

AMERADA DIVISION
AMERADA HESS CORPORATION

11 JUL 19 2010 26

July 1, 1971

BOX 591
MIDLAND, TEXAS 79701
915-684-5531

PK

State of New Mexico
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.
Secretary-Director

Re: Application for Exception
to Rule 303 (a)
J. R. Phillips Lease
Monument Grayburg-San Andres and
Monument McKee-Elenburger Gas
Pool

Gentlemen:

Amerada Hess Corporation respectfully requests administrative approval of an Exception to Rule 303 (a) in order that production from the Monument Grayburg-San Andres Pool and the Monument McKee-Elenburger Gas Pool may be commingled on the J. R. Phillips lease. The lease covers the NE/4, Sec. 1-20S-36E, Lea County, and royalty interest is identical for both pools throughout the lease.

At the present time there are five wells producing on the lease. The J. R. Phillips Well Nos. 1, 2, 4, and 8 produce from the Grayburg-San Andres zone, and the J. R. Phillips No. 5 produces from the McKee formation.

Commingling will permit a reduction of surface facilities which will lower operating costs and extend the economic life of these wells, thus promoting conservation and prevention of waste of crude petroleum and natural gas.

The actual commercial value of the commingled production will be equal to the sum of the values of the separate streams. A tabulation showing the current volumes, gravities, and prices is attached. Also attached are a schematic diagram of the proposed installation, a plat showing the J. R. Phillips Lease and surrounding wells, and a letter from the purchaser concurring with our request.

Very truly yours,

R. R. Frasier
D. G. Griffin *for*

RRF:sw

Attachments

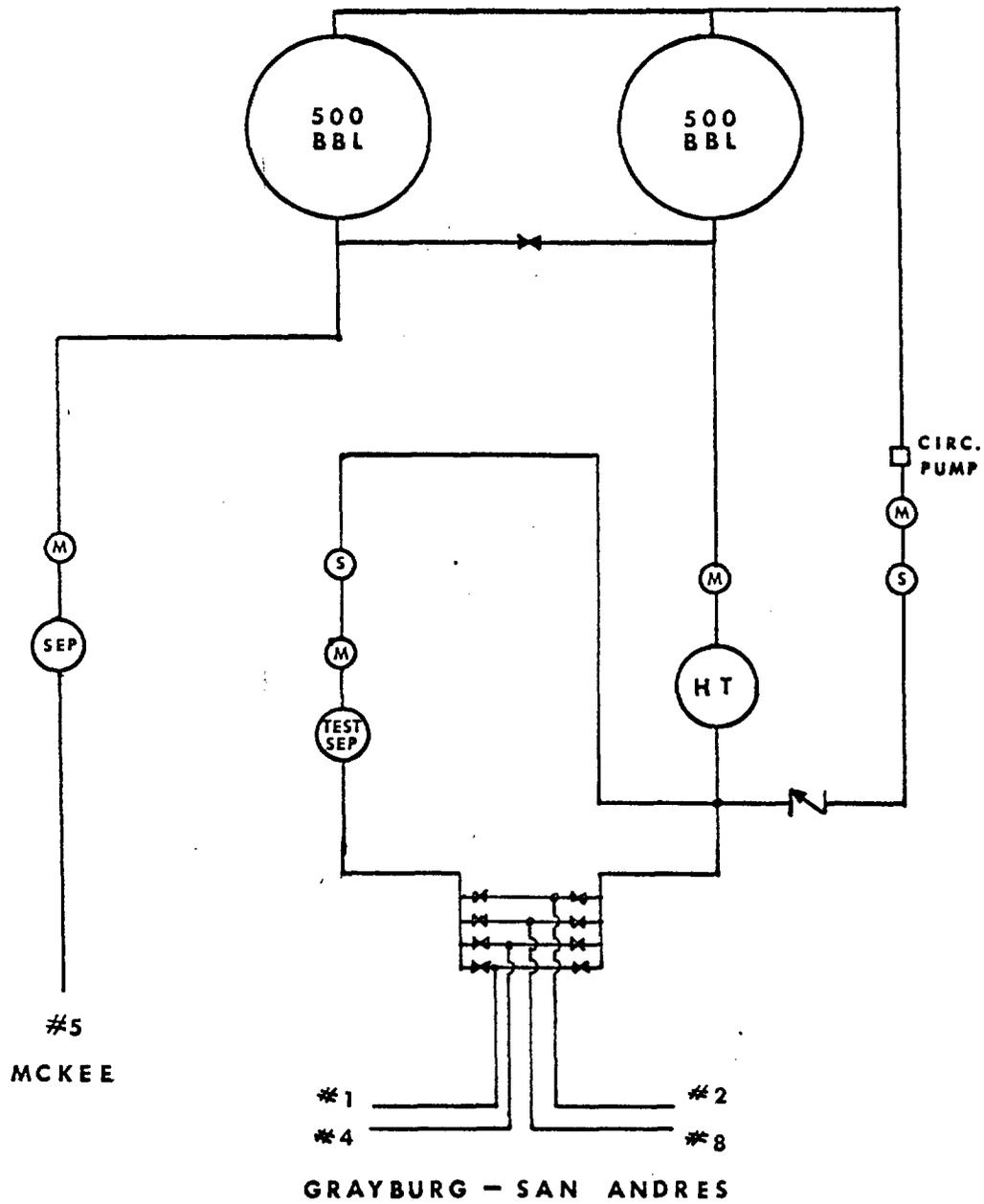
VALUE CALCULATIONS

	<u>Average Monthly Production*</u>	<u>Average Gravity</u>	<u>Current Price</u>	<u>Total Value</u>
Grayburg-San Andres	3944 B0	32°	\$3.23	\$12,739
McKee	<u>808 B0</u>	68°	\$3.39	<u>\$ 1,044</u>
	4252 B0			\$13,783

* Six month average - November, 1970 thru April, 1971

Handwritten notes:
 121 40° 1/2 32 1/2
 30 3 1/2
 1 101
 1 12
 30
 11

AMERADA HESS CORP.
MONUMENT FIELD
J.R. PHILLIPS LEASE
PROPOSED BATTERY



Gulf Oil Company - U. S.

CRUDE OIL DEPARTMENT

J. W. Streit
MANAGER - OPERATIONS

June 17, 1971

P. O. Box 2100
Houston, Texas 77001

Hess Oil & Chemical Division
Amerada Hess Corporation
Post Office Box 52
Galena Park, Texas 77547

Attention: Mr. J. K. Moore, Jr.

Gentlemen:

Reference is made to your letter dated June 14, 1971, wherein you requested permission to commingle 32° gravity Monument (Grayburg-San Andres) Pool oil production with 68° gravity Monument (McKee-Ellenburger) Gas Pool condensate production which we are currently purchasing from separate storage under Gulf's Contract No. 1278-40.

We are agreeable to purchasing this production commingled; however, we will then purchase based on gravities and volumes from each pool prior to commingling. Your Production Department should furnish this information monthly to Gulf Oil Company - U. S., Oil Production Section, Post Office Box 2100, Houston, Texas 77001. If this information is received by the 3rd working day of each month, the adjustment will be handled currently; otherwise, it will be adjusted the following month.

Please furnish us with a copy of the New Mexico Commission's authority to commingle and advise the date actual commingling begins.

Very truly yours,



D. L. Williams

DLW/hb

