

**AMERADA DIVISION
AMERADA HESS CORPORATION**

RECEIVED
AUG 2 1971
OIL CONSERVATION COMM.

DRAWER 817
SEMINOLE, TEXAS 79360
915 - 758 - 5805

July 27, 1971

PC -

Mr. A. L. Porter Jr.
Secretary - Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

A study has been made to revise the battery and commingle the production on Amerada Hess Corporation's H. L. Houston Lease. The lease is located in the NE/4 of Sec. 7, T21S, R36E, Lea County, New Mexico.

Presently, the purchaser is Texaco for the Grayburg oil and Charter International for the Eumont oil. The transporter is Texas - New Mexico Pipeline Company. Attached is written approval from Texaco to purchase both the Eumont and Grayburg oil on a commingled basis and from Texas - New Mexico to transport it.

Average gravities, volumes, and values are as follows:

	<u>Average Monthly Production*</u>	<u>March Average Gravity</u>	<u>Price</u>	<u>Total Value</u>
Grayburg #1 + #2	1592 BO	34.1	3.27	\$5,206
Eumont #3	116 BO	38.3	3.35	\$ 389
Total	1708 BO			\$5,595

	<u>Production</u>	<u>Calc. Gravity</u>	<u>Price</u>	<u>Total Value</u>
Commingled	1708 BO	34.4	\$3.27	\$5,585

* Monthly production is averaged over a six month period (Nov., 1970 through April, 1971).

The loss by commingling calculates \$10/month or \$.33/day. Low production from the Eumont zone, averaging 116 BOPM, causes extremely long storage between sales. By reducing the number of vessels and reducing weathering time, the increase in income should exceed the calculated loss. Also, by lowering the operating and

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July 27, 1971

maintenance costs the economic limit will be lower and therefore extend the life of the wells.

Since the wells are marginal status, the proposed system will allocate production on the basis of well tests. A 60 day tabulation of production is attached.

It is requested approval be granted to commingle production on this lease.

Yours truly,



J. R. Enloe
Regional Manager
Seminole Region

Enclosures:

1. Letter of approval from Texaco.
2. Letter of approval from Texas - New Mexico.
3. Plat showing lease and wells.
4. Schematic diagram of the proposed battery.
5. Tabulation of marginal production for 60 day period.

FAB/cr

cc: Mr. J. D. Ramey



PETROLEUM PRODUCTS

CRUDE OIL PURCHASES & SALES
DIVISION..

W. L. EWELL
MANAGER-UNITED STATES

J. T. ELSIK
ASSISTANT MANAGER-UNITED STATES

TEXACO INC.
P. O. BOX 52382
HOUSTON, TEXAS 77052

July 2, 1971

Amerada Division
Amerada Hess Corporation
P. O. Box 52
Galena Park, Texas 77547

Gentlemen:

Attention: Mr. B. W. Andrus

Reference is made to your Mr. Moore's letter of June 23, 1971 concerning commingling of crude oil production from the Grayburg and Eumont Zones on your H. L. Houston Lease, Eunice Field, Lea County, New Mexico.

This is to advise that we are agreeable to purchasing the additional production from the Eumont Zone along with the Grayburg Zone, which we are presently purchasing, on a commingled basis.

Yours very truly,

JCL-JR

TEXAS-NEW MEXICO PIPE LINE COMPANY

P. A. LYONS
DIVISION MANAGER

P.O. BOX 1810
MIDLAND, TEXAS 79701

June 18, 1971

COMMINGLED PRODUCTION
GRAYBURG AND EUMONT ZONES
H. L. HOUSTON LEASE
EUNICE FIELD
LEA COUNTY, NEW MEXICO

Hess Oil & Chemical Division
Amerada Hess Corporation
P. O. Box 52
Galena Park, Texas 77547

Attention: Mr. B. W. Andrus

Gentlemen:

Texas-New Mexico Pipe Line Company has no objections to running commingled oil from the Grayburg and Eumont zones as sour crude in our sour crude common stream.

According to your conversation, there will be no significant changes in location of the proposed battery causing investment expenditure by Texas-New Mexico Pipe Line Company.

When the New Mexico Oil Conservation Commission authorization of commingling has been approved by Administrative Order, we will make a corrected connection order for the lease.

Yours very truly,

P. A. Lyons

KJMcGjr-AER

R 35 E

R 36 E

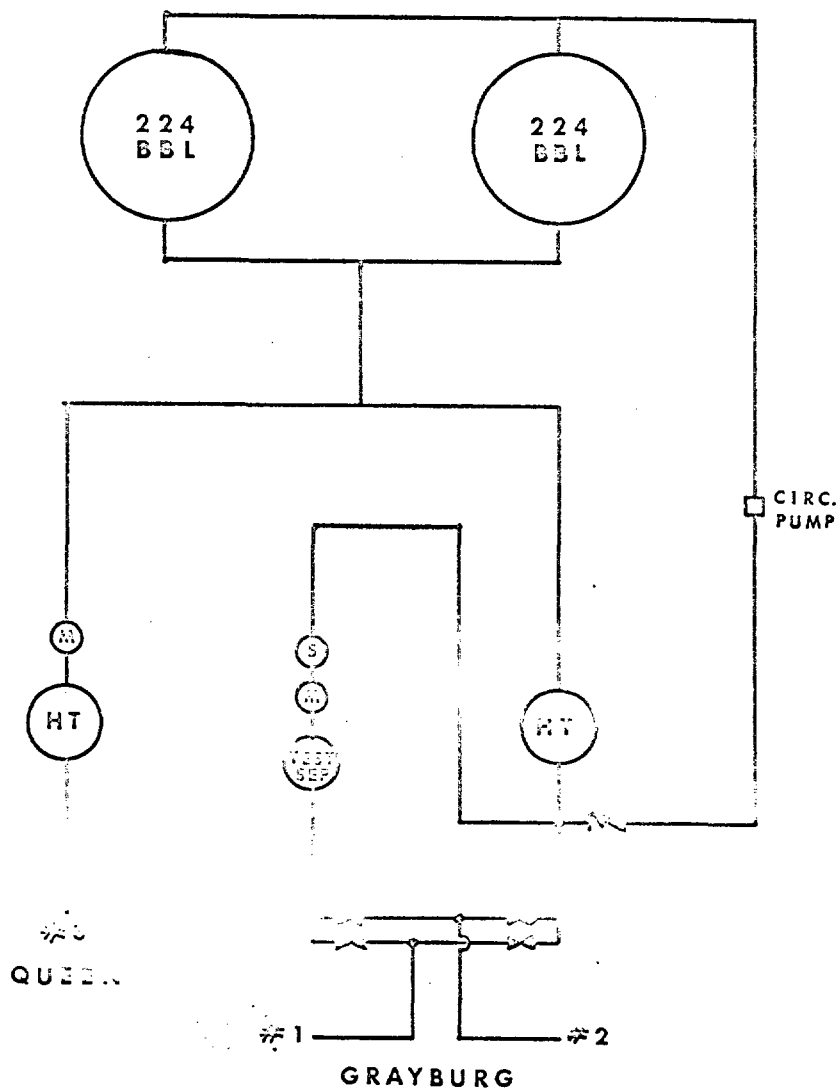
Gulf 2.80 White	A.P.C. 40	Shell "M" 30	Atlantic 40	Gulf 60	Gulf 80	20	50	60	20	30	
A.P.C. 30	70	10	30	40	30	10	40	10	(Gypsy) Gulf 10	20	
WE "B" A.P.C.	20	30	60	20	20	10	50	30	30	40	
WE "F" Charm	40	30	10	20	10	60	40	20	10	20	
30	40	40	10	20	20	20	20	10	10	20	
Gulf-St	State 2A0	Shell "L" 10	Gulf "D" 10	Atlantic "K" 20	Gulf "E" 20	Gulf 20	Orcutt Atlantic 20	10	State "H" Olsen, et al. 10	20	
A.P.C. 30	20	40	20	20	20	20	20	10	State "E" Atlantic 20	10	20
10	10	30	20	10	10	10	20	10	10	20	
St "WEA"	30	State Endura	Atlantic, et al. 10	Repello Sinclair 10	Amerada	20	Cont'l	40	20	30	40
Superior	Charm	Bryant et al. Drig. & Expl. 420	Houston	Houston	Houston	(Gypsy) Gulf 40	20	30	10	10	20
20	20	30	40	20	40	20	30	10	30	20	
Superior - State	State 20	Repello State 10	Molly Cambell	Houston	Houston	30	10	30	20	10	20
A.P.C. St WE "B"	10	Shell "H" 20	Cont'l	Cont'l	Cont'l	60	10	10	10	20	30
20	60	30	40	10	40	50	30	20	10	40	
State WE "B"	13	70	40	30	20	30	60	40	10	10	
A.P.C. 10	80	10	40	20	20	10	10	50	20	20	
Drig. & Expl. Shell - State 1-H 4006	State WE "E"	State	Lockhart	50	10	Meyer "A"	Coleman	Meyer "B"			

● QUEEN
● GRAYBURG

EUNICE FIELD

LEA COUNTY, NEW MEXICO

AMERADA HESS CORP.
EUNICE FIELD
H.L.HOUSTON LEASE
PROPOSED BATTERY



AMERADA HESS CORPORATION
H. L. Houston Lease
Oil Production for 60 Day Period

<u>1971</u> <u>April</u>	<u>Eunice</u> <u>Grayburg</u>	<u>Eumont</u>	<u>1971</u> <u>May</u>	<u>Eunice</u> <u>Grayburg</u>	<u>Eumont</u>
1	55	5	1	53	0
2	56	11	2	57	0
3	44	6	3	47	0
4	60	11	4	50	0
5	56	11	5	48	0
6	56	11	6	64	0
7	50	6	7	57	0
8	33	0	8	48	0
9	64	0	9	52	0
10	50	10	10	49	0
11	54	0	11	51	0
12	56	0	12	54	0
13	23	22	13	56	0
14	28	5	14	54	0
15	50	0	15	52	0
16	55	0	16	47	0
17	56	0	17	54	0
18	53	0	18	50	0
19	51	0	19	52	0
20	61	0	20	53	0
21	36	0	21	52	0
22	44	0	22	55	0
23	44	0	23	52	0
24	51	0	24	51	0
25	55	0	25	50	0
26	47	0	26	50	0
27	44	0	27	0	0
28	59	0	28	53	0
29	53	24	29	71	0
30	48	11	30	60	0
			31	54	0