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**AMERADA DIVISION
AMERADA HESS CORPORATION**

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91-8-5805
73-8-5805*

October 4, 1971

DRAWER 817
SEMINOLE, TEXAS 79360
915 - 758 - 5805

RECEIVED
OCT 10 1971
PC 430

Mr. A. L. Porter, Jr.
Secretary Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Surface Commingling of
Production from the E. W.
Walden Lease

Dear Sir:

A study has been made to revise the battery and commingle the production on the E. W. Walden lease. This lease is located in Sec. 15, T22S, R37E, in Lea County, New Mexico.

There are presently seven producing wells on the lease (4 wells from the Drinkard, and one each for the Ellenburger, Blinebry and Tubb.) A map and schematic of the proposed system is attached.

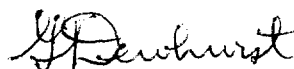
Average gravities, volumes and values are as follows:

	<u>June Prod.</u>	<u>Avg. Gravity</u>	<u>Price Per Bbl.</u>	<u>Total Value</u>
Drinkard	136	37.4	3.33	\$ 453
Blinebry Gas	42	48.3	3.39	142
Tubb Oil	44	37.9	3.33	147
Ellenburger (sweet)	180	41.4	3.56	641
Drinkard Gas	<u>131</u>	57.7	3.39	<u>444</u>
	533			\$1827
	<u>Prod.</u>	<u>Calc Grav.</u>	<u>Price</u>	<u>Value</u>
Commingled	533	44.6	3.39	\$1807

There is a calculated loss of \$20/month due to commingling the sweet crude with the sour. Since the Ellenburger averages only 6 BOPD, to build and maintain a separate system will cause an immediate economic evaluation and possible abandonment. Commingling into a common facility will lower operating and maintenance costs. Without commingling, long storage time and twice the surface area in tanks will allow losses by evaporation. Commingling will shorten time between runs from several months to less than one month. Based on an increase in volume of 9 BOPM, increased income will offset the calculated loss.

To prevent early abandonment of marginal wells, Amerada Hess Corporation respectfully requests administrative approval to commingle production on the E. Walden lease, and allocate production on the basis of well tests. The gas well condensates will be metered separately.

Very truly yours,



G. Dewhurst
Regional Manager





GFD:FAB/jw

Enclosures: 1. Plat showing lease and wells
2. Schematic diagram of the proposed battery
3. Tabulation of marginal production for a 60 day period
4. Letter of approval from Shell Oil

cc: Mr. J. D. Ramey
Mr. L. A. Stricklin

R 37 E

Rowan & Penrose 2002 1004		Magnolia 10 20011		Magnolia 160017 40012		Gulf 6003 6030		Gulf 6030 6030	
Penrose (Continental) 1002 10		100 70012		60012 150		2004 2004		201 200	
Elliott		Brunson-Argo		Brunson-Argo		Eaves		L. Northam	
Humble 20013 80 9007 1100		Skelly 30013 20012 120		100 70		Amerada (Parker) 100 100		Oil Well Drig.	
Greenwood 150 30 40 60012 10001		A.B. Baker 600 50 140		110 40 20		T. Long		S. Long	
Two States Oil 20 30 60004 10 40		Rowan & Penrose 10 2002 70		Rowan -30 -10 40 20		Gulf 10 2007 30 40			
		Penrose & Clower (Forrell) 40 10 300		Continental (Rowan & Penrose) 10 20		Hugh			
16 Gulf 20 200		AHC 200 200		Rowan-Pen 10 20		14 Samedan Oil 60 1002 50 20			
Cole 10		Walden		Contl. A-15 4003 60 05 10		C. Parks			
Cities Service 20		Tidewater 30		A.G. Carter 10 20004		Amerada (W.H. Street) 200 100		Repose R. Olsen Oil 20 400150 30	
Ohio 10		Elliott		Penrose & Rowan 40 2007		Wood			
Walden 10									
21 Magnolia 20 30 10		W. Cary		30 10 200		Amerada (W.H. Street) 302 100		Gulf 10 30	
						Humble		Samedan 10 10	
Parker 10		Gulf 10		Continental A-21 20 10		Clean Oil (Clean Oil) 10		23 Samedan 20	
State Wanda		Elliott		Cont. A-22 10		Humble		Samedan 10	
				Skelly 90 10		W.B. Forrell 200 200		Soyd	

-  BRUNSON ELLENBURGER
-  DRINKARD
-  TUBB
-  BLINEBRY GAS

EUNICE FIELD

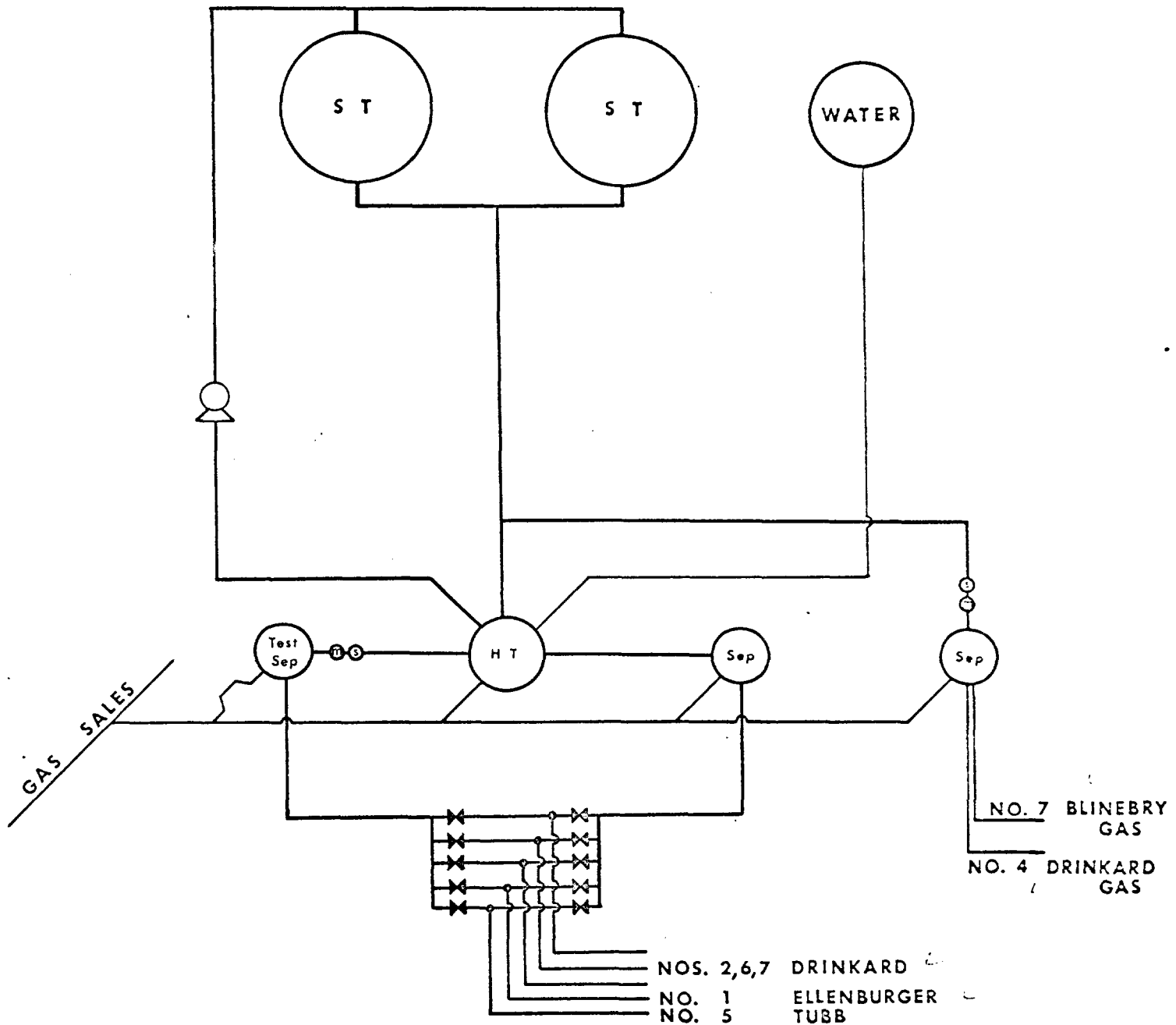
LEA COUNTY, N. MEX.

AMERADA HESS CORPORATION

EUNICE FIELD

E. WALDEN LEASE

PROPOSED BATTERY



AMERADA HESS CORPORATION
E. Walden Lease
Oil Production for - 60 Days

	<u>Date</u>	<u>Ellenburger</u>	<u>Drinkard</u>	<u>Drinkard Gas</u>	<u>Blinebry Gas</u>	<u>Tubb</u>
July	1	16	3	0	10	3
	2	0	0	0	0	0
	3	26	8	9	3	3
	4	0	0	0	0	0
	5	11	5	10	0	2
	6	0	0	0	0	0
	7	0	5	10	7	1
	8	0	0	0	0	0
	9	33	5	7	0	0
	10	0	0	0	0	0
	11	33	8	0	0	3
	12	0	0	0	0	0
	13	16	3	0	4	5
	14	0	0	0	0	0
	15	0	8	14	0	5
	16	0	0	0	0	0
	17	21	6	10	1	14
	18	0	0	0	0	0
	19	22	8	10	0	5
	20	0	0	0	0	0
	21	0	8	10	0	4
	22	0	0	0	0	0
	23	19	8	9	2	11
	24	0	0	0	0	0
	25	30	6	11	1	14
	26	0	0	0	0	0
	27	30	8	12	0	8
	28	0	0	0	0	0
	29	0	3	9	0	11
	30	0	0	0	0	0
	31	20	3	11	2	3

AMERADA HESS CORPORATION
E. Walden Lease
Oil Production for - 60 Days
June 1971

	<u>Date</u>	<u>Ellenburger</u>	<u>Drinkard</u>	<u>Drinkard Gas</u>	<u>Blinebry Gas</u>	<u>Tubb</u>
June	1	0	3	5	0	3
	2	0	0	0	0	0
	3	14	5	14	0	3
	4	0	0	0	0	0
	5	14	8	15	4	5
	6	0	0	0	0	0
	7	4	6	15	3	3
	8	0	0	0	0	0
	9	20	9	17	0	3
	10	0	0	0	0	0
	11	20	6	15	0	3
	12	0	0	0	0	0
	13	14	8	14	0	5
	14	0	0	0	0	0
	15	20	9	11	5	0
	16	0	0	0	0	0
	17	10	6	14	2	3
	18	0	0	0	0	0
	19	28	6	15	6	5
	20	0	0	0	0	0
	21	25	9	9	4	0
	22	0	0	0	0	0
	23	3	9	14	0	0
	24	0	0	0	0	0
	25	18	7	9	7	3
	26	0	0	0	0	0
	27	10	8	0	4	5
	28	0	0	0	0	0
	29	0	0	3	0	0
	30	0	3	3	0	3



SHELL OIL COMPANY

TWO SHELL PLAZA
P. O. BOX 2099
HOUSTON, TEXAS 77001

September 15, 1971

Subject: Amerada Hess Corporation
E. W. Walden Lease
SW 14 Section 15
T-22-S, R-37-E
Drinkard Field
Lea County, New Mexico
83071-001

Amerada Hess Corporation
Drawer 817
Seminole, Texas 79360

Attention Mr. G. F. Dewhurst

Gentlemen:

With reference to your letter of September 2, 1971, concerning the subject lease, we are agreeable to accepting the commingled crude without statements of volumes and gravities from each production zone as previously requested.

Furthermore, it has come to our attention that we are making disbursements to interest owners on this lease. As we pay Amerada Hess 100% including taxes on most other leases, we feel we should begin paying you 100% on this lease also. Therefore, along with a carbon copy of this letter, we are sending your Tulsa office our 100% division order, including taxes, effective October 1, 1971. A transcript of ownership will follow shortly.

Yours very truly,

T. B. Medders, Manager
Raw Materials Supply
Field Operations - Houston

RAB:JLB

1971 SEP 20 PM 10:32
OFFICE OF THE MANAGER

AMERADA DIVISION
AMERADA HESS CORPORATION

October 4, 1971

DRAWER 817
SEMINOLE, TEXAS 79360
915 - 758 - 5805

To whom it may concern:

A letter dated August 28, 1971 to Mr. A. L. Porter, Jr., requested administrative approval to commingle the production from the E. W. Walden lease. The application sent to Santa Fe was requested to be returned to make a slight revision.

Shell Oil Company originally asked for volumes and gravities to be reported which calculated a loss of \$31 per month. Revised application to the purchaser resulted with their approval to commingle production with the payment to be based on actual commingled production. Loss now calculates to be only \$20 per month as stated in the attached letter.

Please replace the letter of August 28, 1971 with this revised application.

Yours very truly,


G. Dewhurst

GFD:FAB/jw