



SHELL OIL COMPANY

P. O. Box 1858
Roswell, New Mexico

MAIN OFFICE OCC

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January 12, 1962

Subject: Shell Oil Company Application for
amendment to Administrative Order
No. PC-47 to Permit Commingling
of Tubb oil into the existing
Drinkard-Blinebry Commingled Battery -
Carl H. Livingston Lease

*OK to include
Tubbs in
authority previously
granted by PC-47
to commingle
continuously
meter Tubb and
Blinebry
for Drinkard.*

New Mexico Oil Conservation Commission (3)
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

Application is hereby made for an amendment to Administrative Order PC-47 to permit commingling of Tubb oil into the existing Drinkard-Blinebry Battery on our Carl H. Livingston Lease, located in Sections 3 and 4, T-21-S, R-37-E, Lea County, New Mexico. The production from the Blinebry and the Tubb Pools will be continuously metered and the production from the Drinkard Pool will be obtained by the subtraction method. The existing central battery is equipped with an ACT unit. The proposed commingling will be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities".

Due to an unexpected Tubb oil completion in our Livingston No. 11 (a triple completion - reference, Case No. 2468) we propose to commingle the Tubb oil in our existing central battery. Further, if evaluations warrant continued exploitation of the Tubb Oil Pool, we may complete Livingston 12 as a Blinebry Oil-Drinkard Oil-Tubb Oil triple with three strings of 2 7/8-inch casing rather than as a tubingless dual (reference, Case No. 2467).

The economics of commingling Tubb oil into the central battery is shown on Table No. 1. It is apparent from this table that with completion of only one Tubb well, it will be economically advantageous to commingle all crudes; however, continued development of the Tubb Oil Pool will warrant additional analysis of the economic picture because two Tubb Oil Wells on the lease will possibly result in a loss of \$6 per day. Should commingling of the Tubb Zone with the Drinkard and Blinebry Pools be approved, we will study the effect on the commingled gravity. If the daily loss appears to become excessive due to a lowering of the gravity, further revisions may be necessary to handle the Tubb Zone separately. It is highly possible that future Tubb Oil completions may have higher gravity crude and would not create as much of a change in the final commingled product.

Attachment No. 1 is a plat showing the location and the various pools from which the wells are producing. Attachment No. 2 is a schematic diagram of the proposed revisions to our central battery to accommodate the Tubb oil. The Tubb oil will be continuously metered and sampled through a three-phase metering separator. Also, we are installing a two-phase metering test separator for the Blinebry oil zone. This addition will reduce the number of wells connected to one individual test separator.

Other information concerning this lease is available in your files. Previous Commission orders pertaining to the Carl H. Livingston Lease were Administrative Order No. PC-23, Order No. R-1936 and Administrative Order No. PC-47. Should any additional information be required, please contact this office.

Yours very truly,



R. L. Rankin
Division Production Manager

Attachments

TABLE I

Economic Comparisons of Commingling

I. One Tubb Oil Well:

	<u>Anticipated Daily Production</u>	<u>Average API Gravity</u>	<u>Price Per Bbl. \$</u>	<u>Total Income \$</u>
Commingled:	646	38 ^o	2.89	1,867
Separately:				
1. Blinebry-Drinkard	582	38.5 ^{o*}	2.89	1,682
2. Tubb Oil	64	33.2 ^{o*}	2.74	<u>175</u>
			Total	1,857

Effect of commingling on Total Income: a gain of \$10 per day.

II. Two Tubb Oil Wells: (Completion of Livingston No. 12 as a triple oil well)

	<u>Anticipated Daily Production</u>	<u>Average API Gravity</u>	<u>Price Per Bbl. \$</u>	<u>Total Income \$</u>
Commingled:	820	37.7 ^o	2.86	2,345
Separately:				
1. Blinebry-Drinkard	692	38.5 ^{o*}	2.89	2,000
2. Tubb Oil	128	33.2 ^{o*}	2.74	<u>351</u>
			Total	2,351

Effect of commingling on Total Income: a loss of \$6 per day.

*Blinebry-Drinkard gravities obtained from commingled runs during December and Tubb gravity based on OPT of Tubb Oil Zone from Livingston No. 11.

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE