



PRODUCING DEPARTMENT
DENVER DIVISION

TEXACO
U.S.A.
A DIVISION OF TEXACO INC.
P. O. BOX 2100
DENVER, COLORADO 80201

October 12, 1983

SURFACE GAS COMMINGLING
STATE OF COLORADO OIL & GAS LEASES
COLO. # 70-8033-S ("T")
COLO. # 70-8016-S ("U")
COLO. # 70-8032-S ("W")
LOWRY FIELD
ARAPAHOE COUNTY, COLORADO

Ref 10/21

Board of Land Commissioners
State of Colorado
1313 Sherman Street, Room 620
Denver, Colorado 80203

Members of the Board:

Texaco requests the approval of the Board of Land Commissioners to commingle the produced gas from the following leases prior to sale:

State of Colorado "T" lease, Section 25-R5S-T65W,
State of Colorado "U" lease, Section 30-R5S-T64W,
State of Colorado "W" lease, Section 24-R5S-T6SW.

The subject leases produce low volumes of oil and gas. Because of the low productivity, there has been no available market for the gas, and the gas not used for lease fuel has been flared or vented to the atmosphere. Now, a gas processor is willing to buy the wet gas from these leases and has laid a pipeline into the Lowry Field.

It will be Texaco's responsibility as operator of the leases to provide the field gas gathering system to transport the gas from the individual leases to the purchaser's sales meter and pipeline. Texaco also must allocate gas sales back to the leases. It is proposed that this allocation be accomplished by meters which would measure the gas from each lease prior to commingling. Sales allocation basis would be the ratio of individual lease meter volume to the sum of all three lease meter volumes. This allocation of sales will be done monthly. The royalty payments to the State of Colorado as Lessor will be based on the purchaser's gas meter volumes with allocation to the individual leases using the above described method. The lease meter volumes will not be the actual sales volumes.

10/21/83

Original mailed to Denver, Colorado

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Attachment "A" is a map of the State of Colorado "T," "U," and "W" leases and wells, and shows the approximate locations of the production handling facilities and the gas gathering system.

Attachment "B" is a schematic diagram which shows the flow of gas from each lease to the sales meter.

If the Board of Land Commissioners, as Lessors for the three subject leases, approves the commingling of gas prior to sales, and also the allocation of sales to the individual leases as described herein, it is requested that this approval be indicated by authorized signature below.

Yours very truly,

C H Kosub
C. H. KOSUB
MANAGER-OPERATIONS

FSH:hn

Attachments

Approved by the State of Colorado Land Commissioners:

By: *William H. Claire*

Date: *21 Oct 83*

RECOMMEND APPROVAL

Robert H. Hapgood

10/21/83

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10/21/83

