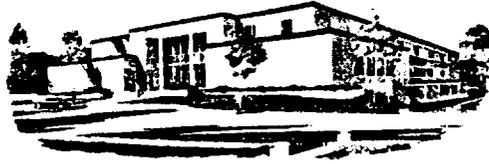


# State of New Mexico



W.R. HUMPHRIES  
COMMISSIONER

## Commissioner of Public Lands

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

January 12, 1987

Phillips Petroleum Company  
Attn: Mr. Larry M. Sanders  
4001 Penbrook  
Odessa, Texas 79762

Re: Surface Commingling M. E. Hale  
Lease Vacuum (Glorieta) and  
(Grayburg - San Andres) Pools,  
Lea, County, New Mexico

Gentlemen:

Reference is made to your letters dated October 23, 1986 and January 6, 1987 wherein you have requested our approval to surface commingle production on your M. E. Hale Lease. The Well No. 7 is producing from the Vacuum-Glorieta, and you are proposing to commingle this production with the production from eleven wells producing from the Vacuum-Grayburg-San Andres all located on State of New Mexico Lease No. B-2317-1-A. You will recall that our initial rejection of your proposed request was based upon insufficient information.

Based upon the additional information which has been provided by your letter of January 6, 1987, the Commissioner of Public Lands has reconsidered your request. It is our understanding that surface commingling will yield an additional 10.8 years of production and 12,634 barrels of oil, eventhough there is a reduction of approximately \$0.20 per barrel of oil, the additional production will greatly increase the total cash flow to the State of New Mexico.

You are hereby given approval to the above request. This approval is subject to being withdrawn at the discretion of the Commissioner of Public Lands, if in his opinion, the operation proves to be unsound or otherwise against the best interest of the State of New Mexico. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Phillips Petroleum Company  
January 12, 1987  
Page 2

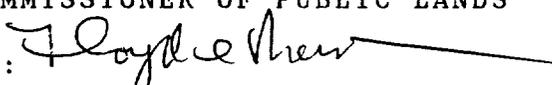
Please submit a filing fee in the amount of Thirty (\$30.00) Dollars.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES  
COMMISSIONER OF PUBLIC LANDS

BY:

  
FLOYD O. PRANDO, Director  
Oil and Gas Division  
(505) 827-5744

WRH/FOP/pm

cc: OCD-Santa Fe, New Mexico Attention: Mr. David Catanach  
State Lease No. B-2317-1-A  
OGAD-Santa Fe

With additional life - will gain about 21,500 over  
life of well and extend life 10 years. Recommended OK  
88



**PHILLIPS PETROLEUM COMPANY**

ODESSA, TEXAS 79762  
4001 PENBROOK

January 6, 1987

EXPLORATION AND PRODUCTION GROUP

Surface Commingling  
M. E. Hale Lease  
Vacuum (Glorieta) and  
(Grayburg - San Andres) Pools  
Lea County, New Mexico

Commissioner of Public Lands  
P. O. Box 1148  
Santa Fe, New Mexico 87504-1148

Attention: Floyd O. Prando, Director  
Oil and Gas Division

Gentlemen:

Phillips Petroleum Company respectfully requests you reconsider our application to surface commingle the production on our M. E. Hale lease. Only Well No. 7 is producing from the Glorieta and we propose to commingle it with the production from the eleven wells producing from the Grayburg - San Andres pool.

Our engineering estimates indicate if this request is approved, Well No. 7 will produce at a profitable rate for an additional 15.71 years with a total production of approximately 24,291 barrels of oil. Without approval, economical production is reduced to approximately 4.91 years and 11,657 barrels of oil. These economics are calculated on costs of:

- a. Approximately \$12,000 needed to refurbish the Glorieta tank battery.
- b. Operating and maintenance costs of \$3,246 per year.

Surface commingling will yield an additional 10.8 years of production and 12,634 barrels of oil. Eventhough there is a reduction of approximately \$0.20 per barrel of oil, the additional production will greatly increase the total cash flow to the State of New Mexico.

If any additional information is required or I can be of further assistance, please call me at (915) 367-1488.

Sincerely,

*Larry M. Sanders*  
Larry M. Sanders, Supervisor  
Regulation and Proration

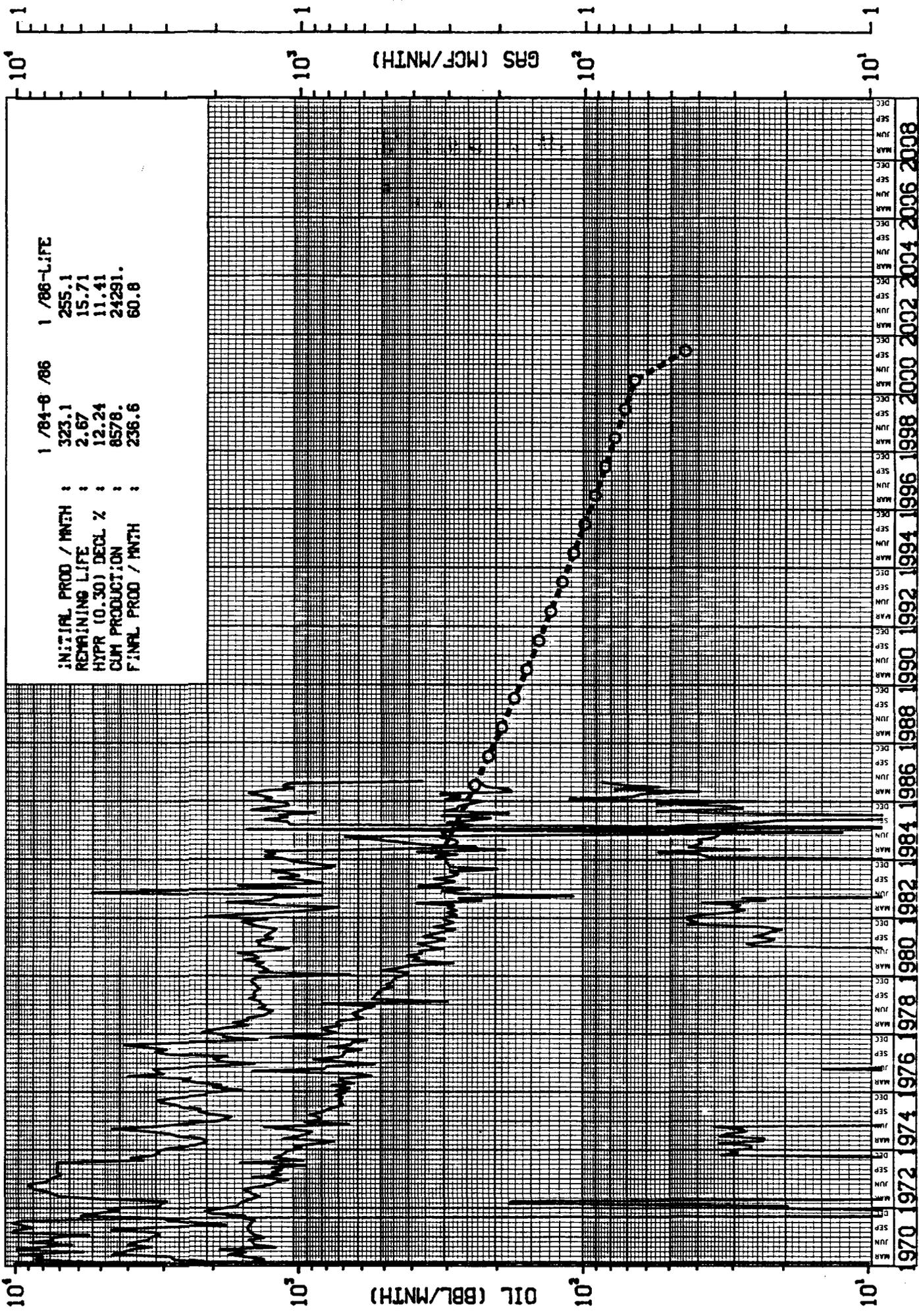
1500  
22500  
1000  
21000

LMS/WJM/sdb  
REG/PRO/hale

Attachment

cc: Oil Conservation Division  
Hobbs and Santa Fe, New Mexico

Approved: 1/12/87  
*W. R. Humphreys*  
COMMISSIONER OF PUBLIC LANDS



LEASE-RESVR- PHILLIPS DWIGHT'S  
 HALE ( GLORIETTA ) COMPOSITE OF TOTAL , 3 WELLS  
 Glorieta=2 wells T.A., 1 well producing



JIM BACA  
COMMISSIONER

State of New Mexico  
OFFICE OF THE  
Commissioner of Public Lands  
Santa Fe

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

October 28, 1986

Phillips Petroleum Company  
ATTENTION: Mr. Larry M. Sanders  
4001 Penbrook  
Odessa, Texas 79762

Re: Surface Commingling  
M. E. Hale Lease  
Vacum (Glorieta) and  
(Grayburg-San Andres) Pools  
Lea County, New Mexico

Gentlemen:

This office is in receipt of your application dated October 23, 1986, wherein you have requested our approval to surface commingle the production on your M. E. Hale lease. The Well No. 7 is producing from the Vacum-Glorieta, and you are proposing to commingle this production with the production from eleven wells producing from the Vacum-Grayburg-San Andres all located on State of New Mexico Lease No. B-2317-1-A. Your application also states that the value of the production from the Glorieta pool will decrease by \$0.20 per per barrel for an overall decrease of the commingled production from both pools of approximately \$1.60 per day.

We regret to inform you that your above mentioned application can not be approved. Our statutes prohibit us from approving a commingling request which will result in a cash loss to the State of New Mexico.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

JIM BACA  
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*

FLOYD O. PRANDO, Director  
Oil and Gas Division  
(505) 827-5744

JB FOP/pm  
encls.

cc: OCD-Santa Fe, New Mexico  
B-2317-1-A



**PHILLIPS PETROLEUM COMPANY**

OCESSA, TEXAS 79762  
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP

October 23, 1986

Surface Commingling  
M. E. Hale Lease  
Vacuum (Glorieta) and  
(Grayburg-San Andres) Pools  
Lea County, New Mexico

Commissioner of Public Lands  
State Land Office  
P. O. Box 1148  
Santa Fe, New Mexico 87504-1148

Attention: Oil & Gas Division

Gentlemen:

Phillips Petroleum Company respectfully requests an exception to Statewide Rule 303-A, under the provisions of Statewide Rule 303-3, to surface commingle the production on our M. E. Hale lease located in Lea County, New Mexico. We are requesting commingling of the production from Well No. 7, which is producing from the Vacuum-Glorieta, with the production from eleven wells producing from the Vacuum-Grayburg-San Andres.

Detailed information as to gravities, the values thereof, and volumes of the production from each pool is attached. A schematic diagram of the proposed installation; a plat of the M. E. Hale lease, showing location of all wells and the pool from which they produce, is also attached.

If any additional information is required, please contact the undersigned at the letterhead address or call (915) 367-1488.

Your consideration and approval is appreciated.

Sincerely,

Larry M. Sanders  
Regulation and Proration Supervisor

LMS/sdb  
REG3.1/hale2

Attachments



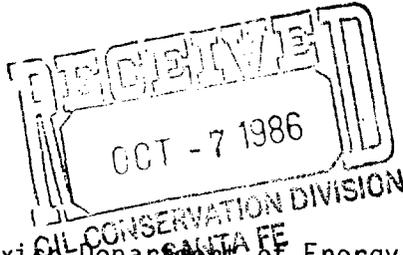
# PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762  
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP

October 3, 1986

Surface Commingling  
M. E. Hale Lease  
Vacuum (Glorieta) and  
(Grayburg-San Andres) Pools  
Lea County, New Mexico



New Mexico Department of Energy (3)  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Attention: R. L. Stamets  
Director

Gentlemen:

Phillips Petroleum Company respectfully requests an exception to Statewide Rule 303-A, under the provisions of Statewide Rule 303-B, to surface commingle the production on our M. E. Hale lease located in Lea County, New Mexico. We are requesting commingling of the production from Well No. 7, which is producing from the Vacuum-Glorieta, with the production from eleven wells producing from the Vacuum-Grayburg-San Andres.

Detailed information as to gravities, the values thereof, and volumes of the production from each pool is attached. A schematic diagram of the proposed installation; a plat of the M. E. Hale lease, showing location of all wells and the pool from which they produce, is also attached.

If any additional information is required, please contact the undersigned at the letterhead address or call (915) 367-1488.

Your consideration and approval is appreciated.

Sincerely,

Larry M. Sanders  
Regulation and Proration Supervisor

R-7103

LMS/sdb  
REG3.1/hale

Attachments

cc: New Mexico Department of Energy  
Oil Conservation Division  
P. O. Box 1980  
Hobbs, New Mexico 88240

Phillips Petroleum Company  
M. E. Hale Lease  
Lea County, New Mexico

Surface Commingling  
Vacuum-Glorieta and  
Vacuum Grayburg-San Andres Pools

Gravities and volumes prior to surface commingling

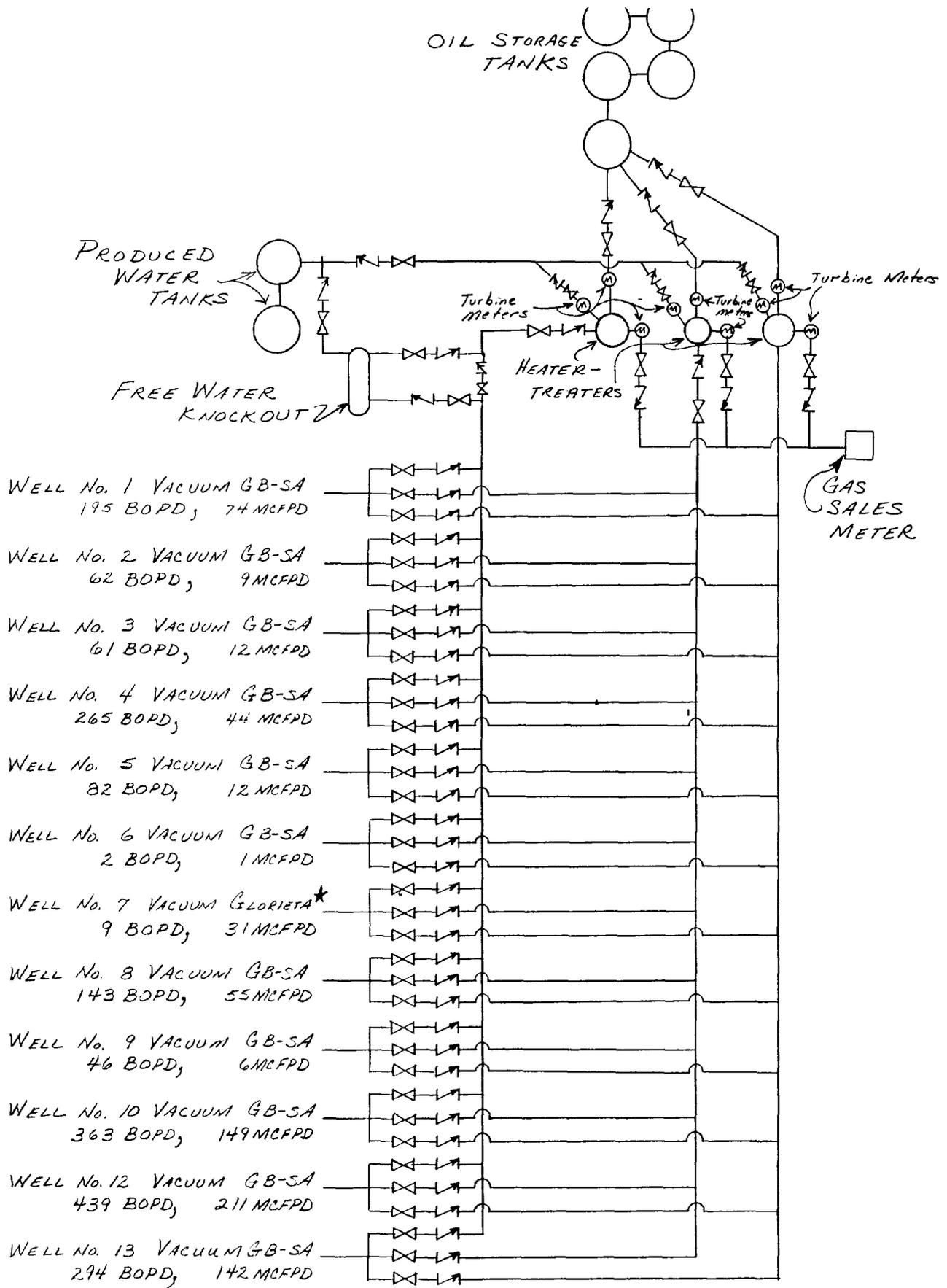
Pool	Gravity	Volume	\$/Bbl.
Grayburg-San Andres (sour)	38°	1963 BOP/D	13.70
Glorieta (sweet)	35.9°	8 BOP/D	13.90

Gravity and volume after surface commingling

Pool	Gravity	Volume	\$/Bbl.
Grayburg-San Andres-Glorieta	38°	1971 BOP/D	13.70

There will be no reduction in the value of the production from the Grayburg-San Andres pool. The value of the production from the Glorieta pool will decrease by \$0.20 per barrel for an overall decrease of the commingled production from both pools of approximately \$1.60 per day.

LS/1sw  
REG3.1/hale1



PHILLIPS PETROLEUM COMPANY  
M. E. HALE LEASE

\*Proposed Commingle of Vacuum Glorieta with Vacuum GB-SA

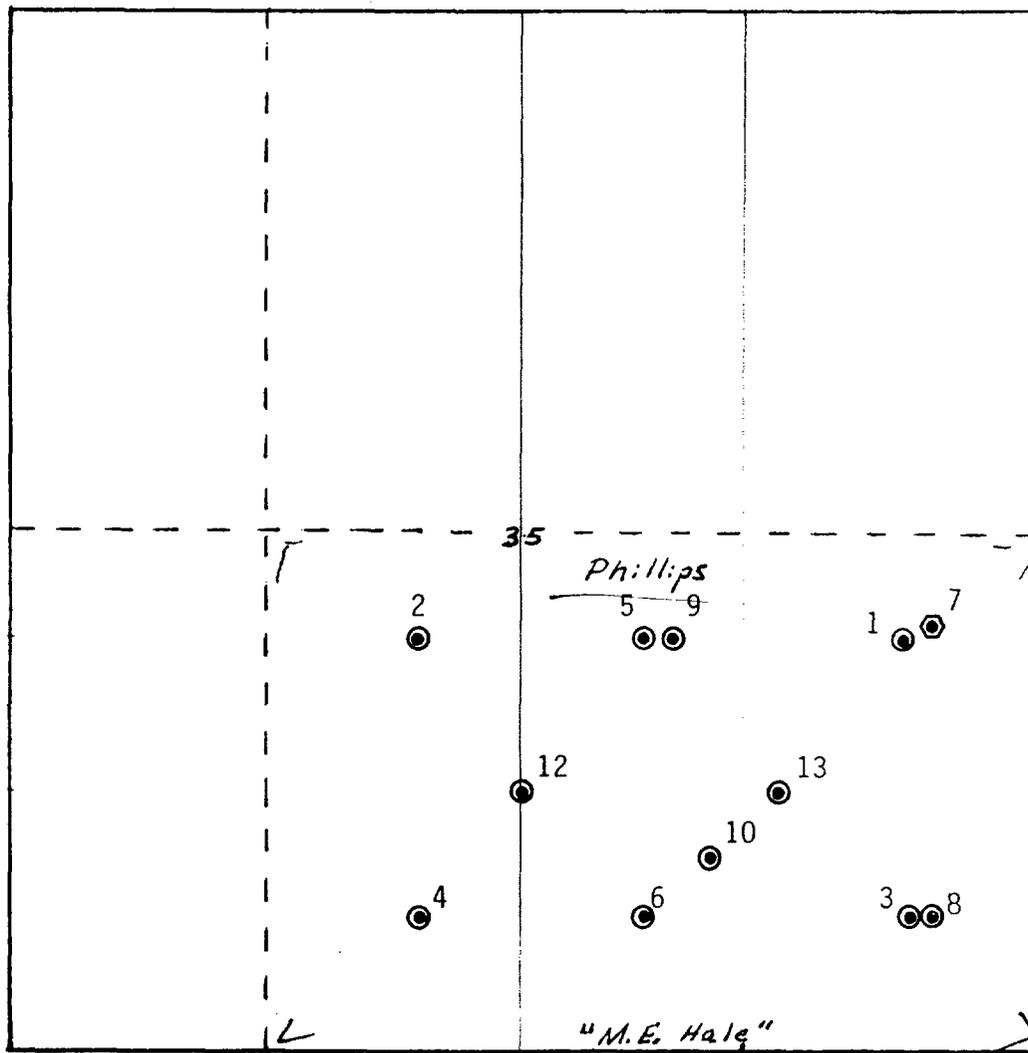
September 9, 1986  
No Scale

STATE LEASE #

B-2317-1-A

SECTION 35, T-17-S, R-34-E,

LEA COUNTY, NEW MEXICO



LEGEND

- Wells producing from Vacuum Grayburg-San Andres
- ⊙ Well producing from Vacuum Glorieta.

NO.	REVISION	BY	DATE	CHKD	APP'D
FOR BIDS	<div style="display: flex; justify-content: space-between; align-items: center;"> <b>PHILLIPS PETROLEUM COMPANY</b> </div> <p style="text-align: center;">BARTLESVILLE, OKLAHOMA</p> <p style="text-align: center;">M. E. HALE LEASE</p> <p style="text-align: center;">Proposed commingle of Vacuum Glorieta production with Vacuum Grayburg-San Andres production.</p>			JA NO	FILE CODE
FOR APPR				AFE NO.	SCALE 1"=1000'
FOR CONST				DWG NO	SH NO.
DRAWN 9/8/86	CHA				
CHECKED					
APP'D					