

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 25, 1961

Mr. R. M. Anderson  
Sinclair Oil & Gas Company  
P. O. Box 1470  
Midland, Texas

Dear Sir:

Your application, as docketed under Case No. 2246, is now under consideration by the Commission. Before rendering a decision and entering an order, however, we would like for you to furnish evidence that all royalty owners having an interest in each lease from which production is to be commingled, are in accord with your plan for distributing production by means of well tests rather than by separate measurement.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

# **SINCLAIR OIL & GAS COMPANY**

MIDLAND SAVINGS & LOAN BLDG

**MIDLAND, TEXAS**

May 19, 1961

LEGAL DEPARTMENT

Mr. A. L. Porter, Jr.  
Secretary-Director  
Oil Conservation Commission  
Santa Fe, New Mexico

Re: Case No. 2246 - Application  
to Commingle Production —  
J. R. Cone "A" and "B" leases,  
Lea County, New Mexico.

Dear Sir:

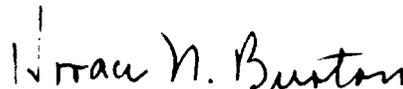
By letter of April 25, 1961, to R. M. Anderson, you requested that the applicant furnish evidence that all royalty owners having an interest in each lease from which production is to be commingled are in accord with our plan for distributing production by means of well tests.

It was the opinion of our production personnel that an operating economy could be accomplished with the elimination of all but one tank battery and that periodic well tests would afford adequate means of accounting to royalty owners under the separate leases, and especially so in view of the marginal production.

The leases are on common commercial forms providing for delivery of 1/8 of the oil free of cost to the lessor in the pipe line to which the lease is connected or payment of the value of 1/8 of the oil so delivered free of cost. In my opinion the lessee may comply with its contractual obligations by delivering either the specific oil produced from the lease or its commingled equivalent, and it is only necessary that the lessee provide adequate means, by measurement, tests or otherwise, to determine the royalty to which the lessor is entitled.

There are a number of royalty owners to be contacted if special agreements are required. We do not wish to incur that additional expense at this time. Accordingly, it is requested that the present application in Case No. 2246 be dismissed.

Very truly yours,



Horace N. Burton  
Division Attorney

HNE/id

