

TEXACO
INC.

PETROLEUM PRODUCTS



February 11, 1965

DRAWER 728

HOBBBS, NEW MEXICO 88240

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

Re: Amendment, Administrative Order
No. PC-244, TEXACO Inc. A.H. Blinebry
(NCT-1) Lease, Sections 19 & 20,
Lea County, New Mexico.

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

Gentlemen:

It was recently determined that TEXACO Inc.'s A.H. Blinebry (NCT-1) Lease was one base lease at the time it was acquired and that separate measurement of production from various portions of the lease is not currently necessary. 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. The subject property is comprised of the following portions of certain sections located in Township 22 South, Range 38 East, Lea County, New Mexico:

Section 19 - E/2;
Section 20 - S/2, W/2 NW/4 and E/2 NE/4;
Section 21 - W/2 SW/4 and Lots 3 and 4;
Section 28 - W/2 W/2 and Lots 1, 2, 3 and 4;
Section 29 - NW/4 and N/2 NE/4; and
Section 33 - W/2 W/2 and Lots 1, 2 and 3.

In view of the aforementioned determination, TEXACO Inc. respectfully requests an amendment to Administrative Order No. PC-244 for permit to include commingling of all production from the lease portions contained in the NE/4 of Section 19 and all of that contained in Section 20. The proposed commingling facilities are to be of the approved kind for commingling between zones. Order No. PC-244 authorized commingling between zones as well as between portions of the subject lease that currently have uncommon royalty interests. The proposed facilities are to commingle oil from the Drinkard, Blinebry and Tubb Pools and distillate from the Tubb Gas Pool.

The production from each respective zone is to be separately measured with a positive displacement meter and fluid sampler prior to being commingled.

A diagrammatic sketch of the proposed commingling facilities and a plat of the pertinent lease portions is attached. Daily production expected is as follows:

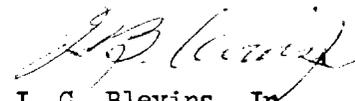
<u>Zone</u>	<u>BOPD</u>	<u>API Gravity</u>	<u>\$/Barrel</u>	<u>Total #/Day</u>
Blinebry	275	42.4 ^o	\$ 3.01	\$ 827.75
Drinkard	86	41.0 ^o	\$ 3.01	\$ 258.86
Tubb Oil	71	43.9 ^o	\$ 3.01	\$ 213.71
Tubb Dist.	53	58.0 ^o	\$ 2.79	\$ 147.87
				<u>\$ 1,448.19</u>

The combined daily production will be approximately 485 barrels of 44.1^o API gravity oil valued at \$3.01 per barrel for a gain of \$11.66 per day.

Testing facilities shall be provided for accurately determining the producing capacity of each well at periodic intervals. Production from each well shall be allocated on well test basis and the production from each pool shall be separately measured and reported each month.

Your early consideration of this request would be appreciated so that permanent storage facilities can be furnished at an early time for wells that have recently been completed in Section 20.

Yours very truly,



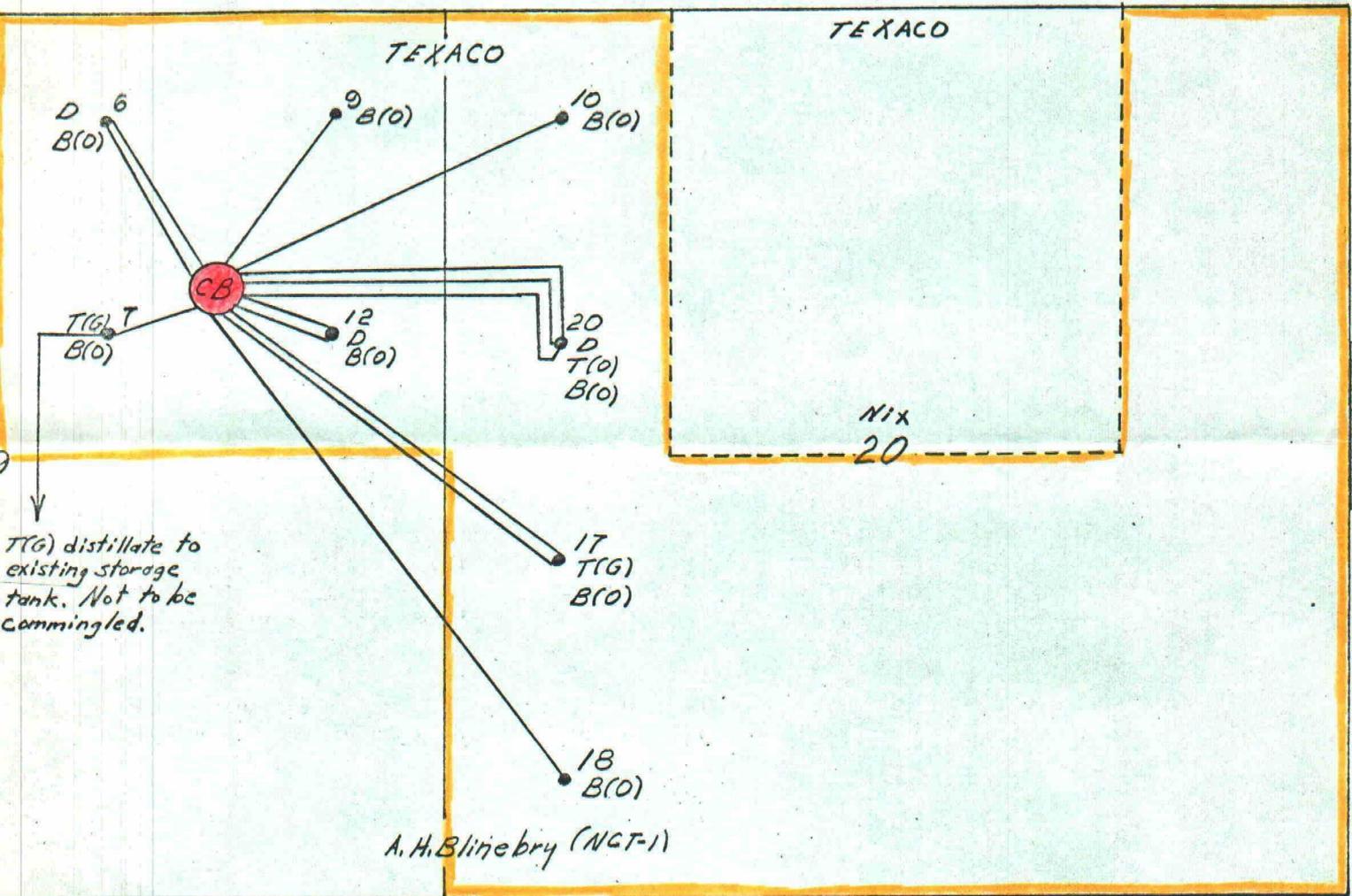
J. G. Blevins, Jr.
Assistant District Superintendent

WPY-bh

CC: NMOCC-Hobbs
USGS-Roswell

Attachments

R-38-E



TEXACO Inc.
 A. H. BLINEBRY (NCT-1) LEASE (PORTION)
 Lea County, New Mexico

Scale: 1" = 1000'

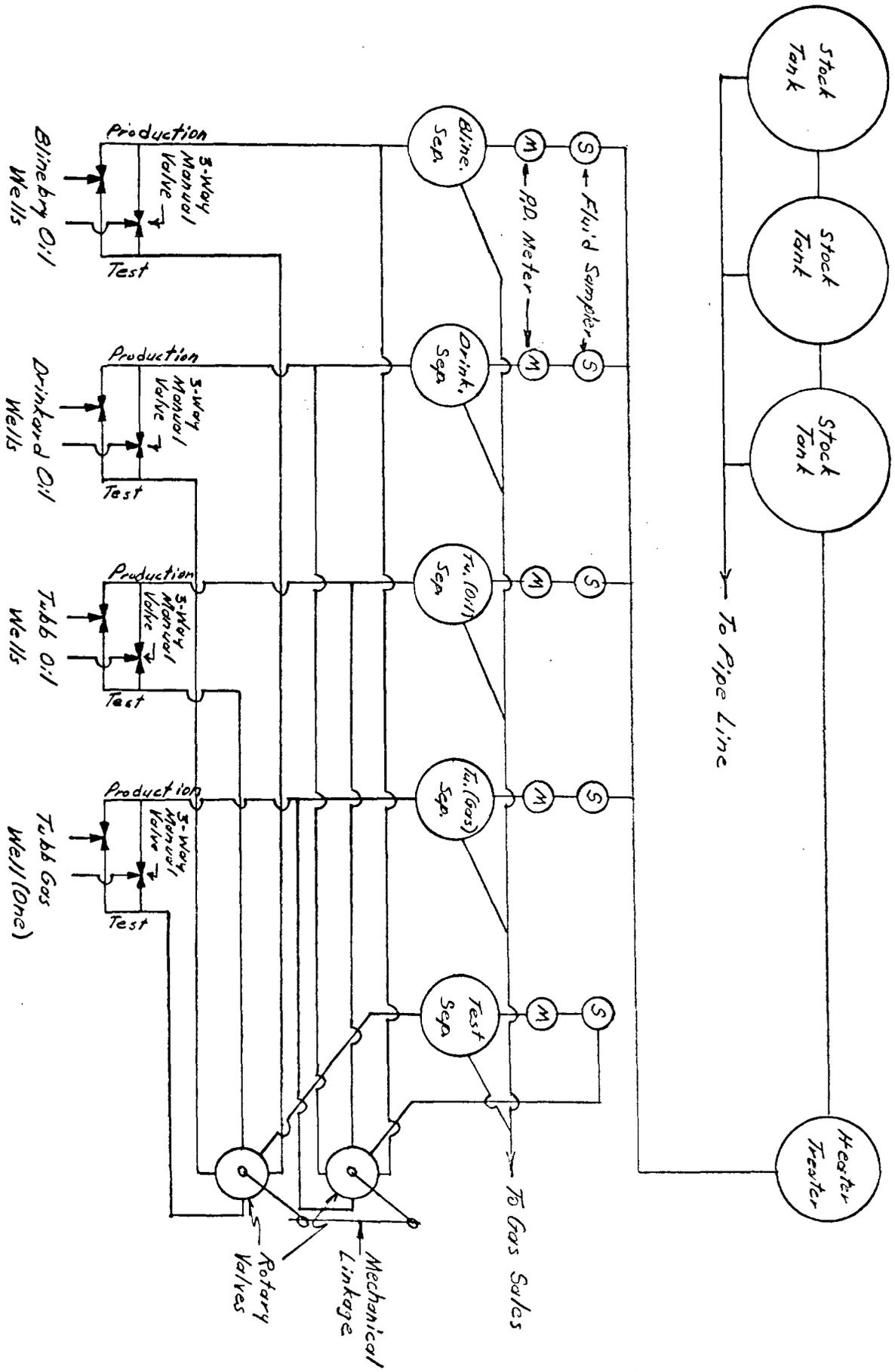
LEGEND

- D - Drinkard Oil
- B(O) - Blinebry Oil
- T(O) - Tubb - Oil
- T(G) - Tubb Gas
- CB** - Commingling Battery

T
22
S

TEXACO Inc.

Proposed Commingling Tank Battery
 A.H. Blinby (ACT-1) Leas. (Portion)
 Sections 19 & 20
 2-11-65



TEXACO
INC.

PETROLEUM PRODUCTS



DRAWER 728
HOBBS, NEW MEXICO 88240

March 1, 1965

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

Re: Amendment, Administrative Order
No. PC-244, TEXACO Inc. A.H. Blinebry
(NCT-1) Lease, Sections 19 & 20,
Lea County, New Mexico

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

Gentlemen:

Please find the attached letter from the United States
Geological Survey approving the requested commingling on the subject
lease.

Yours very truly,

J. G. Blevins, Jr.
Assistant District Superintendent

WPY-bh

Attachment



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Drawer 1857
Roswell, New Mexico 88201

February 25, 1965

FILED
FEB 25 1965
ROSWELL, N.M.

Texaco Inc.
Drawer 728
Hobbs, New Mexico

*A. H. Blinebry (NCF-1) Lease
Sections 19 & 20*

Attention: Mr. J. G. Blevins, Jr.

Gentlemen:

Your letter of February 12 requests approval to commingle oil from the Blinebry, Drinkard, and Tubb pools and liquid hydrocarbons from the Tubb gas pool in the NE $\frac{1}{4}$ sec. 19 and the S $\frac{1}{2}$, W $\frac{1}{2}$ NW $\frac{1}{2}$, and E $\frac{1}{2}$ NE $\frac{1}{4}$ sec. 20, T. 22 S., R. 38 E., Lea County, New Mexico, lease Las Cruces 032104.

The method of commingling described by the diagram attached to your letter is hereby approved. You are requested to notify our Hobbs office when the installation is completed so that a field inspection of the system can be made.

Sincerely yours,

BILLY J. SHOGER
Acting Oil & Gas Supervisor

TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



P. O. BOX 3109
MIDLAND, TEXAS 79704

May 5, 1965

APPLICATION TO COMMINGLE
A. H. BLINEBRY NCT-1 LEASE
LEA COUNTY, NEW MEXICO

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

Attn: Mr. D. S. Nutter,
Chief Engineer

Gentlemen:

In reply to your letter DSN:sg of March 12, 1965, a brief summary of our commingling application of February 11, 1965, follows as well as an explanation of our reasons for requesting an exception to the Conservation Commission requirement that production from various tracts within the lease be measured before commingling.

Texaco Inc. respectfully requests administrative approval of the Oil Conservation Commission to commingle oil produced from a common pool underlying different tracts within the same lease without continuous prior measurement of total production where royalty interest between tracts within the same lease is not identical. Lease, tract, well and pool designations are contained in the original application.

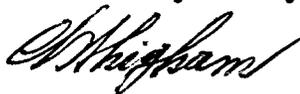
The lease that Texaco Inc. executed covers the entire area comprised of the different tracts involved in this application. When this lease was executed, separate tracts did not exist and mineral interests were identical throughout the entire area covered by the lease. The lease sets out the obligation of Texaco Inc. to compensate for royalty interest, but provides that obligations shall not be enlarged by subsequent division of ownership.

The above is set out as it pertains to lease obligations and as it pertains to the time that ownership became diversified. With regard to the former, approval of this application will have no effect upon the contractual agreement. The applicant will fully

comply with the lease agreement. With regard to the latter, only one lease exists between the lessor and lessee and it conveys interest in an area with common ownership throughout. If oil production had been developed before division of royalty interest, the operator would not be required to meter production, and it is our understanding that neither would he be required to enlarge production facilities to provide for metered production if division of royalty interest occurred after production facilities were installed. In view of this, it appears that exception to the metering requirement is justified if ownership were common initially at the time the base lease was executed.

Approval of this application will result in the savings of a very considerable sum of money that would otherwise be required to purchase, install, maintain and operate meters and associated equipment. Production from all tracts will be carefully allocated on the basis of accurate periodic individual well tests. These and all other development and producing operations will be in full compliance with existing contracts and agreements. Production from different reservoirs will be measured separately as required by Commission regulations without exception.

Yours very truly,



C. L. Whigham
Division Proration Engineer

CLW:jl