

C O N T I N E N T A L O I L C O M P A N Y

P. O. Box 460  
Hobbs, New Mexico  
July 23, 1976

New Mexico Oil Conservation Commission (3)  
P. O. Box 2088  
Santa Fe, New Mexico

*Rec'd 7/27/76*  
*Chen*

Attention of Mr. Joe D. Ramey  
Secretary-Director

Re: Application of Continental Oil Company for  
Administrative Approval as Provided by Rule  
303(b) to Commingle Springs Upper Penn Distillate  
Production With the Cat Claw Draw Morrow  
Distillate Production From its Levers Federal  
Lease Located in Section 2, T-21S, R-25E, Eddy  
County, New Mexico

Gentlemen:

Continental Oil Company requests administrative approval as  
provided by Rule 303(b), to commingle Springs Upper Penn distillate  
production with the Cat Claw Draw Morrow distillate production from its  
Levers Federal lease located in Section 2, T-21S, R-25E, Eddy County,  
New Mexico, and in support thereof submits the following data.

*Well No. 2*

*Well No. 1*

1. Applicant is the owner of the Levers Federal lease which  
consists of N/2 SE/4 and W/2 SW/4 Section 2-T21S, R-25E,  
Eddy County, New Mexico. A plat, Exhibit No. 1, attached  
hereto, shows the lease, the wells thereon, and the location  
of the proposed commingling facility.

*Should be "all"?*  
*Chen*

2. Mineral rights under the lease are held by the State of  
New Mexico, and interests are common.

3. Production from the Cat Claw Draw Morrow will be metered  
prior to commingling. The commingled lease production  
will be metered so that the Springs Upper Penn production  
will be determined by the subtraction method. A tabulation  
marked Exhibit No. 2 shows the most recent production and  
value for each zone.

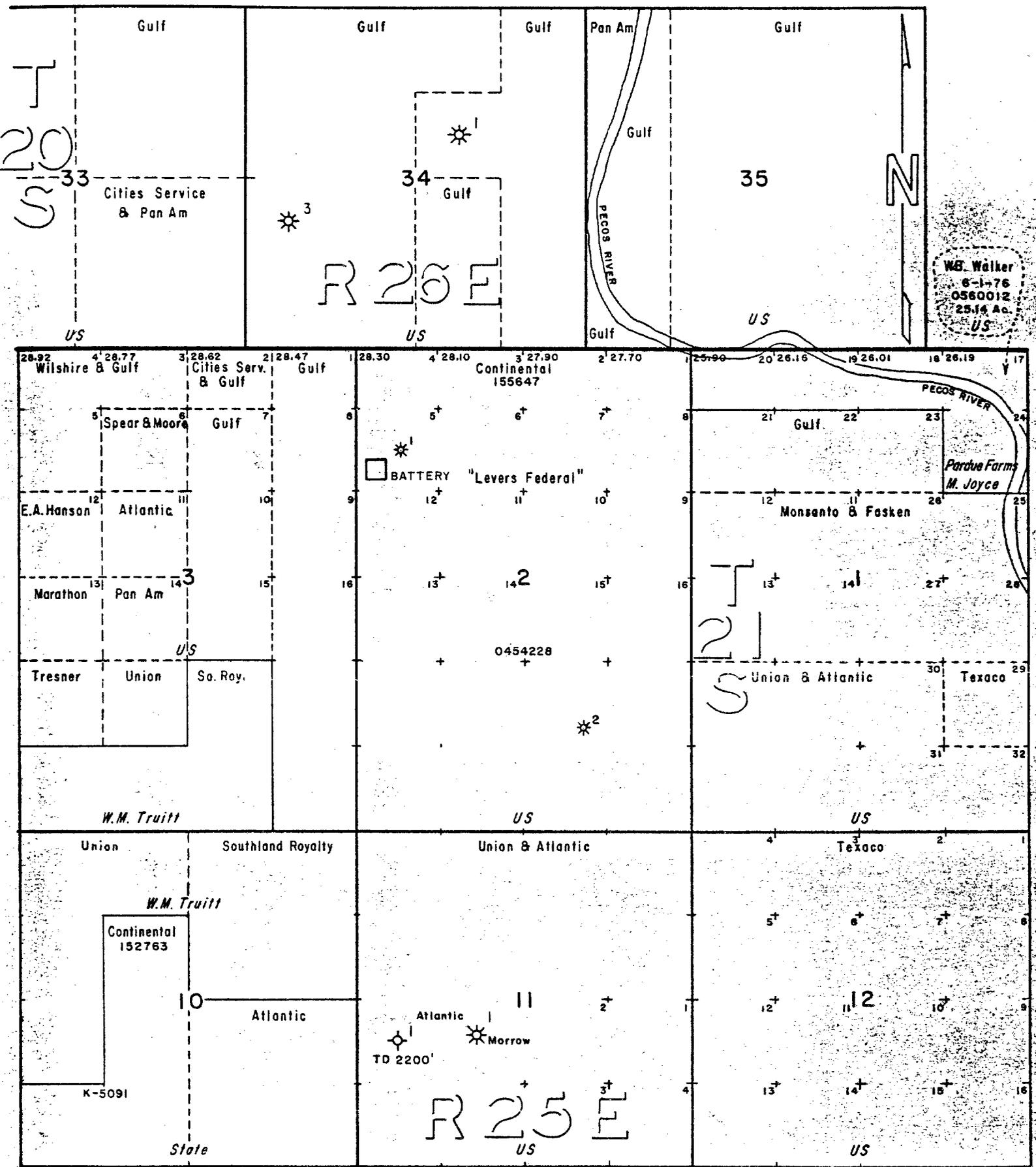
A schematic diagram, Exhibit No. 3, attached hereto, shows the proposed installation. The facility conforms to the requirements of the "Manual for the Installation and Operation of Commingling Facilities" dated September 13, 1961.

4. Commingling of production will result in the prevention of waste and will not impair correlative rights.

In view of the facts stated above, it is respectfully requested that Administrative approval be granted under Rule 303(b) for the commingling of Cat Claw Draw Morrow distillate production with the Springs Upper Penn distillate as described above.

CONTINENTAL OIL COMPANY





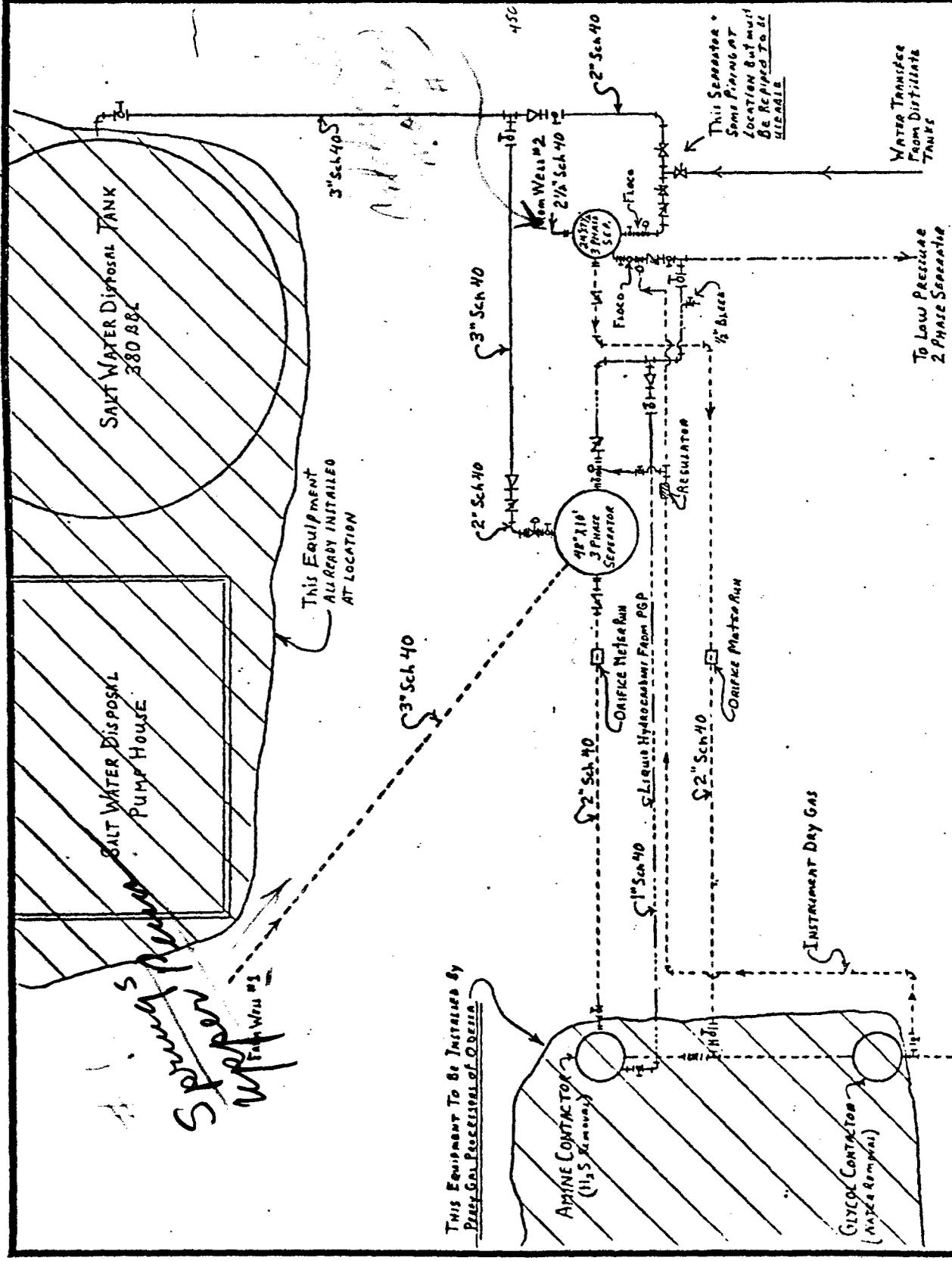
W.B. Walker  
6-1-76  
0560012  
25.16 Ac.  
US

EXHIBIT 1

**CONTINENTAL OIL COMPANY**  
 PRODUCTION DEPARTMENT—HOBBS DIVISION

**SPRING UPPER PENN GAS POOL**  
 Eddy County, New Mexico

SCALE  
 0 1000 2000  
 8-9-68 R.L.



Quantity	Description of Items
1	40" X 110" SEPARATOR 3 PHASE 6:55 P.M.
130'	1" SCH 40 LINE PIPE
120'	2" SCH 40 LINE PIPE
200'	3" SCH 40 LINE PIPE
4	1" SCH 40 90° SCREWED ELBS
3	1" ANSI 300 BALL VALVES SCREWED
2	1" ANSI 150 BALL VALVES SCREWED
1	1" ANSI 300 CHECK VALVE SCREWED
1	1" SCH 40 TEE SCREWED
3	2" SCH 40 TEES SCREWED
6	2" SCH 40 ELBS 90° SCREWED
5	2" WELD NECK RF FLANGES ANSI 300
2	2" ANSI 300 CHECK VALVES FLANGED
4	2" ANSI 150 CHECK VALVES SCREWED
3	2" ANSI 300 BALL VALVES SCREWED
6	2" ANSI 150 BALL VALVES SCREWED
3	2" ANSI 300 BALL VALVES FLANGED
8	2" SCH 40 ELBS 90° WELD
2	2" F-2500-2 FLOCO METERS
2	2" METER RUNS FROM METER TO VALVE
5	3" ANSI 300 WELD NECK RF FLANGES
4	3" SCH 40 ELBS 90° SCREWED
1	3" SCH 40 TEE SCREWED
1	3" ANSI 150 CHECK VALVE
2	3" ANSI 150 BALL VALVES SCREWED
1	1/2" ANSI 150 BALL VALVE SCREWED
1	2" X 1" SCH 40 SWAGE SCREWED
1	3" X 2" SCH 40 SWAGE WELD
4	2" X 3" SCH 40 SWAGES SCREWED
2	1" X 3" SCH 40 SWAGES SCREWED

DATE: MARCH 3, 1976  
 DRAWN BY: R. Ferris  
 DESIGN BY: R. Ferris  
 CHECKED BY:

TITLE: LEVERS FEDERAL TANK BATTERY  
 ADDITION OF TREATING EQUIPMENT  
 CONOCO  
 PRODUCTION DEPT. HOBBS DIVISION

15  
 24  
 50  
 80  
 120  
 120  
 278  
 150  
 32  
 900  
 8300 200 W.E.  
 20

Exhibit 3

LEVERS FEDERAL LEASE  
 SPRINGS UPPER PENN AND CAT CLAW DRAW MORROW

<u>POOL</u>	<u>NO. WELLS</u>	<u>JUNE DAILY PROD.</u>	<u>API GRAVITY</u>	<u>VALUE \$/BBL</u>	<u>TOTAL VALUE \$/DAY</u>
Springs Upper Penn	1	45	59.8	\$5.41	\$243.45
Cat Claw Draw Morrow	1	1	59.8	\$12.24	<u>12.24</u>
Total					<u>\$255.69</u>
Commingled Gain in Value		46	59.8	5.56	<u>255.76</u> <u>.07</u>

EXHIBIT 2



# United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer U  
Artesia, New Mexico 88210

May 11, 1976

Continental Oil Company  
Post Office Box 460  
Hobbs, New Mexico 88240

Gentlemen:

Your letter of April 27, 1976 requests approval to commingle Cisco Canyon distillate, designated as the Springs Upper Pennsylvanian Pool, produced from your well No. 1 Levers Federal, located 1594/N 660/W sec. 2, T. 21 S., R. 25 E. with Morrow distillate, designated as the Catclaw Draw Morrow Pool, produced from your well No. 2 Levers Federal, located 1650/S&E sec. 2, T. 21 S., R. 25 E., N.M.P.M., Eddy County, New Mexico on oil and gas lease New Mexico 0454228-A.

This would involve commingling of production from separate pools designated by the New Mexico Oil Conservation Commission and would require measuring facilities approved and operated in accordance with the N.M.O.C.C. as required in their manual for the installation and operation of commingling facilities.

The commingling as applied for is satisfactory to the U. S. Geological Survey and hereby approved subject to New Mexico Oil Conservation Commission approval. You are requested to notify this office by letter or by telephone 505-746-4841, when the installation is completed and operative so that an inspection can be made of the facility.

Sincerely yours,

(Orig. Sgd.) JAMES A. KNAUF

James A. Knauf  
District Engineer

cc:  
N.M.O.C.C., Santa Fe ✓  
Roswell/Attachment