

Gulf Oil Exploration and Production Company

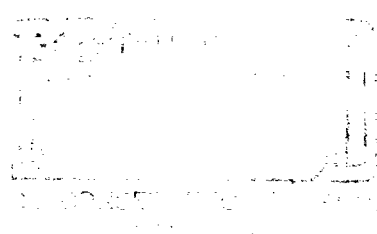
R. C. Anderson
PRODUCTION MANAGER
HOBBS AREA

April 15, 1985

P. O. Box 670
Hobbs, NM 88240

Re: Surface Commingling Application
Evans State Lease
Section 3-T21S-R36E
Lea County, New Mexico

Mr. Richard L. Stamets
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 Oil Center Blinbry, currently being produced into the Evans State Battery, with the Hardy Tubb which has recently been completed. All wells will be tested periodically for allocation of production.

The attached tabulation shows the volumes, gravities and monetary values of the liquid hydrocarbons for the proposed commingled production. The tabulation also shows total average daily production and the results of recent production tests for the new completion. The calculated revenue from the commingled production is greater than the current non-commingling revenue.

Also attached is a schematic diagram of the storage facilities for the commingled production and a lease plat. 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

JV/skc

cc: Oil Conservation Division-Hobbs
L. D. Munson-Midland



A DIVISION OF GULF OIL CORPORATION

EVANS STATE LEASE
Lea County, New Mexico

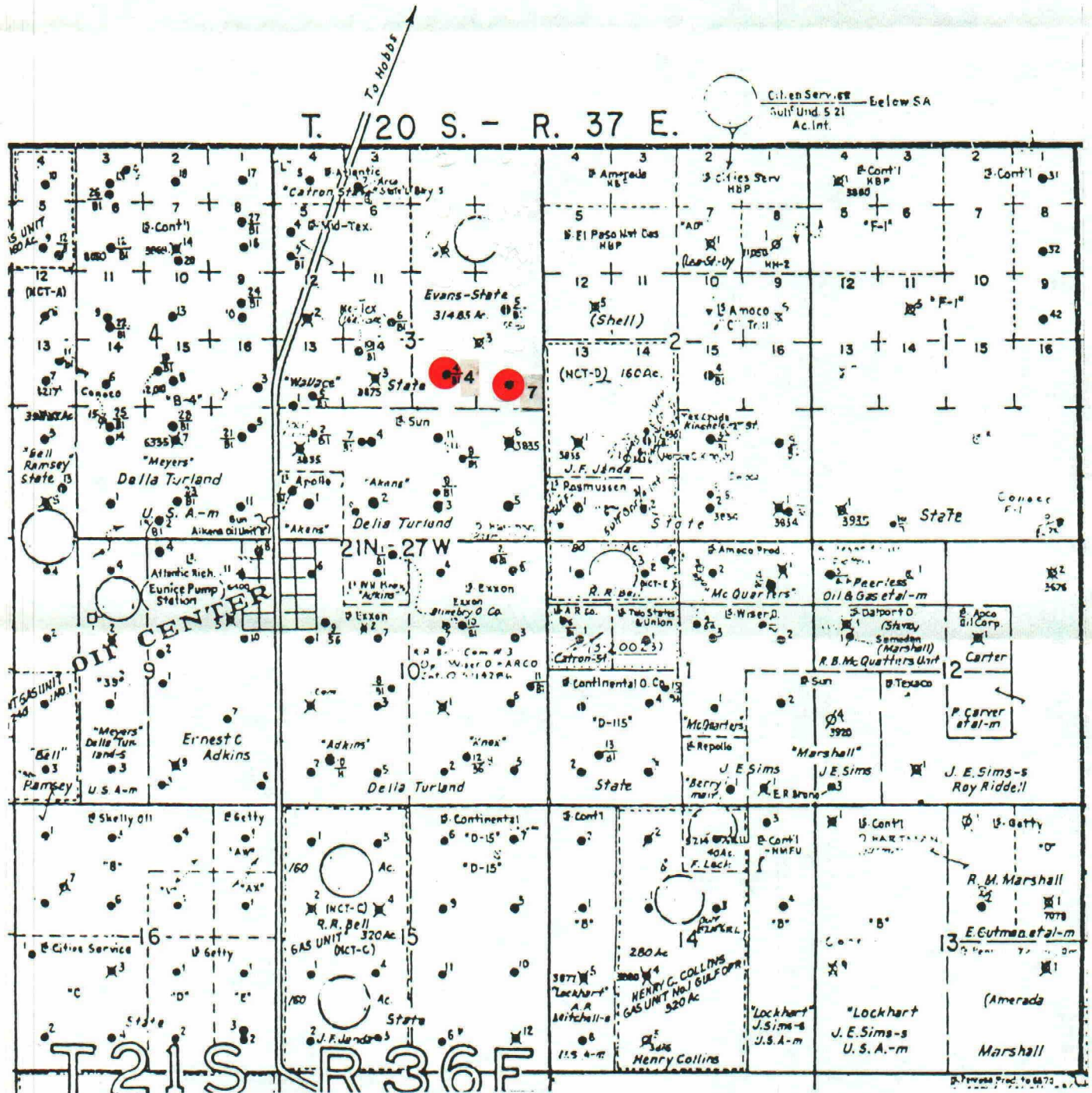
<u>Wells and Pool</u>	<u>Production (BOPD)</u>		<u>Avg. BOPD</u>
	<u>Dec. 84</u>	<u>Jan. 85</u>	
Evans State #4 Oil Center Blinebry	3.57	3.52	3.54
Evans State #7 Hardy Tubb	-	-	31.0

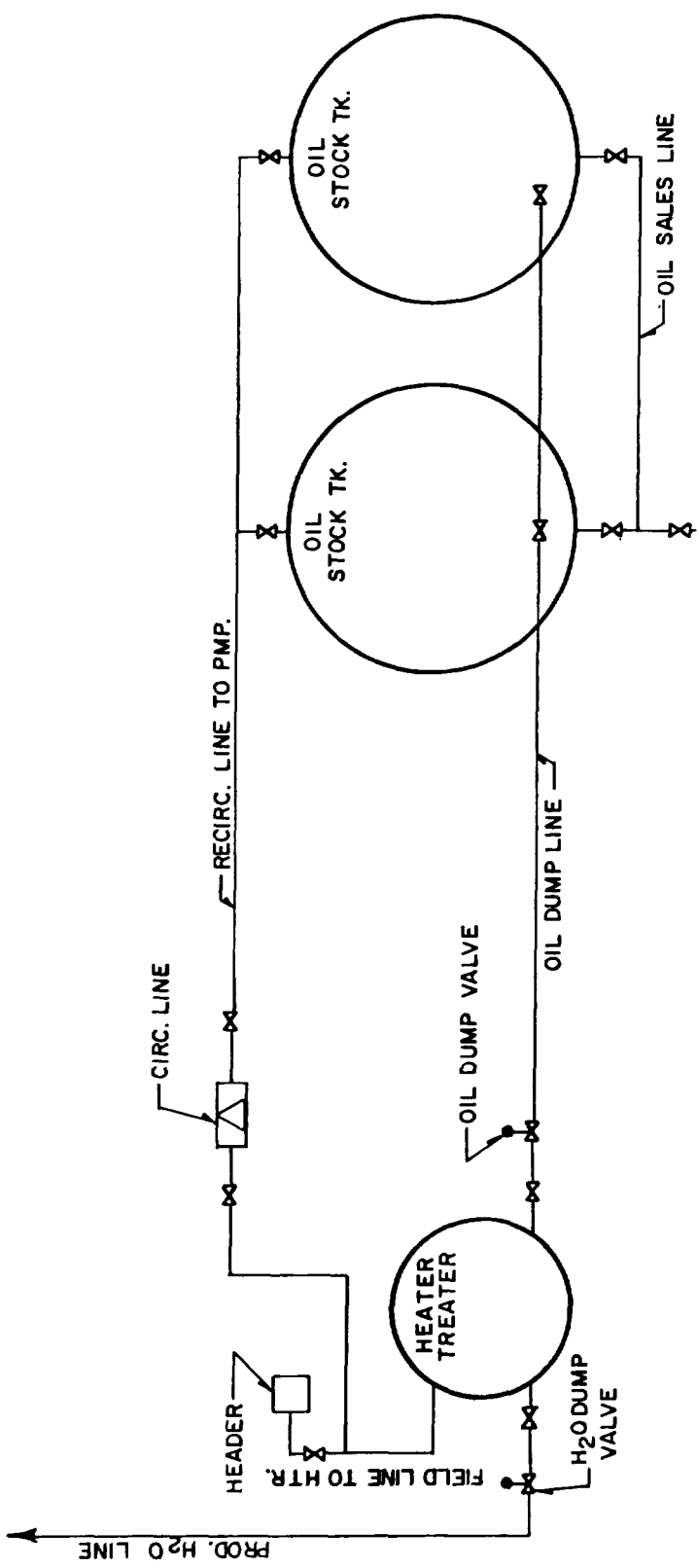
<u>Pool</u>	<u>BOPD</u>	<u>Gravity</u>	<u>\$/Bbl</u>	<u>\$/Day</u>
Oil Center Blinebry	3.54	38.9	28.47	\$100.78
Hardy Tubb	31.0	42.2	28.544	\$884.86
Total				
Surface Commingled	34.54	41.86	28.537	\$985.64
			Difference	\$985.67
				+.03

Calculations

Commingled Gravity	
Battery Price:	$\$/Bbl = \$28.50 - .02 (40 - \text{API Gravity})$
Oil Center Blinebry	$\$/Bbl = \$28.50 - .02 (40 - 38.9)$
	$= \$28.47$
Hardy Tubb	$\$/Bbl = \$28.50 - .02 (40 - 42.2)$
	$= \$28.544$
Commingled	$\$/Bbl = \$28.50 - .02 (40 - 41.86)$
	$= \$28.537$

Gulf Oil Corporation





Gulf Oil Corporation

Evans State Lease
 Section 3-T21S-R36E
 Lea County, New Mexico



THE PERMIAN CORPORATION

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

915-683-4711

April 10, 1985

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

Re: Gulf Oil Corporation
Evans State Lease
Lea County, New Mexico

Dear Bob:

It is my understanding that oil in the Oil Center
(Blinbry) and Hardy (Tubb) formations will be
co-mingled on the above captioned lease.

This is to advise you that Permian will continue
to buy oil from both formations under Permian
lease number 563874. Should you have any questions
please advise.

Sincerely,

THE PERMIAN CORPORATION

Steve Whiteside
Steve Whiteside

SWlm

cc: Ms. Beryl Ragsdale
Gulf Oil Products
P. O. Box 1150
Midland, Texas 79702