

Don
GULF OIL CORPORATION
P. O. Box 2167
Hobbs, New Mexico

September 26, 1968

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

Re: Graham State (NCT-I) Lease
Section 19-21S-37E
Lea County, New Mexico

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

ILLEGIBLE

Dear Sir:

Gulf recently completed its Graham State (NCT-I) No. 1 as a triple completion in the Brinkard, Elinebry and Paddock oil pools. This is the first well on this lease, and Gulf proposes to commingle the oil production from the three pools in a tank battery to be constructed on the lease.

Gulf hereby seeks administrative approval from the Oil Conservation Commission to commingle the Brinkard, Elinebry and Paddock oils from all producing wells on its Graham State (NCT-I) lease. This would include any additional wells which might be drilled on the lease. Since all pays in well No. 1 are expected to produce at top allowable rates, oils from the Brinkard and Paddock pools will be metered prior to being commingled. The Elinebry oil, which is the highest gravity crude, will not be metered; that production will be measured by the subtraction method in accordance with the "Manual for the Installation and Operation of Commingling Facilities". Enclosed is a schematic diagram of the proposed commingling installation, along with a copy of the lease plat.

The Commissioner of Public Lands for the State of New Mexico has been notified in writing of the proposed commingling of oils on the Graham State (NCT-I) lease. He has been requested to furnish Gulf with a letter of approval and also forward your office with a copy in order that the Oil Conservation Commission can act on Gulf's application.

The following tabulation includes the volumes, gravities and monetary value of the individual and commingled liquid hydrocarbon:

Pool	Bbl./Day	Perm. Cvt.	Value/Bbl.	$P/D \times V/Bbl.$
Brinkard	68	32.4°	\$2.97	\$164.16
Elinebry	46	42.7°	\$3.01	\$138.46
Paddock	16	37.9°	\$2.95	\$35.70
				<u>\$338.32</u>
Commingled	130	39.2°	\$2.99	\$388.70

Commingling of the oils would thus increase the monetary value of the liquid hydrocarbons from these three pools by \$2.16 per day.

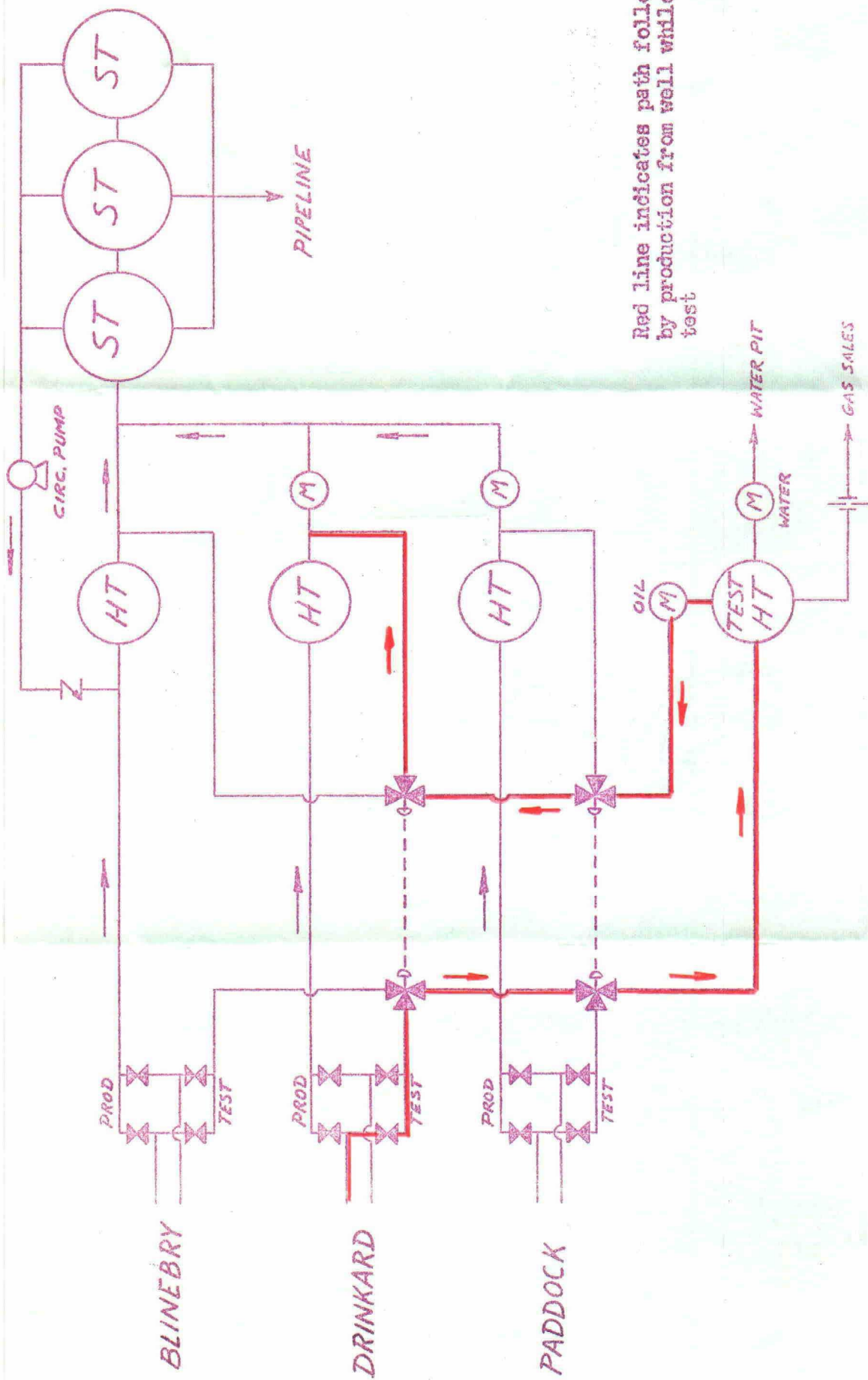
This commingling proposal is in the interest of conservation, in that it prevents unnecessary waste.

Yours very truly,

G. D. England
G. D. ENGLAND
Area Production Manager

DGB:ec
Encl.

cc: Oil Conservation Commission, Hobbs, New Mexico
Gulf Refining Company
State Land Commissioner



Red line indicates path followed by production from well while on test

PROPOSED COMMINGLING INSTALLATION
GULF'S GRAHAM-STATE (NCT-I) LEASE



PLAT

GRAHAM STATE (NCT-I) LEASE

LEA COUNTY, NEW MEXICO

- LEGEND -

☐ Pertinent Lease

GULF OIL CORPORATION

October 1, 1962

Gulf Oil Corporation
P. O. Drawer 1938
Roswell, New Mexico

Attn: M. I. Taylor

Gentlemen:

In reply to your letter of September 22, we have no objection to your proposal to commingle the production from the Graham-State (NCT-I) Lease No. A-1543 described as the NW $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 19, Township 21S, Range 37E.

The two tracts involved belong to the Common Schools of New Mexico and we have no royalty problem. Further, your proposed installation shows that the commingling of the different zones will not lessen the state's royalty.

Very truly yours,

E. S. JOHNNY WALKER
COMMISSIONER OF PUBLIC LANDS

By:
TED BILBERRY, Supervisor
Oil and Gas Department

EW/TB/pb

cc: Oil Conservation Commission
Attn: A. L. Porter, Jr.

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins

W. A. Sheehy

DISTRICT MANAGER

F. O. Mortlock

DISTRICT EXPLORATION

MANAGER

M. I. Taylor

DISTRICT PRODUCTION

MANAGER

H. C. Vivian

DISTRICT SERVICES MANAGER

September 27, 1962

P. O. Drawer 1936
Roswell, New Mexico

Commissioner of Public Lands
State of New Mexico
Post Office Box 791
Santa Fe, New Mexico

Gentlemen:

Attached is a copy of Gulf Oil Corporation's application to the Oil Conservation Commission requesting approval to commingle the production from the Graham-State (NCT-I) Lease (portion of State Lease No. A-1543) described as the NW/4 SW/4 and SW/4 SW/4 of Section 19, Township 21 South, Range 37 East, Lea County, New Mexico.

It may be noted that approval is being sought to commingle the oil produced from the Drinkard, Blinebry and Paddock Pools on the above lease. The value of the commingled oil is slightly higher than the non-commingled production as indicated on the attached application.

There is no diversity of royalty ownership since all of the Graham-State (NCT-I) Lease described above is Lieu land. Therefore, if you have no objection, it is requested that a letter of approval be furnished this office with a copy to the Oil Conservation Commission, Attention: Mr. A. L. Porter, Jr.

Thank you for your consideration in this matter and if additional information is needed, please advise.

Yours very truly,


M. I. Taylor

Attachment
JHH:dch

cc: Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico
Attention: Mr. A. L. Porter, Jr.

