In reply refer to: Oil and Gas Division

May 4, 1960

Skelly 011 Company Box 38 Hobbs, New Mexico

Attention: Mr. J.N. Dunlavey

Deer Sir:

We have your letter of April 28 requesting permission to commingle production from state leases B-9311, (Your Number Nexico "J") and Lease B-9312, (Your Number Nexico "L").

Since these leases cover acreage belonging to a common beneficiary, that is, Common Schools and since you already have permission to commingle the Dollarhide Ellenburger production from these two leases, you may have permission to commingle the Fusselman production from the two. However, if you are seeking approval to commingle the Dollarhide Ellenburger production from the two leases with the Fusselman production from the two leases, it will be necessary that you apply for approval from the New Maxico Oil Conservation Commission. Also, determine that commingling from the two peals will not result in a lower gravity or less money for the states royalty.

We are not familiar with the gravity of the production of the Puscelman Formation and although the same insitution would be receiving all of the states one-eighth royalty, the difference in volume and gravities in some cases could make a difference in the amount of royalty.

Very truly yours,

MURRAY E. MORGAN Commissioner of Public Lands

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Ted Bilberry Supervisor Oil and Gas Division

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cc: Oil Conservation Commisssion

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MORMAY A. MINANG Commissioner of Public Lands

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