



OIL CONSERVATION DIVISION
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OXY USA INC.
Box 50250, Midland, TX 79710

May 21, 1991

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attention: Mr. David R. Catanach

Re: OXY USA Inc. Application for Surface Commingling of Gas Production from the Tracy C #1 Well, Located in the E/2 Section 32-21S-27E, and the Tracy D #1 Well, Located in the S/2 Section 33-21S-27E, Burton Flat Morrow Field, Eddy County, New Mexico.

Dear Mr. Catanach:

OXY requested OCD approval to surface commingle the gas production from the two referenced wells by letter dated April 9, 1991. I understand that you received this request on or about April 15, 1991. More than 20 days have elapsed since you received our request, and OXY is unaware of any protest from the noticed parties. Accordingly, we shall proceed under the assumption that the OCD has approved our request as stated in the April 9, 1991 letter. Please call me as soon as possible if this is not the case. My phone number is 915/685-5913.

Sincerely,

Richard E. Foppiano
Regulatory Affairs Advisor
Western Region - Midland

REF/ref

XC: Gary Timmerman
M. Gooding
Scott Gengler



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OXY USA INC.
Box 50250, Midland, TX 79710

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April 9, 1991

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attention: Mr. David R. Catanach

Re: OXY USA Inc. Application for Surface Commingling of Gas Production from the Tracy C #1 Well, Located in the E/2 Section 32-21S-27E, and the Tracy D #1 Well, Located in the S/2 Section 33-21S-27E, Burton Flat Morrow Field, Eddy County, New Mexico.

Dear Mr. Catanach:

OXY respectfully requests OCD approval to surface commingle the gas production from the two referenced wells as per the attached procedure and schematic. This will allow for more economical operations, while at the same time providing an equitable method to separately account for the gas production from the two prorated gas wells. The gas production would be determined each month by the central point allocation process, and reported on the appropriate forms. As you know, this is a very common oilfield practice.

By copy of this letter, OXY is notifying the working interest owners in both wells of our request. We are also sending notice of this request only to the royalty interest owners on our leases in these two units; we do not know the identities of the royalty interest owners associated with the other working interests. Anyone protesting this request is advised to notify the addressee within 20 days.

If you need any further information on this, my number is 915/685-5913.

Sincerely,

Richard E. Foppiano
Regulatory Affairs Advisor
Western Region - Midland

REF/ref
attachments

Tracy C #1 and D #1 Commingled Gas Production Allocation Process

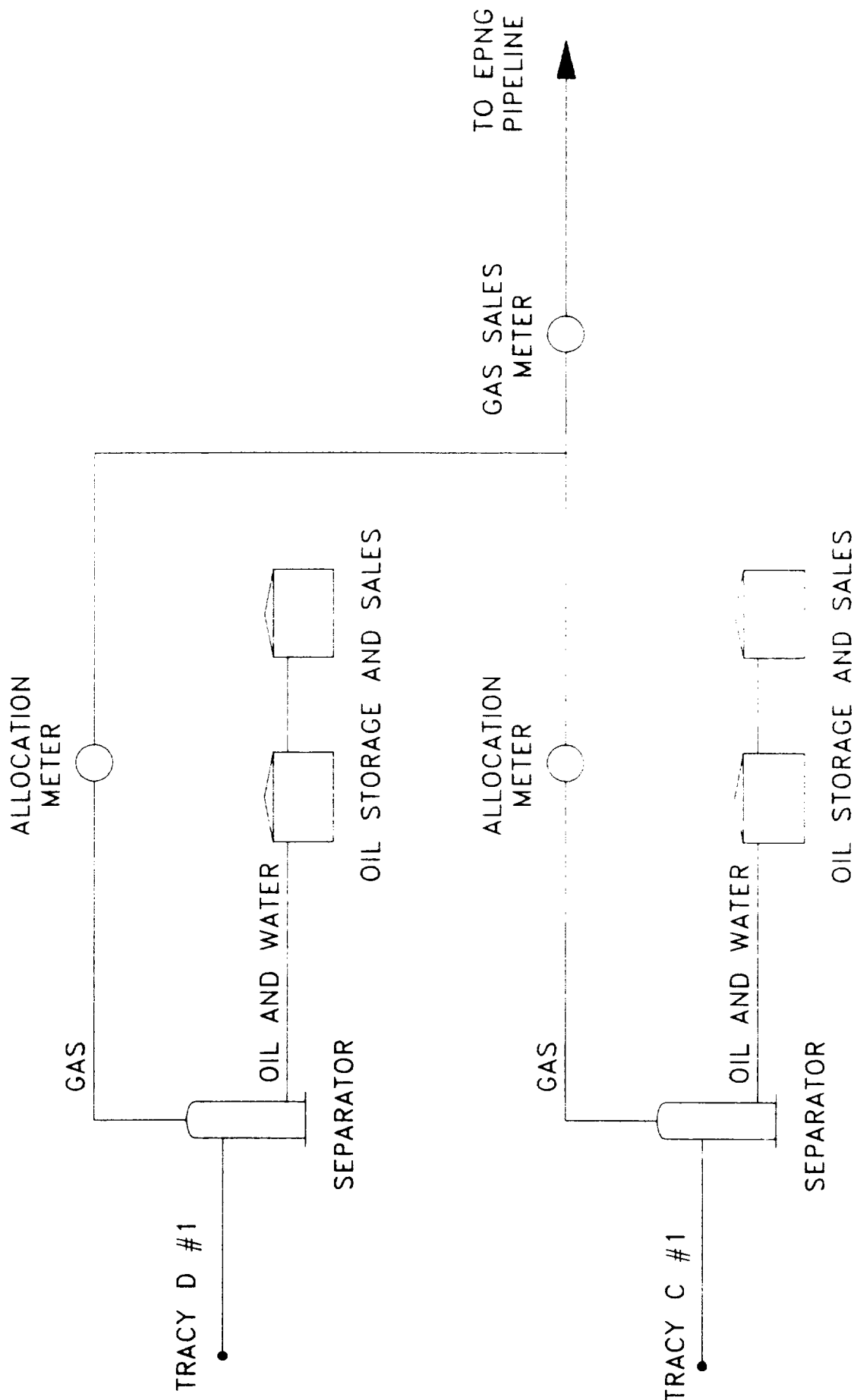
Gas produced from the Tracy C #1 and D #1 wells will be commingled on the surface in order to avoid building excessive lengths of new pipeline to transport gas from the recently drilled Tracy D #1 to a market pipeline. To fairly allocate production, each well will have an allocation meter. Commingling will occur downstream of the allocation meters at which point a common sales meter will be placed. The allocation meters will be calibrated at the same time and with the same frequency as the sales meter. All three meters will be read weekly at the same time. Allocation factors for each well will be obtained by taking percentages of the sum of the two allocation meter volumes. The allocation factors will then be multiplied by the gas sales meter volume to obtain actual allocated production for each well. An example of the method is shown below:


Example Data (weekly meter volumes)

Tracy C #1 allocation meter	-	5,600 MSCF
Tracy D #1 allocation meter	-	4,200 MSCF
Total		9,800 MSCF
Gas sales meter	-	9,500 MSCF

Example Calculation

Tracy C #1 allocation factor	=	$5,600 \text{ MSCF} / (5,600 \text{ MSCF} + 4,200 \text{ MSCF})$
	=	0.5714
Tracy D #1 allocation factor	=	$4,200 \text{ MSCF} / (5,600 \text{ MSCF} + 4,200 \text{ MSCF})$
	=	0.4286
Tracy C #1 allocated production	=	$(0.5714)(9,500 \text{ MSCF})$
	=	<u>5,428 MSCF</u>
Tracy D #1 allocated production	=	$(0.4286)(9,500 \text{ MSCF})$
	=	<u>4,072 MSCF</u>



		OXY USA INC. MIDLAND, TEXAS		COMP. FILE NO.
		OXY TRACY C #1 AND D #1 PRODUCTION FACILITIES		DATE 3/28/91
				DRAWING NO.

Tracy C #1 - Working Interest Owners
E/2 Section 32-21S-27E
Eddy County, New Mexico

Amoco Production Company
P. O. Box 3092
Houston, Texas 77253

Kerr-McGee Corp.
110 N. Marienfeld, Suite 330
Midland, Texas 79701

Redfern Enterprises Inc.
P. O. Box 2127
Midland, Texas 79702

Bristol Resources 1987-1 Acquisition Program
6655 S. Lewis, Suite 200
Tulsa, Oklahoma 74136

The Atchison, Topeka & Santa Fe Railway Company
One Santa Fe Plaza
920 S.E. Quincy
Topeka, Kansas 66612
Attn: Mr. Ray Spangler

Santa Fe Energy Company
550 West Texas, Suite 1330
Midland, Texas 79701
Attn: Mr. Gary Green

Tracy C #1 - Royalty Interest Owners
E/2 Section 32-21S-27E
Eddy County, New Mexico

Matilda E. Florez
602 Alvarado St.
Carlsbad, New Mexico 88220

Bertha Bonnell
1311 E. Orchard Lane
Carlsbad, New Mexico 88220

Elizabeth Bruhl
1002 E. Orchard Lane
Carlsbad, New Mexico 88220

Carlsbad National Bank
Trustee for the
Francis V. Dowling &
Oscar J. Dowling
Revocable Trust
P. O. Box 1359
Carlsbad, New Mexico 88220

Marion G. Corman
1011 N. Guadalupe St.
Carlsbad, New Mexico 88220

J. David Donnell
P. O. Box 3801
Midland, Texas 79702

K. Ellis Donnell
Individually & as Independent Executor
of the Estate of
W. R. Donnell
2204 North H
Midland, Texas 79701

William R. Donnell, IV
2707 Robinhood
Houston, Texas 77005

Margaret V. Dowling
1829 Georgia, NE
Albuquerque, New Mexico 87110

Tracy C #1 - Royalty Interest Owners
Page 2

George G. Eddy Jr. & Joele Eddy
809 Terrace Mountain Dr.
Austin, Texas 78746

Estella Elizondo
203 Moore
Carlsbad, New Mexico 88220

Manuel Elizondo, Jr.
2421 Tulip Road
Carlsbad, New Mexico 88220

Martin M. Elizondo
415 S. 3rd St.
Alhambra, California 91801

Pete Elizondo
116 S. Fremont Ave.
Monterey Park, California 91754

Roque Elizondo
1111 E. Orchard Lane
Carlsbad, New Mexico 88220

Salvadore Elizondo
203 N. Moore Dr.
Carlsbad, New Mexico 88220

Matilda Elizondo Florez
602 W. Alvarado
Carlsbad, New Mexico 88220

Robert Jess Higgins
1209 E. Orchard Lane
Carlsbad, New Mexico 88220

Ellis Anne Moscoe
1304 Gaston
Austin, Texas 78703

Tracy C #1 - Royalty Interest Owners
Page 3

W. E. Pickens & Helen M. Pickens
1526 Tokay
Carlsbad, New Mexico 88220

Fred Russell & Willie A. Russell, et ux
1206 E. Orchard Lane
Carlsbad, New Mexico 88220

Robert A. Soules & Carlanne J. Soules
901 E. Orchard Lane
Carlsbad, New Mexico 88220

Juan Talavera Jr. & Elviera Talavera
776 La Alondra Way
Gilroy, California 95020

Laura Elizabeth Tracy
P. O. Box 700
Carlsbad, New Mexico 88220

Dorothy Irene Williams
315 Pike Drive
Carlsbad, New Mexico 88220

William A. Wood
2375 Rosendale
Las Cruces, New Mexico 88005

Tracy D #1 - Working Interest Owners
S/2 Section 33-21S-27E
Eddy County, New Mexico

* Amoco Production Company
P. O. Box 3092
Houston, Texas 77253

* Kerr-McGee Corp.
110 N. Marienfeld, Suite 330
Midland, Texas 79701

Redfern Enterprises Inc.
P. O. Box 2127
Midland, Texas 79702

Bristol Resources 1987-1 Acquisition Program
6655 S. Lewis, Suite 200
Tulsa, Oklahoma 74136

* Non-Consent Owners

Tracy D #1 - Royalty Interest Owners
S/2 Section 33-21S-27E
Eddy County, New Mexico

Francis Tracy
P. O. Box 700
Carlsbad, New Mexico 88220

Josephine Tracy Eddy Revocable Trust
c/o George E. Eddy, Jr., Trustee
809 Terrace Mountain Drive
Austin, Texas 78746

The Atchison, Topeka & Santa Fe Railway Company
One Santa Fe Plaza
920 S.E. Quincy
Topeka, Kansas 66612
Attn: Mr. Ray Spangler

Santa Fe Energy Company
550 West Texas, Suite 1330
Midland, Texas 79701
Attn: Mr. Gary Green

Mineral Management Service
Royalty management Program
Box 5810
Denver, Colorado 80217-5810