

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins
DISTRICT MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
H. C. Vivian
DISTRICT SERVICES MANAGER

October 29, 1962

P. O. Drawer 1938
Roswell, New Mexico

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

Gentlemen:

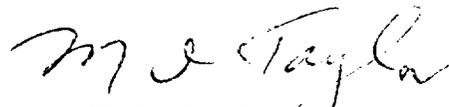
Attached is a copy of Gulf Oil Corporation's application to the Oil Conservation Commission requesting approval to commingle the production from the Lea-State "AV" Lease (portion of State Lease No. B-11589) described as the NW/4 of Section 19, Township 12 South, Range 38 East, Lea County, New Mexico. 7

It may be noted that approval is being sought to commingle the Devonian oil and Wolfcamp oil production on the above lease. The value of the commingled oil is greater than the non-commingled production as shown on the attached application.

The portion of the Lea-State "AV" Lease, described above, has the University as the beneficial institution. 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. If any further information is needed, please advise.

Yours very truly,


M. I. Taylor

Attachment
JHH:sz

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



2
GULF OIL CORPORATION
P. O. BOX 2167
Hobbs, New Mexico

October 26, 1962

Re: Lea State "AV" Lease
Section 19-12S-38E,
Lea County, New Mexico

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

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

Dear Sir:

Gulf recently recompleted its Lea State "AV" Well No. 2 in the Gladiola Wolfcamp Pool. This is the only Wolfcamp production on this lease, all other wells being Devonian completions. In order to eliminate the need for construction of additional storage facilities, Gulf proposes to commingle the crude oil production from the two pays in the existing tank battery.

Gulf hereby seeks administrative approval from the Oil Conservation Commission to commingle the Devonian and Wolfcamp oils from its wells on the Lea State "AV" Lease. Since none of the Devonian producers is capable of producing at top unit allowable rate and the newly completed Wolfcamp producer will not be capable of producing top unit allowable either, production from neither pool will be metered prior to commingling. Instead, the production from each well will be determined from periodic well tests. Should any well become capable of producing top allowable in the future, Gulf will notify the Commission and install necessary metering equipment at the battery. A schematic diagram of the proposed commingling installation is included with this application.

In the Manual for the Installation and Operation of Commingling Facilities it is requested that applications to commingle marginal pools without separately measuring the production shall be accompanied by a tabulation of production showing that the average daily production over a 60 day period has been below top allowable for these pools. Production from the Gladiola Devonian Pool for the Lea State "AV" Lease for August and September, 1962 is as follows:

Well No.	August Production			September Production		
	Month	Daily Avg.	Top Unit Alw.	Month	Daily Avg.	Top Unit Alw.
1-D	1093	35	230	1024	34	237
2-D	249	8	230	60	2	237
4-D	1218	39	230	1144	38	237
5-D	3957	128	230	3783	126	237

No Devonian well has thus been able to produce at top allowable rate for these two months.

The Wolfcamp completion in Well No. 2 is so recent that there is no production history. Form C-104 asking for a Wolfcamp allowable of 86 bopd was submitted October 24, 1962. As indicated on this form the well pumped 86 bo and 61 bwpd on the initial potential test. This is considerably less than the Gladiola Wolfcamp allowable of 132 bopd for October. Gulf feels the test is indicative of the well's capability to produce and requests that the Commission waive the 60 day production requirement for the Wolfcamp Pool. As stated previously, Gulf will notify the Commission should any zone become capable of producing at top allowable and will install the necessary measuring equipment.

The Commissioner of Public Lands for the State of New Mexico has been notified in writing of the proposed commingling of oils on the Lea State "AV" Lease. He has been requested to furnish Gulf with a letter of approval and also furnish 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 values of the individual and commingled liquid hydrocarbons:

<u>Pool</u>	<u>B/D</u>	<u>Corr. Gvty</u>	<u>\$/Bbl.</u>	<u>B/D x \$/Bbl.</u>
Devonian	202	47 ^o	\$2.95	\$595.90
Wolfcamp	86	42	3.01	258.86
				<u>\$854.76</u>
Commingled	288	45.5 ^o	\$2.99	\$861.12

Commingling of the oils would thus increase the monetary value of the liquid hydrocarbons from these two pools by \$6.36 per day.

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

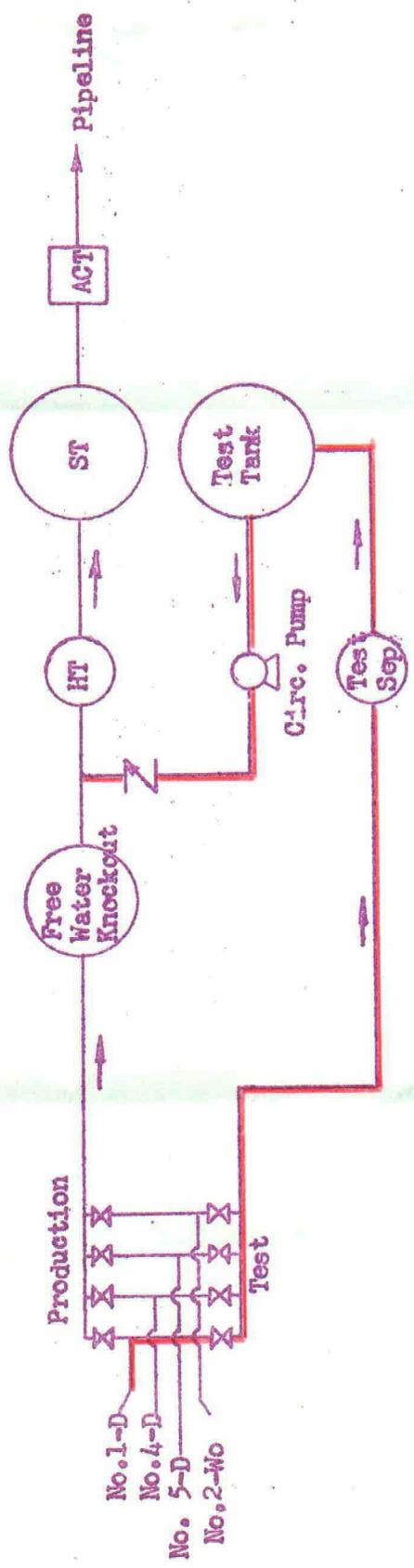
Yours very truly,

ORIGINAL ^{SIGNED}
BY C. D. BORLAND

C. D. BORLAND
Area Production Manager

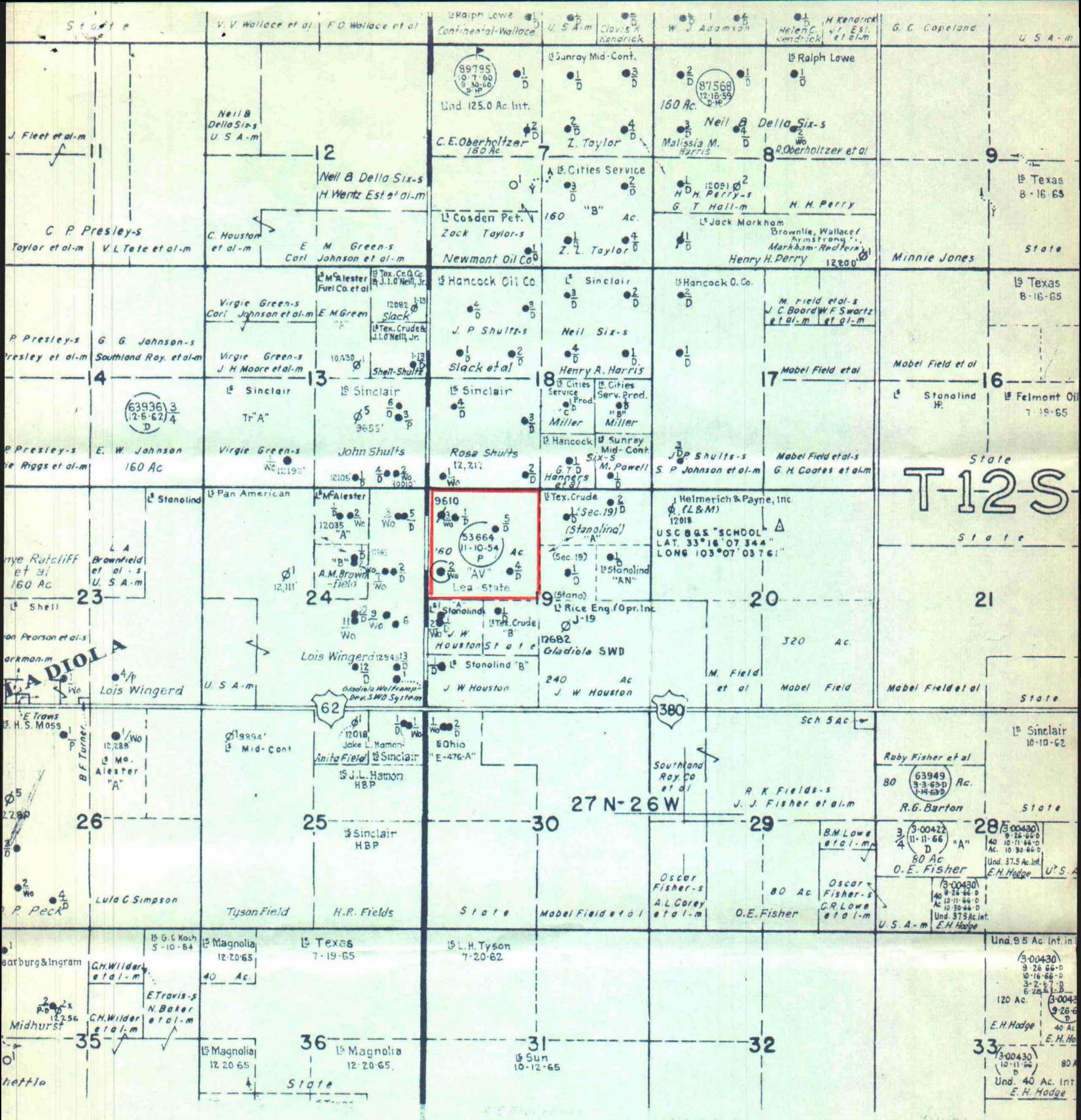
DGB:ptg

cc: Crude Oil Purchasing Department
Oil Conservation Commission, Hobbs, N.M.
State Land Commissioner



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

SCHEMATIC DIAGRAM
 PROPOSED COMMINGLING INSTALLATION
 GULF'S LEA STATE "AVI" LEASE



R - 37-E

R - 38-E

LEASE PLAT
LEA STATE "AV" LEASE
GLADIOLA WOLFCAMP POOL
LEA COUNTY, NEW MEXICO

- LEGEND -

- Pertinent Gulf Lease
- Pertinent Gulf Well