

Gulf Oil Exploration and Production Company

October 3, 1978

R. C. Anderson
PRODUCTION MANAGER, HOBBS AREA

P. O. Box 670
Hobbs, NM 88240

Re: J. R. Holt (NCT-A) Lease,
Section 16-24S-37E, Lea
County, New Mexico

Mr. Joe D. Ramey
Energy & Minerals Department
State of New Mexico
Oil Conservation Division
Santa Fe, New Mexico 87501

Dear Sir:

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-448. This will allow Gulf to surface commingle newly developed Undesignated Tubb oil with existing Fowler Upper Yeso oil on the subject lease. The Tubb production is the result of the recompletion of Well No. 4, previously in the Fowler Upper Yeso Pool. A request for a pool designation for the Tubb well has been filed. All of the wells producing from the above pools 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 50¢ per day less than the total revenue from the individual wells.

Also attached is a diagram of the storage facilities, a lease plat, and a letter from The Permian Corporation agreeing to purchase the commingled oil.

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

Yours very truly,

R. C. Anderson
R. C. ANDERSON

GWH:ptg
Att'd.

cc: Oil Conservation Division, Hobbs, N.M.
Crude Oil Purchasing, Midland
Proration Unit, Midland



GULF OIL CORPORATION
J. R. HOLT (NCT-A) LEASE
Setion 16-24S-37E
Lea County, New Mexico

<u>Well Nos.</u>	<u>Pool</u>	<u>Production</u>		<u>Total</u>	<u>Average BOPD</u>
		<u>July, 1978</u>	<u>August, 1978</u>		
3, 5,	Fowler Upper Yeso	1,161	971	2,132	39.5
4	Undesignated Tubb *				87.0

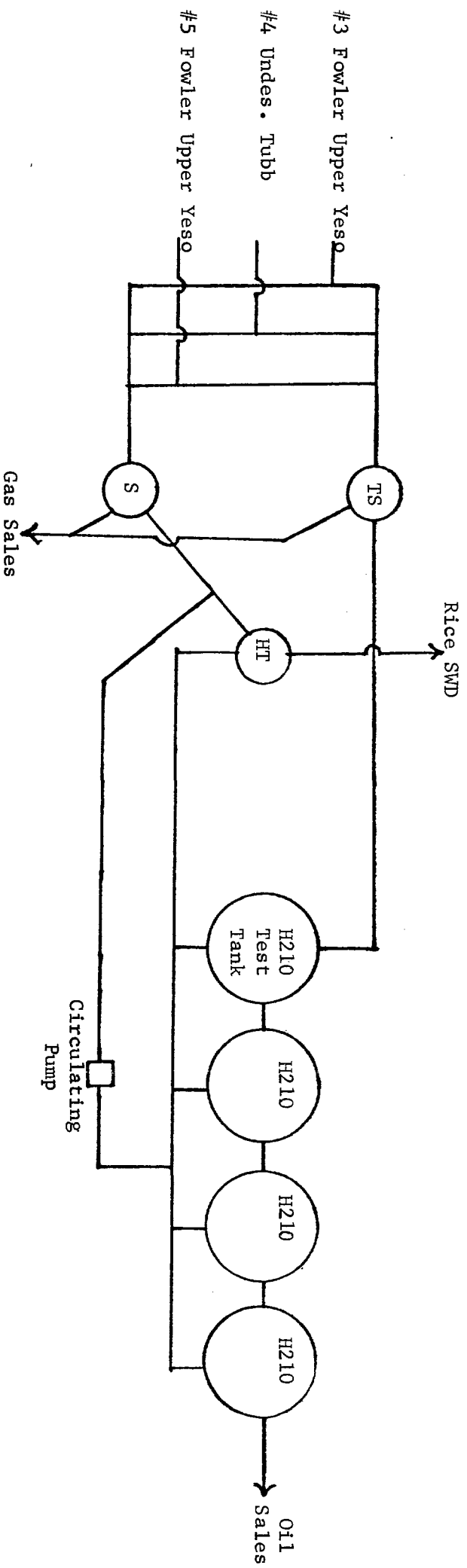
*Test Production

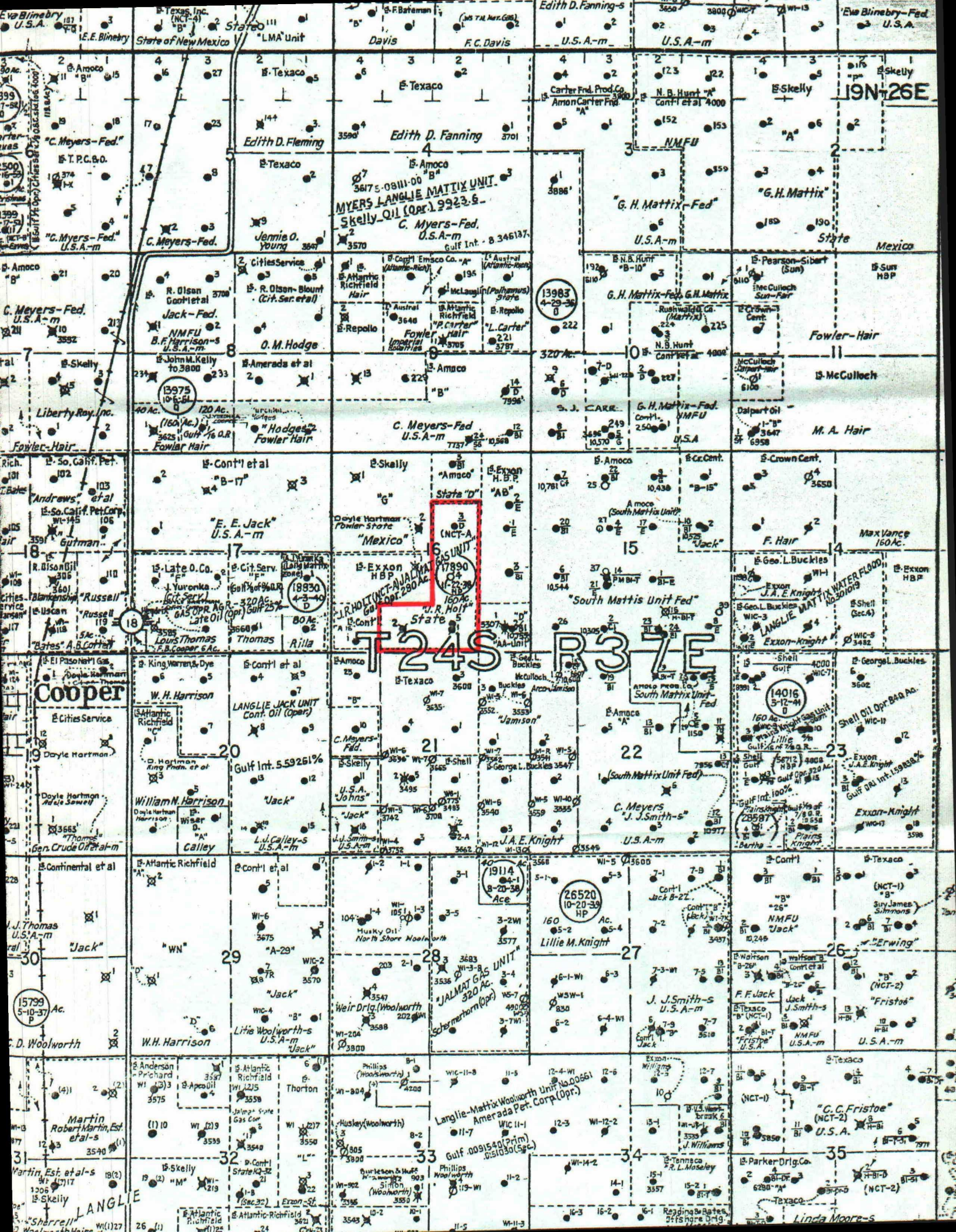
<u>Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>\$/Barrel</u>	<u>\$/Day</u>
Fowler Upper Yeso	39.5	37.0	\$14.78	\$583.81
Undes. Tubb	87.0	38.0	\$14.80	<u>\$1287.60</u>
Total	126.5			\$1871.41
Commingled	126.5	37.7	\$14.79	<u>\$1870.93</u>
Difference				(-\$ 0.48/Day)

GWH:ptg
10-3-78

GULF OIL CORPORATION

Schematic Diagram
Proposed Commingled Installation
J. R. Holt (NCT-A) Tank Battery





September 26, 1978

Gulf Oil Company - U. S.
P. O. Box 670
Hobbs, NM 88240

Attention: Gary Hoover

Re: Commingling of the Fowler
(Upper Yeso) Pool with
Undesignated (Tubb) Pool
production on Gulf Oil Corporation -
J. R. Holt (NCT-A) Lease

Dear Mr. Hoover:

The Permian Corporation will agree to purchase the commingled Fowler (Upper Yeso) Pool and Undesignated (Tubb) Pool production from the subject lease. This purchase is pending approval by the New Mexico Oil Conservation Commission to commingle.

We will await your ratification of approval.

Yours very truly,

A handwritten signature in cursive script, reading "Randy Geiselman".

Randy Geiselman