

1

0-4-1961

Re: Proposed Lease Commingling -
Scarborough Pool, Lea County,
New Mexico

Forwarded herewith in triplicate is our application to commingle production from the Eaves "A" and Eaves "B" Leases. Also, attached is a copy of a letter from the United States Geological Survey approving the proposed commingling. For your information, we have elected to pay the higher royalty rate rather than provide separate measurement for the production described in the third paragraph of that letter.

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

S. O. Jernia

Attach

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

February 11, 1969

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 Scarborough
Yates, Seven Rivers Oil Production from
its Eaves "A" and Eaves "B" Leases Located
in Sections 19, 30, and 31, T26S, R37E,
NMPM, Lea County, New Mexico

Gentlemen:

Contirental Oil Company requests administrative approval as provided by Rule 309-B, to commingle Scarborough-Yates, Seven Rivers oil production from its Eaves "A" and Eaves "B" leases located in Sections 19, 30 and 31, T-26S, R-37E, Lea County, New Mexico, and in support thereof submits the following data.

1. The Eaves "A" and Eaves "B" leases produce from a common reservoir - the Scarborough-Yates-Seven Rivers Pool.
2. The Eaves "A" lease consists of the S/2, S/2 NW/4 and NW/4 NW/4 of Section 19 and N/2 N/2 of Section 30; and the Eaves "B" Lease consists of the NE/4 and NE/4 NW/4 Section 19, S/2 and S/2 N/2 of Section 30, lots 1, 2, and 3, NE/4 NW/4 and NW/4 NE/4 Section 31, T26S, R37E, Lea County, New Mexico. A plat, Exhibit No. 1, attached hereto, shows the leases, the wells thereon, and the location of the proposed commingling facility.
3. Mineral rights under both leases are held by the federal government; however, the Eaves "B" lease carries a different royalty rate than the Eaves "A" lease. Working interest ownership under both leases is identical, but the Eaves "A" lease

carries a 7 1/2% overriding royalty which does not apply to the Eaves "B" lease. Notice of proposed commingling has been given to the overriding royalty owners.

4. Oil production from each lease will be segregated until after being treated, metered and sampled. It is proposed to utilize an ACT unit at the commingled tank battery.
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 shown, 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 505-b for the commingling of Scarborough-Yates, Seven Rivers oil production from the applicant's Eaves "A" and Eaves "B" leases as described above.

CONTINENTAL OIL COMPANY



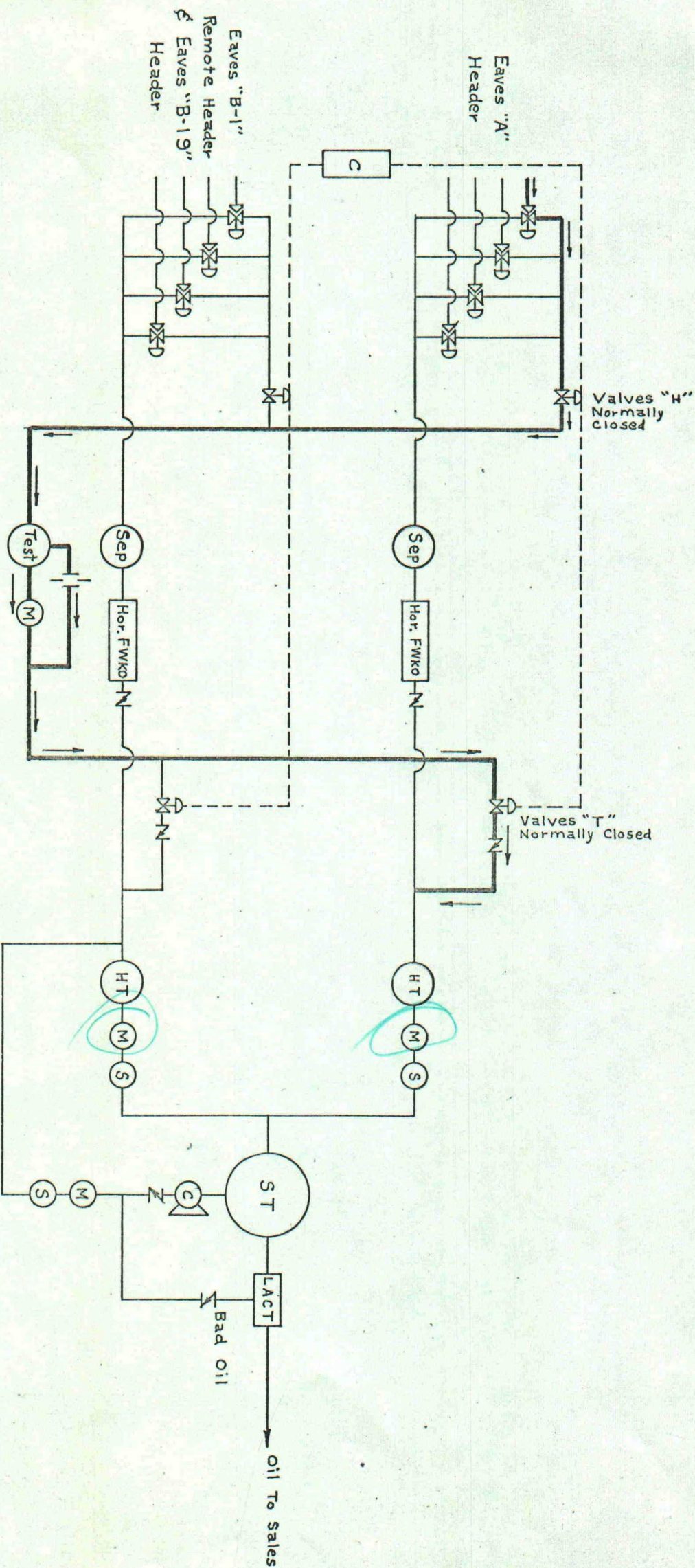
L. P. Thompson
Division Manager

LPT-JS

cc: NMOCC-Hobbs

JJB NGP NEL JWA JWK

Eaves "A", Eaves "B-1", Eaves "B-19" Commingling Facility Schematic Diagram

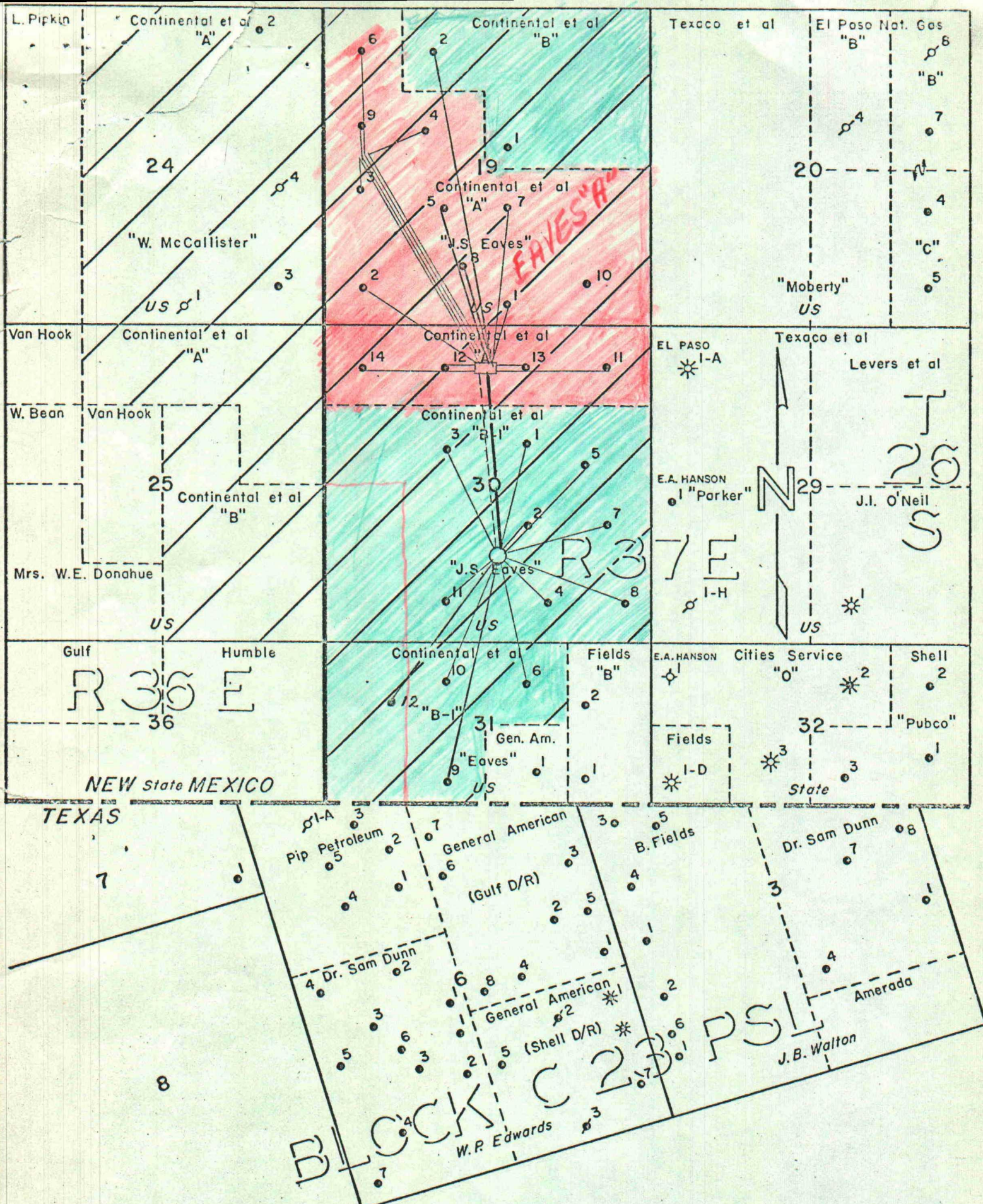


Symbols

- N Check Valve
- Q-X 2 Way Valve (Electrically Controlled)
- Q-X 3 Way Valve (Electrically Controlled)
- Control Panel (Electrical)
- Gas Meter
- M Meter
- S Sampler
- Test Test Treater
- Sep Separator

- HT Heater Treater
- ST Stock Tank
- Hor. FWKO Free Water Knockout
- CP Circulating Pump
- LACT Lease Automatic Custody Transfer

NOTE: line indicates path followed by production from Eaves "A" well while on test.



CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT
HOBBS DIVISION

Lea County, New Mexico

EAVES AREA

PROPOSED CONSOLIDATION PROJECT

SCALE
0 1000' 2000'

RL

- Remote Header Location
- Flowlines
- - - Production Line
- Test Line
- Central Battery Location

EXHIBIT "A"



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Drawer 1857
Roswell, New Mexico 88201

February 3, 1969

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

Attention: Mr. L. P. Thompson

Gentlemen:

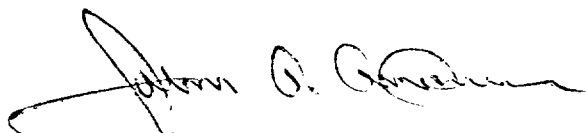
Your letter of January 24 requests approval to commingle Yates-Seven Rivers oil production from wells in secs. 19, 30, and 31, T. 26 S., R. 37 E., Lea County, New Mexico, leases Las Cruces 030168(a) and 030168(b). Approval of automatic custody transfer equipment to handle the commingled production is also requested.

The system for commingling and custody transfer described by the diagram attached to your letter is hereby approved. Any changes in the system must receive prior approval from this office. Your Lessee's Monthly Report of Sales and Royalty, form 9-361, should show all computations used in allocating production to each lease.

Production from lots 3 and 4 of sec. 30, and lots 1 and 2 of sec. 31, is entitled to a one-eighth royalty rate if production from these tracts is metered and reported separately. In the absence of separate measurement of production from these tracts, royalty for all production from lease Las Cruces 030168(b) must be calculated at Schedule D rates. Lots 4 and 5 and the NE $\frac{1}{4}$ NE $\frac{1}{4}$ sec. 31 are a part of lease Las Cruces 030168(b) but are not affected by this approval.

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

Sincerely yours,


JOHN A. ANDERSON
Regional Oil and Gas Supervisor

RECEIVED HOBBS DIVISION	
FEB 6 1969	
Div. Manager	<input checked="" type="checkbox"/>
Asst. Div. Mgr.	<input checked="" type="checkbox"/>
Div. Engr.	<input checked="" type="checkbox"/>
Div. Ch. Mgr.	<input checked="" type="checkbox"/>
Cons'v. Coord.	<input checked="" type="checkbox"/>
MRG	<input checked="" type="checkbox"/>
ZFG	<input checked="" type="checkbox"/>
JDS	<input checked="" type="checkbox"/>

ROYALTY INTERESTS - EAVES "A" LEASE

Atlantic Richfield Company
P. O. Box 354
Dallas, Texas 75221

Charles Francis Bedford
No. 7 Westover Road
Fort Worth 7, Texas

Edwin M. Bedford
9764 Westchester Place
Los Angeles, California

Henry de Craffenried Bedford
1312 N. Richardson Avenue
Roswell, New Mexico 88201

J. H. Bemis and D. L. McRae
Joint Tenants with right of
Survivorship
Prescott, Arkansas

Rachel Bedford Bowen
P. O. Box 572
San Clements, California

Phyllis McCoy Bumpass
4147 East 48th Place
Tulsa, Oklahoma

The Chase Manhattan Bank,
Assignee (Argo Prod. Pymt.)
1 Chase Manhattan Plaza
Attn: Petroleum Dept.
New York 15, New York

Cities Service Oil Company
Cities Service Building
Bartlesville, Oklahoma

F. J. Evans Corporation
1120 South Franklin St.
Denver, Colorado 80210

Ed N. Harrison, Executor
of Est. Thomas S. Harrison
1100 Glendon Avenue
Suite 1407
Los Angeles, California 90024

Hinton Brothers, Inc.
1st Merch. Natl Bank Trust Dept.
Richmond 17, Va.

Mrs. Elizabeth Homes Hinton
% Virginia Trust Co.
821 East Main St.
Richmond 14, Va.

J. H. Richardson Lyeth, Jr., and
Munro Longyear Lyeth, Joint Tenant
First National Bank of Denver
Denver, Colorado

Arthur S. Martin
2316 French Street
Santa Ana, California

Mrs. Emily J. Martin
849 Russell Street
Craig, Colorado

Hinman Stuart Milam
P. O. Box 126
Chelsea, Oklahoma

Blanche McCallister
% St. Mary's Hospital
Roswell, New Mexico

Anne Tederstrom McComb
99 South Downing St.
Denver 9, Colorado

Alexander W. McCoy III
Suite 2609 Fourth National Bank Bldg.
Tulsa, Oklahoma 74117

Elizabeth McCoy
The Parkstone
1415 Parker
Detroit, Michigan 01773

Thomas A. McCoy
Box 272 S. Ridge Road
Lincoln, Mass 01773

North Central Oil Corporation
1300 Main Street Suite 1000
Houston, Texas 77002

Roger B. Owings
1617 Commerce Bldg.
Fort Worth, Texas 76102

Royalty Interest
Page 2

Donald M. Phillips
3843 Park Bldg.
San Diego, California 92103

Phillips Investment Corp.
3843 Park Blvd.
San Diego, California 92103

Onez Norman Rooney
2915 Liberty Bank Bldg.
Oklahoma City, Oklahoma

Southland Royalty Company
1603 First National Bank Bldg.
Fort Worth, Texas 76102

Mary M. Stevenson
902 Park Street
Tarkio, Missouri

Mildred M. Viles
P. O. Box 531
Claremore, Oklahoma

Ellen Anne Wallace Williams
1840 Sherer Lane
Glendale, California

Jane McComb Wilson
200 Gaylord Street
Denver, Colorado

John H. Wilson
1212 W. El Paso Street
Fort Worth 2, Texas

Bessie Eaves Yearwood
P. O. Box 1375
Lovington, New Mexico