

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

January 12, 1987

Phillips Petroleum Company
Attn: Mr. Larry M. Sanders
4001 Penbrook
Odessa, Texas 79762

Re: Surface Commingling M. E. Hale
Lease Vacuum (Glorieta) and
(Grayburg - San Andres) Pools,
Lea, County, New Mexico

Gentlemen:

Reference is made to your letters dated October 23, 1986 and January 6, 1987 wherein you have requested our approval to surface commingle production on your M. E. Hale Lease. The Well No. 7 is producing from the Vacuum-Glorieta, and you are proposing to commingle this production with the production from eleven wells producing from the Vacuum-Grayburg-San Andres all located on State of New Mexico Lease No. B-2317-1-A. You will recall that our initial rejection of your proposed request was based upon insufficient information.

Based upon the additional information which has been provided by your letter of January 6, 1987, the Commissioner of Public Lands has reconsidered your request. It is our understanding that surface commingling will yield an additional 10.8 years of production and 12,634 barrels of oil, even though there is a reduction of approximately \$0.20 per barrel of oil, the additional production will greatly increase the total cash flow to the State of New Mexico.

You are hereby given approval to the above request. This approval is subject to being withdrawn at the discretion of the Commissioner of Public Lands, if in his opinion, the operation proves to be unsound or otherwise against the best interest of the State of New Mexico. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Phillips Petroleum Company
January 12, 1987
Page 2

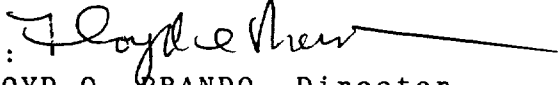
Please submit a filing fee in the amount of Thirty (\$30.00) Dollars.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:


FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm

cc: OCD-Santa Fe, New Mexico Attention: Mr. David Catanach
State Lease No. B-2317-1-A
OGAD-Santa Fe

With additional life - will gain about 21,500 over
life of well and extend life 10 years. Recommended OK
EG



PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762
4001 PENBROOK

January 6, 1987

EXPLORATION AND PRODUCTION GROUP

Surface Commingling
M. E. Hale Lease
Vacuum (Glorieta) and
(Grayburg - San Andres) Pools
Lea County, New Mexico

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Attention: Floyd O. Prando, Director
Oil and Gas Division

Gentlemen:

Phillips Petroleum Company respectfully requests you reconsider our application to surface commingle the production on our M. E. Hale lease. Only Well No. 7 is producing from the Glorieta and we propose to commingle it with the production from the eleven wells producing from the Grayburg - San Andres pool.

Our engineering estimates indicate if this request is approved, Well No. 7 will produce at a profitable rate for an additional 15.71 years with a total production of approximately 24,291 barrels of oil. Without approval, economical production is reduced to approximately 4.91 years and 11,657 barrels of oil. These economics are calculated on costs of:

- a. Approximately \$12,000 needed to refurbish the Glorieta tank battery.
- b. Operating and maintenance costs of \$3,246 per year.

Surface commingling will yield an additional 10.8 years of production and 12,634 barrels of oil. Eventhough there is a reduction of approximately \$0.20 per barrel of oil, the additional production will greatly increase the total cash flow to the State of New Mexico.

If any additional information is required or I can be of further assistance, please call me at (915) 367-1488.

Sincerely,

Larry M. Sanders
Larry M. Sanders, Supervisor
Regulation and Proration

LMS/WJM/sdb
REG/PRO/hale

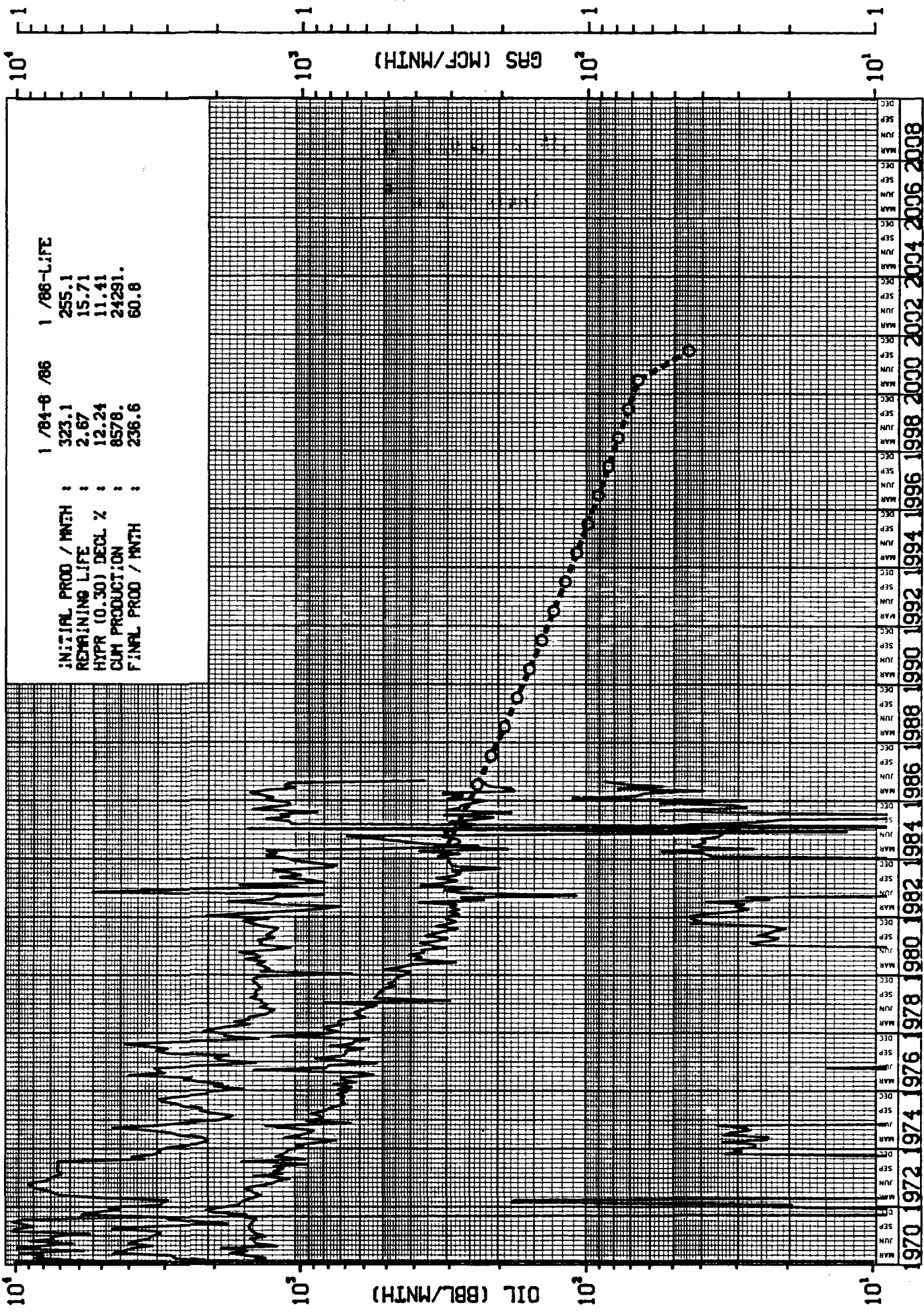
Attachment

cc: Oil Conservation Division
Hobbs and Santa Fe, New Mexico

Approved: 1/12/87

W. R. Humphries

COMMISSIONER OF PUBLIC LANDS



INITIAL PROD / MNTH : 323.1
 REMAINING LIFE : 255.1
 HYPR (0.30) DECL % : 15.71
 CUM PRODUCTION : 11.41
 FINAL PROD / MNTH : 24291.60.8

1 /84-8 /86

1 /86-LIFE

LEASE-
 RESVR-
 PHILLIPS
 HALE (GLORIETTA)
 DWIGHT'S
 COMPOSITE OF TOTAL , 3 WELLS
 Glorieta=2 wells T.A., 1 well producing



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

October 28, 1986

Phillips Petroleum Company
ATTENTION: Mr. Larry M. Sanders
4001 Penbrook
Odessa, Texas 79762

Re: Surface Commingling
M. E. Hale Lease
Vacum (Glorieta) and
(Grayburg-San Andres) Pools
Lea County, New Mexico

Gentlemen:

This office is in receipt of your application dated October 23, 1986, wherein you have requested our approval to surface commingle the production on your M. E. Hale lease. The Well No. 7 is producing from the Vacum-Glorieta, and you are proposing to commingle this production with the production from eleven wells producing from the Vacum-Grayburg-San Andres all located on State of New Mexico Lease No. B-2317-1-A. Your application also states that the value of the production from the Glorieta pool will decrease by \$0.20 per per barrel for an overall decrease of the commingled production from both pools of approximately \$1.60 per day.

We regret to inform you that your above mentioned application can not be approved. Our statutes prohibit us from approving a commingling request which will result in a cash loss to the State of New Mexico.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS
BY: *Floyd O. Prando*

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

JB FOP/pm
encls.

cc: OCD-Santa Fe, New Mexico
B-2317-1-A



PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP

October 23, 1986

Surface Commingling
M. E. Hale Lease
Vacuum (Glorieta) and
(Grayburg-San Andres) Pools
Lea County, New Mexico

Commissioner of Public Lands
State Land Office
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Attention: Oil & Gas Division

Gentlemen:

Phillips Petroleum Company respectfully requests an exception to Statewide Rule 303-A, under the provisions of Statewide Rule 303-3, to surface commingle the production on our M. E. Hale lease located in Lea County, New Mexico. We are requesting commingling of the production from Well No. 7, which is producing from the Vacuum-Glorieta, with the production from eleven wells producing from the Vacuum-Grayburg-San Andres.

Detailed information as to gravities, the values thereof, and volumes of the production from each pool is attached. A schematic diagram of the proposed installation; a plat of the M. E. Hale lease, showing location of all wells and the pool from which they produce, is also attached.

If any additional information is required, please contact the undersigned at the letterhead address or call (915) 367-1488.

Your consideration and approval is appreciated.

Sincerely,

Larry M. Sanders
Regulation and Proration Supervisor

LMS/sdb
REG3.1/hale2

Attachments

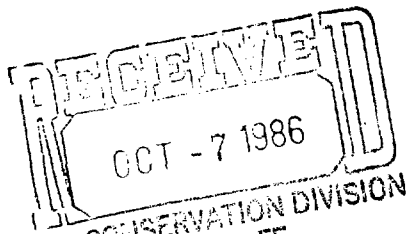


PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP

October 3, 1986



Surface Commingling
M. E. Hale Lease
Vacuum (Glorieta) and
(Grayburg-San Andres) Pools
Lea County, New Mexico

New Mexico Department of Energy (3)
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Attention: R. L. Stamets
Director

Gentlemen:

Phillips Petroleum Company respectfully requests an exception to Statewide Rule 303-A, under the provisions of Statewide Rule 303-B, to surface commingle the production on our M. E. Hale lease located in Lea County, New Mexico. We are requesting commingling of the production from Well No. 7, which is producing from the Vacuum-Glorieta, with the production from eleven wells producing from the Vacuum-Grayburg-San Andres.

Detailed information as to gravities, the values thereof, and volumes of the production from each pool is attached. A schematic diagram of the proposed installation; a plat of the M. E. Hale lease, showing location of all wells and the pool from which they produce, is also attached.

If any additional information is required, please contact the undersigned at the letterhead address or call (915) 367-1488.

Your consideration and approval is appreciated.

Sincerely,

Larry M. Sanders

Larry M. Sanders
Regulation and Proration Supervisor

R-7103

LMS/sdb
REG3.1/hale

Attachments

cc: New Mexico Department of Energy
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240

Phillips Petroleum Company
M. E. Hale Lease
Lea County, New Mexico

Surface Commingling
Vacuum-Glorieta and
Vacuum Grayburg-San Andres Pools

Gravities and volumes prior to surface commingling

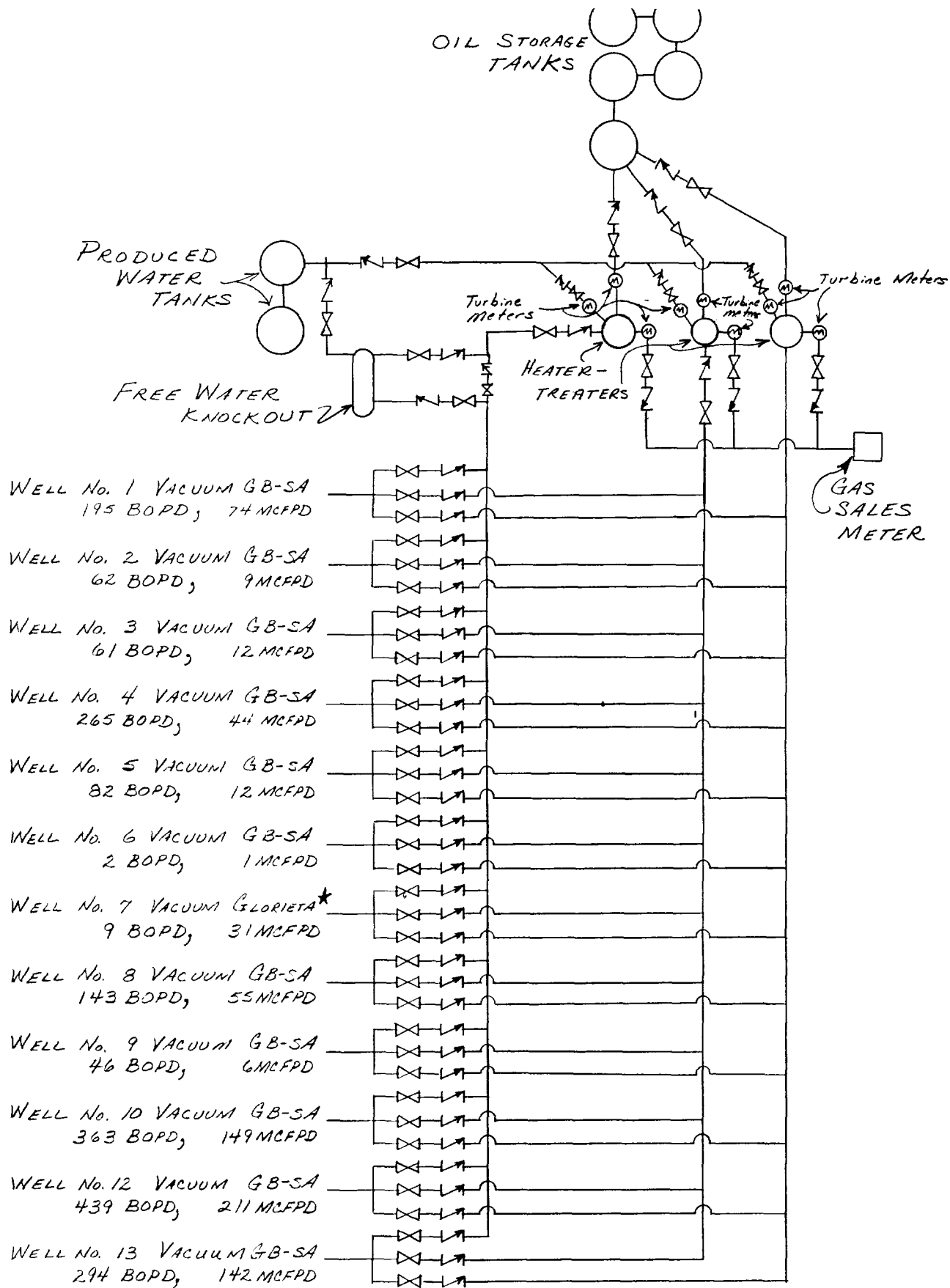
Pool	Gravity	Volume	\$/Bbl.
Grayburg-San Andres (sour)	38°	1963 BOP/D	13.70
Glorieta (sweet)	35.9°	8 BOP/D	13.90

Gravity and volume after surface commingling

Pool	Gravity	Volume	\$/Bbl.
Grayburg-San Andres-Glorieta	38°	1971 BOP/D	13.70

There will be no reduction in the value of the production from the Grayburg-San Andres pool. The value of the production from the Glorieta pool will decrease by \$0.20 per barrel for an overall decrease of the commingled production from both pools of approximately \$1.60 per day.

LS/1sw
REG3.1/hale1



PHILLIPS PETROLEUM COMPANY

M. E. HALE LEASE

*Proposed Commingle of Vacuum Glorieta with Vacuum GB-SA

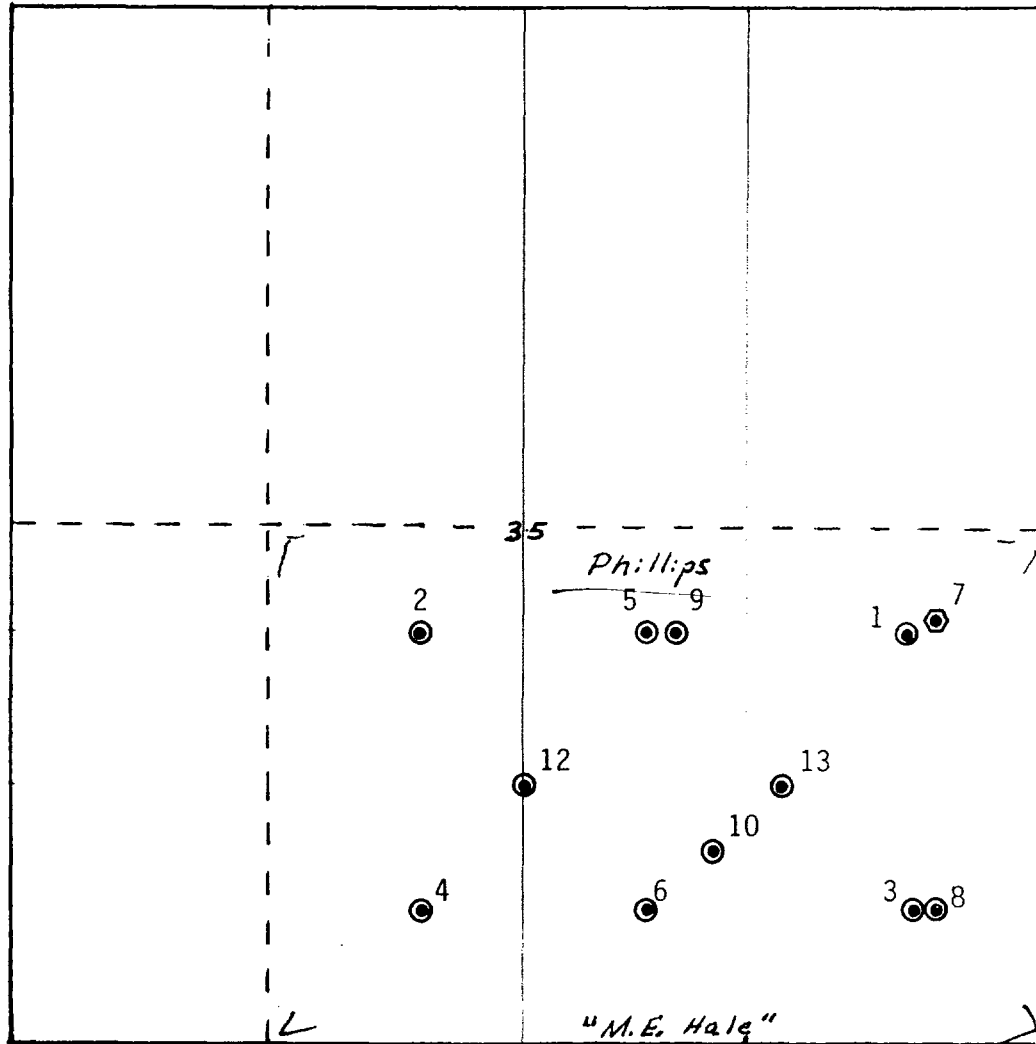
September 9, 1986
No Scale

STATE LEASE^H



B-2317-1-A

SECTION 35, T-17-S, R-34-E,

LEA COUNTY, NEW MEXICO

LEGEND

- Wells producing from Vacuum Grayburg-San Andres
- ⊙ Well producing from Vacuum Glorieta.

NO.	REVISION	BY	DATE	CHKD	APP'D
FOR BIDS	 PHILLIPS PETROLEUM COMPANY 			J.A. NO.	FILE CODE
FOR APPR	BARTLESVILLE, OKLAHOMA			AFE NO.	SCALE
FOR CONST	M. E. HALE LEASE			1"=1000'	
DRAWN 9/8/86	CHA	Proposed commingle of Vacuum Glorieta production with Vacuum Grayburg-San Andres production.			DWG NO.
CHECKED					SH NO.
APP'D					