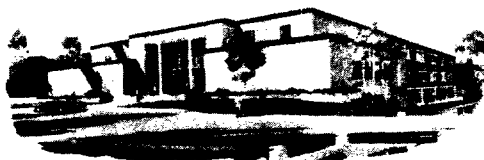


State of New Mexico

TELEPHONE
505-827-2748



Commissioner of Public Lands

August 30, 1972

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

Skelly Oil Company
P. O. Box 1351
Midland, Texas 79701

Re: Application of Skelly Oil Company
to commingle oil production from
Company's State "Q", State "R",
and State "S" leases located in the
Lovington Abo Pool, Lea County,
New Mexico

ATTENTION: Mr. C. J. Love

Gentlemen:

Reference is made to your application dated August 25, 1972, requesting approval to commingle oil production from the Lovington Abo formation from the State "Q", State "R", and State "S" leases into a central tank battery.

You are hereby given approval to the above request. Any deviation from your proposed request will be reason to cancel approval. This approval is subject to like approval by the New Mexico Oil Conservation Commission.

Your Ten (\$10.00) dollar filing fee was previously submitted to this office.

Very truly yours,

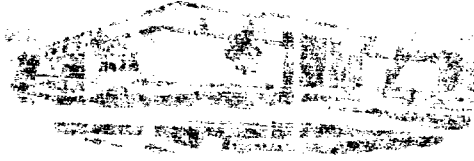
RAY D. GRAHAM, Director
Oil and Gas Department

AJA/RDG/s
cc:

New Mexico Oil Conservation Commission
New Mexico Oil and Gas Accounting Commission
Leases B-7316, B-7766, and B-7845

SECRET

State of New Mexico



Department of Agriculture

San Antonio

San Antonio, Texas
February 1, 1912

San Antonio, Texas
February 1, 1912

San Antonio, Texas
February 1, 1912

San Antonio, Texas
February 1, 1912

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February 1, 1912

San Antonio, Texas
February 1, 1912

State of New Mexico

TELEPHONE

505-827-2748



Commissioner of Public Lands

August 15, 1972

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

Skelly Oil Company
P.O. Box 1351
Midland, Texas 79701

Re: Application for permission to
commingle oil production from
Skelly's State "O", State "Q"
State "R", and State "S" leases
located in the Lovington Abo Pool,
Lea County, New Mexico

ATTENTION: Mr. C. J. Love

Gentlemen:

We have reviewed your application to commingle production from the State "O" lease with the production from the State "Q", State "R" and State "S" leases. The state beneficiary under the State "O" Lease is the Miners Hospital. The beneficiary under the State "Q", State "R" and State "S" leases is Common Schools. Since there are two different beneficiaries involved, we can not approve your application. Rule 52, of the State Land Office Rules and Regulations states as follows:

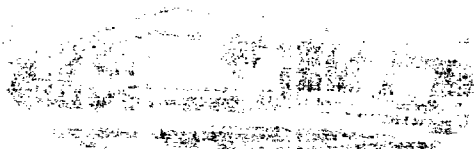
"Commingling Prohibited-Different Beneficiary Institutions.

It is required that all production of oil and/or gas from lands belonging to different state beneficiaries shall be segregated. The commingling, confusion or the intercommunication of such production by the utilization of common tankage facilities, before marketing, with the production from any other institutional lands or any lands not belonging to the State of New Mexico is strictly prohibited."

Enclosed is a copy of our Rules and Regulations on Commingling of Oil and Gas on State owned lands.

In your letter your State "O" Lease is described wrong, it should be the NE/4 and SE/4, SE/4NW/4, and Lots 3 and 4. Your No. 9 well is in the SW/4SW/4 and the well No. 10 is in the NW/4SW/4 of Section 31-T16S-R37E.

SECRET



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Skelly Oil Company
August 15, 1972
Page 2.

If we can be of further assistance please do not hesitate to call on us.

Very truly yours,



RAY D. GRAHAM, Director
Oil and Gas Department

AJA/RDG/s
cc:

New Mexico Oil Conservation Commission ✓
Santa Fe, New Mexico

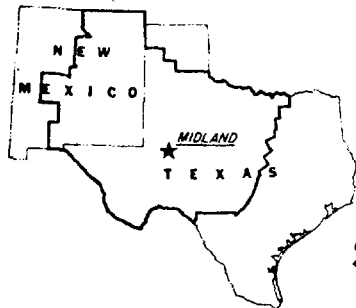
New Mexico Oil and Gas Accounting Commission
Santa Fe, New Mexico

State Leases- B-7896, B-7845, B-7766-2 & 5 and B-7316

[illegible][illegible]

^a The number of subjects who were included in each group was 10.

2. *Phylogenetic relationships*—The phylogenetic relationships among the 10 species were determined using the maximum parsimony method. The analysis was performed using the program PAUP 4.0 (Swofford, 1999). The heuristic search was performed using 1000 random addition sequences. The tree was collapsed using the parsimony criterion. The bootstrap values were calculated using 1000 replicates. The tree was rooted using *Phytophthora* as the outgroup.



SKELLY OIL COMPANY

August 11, 1972

EXPLORATION & PRODUCTION DEPARTMENT
WEST CENTRAL DISTRICT

A. B. CARY, EXPLORATION & PRODUCTION MANAGER
V. E. BARTLETT, EXPLORATION MANAGER
C. J. LOVE, PRODUCTION MANAGER
J. R. AVENT, ADMINISTRATIVE COORDINATOR

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

File: State "O" Lease No. 16779
State "Q" Lease No. 16708
State "R" Lease No. 73616
State "S" Lease No. 15904

Re: Application of Skelly Oil Company to
Commissioner of Public Lands for
permission to commingle oil production
from Company's State "O", State "Q",
State "R", and State "S" leases located
in the Lovington Abo Pool, Lea County,
New Mexico

Commissioner of Public Lands (3)
P. O. Box 1148
Santa Fe, New Mexico 87501

Gentlemen:

Skelly Oil Company herein makes application for approval to commingle similar crudes from a common reservoir into a central tank battery from the above mentioned leases. The State "Q" and "R" are presently being commingled under authority granted in 1960 by administrative order CTB No. 53.

In support of this application Skelly Oil Company states the following:

1. Permission is requested to commingle oil production from the Lovington Abo formation into a central tank battery. There are several reasons why we feel this request should be granted, among these are : (1) More efficient operations. (2) Will reduce manpower and equipment requirements. (3) Through reduction of expenditures, economic life of leases will be extended thereby increasing revenue to Skelly Oil Company and the State of New Mexico.
2. Plats are attached which indicate the following: location of leases, wells, present and proposed flow lines, location of stock tanks. All piping (both present and proposed) will be on the surface.
3. Following is a list of the involved leases arranged by their State Land Office lease number, their legal description; all

August 11, 1972

of these state leases concern a single royalty owner, that being the State of New Mexico and are all dedicated to a common beneficiary which is the New Mexico Common Schools.

- A. State "S" Lease No. B-7316. Applicants State "S" lease is a 40 acre tract confined by the SE/4 of the SE/4 of Section 35-T16S-R36E and has 1 Lovington Abo Well No. 2.
 - B. State "R" Lease No. B-7766. Applicants State "R" lease is a 240 acre tract confined by the NW/4 and E/2 of the SW/4 of Section 36-T16S-R36E, which has 2 Lovington Abo Wells, Nos. 5 and 6. These 2 wells are currently being commingled with the 2 Lovington Abo wells located on the State "Q" lease.
 - C. State "Q" Lease No. B-7845. Applicants State "Q" lease is an 80 acre tract confined by the S/2 of the SE/4, Section 36-T16S-R36E, which has 2 Lovington Abo Wells, Nos. 3 and 4. These two wells are currently being commingled with 2 Lovington Abo wells located on the State "R" lease.
 - D. State "O" Lease No. B-7896. Applicants State "O" lease is a 459 acre tract confined by the NW/4 and SE/4, Section 31-T16S-R37E, which has 2 Lovington Abo Wells Nos. 9 and 10, which are located on an approximate 80 acre tract in the SW/4 of SW/4 of Section 31-T16S-R37E. We desire to commingle these 2 wells into common tankage with oil production from the above described leases.
4. All of the above described wells contained within the described leases produce from a common source of supply or reservoir, that being the Abo formation. The pool designation for this oil productive pay in this area is the "Lovington Abo Pool."
 5. Due to the fact that similar crudes with similar gravities and characteristics and from a common reservoir are being commingled, there will be no significant increase or reduction in value of the commingled oil; however, there are economic benefits which will be realized by the State of New Mexico as a result of permitting Skelly Oil Company to commingle as proposed: Through a streamlining of our operation and improved efficiency, the economic life of these leases will be extended, less manpower, less equipment and facilities will increase the net value of a barrel of oil which in turn will allow for a longer economic life of the leases.
 6. A schematic diagram of the proposed oil handling, storage, and sales facilities are attached.
 7. All components which will be utilized in this system are commercially available.
 8. The production of oil and gas from each state lease will be properly accounted for through use of a portable well tester and periodic

State "O", "Q", "R", "S"

Page No. 3

August 11, 1972

well testing as prescribed by the New Mexico Oil Conservation Commission. None of the wells which will be producing into the commingling system are top allowable.

If additional information is needed, please advise.

Very truly yours,

D. A. Strickling, Jr.
for C. J. Love

WTT/rc

Attachments

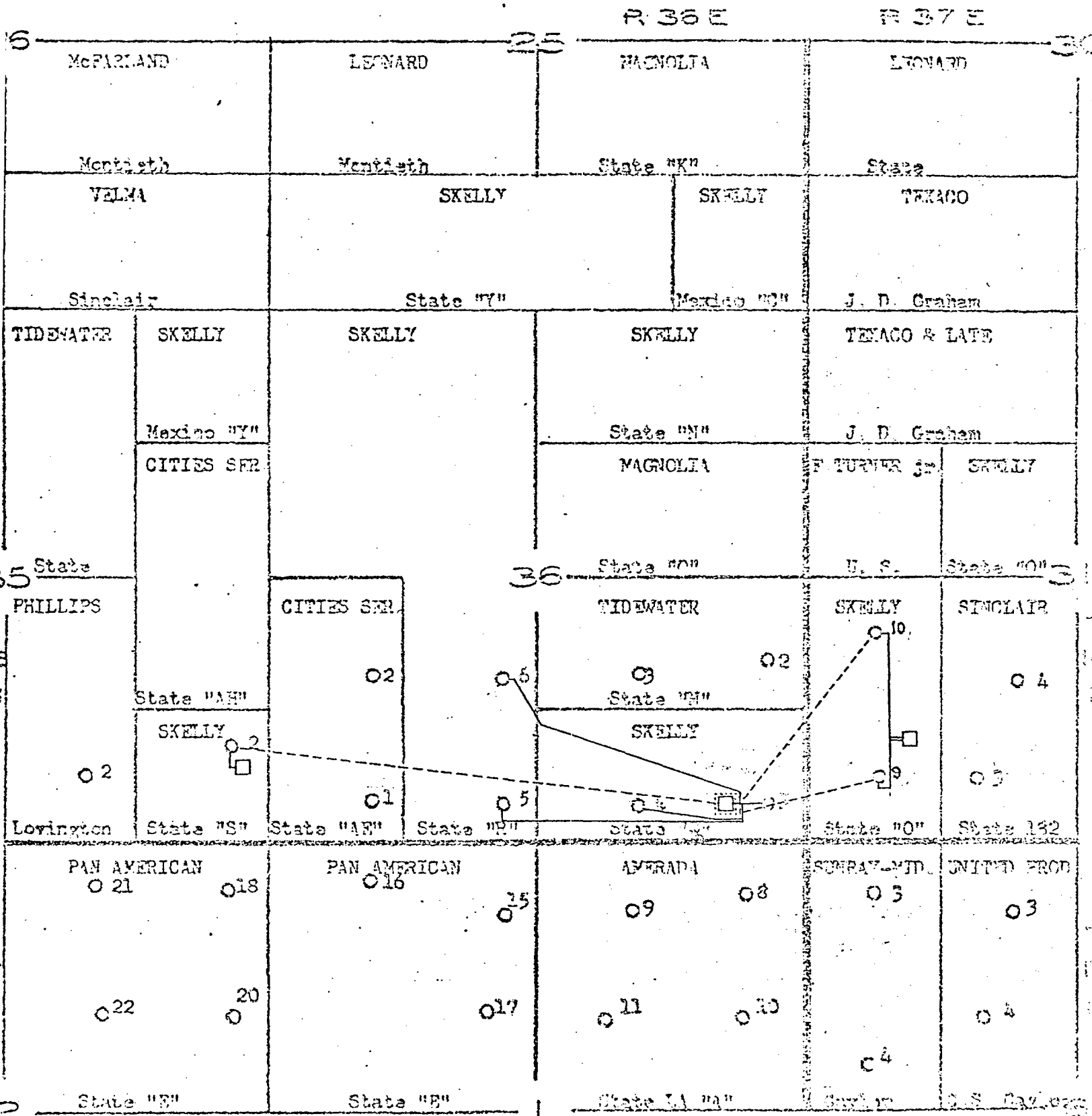
Plat

Diagram of well tester

Schematic diagram of LACT equipment

\$10.00 filing fee check

SKELLY
LOVINGTON A.P. 100
T-16-S R-36 & 37-E
T-17-S R-36 & 37-E
LEA COUNTY, NEW MEXICO



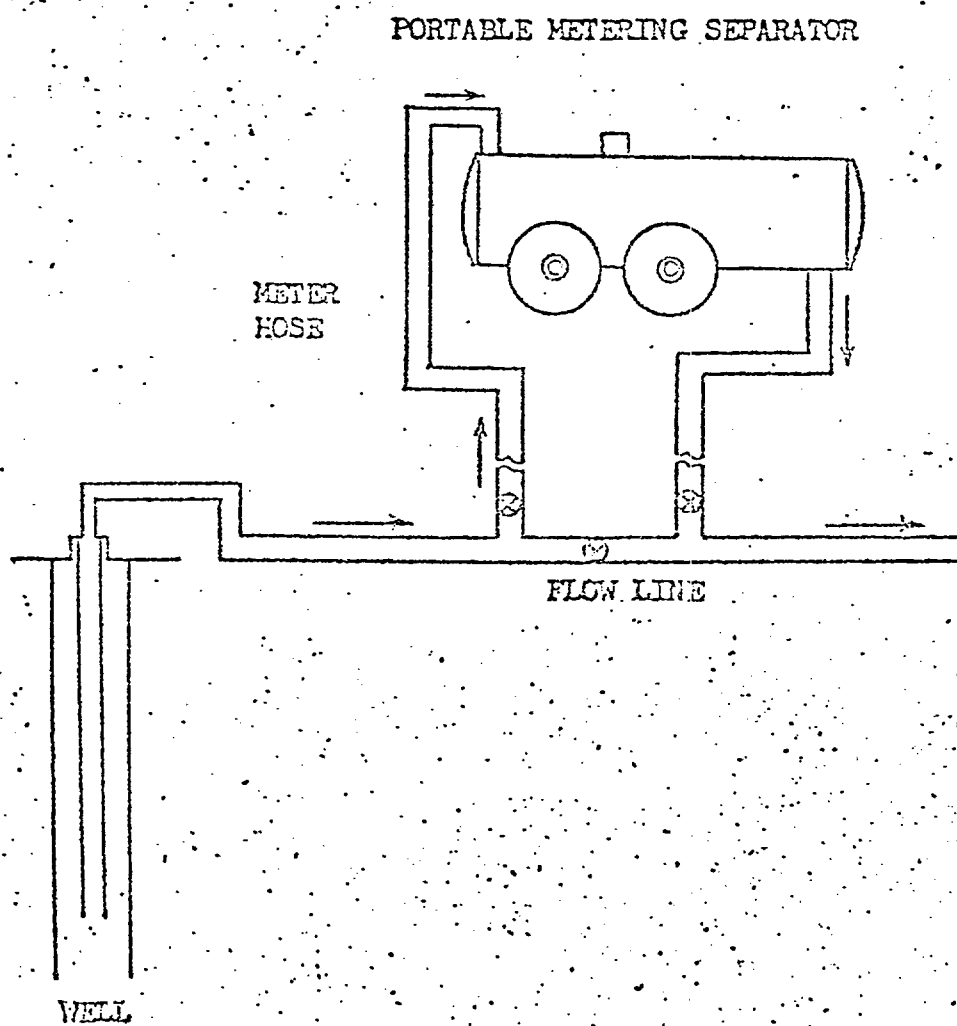
□ Tank Battery (Existing) ■ (Proposed)

— Flow Lines - Surface

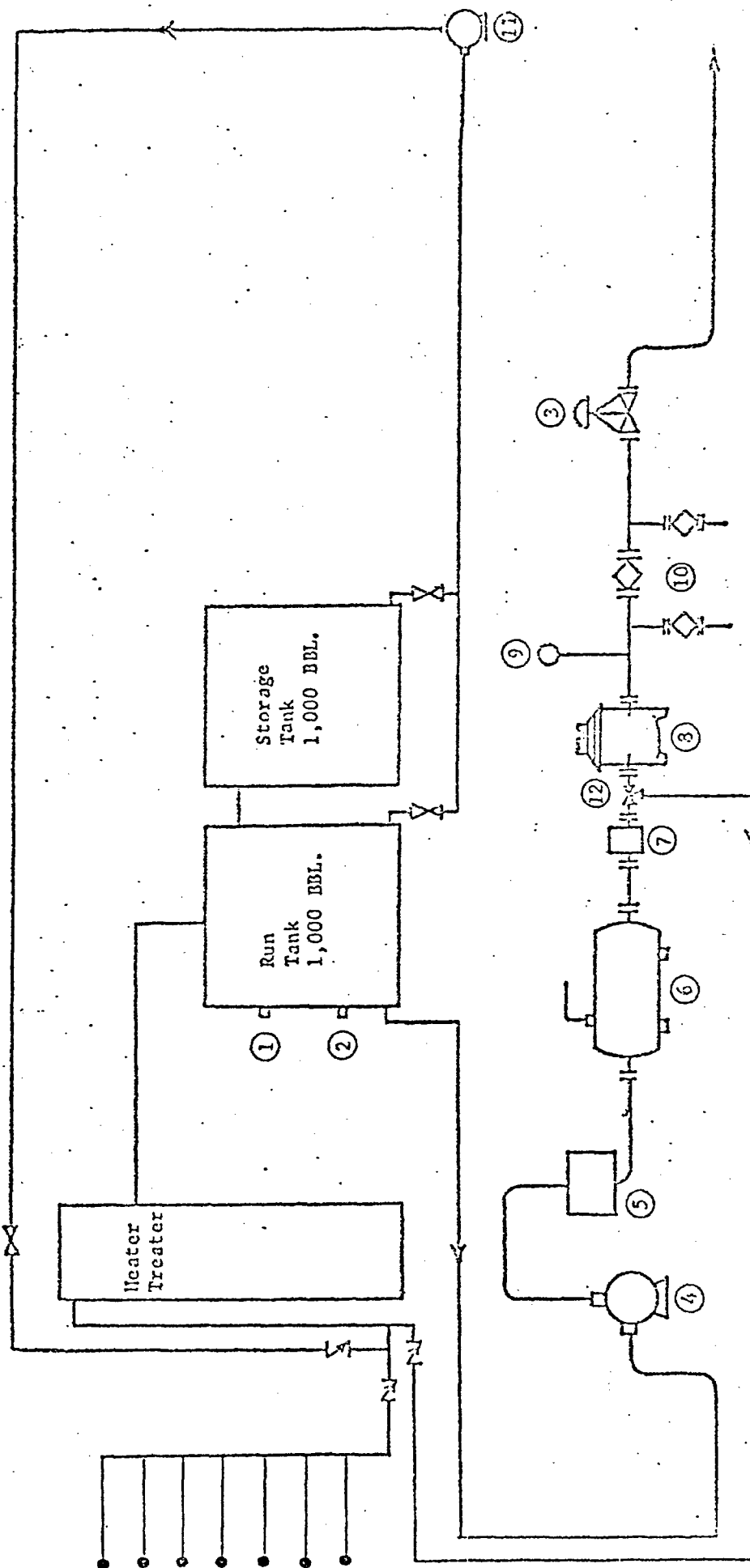
--- Proposed Flow Lines - Surface

Scale 1" = 1320 ft

PROPOSED WELL TEST FACILITIES



Schematic of Proposed Installation



Legend

- | | |
|--|-------------------------------|
| 1. Starting Level Switch | 7. BS & W Monitor |
| 2. Low Level Shut-in Switch | 8. PD Meter |
| 3. Combination Back Pressure Shut-in Valve | 9. Pressure Gauge 0-100 Range |
| 4. Centrifugal Charging Pump & Motor | 10. Meter Proving Loop |
| 5. Sampler | 11. Recirculating Pump |
| 6. Gas Eliminator - Strainer | 12. Diverting Valve |

OIL CONSERVATION COMMISSION

BOX 2045

HOBBS, NEW MEXICO

DATE March 22, 1960

OIL CONSERVATION COMMISSION
BOX 871
SANTA FE, NEW MEXICO

Re: Proposed NSP _____

Proposed NSL _____

Proposed NFC _____

Proposed DC _____

Gentlemen:

C T E 53

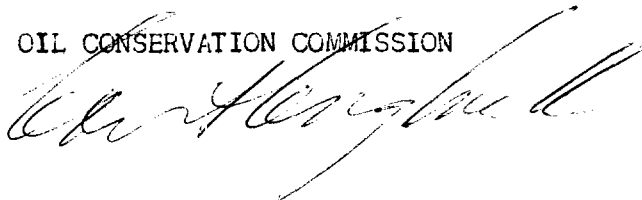
I have examined the application dated March 21, 1960
for the Skelly Oil Co.- St. Q and R Leases in Lovington Abo.
Operator Lease and Well No. S-T-R

and my recommendations are as follows:

O. K..... E.F.E.

Yours very truly,

OIL CONSERVATION COMMISSION



1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1862. It is a very important document, as it contains the President's annual message to Congress. The letter is written in a formal, dignified style, and it is one of the most important documents in the history of the United States.

2. The second part of the document is a report from the Secretary of the Treasury, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a formal, dignified style, and it is one of the most important documents in the history of the United States.

3. The third part of the document is a report from the Secretary of the Interior, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a formal, dignified style, and it is one of the most important documents in the history of the United States.

4. The fourth part of the document is a report from the Secretary of the War, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a formal, dignified style, and it is one of the most important documents in the history of the United States.

5. The fifth part of the document is a report from the Secretary of the Navy, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a formal, dignified style, and it is one of the most important documents in the history of the United States.

6. The sixth part of the document is a report from the Secretary of the State, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a formal, dignified style, and it is one of the most important documents in the history of the United States.

7. The seventh part of the document is a report from the Secretary of the War, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a formal, dignified style, and it is one of the most important documents in the history of the United States.

8. The eighth part of the document is a report from the Secretary of the Navy, dated January 3, 1862. It is a very important document, as it contains the Secretary's annual report to Congress. The report is written in a formal, dignified style, and it is one of the most important documents in the history of the United States.