



CONTINENTAL OIL COMPANY

P. O. Box 460
Hobbs, New Mexico
February 4, 1970

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico

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

Gentlemen:

Subject: Amendment to Administrative Order PC-250
Southeast Monument Unit, Lea County, New Mexico

Administrative Order PC-250 dated December 7, 1964, authorized the commingling on the Southeast Monument Unit of the oil produced from the Skaggs Grayburg Pool and an undesignated Tubb completion, SEMU No. 83, which is also located within the unit area. Continental Oil Company has now recompleted its SEMU No. 21 in an undesignated Blinebry Pool and hereby requests authority to commingle production from this well with the hydrocarbon liquid already commingled under the authority of Order PC-250. The attached plat shows the location of wells and the pools from which they produce. The attached schematic diagram shows the method by which the commingling is proposed to be accomplished. Production from the Skaggs Grayburg is under waterflood, but below top allowable as is production from the Tubb completion. The new Blinebry completion was potentialed for 33 barrels oil per day, which is considerably below top allowable. In order to assure accurate accounting between the pools, we propose to meter both the Tubb production and the Blinebry production and account for the Skaggs Pool production by the subtraction method.

The attached tabulation shows estimated production and value for the crudes proposed to be commingled. The tabulation indicates a loss of approximately 66¢ per day as a result of the commingling. As you know, observed gravities vary from time to time depending on atmospheric and other conditions. The two crudes are of such similarity that the apparent change would be an increase under other conditions. In addition, the reduction in weathering time would more than compensate any apparent loss in revenue.

NMOCC
Page 2

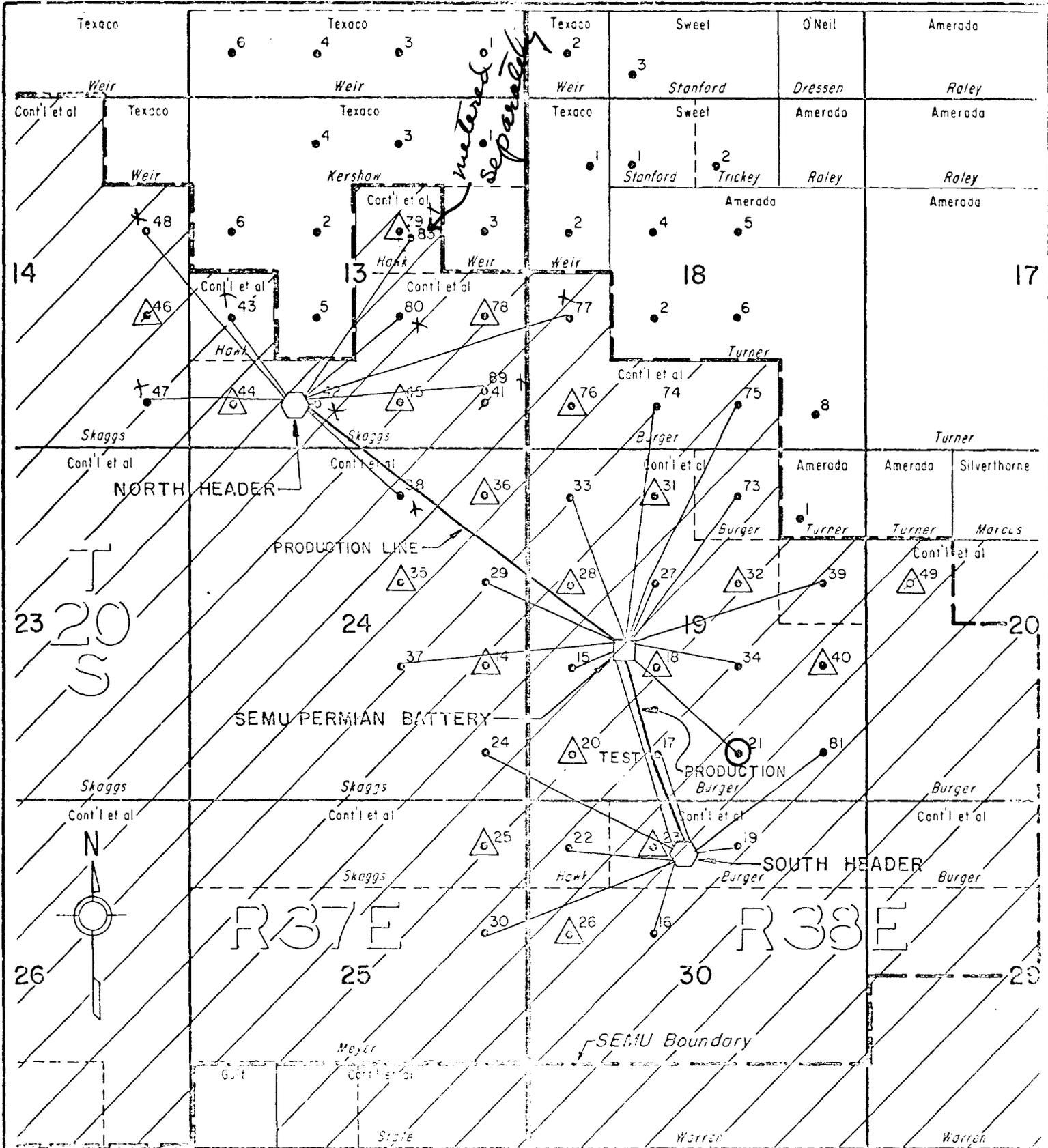
It is respectfully requested that administrative order PC-250 be amended to permit the commingling of the undesignated Blinbry Pool production from the SEMU Well No. 21 with the liquid hydrocarbons already authorized for commingling in the unit area by said administrative order PC-250.

Yours very truly,



VTL-JS

RLA JJB JWK
NMOCC(2)

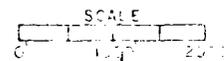


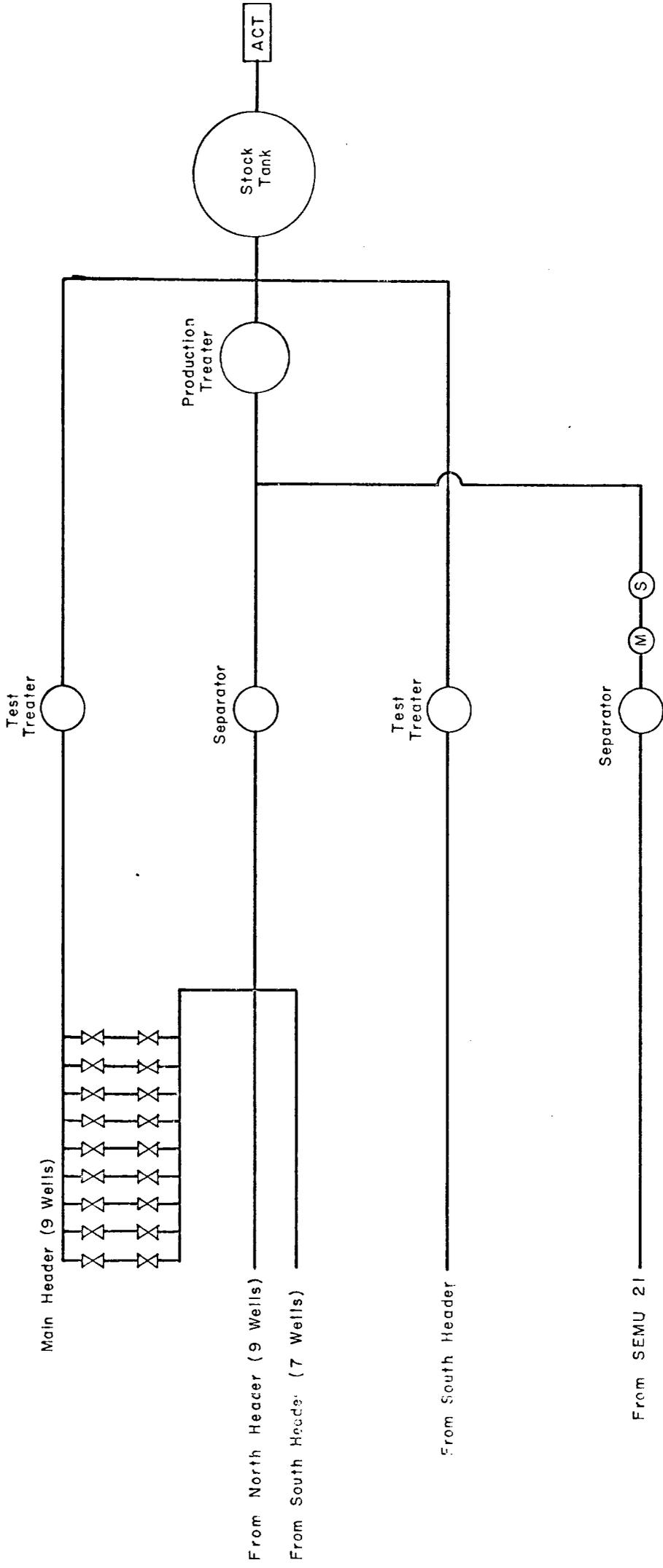
- SUBJECT WELL (B.M. 1000)
- Tubb Completion
- Skaggs Pool producer
- △ Skaggs Injection Well

CONTINENTAL OIL COMPANY

PRODUCTION DEPARTMENT—HOBBS DISTRICT

SKAGGS POOL
 SEMU PERMIAN LEASE
 LEA COUNTY, NEW MEXICO



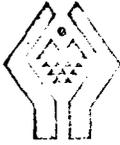


**SEMU PERMIAN BATTERY
SEMU NO. 21 COMMINGLE**

S E M U WELL NO. 21
(Blinebry)

Comparison of Values - Segregated vs. commingled

Skaggs and Monument Tubb (Nov. 1969 production)	461 bbls. @ \$3.08	\$1419.88
Estimated Monthly Blinebry Production	990 bbls. @ \$3.10	<u>\$3069.00</u>
Value Produced Separately:	<u>1451</u>	\$4488.88
Volume and Value Commingled:	1451 bbls. @ \$3.08	<u>\$4469.08</u>
Apparent Change in Value		\$ 19.80



UNITED STATES DEPARTMENT OF THE INTERIOR	
Geological Survey	
Division of Oil and Gas	
Field Office	
State of New Mexico	
Hobbs	
File No.	
Case No.	
DATE	
BY	
RECEIVED	
BEG	

United States Department of the Interior

GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

January 29, 1970

Continental Oil Company
P. O. Box 460
Hobbs, New Mexico 88240

Attention: Mr. L. P. Thompson

Gentlemen:

Your letter of January 8 requests approval to commingle Blinebry production from well No. 21 with Grayburg production from the Skaggs pool wells in the Southeast Monument unit area.

The method of commingling described in the attachments to your letter is hereby approved, subject to like approval by the New Mexico Oil Conservation Commission. Your Lessee's Monthly Report of Sales and Royalty, form 9-361, should show all computations used in allocating production to the lease and participating area.

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

Sincerely yours,

CARL C. TRAYWICK
Acting Oil and Gas Supervisor