

Gulf Oil Exploration and Production Company

C. D. Borland
PRODUCTION MANAGER, HOBBS AREA

April 28, 1978

P. O. Box 670
Hobbs, NM 88240

Re: A. L. Christmas (NCT-C) Lease
Section 18, T22S-R37E
Lea County, New Mexico

Mr. Joe D. Ramey
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

In order to avoid considerable expense in constructing and maintaining a new tank battery for the subject lease, Gulf hereby seeks authorization to commingle newly developed Tubb production with the Drinkard production. 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 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 the existing wells for a recent ninety (90) day period and results of recent production tests for the new well.

The calculated revenue from the commingled production will be \$1.64 per day less than the total revenue from the individual pools. This difference in revenue is negligible and does not justify construction of separate storage facilities for the amount of new production involved.

Also attached are a lease plat, a schematic diagram of the proposed commingled storage facilities, and a letter from Western Crude 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

MDW/cm
Attachments



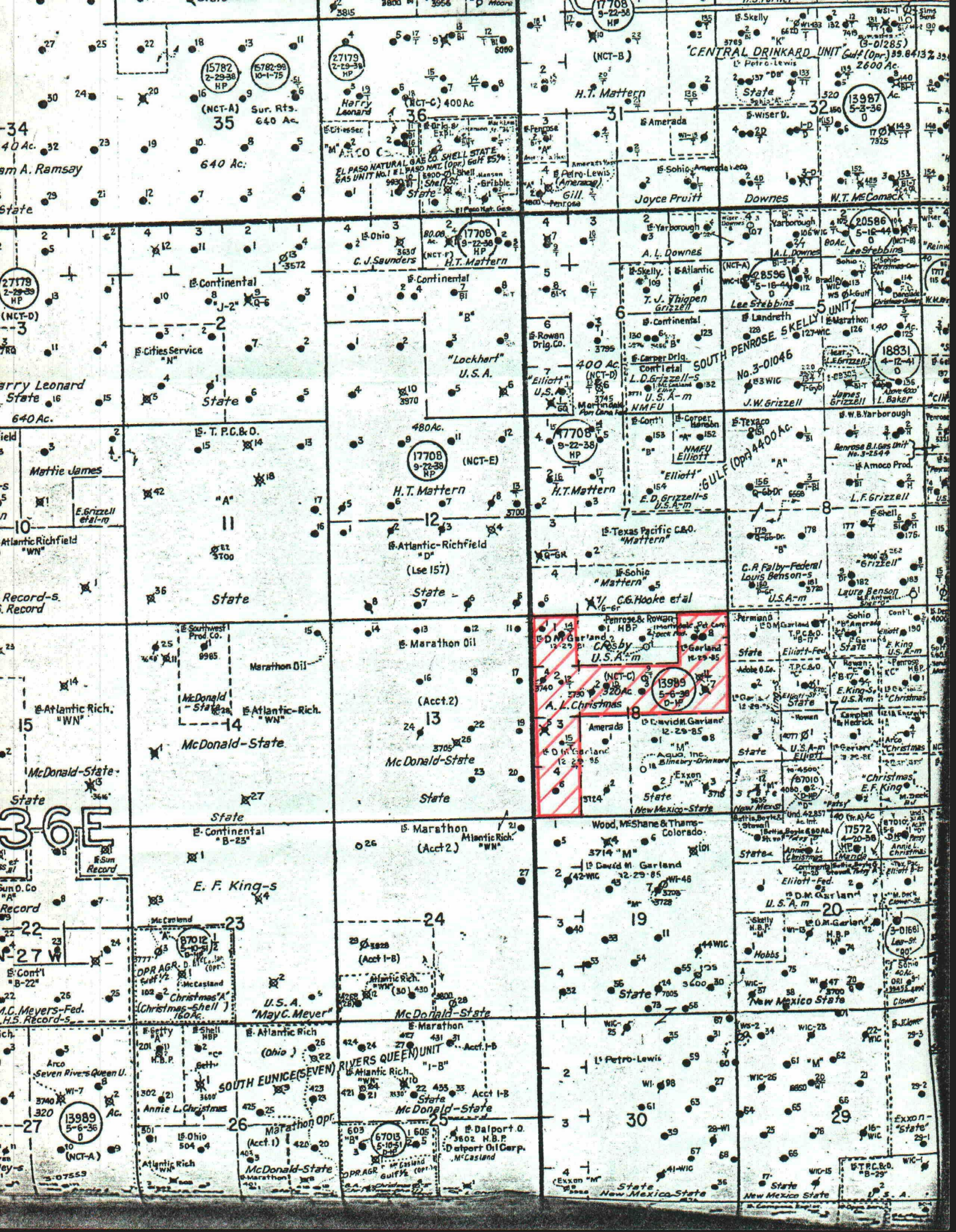
A. L. Christmas (NCT-C)

Production

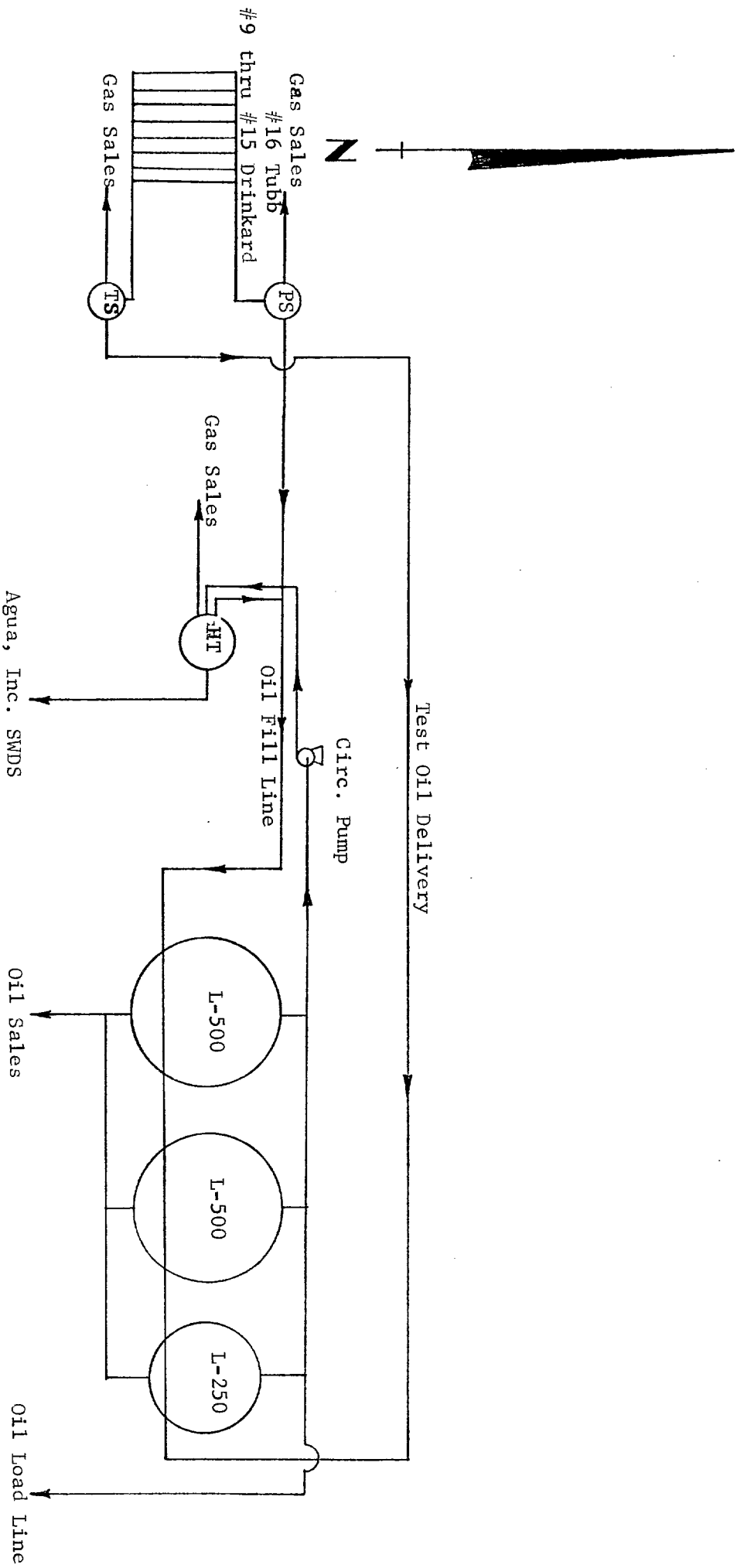
<u>Well No.</u>	<u>Pool</u>	<u>Dec '77</u>	<u>Jan '78</u>	<u>Feb '78</u>	<u>Total</u>	<u>Avg BPD</u>
9, 10, 11, 12, 13, 14, & 15	Drinkard	8981	10,384	9604	28,969	321.8
16	Tubb*					16

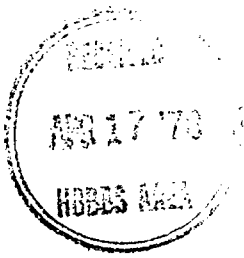
*Test production

<u>Pool</u>	<u>BPD</u>	<u>Gravity</u>	<u>\$/bbl</u>	<u>\$/day</u>
<u>Drinkard</u>	321.8	39.7	14.83	4775.51
<u>Tubb</u>	<u>16</u>	<u>36.3</u>	<u>12.62</u>	<u>201.92</u>
Total	337.8			4977.43
<u>Commingled</u>	337.8	39.5	14.73	4975.79
<u>Difference</u>				- 1.64



GULF OIL CORPORATION
PROPOSED COMINGLED DRINKARD & TUBB PRODUCTION
A. L. CHRISTMAS (NCT-C) LEASE
Section 18-22S-37E, Lea County, N.M.





Western Crude Oil, Inc.

April 11, 1978

Greg Campbell
Representative
West Texas-New Mexico Division

Re: A. L. Christmas (NCT-C)
Lea County, New Mexico

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

Gentlemen:

Attention: C. D. Borland

This letter will serve as our approval for you to comingle the production on the above subject lease. It is our understanding that you intend to produce out of the Tubb Pool, and that you are presently producing out of the Drinkard Pool.

Should you need any further approval regarding this matter, please contact me.

Yours very truly,

Greg Campbell

GC:pa