

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 27, 1967

C
O
P
Y
Standard Oil Company of Texas
P. O. Box 1249
Houston, Texas 77001

Attention: Mr. C. N. Segnar

AMENDMENT

Administrative Order PLC-12

Gentlemen:

Reference is made to your recent request for an amendment to Administrative Order PLC-12 to permit the inclusion of certain production in the commingling installation on your State 4-27 Lease in the Vacuum Field, Lea County, New Mexico. We are in receipt of the letter of approval from the Commissioner of Public Lands to the proposed commingling provided that the production from each of the three involved State leases is separately metered.

Administrative Order PLC-12 is hereby amended to permit the additional commingling as proposed and subject to the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities. The installation will then be as follows:

1. San Andres production from the 4-27 and 5-27 leases commingled after metering the 5-27 production and determining the 4-27 production by means of the subtraction method.
2. 4-27 Yates production commingled with the above commingled San Andres production after separately metering the Yates production and the San Andres production.



STANDARD OIL COMPANY OF TEXAS

A DIVISION OF CHEVRON OIL COMPANY
P. O. BOX 1249 HOUSTON TEXAS 77001

December 8, 1966

Commingling Application
Dated August 30, 1966

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. D. S. Nutter, Chief Engineer

Gentlemen:

Attached is a letter from the Commissioner of Public Lands to Standard Oil Company of Texas stating that they have no objection to our commingling proposal concerning production from our State 4-27, State 5-27 and State 6-34 leases. This information is being forwarded pursuant to our telephone conversation this date.

Very truly yours,

Jerry Ronquille
Jerry Ronquille
Proration Engineer

JR:mkf

Attachment

State of New Mexico



Commissioner of Public Lands



October 27, 1966

GUYTON B. HAYS
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

Standard Oil Company of Texas
P.O. Box 1249
Houston, Texas 77001

Attention: Mr. C. N. Segnar

Gentlemen:

We have reviewed your proposal to commingle San Andres and Glorieta production from the NW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 27, Township 17 South, Range 35 East, and the S $\frac{1}{2}$ of Section 34, Township 17 South, Range 35 East and wish to inform you that this office has no objection to your proposal. This involves production from State of New Mexico Leases B-1839, B-1840, and B-1845, which are designated respectively as your State 5-27, State 4-27 and State 6-34.

It is our understanding that you propose to install separate metering facilities for each lease involved and are in compliance with Rule 53 of our regulations. Our approval is based upon this condition. In the event that there is a substantial change in the gravity or volume of the production involved, we would like to request that you notify us so that we may review the operations in the future.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:

Ray D. Graham

RAY D. GRAHAM, ASSISTANT DIRECTOR
Oil and Gas Department

GBH:TB:EB:yds

cc: Oil Conservation Commission, Santa Fe

Mr. Jason W. Kellahin, Attorney at Law, 54 $\frac{1}{2}$ E. San Francisco, Santa Fe



STANDARD OIL COMPANY OF TEXAS

A DIVISION OF CHEVRON OIL COMPANY

P. O. BOX 1249 HOUSTON TEXAS 77001

August 30, 1966

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

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

Gentlemen:

Standard Oil Company of Texas, a Division of Chevron Oil Company respectfully requests administrative approval to commingle production from the State 6-34, State 4-27, and State 5-27 leases with storage facilities on the State 4-27 lease, all in the Vacuum Field Area, Lea County, New Mexico.

Presently production from the State 4-27 Nos. 8 and 9 wells, Abo wells, is being commingled with production from the State 6-34 No. 11, Glorieta well, and Abo production from the State 6-34 lease. In the near future, formation of the Vacuum (Abo) Unit with Phillips Petroleum Company as operator will necessitate certain battery changes in the Vacuum Area. Approval of this request will allow an orderly transfer of Abo wells to Phillips Petroleum at the time the unit is formed. Listed below are the streams Standard wishes to commingle.

<u>Lease</u>	<u>Formation</u>	<u>Gravity</u> <u>°API</u>	<u>Prod.</u> <u>B/D</u>	<u>\$/Bbl.</u>
State 4-27	San Andres	38	172	2.91
State 5-27	San Andres	38	99	2.91
State 6-34	San Andres	38	215	2.91
State 6-34	Glorieta	40	5	3.01

Based on the above tabulation, it is apparent that the gravity of the crude after commingling will approach 38° API. Therefore, the commercial value of the commingled crude will be \$2.91 per barrel, or \$1,428.81 per day. The sum of the values from each separate pool is \$1,429.31 per day. This is a loss of \$0.4375 per day to Standard (87.5 per cent working interest) and \$0.0625 per day to the State of New Mexico (12.5 per cent royalty interest). However, if this application is approved, Standard plans to install a vapor recovery unit at the battery site which will increase gas sales income.

New Mexico Oil Conservation Commission
August 30, 1966
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The commingling gathering system will utilize on-lease metering of both Glorieta production and San Andres production from the State 6-34 lease prior to transfer to the State 4-27 lease. San Andres producers on the State 4-27 lease are top allowable. Production from the State 4-27 and State 5-27 leases will be determined by subtraction with production prorated to individual wells by periodic well tests utilizing metering separators.

Attached are a copy of the letter sent to the purchaser, a copy of the letter requesting a waiver from the State of New Mexico Land Office, a lease plat showing wells' locations, and a schematic diagram of the proposed commingling facilities. The executed waiver from the State Land Office will be transmitted as soon as it is received.

Please advise if you desire additional information in regard to this proposal.

Yours very truly,

C. N. Segnar / JDR
C. N. Segnar
Chief Engineer

JDR:ja

Attachments

STANDARD OIL COMPANY OF TEXAS

P. O. BOX 1249 • HOUSTON TEXAS 77001

CRUDE OIL PURCHASES AND SALES DIVISION

E. L. DILDINE
MANAGER

R. L. MAYS
REPRESENTATIVE
CRUDE OIL AND
CONDENSATE

R. G. JENSEN
REPRESENTATIVE
NATURAL GAS AND
GAS LIQUIDS

August 12, 1966

Sinclair Refining Company
Sinclair Oil Building
Tulsa, Oklahoma

Attention: Crude Oil Purchasing Department

Gentlemen:

Sinclair purchases crude oil from Standard from several leases in the Vacuum Field Area, Lea County, New Mexico. In the very near future some of Standard's interests in this area will become unitized with that of offset operations. In order to prepare for this unitization it is desirable for Standard to consolidate lease batteries of several of our properties. Sinclair purchases from the bulk of these leases. We would appreciate your concurrence to our making the consolidations indicated below assuming of course, we receive necessary comingling permits from the New Mexico Commission. This would anticipate your making certain additional purchases from Standard, also as indicated:

1. Comingling production from the Vac Edge Unit wells Nos. 16 and 26 with that from the State 3-32 lease. Delivery to be made at the State 3-32 battery. All production is from the Glorieta Formation. Cities Service currently purchases the Vac Edge Unit production and Sinclair purchases at the State 3-32 lease. Production involved is:

Vac Edge Unit	72 B/D
State 3-32 lease	237 B/D

2. Comingling production from the State 6-34 (Glorieta) lease, State 6-34 (San Andres), State 4-27 (San Andres) and the State 5-27 (San Andres) leases. Delivery to be made at the State 4-27 battery. Production involved is:

State 6-34 (Glorieta)	5 B/D
State 6-34 (San Andres)	215 B/D
State 4-27 (San Andres)	178 B/D
State 5-27 (San Andres)	99 B/D

ILLEGIBLE

August 12, 1966

Sinclair currently purchases all the oil above except the State 6-34 (Glorietta), which is purchased by Cities Service. Although the Glorieta production is sweet (40° API), we assume that Sinclair would purchase it on their sour pricing. The average gravity of San Andres production is 39° API.

It is our understanding, from brief conversation with Mr. J. A. Talbert, that Sinclair is willing to consider taking on the additional purchases involved in the above, as well as agreeing to the consolidations. We would appreciate your confirming this after your appropriate review.

Yours very truly,

ORIGINAL SIGNED
BY E. L. DILDINE

cc: Mr. J. A. Ezzie
Sinclair Refining Company
P. O. Box 1470
Midland, Texas

cc: Mr. J. R. Graham
Mr. P. W. Hall ✓

STANDARD OIL COMPANY OF TEXAS

A DIVISION OF CHEVRON OIL COMPANY

P. O. BOX 1249 HOUSTON TEXAS 77001

August 30, 1966

New Mexico State Land Office
State Land Office Building
Santa Fe, New Mexico 87501

Gentlemen:

Standard Oil Company of Texas, a Division of Chevron Oil Company, is applying for administrative approval from the New Mexico Oil Conservation Commission to commingle production from the State 6-34, State 4-27, and State 5-27 leases with storage facilities on the State 4-27 lease, Vacuum Field Area, Lea County, New Mexico. Standard feels that this is a necessary step to allow orderly formation of the Vacuum (Abo) Unit. Listed below are the streams Standard wishes to commingle:

<u>Lease</u>	<u>Formation</u>	<u>Gravity °API</u>	<u>Prod. B/D</u>	<u>\$/Bbl.</u>
State 4-27	San Andres	38	172	2.91
State 5-27	San Andres	38	99	2.91
State 6-34	San Andres	38	215	2.91
State 6-34	Glorieta	40	5	3.01

From the above tabulation it is apparent that the gravity of the crude after commingling will approach 38 degrees API. Therefore, the commercial value of the commingled crude will be \$2.91 per barrel, or \$1,428.81 per day. The sum of the values from each separate pool is \$1,429.31 per day. This is a loss of \$0.4375 per day to Standard and \$0.0625 per day to the State of New Mexico. However, if the commingling application is approved, Standard plans to install a vapor recovery unit at the battery site which will increase gas sales income.

The commingling gathering system will utilize on-lease metering of both Glorieta production and San Andres production from the State 6-34 lease prior to transfer to the State 4-27 lease. Installation and operation of this system will be in accordance with the New Mexico Oil Conservation Commission's "Manual for the Installation and Operation of Commingling Facilities".

New Mexico State Land Office
August 30, 1966
Page 2

If you have no objection to this proposal, please execute the attached waiver and return three copies to this office. Also attached is a plat of the area. If you have any questions, please contact us for additional information.

Yours very truly,

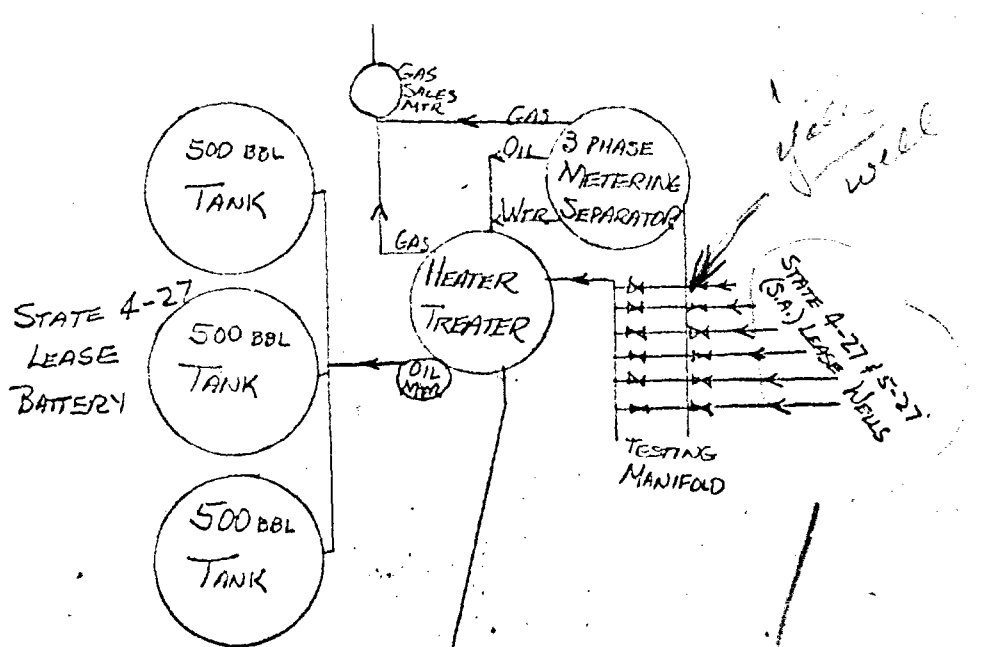
C. N. Segnar / JDR
C. N. Segnar
Chief Engineer

JDR:ja

Attachments

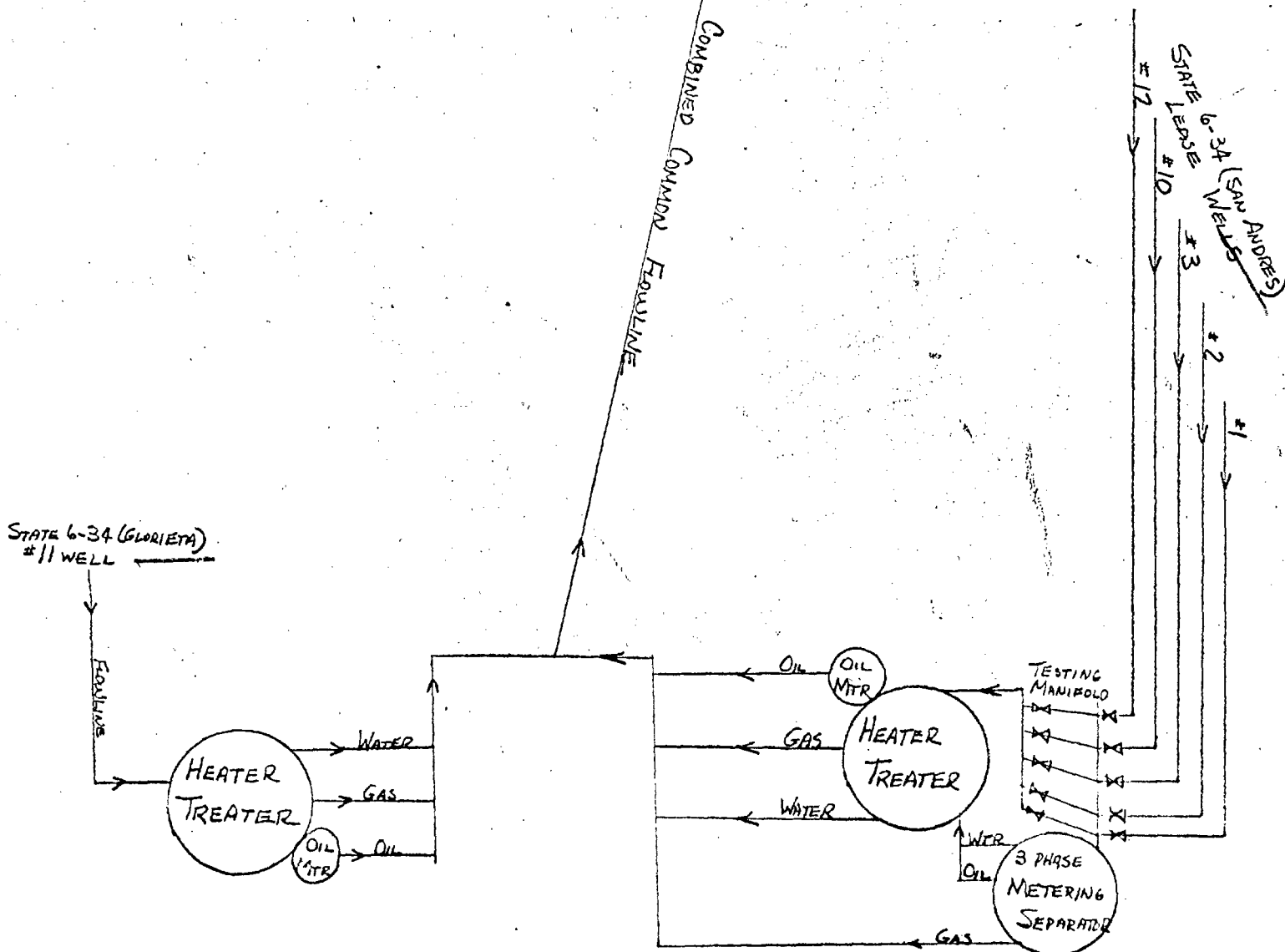
cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico

PROPOSED ON-LEASE
METERING WITH OFF-LEASE
STORAGE OF STATE 6-34
(GLORIETA) & (SAN ANDRES)
LEASE PRODUCTION



S. BOUNDARY OF STANDARD'S STATE 4-27 LEASE

N. BOUNDARY OF STANDARD'S STATE 6-34 LEASE



LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE