

*Lowry et al
Lease No. 3
Case No. 923*

SOUTH BLANCO TOCITO POOL

Request

To approve the production, measuring and gauging of oil from the following Lowry et al Operating Account leases into the common tank battery system being utilized for the South Blanco Tocito Pressure Maintenance Project:

- (a) Federal NM 03553. That part of the lease located in Section 11, & N/2 Section 15, T26N, R6W, Rio Arriba County, New Mexico.
- (b) Federal NM 03381. That part of the lease located in Section 7, T26N, R6W, Rio Arriba County, New Mexico.

Lease Currently Authorized to Produce and Gauge
Oil into Common Tank Battery System

Lowry et al Operating Account Lease Nos.:

Federal No. SF 079035-A
Federal No. NM 03551

Approved by New Mexico Oil Conservation Commission
Order No. Q-532 dated October 4, 1954.

Method of Oil Allocation to Leases

Measure oil from each individual lease by the use of oil meters prior to co-mingling oil in a common tank battery system.

Reason for Request

To facilitate and provide a procedure for the efficient operation of the South Blanco Tocito Pressure Maintenance Project. Some of the operations conducted at the location of centralized facilities includes the following:

- (1) Oil, gas, and water transported for processing through a common pipeline thereby rendering it unnecessary to maintain three separate gathering systems.

Reason for Request (cont.)

- (2) Oil, gas, and water separation permitted at a centralized location permitting housing, efficient operating, and heating of facilities.
- (3) Central treatment of oil to remove produced water and maintain mobility of oil for transporting by heat.
- (4) Central collection point to allow for the proper chemical treatment and re-injection of produced water.
- (5) Central collection point to allow for the compression and sale of produced casinghead gas.
- (6) Centralized location of internal gas combustion engines for water injection pumps, water supply well, gas compressor, and high pressure oil pumps which makes it possible to achieve good supervision and maintenance of equipment.
- (7) Common oil storage facilitating the gauging and transporting of oil for sale.