

Gulf Oil Exploration and Production Company

R. C. Anderson
PRODUCTION MANAGER
HOBBS AREA

March 2, 1984

P. O. Box 670
Hobbs, NM 88240

Re: Surface Commingling Application
Drinkard (NCT-B) Lease
Section 30-T22S-R30E
Lea County, New Mexico



Mr. Joe D. Ramey
Energy and Minerals Dept.
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

In order to avoid the considerable expense for maintaining two tank batteries for the subject lease, Gulf hereby seeks an exception to Rule 303A. This will allow Gulf to commingle production from the Blinbry Oil, Drinkard Oil, and Wantz Abo currently being produced into the Drinkard (NCT-B) #1 Tank Battery, with the Wantz Granite Wash currently being produced into the Drinkard (NCT-B) #4 Tank Battery. All wells will be tested periodically for allocation of production.

The attached tabulation shows the volume, gravities, and monetary values of the liquid hydrocarbons from the currently commingled pools, as well as the proposed commingled production. The tabulation shows the total average daily production for a two month period and the results of recent production tests. The calculated revenue from the proposed commingled production is equal to the current non-commingled revenue.

Also attached is a schematic diagram of the storage facilities for the proposed commingled production and a lease plat. Texaco Oil Co. has agreed to continue to purchase the commingled production.

The commingling proposal is in the interest of conservation in that it prevents unnecessary waste and production expense.

Yours very truly,


R. C. ANDERSON

TSM/skc
Att'd

cc: OCD-Hobbs
J. R. Frank-Midland
E. L. Allen-Eunice



DRINKARD (NCT-B) LEASE
Section 30-T22S-R30E
Lea County, New Mexico

<u>Wells and Pool</u>	<u>Production</u>		<u>Total</u>	<u>Average BOPD</u>
	<u>Dec 83</u>	<u>Jan 84</u>		
Drinkard (NCT-B) #1 Tank Battery Blinebry Oil #1, & 2 Drinkard Oil #1, 2, & 3 Wantz Abo #6	623	526	1149	18.5
Drinkard (NCT-B) #4 Tank Battery Wantz Granite Wash #4 & 5	931	842	1773	28.6

<u>Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>\$/Bbl</u>	<u>\$/Day</u>
Blinebry Oil Drinkard Oil Wantz Abo	18.5	37.2	\$28.44	\$ 526.13
Wantz Granite Wash	28.6	39.5	\$28.49	\$ 814.81
Total				\$1340.94
Surface Commingled	47.1	38.6	\$28.47	\$1340.94
			Difference	0

Calculations

$$\text{Commingled Gravity: } \frac{18.5 (37.2) + 28.6 (39.5)}{47.1} = 38.6$$

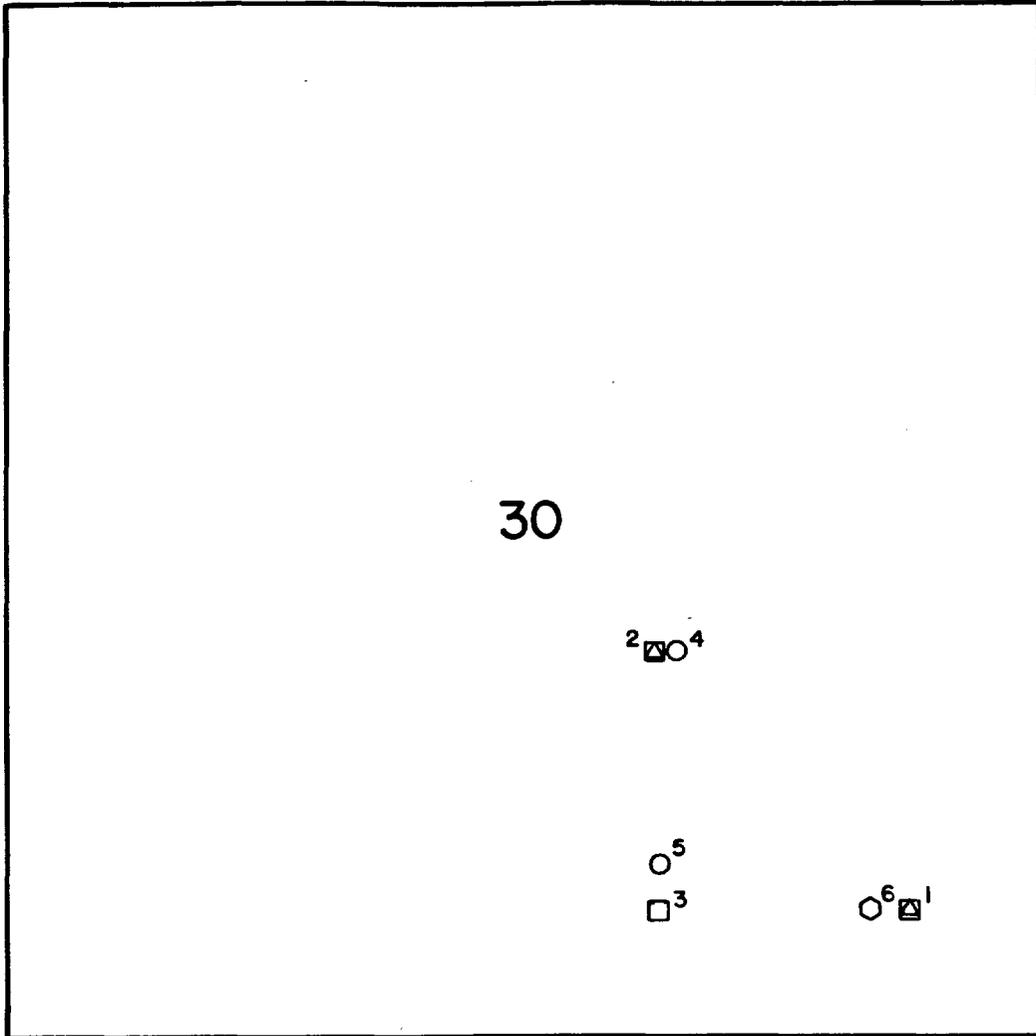
$$\text{Battery Price: } \$/\text{Bbl} = 28.50 - .02 (40 - \text{API Gravity})$$

$$\begin{aligned} \text{Drinkard (NCT-B) \#1 Tank Battery: } \$/\text{Bbl} &= 28.50 - .02 (40-37.2) \\ &= 28.50 - .06 \\ &= 28.49 \end{aligned}$$

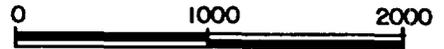
$$\begin{aligned} \text{Drinkard (NCT-B) \#4 Tank Battery: } \$/\text{bbl} &= 28.50 - .02 (40 - 39.5) \\ &= 28.50 - .01 \\ &= 28.49 \end{aligned}$$

$$\begin{aligned} \text{Proposed Commingled Production: } \$/\text{Bbl} &= 28.50 - .02 (40 - 38.6) \\ &= 28.50 - .028 \\ &= 28.47 \end{aligned}$$

DRINKARD NCT - B LEASE
 Section 30 - T22S - R38E
 Lea County, New Mexico

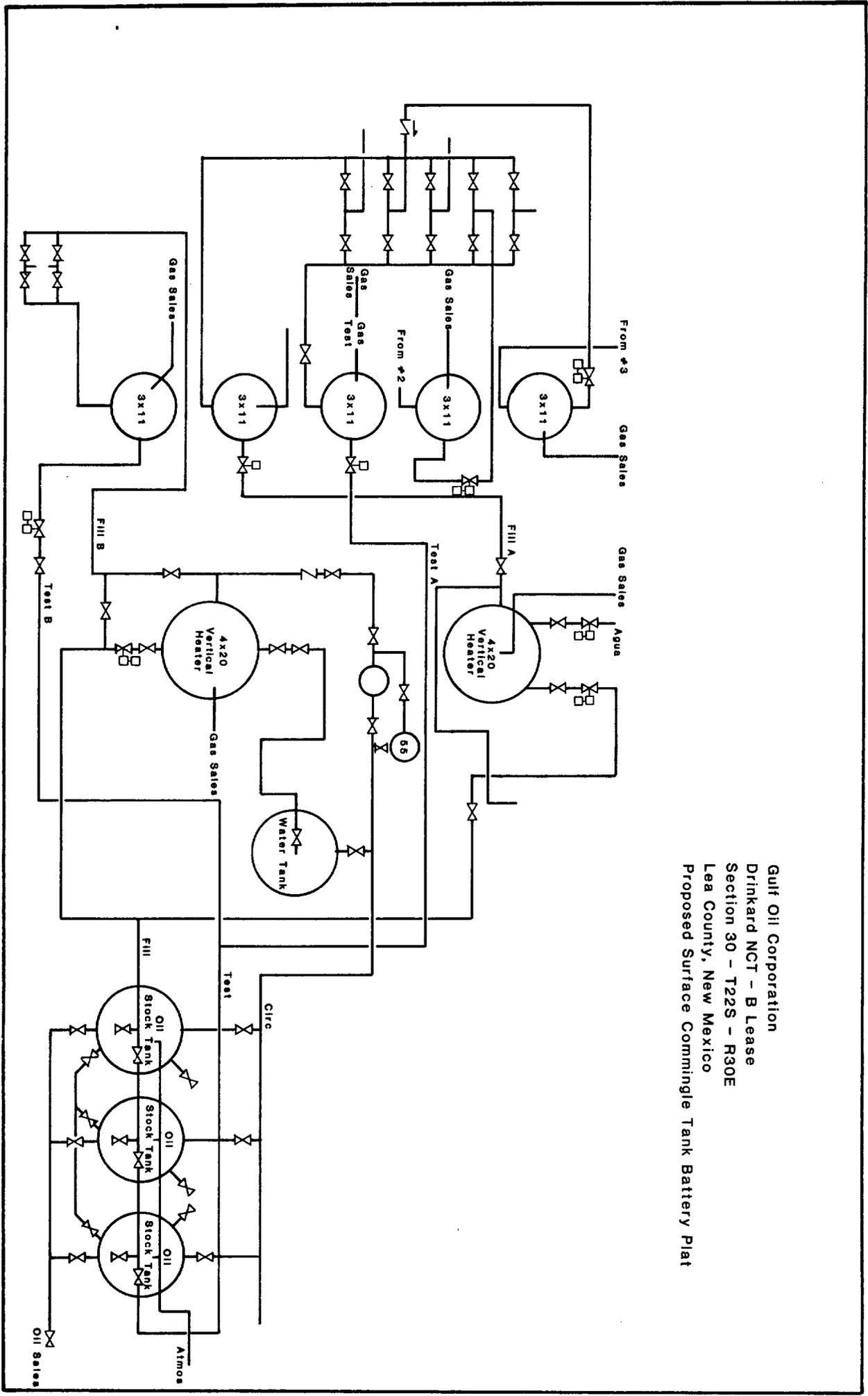


GULF OIL CORP.



CODE	POOL	WELL NUMBERS
□	Drinkard Oil	1, 2, 3
△	Blinebry Oil	1, 2
○	Wantz Granite Wash	4, 5
○	Wantz Abo	6

Gulf Oil Corporation
 Drinkard NCT - B Lease
 Section 30 - T22S - R30E
 Lea County, New Mexico
 Proposed Surface Commingle Tank Battery Plat





TEXACO

February 15, 1984

T. J. SAVAGE
ASSISTANT MANAGER
CRUDE OIL TRADING

RECEIVED
FEB 16 '84
HOBBS AREA

TEXACO
U.S.A.
A DIVISION OF TEXACO INC.
300 WEST WALL STREET
P. O. BOX 3109
MIDLAND, TEXAS 79702
(915) 682-0541

GULF OIL CORP. - OPERATOR
DRINKARD NCT-B
LEA COUNTY, NEW MEXICO
0055-1153-0001

Gulf Exploration & Production Co.
P. O. Box 670
Hobbs, New Mexico 88240

Attention: Mr. R. C. Anderson

Gentlemen:

Reference is made to previous arrangements which provided for your sale of the above subject lease production from commingled storage to Texaco Inc. with connection by Texas-New Mexico Pipe Line Company into their Sweet System.

You have requested permission to commingle your Well No. 4 (Wantz Granite Wash) with the commingled Blinebry, Drinkard and Wantz Abo production.

Texaco is agreeable to purchasing this commingled production.

Yours very truly,

J. J. Savage/BJF

T. J. SAVAGE

BJF:LAL

cc: Mrs. B. M. Ragsdale
Gulf Oil Products Company
P. O. Box 1150
Midland, Texas 79701