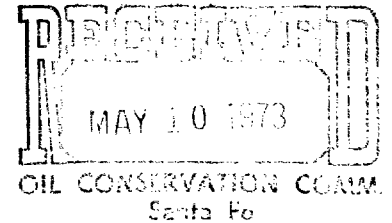




L. P. Thompson
Division Manager
Production Department
Hobbs Division

Western Hemisphere Petroleum Division
Continental Oil Company
P.O. Box 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141



April 24, 1973

New Mexico Oil Conservation Commission (3)✓
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention Mr. A. L. Porter, Jr.
Secretary Director

Gentlemen:

Proposed Battery Consolidation and Pool Commingling - Mary Wantz Lease,
Section 21, T21S, R37E, Lea County, New Mexico

Continental Oil Company is the operator of the Mary Wantz Lease which consists of 280 acres in the S/2 Section 21, T-21S, R-37E. The lease is shown outlined in red on the attached Exhibit 1.

Continental produces wells from the Hare-McKee, Wantz-Abo, Drinkard, Tubbs (gas), Blinebry (gas), and Paddock Pools. The attached tabulation, Exhibit 2, lists the wells by pools and shows the latest well test for each well. Obviously, there is no top allowable production on the lease. Production from the Wantz Abo and Paddock Pools is sour, whereas, the remaining crude is sweet. In the past, we have maintained separate battery facilities so that the sweet crude can be sold separately from the sour to take advantage of a price differential between the two grades of crude oil. Our battery facilities have deteriorated over the years so that there is considerable seepage and evaporation losses, as well as fire hazards resulting from the generally poor condition of the equipment. Continental is planning to refurbish the battery and commingle all liquid production for greater efficiency, pollution control and economy. The attached diagram, marked Exhibit 3, shows the present battery arrangement. The second diagram, Exhibit 4, shows the battery as we propose to install it. The revised battery will employ ACT and vapor recovery units which will eliminate, or at least minimize, oil seepage, hydrocarbon and hydrogen sulfide losses to the atmosphere and simplify operation for the sake of economy and efficiency.

The attached tabulation, Exhibit 5, shows the comparative value of the commingled production as compared to the continued separation of the sweet and sour crude. As shown, there is an apparent loss in value of \$3.68 per day or \$110.40 per month, due to sweet crude being sold for sour crude prices. This apparent loss will be more than offset by improved efficiency in that weathering losses will be virtually eliminated by the use of an ACT unit and vapor recovery system.

NMOCC
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Page 2

Evaporation losses due to weathering in unpressured storage tanks has been found to range from .25% to 1% of the total volume per day. Assuming that each of the oil storage tanks averages a half-filled condition, total storage each day would amount to 1400 barrels. Assuming 0.5% evaporation losses each day, the daily loss would be 7 barrels of crude at an average value of \$3.49 or \$24.43 each day, which is approximately six and one-half times the daily loss in apparent value of commingled crudes. This weathering loss cannot be prevented without revamping the battery as proposed.

A copy of this application is being furnished to each of the owners of royalty under this tract, a list of which is attached. It is respectfully requested that permission be granted to change the battery and commingle the liquid from the lease as described above.

Yours very truly,



rw

Enc

Copy + enc:

New Mexico Oil Conservation Commission

P. O. Box 1980

Hobbs, New Mexico 88240

Royalty Owners

RLA: GAD: JWK:

WANTZ LEASE
OVERRIDING ROYALTY OWNERS

Brigetta Anderson
3716 Vancouver
Dallas, Texas 75229

Bank of the SW, NA
Ind. Ex. Est. Hubert E. Clift
No. 1381
Houston, Texas 77001

Joyce Ann Brown
909 N. Alameda
Las Cruces, New Mexico 88001

Joyce Christmas Brown
909 N. Alameda
Las Cruces, New Mexico 88001

B. A. Christmas Jr.
Chico Route
Raton, New Mexico 87740

Benjamin A. Christmas, Jr.
Trustee U/W/O Benjamin A. Christmas,
Sr. Dec.
International State Bank
Raton, New Mexico 87740

Mary Theresa Christmas
P. O. Box 670
Raton, New Mexico 87740

Coil Production, Inc.
P. O. Box 1818
Roswell, New Mexico 88201

Lillian Hinkle Coil
Trustee U/W M. W. Coil
P. O. Box 1818
Roswell, New Mexico 88201

Kathleen Cone
P. O. Box 1148
Lovington, New Mexico 88260

S. E. Cone, Jr.
Route 2 Box 177A
Lubbock, Texas 79415

Hugh Corrigan III
Station 1 Box HC
Vero Beach, Florida 32960

J. Pat Corrigan
P. O. Box 3130
Beach Station
Vero Beach, Florida, 32960

Bertha L. Evans
1709 Ave. O
Lubbock, Texas 79401

Thomas Weldon Evans
1916 55th St.
Lubbock, Texas 79412

First National Bank Roswell
Trustee for Nevada Children's
Foundation, Inc. Cancer Center,
Nevada Tuberculosis & Health
Association
P. O. Box 1977
Roswell, New Mexico 88201

Martha Watkins Harris
326 East St.
Henderson, Texas 75652

Marjorie Cone Kastman
P. O. Box 3296
Lubbock, Texas 79410

William M. Kick III et al, Tr.
for Catherine Cone Keck
Suite 1110
1801, Avenue of the Stars
Los Angeles, California 90067

Mrs. Clyde W. Miller
222 South Justin
Dallas, Texas 75229

North Central Oil Corporation
4545 Post Oak Place Drive
Suite 301
Houston, Texas 77027

Fannye Gae Ratcliff
Exe. Est. C. B. Markham, Dec.
3418 - 36th Street
Lubbock, Texas 79413

Sabine Royalty Corporation
1210 Mercantile Bank Building
Dallas, Texas 75201

San Angelo National Bank
Auxillary Ex. U/W/O
Lorraine B. Leftwich, Dec.
San Angelo, Texas 76901

San Angelo National Bank
Successor Trustee U/W/O
Ralph W. Leftwich, Dec.
San Angelo, Texas 76901

H. Dillard Schenck
P. O. Box 1225
Lovington, New Mexico 88260

Shriners Hospital for Crippled
Children
G. M. Saunders Secretary
323 N. Michigan Ave.
Chicago, Illinois 60601

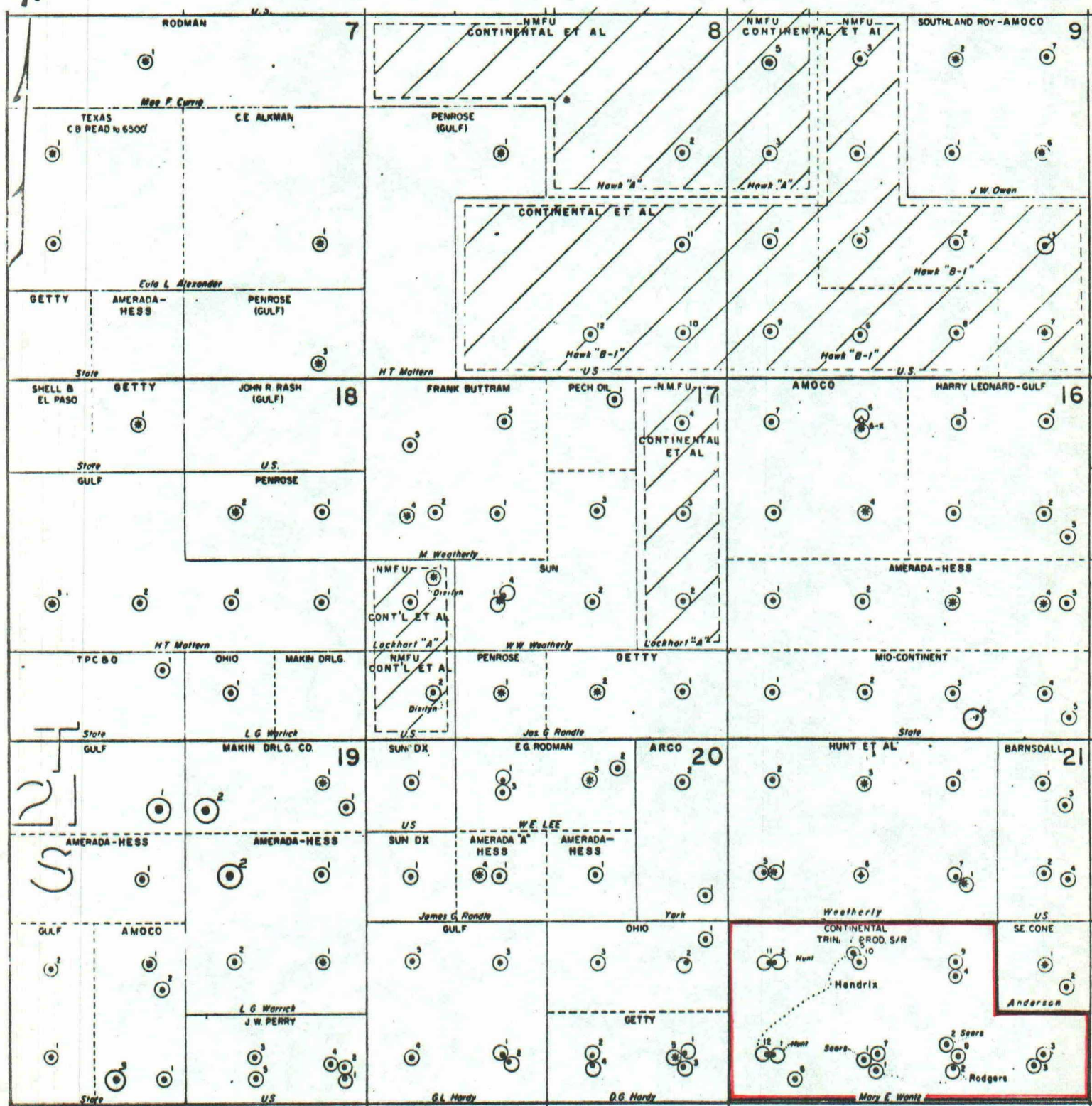
Alice Maude Staley
14524 Sherman Drive NW
Gig Harbor, Washington 98385

Myrtis Dean Watkins
322 East Main
Henderson, Texas 75652

Mrs. Odessa M. Whitley
Tatum, New Mexico 88267

Ralph W. Wilson
Ancillary Executor Estate of
May Woolworth, Dec
P. O. Box 695
San Angelo, Texas 76901

Elizabeth Woolworth
403 West Avenue D
San Angelo, Texas 76901

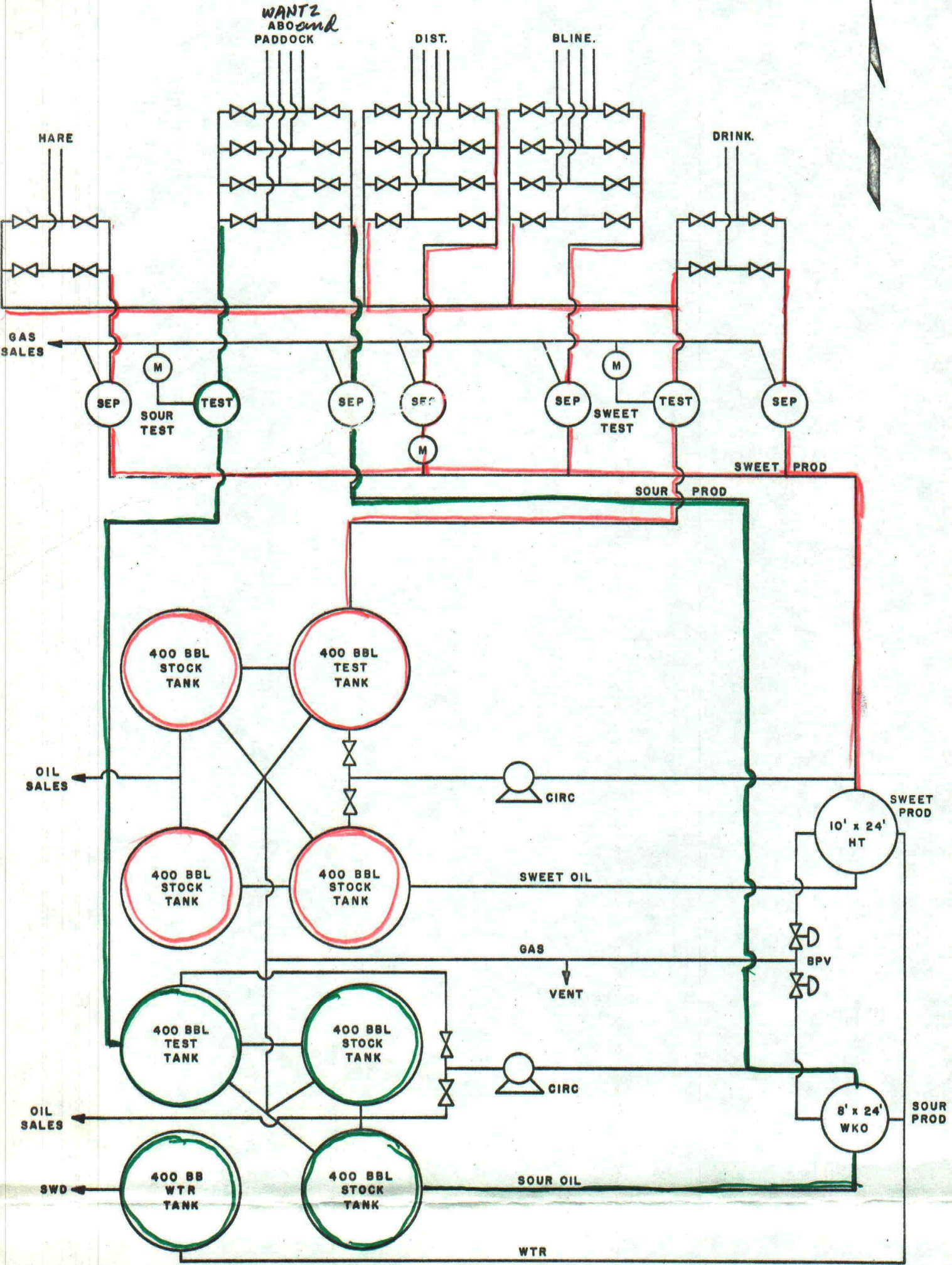


R37E

CONOCO	
PRODUCTION DEPARTMENT	HOBBS DIVISION
<p>LEA COUNTY, NEW MEXICO</p> <p>WANTZ B</p> <p>LOCKHART A-17 LEASE</p>	
<p>SCALE</p> <p>0' 1000' 2000'</p>	

M. E. WANTZ PRODUCTION DATA

<u>POOL</u>	<u>WELL NO.</u>	<u>WELL TEST</u>		
Hare - McKee	1	15 BOPD	50 BWPD	45 MCFD
	2	5 BOPD	85 BWPD	63 MCFD
Wantz Abo	7	22 BOPD	18 BWPD	28 MCFD
	8	Shut In		
Drinkard	9	3 BOPD	1 BWPD	10 MCFD
	11	4 BOPD	No Wtr.	7 MCFD
Blinebry	3	Shut In		
	4	Shut In		
	6	Shut In		
Tubb (Gas)	9	1 BDPD	433 MCFD	
	10	1 BDPD	172 MCFD	
Blinebry (Gas)	8	1 BDPD	1262 MCFD	
	11	1 BDPD	342 MCFD	
Paddock	3	15 BOPD	5 BWPD	18 MCFD
	4	12 BOPD	5 BWPD	15 MCFD



Sour
Wantz Abo
Paddock

Sweet
Hare McKee
Drinkard
Tubb (dist)
Bl (dist)

PRESENT WANTZ BATTERY
EXHIBIT 3

PROPOSED WANTZ COMMINGLED BATTERY
EXHIBIT 4

EXHIBIT NO. 5
WANTZ LEASE

<u>POOL</u>	<u>ACTUAL PRODUCTION</u>		
	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>DAILY AVERAGE</u>
<u>SOUR CRUDE</u>			
Wantz Abo	776	499	21.6
Paddock	<u>466</u>	<u>624</u>	<u>18.5</u>
TOTAL SOUR	1,242	1,123	40.1
Daily Value @ \$3.42/Bbl.			\$137.14
<u>SWEET CRUDE</u>			
Hare	607	508	18.9
Drinkard	152	127	4.7
Blinebry	66	36	1.7
Tubb	<u>34</u>	<u>19</u>	<u>0.9</u>
TOTAL SWEET	859	690	26.3
Daily Value @ \$3.56/Bbl.			\$93.63
Total Value Segregated, Per Day			\$230.77
Total Value Commingled, Per Day			\$227.09
Apparent Loss of Value by Commingling, Per Day			\$3.68