

Gulf Oil Exploration and Production Company

R. C. Anderson
Regional Manager
Hobbs, NM

December 20, 1982

P. O. Box 670
Hobbs, NM 88240

Re: W. A. Simpson Etal Tank Battery
Section 3-T15S-R37E - Proposed
Surface Commingling of Denton
Devonian and Denton Wolfcamp Prod.

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 maintaining two tank batteries for the subject lease, Gulf hereby seeks an exception to Administrative Rule #303. This will allow Gulf to commingle production for the Denton Devonian and Wolfcamp 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.

The calculated revenue from the commingled production will be the same as the current revenue, due to both pools having API gravities greater than 40.

Also attached is a schematic diagram of the storage facilities for the commingled production and a lease plat. Shell Oil Company has agreed to purchase the commingled production 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 12-21-82
for R. C. ANDERSON

TSM/skc
Att'd

cc: OCD-Hobbs
J. R. Frank-Midland



A DIVISION OF GULF OIL CORPORATION

W. A. SIMPSON Etal TANK BATTERY
 Section 3-T15S-R37E
 Lea County, New Mexico

<u>WELLS AND POOL</u>	<u>Production</u>		<u>Total</u>	<u>Average BOPD</u>
	<u>Oct 82</u>	<u>Nov 82</u>		
W. A. Simpson #2 Denton Devonian	1053	1212	2265	37
W. A. Simpson #4, 5 Denton Wolfcamp	1552	1576	3128	46

<u>Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>\$/Bbl</u>	<u>\$/Day</u>
Denton Devonian	37	42	\$31.00	\$1147.00
Denton Wolfcamp	<u>46</u>	<u>42</u>	<u>31.00</u>	<u>1426.00</u>
Total				\$2573.00
Commingled	83	42	\$31.00	\$2573.00
			Difference:	\$ 0

RECEIVED
 OCT 12 1982
 LEA COUNTY, NEW MEXICO
 TOLSON

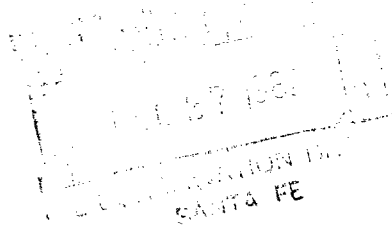
Shell Oil Company



600 N. Mariefeld
Suite 310
Midland, Texas 79701

December 6, 1982

Gulf Oil Corporation
ATTN Mr. R. C. Anderson
P. O. Box 670
Hobbs, New Mexico 88240



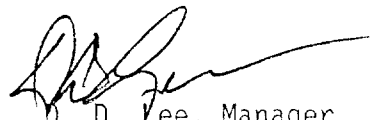
Gentlemen:

GULF OIL CORPORATION
W. A. SIMPSON, ET AL LSE.
DENTON (DEVONIAN), DENTON (WOLFCAMP) FLD.
LEA COUNTY, NEW MEXICO
SHELL I. D. #X88737A00

This is to confirm the phone conversation between your Mr. Jim Baker and our office concerning the subject lease.

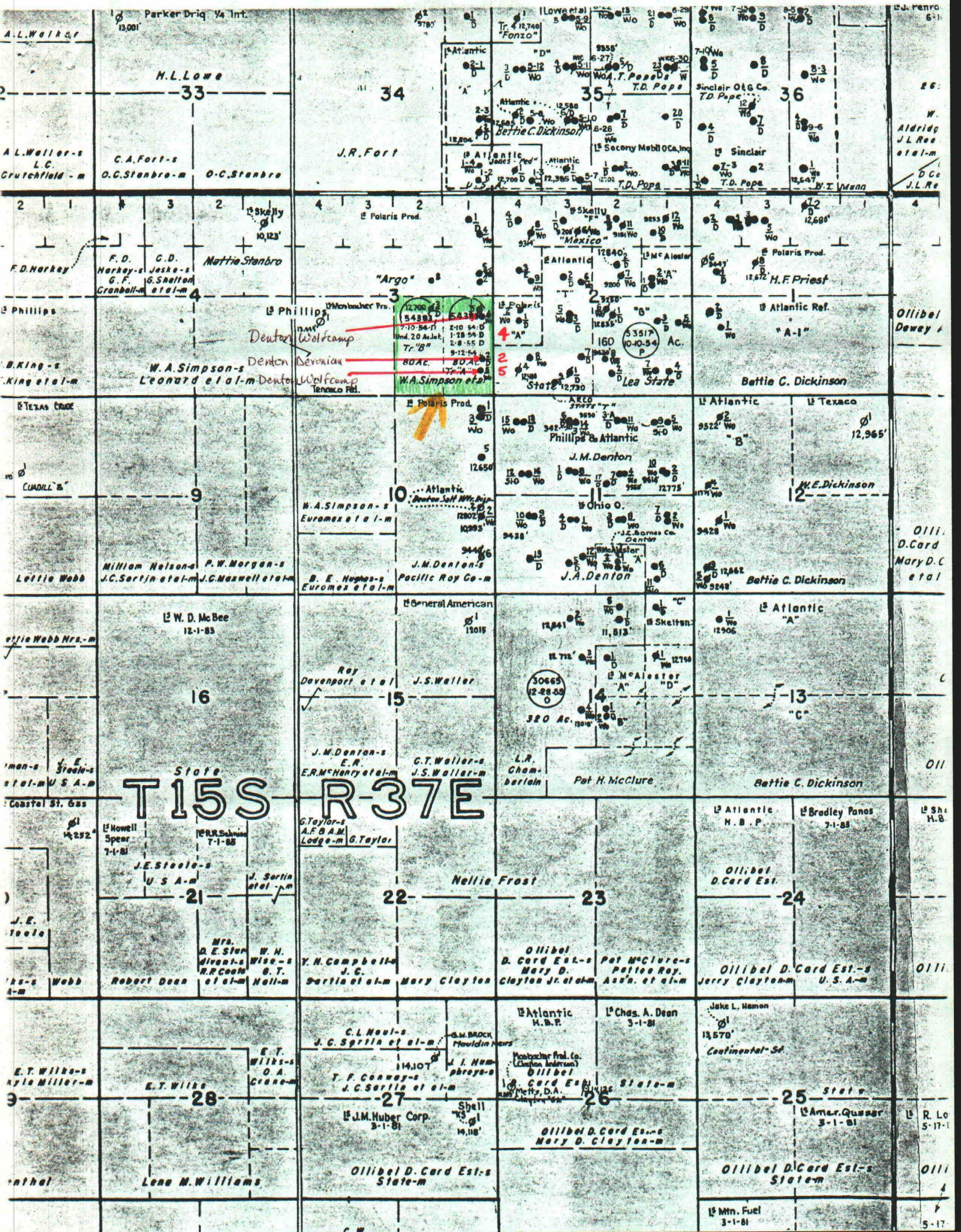
As discussed, we will continue to purchase the commingled production from the Denton (Devonian), Denton (Wolfcamp) formations.

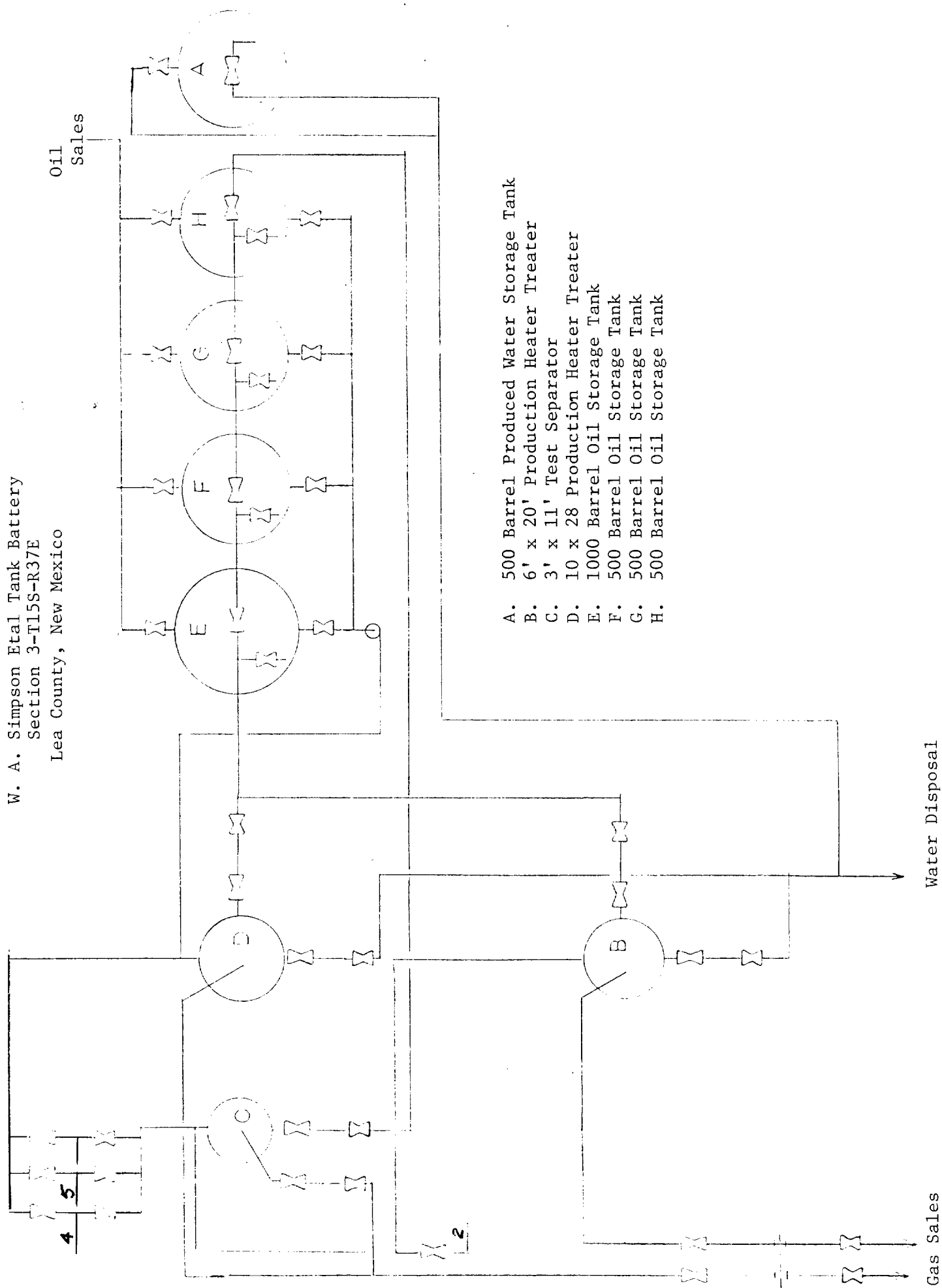
Yours very truly,


D. D. Lee, Manager
Lease Operations
Midland Office

ec

cc: Gulf Oil Corporation
Crude Oil Department
P. O. Box 1150
Midland, Texas 79702



Oil
Sales

- | | |
|----|--|
| A. | 500 Barrel Produced Water Storage Tank |
| B. | 6' x 20' Production Heater Treater |
| C. | 3' x 11' Test Separator |
| D. | 10 x 28 Production Heater Treater |
| E. | 1000 Barrel Oil Storage Tank |
| F. | 500 Barrel Oil Storage Tank |
| G. | 500 Barrel Oil Storage Tank |
| H. | 500 Barrel Oil Storage Tank |