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

MAIN OFFICE OCC

February 25, 1963

1963 FEB 28 AM 8:24

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

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

Dear Sir:

Gulf recently drilled and completed its Scarborough Estate No. 7 as an undesignated Ellenburger oil producer. This is the only Ellenburger production on the Scarborough Estate Lease at the present time and Gulf would like to commingle the Ellenburger oil with the Hlinebry oil in the Hlinebry tank battery to eliminate the need for an additional tank battery.

Gulf hereby seeks administrative approval from the Oil Conservation Commission to commingle the Ellenburger and Hlinebry crude oil production on the Scarborough Estate Lease. Attached is a schematic diagram of the proposed installation along with a plat of the Scarborough Estate Lease. Gulf proposes to measure and sample the Ellenburger production prior to commingling the oils at the treating system. The Hlinebry production will be determined by the subtraction method in accordance with the "Manual for the Installation and Operation of Commingling Facilities".

The following tabulation shows the volumes, gravities, and monetary values of the liquid hydrocarbons from the individual pools as well as the commingled production:

<u>Pool</u>	<u>Bbls/day</u>	<u>Gvty</u>	<u>\$/Bbl.</u>	<u>Bbl/day x \$/Bbl</u>
Ellenburger	84	44.4	\$3.01	\$252.84
Hlinebry	124	43.1	\$3.01	\$373.24
			TOTAL	\$626.08
Commingled	208	43.6	\$3.01	\$626.08

The actual commercial value of the commingled production will be the same as the sum of the values of the production from the individual pools.

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

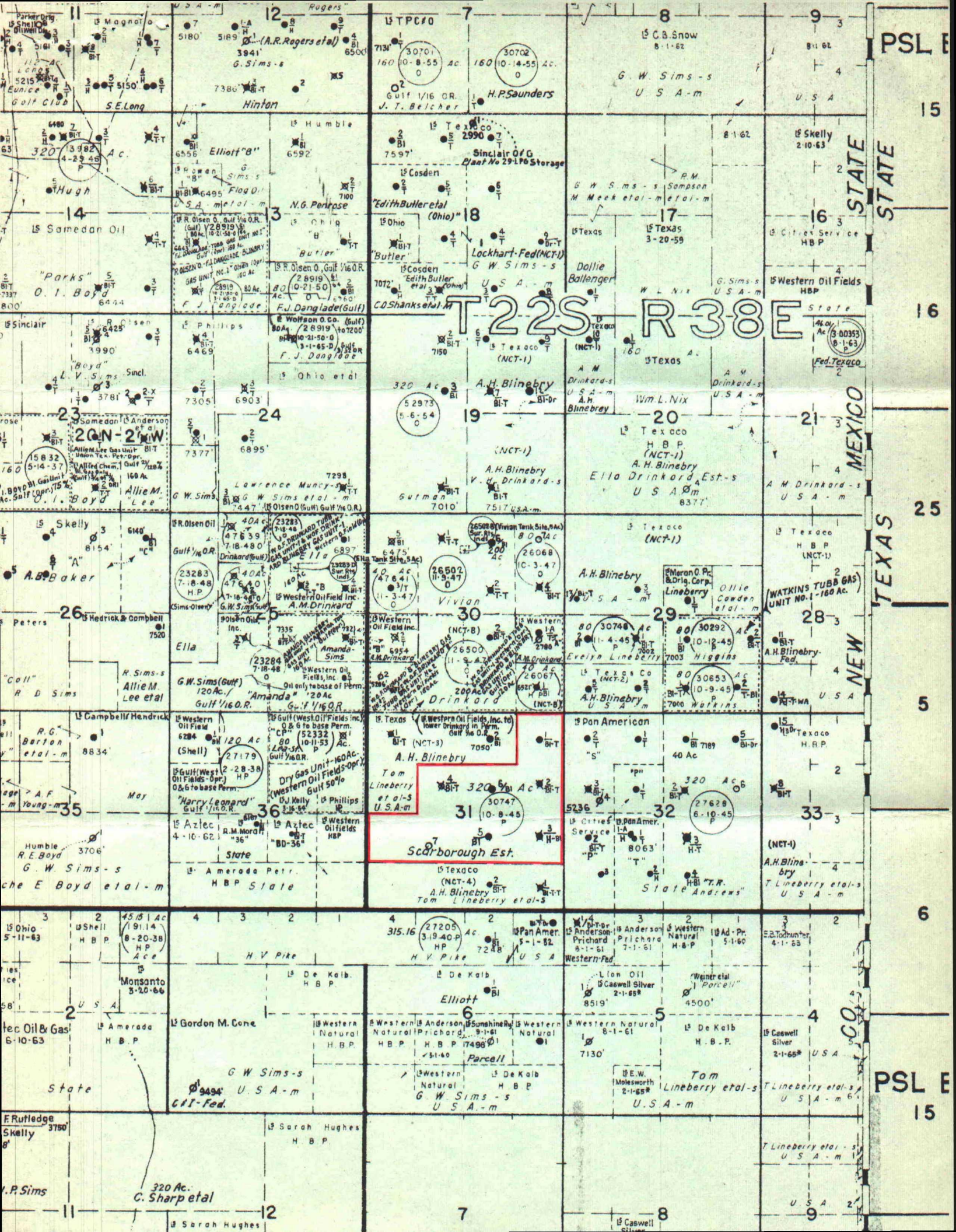
Yours very truly,

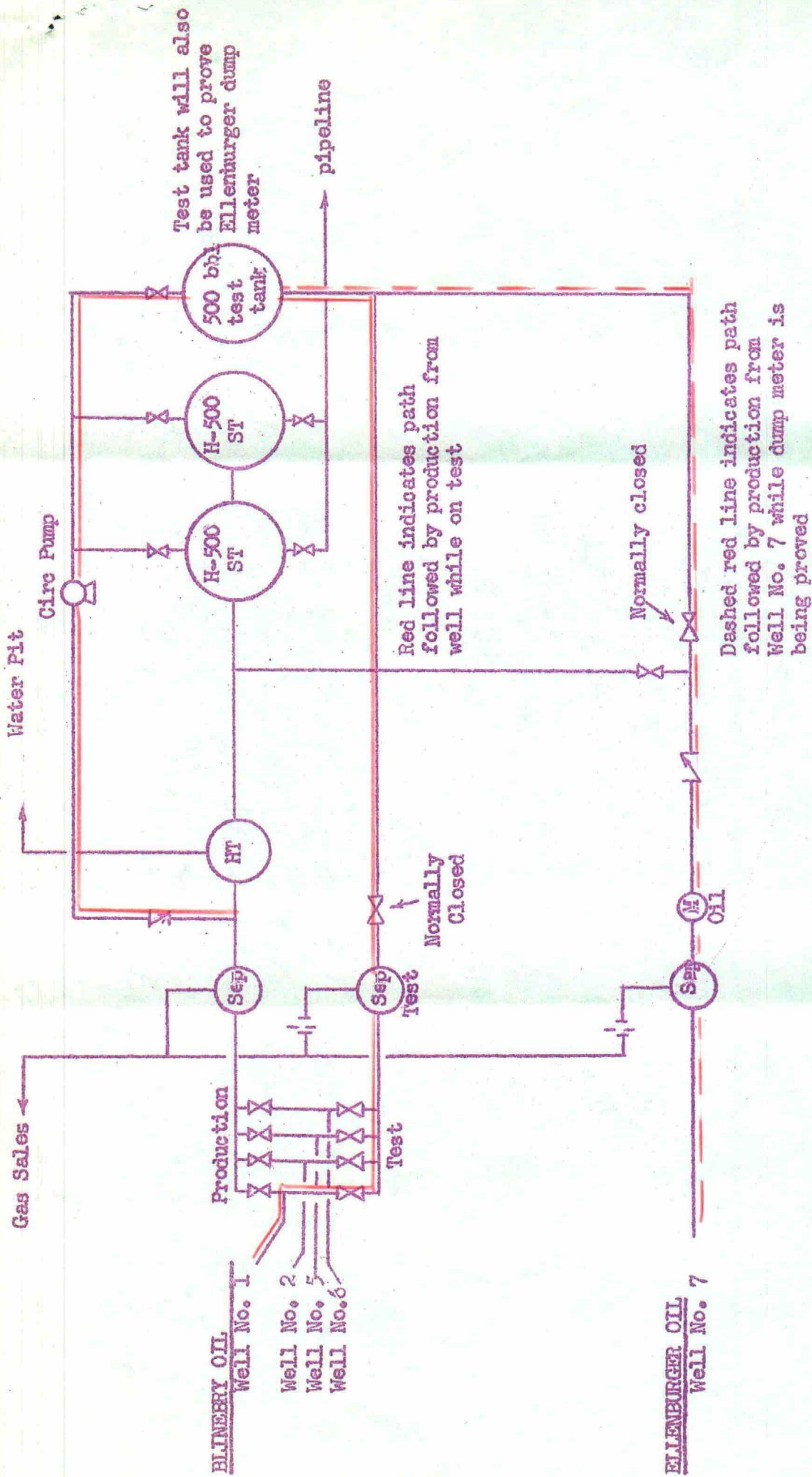
C. D. Borland

C. D. BORLAND
Area Production Manager

LC&ptg

cc: D. L. Williams, Denver, Colo.
Oil Conservation Commission, Hobbs, N.M.





SCHEMATIC DIAGRAM
PROPOSED COMINGLING INSTALLATION
SCARBOROUGH ESTATE LEASE