

393-2144

AMERADA HESS CORPORATION

July 26, 1984

P. O. DRAWER "D"
MONUMENT, NEW MEXICO 88265

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey

Dear Sir:

undes?
OK

Amerada Hess Corporation respectfully request your prompt attention for Administrative Approval to surface commingle production from the Grayburg San Andres oil pool in the E. S. Adkins #1 and the Monument Paddock oil pool in the E. S. Adkins #3. These wells are located in Section 5, Township 20 South, Range ~~20~~ East of Lea County, New Mexico and ownership of each zone is identical.

E. S. Adkins Monument
64. Monthly Test
ING/SA.
37 East

The E. S. Adkins #1 presently produces an average of 15 BOPD and has an API° gravity of 29.8°. The oil is classified as Sour crude and is priced at \$27.47 a barrel.

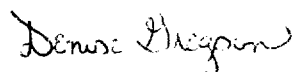
The Paddock zone in the E. S. Adkins #3 was produced from 1954 until the well was temporarily abandoned in 1973. The API° gravity of the oil was listed at 40.3° API and the crude is also classified as Sour. Based on past history and offset Paddock production, it is anticipated the E. S. Adkins #3 will initially average 15 BOPD. The price for 40.3° API Sour crude is \$29.00 a barrel. The price of the commingled product will not be less than the sum of the two individual values. (See Attachment 1)

Since both zones are marginal and physically incapable of producing top allowable, it is requested that the production from each well and from each pool be determined from well tests conducted periodically as required by the Commission. Attached is a tabulation of production showing the average daily production over a 60 day period on the E. S. Adkins #1 from the Grayburg San Andres zone and a tabulation of production from offset wells in the Paddock zone. (See Attachment 2)

Attachment 3 is a plat showing the location of the Adkins #1 and #3 and the pool from which each well is producing. Shown in Attachment 4 is a schematic diagram of the proposed installation.

Please advise if additional information is necessary.

Sincerely,

A handwritten signature in cursive script that reads "Denise Gregson".

Denise Gregson
Petroleum Engineer

DG/dg

XC: NMOCC-Hobbs

Attachments

Attachment 1

The base price for Sour crude is as follows:

For 40° API gravity the price is \$29.00 and for every 1/10 degree drop in gravity, the price is reduced \$.015.

40	-	\$29.00	33	-	\$27.95
39	-	\$28.85	32	-	\$27.80
38	-	\$28.70	31	-	\$27.65
37	-	\$28.55	30	-	\$27.50
36	-	\$28.40	29	-	\$27.35
35	-	\$28.25	28	-	\$27.20
34	-	\$28.10			

Commingled Grayburg San Andres and Monument Paddock

G/SA	15 BOPD	@ 29.8° API	@ \$27.47
Paddock	15 BOPD	@ 40.3° API	@ \$29.00

$$\text{Combined gravities} \quad \frac{15(29.8) + 15(40.3)}{30} = 35.05^\circ \text{ API}$$

Values	G/SA	(15 bbls)(\$27.47)	=	\$412.05
	Paddock	(15 bbls)(\$29.00)	=	\$435.00
				<u>\$847.05</u>

$$\text{Commingled Value} \quad (30 \text{ bbls})(\$28.26) = \$847.80$$

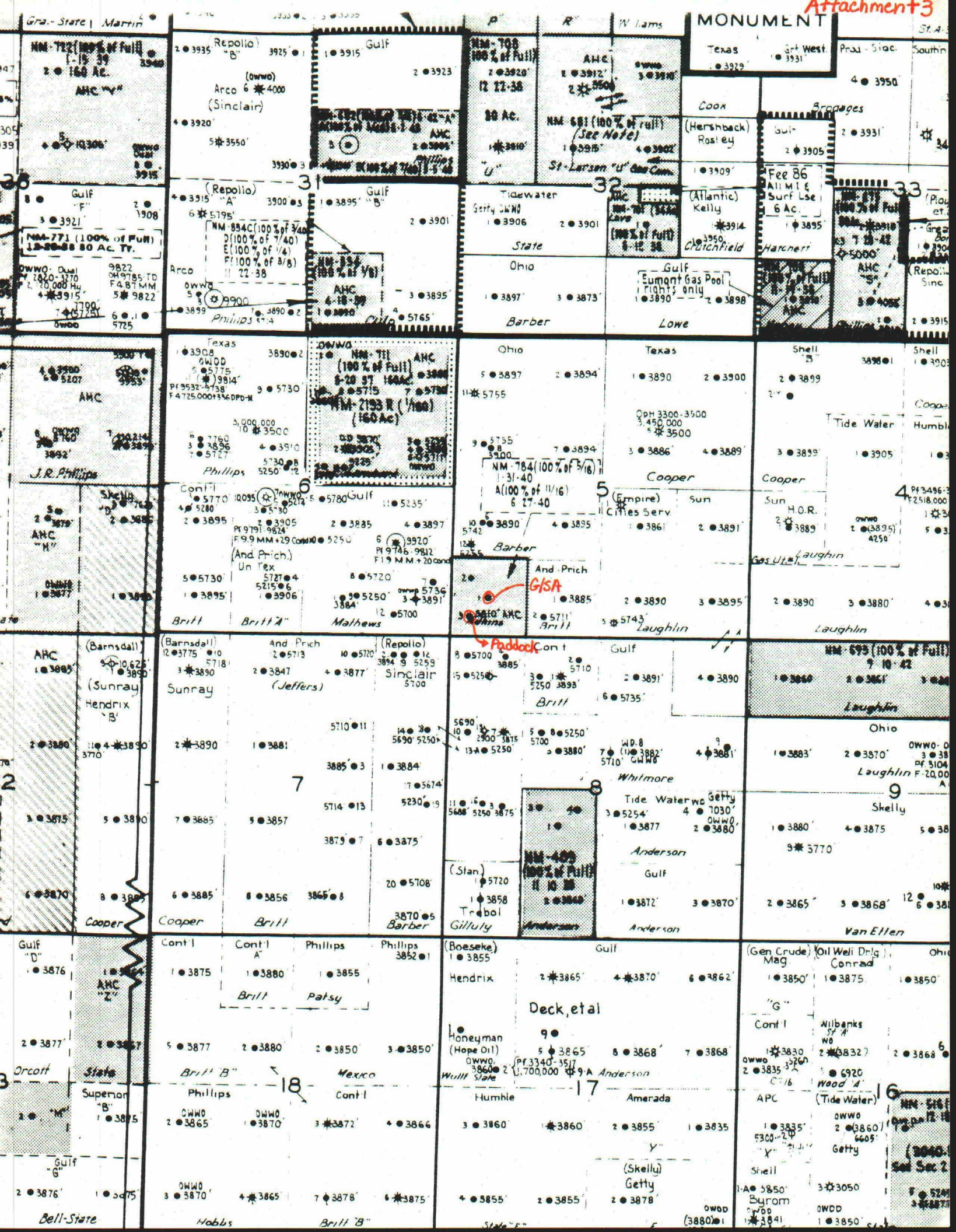
Attachment 2

Monument Paddock Oil Pool

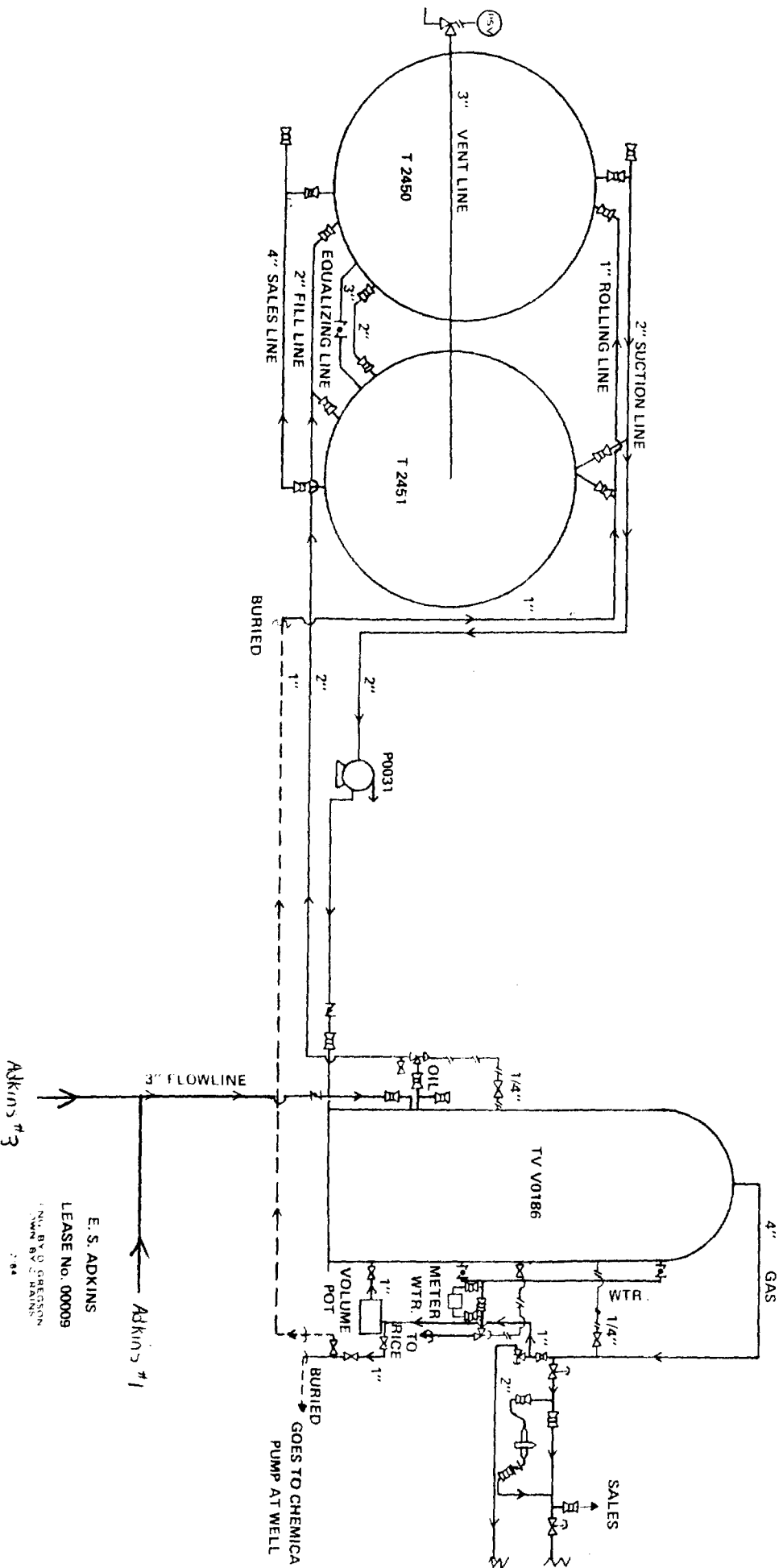
Location		Average Daily Production (BOPD)	
<u>Sec-Township-Range</u>	<u>Operator-Well</u>	<u>Feb 1984</u>	<u>Mar 1984</u>
6-20-37	Gulf-Mathews #7	7	10
6-20-37	Gulf-Mathews #9	4	5
7-20-37	Arco-Barber #12	13	12
7-20-37	Arco-Barber #18	3	3
8-20-37	Arco-Barber #13	12	12

Grayburg San Andres Pool

Location		Average Daily Production (BOPD)	
<u>Sec-Township-Range</u>	<u>Operator-Well</u>	<u>Feb 1984</u>	<u>Mar 1984</u>
5-20-37	AHC-Adkins #1	11	15



Attachment 4



Adkins #3

Adkins #1

E. S. ADKINS
LEASE No. 00009
OWNED BY E. S. ADKINS
7-84

Township 20 South Range 37 East

Texaco	AHC 3/5/85 43 #8		
20/8/84 7 #6 3/16/86 119 #12	#10 30/2/86 213		
Phillips	6	Lambert Gulf	5
	9/1/85 578 #7 4/3/8 293 #9 Mathews	AHC #4 3/6/85 #3	
	ARCO #12 14/12/200 387 #18 3/120/45 263	12/17/376 405 #13 5/10/32 232 #8	Gulf #6 6/20/65 284
7		AHC	8
	#19 6/6/83 355 #20 4/2/84 278 Barber	#16 22/12/111 347 Anderson	Whitmore Getty #3 24/12/3500 474 Anderson #4 10/50/340 28

Paddock Production

BO/MCF/BWPD
Cum MBO

1983 Avg's