

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF SINCLAIR OIL & GAS COMPANY FOR
APPROVAL OF AN AUTOMATIC CUSTODY
TRANSFER SYSTEM AND COMMINGLING OF
OIL PRODUCED FROM THE DEVONIAN
FORMATION ON THREE SEPARATE LEASES,
CONSISTING OF ITS C. S. STONE LEASE,
N/2 SECTION 22, ITS REED ESTATE LEASE,
SE/4 SECTION 22, AND ITS B. D. BUCKLEY
LEASE, SW/4 SECTION 22, ALL IN TOWN-
SHIP 15 SOUTH, RANGE 38 EAST,
LEA COUNTY, NEW MEXICO

CASE No. 236.5

ORDER No. _____

A P P L I C A T I O N

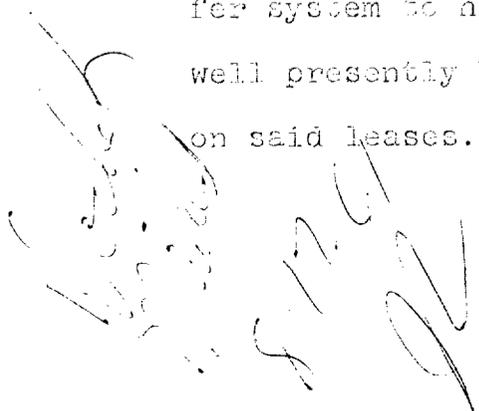
SINCLAIR OIL & GAS COMPANY, a Maine corporation with an operating office in Midland, Texas, hereby files its application herein, in triplicate, and represents:

1.

That the applicant, Sinclair Oil & Gas Company, is the operator and part owner of its C. S. Stone lease, consisting of N/2 of Section 22, its Reed Estate lease, consisting of the SE/4 of Section 22, and its B. D. Buckley lease, consisting of the SW/4 of Section 22, all in Township 15 South, Range 38 East, Lea County, New Mexico. Applicant is currently completing its C. S. Stone well No. 1, which is the discovery well for the pool, and applicant anticipates that the other leases herein mentioned will be productive and wells will be completed thereon producing from the Devonian formation. The leases consist of privately owned fee lands in which certain undivided interests are covered by a single basic lease covering all three tracts; however, other interests are divided with respect to the three tracts and separately leased, and for this reason the tracts are designated as separate leases for the purposes of operation.

2.

Applicant proposes to install an automatic custody transfer system to handle the Devonian production from the discovery well presently being completed and all wells hereafter completed on said leases. Applicant proposes to measure individually the



production from each lease prior to commingling into the automatic custody transfer system. All equipment used in the system will be operated and maintained in such manner as to insure an accurate measurement and test of the oil produced from each lease.

3.

Applicant represents that the automatic custody transfer system which it proposes and the commingling of the oil into the common system are reliable means of handling the custody of the oil, and the granting of the application is in the interest of prevention of waste and will not impair correlative rights.

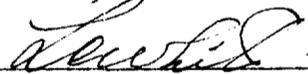
4.

This application is sought as an exception to the Commission's Rule 309.

WHEREFORE, applicant prays that this application be set for hearing before an Examiner at Santa Fe, New Mexico, that notice be given hereon, and that upon such hearing the Commission grant its approval of this application.

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ATTORNEYS FOR APPLICANT
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