

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  
July 23, 1976

New Mexico Oil Conservation Commission (3)  
P. O. Box 2088  
Santa Fe, New Mexico

Attention of Mr. Joe D. Ramey  
Secretary-Director

*Rec'd 7/27/76*  
*JSR*

Re: Application of Continental Oil Company for  
Administrative Approval as Provided by Rule  
303(b) to Commingle Springs Upper Penn Distillate  
Production With the Cat Claw Draw Morrow  
Distillate Production From its Levers Federal  
Lease Located in Section 2, T-21S, R-25E, Eddy  
County, New Mexico

Gentlemen:

Continental Oil Company requests administrative approval as  
provided by Rule 303(b), to commingle Springs Upper Penn distillate  
production with the Cat Claw Draw Morrow distillate production from its  
Levers Federal lease located in Section 2, T-21S, R-25E, Eddy County,  
New Mexico, and in support thereof submits the following data.

1. Applicant is the owner of the Levers Federal lease which  
consists of N/2 SE/4 and W/2 SW/4 Section 2-T21S, R-25E,  
Eddy County, New Mexico. A plat, Exhibit No. 1, attached  
hereto, shows the lease, the wells thereon, and the location  
of the proposed commingling facility.

2. Mineral rights under the lease are held by the State of  
New Mexico, and interests are common.

3. Production from the Cat Claw Draw Morrow will be metered  
prior to commingling. The commingled lease production  
will be metered so that the Springs Upper Penn production  
will be determined by the subtraction method. A tabulation  
marked Exhibit No. 2 shows the most recent production and  
value for each zone.

*Well No. 1*

*Should be "all"?*  
*JSR*

A schematic diagram, Exhibit No. 3, attached hereto, shows the proposed installation. The facility conforms to the requirements of the "Manual for the Installation and Operation of Commingling Facilities" dated September 13, 1961.

4. 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 303(b) for the commingling of Cat Claw Draw Morrow distillate production with the Springs Upper Penn distillate as described above.

CONTINENTAL OIL COMPANY

A handwritten signature in cursive script, appearing to read "A. Thompson".

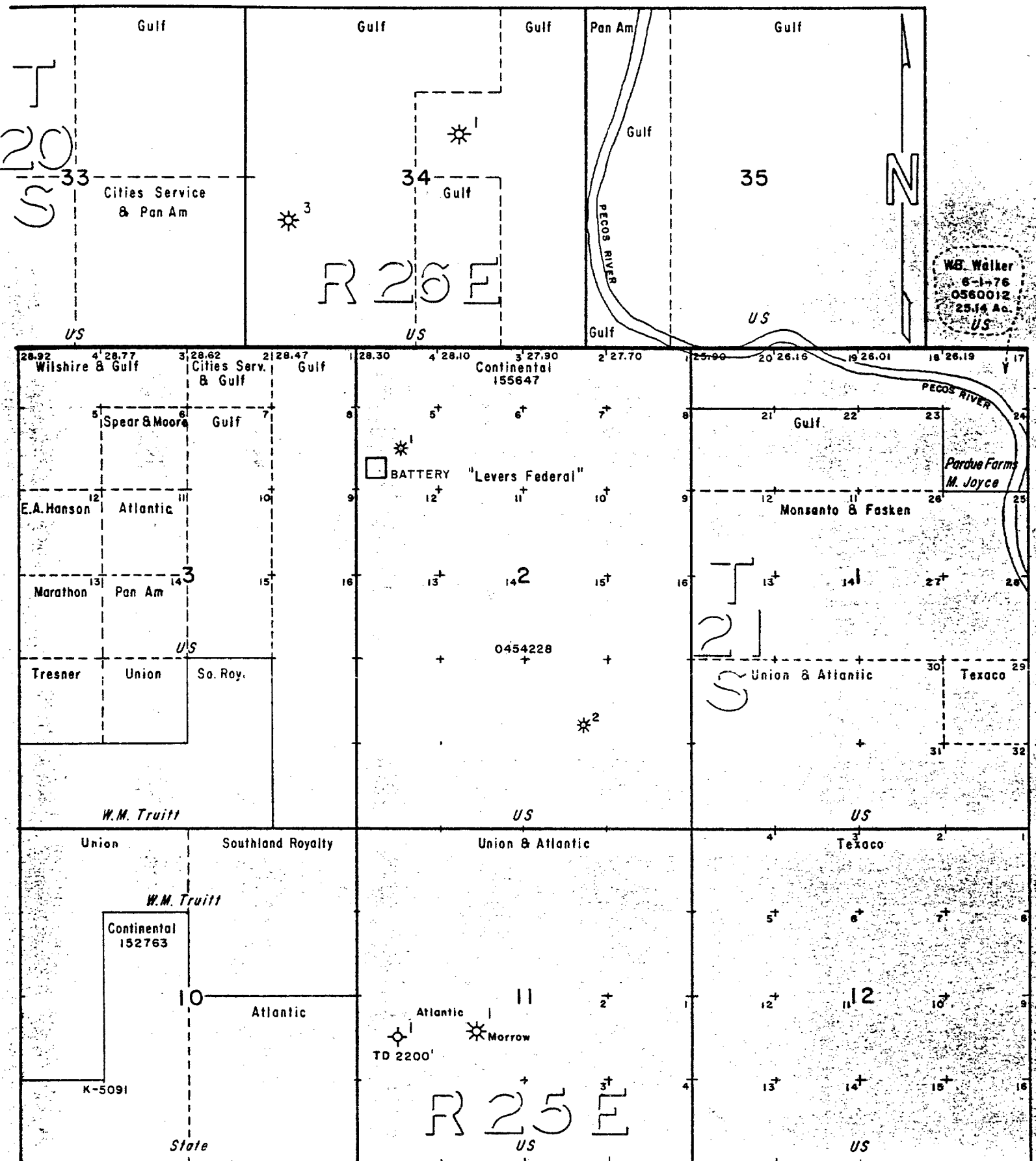


EXHIBIT 1

**CONTINENTAL OIL COMPANY**

PRODUCTION DEPARTMENT—HOBBS DIVISION

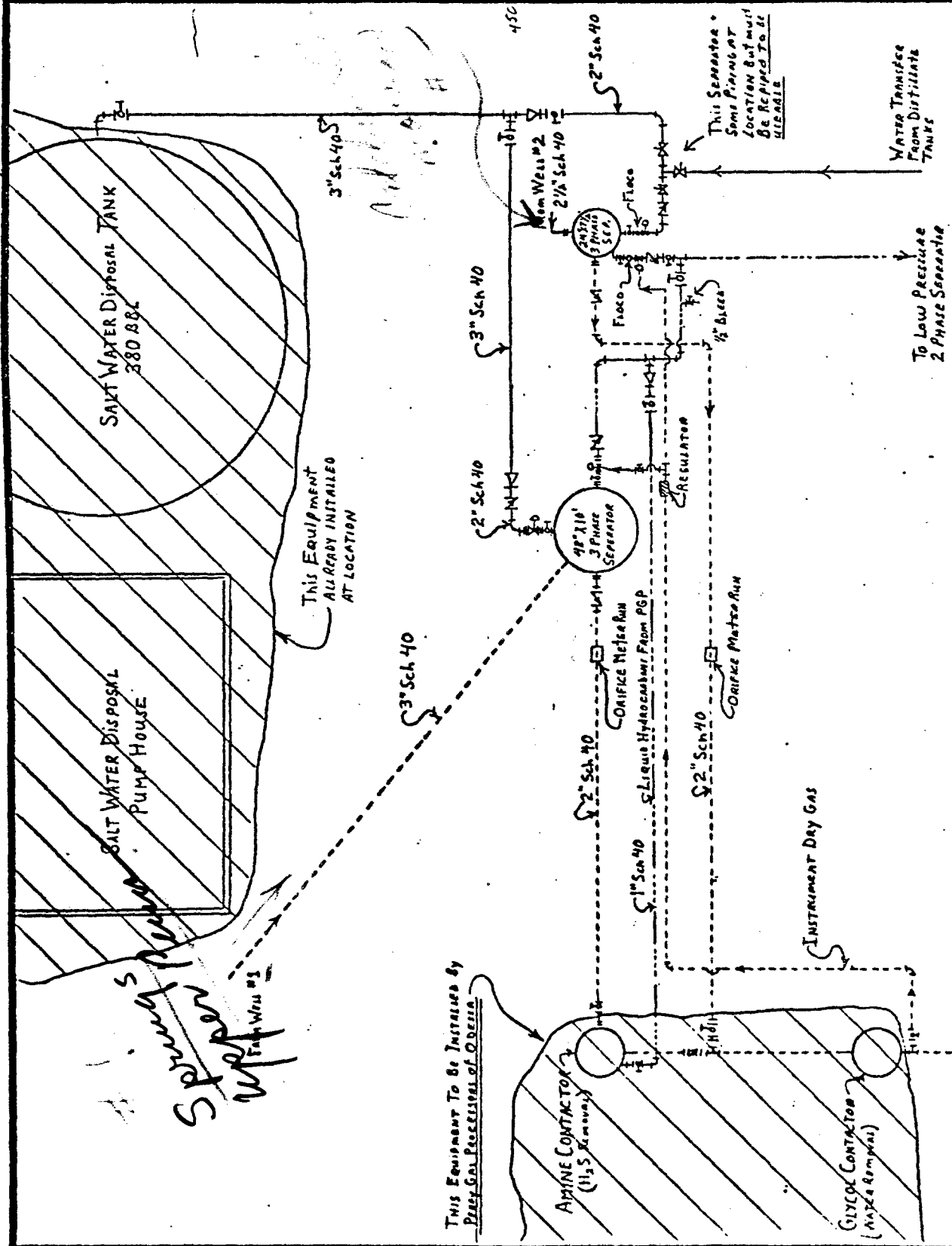
**SPRING UPPER PENN GAS POOL**

Eddy County, New Mexico

SCALE

0 1000 2000

8-9-66 R.L.



BILL OF MATERIALS REQUIRED TO REVENUE BATTERY	
Quantity	Description of Items
1	46" X 10' Separator 3 Phase 6000 PSI
130'	1" SCH 40 LINE PIPE
120'	2" SCH 40 LINE PIPE
200'	3" SCH 40 LINE PIPE Plain End Bore
4	1" SCH 40 90° SCREWED ELBS
3	1" ANSI 300 BALL VALVES SCREWED
2	1" ANSI 150 BALL VALVES SCREWED
1	1" ANSI 300 CHECK VALVE SCREWED
1	1" SCH 40 TEE SCREWED
3	2" SCH 40 TEES SCREWED
6	2" SCH 40 ELBS 90° SCREWED
5	2" WELD NECK RF FLANGES ANSI 300
2	2" ANSI 300 CHECK VALVES FLANGED
4	2" ANSI 150 CHECK VALVES SCREWED
3	2" ANSI 300 BALL VALVES SCREWED
6	2" ANSI 150 BALL VALVES SCREWED
3	2" ANSI 300 GATE VALVES FLANGED
8	2" SCH 40 ELBS 90° WELD
2	2" F-2500-2 FLOCO METER
2	3" METER RUNS FROM METER TO TANK
5	3" ANSI 300 WELD NECK RF FLANGES
4	3" SCH 40 ELBS 90° SCREWED
1	3" SCH 40 TEE SCREWED
1	3" ANSI 150 CHECK VALVE
2	3" ANSI 150 BALL VALVES SCREWED
1	1/2" ANSI 150 BALL VALVE SCREWED
1	2" X 1" SCH 40 SWAGE SCREWED
1	3" X 3" SCH 40 SWAGE SCREWED
4	2" X 3" SCH 40 SWAGE SCREWED
2	1" X 3" SCH 40 SWAGE SCREWED

15  
24  
50  
80  
120  
120  
278  
150  
32  
900  
8300  
20

DATE: MARCH 3, 1976  
DRAWN BY: R. Ferris  
DESIGN BY: R. Ferris  
CHECKED BY:

TITLE: LEVERS FEDERAL TANK BATTERY  
ADDITION OF TREATING EQUIPMENT  
**CONOCO**  
PRODUCTION DEPT. HOBBS DIVISION

Oil Lines ————  
Gas Lines - - - - -  
Water Lines \_\_\_\_\_

Screwed Connections —+—  
Flanged Connections —+—

LEVERS FEDERAL LEASE  
SPRINGS UPPER PENN AND CAT CLAW DRAW MORROW

<u>POOL</u>	<u>NO. WELLS</u>	<u>JUNE DAILY PROD.</u>	<u>API GRAVITY</u>	<u>VALUE \$/BBL</u>	<u>TOTAL VALUE \$/DAY</u>
Springs Upper Penn	1	45	59.8	\$5.41	\$243.45
Cat Claw Draw Morrow	1	1	59.8	\$12.24	<u>12.24</u>
Total					<u>\$255.69</u>
Commingled		46	59.8	5.56	<u>255.76</u>
Gain in Value					<u>.07</u>



# United States Department of the Interior

## GEOLOGICAL SURVEY

P. O. Drawer U  
Artesia, New Mexico 88210

May 11, 1976

Continental Oil Company  
Post Office Box 460  
Hobbs, New Mexico 88240

Gentlemen:

Your letter of April 27, 1976 requests approval to commingle Cisco Canyon distillate, designated as the Springs Upper Pennsylvanian Pool, produced from your well No. 1 Levers Federal, located 1594/N 660/W sec. 2, T. 21 S., R. 25 E. with Morrow distillate, designated as the Catclaw Draw Morrow Pool, produced from your well No. 2 Levers Federal, located 1650/S&E sec. 2, T. 21 S., R. 25 E., N.M.P.M., Eddy County, New Mexico on oil and gas lease New Mexico 0454228-A.

This would involve commingling of production from separate pools designated by the New Mexico Oil Conservation Commission and would require measuring facilities approved and operated in accordance with the N.M.O.C.C. as required in their manual for the installation and operation of commingling facilities.

The commingling as applied for is satisfactory to the U. S. Geological Survey and hereby approved subject to New Mexico Oil Conservation Commission approval. You are requested to notify this office by letter or by telephone 505-746-4841, when the installation is completed and operative so that an inspection can be made of the facility.

Sincerely yours,

(Orig. Sgd.) JAMES A. KNAUF

James A. Knauf  
District Engineer

cc:  
N.M.O.C.C., Santa Fe ✓  
Roswell/Attachment