

ATLANTIC

THE ATLANTIC REFINING COMPANY

INCORPORATED - 1870

PETROLEUM PRODUCTS

MAIN OFFICE OCC

January 17, 1966

JAN 19 AM 7.53

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

- S L. SMITH, DISTRICT MANAGER
- JACK BIARD, DISTRICT LANDMAN
- E. R. DOUGLAS, DISTRICT GEOLOGIST
- A. D. KLOXIN, DISTRICT DRG. & PROD. SUP'T.
- M. D. ROBERTS, DISTRICT GEOPHYSICIST
- W. P. TOMLINSON, DISTRICT ENGINEER
- B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

SECURITY NATIONAL BANK BLDG.

MAILING ADDRESS
P.O. BOX 1978
ROSWELL, NEW MEXICO

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

Attention: Mr. A. L. Porter, Jr.
Secretary-Director

*Administrative approval
to commingle production in
our Swearingen Waterflood Area
for commingling
to obtain for commingling
approval*

Re: Administrative approval to grant exception to Rule 309 to commingle production in our Swearingen Waterflood Area (All of Section 14 and E/2 SE/4 Section 11, T-18-S, R-31-E Eddy County, New Mexico)

Gentlemen:

The Atlantic Refining Company respectfully requests permission to commingle the production from the producing wells in the Swearingen Waterflood Area. The Swearingen Waterflood Area is composed of Section 14, T-18-S, R-31-E, and the E/2 SE/4 of Section 11, T-18-S, R-31-E, in Eddy County, New Mexico. We request administrative approval for an exception to Rule 309.

Although we have different royalty owners and different royalty rates, approval to commingle production has been obtained from all of them. The approval of the U.S.G.S. applies when total production from the area is less than 440 BOPD. They require that we ask for their further approval if producing rates increase beyond this. Copies of correspondence with our royalty owners are attached.

The crude oil purchaser, Texas New Mexico Pipeline Company, has given its approval to the commingling plan. A copy of their letter is attached.

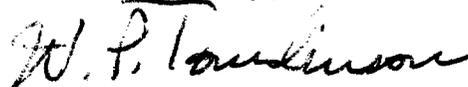
All of the producing wells will be producing from the Queen formation. The injection wells are so completed to receive water in the Queen formation.

The central tank battery will originally consist of two 500 barrel tanks with the installation of additional tanks as needed. A production treater is proposed initially to treat any of the fluids produced. Additional treating facilities will be installed as the need arises. The testing facilities will

consist of a single separator from which production will be routed to a separate storage tank. Additional testing facilities, e.g. heater treater, will be added as the need arises.

Since all of the production in all of the batteries consists of Queen formation oil, the API gravity of the oil in the central battery should not be any lower than the individual batteries.

Yours very truly,



W. P. Tomlinson

LCh:wPT:jcb

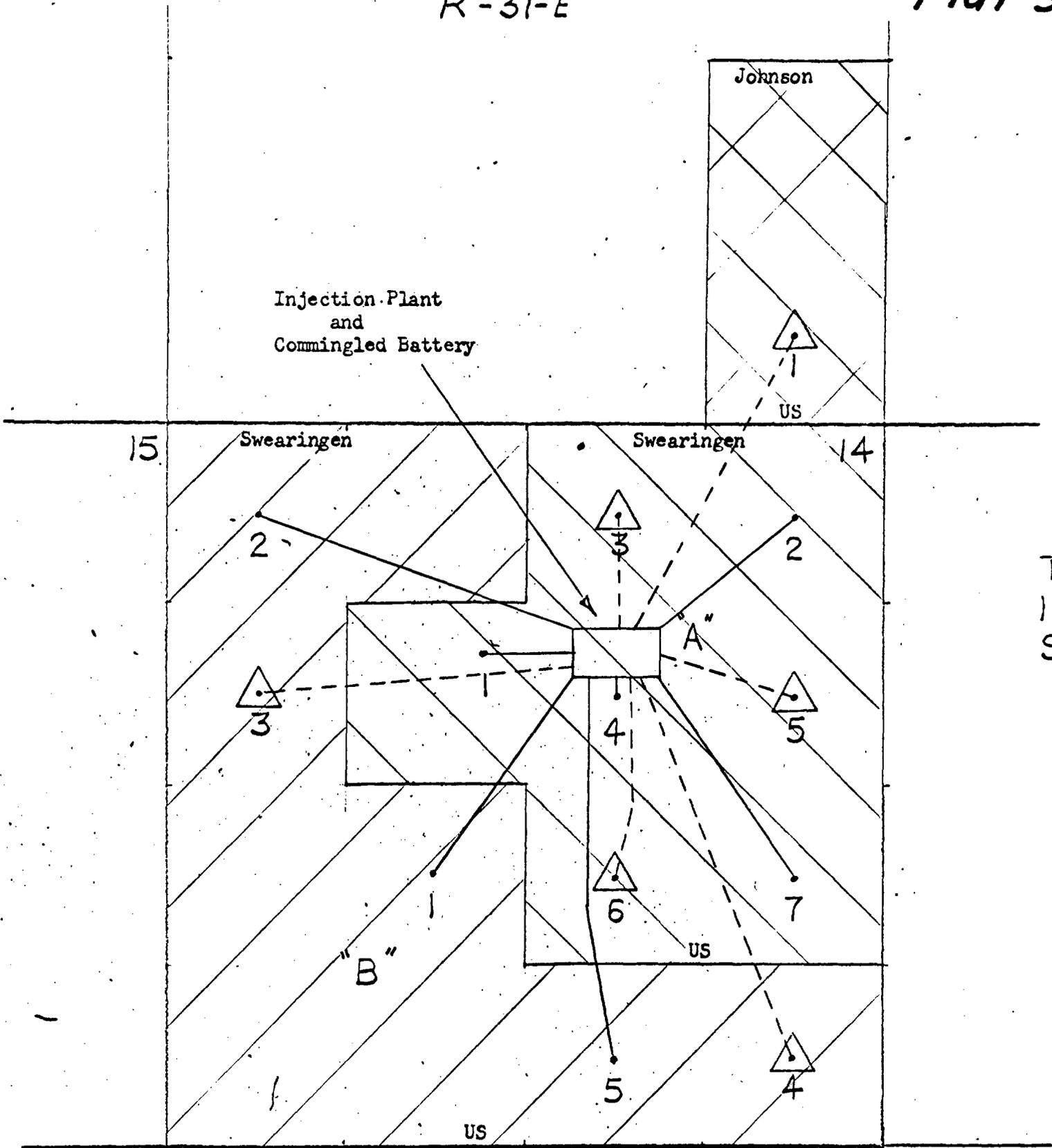
Attachments

cc: New Mexico Oil Conservation Commission
P. O. Drawer U
Artesia, New Mexico

Mr. John Anderson
U. S. G. S.
P. O. Drawer 1857
Roswell, New Mexico

Injection Plant
and
Commingle Battery

Johnson

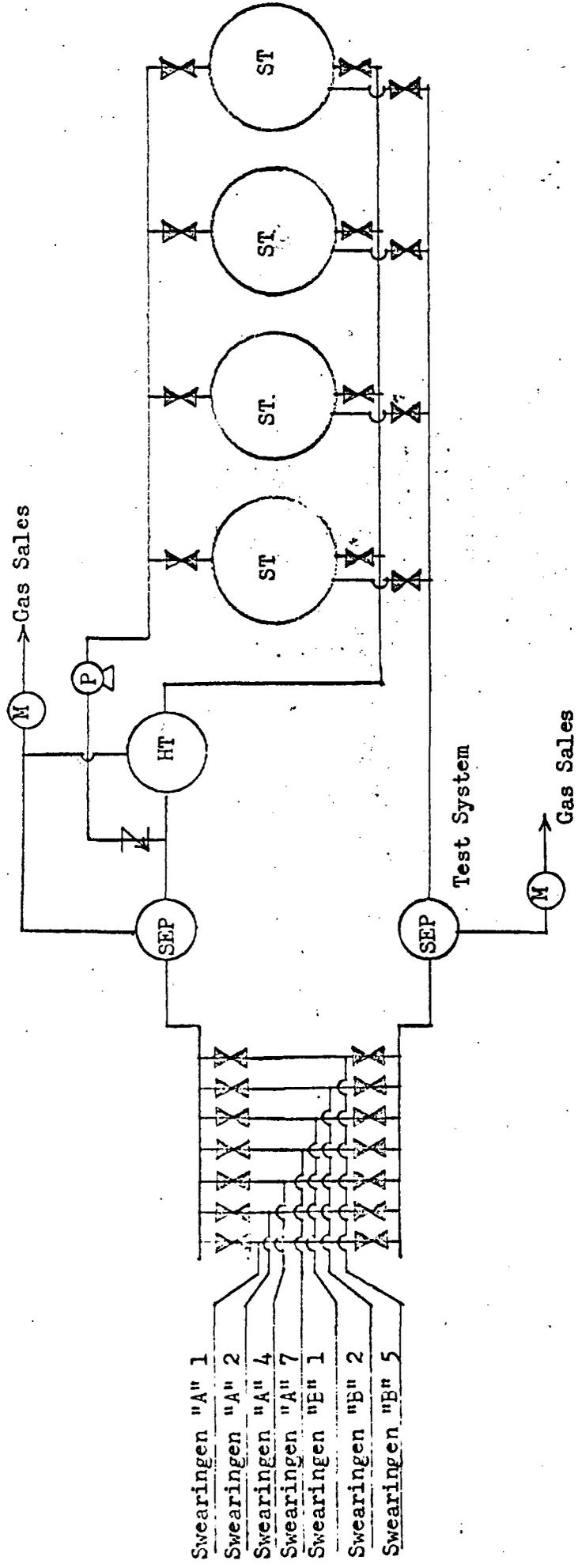


T
18
S

22

23

-  Injection Wells
-  Producing Lines
-  Injection Lines



PROPOSED COMINGLING FACILITIES FOR ATLANTIC'S SWEARINGEN

WATERFOOD PROJECT, T-18-S, R-31-E, EDDY COUNTY, NEW MEXICO

THE ATLANTIC REFINING COMPANY

INCORPORATED - 1878

MAIN OFFICE **PETROLEUM PRODUCTS**

JAN 13 AM 7 55 **October 13, 1965**

**NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT**

**S. L. SMITH, DISTRICT MANAGER
JACK BIARD, DISTRICT LANDMAN
E. R. DOUGLAS, DISTRICT GEOLOGIST
A. D. KLOXIN, DISTRICT DRG. & PROD. SUP'T.
M. D. ROBERTS, DISTRICT GEOPHYSICIST
W. P. TOMLINSON, DISTRICT ENGINEER
B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.**

SECURITY NATIONAL BANK BLDG.

**MAILING ADDRESS
P. O. BOX 1978
ROSWELL, NEW MEXICO**

**United States Geological Survey
P. O. Drawer 1857
Roswell, New Mexico**

Attention: Mr. John A. Anderson

**Re: Request To Commingle
Swearingen Waterflood Area
Section 14 & E/2 SE/4
Section 11, T-18S, R-31E,
Eddy County, New Mexico**

Gentlemen:

The Atlantic Refining Company respectfully requests permission to commingle the production from the producing wells in the Swearingen Waterflood Area. To bring all the oil and gas to a central facility will permit us to more efficiently and economically operate this property. There is a shortage of lease gas required to operate fired vessels and injection plant engines, which the centralization of facilities would at least partially eliminate. We estimate that an initial saving of at least \$10,000.00 in new equipment investment plus \$1000/month in reduced operating costs will result if our proposal to commingle is approved.

There are some irregularities in our proposal that are normally not a part of a commingling request. First - though this is a waterflood project, unitization was not necessary; consequently, three separate leases are involved. There are producing wells on two of these leases. Second - three separate royalty schedules are in effect, two of these schedule areas have producers. We are proposing, however, not to separately meter or store the production from these different leases or schedule areas. Production allocation will be made on monthly well tests. None of the wells produce at top allowable and probably will not

JAN 18

AM 7

October 13, 1965

throughout the project life. The producing wells will be tested into separate storage through a test system and these tests will be reported on USGS Form 9-329 to support production allocation. Presently all producers have the same royalty rate - 12.5% - we do not anticipate that this rate will escalate. Should the producing wells in the Schedule C area approach a producing rate whereby a different royalty rate (other than 12.5%) creates a problem, separate metering or storage facilities will be installed to alleviate this situation.

To insure that we are complying with the foregoing, we will return to the Survey for additional instructions when the production from the entire project reaches 440 BOPD as this could mean wells in the Schedule C area might be reaching an escalation point. We have investigated other methods to allocate production, principally a metering facility, but do not believe such an installation is feasible in this instance. We have neither the gas available to operate such a facility, nor do we have a produced fluid which will lend itself to accurate metering without prior treatment. We feel that our proposal, while lacking in some aspects, will give adequate protection to correlative rights. It should certainly promote conservation for if we can reduce monthly operating costs the project will remain economical longer and thereby assure a greater recovery of secondary oil.

Attached are four plats which add detail to our proposal:

- Plat 1. Outlines the area by leases.
- Plat 2. Outlines the area by royalty schedules.
- Plat 3. Flow diagram from and to wells in the area.
- Plat 4. Schematic drawing of proposed central battery and test system.

Should there be any questions concerning any phase of this request, please do not hesitate to contact us in our Roswell office.

Yours very truly,

THE ATLANTIC REFINING COMPANY

A. D. Klozin

A. D. Klozin

ADK/esa

ILLEGIBLE



UNITED STATES
 MAIN OFFICE DEPARTMENT OF THE INTERIOR
 GEOLOGICAL SURVEY

JAN 18 AM 7 55

P. O. Drawer 1857
 Roswell, New Mexico 88201

November 3, 1965

The Atlantic Refining Company
 Post Office Box 1978
 Roswell, New Mexico 88201

Gentlemen:

Your letter of October 13, 1965, requests approval to commingle Queen oil production into a central tank battery from leases Las Cruces 029388(b) involving the E $\frac{1}{2}$ SE $\frac{1}{4}$ sec. 11; Las Cruces 047633(a) involving the NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, and N $\frac{1}{2}$ SE $\frac{1}{4}$ sec. 14, and Las Cruces 047633(b) involving the N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$, and S $\frac{1}{2}$ SE $\frac{1}{4}$ sec. 14 all in T. 18 S., R. 31 E., Eddy County, New Mexico.

These Federal leases are the only lands involved in your Swearingen Waterflood Project in the Shugart Pool which is to consist of 7 producing wells and 6 water injection wells.

For royalty purposes, production allocation will be based on monthly well tests and resulting lease production as reported on Lessee's Monthly Report of Operations (Form 9-329). The Lessee's Monthly Report of Sales and Royalty (Form 9-361) must show all computations used in the calculation of lease sales.

The method of commingling described by your application is hereby approved until such time as the total production reaches 440 barrels per day. This approval is subject to further approval of the New Mexico Oil Conservation Commission.

You are requested to notify the District Engineer, U. S. Geological Survey, Post Office Drawer U, Artesia, New Mexico 88210, when the installation is completed and operative so that an inspection can be made.

Sincerely yours,

JOHN A. ANDERSON
 Regional Oil and Gas Supervisor

11-4-65

copy to
 W. L. Wright
 W. P. Tomlinson
 A. A. Millard



THE ATLANTIC REFINING COMPANY

INCORPORATED - 1870

PETROLEUM PRODUCTS

October 19, 1965

MAIN OFFICE OCC

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

- S. L. SMITH, DISTRICT MANAGER
- JACK BIARD, DISTRICT LANDMAN
- E. R. DOUGLAS, DISTRICT GEOLOGIST
- A. D. KLOXIN, DISTRICT DRG. & PROD. SUP'T.
- M. D. ROBERTS, DISTRICT GEOPHYSICIST
- W. P. TOMLINSON, DISTRICT ENGINEER
- B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

JAN 13 AM 7 55

SECURITY NATIONAL BANK BLDG.

MAILING ADDRESS
P. O. BOX 1978
ROSWELL, NEW MEXICO

**Royalty Owners (Mailing List Attached)
Shugart Waterflood**

**Re: Swearingen "A" and
Swearingen "B" Leases
Shugart Waterflood
Section 14, T18S, R31E
Eddy County, New Mexico**

Gentlemen:

Our records indicate that you are the owner of an overriding royalty interest in one or both of the above leases. We are planning to waterflood these leases and if successful this will result in a substantial increase in oil reserves and in your income. To carry out this waterflood, we propose to commingle the oil produced from the two leases at a central point and allocate the oil back to the leases on the basis of individual monthly well tests without metering. This action will be an exception to Statewide Rule 309 which requires that production from individual leases be segregated. However this exception is not unusual and is usually granted to permit the operator to more efficiently produce the oil and carry out the waterflood.

We have had informal discussions with the State and the USGS concerning this plan and they have expressed no objections. We feel that this action will be equitable to all parties, will result in reduced costs, and will expedite the waterflood project.

As we are currently building the water injection facilities, we urgently ask that you execute and return one copy of this letter. Your signature will indicate your approval of our plan as described above.

Yours very truly,

THE ATLANTIC REFINING COMPANY

Fred N. Millsap, Jr.
Land Department

FRM:ly

ACCEPTED, APPROVED AND AGREED
THIS 17 DAY OF ~~OCTOBER~~, 1965
Nov.



THE ATLANTIC REFINING COMPANY

INCORPORATED - 1970

MAIN OPERATIONS DEPARTMENT
PETROLEUM PRODUCTS

October 19, 1965

JAN 13 AM 7 55

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

- S. L. SMITH, DISTRICT MANAGER
- JACK BIARD, DISTRICT LANDMAN
- E. R. DOUGLAS, DISTRICT GEOLOGIST
- A. D. KLOXIN, DISTRICT DRLG. & PROD. SUP'T.
- M. D. ROBERTS, DISTRICT GEOPHYSICIST
- W. P. TOMLINSON, DISTRICT ENGINEER
- B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

SECURITY NATIONAL BANK BLDG.

MAILING ADDRESS

P. O. BOX 1978

ROSWELL, NEW MEXICO

Royalty Owners (Mailing List Attached)
Shugart Waterflood

**Re: Swearingen "A" and
Swearingen "B" Leases
Shugart Waterflood
Section 14, T18S, R31E
Eddy County, New Mexico**

Gentlemen:

Our records indicate that you are the owner of an overriding royalty interest in one or both of the above leases. We are planning to waterflood these leases and if successful this will result in a substantial increase in oil reserves and in your income. To carry out this waterflood, we propose to commingle the oil produced from the two leases at a central point and allocate the oil back to the leases on the basis of individual monthly well tests without metering. This action will be an exception to Statewide Rule 309 which requires that production from individual leases be segregated. However this exception is not unusual and is usually granted to permit the operator to more efficiently produce the oil and carry out the waterflood.

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Yours very truly,

THE ATLANTIC REFINING COMPANY

Fred N. Millsap, Jr.
Land Department

FNM:ly

ACCEPTED, APPROVED AND AGREED
THIS 11-1 DAY OF OCTOBER, 1965



THE ATLANTIC REFINING COMPANY

INCORPORATED - 1870

MAIN OFFICE PETROLEUM PRODUCTS

October 19, 1965

JAN 13 AM 7 55

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

- S. L. SMITH, DISTRICT MANAGER
- JACK BIARD, DISTRICT LANDMAN
- E. R. DOUGLAS, DISTRICT GEOLOGIST
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- B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

SECURITY NATIONAL BANK BLDG.
MAILING ADDRESS
P. O. BOX 1978
ROSWELL, NEW MEXICO

**Royalty Owners (Mailing List Attached)
Shugart Waterflood**

**Re: Swearingen "A" and
Swearingen "B" Leases
Shugart Waterflood
Section 14, T18S, R31E
Eddy County, New Mexico**

Gentlemen:

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Yours very truly,

THE ATLANTIC REFINING COMPANY

Fred N. Millsap, Jr.
Land Department

FNM:ly

ACCEPTED, APPROVED AND AGREED
THIS 21st DAY OF OCTOBER, 1965



THE ATLANTIC REFINING COMPANY

INCORPORATED - 1870

PETROLEUM PRODUCTS

MAIN OFFICE OFF
October 19, 1965

JAN 18 AM 7:55

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

- S. L. SMITH, DISTRICT MANAGER
- JACK BIARD, DISTRICT LANDMAN
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- B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

SECURITY NATIONAL BANK BLDG.

MAILING ADDRESS
P. O. BOX 1978
ROSWELL, NEW MEXICO

**Royalty Owners (Mailing List Attached)
Shugart Waterflood**

Re: Swearingen "A" and
Swearingen "B" Leases
Shugart Waterflood
Section 14, T18S, R31E
Eddy County, New Mexico

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Yours very truly,

THE ATLANTIC REFINING COMPANY

Fred N. Millsap, Jr.
Land Department

FNM:ly

ACCEPTED, APPROVED AND AGREED
THIS 23 DAY OF OCTOBER, 1965

Sec.
Williams B English by
Janetta L. Olsen, Guardian



THE ATLANTIC REFINING COMPANY

INCORPORATED - 1970
PETROLEUM PRODUCTS

October 19, 1965

JAN 18 AM 7:55

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

- S. L. SMITH, DISTRICT MANAGER
- JACK BIARD, DISTRICT LANDMAN
- E. R. DOUGLAS, DISTRICT GEOLOGIST
- A. D. KLOXIN, DISTRICT DRLO. & PROD. SUPT.
- M. D. ROBERTS, DISTRICT GEOPHYSICIST
- W. P. TOMLINSON, DISTRICT ENGINEER
- B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

SECURITY NATIONAL BANK BLDG.

MAILING ADDRESS
P. O. BOX 1978
ROSWELL, NEW MEXICO

**Royalty Owners (Mailing List Attached)
Shugart Waterflood**

**Re: Swearingen "A" and
Swearingen "B" Leases
Shugart Waterflood
Section 14, T18S, R31E
Eddy County, New Mexico**

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Yours very truly,

THE ATLANTIC REFINING COMPANY

Fred N. Millsap, Jr.
Land Department

FNM:ly

ACCEPTED, APPROVED AND AGREED
THIS 23 DAY OF OCTOBER, 1965

J. Kathleen English
Juritta L. Olsen, Guardian



THE ATLANTIC REFINING COMPANY

INCORPORATED - 1870

PETROLEUM PRODUCTS

October 19, 1965

JAN 18 AM 7:55

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

- S. L. SMITH, DISTRICT MANAGER
- JACK BIARD, DISTRICT LANDMAN
- E. R. DOUGLAS, DISTRICT GEOLOGIST
- A. D. KLOXIN, DISTRICT DRG. & PROD. SUP'T.
- M. D. ROBERTS, DISTRICT GEOPHYSICIST
- W. P. TOMLINSON, DISTRICT ENGINEER
- S. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

SECURITY NATIONAL BANK BLDG.

MAILING ADDRESS
P. O. BOX 1878
ROSWELL, NEW MEXICO

Royalty Owners (Mailing List Attached)
Shugart Waterflood

Re: Swearingen "A" and
Swearingen "B" Leases
Shugart Waterflood
Section 14, T18S, R31E
Eddy County, New Mexico

Gentlemen:

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As we are currently building the water injection facilities, we urgently ask that you execute and return one copy of this letter. Your signature will indicate your approval of our plan as described above.

Yours very truly,

THE ATLANTIC REFINING COMPANY

Fred N. Millsap, Jr.
Land Department

FNM:ly

ACCEPTED, APPROVED AND AGREED
THIS 23 DAY OF OCTOBER, 1965

Dec
Stanley J. English
Jessie L. Olsen - Justice





THE ATLANTIC REFINING COMPANY

INCORPORATED - 1970

PEER REVIEWED PRODUCTS

October 19, 1965

JAN 18 AM 7 54

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

- S. L. SMITH, DISTRICT MANAGER
- JACK BIARD, DISTRICT LANDMAN
- E. R. DOUGLAS, DISTRICT GEOLOGIST
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- B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

SECURITY NATIONAL BANK BLDG.

MAILING ADDRESS
P. O. BOX 1978
ROSWELL, NEW MEXICO

Royalty Owners (Mailing List Attached)
Shugart Waterflood

Re: Swearingen "A" and
Swearingen "B" Leases
Shugart Waterflood
Section 14, T18S, R31E
Eddy County, New Mexico

Gentlemen:

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Yours very truly,

THE ATLANTIC REFINING COMPANY

Fred N. Millsap, Jr.
Land Department

FNM:ly

ACCEPTED, APPROVED AND AGREED
THIS 28 DAY OF OCTOBER, 1965



THE ATLANTIC REFINING COMPANY

INCORPORATED - 1870

PETROLEUM PRODUCTS

October 19, 1965

JAN 13 AM 7 54



NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

- S. L. SMITH, DISTRICT MANAGER
- JACK BIARD, DISTRICT LANDMAN
- E. R. DOUGLAS, DISTRICT GEOLOGIST
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- B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

SECURITY NATIONAL BANK BLDG.

MAILING ADDRESS
P. O. BOX 1978
ROSWELL, NEW MEXICO

**Royalty Owners (Mailing List Attached)
Shugart Waterflood**

64401 *subject to reply 2*

**Re: Swearingen "A" and
Swearingen "B" Leases
Shugart Waterflood
Section 14, T18S, R31E
Eddy County, New Mexico**

Gentlemen:

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Yours very truly,

THE ATLANTIC REFINING COMPANY

Fred N. Millsap, Jr.
Land Department

FNM:ly

ACCEPTED, APPROVED AND AGREED
THIS 22nd DAY OF OCTOBER, 1965
TENNECO OIL COMPANY

Agent and Attorney-in-Fact



THE ATLANTIC REFINING COMPANY

INCORPORATED - 1970

PETROLEUM PRODUCTION OFFICE OCC

October 19, 1965

JAN 18 AM 7:54

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

- S. L. SMITH, DISTRICT MANAGER
- JACK BIARD, DISTRICT LANDMAN
- E. R. DOUGLAS, DISTRICT GEOLOGIST
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- B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

SECURITY NATIONAL BANK BLDG.

MAILING ADDRESS

P. O. BOX 1978

ROSWELL, NEW MEXICO

Royalty Owners (Mailing List Attached)
Shugart Waterflood

Re: Swearingen "A" and
Swearingen "B" Leases
Shugart Waterflood
Section 14, T18S, R31E
Eddy County, New Mexico

Gentlemen:

Our records indicate that you are the owner of an overriding royalty interest in one or both of the above leases. We are planning to waterflood these leases and if successful this will result in a substantial increase in oil reserves and in your income. To carry out this waterflood, we propose to commingle the oil produced from the two leases at a central point and allocate the oil back to the leases on the basis of individual monthly well tests without metering. This action will be an exception to Statewide Rule 309 which requires that production from individual leases be segregated. However this exception is not unusual and is usually granted to permit the operator to more efficiently produce the oil and carry out the waterflood.

We have had informal discussions with the State and the USGS concerning this plan and they have expressed no objections. We feel that this action will be equitable to all parties, will result in reduced costs, and will expedite the waterflood project.

As we are currently building the water injection facilities, we urgently ask that you execute and return one copy of this letter. Your signature will indicate your approval of our plan as described above.

Yours very truly,

THE ATLANTIC REFINING COMPANY

Fred N. Millsap, Jr.
Land Department

FNMs:ly

ACCEPTED, APPROVED AND AGREED
THIS 22 DAY OF ~~OCTOBER~~, 1965

Nov.

Albuquerque National Bank, Trustee
under the Will of Ruby English

By [Signature]
Vice President & Executive Trust Officer



THE ATLANTIC REFINING COMPANY

INCORPORATED - 1919

PETROLEUM PRODUCTS

December 30, 1965

MAIN OFFICE.000

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

- S. L. SMITH, DISTRICT MANAGER
- JACK BIARD, DISTRICT LANDMAN
- E. R. DOUGLAS, DISTRICT GEOLOGIST
- A. D. KLOXIN, DISTRICT DRUG. & PROD. SUPT.
- M. D. ROBERTS, DISTRICT GEOPHYSICIST
- W. P. TOMLINSON, DISTRICT ENGINEER
- S. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

JAN 18 AM 7:54

SECURITY NATIONAL BANK BLDG.

MAILING ADDRESS
P. O. BOX 1978
ROSWELL, NEW MEXICO

REGISTERED

Mrs. Evelyn Ann English Wood, Administratrix
of the Estate of P.B. English, Jr.
909 East 23rd
Farmington, New Mexico

RE: Swearingen "A" and
Swearingen "B" Leases
Shugart Waterflood
Section 14, T18S, R31E
Eddy County, New Mexico

Dear Mrs. Wood:

Our records indicate that you are the owner of an overriding royalty interest in one or both of the above leases. We are planning to waterflood these leases and if successful this will result in a substantial increase in oil reserves and in your income. To carry out this waterflood, we propose to commingle the oil produced from the two leases at a central point and allocate the oil back to the leases on the basis of individual monthly well tests without metering. This action will be an exception to Statewide Rule 309 which requires that production from individual leases be segregated. However this exception is not unusual and is usually granted to permit the operator to more efficiently produce the oil and carry out the waterflood.

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As we are currently building the water injection facilities, we urgently ask that you execute and return one copy of this letter. Your signature will indicate your approval of our plan as described above.

Yours very truly,

THE ATLANTIC REFINING COMPANY

Fred N. Millsap, Jr.
Land Department

FNM/ams

ACCEPTED, APPROVED AND AGREED
THIS 6 DAY OF DECEMBER, 1965

January, 1966

Mrs. Evelyn Ann English, Wood



MAIN OFFICE OCC
 THE ATLANTIC REFINING COMPANY
 INCORPORATED - 1916
 PETROLEUM PRODUCTS
 October 29, 1965

NORTH AMERICAN PRODUCING DEPARTMENT
 NEW MEXICO - ARIZONA DISTRICT

SECURITY NATIONAL BANK BLDG.
 MAILING ADDRESS
 P. O. BOX 1978
 ROSWELL, NEW MEXICO

- S. L. SMITH, DISTRICT MANAGER
- JACK BIARD, DISTRICT LANDMAN
- E. R. DOUGLAS, DISTRICT GEOLOGIST
- A. D. KLOXIN, DISTRICT DRLO. & PROD. SUP'T.
- M. D. ROBERTS, DISTRICT GEOPHYSICIST
- W. P. TOMLINSON, DISTRICT ENGINEER
- B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

Royalty Owners (Mailing List Attached)
 Shugart Waterflood

Re: Swearingen "A" and
 Swearingen "B" Leases
 Shugart Waterflood
 Section 14, T18S, R31E
Eddy County, New Mexico

Gentlemen:

Our records indicate that you are the owner of an overriding royalty interest in one or both of the above leases. We are planning to waterflood these leases and if successful this will result in a substantial increase in oil reserves and in your income. To carry out this waterflood, we propose to commingle the oil produced from the two leases at a central point and allocate the oil back to the leases on the basis of individual monthly well tests without metering. This action will be an exception to Statewide Rule 309 which requires that production from individual leases be segregated. However this exception is not unusual and is usually granted to permit the operator to more efficiently produce the oil and carry out the waterflood.

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As we are currently building the water injection facilities, we urgently ask that you execute and return one copy of this letter. Your signature will indicate your approval of our plan as described above.

Yours very truly,

THE ATLANTIC REFINING COMPANY

Fred N. Millsap, Jr.
 Land Department

FNM:ly

ACCEPTED, APPROVED AND AGREED
 THIS 29th DAY OF OCTOBER, 1965



THE ATLANTIC REFINING COMPANY

INCORPORATED - 1870

PETROLEUM PRODUCTS

January 10, 1966

MAIN OFFICE OCC

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

S. L. SMITH, DISTRICT MANAGER
JACK BIARD, DISTRICT LANDMAN
E. R. DOUGLAS, DISTRICT GEOLOGIST
A. D. KLOXIN, DISTRICT DRG. & PROD. SUP'T.
M. D. ROBERTS, DISTRICT GEOPHYSICIST
W. P. TOMLINSON, DISTRICT ENGINEER
B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

JAN 13 AM 7:54
SECURITY NATIONAL BANK BLDG.
MAILING ADDRESS
P. O. BOX 1978
ROSWELL, NEW MEXICO

Texas - New Mexico Pipeline Company
P. O. Box 1510
Midland, Texas

Attention: Mr. P. A. Lyons, Division Manager

Gentlemen:

We are planning to consolidate our batteries in our Swearingen Waterflood Area. The Swearingen Waterflood Area consists of Section 14 and the E/2 of SE/4 of Section 11, Township 18 South, Range 31 East in Eddy County, New Mexico.

We propose to consolidate ten of the batteries in this area into one central battery located in the SW/4 of the NE/4 in Section 14, T-18-S, R-31-E. The central battery will consist of testing and production facilities. In a previous letter to you dated November 8, 1965, we eliminated four of the ten batteries because we converted the producing wells to injection wells.

We will require your written approval before we can submit our proposal for your approval to the N.M.O.C.C. We have received approval from Mr. J. Anderson, U.S.G.S. to consolidate our batteries as proposed.

As you recall your main gathering line is in this location and should be helpful to you in running the oil from the central battery. The central battery will be adjoining our secondary recovery injection plant.

To expedite this approval, we urgently request that you execute and return one copy of this letter. Your signature will indicate your approval of our plan as proposed above.

Yours very truly,



W. P. Tomlinson

LOH:RPT:jcb

Attachments

cc: L. A. Johnson, P. O. Box 1027,
Lovington, New Mexico

Accepted, Approved and Agreed

This 13 day of January, 1966.



OVERRIDING ROYALTY POOLING AGREEMENT

This Agreement made this 29 day of March, 1966 by and between Leroy English, Stanley G. English, by Juretta L. Olsen, Trustee, as his attorney-in-fact, J. Kathleen English, by Juretta L. English Olsen, her guardian, William B. English, by Juretta L. English Olsen, his guardian, James B. Francis, Trustee, Bob Johnson, New York Life Insurance Company account number M.I. 1008, Mrs. L. M. Swearingen, Tenneco Oil Company, Albuquerque National Bank, Trustee under the Will of Ruby English, deceased, and Evelyn Ann English Wood, administratrix of the estate of P. B. English, Jr., deceased, hereinafter called "Owners", and The Atlantic Refining Company, hereinafter called "Atlantic".

WITNESSETH

WHEREAS, Owners own overriding royalty interests totaling 7½ per cent of the oil, gas and other kindred substances produced, saved and marketed under United States oil and gas lease LC 047633 (a) from the NE¼, SE¼NW¼, N½SE¼ Section 14, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, the interest of each Owner being as follows:

Leroy English -----	.0968 %
Stanley G. English -----	.0173 %
J. Kathleen English -----	.0104 %
William B. English -----	.0104 %
James B. Francis, Trustee -----	.0219 %
Bob Johnson -----	2.7500 %
New York Life Insurance Company account number M.I. 1008 -----	1.4875 %
Mrs. L. M. Swearingen -----	2.7500 %
Tenneco Oil Company -----	.2625 %
Albuquerque National Bank, Trustee under the Will of Ruby English, deceased -----	.0619 %
Evelyn Ann English Wood, administratrix of the estate of P. B. English, Jr., deceased -----	.0313 %
TOTAL -----	<u>7.5000 %</u>

WHEREAS, Atlantic owns the oil and gas leasehold estate, to a depth of 3,900 feet below the surface, under United States oil and gas leases LC 029338 (b), LC 047633 (a) and LC 047633 (b) insofar as said leases collectively cover the E½SE¼ Section 11, All of Section 14, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, which lands are hereinafter called "the pooled lands"; and,

WHEREAS, Owners and Atlantic desire that Owners' overriding royalty interests be pooled and spread over the pooled lands as

to all oil, gas and other kindred substances to be produced, from the Queen Formation underlying the pooled lands.

NOW, THEREFORE, in consideration of the premises, the parties agree as follows:

1. This Overriding Royalty Pooling Agreement shall be applicable only to the production of oil, gas and other kindred substances recovered from the Queen Formation underlying the pooled lands by means of a secondary recovery program.

2. Owners shall receive that portion of $7\frac{1}{2}$ per cent of the production from the pooled lands as the number of wells located on the $NE\frac{1}{4}$, $SE\frac{1}{4}NW\frac{1}{4}$, $N\frac{1}{2}SE\frac{1}{4}$ Section 14, Township 18 South, Range 31 East, N.M.P.M., bears to the total number of wells located on the pooled lands. In other words, if thirteen wells are located on the pooled lands, of which seven wells are located on said $NE\frac{1}{4}$, $SE\frac{1}{4}NW\frac{1}{4}$, $N\frac{1}{2}SE\frac{1}{4}$ Section 14, then Owners shall be entitled to $\frac{7}{13}$ of $7\frac{1}{2}$ per cent of the production from the pooled lands. Said ratios and apportionment of production shall be subject to change as additional wells are drilled or existing wells are plugged and abandoned. A well within the meaning hereof shall be either a production or injection well in the Queen Formation. Each respective Owner shall receive that portion of the production allocated to Owners' $7\frac{1}{2}$ per cent overriding royalties as his above stated interest bears to $7\frac{1}{2}$ per cent.

3. Each respective Owner represents that he is the Owner of the above stated overriding royalty interest set opposite his name.

4. Owners and Atlantic do hereby grant and convey to each other such interest and title as may be necessary to constitute the above apportionment and to effectuate this Agreement.

This Agreement is binding upon the parties hereto, their heirs, personal representatives, successors and assigns, and shall be effective as of the date of first production from the Queen Formation underlying the pooled lands by means of a secondary recovery program. The spouses of each individual Owner join herein to bind any community property interest which they may have. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which are but one and the same instrument.

Leroy English
Leroy English

J. Kathleen English, by
Juretta L. English Olsen, Guardian

J. Kathleen English, by
Juretta L. English Olsen,
guardian of her estate

Stanley G. English, by
Juretta L. Olsen, Trustee
Stanley G. English, by Juretta
L. Olsen, Trustee and as attorney-
in-fact

William B. English, by
Juretta L. English Olsen, Guardian
William B. English, by Juretta
L. English Olsen, guardian of
his estate

STATE OF New Mex)
) ss.
COUNTY OF San Juan)

The foregoing instrument was acknowledged before me this 29 day of March, 1966, by Juretta L. English Olsen, guardian of the estate of J. Kathleen English and guardian of the estate of William B. English.

My Commission Expires:

Thelma D. Jennings
Notary Public

Sept. 9, 1968

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of March, 1966, by James B. Francis, Trustee.

My Commission Expires:

Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of March, 1966, by Bob Johnson and Sibyl Johnson, his wife.

My Commission Expires:

Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of March, 1966, by Mrs. L. M. Swearingen.

My Commission Expires:

Notary Public

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of March, 1966, by _____, _____ Vice President of The Atlantic Refining Company, a Pennsylvania corporation, on behalf of said corporation.

My Commission Expires:

Notary Public