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July 30, 1963

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Sinclair Oil & Gas Company
520 East Broadway
Hobbs, New Mexico

Attention: Fred Burns,
District Superintendent

Gentlemen:

Permission is hereby granted to commingle the production from your State Lea No. 403 and your State Lea No. 4011 Leases, in accordance with your request of July 26. That is, provided, that the production from these leases be properly metered, tested and absolute accurate accounting be carried out upon the production from each lease. This is necessary, since these two leases on different land belong to different institutions.

We are assuming after viewing your schematic drawing, that these problems will be adequately handled. Also, that the commingling of this production from these two leases will not lessen the return from the product therefrom.

Very truly yours,

E. S. JOHNNY WALKER
Commissioner of Public Lands

By:

Ted Bilberry, Director
Oil and Gas Division

ESW:TB:lg



SINCLAIR OIL & GAS COMPANY

520 East Broadway
Hobbs, New Mexico

July 26, 1963

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

Attention: Mr. A. L. Porter, Jr.

Dear Sir:

Sinclair Oil & Gas Company hereby requests an exception to Statewide Rule 309-A to permit commingling of the Devonian production from the State Lea 403 and State Lea 4011 leases, and commingling of the Bone Springs production from the State Lea 403 and 4011 leases. Sale of the commingled oil will be accomplished by approved LACT facilities.

At the present time State Lea 403 Well No. 4 is dually completed in the Devonian and Bone Springs formation. The State Lea 4011 Well No. 1 is completed in the Devonian formation, however, administrative approval has been requested for a dual Bone Springs-Devonian completion. All zones are classified as Wildcat or Undesignated Pools; however, a Form C-123 has been submitted for the creation of new pools to be named Mid-Vacuum (Devonian) Pool and the Mid-Vacuum (Bone Springs) Pool.

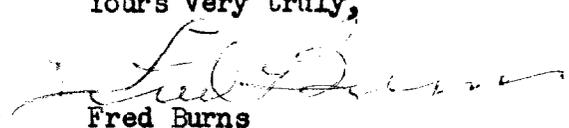
Commingling will be accomplished by the installation of separate facilities in accordance with Article 111-2 Page 8, 9 and 10 of the "Manual for the Installation and Operation of Commingling Facilities," dated September 13, 1963.

The attached combination plat and schematic diagrams show the location of each lease covered by this application, the wells thereon, zones of completion and commingling facilities. Sinclair owns the full working interest in the State Lea 403, whereas the working interest ownership on the State Lea 4011 is a joint ownership between Sinclair and Texas Pacific Coal and Oil Company. The royalty interest on both leases is owned by the State of New Mexico.

We are as of this date sending by registered mail a copy of this letter to the Commission of Public Lands for the State of New Mexico, Texas-New Mexico Pipe Line Company (purchaser of the commingled production) and Texas Pacific Coal and Oil Company.

If additional information regarding this matter is required, please advise.

Yours very truly,


Fred Burns
District Superintendent

Orig.&2cc: NMOCC