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CONTINENTAL OIL COMPANY

P. O. Box 460

HOBBS, NEW MEXICO 88240

PRODUCTION DEPARTMENT

HOBBS DIVISION

L. P. THOMPSON

Division Manager

G. C. JAMIESON

Assistant Division Manager

1001 NORTH TURNER

TELEPHONE 393-4141

March 6, 1968

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

CTB-183

Attention of Mr. A. L. Porter, Jr., Secretary-Director

Re: Application to Commingle
Pearsall Queen Oil Production
on Pearsall "A" and Pearsall
"AX" Leases, Section 33, T17S,
R32E, Lea County, New Mexico

Gentlemen:

Forwarded herewith in triplicate is our application to commingle as described in the caption. Both of the leases involved are federal leases and we are attaching a letter showing the consent of the Regional Oil and Gas Supervisor. The ownership of both tracts is identical with the exception of the percentage royalty ownership by the federal government and the fact that there is an additional overriding royalty payable to Buffalo Petroleum Corporation (J. H. Morris, agent) chargeable to the Pearsall "AX" Lease. There is attached hereto a copy of a letter indicating Mr. Morris' consent to the commingling proposal.

Your further handling and approval of this application will be sincerely appreciated.

Yours very truly,

LPT-JS

cc: NMOCC-Hobbs JJB NGP CES NEL JWA JWK

MAR 8 AM 8 32

C O N T I N E N T A L O I L C O M P A N Y

P. O. Box 460
Hobbs, New Mexico
March 6, 1968

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico

Attention of Mr. A. L. Porter, Jr., Secretary-Director

Re: Application of Continental Oil Company for Administrative Approval as Provided by Rule 309-B to Commingle Queen Oil Production from Its Pearsall "A" and Pearsall "AX" Leases Located in Section 33, T-17S, R-32E, NMPM, Lea County, New Mexico

Gentlemen:

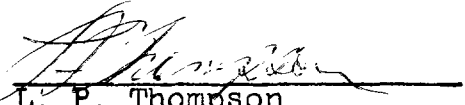
Continental Oil Company requests administrative approval as provided by Rule 309-B, to commingle Queen oil production from its Pearsall "A" and Pearsall "AX" leases located in Section 33, T-17S, R-32E, Lea County, New Mexico, and in support thereof submits the following data.

1. The Pearsall "A" and Pearsall "AX" leases produce from a common reservoir - the Pearsall-Queen Pool.
2. The Pearsall "A" lease consists of the N/2 and SE/4 of Section 33, and the Pearsall "AX" lease consists of the SW/4 of Section 33, both in T-17S, R-32E, Lea County, New Mexico. A plat, Exhibit No. 1, attached hereto, shows the leases, the wells thereon, the battery sites and the location of the proposed commingling facility.
3. Mineral rights under both leases are held by the Federal Government; however, the Pearsall "AX" lease carries a different royalty rate than the Pearsall "A" lease.

4. Queen oil production from each lease will be segregated until after being treated, metered and sampled. For sales, it is proposed to utilize the ACT unit at the Pearsall "AX" tank battery. This ACT unit was authorized by NMOCC ACT Permit I-279 dated December 14, 1967.
5. One test facility (separator, meter and sampler) will be used for testing all wells on both leases. A schematic diagram, Exhibit No. 2, attached hereto, shows the proposed installation. As gas volumes from both leases are insufficient for sales and are utilized only for fuel and field operations, no gas return lines are indicated. With this exception, the facility conforms to the requirements of the "Manual for the Installation and Operation of Commingling Facilities" dated September 13, 1961.
6. Commingling of production will result in the prevention of waste and will not impair correlative rights.

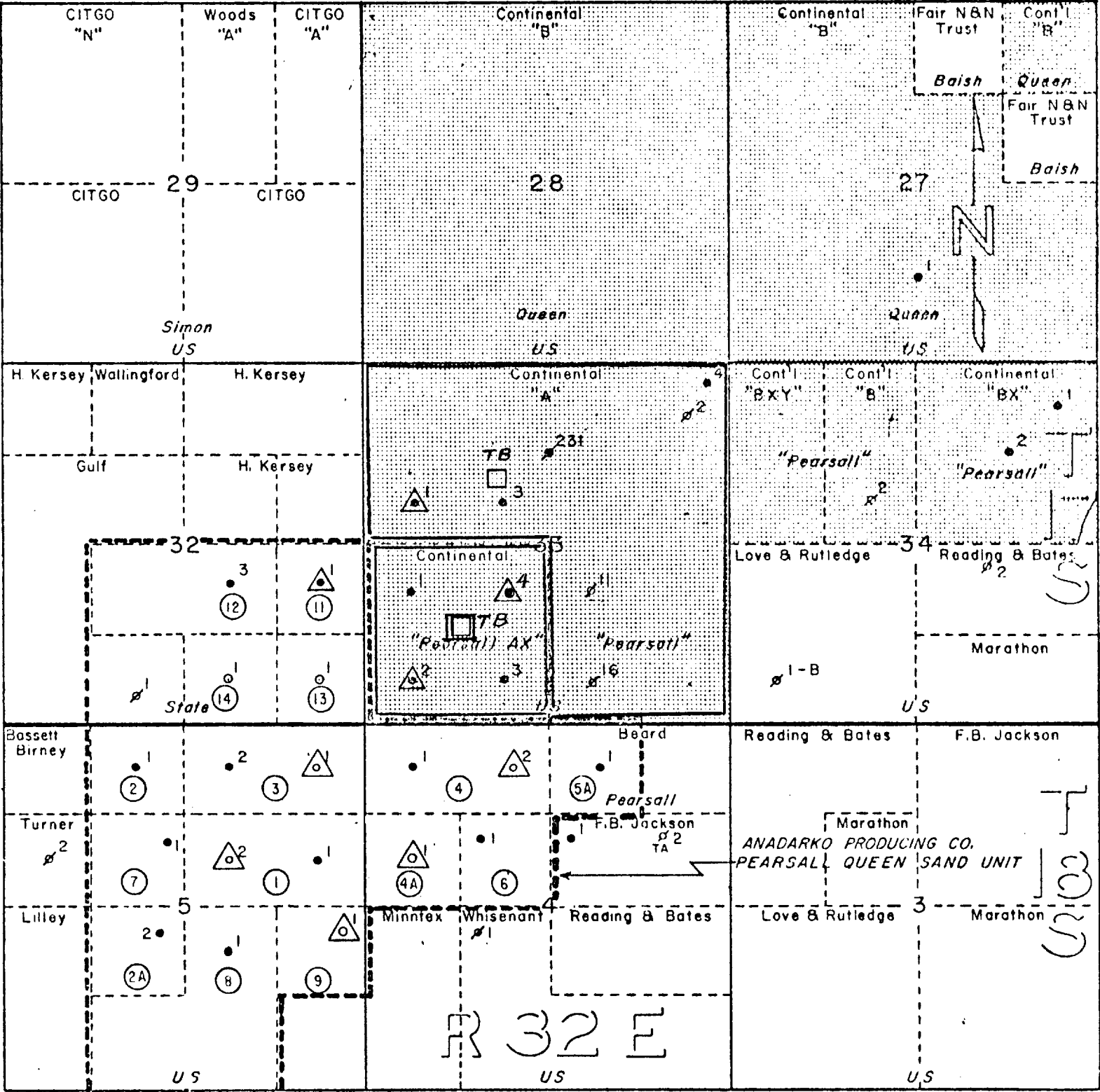
In view of the facts stated above, it is respectfully requested that Administrative approval be granted under Rule 309-B for the commingling of Queen oil production from the applicant's Pearsall "A" and Pearsall "AX" leases as described above.

CONTINENTAL OIL COMPANY


L. P. Thompson
Division Manager

LPT-JS

cc: NMOCC-Hobbs (1)
JJB NGP NEL JWA JWK



— LEGEND —

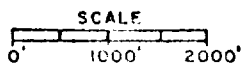
Pearsall Queen Wells Shown

③ Tract Numbers

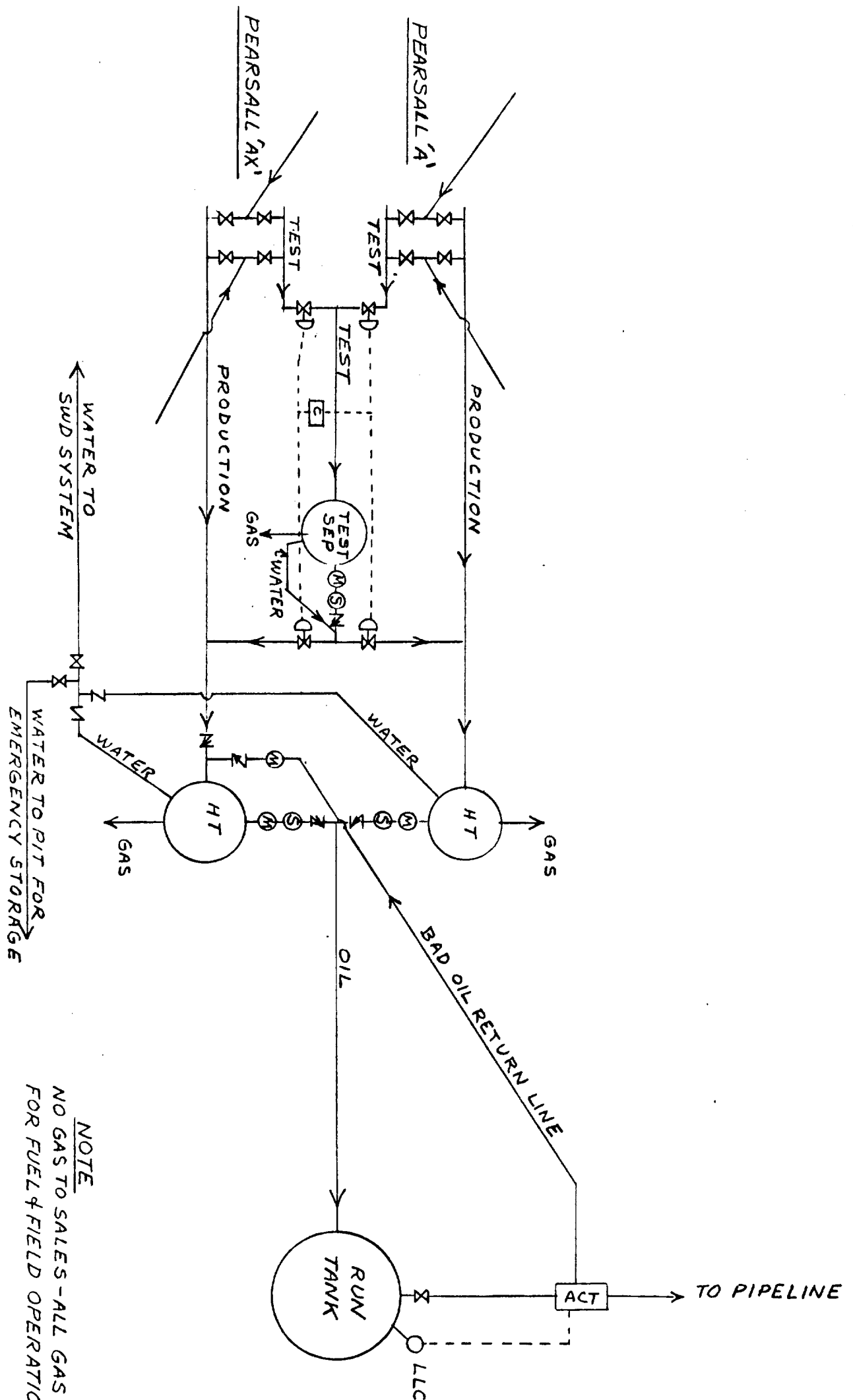
□ TB - PROPOSED COMMINGLING FACILITY

CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT
HOBBS DISTRICT

Lea County, New Mexico



RFL



CONTINENTAL OIL COMPANY
PEARSALL "A" - PEARSAALL "AX" PROPOSED
COMMINGLING

JAG-1-22-68

EXHIBIT NO. 2



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

RECEIVED		HOBBS DISTRICT		MAR 15 1968	
		Note	Filed	Index	
Dist. Manager					
Asst. Dist. Mgr.					
Dist. Eng.		✓	8		
Chief of the Map		✓			
March 1, 1968					

Continental Oil Company
P. O. Box 460
Hobbs, New Mexico 88240

Attention: Mr. G. C. Jamieson

Gentlemen:

Your letter of February 16 requests approval to commingle Queen production from wells in section 33, T. 17 S., R. 32 E., Lea County, New Mexico, leases Las Cruces 029409(a) and 059001.

The system for commingling described by the diagram attached to your letter is hereby approved. Any changes in this system must receive prior approval from this office. Form 9-361A, Lessee's Monthly Report of Sales and Royalties, must show all computations used in oil production allocated to each well.

You are requested to notify our Hobbs office when the installation is completed so that a field inspection of the system can be made.

Sincerely yours,

CARL C. TRAYWICK
Acting Oil and Gas Supervisor



RECEIVED
HONOLULU DISTRICT
FEB 28 1963

PANY

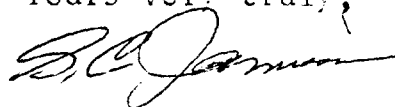
VTC

1001 NORTH TURNER
TELEPHONE 393-4741

Mr. J. H. Morris
Page 2

If our proposal to commingle oil produced from the Pearsall "A" and Pearsall "AX" leases meets with your approval, please indicate your concurrence by executing, in the space provided below, and returning one of the two copies of this letter. We are enclosing a stamped addressed envelope for your convenience.

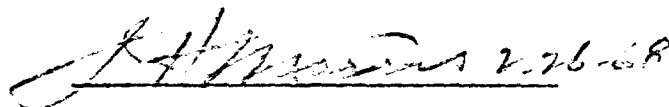
Yours very truly,



LPT-BF
Enclosure

I approve the commingling of oil production from the Pearsall "A" and Pearsall "AX" leases.

J. H. MORRIS, AGENT



J. H. MORRIS