

1. Oil from either lease flows into the header where routing to production or test leg of the header is accomplished manually (Valves 1).

2. If a well from either lease is on production, oil is routed directly to the production separator for that lease and then thru a strainer, positive displacement meter, sampler, and flow rate controller, all located upstream from the separator dump valve. The crude is then commingled into storage.

3. For test purposes, the lease pumper manually routes production from a well into the test leg and operates the toggle switch valves (the manner in which these valves are mechanically coupled will prevent production from the Taylor lease being routed into the Spencer "A" production separator during test). Production is routed from the test leg, thru the metering separator and by means of a 3-way, 2-position valve into the correct lease production separator.

4. After a predetermined number of barrels of fluid have been metered, the 3-way value (3) on the header will be actuated to route production from the test leg directly into the production leg without passing thru the metering separator.

5. The volume of oil produced as determined by tank gauges, will be allocated to each lease by the temperature corrected positive displacement meter readings and composite samples.

**BEFORE THE** OIL CONSERVATION COMMISSION SANTA, FE, NEW MEXICO page 2 EXHIBIT No. CASE 1387

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