

W. B. YARBOROUGH

OIL CONSERVATION DIVISION

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July 18, 1990

Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

ATTN: Division Director

RE: Request for Surface Commingling
L.E. Grizzell Lease
N/2 NE/4 Sec. 8, T22S R37E
Lea County, New Mexico

Dear Sir:

William B. Yarborough, operator of the subject lease, requests an exception to Rule 303-A to permit the commingling in-common surface facilities of the commonly owned production from the following sources of supply:

WELL:	L.E. Grizzell #1	L.E. Grizzell #2
API NO:	30-025-10099	30-025-10102
POOL:	Penrose Skelly Grayburg	Paddock
PRODUCING INTERVAL:	3440'-3733'	5075'-5245'
24 HR. WELL TEST & DATE:	1-21-90 2 BO, 9 MCF, No Wtr	6-20-90 8 BO, 12 MCF, 9 B Wtr
API OIL GRAVITY:	35.8° @ 60°F	35.4° @ 60°F
CRUDE OIL PRICE on 6-30-90:	\$14.25 per bbl	\$14.25 per bbl

Attached as Exhibits A and B are laboratory analyses of crude samples from the two sources of supply showing that both crudes will be classified as New Mexico Sour and also showing that the gravities of both crudes are essentially the same. Thus, the commercial value of the commingled production will be the same as the sum of the values of each source of supply.

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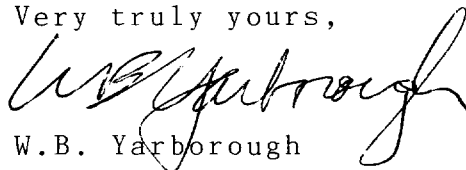
The two sources of supply have common working interest ownership and common royalty interest ownership.

The following exhibits are attached to complete this application:

Exhibit C	Schematic Diagram of Commingled Tank Battery
Exhibit D	Lease Plat showing all wells and producing pools

It is respectively requested that permission for the herein requested surface commingling be granted without notice and hearing.

Very truly yours,


W.B. Yarborough

**SOUTHWESTERN LABORATORIES**

Materials, environmental and geotechnical engineering, nondestructive, metallurgical and analytical services
1703 W. Industrial Avenue [915-683-3348] • P.O. Box 2150 • Midland, Texas 79702

Report of tests on:	Petroleum	File No.	6965000
Client:	W. B. Yarbrough	Report No.	65159
Delivered by:	Richard Bott	Report Date	2-26-90
Identification:	Grizzel No. 1 Lease, Lea County, New Mexico Wellhead, 1-21-90	Date Received	2-20-90

Total Sulfur (ASTM D-4294) _____ 1.21 % by wt.

Gravity (ASTM D-287) _____ 35.8 ° API @ 60 ° F

Exhibit A

Reviewed by: LLC

Technician:

MWB

Copies:

2cc - W. B. Yarbrough
1cc - Richard Bott

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Report of tests on:	Petroleum	File No.	<u>6965000</u>
Client:	W. B. Yarbrough	Report No.	<u>65160</u>
Delivered by:	Richard Bott	Report Date	<u>2-26-90</u>
Identification:	Grizzel No. 2 Lease, Lea County, New Mexico	Date Received	<u>2-20-90</u>

Total Sulfur (ASTM D-4294) _____ 1.18 % by wt.
 Gravity (ASTM D-287) _____ 35.4 ° API @ 60 ° F

Exhibit B

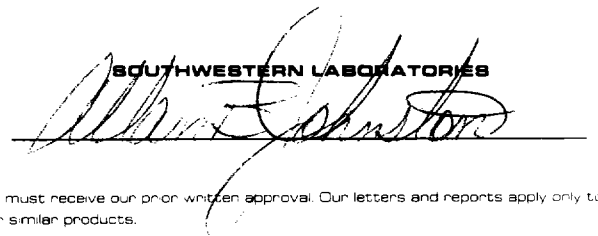
Reviewed by: LLC

Technician:

MWB

Copies:

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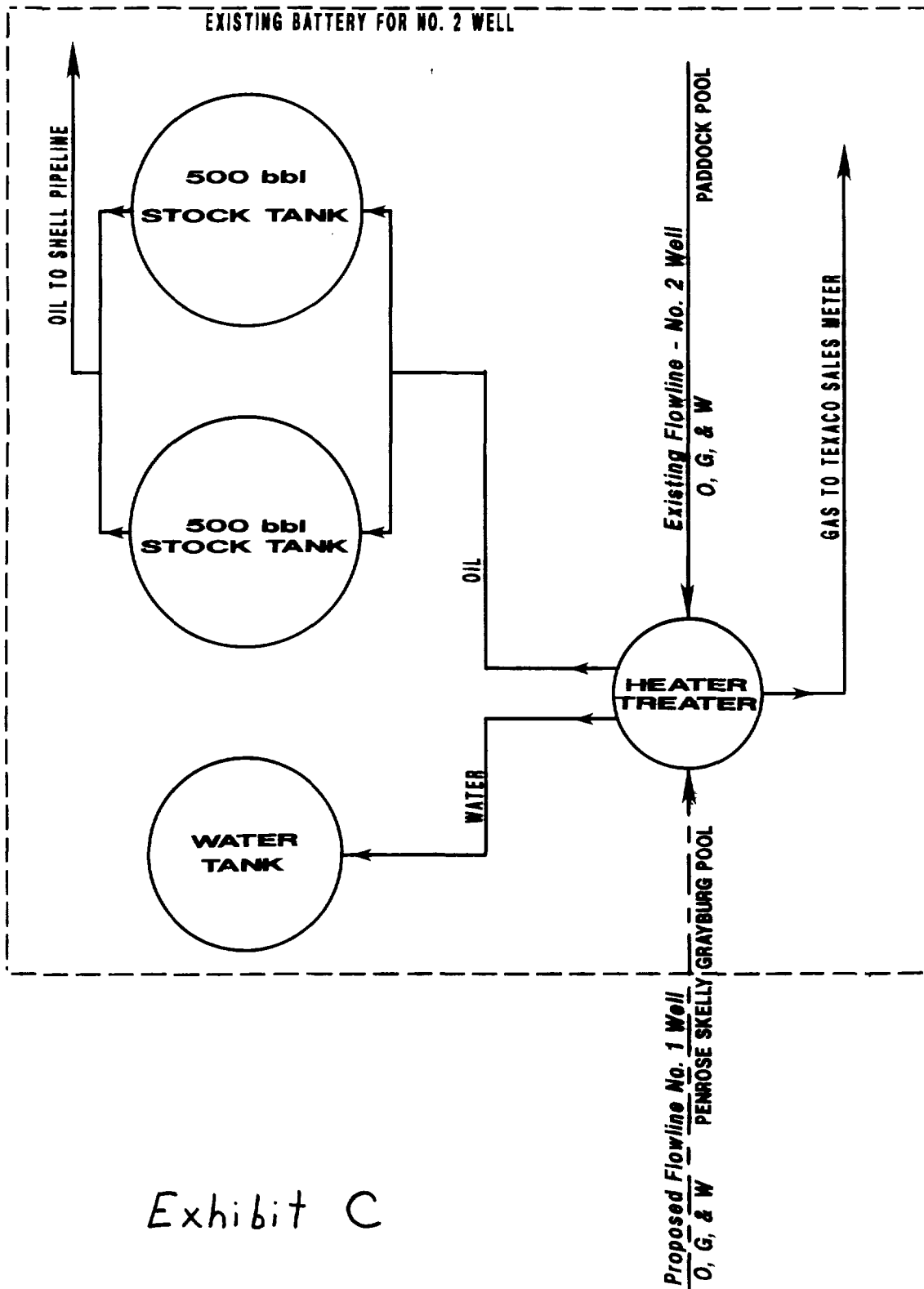

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SCHEMATIC DRAWING

Proposed Surface Commingling Facility

William B. Yarborough operated, L.E. Grizzell Lease, Lea County, N. M.

Battery located center of N 1/2 NE1/4 of Section 8, T 22S - R 37 E



LEASE PLAT

N1/2 NE1/4 Sec. 8 T 22 S R 37 E

5 4
8 9

1 Penrose Skelly Grayburg Pool

2 Paddock Pool

3 Drinkard Pool

4 Brunson
Fusselman Pool

L. E. GRIZZELL LEASE



Exhibit D

WILLIAM B. YARBOROUGH

L. E. GRIZZELL LEASE
LEA COUNTY, NEW MEXICO

SCALE: 1" = 400'