

MILLER ENGINEERING & GEOLOGICAL CO.

POST OFFICE BOX 417
ZIP CODE 88240
HOBBS, NEW MEXICO

November 20, 1974

Re: Surface Commingling
Viersen & Cochran, Laney Lease
Sec. 30 T 18 S, R 39 E
Lea County, New Mexico.

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico 87501

Dear Sir:

In compliance with Rule 303, Section B (Surface Commingling) of the New Mexico Oil Conservation Commission; Rules and Regulations; I submit the following data:

Wells number 1, 2, and 3 of the above captioned lease produce from the San Andres dolomite of the East San Andres Pool and the number 4 well produces from the lower Seven Rivers of the Leaco Pool.

Oil produced from wells 1, 2, and 3 is classified as Old Oil whereas the oil produced from well number 4 is classified as New Oil. Gravity of oil from the Leaco Pool well averages approximately 30.4 degrees while the Old Oil; although fluctuating slightly from time to time; will average approximately 30.5 degrees. Both of these are corrected to a temperature of 60 degrees.

Effective October 1, 1974 Shell Pipeline posted a price of \$10.85 per barrels for New Oil of gravity stated herein above and \$5.00 per barrel for Old Oil of 30.4 gravity. Inasmuch as the gravities of these two oils are so nearly the same and the daily allocation of each is also very nearly the same it appears that value of the commingled oils should be approximately one-half of the sum total of the two oils. This I have calculated to be \$7.92 per barrel.

Daily value of the commingled oil, based upon the foregoing calculations; should be \$1,370.16 whereas the daily value of these two oils; if segregated; should be \$1,397.40 or \$27.24 more than the commingled oil.

A schematic diagram of the proposed installation, for commingling, and a plat showing location of all wells on the lease with location of their respective flow lines into two separate separators is enclosed herewith.

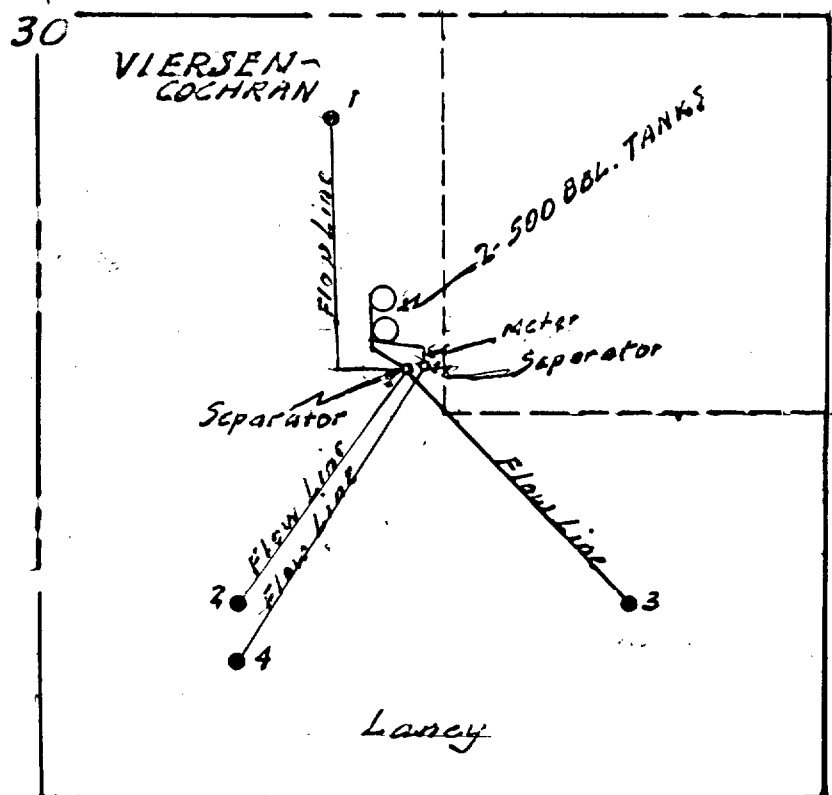
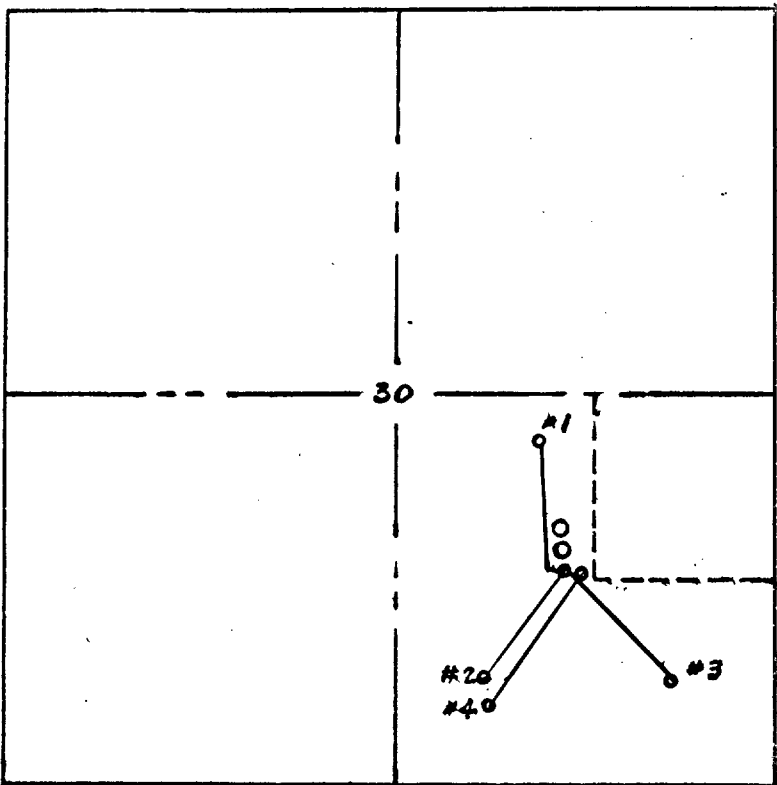
cpm.
encl.

Yours very truly,


Charles P. Miller

For: Viersen & Cochran

Sec. 30 T185-R 99E



Wells No. 1, 2, 3 Produce From East Hobbs San Andres

Well No. 4 Produces From the Leaco Seven River