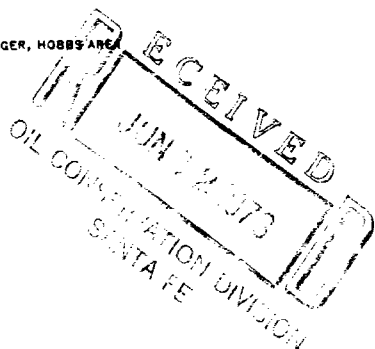


Gulf Oil Exploration and Production Company

R. C. Anderson
PRODUCTION MANAGER, HOBBS AREA

June 21, 1979

P. O. Box 670
Hobbs, NM 88240



Re: Mark Owen Lease Tank Battery
Section 34-T21S-37E, Lea Co., NM
Proposed Surface Commingling
of Wantz Granite Wash, Drinkard,
Tubb Oil, Blinebry Gas & Penrose
Skelly Pools

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

Dear Sir:

*amend PC 139-add
Wantz for wash*

Administrative Order PC-139 dated 2-28-79 authorized Gulf to surface commingle Penrose Skelly, Drinkard, Blinebry and Tubb production into a common tank battery on the Mark Owen lease.

In order to avoid considerable expense in constructing and maintaining a new tank battery for the subject lease, Gulf hereby seeks an exception to Rule 303-A and an amendment to Administrative Order PC-139. This will allow Gulf to surface commingle newly developed Wantz Granite Wash oil from our Mark Owen Well No. 8 with Penrose Skelly oil from well No. 1, Drinkard oil from wells 3, 5 & 6, Blinebry Oil from well No. 3, and Tubb Oil from well No. 4. All wells will be tested periodically for allocation of production.

The attached tabulation shows the volumes, gravities, and monetary values of the liquid hydrocarbons from individual pools, as well as commingled production. The tabulation also shows total daily average production for a 92 day period and the results of recent production tests for the new completion.

The calculated revenue from the commingled production is approximately 28 cents per day less than the total revenue from the individual pools.

Also attached is a schematic diagram of the storage facilities for the commingled production and a lease plat. Shell Pipeline has agreed to purchase the commingled oil as proposed herein.

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

Your early reply to this application will be appreciated.

Yours very truly,

R. C. Anderson
R. C. ANDERSON

Attachments:
LBI/ch
cc: Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240



A DIVISION OF GULF OIL CORPORATION

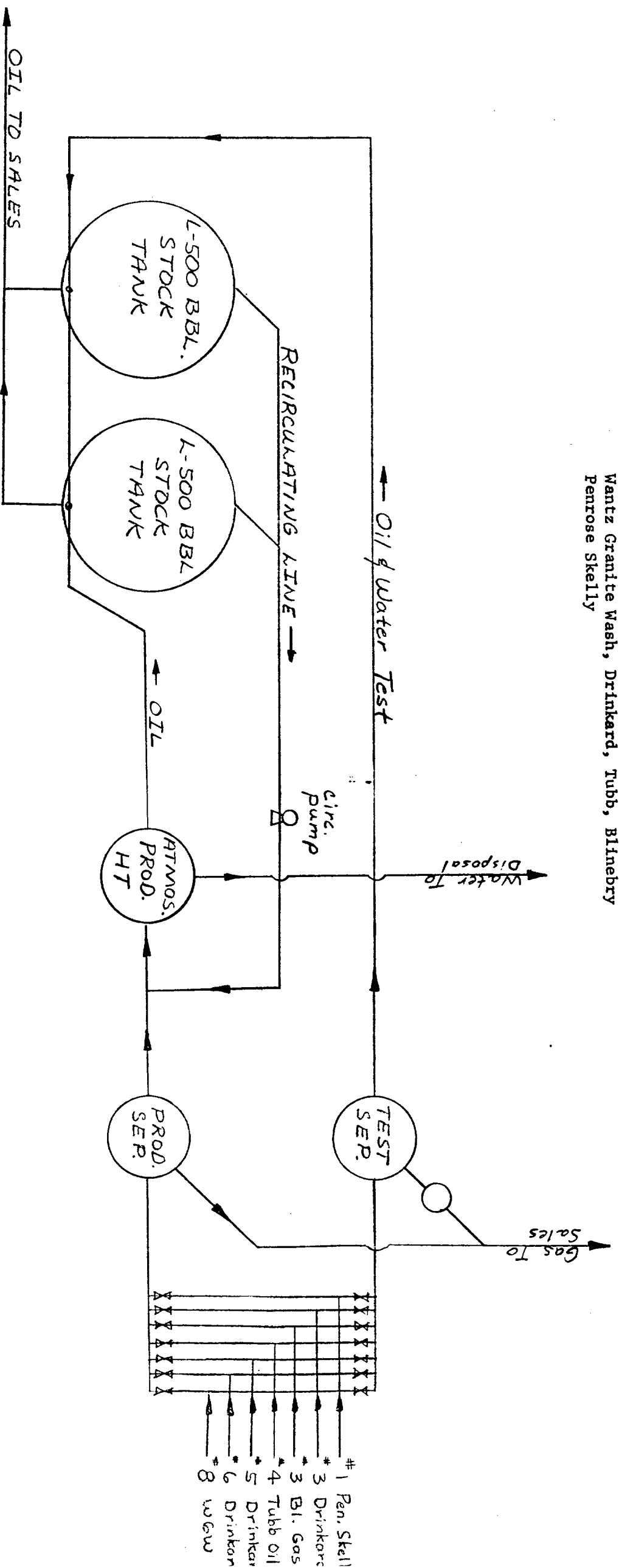
GULF OIL CORPORATION
Mark Owen Lease, Tank Battery
Section 34-T21S-R37E
Lea County, New Mexico

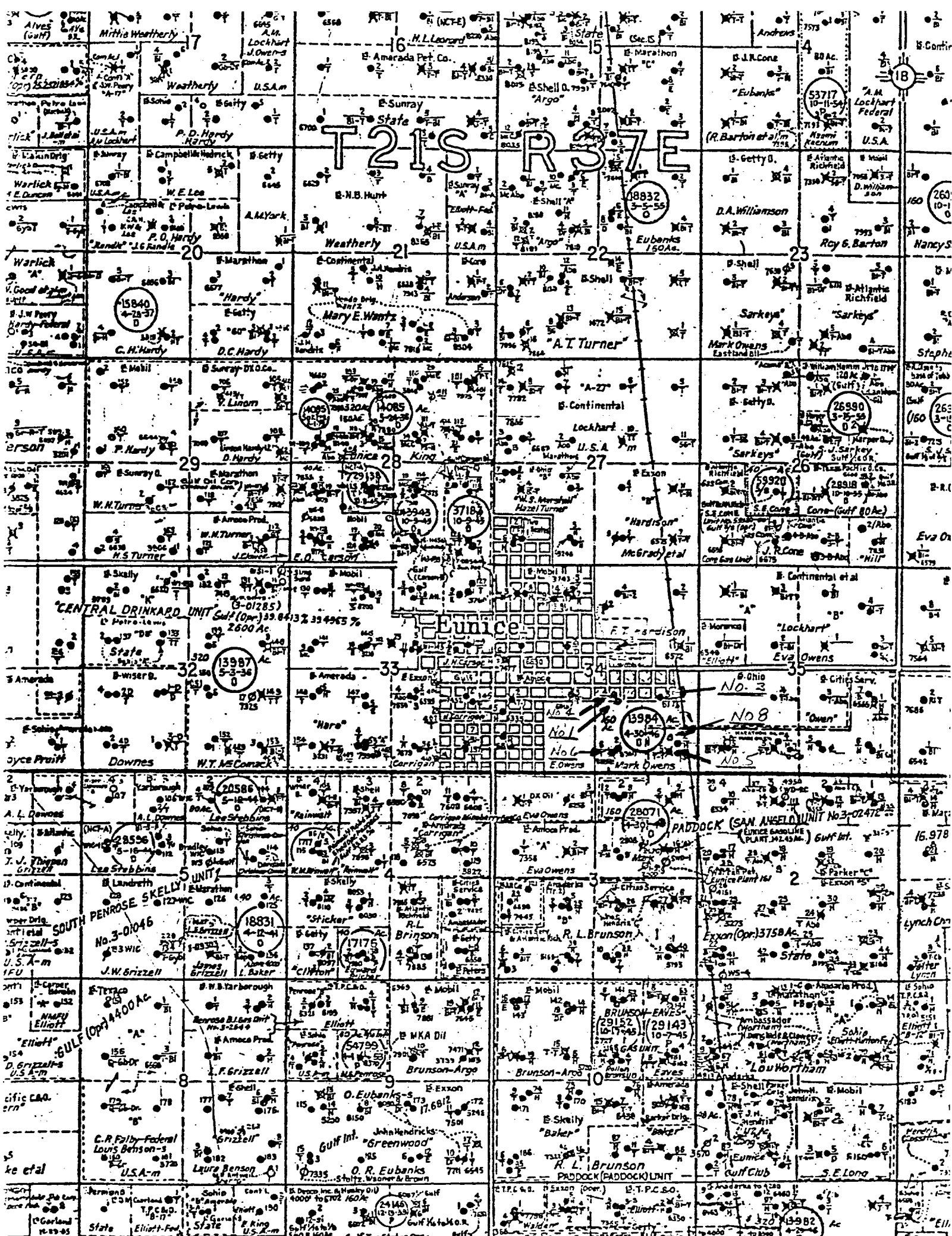
<u>Wells and Pool</u>	<u>Production</u>			<u>Total</u>	<u>Avg. BOPD</u>
	<u>Mar. 79</u>	<u>April 79</u>	<u>May 79</u>		
Mark Owen No. 1 Penrose Skelly	74	60	60	194	2.21
Mark Owen No. 3	74	25	25	124	1.35
Mark Owen No. 5	8	20	20	48	.52
Mark Owen No. 6 Drinkard	24	25	25	74	.80
Mark Owen No. 3 Blinebry	31	29	28	88	.96
Mark Owen No. 4 Tubb	0	10	0	10	.36
Mark Owen No. 8 Wantz Granite Wash*	--	--	--	--	9.00
					<u>15.20</u>

* Test Production (6-14-79)- 9 BOPD, 0 BWPD

<u>Well</u>	<u>Pool</u>	<u>BPD</u>	<u>Gravity</u>	<u>\$/Bbl</u>	<u>\$/Day</u>
No. 1	Penrose Skelly	2.21	34.3	17.59	38.87
No. 3	Drinkard	1.35	35.3	17.61	23.77
No. 5	Drinkard	.52	35.3	17.61	9.16
No. 6	Drinkard	.80	35.3	17.61	14.09
No. 3	Blinebry	.96	45.0	17.70	16.99
No. 4	Tubb	.36	37.3	17.65	6.35
No. 8	Wantz Granite Wash	<u>9.00</u>	<u>38.3</u>	<u>17.67</u>	<u>159.03</u>
Total		15.20	--	--	268.26
Commingled		15.20	37.26	17.63	267.98
Difference Per Day					(\$.28)

GULF OIL CORPORATION
 Proposed Commingled Tank Battery
 Mark Owen Lease
 Sec. 34-T21S-37E, Lea County, New Mexico
 Wantz Granite Wash, Drinkard, Tubb, Blinbry
 Penrose Skelly



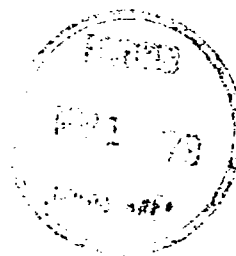


Shell Oil Company



Two Shell Plaza
P.O. Box 2099
Houston, Texas 77001

February 26, 1979



Gulf Oil Corporation
ATTN Mr. R. C. Anderson
P. O. Box 670
Hobbs, NM 88240

Gentlemen:

GULF OIL CORPORATION
MARK OWEN LEASE
WANTZ GRANITE WASH FIELD
LEA COUNTY, NEW MEXICO

This will confirm the telephone conversation wherein we, as purchaser of the subject lease, granted our permission for Gulf to commingle the subject field into the existing battery for the Blinbry Gas, Drinkard, Penrose Skelly and Tubb fields.

Yours very truly,

F. D. Couvillon, Supervisor
Field Operations - Crude Oil Supply
Operations-Domestic Raw Materials Supply

SJB/dg

cc - Gulf Oil Corporation
P. O. Box 1150
Midland, TX 79702
ATTN Mr. E. E. Cox