

Atlantic Richfield Company North American Producing Division  
New Mexico - Dona District  
Post Office Box 1710  
Hobbs, New Mexico 88240  
Telephone 505 393 7163

✓ F



January 22, 1975

U. S. Geological Survey (3)  
P. O. Drawer U  
Artesia, New Mexico 88210

Attn: Mr. J. A. Knauf

Re: Atlantic Richfield Company  
H. E. West A Lease  
LC 029426(a) Tract A & B  
Grayburg Jackson Field  
Request for change in allocation  
of production by periodic test  
instead of metered volumes.

Dear Sir:

We respectfully request permission to change the method for allocation of production on our H. E. West A Lease. Presently, we are allocating production by metered volumes. This was necessary in the past because the volume of oil production was affected by royalty. Tract A has a  $12\frac{1}{2}\%$  royalty and Tract B has a sliding scale royalty from  $12\frac{1}{2}\%$  to 25% depending on the volume of production. It is our understanding that the  $12\frac{1}{2}\%$  royalty rate on Tract B applies until the oil production is over 100 BOPD.

The two tracts in this lease have marginal producing wells. The H. E. West A Lease has been in the Keel West waterflood for over ten years. Production is now in the final stages before being abandoned. Since the two tracts in this lease have marginal producing wells, we are experiencing problems in having enough gas to fire the heater treaters. By combining the production and allocating production from periodic tests, we will be able to continue producing the wells in the two tracts. The status of the wells in the two tracts is as follows:

Tract A

- |    |                                 |
|----|---------------------------------|
| 4  | Water Injection well            |
| 5  | Pumping about 10 BOPD & 52 BWPD |
| 6  | Pumping about 3 BOPD & 53 BWPD  |
| 8  | Water Injection well            |
| 9  | Water Injection well            |
| 11 | S.I. prior to P & A             |
| 12 | S.I. prior to P & A             |

Mr. J. A. Knauf  
Page 2  
January 22, 1975

Tract B (sliding scale royalty)

2	Pumping about 5 BOPD and 2 BWPD
7	Water Injection well
10	S.I. prior to P & A
13	Water Injection well

We have three producing wells left on the lease. Since we do not foresee any possibilities of remedial work to increase production, we are requesting that we produce the three wells through one production heater treater and allocate production based on monthly tests. This method of production will enable us to have enough gas to fire the heater treaters and not prematurely abandon the wells on this lease.

If production should increase on Tract B where the royalty would be affected, we will return to the metered method of allocating production.

Enclosed are sketches of the H. E. West A Lease and the proposed schematic drawing of the lease facilities.

If this proposal meets with your approval, we will then request approval from the New Mexico Oil Conservation Commission before proceeding with this proposal.

Yours very truly,



L. C. Hudry

LCH:rm

Enclosure

cc: U.S.G.S.-Roswell (3)  
Attn: Mr. C. Traywick

N.M.O.C.C.-Artesia  
Attn: Mr. W. Gressett

Mr. G. Ricks-Hobbs  
Mr. B. Leggott-Midland

Atlantic Richfield Company North American Producing Division  
New Mexico-Arizona District  
Post Office Box 710  
Hobbs, New Mexico 88240  
Telephone 505 393 7163



February 3, 1975

New Mexico Oil Conservation Commission  
P. O. Drawer DD  
Artesia, New Mexico 88210

Attn: Mr. W. A. Gressett

CF  
Re: Atlantic Richfield Company  
H. E. West A Lease  
LC 029426(a) Tract A & B  
Grayburg Jackson Field  
Request for change in allocation  
of production by periodic test  
instead of metered volumes.

ACT 58  
R-1959  
Dear Sir:

We respectfully request permission to change the method for allocation of production on our H. E. West A Lease. Presently, we are allocating production by metered volumes. This was necessary in the past because the volume of oil production was affected by royalty. Tract A has a  $12\frac{1}{2}\%$  royalty and Tract B has a sliding scale royalty from  $12\frac{1}{2}\%$  to 25% depending on the volume of production. It is our understanding that the  $12\frac{1}{2}\%$  royalty rate on Tract B applies until the oil production is over 100 BOPD.

The two tracts in this lease have marginal producing wells. The H. E. West A Lease has been in the Keel West waterflood for over ten years. Production is now in the final stages before being abandoned. Since the two tracts in this lease have marginal producing wells, we are experiencing problems in having enough gas to fire the heater treaters. By combining the production and allocating production from periodic tests, we will be able to continue producing the wells in the two tracts. The status of the wells in the two tracts is as follows:

Tract A

- 4 Water Injection well
- 5 Pumping about 10 BOPD & 52 BWPD
- 6 Pumping about 3 BOPD & 53 BWPD
- 8 Water Injection well
- 9 Water Injection well
- 11 S.I. prior to P & A
- 12 S.I. prior to P & A

Mr. W. A. Gressett  
Page 2  
February 3, 1975

Tract B (sliding scale royalty)

2 Pumping about 5 BOPD and 2 BWPD  
7 Water Injection well  
10 S.I. prior to P & A  
13 Water Injection well

We have three producing wells left on the lease. Since we do not foresee any possibilities of remedial work to increase production, we are requesting that we produce the three wells through one production heater treater and allocate production based on monthly tests. This method of production will enable us to have enough gas to fire the heater treaters and not prematurely abandon the wells on this lease.

If production should increase on Tract B where the royalty would be affected, we will return to the metered method of allocating production.

Approval for this method of allocation has been received from the United States Department of the Interior-Geological Survey. Attached is a copy of their letter approving the method of allocation.

Enclosed are sketches of the H. E. West A Lease and the proposed schematic drawing of the lease facilities.

If this proposal meets with your approval, we will proceed with this work.

Yours very truly,



L. C. Hudry

LCH:rm

Enclosure

cc: U.S.G.S.-Artesia	N.M.O.C.C.-Santa Fe
Attn: Mr. J. A. Knauf	Attn: Mr. A. L. Porter, Jr.
U.S.G.S.-Roswell	Mr. G. Ricks-Hobbs
Attn: Mr. C. Traywick	Mr. B. Leggott-Midland



# United States Department of the Interior

## GEOLOGICAL SURVEY

P. O. Drawer U  
Artesia, New Mexico 88210

January 30, 1975

Atlantic Richfield Company  
Post Office Box 1710  
Hobbs, New Mexico 88240

Gentlemen:

By letter of August 28, 1963, the Geological Survey approved your application to commingle production from the following two tracts under your H. E. West "A" lease, oil and gas lease LC 029426(a) in T. 17 S., R. 31 E., Eddy County, New Mexico, and to allocate commingled production by metering and deducting Tract "B" production from gross production:

Tract "A" -  $12\frac{1}{2}\%$  Royalty

Sec. 3:  $NE\frac{1}{4}$ ,  $S\frac{1}{4}NW\frac{1}{4}$   
Sec. 4:  $SE\frac{1}{4}$ ,  $S\frac{1}{2}NE\frac{1}{4}$

Tract "B" - Schedule "C" Royalty ( $12\frac{1}{2}\% - 25\%$ )

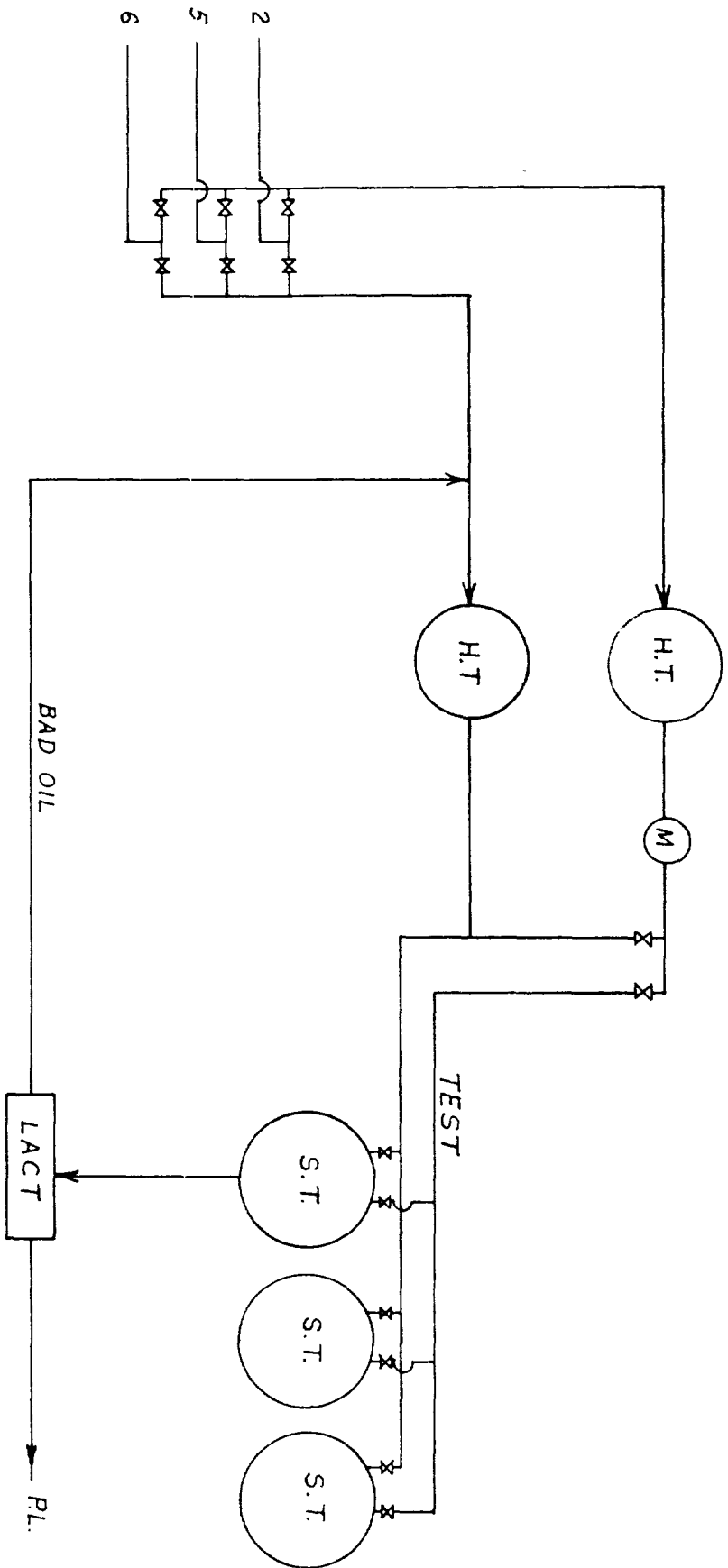
Sec. 3:  $N\frac{1}{2}NW\frac{1}{4}$   
Sec. 4:  $N\frac{1}{2}NE\frac{1}{4}$

Your letter of January 22, 1975, requests approval to change the method of allocating the commingled production from the two tracts in the lease. You now propose to base allocation on monthly tests. The proposed change in the method of measuring, as outlined in your application, is hereby approved subject to New Mexico Oil Conservation Commission approval.

Sincerely yours,

Robert L. Beekman  
Assistant District Engineer

cc: Roswell  
NMOCC, Santa Fe

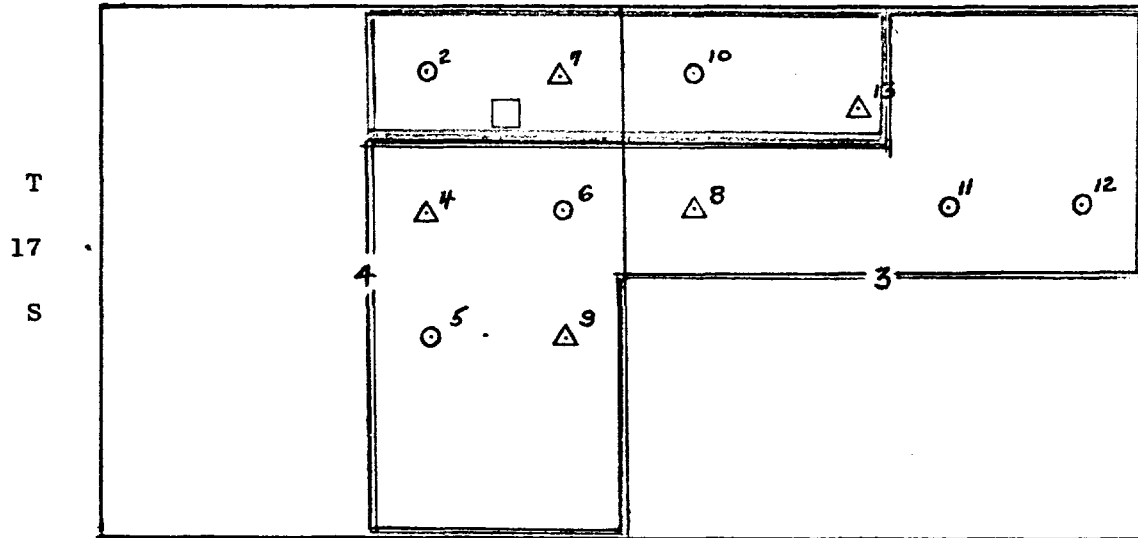


ATLANTIC RICHFIELD COMPANY  
H. E. WEST A LEASE  
GRAYBURG JACKSON FIELD  
SCHEMATIC OF LEASE FACILITIES

Atlantic Richfield Company

H. E. West A Lease

Grayburg Jackson Field



R - 31 - E

Tract A-12 $\frac{1}{2}$ % Royalty (Outlined in red)

Tract B-12 $\frac{1}{2}$ % to 25% Royalty (Outlined in green)

4  
ARCO  
"H E West"  
"B"

TRACT B - 12 1/2% TO 25 %  
ROYALTY  
2<sup>5</sup> BWPD  
2 BWPD  
ARCO  
"H E West"  
"A"

10  
S.I.  
3690  
ARCO  
"H E West"  
"A"

6  
5

4  
6  
23 BOPD / 12 BWPD

8  
11  
S.I.  
12  
S.I.

7  
11

5  
13 BOPD / 117 BWPD

23  
ARCO  
"West"  
"B"

9  
27

TRACT A - 12 1/2% ROYALTY

16  
18  
25

U.S.

8  
29  
ARCO  
"H E West"  
"B"

28

10

12

9

30

17

22-X  
22  
3751

U.S.

2

19  
ARCO  
"H E West"  
"B"

24

13

15

10

14

21

Atlantic Richfield Company		
North American Producing Division Permian District Midland, Texas		
H.E. WEST "A" LEASE		
GRAYBURG JACKSON FIELD		
AVERAGE DAILY PRODUCTION		
JANUARY 1975 BOPD / BWPD		
By	Drawn By	Date
Date	Revised By	Date
Dept	Dwg No	



North American Producing Division  
Permian Division  
Post Office Box 1610  
Midland, Texas 79701  
Telephone 915 682 8631



March 21, 1975

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

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

Re: Application for Administrative Approval  
to Commingle Production  
Atlantic Richfield Company  
H. E. West "A" Lease  
Sections 3 & 4, T-17S, R-31E  
LC 029426 (a) Tract A & B  
Grayburg-Jackson Field  
Eddy County, New Mexico

Gentlemen:

Atlantic Richfield requests permission to commingle at the surface, the production from our H. E. West "A" Lease, LC 029426 (a), in Eddy County, T-17S, R-31E. Commingling is necessary on the H. E. West "A" Lease because the total volume of oil production is affected by different royalties:

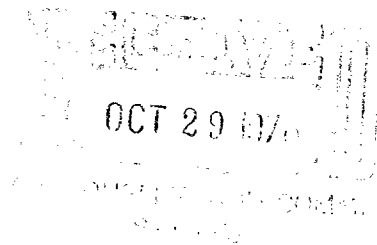
Tract "A" - 12-1/2% Royalty

Sec. 3: NE/4, S/2 NW/4  
Sec. 4: SE/4, S/2 NE/4

Tract "B" - Schedule "C" Royalty (12-1/2-25%)

Sec. 3: N/2 NW/4  
Sec. 4: N/2 NW/4

The H. E. West "A" Lease went under secondary recovery operations when the Keel West Waterflood was established in 1964 in the Grayburg-San Andres reservoirs. Production is now in the final stage before reaching abandonment. Attached is a plat of the West "A" Lease which shows well locations and current daily producing rates for



New Mexico Oil Conservation Commission  
Mr. D. S. Nutter, Chief Engineer  
March 21, 1975  
Page 2

January 1975. The Status of the wells in Tract A and Tract B are as follows:

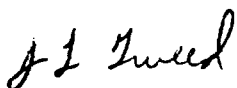
<u>Tract A</u>	<u>Tract B</u>
# 4 - Water Injection Well	# 2 - Producer - 5 BOPD/2 BWPD
# 5 - Producer - 13 BOPD/117 BWPD	# 7 - Water Injection Well
# 6 - Producer - 23 BOPD/12 BWPD	#10 - SI Prior to P&A
# 8 - Water injection well	#13 - Water injection well
# 9 - Water injection well	
#11 - SI Prior to P&A	
#12 - SI Prior to P&A	

As can be seen in the attached plat, we have three producing wells left on the lease. In addition to combining production from these wells, we request permission to produce the three wells through one heater-treater and allocate total production, both oil and gas, based on monthly gas-oil ratio tests. Under our present operation we utilize both heater-treaters and allocated production by metered volumes (see attached diagram). Due to the decline in production, we do not have enough gas to fire both heaters. By combining the production and allocating production from monthly well tests, we can continue economically producing the wells on both tracts. We have no possibilities of remedial work to increase production at this time.

A copy of the letter from the United States Department of the Interior Geological Survey that approves this method of allocation and acknowledges our approved application to commingle production on the West "A" Lease is attached. Also attached is a plat of the West "A" Lease and a schematic of the lease facilities.

If this proposal is approved, we will proceed with the work. If you desire additional information, please advise.

Very truly yours,



J. L. Tweed, District Engineer

RMM/agp

cc: New Mexico Oil Conservation Commission, Drawer DD, Artesia, New Mexico 88210  
United States Geological Survey, Drawer U, Artesia, New Mexico 88210  
Mr. G. V. Ricks - Hobbs  
Mr. L. C. Hudry - Hobbs