

Gulf Oil Exploration and Production Company

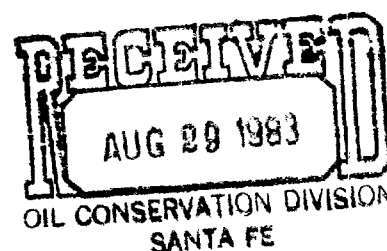
R. C. Anderson
PRODUCTION MANAGER
HOBBS AREA

August 23, 1983

P. O. Box 670
Hobbs, NM 88240

Re: Lea "VF" State Tank Battery
Section 16-T14S-R33E
Lea County, New Mexico
Proposed Surface Commingling
of Production from the Lea "CK"
State (NCT-B) and Lea "VF" State
Leases

Mr. Joe D. Ramey
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501



Dear Sir:

In order to avoid considerable expense in constructing and maintaining a new tank battery for the subject lease, Gulf hereby seeks an exception to Rule 309A. This will allow Gulf to commingle production from the Lea "CK" State (NCT-B) and Lea "VF" State Leases. All wells will be tested periodically for allocation of production.

The attached tabulation shows the volumes, gravities and monetary values of the liquid hydrocarbons from individual leases, as well as commingled production. The tabulation also shows total average daily production for a 2 month period and the results of recent production tests for the new completion. The calculated revenue from the commingled production is approximately 64 cents per day more than the total revenue from the individual leases.

Also attached is a schematic diagram of the storage facilities for the commingled production and a lease plat. Gulf Crude Supply and Transportation has agreed to purchase the commingled production as proposed herein.

The commingling proposal is in the interest of conservation in that it prevents unnecessary waste and production expense.

Yours very truly,

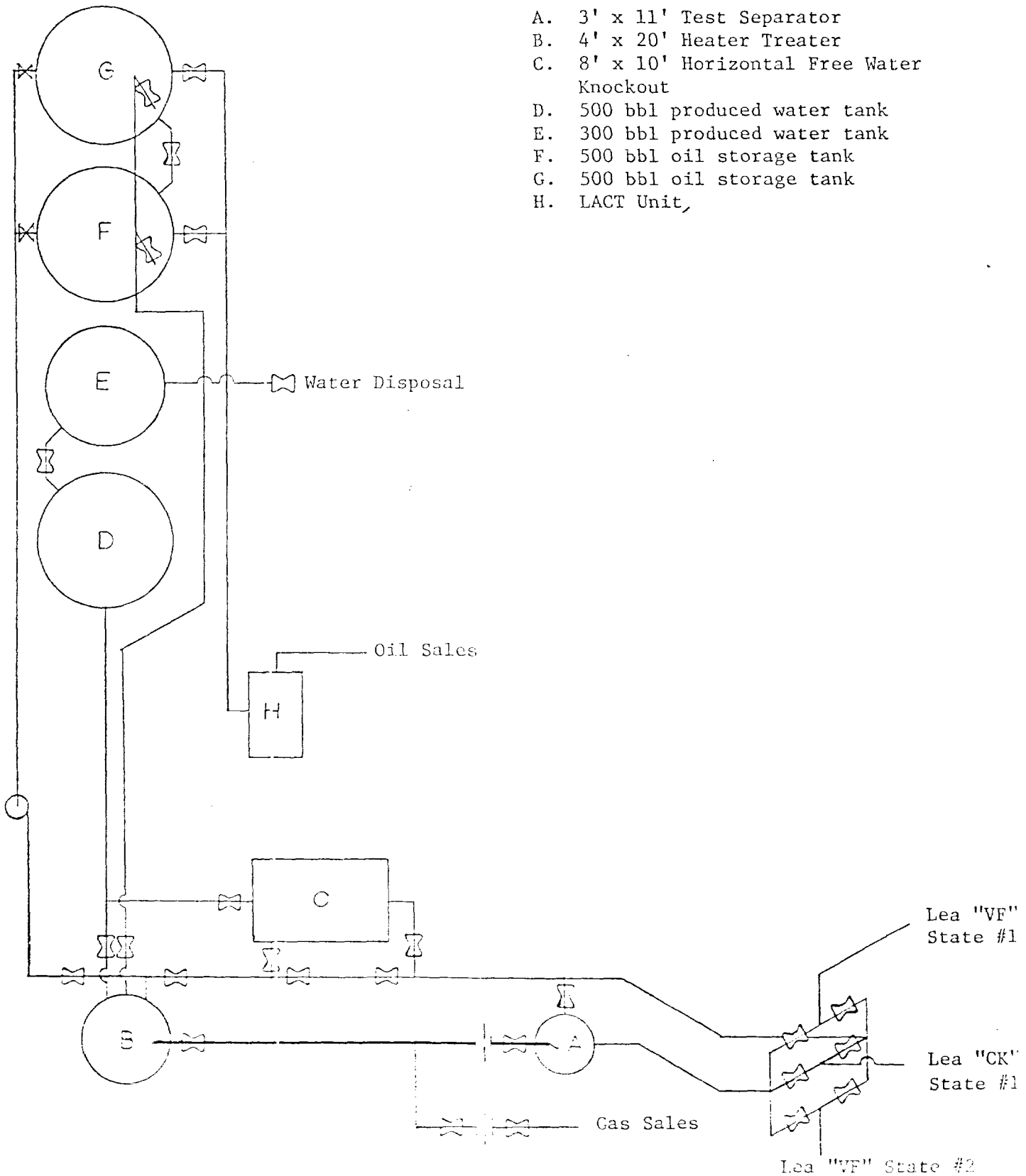

R. C. ANDERSON

CNB/skc



cc: Oil Conservation Division-Hobbs
J. R. Frank-Midland

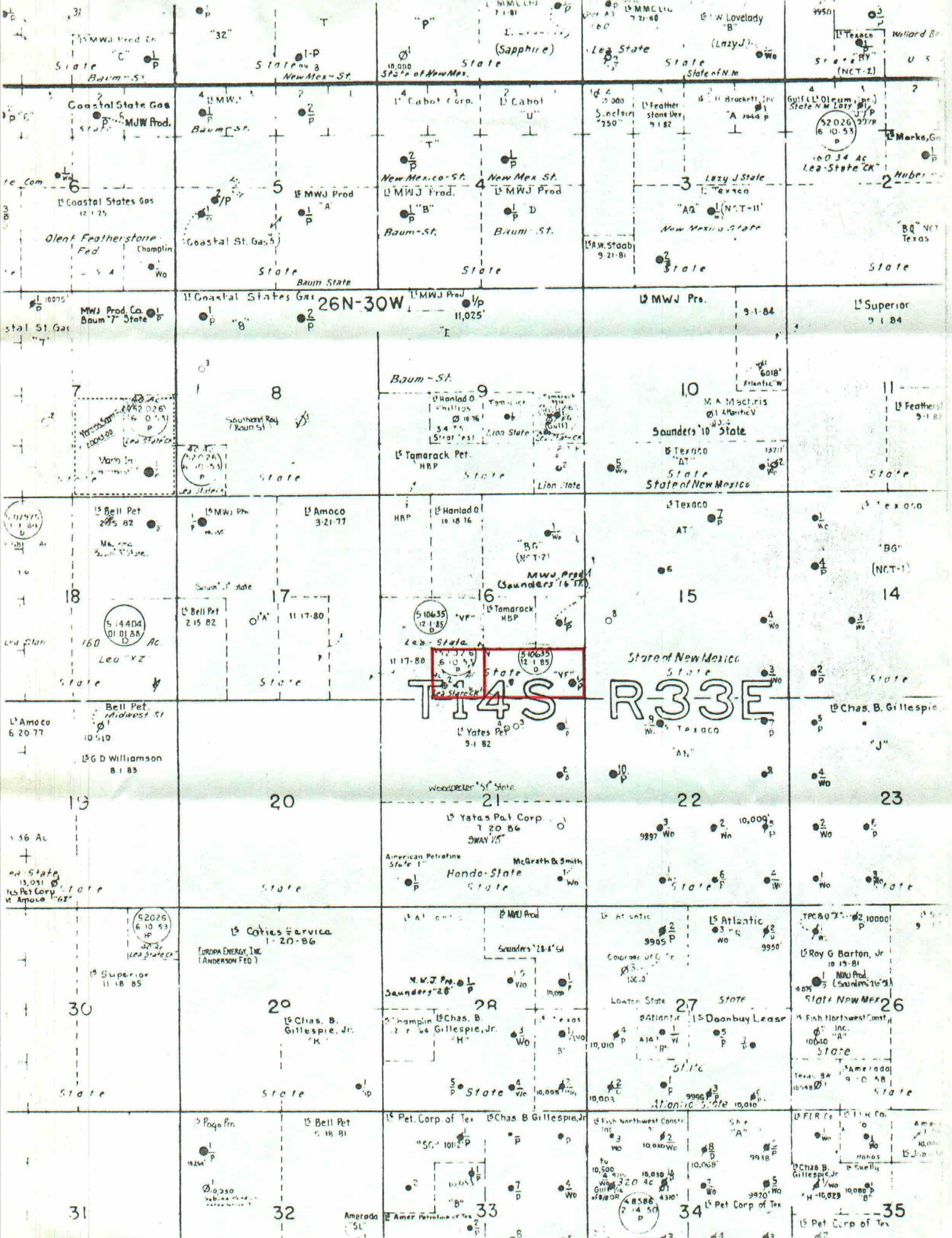
LEA "VF" STATE TANK BATTERY
 Section 16-T14S-R33E
 Lea County, New Mexico



Lea "VF" State Tank Battery
 Section 16-T148-R33E
 Lea County, New Mexico

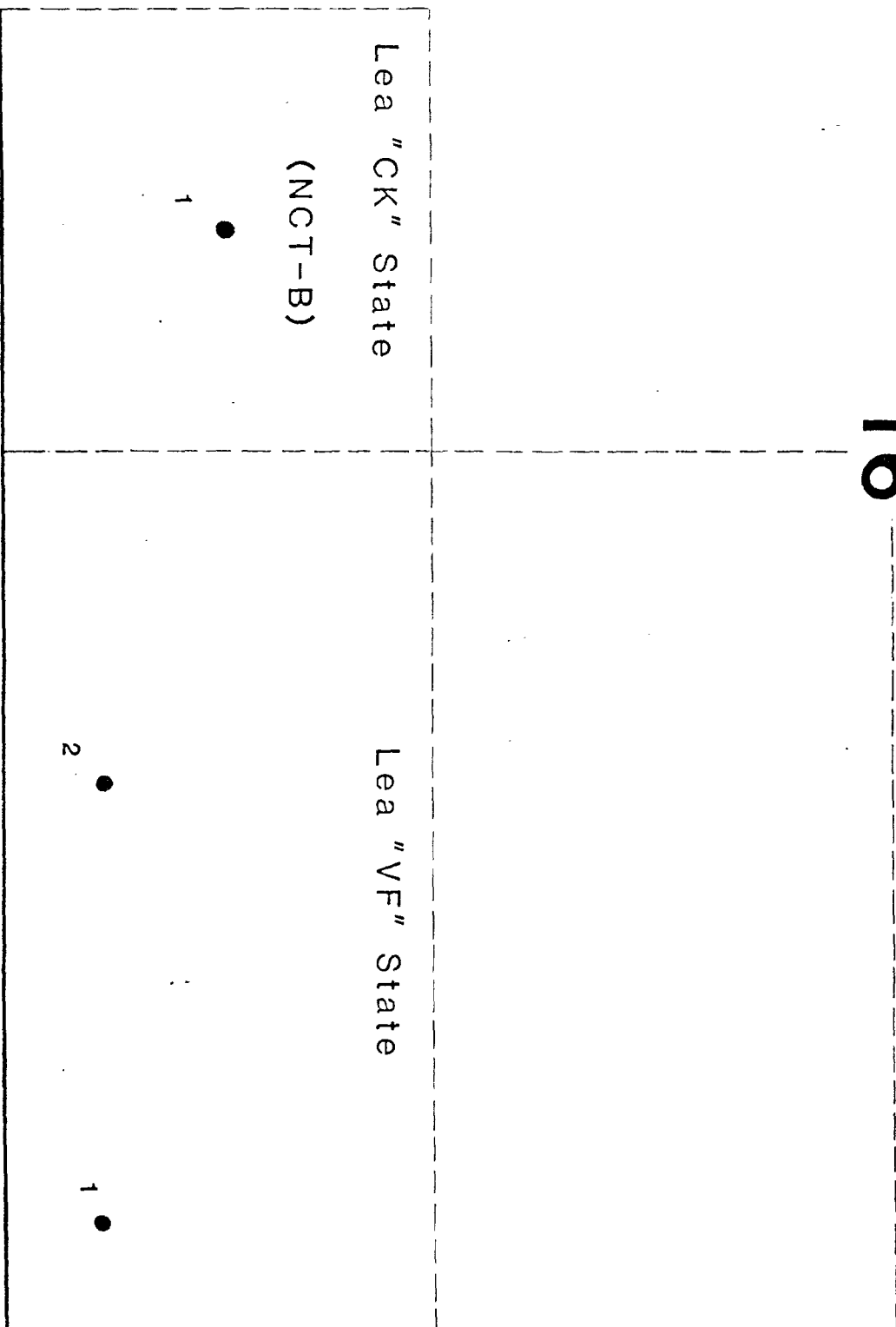
<u>Wells and Pools</u>	<u>Production</u>		<u>Total</u>	<u>Average BOPD</u>
	<u>April 83</u>	<u>May 83</u>		
Lea "CK" State (NCT-B) #1 Saunders Upper Permo Penn.				125
Lea "VF" State #1, 2 Saunders Upper Permo Penn.	5092	6415	11,507	188.6

<u>Lease</u>	<u>BOPD</u>	<u>Gravity</u>	<u>\$/Bbl</u>	<u>\$/Day</u>
Lea "CK" State (NCT-B)	125	42.8	\$29.56	\$3695.00
Lea "VF" State	188.6	42.2	29.54	5571.24
Total				9266.24
Commingled	313.6	42.4	29.55	\$9266.88
			Difference PD	0.64



Lea "CK" State (NCT-B) and Lea "VF" State
Section 16-T14S-R33E
Lea County, New Mexico

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FROM B. M. Ragsdale

TO R. C. Anderson

AT Midland

AT Hobbs

IN REPLY
REFER TO

DATE 8-17-83

Gulf Oil Corporation - Lea "VF" State Lease
- Lea "CK" State (NCT-B) Lease
Section 16-14S-33E
Saunders (Permo-Penn. Upper) Pool
Lea County, New Mexico

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Mr. Chris Bezner has advised of plans to request Oil Conservation Commission Approval to commingle production from the subject leases.

The Crude Supply and Transportation Department is agreeable to purchasing this commingled production.

B. M. Ragsdale

B. M. Ragsdale
Crude Oil Representative

BMR:cs

State of New Mexico



Commissioner of Public Lands

September 14, 1983

JIM BACA
COMMISSIONER

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

Gulf Oil Exploration and Production Company
P. O. Box 670
Hobbs, New Mexico 88240

Re: Request for permission to Surface
Commingle the oil from the Lea "CK"
State (NCT-B) and Lea "VF" leases
Lea County, New Mexico

ATTENTION: Mr. R. C. Anderson

Gentlemen:

Reference is made to your letter dated August 24, 1983, wherein you have requested approval to surface commingle the oil from the Lea "CK" State (NCT-B) Well No. 1 and the Lea "VF" State Well Nos. 1 and 2 which are currently producing from the Saunders Upper Permo Penn pool.

You are hereby given approval to the above request. Any deviation from your proposed request will be reason to cancel our approval. This approval is subject to like approval and all requirements of the New Mexico Oil Conservation Division.

Your filing fee in the amount of Ten (\$10.00) Dollars has been received.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico
OGAD-Santa Fe, New Mexico
State of New Mexico Lease Nos. LG-3224 and B-10363