

PROPOSED A.C.T. SYSTEM, LEA UNIT
 LEA COUNTY, NEW MEXICO
 THE OHIO OIL COMPANY'S
 EXHIBIT # 1
 NEW MEXICO OIL CONSERVATION COMMISSION
 CASE 2294
 APRIL 19, 1981

7/10/81
 [Handwritten signature]

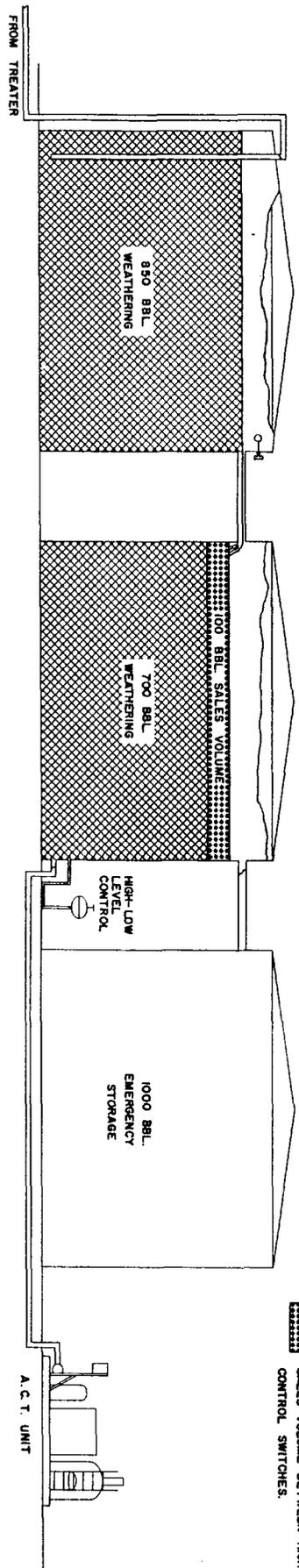
PROPOSED A.C.T. SYSTEM, LEA UNIT

**LEA COUNTY, NEW MEXICO
THE OHIO OIL COMPANY'S
EXHIBIT #2**

**NEW MEXICO OIL CONSERVATION COMMISSION
CASE 2254
APRIL 19, 1961**

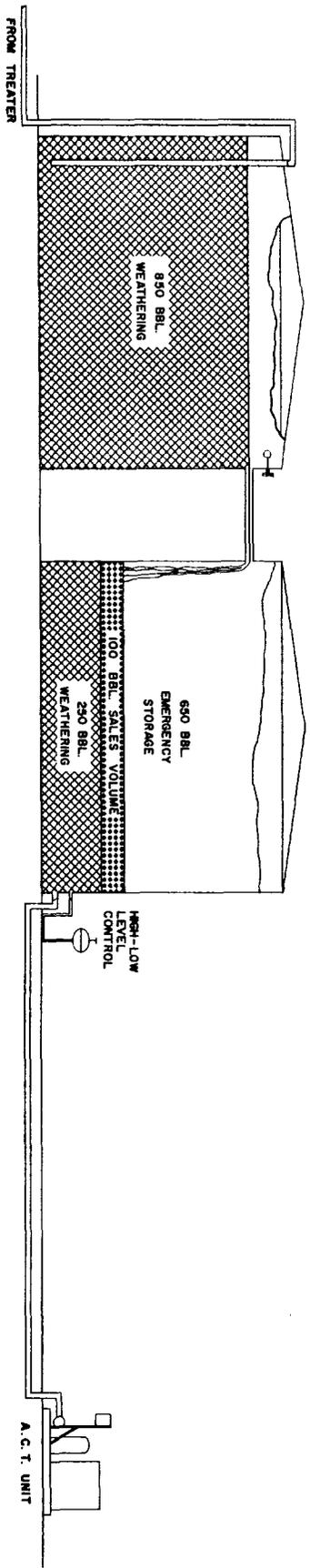
R88

DEVONIAN POOL



LEGEND
 VOLUME BEING WEATHERED
 SALES VOLUME BETWEEN HIGH-LOW LEVEL CONTROL SWITCHES.

BONE SPRINGS POOL



TEXAS-NEW MEXICO PIPE LINE COMPANY

F. B. WHITAKER, JR.
DIVISION MANAGER

April 12, 1961

P. O. BOX 1310
MIDLAND, TEXAS

RECEIVED

APR 14 1961

LEGAL DEPT.

Re: Proposed ACT Installations
The Ohio Oil Company
Lea Unit Area
Lea County, New Mexico

The Ohio Oil Company
P. O. Box 3128
Houston 1, Texas

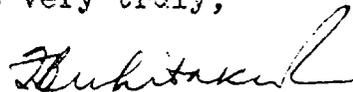
Attention: Mr. Frank Varner

Gentlemen:

This is in reply to your letter dated April 10, 1961, concerning your proposal to install two automatic custody transfer units at your present tank battery location in the Lea Unit Area, Lea County, New Mexico.

We have examined your proposal in some detail and think that it should prove satisfactory from both of our viewpoints. We would be pleased to receive fluid through these installations following a minimum testing period.

Yours very truly,



FBWjr-btk

Exhibit 3
2254

RECEIVED

APR 13 1961

THE OHIO OIL CO.
HOUSTON DIVISION
Petroleum Engineering Dept.



IN REPLY REFER TO:

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

April 13, 1961

The Ohio Oil Company
P.O. Box 3128
Houston 1, Texas

Attention: Mr. I. G. Burrell

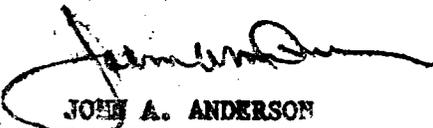
Gentlemen:

Reference is made to your letter of March 30, 1961, concerning royalty reporting and payments for the Lea unit agreement, Lea County, New Mexico.

Pending approval of a revision of the participating area for the Devonian formation and establishment of an initial participating area for the Bone Springs formation, the following procedure should be followed:

1. All production from all committed lands in the Lea unit should be reported as unit production. Separate reports for Devonian and Bone Springs production should be submitted monthly on U.S.G.S. forms 9-329 and 9-361.
2. Royalties for production from the Devonian wells within the presently approved participating area should be paid on the basis of the allocation schedule for the participating area.
3. Royalties for production from Devonian wells outside the presently approved participating area, and from Bone Springs wells for which a participating area has not yet been approved, should be paid on a lease basis; i.e., paid for the lease on which the well is located.
4. When a revised participating area for the Devonian formation, or an initial participating area for the Bone Springs formation is approved, appropriate adjustments will be made by this office as of the effective date of such participating area or revision, in order that the royalties paid as above may be reapportioned to the lands then entitled thereto.

Very truly yours,


JOHN A. ANDERSON
Regional Oil and Gas Supervisor

Copy
EX 4
2254



IN REPLY REFER TO:

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

April 17, 1961

AIR MAIL

The Ohio Oil Company
P.O. Box 3128
Houston 1, Texas

Attention: Mr. I. G. Burrell

Gentlemen:

This is to clarify the procedure prescribed in our letter of April 13 for reporting production and royalties from the Devonian and Bone Springs formations in the Lea unit area, Lea County, New Mexico.

1. Wells Nos. 1, 2, 4, 5, and 6 will no doubt be in the same Devonian and the same Bone Springs participating areas (if all are productive in paying quantities), effective on or before the dates of completion of the wells.

2. As all paying wells in the Devonian and in the Bone Springs will be in their respective participating areas as of the dates of their completion, it will not be necessary to measure the production of each well separately. The oil from wells in each zone can be co-mingled; and, the oil to be reported on a lease basis until the appropriate participating area is revised or established may be estimated by periodic tests. Transfer of allowables for the purpose of interference tests or otherwise, if approved by the Oil Conservation Commission, is acceptable to this office..

Very truly yours,

(Orig. Sgd.) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

Copy to: J. O. Terrell Couch
Com. Public Lands, Santa Fe
Washington

Copy
Ex 5
2257