

Gulf Oil Exploration and Production Company

January 12, 1979

R. C. Anderson
PRODUCTION MANAGER, HOBBS AREA

P. O. Box 670
Hobbs, NM 88240

Re: Graham State (NCT-F) Lease
SE/4 Section 36-19S-36E,
Lea County, New Mexico

Mr. Joe D. Ramey
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

*Amend
PC 405
to include Abo.*

Dear Mr. Ramey:

In order to avoid considerable expense in constructing and maintaining a new tank battery for the subject lease, Gulf hereby seeks an amendment to Administrative Order PC-405. This amendment will allow Gulf to surface commingle newly developed Monument Abo oil from the recompletion of our Graham State (NCT-F) No. 7 with commingled Eunice-Monument and Monument Blinebry oil from Graham State (NCT-F) Wells No. 1, 2, 3, 6, and 8, as authorized by the above order. None of the wells producing from the above pools are capable of producing top allowable and will be tested periodically for allocation of production.

The attached tabulation shows the volumes, gravities, and monetary values of the liquid hydrocarbons from separated, as well as commingled production. The tabulation also shows total average daily production for a 60-day period and the results of recent production tests for the new completion. The calculated revenue from the commingled production is approximately \$0.34 per day less than the total revenue from the individual pools.

Also attached is a schematic diagram of the storage facilities for the commingled production, a lease plat, and Shell Pipeline Company's letter agreeing to purchase the commingled oil as proposed herein.

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

Yours very truly,

RC Anderson 1-12-79

R. C. ANDERSON

Attachments
GWH/dch

cc: Oil Conservation Division
P. O. Box 1980
Hobbs, NM 88240



GRAHAM STATE (NCT-F) LEASE
Section 36-19S-36E
Lea County, New Mexico

<u>Wells and Pool</u>	<u>Production</u>		<u>Total</u>	<u>Average BOPD</u>
	<u>November 1978</u>	<u>December 1978</u>		
1,2,3, & 8, Eunice-Monument	956	969	1,925	31.6
6, Monument-Blinebry	120	120	240	3.9
7, Monument Abo*				48.0

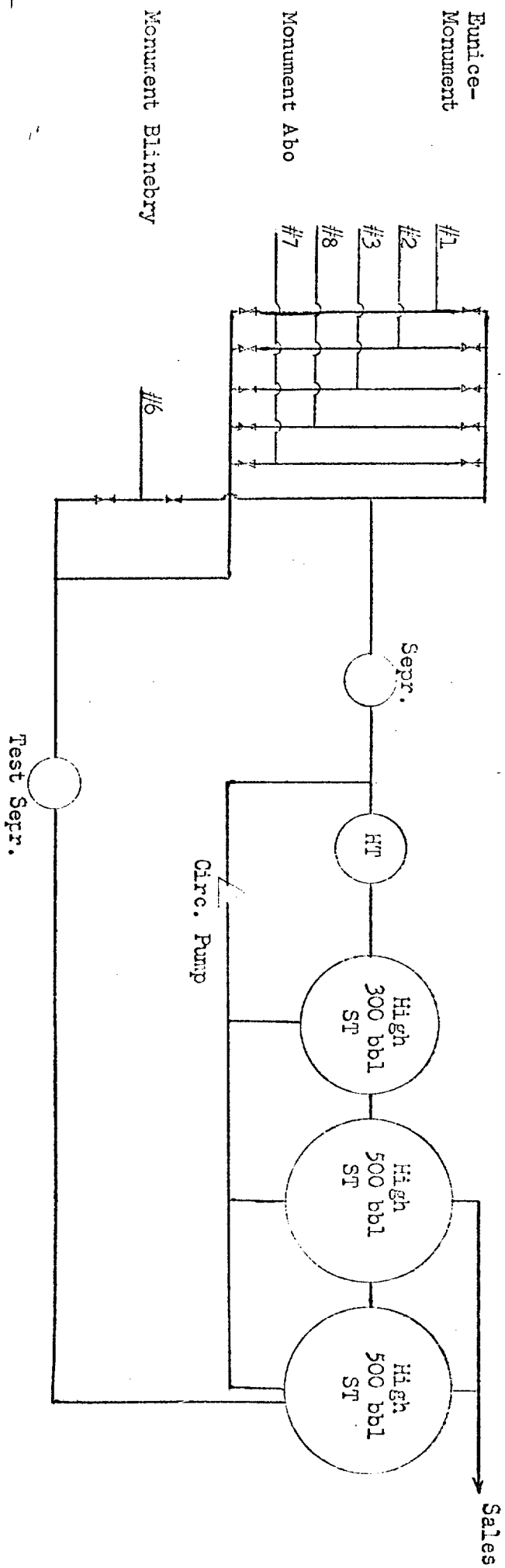
*Test Production

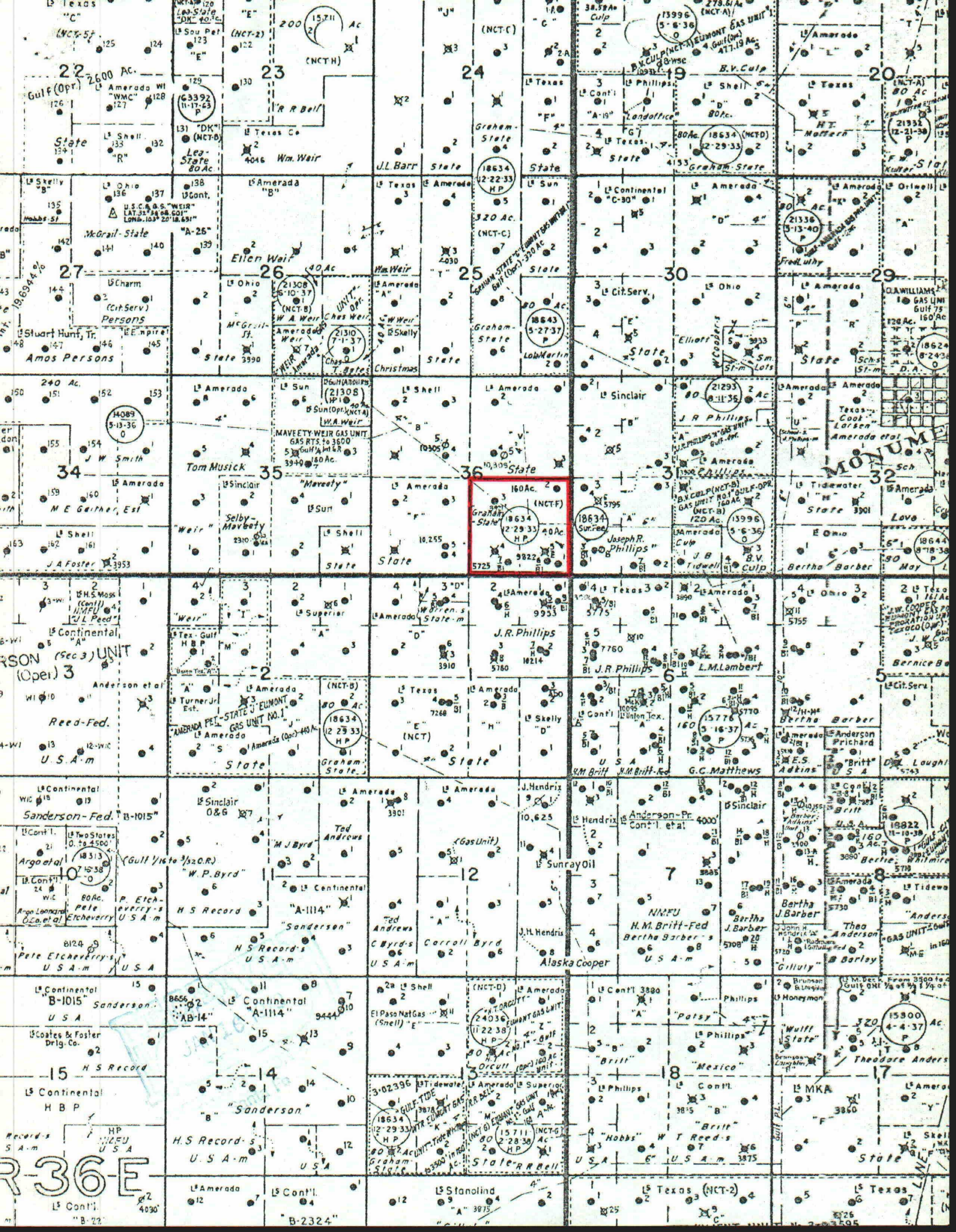
Jan 22 34 BO 66 BW 24 hrs
Feb 9 42 BO 46 BW 24 hrs

<u>Pool</u>	<u>BPD</u>	<u>Gravity</u>	<u>\$/Bbl.</u>	<u>\$/Days</u>
Eunice-Monument	31.6	31.4	\$13.63	\$ 430.71
Monument-Blinebry	3.9	35.9	\$13.68	\$ 53.35
Monument Abo	<u>48.0</u>	37.9	\$13.32	<u>\$ 639.36</u>
Total	83.5			\$ 1,123.42
Commingled	83.5	35.1	\$13.45	\$ 1,123.08
			Difference	(\$ - 0.34)

COMINGLING APPLICATION - GULF OIL CORPORATION

Graham State (NCF-F) Lease, SE/4 Section 36-19S-36E
Lea County, New Mexico





Shell Oil Company



Two Shell Plaza
P.O. Box 2099
Houston, Texas 77001

January 9, 1979



Gulf Oil Corporation
ATTN Mr. R. C. Anderson
P. O. Box 670
Hobbs, NM 88240

Gentlemen:

This will confirm our verbal agreement with your Midland office that Shell will continue to purchase the Gulf operated Graham State NCT-F Lease if the Monument Abo Field from well No. 7 is commingled into the tank battery serving the Monument (Blaine) (Grayburg-San Andres) Field.

Please advise us the effective date of this commingling.

Yours very truly,

F. D. Couvillon, Supervisor
Field Operations - Crude Oil Supply
Operations-Domestic Raw Materials Supply

SJB/dg