

PC
OK

Gulf Oil Exploration and Production Company

R. C. Anderson
PRODUCTION MANAGER
HOBBS AREA

May 7, 1984

P. O. Box 670
Hobbs NM 88240

Re: Surface Commingling - Scarborough Estate
Section 31-T22S-R38E
Lea County, New Mexico

Mr. Joe D. Ramey
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

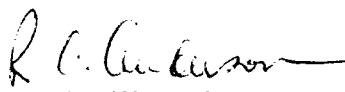
In order to avoid the considerable expense for maintaining two tank batteries for the subject lease, Gulf hereby seeks an exception to Rule 303A. The exception will allow Gulf to commingle production from the Tubb Gas and Brunson South Granite Wash with the Blinebry Oil and Gas, Drinkard Oil, Brunson South Abo, and Brunson Ellenburger South into the Scarborough Estate #4 Tank Battery. All wells will be tested periodically for allocation of production.

The attached tabulation shows the volume, gravities, and monetary values of the liquid hydrocarbons from the currently commingled pools as well as the proposed commingled production. The tabulation shows the total average daily production for a two month period and the results of recent production tests. The calculated revenue from the proposed commingled production is equal to the current non-commingled revenue. The Blinebry Oil and Gas, Drinkard Oil, Brunson South Abo, and Brunson South Ellenburger were commingled under Commingling Order Number PC-132.

Also attached is a schematic diagram of the storage facilities for the proposed commingled production and a lease plat. Texaco Oil Co. has agreed to continue to purchase the commingled production.

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

Yours very truly,


R. C. ANDERSON

TSM/skc
Att'd

cc: OCD-Hobbs
J. R. Frank-Midland
E. L. Allen-Eunice



SCARBOROUGH ESTATE LEASE

Section 31-T22S-R38E

Lea County, New Mexico

<u>Wells and Pool</u>	<u>Production</u>		<u>Total</u>	<u>Average BOPD</u>
	<u>Dec. 83</u>	<u>Jan. 84</u>		
Blinebry Oil and Gas #1, 2, 5, 8	732	798	1530	24.7
Drinkard Oil #1, 3, 7				
Brunson South Abo #4, 7				
Brunson Ellenburger #8	278	461	739	11.9
Tubb Gas #8				
Brunson South Granite Wash #9				

<u>Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>\$/Bbl</u>	<u>\$/Day</u>
Brunson South Abo Brunson South Ellenburger Blinebry Oil & Gas Drinkard	24.7	35.8	\$28.41	\$ 701.73
Tubb Gas Brunson South Granite Wash	11.9	37.1	\$28.44	\$ 338.44
Total				\$1040.17
Surface Commingled	36.6	36.2	\$28.42	\$1040.17
			Difference	0.00

Calculations

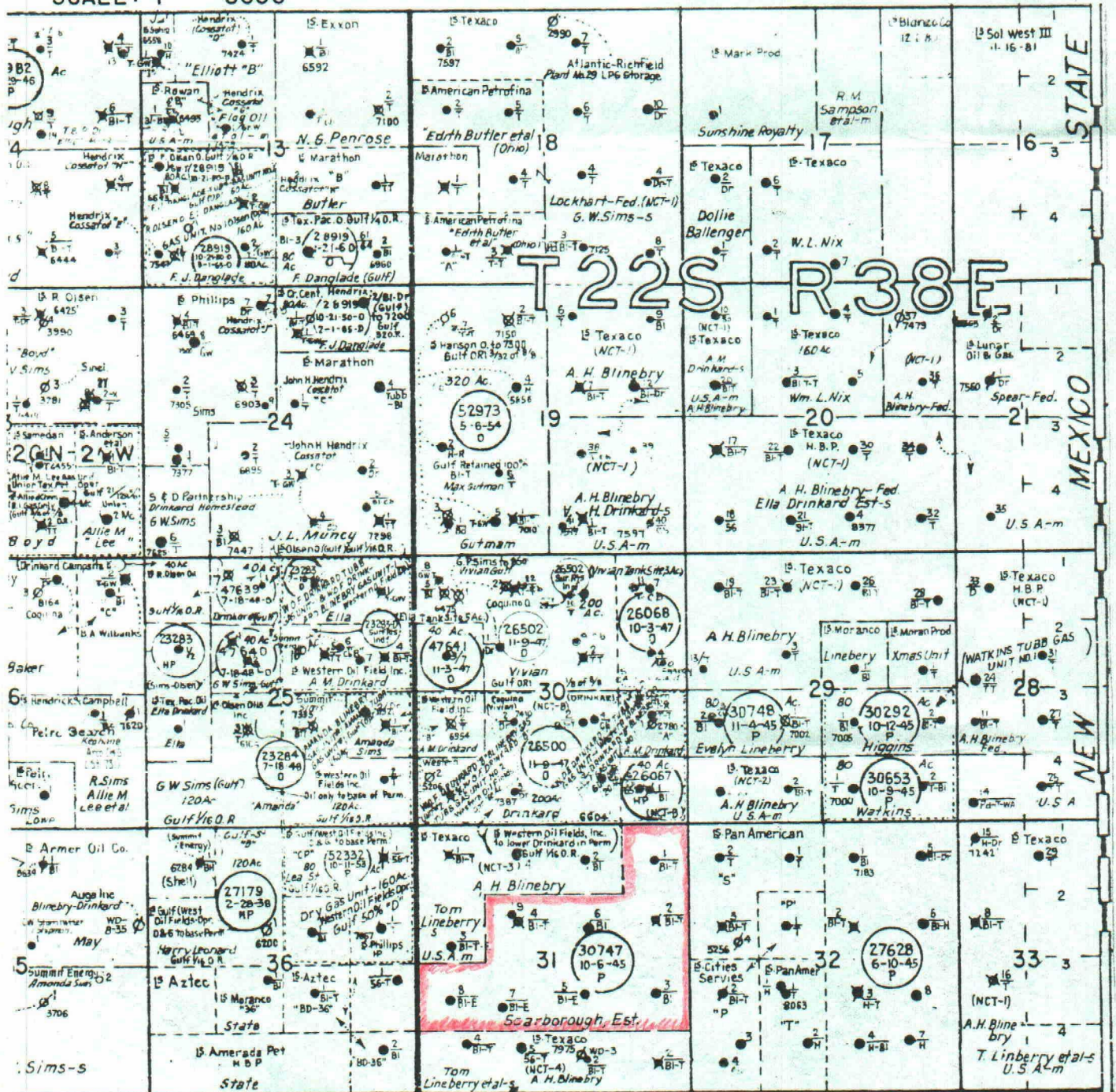
Commingled Gravity: $\frac{(24.7) \ 35.8 \ + \ 11.9 \ (37.1)}{36.6}$
 = 36.2

Pool Prices: Brunson South Abo
 Brunson South Ellenburger \$/Bbl = 28.50 - .02 (40 - 35.8)
 Blinebry Oil & Gas = 28.50 - .0840
 Drinkard Oil = 28.41

Tubb Gas \$/Bbl = 28.50 - .02 (40 - 36.2)
 Brunson South Granite Wash = 28.50 - .058
 = 28.44

Proposed Commingled \$/Bbl = 28.50 - .02 (40 - 36.2)
 = 28.50 - .076
 = 28.42

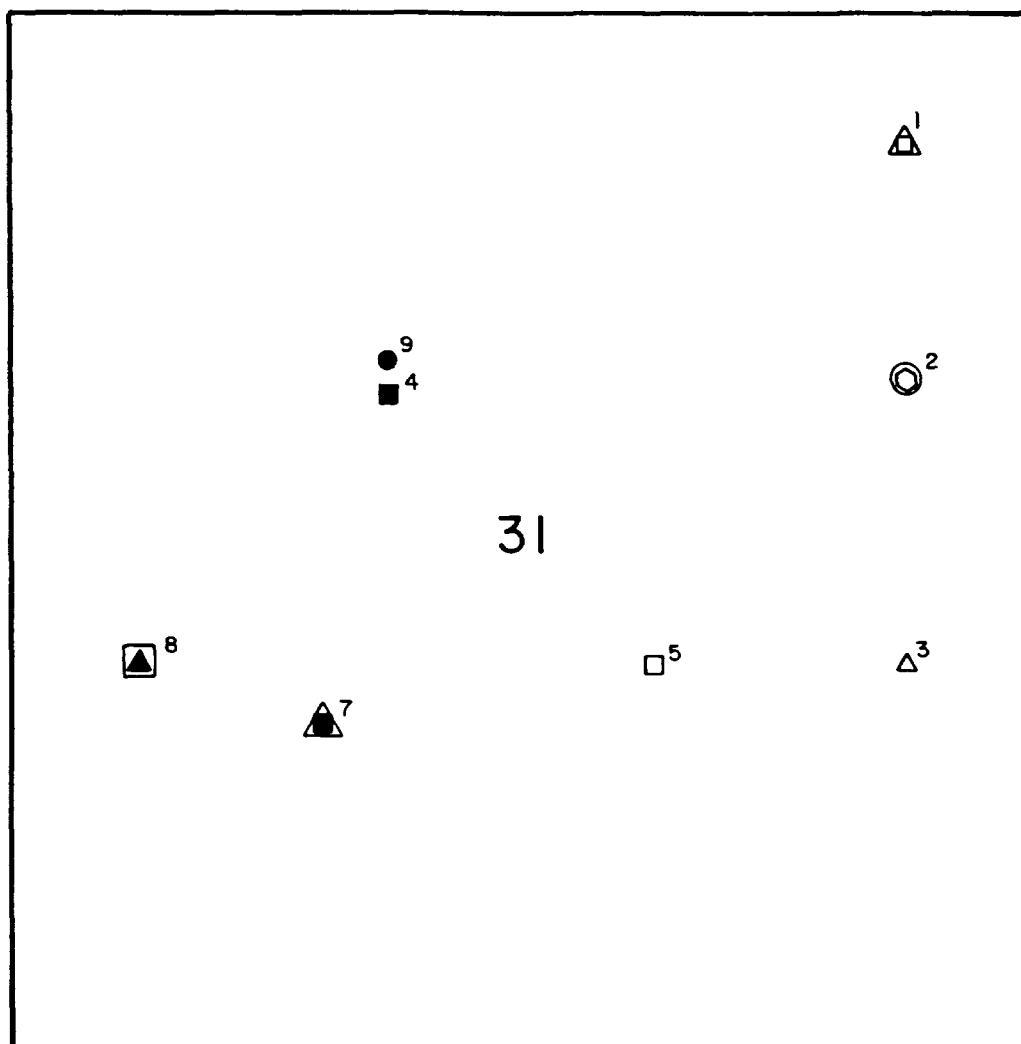
SCALE: 1" = 3000'



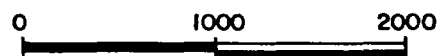
SCARBOROUGH ESTATE LEASE

Section 31 - T22S - R38E

Lea County, New Mexico

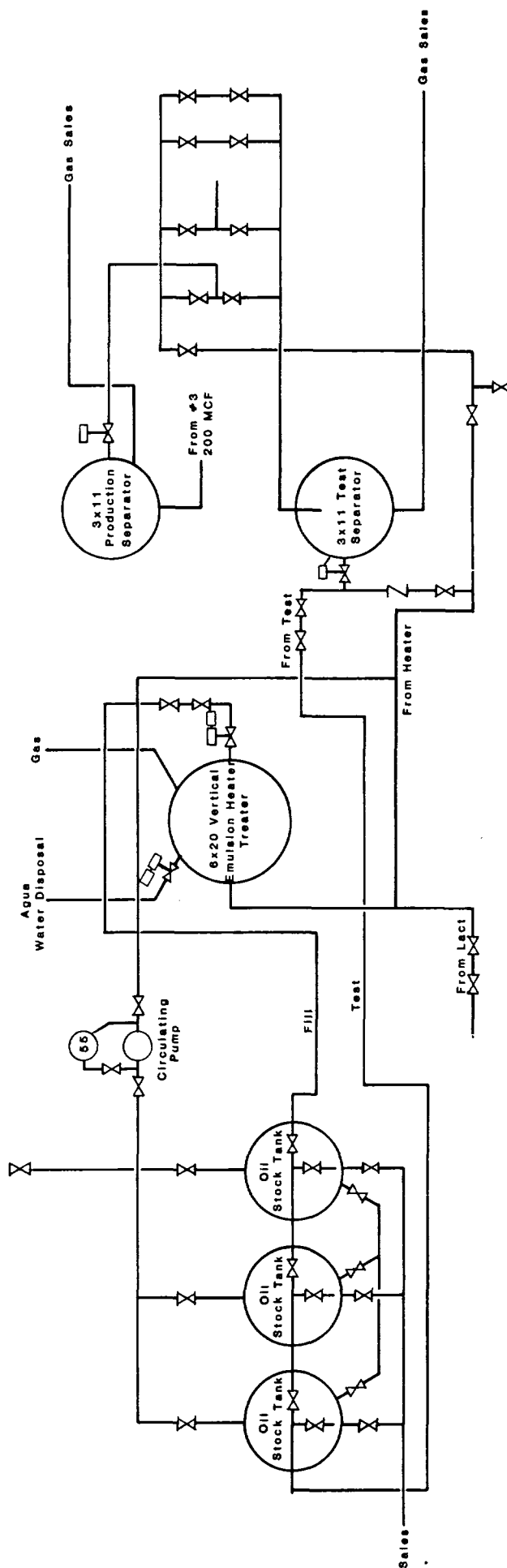


GULF OIL CORP.



CODE	POOL	WELL NUMBERS
□	Blinebry Oil	1, 5, 8
△	Drinkard Oil	1, 3, 7
○	Tubb Gas	2
○	Blinebry Gas	2
■	Brunson South Abo	4, 7
▲	Brunson Ellenberger South	8
●	Brunson South Granite Wash	9

Gulf Oil Corporation
 Scarborough Estate Lease
 Section 31 - T22S - R38E
 Lea County, New Mexico
 Proposed Surface Commingle Tank Battery Plat





T. J. SAVAGE
ASSISTANT MANAGER
CRUDE OIL TRADING

February 15, 1984

RECEIVED
FEB 15 84
HOBBS, N.M.
TEXACO
U.S.A.
A DIVISION OF TEXACO INC.
300 WEST WALL STREET
P. O. BOX 3109
MIDLAND, TEXAS 79702
(915) 682-0541

GULF OIL CORP. - OPERATOR
SCARBOROUGH ESTATE
LEA COUNTY, NEW MEXICO
0055-1591-0001

Gulf Exploration & Production Co.
P. O. Box 670
Hobbs, New Mexico 88240

Attention: Mr. R. C. Anderson

Gentlemen:

Reference is made to previous arrangements which provided for your sale of the above subject lease production from commingled storage to Texaco Inc. with connection by Texas-New Mexico Pipe Line Company into their Sweet System.

You have requested permission to commingle Tubb Condensate with the commingled Blinebry, Brunson, Drinkard and Granite Wash production.

Texaco is agreeable to purchasing this commingled production.

Yours very truly,

T. J. Savage/BJF

T. J. SAVAGE

BJF:LAL

cc: Mrs. B. M. Ragsdale
Gulf Oil Products Company
P. O. Box 1150
Midland, Texas 79701