MORAN OIL PRODUCING & DRILLING CORPORATION

BOX 1718
HOBBS, NEW MEXICO

GENERAL OFFICES
903 WEST MARLAND
HOBBS, NEW MEXICO

PHONE
EXPRESS 3-2571
EXPRESS 3-2417

June 20, 1963

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Subject: Request for permission to commingle Drinkard & Blinebry oil on Elliott Lease LC-067908 SW/4 NW/4 Section 35, T21S, R37E, Lea County, New Mexico.

Dear Sir:

E. F. Moran, Inc., hereby requests exception to OCC Rule 303 (A) by administration approval, as set forth in Rule 303 (B) Case No. R-2060, to commingle production from two common sources of supply.

We request permission to commingle Drinkard oil with Blinebry oil on the Elliott Lease (Federal LC-067908) Section 35, T21S,R37E, Lea County, New Mexico. This request is made contingent upon your approval of our dual completion application dated June 4, 1963, and subsequent assignment of an allowable for the Blinebry zone. If our request to commingle is granted we will comply with all requirements in R-2060 and "Manual For the Installation and Operation of Commingling Facilities", dated September 13, 1961.

By carbon copy of this application we ask approval of this installation from the Regional Supervisor of the United States Geological survey.

The observed API gravity of the Drinkard and Blinebry Zones are indentical--namely 39 degrees API at 60°F. The current posted price for this crude is $2.89 per barrel. The gravity of the commingled production will be 39° API with a value of $2.98 per barrel.

The ownership is common under this lease including the working interest, royalty interest and overriding royalty interest.

The wells on both zones to be commingled are marginal and are physically incapable of producing top unit allowable for their respective pools. On June 19, 1963, the Blinebry oil zone tested 40 BOPD at maximum capacity and the Drinkard zone tested 50 BOPD at maximum capacity. Our proposed plan is to determine the production from each zone by semi-annual tests or any other tests that the Commission may require. Since both zones are new completions, we are unable to submit a sixty day tabulation for each zone's production. However, we shall notify the Commission at any time either zone becomes capable of producing top allowable.

The attached schematic diagram of the piping system indicates our proposed installation. The Drinkard production will be produced into a heater-treater and the Blinebry production will be produced into a separator and dumped into the heater-treater. Either zone may be tested at the battery site through the test line. In addition either zone may be tested at the well site by means of a portable well checker.

The attached plat indicates the well location, tank battery location, and producing zones.

Your approval of our commingling request will be appreciated.

Yours very truly,

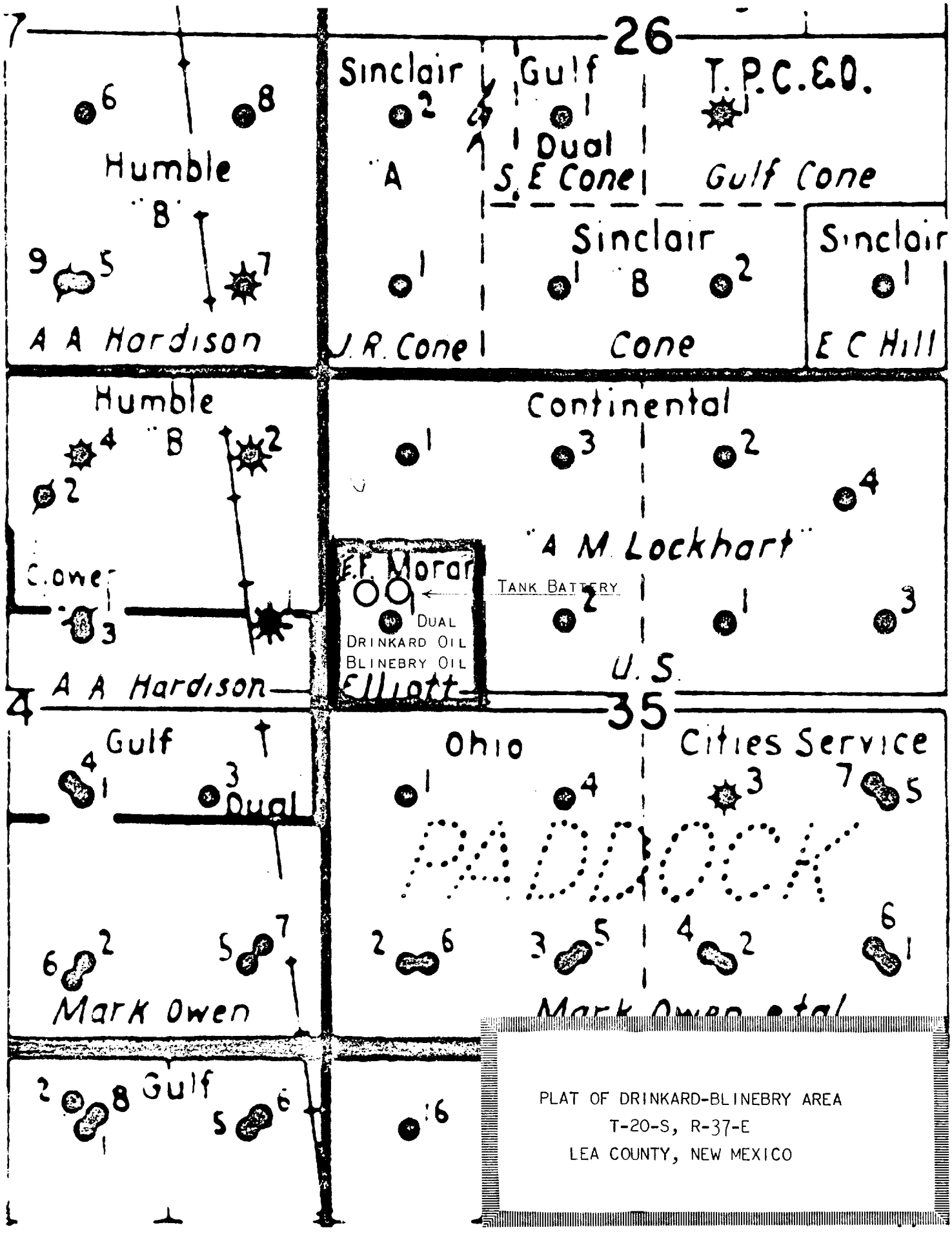
E. F. MORAN INC.

K. D. McPeters

K. D. McPeters

attachment

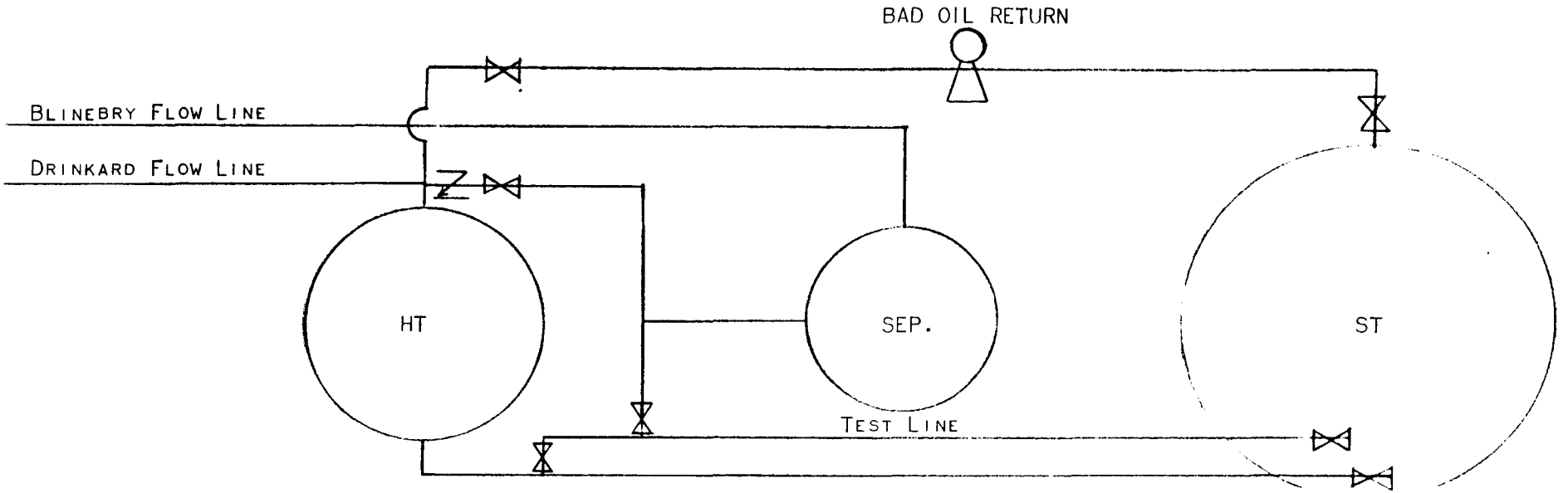
cc: Elliott, Inc., Roswell, New Mexico
New Mexico Oil Conservation Commission, Hobbs, New Mexico
United States Geological Survey, Hobbs, New Mexico



PLAT OF DRINKARD-BLINEBRY AREA
T-20-S, R-37-E
LEA COUNTY, NEW MEXICO

SCHEMATIC DIAGRAM - COMMINGLING INSTALLATION

E. F. MORAN, INC. - ELLIOTT NO. 1



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico

July 26, 1963

Moran Oil Producing & Drilling Corp.
Box 1919
Hobbs, New Mexico

Attention: Mr. R. M. Moran

Gentlemen:

Your letter of July 23, 1963, requests approval to commingle oil from the Blinebry and Drinkard Pools located in the SW¼NW¼ sec. 35, T. 21 S., R. 37 E., Lea County, New Mexico, on Federal lease Las Cruces 067908.

The method of commingling as described by the diagram attached to your letter is hereby approved. You are requested to notify our Hobbs office when the installation is completed so that a field inspection of the system can be made.

Very truly yours,

(ORIG. SGD.) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

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