

2

Union Oil Company of California

500 N. Marienfeld, Midland, Texas 79701

Telephone (915) MU 2-9731



Midland District

April 22, 1969

Mr. A. L. Porter, Secretary Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

By your letter of April 7, 1969, granting Union Oil Company of California authorization to commingle production from certain leases in the Midway Drilling Block, Lovington-Devonian Pool, Lea County, New Mexico, you assumed the royalty interest is common and the working interest has been consolidated in forming the drilling block. These assumptions are correct, however, two of the participating companies elected to go non-consent in drilling the No. 1 well, therefore, their working interest in this well will be zero until the investment is recovered per terms of the operating agreement. Working interest in the No. 2 and No. 3 wells is identical to that of the drilling block with present ownership in the wells set out below.

<u>Company</u>	<u>Well No. 1</u>	<u>Well Nos. 2 and 3</u>
Amerada Petroleum Corporation	-0-	18.84619%
McBee Oil Company	-0-	7.32908%
Cities Service Oil Company	8.37609%	8.37609%
Union Oil Co. of California	91.62391%	65.44864%

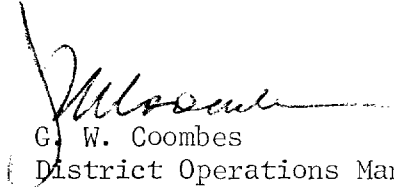
Production from the No. 1 well will be metered separately, for accounting purposes, until this well's ownership reverts back to that of the original drilling block. Should the working interest vary in any future wells, they will also be metered prior to commingling.

Approval was obtained from all owners of the Midway Drilling Block to commingle production as proposed by Union and waivers were attached to the original commingling request sent to your office.

We are attaching a revised schematic diagram which shows storage tanks, flow lines and treater for the commingled battery and the metering separator for the No. 1 well.

If additional information is needed, please contact the undersigned.

Very truly yours,



G. W. Coombes
District Operations Manager

GWC/bMc

Attachment

cc: New Mexico Oil Conservation Commission - Hobbs
State Lands Office - Santa Fe
Amerada Petroleum Corporation
McBee Oil Company
Cities Service Oil Company

UNION OIL COMPANY OF CALIFORNIA
MIDWAY STATE LEASE
LOWINGTON-DEVONIAN
LEA COUNTY

