

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. Box 352
Midland, Texas

December 2, 1960

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

14-A
PC
(waiting period)
Dec 25
Re: Application for Permit to Commingle
Production, TEXACO Inc. C. P.
Falby "b" Lease, Eumont (Oil),
Penrose-Skelly and Drinkard Pools,
Lea County, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

In accordance with New Mexico Oil Conservation Commission Rule 303 (b), TEXACO Inc. hereby makes application for administrative approval of an exception to Rule 303 (a) to permit commingling operations to be conducted on the C. P. Falby "b" Lease involving liquid hydrocarbon production from the Penrose formation Eumont (Oil) Pool, the Grayburg formation Penrose-Skelly Pool, and the Drinkard formation Drinkard Pool, in support of which is stated the following:

1. TEXACO Inc. is owner and operator of the C. P. Falby "b" Lease consisting of 160 acres, being the SW/4 of Section 8, T-22-S, R-37-E, Lea County, New Mexico. Attached is a plat showing the location of all wells on this lease and the pools from which they are producing.

2. The C. P. Falby "b" Lease now contains Penrose-Skelly wells and one Eumont (Oil) well, and the C. P. Falby "b" Well No. 4 is presently being completed as a triple completion in the Eumont (Oil), Penrose-Skelly and Drinkard Pools, which will introduce initial Drinkard production on this lease. Under Administrative Order PC-114 dated July 31, 1960, TEXACO Inc. is currently commingling the Eumont (Oil) and Penrose-Skelly production on this lease. Initiation of Drinkard production makes it economically attractive to commingle the Drinkard into this same tank battery.

3. After completion of the aforementioned Well No. 4, the expected daily liquid hydrocarbon production from the Eumont will be 64 barrels of 33.5°

API gravity, from the Penrose-Skelly will be 50 barrels of 33.5° API gravity, and from the Drinkard will be 61 barrels of 35.6° API gravity. The Eumont and Penrose-Skelly oils are considered as sour at \$2.74 per barrel, and the Drinkard production is considered intermediate sweet; however, the Drinkard will be sold at the sour price of \$2.80 per barrel as there are no sweet crude gathering facilities in the area. There is no foreseeable relief from this condition in the area. Commingling these three crudes under this condition will result in a net gain of \$1.59 per day over that revenue which would be realized if sold separately.

4. The liquid hydrocarbon production from the Eumont and Penrose-Skelly reservoirs is presently being measured by positive displacement type meters prior to commingling, and TEXACO proposes installing similar metering equipment with which to measure the Drinkard prior to commingling.

5. Royalty interest in the lease is held by the U. S. Geological Survey, P. O. Box 6721, Roswell, New Mexico, to which a copy of this application is being sent this date by registered mail.

In view of the facts recited in this application, it is respectfully requested that Administrative Order PC-14 be extended to include permission for commingling the Drinkard production into the common tank battery in which the Eumont (Oil) and Penrose-Skelly production is presently being commingled. It is further requested that said Administrative Order PC-14 cover Eumont (Oil), Penrose-Skelly and Drinkard production from all wells which may be completed from these reservoirs on this lease in the future.

Yours very truly,



W. B. Hubbard
Assistant District Superintendent

IME-PCM

Attachments

TEXACO Inc.
 C. P. Falby "b" Lease
 Eumont (Oil), Penrose-Skelly and Drinkard Pools
 SW/4 of Section 8, T-22-S, R-37-E
 Lea County, New Mexico

PRODUCTION CHARACTERISTICS

<u>Item</u>	<u>Eumont</u>	<u>Penrose-Skelly</u>	<u>Drinkard</u>
Type of Crude	Sour	Sour	*Intermediate Sweet
GOR (ft.3/bbl.)	6000 (Est. Av.)	TSTM to 22,000	2000 (Est.)
Gravity (°API)	33.5	33.5	35.6

*Sold at sour crude price - no sweet pipeline available

COMINGLING STATISTICS

<u>Zone</u>	<u>Productivity (BOPD)</u>	<u>Gravity (°API)</u>	<u>Price Per Barrel</u>	<u>Revenue Per Day</u>
Eumont	64	33.5	\$2.74	\$175.36
Penrose-Skelly	50	33.5	2.74	137.00
Drinkard	61	35.6	2.80	<u>170.80</u>
				\$483.16
Eumont-Penrose- Skelly-Drinkard	175	34.3	\$2.77	<u>\$484.75</u>
				\$ 1.59 per day gain

R-37-E



R-37-E

PLAT OF TEXACO Inc. C. P. FALBY "b" LEASE AND OFFSET LEASES

Lea County, New Mexico

Scale: 1" = 2000'

LMF 6-30--60

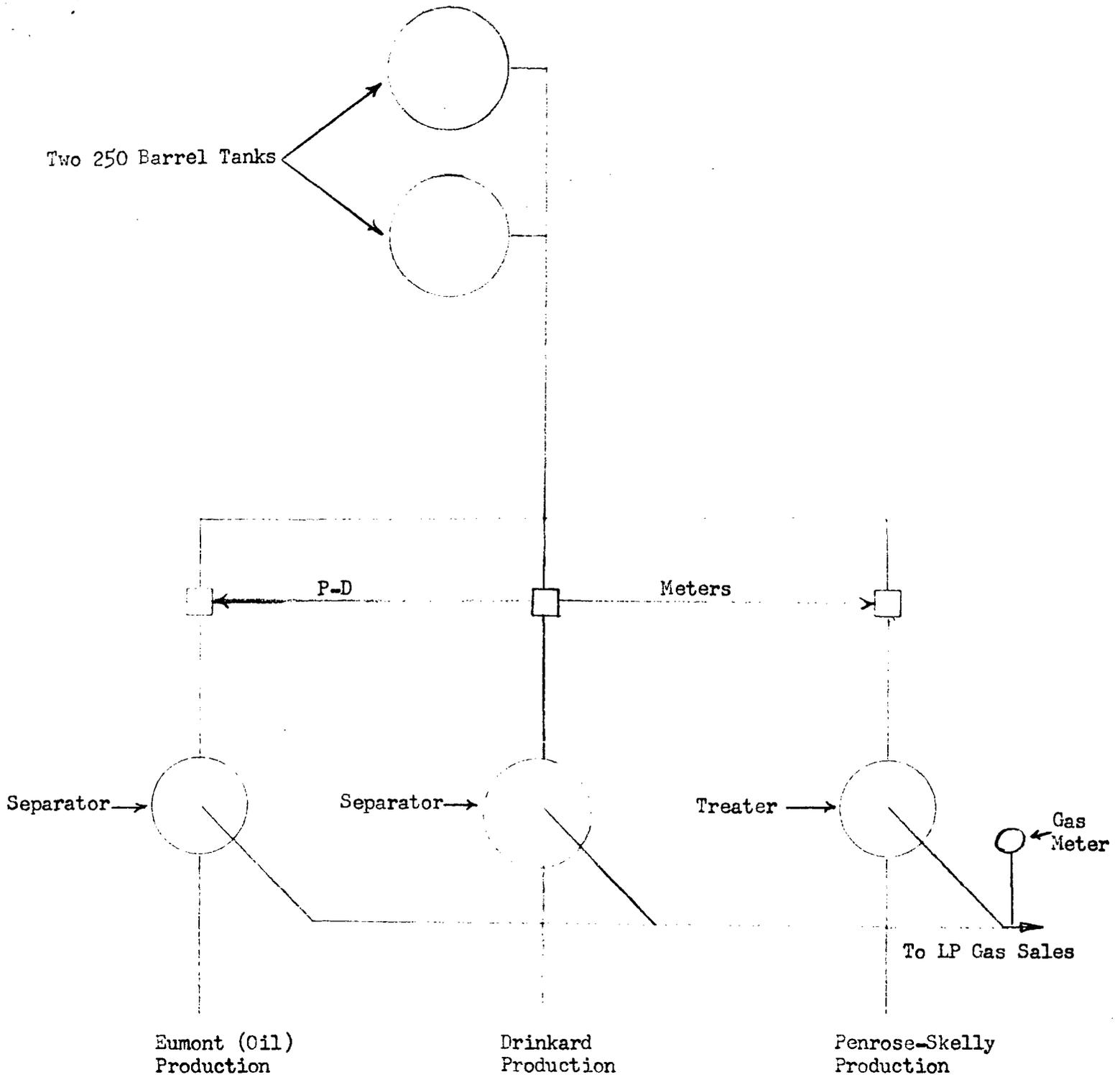
LEGEND

- PS... Penrose Skelly Pool
- E(G)... Eumont (Gas) Pool
- E(O)... Eumont (Oil) Pool
- A ... Arrowhead Pool
- D ... Drinkard Pool
- P ... Paddock Pool

OFFSET OPERATORS

- Shell Oil Co., P. O. Box 845, Roswell, N. Mex.
- Pan American Pet. Corp., Box 268, Lubbock, Tex.
- Permian Oil Co., 1223 Pet. Life Bldg, Midland, Texas
- Neville G. Penrose, Inc., Box 988, Eunice, N. M.
- Gulf Oil Corp., Drawer 669, Roswell, N. Mex.
- TP Coal & Oil Co., Box 1688, Hobbs, New Mexico
- Carper Drilling Co., Inc., 200 Carper Bldg, Artesia, N. Mex.

Schematic Diagram of Commingling Installation



TEXACO Inc.
C. P. Falby "b" Lease
Eumont (Oil), Penrose-Skelly and Drinkard Pools
Lea County, New Mexico

RECEIVED 12 11 45

OIL CONSERVATION COMMISSION

BOX 2045

HOBBS, NEW MEXICO

DATE Dec. 14, 1960

OIL CONSERVATION COMMISSION
BOX 871
SANTA FE, NEW MEXICO

Re: Proposed NSP _____

Proposed NSL _____

Proposed NFC _____

Proposed DC _____

PC X

14-A

Gentlemen:

I have examined the application dated 12/12/60
for the Texaco, Inc. C. P. Falby (b) 8-22-37 Eumont, Penrose Skelly & Drinkard
Operator Lease and Well No. S-T-R

and my recommendations are as follows:

O.K.—E.F.E.

O.K.—J.W.R.

Yours very truly,

OIL CONSERVATION COMMISSION

ANNEX 1

1. Introduction

2. Objectives

3. Methodology

4. Results

5. Discussion

6. Conclusion