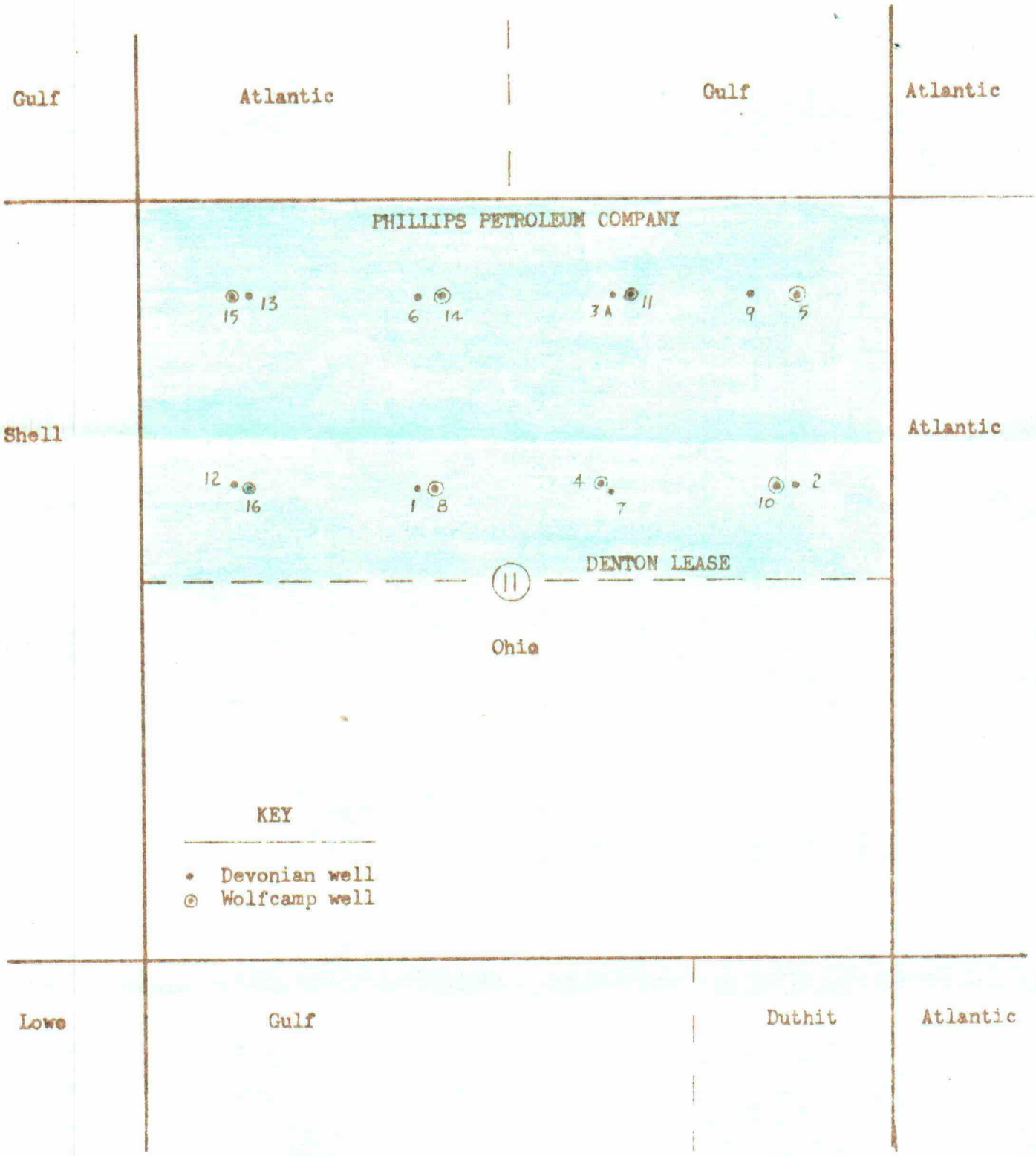
6. This installation will be operated in general compliance with the NMOCC "Manual for the Installation and Operation of Commingling Facilities." It is proposed to commingle by means of the Subtraction Method as per Section II Article 2-B of the above Manual. It is proposed to meter the oil from the Wolfcamp zone as shown on the attached flow diagram.

   All eight of the Wolfcamp wells and three of the Devonian wells are produced by means of subsurface hydraulic pumps. The Wolfcamp oil will be metered after it has passed through the power oil tank and the surge tank. The oil thus metered will be merchantable oil. The reason for metering at this point is that the power oil tanks also serve as receiver tanks in that water is separated at this point and it is desired to meter downstream of the last separation equipment. Also, it is desired to keep the streams separate past the power oil suction. This flow pattern will provide an accurate and reliable metering system for the commingling installation.

Very truly yours,

W. C. Rodgers
Area Superintendent
Production Division

RNH:wma
Attach.
cc: New Mexico Oil Conservation Commission
Hobbs, New Mexico
Attach.



DENTON LEASE

N/2 of Section 11, T-15-S, R-37-E

Lea County, N.M.