

AMERADA HESS CORPORATION

DEC 12 1977

December 7, 1977

P. O. BOX 840
SEMINOLE, TEXAS 79360
915-758-5805

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

Attn: Mr. J. D. Ramey

*Amended
PC 418
effective 1-30-78*

Re: Application For Exception
to Rule 303 (a)
J. R. Phillips Lease
Eunice-Monument Grayburg
San Andres and Monument
Paddock Pools

Gentlemen:

Amerada Hess Corporation respectfully requests administrative approval of an Exception to Rule 303 (a) in order that production from the Eunice-Monument Grayburg San Andres and the Monument Paddock 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 six wells capable of production on this lease:

- (a) Wells #2,4 & 8 producing 32° API crude from the Grayburg San Andres Zone.
- (b) Well #3 producing dry gas from the Eumont Gas Zone.
- (c) Well #5 producing dry gas from the McKee-Ellenburger Gas Zone.
- (d) Well #6 capable of producing 39° API crude from the Paddock Zone.
- (e) Wells #1, & & 9 Temporarily Abandoned.

Presently we have the permission and authority to commingle McKee distillate with G/SA crude as shown by the attached Administrative Order #PC-418. Yet there has been no distillate production in the last two years and therefore, no use of our separate metering system.

Commingling will permit the use of existing surface facilities as shown on the attached schematic diagrams. This will allow for 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 current volumes, gravities and prices is attached. Also attached are a plat showing the J. R. Phillips Lease and surrounding wells, and approval from the transporter concurring with our request.

Very truly yours,

A handwritten signature in cursive script that reads "J. I. Johnson". The signature is written in black ink and is positioned above the typed name.

J. I. Johnson
Regional Manager

JIJ/DRB/dg

Attachments

DEWHURST



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

August 20, 1971

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Amerada Hess Corporation
P. O. Box 591
Midland, Texas 79701

Attention: Mr. D. G. Griffin

Administrative Order PC-418

Gentlemen:

Reference is made to your application for administrative approval of an exception to Rule 303 of the Commission Rules and Regulations to permit the commingling of Monument-Grayburg-San Andres production and Monument-McKee-Ellenburger Gas Pool condensate production on your J. R. Phillips lease which comprises the NE/4 of Section 1, Township 20 South, Range 37 East, Lea County, New Mexico, after separately metering the production from each pool.

By the authority vested in me under the provisions of Rule 303-B of the Commission Rules and Regulations, Amerada Hess Corporation is hereby authorized to commingle the production from the aforesaid pools on said lease in the above-described manner, provided however, that the installation shall be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities," including the provision for non-reset counters on the meters.

It is the responsibility of the producer to notify the transporter of the aforesaid commingling authority.

Very truly yours,

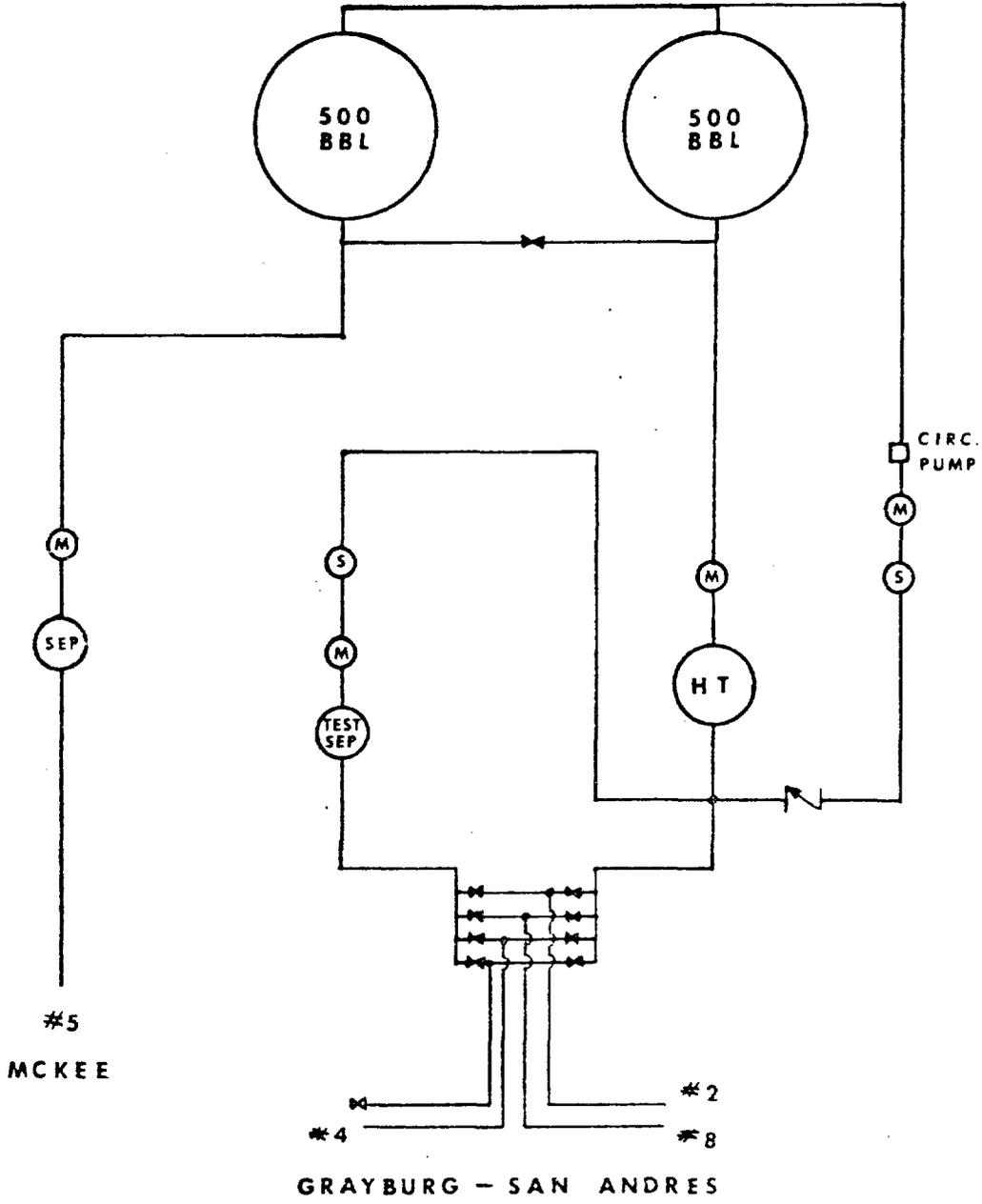
A. L. PORTER, Jr.
Secretary-Director

ALP/DSN/dr

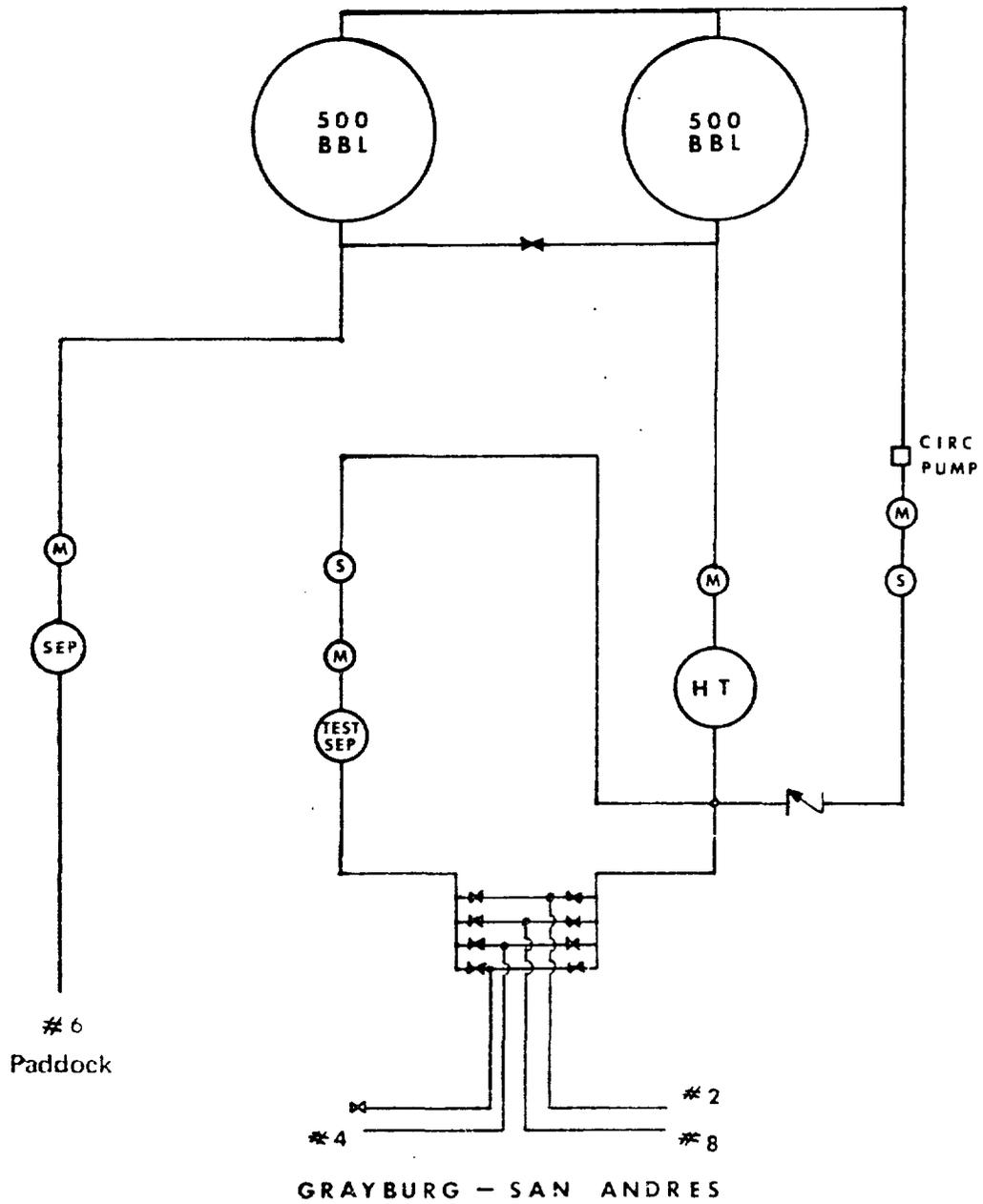
cc: Oil Conservation Comm. - Hobbs
Oil & Gas Engineering Comm. - Hobbs

Xerox Copies Mailed 8-27-71: Gulf Oil Company Houston
Texas-New Mex. Pipe Line Co. - Midland
A. J. Troop - Monument
J. H. Driver - Midland

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



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



VALUE CALCULATIONS

		<u>Avg. Gravity</u>	<u>Price</u>	<u>Value</u>
Grayburg-San Andres	3865 BOPM*	32°	\$ 5.40	\$20,871
Paddock	<u>608 BOPM**</u>	39°	\$12,09	<u>\$ 7,351</u>
	4473 BOPM			\$28,222

* Monthly production is averaged over the last 12 months (Sept. 1976 thru Aug. 1977)

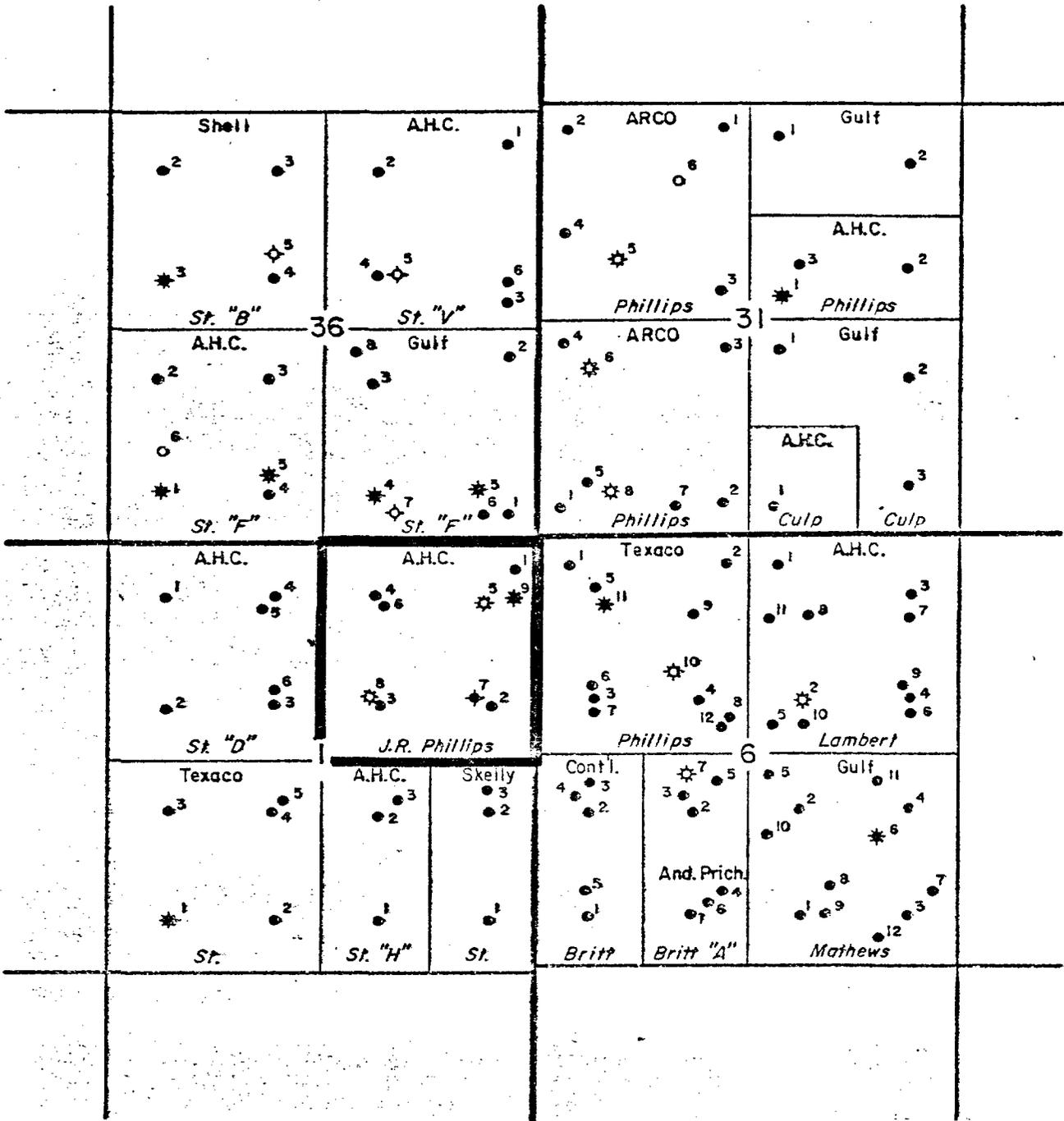
** Anticipated stabilized monthly production.

R 36 E

R 37 E

T 19 S

T 20 S



MONUMENT FIELD

Lea County, New Mexico

Scale: 1" = 2000'

McKEE - WELL #5

PADDOCK - WELL #6

GRAYBURG SAN ANDRES - WELLS #2, 4 & 8

EUMONT - WELL #3

AMERADA HESS CORPORATION

F.I.P.

MIDLAND OFFICE		
FILE		
OCT 21 1977		
PLEASE	DATE	P.H.
NOTED	OFF	
P. O. BOX 840		
SEMIPTOILE, TEXAS 79560		
915-758-5805		
		✓
F. B. K.		
F. J. H.		
E. E. M.		
D. L. C.		
S. W.		
W. B.		
K. S. N.		
T. G. J.		

October 6, 1977

Texas - New Mexico Pipe Line Company
P. O. Box 1510
Midland, Texas 79701

RE: Commingled Production
on the J. R. Phillips Lease
Monument, New Mexico

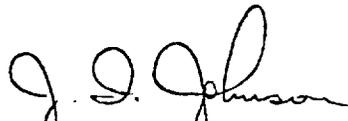
Gentlemen:

The J. R. Phillips Lease in the Monument Field, Lea County, New Mexico, has been producing from the Grayburg-San Andres, Eumont and McKee Zones. The Eumont gas well does not make any oil. Presently we have your consent and state authority to commingle McKee distillate with Grayburg San Andres crude, providing we meter each separately. Yet there has been no distillate production in the last two years and therefore, no use of the separate metering system.

Recent testing of a Paddock Zone completion indicates commercial oil production. To initiate Paddock crude sales, Amerada Hess Corporation plans to apply for authority to commingle Paddock with G/SA crude using McKee metering equipment. This will permit no increase of surface facilities which will lower operating costs and extend the economic life on these wells, thus promoting conservation and prevention of waste of crude petroleum and natural gas.

The minor battery changes will cause no significant changes in location of the proposed battery causing investment expenditure by Texas-New Mexico Pipeline Company.

We therefore request your permission to commingle Grayburg San Andres with Paddock crude. Your cooperation in this matter will be appreciated.

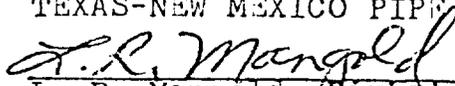

J. I. Johnson

JIJ/DRB/sm

Attachments

Gentlemen:

We have no objection to commingling Grayburg San Andrews with Paddock crude.

TEXAS-NEW MEXICO PIPE LINE COMPANY

L. R. Mangold, Division Manager