



CONTINENTAL OIL COMPANY

P. O. BOX 1377
ROSWELL, NEW MEXICO

PRODUCTION DEPARTMENT
NEW MEXICO DIVISION
A. B. SLAYBAUGH
DIVISION SUPERINTENDENT
V. C. EISSLER
ASSISTANT DIVISION SUPERINTENDENT

December 5, 1963

825 PETROLEUM BUILDING
TELEPHONE: MAIN 2-4202

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director


Gentlemen:

Re: APPLICATION TO COMMINGLE -
LOCKHART B-35 LEASE

We forward herewith application in triplicate for permission to commingle production from the Blinebry and Drinkard oil pools on our Lockhart B-35 Lease in Section 35, T21S, R37E, Lea County, New Mexico. You will note that due to a difference in royalty rate on the SW/4 of the NE/4 that the production from this tract (Unit G) is being metered separately. We are also attaching a copy of the letter from the Regional Oil & Gas Supervisor of the United States Geological Survey expressing his consent to the proposed commingling.

Your further handling and approval of this application will be sincerely appreciated.

Yours very truly,


V. T. LYON
Senior Engineer

VTL-pr
Enc.

cc: RGP GW JWK JRP

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New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary

Re: Application of Continental Oil Company for exemption from Rule 303 (A) in order to commingle the oil production from the Drinkard and Blinbry Oil Pools on its Lockhart B-35 Lease, located in Section 35, T21S, R37E, NM41, Lea County, New Mexico.

Gentlemen:

Continental Oil Company requests an exemption from Rule 303 (A) for permission to commingle liquids produced from the captioned lease and in support thereof submits the following data.

1. Applicant's Lockhart B-35 Lease consists of NE/4 of Section 35, T21S, R37E, Lea County, New Mexico. A plat, Exhibit No. 1, attached hereto, shows the lease, the wells thereon and the battery site.

2. Mineral rights under the Lockhart B-35 Lease are held by the Federal Government. However, the SW/4 of the lease carries a different royalty rate than does the remainder of the lease.

3. Drinkard and Blinbry production from well no. 1 will each be metered separately prior to commingling with the other crude produced on the lease. Production from the other Drinkard Oil Pool wells will be measured by the subtraction method and allocated between wells on the basis of periodic gas-oil ratio tests. A tabulation, Exhibit No. 2, attached hereto, shows the latest test on each well and the average daily production during the period from June 1, 1963, to September 1, 1963. Should any of these wells be restored to a level of production where metering would be required by NMOC commingling regulations, the production will be measured by a suitable meter with non-reset counter and sampler, if needed, prior to commingling.

4. Additional development is anticipated in the near future on the Lockhart B-35 Lease in the Blinbry Oil Pool. Wells in the Blinbry Oil Pool are expected to be top allowable producers and will be measured by a suitable meter with non-reset counter and sampler prior to commingling. Separate storage facilities will be retained for Tube condensate.

5. The anticipated gravity of the commingled production is estimated to be approximately 38.4° API with a value of \$2.89 per barrel. The gravity of present Drinkard production is 38.3° to 38.7° API. The production from the Blinbry Oil Pool is expected to be in the same range and, therefore, the actual commercial value of the commingled production for the lease will be approximately the same per barrel as it is at the present time.

6. One test facility (separator, meter and sampler) will be utilized for all wells on the lease and will provide accurate measurement of the performance of each individual well. A schematic diagram, Exhibit No. 3, attached hereto, shows the proposed installation. As shown, the facility conforms to the requirements of the "Manual for the Installation and Operation of Commingling Facilities" dated September 13, 1961.

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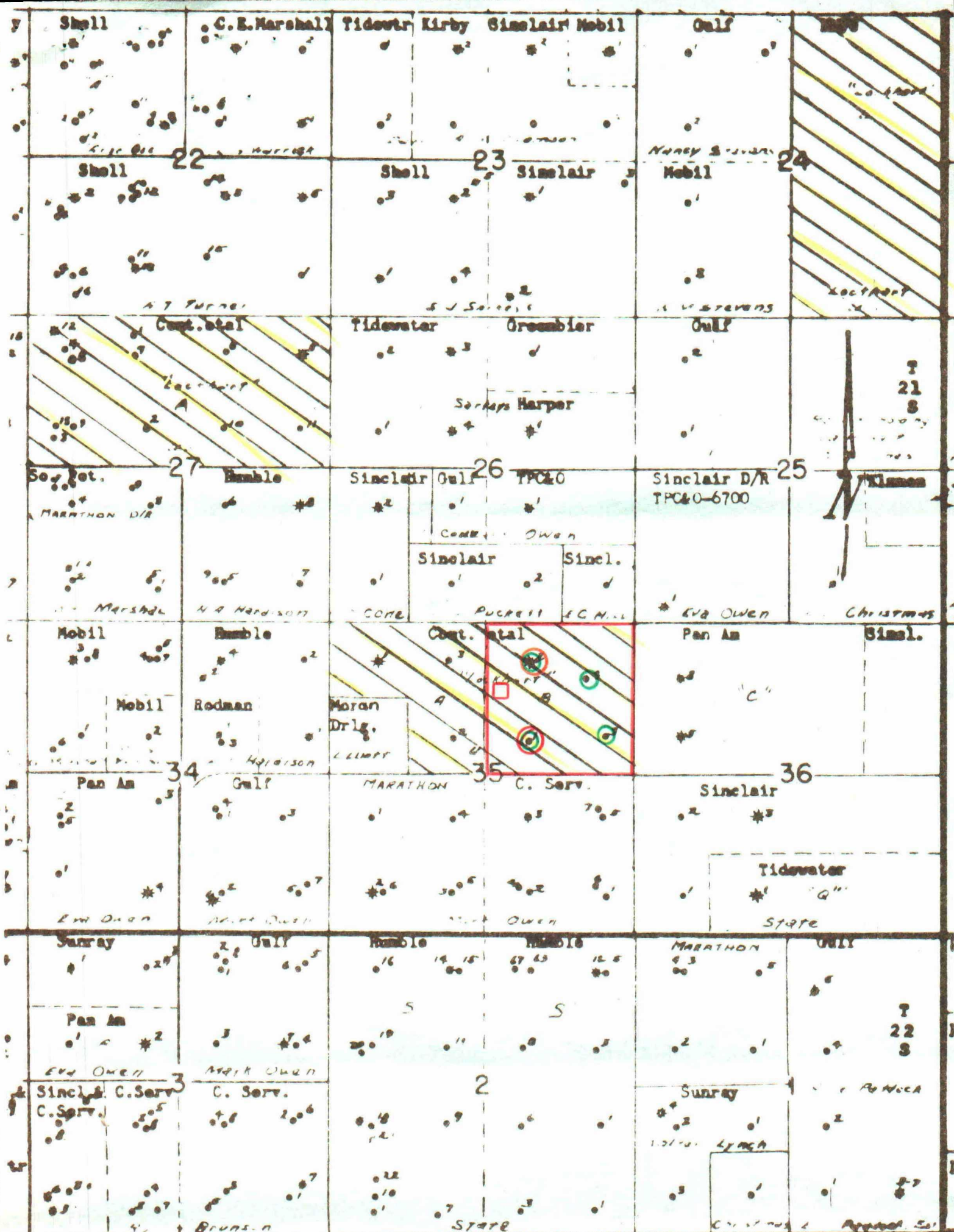
7. Commingling of production will result in the prevention of waste and will not impair correlative rights.

In view of the facts stated above, it is respectfully requested that an exception to Rule 303 (A) be granted permitting the commingling of production from the reservoirs on the Applicant's Lockhart B-35 Lease as described above.

CONTINENTAL OIL COMPANY

By *A. B. Slaybaugh*
A. B. Slaybaugh
Division Superintendent
of Production
New Mexico Division

cc: NMOCC-Santa Fe-3
RGP
GW
JWK
JRP
File



R - 37 - B

- Lockhart B-35 Lease
- Tank Battery
- Drinkard Oil Pool
- Tabb Gas Pool
- Elinebry Gas Pool

CONTINENTAL OIL COMPANY	
Production Dept.	Bunice, New Mexico
LOCATION MAP	
Lockhart B-35 Lease	
Date: 10-8-63	Scale: 1" = 2,000'
Exhibit No. 1	

CONTINENTAL OIL COMPANY

Lockhart B-35 Lease

Exhibit No. 2

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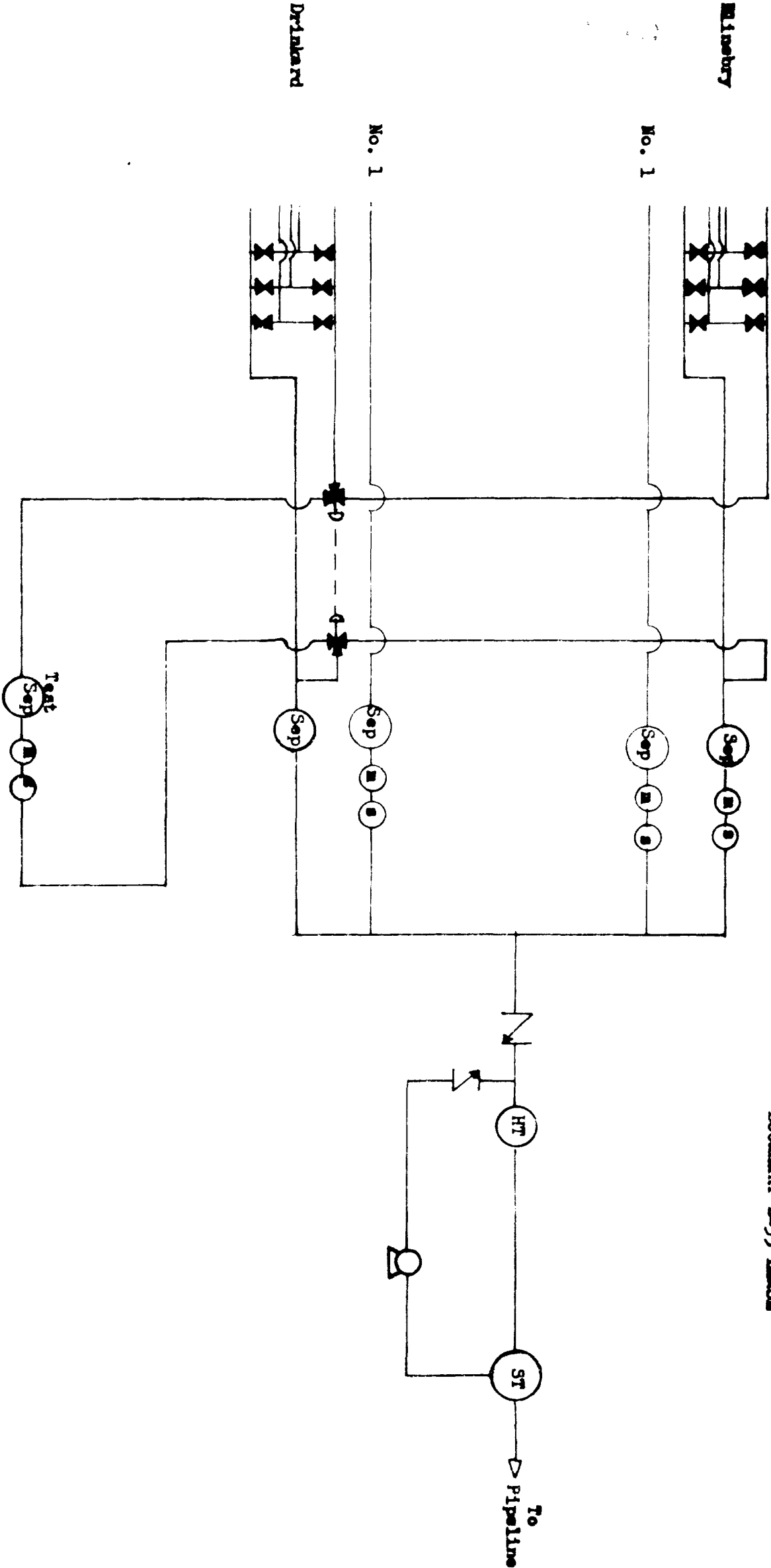
Drinkard Oil Pool

<u>Well No.</u>	<u>Daily Average From 6-1-63 to 9-1-63</u>	<u>Latest Well Test</u>			
		<u>Date</u>	<u>BOPD</u>	<u>BWPD</u>	<u>ACFEGPD</u>
1	5.75	8-17-63	10	3	137
2	6.99	8-17-63	3	0	27
3	12.00	8-18-63	12	3	194
4	15.40	10-6-63	13	3	224

Blinebry Oil Pool

1, 2, 3, & 4 Estimated allowable 52 BOPD

CONTINENTAL OIL COMPANY
LOCCHART B-35 LEASE





IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
Drawer 1857
Roswell, New Mexico 88201

November 26, 1963

Continental Oil Company
P. O. Box 1377
Roswell, New Mexico

Attention: Mr. A. D. Slaybaugh

Gentlemen:

Your letter of November 20 requests approval to commingle the Blinebry and Drinkard oil production from certain wells in the NE¼ sec. 35, T. 21 S., R. 37 E., Lea County, New Mexico, lease Las Cruces 032096-B.

The method of commingling the oil as described by the diagram attached to your letter is hereby approved.

The SW~~1~~/~~4~~ sec. 35 is subject to a sliding scale royalty rate and the Blinbry and Drinkard production from this portion of the lease will be metered separately. The Blinbry production from the 12~~1~~/~~2~~ percent royalty rate portion of the lease described as the N~~1~~/~~4~~ sec. 35 and the SE~~1~~/~~4~~ sec. 35 will be metered and the Drinkard production will be determined by subtraction.

You are requested to notify our Hobbs office when the installation is completed so that a field inspection of the system can be made.

Sincerely yours,

Paul M. Tyndal

CARL C. TRAYWLOK
Acting Oil and Gas Supervisor

