



## Magnolia Pipe Line Company

P. O. Box 1073, Midland, Texas

TITLE	RTE	INITIAL
DIST. MGR.		✓
DIST. ENGR.		✓
FLD. SUPT.		
DRILLING		
REG. MGR.		
	✓	

April 10, 1962

Mr. C. T. McClanahan  
Sunray Mid-Continent Oil Company  
P. O. Box 128  
Hobbs, New Mexico

150 - LACT - SUNRAY MID-CONTINENT  
U. D. SAWYER LEASE  
LEA COUNTY, NEW MEXICO

Dear Mr. McClanahan:

We have received the letter of March 29, 1962 wherein Sunray Mid-Continent Oil Company proposes to install a lease automatic custody transfer system on their U. D. Sawyer Lease in the E/2 of Section 27, T-9-S, R-36-E, Lea County, New Mexico.

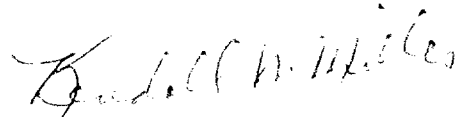
The unit as proposed, which is to utilize a temperature compensated positive displacement meter, should prove satisfactory. We understand that the unit will include all the necessary sampling, monitoring, allowable counting, and fail safe features to prevent incorrect measurement and/or delivery of non-merchantable crude.

Regarding the design and operation of the unit, we have no comments except to request that the unit be sized to handle 60 BPH with a back pressure setting of 30 psi. Also, we would like to make clear our position on the prover tank calibration and subsequent periodic meter provings. We will provide the equipment and experienced personnel to calibrate the prover tank if you so desire if you will provide the water with which to perform the calibration. It will be necessary to have Sunray Mid-Continent personnel present to witness the procedure. As for proving the meter, we cannot assume the responsibility for operation of the producer's equipment. We will, however, provide competent and able assistance to your personnel when the meter is to be proven.

Following the installation of the unit, we will want to check it for fail safe operation and run a very short test to determine the dependability and accuracy of the unit and the prover tank calibration.

Magnolia Pipe Line Company has no objection to the proposed unit. We would appreciate receiving a copy of the New Mexico Conservation Commission's approval of the unit for our files.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Kendall W. Miller".

Kendall W. Miller  
Division Manager

RHHalpert:ed

cc: C. M. Brecheisen  
J. E. McGeath  
K. B. Snider



PR-3

May 14, 1962

Mr. J. A. Cararas  
P. O. Box 731  
Shreveport, Louisiana

Mr. A. C. Taylor  
2313 Walnut  
Texarkana, Texas

Mr. Walter Keith  
Stephens, Arkansas

Mr. Marious J. Nygaard, Jr.  
Stephens, Arkansas

Delta Drilling Company  
P. O. Box 2012  
Tyler, Texas  
Attn: Mr. Chris Zeppa

Mr. Thomas M. Nygaard  
4119 Cole, Apt 5  
Dallas, Texas

J. K. Wadley Foundation  
P. O. Box 718  
Texarkana, Arkansas

Gentlemen:

In order to reduce operating costs and oil losses on our jointly owned U. D. Sawyer Lease in Lea County, N. M. on which there are four Devonian oil wells and Sunray DX's adjacent Dessie Sawyer Lease on which there is one Devonian oil well, it is now proposed that: (1) a joint automatic production facility be installed to serve these two properties and (2) the installation and subsequent operating costs for this joint facility be divided between the two leases on a per well basis, i.e., 4/5 to the U. D. Sawyer Lease and 1/5 to the Dessie Sawyer Lease.

The proposed joint automatic production facility will include 2 - 500 barrel bolted steel oil storage tanks, 1 - 625 barrel plastic coated bolted steel water surge tank, an electric circulating pump, an 8' x 10' steel control house and an automatic custody transfer unit with auxiliary equipment, and will be located at the present U. D. Sawyer tank battery site. It is planned that oil from the U. D. Sawyer and Dessie Sawyer Leases will first pass through separate free water knockout and separation equipment and then be measured with N. M. State approved positive displacement meters before it enters the joint automatic production facility for subsequent transfer to the crude oil purchaser, Magnolia Pipe Line Company. All costs for handling, metering, and transporting crude oil from the U. D. Sawyer and Dessie Sawyer Leases will be separately charged to each property.

It is proposed that 2 - 500 barrel tanks, 1 - 625 barrel tank, and approximately 1/2 of the piping required for the joint automatic production facility be transferred from the U. D. Sawyer Lease joint account to the new facility joint account at prices determined by the equipment's present condition as provided in our U. D. Sawyer Joint Operating Agreement. Also, as a result of installing the proposed automatic production facility, 6 - 500 barrel steel storage tanks now in use on the U. D. Sawyer Lease will no longer be required and it is proposed that they be sold, as is, on a high bid basis. For your information, it is estimated that these tanks will bring approximately \$500 each at this time.

U. D. Sawyer Lease

Page #2

We are enclosing a copy of our AFE 60-8120-51 in the amount of \$16,050 covering the cost of the proposed joint automatic production facility and a copy of our AFE 60-8123-23 in the amount of \$3700 covering costs of installing equipment for handling and metering oil produced on the U. D. Sawyer Lease before it is placed in the joint automatic production facility. Please sign and return the attached copy of this letter if you approve of Sunray DX's proposals as set out above. Insofar as the U. D. Sawyer Lease is concerned, Sunray DX's proposals will provide for an annual savings of approximately \$4900 and the approximate \$8200 total cash outlay, \$16,220 (AFE 60-8123-23 plus 4/5 of AFE 60-8120-51) less \$5,000 credit for transferred equipment and \$3000 for the sale of six salvaged tanks, will accordingly be paid in approximately 20 months.

Yours very truly,

SUNRAY DX OIL COMPANY

*VM Williams*

VMW/mbh

V. M. Williams

APPROVED

*Walter x Keith*

By

Date

*May 18, 1962*

U. D. Sawyer Lease

Page #2

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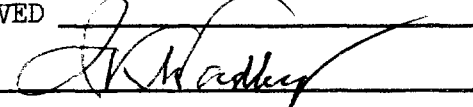
Yours very truly,

SUNRAY DX OIL COMPANY



V. M. Williams

VMW/mbh

J. K. WADLEY FOUNDATION  
APPROVED \_\_\_\_\_  
By  \_\_\_\_\_  
Date May 21, 1962

U. D. Sawyer Lease

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Yours very truly,

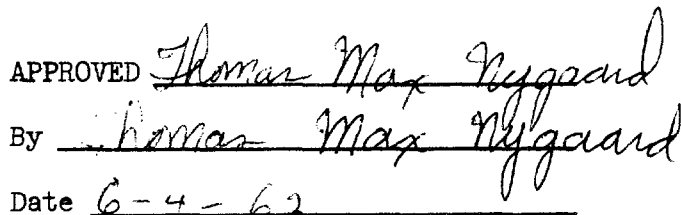
SUNRAY DX OIL COMPANY



V. M. Williams

VMW/mbh

APPROVED



By

Date

6-4-62

U. D. Sawyer Lease

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Yours very truly,

SUNRAY DX OIL COMPANY



V. M. Williams

VMW/mbh

APPROVED \_\_\_\_\_

By Marius Jensen Mygaard Jr.

Date May 18, 1962

U. D. Sawyer Lease

Page #2

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Yours very truly,

SUNRAY DX OIL COMPANY

*VM Williams*

VMW/mbh

V. M. Williams

APPROVED *A. E. Taylor*  
By *A. E. Taylor*  
Date *May 27 1962*



U. D. Sawyer Lease

Page #2

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Yours very truly,

SUNRAY DX OIL COMPANY

*VM Williams*

V. M. Williams

VMW/mbh

APPROVED

*VM Williams*

By

*VM Williams*

Date

*5/14/01*

U. D. Sawyer Lease

Page #2

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Yours very truly,

SUNRAY DX OIL COMPANY

*V. M. Williams*

V. M. Williams

VSM/mbh

APPROVED

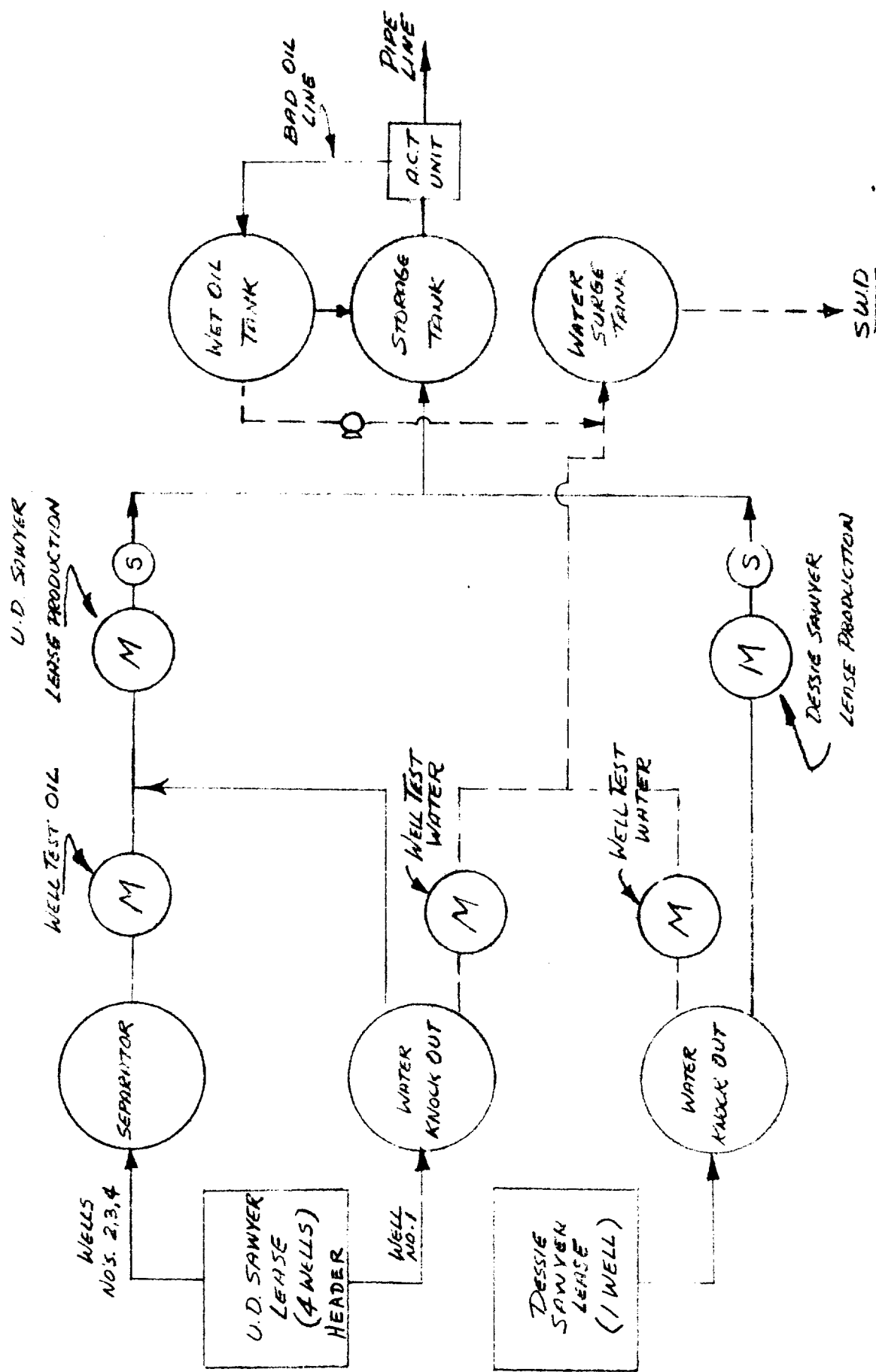
By

Date

*J. P. Carraway*

5-31-1962

SLACKY MID-CONTINENT OIL COMPANY  
SCHEMATIC DIAGRAM OF COMINGLING FACILITY  
U.D. SAWYER AND DESSIE SAWYER LEASES  
LEA COUNTY, NEW ALABAMA



MHS 4/3/62

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

POSTMARK OF  
DELIVERING OFFICE

EXARKANA, ARK.  
MAY 17  
5-PM

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 51	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

POSTMARK OF  
DELIVERING OFFICE

DALLAS, TEX.  
MAY 19  
1961  
NEWSPAPER STA.

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 55	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

POSTMARK OF  
DELIVERING OFFICE

EVANSTON, ILL.  
MAY 10  
12-01 PM  
1961  
LA.

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 52	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

POSTMARK OF  
DELIVERING OFFICE

STEPHEN, S.  
MAY 18  
15-PM  
1961

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 56	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

POSTMARK OF  
DELIVERING OFFICE

STEPHEN, S.  
MAY 18  
5-PM  
1961

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 53	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

POSTMARK OF  
DELIVERING OFFICE

MINNAPOLIS, MINN.  
MAY 21 10:30 PM  
1961

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 57	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

POSTMARK OF  
DELIVERING OFFICE

EXARKANA, ARK.  
MAY 17  
1961

INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 54	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300

POSTMARK OF  
DELIVERING OFFICE

DALLAS, TEX.  
MAY 17  
1962

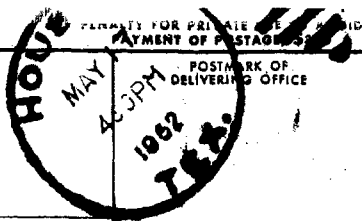
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RETURN TO

REGISTERED NO. 58	NAME OF SENDER Sunray Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS



INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN  
TO

REGISTERED NO. 59	NAME OF SENDER Sauray P & Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS



INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

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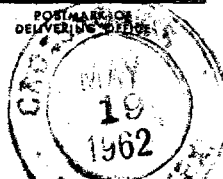
POD Form 3811 Jan. 1958

REGISTERED NO. 61	NAME OF SENDER Sauray P & Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300



INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN  
TO

REGISTERED NO. 60	NAME OF SENDER Sauray P & Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

POST OFFICE DEPARTMENT  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300



INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN  
TO

POD Form 3811 Jan. 1958

REGISTERED NO. 62	NAME OF SENDER Sauray P & Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

POST OFFICE DEPARTMENT  
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INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moisten gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN  
TO

POD Form 3811 Jan. 1958

REGISTERED NO. 63	NAME OF SENDER Sauray P & Oil Co.
CERTIFIED NO.	STREET AND NO. OR P. O. BOX 1001 Wilco Bldg.
INSURED NO.	CITY, ZONE AND STATE MIDLAND, TEXAS

CSS-16-71548-4

P. O. BOX 128, HOBBS, NEW MEXICO



June 11, 1962

Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: Dessie Sawyer and U. D. Sawyer Leases,  
Crossroads Pool, Lea County, New Mexico  
Request For Commingling

Dear Sir:

Sunray DX Oil Company hereby requests an exception to Rule 309-A to permit the commingling of production from subject leases in a common tank battery. This exception is requested for the purpose of reducing operating costs and oil losses due to non-salvable tank bottoms. These will result in greater ultimate reservoir recovery. The two leases in question are shown on the attached plat. All wells on both leases are producing from the same (Devonian) common source of supply.

Attached is a schematic diagram of the proposed commingling facility which has been designed to meet the requirements of the Commission "Manual for the Installation and Operation of Commingling Facilities". Data concerning the facility are as follows:

1. Since there is a diversity of ownership and top allowable wells on each lease, the individual lease production will be measured and samples obtained by means of an A. O. Smith, or equal, P. D. meters and continuous type samplers. The meters will be temperature compensated, non-reset, and sealable and will be installed with the required accessories such as strainer-deaerator, back pressure regulator, and prover connections.
2. The Dessie Sawyer lease commingling meter plus a meter on the water leg of the water knockout will provide the test facility for this one-well lease. On the U. D. Sawyer lease, wells number 2, 3, and 4 will be tested by shutting-in two of the three wells and by subtraction of the oil meters shown on the schematic. These wells do not make any water and are capable of making up any delayed production due to a shut-in for testing. U. D. Sawyer No. 1 will be tested by oil meter subtraction and by a water meter. It will not be necessary to shut-in this sub-allowable well for testing. At such time as wells number 2, 3, or 4 cannot make up delayed production, more elaborate test facilities will be installed. Gas production will be tested by means of orifice fittings on the separating vessel outlets. The gas is not sold due to uneconomical low volumes of production.

NMOCC - Request For Commingling

3. Controls for shutting-in the wells affecting the various equipment will be installed for danger levels in the water tank, storage tank, and separator, for excessive high or low flow line pressures, and for flow-no-flow conditions in the flow lines. All control and shut-in equipment will be fail-safe in design-normally closed for no power supply. The major factors of the commingling and LACT operations will be indicated on alarm display boards at the site and at a remote location.

Attached is Sunray DX Oil Company letter of March 29, 1962, to Magnolia Pipe Line Company requesting approval of the commingling and LACT facilities. The purchaser's consent letter of April 10, 1962 is also attached.

Letters of consent of the working interest ownership for the commingling are attached. Also attached are letters to the royalty interests notifying of the proposed commingling. Royalty interests approval letters have not been received, but we are submitting registered letter return receipts from the royalty interests.

Upon approval of this facility, we will request approval of the LACT facility from the New Mexico Oil Conservation Commission, Hobbs Office. Your consideration of this application will be greatly appreciated.

Sincerely,

SUNRAY DX OIL COMPANY

  
C. T. McClanahan  
District Manager

DEB:db

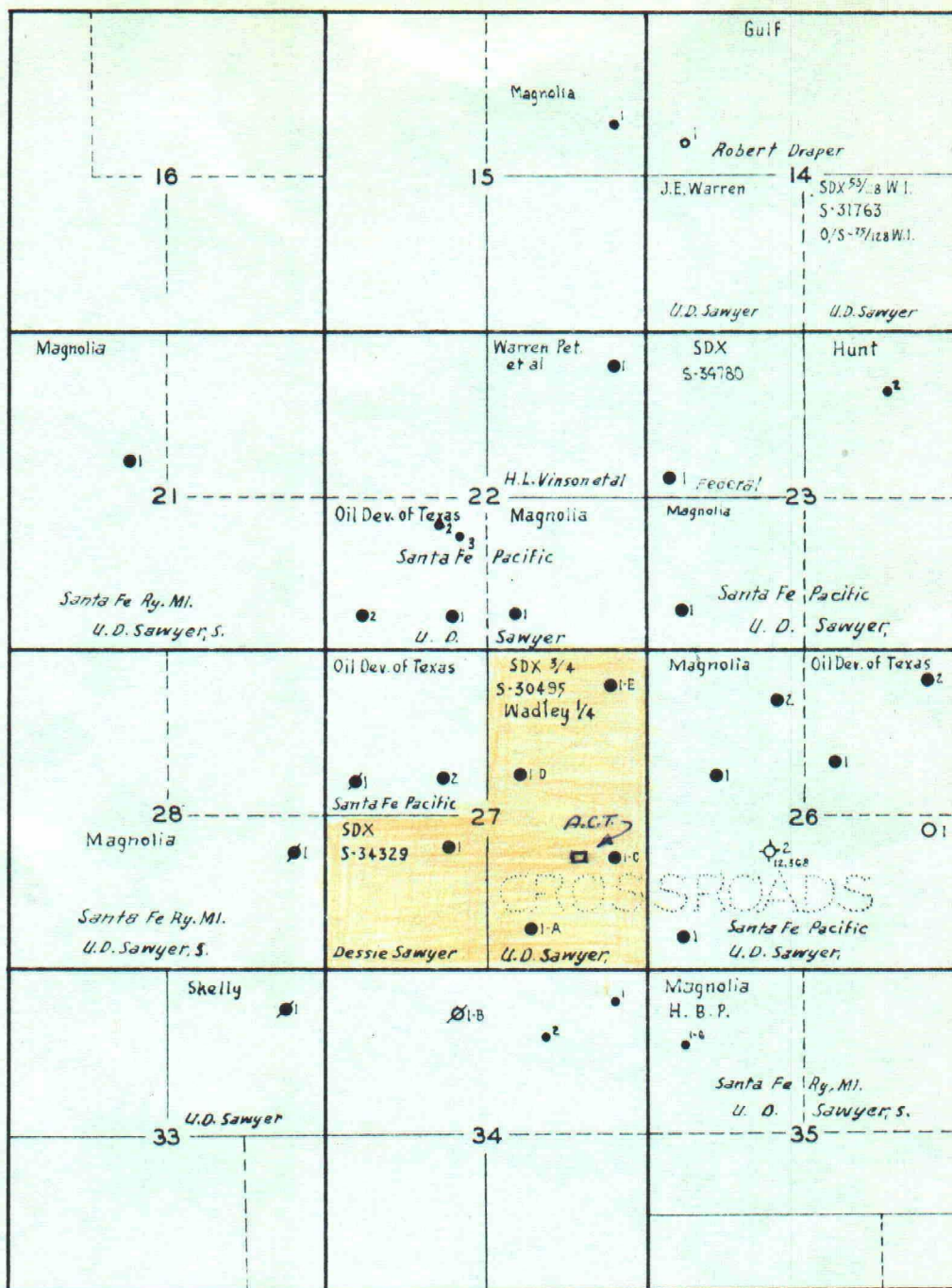
cc: N.M. Oil Conservation Commission w/attachments (2)

V. L. Smith w/o attachments

PR-3



R 36 E



T  
S  
S

*Mid-Continent Oil Co.*

PRODUCING FORMATION		SUNRAY <del>on</del> <del>under</del> <del>the</del> <del>surface</del>		PRODUCING LEASES	
NAME	AVERAGE DEPTH	FIELD: CROSSROADS		U.D. SAWYER, DESSIE SAWYER NEW MEXICO FED. "D"	
Devonian	12,100	DISTRICT: N & W. TEXAS COUNTY: LEA		GROUP: TATUM STATE: N. M.	
		SCALE 3000 1500 0 1500 3000 6000 FEET			



NOTICE OF APPLICATION TO COMMINGIE PRODUCTION

Mr(s).

Notice is hereby given pursuant to authority of the hereinbelow described Order of The Oil Conservation Commission of The State of New Mexico that Sunray DX Oil Company, applicant herein, proposes to commingle the oil produced from its following two leases:

S-30495: Oil and Gas Lease dated January 23, 1947, between U. D. Sawyer, et ux, as Lessor, and K. E. Jennings, as Lessee, recorded in Book 62, Page 458, of the Records of Lea County, New Mexico, covering the following described land in the aforesaid County and State, to-wit:

E $\frac{1}{2}$  Sec. 27, Twp. 9S, Rge. 36E.

S-34329: Oil and Gas Lease dated July 16, 1947, between U. D. Sawyer, et ux, as Lessor, and Mid-Continent Petroleum Corporation, as Lessee, recorded in Book 59, Page 521, of the Records of Lea County, New Mexico, covering the following described land in the aforesaid County and State, to-wit:

SW $\frac{1}{4}$  Sec. 27, Twp. 9S, Rge 36E.

You are hereby further noticed that applicant desires commingling herein for the reason that applicant believes that such commingling will result in a more efficient and economical operation of said leases and lengthen the period of productivity of same.

Pursuant to Order No. R-2060 (Case No. 2356) dated September 13, 1961, by The Oil Conservation Commission of The State of New Mexico, applicant may notify all parties owning an interest in the leases proposed to be

NOTICE OF APPLICATION  
S-30495, S-34329

commingled and the purchaser of the commingled production therefrom by registered or certified mail and after a period of twenty (20) days following notification to said parties and an Application to Commingle filed with the Secretary-Director of the Commission and there being no objection to such application being made, said Secretary-Director may then approve said application as herein proposed.

Dated this 16 day of May, 1962.

SUNRAY DX OIL COMPANY

By M. P. Thomas  
M. P. Thomas  
Division Landman  
Southwest Division  
1001 Wilco Building  
Midland, Texas