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Gulf Oil Exploration and Production Company

R. C. Anderson
PRODUCTION MANAGER
HOBBS, N.M.

May 14, 1984

P. O. Box 670
Hobbs, NM 88240

Re: Eaves #1 Tank Battery
Section 10-T22S-R37E
Lea County, New Mexico
Proposed Surface Commingling
of production from the Penrose
Skelly and Eunice San Andres South Pools

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 exception to Rule 303A. This will allow Gulf to commingle production from the Penrose Skelly and Eunice San Andres South 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 two 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. The Permian Corporation 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

CNB/skc
Att'd

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



EAVES #1 TANK BATTERY
Section 10-T22S-R37E
Lea County, New Mexico

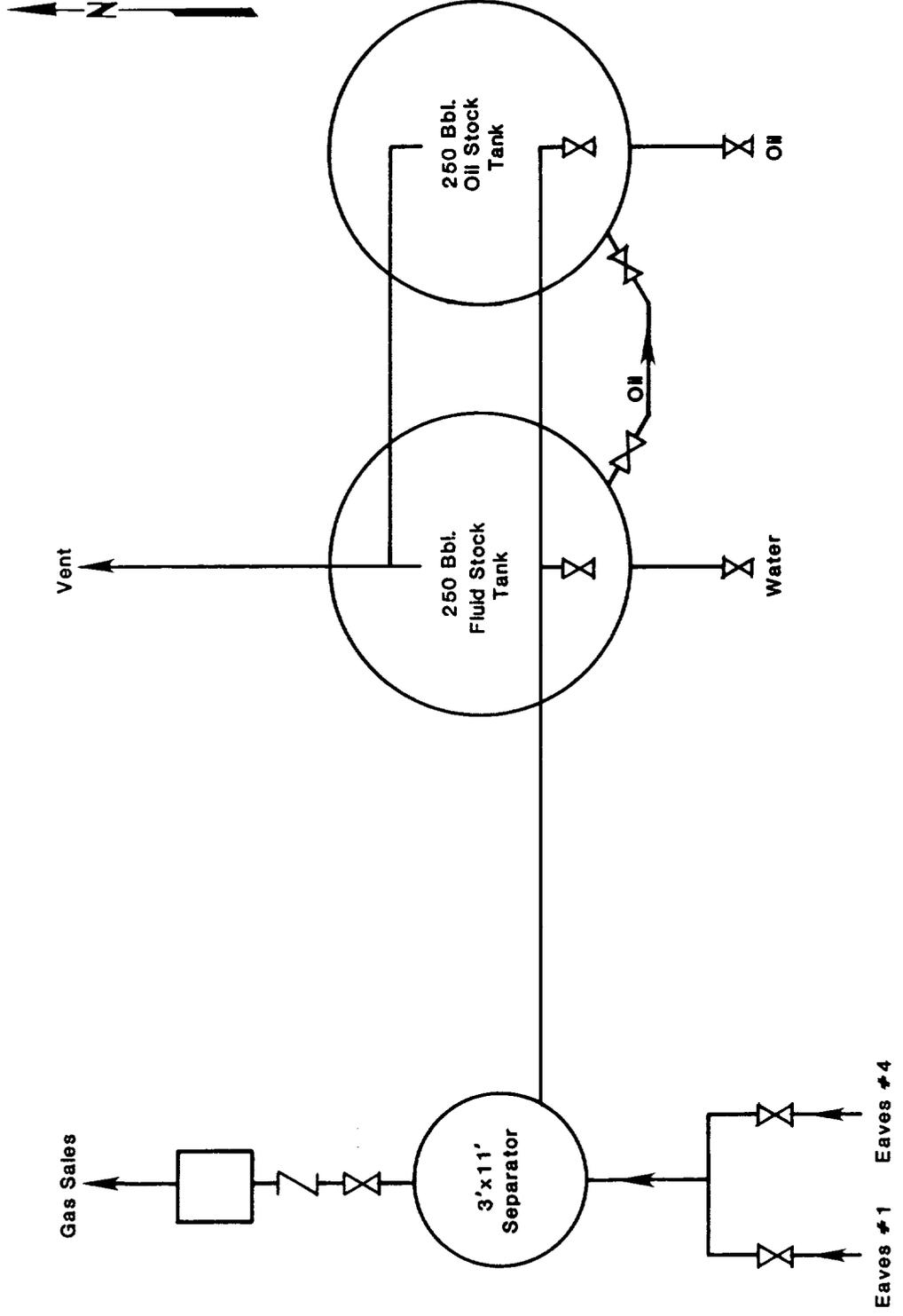
<u>Wells and Pools</u>	Production		<u>Total</u>	<u>Average BOPD</u>
	<u>Dec. 83</u>	<u>Jan. 84</u>		
Eaves #1 Penrose Skelly	94	64	158	2.5
Eaves #4 Eunice San Andres South	166	153	319	5.1

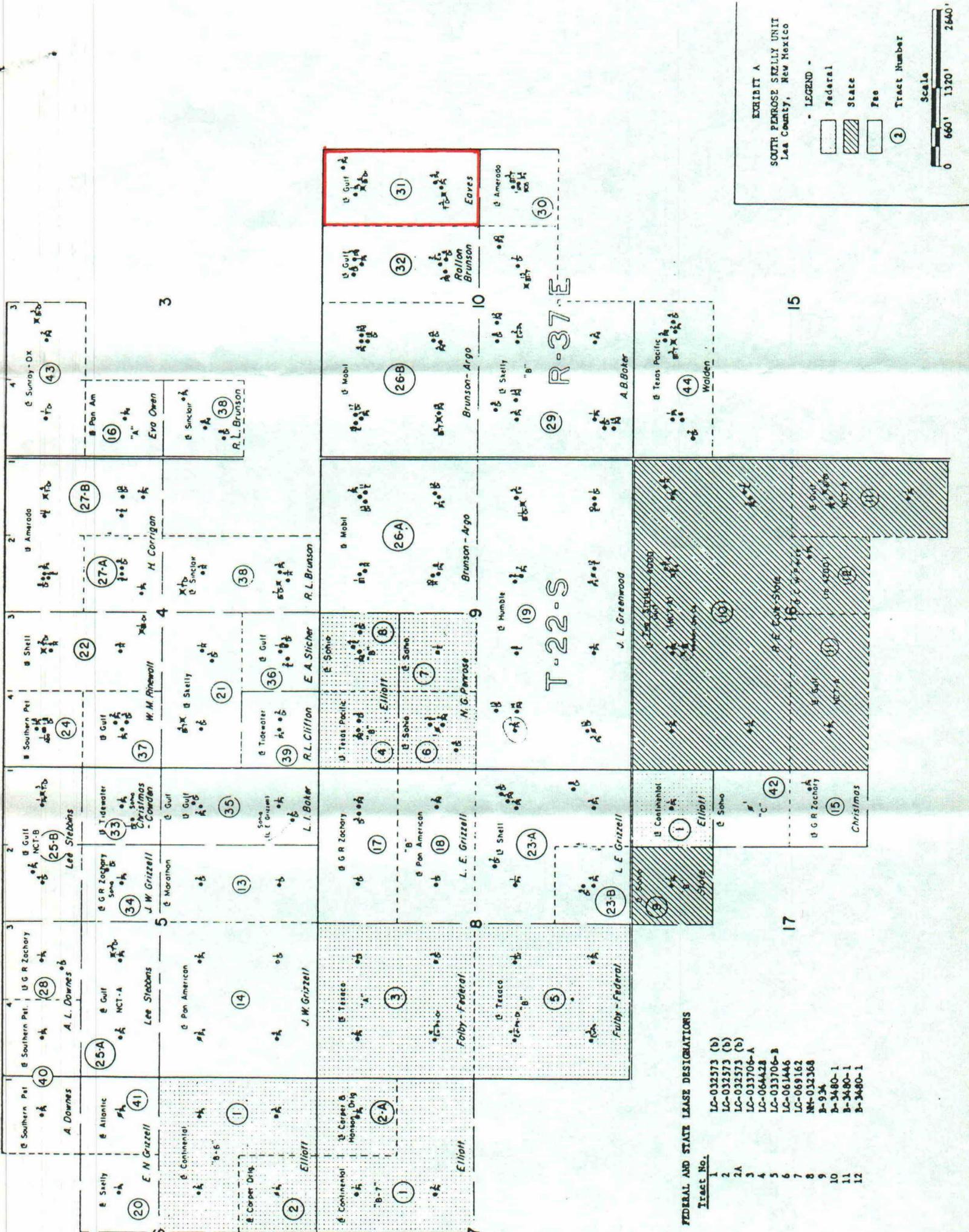
<u>Lease</u>	<u>BOPD</u>	<u>Gravity</u>	<u>\$/Bbl</u>	<u>\$/Day</u>
Penrose Skelly	2.5	35.5	\$28.91	\$ 72.28
Eunice San Andres South	5.1	39.2	\$28.98	\$147.80
Total				\$220.08
Commingled	7.6	38.0	\$28.96	\$220.10
			Difference	+0.02

EAVES #1 Tank Battery

Section 10 - T22S - R37E

Lea County, New Mexico





FEDERAL AND STATE LEASE DESIGNATIONS

Tract No.	Designation
1	LC-032573 (b)
2	LC-032573 (b)
2A	LC-032573 (b)
3	LC-033706-A
4	LC-064428
5	LC-033706-B
6	LC-061446
7	LC-069162
8	NH-032368
9	B-934
10	B-3480-1
11	B-3480-1
12	B-3480-1

EXHIBIT A
SOUTH PENROSE SKULLY UNIT
Lea County, New Mexico

- LEGEND -
- Federal
 - State
 - Fee
 - ② Tract Number



RECEIVED
MAY 10 '84
HOBBS AREA

RECEIVED
MAY 10 '84
HOBBS AREA



THE PERMIAN CORPORATION

1509 W. WALL P. O. BOX 3119
MIDLAND, TEXAS 79702

915-683-4711

*RAH
LPP
CCM
Eaves to file*

May 9, 1984

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

Dear Bob:

It is our understanding that effective April 1, 1984, production from the Penrose Skelly (Grayburg) and Eunice (San Andres) fields were commingled on the Gulf Oil Corporation operated Eaves lease. Permian will continue to transport crude from the commingled battery using lease No.560857.

Should you have any questions, please feel free to call.

Sincerely,
Steve Whiteside
Steve Whiteside

SW/tp

cc: Randy Roble-Gulf Oil Products