

# J. M. HUBER CORPORATION

OIL AND GAS DIVISION • MID-CONTINENT DISTRICT  
7120 I-40 WEST • SUITE 100    AMARILLO, TEXAS 79106

(806) 353-9837

August 12, 1993

State of New Mexico  
Energy, Minerals, and Natural Resources Dept.  
Oil Conservation Division  
District I  
P. O. Box 1980  
Hobbs, NM 88240

Re:    Commingle Request  
      James O'Neill State Lease  
      James O'Neill State Com Lease  
      Morton Wolfcamp Field  
      Lea County, New Mexico  
      Operator: J. M. Huber Corporation

Gentlemen:

## Request for Administrative Approval to Commingle Production

J. M. Huber Corporation requests administrative approval of an exception to Commission Rule 309-A in order to commingle oil and casinghead gas production from the subject leases. The two leases produce from a common field, but have a division of royalty interest owners. Huber is the operator and has a 100% working interest in both leases.

The casinghead gas purchaser, Warren Petroleum, informed Huber it is no longer economical for them to purchase approximately five MCFD of casinghead gas produced by the James O'Neill State Com Lease using a separate sales meter. Without gas sales, the James O'Neill State Com would be uneconomical and have to be shut-in, resulting in lost reserves for J. M. Huber Corporation, the Lessees, and the State of New Mexico.

## Commingle Requirements Have Been Met

1.    A plat of the leases, showing the wells and the formation completed in, is attached for your information.

State of New Mexico  
August 12, 1993  
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2. A schematic diagram of the commingling facility is attached for your information.
3. Production from both leases comes from the same source of supply, the Morton Wolfcamp Field.
4. The hydrocarbon production from each lease shall be accurately measured and determined in accordance with the applicable provisions of the Division "Manual for the Installation and Operation of Commingled Facilities". The oil and gas volumes will be measured and allocated as follows:
  - a. Oil from the James O'Neill State Com No. 2 will continue to be gauged in a separate tank on a daily basis. There will be no common lines between the batteries for liquids.
  - b. Gas from the James O'Neill State Com No. 2 will be connected to the gas sales line for James O'Neill State, and gas production will be allocated based on periodic well tests. The proposed test interval of every three months should be sufficient for the subject well.
5. Attached are letters from all parties owning an interest in the leases and the purchaser consenting to the commingling of production.


If you require additional information, please contact Bill Horne.

Yours truly,

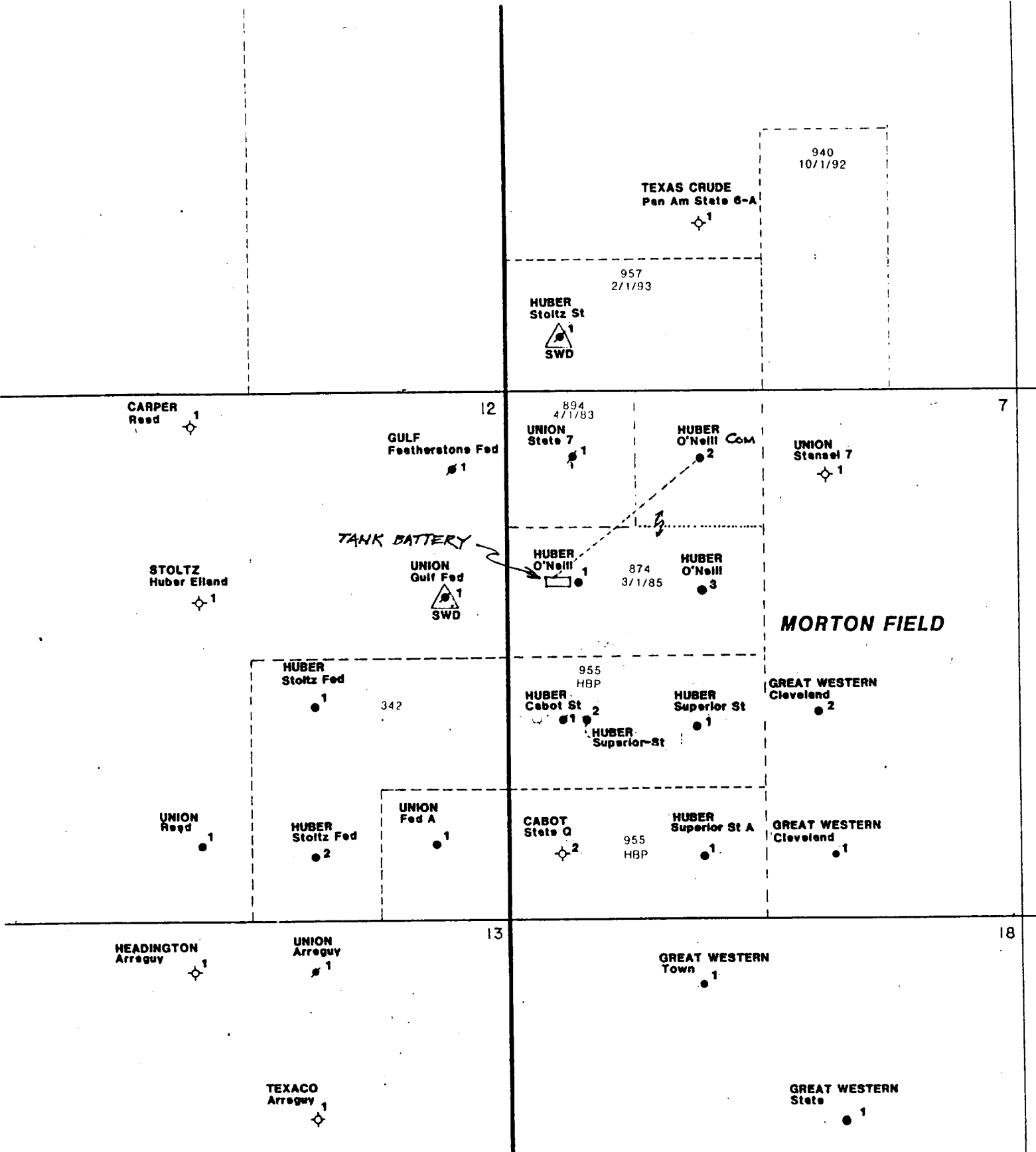
J. M. HUBER CORPORATION

A handwritten signature in cursive script, reading "Robert R. Glenn". To the right of the signature, the initials "RRG" are written in a smaller, more legible script.

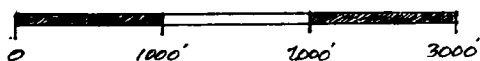
Robert R. Glenn  
District Production Manager

A small, handwritten mark consisting of the letters "WGH" in a stylized, cursive font.

WGH:gm  
Attachments



SCALE:



PHILLIPS  
TOWNSHIP

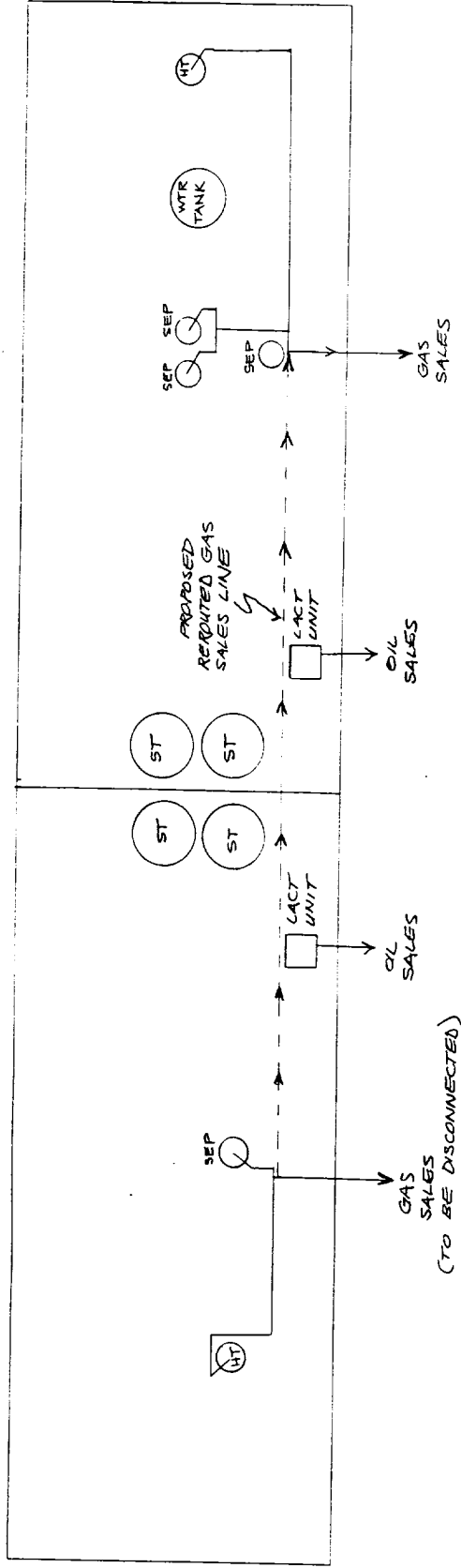
J. M. HUBER CORPORATION

Plat Showing Leases for Commingling Applicati

James O'Neill State No. 1 & 3  
James O'Neill State Com No. 2  
Sec 7, T15S, R35E  
Lea County, New Mexico

JAMES O'NEILL STATE COM LEASE (#LG-1138 f)  
 (#LG-2682-3)

JAMES O'NEILL STATE LEASE (#LG-2682-3)



• THERE WILL BE NO COMMON LINES BETWEEN THE BATTERIES FOR LIQUIDS. OIL FROM DIFFERENT LEASES WILL BE GAUGED AND SOLD SEPARATELY.

• GAS SALES LINE FROM LEASE (#LG-1138 f) (#LG-2682-3) WILL BE DISCONNECTED FROM SALES LINE AND REROUTED TO GAS SALES LINE FROM LEASE # LG-2682-3.

• A QUARTERLY GOR TEST OF LEASE (#LG-1138 f) (#LG-2682-3) WILL BE USED TO ALLOCATE GAS PRODUCTION.

J. M. HUBER CORPORATION

PROPOSED COMMINGLING OF CASINGHEAD GAS FROM:

JAMES O'NEILL STATE LEASE (#LG-2682-3)

JAMES O'NEILL STATE COM LEASE (#LG-1138 f) (#LG-2682-3)

# J. M. HUBER CORPORATION

OIL AND GAS DIVISION • MID-CONTINENT DISTRICT

7120 I-40 WEST • SUITE 100 AMARILLO, TEXAS 79106

(806) 353-9837

July 22, 1993

Kem Merren  
312 N. Big Spring  
Midland, TX 79701-4371

W. C. Montgomery  
52 Club Estates Pkwy  
Austin, TX 78738-1429

JEFSO  
P. O. Box 80612  
Midland, TX 79709-0612

H. W. Davidson  
P. O. Box 3447  
Midland, TX 79702

Re: Commingle Request  
James O'Neill State Lease  
James O'Neill State Com Lease  
Morton Wolfcamp Field  
Lea County, New Mexico  
Operator: J. M. Huber Corporation

Gentlemen:

## Request for Consent to Commingle Production

J. M. Huber Corporation is seeking administrative approval of an exception to Commission Rule 309-A, in order to commingle oil and casinghead gas production from the subject leases. One of the requirements for administrative approval is all parties owning an interest in the leases must consent in writing to the commingling of production from the separate leases. If you consent to Huber's request, please sign in the space indicated below and FAX a copy to J. M. Huber Corporation at (806) 353-7180.

## Background Information

Warren Petroleum, the gas gatherer for the subject leases, notified us that they plan to discontinue gathering gas on leases producing 5 MCFD or less due to the increasing cost of gas measurement. They plan to discontinue service on August 1, 1993.

The James O'Neill State Com #2 produces approximately 4 MCFD and will no longer be able to sell gas through a separate meter. The well will become uneconomical without gas sales and would be shut-in and/or plugged.

Kem Merren et al  
July 22, 1993  
Page 2

The battery for the James O'Neill State Com #2 is located on the same pad, and is adjacent to the James O'Neill State battery. The oil production would still be gauged in a separate tank, and the casinghead gas would be allocated based on periodic well tests. Thus, the expense to commingle will be minimal.

Summary

As operator of the properties, we would like to continue to produce the wells as long as it is profitable. Commingling of the production from the subject leases will allow us to extend the life of the James O'Neill State Com #2.

Please indicate your consent in the space provided below and FAX to Huber at the (806) 353-7180.

Sincerely,

J. M. HUBER CORPORATION



Robert R. Glenn  
District Production Manager

  
WGH:gm

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Consent

J. W. Sanchez

Date

7/30/93

Non-Consent

Date

# J. M. HUBER CORPORATION

OIL AND GAS DIVISION • MID-CONTINENT DISTRICT  
7120 I-40 WEST • SUITE 100 AMARILLO, TEXAS 79108

(806) 353-9837

July 22, 1993

RECEIVED  
J. M. HUBER CORPORATION  
JUL 28 1993  
MID-CONTINENT DISTRICT  
AMARILLO OFFICE

Kem Merren  
312 N. Big Spring  
Midland, TX 79701-4371

W. C. Montgomery  
52 Club Estates Pkwy  
Austin, TX 78738-1429

JEFSCO  
P. O. Box 80612  
Midland, TX 79709-0612

H. W. Davidson  
P. O. Box 3447  
Midland, TX 79702

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James O'Neill State Com Lease  
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Sincerely,

J. M. HUBER CORPORATION



Robert R. Glenn  
District Production Manager

  
WGH:gm

  
\_\_\_\_\_

Consent ✓ \_\_\_\_\_

Date 7/24/93

Non-Consent \_\_\_\_\_

Date \_\_\_\_\_



# J. M. HUBER CORPORATION

OIL AND GAS DIVISION • MID-CONTINENT DISTRICT

7120 I-40 WEST • SUITE 100 AMARILLO, TEXAS 79106

(806) 353-0837

July 22, 1993

Kem Merren  
312 N. Big Spring  
Midland, TX 79701-4371

W. C. Montgomery  
52 Club Estates Pkwy  
Austin, TX 78738-1429

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P. O. Box 80612  
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Sincerely,

J. M. HUBER CORPORATION



Robert R. Glenn  
District Production Manager

WGH:gm

Consent S. A. Monette  
S. A. Monette, President  
Jefscs, Inc.

Date 7-28-93

Non-Consent \_\_\_\_\_

Date \_\_\_\_\_

Kem Merren et al

July 22, 1993

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Sincerely,

J. M. HUBER CORPORATION



Robert R. Glenn  
District Production Manager

  
WGH:gm

Consent

Kem Merren

Date

7-26-93

Non-Consent

Date