

AMERADA HESS CORPORATION

December 16, 1971

DRAWER B17
SEMINOLE, TEXAS 79360
915-758-5805

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OIL CONSERVATION COMM.
SANTA FE

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

Attention: Mr. Dan Nutter

Re: Request for Amendment to
Orders PC-79-A and CTB-88
L.G. Warlick and L.G. Warlick "A"
Leases, Lea County, New Mexico

Gentlemen:

Administrative Orders PC-79-A and CTB-88 authorized Amerada Hess Corporation to commingle production from its L. G. Warlick and L. G. Warlick "A" Leases comprising the S/2 NE/4 and the N/2 SE/4 of Section 19, respectively, T-21-S, R-37-E, Lea County.

The installation was designed so that production from the Paddock and the Penrose Skelly Pools could be stored together and sold as sour crude and production from the Drinkard and Blinebry Pools could be stored together and sold as "sweet" crude.

We are currently in the process of repairing and revising this battery and have found two of the storage tanks to be in very bad condition. Due to the marginal nature of this production, (seven of eleven wells produce 4 B/D or less), the considerable expense involved in repairing or replacing these tanks cannot be justified.

Therefore, we request an amendment to the referenced Orders to allow Amerada Hess to store production from the Paddock, Penrose Skelly, Blinebry, and Drinkard Pools from these two leases in a common tank battery.

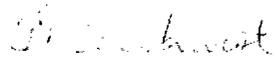
The reduction in surface facilities will reduce maintenance and operating costs which will increase ultimate recovery and extend the economic life of these marginal wells, thus promoting conservation and

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prevention of waste. Combining the systems will cause all the oil to be sold at the "sour" crude price, however, no loss in current income is anticipated due to the increased sales volume and higher gravity resulting from shorter storage periods.

A schematic diagram of the proposed installation is attached which shows that the method of separating and metering production from each zone on each lease will remain unchanged.

Very truly yours,


G. Dewhurst
Regional Manager

RRF:dr
Attachment

AMERADA HESS CORPORATION
 L.G. Warlick and L.G. Warlick "A" Lease
 Proposed Battery

