

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

PC 355
wait
P. O. Box 728
Hobbs, New Mexico
July 13, 1961

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

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

Re: APPLICATION FOR PERMIT TO COMMINGLE PRODUCTION
TEXACO Inc.
C. P. Falby "a" Lease
Eumont (Oil), Penrose-Skelly, and Drinkard Pools
Lea County, New Mexico

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 "a" 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 "a" Lease consisting of 160 acres, being the NW/4 of Section 8, Township 22-S, Range 37-E, Lea County, New Mexico. Attached is a plat showing the location of all the wells on this lease and the pools from which they are producing.
2. The C. P. Falby "a" Lease now contains one Penrose-Skelly Well and two Drinkard Wells, and the C. P. Falby "a" Well No. 4 is presently being completed as a triple completion in the Eumont (Oil), Penrose-Skelly and Drinkard Pools, which will introduce initial Eumont production on this lease. Initiation of Eumont production makes it economically attractive to commingle the Eumont (Oil), Penrose-Skelly and Drinkard production into one tank battery.
3. After completion of the aforementioned Well No. 4, the expected daily liquid hydrocarbon production from the Eumont will be 34 barrels of 33.5° API gravity; from the Penrose-Skelly will be 37 barrels of 33.5° API gravity, and from the Drinkard will be 82 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

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\$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 loss of 33 cents per day over that revenue which would be realized if sold separately. However, due to the savings in capital investment and operation, this loss will be of no substance.

4. The liquid hydrocarbon production from the Drinkard and Penrose-Skelly reservoirs is presently being measured through two conventional tank batteries. Texaco proposes to install metering equipment with which to measure all three hydrocarbons and produce into one common storage.

5. Royalty interest in the lease is held by the United States 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 reviewed in this application, it is respectfully requested that administrative approval of an exception to Rule 303 (a) be granted for commingling Eumont (Oil), Penrose-Skelly, and Drinkard production on the subject lease. It is further requested that said approval 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,



H. N. Wade
Assistant District Superintendent

ODB-JC

Attachments

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

PRODUCTION CHARACTERISTICS

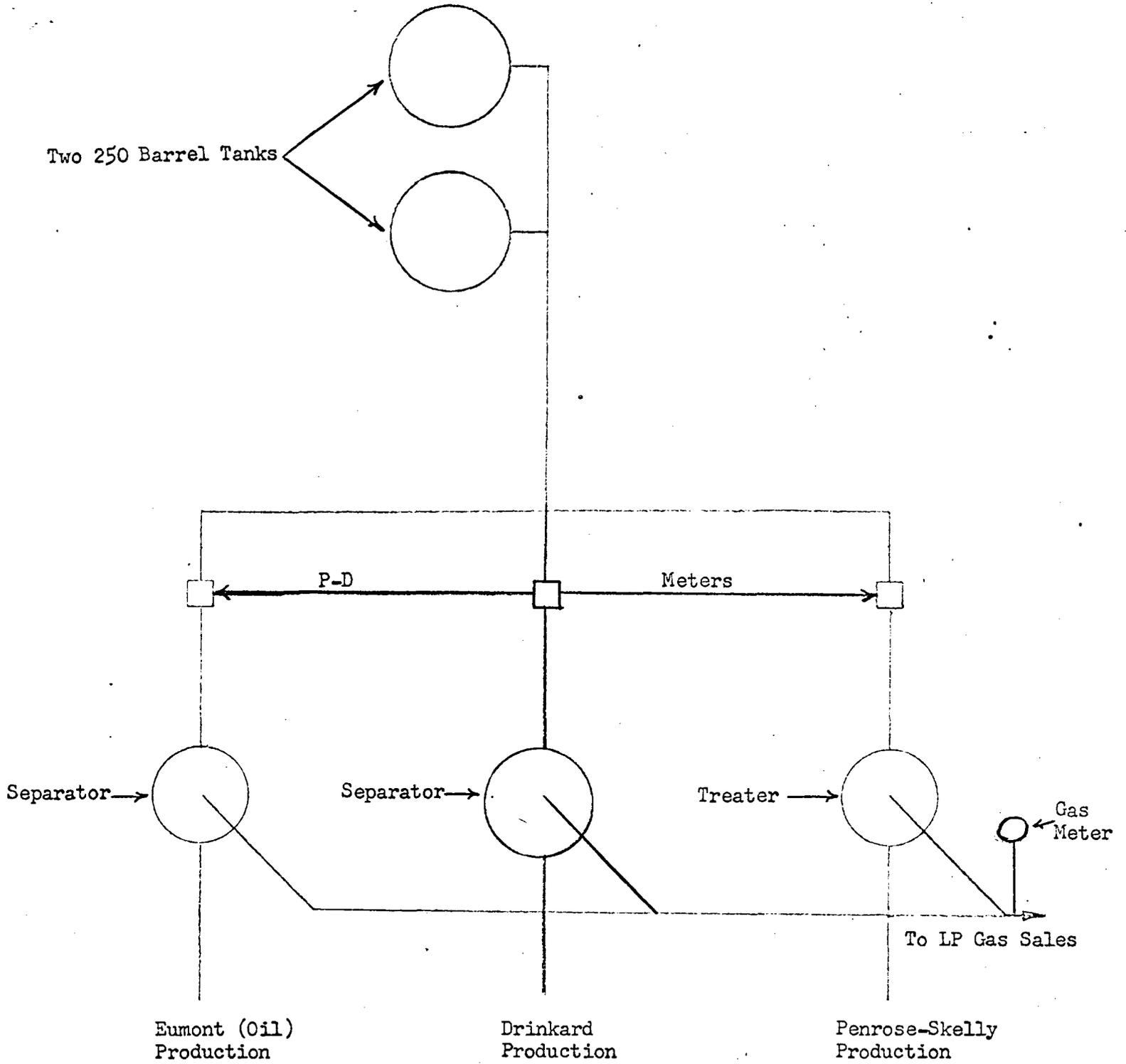
<u>Item</u>	<u>Eumont</u>	<u>Penrose-Skelly</u>	<u>Drinkard</u>
Type of Crude	Sour	Sour	*Intermediate Sweet
GOR (Cu. ft./bbl.)	6000 (Est. Av.)	TSTM to 22,000	2000 (Est.)
Gravity (°API)	33.5	33.5	35.6

* Sold at sour crude

COMINGLING STATISTICS

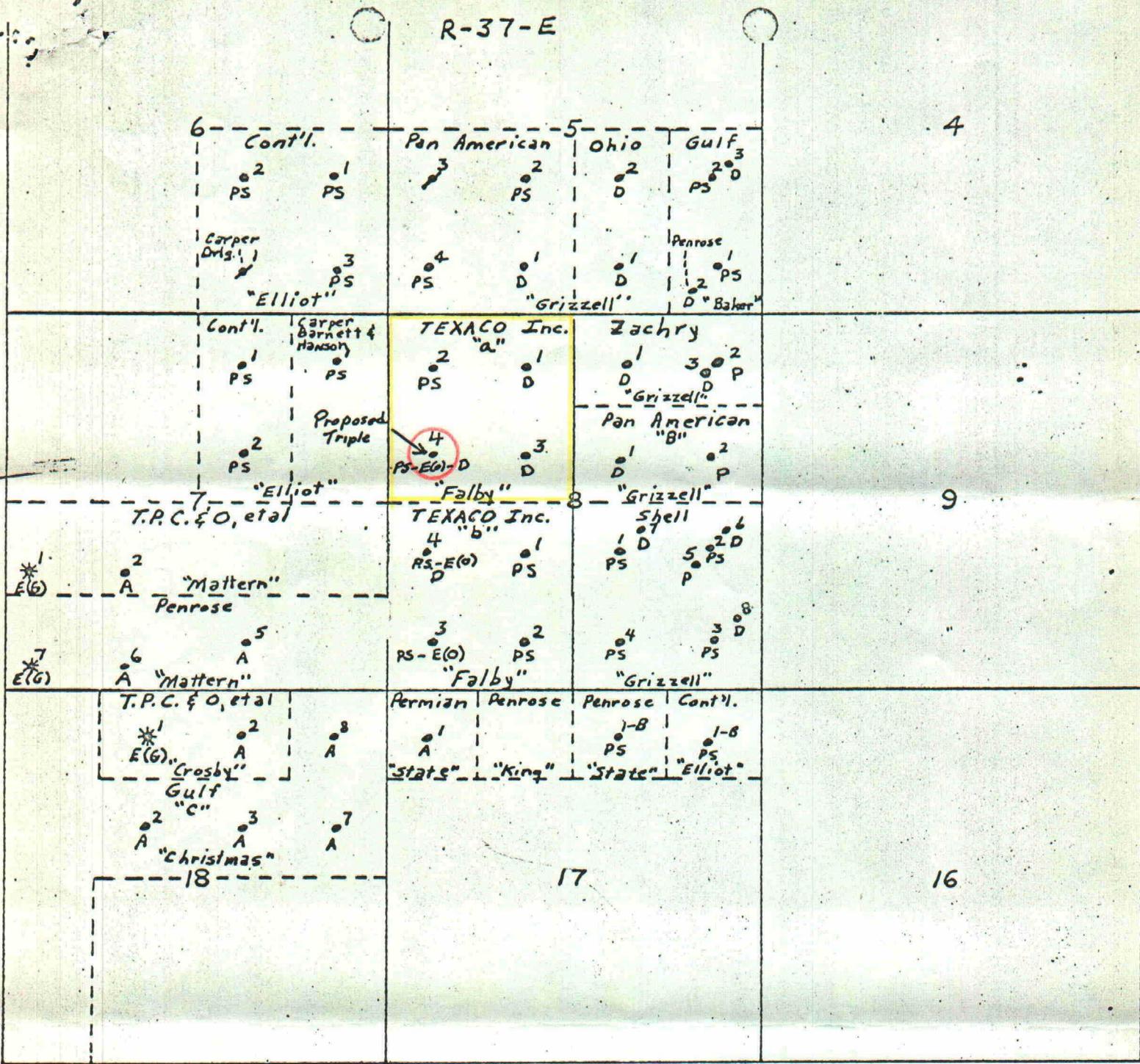
<u>Zone</u>	<u>Productivity</u> <u>(BOPD)</u>	<u>Gravity</u> <u>(°API)</u>	<u>Price Per</u> <u>Barrel</u>	<u>Revenue</u> <u>Per Day</u>
Eumont	34	33.5	\$2.74	\$ 93.16
Penrose-Skelly	37	33.5	2.74	101.38
Drinkard	82	35.6	2.80	229.60
				<u>\$424.14</u>
Eumont-Penrose- Skelly-Drinkard	153	34.7	2.77	<u>\$423.81</u>
			Net loss per day	\$.33

Schema⁺c Diagram of Commingling Installation



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

R-37-E



PLAT OF TEXACO Inc. C. P. FALBY "a" LEASE AND OFFSET LEASES
 Lea County, New Mexico
 Scale: 1" = 2000'

LEGEND

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

ODB

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OFFSET OPERATORS

- Pan American Pet. Corp., Box 268, Lubbock, Texas
- Ohio Oil Co., P. O. Box 2107, Hobbs, New Mexico
- Guy R. Zachry, 216 W. Broadway, Hobbs, New Mexico
- Shell Oil Co., Box 845, Roswell, New Mexico
- Texas Pacific Coal & Oil Co., Box 1688, Hobbs, N.M.
- Carper Drilling Co., 200 Carper Building, Artesia, NM
- Continental Oil Co., Box 68, Eunice, New Mexico

TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



P. O. Box 728
Hobbs, New Mexico

July 19, 1961

APPLICATION FOR PERMIT TO COMMINGLE PRODUCTION

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

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

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

Gentlemen:

TEXACO Inc. submitted for administrative approval an Application for Permit to Commingle Production on the subject lease dated July 13, 1961. Within the body of the Application it was stated that royalty interest in the lease is held by the United States Geological Survey, Roswell, New Mexico.

This is to advise that additional royalty interests occur which were inadvertently overlooked in the Application of July 13, and we wish to advise at this time that copies of said Application are being sent this date by registered mail to these additional interests. A list of all royalty interests in the C. P. Falby "a" Lease is attached.

Yours very truly,

J. G. Blevins, Jr.
Assistant District Superintendent

LMF-MSV

CC: NMOCC - Hobbs, New Mexico

C. P. Falby "a" Lease
ROYALTY OWNERSHIP

U. S. Geological Survey
P. O. Box 6721
Roswell, New Mexico

Col. Beverly H. Coiner
807 Ivy Lane
San Antonio 9, Texas

First Trust Company of St. Paul for
Account of B. T. Gale
St. Paul, Minnesota

First Trust Company of St. Paul for
Account of Grace D. Gale
St. Paul, Minnesota

Catherine Frances Sewell
4611 Walter Way
El Paso, Texas

Ralph Nix
c/o Nix & Curtis
314 Booker Building
Artesia, New Mexico

Harriet G. Culp
2755 Webster Street
San Francisco, California

Helen Culp Blagen
1827 Doris Drive
Menlo Park, California

James R. Anderson, Jean K. Anderson,
Noelle M. Anderson, Joseph J. Anderson and
C. Robert Anderson, as Joint Tenants with
Right of Survivorship
2340 17th Avenue
San Francisco 16, California