

AMERADA PETROLEUM CORPORATION

DRAWER "D"

MONUMENT, NEW MEXICO

MAIL OFFICE 688

PHONE HOBBS, N. M. — EX 3-2145

1962 MAY 7 AM 11:31

May 3, 1962

*Approved by
The Governor
Provisional
to be
separately
going to
be considered
may be filed
app.*

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

Re: Application of Amerada Petroleum Corporation for administrative approval of an extension to previously authorized lease commingling facilities on its State NJ "A" lease, Lea County, New Mexico.

Gentlemen:

Oil Conservation Commission Administrative Order No. PC-59, dated January 25, 1962, granted Amerada Petroleum Corporation permission to commingle certain production on its State NJ "A" lease, located in Section 2-T 25S - R37E, Lea County, New Mexico. Due to additional development and change in classification of some crudes, Amerada now requests permission to extend the sweet oil system to include production from the Blinebry, Drinkard, Devonian and Waddell zones of the North Justis Field on subject lease. Pertinent data is listed below:

- 1) Current completions are the Ellenburger, McKee and Fusselman in well No. 1 and Blinebry, Drinkard and Devonian in well No. 3. It is anticipated that a Waddell completion will be made in the future.
- 2) Based on May, 1962 allowables, daily production into the common storage will be 102 barrels of 47.3° Ellenburger oil, 102 barrels of 42° Waddell oil, 80 barrels of 44° McKee oil, 80 barrels of 37° Fusselman oil, 80 barrels of 37.8° Devonian oil, 46 barrels of 37.5° Drinkard oil and 46 barrels of 42° Blinebry oil. Total value of the non-commingled oil is \$1,594.88 per day. The commingled product would have a gravity of 41.5° and a value of \$1,613.36 per day. Actual value of the commingled product would be \$18.48 per day greater than the non-commingled crudes.
- 3) A substantial savings in equipment would result from the commingling as outlined.
- 4) Ownership of the State NJ "A" lease is common to all depths. A copy of the letter of consent from the Commissioner of Public Lands is attached.

- 5) A schematic diagram of the proposed installation and a plat showing the location and producing zone of all wells on the lease are attached.

Yours very truly,

D. C. Capps

D. C. Capps
District Superintendent

AES

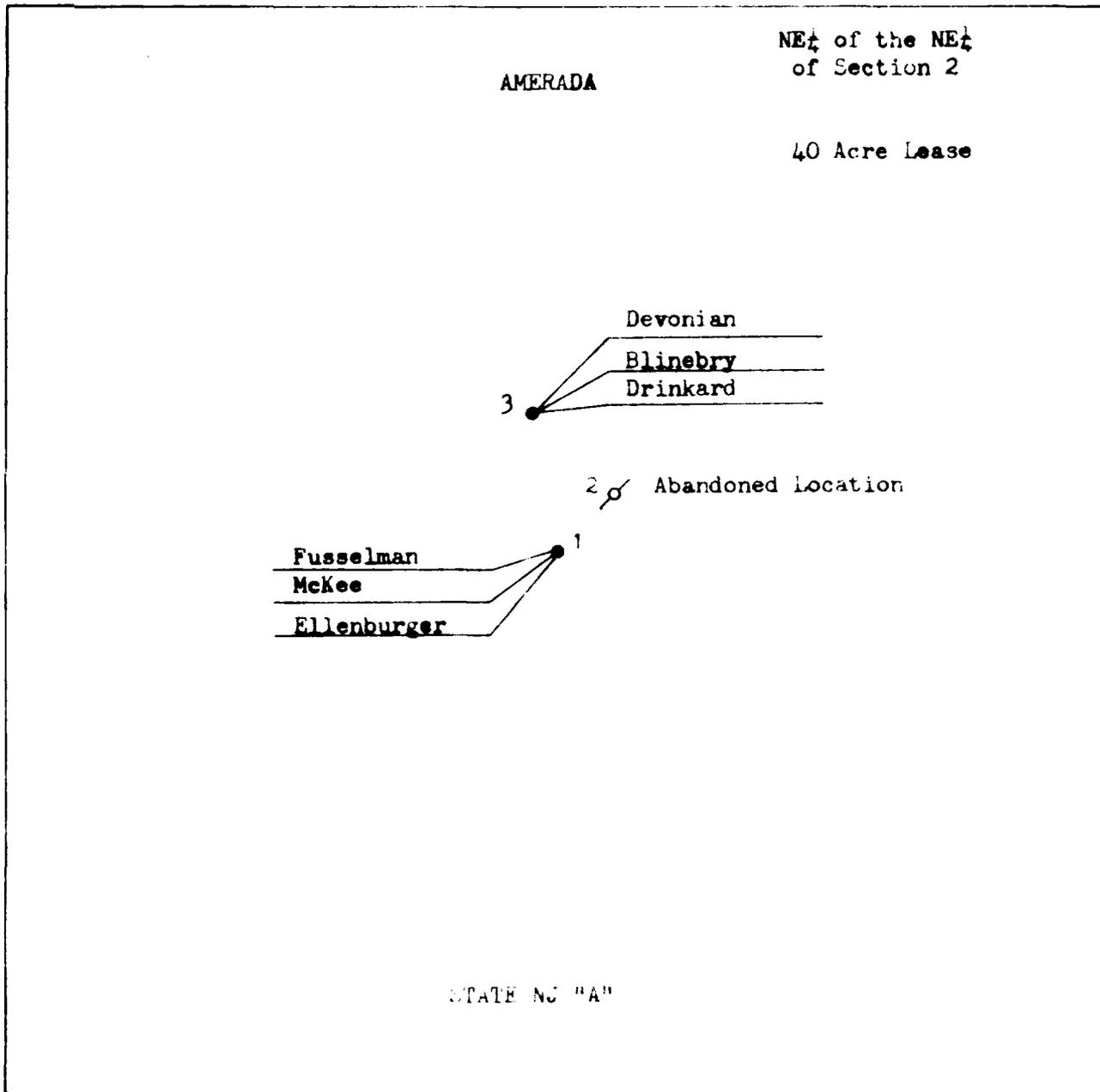
cc: Mr. J. O. Hathaway
H. A. Nedom
R. S. Christie
H. D. Bushnell
J. E. Newkirk
J. R. Enloe
B. A. Moore
File (2)

AMERADA PETROLEUM CORPORATION'S

STATE NJ "A" LEASE

LEA COUNTY, NEW MEXICO

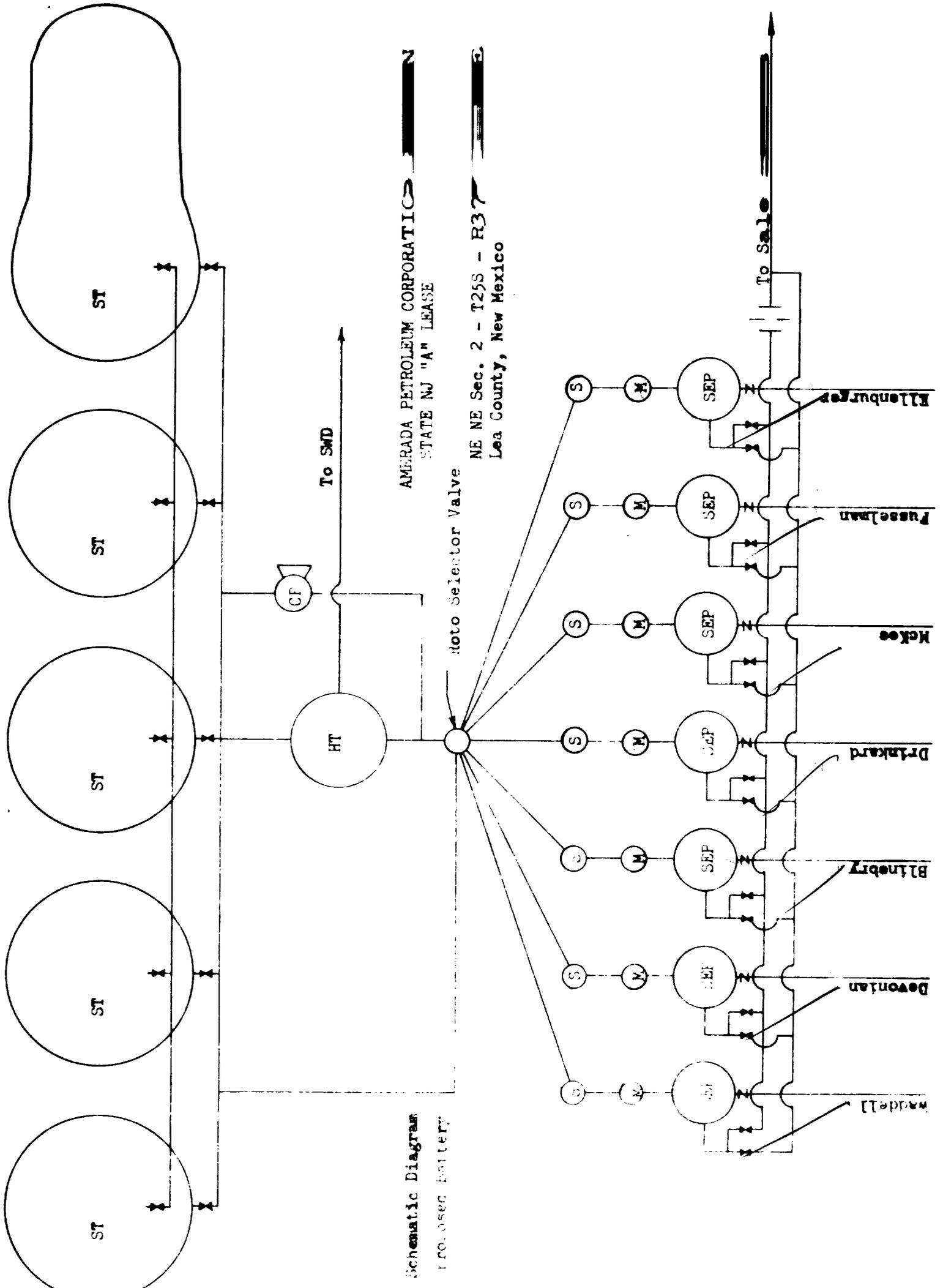
R - 37 - E



T - 25 - S

Scale 1" = 200'

May, 1962



AMBRADA PETROLEUM CORPORATION
 STATE NJ "A" LEASE
 NE NE Sec. 2 - T25S - R37
 Lea County, New Mexico

Schematic Diagram
 Proposed Battery

Auto Selector Valve

To SMD

To Sale

Ellenburger

Fusselman

McKee

Drinkard

Blinbery

Devonian

Madell

AMERADA PETROLEUM CORPORATION

P. O. BOX 2010

EL PASO, TEXAS

April 16, 1962

ILLEGIBLE

Re: Proposed Commingling of Oil
Lot 1 of Section 2-25S-37E
Lea County, New Mexico
North Justice Area
State Lease No. B-1431

The Commissioner of Public Lands
State Land Office
Santa Fe, New Mexico

Dear Sir:

By endorsement of your approval on our letter of January 5, 1962, permission was granted to commingle the Ellenburger, McKee and Fusselman crude produced from our State NJ "A" Well No. 1.

Following completion of our No. 1 well, we commenced the drilling of State NJ "A" Well No. 2 at a location approximately 100' northeasterly from Well No. 1, as a projected Drinkard-Blinebry test. However, hole was lost and the No. 2 well was junked at 2969' and as a replacement to such well we then drilled State NJ "A" Well No. 3 at a location approximately 493' FNE and 690' FEL of Section 2. Our Well No. 3 is now being completed as a triple-zone oil well from the Devonian, Drinkard and Blinebry sources of supply. The Blinebry zone produces sour crude and it will, of course, be necessary that we set separate tankage for this sour crude production; further, it may be that production from the Drinkard zone also will be sour crude. We propose to file application with the Secretary-Director of the State Conservation Commission for administrative approval to commingle oil produced from wells into storage tanks at least storage, whether produced from the Blinebry or Drinkard; also, we will propose commingling of the Devonian sweet crude produced from the No. 3 well with the Ellenburger, McKee and Fusselman sweet crude produced from the No. 1 well.

Presently all sweet crude is being sold to Texas-New Mexico Pipeline Company for the account of Sinclair Crude Oil Company and the sour crude will be purchased by The Permian Corporation who will move this sour crude by truck to Texas-New Mexico's Jal station and this arrangement with Permian will continue until

April 16, 1962

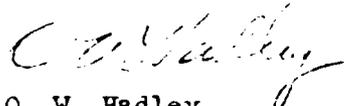
sufficient reserve of sour crude may be developed to justify the laying of a line by Texas-New Mexico Pipeline Company to the area. Notwithstanding the fact that the sweet crude will be run for the account of Texas-New Mexico and the sour crude will be purchased by Permian, there is no administrative necessity for the maintaining of lease storage facilities other than to keep the produced sweet crude separate from the produced sour crude. Accordingly, as said above, we will request permission to commingle all sweet crude produced from this lease into common tankage and to commingle all produced sour crude into common tankage separate and apart from that maintained for the sweet crude.

Inasmuch as State of New Mexico lands are involved, approval by your office is a prerequisite to our filing an application with the Conservation Commission. We hereby respectfully request that you approve our plans as aforesaid, by signing the attached copy of this letter in the space provided.

In addition to our commingling plans above given, indications are that we may also be able to establish Paddock and Waddell production on this lease and in such event, we will also wish to commingle the production from these zones with the production from the other zones. Our presumption is that the production from the Paddock and Waddell would be sweet crude but we respectfully request that we may interpret your approval on the bottom of this letter as giving your approval to commingle the Paddock and Waddell production, if and when obtained, with the other production of like quality, i.e., commingle sweet crude produced from the Paddock or Waddell zones with sweet crude produced from the other zones or if sour crude should be produced from either the Paddock or Waddell, then commingle same with the sour crude produced from the zone or zones producing sour crude.

If the foregoing meets with your approval, please return the approved copy in the envelope enclosed.

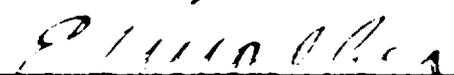
Yours very truly,


O. W. Hadley
Land Department

OWH:cw
Enclosures

The above request approved this
day of 24 April, 1962.

ILLEGIBLE


The Commissioner of Public Lands
State of New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

ILLEGIBLE

May 11, 1962

**Amerada Petroleum Corporation
Drawer "D"
Monument, New Mexico**

Attention: Mr. D. C. Capps

Gentlemen:

Reference is made to your letter of May 3, 1962, wherein you request that Administrative Order No. PC-59, dated January 25, 1962, be amended to include certain additional formations in the commingling authority granted therein.

It would appear from examination of the schematic diagram that the sour crude production from the Blinebry and Drinkard Pools underlying your State NJ "A" Lease will be stored in common tankage with the sweet crude production from the various other pools.

Please advise if such is the case inasmuch as your request for approval of proposed commingling by the Commissioner of Public Lands of the State of New Mexico indicated that separate storage would be used for the sour production.

Very truly yours,

**DANIEL S. BUTTER
Chief Engineer**

DSB/esr

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AMERADA PETROLEUM CORPORATION

DRAWER "D"

MONUMENT, NEW MEXICO

PHONE HOBBS, N. M. — EX 3-2145

May 15, 1962

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

Attention: Mr. Daniel S. Nutter

Re: Amerada Petroleum Corporation's
application for commingling all
production on its State NJ"A"
lease, Lea County, New Mexico.

Dear Sir:

In reference to your letter of May 11, 1962, this is to advise
that all crudes covered in subject application have been classed as
sweet crudes and will be commingled into a common battery.

Yours truly,

D. C. Capps

D. C. Capps
District Superintendent

AES/br