



PETROLEUM PRODUCTS

June 18, 1974

TEXACO INC.
DRAWER 728
HOBBS, NEW MEXICO 88240

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

RE: SURFACE COMMINGLE
H. D. McKinley Lease
Lea County, New Mexico

ATTENTION: MR. A. L. PORTER, JR.

Gentlemen:

TEXACO INC. respectfully requests permission to surface commingle the liquid hydrocarbon production from the Hobbs Grayburg San Andres Pool and the Bowers Seven Rivers Pool on the basis of periodic well testing.

TEXACO'S H. D. McKinley Well No. 2 was shut in from 1968 until May, 1974, and is presently the only Bowers Seven Rivers producer on the lease. The well is incapable of producing top unit allowable. As indicated on the attached production tabulation, the wells producing from the Hobbs Grayburg San Andres Pool are also incapable of producing top unit allowable. The oil storage tank for the H. D. McKinley Well No. 2 has not been used since 1968 and has deteriorated beyond use. In order to eliminate the necessity of erecting a tank battery to serve the Bowers Seven Rivers production from the H. D. McKinley Well No. 2, it is desirable that TEXACO INC. commingle the oil production from the Bowers Seven Rivers with the existing Hobbs Grayburg San Andres battery.

The gravity of the Bowers Seven Rivers crude is 34.2° API with a value of \$5.08 per barrel. The gravity of the Hobbs Grayburg San Andres crude is 34.0° API with a value of \$5.08 per barrel. The expected gravity of the commingled liquid hydrocarbon production is 34.0° API with a value of \$5.08 per barrel and no change in the actual commercial value of such commingled production. The crude production is classified as sour.

A schematic diagram of the proposed commingling installation and plat of the subject lease are attached.

Shell Pipeline Company as purchaser of crude production is being furnished a copy of this application.

Your cooperation in this matter will be appreciated.

Yours very truly,

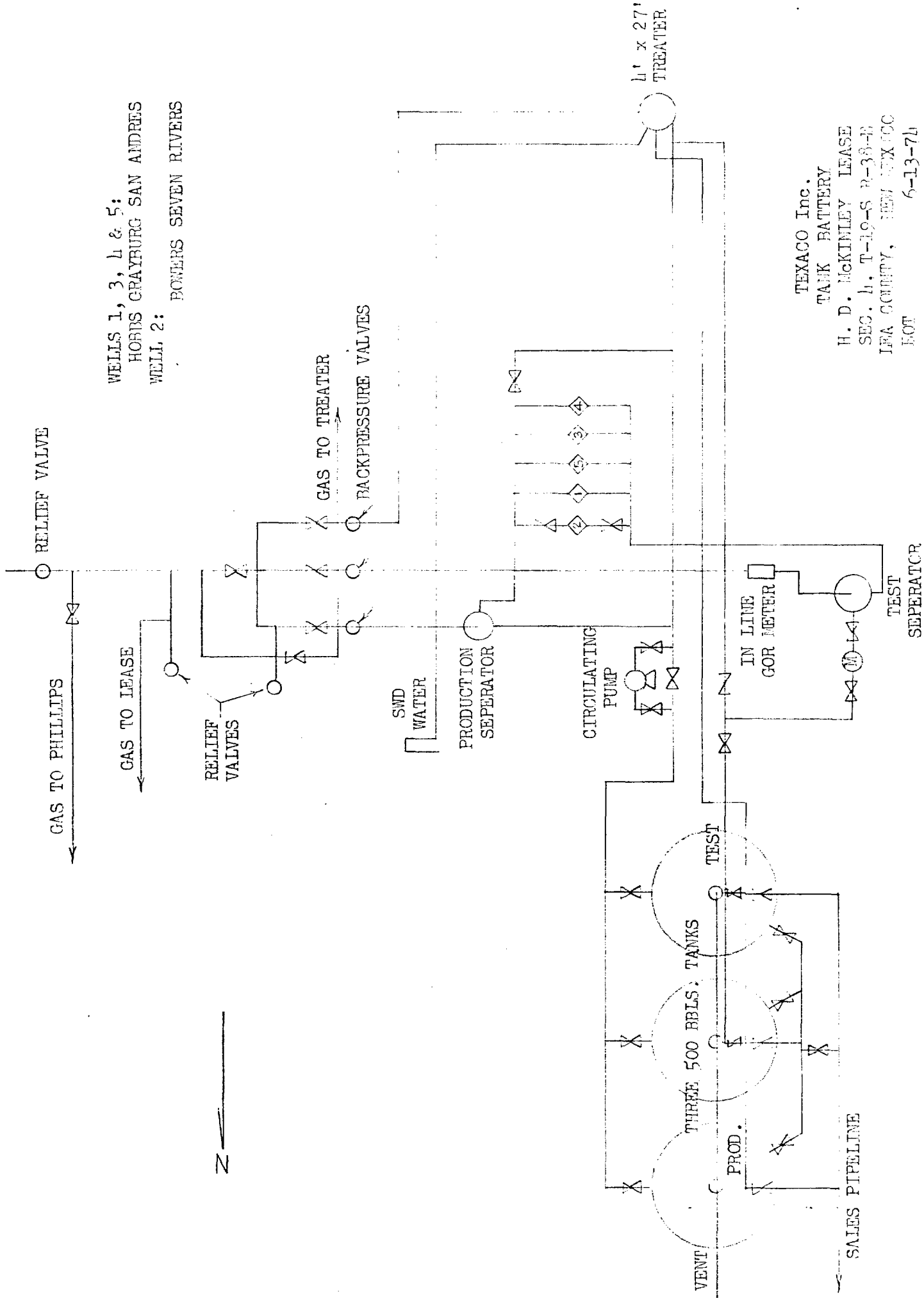

E. V. GANNON

District Superintendent

JBS:ls

MAS, JR.
NMOCC - Hobbs
Shell Pipeline Company

Attachments

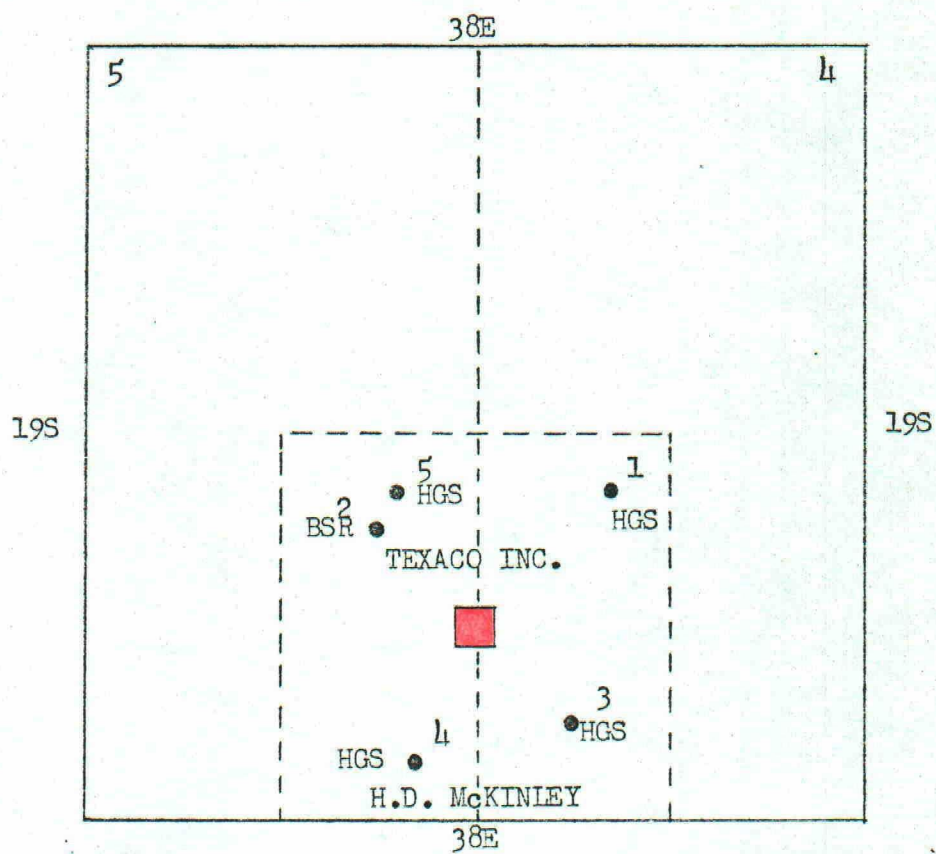


TEXACO Inc.
 TANK BATTERY
 H. D. McKINLEY LEASE
 SEC. 4, T-19-S R-38-4E
 IFA COUNTY, NEW TEXAS CO
 LOT 6-13-74

TEXACO INC.
 H. D. McKINLEY LEASE
 HOBBS GRAYBURG SAN ANDRES AND BOWERS
 SEVEN RIVERS POOLS
PRODUCTION TABULATION

<u>DATE</u>	<u>PRODUCTION BBLS/DAY</u> <u>HOBBS GRAYBURG SAN ANDRES</u>	<u>PRODUCTION BBLS/DAY</u> <u>BOWERS SEVEN RIVERS</u>
1973		
Jan.	115	
Feb.	124	
Mar.	145	
Apr.	139	
May	139	
Jun.	156	
Jul.	99	
Aug.	88	
Sep.	98	
Oct.	123	
Nov.	135	
Dec.	99	
1974		
Jan.	111	
Feb.	81	
Mar.	140	
Apr.	119	
May	126	8

NOTE: Hobbs Grayburg San Andres Wells No. 1, 3, 4 & 5
 Bowers Seven Rivers Well No. 2



HGS: HOBBS GRAYBURG SAN ANDRES
 BSR: BOWERS SEVEN RIVERS
 ■: TANK BATTERY

TEXACO INC.
 H.D. McKINLEY LEASE