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OPERATOR	

5a. Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS

DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	7. Unit Agreement Name
2. Name of Operator UNION TEXAS PETROLEUM CORPORATION	8. Farm or Lease Name Shipp 34
3. Address of Operator 4000 N. Big Spring, Ste. 500, Midland, TX 79705	9. Well No. 3
4. Location of Well UNIT LETTER <u>M</u> <u>660</u> FEET FROM THE <u>West</u> LINE AND <u>510</u> FEET FROM THE <u>South</u> LINE, SECTION <u>34</u> TOWNSHIP <u>16S</u> RANGE <u>37E</u> N.M.P.M.	10. Field and Pool, or Whdcat Casey (Strawn)
15. Elevation (Show whether DF, RT, GR, etc.) 3775' GR	12. County Lea

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER <u>Surface Commingling</u> <input checked="" type="checkbox"/>	CASING TEST AND CEMENT JOBS <input type="checkbox"/>	OTHER <input type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

We request an Exception to Rule 303A to surface commingle the Shipp 34-1& 2 (Knowels West-Drinkard) with the Shipp 34-3 (Casey Strawn).

Attached are documents supporting this application:

- Detailed gravities of liquid hydrocarbons, volumes, valves and expected gravity & valves.
- A Schematic diagram of the proposed installation.
- A plat showing locations of wells.
- Schematic of automatic custody transfer unit and components.

1179 - 9 1197

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED By White TITLE Reg. Permit Coord. DATE 2-25-87

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

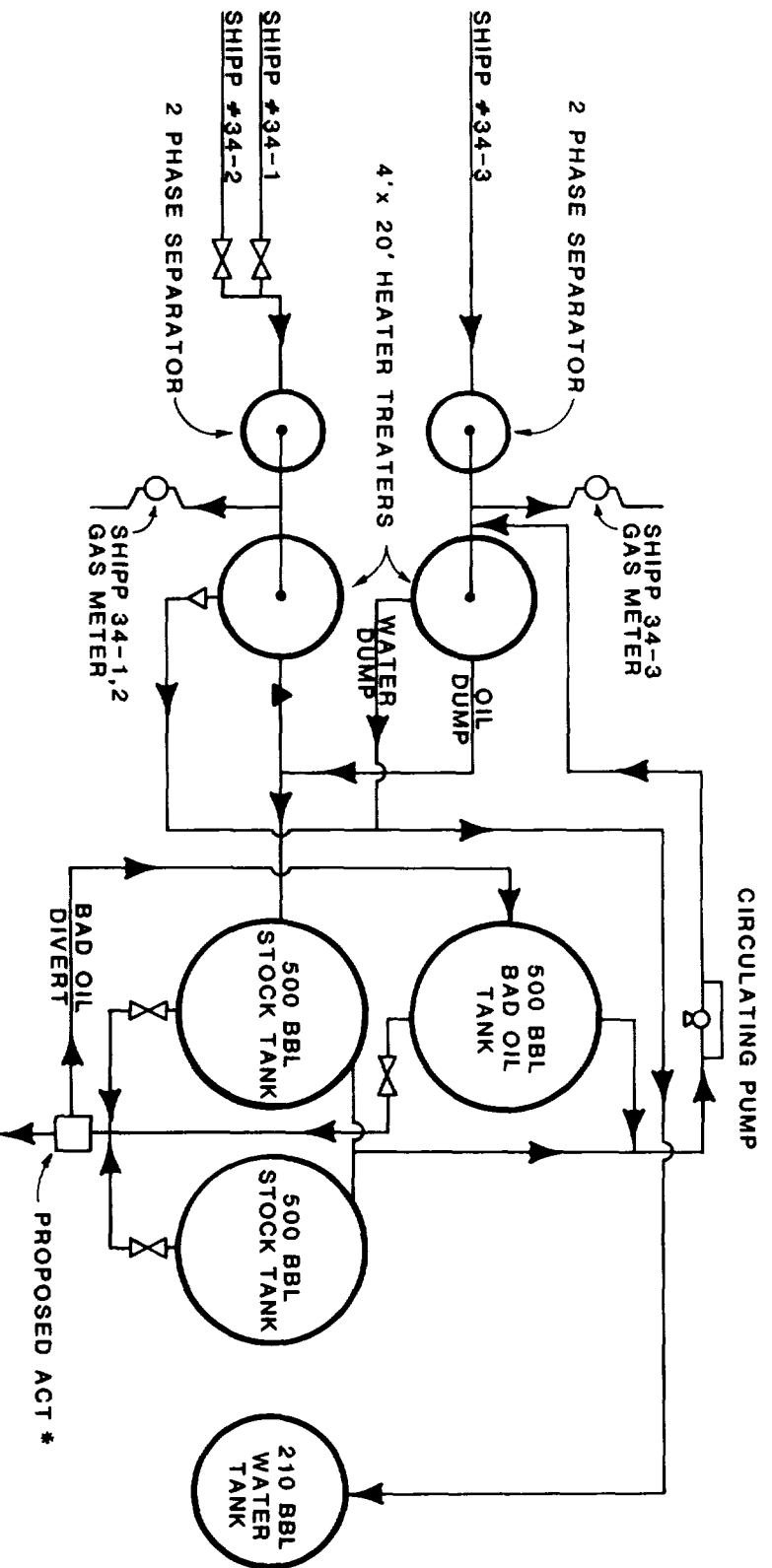
Shipp 34 Lease
Proposed Commingling Data

Knowles West (Drinkard)	Field	Casey (Strawn)
Shipp 34-1,2	Wells	Shipp 34-3
36.2° at 60° F.	Oil Gravity	42.4 at 60° F.
25	Daily Volume (BOPD)	445 (Anticipated Vol)
\$383	Daily Value	\$6814

Expected Gravity of Commingled Liquid is 42.1° at 60° F.

Expected Value of Commingled Liquid will be unchanged.

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- LEGEND**
- ▽ WATER METER
 - ▲ OIL METER
 - ⋈ VALVE

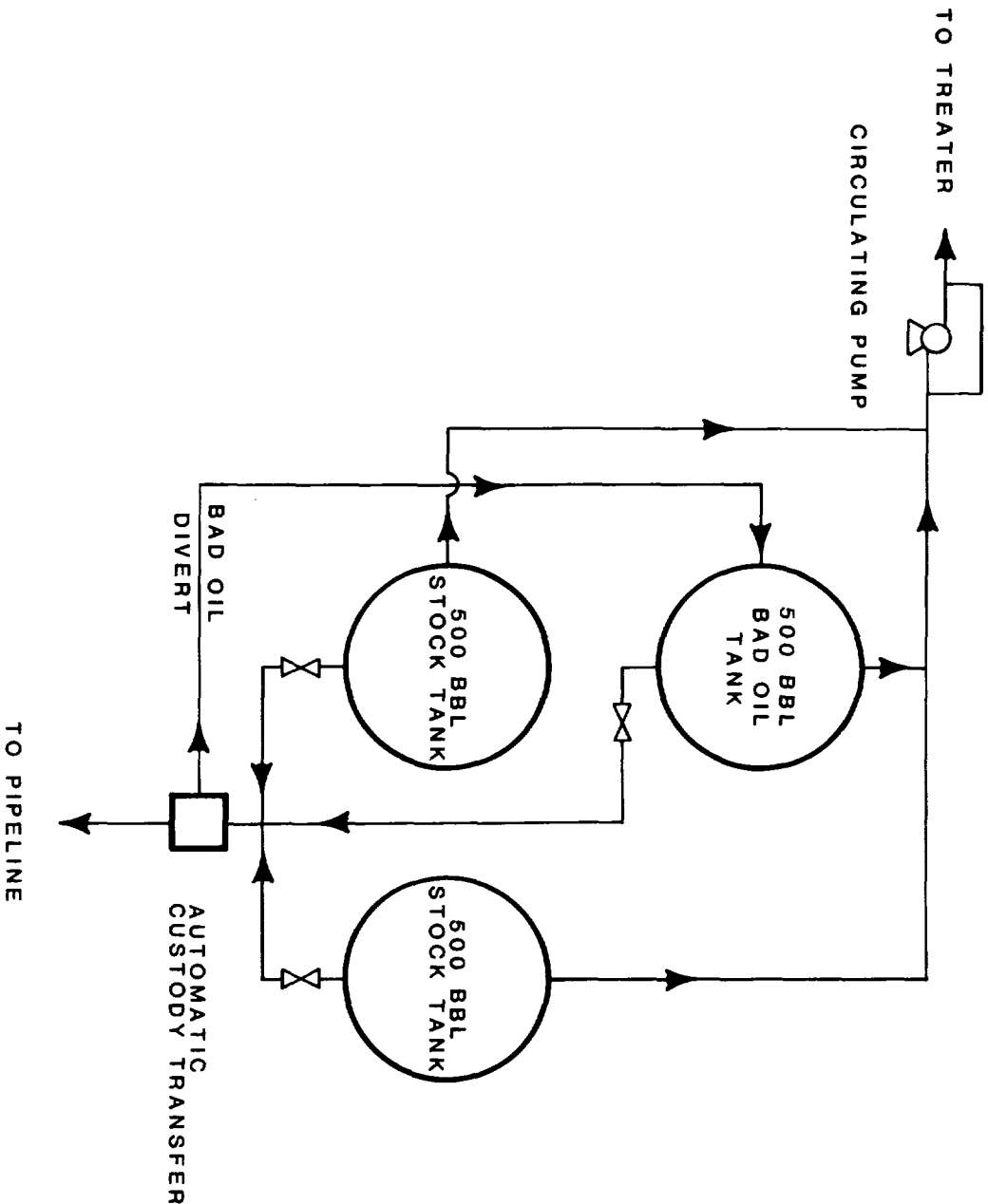
NOTES

Oil and Water Production from SHIPP #34-1 and 2 to be metered prior to commingling.
 Oil and Water Production from SHIPP #34-3 to be determined by subtraction.
 Gas from each reservoir to be metered separately.

OIL SALES
 * Currently Tanks are connected to a pipeline and run by hand. However, an ACT is proposed.

UNION TEXAS PETROLEUM									
SHIPP "34" LEASE									
LEA COUNTY, NEW MEXICO									
PROPOSED SURFACE COMMINGLING									
SHIPP #34-1 & 2									
KNOWLES WEST FIELD									
SHIPP #34-3									
CASEY STRAWN FIELD									
MIDLAND DISTRICT									
GEOL.	DATE	ENG.	DATE	LAND	DATE	WELLS			
		G.R.H.	2/87						

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UNION TEXAS PETROLEUM

**SHIPP "34" LEASE
LEA COUNTY, NEW MEXICO**

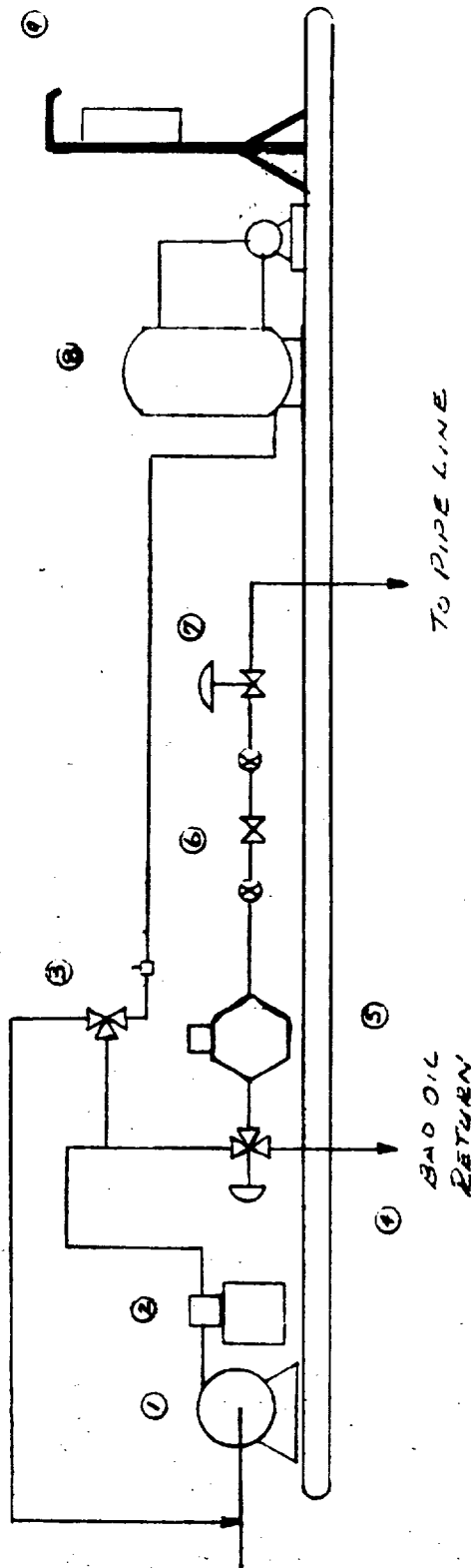
**PROPOSED AUTOMATIC CUSTODY
TRANSFER INSTALLATION**

Sec. 34, T-16-S, R-37-E

MIDLAND DISTRICT

GEOL.	DATE	ENG.	DATE	LAND	DATE	WELLS
		G.R.H.	2/87			

1. Pump and Motor
2. Automatic Air Eliminator and Strainer
3. Electric Sampler
4. Electric bad oil diverting valve
5. P. D. Meter
6. Meter proving system with leak detectors
7. Back Pressure Valve
8. 20 gallon Sample container with Electric Mixer
9. Control Panel, Monitor, Monthly Allowable Counter



This drawing is the property of NATIONAL TANK COMPANY and is lent to the recipient for his confidential use only. In consideration of the loan of this drawing, the recipient promises and agrees that it shall not be used in any way detrimental to the interests of NATIONAL TANK COMPANY, that it shall be returned upon request, and that it shall not be reproduced, copied, lent, or otherwise disposed of, directly or indirectly, without the written permission of NATIONAL TANK COMPANY.

LEASE AUTOMATIC CUSTODY
TRANSFER

Union Texas Petroleum

DRAWN	DATE
CH'K'D	SCALE
APPROVED	
CUSTOMER	
SHOP ORDER NO.	

DRAWING
FILE NO.

D

REVISION NO.

NATIONAL TANK COMPANY, TULSA, OKLA., U.S.A.



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LACT COMPONENTS

Shipp Lease - Section 34, T-15-6, R-37-E, Lea County, New Mexico

- (A) GOULDS, Model 3750-55 Size 1-1/4 x 1-1/2 x 7 centrifugal pump with 6-3/4" impeller and 3-HP drip proof meter, 3 phase, 220/440 3500 RPM. Pump discharge pressure for 30 GPM @ 50 psi.
- (B) A. O. Smith Combination Air Eliminator and Strainer, Model TEB-6 with standard mesh strainer installed.
- (C) A. O. Smith P.D. meter Model S-13-B with automatic temperature compensation, impulse transmitter, corrosion resistance trim, large numeral reset counter, gross register non-reset counter.
- (D) Diverting valve, Model DQY-204, three way two position valve with selenoid valve operator.
- (E) Sampler, NTCO Model 2501-A with volume regulator probe installed down stream of pump, coupled to a N-20G 20 gallon plastic coated sample container, slight glasses, relief valve, pressure gauge, seals and a electric operated mixing pump with hand switch.
- (F) Pressure gauge located down stream of pump.
- (G) Sample cock located adjacent to the sampler.
- (H) Meter prover loop consisting of 2" L.P. valves with seals, 2" double seal gate valve with tell tale, 2-2" Evertite couplers with dust caps.
- (I) Back Pressure Valve National Model RDSG-201 20-50 psi range.
- (J) Instruments, Inc. Monitor Model 1728 fail safe, 0-30 sec. time delay, 30" Coaxial cable connector, with 2X-201, 2" G plastic coated probe installed in pump discharge, unit to be rack mounted in weather proof box with seals and window.

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LACT COMPONENTS CONTINUED

(K) Control Panel include:

- (a) NEMA Housing Std.
- (b) Master fuse disconnect, hand off automatic switch 3 phase fuse system, size 1 motor starter with heater coils.
- (c) Meter Monitor, two time systems, with relay circuit for front and back side protection.
- (d) Monthly allowable counter in sealable box with hand reset.
- (e) 110 volt weather proof outlet.
- (f) 3/4 KVA transformer
- (g) Lightning arrestor
- (h) Seven panel to give unit operation sequence with motor reset.
- (i) Relays to inner lock system for automatic operation.
- (j) Rotating Beacon
- (k) Inner connecting piping to be plastic-coated.
- (l) Monitor and Panel to be rack mounted to conform with current NEMA Standards



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 HOBBS DISTRICT OFFICE

TONEY ANAYA
 GOVERNOR

March 3, 1987

POST OFFICE BOX 1963
 HOBBS, NEW MEXICO 88240
 (505) 393-6161

OIL CONSERVATION DIVISION
 P. O. BOX 2088
 SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
 DHC _____
 NSL _____
 NSP _____
 SWD _____
 WFX _____
 PMX _____

surface commingling X

Gentlemen:

I have examined the application for the:

	Shipp 34 #12 & #2 --West Knowles Drinkard
Union Texas Petroleum Corporation	Shipp 34 #3 --casey strawn
Operator	Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK -- Jerry Sexton

Yours very truly,

Jerry Sexton
 Supervisor, District 1

/mc