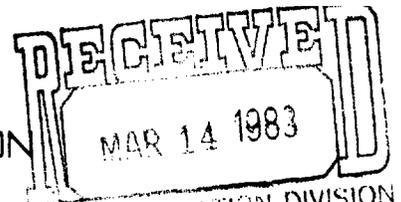


AMERADA HESS CORPORATION



CONSERVATION DIVISION
SANTA FE
DRAWER "D"
MONUMENT, NEW MEXICO 88265

March 11, 1983

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

SUBJECT: Surface commingling Skaggs Drinkard and Warren Tubb
production on the B.M. Marcus #2.

Dear Sir:

The current list price of intermediate-sweet crude as
quoted from Amerada Hess Corporation's New York office is as
follows:

<u>API GRAVITY</u>	<u>CURRENT PRICE</u>
40 and above	\$30.00
39.0 - 39.9	\$29.98
38.0 - 38.9	\$29.96
37.0 - 37.9	\$29.94

From laboratory experiments, the combined API gravity
of the Skaggs Drinkard and Warren Tubb Oil were as follows.
The price per barrel that will be received for the combined
API gravity is also stated:

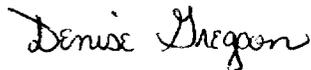
<u>(% TUBB/DRINKARD)</u>	<u>COMBINED API GRAVITY</u>	<u>PRICE/BARREL</u>
70/30	38.5	\$29.96
60/40	39.1	\$29.98
50/50	39.3	\$29.98
40/60	39.6	\$29.98
30/70	39.9	\$29.98

By adding the price to be received for the Drinkard Oil with the price to be received for the Tubb Oil, using the percentages stated, it can be seen that the commercial price of the commingled product is not less than the sum of the two individual values.

<u>% TUBB/DRINKARD</u>	<u>API GRAVITY TUBB/DRINKARD</u>	<u>PRICE/BARREL OF TUBB & DRINKARD</u>
70/30	37.5 /41.0	\$29.96
60/40	37.5 /41.0	\$29.96
50/50	37.5 /41.0	\$29.97
40/60	37.5 /41.0	\$29.98
30/70	37.5 /41.0	\$29.98

If any additional information is necessary, please advise.

Sincerely,



Denise Gregson
Petroleum Engineer

DG/cr