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# CONTINENTAL OIL COMPANY

P. O. Box 460  
HOBBS, NEW MEXICO 88240

PRODUCTION DEPARTMENT  
HOBBS DIVISION  
L. P. THOMPSON  
*Division Manager*  
G. C. JAMIESON  
*Assistant Division Manager*

1001 NORTH TURNER  
TELEPHONE 393-4141

September 17, 1968

CTB-187

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

Attention of Mr. A. L. Porter, Jr., Secretary Director

Re: Proposed Commingling  
Jack B-26-27 Leases

Gentlemen:

Forwarded herewith in triplicate is our application for authority to commingle Justis Blinbry production on our Jack B-26-27 leases. We are also attaching a copy of the letter from the USGS approving the proposed commingling.

Your further handling and approval of this application will be sincerely appreciated.

Yours very truly,

VTL-JS

cc: NMOCC-Hobbs

RLA JJB JWK



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

Drawer 1857  
Roswell, New Mexico 88201

RECEIVED HOBBS DIVISION		
SEP 9 '68		
Div. Manager		
Asst. Div. Mgr.		
Div. Engr.		
Div. Off. Mgr.		
Cons'v. Coord.		✓

September 6, 1968

*OTB-187*

Continental Oil Company  
P. O. Box 460  
Hobbs, New Mexico 88240

Attention: Mr. L. P. Thompson

Gentlemen:

Your letter of August 9 requests approval to commingle Blinebry production from wells on that portion of lease New Mexico 0321613 described as the W $\frac{1}{2}$  sec. 26, T. 24 S., R. 37 E., Lea County, New Mexico, with Blinebry production from wells in the E $\frac{1}{2}$  sec. 27, lease Las Cruces 032326-b.

The E $\frac{1}{2}$ NW $\frac{1}{4}$  sec. 26 is entitled to a one-eighth royalty rate while the royalty from the remainder of the two leases is based on schedule D. In order for royalty from the above-described 80-acre tract to be calculated on a one-eighth rate, the production from such tract must be metered and reported separately. In the absence of separate measurement of production from this tract, royalty for all Blinebry production from the two leases must be calculated on schedule D rates.

The system for commingling described by the diagram attached to your letter is hereby approved. Any changes in the system must receive prior approval from this office. Your Lessee's Monthly Report of Sales and Royalty, form 9-361, should show all computations used in allocating production to each lease.

Please notify our Hobbs office when the commingling installation is completed so that a field inspection of the system can be made.

Sincerely yours,

*John A. Anderson*

JOHN A. ANDERSON  
Regional Oil and Gas Supervisor

C O N T I N E N T A L O I L C O M P A N Y

P. O. Box 460  
Hobbs, New Mexico  
September 13, 1968

New Mexico Oil Conservation Commission (3)  
P. O. Box 2088  
Santa Fe, New Mexico

OTB-187

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

Re: Application of Continental Oil  
Company for Administrative Approval  
as Provided by Rule 309-B to Com-  
mingle Justis Blinebry Oil Produc-  
tion from its Jack B-26 and Jack B-27  
Leases, located in Sections 26 and 27,  
T-24S, R-37E, NMPM, Lea County,  
New Mexico

Gentlemen:

Continental Oil Company requests administrative approval as provided by Rule 309-B, to commingle Justis Blinebry oil production from its Jack B-26 and Jack B-27 leases located in Sections 26 and 27, T-24S, R-37E, Lea County, New Mexico, and in support thereof submits the following data.

1. The Jack B-26 and Jack B-27 leases produce from a common reservoir - the Justis Blinebry Pool.
2. The Jack B-26 lease consists of the NW/4, N/2 SW/4 and SE/4 SW/4 of Section 26, and the Jack B-27 lease consists of the E/2 of Section 27, both in T-24S, R-37E, Lea County, New Mexico. A plat, Exhibit No. 1, attached hereto, shows the leases, the wells thereon, the battery sites and the location of the proposed commingling facility.
3. The two tracts, originally one lease, were segregated when the Langlie Mattix interval of the Jack B-27 lease was committed to the Langlie Mattix Woolworth Unit. The Langlie-Mattix wells (not shown on Exhibit No. 1) produce into the tank battery for that unit and are not involved in this application.

4. Mineral rights under both leases are held by the federal government; and all interests, including overriding royalties, are common. The E/2 NW/4 Section 26 has a more favorable royalty rate available, if measured separately.
5. Production from the Jack B-27 lease will be metered prior to commingling. Likewise, production from Jack B-26 No. 1 will be measured in a manner satisfactory to the USGS prior to commingling. The production from the remainder of the Jack B-26 lease will be determined by the subtraction method.
6. One test facility (separator, meter and sampler) will be used for testing all wells other than Jack B-26 No. 1, on both leases. A schematic diagram, Exhibit No. 2, attached hereto, shows the proposed installation. The facility conforms to the requirements of the "Manual for the Installation and Operation of Commingling Facilities" dated September 13, 1961.
7. Commingling of production will result in the prevention of waste and will not impair correlative rights.

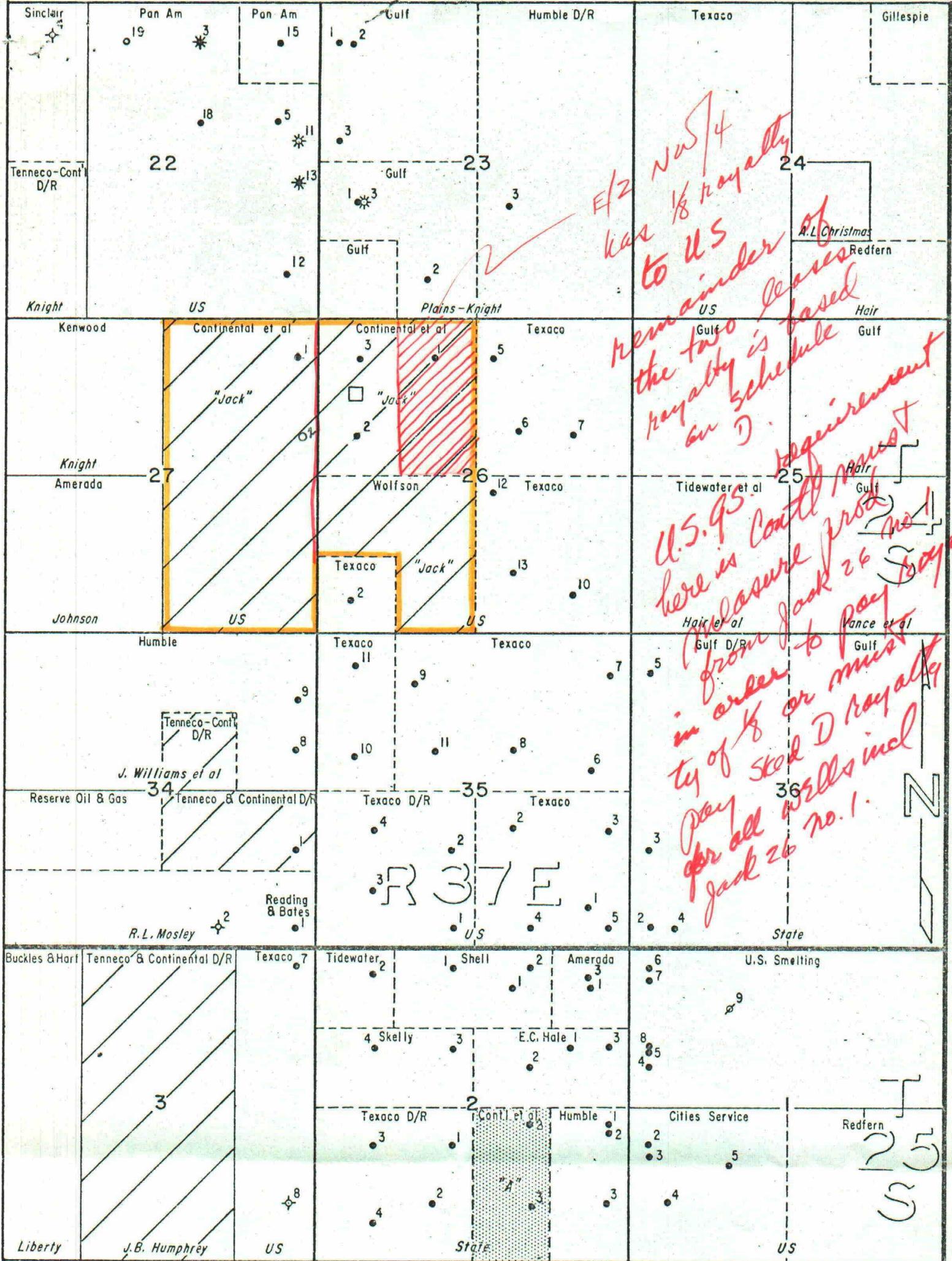
In view of the facts stated above, it is respectfully requested that Administrative approval be granted under Rule 309-B for the commingling of Justis Blinebry oil production from the applicant's Jack B-26 and Jack B-27 leases as described above.

CONTINENTAL OIL COMPANY

  
G. C. Jamieson

VTL-JS

cc: NMOCC-Hobbs  
RLA JJB NGP NEL JAW JWK CES



*E/2 NW/4 has 1/8 royalty to US remainder of the two leases or schedule on D.*

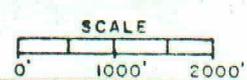
*U.S. 95. here is Cont. requirement in order to pay 1/8 or must pay stock D royalty for all wells incl Jack 26 no. 1.*

- Completed Well
- Proposed Well
- Tank Battery

**CONTINENTAL OIL COMPANY**  
 PRODUCTION DEPARTMENT  
 HOBBS DIVISION  
 JACK B-26 & B-27 LEASES

Lea County, New Mexico  
 JUSTIS BLINEBRY POOL

Ex. 1



4/2/68 RFL

