

NEW MEXICO OIL CONSERVATION COMMISSION
POST OFFICE BOX 2088
SANTA FE, NEW MEXICO 87501

AMENDMENT
COMMINGLING ORDER PLC-11

Company Skelly Oil Company
Address P. O. Box 1351
City, State, Zip Midland, Texas 79701

Attention: Mr. Leland Franz

The above-named company is hereby authorized to commingle
Dollarhide-Ellenburger, Fusselman, and Devonian
pool production from the following leases:

Lease Name: Mexico "J"
Description: S/2 Sec. 32, T-24-S, R-38-E, Lea County

Lease Name: Mexico "L"
Description: N/2 Sec. 5, T-25-S, R-38-E, Lea County

Lease Name:
Description:

Production shall be allocated to each lease by

separately metering the production from each pool prior to
commingling

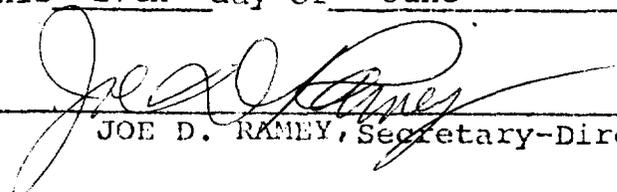
separately metering the production from the
and determining the
production by the subtraction method

well tests (if this method or the subtraction method above is
to be authorized, all commingled production must be of identical
ownership: working interest, royalty interest, and overriding
royalty interest)

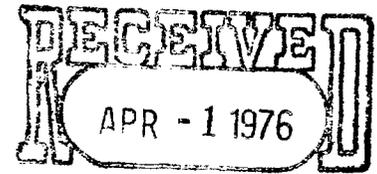
Note: This installation shall be installed and operated in accordance
with the applicable provisions of Rule 309-B of the Commission
Rules and Regulations and the Commission "Manual for the Installation and
Operation of Commingling Facilities." It is the responsibility of the
producer to notify the transporter of this commingling authority.

REMARKS: Order PLC-11, prior to this amendment, did not include Devonian
production, but did include Drinkard production which is hereby
deleted.

DONE at Santa Fe, New Mexico, on this 17th day of June 1976.



JOE D. RAMSEY, Secretary-Director



SKELLY OIL COMPANY

NEW MEXICO CONSERVATION COMM.
Santa Fe

March 29, 1976

DOMESTIC EXPL. & PROD. DEPARTMENT

MIDLAND E & P DISTRICT

F. L. FRANZ, DISTRICT PRODUCTION MANAGER
M. J. EKMAN, DISTRICT ENGINEER
C. F. BOSECKER, LEAD RESERVOIR ENGINEER
F. J. PETRO, LEAD PRODUCTION ENGINEER

ADDRESS REPLY TO:
P. O. BOX 1351
MIDLAND, TEXAS 79701

File: Mexico "J" Lease General
Lease No. 46384

Mexico "L" Lease General
Lease No. 21771
Lea County, New Mexico

Mr. Joe D. Ramey, Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

We are attaching, in quadruplicate, application for administrative approval for an exception to Rule 303-A by amendment of Administrative Order PLC-11 dated August 4, 1964, to permit commingling of the Dollarhide Devonian production with existing Dollarhide Fusselman and Ellenburger production on Skelly's Mexico "J" and "L" leases. In connection with this application we are attaching Exhibit No. 1, a plat of Mexico "J" and "L" leases, showing the wells completed in the Devonian, Fusselman and Ellenburger formations, flow lines, and location of proposed commingling site, along with Exhibit No. 2, a schematic drawing of the commingling system. There will be no changes in the specifications of the lease automatic custody transfer unit now in operation on the Mexico "L" lease and serving the above two leases.

By copy of this letter we are furnishing the above named information to the Commissioner of Public Lands for New Mexico and Texas-New Mexico Pipeline Company, requesting that they advise you directly of their approval.

Yours very truly,


Leland Franz

DLH/im
Attachments

cc - Mr. P. R. Lucero, State Land Commissioner
P. O. Box 1148
Santa Fe, New Mexico 87501

Texas-New Mexico Pipeline Company
P. O. Box 1510
Midland, Texas 79701

Mr. D. R. Crockett w/application



SKELLY OIL COMPANY

March 29, 1976

DOMESTIC EXPL. & PROD. DEPARTMENT

MIDLAND E & P DISTRICT

F. L. FRANZ, DISTRICT PRODUCTION MANAGER

M. J. EKMAN, DISTRICT ENGINEER

C. F. BOSECKER, LEAD RESERVOIR ENGINEER

F. J. PETRO, LEAD PRODUCTION ENGINEER

ADDRESS REPLY TO:
P. O. BOX 1351
MIDLAND, TEXAS 79701

Re: APPLICATION OF SKELLY OIL COMPANY
FOR ADMINISTRATIVE APPROVAL FOR AN
EXCEPTION TO RULE 303-A SO AS TO
PERMIT COMMINGLING OF DOLLARHIDE
DEVONIAN, FUSSELMAN AND ELLENBURGER
PRODUCTION ON COMPANY'S MEXICO "J"
AND "L" LEASES, LEA COUNTY, NEW MEXICO,
INTO ONE COMMON STORAGE FACILITY.

New Mexico Oil Conservation Commission (4)
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Skelly Oil Company respectfully makes application for administrative approval to permanently commingle Dollarhide Devonian production from its Mexico "J" Well No. 5 with existing Dollarhide Fusselman and Dollarhide Ellenburger production from its Mexico "J" Wells No. 1, 2, 4, 17, and 23 and its Mexico "L" Wells No. 1, 3, 4, 11, 23, and 24. Production from the Dollarhide Fusselman and Ellenburger pools is commingled and sold through Automatic Custody Transfer Equipment (LACT) authorized by Administrative Order PLC-11 dated August 4, 1964.

In support of this application Skelly states the following:

1. That the applicant is the operator of its Mexico "J" Lease, S/2 Section 32-24S-38E and its Mexico "L" Lease N/2 Section 5-25S-38E, Lea County, New Mexico.
2. That the attached Exhibit No. 1 is a plat of the Mexico "J" and "L" Leases, the wells in the Devonian, Fusselman and Ellenburger pools, flow lines and location of the proposed commingling site.
3. That the working interests and royalty ownerships under the above described leases are the same.] ✓
4. That the applicant proposes to commingle the production from all wells on both leases, producing from the Dollarhide Devonian, Fusselman and Ellenburger pools in the one existing facility as shown on Exhibit No. 2.

5. That the producing properties of the leases are as follows:

| <u>Zone</u> | <u>Number of Wells</u> | <u>Daily Production</u> | | | <u>Oil Gravity @ 60°</u> | <u>Price Oil \$/bbl.</u> |
|-------------|------------------------|-------------------------|-------------|---------------|--------------------------|--------------------------|
| | | <u>BOPD</u> | <u>BWPD</u> | <u>MCFGPD</u> | | |
| Fusselman | 9 | 162 | 1236 | 18 | 41.0 | 5.31 |
| Ellenburger | 2 | 60 | 258 | 7 | 41.0 | 5.31 |
| Devonian | 1 | 110 | 2 | 201 | 44.3 | 12.03* |
| | 11 12 | 332 | 1496 | 226 | | |

*Should receive Upper Tier oil price for new oil.

Commingled gravity is estimated to be 42.1 degrees worth \$7.54/bbl. The upgrading of the gravities will not cause a reduction in the sum of the values of the production from each common source of supply.

6. That the production from each zone will be accurately metered prior to being commingled.
7. That this commingling system will be operated in accordance with NMOCC's "Manual For Installation and Operation of Commingling Facilities", and there will be no change in the existing facility.
8. That only one of the wells to be commingled is at top allowable - Mexico "J" Well No. 5 (Devonian), and that none of the other wells are top allowable wells or restricted by GOR.

Applicant further requests that the production be allocated in accordance with individual well tests to be taken every six months.

Offset operators are being notified of this request by copy of this application.

Respectfully submitted,

SKELLY OIL COMPANY


Leland Franz

DLH/im

cc - New Mexico Oil Conservation Commission, Hobbs, New Mexico 88240
State Land Commissioner, P. O. Box 1148, Santa Fe, New Mexico 87501
Offset Operators (List Attached)

OFFSET OPERATORS

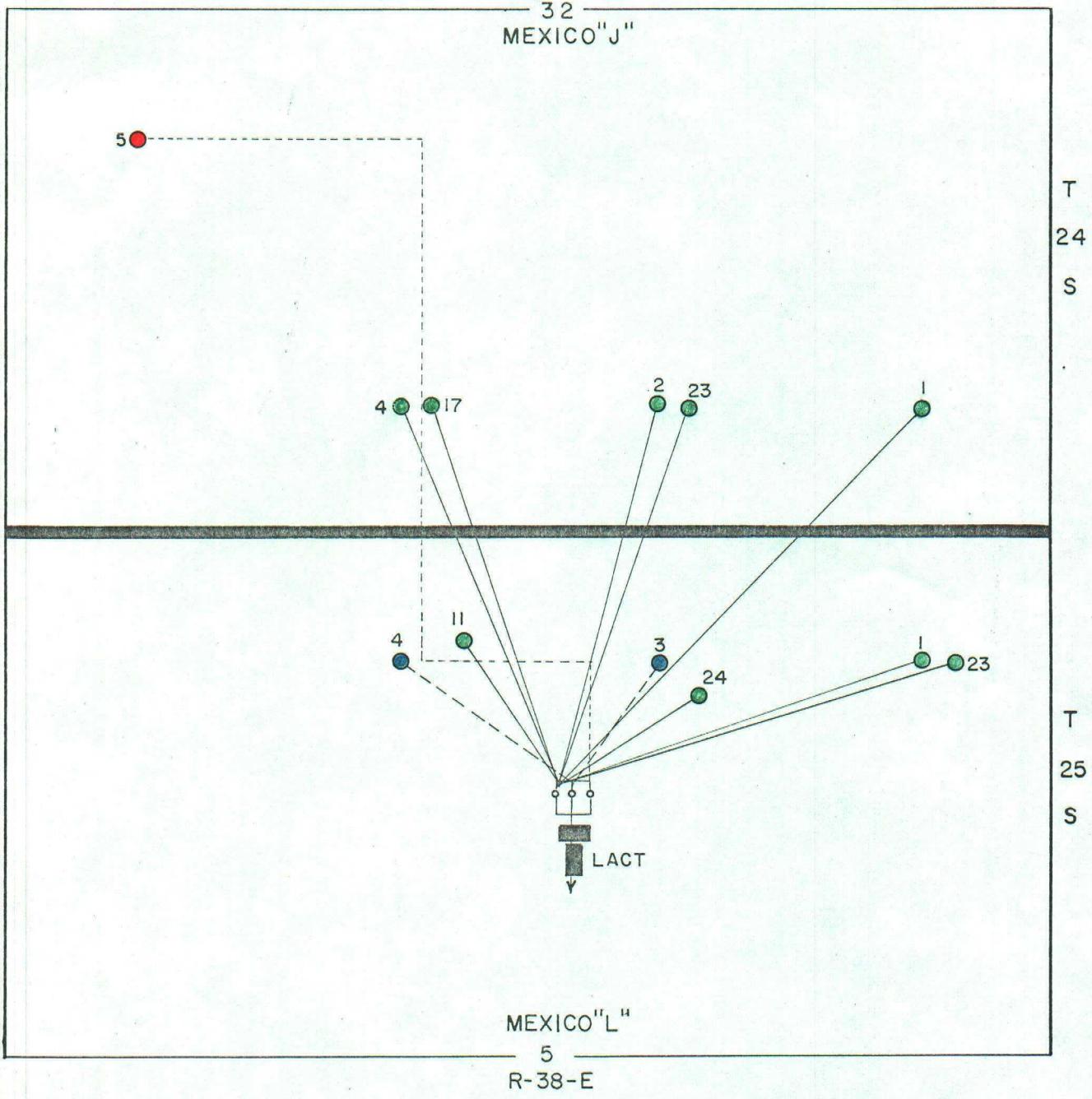
Mexico "J" & "L", Sec. 5-24S-38E,
Sec. 32-25S-38E, Lea Co., New Mexico

Gulf Oil Company - U.S.
P. O. Box 1150
Midland, Texas 79701

Tenneco Oil
Suite 1200 Lincoln Tower Building
Denver, Colorado 80203

Texaco, Inc.
P. O. Box 3109
Midland, Texas 79701

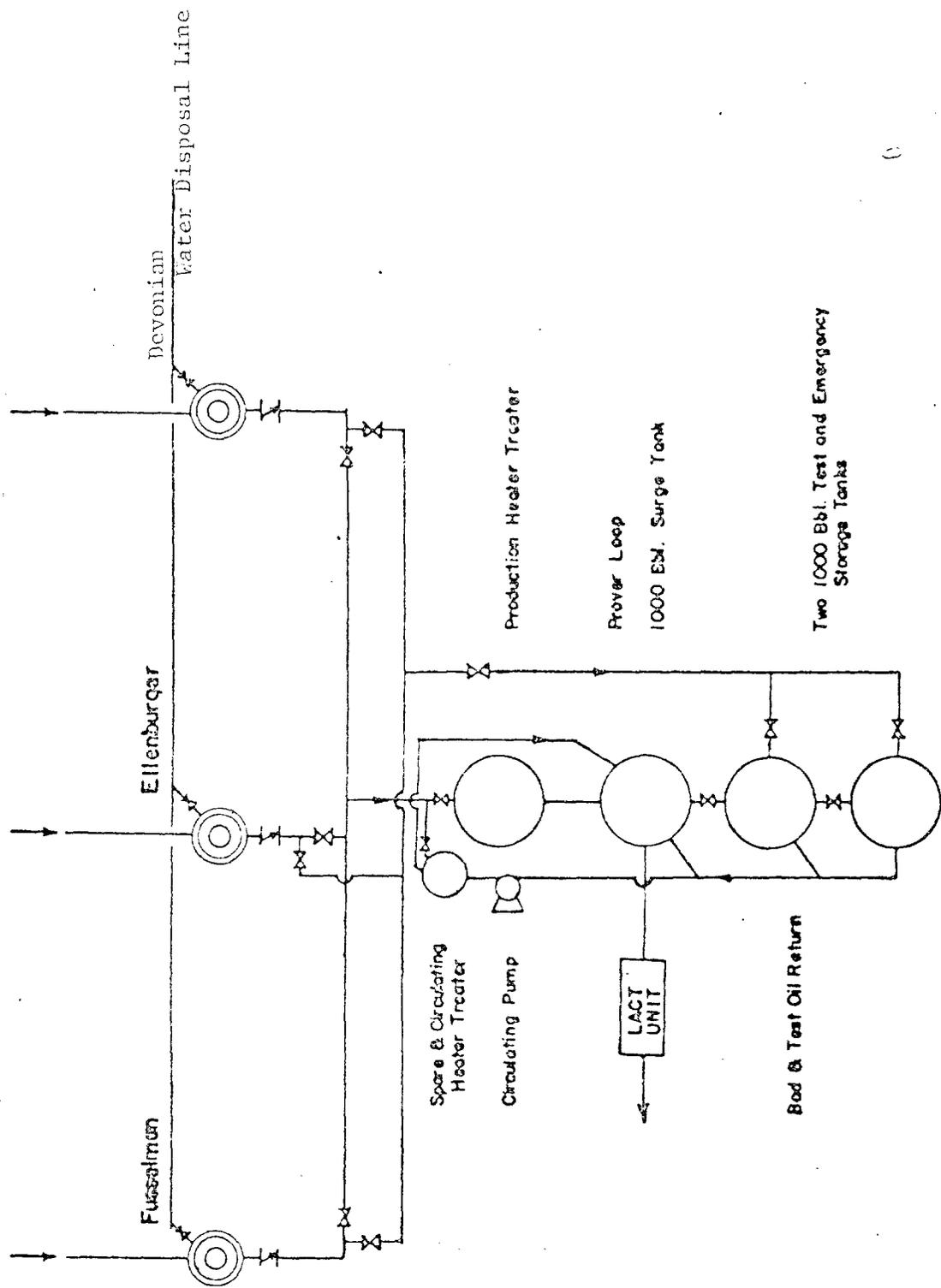
SKELLY OIL COMPANY
DOLLARHIDE FIELD
MEXICO "J & L" LEASES
Commingling System



- Dollarhide Devonian
- Dollarhide Fusselman
- Dollarhide Ellenburger

SCHEMATIC DRAWING OF COMMINGLING SYSTEM
MEXICO J & L LEASES

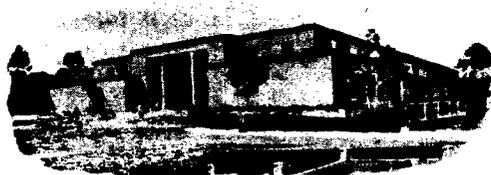
Exhibit No. 2



-  Three Phase Metering Separator
-  Valve
-  Pump

State of New Mexico

TELEPHONE
505-827-2748



Commissioner of Public Lands

PHIL R. LUCERO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

April 2, 1976

Skelly Oil Company
P. O. Box 1650
Tulsa, Oklahoma 74102

Re: Mexico "J" Lease General
Lease No. 46384

Mexico "L" Lease General
Lease No. 21771
Lea County, New Mexico

ATTENTION: Mr. Leland Franz

Gentlemen:

Your request to permanently commingle Dollarhide Devonian Production from your Mexico "J" Well No. 5 with existing Dollarhide Fusselman and Dollarhide Ellenburger production from your Mexico "J" Wells No. 1, 2, 4, 17, and 23 and your Mexico "L" Wells No. 1, 3, 4, 11, 23, and 24, has been reviewed by this office.

We have no objection to your request provided you follow the New Mexico Oil Conservation Commission requirements.

There is a Ten (\$10.00) Dollar filing fee. Please remit at your earliest convenience.

Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division

PRL/RDG/s

cc: New Mexico Oil Conservation Commission
New Mexico Oil & Gas Accounting Commission
Lease No. B-9311 and B-9312-5