

Gulf Energy and Minerals Company - U.S.

SOUTHWEST DIVISION
HOBBS AREA

C. D. Borland
AREA PROJECT MANAGER

March 8, 1978

P. O. Box 670
Hobbs, NM 88240

Re: Scarborough Estate Lease
Section 31, T-22S, R-38E,
Lea County, New Mexico

Handwritten initials and a checkmark.

Mr. Joe D. Ramey
NEW MEXICO OIL CONSERVATION COMMISSION
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

In order to avoid considerable expense in constructing and maintaining a new tank battery for the subject lease, Gulf hereby seeks an amendment to Administrative Order PC 132. This amendment will be to allow Gulf to commingle newly developed South Brunson Abo oil with the commingled Blinebry, Drinkard and South Brunson, Ellenberger production as authorized by Administrative Order PC 132 and an amendment to the same dated August 18, 1970. At present, all of the above production is being commingled under temporary permit granted by the Commission on January 17, 1978. None of the wells producing from the above pools are capable of producing top allowable and will be tested periodically for allocation of production.

The attached tabulation shows the volumes, gravities and monetary values of the liquid hydrocarbons from separated as well as commingled production. The tabulation also shows total average daily production for a sixty (60) day period.

The calculated revenue from the commingled production will be approximately six (6) cents per day less than the total revenue from the individual pools. This difference in revenue is negligible and does not justify construction of separate storage facilities for the declining marginal production from the South Brunson Abo pool.

Attached is a lease plat along with a schematic diagram of the existing storage facilities currently in use to store production from the Blinebry, Drinkard and South Brunson Ellenberger pools for the subject lease. Texaco, Inc. has agreed to purchase the commingled oil as proposed herein.

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

Yours very truly,



C. D. BORLAND

MDW:bp
Attachments



PRODUCTION

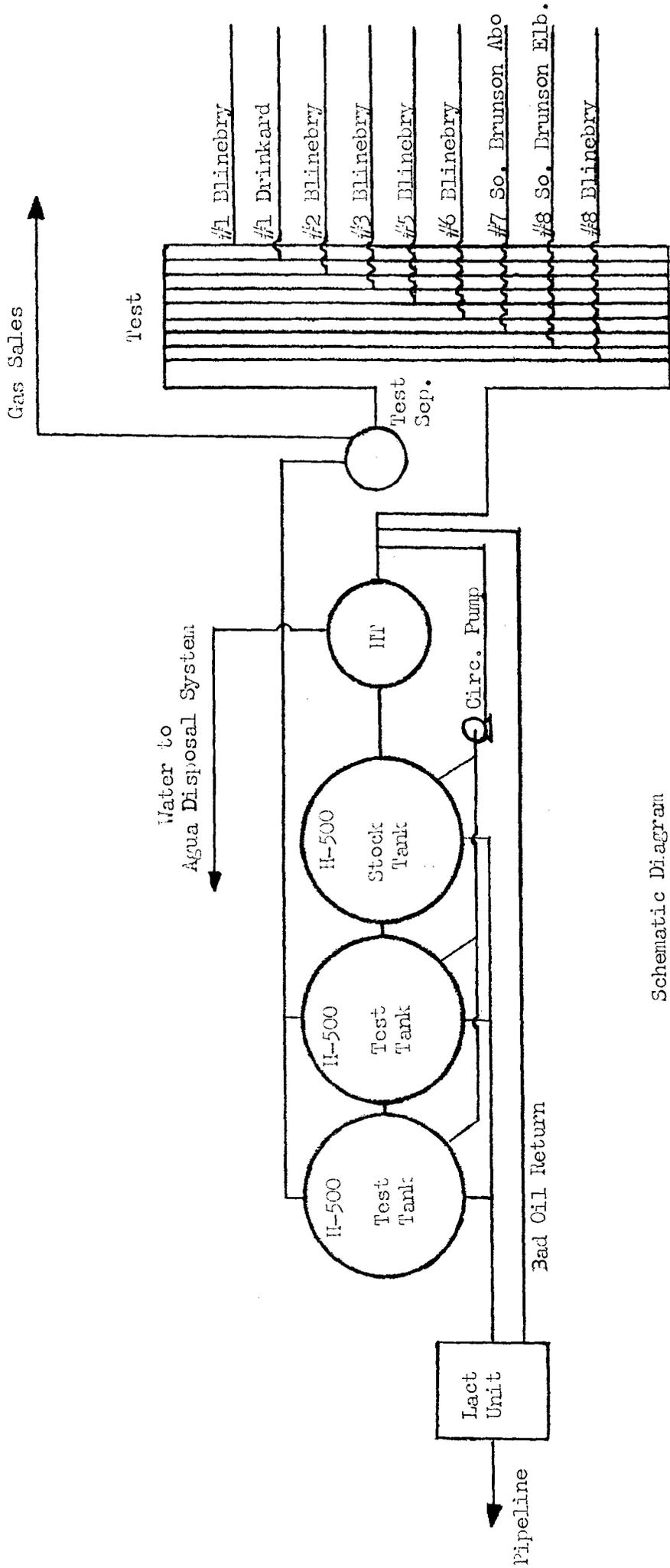
<u>WELL NO.</u>	<u>POOL</u>	<u>NOV.-77</u>	<u>DEC.-77</u>	<u>TOTAL</u>	<u>AVG. BPD</u>
1,2,3,5,6,8	Blinebry **	256	289	545	8.9
1	Drinkard **	161	190	351	5.8
8	South Brunson Ellenberger **	124	133	259	4.2
7	South Brunson Abo *				21.0

* Test Production
** Approved Commingled Production (Administrative Order PC-132)

	<u>BPD</u>	<u>GRAVITY</u>	<u>\$/BBL</u>	<u>\$/DAY</u>
Blinebry, Drinkard & South Brunson Ellenberger	18.9	35.2 ^o	14.77	279.15
South Brunson Abo Pool	21.0	38.1 ^o	14.83	311.43
	<u>39.9</u>			<u>590.58</u>
TOTAL				
COMMINGLED	39.9	36.7 ^o	14.80	590.52
DIFFERENCE				\$.06

Gulf Oil Corporation

Scarborough Estate Lease



Schematic Diagram

Proposed Comingling Installation