

Atlantic Richfield Company North American Producing Division
New Mexico - Dona District
Post Office Box 1710
Hobbs, New Mexico 88240
Telephone 505 393 7163

RF



January 22, 1975

U. S. Geological Survey (3)
P. O. Drawer U
Artesia, New Mexico 88210

Attn: Mr. J. A. Knauf

Re: Atlantic Richfield Company
H. E. West A Lease
LC 029426(a) Tract A & B
Grayburg Jackson Field
Request for change in allocation
of production by periodic test
instead of metered volumes.

Dear Sir:

We respectfully request permission to change the method for allocation of production on our H. E. West A Lease. Presently, we are allocating production by metered volumes. This was necessary in the past because the volume of oil production was affected by royalty. Tract A has a 12½% royalty and Tract B has a sliding scale royalty from 12½% to 25% depending on the volume of production. It is our understanding that the 12½% royalty rate on Tract B applies until the oil production is over 100 BOPD.

The two tracts in this lease have marginal producing wells. The H. E. West A Lease has been in the Keel West waterflood for over ten years. Production is now in the final stages before being abandoned. Since the two tracts in this lease have marginal producing wells, we are experiencing problems in having enough gas to fire the heater treaters. By combining the production and allocating production from periodic tests, we will be able to continue producing the wells in the two tracts. The status of the wells in the two tracts is as follows:

Tract A

- 4 Water Injection well
- 5 Pumping about 10 BOPD & 52 BWPD
- 6 Pumping about 3 BOPD & 53 BWPD
- 8 Water Injection well
- 9 Water Injection well
- 11 S.I. prior to P & A
- 12 S.I. prior to P & A

Mr. J. A. Knauf
Page 2
January 22, 1975

Tract B (sliding scale royalty)

2 Pumping about 5 BOPD and 2 BWPD
7 Water Injection well
10 S.I. prior to P & A
13 Water Injection well

We have three producing wells left on the lease. Since we do not foresee any possibilities of remedial work to increase production, we are requesting that we produce the three wells through one production heater treater and allocate production based on monthly tests. This method of production will enable us to have enough gas to fire the heater treaters and not prematurely abandon the wells on this lease.

If production should increase on Tract B where the royalty would be affected, we will return to the metered method of allocating production.

Enclosed are sketches of the H. E. West A Lease and the proposed schematic drawing of the lease facilities.

If this proposal meets with your approval, we will then request approval from the New Mexico Oil Conservation Commission before proceeding with this proposal.

Yours very truly,



L. C. Hudry

LCH:rm

Enclosure

cc: U.S.G.S.-Roswell (3)
Attn: Mr. C. Traywick

N.M.O.C.C.-Artesia
Attn: Mr. W. Gressett

Mr. G. Ricks-Hobbs
Mr. B. Leggott-Midland

AtlanticRichfieldCompany North American Producing Division
New Mexico-Arizona District
Post Office Box 710
Hobbs, New Mexico 88240
Telephone 505 393 7163



February 3, 1975

New Mexico Oil Conservation Commission
P. O. Drawer DD
Artesia, New Mexico 88210

Attn: Mr. W. A. Gressett

CF

ACT 58

R-1959

Re: Atlantic Richfield Company
H. E. West A Lease
LC 029426(a) Tract A & B
Grayburg Jackson Field
Request for change in allocation
of production by periodic test
instead of metered volumes.

Dear Sir:

We respectfully request permission to change the method for allocation of production on our H. E. West A Lease. Presently, we are allocating production by metered volumes. This was necessary in the past because the volume of oil production was affected by royalty. Tract A has a 12½% royalty and Tract B has a sliding scale royalty from 12½% to 25% depending on the volume of production. It is our understanding that the 12½% royalty rate on Tract B applies until the oil production is over 100 BOPD.

The two tracts in this lease have marginal producing wells. The H. E. West A Lease has been in the Keel West waterflood for over ten years. Production is now in the final stages before being abandoned. Since the two tracts in this lease have marginal producing wells, we are experiencing problems in having enough gas to fire the heater treaters. By combining the production and allocating production from periodic tests, we will be able to continue producing the wells in the two tracts. The status of the wells in the two tracts is as follows:

Tract A

- 4 Water Injection well
- 5 Pumping about 10 BOPD & 52 BWPD
- 6 Pumping about 3 BOPD & 53 BWPD
- 8 Water Injection well
- 9 Water Injection well
- 11 S.I. prior to P & A
- 12 S.I. prior to P & A

Mr. W. A. Gressett
Page 2
February 3, 1975

Tract B (sliding scale royalty)

2 Pumping about 5 BOPD and 2 BWPD
7 Water Injection well
10 S.I. prior to P & A
13 Water Injection well

We have three producing wells left on the lease. Since we do not foresee any possibilities of remedial work to increase production, we are requesting that we produce the three wells through one production heater treater and allocate production based on monthly tests. This method of production will enable us to have enough gas to fire the heater treaters and not prematurely abandon the wells on this lease.

If production should increase on Tract B where the royalty would be affected, we will return to the metered method of allocating production.

Approval for this method of allocation has been received from the United States Department of the Interior-Geological Survey. Attached is a copy of their letter approving the method of allocation.

Enclosed are sketches of the H. E. West A Lease and the proposed schematic drawing of the lease facilities.

If this proposal meets with your approval, we will proceed with this work.

Yours very truly,



L. C. Hudry

LCH:rm

Enclosure

cc: U.S.G.S.-Artesia N.M.O.C.C.-Santa Fe
Attn: Mr. J. A. Knauf Attn: Mr. A. L. Porter, Jr.

U.S.G.S.-Roswell Mr. G. Ricks-Hobbs
Attn: Mr. C. Traywick Mr. B. Leggott-Midland



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer U
Artesia, New Mexico 88210

January 30, 1975

Atlantic Richfield Company
Post Office Box 1710
Hobbs, New Mexico 88240

Gentlemen:

By letter of August 28, 1963, the Geological Survey approved your application to commingle production from the following two tracts under your H. E. West "A" lease, oil and gas lease LC 029426(a) in T. 17 S., R. 31 E., Eddy County, New Mexico, and to allocate commingled production by metering and deducting Tract "B" production from gross production:

Tract "A" - 12 $\frac{1}{2}$ % Royalty

Sec. 3: NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$
Sec. 4: SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$

Tract "B" - Schedule "C" Royalty (12 $\frac{1}{2}$ - 25%)

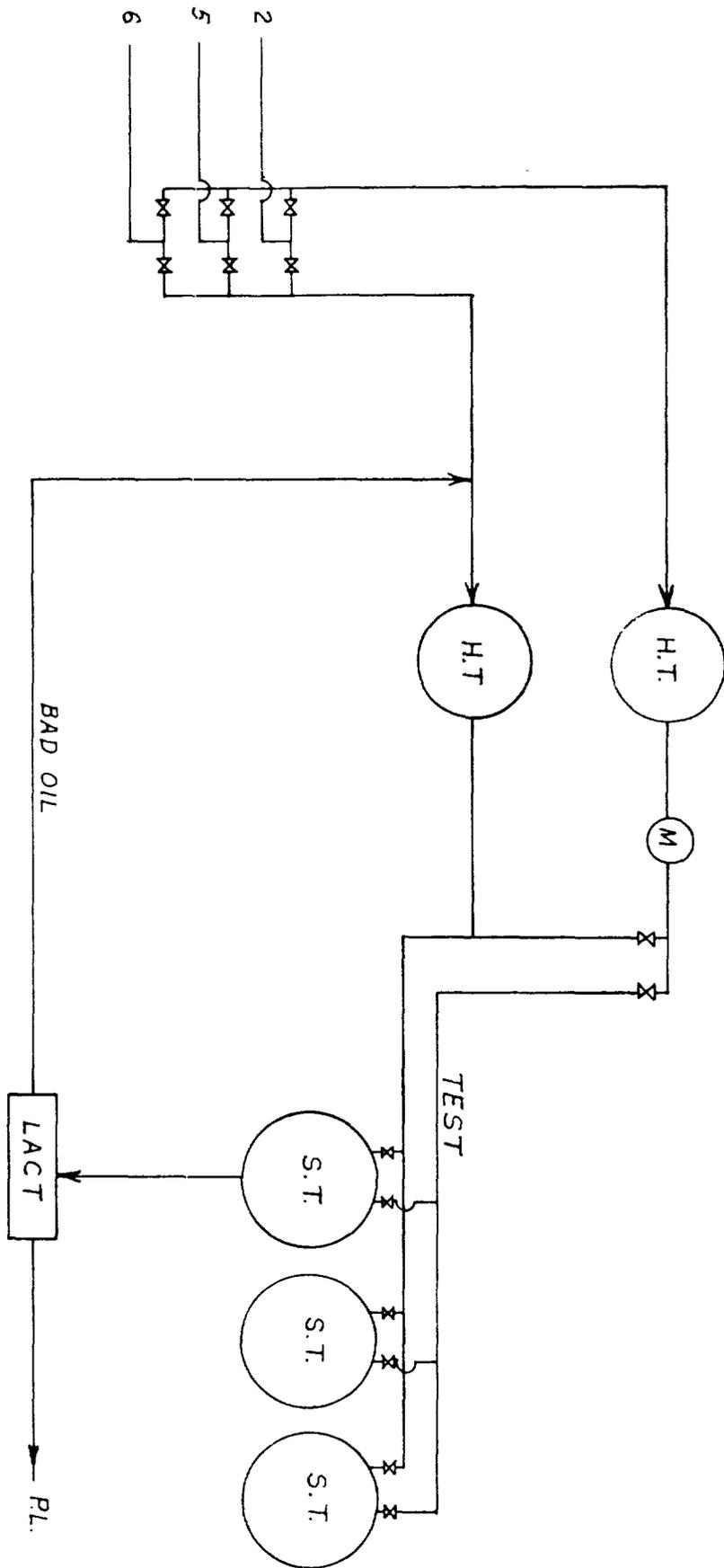
Sec. 3: N $\frac{1}{2}$ NW $\frac{1}{4}$
Sec. 4: N $\frac{1}{2}$ NE $\frac{1}{4}$

Your letter of January 22, 1975, requests approval to change the method of allocating the commingled production from the two tracts in the lease. You now propose to base allocation on monthly tests. The proposed change in the method of measuring, as outlined in your application, is hereby approved subject to New Mexico Oil Conservation Commission approval.

Sincerely yours,

Robert L. Beekman
Assistant District Engineer

cc: Roswell
NMOCC, Santa Fe

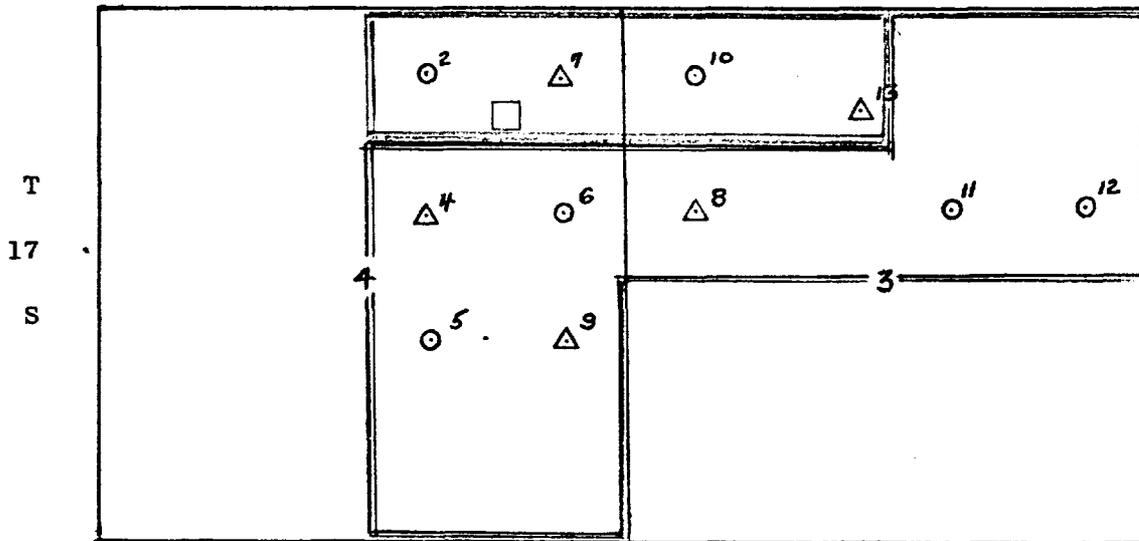


ATLANTIC RICHFIELD COMPANY
 H. E. WEST A LEASE
 GRAYBYRG JACKSON FIELD
 SCHEMATIC OF LEASE FACILITIES

Atlantic Richfield Company

H. E. West A Lease

Grayburg Jackson Field



R - 31 - E

Tract A-12 $\frac{1}{2}$ % Royalty (Outlined in red)

Tract B-12 $\frac{1}{2}$ % to 25% Royalty (Outlined in green)

4
ARCO
"H E West"
"B"



5

7



27

U.S.

TRACT B - 12 1/2% TO 25 %
ROYALTY
2⁵ BWPD
2 BWPD
ARCO
"H E West"
"A"



6
23 BOPD / 12 BWPD

5
13 BOPD / 117 BWPD



TRACT A - 12 1/2% ROYALTY

U.S.

ROYALTY

10
S.I.



11
S.I.

12
S.I.

3



ARCO
"West"
"B"



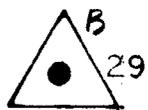
16

U.S.

18

25

8



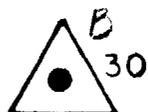
ARCO
"H E West"
"B"



12



9



U.S.

22-X
22
3751

2

13

10

15



14

21

Atlantic Richfield Company
North American Producing Division
Permian District Midland, Texas

H.E. WEST "A" LEASE

GRAYBURG JACKSON FIELD

AVERAGE DAILY PRODUCTION

JANUARY 1975 BOPD / BWPD

By	Drawn By	Date
Date	Revised By	Date
Dept	Dwg No	

T
4483



HUDR
G. V. Richards
Hobbs

March 21, 1975

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

Attn: Mr. D. S. Nutter, Chief Engineer

Re: Application for Administrative Approval
to Commingle Production
Atlantic Richfield Company
H. E. West "A" Lease
Sections 3 & 4, T-17S, R-31E
LC 029426 (a) Tract A & B
Grayburg-Jackson Field
Eddy County, New Mexico

Gentlemen:

Atlantic Richfield requests permission to commingle at the surface, the production from our H. E. West "A" Lease, LC 029426 (a), in Eddy County, T-17S, R-31E. Commingling is necessary on the H. E. West "A" Lease because the total volume of oil production is affected by different royalties:

Tract "A" - 12-1/2% Royalty

Sec. 3: NE/4, S/2 NW/4

Sec. 4: SE/4, S/2 NE/4

Tract "B" - Schedule "C" Royalty (12-1/2-25%)

Sec. 3: N/2 NW/4

Sec. 4: N/2 NW/4

The H. E. West "A" Lease went under secondary recovery operations when the Keel West Waterflood was established in 1964 in the Grayburg-San Andres reservoirs. Production is now in the final stage before reaching abandonment. Attached is a plat of the West "A" Lease which shows well locations and current daily producing rates for

OCT 29 1975

New Mexico Oil Conservation Commission
Mr. D. S. Nutter, Chief Engineer
March 21, 1975
Page 2

January 1975. The Status of the wells in Tract A and Tract B are as follows:

<u>Tract A</u>	<u>Tract B</u>
# 4 - Water Injection Well	# 2 - Producer - 5 BOPD/2 BWPD
# 5 - Producer - 13 BOPD/117 BWPD	# 7 - Water Injection Well
# 6 - Producer - 23 BOPD/12 BWPD	#10 - SI Prior to P&A
# 8 - Water injection well	#13 - Water injection well
# 9 - Water injection well	
#11 - SI Prior to P&A	
#12 - SI Prior to P&A	

As can be seen in the attached plat, we have three producing wells left on the lease. In addition to combining production from these wells, we request permission to produce the three wells through one heater-treater and allocate total production, both oil and gas, based on monthly gas-oil ratio tests. Under our present operation we utilize both heater-treaters and allocated production by metered volumes (see attached diagram). Due to the decline in production, we do not have enough gas to fire both heaters. By combining the production and allocating production from monthly well tests, we can continue economically producing the wells on both tracts. We have no possibilities of remedial work to increase production at this time.

A copy of the letter from the United States Department of the Interior Geological Survey that approves this method of allocation and acknowledges our approved application to commingle production on the West "A" Lease is attached. Also attached is a plat of the West "A" Lease and a schematic of the lease facilities.

If this proposal is approved, we will proceed with the work. If you desire additional information, please advise.

Very truly yours,



J. L. Tweed, District Engineer

RMM/agg

cc: New Mexico Oil Conservation Commission, Drawer DD, Artesia, New Mexico 88210
United States Geological Survey, Drawer U, Artesia, New Mexico 88210
Mr. G. V. Ricks - Hobbs
Mr. L. C. Hudry - Hobbs