

Gulf Oil Exploration and Production Company

September 28, 1978

R. C. Anderson
PRODUCTION MANAGER, HOBBS AREA

P. O. Box 670
Hobbs, NM 88240

Re: Mark Lease - Section 3-22S-37E,
Lea County, New Mexico - Order
PC-506

Mr. Joe D. Ramey
State of New Mexico
Energy & Minerals Department
Oil Conservation Division
P. O. Box 2088
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-506. This amendment will allow Gulf to commingle newly developed Wantz Granite Wash oil with the commingled Drinkard, Blinebry Gas, Tubb Gas, and Wantz Abo production as authorized by PC-506. 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 recent 62 day period and the results of recent production tests for the new well.

The calculated revenue from the commingled production is approximately \$.05 per day more 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, and a copy of Shell Pipeline Company's letter 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
Crude Oil Department, Midland
Proration Unit - Midland



GULF OIL CORPORATION
MARK LEASE

Production History

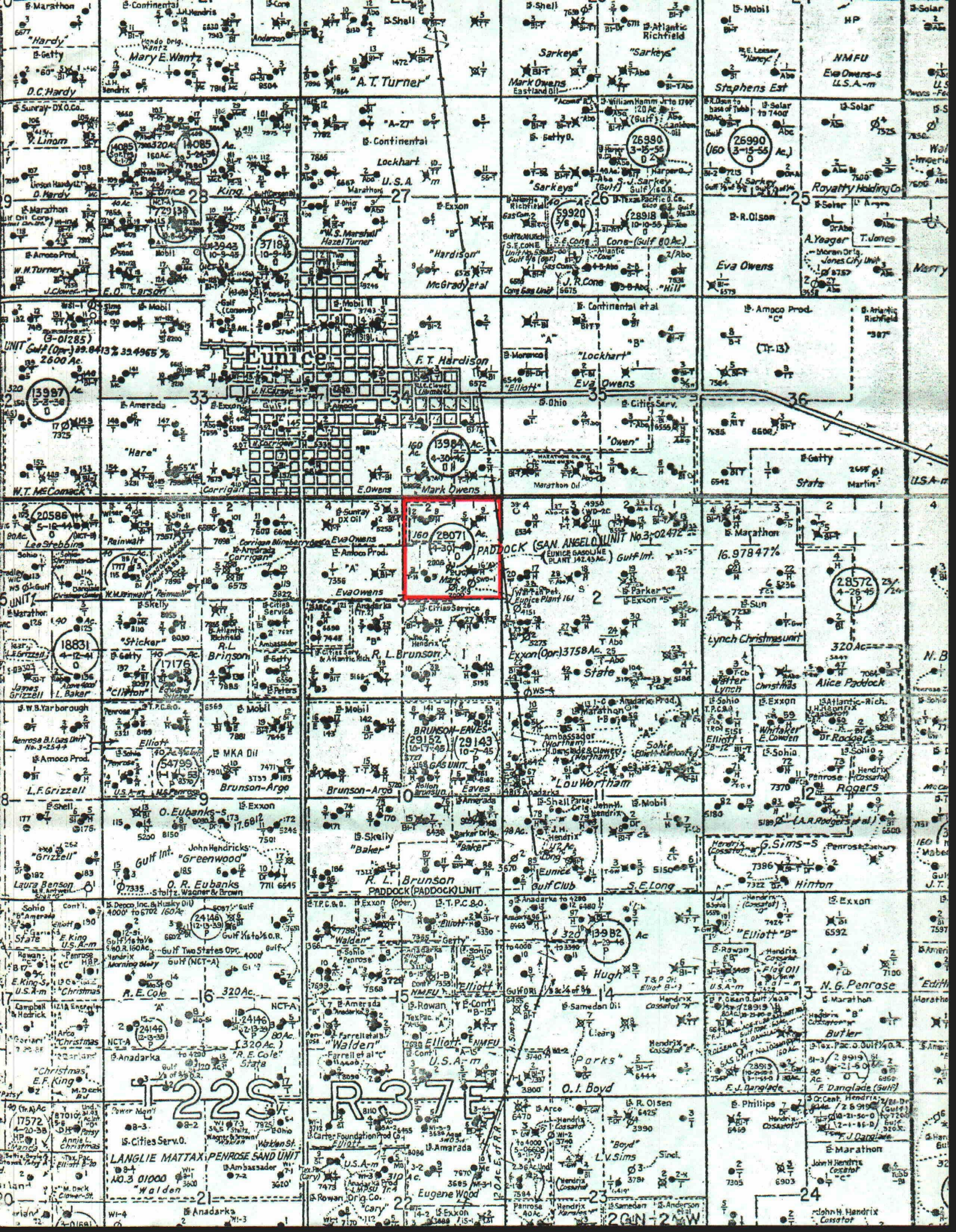
<u>Well No.</u>	<u>Pool</u>	<u>July, 1978</u>	<u>August, 1978</u>	<u>Total</u>	<u>Average BOPD</u>
3 & 7	Blinebry Gas*	96	92	188	3.0
2,3,5, & 7	Drinkard*	570	540	1,110	17.9
5	Tubb Gas*	9	10	19	0.3
10	Wantz Abo*	1,238	1,031	2,269	36.6
11	Wantz Granite Wash **				164.0

*Approved commingled production (Administrative Order PC-506)

**Test Production

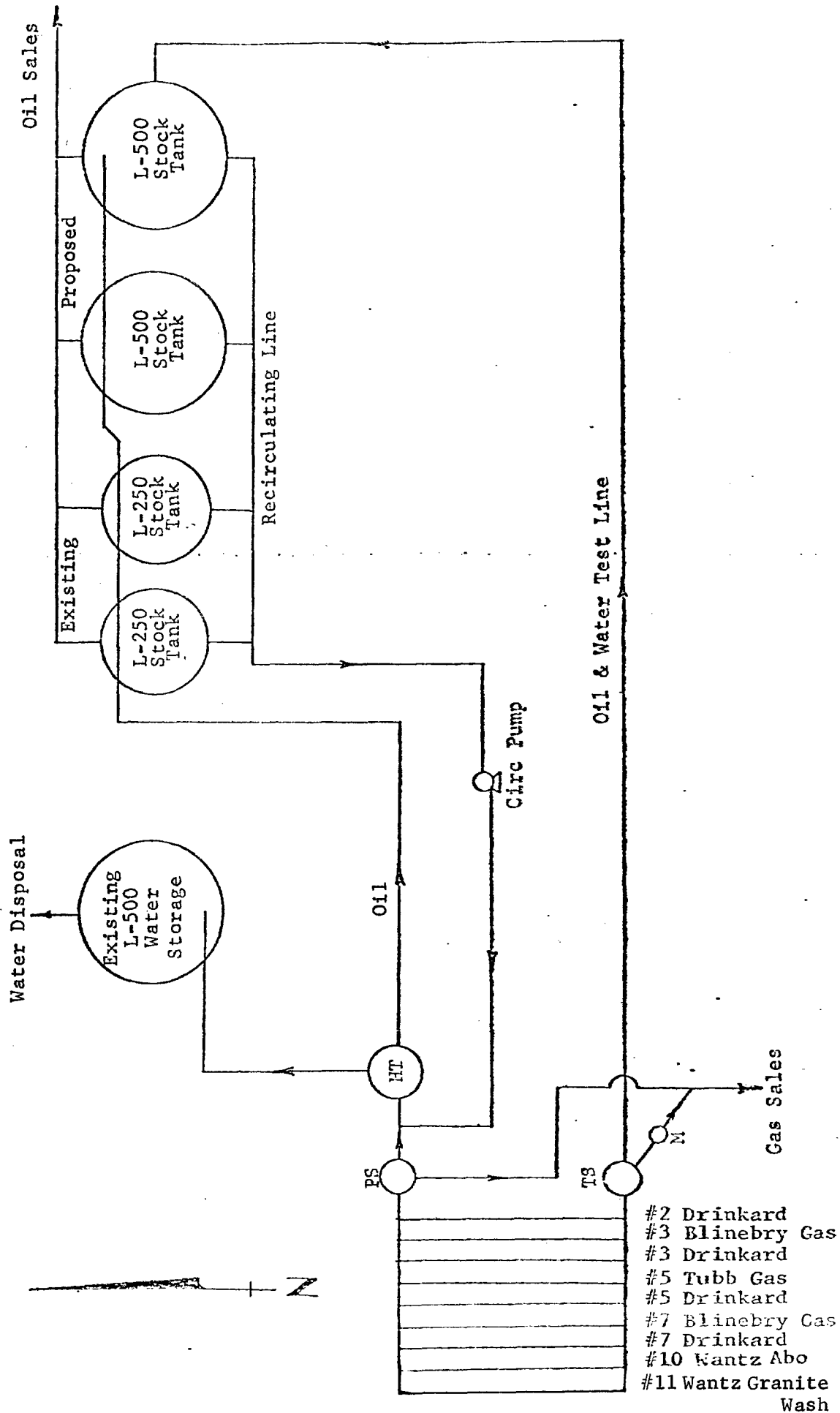
<u>Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>\$/Bbl.</u>	<u>\$/Day</u>
Blinebry Gas, Drinkard, Tubb Gas, Wantz Abo	57.8	40.0	\$13.53	\$782.03
Wantz Granite Wash	<u>164.0</u>	37.0	\$12.84	<u>\$2,105.76</u>
Total	221.8			\$2,887.79
Commingled	221.8	37.8	\$13.02	\$2,887.84
Difference				+\$.05

GWH:ptg
9-28-78



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, 1973

Subject: Gulf Oil Corporation
Mark Lease (233832400)
Lea County, New Mexico

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

Attention Mr. E. E. Cox

Gentlemen:

Name	Initials
Area Mgr	ESB
Area Engr	RM
Area Geol	RM
Area Prod Supt	RM
Area Drig Supt	RM
Area Fin Dir	RM
MDW	mdw
RW	RW
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 Blinsbry Oil, Drinkard, Blinsbry 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 570
Hobbs, New Mexico 88240

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