

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 10, 1963

C
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P
Y

Gulf Oil Corporation
P. O. Box 2167
Hobbs, New Mexico

Attention: Mr. C. D. Borland

Administrative Order PC-140

Gentlemen:

Reference is made to your application dated April 19, 1963, for administrative approval of an exception to Rule 303 (a) of the Commission Rules and Regulations to permit the commingling of the production from the Paddock and Penrose-Skelly Pools on your R. E. Cole (NCT-A) Lease comprising all of Section 16, Township 22 South, Range 37 East, Lea County, New Mexico, allocating the marginal production on the basis of periodic well tests.

By the authority vested in me under the provisions of Rule 303 (b) of the Commission Rules and Regulations, you are hereby authorized to commingle the production from the aforesaid pools on said lease in the above-described manner. Provided however, that the installation shall be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities"; and provided further however, that you shall immediately notify the Commission at such time as any well in either pool is capable of top allowable production.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/DSN/esr

cc: Oil Conservation Commission (with enclosure) - Hobbs
Oil & Gas Engineering Committee - Hobbs

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

MAIN OFFICE OCC

April 19, 1963

1963 APR 22 AM 8:09

Re: R. E. Cole (NCT-A) Lease
Section 16-22S-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 has recently recompleted its R. E. Cole (NCT-A) No. 6 in the Paddock Pool. This being the only Paddock production on the lease, Gulf proposes to commingle the Paddock crude with the Penrose-Skelly crude from Wells No. 1, 2, and 3 to eliminate the additional treating and storage facilities.

Gulf hereby seeks administrative approval from the Oil Conservation Commission to commingle the Paddock and Penrose-Skelly oil production on the R. E. Cole (NCT-A) Lease. The wells producing from both pools are marginal and will be tested periodically for allocation of production as directed by the commingling order.

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.</u>	<u>\$/Bbl.</u>	<u>\$/Day</u>
Paddock	29	34.7	\$2.89	\$83.81
Penrose Skelly	15	34.6	\$2.89	\$43.35
				<u>\$127.16</u>
Commingled	44	34.7	\$2.89	\$127.16

Note that the value of the commingled production is identical with that of the crude from the individual pools.

Attached is a schematic diagram of the proposed installation along with a lease plat. Also attached is a letter of approval from Shell Pipeline Corporation and a tabulation of the total and average daily production for a 60 day period.

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

Yours very truly,



C. D. BORLAND
Area Production Manager

PMC:ptg
Att'd.

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

60 DAY PRODUCTION DATA
R. E. Cole (NCT-A) Lease

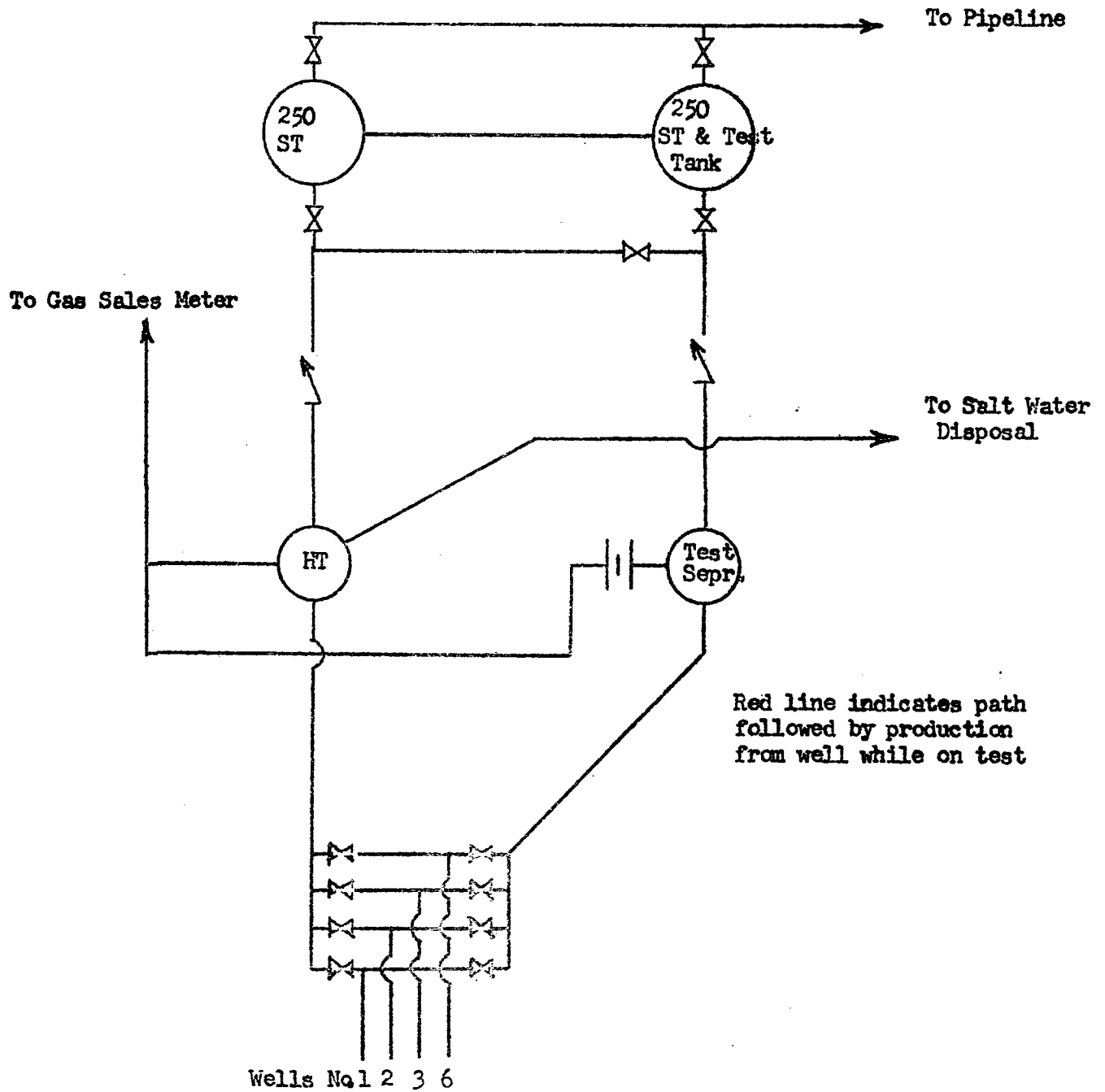
Penrose Skelly Pools - Wells No. 1, 2, 3

<u>Month</u>	<u>Well</u>	<u>Bbls. Prod.</u>	<u>Monthly Allowable</u>	<u>No. Days Produced</u>	<u>Avg. Daily Production</u>	<u>Bbls. Oil Last Test</u>
February, 1963	1	130	140	25	5.20	-
	2	131	140	25	5.24	-
	3	130	140	25	5.20	-
March, 1963	1	125	155	26	4.81	5
	2	127	155	29	4.38	5
	3	125	155	29	4.31	5

Paddock Pool - Well No. 6

February, 1963	6	95	90	28	3.39	-
March, 1963	6	288	558	29	9.93	29

SCHEMATIC DIAGRAM
PROPOSED COMINGLING INSTALLATION
R. E. COLE (NCT-A) LEASE



Penrose Skelly production - Wells No. 1, 2, 3
Paddock Production - Well No. 6



SHELL OIL COMPANY

PETROLEUM BUILDING

P. O. BOX 1507

MIDLAND, TEXAS

April 8, 1963

Subject: Gulf Oil Corporation
R. E. Cole "A" Lease
Section 15-22S-37E
Paddock Pool
Lea County, New Mexico

Gulf Oil Corporation
P. O. Box 2097
Denver, Colorado

Attention Mr .D. L. Williams

Gentlemen:

This will confirm our conversation wherein we stated that Shell Oil Company would purchase the new Paddock production from well No. 6 on subject lease, commingled with the present production produced from the Penrose-Skelly pay zone. This, of course, is subject to approval by the New Mexico Oil Conservation Commission authorizing such commingling.

Yours very truly,

For: R. M. Armstrong
Crude Oil Department - Midland

LBB:AK

