

Gulf Oil Exploration and Production Company

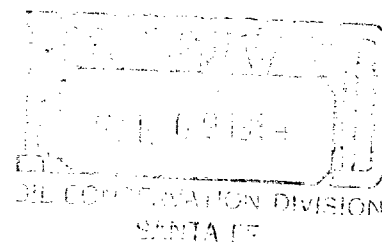
R. C. Anderson
PRODUCTION MANAGER
HOBBBS AREA

March 2, 1984

P. O. Box 670
Hobbs, NM 88240

Re: Surface Commingling Application
Harry Leonard (NCT-E) Lease
Section 16-T21S-R37E
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 Drinkard Oil currently being produced into the Harry Leonard (NCT-E) #5 Tank Battery, with the Blinebry Oil and Gas, and Tubb Gas currently being produced into the Harry Leonard #2 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 greater than the current non-commingled revenue.

Also attached is a schematic diagram of the storage facilities for the proposed commingled production and a lease plat. Mobil Oil 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



HARRY LEONARD (NCT-E) LEASE
Section 16-T21S-R37E
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 83</u>		
Harry Leonard (NCT-E) #2 Tank Battery Blinebry Oil & Gas, Tubb Gas #1, 2, 3, & 4	554	635	1189	19.2
Harry Leonard (NCT-E) #5 Tank Battery Drinkard #1, 3, 5, & 6	153	209	362	5.8

<u>Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>\$/Bbl</u>	<u>\$/Day</u>
Blinebry Oil Blinebry Gas Tubb Gas	19.2	36.6	\$28.43	\$ 545.86
Drinkard	5.8	35.4	\$28.41	\$ 164.78
Total				\$ 710.63
Surface Commingled	25.0	36.32	\$28.43	\$ 710.75
			Difference	+0.12

Calculations

$$\text{Commingled Gravity: } \frac{19.2 (36.6) + 5.8 (35.4)}{25} = 36.32$$

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

$$\begin{aligned} \text{Harry Leonard (NCT-E) \#2 Tank Battery: } \$/\text{Bbl} &= 28.50 - .02 (40 - 36.6) \\ &= 28.50 - .068 \\ &= 28.41 \end{aligned}$$

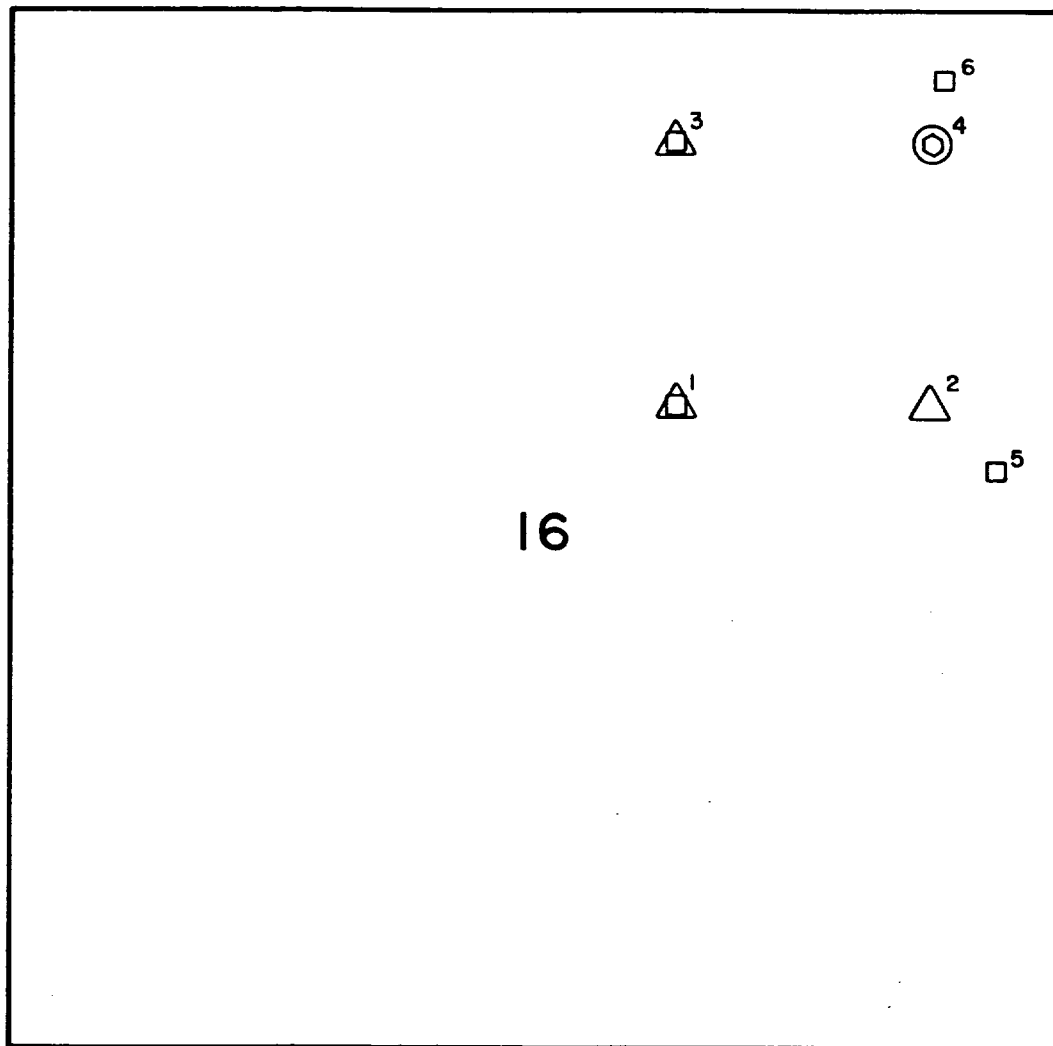
$$\begin{aligned} \text{Harry Leonard (NCT-E) \#5 Tank Battery: } \$/\text{Bbl} &= 28.50 - .02 (40 - 35.4) \\ &= 28.50 - .092 \\ &= 28.41 \end{aligned}$$

$$\begin{aligned} \text{Commingled Production: } \$/\text{Bbl} &= 28.50 - .02 (40 - 36.32) \\ &= 28.50 - .0736 \\ &= 28.43 \end{aligned}$$

HARRY LEONARD (NCT-E) LEASE

Section 16 - T21S - R37E

Lea County, New Mexico



GULF OIL CORP.



CODE	POOL	WELL NUMBERS
□	Drinkard Oil	1, 3, 5, 6
△	Blinebry Oil	1, 2, 3
○	Blinebry Gas	4
○	Tubb Gas	4

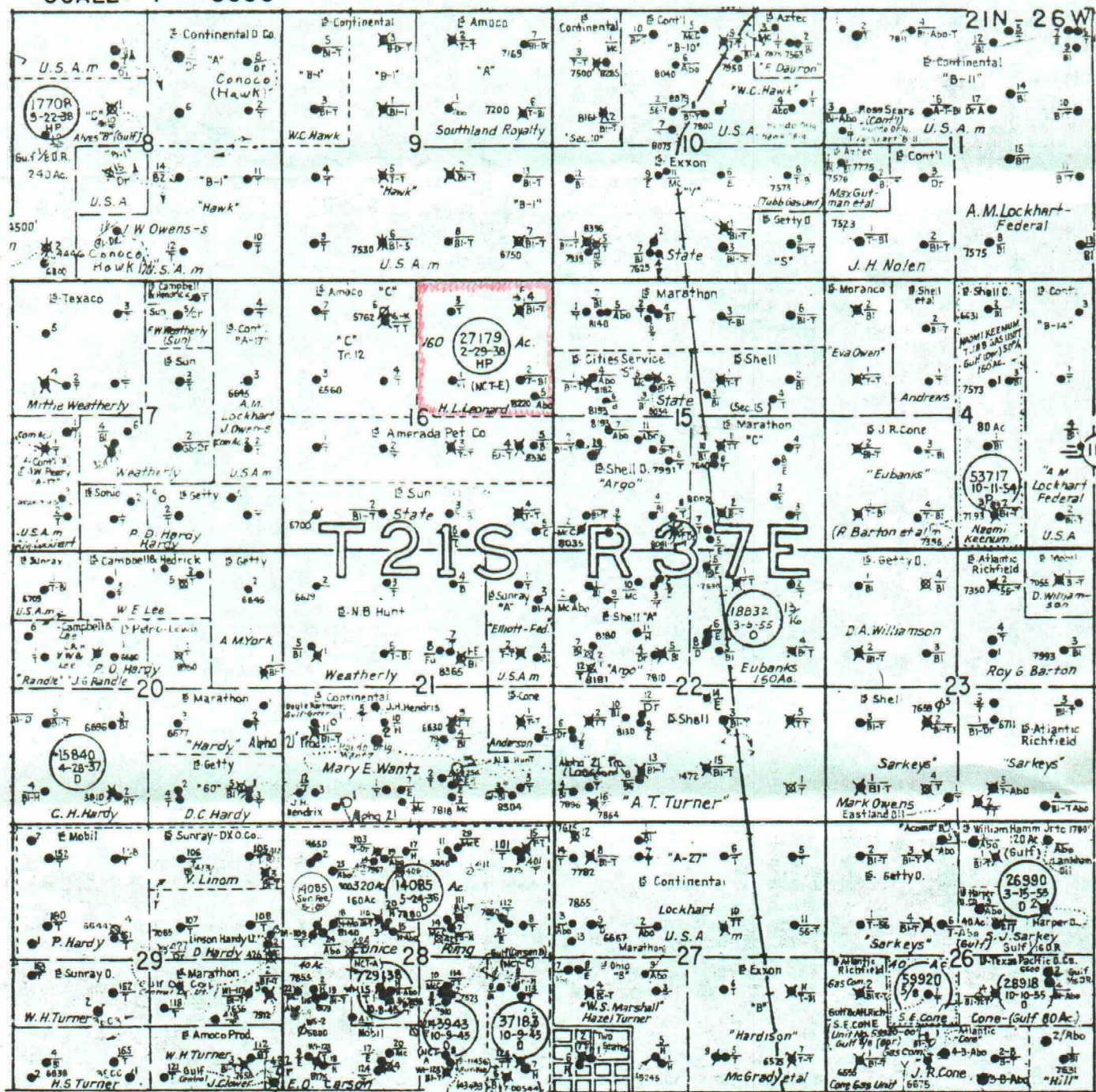
HARRY LEONARD (NCT-E) LEASE

Section 16 - T21S - R37E

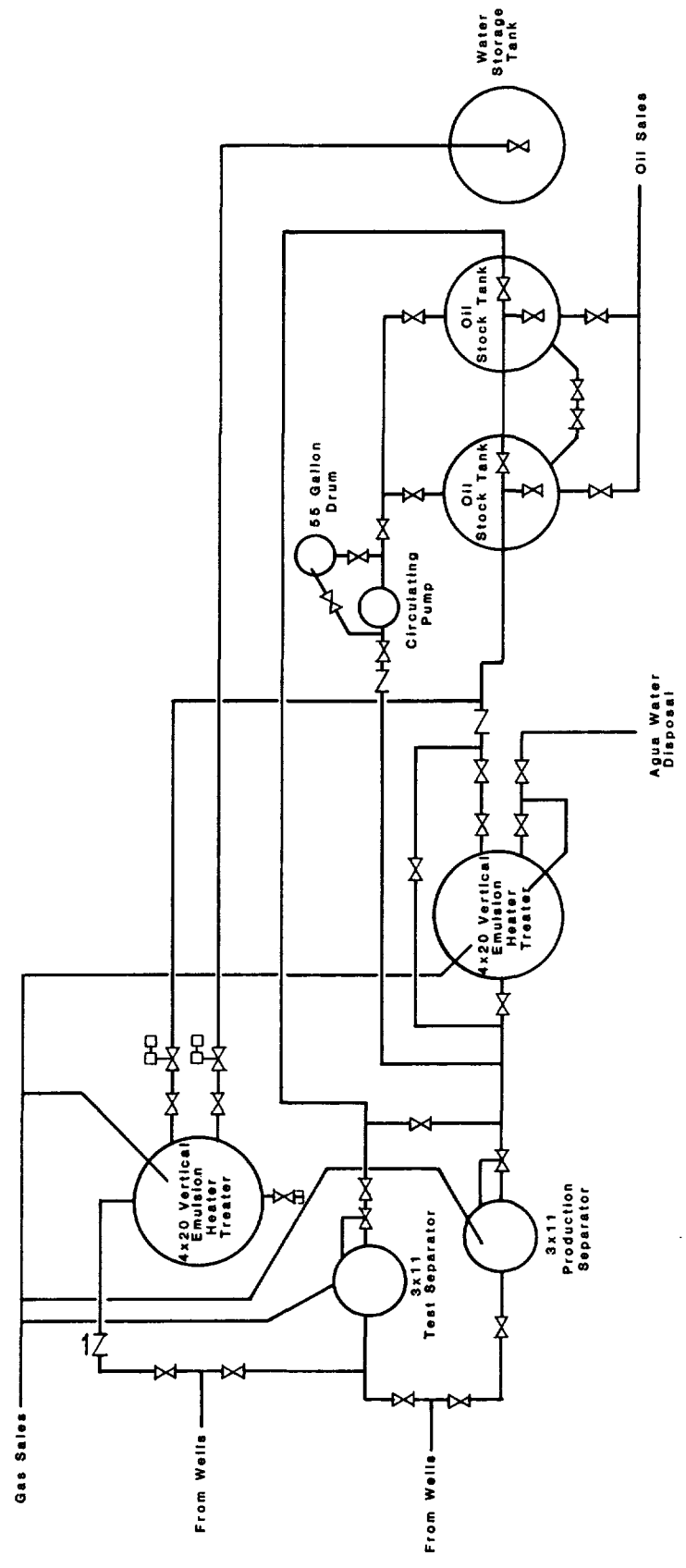
Lea County, New Mexico

Gulf Oil Corporation

SCALE: 1" = 3000'



Gulf Oil Corporation
 Harry Leonard NCT - E Lease
 Section 16 - T21S - R37E
 Lea County, New Mexico
 Proposed Surface Commingle Tank Battery Plat



Mobil Oil Corporation

P.O. BOX 900
DALLAS, TEXAS 75221

RECEIVED
FEB 13 '84
HOBBS AREA

February 9, 1984

Mr. R. C. Anderson
Gulf Oil Corporation
P.O. Box 670
Hobbs, New Mexico 88240

Harry Leonard NCT-E
Lea County, NM

Mr. Anderson	
Mr. Baker	
Mr. Blum	
Mr. Brown	
Mr. Calkins	
Mr. Campbell	
Mr. Carter	
Mr. Childs	
Mr. Clark	
Mr. Coffey	
Mr. Davidson	
Mr. DeLoach	
Mr. Evans	
Mr. Gale	
Mr. Rosen	
Mr. Sullivan	
Mr. Tavel	
Mr. Trotter	
Mr. Tele. Room	
Miss Holmes	
Miss Gandy	

File

who is handling this

Butler
Deanna

Lee

Dear Mr. Anderson:

Please be advised that Mobil Oil Corporation, as purchaser of the oil/condensate production from the subject lease, has no objection to your proposed commingling of Drinkard production with now commingled Blinebry Oil and Blinebry and Tubb condensate production.

If there are any questions, or if I can be of further assistance, please advise.

Yours truly,

OR Stewart

Oscar R. Stewart
Area Representative
Crude Oil Department

ORS:bc

CC: J. E. Baker
Gulf Oil Products Co.
P.O. Box 1150
Midland, TX 79702