



OIL CONSERVATION DIVISION
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OXY USA INC.

'91 SEP 6 AM 8 45

Box 50250, Midland, TX 79710

September 3, 1991

New Mexico Oil Conservation Division
P. O. Box 2088, State Land Office Bldg.
Santa Fe, New Mexico 87504

Attention: Mr. William J. Lemay, Director

**Re: Application of OXY USA Inc. for Surface
Commingling (Exception to Rule 303-A),
State "K" Lease, Lea County, New Mexico.**

Dear Mr. Lemay:

OXY USA Inc. respectfully requests approval to surface commingle Glorietta production from Well Nos. 7 & 8 with Yates production from Well No. 6 on our State "K" lease. Attached is a schematic drawing of the facility showing the proposed method of determining the production from each common source of supply. Oil production will be directly measured on Well No. 6 with a metering dump pot. The Glorietta production will be calculated by subtracting this metered volume from the volume in the sales tank and the LACT meter reading. These measurements and calculations will be done monthly. Gas volumes for the Glorietta will be calculated each month by subtracting the volume from the gas meter coming off the heater treater of Well No. 6 from the gas sales meter volume.

Working and royalty interests are the same between all three wells. The Glorietta produces approximately 29 BOPD of 37.6 degree API oil. The Yates formation in Well No. 6 produces almost 40 BOPD of 37.0 degree API oil. The actual commercial value of the commingled production will be the same as the sum of the values of the production from each common source of supply.

Granting this request will allow for more cost effective operations. This will allow us to produce the wells longer, thereby increasing the total recovery of oil from each pool.

Please let me know if I can provide any more information to assist you in processing this request. Thank you for your consideration.

Sincerely,

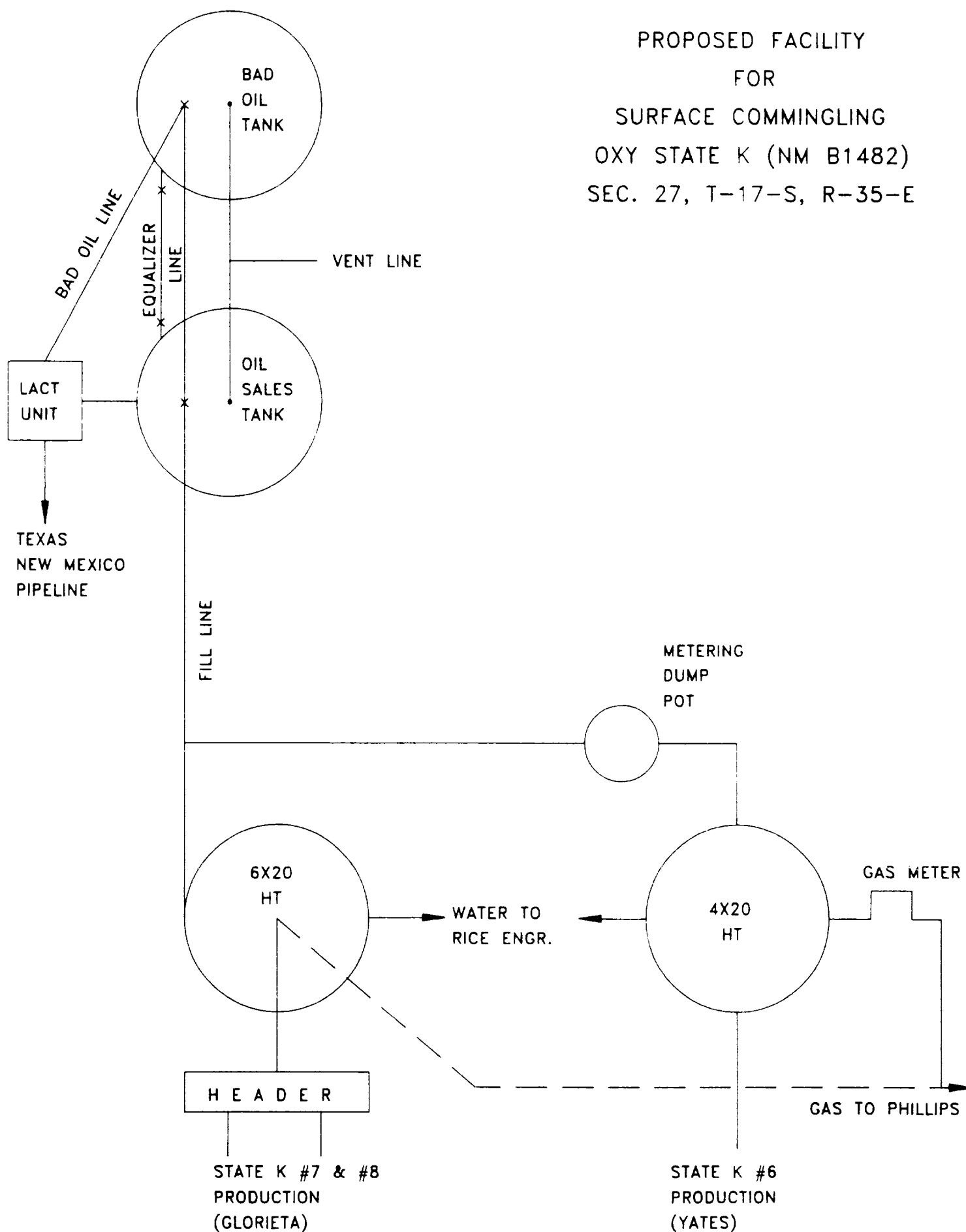
Richard E. Foppiano

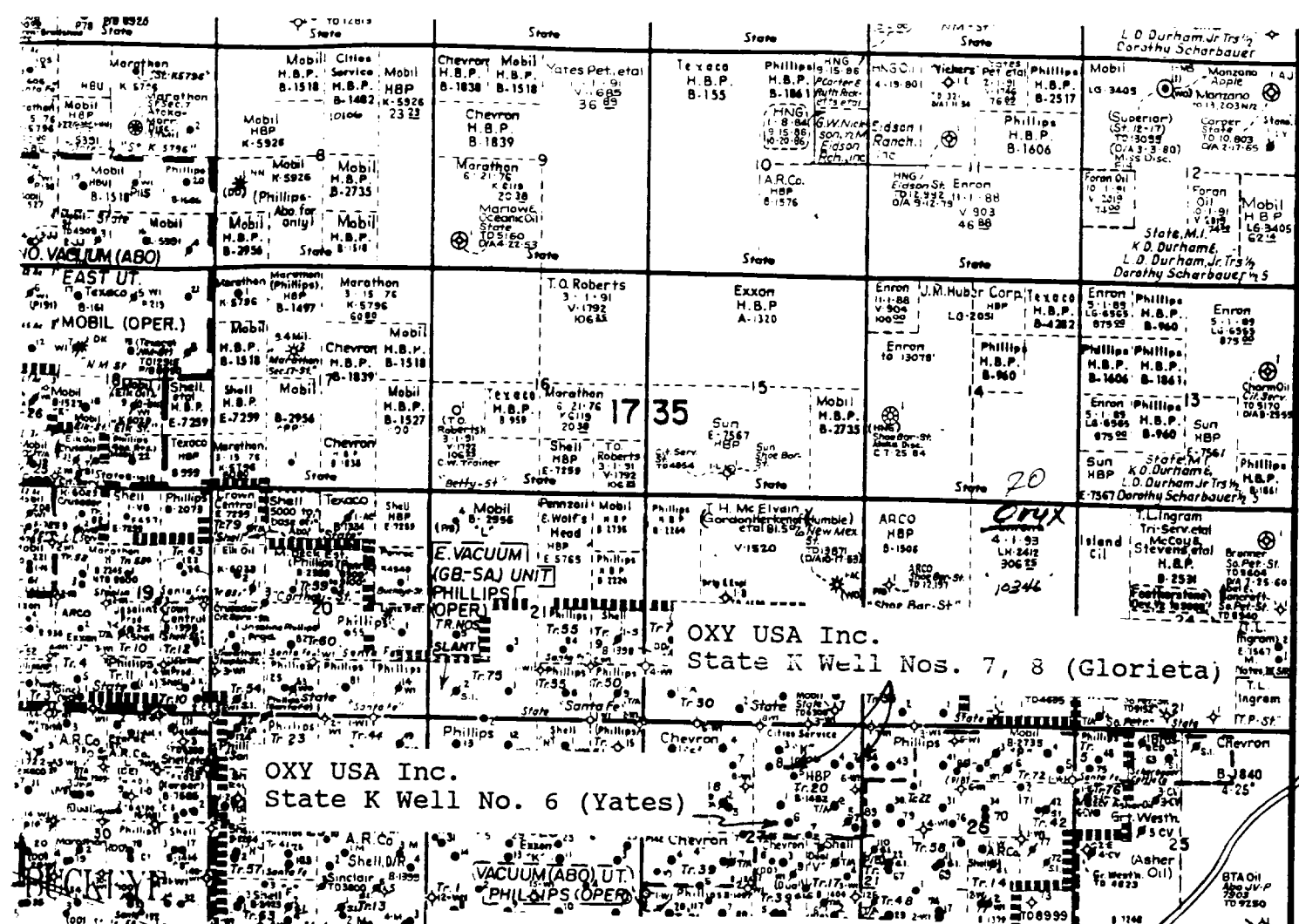
Richard E. Foppiano
Regulatory Affairs Advisor - Western Region
REF/ref

*#6 Yates Unit 3
#7 Yates Unit 1
#8 Yates Unit 2*

Case 1022

PROPOSED FACILITY
FOR
SURFACE COMMINGLING
OXY STATE K (NM B1482)
SEC. 27, T-17-S, R-35-E





Phillips Petroleum Company
East Vacuum Grayburg San Andres Unit Tract 2720
Well Nos. 1, 2 (TA), 3, 4, 5, 6W, 7, 8W (San Andres)

