



CITIES SERVICE OIL COMPANY

Box 69
Hobbs, New Mexico 88240
Telephone: 505 EX 3-2177

May 27, 1966

PC - 705

Oil Conservation Commission
P. O. Box 2083
Santa Fe, New Mexico

Gentlemen:

Cities Service Oil Company proposes to install a Lease Automatic Custody transfer Unit and commingle crude oil at the Clara Fowler Lease, located NE/4, Section 31-T18S-R38E, Lea County, New Mexico. It is requested that administrative exceptions be granted to Rules 303(a) and 309-A.

Two zones are productive on the Fowler Lease. Wells No. 1 thru 4 produce from the Hobbs San Andres and Wells No. 5 thru 8 produce from the Bowers Seven Rivers. Oil production from each zone will be kept separate until metered and sampled in compliance with state rules. The proposed ACT and commingling facilities will be located at the current tank battery site.

The volumes of oil from each pool, based on April, 1966 production, are as follows:

Hobbs Pool - San Andres	167.8 bbls. per day
Bowers Pool - Seven Rivers	13.9 bbls. per day
Total	181.7 bbls. per day

Gravities and values of the crude from the two zones which is currently stored and sold separately are shown in the following tabulations:

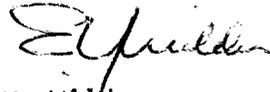
<u>Well</u>	<u>Daily Oil Prod. Bbls.</u>	<u>API Gravity</u>	<u>Specific Gravity</u>	<u>Unit Value \$/Bbl.</u>	<u>Value</u>
Fowler #1 thru #4	167.8	34.7	0.8514	2.75	\$461.45
Fowler #5 thru #8	13.9	40.0	0.8251	2.87	39.89
			Total Value		\$501.34

The expected gravity of the commingled crude is calculated at 35.1 degrees API which will yield \$503.31 daily at \$2.77 per barrel. This represents a daily revenue increase of \$1.97 by crude commingling. The following documents are attached herewith and are made part of this application to commingle crude and install ACT:

- (1) Plat of the Clara Fowler Lease
- (2) Schematic of the proposed commingling facilities
- (3) Form C-106
- (4) ACT schematic and equipment list
- (5) Letter of approval from Crude Purchaser

Very truly yours,

CITIES SERVICE OIL COMPANY



E. Y. Wilder
District Superintendent

EYW/CLK/bg

Enclosures

cc: New Mexico Oil Conservation Commission
Hobbs, New Mexico

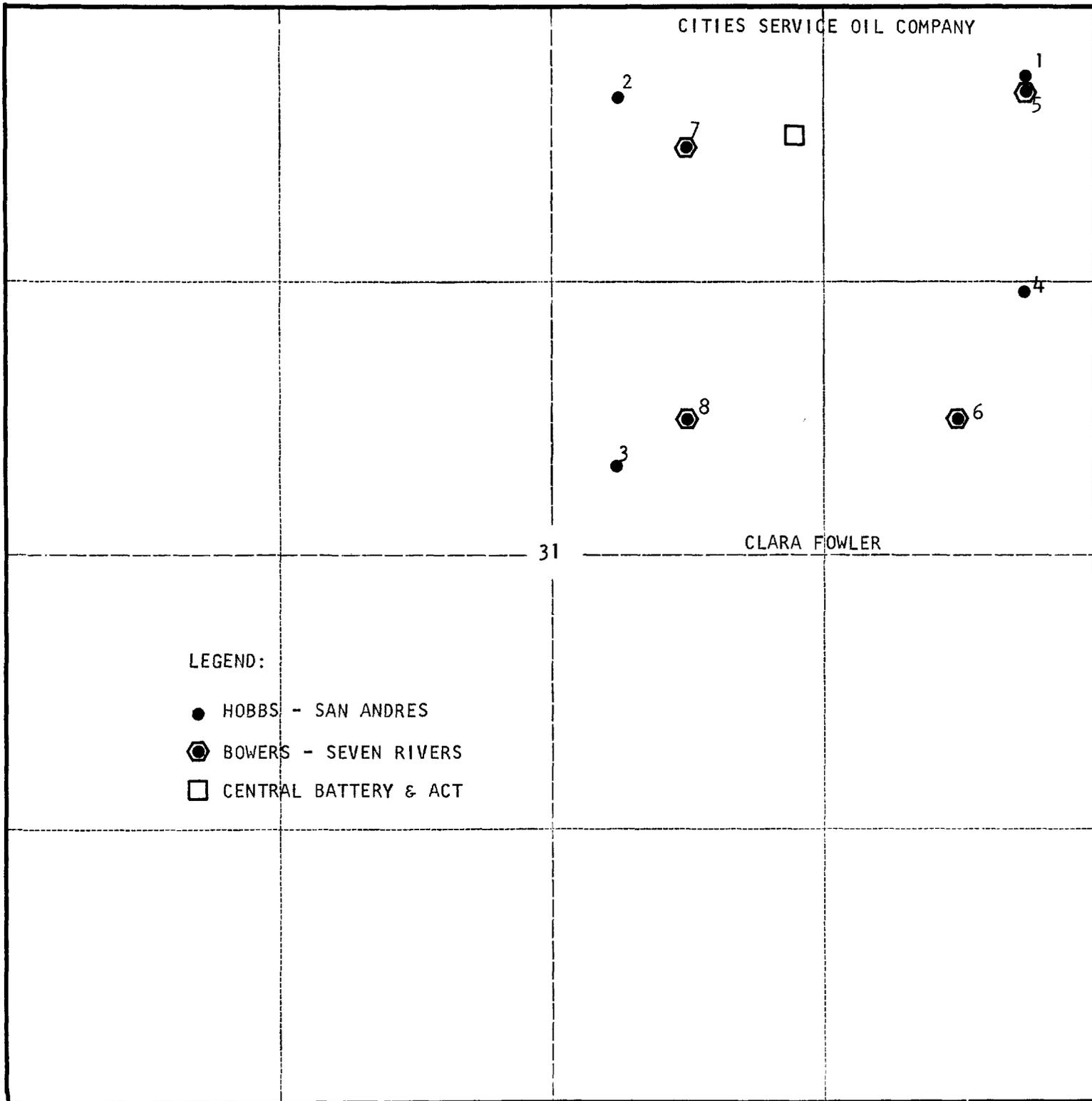
STATE New Mexico

COUNTY Lea

SECTION 31

TOWNSHIP 18-S

RANGE 38-E



CITIES SERVICE OIL COMPANY

Proposed Commingling Facilities

Fowler Lease

Section 31 T18S R38E

Leo County, New Mexico

