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CONTINENTAL OIL COMPANY

P. O. Box 460
Hobbs, New Mexico 88240
August 4, 1969

CTB 206

commingle
Scarborough Y-SR
prod from
McCallister "A"
Eaves "A"
and Eaves "B"
over after sep mtr

New Mexico Oil Conservation Commission ✓
P. O. Box 2088
Santa Fe, New Mexico

Attention of Mr. A. L. Porter, Jr.,
Secretary-Director

Re: Application of Continental Oil Company
for Administrative Approval to Commingle
Scarborough (Yates-Seven Rivers) Oil
Production on McCallister "A," Eaves
"A," and Eaves "B" Leases, Lea County,
New Mexico

Gentlemen:

Forwarded herewith in triplicate is our application for authority to commingle Scarborough (Yates-Seven Rivers) oil production on the captioned leases. In addition to the exhibits described in the application, there is a copy of a letter from the Oil and Gas Supervisor of the U. S. Geological Survey indicating his approval of the commingling facility.

A copy of this application is being sent to each overriding royalty owner as listed on the attached sheet.

Your further handling of this application and approval of same will be sincerely appreciated.

Yours very truly,

VTL-JS
Copies to:
NMOCC-Hobbs

JJB NGP NEL JWA JWK
By Certified Mail (RRR)
Interest Owners per attached list
Attach

CERTIFIED COPIES TO:

Atlantic Richfield Company
P. O. Box 354
Dallas, Texas 75221

Charles Francis Bedford
No. 7 Westover Road
Fort Worth 7, Texas

Edwin M. Bedford
9764 Westchester Place
Los Angeles, California

Henry deGraffenreid Bedford
1312 N. Richardson Avenue
Roswell, New Mexico 88201

J. H. Bemis and D. L. McRae
Joint Tenants with right of
Survivorship
Prescott, Arkansas

Rachel Bedford Bowen
P. O. Box 572
San Clements, California

Phyllis McCoy Bumpass
4147 East 48th Place
Tulsa, Oklahoma

The Chase Manhattan Bank, Assignee
(Argo Production Payment)
1 Chase Manhattan Plaza
Attn: Petroleum Dept.
New York 15, New York

Cities Service Oil Company
Cities Service Building
Bartlesville, Oklahoma

Jessie Blevins Crump
P. O. Box 713
Midland, Texas 79701

Jessie Blevins Crump and
David C. Blevins, Trustees
U/W Jones Lester Crump,
Account 23112
P. O. Box 2050
Fort Worth, Texas

F. J. Evans Corporation
1120 South Franklin Street
Denver, Colorado 80210

Mabel Y. Garrison
1314 Grant
Longmont, Colorado 80501

Ed N. Harrison, Executor of
Estate of Thomas S. Harrison
1100 Glendon Avenue
Suite 1407
Los Angeles, California 90024

Hinton Brother, Inc.
1st Merchantile National Bank
Trust Department
Richmond 17, Virginia

Mrs. Elizabeth Homes Hinton
% Virginia Trust Company
821 East Main Street
Richmond 14, Virginia

J. M. Richardson Lyeth, Jr., and
Munro Longyear Lyeth, Joint Tenants
First National Bank of Denver
Denver, Colorado

Arthur S. Martin
2316 French Street
Santa Ana, California

Mrs. Emily J. Martin
849 Russell Street
Craig, Colorado

Hinman Stuart Milam
P. O. Box 126
Chelsea, Oklahoma

Blanche McCallister
% St. Mary's Hospital
Roswell, New Mexico

Anne Tederstrom McComb
99 South Downing St.
Denver 9, Colorado

Alexander W. McCoy III
Suite 2609 Fourth National Bank.Bldg.
Tulsa, Oklahoma 74117

Elizabeth McCoy
The Parkstone
1415 Parker
Detroit, Michigan 01773

Thomas A. McCoy
Box 272 S. Ridge Road
Lincoln, Mass 01773

North Central Oil Corporation
1300 Main Street Suite 1000
Houston, Texas 77002

Roger B. Owings
1617 Commerce Building
Fort Worth, Texas 76102

Donald M. Phillips
3843 Park Building
San Diego, California 92103

Phillips Investment Corp.
3843 Park Blvd.
San Diego, California 92103

Pittsburg National Bank, Trustee
U/W James W. Grant Estate
% R. E. Department
P. O. Box 747
Pittsburg, Pa.

Onez Norman Rooney
2915 Liberty Bank Building
Oklahoma City, Oklahoma

Southland Royalty Company
1603 First National Bank Building
Fort Worth, Texas 76102

Mary M. Stevenson
902 Park Street
Tarkio, Missouri

Mildred M. Viles
P. O. Box 531
Claremore, Oklahoma

Ellen Anne Wallace Williams
1840 Sherer Lane
Glendale, California

Jane McComb Wilson
200 Gaylord Street
Denver, Colorado

John H. Wilson
1212 W. El Paso Street
Fort Worth 2, Texas

Bessie Eaves Yearwood
P. O. Box 1375
Lovington, New Mexico



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Drawer 1857
Roswell, New Mexico 88201

July 29, 1969

Continental Oil Company
P. O. Box 460
Hobbs, New Mexico 88240

Attention: Mr. L. P. Thompson

Gentlemen:

Your letter of July 14 requests approval to modify the commingling system approved by our letter of February 3, 1969, leases Las Cruces 030168(a) and 030168(b). You now propose to add Yates-Seven Rivers production from wells on lease Las Cruces 030167(a) to presently commingled Yates-Seven Rivers production from wells on leases Las Cruces 030168(a) and 030168(b).

The system for commingling described in the attachments to your letter is hereby approved, subject to like approval by the New Mexico Oil Conservation Commission. Any changes in the system must receive prior approval from this office. Your Lessee's Monthly Report of Sales and Royalty, form 9-361, should show all computations used in allocating production to each lease.

Please notify our Hobbs office when the installation is completed so that a field inspection of the system can be made.

Sincerely yours,

Carl C. Traywick
CARL C. TRAYWICK
Acting Oil and Gas Supervisor

[illegible]

C O N T I N E N T A L O I L C O M P A N Y

P. O. Box 460
Hobbs, New Mexico

New Mexico Oil Conservation Commission (3)
Post Office Box 2088
Santa Fe, New Mexico

Attention of Mr. A. L. Porter, Jr.,
Secretary-Director

Re: Application of Continental Oil Company
for Administrative Approval as Provided
by Rule 309-B to Commingle Scarborough
(Yates, Seven Rivers) Oil Production
from its McCallister 'A' Lease located
in Sections 24 and 25, T-26S, R-36E,
and its Eaves 'A' and Eaves 'B' Leases
Located in Sections 19, 30, and 31,
T-26S, R-37E, NMPM, Lea County, New
Mexico

Gentlemen:

Continental Oil Company requests administrative approval as provided by Rule 309-B, to commingle Scarborough (Yates, Seven Rivers) oil production from its McCallister 'A' Lease located in Sections 24 and 25, T-26S, R-36E with that from its Eaves 'A' and Eaves 'B' Leases located in Sections 19, 30 and 31, T-26S, R-37E, Lea County, New Mexico, and in support thereof submits the following data.

1. The Eaves 'A', Eaves 'B' and McCallister 'A' Leases produce from a common reservoir - the Scarborough (Yates, Seven Rivers) Pool.
2. The Eaves 'A' Lease consists of the S/2, S/2 NW/4 and NW/4 NW/4 of Section 19 and N/2 N/2 of Section 30; and the Eaves 'B' Lease consists of the NE/4 and NE/4 NW/4 Section 19, S/2 and S/2 N/2 of Section 30, lots 1, 2, and 3, NE/4 NW/4 and NW/4 NE/4 Section 31, T-26S, R-37E. The McCallister 'A' Lease consists of E/2 and E/2 W/2 Section 24 and E/2 NE/4, NW/4 NE/4 and NE/4 NW/4 Section 25, T-26S, R-36E. A plat, Exhibit No. 1, attached hereto, shows the leases, the wells thereon, and the location of the proposed commingling facility.

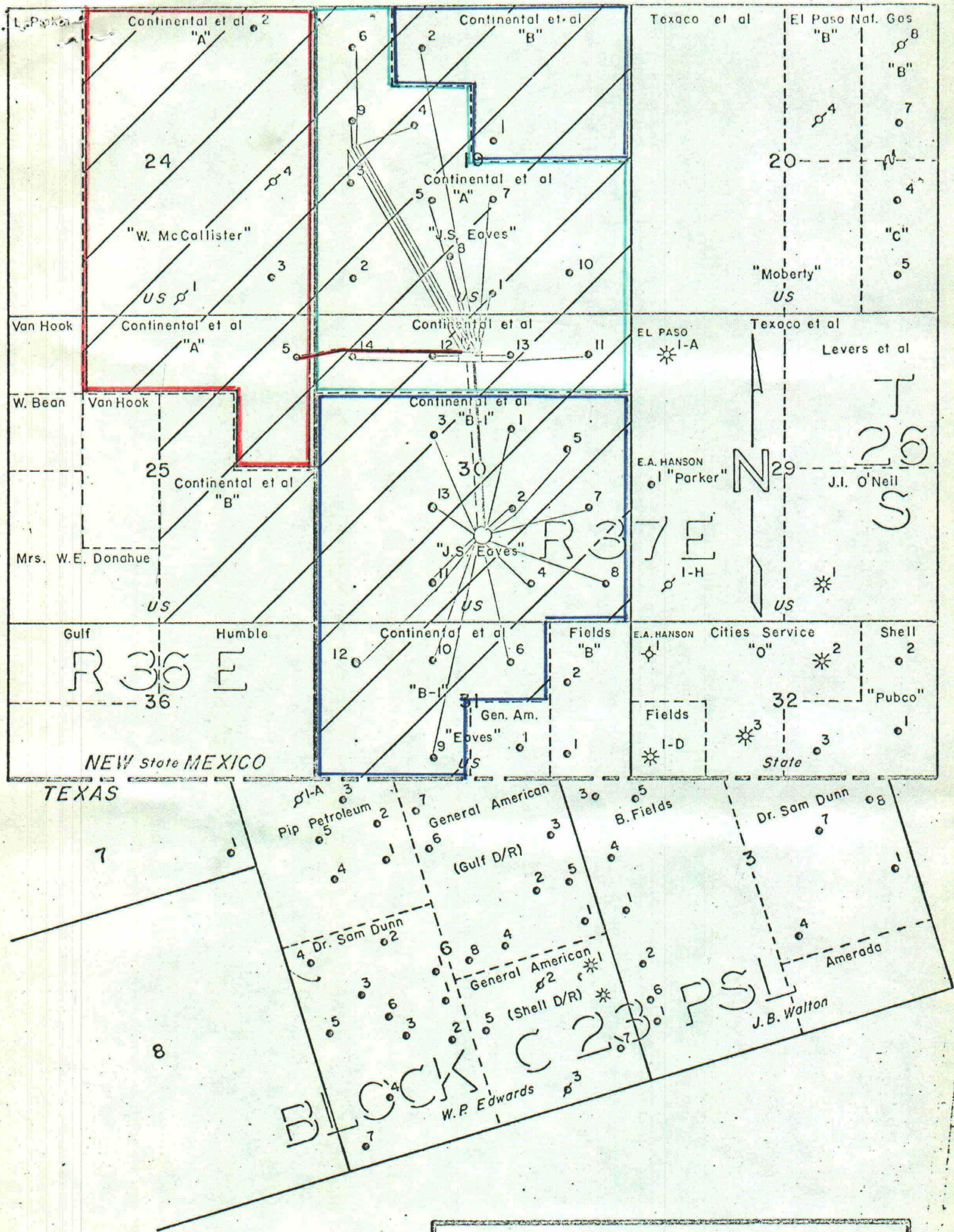
3. Mineral rights under all said leases are held by the federal government; however, the Eaves "B" Lease carries a different royalty rate than the Eaves "A" Lease and McCallister "A" Lease. Working interest ownership under all leases is identical, but the Eaves "A" Lease carries a 7 1/2% overriding royalty which does not apply to the Eaves "B" Lease and the McCallister Lease carries a 5% ORR. Notice of proposed commingling has been given to the overriding royalty owners.
4. Oil production from each lease will be segregated until after being treated, metered and sampled. It is proposed to utilize an ACT unit at the commingled tank battery.
5. One test facility (separator, meter and sampler) will be used for testing all wells on the several leases. A schematic diagram, Exhibit No. 2, attached hereto, shows the proposed installation. As shown, the facility conforms to the requirements of the "Manual for the Installation and Operation of Commingling Facilities" dated September 13, 1961.
6. Commingling of production will result in the prevention of waste and will not impair correlative rights.

In view of the facts stated above, it is respectfully requested that Administrative approval be granted under Rule 309-B for the commingling of Scarborough (Yates, Seven Rivers) oil production from the applicant's Eaves "A", Eaves "B" and McCallister "A" Leases as described above.

CONTINENTAL OIL COMPANY



L. P. THOMPSON
Division Manager



CONTINENTAL OIL COMPANY

PRODUCTION DEPARTMENT

HOBBS DISTRICT

JALMAT POOL

Lea County, New Mexico

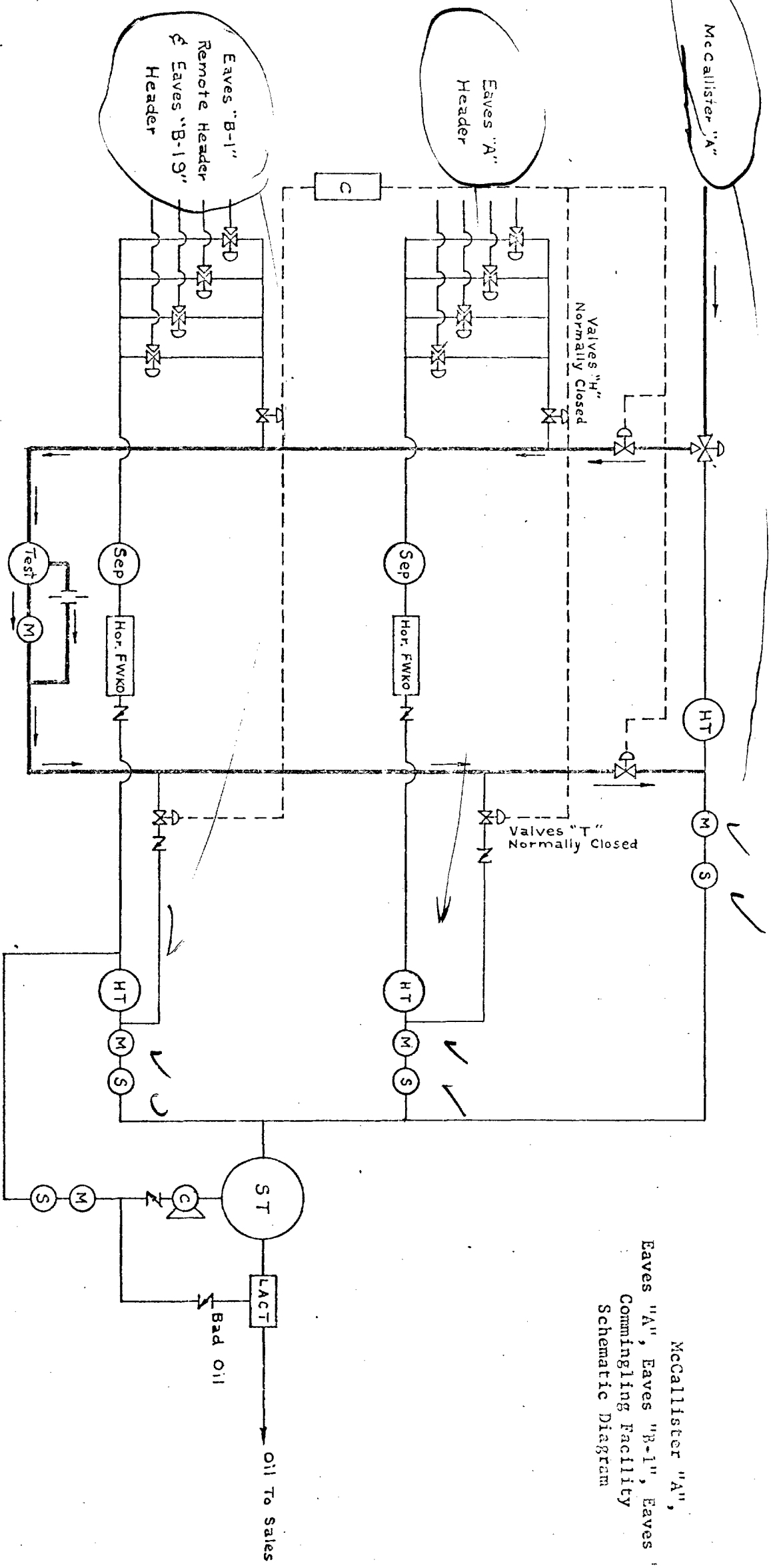
EAVES AREA

PROPOSED CONSOLIDATION PROJECT

SCALE

0' 1000' 2000'

BLJ



McCallister "A",
Eaves "B-1", Eaves "B-19"
Commingling Facility
Schematic Diagram

- Symbols**
- N Check Valve
 - 2 Way Valve (Electrically Controlled)
 - 3 Way Valve (Electrically Controlled)
 - Control Panel (Electrical)
 - Gas Motor
 - Motor
 - Sampler
 - Test Treater
 - Separator

- HT Heater Treater
- ST Stock Tank
- FWKO Free Water Knockout
- C Circulating Pump
- LACT Lease Automatic Custody Transfer

NOTE: — line indicates path followed by production from McCallister "A" well while on test.