TEXACO
INC.

PETROLEUM PRODUCTS

P. O. Box 728
Hobbs, New Mexico
June 7, 1963

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. A. H. Blinebry (NCT-3) Lease, Ellenburger, Tubb (Gas) and Blinebry (Oil) 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 A. H. Blinebry (NCT-3) Lease, South Brunson Ellenburger, Tubb (Gas) and Blinebry (Oil) Pools, Lea County, New Mexico, in support of which is stated the following:

1. TEXACO Inc. is the owner and operator of the A. H. Blinebry (NCT-3) Lease, consisting of 160 acres being the N/2 of NW/4 and SW/4 of NW/4 and NW/4 of NE/4, Section 31, Township 22 South, Range 38 East, 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 A. H. Blinebry (NCT-3) Lease has two producing wells. Well No. 1 is dually completed in the Tubb (Gas) and Blinebry (Oil) Pools and Well No. 2 is a single completion in the Blinebry (Oil) Pool. At present Well No. 3 is being completed in the South Brunson Ellenburger and Blinebry (Oil) Pools. Presently all Tubb (Gas) and Blinebry (Oil) production from the lease is being commingled in two 500 barrel tanks after being separately metered. The commingling of the Ellenburger production would defer the expense of installing another tank battery on this lease.

3. The expected daily liquid production from the Ellenburger Pool is 42 barrels of 42° API gravity oil, that from the Tubb (Gas) Pool is four barrels of 68.5° API gravity condensate and that from the Blinebry (Oil) Pool is 76 barrels of 46° API gravity oil. Currently the commingled Tubb (Gas) Blinebry (Oil) production has an average gravity of 46.5° API and sells for $2.97 per barrel. The production after the proposed commingling will have an average gravity of 45° API and will sell for $2.99 per barrel. The proposed commingling operation will result in a revenue gain of two cents per barrel.

4. In accordance with Item II, Section 2-B of the current "Manual for the Installation and Operation of Commingling Facilities", it is proposed to meter prior to commingling all zones. Although the subject royalty interest is common and held in part by the U. S. Federal Government, there is a diversification in royalty payments between the NW/4 of NE/4, Section 31 and the N/2 and SE/4 of NW/4, Section 31, T-22-S, R-38-E (Refer to attached plat). Therefore, each of the above described areas must be metered separately to comply with U. S. G. S. requirements. To satisfy this requirement the Blinebry (Oil) production from Well No. 2 will be metered separately. Positive displacement type meters with samplers and non-reset counters will be installed on the Ellenburger zone for accurate measurement prior to commingling. All other zones are being metered as to previous requirements. A schematic diagram of the proposed commingling installation is attached and is in substantial compliance with Figure 6 in the aforementioned manual.

5. Royalty and working interest in the subject lease is common and royalty interest is held in part by the U. S. Federal Government. Copies of this application are being sent this date to the U. S. Geological Survey, P. O. Box 1838, Hobbs, New Mexico. Upon receipt of approval of this application from U. S. G. S., a copy will be forwarded to New Mexico Oil Conservation Commission.

In view of the facts recited in this application, it is respectfully requested that administrative approval of an exception to Rule 303 (a) be granted TEXACO Inc. to permit commingling into a common tank battery; the hydrocarbon production from the South Brunson Ellenburger, Tubb (Gas) and Blinebry (Oil) Pools on the A. H. Blinebry (NCT-3) Lease from wells presently completed and from additional wells which may be completed on this lease in these reservoirs in the future.

Yours very truly,

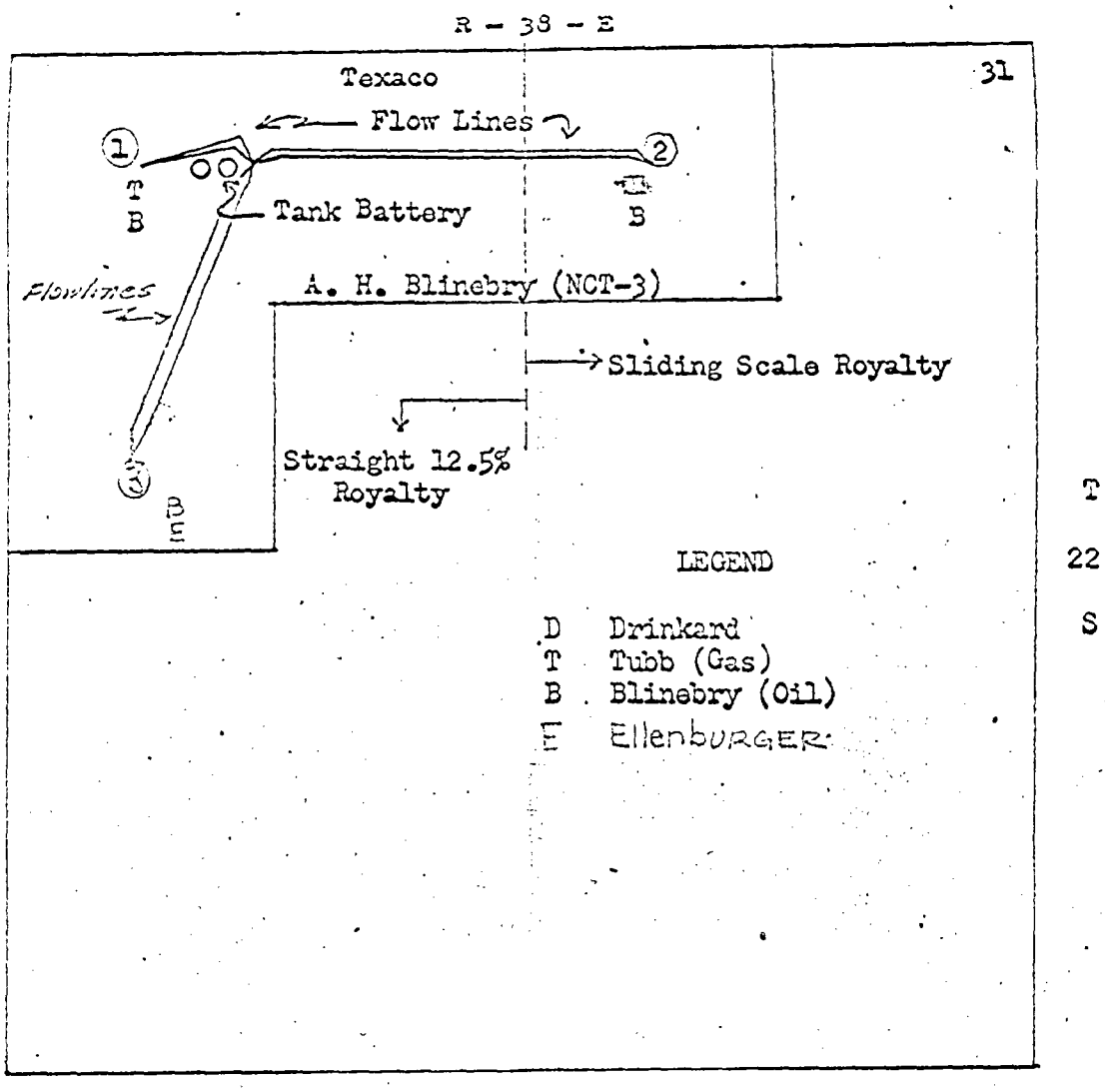
H. D. Raymond

H. D. Raymond
Assistant District Superintendent

ACK-jr

Attachments

ILLEGIBLE



Federal Lease No. LC-032104

PLAT OF TEXACO Inc. A. H. BLINEBRY (NCT-3) LEASE
Lea County, New Mexico
Scale 1 inch = 1000'
ODB 4-9-62

ILLEGIBLE

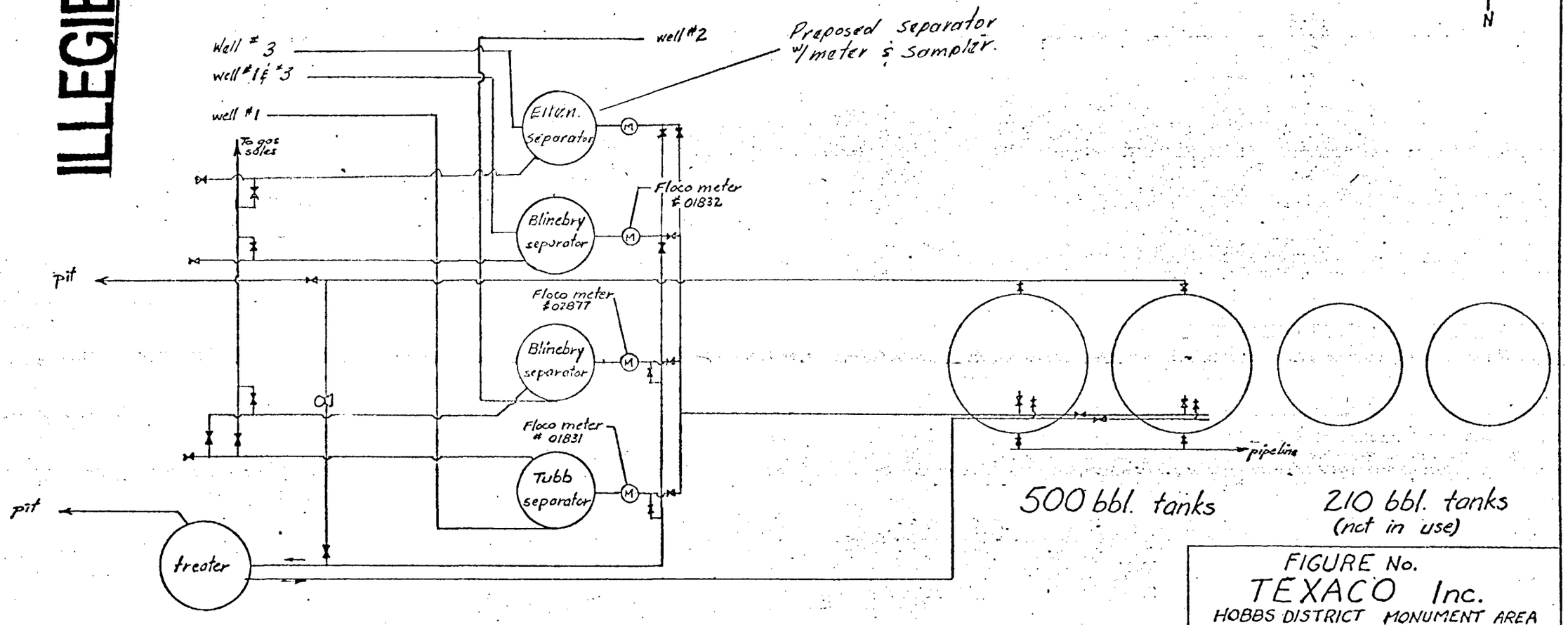


FIGURE No.

TEXACO Inc.

HOBBS DISTRICT MONUMENT AREA

A.H. Blinebry NCT-3

Batteries No. 8 and 9

Date: 3-20-63 Drn By: D.L.H.

Drawer 1857
Roswell, New Mexico

ILLEGIBLE

June 19, 1963

Texaco Inc.
P. O. Box 728
Hobbs, New Mexico

Attention: Mr. H. D. Raymond

Gentlemen:

Your letter of June 12, 1963, requests approval to substitute the recently established Ellenburger production for the now non-productive Drinkard zone at your commingled tank battery located in the NW¼NW¼ sec. 31, T. 22 S., R. 38 E., on lease Las Cruces 032104. Commingling of Drinkard (oil), Blinebry (oil), and Tubb (gas) at this facility was approved by Survey letter of May 17, 1962.

The substitution described by your letter and the method of commingling as depicted by the attached diagrams is hereby approved. You are requested to notify our Hobbs office when the installation and substitution are completed so that a field inspection can be made.

Sincerely yours,

(ORIG. SGD.) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil & Gas Supervisor

Copy to: Hobbs
NMOCC ✓
Accounts
File

EGHubble:EWyatt:mlb