

CASE 1992: Application of TEXACO INC.
to commingle from UNITED REEALTY "A"
AND ROYALTY HOLDING CO. & W. L.
STEPHEN ESTATE LEASES - Lea County.

Case No.

1992

Application, Transcript,
Small Exhibits, Etc.



PETROLEUM PRODUCTS

January 4, 1972

RECEIVED

JAN - 7 1972

NEW MEXICO OIL CONSERVATION COMM.

TEXACO INC.
DRAWER 728
HOBBS, NEW MEXICO 88240

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

Re: Revision of Commingle Order No. R-1711
TEXACO Inc.

✓ Royalty Holding Co. Lease
United Royalty 'A' Lease
W. L. Stephen Est. Lease
Dollarhide Queen Field
Lea County, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

DELETE

Texaco Inc.'s Royalty Holding Company Lease is not now producing and it is requested that the referenced Commingle Order be revised to delete the subject lease. The other two leases will continue to produce into the commingled battery.

Your cooperation in this matter will be appreciated.

Yours very truly,

W. E. Morgan
District Superintendent

CPC-BH

YOUR REQUEST HEREBY ACKNOWLEDGED AND FILED,
CASE No. 1992

A. L. PORTER, JR., SECY-DIR

4-3-72

CC: CASE No. 1992, HOBBS OCC, MANUEL

TEXACO
INC.

PETROLEUM PRODUCTS



RECEIVED
MAR 19 1972
NEW MEXICO COMMISSION

DRAWER 728

HOBBS, NEW MEXICO 88240

March 17, 1972

*File
Case 1992*

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

Re: Cancellation of Commingle
Permit No. R-1711
Dollarhide Queen Field

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

All production into the subject commingled battery
has ceased and the battery is now inactive. Texaco has no
plans to return the battery to use. You are therefore requested
to cancel the referenced commingle permit.

Yours very truly,

J. G. Blevins, Jr.
Assistant District Superintendent

CPC-BH

Order No. R-1711 is hereby put in abeyance.

A. L. Porter, Jr. 3/21/72

A. L. PORTER, Jr.
Secretary-Director

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 1992
Order No. R-1711

APPLICATION OF TEXACO INC.,
FOR PERMISSION TO COMMINPLE
THE PRODUCTION FROM THREE
SEPARATE LEASES IN THE DOLLAR-
HIDE-QUEEN POOL, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
June 22, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter,
Examiner duly appointed by the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission," in accord-
ance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 5th day of July, 1960, the Commission, a
quorum being present, having considered the application, the
evidence adduced, and the recommendations of the Examiner,
Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Texaco Inc., is the owner and
operator of the following leases in the Dollarhide-Queen Pool:

United Royalty "A" Lease comprising the S/2 SW/4,
NE/4 SW/4, and the SE/4 NW/4

Royalty Holding Company Lease comprising the SW/4 NW/4

W. L. Stephen Estate Lease comprising the N/2 NW/4

all in Section 19, Township 24 South, Range 38 East, NMPM, Lea
County, New Mexico.

(3) That the applicant proposes to commingle the Dollarhide-
Queen Pool production from all wells presently completed or here-
after drilled on the above-described leases into common storage
facilities located on the said United Royalty "A" Lease, after

-2-

CASE No. 1992
Order No. R-1711

separately metering both the Queen oil production and the casing-head gas production from each lease.

(4) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

That the applicant, Texaco Inc., be and the same is hereby authorized to commingle in a common tank battery the Dollarhide-Queen Pool production from all wells presently completed or hereafter drilled on the following-described leases:

United Royalty "A" Lease comprising the S/2 SW/4,
NE/4 SW/4, and the SE/4 NW/4

Royalty Holding Company Lease comprising the SW/4 NW/4

W. L. Stephen Estate Lease comprising the N/2 NW/4

all in Section 19, Township 24 South, Range 38 East, NMPM, Lea County, New Mexico, after separately metering both the Queen oil production and the casinghead gas production from each lease.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on said leases at least once each month to determine the individual production from each well on each lease.

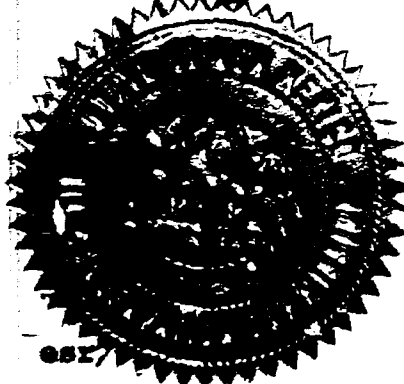
IT IS FURTHER ORDERED:

That all meters shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

That meters shall be checked for accuracy at intervals not to exceed one month until further direction by the Secretary-Director.

That meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

July 5, 1960

C
O
P
Y

Mr. Charles White
P. O. Box 787
Santa Fe, New Mexico

Dear Sir:

On behalf of your client, Texaco, Inc., we enclose two copies of Order R-1711 in Case 1992 issued by the Oil Conservation Commission this date.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

lr/

Carbon copy of order sent to:
Oil Conservation Commission - Hobbs, New Mexico

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JUNE 22, 1960

IN THE MATTER OF:

CASE 1992 Application of Texaco Inc. for permission to com-
mingle the production from three separate leases.:
Applicant, in the above-styled cause, seeks an :
order authorizing it to commingle the production :
from the Dollarhide-Queen Pool from its United :
Royalty "A" Lease comprising the S/2 SW/4, NE/4 :
SW/4, and the SE/4 NW/4 of Section 19, Township :
24 South, Range 38 East, Lea County, New Mexico, :
its Royalty Holding Company Lease comprising the :
SW/4 NW/4 of said Section 19, and from its W. L. :
Stephen Estate Lease, comprising the N/2 NW/4 of :
said Section 19, after separately metering the :
production from each lease. :

BEFORE:

Daniel S. Nutter, Examiner

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: The hearing will come to order, please.
The next case will be Case 1992.

MR. PAYNE: Case 1992. Application of Texaco Inc. for
permission to commingle the production from three separate leases.

MR. WHITE: Charles White of Gilbert, White & Gilbert,
Santa Fe, New Mexico, appearing on behalf of the applicant.

MR. PAYNE: Let the record show that the witness was
sworn in the preceding case.



J. E. ROBINSON, JR.

called as a witness, having been previously duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q You are the same Mr. J. E. Robinson, Jr. who testified in Case 1901?

A Yes, sir, I am.

(Thereupon, Texaco's Exhibit No. 1 was marked for identification.)

Q In regard to Case 1902, will you refer to Exhibit No. 1 and explain to the Examiner what leases you seek to commingle?

A Texaco seeks to commingle the production from the Queen formation into a common tank battery from three separate leases, those being our W. L. Stephen Estate Lease, our United Royalty "A" Lease, and the Royalty Holding Lease, all located in Section 16, 24 South, Range 38 East. This plat Exhibit No. 1 shows all of Texaco's leases that we propose to commingle outlined by yellow border with the Queen tank battery shown to be located on our United Royalty "A" Lease. At the present time we have four Queen wells on our United Royalty "A" Lease. We have one Queen well which is a dual well on our Royalty Holding Lease. We have, our Well No. 2 on the W. L. Stephen Estate Lease is also a dual Queen well and Drinkard, and we are presently completing our W. L. Stephen No. 1 in the Queen formation.



Q This Exhibit also shows that the Leases are contiguous?

A Yes, sir, they are contiguous.

Q What's your reason, Mr. Robinson, for wanting to commingle this production?

A At the present time we have a Queen tank battery on our United Royalty Lease, and only recently have we started dually completing the wells on the Royalty Holding and the W. L. Stephen Estate Lease. If we would separately tank this Queen production from the other two leases it would necessitate installing two additional tank batteries. We propose to commingle all the Queen production into a central tank battery. We propose to do this because of the economics where we would save approximately \$4,690.00 by commingling rather than setting up individual tank batteries with individual treaters.

Q Mr. Robinson, are the royalty interests common as to the three leases?

A No, sir, they are not.

Q Have you obtained waivers from any of the royalty interests?

A Yes, sir. On the United Royalty Holding Lease we have twenty-five royalty owners on this lease. We contacted all of them. We got waivers from twenty-one of the twenty-five royalty owners. This approval from the twenty-one makes up 99.931641 percent. The four who did not send back their waivers represent something a little

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less than seven hundredths of one percent of the royalty. We also obtained waivers from the two royalty owners on the United Royalty "A" Lease, and also waivers from two royalty owners on our W. L. Stephen Estate Lease.

Q That would be one hundred percent on the United Royalty and one hundred percent on the Stephen?

A It would be one hundred percent on the United Royalty "A", and 99.93 percent on the Royalty Holding Lease, which is a one-well lease.

(Thereupon, Texaco's Exhibit No. 2 was marked for identification.)

Q Will you refer to Exhibit No. 2 and explain your commingling operations?

A Exhibit No. 2 is a diagrammatic sketch of our proposed commingling installation from the production on the Royalty Holding Company Lease which will pass through a treater where the gas will be taken off and go downstream to our casinghead gas sales. The oil coming out of the treater will go through a positive displacement meter. The same will occur on the United Royalty "A" Lease and the W. L. Stephen Estate Lease. All of the crude production from these three leases will be separately metered by positive displacement meters. After it is metered, it will go downstream where it will be commingled and stored in three high five hundred barrel tanks located on our United Royalty "A" Lease. At the



present time we only have two high five hundred barrel tanks, but we will install an additional high five hundred barrel tank to this consolidated tank battery.

(Thereupon, Texaco's Exhibit No. 3 was marked for identification.)

Q Will you explain the fluid properties, and in so doing, refer to Exhibit No. 3?

A Yes, sir. Exhibit No. 3 shows both the production characteristics of the Dollarhide-Queen Pool and also the commingling statistics. The Queen production is a sour crude. On the Stephen Estate Lease, it has a gas-oil ratio of 307 cubic feet per barrel with a gravity of 32.9 degrees. The Royalty Holding has a GOR of 1630 with a gravity of 33.1 degrees, and the United Royalty "A" Lease has a gas-oil ratio of 724 to 1 with a gravity of 31.7. The commingling statistics, we will have two wells on our Stephen Estate Lease with the completion of Well No. 1 in the Queen formation for a daily allowable of 66 barrels; it has a gravity of 32.9 degrees; a price per barrel of sour crude of two dollars and seventy-one cents for revenue per day of one hundred seventy-eight dollars eighty-six cents. The Royalty Holding Lease has one well, a top allowable well of 33 barrels per day. It has a gravity of 33.1 degrees; a price per barrel of two dollars and seventy-four cents, and a revenue per day of ninety dollars and forty-two cents. The United Royalty "A" Lease, we have four wells producing a daily allowable of 84 barrels a day, a gravity of 31.7 degrees gravity



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with a price per barrel of two dollars and sixty-eight cents, for a revenue per day of two hundred and twenty-five dollars and twelve cents. We will have a total of a hundred eighty-three barrels with a weighted average of 32.4 degrees API gravity for a revenue per day before commingling of four hundred and ninety-four dollars and forty cents. After commingling, we will receive two dollars and seventy-one cents per barrel for this weighted gravity of 32.4 degrees for a revenue per day of four hundred ninety-five dollars and ninety-three cents, and it represents a gain due to the higher gravity of a dollar and fifty-three cents per day.

Q Mr. Robinson, have the offset operators been notified?

A Yes, sir, they were notified by mail by our letter of May 26, 1960.

Q Were these Exhibits 1 through 3 prepared by you or under your direction?

A Yes, sir they were.

MR. WHITE: We offer the Exhibits in evidence.

MR. NUTTER: Texaco's Exhibits 1 through 3 will be admitted.

(Whereupon, Texaco's Exhibits 1 through 3 were received in evidence)

MR. WHITE: That completes our direct examination.

MR. NUTTER: Anyone have any questions?

MR. PAYNE: Yes.

MR. NUTTER: Mr. Payne.



CROSS-EXAMINATION

BY MR. PAYNE:

Q I don't quite understand your schematic as to measurement of casinghead gas. Do you only have one meter?

A Yes, sir, that is correct.

Q What do you do with this gas?

A This gas will be sold with the revenue of the gas dispersed back to the royalty owners on a gas-oil ratio test.

Q You are aware that Rule 305 requires that casinghead gas be separately metered from each lease, are you not?

A No, sir, I am not. It was my understanding that it's necessary to meter the oil from individual tracts before commingling, but I was under the understanding that it was permissible to commingle casinghead gas and it be determined by one meter.

Q Perhaps I should read Rule 305 into the record.

A All right, sir.

Q "METERED CASINGHEAD GAS. The owner of a lease shall not be required to measure the exact amount of casinghead gas produced and used by him for fuel purposes in the development and normal operation of the lease. All casinghead gas produced and sold or transported away from the lease, except small amounts of flare gas, shall be metered and reported in standard cubic feet monthly to the Commission. The amount of casinghead gas sold in small quantities for use in the field may be calculated upon a basis generally acceptable in the industry, or upon a basis approved by the Commission



in lieu of meter measurements."

It would appear, Mr. Robinson, that you need an exception to this Rule which is not within the call of this particular hearing, however.

A If the Commission please, there would be only a small amount of casinghead gas being produced from the Royalty Holding Company Lease. This would--

Q Is that a one-well lease?

A Yes, sir, it is a one-well lease. I was just trying to roughly calculate what that would be. This would approximate about 52,000 cubic feet of gas a day, assuming an average of ten cent gas, that would be about five dollars and twenty cents a day where the W. L. Stephen Estate has a gas-oil ratio of 307 to 1. That would approximate about a dollar and ninety cents a day, where the majority from the United Royalty "A," it looks like it would approximate that from the Royalty Holding. There would be about, oh, ten dollars a day revenue from this gas, and I would think from gas-oil ratios that we could equally distribute this back to each individual lease. However, if the Commission could not see fit to grant us the permission to commingle this casinghead gas and to meter it by one meter, we could install individual meters for the casinghead gas and still maintain an economical advantage in so doing.

Q Could you do this on a temporary basis until at least when your management had decided to ask for an exception to Rule



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MR. WHITE: If the Examiner please, I don't know how the publication notice went out, but according to the docket, the application was for permission to commingle the production from three separate leases which might be broad enough to encompass not only gas--

MR. PAYNE: Notice the last line where it says "after separately"--That's rather a binding phrase. It includes oil and gas both. I notice the request for waivers from the royalty owners doesn't specifically say that the oil production would be measured by meters and the gas production attributed on the basis of tests. It states that the production from each lease will be separately measured.

MR. WHITE: If that be true, I think it would be outside the scope of the hearing to grant the exception.

BY MR. WUTTER:

Q What is the present status of the production from the Queen there on the Stephen Estate Lease, Mr. Robinson? Is that oil being sold at this present time?

A Yes, it is.

Q Is the gas being sold?

A No, sir. At the present time it is not.

Q How about the gas from the Royalty Holding Lease?

A The gas from the United Royalty "A" Lease is being sold now. The gas from the Royalty Holding and the W.L. Stephen Estate



Lease is not being sold.

Q So, at the present time you only do have one gas meter out there?

A That is correct. If the Examiner please, we would request that an order be granted where it would provide or require that we meter separately from each individual lease on our casinghead gas, and then if Texaco, Inc. would so desire to commingle the casinghead gas and to sell through a common gas meter, then we would reapply for rehearing for an exception to Rule 305.

MR. PAYNE: I think that would be the best way to handle it, Mr. Robinson.

A All right.

MR. WUTTER: Are there any further questions of Mr. Robinson?

Q (By Mr. Wutter) What type of meters do you plan to use here, Mr. Robinson?

A They will be positive displacement meters with snap acting controls.

Q Is there any corrosion problem in this area from the Queen formation?

A This Queen formation is a sour type crude. However, we have not had any corrosion problems there. Our P.D. meters will be corrosion resistant materials.

Q They will be checked for accuracy periodically?

A That is correct.



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ALBUQUERQUE, NEW MEXICO

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MR. MUTTER: Any further questions of Mr. Robinson?

MR. WHITE: That's all we have.

MR. MUTTER: He may be excused.

(Witness excused)

MR. MUTTER: Do you have anything further, Mr. White?

MR. WHITE: No, sir.

MR. MUTTER: Does anyone have anything further for Case 1992? We will take this case under advisement and take next Case 1993.



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 14 day of June, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My Commission expires:

June 19, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1997 heard by me on 6/22, 1960.

[Signature], Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DOCKET: EXAMINER HEARING JUNE 22, 1960

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, N.M.

The following cases will be heard before Daniel S. Nutter, Examiner, or Oliver E. Payne, Attorney, as alternate examiner:

*NOTE: Case Nos. 1995 through 2001 and Case 1972 will not be heard before 1 p.m.

CASE 1989: Application of Amerada Petroleum Corporation for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its State SR "A" Well No. 1, located in the SW/4 SW/4 of Section 14, Township 9 South, Range 32 East, Lea County, New Mexico, with the injection to be in the Devonian formation in the interval from 11,105 feet to 11,130 feet.

CASE 1990: Application of Continental Oil Company for a waterflood project. Applicant, in the above-styled cause, seeks an order authorizing it to institute a waterflood project in the Skaggs Pool on its Southeast Monument Unit by the injection of water into the Grayburg formation through six wells located in Sections 19, 24, and 30, Township 20 South, Ranges 37 and 38 East, Lea County, New Mexico.

CASE 1991: Application of Texaco Inc. for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its C. P. Falby "B" Well No. 3, located in Unit M, Section 8, Township 22 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from the Eumont Pool and oil from the Penrose-Skelly Pool through parallel strings of one-inch O.D. tubing and 2 1/16-inch O.D. tubing respectively.

CASE 1992: Application of Texaco Inc. for permission to commingle the production from three separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Dollarhide-Queen Pool from its United Royalty "A" Lease comprising the S/2 SW/4, NE/4 SW/4, and the SE/4 NW/4 of Section 19, Township 24 South, Range 38 East, Lea County, New Mexico, its Royalty Holding Company Lease comprising the SW/4 NW/4 of said Section 19, and from its W. L. Stephen Estate Lease, comprising the N/2 NW/4 of said Section 19, after separately metering the production from each lease.

CASE 1993: Application of Shell Oil Company for an amendment of Order R-1101-A Applicant, in the above-styled cause, seeks an order amending Order R-1101-A to include the following-described leases in the commingling and automatic custody transfer authorization granted in said order:

Linam Lease, NE/4 NE/4 and NW/4 NW/4, Section 3,
Lowe Land Lease, NW/4 NE/4 and NE/4 NW/4,
Section 3

both in Township 20 South, Range 35 East, Lea County, New Mexico.

CASE 1994: Application of Intex Oil Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks approval of its Puerto-Chiquito Unit Agreement, which unit will embrace approximately 12,721 acres of Federal and fee land in Township 26 North, Range 1 East, Rio Arriba County, New Mexico.

* The following cases will not be heard before 1 p.m.

CASE 1995: Application of Redfern and Herd, Inc., John J. Redfern, Jr., and J. H. Herd for an order force pooling the interests in a 320-acre gas unit in the Dakota Producing Interval. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the N/2 of Section 32, Township 29 North, Range 11 West, San Juan County, New Mexico, insofar as the Dakota Producing Interval is concerned, including Pan American Petroleum Corporation and including the following person who has not consented to communitization: Sam Carson, 511 E. Main Street, Farmington, New Mexico.

CASE 1996: Application of Leonard Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Federal Ginsberg Well No. 9, located in Unit D, Section 31, Township 25 South, Range 38 East, Lea County, New Mexico, in such a manner as to produce oil from the Justis-Fusselman Pool and oil from the Blinebry formation adjacent to the Justis-Blinebry Pool through parallel strings of 2 3/8-inch tubing.

CASE 1997: Application of Sun Oil Company for permission to commingle the production from several separate leases. Applicant, in the above-styled cause, seeks permission to commingle the Wolfcamp production from several separate leases in Sections 2, 3, 4, 8, 9, 10, and 11 of Township 9 South, Range 34 East, Lea County, New Mexico, and Section 35 of Township 8 South, Range 34 East, Roosevelt County, New Mexico.

CASE 1998: Application of Great Western Drilling Company for an order force-pooling the interests in a 200-acre non-standard gas proration unit in the Eumont Gas Pool. Applicant, in the above-styled cause, holder of a 200-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the E/2 NE/4 of Section 32 and the E/2 NW/4 and NW/4 NW/4 of Section 33, all in Township 19 South, Range 37 East, Lea County, New Mexico, seeks an order force-pooling all interests in said unit within the vertical limits of the Eumont Gas Pool, including interests of the following persons who have not consented to communitization: S. E. Cone, c/o J. R. Cone, Attorney-in-Fact, Great Plains Life Building, Lubbock, Texas, H. L. Lowe, Great Plains Life Building, Lubbock, Texas, Abner M. Jack, Box 423, Scooba, Mississippi, and W. M. Beauchamp, Ancillary Guardian of the Estate of William Howard Jack, c/o District Clerk, Lovington, New Mexico and also the following persons whose addresses are unknown: Henry Hall, The Estate of Fred B. Caylor, B. A. Bowers, The Estate of George F. Henneberry, deceased, Mrs. Joy Mabel Stanley, and The Heirs of Elizabeth A. Anderson, and also an unknown person whose address is unknown.

CASE 1999: Application of Socony Mobil Oil Company for an exception to Rule 107 (e) (1). Applicant, in the above styled cause, seeks an exception to Rule 107 (e) (1) in order to complete the following-described wells as "slim-hole" completions in the Devonian formation at depths in excess of 5,000 feet:

Federal "A" Well No. 1, 2510 feet from
the North and West Lines of Section 31

Santa Fe "F" Well No. 2, 1980 feet from
the South line and 660 feet from the West
line of Section 20

both in Township 9 South, Range 36 East, Lea County, New
Mexico.

CASE 2000: Application of Gulf Oil Corporation for permission to commingle the production from three separate leases and for permission to install an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the Monument Pool production from the following-described leases in Lea County, New Mexico: R. R. Bell (NCT-G) lease consisting of the S/2 SE/4 of Section 13, Graham State (NCT-H) lease consisting of the W/2 SW/4 of Section 13, and the H. T. Orcutt (NCT-D) lease consisting of the W/2 NE/4 of Section 13, all in Township 20 South, Range 36 East. Applicant further seeks permission to install an automatic custody transfer system to handle the Monument Pool production from said leases.

CASE 1972: (Continued)

Application of Gulf Oil Corporation for permission to commingle the production from several separate pools. Applicant, in the above-styled cause, seeks permission to commingle the Blinebry oil production with the Blinebry gas condensate and Tubb gas condensate from all wells on its T. R. Andrews lease comprising the E/2 of Section 32, Township 22 South, Range 38 East, Lea County, New Mexico, after separately metering the Blinebry oil production.

CASE 2001: Application of Franklin, Aston and Fair, Inc., for an amendment of Order No. R-1573-A. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1573-A to provide an alternative to the shut-in provisions contained therein as relating to certain leases in the Empire-Abo Pool, Eddy County, New Mexico.

TEXACO
INC.
PETROLEUM PRODUCTS
DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



P. O. Box 352
Midland, Texas

May 26, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Request for Permission to Commingle
Crude Production, TEXACO Inc. W. L.
Stephen Estate Lease, Royalty
Holding Company Lease, and United
Royalty "A" Lease, Dollarhide (Queen)
Pool, Lea County, New Mexico

Attn: Mr. A. L. Porter, Jr.

Gentlemen:

TEXACO Inc. desires to commingle the crude production from the United Royalty "A" Lease comprising the S/2 SW/4, NE/4 SW/4, and the SE/4 NW/4, the Royalty Holding Company Lease comprising the SW/4 NW/4, and the W. L. Stephen Estate Lease comprising the N/2 NW/4, all in Section 19, T-24-S, R-38-E, into common storage facilities located on the United Royalty "A" Lease after separately measuring the production from each lease through positive displacement type meters. The production to be commingled is from a common reservoir, the Queen formation, Dollarhide (Queen) Pool. TEXACO Inc. owns 100 percent working interest in the three leases and the leases are contiguous as shown on the attached plat. There are four Queen wells on the United Royalty "A" Lease, one on the Royalty Holding Company Lease, one on the W. L. Stephen Estate Lease and an additional well on the W. L. Stephen Estate Lease will be completed in the Queen in the near future, making a total of seven wells producing into the tank battery. Positive displacement meters installed on individual treaters will provide adequate facilities for accurately determining production from each well periodically.

TEXACO Inc. hereby makes application for administrative approval of the proposed commingling operations described above in accordance with Statewide Rule 309(b). Consent in writing has been obtained from all royalty owners in the United Royalty "A" and W. L. Stephen Estate Leases, and from 99.931641 percent of the

*Robert
D. Miller
5-1-60*

royalty owners in the Royalty Holding Company Lease. All royalty owners in the Royalty Holding Company Lease were contacted by mail for their consent, and, although four persons owning a total of 0.068359 percent royalty interest have not forwarded their consents, neither have they presented objections. All offset operators, as listed below, were notified this date by copy of this application through registered mail.

Yours very truly,



J. G. Blevins, Jr.
Assistant District Superintendent

LMF-MAB

cc: Sinclair Oil and Gas Company, P. O. Box 1470, Midland, Texas
J. P. "Bum" Gibbins, P. O. Box 1032, Midland, Texas
Ralph Lowe, P. O. Box 832, Midland, Texas
American Trading and Prod. Corp., P. O. Box 992, Midland, Texas
Continental Oil Company, P. O. Box 431, Midland, Texas
Humble Oil and Refining Company, P. O. Box 1600, Midland, Texas
J. J. Redfern, Jr., P. O. Box 1787, Midland, Texas

Attachments

H. WATTS, PRESIDENT

RAY D. HUSTON, VICE-PRESIDENT
146 NORTH OLIVER STREET
WICHITA 6, KANSAS

RUTH STEWART, SECRETARY

ORGANIZED AS A TRUST
UNITED ROYALTY COMPANY
AUTHORIZED UNITS 2,000,000.

RITZ BUILDING

TULSA, OKLA.

April 25, 1960.

6 Dec 1972

Locher
Watt
Texaco Inc.
Box 352
Midland, Texas.

Re: NMP-1 SE/4 of NW/4 & NE/4 of SW/4
& S/2 of SW/4 Sec. 19-24S-38E
Lea County, New Mexico
1/2 interest minerals

Gentlemen:

At your request in your letter of April 19, 1960, we have executed, in duplicate, letters of waiver to the New Mexico Oil Conservation Commission in which we agree to the proposal contained in your letter of April 19th relative to the commingling operations of the Queen production on the above described property.

This waiver is signed with the distinct understanding that if this company becomes dissatisfied with this operation and commingling of the W. L. Stephen Estate Lease, Royalty Holding Company Lease and United Royalty "A" Lease, that we will have the right of inspection of the operation by our engineer and the auditing of books and records by our auditor and if we are dissatisfied this waiver will become null and void insofar as this company is concerned.

Yours very truly,

UNITED ROYALTY COMPANY

W. L. Watts
PRESIDENT

MHW/rs
enclo.

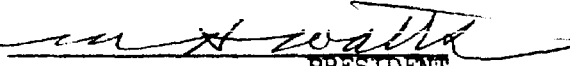
cc: Spillers & Spillers, Atty's
New Mexico Oil Conservation Commission
Ray D. Huston

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

UNITED ROYALTY COMPANY, an express trust

Signed 
PRESIDENT

Date APRIL 25, 1960

ROCKET OIL AND GAS CO.

RITZ BUILDING

TULSA 3, OKLAHOMA

April 25, 1960.

Texaco Inc.
Box 352
Midland, Texas.

Re: NMP-5 SE/4 of NW/4 & NE/4 of SW/4
& S/2 of SW/4 Sec. 19-24S-38E
Lea County, New Mexico
1/2 interest minerals

Gentlemen:

At your request in your letter of April 19, 1960, we have executed, in duplicate, letters of waiver to the New Mexico Oil Conservation Commission in which we agree to the proposal contained in your letter of April 19th relative to the commingling operations of the Queen production on the above described property.

This waiver is signed with the distinct understanding that if this company becomes dissatisfied with this operation and commingling of the W. L. Stephen Estate Lease, Royalty Holding Company Lease and United Royalty "A" Lease, that we will have the right of inspection of the operation by our engineer and the auditing of books and records by our auditor, and if we are dissatisfied this waiver will become null and void insofar as this company is concerned.

Yours very truly,

ROCKET OIL AND GAS CO.


PRESIDENT

MHW/rs
enclo.

cc: Spillers & Spillers, Atty's
New Mexico Oil Conservation Commission

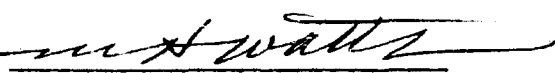
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

ROCKET OIL AND GAS CO., A DELAWARE CORPORATION

Signed


PRESIDENT

Date

April 25, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W. L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed Paul L. Stephen

Date 4-26-60

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W. L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed Georgia L. Stephen

Date May 3, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed Laisy D Blankenship

Date April 28, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W. L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed Georgia Lee Smith

Date P. O. Box 70 Apr 25, 60
Albuquerque

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Paul Lyon
Signed *Martha Lyon*

Date *April 25, 1960*

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed Lea & Sons Press, Inc.
By - Freda L. Linsinger
Date April 28, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W. L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed

Leonard W. Harmon

Date

April 28, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed Mrs Myrtle L. Davis

Date 1116 N W. 16th Okla City

April 28, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W. L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed 

Date 4-28-60

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed Roy L. Farnham

Date 4 - 31 - 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S. R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed

W. L. Stephen

Date

4/27/60

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W. L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed

C. H. Shurtz

Date

April - 28 - 1965

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W. L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed Debra (ma) K. Nelson

Date April 30, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W. L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed

Sam J. Bird Phillips

Date

4-27-60

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed Austin Wittenhouse

Date April 28, 1960

Case 1792
John J. Redfern, Jr.

J. H. Herd

Oil Properties 1960 JUN 13 PM 1:08

P. O. Box 1747

Phone MUtual 4-5591

Midland, Texas

June 1, 1960

IN REPLY REFER TO

FILE: Lea 27/007

New Mexico Conservation Commission
Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

I have received a copy of Texaco's letter of May 26th addressed to you requesting permission to pool crude production from their W. L. Stephen Estate Lease, Royalty Holding Company Lease and United Royalty "A" Lease in the Dollarhide (Queen) Pool in Lea County, New Mexico.

As an offset operator, I have no objection to this request.

Very truly yours,

John J. Redfern Jr.

John J. Redfern, Jr.

JJR:AHT

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W. L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed Elizabeth Williamson Lamb

Date May 3, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed *Robert D. W. Winters*

Date *4/28/66*

MAIN OFFICE OCC

1960 MAY 31 AM 8:17

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W. L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed Olive R. Kittenhouse

Date April 28, 1960.

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

May 31, 1960

Texaco Inc.
P. O. Box 352
Midland, Texas

Attention: Mr. J. G. Blevins, Jr.

Gentlemen:

Reference is made to your request for administrative approval to commingle the Dollarhide-Queen Pool production from the United Royalty "A" Lease, the Royalty Holding Company Lease, and the W. L. Stephen Estate Lease.

While the provision may in some instances be unduly burdensome, Rule 309(b) (4) requires that the ownership of the leases be common throughout as a prerequisite for an administrative exception to Rule 309(a). Apparently this is not the situation in your case, and accordingly a hearing on your application is required.

Unless I hear from you to the contrary, your request will be docketed for the examiner hearing on June 22, 1960.

Very truly yours,

OLIVER E. PAYNE
General Counsel

OEP:esr

C
O
P
Y

MAIN OFFICE OCC

1960 MAY 31 AM 8:17

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed

Harry Leng

Date

April 28, 1960

MADE BY FIDE 000

1960 MAY 21 AM 8:17

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

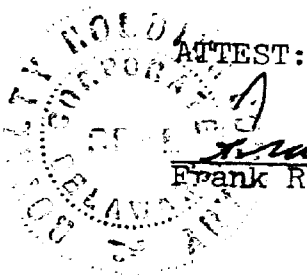
Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

ROYALTY HOLDING COMPANY

Signed M. M. Fox
M. M. Fox, President

Date April 28, 1960



ATTEST:

Frank R. Fox
Frank R. Fox, Secretary

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W. L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed

V. H. Stenard

Date

April 28, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed *Ernest R. Blalock*

Date *30 April 1966*

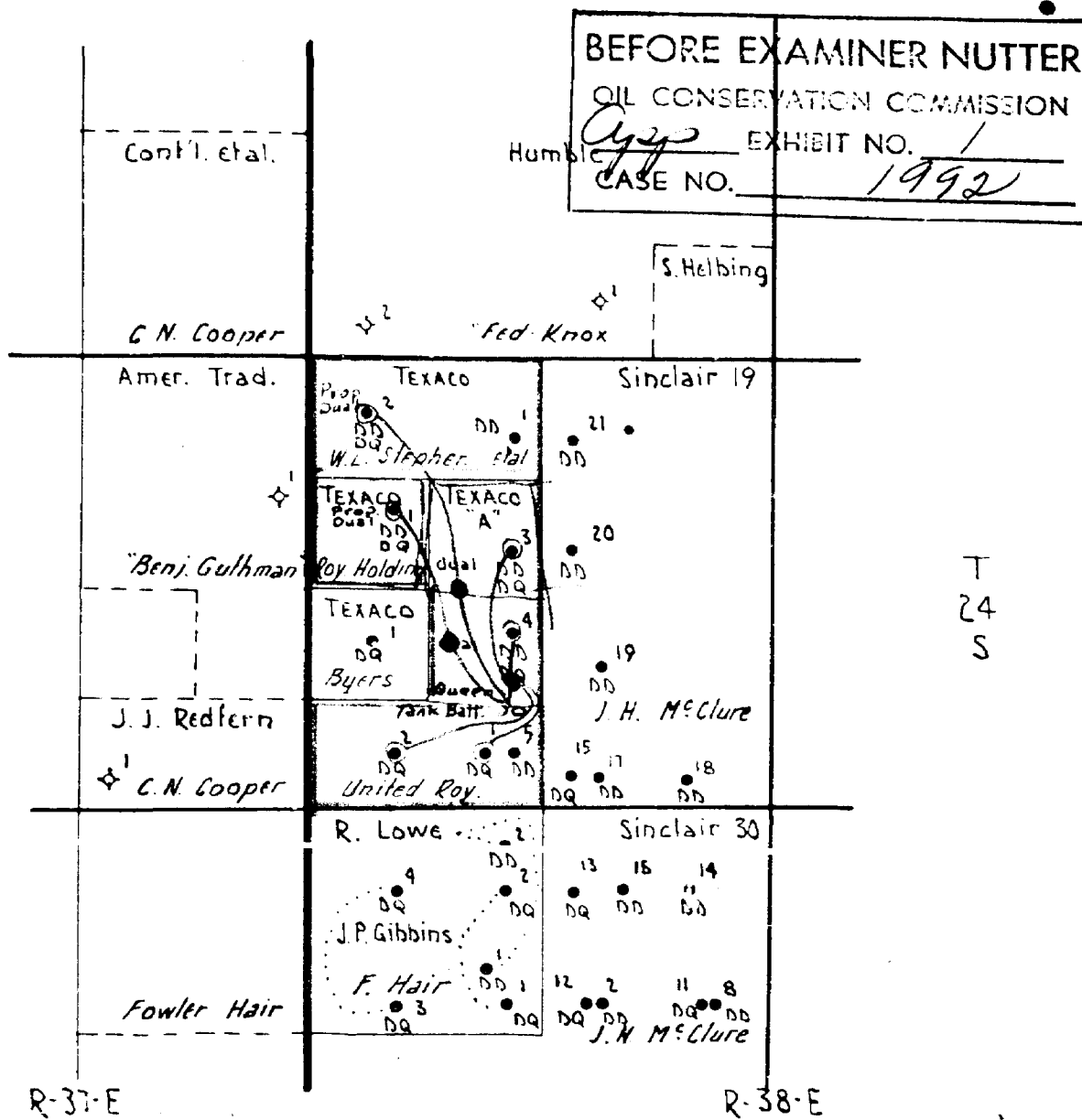
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned, being a royalty interest owner, has no objection to the proposal by TEXACO Inc. to commingle Queen production from their W L. Stephen Estate, Royalty Holding Company, and United Royalty "A" Leases into a common Queen tank battery located on the United Royalty "A" Lease, Section 19, T-24-S, R-38-E, Lea County, New Mexico. It is understood that the Queen production from each lease will be separately measured through positive displacement type meters prior to commingling.

Signed _____

Date 7/1/54

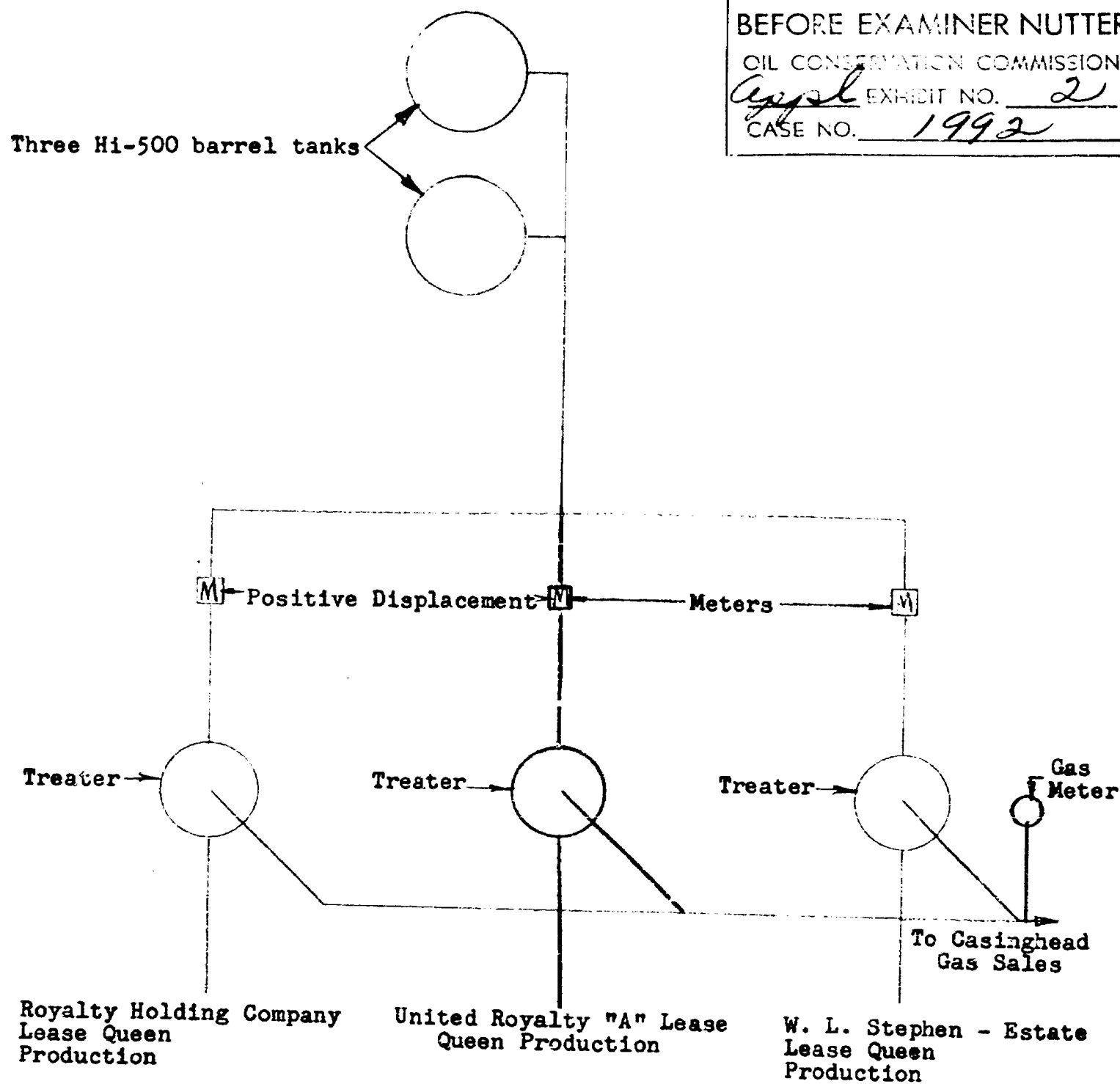


PLAT OF TEXACO Inc. W. L. STEPHEN ESTATE, ROYALTY
HOLDING COMPANY AND UNITED ROYALTY "A" LEASES
Lea County, New Mexico
Scale 1" = 2000'
LMF-DDD 4-12-50

LEGEND

DD - Dollarhide Drinkard Pool
DQ - Dollarhide Queen Pool

BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
April EXHIBIT NO. 2
 CASE NO. 1992



DIAGRAMMATIC SKETCH OF COMMINGLING INSTALLATION
 TEXACO Inc. United Royalty "A", Royalty Holding Company and
 W. L. Stephen - Estate Leases
 Lea County, New Mexico

| | |
|-----------------------------|--|
| BEFORE EXAMINER NUTTER | |
| OIL CONSERVATION COMMISSION | |
| EXHIBIT NO. <u>3</u> | |
| CASE NO. <u>1992</u> | |

TEXACO Inc.
W. L. Stephen-Estate, Royalty Holding Company and United Royalty "A" Leases
Dollarhide (Queen) Pool
Lea County, New Mexico

Production Characteristics

| <u>Item</u> | <u>Stephen-Est.</u> | <u>Royalty Holding Co.</u> | <u>United Roy. "A"</u> |
|---------------|---------------------|----------------------------|------------------------|
| Type of Crude | Sour | Sour | Sour |
| GOR | 307 | 1630 | 724 |
| Gravity | 32.9° | 33.1° | 31.7° |

Handwritten notes:
Stephen-Est. \$2.00/bbl.
Royalty Holding Co. \$5.28/bbl.
United Roy. "A" \$6.18/bbl.

Commingling Statistics

| <u>Lease</u> | <u>Productivity (BOPD)</u> | <u>Gravity (° API)</u> | <u>Price per barrel</u> | <u>Revenue per day</u> |
|--------------------|--------------------------------|----------------------------|-----------------------------|----------------------------|
| Stephen-Estate | 66 | 32.9° | \$2.71 | \$178.86 |
| Royalty Holding | 33 | 33.1 | \$2.74 | \$90.42 |
| United Royalty "A" | 84 | 31.7 | \$2.68 | \$225.12 |
| | 183 | Wt. Av. = 32.4° | | \$494.40 |

After Commingling
183 bbl. of 32.4° X \$2.71 = $\frac{\$495.93}{1.53}$ - per day gain

Handwritten calculations:
183 bbl. of 32.4° X \$2.71 = \$495.93
\$495.93 / 1.53 = \$324.14