, Lea County, New Mexico.
- CASE 3761: Application of Harlan Production Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Etz-State Well No. 15 at an unorthodox location 1650 feet from the North line and 1325 feet from the West line of Section 16, Township 17 South, Range 30 East, Grayburg-Jackson Pool, Eddy County, New Mexico.
- CASE 3762: Application of Shannick Oil Company for authority to operate an oil treating plant, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to install a combination chemical and hot-water wash oil treating plant, said plant to be located approximately four miles West of Crossroads, New Mexico, and to purchase, transport, treat, and sell oil, condensate, and sediment oil in connection with the operation of said plant.
- CASE 3763: Application of Pan American Petroleum Corporation for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Dakota formation in the interval from 712 feet to 715 feet in its USG Section 18 Well No. 28, located in Unit C of Section 18, and/or in the interval from 757 feet to 762 feet in its USG Section 19 Well No. 24 located in Unit C of Section 19, both in Township 29 North, Range 16 West, Hogback-Dakota Pool, San Juan County, New Mexico.

CASE 3764: Application of Pan American Petroleum Corporation for lease commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Dakota oil production from its Navajo Tribal USG Section 19 (A) and its Navajo Tribal USG Section 18 (B) leases in Sections 18 and 19 of Township 29 North, Range 16 West, Hogback-Dakota Oil Pool, San Juan County, New Mexico, allocating the production to each lease on the basis of periodic well tests even though there is a difference in over-riding royalty interests between Sections 18 and 19.

CASE 3765: Application of D. J. Simmons for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his General Petroleum-Rock Island Well No. 2 at a point 1850 feet from the North line and 810 feet from the West line of Section 24, Township 29 North, Range 9 West, Blanco-Mesaverde Pool, San Juan County, New Mexico, in exception to the pool rules which require locations to be in either the Northeast or Southwest of the Section.

CASE 3766: Application of Tamarack Petroleum Company, Inc., for an amendment to Order No. R-3396, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3396, which authorized a waterflood project in its South Pearl Queen Unit Area, Pearl Queen Pool, Lea County, New Mexico, to delete the water injection wells previously authorized in Unit B of Section 3, Units G and L of Section 4, Unit I of Section 5, and Unit C of Section 10, and to authorize for water injection its Saunders Federal Well No. 7 in Unit P of Section 5 and its Saunders Federal Well No. 3 in Unit D of Section 10, all in Township 20 South, Range 35 East.

CASE 3767: Application of Mobil Oil Corporation for lease commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Grayburg-San Andres production from its Bridges State Wells Nos. 8 and 53 located in Units J and H, respectively, of Section 23, with Grayburg-Jackson production from its Bridges State Lease comprising the W/2 of Section 24, all in Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, allocating the production on the basis of periodic well tests, even though there is a

difference in over-riding royalty interest between Sections 23 and 24.

CASE 3768: Application of Mobil Oil Corporation for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion (conventional) of its Bridges State Well No. 126 located in Unit J of Section 11, Township 17 South, Range 34 East, Lea County, New Mexico, in such a manner as to produce oil from the Abo, Upper Pennsylvanian, and Morrow formations, Vacuum Field, through parallel strings of tubing.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
May 16, 1968  
EXAMINER HEARING

IN THE MATTER OF:

Application of Mobil Oil Corporation  
for lease commingling, Lea County,  
New Mexico.

Case 3767

IN THE MATTER OF:

Application of Mobil Oil Corporation  
for a triple completion, Lea County,  
New Mexico.

Case 3768

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 3767 and 3768.

MR. HATCH: Case 3767. Application of Mobil Oil Corporation for lease commingling, Lea County, New Mexico. Case 3768. Application of Mobil Oil Corporation for a triple completion, Lea County, New Mexico. If the Examiner please, we have not received any written communication from the Applicant in these two cases at this time but I did talk to a representative of the company approximately two weeks ago advising that they would be dismissing these cases, that they would be appearing to dismiss them. They have not appeared and I do recommend that they be dismissed. They have also talked to Mr. Nutter on the telephone.

MR. UTZ: Case 3767 and 3768 will be dismissed and the hearing is adjourned.

STATE OF NEW MEXICO    )  
                               ) SS  
 COUNTY OF BERNALILLO   )

I, KAY EMBREE, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Kay Embree  
 NOTARY PUBLIC

My Commission Expires:

November 19, 1971

I do hereby certify that the foregoing is a complete record of the proceedings of the Examiner hearing of Case No. 3265 heard by me on March 6, 1968.  
Shirley L. [Signature], Examiner  
 New Mexico Oil Conservation Commission

# Mobil Oil Corporation

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

Attention Mr. A. L. Porter, Jr.

April 29, 1968

P.O. BOX 633  
MIDLAND, TEXAS 79701

REQUEST FOR AUTHORITY TO  
TEMPORARILY COMMINGLE AND ALLOCATE  
PRODUCTION ON A WELL TEST BASIS  
FROM TRACTS HAVING DIVERSE ROYALTY  
INTEREST - BRIDGES STATE LEASE  
VACUUM FIELD - LEA COUNTY, NEW MEX.

Gentlemen:

Mobil Oil Corporation respectfully requests temporary approval to commingle and allocate Grayburg-San Andres production from Mobil's Bridges State Wells No. 8 and 53 located on the E/2 of Sec. 25, T17S, R34E, with Grayburg-San Andres production from Mobil's Bridges State wells located on the W/2 of Sec. 24, T17S, R34E.

In support of this request, the following items are submitted in triplicate:

1. Letter of consent from the Commissioner of Public Lands
2. Letter of consent from Mobil Oil Corporation, purchaser of the crude oil
3. Letter of consent from Phillips Petroleum Company

This approval is requested pending issuance of order resulting from the hearing scheduled for May 16, 1968, on the subject matter. For additional information regarding this subject, please refer to Mobil's letter of April 8, 1968, and the Commission's letter of April 19, 1968.

Thank you.

Yours very truly,

*Ira B. Stitt*

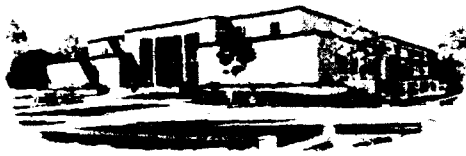
Ira B. Stitt  
Division Operations Engineer

ADBond/vp  
Attachments

cc: Oil Conservation Commission - Hobbs  
State Land Office - Santa Fe  
Mr. James Sperling - Albuquerque



State of New Mexico



Commissioner of Public Lands

GUYTON B. HAYS  
COMMISSIONER



P. O. BOX 1148  
SANTA FE, NEW MEXICO

April 25, 1968

Mobil Oil Corporation  
P. O. Box 633  
Midland, Texas  
79701

Re: Your Request for Permission for Ex-  
ception to Rule 309-A, to Commingle  
Grayburg-San Andres Production from the  
W $\frac{1}{2}$ , Sec 24 with Grayburg-San Andres  
from other tracts, Bridges State Lease,  
Vacuum Field, Lea County, New Mex  
State Lease B-3935 -- LOCO #15

Attn: Ira B. Stitt  
Division Operations Engineer

Gentlemen:

Your request of April 8, 1968, for exception to OCC's Rule 309-A, to com-  
mingle the captioned production is hereby approved by The Commissioner of  
Public Lands, with the reservation that he has the right to withdraw said  
approval if, at any time in his discretion, he deems this operation to be  
adverse to the best interests of the State of New Mexico.

Enclosed is receipt for the \$10.00 filing fee covering this action.

Very truly yours,

GUYTON B. HAYS  
Commissioner of Public Lands

By:

*Ted Bilberry*  
TED BILBERRY, Director  
Oil and Gas Department

RDG:jc

cc: New Mexico Oil Conservation Commission

New Mexico Oil & Gas Accounting Commission

# Mobil Oil Corporation

P.O. BOX 633  
MIDLAND, TEXAS 79701

April 24, 1968

New Mexico Oil Conservation Commission - 3  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attention Mr. A. L. Porter, Jr.

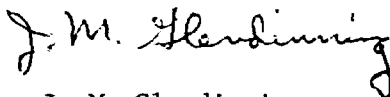
EXCEPTION TO RULE 309-A  
COMMINGLING OF PRODUCTION  
FROM TRACTS HAVING DIVERSE  
OVERRIDING ROYALTY INTEREST  
MOBIL OIL CORPORATION'S  
BRIDGES STATE LEASE - VACUUM  
FIELD - LEA COUNTY, NEW MEXICO

Gentlemen:

Please refer to your letter of April 19, 1968, regarding Mobil's request to commingle Grayburg-San Andres production from their Bridges State wells No. 8 and No. 53 with Grayburg-San Andres production from their Bridges State wells in the W/2 of Section 24, T17S, R34E.

Mobil Oil Corporation, as purchaser of the crude oil production, hereby approves the commingling of this production and the allocating of same as proposed on the basis of well tests.

Yours very truly,



J. M. Glendinning  
Area Representative  
Crude Oil Purchases and Sales

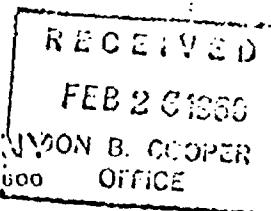
JMG/vp



PHILLIPS PETROLEUM COMPANY  
DAHTLESVILLE, OKLAHOMA 74003 918 330 6800 OFFICE

EXPLORATION AND PRODUCTION DEPARTMENT

Land & Acquisition Division



DRG	✓
TC	30
CMS	127
JWP	330
CALL UP	
FILE	

February 22, 1968

Exchange of Grayburg San Andres  
Producing Equity - Vacuum Field,  
Lea County, New Mexico

AIR MAIL

Mobil Oil Corporation  
P. O. Box 633  
Midland, Texas 79701

Attention Mr. E. R. Frazier

Gentlemen:

This confirms a mutually approved exchange whereby Mobil Oil Corporation will assign to Phillips a 1/16 of 7/8 overriding royalty in the Grayburg San Andres rights only in the W/2 of Section 24, and Phillips Petroleum Company will assign to Mobil its fully-owned Santa Fe No. 10 well and similar rights in the NE NW of Section 24, all being in Township 17 South, Range 34 East, Lea County, New Mexico. It is understood that the necessary instruments conveying this exchange of ownership will provide the following:

- 1) Phillips to retain all equipment on the Santa Fe Lease except the well-head, casing, and tubing.
- 2) Overriding royalty payments to Phillips on this 320-acre tract, based on production allocated from well tests, are acceptable to Phillips provided Phillips will be furnished advance notice of the date of such tests in sufficient time to witness the tests, if desired.
- 3) The Grayburg San Andres equity is intended to mean all pay considered as the source of production in these secondary projects. It is suggested that the unit agreement for the North Vacuum Grayburg San Andres Unit, copies of which were forwarded to you, defines such equity.

A representative of Mobil should contact Mr. W. A. Cunningham, of the Phillips Midland office, who will represent Phillips in the preparation of the necessary instruments. The decision as to possible title examination of the acreage

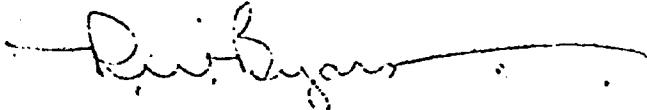
February 22, 1968

involved in this exchange will be left to the discretion of our respective Midland offices. To avoid any unnecessary billing for operations between Mobil and Phillips, it is further suggested that the effective date and the date of transfer of operations should be the same. I know that this is optimistic, but it is hoped that a joint gauge of stocks above pipeline connections and the transfer of operations can be made effective March 1, 1968.

We appreciate your cooperation in the handling of this matter.

Very truly yours,

PHILLIPS PETROLEUM COMPANY



R. W. Byars

RWB/dr

cc: Mr. W. A. Cunningham