

Gulf Oil Exploration and Production Company

June 12, 1978

C. D. Borland
PRODUCTION MANAGER, HOBBS AREA

P. O. Box 670
Hobbs, NM 88240

Re: Mark Lease
Section 3-T22S-R37E,
Lea County, New Mexico

Mr. Dick Stamets
Energy and Minerals Department
Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87501

Dear Mr. Stamets:

This is to advise your office that we have been inadvertently commingling recently developed Wantz Abo production with existing production on the subject lease without Commission approval since May 1, 1978. Existing production consists of hydrocarbons being produced from the Blinebry, Drinkard and Tubb zones and being commingled in a common tank battery under Administrative Order P.C. 506.

During the time period involved there was some confusion within our office as to whether or not we had received temporary permission to commingle the newly developed Wantz Abo production in the existing tank battery. In reviewing our files on June 9, 1978, we discovered that we had not received permission to commingle our new production. This morning, Mr. Russell Worley of this office, contacted Mr. Jerry Sexton in your Hobbs office and advised him of our situation. He informed us to write and advise you of the situation and to complete our application for an amendment to the above administrative order allowing us to commingle Wantz Abo production with existing production as quickly as possible. He then told Mr. Worley that we could continue to produce into our existing facilities on a temporary basis until written permanent approval could be granted. We have applied for an amendment to Administrative Order P.C. 506 to allow us to commingle Wantz Abo production with that from the Blinebry, Drinkard, and Tubb zones.

We apologize for this oversight and any inconvenience it may cause. If additional action by Gulf on this situation is desired or required, please advise.

Yours very truly,



C. D. BORLAND

MDW/dch



A DIVISION OF GULF OIL CORPORATION

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C. D. Borland
PRODUCTION MANAGER, HOBBS AREA

P. O. Box 670
Hobbs, NM 88240

Re: Mark Lease
Section 3-T22S-R37E
Lea County, New Mexico

Mr. Joe D. Ramey
Energy and Minerals Department
Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87501

Dear Mr. Ramey:

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 P.C. 506. This amendment will be to allow Gulf to commingle newly developed Wantz Abo oil with the commingled Drinkard, Blinebry Gas, and Tubb Gas production as authorized by the aforementioned order. None of the wells producing from the above pools are capable of producing top allowable and 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 recent sixty (60) day period and the results of recent production tests for the new well.

The calculated revenue from the commingled production is approximately \$0.23 per day less than the total revenue from the individual pools. Therefore, construction of separate storage facilities for the new production cannot be justified.

Also attached are a lease plat, a schematic diagram of the storage facilities for storing the proposed commingled production, and a copy of Shell Oil Company's letter agreeing to purchase the commingled oil as proposed herein.

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

Yours very truly,



C. D. BORLAND

Attachments
MDW/dch



A DIVISION OF GULF OIL CORPORATION

MARK LEASE

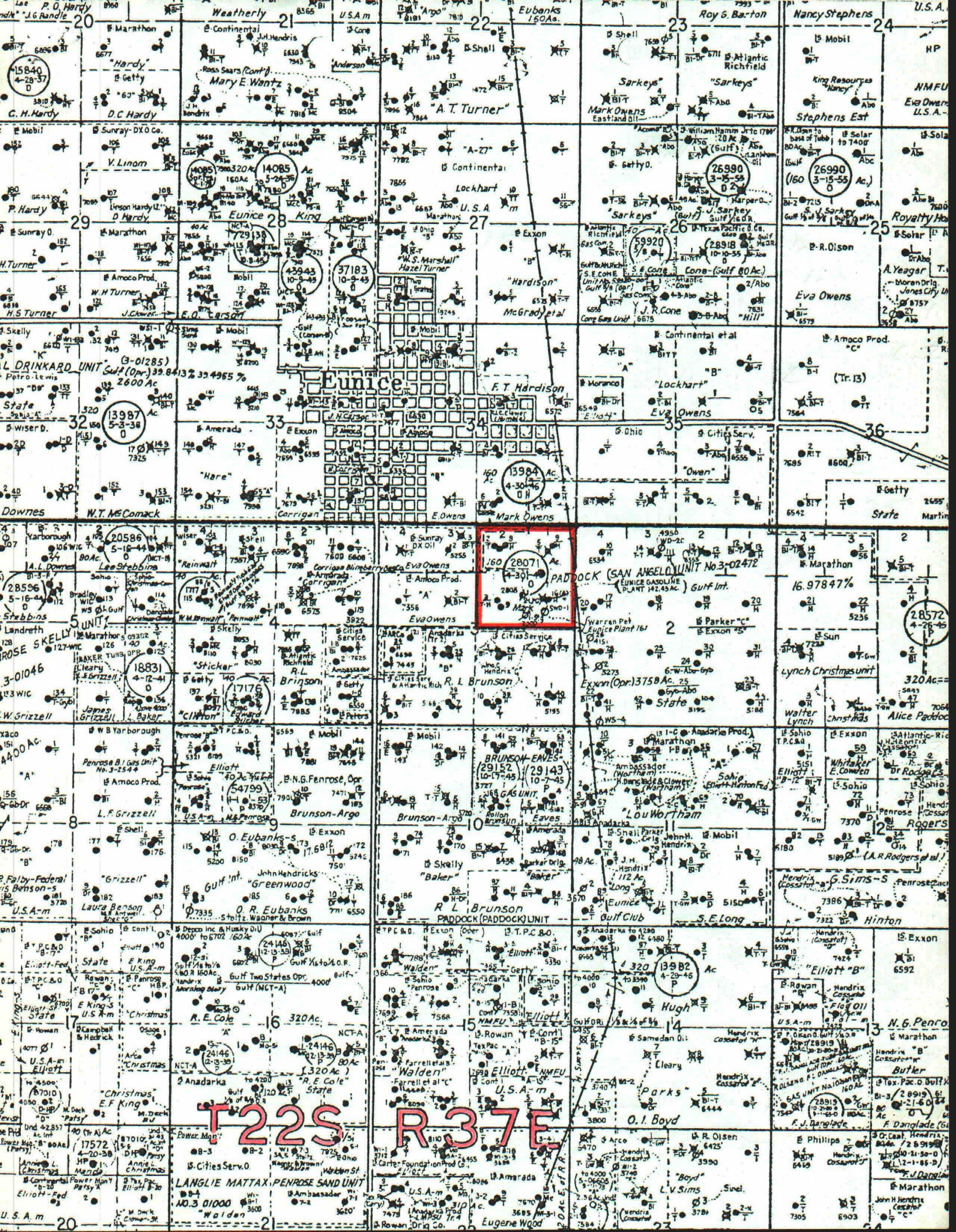
Production

<u>Well No.</u>	<u>Pool</u>	<u>March '78</u>	<u>April '78</u>	<u>Total</u>	<u>Avg. BPD</u>
3 & 7	Blinebry Gas*	158	88	246	4.0
2,3,5 & 7	Drinkard*	637	579	1216	19.9
5	Tubb Gas*	8	6	14	0.2
10	Wantz Abo**				75

* Approved Commingled Production (Admin Order P.C. 506)

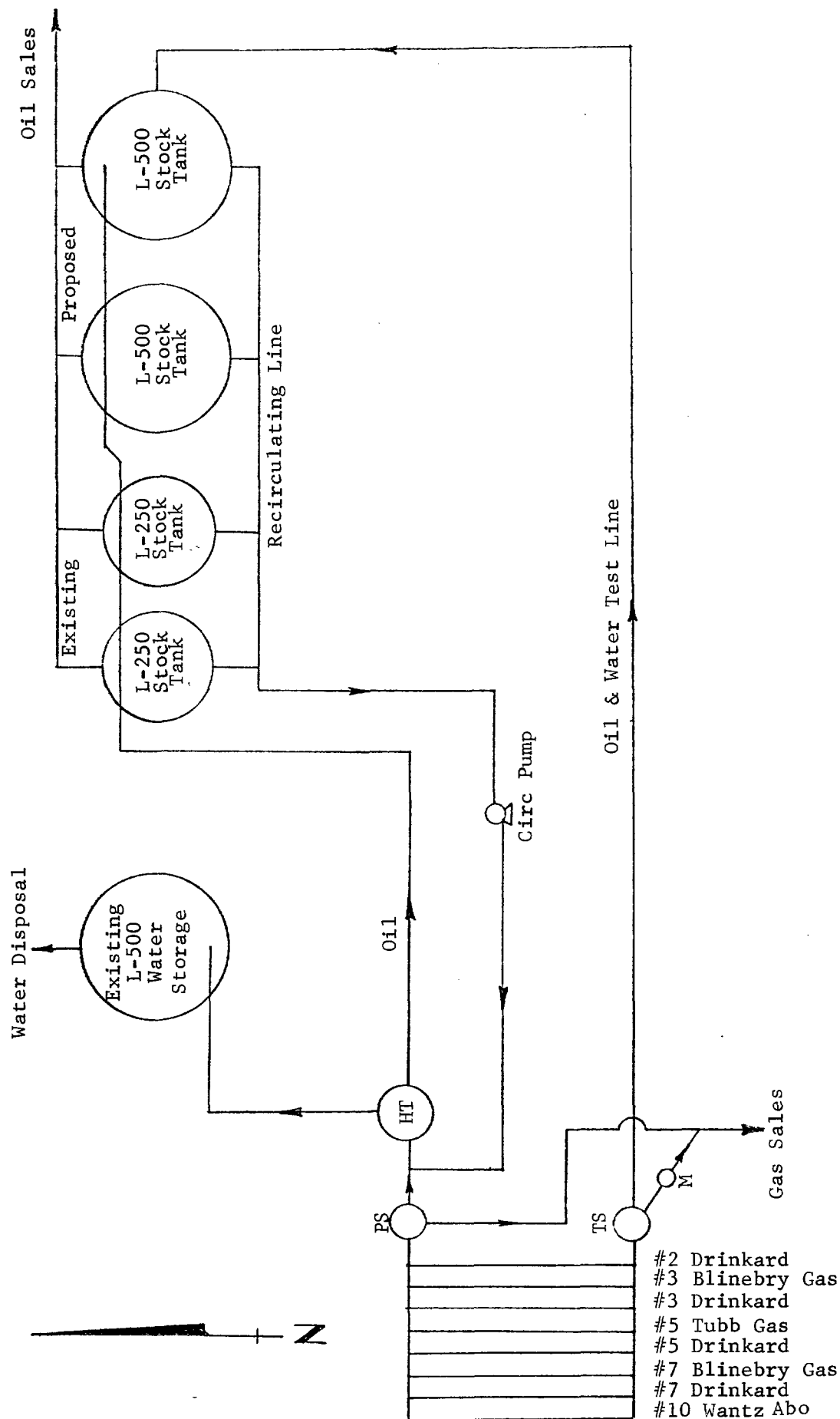
** Test production

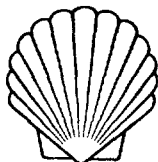
<u>Pool</u>	<u>BPD</u>	<u>Gravity</u>	<u>\$/Bbl</u>	<u>\$/Day</u>
Blinebry Gas, Drinkard Tubb Gas	24.1	45.1	\$14.85	\$ 357.89
Wantz Abo	75.0	38.6	\$12.62	<u>946.50</u>
Total				\$ 1,304.39
Commingled	99.1	40.2	\$13.16	\$ 1,304.16
Difference				\$ - 0.23



GULF OIL CORPORATION

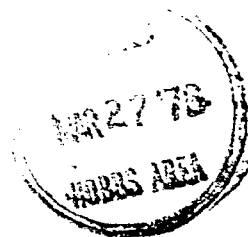
Proposed Commingled Tank Battery
 Mark Lease, Section 3, T-22-S, R-37-E, Lea County, New Mexico
 Drinkard, Blinebry Oil, Blinebry Gas, Tubb Gas, Wantz Abo Pools





SHELL OIL COMPANY

TWO SHELL PLAZA
P. O. BOX 2099
HOUSTON, TEXAS 77001



March 22, 1978

Subject: Gulf Oil Corporation
Mark Lease (X33832A00)
Lea County, New Mexico

Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79701

Attention Mr. E. E. Cox

Gentlemen:

Name	Init
Area Mgr	GB
Area Engr	MB
Area Geol	RM
Area Prod Supt	CCM
Area Drilg Supt	RCMS
Area Fin Dir	
MDW	MDW
RDW	RDW
File	

Confirming our telephone conversation, this letter gives Shell's permission for you to commingle the new production from the Wantz Abo and Wantz Granite Wash Fields into the existing battery serving Blinebry Oil, Drinkard, Blinebry Gas and Tubb Gas Fields on the subject lease.

We understand you will submit the proper forms to the New Mexico Oil Conservation Commission to request permission for this commingling.

Yours very truly,

Original Signed By:
L. J. GARRETT

L. J. Garrett, Supervisor
Field Operations - Crude Oil Supply
Operations - Domestic Raw Materials
Supply

SJB:sbn

cc: Gulf Oil Corporation
Attention Mr. C. D. Borland
P. O. Box 670
Hobbs, New Mexico 88240

bc: Western E&P Region - Land - Lease File