

GULF OIL CORPORATION
P. O. BOX 670
Hobbs, New Mexico

June 25, 1965

re: W.T. McCormack Lease
Sec. 32-21S-37E, Lea
County, New Mexico

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

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

Dear Sir:

Gulf will become Unit Operator of the Central Drinkard Unit, effective July 1, 1965. Currently Drinkard oil production on our W. T. McCormack Lease, which will be in the unit, is commingled with Blinebry Oil production from the same lease under Administrative Order PC-161. To eliminate the need for additional storage and treating facilities on this lease Gulf proposes to commingle the Blinebry Oil with the Penrose Skelly oil on this same lease.

Gulf hereby seeks administrative approval from the Oil Conservation Commission to commingle the Blinebry and Penrose Skelly crude oil production on the W. T. McCormack Lease. Attached is a schematic diagram of the proposed installation along with a plat of the W. T. McCormack Lease. Since none of the wells are presently capable of top allowable production, Gulf proposes to commingle without separate measurement, and based on allocation by well tests in accordance with the "Manual for the Installation and Operation of Commingling Facilities".

Shell Pipeline Corporation has agreed to purchase the commingled production.

The following tabulation shows the volumes, gravities and monetary values of the liquid hydrocarbons from the individual pools as well as the calculated commingled status.

<u>Pool</u>	<u>Avg. Bbl/Day for Apr. & May</u>	<u>June Allow.</u>	<u>Gvty.</u>	<u>\$/Bbl.</u>	<u>Revenue \$/Day</u>
Blinebry(2Wells)	12	12	36.8	2.93	35.16
Penrose Skelly (4Wells)	<u>9</u>	12	33.7	2.87	<u>25.83</u>
Totals	21				60.99
Commingled	21		35.4	2.91	61.11

Net Difference + .12

The actual commercial value of the commingled production will be slightly more than the sum of the values of the production from the individual pools.

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

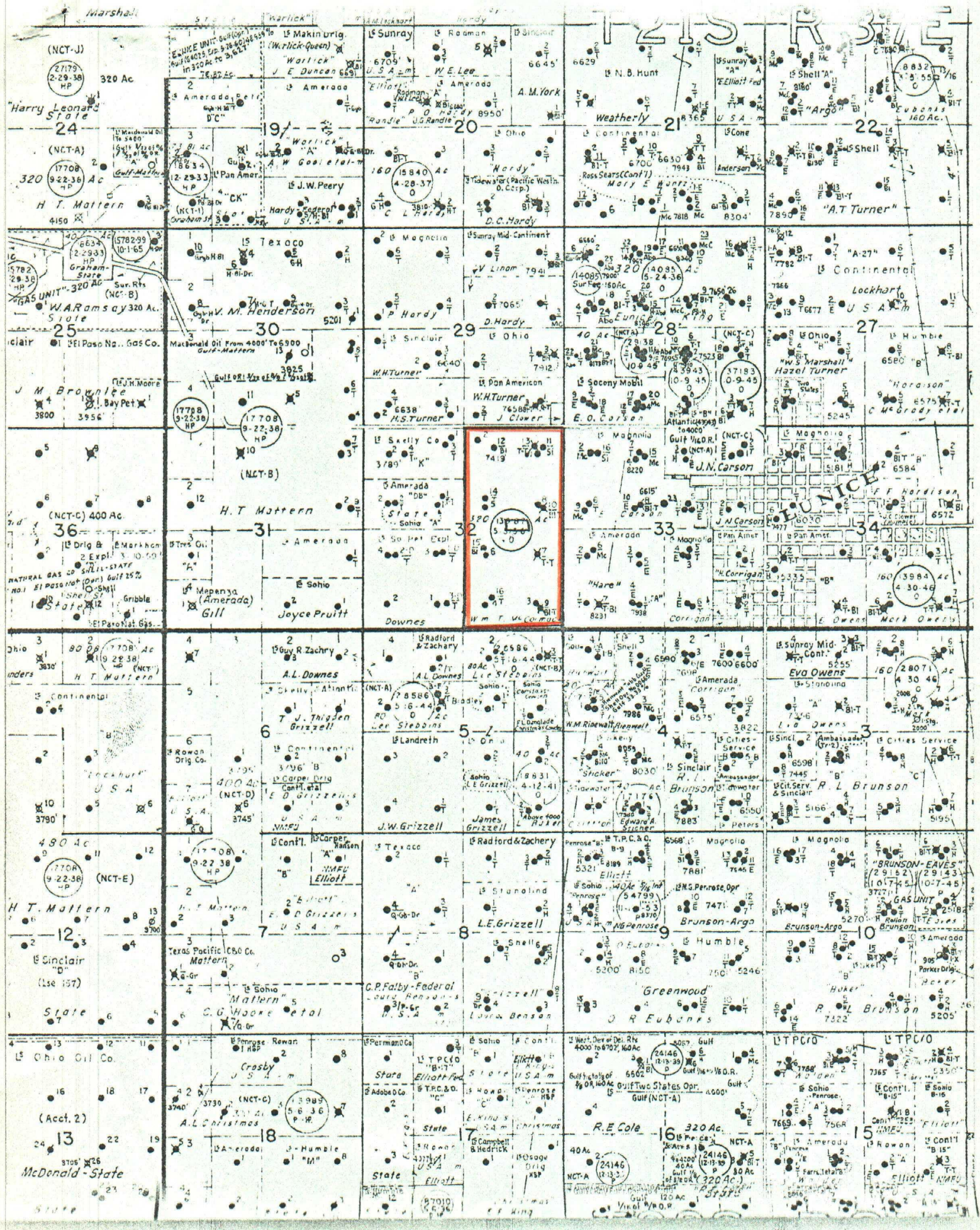
Yours very truly,

C. D. Borland

C. D. BORLAND
Area Production Manager

ILLEGIBLE

LCS;jrp
cc: OCC, Hobbs
R.M. Wiese, Midland



GULF OIL CORPORATION
SCHEMATIC TANK BATTERY DIAGRAM
W.T. McCORMACK TB #1

Section 32-21S-37E, Lea County, New Mexico

ILLEGIBLE

