



Amoco Production Company

Post Office Box 68
Hobbs, New Mexico

February 7, 1972

File: VES-63-541.11-LF

Re: Commingling of Production
Malco "S" Federal Lease into
Empire Abo Storage System I
Eddy County, New Mexico

New Mexico Oil Conservation Commission (3)
Post Office Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Commission Order R-1399 (Case No. 1662) dated May 6, 1959, authorizes the commingling of Empire Abo oil production from various federal leases. It is now proposed to add the distillate production from our Malco "S" Federal Lease into the Empire Abo Storage System No. 1.

The Malco "S" Federal Well No. 1 located in Unit F, Section 11, T-18-S, R-27-E, NMPM, Wildcat Morrow-Penn Gas Pool, Eddy County, New Mexico is presently shut-in awaiting marketing connection. The dedicated acreage consists of the W/2 of Section 11, T-18-S, R-27-E.

Federal leases presently producing into the Empire Abo Storage System I from the Empire Abo Oil Pool are:

<u>Federal Lease No. and Name</u>	<u>Acreage Description</u>
LC-065478-B Malco H Federal R/A A	NE/4 SE/4 Sec. 3-18-27
Malco D Federal R/A A	N/2 NE/4 Sec. 10-18-27
Malco D Federal R/A B	S/2 NE/4 Sec. 10-18-27
NM-025604 Malco E Federal R/A A	SE/4 SE/4 Sec. 3-18-27
Malco E Federal R/A B	SW/4 SE/4 Sec. 3-18-27

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<u>Federal Lease No. and Name</u>	<u>Acreage Description</u>
LC-067858 Malco A Federal	E/2 NW/4, Sec. 11-18-27
Malco B Federal	W/2 NW/4, Sec. 11-18-27
Malco C Federal	W/2 NE/4, Sec. 11-18-27
Malco J Federal	E/2 NE/4, Sec. 11-18-27

Production from the Malco "S" Federal Well No. 1 shall be metered and sampled prior to commingling and will be in accordance with the Commission's Manual for the Installation and Operation of Commingling Facilities including the requirements for temperature compensated meters, samplers, non-reset counters, and adequate testing facilities.

There will be no loss in revenue by commingling. The anticipated volume of Morrow condensate to be commingled with Abo crude will raise the gravity only 0.3% API which will not effect the present top price being obtained for Abo crude.

All parties owning an interest in the leases and the purchaser of the commingled production are being notified by "Certified Mail" of our intention.

Attached are:

1. Schematic diagram of Empire Abo Storage System I
2. Plats of Leases and wells involved

Yours very truly,



V. E. STALEY
Area Superintendent

Attachments

MAILING LIST

Hondo Oil & Gas Company
Box 354
Dallas, Texas 75221

Alice Lewis Vickers
Box 866
Fabens, Texas 79838

Featherstone Farms, Ltd
A LTD Partnership
1717 West Second Street
Roswell, New Mexico 88201

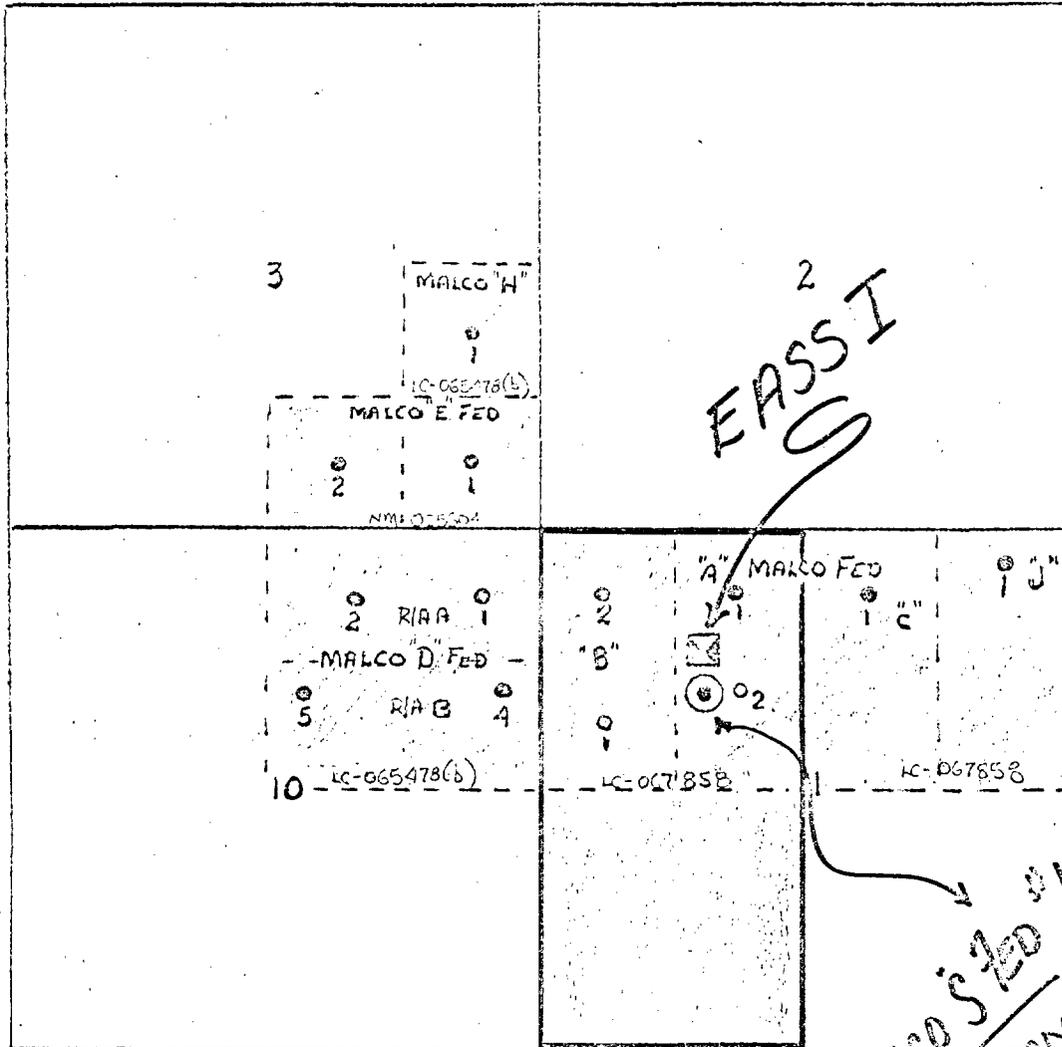
Mildred Crane Hudson
Drawer T
Artesia, New Mexico 88210

U. S. Geological Survey (2)
P. O. Drawer 1857
Roswell, New Mexico 88201

Walter H. Gart
Box 771
Ardmore, Oklahoma 73401

New Mexico Oil Conservation Commission
P. O. Drawer DD
Artesia, New Mexico 88210

Amoco Pipe Line Company
3411 Knoxville Ave.
Lubbock, Texas 79400



R 27-E

T 18 S

MALCO SERVED #1
PROPRATION UNIT
MORROW PENN GAS

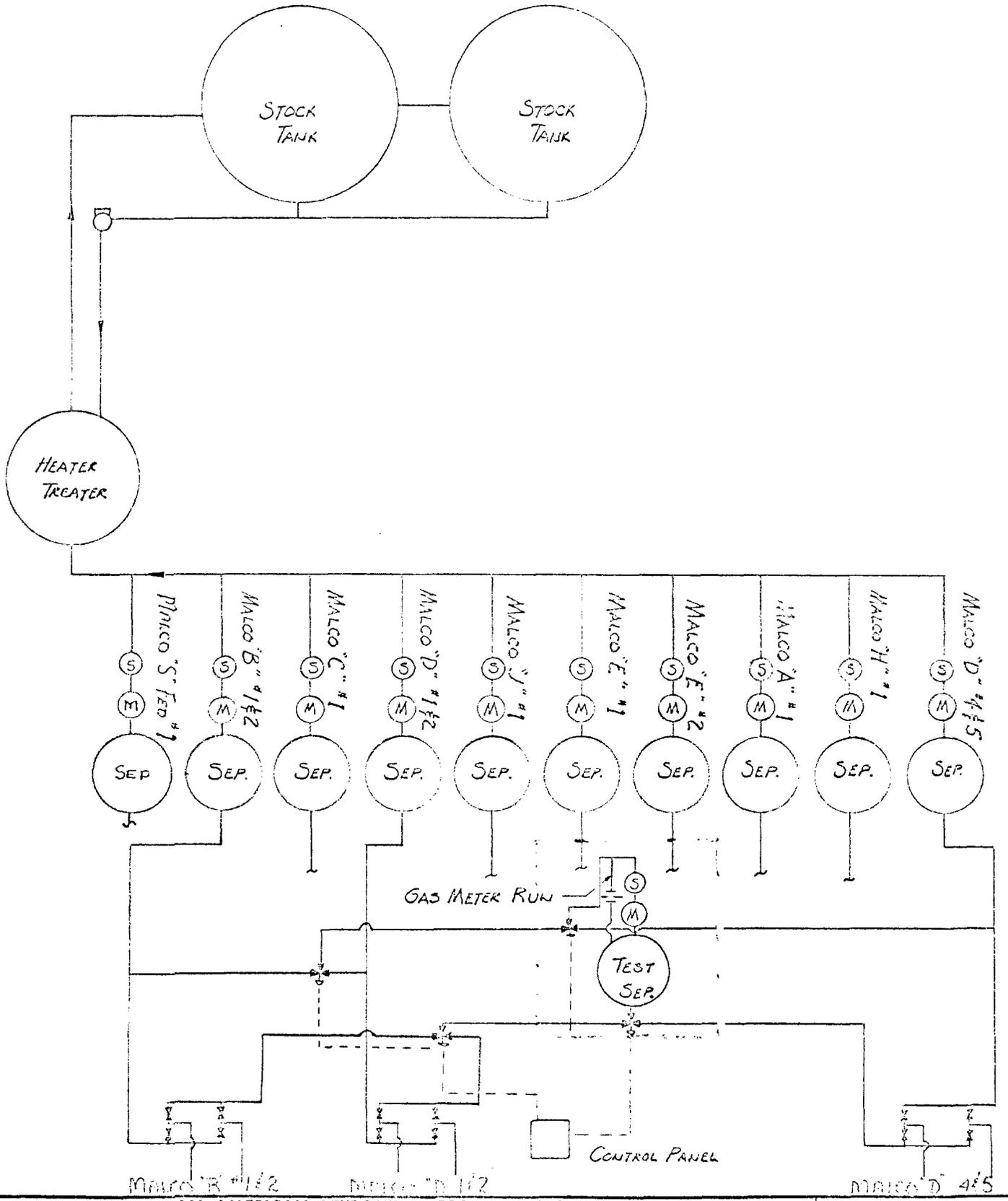
Amoco Production Company

SCALE: 1" = 2000'

LEASES SERVED BY EASS I

EMPIRE REG. OIL
WILDCAT-MORROW PENN

DRG.
NO.



PAN AMERICAN PETROLEUM CORPORATION

SCALE: NONE

EMPIRE ABO STORAGE SYSTEM I

DRG. No.



UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
P. O. Drawer 1857
Roswell, New Mexico 88201

February 15, 1972

Amoco Production Company
Post Office Box 68
Hobbs, New Mexico 88240

Gentlemen:

Your letter of February 7, 1972 requests approval to commingle Morrow gas distillate from lease Las Cruces 067858 with Abo oil production from this and various other Federal leases at your Empire Storage System I, located NE $\frac{1}{4}$ NW $\frac{1}{4}$ sec. 11, T. 18 S., R. 27 E., N.M.P.M., Eddy County, New Mexico.

The Morrow distillate would be metered, as are fluids from other zones and tracts, prior to commingling into common storage. Production is to be allocated back on the basis of meter readings. The Lessee's Monthly Report of Sales and Royalty, form 9-361, must show all computations used in the calculation of lease sales.

The method of commingling described in your application is hereby approved subject to like approval by the New Mexico Oil Conservation Commission. You are requested to notify the District Engineer, U. S. Geological Survey, Post Office Drawer U, Artesia, New Mexico 88210, when the installation is completed and operative, so that an inspection can be made.

Sincerely yours,

CARL C. TRAYWICK
Acting Oil and Gas Supervisor

cc:
N.M.O.C.C., Santa Fe ✓
Artesia (3)
Roswell
Accounts

