

CONTINENTAL OIL COMPANY

BOX 460

HOBBS, NEW MEXICO

New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

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

Gentlemen:

Re: Application of Continental Oil Company for Exception to Rule 303(a) In Order to Commingle The Oil Produced From the Skaggs Grayburg and Undesignated Tubb Pool on Its SEMU Permian Lease Located in Sections 13, 14, 15, 22, 23, 24, 25, 26 and 27, T-20S, R-37E and Sections 18, 19, 20, 29 and 30, T-20S, R-38E, Lea County, New Mexico

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

1. Applicant's SEMU Permian Lease consists of all or portions of Sections 13, 14, 15, 22, 23, 24, 25, 26 and 27 in T-20S, R-37E and Sections 18, 19, 20, 29 and 30 in T-20S, R-38E, Lea County, New Mexico. A plat attached hereto, shows the lease, the wells thereon and the battery site.

2. Mineral rights under the above described lease are held by the Federal Government.

3. Production from the Skaggs Grayburg Pool will be allocated on the basis of periodic gas-oil ratio tests since there are no top allowable wells in this pool. Production from the Undesignated Tubb Pool will be metered. A tabulation attached hereto shows the latest test on each well and the average production during the period from March 1, 1964 to June 1, 1964. There is one well in the Undesignated Tubb Oil Pool and it was initially potentialled and still produces below top allow-

4. The gravity of the Skaggs Grayburg production is approximately 36.6° API with a value of \$2.83 while the Tubb gravity is approximately 39° with a value of \$2.95. The volume of Tubb production is not large enough to affect the commingled crude gravity appreciably. The commercial value of the commingled production for the lease will be approximately four dollars per day less than it is at the present time.

5. One test facility (separator, meter, and sampler) at a satellite test station will be used for testing eleven Skaggs Grayburg wells and the one Tubb Pool well. This will provide accurate measurement of the performance of each individual well. A schematic diagram 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.

6. 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 SEMU Permian Lease as described above.

CONTINENTAL OIL COMPANY

By Paul Marshall

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE