

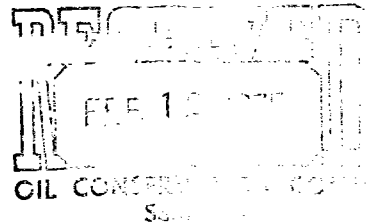


Amoco Production Company

Security Life Building
Denver, Colorado 80202

February 10, 1975

File: VDP-63-986.511



Mr. A. L. Porter, Jr. (3)
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Re: Application to Commingle Production from Navajo Tribal "Z" Lease with Production from Navajo Tribal "N", "P" and "U" Leases, Tocito Dome Pennsylvanian "D" Pool, San Juan County, New Mexico

Amoco hereby makes application pursuant to Rule 309-B for administrative approval to commingle production from the Navajo Tribal "Z" Lease with production from the Navajo Tribal "N", "P" and "U" Leases in Tocito Dome Field. In connection with this application, we state that:

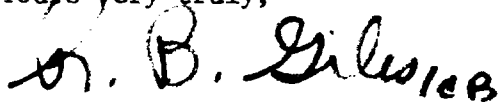
1. All production to be commingled is from the same common source of supply, the Pennsylvanian "D" Pool.
2. Adequate facilities will be provided for accurately determining production from each well at reasonable intervals.
3. The Navajo Tribal "Z", "N", "P" and "U" Leases all carry a one-sixth royalty, the Navajo Tribe is the only royalty owner, there are no overrides, and Amoco is the sole working interest owner.
4. The attached copies of a letter from Amoco to Socal and Socal's reply dated January 23, 1975, grants the approval of the purchaser of this production to the commingling facility.
5. The attached copy of a letter dated February 4, 1975 from the U. S. Geological Survey as the representative of the royalty owners approves the commingling facility.

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Amoco is currently testing the initial completion on the Navajo Tribal "Z" Lease, Well No. 1 located in the SW/4 SW/4 of Section 14-T26N-R18W. To provide monthly test capability for lease allocation, we plan to install a test satellite in conjunction with the test header to selectively test Wells "U" No. 19 and 20 and Well "Z" No. 1. The test satellite will consist of a three-phase separator containing a net oil computer and a square root chart for gas measurement. Wells connected to the test satellite on the "U" and "Z" Leases will be selectively tested a minimum of once each month for production allocation purposes. When "U" Lease or "Z" Lease wells are not on test, production from the separate leases will be commingled at the test header for transport via a common pipeline to the Tocito Dome Central Tank Battery Facility, as shown on the attached lease plat.

Production from our Navajo Tribal "N", "P" and "U" Leases has been commingled since 1964, following USGS approval on September 9, 1964 and subsequent NMOCC approval on September 24, 1964.

Yours very truly,



R. B. Giles

RBG:im

Attachments

cc: Mr. E. C. Arnold (2)
New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico 87410

Mr. P. T. McGrath (2)
United States Geological Survey
P. O. Box 959
Farmington, New Mexico

Mr. L. O. Speer, Jr.
Farmington, New Mexico

Mr. H. O. Hickman
Building

ILLEGIBLE

January 13, 1975

File: LOS-17-400

Re: Proposal to Commingle Oil Production
From Amoco's Navajo Tribal "N", "P", &
"U" Leases with Navajo Tribal "Z" Lease
Tocito Dome Pennsylvanian "D" Pool
San Juan County, New Mexico

Standard of California
P. O. Box K, Section 345
Concord, California 94524

Attention: Mr. Garry Wirth

Gentlemen:

Amoco Production Company proposes to commingle production from our recently acquired Navajo Tribal "Z" Lease with production from the Navajo Tribal "N", "P", and "U" Leases. To conform with New Mexico Oil Conservation Commission Rule 309-B, we are requesting purchaser's (Standard of California) approval to commingle the production from the subject leases. Permission to commingle production from the Navajo Tribal "N", "P", and "U" Leases was granted by the U. S. Geological Survey on September 9, 1964, and was granted by the N.M.O.C.C. on September 24, 1964. Purchaser's approval for commingling the Navajo Tribal "N", "P", and "U" Leases was given by Rock Island Oil and Refining Co., Inc., on August 24, 1964.

The Navajo Tribal "Z" Lease is an eastern extension of the present Tocito Dome Field and consists of Sections 13 and 14, T-26-N, R-18-W, San Juan County, New Mexico. The Navajo Tribal "N", "P", "U", and "Z" Leases all carry a one-sixth royalty, the Navajo Tribe is the only royalty owner, there are no overrides, and Amoco is the only working interest owner. Production from the "Z" Lease will be commingled at the existing central battery facilities with production from the "N", "P", and "U" Leases. Oil will be delivered to Four Corners Pipeline by a Lact unit. Spot sales will be made to two local refineries,

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Standard of California
January 13, 1975

ILLEGIBLE

Giant Refining, Inc., and Plateau, Inc., who will transport the oil by truck.

N.M.O.C.C. Rule 309-B requires that the purchaser approve the commingling arrangement. If our proposal meets with your approval we will appreciate receiving a letter from Standard of California so stating which we can furnish to the N.M.O.C.C. Upon receipt of your letter we will file the necessary application with the N.M.O.C.C. to commingle Navajo Tribal "Z" Lease production.

Your prompt reply to our proposal will be appreciated. We are currently producing the Navajo Tribal "Z" Well No. 1 on the new lease and are flaring produced gas. Our flaring permit will expire February 12, 1975, and we would like to have commingling approval before that time so that we will not have to shut in "Z" Lease oil production.

Yours very truly,



GOM:en

[Handwritten mark]



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer 1857
Roswell, New Mexico 88201

February 4, 1975

Amoco Production Co.
Security Life Building
Denver, Colorado 80202

Attn: Mr. P. J. Early

Gentlemen:

Your letter of January 6, 1975, with attachments, requests approval for the commingling of production from your Navajo tribal "Z" (Noo-C-14-20-5523) with previously approved commingled production from the Tocito Dome-Pennsylvanian "D" pool.

According to the plan outlined in your letter, each well is manifolded to enable individual well tests to be made through a net oil computer and gas metering equipment. Final sales are accomplished through previously approved LACT systems at a central battery.

The method you propose for the commingling of production from the leases is satisfactory to this office. For royalty purposes the volume of oil delivered to the stock tanks and gas delivered to a sales line should be prorated back to the leases based on individual well tests.

Form 9-361, Lessee's Monthly Report of Sales and Royalties, must show all computations used in the calculation of the oil and gas volume for each lease. Any modification of this system must receive prior approval from this office.

You are requested to notify our Farmington District office when installation is complete.

Sincerely yours,

Carl C. Traywick

CARL C. TRAYWICK
Acting Area Oil & Gas Supervisor

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE