



11/18/66
18 Nov 66

PC-327

CONTINENTAL OIL COMPANY

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P. O. Box 1521
Durango, Colorado
November 15, 1966

New Mexico Oil Conservation Commission (1)
P. O. Box 2088
Santa Fe, New Mexico

Attn: Mr. A. L. Porter, Jr. - Director and Secretary

Gentlemen:

Continental Oil Company hereby requests authority to commingle the ~~Dakota~~ oil production with the Pennsylvanian-Mississippian oil production in the Table Mesa Field. 6/26/67

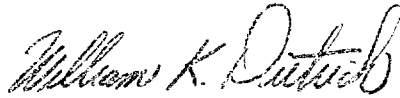
Oil production from the Dakota reservoir at Table Mesa continues to decline despite our efforts to arrest the decline. The water cut is in excess of 93 percent with oil production of only 40 BPD. Profitability of operating the Dakota properties is quite marginal at this time with operating costs for the first nine months of 1966 at 28.2¢ per revenue dollar. Dakota production is currently being treated and shipped to the pipeline through a separate system. We propose to commingle the Dakota production with the Pennsylvanian and Mississippian production at the same battery before shipment to the pipeline. Commingling of the production will result in the elimination of maintenance for the Dakota ACT; and a reduced investment in these properties. The ultimate result will be a lower operating cost and a lower economic limit which will mean more ultimate oil recovery.

We propose to commingle the Dakota oil production with the Pennsylvanian-Mississippian at the run tank ahead of the ACT. Dakota production will be measured with a barrel dump meter ahead of the run tank thereby assuring accurate allocation of the Dakota oil production. No changes will be made in either well test system which will permit accurate allocation of oil production to the producing wells in the three formations.

Royalty from all three formations is owned exclusively by the Navajo Tribe. Continental Oil Company is the operator owning 50% working interest in the Dakota Formation and 75% working interest in the Pennsylvanian and Mississippian formations. The remaining working interest is owned by the Holly Oil Company.

If any additional information is required, please advise.

Very truly yours,



William K. Dietrich
Assistant District Manager
Durango District
Production Department

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JB/sf

cc: FMOC, P. O. Box 697, Aztec, New Mexico
Navajo Tribal Council, Window Rock, Arizona
U. S. Geological Survey, P. O. Box 959, Farmington, New Mexico
Holly Oil Company, P. O. Box 1781, Colorado Springs, Colorado
E. A. Austin, Continental Oil Company, Denver, Colorado

DATA REQUIREMENT FOR SURFACE COMMINGLING INSTALLATION

TABLE MESA FIELD-SAN JUAN COUNTY, NEW MEXICO

Commingling the Penn-Miss and Dakota Oil

Production Period - June 1, 1966 through September 30, 1966

Daily Average Oil Production:	Penn-Miss	128 EOPD
	Dakota	42 EOPD

Crude Purchaser: Four Corners Pipeline

Royalty Owner: Navajo Tribe

Liquid Hydrocarbon Gravities:	Penn-Miss	54.8° API
	Dakota	55.4

Commingled Hydrocarbon Gravity:	54.9
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Value of Penn-Miss Crude @ 54.8° API:	2.50
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Value of Dakota Crude @ 55.4° API:	2.48
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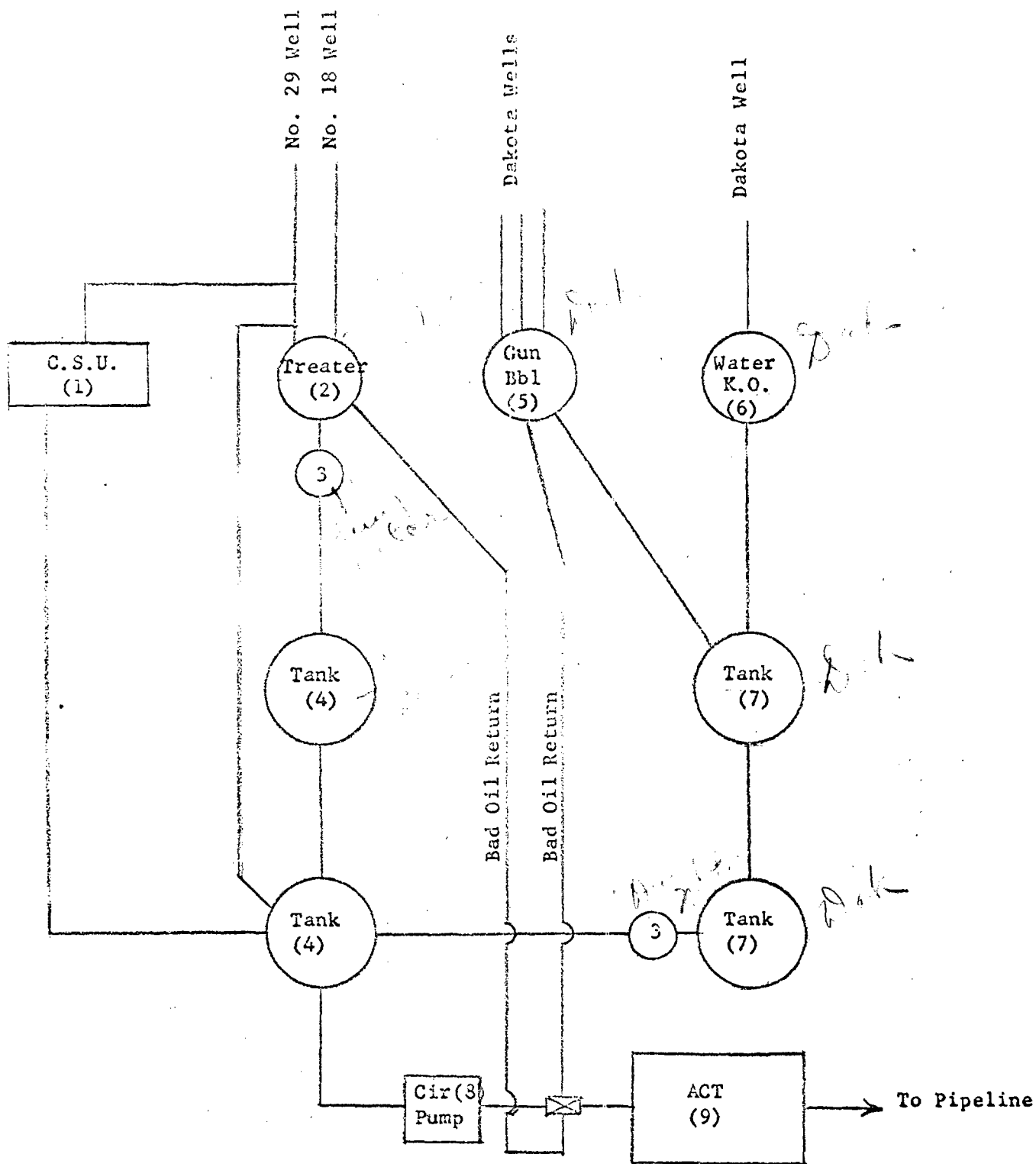
Value of Commingled Crude @ 54.9° API:	2.50
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Anticipated Producing Rates:	Penn-Miss	210 BOPD
	Dakota	40 BOPD

Value Calculations:	Penn-Miss	210 BOPD X \$2.50 = \$525.00
	Dakota	40 BOPD X \$2.48 = 99.20
	Total Separate Value	= \$624.20
	Commingled Value	250 BOPD X \$2.50 = \$625.00

The value of commingled production will not be less than the value of separated production.

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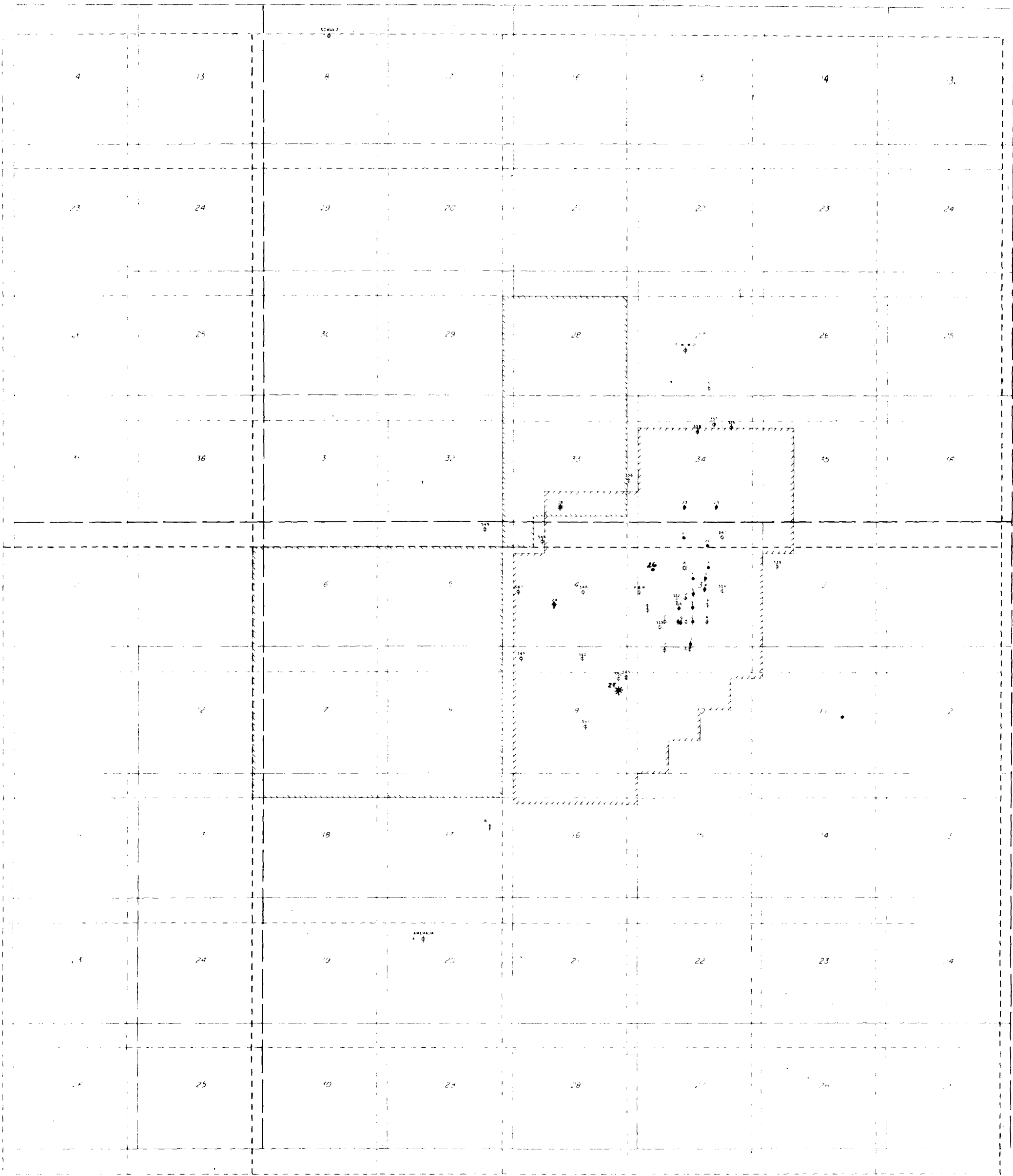
- (1) Crude Stabilization Unit
- (2) Penn-Miss Treater
- (3) Barrel Dump Meters
- (4) Penn-Miss Stock Tanks
- (5) Dakota Gun Barrel
- (6) Dakota Water Knock Out
- (7) Dakota Stock Tanks
- (8) Circulating Pump
- (9) Automatic Custody Transfer Unit

EXHIBIT I
TABLE MESA FIELD
SCHEMATIC OF PROPOSED SURFACE
COMMINGLING

R17 W

T
28
N

T
27
N



PRODUCING WELLS 11-16-66

Mississippian No. 29

Pennsylvanian No. 18

Dakota No's. 5, 15, 20, 21, 26

EXHIBIT 2

TABLE MESA FIELD

Section projection based upon lease description

Section projection based upon U. S. Bureau of Land
management plan of survey - June 14, 1954



CONTINENTAL OIL COMPANY

P. O. Box 1621
Durango, Colorado
June 19, 1967

MAIL OFFICE

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

Atten: Mr. A. L. Porter, Secretary Director

Re: REQUEST TO SURFACE COMMINGLE
TABLE MESA FIELD, PENN.-MISS.
AND DAKOTA OIL, SAN JUAN CO.,
NEW MEXICO

Gentlemen:

By letter dated November 16, 1966, Continental Oil Company requested permission to surface commingle the Dakota oil with Pennsylvanian-Mississippian oil produced from our Navajo tribal lease in the Table Mesa Field, San Juan County, New Mexico.

Attached is letter from the U.S.G.S. office in Roswell, New Mexico, approving the installation as set forth in our letter. May we now have N.M.O.C.C. approval so that we may proceed with the installation.

Yours very truly,

H. D. Haley
H. D. Haley
District Manager
Durango District

LSC:BLD

cc: NMOCC, Aztec, New Mexico

attachment



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Drawer 1857
Roswell, New Mexico 88201

June 8, 1967

Continental Oil Company
P. O. Box 1621
Durango, Colorado 81301

MAIN OFFICE

Attention: Mr. William K. Dietrich

'67 JUN 26 AM 8 15

Gentlemen:

Your letter of November 16, 1966, requests approval to commingle Dakota oil with the Pennsylvanian-Mississippian oil produced from Navajo tribal lease I-89-Ind-57, Table Mesa field, San Juan County, New Mexico.

The method of commingling described on your diagram and as set forth in your letter is hereby approved subject to like approval of the New Mexico Oil Conservation Commission. Any changes in this system must receive prior approval from this office. Form 9-361A, Lessee's Monthly Report of Sales and Royalties, must show all computations used in oil production allocated to each well.

You are requested to notify our Farmington office when the installation has been completed so that a field inspection can be made.

Sincerely yours,

RECEIVED	
DURANGO PROD.	
JUN 12 1967	
OFFICE MGR.	
ASST. MGR.	
CHIEF CLERK	
ME	

Billy J. Shoger
BILLY J. SHOGER
Acting Oil and Gas Supervisor