

ILLEGIBLE

GULF OIL CORPORATION
Kermit Production Area

March 26, 1962

*OK keep commingling
metering all zones
operate in accordance
w/comm's manual
test meters
once a month
will have
no
common
test
facilities*

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

RE: Request for Exception to Statewide Rule 303(a) to Permit the Commingling of Production Between the Ellenburger, McKee, & Fusselman Pays, in North Justis Field, Section 36, T24S, R37E, Lea County, New Mexico.

Gentlemen:

Gulf Oil Corporation request administrative approval for exception to Statewide Rule 303(a) to permit commingling of production into common storage after separately metering oil from the North Justis Fusselman with the already commingled production from the North Justis Ellenburger and North Justis McKee Zones on our W. A. Ramsay "C" Lease, Section 36, T24S, R37E, Lea County, New Mexico.

The following tabulation shows the expected commercial value of the commingled production to be greater than the commercial value of the production from the separate zones by \$14.40 per day:

<u>Pool</u>	<u>No. Wells</u>	<u>Daily Prod.</u>	<u>API Gravity</u>	<u>Specific Gravity</u>	<u>Sp.Gvty. X Production</u>	<u>Price</u>	<u>Gross Daily Revenue</u>
Ellenburger	2	216	45.4	0.7998	172.76	\$ 2.99	\$ 645.84
McKee	2	168	45.1	0.8012	134.60	2.99	502.32
Fusselman	1	84	36.3	0.8433	70.84	2.93	246.12
							\$1394.28
Commingled	5	468	43.6	0.8081	378.20	\$ 3.01	\$1408.68

The schematic diagram of the proposed installation, Figure No. 1, shows two zones both of which contain less than 6/10% BS&W, flowing into two gas-fluid separators with the fluid being metered before commingling. The third zone, which is producing water, will produce into a gas-fluid separator with the fluid going to a heater treater. The treated oil will be metered prior to commingling. Tests will be taken by closing-in all wells in the zone but the one to be tested. After the completion of 5 wells in any one zone, additional test facilities will be installed after OCC approval.

The Automatic Custody Transfer Unit, Figure No. 2, which is now in service will be utilized to measure the oil to the transporter.

Attached are letters from the Commissioner of Public Lands for the State of New Mexico and the crude oil purchaser, Texaco Incorporated, giving their approval of the proposed installation.

Yours very truly,

J. L. Pike

J. L. Pike

RMQ:ds

State of New Mexico

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Commissioner of Public Lands

E. S. JOHNNY WALKER
COMMISSIONER



P. O. BOX 781
SANTA FE, NEW MEXICO

March 21, 1962

Gulf Oil Corporation
P. O. Box 980
Kermit, Texas

Attention: Mr. J. L. Pike

Dear Mr. Pike:

We have no objections to your proposal to commingle the North Justis Ellenburger Production with the North Justis McKee Production on Gulf's W. A. Ramsay "C" Lease, State Lease No. B-1732, covering acreage in Section 16, T. 24 S., R. 37 E., Lea County, New Mexico.

This acreage belongs to common schools, therefore, since your tabulation shows that there would be no decrease in value of the commingled production and since there is no division of ownership, we have no reason to object.

We wish to thank you for your cooperation in this matter.

Yours very truly,

E. S. JOHNNY WALKER
Commissioner of Public Lands

By: *Ted Silberry*
Ted Silberry, Supervisor
Oil and Gas Division

ESW:TSJ

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911
TELEPHONE
NO.



CRUDE OIL PURCHASES & SALES DIVISION (DOMESTIC)



J. C. EDWARDS, MANAGER
J. A. MILLS, REPRESENTATIVE

February 12, 1962

Gulf Oil Corporation
William A. Ramsay NCT-C Lease
Lea County, New Mexico

Mr. D. L. Williams
Gulf Oil Corporation
P. O. Box 2097
Denver, Colorado

Dear Sir:

It is our understanding that Gulf Oil Corporation proposes to commingle the crude oil production from the Fusselman zone into the battery serving the already commingled production from the Ellenburger and McKee zones on the subject lease, which is located in Section 36, T-24-S, R-37-E, Lea County, New Mexico.

This letter will confirm our recent conversation whereby we agreed to purchase the commingled production from the above zones.

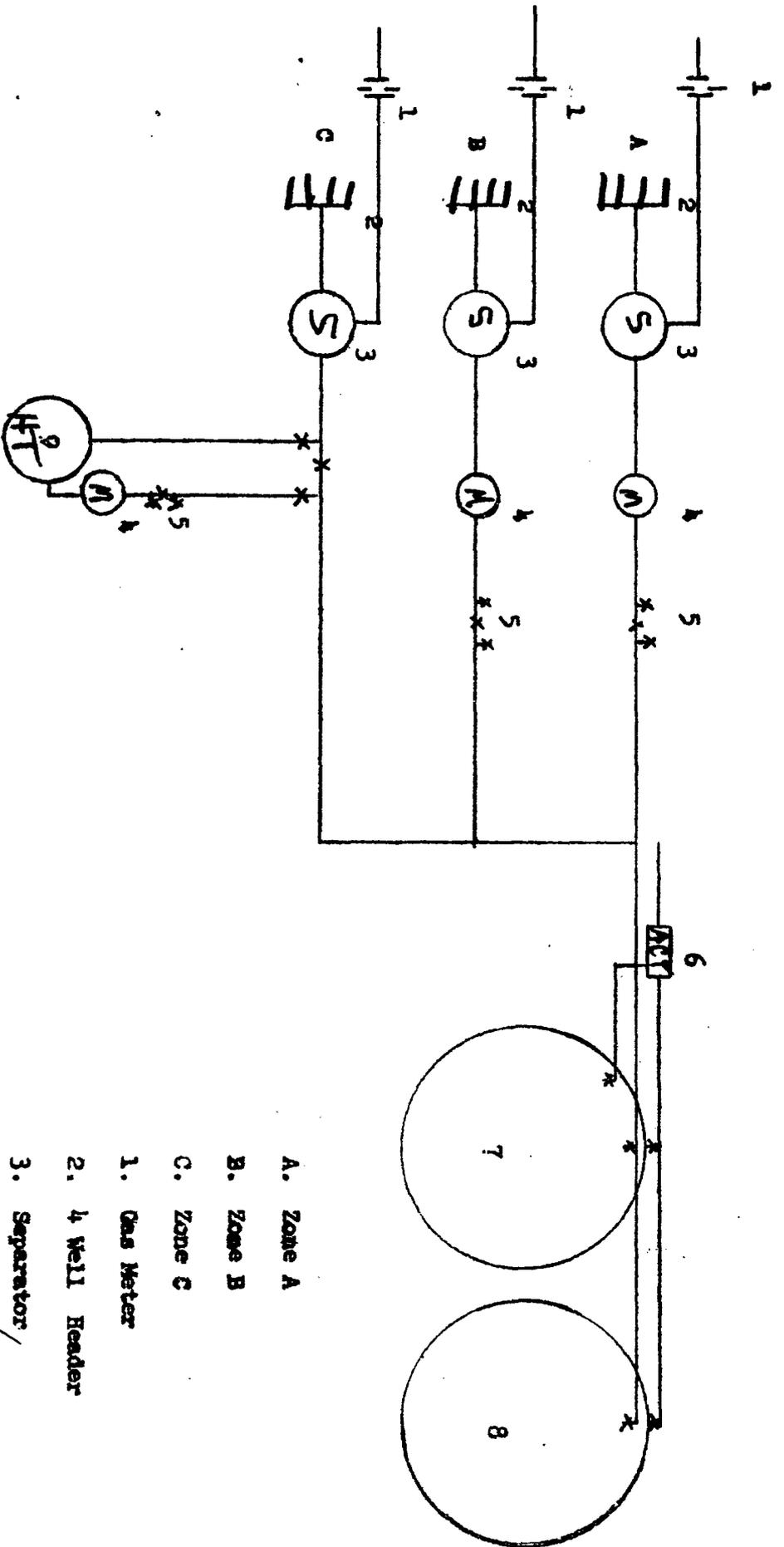
Very truly yours,

A handwritten signature in cursive script that reads "J. A. Mills".

J. A. Mills

JAM:fk

V. A. RANNEY (MGR-C)
 SCHEMATIC DIAGRAM
 FIGURE NO. 1

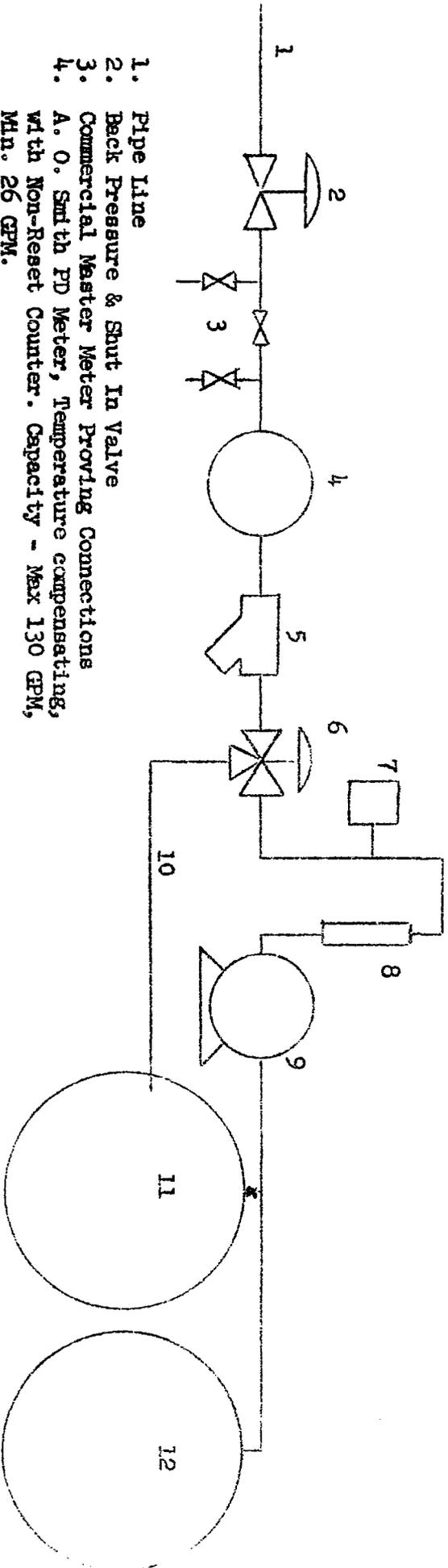


- A. Zone A
- B. Zone B
- C. Zone C
- 1. Gas Meter
- 2. Well Header
- 3. Separator
- 4. Meter ✓
- 5. Meter Proving Connections
- 6. ACP
- 7. Bad Oil Tank
- 8. Stock Tank
- 9. Header Traverser

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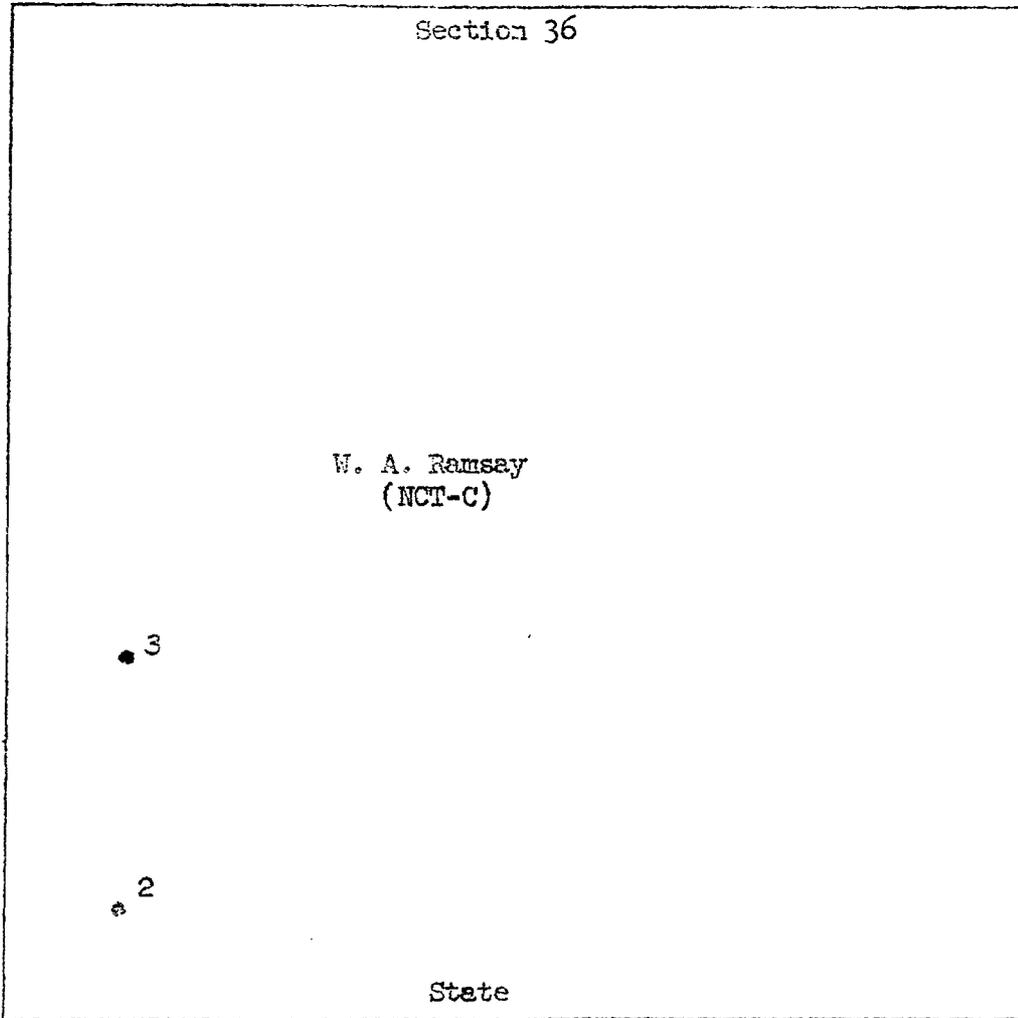
**AUTOMATIC CUSTODY TRANSFER
W. A. RAMSAY (NCT-C)**

FIGURE NO. 2



- 1. Pipe Line
- 2. Back Pressure & Shut In Valve
- 3. Commercial Master Meter Proving Connections
- 4. A. O. Smith PD Meter, Temperature compensating, with Non-Reset Counter. Capacity - Max 130 GPM, Min. 26 GPM.
- 5. Combination Strainer & Air Eliminator.
- 6. Diverting Valve
- 7. Sampler
- 8. BSKW Probe
- 9. Booster Pump
- 10. Bad Oil Diverting Line
- 11. 500 Bbl. Bad Oil & Surplus Storage Tank
- 12. 500 Bbl. Surge Tank.

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Lease Plat
Gulf Oil Corporation
W. A. Ramsay (NCT-C)

Section 36, T24S, R37E
Lea County, New Mexico