

Gulf Energy and Minerals Company - U.S.

SOUTHWEST DIVISION
HOBBS AREA

C. D. Borland
AREA PRODUCTION MANAGER

P. O. Box 670
Hobbs, NM 88240

December 27, 1977

Re: G. C. Matthews Lease
Section 6, T-20-S, R-37-E
Lea County, New Mexico

Mr. Joe D. Ramey
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

In order to avoid considerable expense in expanding and maintaining the above mentioned tank battery, Gulf hereby seeks an amendment to Administrative Order PC 142 to allow Gulf to commingle newly developed Monument Abo oil with the commingled Eunice-Monument, Monument Blinebry, and Monument Paddock production, as authorized by the above mentioned order and a previous amendment to the same. The wells producing from all pools are marginal and will be tested periodically for allocation of production.

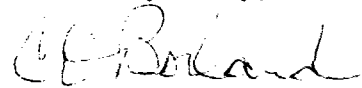
The attached tabulation shows the volumes, gravities and monetary values of the liquid hydrocarbons from individual pools, as well as commingled production. The tabulation also shows total average daily production for a 60 day period.

The calculated revenue from the commingled production will be approximately 6 dollars per day less than the total revenue from the individual pools. This difference in revenue does not justify construction of separate storage facilities for the declining marginal production from the Monument Abo pool.

Attached is a lease plat along with a schematic diagram of the existing storage facilities currently in use to store production from the Eunice Monument, Monument Paddock, and Monument Blinebry pools from the subject lease. Shell Oil Corporation has agreed to purchase the commingled oil as proposed herein.

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

Yours very truly,



C. D. BORLAND

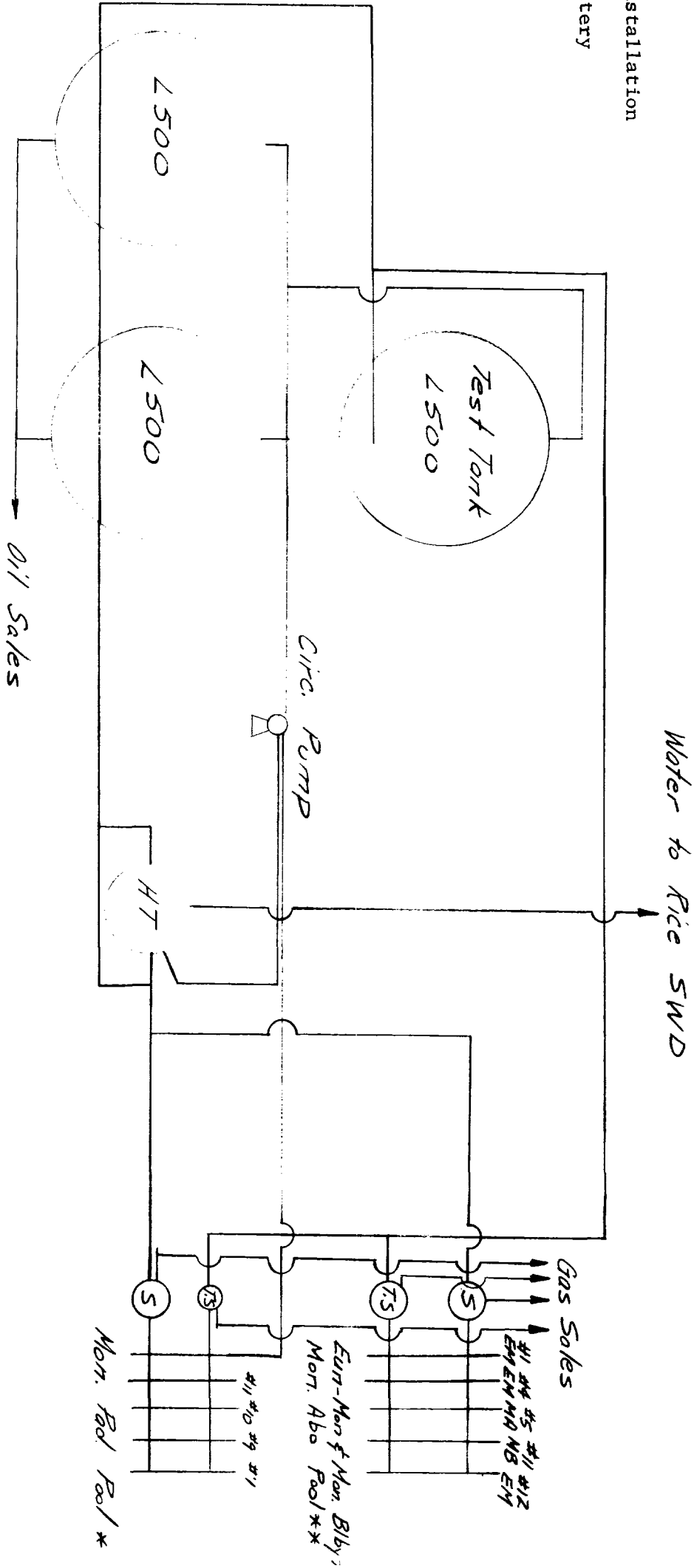


G. C. Matthews Lease
 Section 6, T20S, R37E
 Lea County, New Mexico

<u>Pool</u>	<u>BPD</u>	<u>Gravity</u>	<u>\$/bbl</u>	<u>\$/Day</u>
<u>Separated</u>				
Eunice-Monument Monument Paddock Monument Blinebry	36.4	37°	13.74	500.14
Monument Abo	8	37°	12.37	98.96
Total (Separated)	44.4			<u>\$599.10</u>
<u>Commingled</u>				
Eunice-Monument Monument Paddock Monument Blinebry	36.4	37°	13.74	500.14
Monument Abo	8	37°	11.62	92.96
Total (Commingled)	44.4			<u>\$593.10</u>
			Difference	\$ 6.00

Note: A decrease of \$6.00 per day is only a 1 per-cent decrease in total revenue.
 This decrease is too small to justify construction of separate storage
 facilities for the declining marginal production from the Monument Abo pool.

Gulf Oil Corporation
Schematic Diagram
Existing Commingling Installation
G. C. Matthews Tank Battery



* Currently Commingled
** Proposed Addition to Commingle Production

