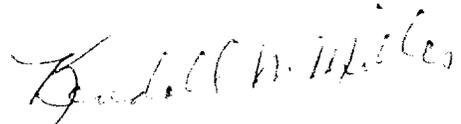


Magnolia Pipe Line Company has no objection to the proposed unit. We would appreciate receiving a copy of the New Mexico Conservation Commission's approval of the unit for our files.

Yours very truly,

A handwritten signature in cursive script that reads "Kendall W. Miller".

Kendall W. Miller
Division Manager

RHHalpert:ed

cc: C. M. Brecheisen
J. E. McGeath
K. B. Snider



PR-3

May 14, 1962

Mr. J. A. Cararas
P. O. Box 731
Shreveport, Louisiana

Mr. A. C. Taylor
2313 Walnut
Texarkana, Texas

Mr. Walter Keith
Stephens, Arkansas

Mr. Marious J. Nygaard, Jr.
Stephens, Arkansas

Delta Drilling Company
P. O. Box 2012
Tyler, Texas
Attn: Mr. Chris Zeppa

Mr. Thomas M. Nygaard
4119 Cole, Apt 5
Dallas, Texas

J. K. Wadley Foundation
P. O. Box 718
Texarkana, Arkansas

Gentlemen:

In order to reduce operating costs and oil losses on our jointly owned U. D. Sawyer Lease in Lea County, N. M. on which there are four Devonian oil wells and Sunray DX's adjacent Dessie Sawyer Lease on which there is one Devonian oil well, it is now proposed that: (1) a joint automatic production facility be installed to serve these two properties and (2) the installation and subsequent operating costs for this joint facility be divided between the two leases on a per well basis, i.e., 4/5 to the U. D. Sawyer Lease and 1/5 to the Dessie Sawyer Lease.

The proposed joint automatic production facility will include 2 - 500 barrel bolted steel oil storage tanks, 1 - 625 barrel plastic coated bolted steel water surge tank, an electric circulating pump, an 8' x 10' steel control house and an automatic custody transfer unit with auxiliary equipment, and will be located at the present U. D. Sawyer tank battery site. It is planned that oil from the U. D. Sawyer and Dessie Sawyer Leases will first pass through separate free water knockout and separation equipment and then be measured with N. M. State approved positive displacement meters before it enters the joint automatic production facility for subsequent transfer to the crude oil purchaser, Magnolia Pipe Line Company. All costs for handling, metering, and transporting crude oil from the U. D. Sawyer and Dessie Sawyer Leases will be separately charged to each property.

It is proposed that 2 - 500 barrel tanks, 1 - 625 barrel tank, and approximately 1/2 of the piping required for the joint automatic production facility be transferred from the U. D. Sawyer Lease joint account to the new facility joint account at prices determined by the equipment's present condition as provided in our U. D. Sawyer Joint Operating Agreement. Also, as a result of installing the proposed automatic production facility, 6 - 500 barrel steel storage tanks now in use on the U. D. Sawyer Lease will no longer be required and it is proposed that they be sold, as is, on a high bid basis. For your information, it is estimated that these tanks will bring approximately \$500 each at this time.

U. D. Sawyer Lease

Page #2

We are enclosing a copy of our AFE 60-8120-51 in the amount of \$16,050 covering the cost of the proposed joint automatic production facility and a copy of our AFE 60-8123-23 in the amount of \$3700 covering costs of installing equipment for handling and metering oil produced on the U. D. Sawyer Lease before it is placed in the joint automatic production facility. Please sign and return the attached copy of this letter if you approve of Sunray DX's proposals as set out above. Insofar as the U. D. Sawyer Lease is concerned, Sunray DX's proposals will provide for an annual savings of approximately \$4900 and the approximate \$8200 total cash outlay, \$16,220 (AFE 60-8123-23 plus 4/5 of AFE 60-8120-51) less \$5,000 credit for transferred equipment and \$3000 for the sale of six salvaged tanks, will accordingly be paid in approximately 20 months.

Yours very truly,

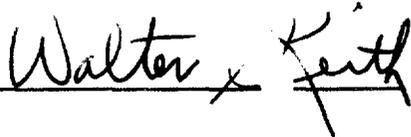
SUNRAY DX OIL COMPANY



V. M. Williams

VMW/mbh

APPROVED



By

Date

May 18, 1962

U. D. Sawyer Lease

Page #2

We are enclosing a copy of our AFE 60-8120-51 in the amount of \$16,050 covering the cost of the proposed joint automatic production facility and a copy of our AFE 60-8123-23 in the amount of \$3700 covering costs of installing equipment for handling and metering oil produced on the U. D. Sawyer Lease before it is placed in the joint automatic production facility. Please sign and return the attached copy of this letter if you approve of Sunray DX's proposals as set out above. Insofar as the U. D. Sawyer Lease is concerned, Sunray DX's proposals will provide for an annual savings of approximately \$4900 and the approximate \$8200 total cash outlay, \$16,220 (AFE 60-8123-23 plus 4/5 of AFE 60-8120-51) less \$5,000 credit for transferred equipment and \$3000 for the sale of six salvaged tanks, will accordingly be paid in approximately 20 months.

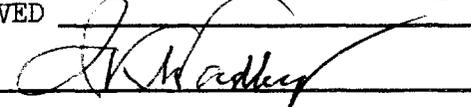
Yours very truly,

SUNRAY DX OIL COMPANY



V. M. Williams

VMW/mbh

APPROVED J. K. WADLEY FOUNDATION
By 
Date May 21, 1962

U. D. Sawyer Lease

Page #2

We are enclosing a copy of our AFE 60-8120-51 in the amount of \$16,050 covering the cost of the proposed joint automatic production facility and a copy of our AFE 60-8123-23 in the amount of \$3700 covering costs of installing equipment for handling and metering oil produced on the U. D. Sawyer Lease before it is placed in the joint automatic production facility. Please sign and return the attached copy of this letter if you approve of Sunray DX's proposals as set out above. Insofar as the U. D. Sawyer Lease is concerned, Sunray DX's proposals will provide for an annual savings of approximately \$4900 and the approximate \$8200 total cash outlay, \$16,220 (AFE 60-8123-23 plus 4/5 of AFE 60-8120-51) less \$5,000 credit for transferred equipment and \$3000 for the sale of six salvaged tanks, will accordingly be paid in approximately 20 months.

Yours very truly,

SUNRAY DX OIL COMPANY



V. M. Williams

VMW/mbh

APPROVED Thomas Max Nygaard
By Thomas Max Nygaard
Date 6-4-62

U. D. Sawyer Lease

Page #2

We are enclosing a copy of our AFE 60-8120-51 in the amount of \$16,050 covering the cost of the proposed joint automatic production facility and a copy of our AFE 60-8123-23 in the amount of \$3700 covering costs of installing equipment for handling and metering oil produced on the U. D. Sawyer Lease before it is placed in the joint automatic production facility. Please sign and return the attached copy of this letter if you approve of Sunray DX's proposals as set out above. Insofar as the U. D. Sawyer Lease is concerned, Sunray DX's proposals will provide for an annual savings of approximately \$4900 and the approximate \$8200 total cash outlay, \$16,220 (AFE 60-8123-23 plus 4/5 of AFE 60-8120-51) less \$5,000 credit for transferred equipment and \$3000 for the sale of six salvaged tanks, will accordingly be paid in approximately 20 months.

Yours very truly,

SUNRAY DX OIL COMPANY

VM Williams

V. M. Williams

VMW/mbh

APPROVED _____

By *Marius Jensen Nygaard Jr.*

Date *May 18, 1962*

U. D. Sawyer Lease

Page #2

We are enclosing a copy of our AFE 60-8120-51 in the amount of \$16,050 covering the cost of the proposed joint automatic production facility and a copy of our AFE 60-8123-23 in the amount of \$3700 covering costs of installing equipment for handling and metering oil produced on the U. D. Sawyer Lease before it is placed in the joint automatic production facility. Please sign and return the attached copy of this letter if you approve of Sunray DX's proposals as set out above. Insofar as the U. D. Sawyer Lease is concerned, Sunray DX's proposals will provide for an annual savings of approximately \$4900 and the approximate \$8200 total cash outlay, \$16,220 (AFE 60-8123-23 plus 4/5 of AFE 60-8120-51) less \$5,000 credit for transferred equipment and \$3000 for the sale of six salvaged tanks, will accordingly be paid in approximately 20 months.

Yours very truly,

SUNRAY DX OIL COMPANY



V. M. Williams

VMW/mbh

APPROVED A. E. Taylor
By A. E. Taylor
Date May 29 1962

U. D. Sawyer Lease

Page #2

We are enclosing a copy of our AFE 60-8120-51 in the amount of \$16,050 covering the cost of the proposed joint automatic production facility and a copy of our AFE 60-8123-23 in the amount of \$3700 covering costs of installing equipment for handling and metering oil produced on the U. D. Sawyer Lease before it is placed in the joint automatic production facility. Please sign and return the attached copy of this letter if you approve of Sunray DX's proposals as set out above. Insofar as the U. D. Sawyer Lease is concerned, Sunray DX's proposals will provide for an annual savings of approximately \$4900 and the approximate \$8200 total cash outlay, \$16,220 (AFE 60-8123-23 plus 4/5 of AFE 60-8120-51) less \$5,000 credit for transferred equipment and \$3000 for the sale of six salvaged tanks, will accordingly be paid in approximately 20 months.

Yours very truly,

SUNRAY DX OIL COMPANY



V. M. Williams

VMW/mbh

APPROVED

By

Date

V. M. Williams

is

5/14/01

U. D. Sawyer Lease

Page #2

We are enclosing a copy of our AFE 60-8120-51 in the amount of \$16,050 covering the cost of the proposed joint automatic production facility and a copy of our AFE 60-8123-23 in the amount of \$3700 covering costs of installing equipment for handling and metering oil produced on the U. D. Sawyer Lease before it is placed in the joint automatic production facility. Please sign and return the attached copy of this letter if you approve of Sunray DK's proposals as set out above. Insofar as the U. D. Sawyer Lease is concerned, Sunray DK's proposals will provide for an annual savings of approximately \$1,900 and the approximate \$2300 total cash outlay, \$16,220 (AFE 60-8123-23 plus 4/5 of AFE 60-8120-51) less \$5,000 credit for transferred equipment and \$3000 for the sale of six salvaged tanks, will accordingly be paid in approximately 20 months.

Yours very truly,

SUNRAY DK OIL COMPANY

V M Williams

V. M. Williams

VSM/mbh

APPROVED

By

Date

J P Carraway

5-31-1962

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300

POSTMARK OF
DELIVERING OFFICE

EXARKANA, ARK.
MAY 17
5-PM

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 51	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71848-4

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300

POSTMARK OF
DELIVERING OFFICE

DALLAS, TEXAS
MAY 19 1962
NEWSPAPER STA.

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 55	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

POD Form 3811 Jan. 1958

CSS-16-71848-4

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300

POSTMARK OF
DELIVERING OFFICE

LA.
MAY 18
1962

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 52	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71848-4

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300

POSTMARK OF
DELIVERING OFFICE

STEPHENS
MAY 18
1962

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 56	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

POD Form 3811 Jan. 1958

CSS-16-71848-4

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300

POSTMARK OF
DELIVERING OFFICE

STEPHENS
MAY 18
5-PM

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 53	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71848-4

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300

POSTMARK OF
DELIVERING OFFICE

MINNAPAT, OHIO
MAY 21 10:30AM

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 57	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71848-4

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300

POSTMARK OF
DELIVERING OFFICE

EXARKANA, ARK.
MAY 17
1962

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 54	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71848-4

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300

POSTMARK OF
DELIVERING OFFICE

EL PASO, TEXAS
MAY 17
1962

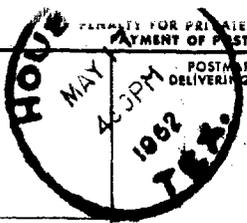
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RETURN TO

REGISTERED NO. 58	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

POD Form 3811 Jan. 1958

CSS-16-71848-4



INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 59	NAME OF SENDER Sauray O X Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4



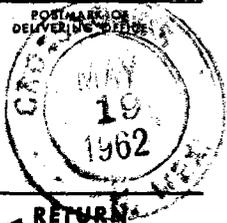
INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

POD Form 3811 Jan. 1958

REGISTERED NO. 61	NAME OF SENDER Sauray O X Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4



INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

POD FORM 3811 JAN. 1958

REGISTERED NO. 60	NAME OF SENDER Sauray O X Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4



INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

POD Form 3811 Jan. 1958

REGISTERED NO. 62	NAME OF SENDER Sauray O X Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4



INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

POD Form 3811 Jan. 1958

REGISTERED NO. 65	NAME OF SENDER Sauray O X Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

P. O. BOX 128, HOBBS, NEW MEXICO



June 11, 1962

Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Dessie Sawyer and U. D. Sawyer Leases,
Crossroads Pool, Lea County, New Mexico
Request For Commingling

Dear Sir:

Sunray DX Oil Company hereby requests an exception to Rule 309-A to permit the commingling of production from subject leases in a common tank battery. This exception is requested for the purpose of reducing operating costs and oil losses due to non-salvable tank bottoms. These will result in greater ultimate reservoir recovery. The two leases in question are shown on the attached plat. All wells on both leases are producing from the same (Devonian) common source of supply.

Attached is a schematic diagram of the proposed commingling facility which has been designed to meet the requirements of the Commission "Manual for the Installation and Operation of Commingling Facilities". Data concerning the facility are as follows:

1. Since there is a diversity of ownership and top allowable wells on each lease, the individual lease production will be measured and samples obtained by means of an A. O. Smith, or equal, P. D. meters and continuous type samplers. The meters will be temperature compensated, non-reset, and sealable and will be installed with the required accessories such as strainer-deaerator, back pressure regulator, and prover connections.
2. The Dessie Sawyer lease commingling meter plus a meter on the water leg of the water knockout will provide the test facility for this one-well lease. On the U. D. Sawyer lease, wells number 2, 3, and 4 will be tested by shutting-in two of the three wells and by subtraction of the oil meters shown on the schematic. These wells do not make any water and are capable of making up any delayed production due to a shut-in for testing. U. D. Sawyer No. 1 will be tested by oil meter subtraction and by a water meter. It will not be necessary to shut-in this sub-allowable well for testing. At such time as wells number 2, 3, or 4 cannot make up delayed production, more elaborate test facilities will be installed. Gas production will be tested by means of orifice fittings on the separating vessel outlets. The gas is not sold due to uneconomical low volumes of production.

NMOCC - Request For Commingling

3. Controls for shutting-in the wells affecting the various equipment will be installed for danger levels in the water tank, storage tank, and separator, for excessive high or low flow line pressures, and for flow-no-flow conditions in the flow lines. All control and shut-in equipment will be fail-safe in design-normally closed for no power supply. The major factors of the commingling and LACT operations will be indicated on alarm display boards at the site and at a remote location.

Attached is Sunray DX Oil Company letter of March 29, 1962, to Magnolia Pipe Line Company requesting approval of the commingling and LACT facilities. The purchaser's consent letter of April 10, 1962 is also attached.

Letters of consent of the working interest ownership for the commingling are attached. Also attached are letters to the royalty interests notifying of the proposed commingling. Royalty interests approval letters have not been received, but we are submitting registered letter return receipts from the royalty interests.

Upon approval of this facility, we will request approval of the LACT facility from the New Mexico Oil Conservation Commission, Hobbs Office. Your consideration of this application will be greatly appreciated.

Sincerely,

SUNRAY DX OIL COMPANY


C. T. McClanahan
District Manager

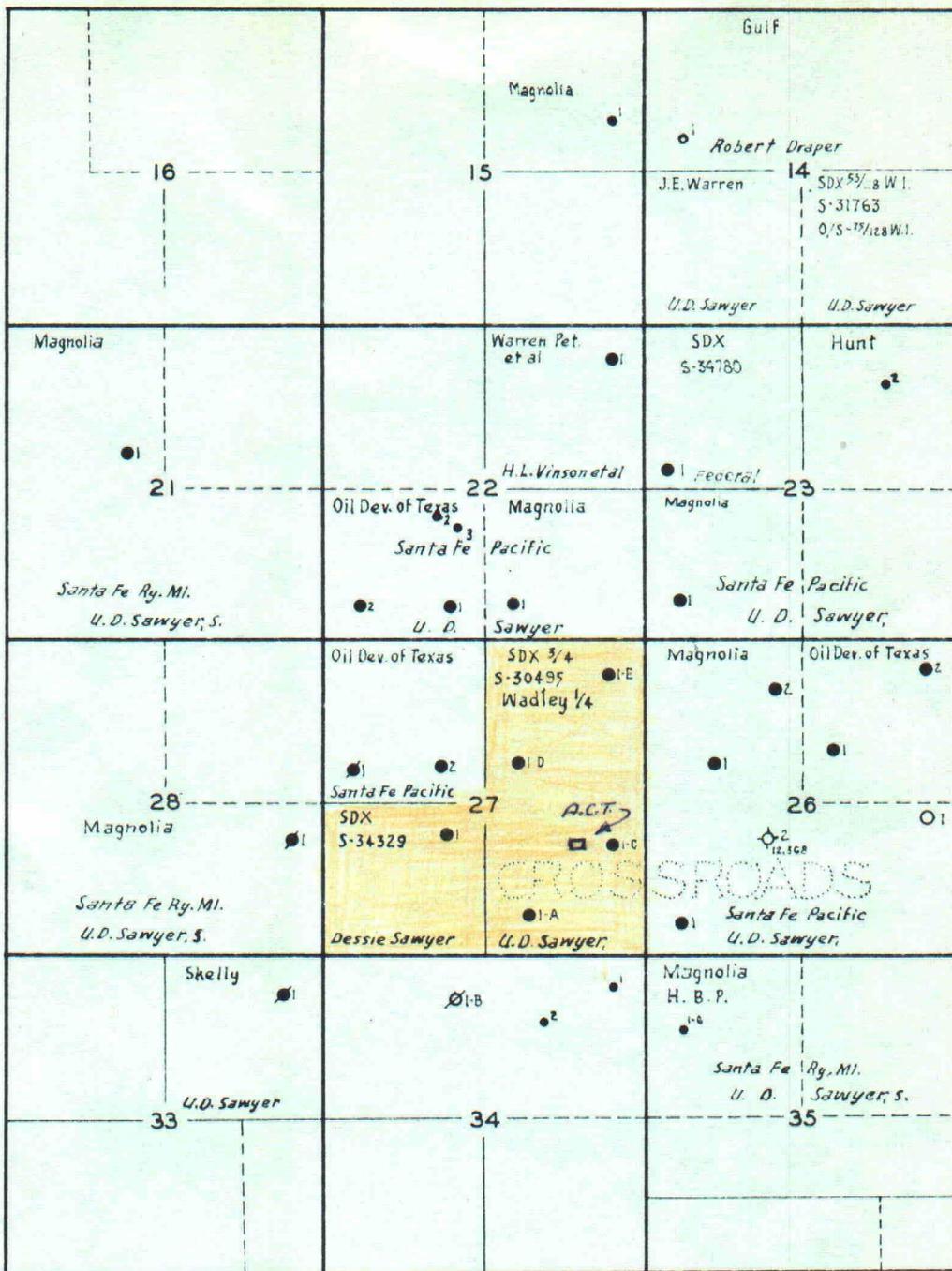
DEB:db

cc: N.M. Oil Conservation Commission w/attachments (2)

V. L. Smith w/o attachments

PR-3

R 36 E



Mid-Continent Oil Co.

PRODUCING FORMATION		SUNRAY		PRODUCING LEASES	
NAME	AVERAGE DEPTH	FIELD: CROSSROADS		U.D. SAWYER, DESSIE SAWYER NEW MEXICO FEB. '07"	
Devonian	12,100	DISTRICT: N & W. TEXAS		GROUP TATUM	
		COUNTY: LEA		STATE: N. M.	
		SCALE			
		3000 1500 0 1500 3000 6000			
		FEET			

NOTICE OF APPLICATION TO COMMINGLE PRODUCTION

Mr(s).

Notice is hereby given pursuant to authority of the hereinbelow described Order of The Oil Conservation Commission of The State of New Mexico that Sunray DX Oil Company, applicant herein, proposes to commingle the oil produced from its following two leases:

S-30495: Oil and Gas Lease dated January 23, 1947, between U. D. Sawyer, et ux, as Lessor, and K. E. Jennings, as Lessee, recorded in Book 62, Page 458, of the Records of Lea County, New Mexico, covering the following described land in the aforesaid County and State, to-wit:

E $\frac{1}{2}$ Sec. 27, Twp. 9S, Rge. 36E.

S-34329: Oil and Gas Lease dated July 16, 1947, between U. D. Sawyer, et ux, as Lessor, and Mid-Continent Petroleum Corporation, as Lessee, recorded in Book 59, Page 521, of the Records of Lea County, New Mexico, covering the following described land in the aforesaid County and State, to-wit:

SW $\frac{1}{4}$ Sec. 27, Twp. 9S, Rge 36E.

You are hereby further noticed that applicant desires commingling herein for the reason that applicant believes that such commingling will result in a more efficient and economical operation of said leases and lengthen the period of productivity of same.

Pursuant to Order No. R-2060 (Case No. 2356) dated September 13, 1961, by The Oil Conservation Commission of The State of New Mexico, applicant may notify all parties owning an interest in the leases proposed to be

NOTICE OF APPLICATION
S-30495, S-34329

commingled and the purchaser of the commingled production therefrom by registered or certified mail and after a period of twenty (20) days following notification to said parties and an Application to Commingle filed with the Secretary-Director of the Commission and there being no objection to such application being made, said Secretary-Director may then approve said application as herein proposed.

Dated this 16 day of May, 1962.

SUNRAY DX OIL COMPANY

By M. P. Thomas
M. P. Thomas
Division Landman
Southwest Division
1001 Wilco Building
Midland, Texas