



**Sun Exploration and
Production Company**
No 24 Smith Road
ClayDesta Plaza
PO Box 1861
Midland TX 79702 9970
915 688 0300

March 13, 1985

Mr. Gilbert Quintana
State of New Mexico
Energy & Mineral Dept.
Santa Fe, New Mexico 87503

Re: Exception to Statewide Rule 303
Surface Commingling
State Land 76 Well #1
State Land 76 Well #4
Lea County, New Mexico

Dear Mr. Quintana:

Sun Exploration & Production Company requests administrative approval to surface commingle fluids from the two referenced wells to one common tank battery. Allocation to be determined by well tests.

State Land 76 Lease	North Anderson Ranch - Wolfcamp
Well No. 1 11 BO	3 BW 14 MCF

State Land 76 Lease	North Anderson Ranch - Cisco Canyon
Well No. 4 215 BO	0 BW 415 MCF

(All of the above tests are recent.)

The commingling of these fluids will not result in loss of values of the production, since the gravity is similar for both wells. The gravity for the State Land 76 Lease is 43.2. (corrected)

ACT Permit No. I-692 was approved on March 1, 1985, to use on this lease.

Mr. Gilbert Quintana

-2-

March 13, 1985

Both wells have the same royalty owners, working interest owners and overriding owners.

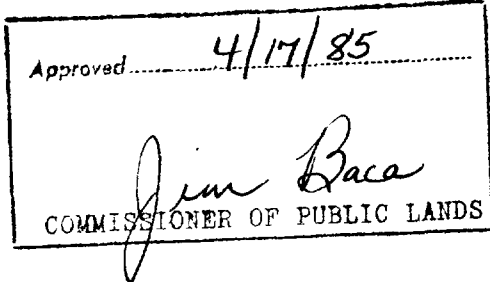
Attached is a schematic diagram of the battery installation and plat showing the location of the two wells.

If you have any questions or need additional information, please contact me at (915) 688-0389.

Very truly yours,
SUN EXPLORATION & PRODUCTION CO.

Velma Reyes
Velma A. Reyes
Senior Accounting Assistant

VAR:skw
Enc.



MS

NEW MEXICO OIL CONSERVATION COMMISSION
NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

Form C-106
4-28-61

ACT Permit No. I-692

Operator Sun Exploration & Production Company Field North Baum

Address P. O. Box 1861, Midland, Texas 79702 County Lea

Lease(s) to be served by this ACT Unit State Land 76

Pool(s) to be served by this ACT Unit Canyon

Location of ACT System: Unit J Section 2 Township T-16-S Range R-32-E

Order No. authorizing commingling between leases if more than one lease is to be served by this

System 1 Lease Date _____

Order No. authorizing commingling between pools if more than one pool is to be served by this system

Date _____

Authorized transporter of oil from this system Shell Pipeline Company

Transporter's address Box 1910, Midland, Texas 79701

Maximum expected daily through-put for this system: 960 Bbls/day

if system fails to transfer oil due to malfunction or otherwise, waste by overflow will be averted by:

CHECK ONE

A. ☐ Automatic shut-down facilities
as required by Section (3) h-1 of
RULE 309-A

B. ☒ Alternative (3) h-2, providing adequate available
capacity to receive production during maximum
unattended time of lease operation.

If "A" above is checked, will flowing wells be shut-in at the header manifold or at the wellhead?

Maximum well-head shut-in pressure _____

If "B" above is checked, how much storage capacity is available above the normal high working level of the

surge tank 1100 BBLs. (Tank btry has 1 run tank & 3 - 300 bbl storage tanks.)

What is the normal maximum unattended time of lease operation? 24 Hours.

What device will be used for measuring oil in this ACT unit?

CHECK ONE

☒ Positive displacement meter

☐ Weir-type measuring vessel

☐ Positive volume metering chamber

☐ Other; describe _____

Remarks: _____

I hereby certify that the information given above is true and complete to the best of my knowledge and that the subject ACT system will be installed and operated in accordance with RULE 309-A.

Approved, Oil Conservation Commission

By [Signature]

Title DISTRICT 1 SUPERVISOR

By [Signature]

Title Associate Accountant

Date 2-26-85

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O. C. D.
HONORARY OFFICE

Tenneco
TD 10,305

H.L. Brown Jr.
Shell State
TD 12310
State

Canyon Disc.

1-A

State

Gulf

Gulf

Burleson
& Huff

Mobil

Gulf

Gulf

Gulf

Santa Fe
Energy

Amoco
1-NC

1

1

1-R

2-R
24

Gulf
Eddy Lee State

1

"CLA"

Sun

R. Ryan

Sun

4

Gulf

Amoco
1-MM

Arco

4

1-76
Boh

2-76

Sun

ST. LAND 76
Gulf

1-CL
6

Santa Fe
Energy

date Pet.

Conoco

1

3

2

1

Gulf

Santa Fe Energy

Ply State
TD 9945

1-A

Sun

Amoco
to 12735

Phillips
1-A

16

15-D

17

14-D

Conoco

Conoco

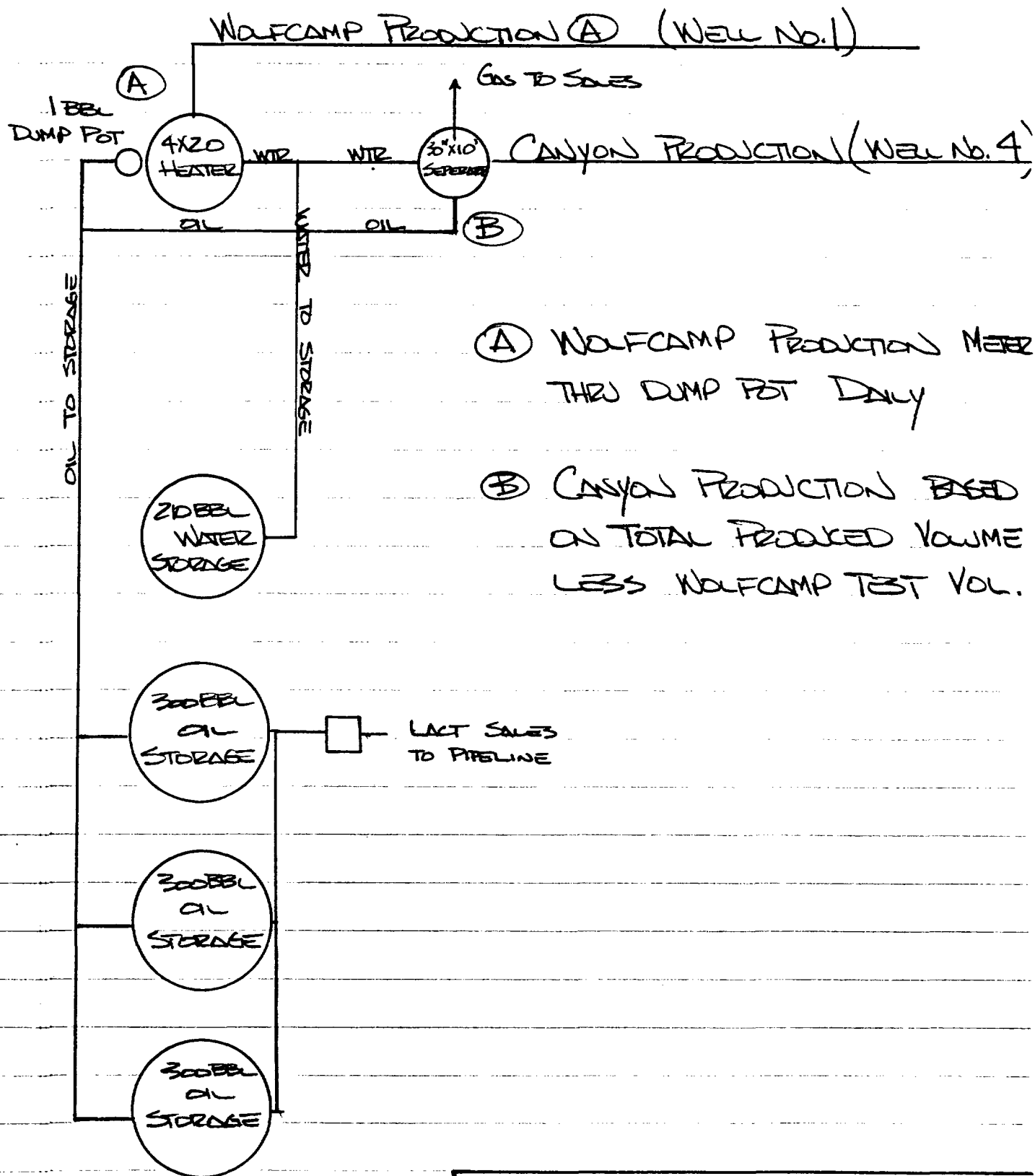
Gulf

SCALE 1" = 1000'

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HOME OFFICE



(A) WOLFCAMP PRODUCTION MEET
THRU DUMP POT DAILY

(B) CANYON PRODUCTION BASED
ON TOTAL PRODUCED VOLUME
LESS WOLFCAMP TEST VOL.

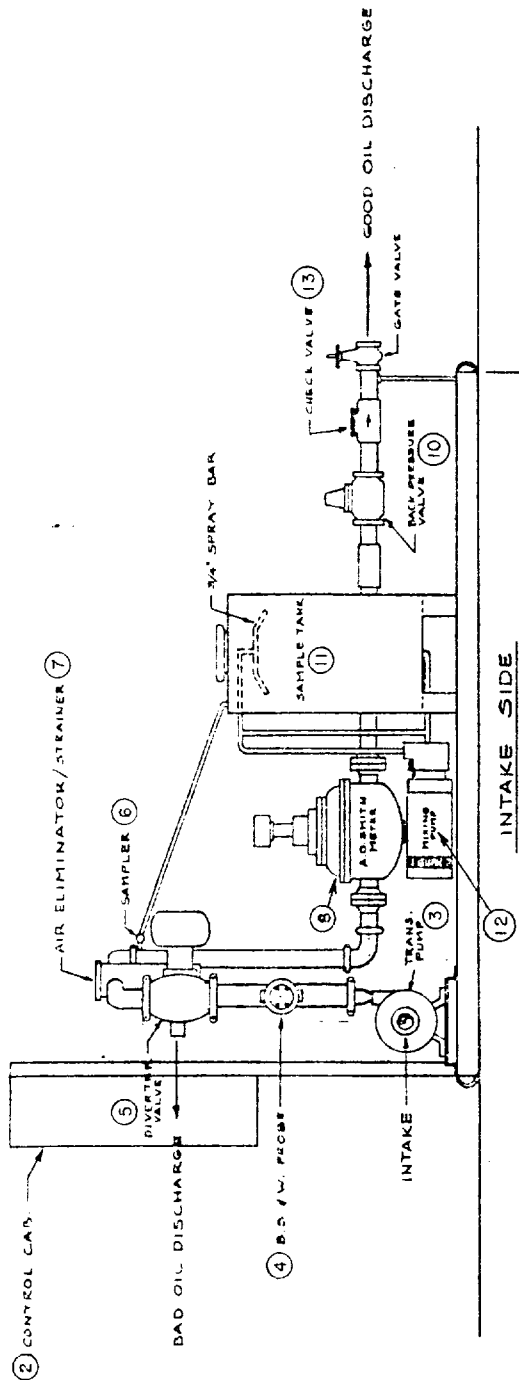
STATE LAND 76
PROPOSED PRODUCTION FACILITIES

NOT TO SCALE

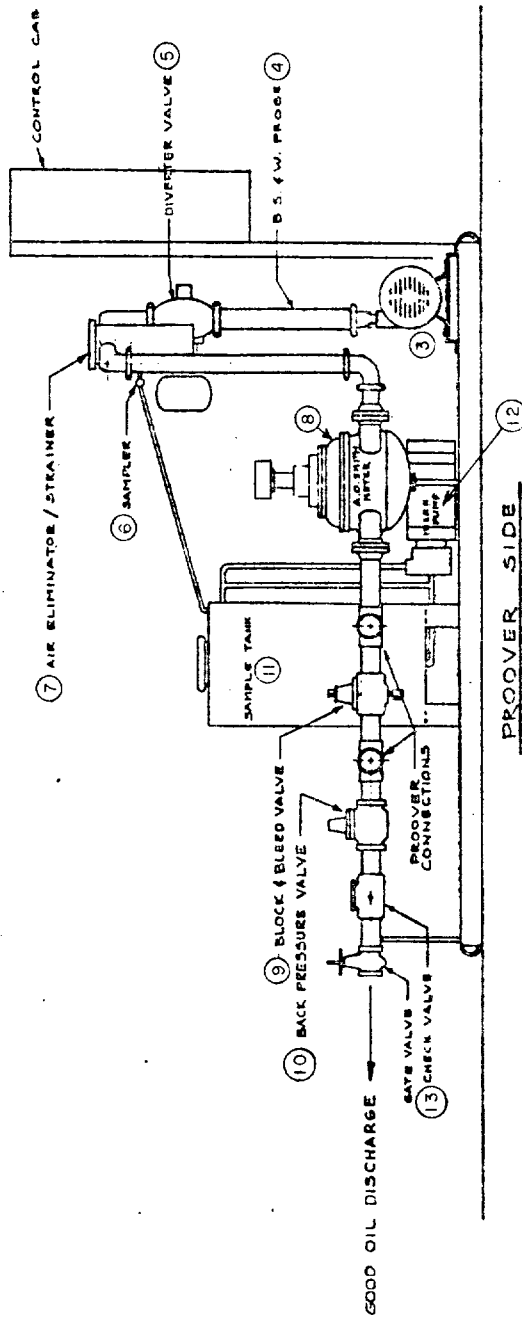
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O.S.A.
HOLERS OFFICE



NOTE:
 ① B.S. & W. MONITOR TO BE
 POINTED OFF SKID.



"LACT" UNIT

STATE LAND 76 SUN E. & R

MARTIN METER SERVICE
 1115 WEST BROADWAY
 HOODS, NEW MEXICO
 313-2202

PREPARED BY: WESTERN DESIGN & DRAFTING SER.
 1706 BRAZOS AVE.
 HOODS, NEW MEXICO 80240
 (505) 343-8108

AIDD CERTIFIED
 JMB
 JAN. 10, 84
 DWG. NO. 8-103

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O.C.D.
HOLDING OFFICE

Shell Pipe Line Corporation



Wilco Building
P.O. Box 1910
Midland, Texas 79702

February 27, 1985

Sun Exploration and Production Company
ATTN Mr. Bruce Goodwin
P. O. Box 1861
Midland, TX 79702

Gentlemen:

LACT INSTALLATION - YOUR STATE LAND "76" LEASE - ANDERSON RANCH
NORTH (CISCO CANYON) FIELD - LEA COUNTY, NEW MEXICO

In answer to your letter of February 20, 1985, Shell Pipe Line Corporation hereby agrees to accept custody transfer of crude oil with positive displacement metering facilities at the captioned battery, subject to the following conditions:

1. The LACT is built in accordance with attached General Specifications and Electrical Schematic.
2. The BS&W monitor shall not deactivate the sampler circuit or the allowable counter circuit when the unit is in divert position.
3. BS&W monitor shall have 10-second maximum delay.
4. The sampler shall be located near the sample probe without any slipstream piping.
5. The sample pot shall have no connections in or out of top.
6. Install check valve with soft-seated clapper in vent line on air eliminator.
7. Install pressure gauge between meter and prover connections.
8. Install spill barrel on prover connections.

Final approval of the LACT unit will be contingent upon successful field performance tests of volume measurement, quality control sampling and safety components of the unit. For field inspection and testing, please contact our R. T. Woodrow at Hobbs, New Mexico, Phone: 505/393-5611.

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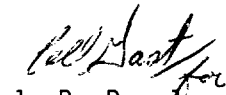
O.S.D.
HOMER OFFICE

After the unit has been accepted, the producer shall make no modifications to the installation as approved without advance written concurrence of Shell Pipe Line Corporation, Midland, TX. The equipment associated with the operation of the unit shall be maintained in good working order at all times.

Shell Pipe Line will assume responsibility for calibrating the meter as is necessary to assure accurate measurement and as required by regulatory bodies.

For further information and for inspection, please contact our Jack Milam at Midland, TX, Phone: 915/686-5334.

Yours very truly,

A handwritten signature in cursive script, appearing to read "J. P. Deuel".

J. P. Deuel
Division Manager

EDP:yt

Attachment

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MAR - 1 1985

O.E.O.
HOUSE OFFICE