

# AMERADA HESS CORPORATION

August 13, 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:

Amerada Hess Corporation respectfully requests your prompt attention concerning the approval to surface commingle production from the Hobbs Blinebry and Drinkard pools in the State A #5 and the Hobbs Paddock pool in the State A #4.

The State A #4, currently a Blinebry completion, produces only 3 BOPD. As a result, Amerada Hess plans to recomplete the State A #4 in the Paddock.

The State A #5 presently produces 18 BOPD from both the Blinebry and the Drinkard pools and has a gravity of 37.7° API. The oil is classified as Sour crude and is priced at \$28.45 per barrel.

Based on offset Paddock production history, the State A #4 should produce 40 BOPD upon completion. Paddock oil has a gravity of 33.0 API yielding a Sour crude price of \$27.95 per barrel. The Revenue from the commingled product will not be less than the sum of the individual revenues, see the following page.

For 40° API gravity, Sour crude oil, the price is \$29.00 per barrel and for every 0.10 degree decrease in oil gravity, the price is reduced by \$0.015 per barrel.

<u>API °</u>	<u>\$/Bbl</u>	<u>API °</u>	<u>\$/Bbl</u>
40	29.00	36	28.40
39	28.85	35	28.25
38	28.70	34	28.10
37	28.55	33	27.95

Commingled Blinebry/Drinkard and Paddock

Blinebry/Drinkard:	18 BOPD	37.7 <sup>o</sup> API	\$28.65
Paddock:	40 BOPD	33.0 <sup>o</sup> API	\$27.95
Commingled Gravity:	$\frac{18 (37.7) + 40 (33.0)}{58}$		= 34.46 <sup>o</sup> API

Revenues:	Blinebry/Drinkard	(18 bbls)(\$28.65)	= \$ 515.70
	Paddock	(40 bbls)(\$27.95)	= \$1118.00
			<u>\$1633.70</u>

Commingled Value: (58 bbls)(\$28.18) = \$1634.44

Since neither well is capable of top allowable production, all production could be commingled in one of the two existing separators. The remaining separator could be equipped for monthly well testing, see the following page.

I have enclosed a plat of the Hobbs Field and have notified Phil Lucero, State Land Commissioner, since a State lease is involved.

Your cooperation in this matter is appreciated.

Sincerely,

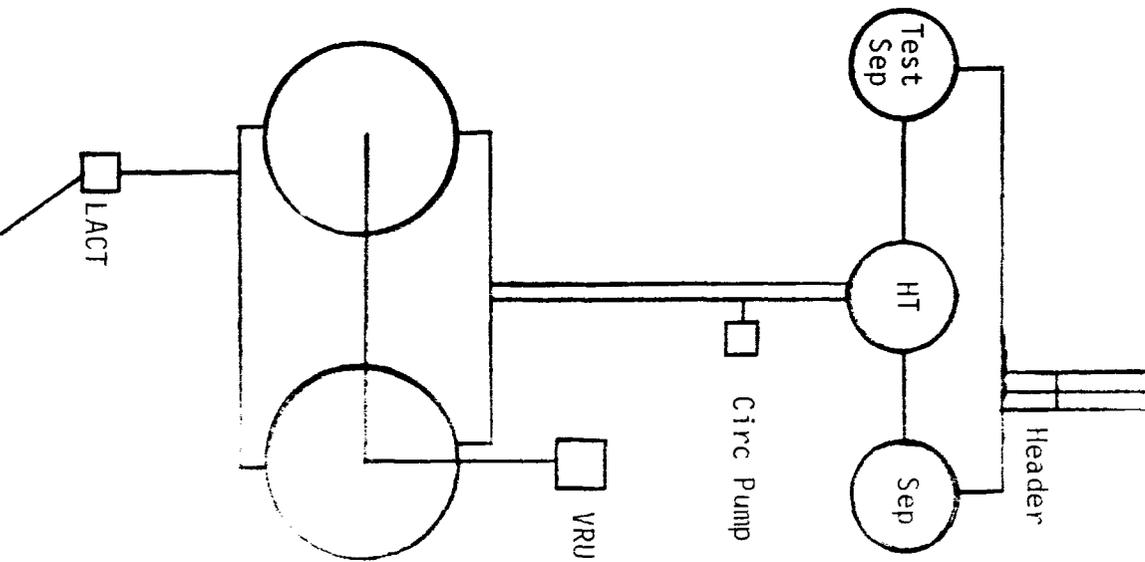


Eric J. Haas  
Petroleum Engineer

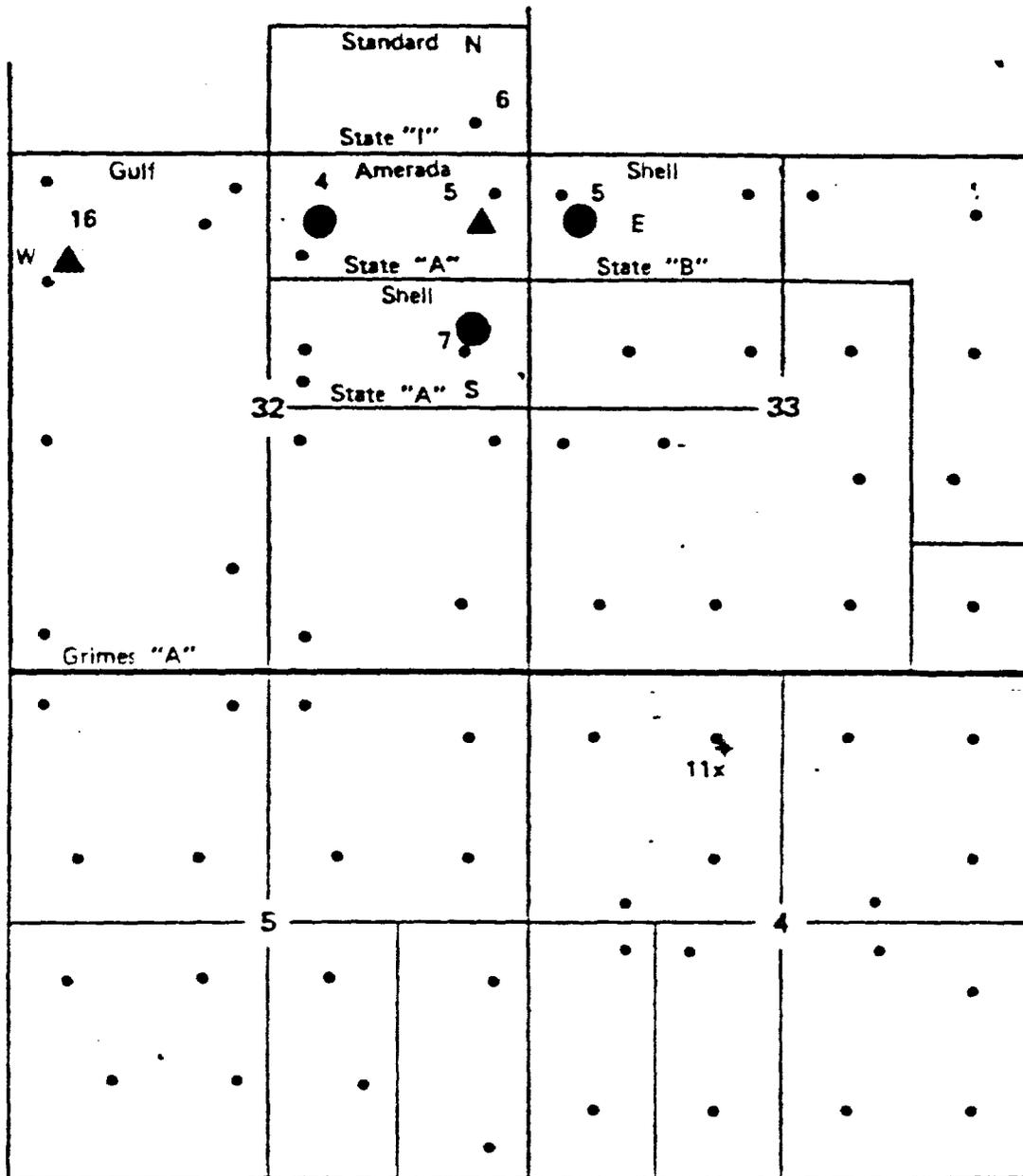
EJH/dg

Enclosures

State A #5 Blinebry  
State A #5 Drinkard  
State A #4 Paddock

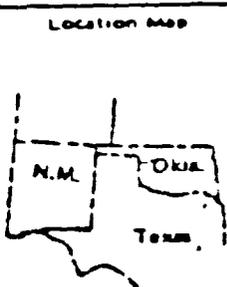


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LEGEND	
● Oil	● Hobbs Field Paddock Producers
⊗ Gas	▲ Hobbs Field Blinbry/Drinkard Producers
⊙ Dry & Abn	
▽ Injection	

**SOUTHWEST PRODUCTION REGION  
HOBBS FIELD**  
Lea County, New Mexico

AMERADA

STATE "A"

HESS

0                      2000'                      4000'

Date:	Page No.
Originator:	Ref. No.