

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

March 22, 1963

Re: Nancy Stephens Lease
Section 24-21S-37E,
Lea County, New Mexico

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

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

Dear Sir:

Gulf recently opened the Drinkard oil pay in its Nancy Stephens No. 1 which already produces from the Terry Blinbry Oil Pool. Under Oil Conservation Commission Order No. MC-1283 the well is being dually completed in these two pools. This is the only Drinkard production on the Stephens Lease and Gulf would like to commingle the Drinkard and Terry Blinbry crude oils to eliminate the need for an additional tank battery.

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

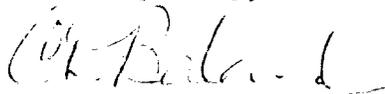
The following tabulation shows the volumes, gravities and monetary values of the liquid hydrocarbons from the individual pools as well as the commingled production:

<u>Pool</u>	<u>Bbl/Day</u>	<u>Gvty</u>	<u>\$/Bbl.</u>	<u>Bbl/day x \$/Bbl.</u>
Drinkard	66	40.7	\$3.01	\$ 198.66
Terry Blinbry	29	39.7	\$2.99	\$ 86.71
				\$ 285.37
Commingled	95	40.4	\$3.01	\$ 285.95

The actual commercial value of the commingled production will be slightly more than 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.

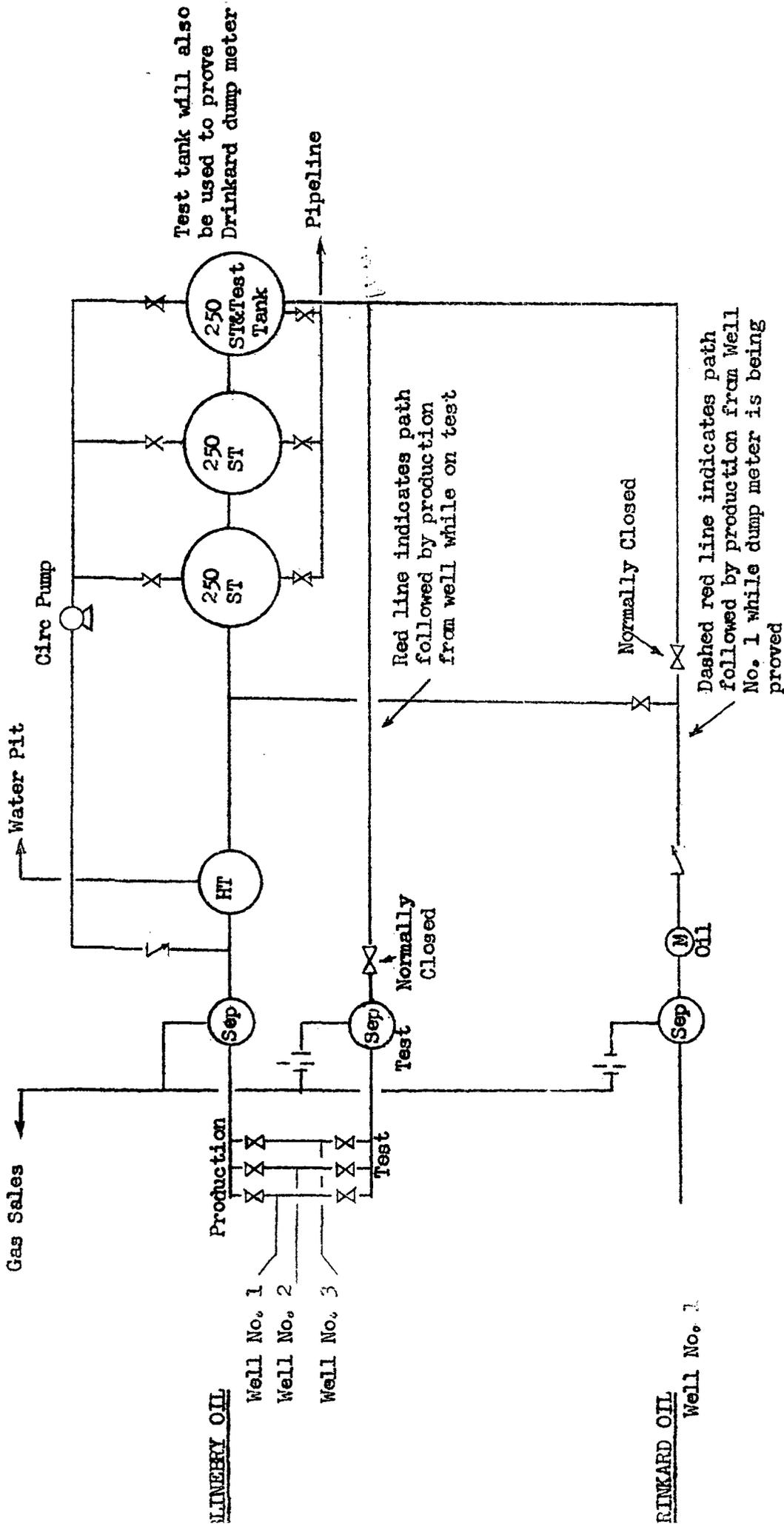
Yours very truly,



C. D. BURLAND
Area Production Manager

ICS:ptg

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



SCHEMATIC DIAGRAM
 PROPOSED COMINGLING INSTALLATION
 NANCY STEPHENS LEASE

