

CONFIDENTIAL
Gulf, Inc.

August 14, 1963

Re: Mark Owen Lease, SE/4
Section 34-21S-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:

Deterioration of storage tanks and lack of treating facilities in two tank batteries on subject lease has prompted this letter requesting approval to commingle production from three separate pools in order to eliminate the need for additional treating and storage facilities.

Gulf hereby seeks administrative approval from the Oil Conservation Commission to commingle the Drinkard, Penrose Skelly and Paddock crude oil production on the Mark Owen Lease. Attached is a schematic diagram of the proposed installation along with a plat of the Mark Owen Lease, a 60-day production tabulation for each pool, and a copy of a letter from Shell Oil Company agreeing to purchase the commingled crude from this lease. Since this is a fee lease no letter from the Commissioner of Public Lands is required.

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>API Gvty at 60°</u>	<u>\$/Ebl.</u>	<u>Revenue/Day</u>
Drinkard	13	34.9°	2.83	36.79
Penrose Skelly	7	34.7°	2.83	19.81
Paddock	<u>11</u>	<u>36.3°</u>	<u>2.87</u>	<u>31.57</u>
T o t a l s	31	-		88.17
Commingled	31	35.4°	2.85	\$ 88.35

The actual commercial value of the commingled production will be slightly more (\$.18/Day) than the sum of the values of the production from the individual pools.

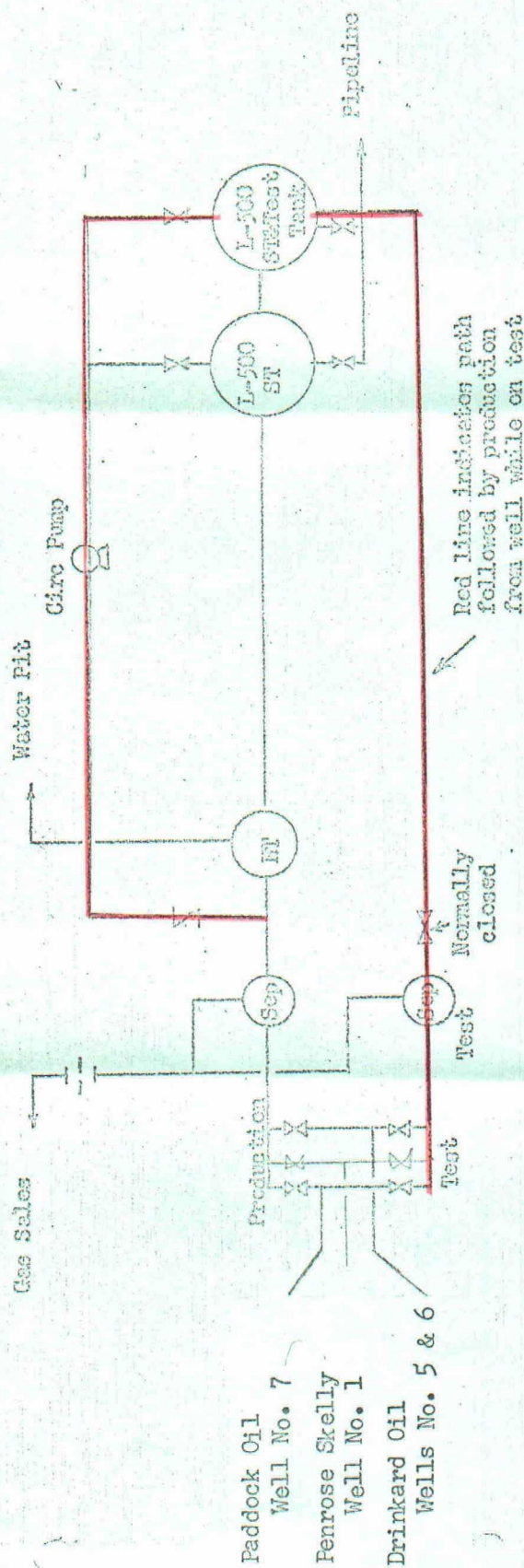
As a matter of information Gulf now has in effect Administrative Order No. PC-139, Dated May 10, 1963 allowing commingling of Blinebry Oil and Paddock Oil on this same lease; however, the only Blinebry Oil producer (#4) has been temporarily abandoned for some time and we do not expect to return it to production. This commingling proposal is in the interest of conservation in that it prevents unnecessary waste.

Yours very truly,

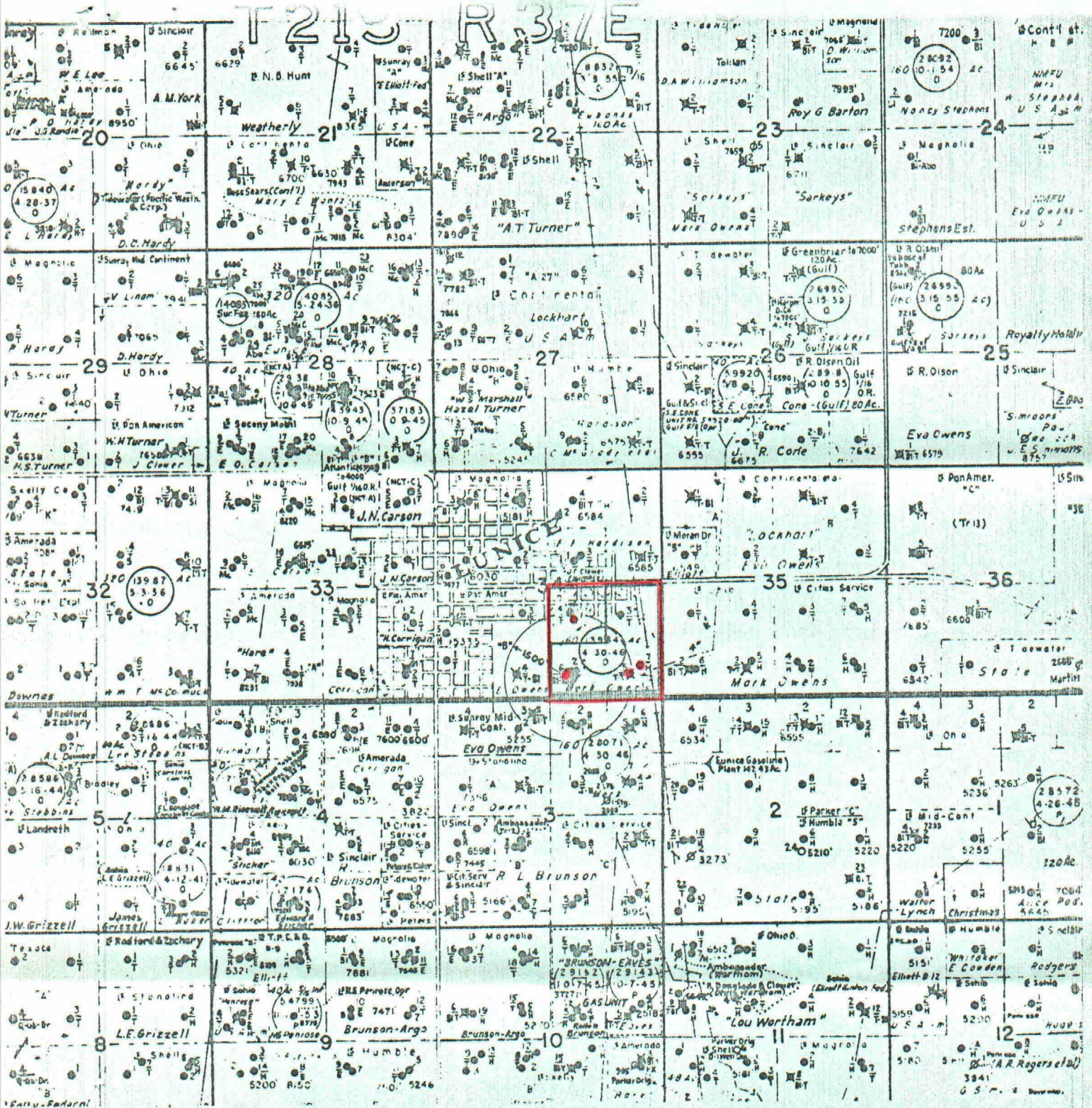
C. D. Bopland

C. D. BOPLAND
Area Production Manager

cc: D.L. Williams, Midland
OGC - Hobbs



SCHEMATIC DIAGRAM
PROPOSED OILWELL INSTALLATION
MARK CUM LEASE



LEASE PLAT
 MARK OWEN LEASE
 BLINBERRY GAS POOL
 Lea County, New Mexico

- LEGEND -

- Proposed Non-Standard Unit
- Pertinent Well

GULF OIL CORPORATION

8-15-66

GULF OIL CORPORATION

MARK OWEN LEASE 60-Day Production Record

<u>Pool</u>	<u>Period</u>	<u>Well No.</u>	<u>Total Bbls. Prod.</u>	<u>No. Days Produced</u>	<u>Top Pool Alw-brd</u>	<u>Avg. Daily Prod. BPD</u>
Paddock	May, 1966	7	308	28	59	11.00
	June 1966	7	266	30	60	8.88
Penrose- Skelly	May 1966	1	218	31	44	7.04
	June 1966	1	123	30	45	4.10
Drinkard	May, 1966	5	145	31	78	4.67
	June 1966	5	156	22	80	7.09
	May, 1966	6	23	31	78	.74
	June 1966	6	25	20	80	1.25



SHELL OIL COMPANY

SHELL BUILDING
P. O. BOX 2099
HOUSTON, TEXAS 77001

August 3, 1966

Subject: Gulf Oil Corporation
Mark Owen Lease
Paddock, Drinkard, Penrose Skelly Pool
Section 34, T-21-S, R-37-E
Lea County, New Mexico

Gulf Oil Corporation
P. O. Box 1150
Midland, Texas

Attention Mr. D. L. Williams

Gentlemen:

This is to confirm our conversation regarding Shell's purchase of the commingled Drinkard, Paddock and Penrose Skelly production from the subject lease.

You have advised us that approximately 11 b/d of ^{36.3°}~~35.3°~~ Paddock and 13 b/d of 34.9° Drinkard production is to be commingled with some 7 b/d of 34.7° Penrose Skelly production. Based on this information, Shell Oil Company, as purchaser, does not object to this commingling arrangement. However, should the volume or gravity of any of the production change appreciably we request that you advise us of this change so that we may have the opportunity of reviewing this arrangement.

Please furnish us a copy of the Commission's commingling approval.

Yours very truly,

T. B. Medders
Crude Oil Representative

