

-asa / No.

2368

Application, Transcript,  
and Exhibits, Etc.

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. 2368  
Order No. R-2066

APPLICATION OF SINCLAIR OIL & GAS  
COMPANY FOR AN EXCEPTION TO RULE  
309, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 30, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 22nd day of September, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Sinclair Oil & Gas Company, is the owner and operator of the C. S. Stone lease, comprising the N/2 of Section 22, the Reed Estate lease, comprising the SE/4 of Section 22, and the B. D. Buckley lease, comprising the SW/4 of Section 22, all in Township 15 South, Range 38 East, MDPN, Lea County, New Mexico.

(3) That the applicant seeks permission to commingle the Devonian oil production from the above-described leases after separately metering and sampling the production from each lease.

(4) That the applicant proposes to add test separator facilities, when needed, in conformance with Figure 2 of the Commission Manual for the Installation and Operation of Commingling Facilities.

(5) That the subject application should be approved; provided, however, that the subject installation should be installed and operated in accordance with said commingling manual.

CASE No. 2368  
Order No. R-2066

**IT IS THEREFORE ORDERED:**

(1) That the applicant, Sinclair Oil & Gas Company, is hereby authorized to commingle the Devonian oil production from its C. S. Stone lease, comprising the N/2 of Section 22, its Reed Estate lease, comprising the SE/4 of Section 22, and its B. D. Buckley lease, comprising the SW/4 of Section 22, all in Township 15 South, Range 38 East, NMPM, Lea County, New Mexico, after separately metering and sampling the production from each lease.

**PROVIDED HOWEVER,** That the subject installation shall be installed and operated in accordance with the Commission Manual for the Installation and Operation of Commingling Facilities.

(2) That the applicant may add test separator facilities to its proposed installation in conformance with Figure 2 of said commingling manual.

**PROVIDED HOWEVER,** That when test separator facilities are added, applicant shall notify the Commission's Hobbs District Office to allow inspection of the installation prior to use.

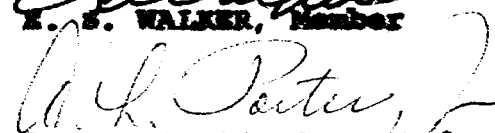
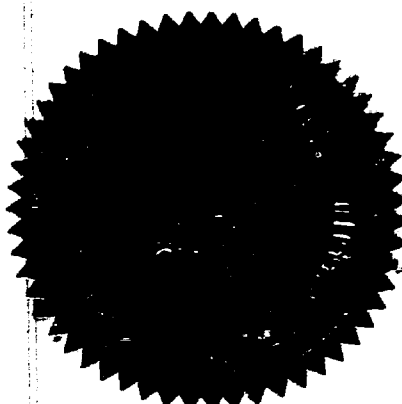
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MCCHESNEY, Chairman

  
E. S. WALKER, Member  
A. L. PORTER, Jr., Member & Secretary

GOVERNOR  
EDWIN L. MECHEM  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER



STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

P. O. BOX 871  
SANTA FE

September 22, 1961

Mr. Charlie White  
Gilbert, White & Gilbert  
P. O. Box 787  
Santa Fe, New Mexico

Re: Case No. 2368  
Order No. R-2066  
Applicant:  
Sinclair Oil & Gas Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC       

Aztec OCC       

OTHER

Case 2368

Heard 8-30-61

Rec. 9-14-61

1. Grant an exception to Rule 709 for Sinclair.
2. It appears their system would meet the requirements of the Comm. Manual. However we should check this closely when manual is complete.
3. Each lease metered separately with non-reset meters.
4. Each well on each lease to be tested periodically.

Thos A. Mc

No, from

(Approve ACT.)

5. Require that Sinclair notify the Dist ofc of the Comm at such time as common test facilities are installed so that they may be inspected prior to putting in use.

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PHONE CH 3-6691

PAGE

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 30, 1961

IN THE MATTER OF:

CASE NO. 2368

TRANSCRIPT OF HEARING



BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 30, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Sinclair Oil & Gas Company  
for an exception to Rule 309, Lea County,  
New Mexico. Applicant, in the above-styled  
cause, seeks permission to commingle the  
Devonian oil production from its C. S. Stone  
lease, comprising the N/2 of Section 22,  
from its Reed Estate Lease, comprising the  
SE/4 of Section 22, and from its B. D.  
Buckley Lease, comprising the SW/4 of Section  
22, all in Township 15 South, Range 38 East,  
Lea County, New Mexico, after separately  
metering the production from each lease.

Case  
2368

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 2368.

MR. MORRIS: Application of Sinclair Oil & Gas Company  
for an exception to Rule 309.

MR. WHITE: Charles White of Gilbert, White & Gilbert,  
appearing on behalf of the applicant; and we have one witness to  
be sworn at this time.

(Witness sworn.)

MR. UTZ: Are there other appearances in this case?

You may proceed.

ROBERT R. MARMOR,

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called as a witness herein, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Marmor, will you state your name, please.

A My name is Robert R. Marmor, M-a-r-m-o-r.

Q By whom are you employed, and in what capacity?

A I am employed by Sinclair Oil & Gas Company as Assistant Division Engineer, Midland Division.

Q State briefly what Sinclair proposes by the subject application?

A Sinclair proposes, it seeks permission to mingle the Devonian production from three leases in the Southeast in Section 22, Township 15 South, 38 East, after metering the production of each lease separately.

Q Is Sinclair the operator of the lease?

A Yes, sir.

Q Will you refer to Exhibit 1, and explain that, please.

A Exhibit 1 shows the area where the leases in question are located. The leases are located in the north half of Section 22 -- this is the C. S. Stone Lease; the southeast quarter on Section 22, the Reed Estate Lease; and the southwest quarter of Section 22, the B. D. Buckley Lease.

Q Do all these leases consist of privately-owned fee land?

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A Yes, sir.

Q Is there any diversity of ownership as to any of these leases?

A Yes, sir. After we made the application, we found out that the B. D. Buckley Lease, located in the southwest quarter of Section 22, has a diversity of interest which consists of one nineteen hundred and twentieth. It is mineral interests. The north half of the southwest quarter --

Q All right. That is held by whom?

A It is held by May Nuggett, and the south half of the southwest quarter is held by Midwest Oil Corporation; that is insofar as this one nineteen hundred and twentieth mineral interest.

Q In other words, each of them has a one nineteen hundred and twentieth mineral interest; is that correct?

A Yes.

Q And is Midwest Oil Company one of the operators?

A Yes, sir.

Q Have you made any efforts to contact these owners?

A Yes, sir. We have made every attempt to contact them, but we have not yet been able to contact May Nuggett.

Q What will you endeavor to do in regard to working out the interests?

A Well, we keep on trying to find out where she is located.



Q If and when you find her, what will you endeavor to have done?

A Then, we will ask her to unitize her interest with the Midwest Oil Corporation interest.

Q Assuming that there is a well, producing well, on the north half of the southwest quarter on the Buckley Lease, what interest would May Nuggett have dollar-and-cents-wise, assuming it is a full allowable well?

A Approximately \$10.70 a month.

Q In the event Mrs. Nuggett cannot be contacted after due search and inquiry, and if Sinclair wishes to go ahead and attempt to drill, how will her interest be protected?

A Well, she has a very small amount in this lease. We will estimate her interest from the monthly production, and place it in a suspense fund. When she is located, we will have a common-law accounting, the same as it usually is done between tenants in common.

Q Well now, what wells have been completed on these leases, and when and where are their locations?

A The first well, discovery well, is the C. S. Stone No. 1, located in the southwest quarter of the northeast quarter of Section 22, 15 South, 38 East. The second well presently drilling at approximately 7,500 feet is the Reed Estate No. 1, located in the northwest quarter of the southwest quarter of Section 22. This well should be completed in approximately 30 days.

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Q What future development do you propose, if any?

A The results of the Rita State No. 1 are extremely poor to determine what direction we will move next. We have no idea, although if possible, that it might be west of the C. S. Stone No. 1; but we have no idea at this time.

Q Do you intend to obtain production in the Devonian as to all of these leases?

A Yes, sir; we will do so.

Q Now, will you refer to Exhibit No. 2, and explain that please.

A Exhibit No. 2 is the erroneously-labeled proposed LACT installation. This was before we found out we could obtain permission to install a LACT installation by administrative approval.

Q In that regard, the application had been filed with regard to approval of the LACT system, and since were advised, were they not, that that could be handled administratively?

A Yes, sir.

Q Continue, please.

A The items of interest in this Exhibit are the proposed commingling site and LACT installation shown on the upper portion of the Exhibit. They will be approximately centrally located in this section. That lower portion of the Exhibit we show the common header for each of the separate leases, assuming that we will develop these leases on a 40-acre development pattern, and is found productive.



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Q Can test separator facilities be added?

A Yes, sir. Right now, we don't show any such test separator in the Exhibit because we feel with the number of wells, that in the immediate future we can individually test by cutting in the other producing wells. Now, directly from the header, we go into a solenoid switch. We will activate a valve in the event of emergency downstream from this valve. The lines are the, the flow lines will be high-pressure flow lines tested at approximately 1 1/2 times the maximum well head shutin pressure. From then on, we will pass through a separator, then through the meter facilities, which we show in Exhibit 3, and then to the watering tank, storage tank, and through the LACT Unit. Same thing will apply for the Rita State Lease and the Buckley Lease.

Q The upper part of the Exhibit shows a possible well location for further development, and the lower part shows it hooked up upon the assumption that all these wells were drilled and each one is productive.

A That is correct.

Q Now, in conjunction to Exhibit No. -- Will you refer to Exhibit No. 3.

A Exhibit No. 3 is the detailed schematic of the metering facilities. The flow will be from the left on the Exhibit, from the left to right. Shown under A, we will have a 1/2-inch Rockwell Air Eliminator and Strainer combination. From then, we will go to a 1/2-inch Rockwell Model T 70 Meter with a non-reset



counter and a temperature compensator. Then, we go to the proving connections, that would be under T and D, will be combination flow and dump valve, snap acting dump valve. E is a sample probe and sampler with a 10-gallon shaper prove container.

Q How do these proposed metering facilities compare with the Commission's commingling study recommendations?

A They are almost identical. I believe the only units not included are the operational items such as the BS and B monitor, and the re-route valve. The only thing that we made one small change, we have placed the center probe after the dump valve, instead of after the sample probe, and instead of after the air eliminator. The reason is that we feel we will have greater turbulence after the dump and have a greater centraling in that point.

Q In the event the Commission adopts the Study Committee's recommendations, are you agreeable to making any alteration in your facilities to comply in the event an order is issued prior to the adoption of the committee report?

A Yes, sir; we will.

Q Is there any particular reason why this order should be commingled within the -- or in other words, are you in a hurry for this order?

A Yes, sir. As I say, Well No. 1, the Rita State Well No. 1, will probably be completed within 30 days. If the order is granted before that time, it will permit us to save the cost of



setting up a temporary tank battery.

MR. WHITE: That concludes our testimony on direct.

At this time, we offer Exhibits 1 through 3.

MR. UTZ: Without objection, Exhibits 1 through 3 will be entered into the record into this case.

(Whereupon, Applicant's Exhibits Nos. 1 through 3 marked for identification.)

MR. UTZ: Are there any further questions of the witness?

MR. MORRIS: Yes, sir.

MR. UTZ: Mr. Morris.

Q (By Mr. Morris) Mr. Marmor, would you tell me again, now, just what the outstanding interest is in the Buckley Lease?

A Yes, sir. The outstanding interest is a one nineteen hundred and twentieth mineral interest in the north half of the southwest quarter of 1922.

Q And that one nineteen twentieth is owned --

A By May Nuggett.

Q May Nuggett and Midwest Oil Corporation?

A No, just May Nuggett. The Midwest Oil Corporation owns a one nineteen twentieth in the south half of the southwest quarter.

Q I see. And has Midwest consented? Are they --

A They are working interest owners, and they have approved the commingling.

Q I see. So then Sinclair can claim to be the operator of the entire section, with the exception of this one nineteen

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twentieth interest in the north half of the southwest quarter of 22?

A Well, there is additional working interests which we have not been able to locate, but those are in the other leases, themselves. They don't need -- The unleased interests are within, for example, all of the C. S. Stone Lease, and they are all in the Reed Estate Lease, and we were under the impression that the May Nuggett interest was over the whole of the Buckley Lease, but we were wrong.

Q Then, as shown on your Exhibit No. 1, Sinclair is the owner of some 35 plus percent interest in the whole section?

A That is correct.

Q And Texaco is the owner of some 61 plus percent interest in the whole section?

A Yes, sir.

Q And then others own some 2.6 percent interest in the whole section; is that right?

A Maybe. I don't believe I mentioned this: This is the operator's, we form an operator's unit in this section. These leases were originally operated by Sinclair individually and the Texaco, and others. We formed an operator's unit, but did not form a royalty unit. The open interest for the unleased interest is disputed among these leases. I don't have the actual distribution in front of me right now.

MR. WHITE: That poses no problem to you?

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THE WITNESS: No, sir.

Q (By Mr. Morris) Now, as to this one nineteen twentieth interest, if I could direct this question to Mr. White. Is it your opinion, Mr. White, that Sinclair would have the right to go ahead and operate this lease, and as long as they accounted to the tenant in common?

A As long as they had regular common law accounting to keep it in suspense funds, and we think it would adequately be protected. I might say this: that we are in hopes of working this out with May Nuggett, when we can find her. Now, we didn't learn of this well until approximately a week ago, and I guess we have our scouts out now looking for her, but I think it is only going to pose a temporary problem. The only other alternative, other than the common law accounting method, would be your subtraction method, which we don't think would be desirable because of all the red tape and bookkeeping involved. And the only other fact that I have would be to put in separate metering facilities, just for that one small interest, which would be costly, and her interest is completely diminimous. It is a question of how far down you are going to protect a fellow with such a small interest as this. We think it is insignificant and not of much concern.

MR. MORRIS: You do feel, though, that you would have the right to go ahead and operate the lease as long as you did account to the tenant in common?

MR. WHITE: Yes, sir.

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MR. MORRIS: Now, maybe I should ask this question of Mr. Marmor.

Q (By Mr. Morris) Do you have the entire Section 22 dedicated to the wells on that lease? In other words, do you claim ownership of the lease to the extent that you can dedicate all of the acreage to the wells?

A I wonder if you can re-word that. I don't believe I understand the question.

Q In other words, before an operator can dedicate acreage to a well, he must either own or operate it under some sort of a communitization plan. Now, if you have an outstanding working interest, you can't claim that unless you are claiming to operate under some sort of an arrangement where you are going to account to your tenant in common.

A Well, we are keeping a separate account for this right now, suspense account for this opening. I don't know whether I have answered your question.

MR. MORRIS: I have no further questions. Thank you.

MR. UTZ: Are there other questions? The witness may be excused. Are there other statements in this case? The case will be taken under advisement.

(Whereupon, the hearing of Case No. 2368 was concluded.)



STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) SS

I, Michael P. Hall, 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.

*Michael P. Hall*  
NOTARY PUBLIC

My commission expires:

June 20, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2368, heard by me on Aug 30, 1961.  
*[Signature]* Examiner  
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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ALBUQUERQUE, NEW MEXICO



DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 30, 1961

9:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as alternate examiner:

Cases 2368 through 2372 will not be heard before 1:00 P.M.

- CASE 2359: Application of Shell Oil Company for a pilot water flood project in the Townsend-Wolfcamp Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pilot water flood project in the Townsend-Wolfcamp Pool with water injection initially to be through the Texas Pacific Coal & Oil Company State "J" Well No. 2, located in the NE/4 SW/4 of Section 10, Township 16 South, Range 35 East, Lea County, New Mexico.
- CASE 2360: Application of Shell Oil Company for a pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a Pressure Maintenance Project in the Bisti-Lower Gallup Oil Pool in the Carson Unit Area and also in Sections 10, 15 and 22, Township 25 North, Range 12 West, San Juan County, New Mexico.
- CASE 2361: Application of Shell Oil Company for an exception to Rule 303, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 to permit commingling of the production from the Terry-Blinebry, Drinkard, and Hare Pools on its Taylor Glenn Lease, located in Sections 3 and 4, Township 21 South, Range 37 East, Lea County, New Mexico, and to allocate production to each pool on the basis of monthly well tests.
- CASE 2362: Application of Shell Oil Company for an exception to Rule 303, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 to permit commingling of the production from the Brunson and Hare Pools on its State (Section 2) Lease located in Section 2, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further proposes to commingle the production from the Terry-Blinebry, Drinkard, Tubb and Wantz-Abo Pools on its said State (Section 2) Lease. Applicant proposes to allocate production to each pool on the basis of monthly well tests.

CASE 2363:

Application of Shell Oil Company for exceptions to Rules 303 and 309, Lea County, New Mexico. Applicant, in the above-styled cause, seeks exceptions to Rules 303 and 309 to permit commingling of the production from the Drinkard, Blinebry, and Wantz-Abo Pools and from the Brunson and Hare Pools on its Argo-Argo (A) Lease in Sections 15 and 22, Township 21 South, Range 37 East, and to commingle the production from the aforesaid pools on its Turner Lease in said Section 22, allocating the production from each pool on each of the aforesaid leases on the basis of monthly well tests. Applicant further proposes to commingle the commingled production from each lease, prior to treating, allocating the production to each lease on the basis of continuous metering and sampling.

CASE 2364:

Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its A. H. Blinebry NCT-1 Well No. 14, located in Unit M, Section 28, Township 22 South, Range 38 East, Lea County, New Mexico, as a triple completion (conventional), in the South Paddock, Tubb and Drinkard Pools, the production of oil from each pool to be through parallel strings of 2 3/8 inch tubing.

CASE 2365:

Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its G. L. Erwin (b) NCT-2 Well No. 1, located in Unit P, Section 35, Township 24 South, Range 37 East, Lea County, New Mexico, as a triple completion (conventional) in undesignated Fusselman, McKee and Ellenburger pools, the production of oil from each pool to be through parallel strings of 2 3/8 inch tubing.

CASE 2366:

Application of Texaco Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 198.64-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the SW/4 NW/4 of Section 4, and the NE/4 of Section 5, all in Township 24 South, Range 37 East, Lea County, New Mexico; said unit is to be dedicated to applicant's E. D. Fanning Well No. 7, located 1980 feet from the North and East lines of said Section 5.

CASE 2367: Application of Skelly Oil Company for an unorthodox gas proration unit in the Jalmat Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the NE/4, NW/4 SE/4, N/2 SW/4 and SW/4 SW/4 of Section 17, Township 23 South, Range 37 East, Lea County, New Mexico; said unit is to be dedicated to the E. L. Steeler Well No. 7, located 1980 feet from the South line and 660 feet from the West line of said Section 17.

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The following cases will not be heard before 1:00 P.M.

CASE 2368: Application of Sinclair Oil & Gas Company for an exception to Rule 309, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Devonian oil production from its C. S. Stone lease, comprising the N/2 of Section 22, from its Reed Estate Lease, comprising the SE/4 of Section 22, and from its B. D. Buckley Lease, comprising the SW/4 of Section 22, all in Township 15 South, Range 38 East, Lea County, New Mexico, after separately metering the production from each lease.

CASE 2369: Application of Sunray Mid-Continent Oil Company for a dually completed oil-producing salt water disposal well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks permission to dually complete its State "O" Well No. 3, located in Unit O, Section 12, Township 19 South, Range 28 East, Eddy County, New Mexico, in such a manner as to permit the production of oil through tubing from perforations at 1763 feet to 2178 feet and to dispose of produced salt water through the casing-tubing annulus into the Rustler Anhydrite and Yates formation through perforations at 386 feet to 884 feet.

CASE 2370: Application of Newmont Oil Company for special rules governing its Square Lake Pool Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special rules governing its Square Lake Pool Waterflood Project in Eddy County, New Mexico, to include provisions for the immediate conversion to water injection of certain wells in said project and the conversion of additional wells to water injection at later stages in the life of said waterflood project.

CASE 2371: Application of Hudson & Hudson for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks permission to locate its Puckett "B" Well No. 19, at an unorthodox oil well location in the Maljamar (Grayburg-San Andres) Pool, 2615 feet from the South and West lines of Section 25, Township 17 South, Range 31 East, Eddy County, New Mexico.

CASE 2372: Application of Aztec Oil & Gas Company for an unorthodox oil well location and for a non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of an 86.02-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, consisting of Lot 4 and the NE/4 SE/4 and SW/4 SE/4 of Section 30, Township 29 North, Range 13 West, San Juan County, New Mexico, to be dedicated to the Hagood Well No. 29-G to be located at an unorthodox location 450 feet from the South line and 3600 feet from the East line of said Section 30.

BEFORE THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF SINCLAIR OIL & GAS COMPANY FOR  
~~APPROVAL OF AN AUTOMATIC CUSTODY~~  
~~TRANSFER SYSTEM~~ AND COMMINGLING OF  
OIL PRODUCED FROM THE DEVONIAN  
FORMATION ON THREE SEPARATE LEASES,  
CONSISTING OF ITS C. S. STONE LEASE,  
N/2 SECTION 22, ITS REED ESTATE LEASE,  
SE/4 SECTION 22, AND ITS B. D. BUCKLEY  
LEASE, SW/4 SECTION 22, ALL IN TOWN-  
SHIP 15 SOUTH, RANGE 38 EAST,  
LEA COUNTY, NEW MEXICO

CASE No. 2368

ORDER No. \_\_\_\_\_

A P P L I C A T I O N

SINCLAIR OIL & GAS COMPANY, a Maine corporation with an operating office in Midland, Texas, hereby files its application herein, in triplicate, and represents:

1.

That the applicant, Sinclair Oil & Gas Company, is the operator and part owner of its C. S. Stone lease, consisting of N/2 of Section 22, its Reed Estate lease, consisting of the SE/4 of Section 22, and its B. D. Buckley lease, consisting of the SW/4 of Section 22, all in Township 15 South, Range 38 East, Lea County, New Mexico. Applicant is currently completing its C. S. Stone well No. 1, which is the discovery well for the pool, and applicant anticipates that the other leases herein mentioned will be productive and wells will be completed thereon producing from the Devonian formation. The leases consist of privately owned fee lands in which certain undivided interests are covered by a single basic lease covering all three tracts; however, other interests are divided with respect to the three tracts and separately leased, and for this reason the tracts are designated as separate leases for the purposes of operation.

2.

Applicant proposes to install an automatic custody transfer system to handle the Devonian production from the discovery well presently being completed and all wells hereafter completed on said leases. Applicant proposes to measure individually the

*Worked  
Filed  
8-17-64  
[Signature]*

production from each lease prior to commingling into the automatic custody transfer system. All equipment used in the system will be operated and maintained in such manner as to insure an accurate measurement and test of the oil produced from each lease.

3.

Applicant represents that the automatic custody transfer system which it proposes and the commingling of the oil into the common system are reliable means of handling the custody of the oil, and the granting of the application is in the interest of prevention of waste and will not impair correlative rights.

4.

This application is sought as an exception to the Commission's Rule 309.

WHEREFORE, applicant prays that this application be set for hearing before an Examiner at Santa Fe, New Mexico, that notice be given hereon, and that upon such hearing the Commission grant its approval of this application.

HORACE N. BURTON  
P. O. Box 1470  
Midland, Texas

GILBERT, WHITE AND GILBERT

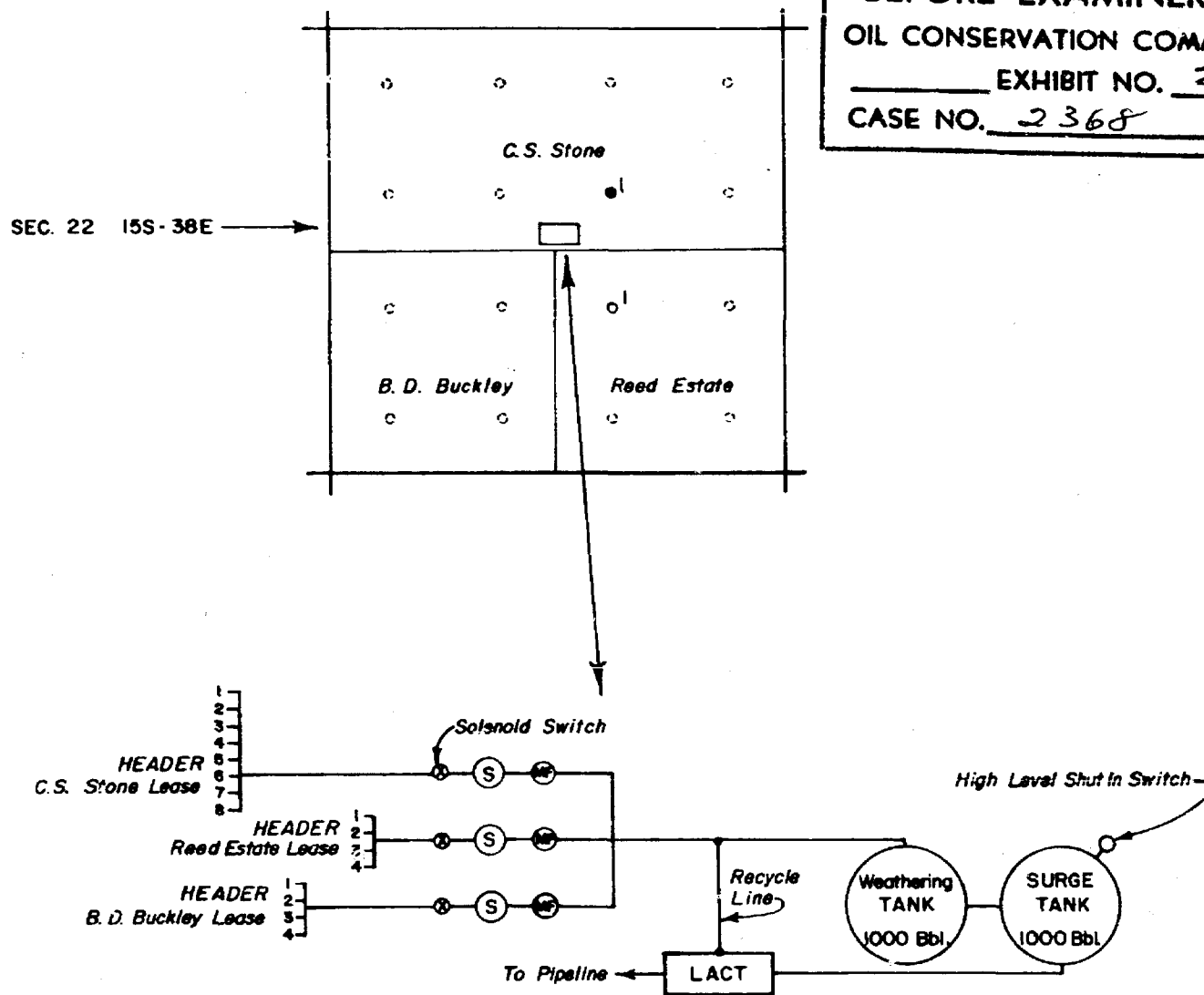
By *Levitt*  
Bishop Building  
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT  
SINCLAIR OIL & GAS COMPANY



SINCLAIR OIL & GAS COMPANY  
~~PROPOSED LACT INSTALLATION~~  
 C.S. Stone, Reed Est. & B. D. Buckley Leases  
 DISCOVERY AREA  
 LEA COUNTY NEW MEXICO

BEFORE EXAMINER UTZ  
 OIL CONSERVATION COMMISSION  
 EXHIBIT NO. 2  
 CASE NO. 2368

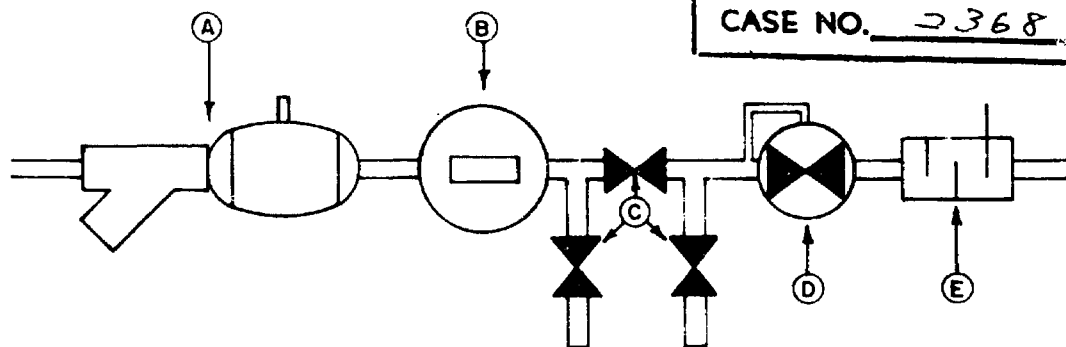


TEST SEPARATOR FACILITIES TO BE ADDED, WHEN NEEDED,  
 IN CONFORMANCE WITH DRAWING A-2 IN INDUSTRY COM-  
 MITTEE REPORT ON COMMINGLING.

Sinclair Oil & Gas Co.  
 Exhibit No. 2

SINCLAIR OIL & GAS COMPANY  
POSITIVE DISPLACEMENT METER SYSTEM

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 3  
CASE NO. 2368



- A Combination Air Eliminator - Strainer.
- B Positive Displacement Meter (Temperature Compensator).
- C Proving Connections.
- D Combination Flow Controller - Dump Valve.
- E Sample probe and Sampler with 10 gallon container.

Sinclair Oil & Gas Co.  
Exhibit No. 3