OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO

March 12, 1965

COPY

Texaco Inc.
Drawer 728
Hobbs, New Mexico

Attention: Mr. J. G Blevins, Jr.

Gentlemen:

Reference is made to your letter of February 11, 1965, wherein you request an amendment to Administrative Order PC-244 to permit the commingling of Drinkard, Blinebry, and Tubb oil production and distillate from the Tubb Gas Pool on your A. H. Blinebry (NCT-1) Lease in Sections 19 and 20, Township 22 South, Range 38 East, Lea County, New Mexico. We have now received the consent of the United States Geological Survey to the proposed commingling.

Administrative Order PC-244 permitted the commingling of Blinebry oil and Tubb distillate production on the subject lease but required separate measurement of the production from the NW/4 of Section 19 and the production from the S/2 of Section 20, due to a variation in the royalty ownership in these two parcels of the lease.

Your most recent letter states that "Although portions of the lease currently have uncommon royalty ownership, which occurred after the lease was acquired, the base lease is considered as not having diversified royalty interest insofar as measurement of production is concerned." We would appreciate a further explanation of this statement, inasmuch as the Commission Manual for the Installation and Operation of Commingling Facilities requires that all interest, including working interest, royalty interest, and overriding royalty interests, must be identical throughout before commingling between two tracts can be approved without separate measurement.

Upon satisfactory explanation as to how this will be accomplished in your proposed installation, we will be happy to further consider the application.

Very truly yours,

Daniel S. Nutter
Chief Engineer

DSN:sg

cc: Oil Conservation Commission (with enclosure) - Hobbs
United States Geological Survey - Roswell

OIL CONSERVATION COMMISSION

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SANTA FE, NEW MEXICO

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO

May 25, 1965

Texaco Inc.
P. O. Box 3109
Midland, Texas 79704

Attention: Mr. C. L. Whigham

Re: Amendment Administrative Order PC-244

Gentlemen:

Reference is made to your letter of February 11, 1965, and to our letter of March 12, 1965, and your reply of May 5, 1965, all concerning your request that Administrative Order PC-244 be amended to delete the requirement for separate measurement of the production from that portion of your A. H. Blinebry (NCT-1) Lease comprising the NE/4 of Section 19 and from that portion of the lease comprising the S/2 of Section 20, all in Township 22 South, Range 38 East. The subject order authorized the commingling of Blinebry oil and Tubb distillate from wells on said lease provided that the production from each of the above-described portions of the lease would be metered separately prior to commingling because of a variation in the ownership of the two tracts comprising the lease.

It is our understanding that you wish to modify the installation to include Blinebry oil, Tubb oil, Tubb distillate, and Drinkard oil in the installation, notwithstanding which portion of the lease the production is derived from, and that you will separately meter the production from each pool prior to commingling.

Texaco's position that separate measurement between the tracts, although there is a diversity of ownership, is not necessary is based on the premise that ownership was common throughout the lease at the time the lease was executed by Texaco, and that any subsequent division of ownership should not enlarge Texaco's obligation under its contractual agreement.

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Your arguments appear sound in this matter and administrative Order PC-244 is hereby amended as proposed to permit the commingling of Blinebry, Tubb, and Drinkard oil production and Tubb distillate production from your A. H. Blinebry (NCT-1) Lease after separately metering the production from each pool. Production within a given pool but across the line separating the two tracts contained in the lease shall be determined by individual well tests. All provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities," particularly as said manual relates to commingling between pools, shall be complied with.

Please notify the Hobbs District Office of the Commission at such time as this installation is complete in order that all inspection may be made of the installation prior to putting it in operation.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/DSN/og
cc: Oil Conservation Commission - Hobbs
Oil & Gas Engineering Committee - Hobbs
Oil & Gas Accounting Commission - Santa Fe