

AMERADA HESS CORPORATION

DRAWER 817
SEMINOLE, TEXAS 79360
915-758-5805

December 13, 1971

RECEIVED
DEC 27 1971
OIL CONSERVATION COMM.
SANTA FE, N.M.

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

Re: Surface Commingling of
Production from the State
"DC" Lease.

Dear Sir:

A study has been completed to revise the battery and commingle the production from the State "DC" Lease. This lease is located in Sec. 19, T21S, R37E in Lea County, New Mexico.

Presently, the Drinkard and Blinebry zones are being commingled and the Paddock and Grayburg are being commingled. The proposal is to commingle all the production into one facility and allocate production on the basis of quarterly well tests. Royalty ownership is common. Approval has been received from the state of New Mexico Land Office and the transporter and purchaser.

Average gravities, volumes and values are as follows:

	<u>August Production</u>	<u>Avg. Grav.</u>	<u>Price per bbl.</u>	<u>Total Value</u>
Blinebry-Drinkard	209	35.4	\$3.46	\$ 723
Paddock-Grayburg	<u>1581</u>	35.5	\$3.29	<u>\$5201</u>
	1790			\$5924

Selling the crudes more rapidly after commingling will decrease weathering time which will increase the volume and gravity. There will be less surface area for excess evaporation of "light ends" to occur. On the basis of 1% volume increase, the increase in gross income will be \$59 per month. After commingling, the operating and maintenance costs will be lowered, which will lower the economic limit and extend the producing life of the wells.

Amerada Hess Corporation respectfully requests administrative approval to commingle the crudes on the State "DC" Lease and allocate production on the basis of quarterly well tests.

Very truly yours,



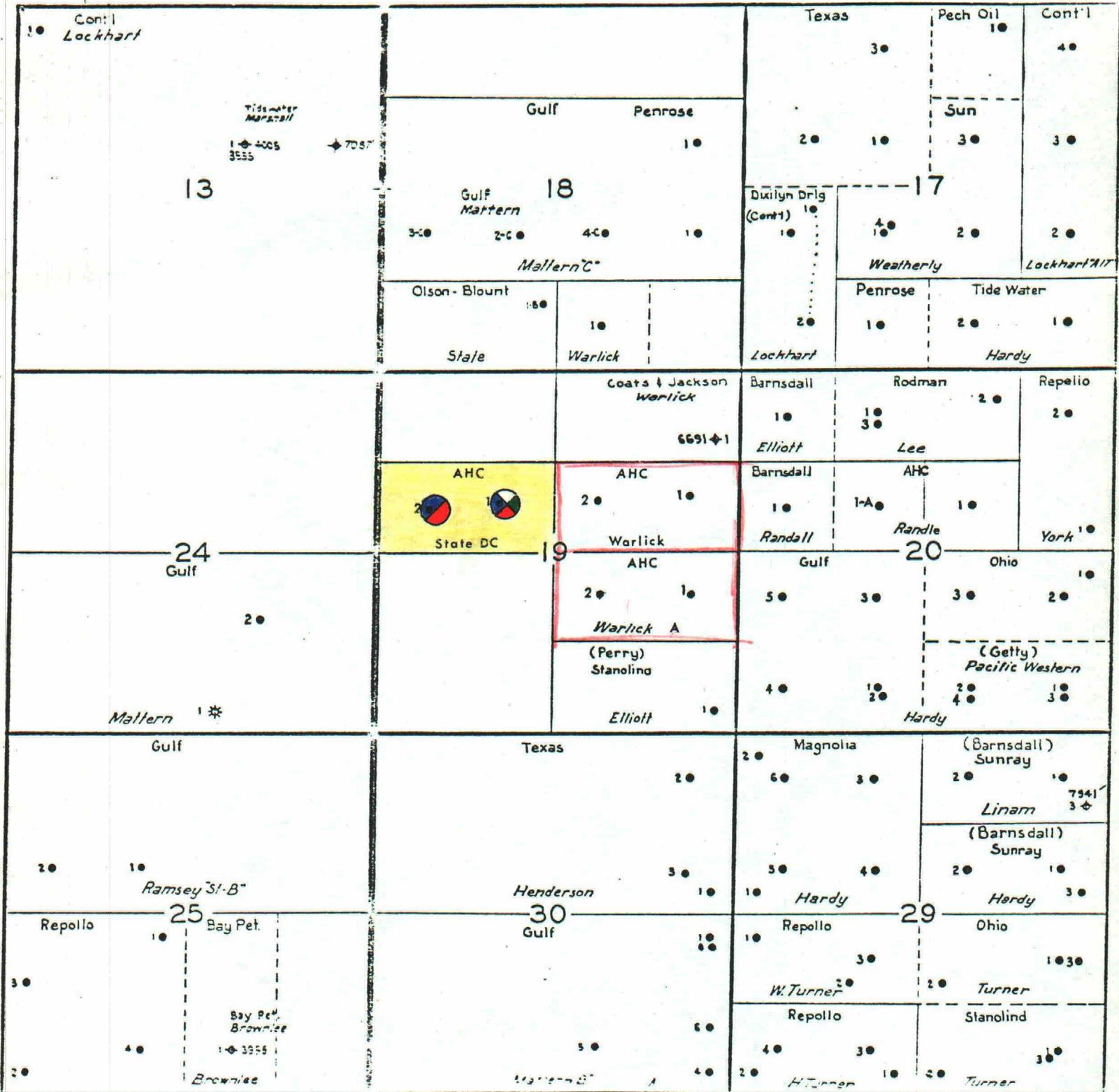
G. F. Dewhurst
Region Manager

FAB/vjh

Enclosures:

- 1.) Plat showing lease and wells
- 2.) Schematic diagram of the proposed battery
- 3.) Tabulation of marginal production for a 60 day period
- 4.) Letter of approval from New Mexico State Land Office
- 5.) Letter of approval from the transporter, Texas-New Mexico Pipeline
- 6.) Letter of approval from the purchaser, Atlantic Richfield Co.

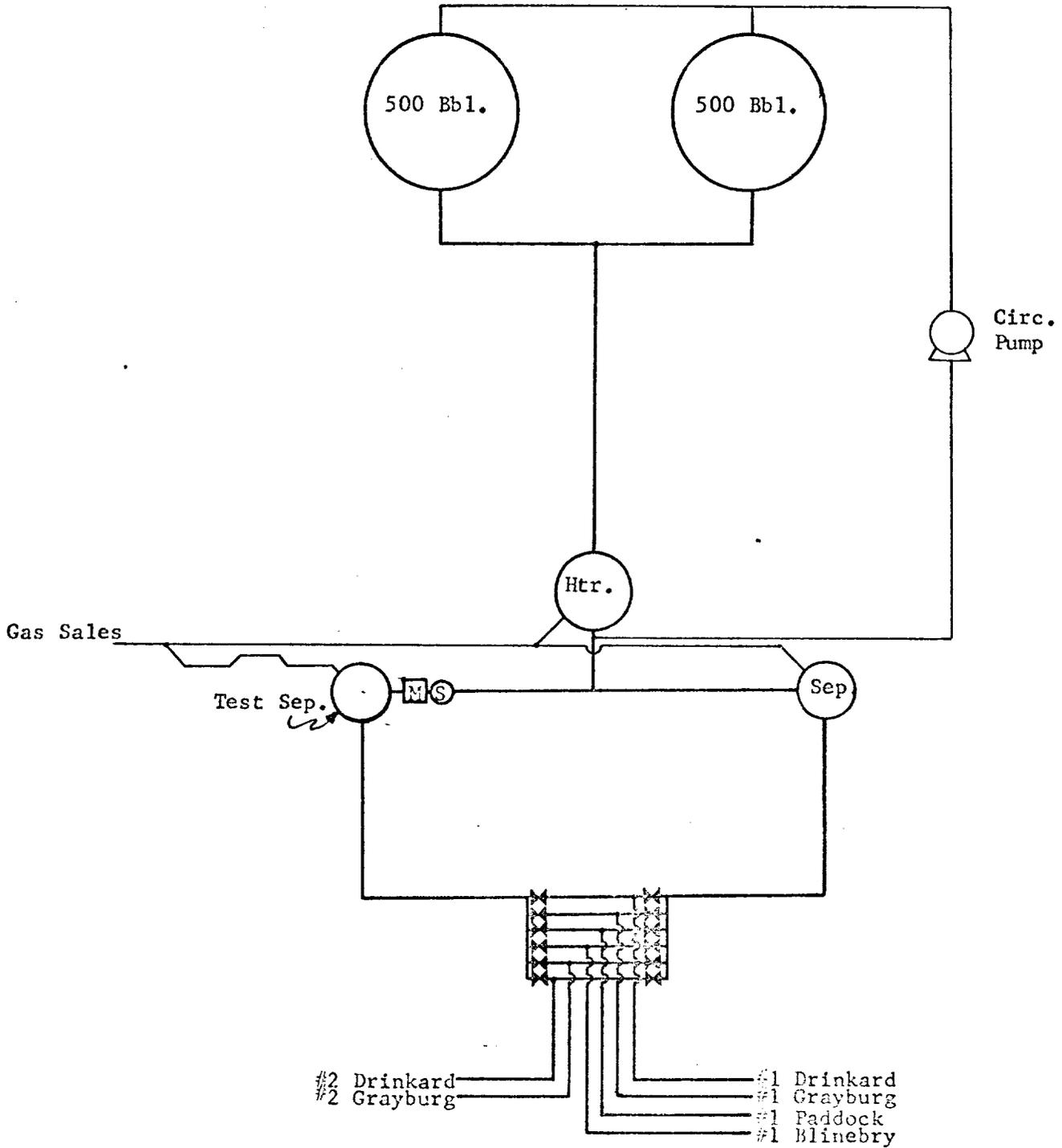
CC: Mr. J. D. Ramey
Mr. L. A. Stricklin



-  Blinebry Gas
-  Drinkard Pool 1 & 2
-  Paddock Pool 1
-  Grayburg Pounce Skully 1 & 2

EUNICE FIELD
LEA COUNTY, N. MEX.

AMERADA HESS CORPORATION
STATE "DC" LEASE
Proposed Battery



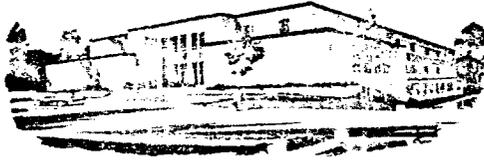
AMERADA HESS CORPORATION
 State "DC" Lease
 Oil Production for 60 Days
 October, 1971

<u>Date</u>	<u>Blinebry-Drinkard</u>		<u>Paddock-Grayburg</u>	
	<u>#1</u>	<u>#1 & #2</u>	<u>#1</u>	<u>#1 & #2</u>
October 01		11		10
02		5		17
03		3		52
04		8		49
05		8		5
06		8		49
07		5		30
08		5		60
09		8		60
10		8		50
11		8		55
12		3		38
13		3		47
14		8		40
15		11		48
16		5		38
17		5		41
18		5		47
19		5		38
20		5		8
21		8		41
22		11		44
23		5		41
24		8		30
25		5		44
26		5		44
27		8		47
28		11		41
29		8		49
30		5		41
31		5		41

AMERADA HESS CORPORATION
 State "DC" Lease
 Oil Production for 60 Days
 November, 1971

<u>Date</u>	<u>Blinebry-Drinkard</u>		<u>Paddock-Grayburg</u>	
	<u>#1</u>	<u>#1 & #2</u>	<u>#1</u>	<u>#1 & #2</u>
November 01		11		41
02		5		38
03		5		35
04		5		8
05		11		44
06		5		44
07		5		41
08		5		35
09		9		22
10		5		5
11		5		44
12		11		44
13		5		44
14		5		52
15		5		35
16		8		11
17		5		38
18		3		50
19		8		47
20		8		12
21		3		36
22		8		41
23		8		39
24		5		27
25		5		35
26		5		51
27		5		41
28		5		42
29		5		63
30		5		41

State of New Mexico



Commissioner of Public Lands

October 21, 1971

ALEX J. ARMIJO
COMMISSIONER

1971 OCT 21 8:09
P. O. BOX 1148
SANTA FE, NEW MEXICO

Amerada Hess Corporation
Drawer 817
Seminole, Texas 79360

Re: Surface Commingling of
Production from the State
"DC" Lease

ATTENTION: Mr. G. Dewhurst

Gentlemen:

Reference is made to your application dated October 11, 1971, requesting approval to commingle all the production, into one facility, from your State "DC" Lease.

You are hereby given approval to the above request. Any deviation from your proposed request will be reason to cancel approval.

This approval is subject to the subsequent approval of the New Mexico Oil Conservation Commission.

Please remit a ten (\$10.00) dollar filing fee.

Very truly yours,

Ray D. Graham
RAY D. GRAHAM, Director
Oil and Gas Department

AJA/RDG/s
encls.

cc: New Mexico Oil Conservation Commission
New Mexico Oil & Gas Accounting Commission
New Mexico State Lease B-1040-1

TEXAS-NEW MEXICO PIPE LINE COMPANY

P. A. LYONS
DIVISION MANAGER

P. O. BOX 1510
MIDLAND, TEXAS 79701

October 13, 1971

Bo

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

Attention: Mr. B. W. Andrus

Gentlemen:

Texas-New Mexico Pipe Line Company is agreeable with the proposed commingling of production from the State "DC" lease and will run this production under the following conditions:

1. The proposed tanks in the new battery shall be the existing 500 barrel tanks on Texas-New Mexico Pipe Line Company's sour crude system or new approved tanks located in the same place.
2. The producer and purchaser agree that the commingled production will be run as sour crude.

If it is the desire of Amerada Hess to locate a new tank battery at other than the existing location, an evaluation will be required since any new location will necessitate expenditures by Texas-New Mexico Pipe Line Company.

Yours very truly,

P. A. Lyons

7/
KJMcGjr-DEW

Atlantic Richfield Company

Supply & Transportation Division
Midcontinent Area, Crude Oil Supply
Post Office Box 1610
Midland, Texas 79701
Telephone 915 682-8631



November 30, 1971

Mr. Jim Moore
Amerada Hess Corporation
P. O. Box 52
Galena Park, Texas 77547

Re: State "DC" Lease
Lea County, New Mexico

Dear Mr. Moore:

This letter will give written authorization from Atlantic Richfield Company to commingle the crude oil production from the Blinebry-Drinkard and Paddock-Grayburg zones of the State "DC" lease.

Sorry for the delay of the letter. If I can be of further assistance please advise.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Dwayne Glover". The signature is written in black ink and is positioned above the typed name.

Dwayne Glover
Representative,
Crude Purchases

DG:nb