



SINCLAIR OIL & GAS COMPANY

Box 1920
Hobbs, New Mexico
October 6, 1964

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

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

Gentlemen:

The production from Sinclair Oil & Gas Company's State Lea 4011 and State Lea 403 leases is currently commingled under Administrative Order CTB-110. Two tank batteries are constructed on the State Lea 403 lease. One battery handles Devonian production from the two leases after separately metering the Devonian production from each lease, and the other battery handles Abo production from both leases after separately metering the Abo production from each lease. The production is sold thru a multi-lease LACT unit. Sinclair proposes to discontinue commingling between leases. Plans are to install hydraulic pumping equipment on the State Lea 403 lease. Commingling between the Devonian and Abo zones is required to eliminate operating problems in handling future power oil requirements.

Sinclair requests an exception to Rule 303 and administrative approval to commingle the oil produced from the Devonian and Abo zones on the State Lea 403 lease in Section 17, T18S, R35E, Lea County, New Mexico. An exception to Rule 303 and administrative approval is also requested to commingle the oil produced from the Devonian and Abo zones on the State Lea 4011 lease in Section 8, T18S, R35E, Lea County, New Mexico. Plans are to deliver the State Lea 403 and State Lea 4011 crudes separately through a multi-lease LACT unit which is located on the State Lea 403 lease.

It is requested that commingling be allowed without separately measuring the production from each pool. All the wells on the subject leases are physically incapable of producing top allowable. The State Lea 403 and State Lea 4011 leases are not commonly owned, but the Devonian and Abo zones of each lease are commonly owned.

The current top allowable for the North Vacuum Devonian and Vacuum Abo Reef Pools is 210 barrels per day and 111 barrels per day respectively. The following is a tabulation of recent production:

	<u>No. of Wells</u>	<u>API Gravity</u>	<u>Value Bbl.</u>	<u>Top Allow. 31 day mo.</u>	<u>Aug. 1964 Prod. bbls. Daily</u>	<u>Aug. 1964 Prod. bbls. Daily</u>	<u>Sept. 1964 Prod. bbls. Daily</u>	<u>Sept. 1964 Prod. bbls. Daily</u>
St. Lea 403 Abo	1	40.8	\$3.01	3441	0	0	45	2
St. Lea 403 Dev.	3	49.0	2.91	19530	11238	363	11230	374
St. Lea 4011 Abo	1	40.8	3.01	3441	2054	66	1678	56
St. Lea 4011 Dev.	1	49.0	2.91	6510	6482	209	5938	198

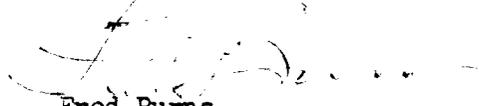
The gravity of the commingled production on the State Lea 403 lease is expected to be 48.6° API with a value of \$2.93 per barrel. Commingling will result in a slight increase in the value of the crudes. The gravity of the commingled production on the State Lea 4011 lease is expected to be 47.2° API with a value of \$2.95 per barrel. Commingling will result in a slight increase in the value of the crudes.

The attached combination plat and schematic diagrams show the location of the subject leases, the wells thereon, zones of completion and commingling facilities.

Texas New Mexico Pipe Line Company has approved the installation. We are sending a copy of this letter to the Commissioner of Public Lands for the State of New Mexico.

If further information is necessary, please advise.

Very truly yours,



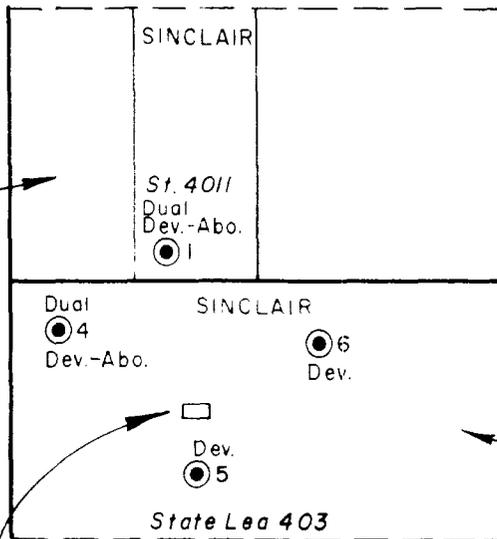
Fred Burns
 District Superintendent

FB:LB:jl

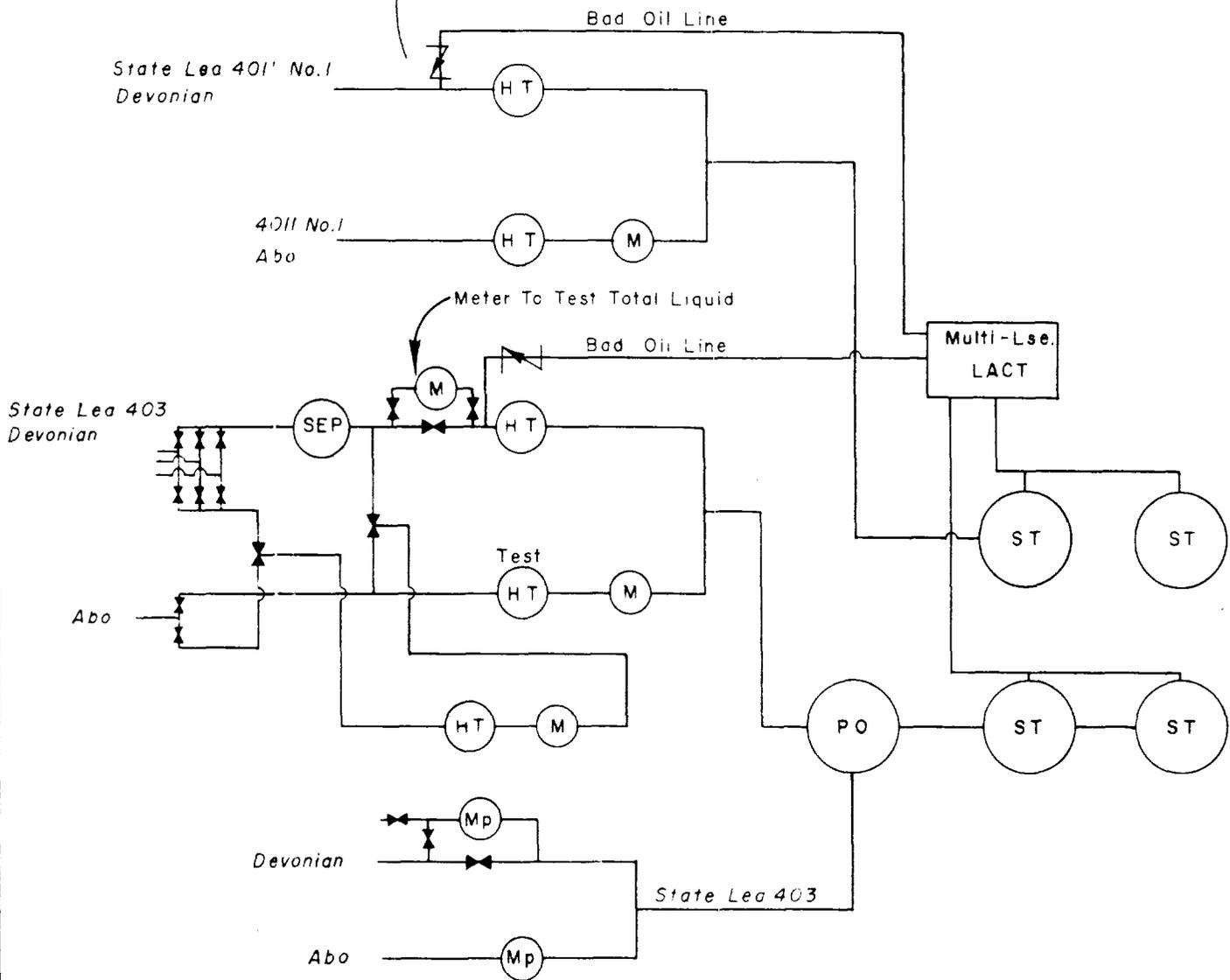
Orig. & 2 cc: OCC-Santa Fe
 cc: Commissioner of Public Lands
 cc: RFS, File

Attachments

S/2 SEC 8
T-18-S, R-35-E



N/2 SEC. 17
T-18-S, R-35-E



SINCLAIR OIL & GAS COMPANY
PROPOSED COMMINGLING INSTALLATION
STATE LEA 403 & 4011 LEASES
 LEA COUNTY, NEW MEXICO



SINCLAIR OIL & GAS COMPANY

Box 1920
Hobbs, New Mexico
October 23, 1964

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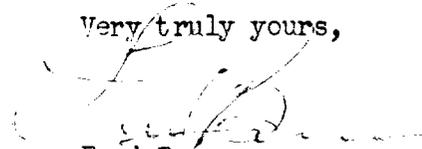
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

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

Dear Sir:

Attached is a copy of the letter received from the Commissioner of Public Lands granting Sinclair Oil & Gas Company the request to commingle Devonian and Abo crudes on State Lea 403 and Devonian and Abo crudes on State Lea 4011.

Very truly yours,


Fred Burns
District Superintendent

State of New Mexico



Commissioner of Public Lands



E. S. JOHNNY WALKER
COMMISSIONER

STATE OF NEW MEXICO
OCT 16 1964

RECEIVED
OCT 28 AM 10 50

October 16, 1964

Sinclair Oil & Gas Company
Post Office Box 1920
Hobbs, New Mexico

Att: Fred Burns

In RE: Request to commingle
production Devonian
and Abbe crudes on State
Lea 403 and Devonian
and Abbe crudes on State
Lea 4011.

Gentlemen:

Your request to separately commingle leases Lea 403 and Lea 4011 is hereby granted as you will only be commingling two different pools on each lease. Even though the leases are not commonly owned, there will be no conflicting interests since there will be no commingling of leases. We also grant you permission for off-lease storage of the State Lea 4011 on the State Lea 403 lease so long as there is no intercommunication or commingling of the two leases.

This approval is granted on the condition that the Commissioner of Public Lands reserves the right to amend or withdraw his approval at any time should a loss of revenue occur through this installation.

Very truly yours,

E. S. JOHNNY WALKER,
Commissioner of Public Lands

By

TED BILBERRY, Director,
Oil and Gas Department

ILLEGIBLE

ESJW/RGM/TB/kcl

w/cc to: Oil Conservation Commission
Oil and Gas Accounting Commission