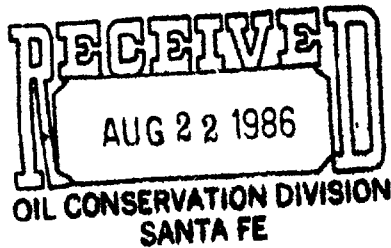




Chevron U.S.A. Inc.
P.O. Box 670, Hobbs, NM 88240

R. C. Anderson
Division Manager
Production Department
Hobbs Division



August 20, 1986

ELLA LEASE
TANK BATTERY
SECTION 25-T-22S-R37E
LEA COUNTY, NEW MEXICO
PROPOSED SURFACE COMMINGLING

Mr. Richard L. Stamets
Energy and Minerals Dept.
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 on the subject lease, we request an amendment to Administrative Order PC-509. This order originally granted permission to surface commingle production from the Drinkard and Wantz-Granite Wash pools. We request the order be amended to include the Undesignated Abo production from the recompleted Well No. 1. All wells on the lease will be tested periodically for allocation of production.

The attached tabulation shows the volumes, gravities, and monetary values of the liquid hydrocarbons from individual pools, as well as commingled production. The tabulation also shows total average daily production for a 2 month period and the recent production data of the recompletion. The calculated revenue from the commingled production is approximately 4 cents per day more than the total revenue from the individual pools. Also attached are schematics of the commingled facility, a lease plat, and Chevron's letter of agreement to purchase the commingled production.

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

Yours very truly,


R. C. ANDERSON

MWC/jc

Attachment

cc: OCD - Hobbs
B. M. Ragsdale - Midland
D. C. Heese - Hobbs

Ella Lease Tank Battery
 Section 25-T22S-R37E
 Lea County, New Mexico

<u>Wells and Pools</u>	<u>June 86</u>	<u>July 86</u>	<u>Average BOPD</u>
Ella No. 1 Undesignated Abo	-	361	11.7
Ella No. 2 Wantz-Granite Wash	82	279	5.9

<u>Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>\$/BBL</u>	<u>\$/Day</u>
Undesignated Abo	11.7	34.5°	12.12	141.83
Wantz-Granite Wash	5.9	35.0°	12.13	71.58
Total				213.41
Commingled	17.6	34.8°	12.13	213.45
			Difference	+0.04

Memorandum

July 28, 1986
Midland, TX

R. C. Anderson
Hobbs

Attention: Mike Casey

Chevron U.S.A., Inc. - Ella Lease
Lea County, New Mexico

Chevron U.S.A., Inc. (Crude Oil Department) is purchasing the production from the above referenced lease with connection by Texas-New Mexico Pipe Line Company's Sour facilities.

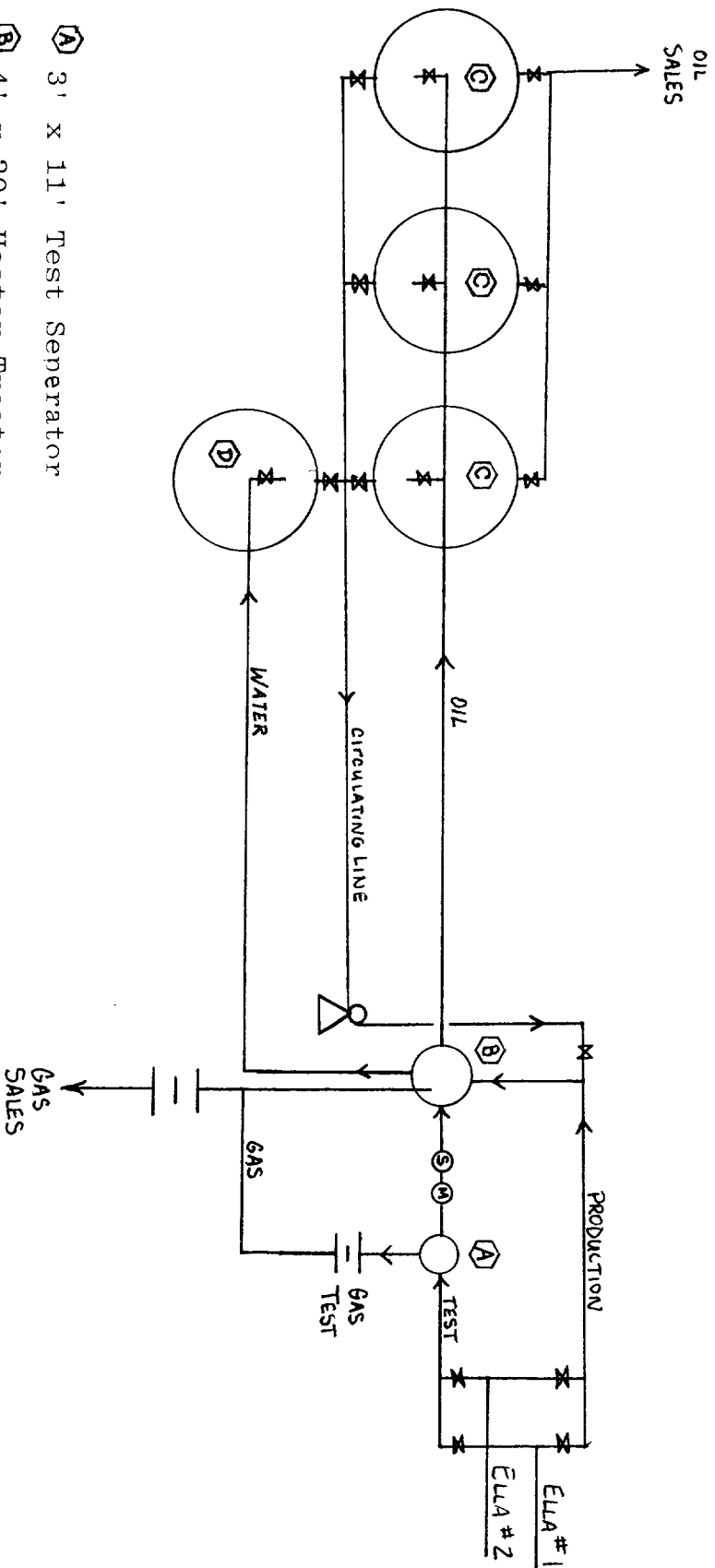
We have been advised that Well No. 1 has been recompleted in the Amanda (Abo) Pool for 22 B/D of 34.5° gravity and is to be commingled with Wantz Granite Wash production from Well No. 2.

Crude Oil Department is agreeable to purchasing the commingled production.


B. M. Ragsdale

BMR:cs

Chevron U.S.A. Inc.
 Elia Lease
 Tank Battery Schematic
 Lea County, New Mexico



- (A) 3' x 11' Test Separator
- (B) 4' x 20' Heater Treater
- (C) Low 250 BBL Oil Stock Tanks
- (D) Low 250 BBL Water Tank

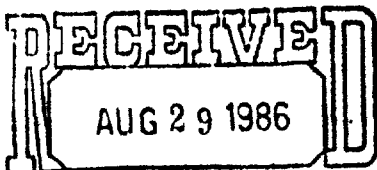


STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

TONEY ANAYA
GOVERNOR

August 22, 1986

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88240
(505) 393-6161



OIL CONSERVATION DIVISION
P. O. BOX 208
SANTA FE
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
DHC _____
NSL _____
NSP _____
SWD _____
WFX _____
PMX _____

Surface Commingling xx

Gentlemen:

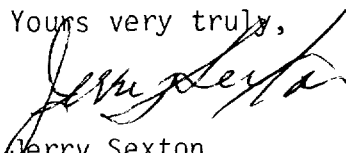
I have examined the application for the:

Chevron USA Inc.	Ella Lease	Sec. 25, T22S, R37E
Operator	Lease & Well No.	Unit S-T-R

and my recommendations are as follows:

OK -- Jerry Sexton

Yours very truly,


Jerry Sexton
Supervisor, District 1

/mc