



Production Department
Hobbs Division
Western Hemisphere Petroleum Division

Continental Oil Company
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February 4, 1975

New Mexico Oil Conservation Commission(3)
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention Mr. A. L. Porter Jr., Secretary-Director

Gentlemen:

Application for Authority to Commingle Production From State GG-30
and State B-19 Leases in Sections 19 and 30, T-18S, R-37E, Lea County,
New Mexico

Administrative Order No. PC-255 authorized commingling of the Goodwin Abo and Goodwin Drinkard production on our State GG-30 Lease. Recently, Continental completed its State B-19 Well No. 1 in the Goodwin Drinkard Pool. Oil producing rates from the well are such that a separate battery installation is not economically attractive. Furthermore, a salt water disposal gathering system is connected to the State GG-30 battery as is a gas sales line and oil gathering line, all of which can be used for the benefit of the new well. Extension of these lines to the State B-19 Lease would cost considerable delay, with attendant expense, loss of revenue and probably flaring of gas.

The attached plat shows the two leases, the wells and flowlines and the battery location.

The attached schematic diagram shows the equipment used in the proposed commingling installation and the routing of the flow streams. It is proposed to use two points of accurate measurement of the crude production; the metering heater treater for the State B-19 Lease has internal metering compartments providing high accuracy of measurement; and the ACT Unit provides extreme accuracy of oil sales to the oil purchaser. The metering equipment for the State GG-30 Lease is of the positive displacement type and is for testing purposes only. Thus, the production from the State B-19 Lease will be accurately measured prior to the commingling and the production from the State GG-30 Lease will be determined by the subtraction method.

Attached is a letter from the Commissioner of Public Lands consenting to the proposed commingling. The working interest and royalty interest under both leases is identical. The quality of the crude is virtually identical so that there will be no reduction in value because of the commingling. On the contrary, the commingling will result in less evaporation of hydrocarbons than would be the case if the crudes were not commingled.

Goodwin Abo
St 19-30 # 2

Goodwin Dr
St 19-30 # 3

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Your approval of the lease commingling described above is respectfully
requested.

Yours very truly,

L. P. Thompson

L. P. Thompson
Division Manager

VTL:reh

Enc

CC:

New Mexico Oil Conservation Commission
Box 1980
Hobbs, New Mexico 88240

JCC: FOH: JWK