



ENCLOSURE

MAR 9 1993

NR  
OXY USA INC.

Box 50250, Midland, TX 79710

March 10, 1993

New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Attention: Mr. David R. Catanach

**Re: Surface Commingling on our Hodges "B" Lease,  
North Justis Field, SW/4 Sec 1-25S-37E, Lea  
County, New Mexico**

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Dear David:

OXY USA Inc. respectfully requests that Administrative Order PC-43 be amended to allow us to surface commingle the Blinebry, Devonian, Drinkard and Fusselman pools in the North Justis field from any well on our Hodges "B" lease. A copy of the latest version of Order PC-43 is attached. Because all of the wells are marginal, we further request that periodic well tests be used as the basis for such commingling. Granting of this request will enable OXY to pursue additional recompletions and deepenings on the Hodges "B" lease and eliminate the need for separate facilities or additional requests for amendments of Administrative Order PC-43.

Recently the #3 well was recompleted in the Drinkard. Prior to this, the wells on the Hodges "B" lease were produced from the Blinebry, Fusselman and Devonian. All of the Blinebry production flowed into one battery, while the Fusselman and Devonian were produced and commingled in another battery. The successful recompletion of the #3 well creates opportunities for additional testing of the Drinkard in other wells on the Hodges "B" lease. OXY also plans to deepen one wellbore to the Devonian later this year.

Periodic well testing of the separate pools can be accomplished by producing a well through a portable test unit. A newly recompleted well can be produced to one tank battery until a stabilized rate has been obtained, while the others are commingled into the other tank battery. OXY USA Inc. owns 100% of the working interest in the Hodges "B" lease, and all pools in these wells have the same royalty interest.

A table is attached which shows the current production volumes and oil gravities from the wells on the Hodges "B" lease. The price paid for the oil is based on West Texas Intermediate. A \$0.02 per degree penalty is imposed on oil having a gravity less than 40. As shown in the attached table, no reduction in value is anticipated as a result of commingling the oil from these different pools.

If you require any additional information, please call the undersigned @ 915/685-5821 or Richard E. Foppiano @ 915/685-5913. Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert P. Elliott". The signature is fluid and cursive, with a large, stylized "R" and "E".

Robert P. Elliott  
Operations Engineer  
Western Region - Midland

RPE/ref

Attachments:

1. Copy of Administrative Order PC-43, dated 6/18/65
2. Plat of Hodges "B" lease showing wells and pools.
3. Plat of Hodges "B" lease showing wells and tank battery.
4. Commingling facility flow schematic.
5. Table of production volumes and API gravities.

cc: Mr. Jerry Sexton, Hobbs District Office, w/attachments  
CWP/RDH  
R. Foppiano  
D. Stewart  
RPE  
Well File

*file - Hodges B - 12*

GOVERNOR  
JACK M. CAMPBELL  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission



LAND COMMISSIONER  
GUYTON B. HAYS  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

P. O. BOX 2088  
SANTA FE

June 18, 1965

Cities Service Oil Company  
P. O. Box 97  
Hobbs, New Mexico

Attention: Mr. E. Y. Wilder

Amendment  
Administrative Order PC-43

Gentlemen:

Reference is made to your letter dated June 15, 1965, wherein you request an amendment to Administrative Order PC-43 which as amended authorized the commingling of Ellenburger, Devonian, McKee, Fusselman, and Drinkard production underlying your Hodges Lease, North Justis Field, Lea County, New Mexico, after separately metering the production from each pool.

It is our understanding that the commingling installation is at present handling North Justis Fusselman and North Justis Devonian production from three wells and that all of the wells are of marginal nature; you therefore wish to commingle on the basis of periodic well tests.

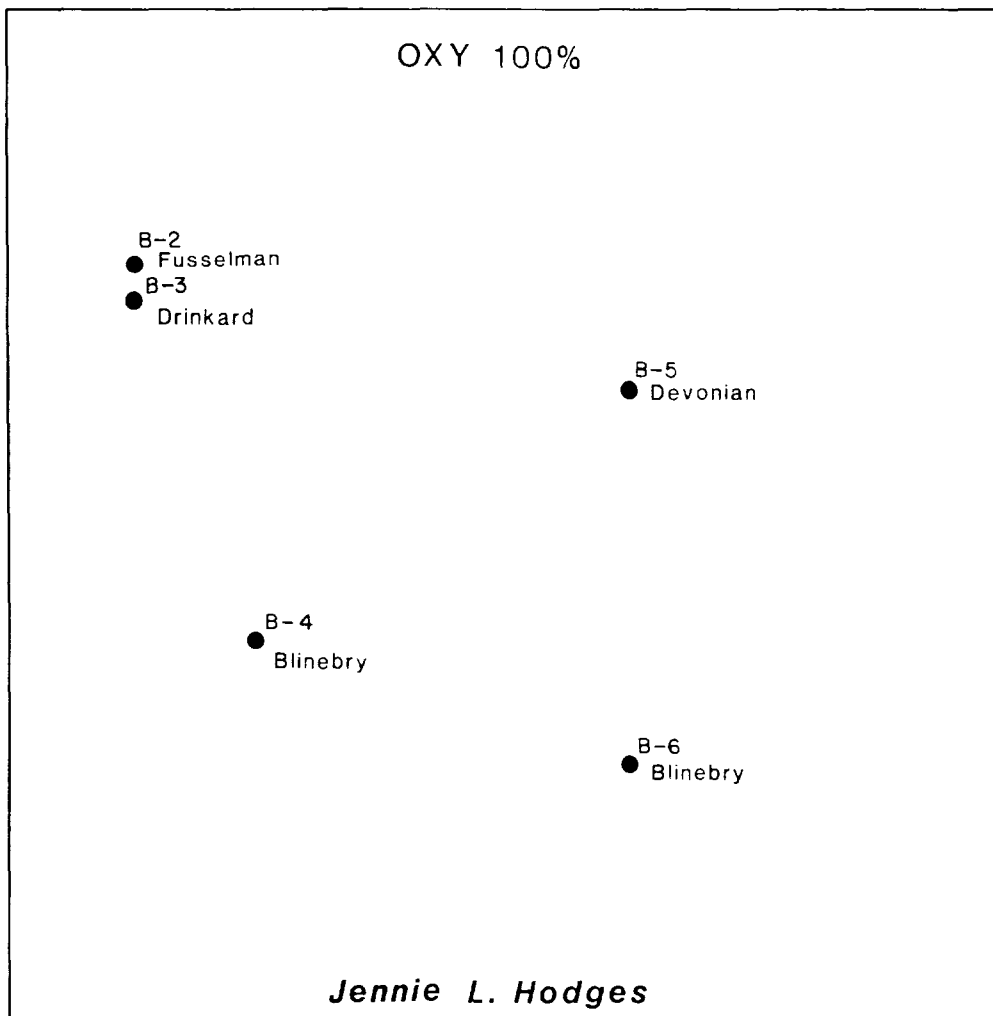
Administrative Order PC-43 is hereby amended to permit the commingling of North Justis Fusselman production from your Hodges "B" Well No. 3 and North Justis Devonian production from your Hodges "B" Wells Nos. 4 and 5, allocating the production to each on the basis of periodic well tests. Please notify the Commission in the event that any well in either of the aforesaid pools becomes capable of top allowable production.

Very truly yours,

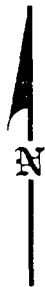
*A. L. Porter, Jr.*  
A. L. PORTER, Jr.  
Secretary-Director

ALP:DSN:sg

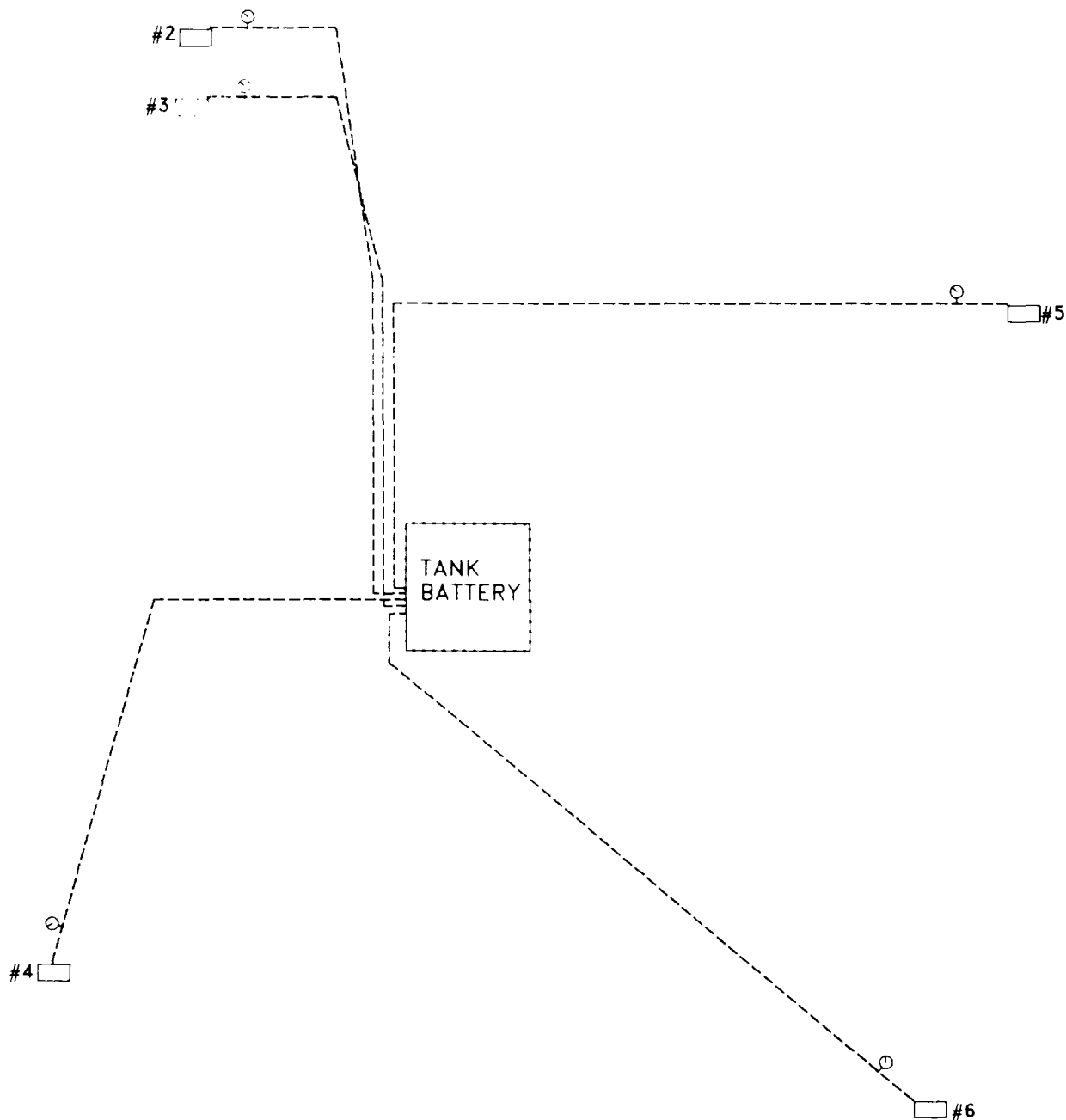
cc: Oil Conservation Commission (with enclosure) - Hobbs  
Oil & Gas Engineering Committee - Hobbs



HODGES "B" LEASE  
SW/4, SEC.1  
T-25-S , R-37-E  
NORTH JUSTIS FLD, LEA CO., NM  
SCALE: 1" = 500'



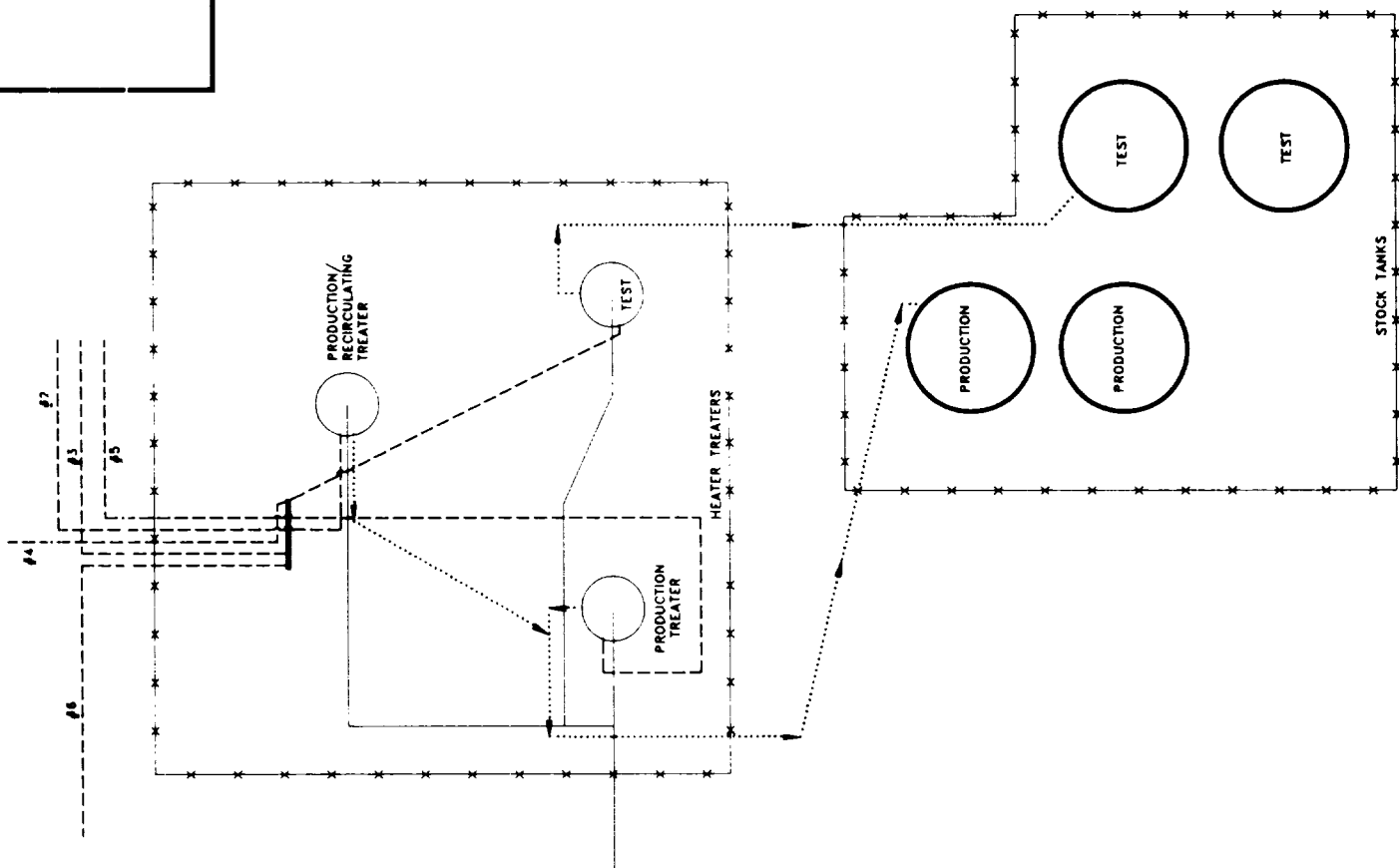
**HODGES "B" LEASE**  
**SW/4 SEC. 1, T-25S, R37E**  
**LEA COUNTY, NEW MEXICO**  
**NORTH JUSTIS FIELD**



**LEGEND**

Flow Meter

**HODGES "B" LEASE**  
 SW/4 SEC. 1, T-25S, R37E  
 LEA COUNTY, NEW MEXICO  
**NORTH JUSTIS FIELD**



---x---	FENCE
---	GAS LINES
----	FLOW LINES (From Well)
.....	FLOW LINES (Fill Line To Tanks)
○	HEATER/TREATER
○ #3	STOCK TANK

Hodges "B" Lease  
Production Volumes  
and API Gravities

Well No.	Zone	BOPD	API	BWPD	*Penalty (\$/bbl)
E #2	Fusselman	15	35.8	280	\$0.08
E #3	Drinkard	10	34.8	30	\$0.10
E #4	Blinebry	8	37.2	111	\$0.06
E #5	Devonian	12	36.7	210	\$0.07
E #6	Blinebry	1	37.2	12	\$0.06

\* Oil price based on 40 API WTI.  
\$0.02/degree API Penalty

If wells produce into separate tanks:

Well No.	Daily Penalty (\$)
E #2	\$1.26
E #3	\$1.04
E #4	\$0.45
E #5	\$0.79
E #6	\$0.06

Total:               \$3.60 per day

If all wells are commingled:

Commingled oil API gravity:               36.1 API

Commingled daily penalty:               \$3.60 per day

JOSEPH BERRY  
NORTH JOSIAS DEANMAN  
JOSIAS TABB DEANMAN  
NORTH JOSIAS FOSSEMAN