



CONTINENTAL OIL COMPANY

P. O. Box 460
HOBBS, NEW MEXICO 88240

1001 NORTH TURNER
TELEPHONE 393-4141

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

April 9, 1969

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

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

Re: Application to Commingle Jalmat
Oil Production - Sholes "A" and
Sholes B-25 Leases, Lea County,
New Mexico

Gentlemen:

Forwarded herewith in triplicate is our application for authority to commingle Jalmat oil production on our Sholes "A" and Sholes B-25 Leases located in Sections 13, 24 and 25, T25S, R36E, Lea County, New Mexico.

Also attached is a copy of a letter from the Regional Oil and Gas Supervisor of the U.S.G.S. giving his approval of the proposed installation. By carbon copy of this letter, notice is being given to the owners of overriding royalty under the Sholes "A" Lease and to the purchaser of the crude from the two leases.

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

Yours very truly,

VTL-JS

Copies to NMOCC-Hobbs
RLA JJB JWK

By Certified Mail:
Signal Oil and Gas Company
Crude Oil Trading Department
125 Central Building
Midland, Texas

W. F. Burch
307 West 8th Street
Los Angeles, Calif. 90014

Enid S. Powell
1239 Rosmoyn Avenue
Glendale, California

No. 077192

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO <i>Signal Oil & Gas Co.</i>	POSTMARK OR DATE <i>4-9-69</i>
STREET AND NO. <i>125 Central Building</i>	
CITY, STATE, AND ZIP CODE <i>Midland, Texas</i>	
If you want a return receipt, check which <input type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> 50¢ fee	If you want delivery only to addressee, check here <input type="checkbox"/> 50¢ fee

POD Fbrm 3800 July 1963 NO INSURANCE COVERAGE PROVIDED— (See other side) NOT FOR INTERNATIONAL MAIL

No. 077193

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO <i>Ernie S. Powell</i>	POSTMARK OR DATE <i>4-9-69</i>
STREET AND NO. <i>1239 Rossmore Ave.</i>	
CITY, STATE, AND ZIP CODE <i>Glendale, Calif. 91200</i>	
If you want a return receipt, check which <input type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> 50¢ fee	If you want delivery only to addressee, check here <input type="checkbox"/> 50¢ fee

POD Fbrm 3800 July 1963 NO INSURANCE COVERAGE PROVIDED— (See other side) NOT FOR INTERNATIONAL MAIL

No. 077194

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO <i>H. J. Burch</i>	POSTMARK OR DATE <i>4-9-69</i>
STREET AND NO. <i>307 W. 8th Street</i>	
CITY, STATE, AND ZIP CODE <i>Los Angeles, Calif. 90014</i>	
If you want a return receipt, check which <input type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> 50¢ fee	If you want delivery only to addressee, check here <input type="checkbox"/> 50¢ fee

POD Fbrm 3800 July 1963 NO INSURANCE COVERAGE PROVIDED— (See other side) NOT FOR INTERNATIONAL MAIL

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 88240
April 9, 1969

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

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 Commingle Jalmat Yates,
Seven Rivers Oil Production from its
Sholes "A" and Sholes B-25 Leases Located
in Sections 13, 24 and 25, T25S, R36E,
NMPM, Lea County, New Mexico

Gentlemen:

Continental Oil Company requests administrative approval as provided by Rule 309-B, to commingle Jalmat-Yates, Seven Rivers oil production from its Sholes "A" and Sholes B-25 leases located in Sections 13, 24 and 25, T-25S, R-36E, Lea County, New Mexico, and in support thereof submits the following data.

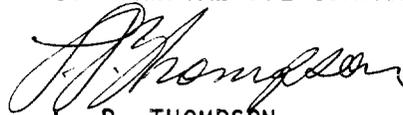
1. The Sholes "A" and Sholes B-25 leases produce from a common reservoir - the Jalmat-Yates-Seven Rivers Pool.
2. The Sholes "A" lease consists of the SE/4 Section 13, and E/2 E/2 of Section 24; and the Sholes B-25 lease consists of the NE/4 and NE/4 SE/4 Section 25, T-25S, R-36E, Lea County, New Mexico. A plat, Exhibit No. 1, attached hereto, shows the leases, the wells thereon, and the location of the proposed commingling facility.
3. Mineral rights under both leases are held by the federal government; however, the Sholes B-25 lease carries a different royalty rate than the Sholes "A" lease. Working interest ownership under both leases is identical, but the Sholes

"A" lease carries a small overriding royalty which does not apply to the Sholes B-25 lease. Notice of proposed commingling has been given to the overriding royalty owners.

4. Oil production from each lease will be segregated until after being treated, metered and sampled. It is proposed to utilize an ACT unit at the commingled tank battery.
5. One test facility (separator, meter and sampler) will be used for testing all wells on both leases. A schematic diagram, Exhibit No. 2, attached hereto, shows the proposed installation. As shown, the facility conforms to the requirements of the "Manual for the Installation and Operationn of Commingling Facilities" dated September 13, 1961.
6. 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 Jalmat-Yates, Seven Rivers oil production from the applicant's Sholes "A" and Sholes B-25 leases as described above.

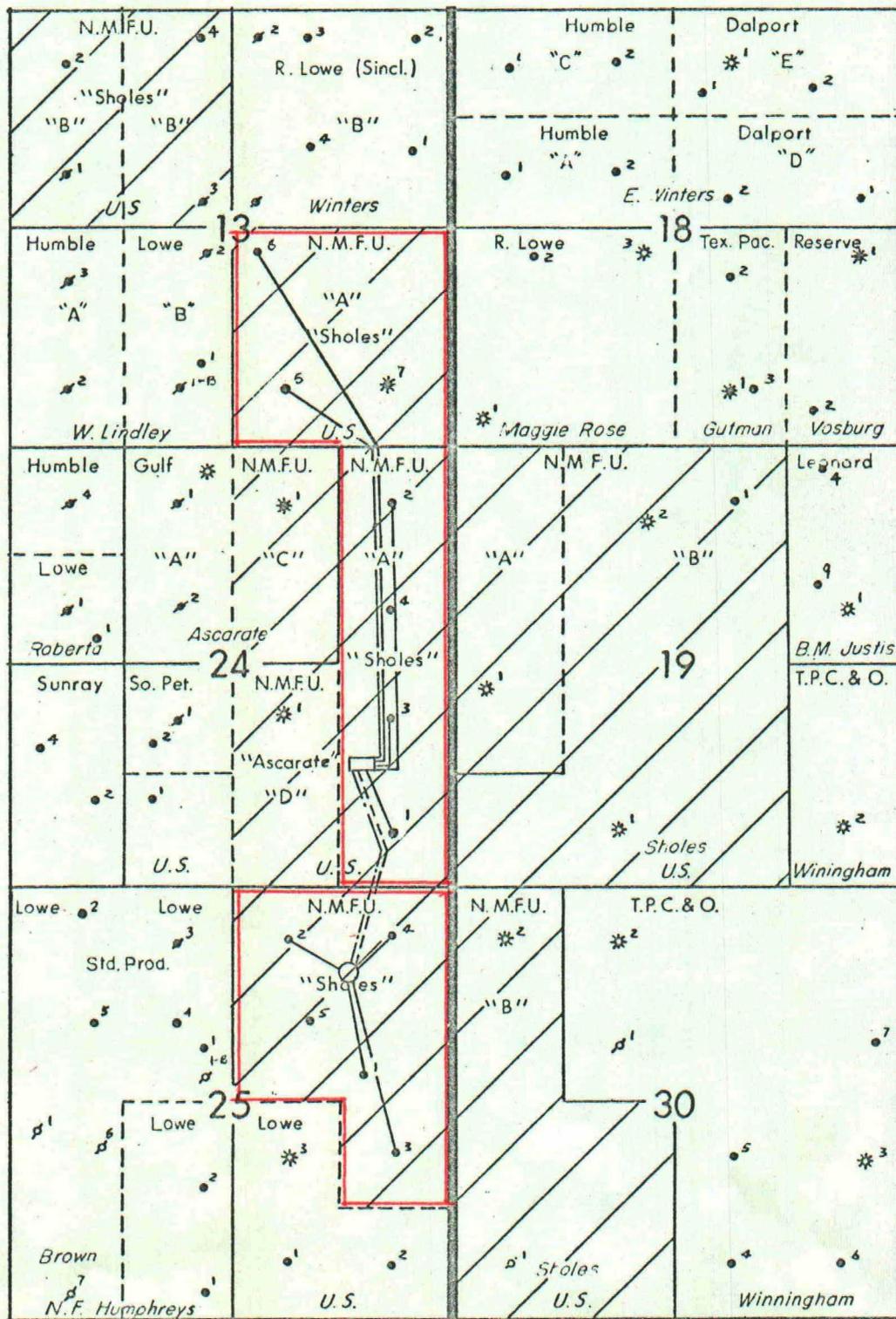
CONTINENTAL OIL COMPANY



L. P. THOMPSON
Division Manager

LPT-JS
cc: NMOCC-Hobbs

JJB NGP NEL JWA JWK



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SHOLES MODERNIZATION

Symbols:

- - Satellite Station
- - Central Battery
- - Flowlines
- - - - Production Transfer Line
- · — · — Test Line