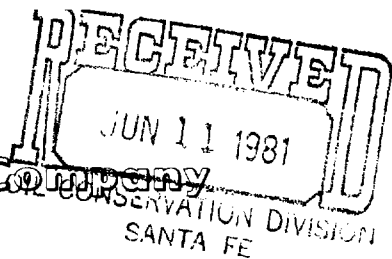


Gulf Oil Exploration and Production Company



R. C. Anderson
PRODUCTION MANAGER, HOBBS AREA

June 9, 1981

P. O. Box 670
Hobbs, NM 88240

Re: Hugh Tank Battery Sec 14 T22S-R37E
Lea County, NM, Proposed Surface
Commingling of Production from the
already commingled Drinkard & Wantz
Granite Wash Pools with Production
from the Wantz Abo Pool

Mr. Joe D. Ramey
Energy and 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-516. This amendment will allow Gulf to surface commingle Wantz Abo Oil from the Hugh No. 5 well with already commingled production from the Hugh No.'s 1, 3, 4, 6, 8, 9, and 10 wells in the Drinkard and from the Hugh No.'s 10, 11, 12, 13, and 14 wells in the Wantz Granite Wash Pools. All wells 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 results of recent production tests for the new completion. The calculated revenue from the commingled production is approximately 2 Dollars and 74 cents per day more than the total revenue from the individual pools.

Also attached is a schematic diagram of the storage facilities for the commingled production and a lease plat. Shell Pipeline Corp. has agreed to purchase the commingled production as proposed herein.

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

Yours very truly,


R. C. ANDERSON

KML/skj
Att'd

cc: Oil Conservation Commission - Hobbs
C. F. Kalteyer - Midland



A DIVISION OF GULF OIL CORPORATION

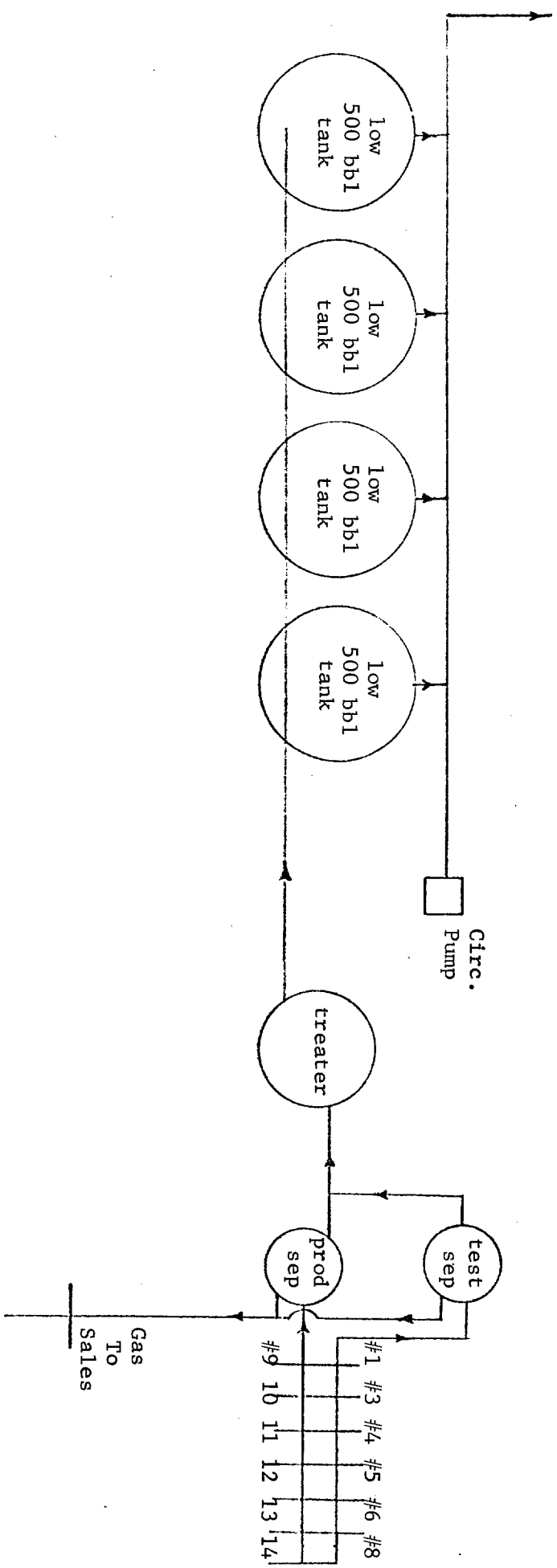
Hugh Lease, Tank Battery
Section 14-T22S-R37E
Lea County, New Mexico

<u>Wells and Pool</u>	<u>Production</u>		<u>Total</u>	<u>Average BOPD</u>
	<u>March 1981</u>	<u>April 1981</u>		
Hugh No. 5 Wantz Abo Pool	-	-	-	66
Hugh #1, 3, 4, 6, 8, 9, & 10 - Drinkard	241	233	474	8
Hugh #10, 11, 12, 13, & 14 Wantz Granite Wash	2696	2266	4962	81

	<u>BOPD</u>	<u>Gravity</u>	<u>\$/Bbl</u>	<u>\$/Day</u>
Wantz Abo	66	67.3	\$36.00	\$2376.00
Drinkard	8	33.3	35.86	286.88
Wantz Granite Wash	<u>81</u>	<u>39.2</u>	<u>35.98</u>	<u>2914.38</u>
Total	155			\$5577.26
Commingled	155	50.86	\$36.00	\$5580.00
			Difference	(+2.74)

GULF OIL CORPORATION
Proposed Commingled Tank Battery-Hugh Lease
Wantz Abo, Drinkard, and Wantz Granite Wash

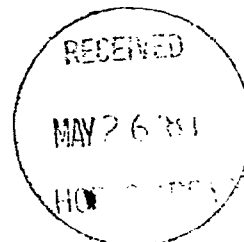
Oil To Sales



Shell Oil Company

RECEIVED
JUN 11 1981
Petroleum Building
P.O. Box 4809
Midland, Texas 79702
OIL CONSERVATION
SANTA FE

May 22, 1981



Gulf Oil Corporation
P. O. Box 670
Hobbs, New Mexico 88240

Gentlemen:

GULF OIL CORPORATION
HUGH LEASE
DRINKARD, WANTZ ABO & WANTZ (GRANITE WASH)
LEA COUNTY, NEW MEXICO

This is to confirm the phone conversation between your Mr. Bob Henry and the undersigned concerning the subject lease.

As discussed, we will continue to purchase the commingled production from the Drinkard, Wantz Abo and Wantz (Granite Wash) formations.

R. R. Minus, Jr.
Crude Oil Representative
Midland

RRM:ec

cc: Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79701
Crude Oil Department

