

Gulf Energy and Minerals Company - U. S.

SOUTHWEST DIVISION
HOBBS AREA

C. D. Borland
AREA PRODUCTION MANAGER

P. O. Box 670
Hobbs, NM 88240

April 21, 1977

Mr. Joe D. Ramey
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87501

Dear Sir:

Gulf Oil Corporation requests your administrative approval for an exception to Rule 303-A and 309-A to permit commingling of Drinkard, Tubb Oil and Blinebry Oil and Gas production in surface storage between the Manda and the Manda B, Tract "C" leases, and to permit off-lease storage of the production from the Manda Lease. The Manda lease comprises 40 acres located within the SE/4 of SW/4 of Section 21-T22S-R37E, Lea County, New Mexico. The Manda B, Tract "C" Lease comprises 40 acres located within the NE/4 of NW/4 of Section 28-T22S-R37E.

The Drinkard, Tubb Oil and Blinebry production is currently being commingled down hole in the Manda B Tract "C" Well No. 1 as authorized by NMOCC Order No. R-5329, dated November 10, 1976. There has been no evidence of fluid incompatibility.

Production from all pools in both wells is marginal. Production will be allocated on the basis of periodic well tests.

This is fee land, and approval from the State Land Commissioner is not required.

Both working interest and royalty interest ownership is common to both leases (there is no overriding royalty interest).

The attached tabulations show the average daily commingled production for the 59-day period for February and March for the Manda B, Tract "C" Well No. 1 and average daily production for a 31-day period during March for the Manda No. 1 (completed in March 1977). You will notice from the tabulations that the actual commercial value of the commingled production from both leases will remain the same.

Attached is a schematic diagram of the proposed installation, along with a lease plat and a letter of approval from Western Crude Oil, Inc. Also attached are registered mail receipts showing that all involved parties (royalty interest owners) have been notified.

This commingling and off-lease storage proposal is in the interest of conservation in that it prevents unnecessary waste and reduces production expense.

Yours very truly,


C. D. BORLAND

Attachments
CRK/dch

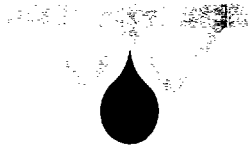


A DIVISION OF GULF OIL CORPORATION

GULF OIL CORPORATION
MANDA AND MANDA B, TRACT "C" LEASES

PRODUCTION DATA

<u>Lease and Well No.</u>	<u>Pool</u>	<u>Bbls/Day</u>	<u>CORR. API Gravity</u>	<u>\$/Bbl.</u>	<u>Bbls/Day X \$/Bbl.</u>
Manda B, Tr. "C" No. 1	Drinkard, Tubb Oil & Blinebry Commingled	23.5	37.6	\$11.59	\$272.37
Manda No. 1	Drinkard	29.4	37.2	\$11.59	<u>340.74</u>
				Total	\$613.11
Manda B, Tr. "C" No. 1 and Manda No. 1 Commingled	Drinkard, Tubb Oil & Blinebry Commingled	52.9	37.4	\$11.59	\$613.11
			Difference	=	<u>\$ 0.00</u>



Western Crude Oil, Inc.

April 20, 1977

John A. Mills
Vice President
West Texas-New Mexico Division

Re: Commingling
Manda & Manda B-Tract C
Lea County, New Mexico

Mr. C. D. Borland
Gulf Oil Corporation
P. O. Box 670
Hobbs, New Mexico 88240

Attention: Mr. C. R. Korzekwa

Dear Sir:

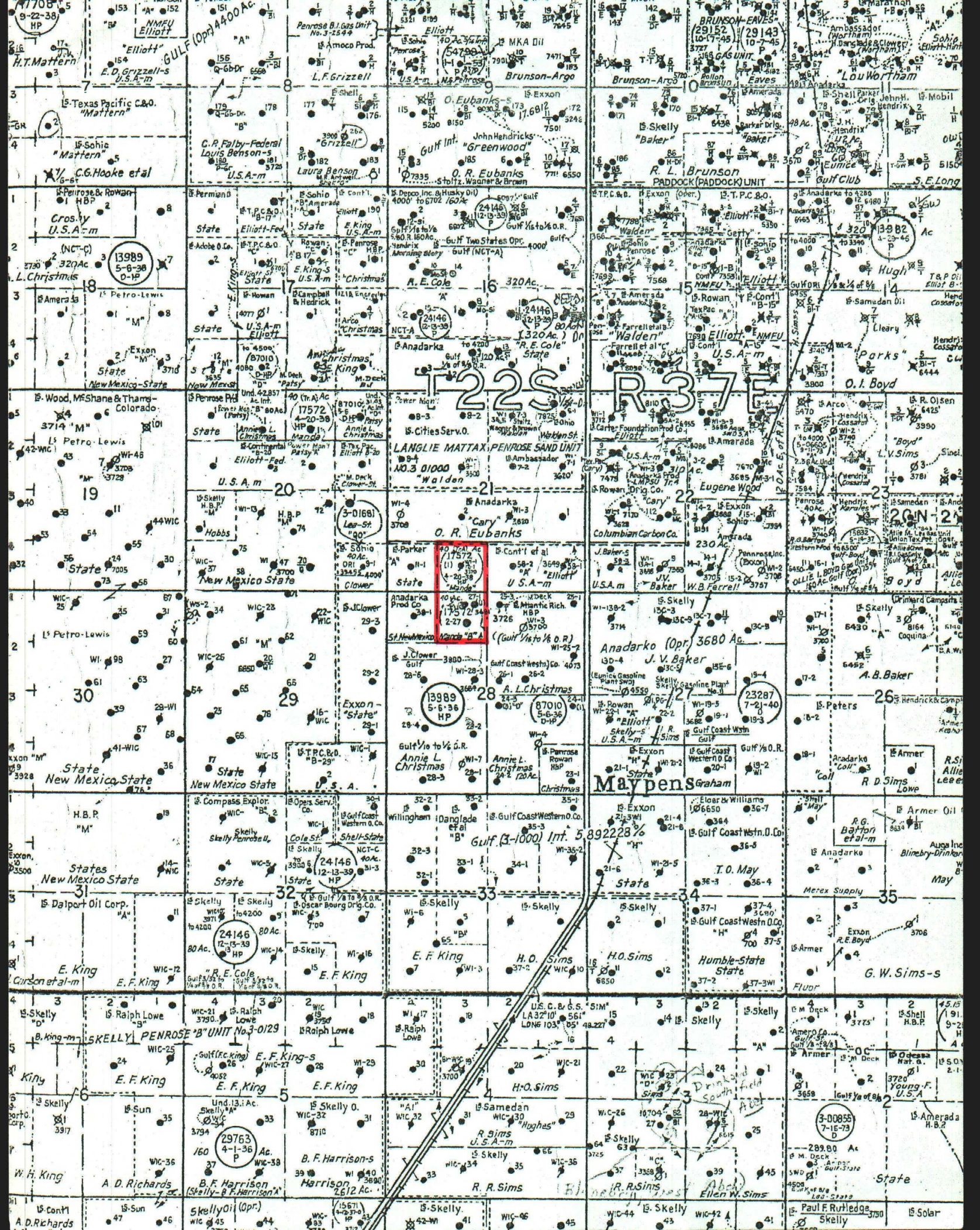
It is our understanding that you desire to commingle the Drinkard production from your Manda lease into the battery serving the Blinbry, Drinkard and Tubb production from your Manda B-Tract C lease.

Western Crude Oil has no objection to this arrangement, and upon your receipt of authorization from the New Mexico Oil Conservation Commission will commence to purchase the commingled production at the Manda B-Tract C tank battery.

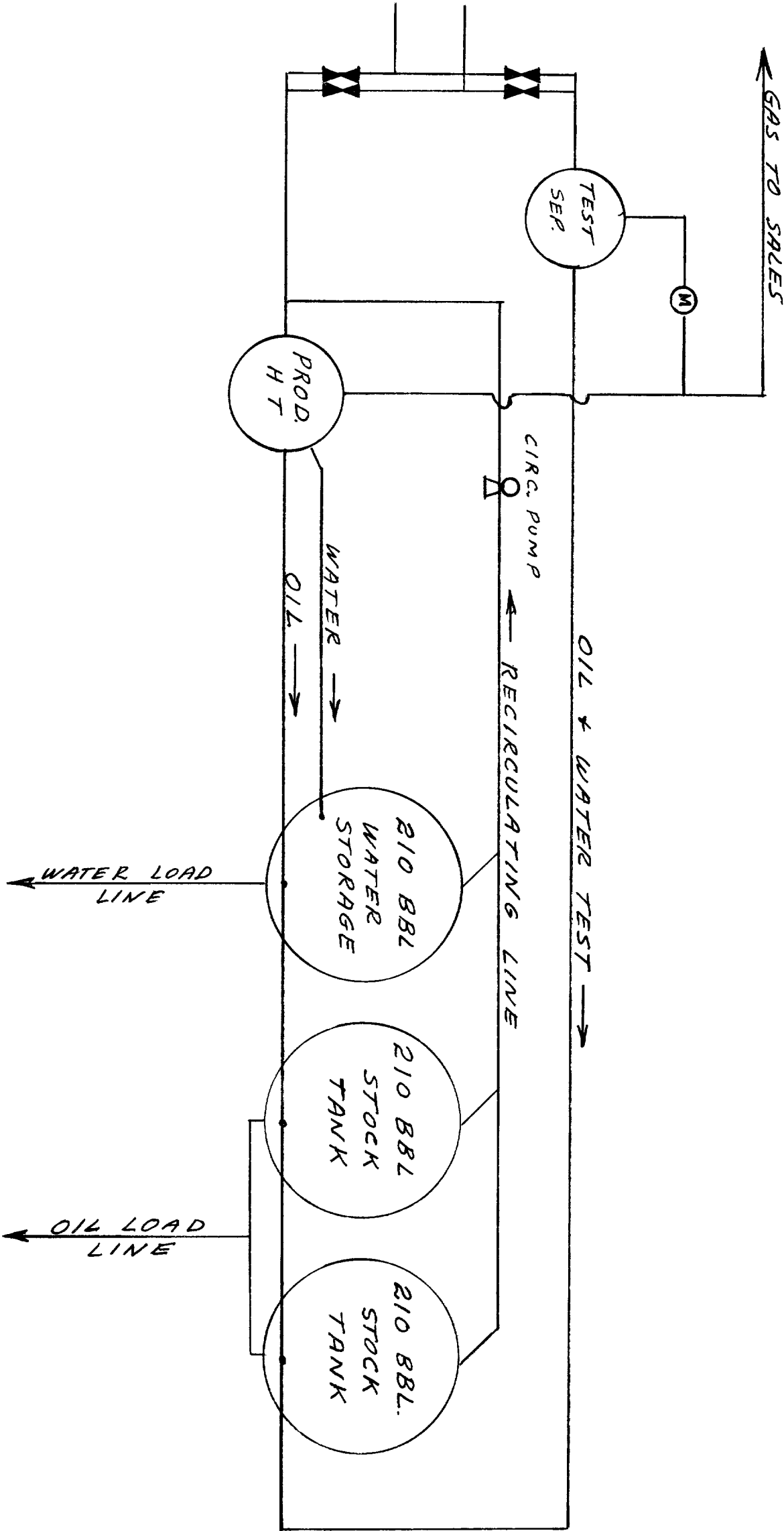
Yours very truly,

John A. Mills

JAM:pa



FLOW LINES
MANDA NO. 1 - DRINKARD POOL
MANDA B, TRACT "C" NO. 1 - DRINKARD, TUBB OIL AND
BLINEBRY OIL & GAS POOLS



GULF OIL CORPORATION
MANDA LEASE & MANDA B, TRACT "C" LEASE
PROPOSED COMINGLED TANK BATTERY
DRINKARD, TUBB OIL & BLINEBRY OIL & GAS POOLS