



L. P. Thompson
Division Manager
Production Department
Hobbs Division

Western Hemisphere Petroleum Division
Continental Oil Company
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1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141

December 15, 1972

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

Gentlemen:

Application for Approval to Commingle Bone Spring Production -
Bell Lake Unit Area, Lea County, New Mexico

Continental Oil Company has developed Bone Spring oil production in the Bell Lake Unit Area (Devonian Participating Area "A"). Bell Lake Bone Spring Well No. 3, located on State Lease E-5898 in the NE/4 NW/4 Sec. 6, Township 24 South, Range 34 East, has been producing from the Bone Spring formation for a number of years. The well was classified as non-commercial shortly after completion. Bell Lake Unit No. 11 has recently been completed as a Bone Spring producer on State Lease E-5896 in the SE/4 SW/4 Section 31, Township 23 South, Range 34 East. Production data is being gathered to evaluate whether this well may be classified as a valuable discovery of unitized substances. Pending this determination, Continental would like to minimize the investment required to handle the production from the Bone Spring formation on the two leases. Consequently, it is proposed to commingle the production in a single tank battery after separately metering the production from Bell Lake Unit No. 3.

The attached plat shows the two State leases involved, which are:

Lease E-5896 consisting of Section 31 and W/2 Section 32,
Township 23 South, Range 34 East (Common Schools Beneficiary),
and

Lease E-5898 consisting of N/2 and SE/4 Section 1, Township 24 South,
Range 33 East, and N/2 and SW/4 of Section 6, Township 24 South,
Range 34 East (Common Schools Beneficiary),

the location of the two wells and of the commingled tank battery. As shown on the exhibit, flowlines of each of the two wells will be laid to the tank battery as shown on the plat. A second well is contemplated to be drilled in the near future on Lease E-5896.

*Bell Lake -
Bone Spring Pool*

NMOCC
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December 15, 1972

A schematic diagram of the proposed commingling installation, which is in accordance with the applicable provisions of the current Commission "Manual for the Installation and Operation of Commingling Facilities," is also attached. Production from Well No. 3 (Lease Number E-5898) will enter a metering heater treater which will separate the gas, oil, and water, metering the water-free oil production, which will then be routed to the stock tanks. Production from Well No. 11 (Lease Number E-5896) will enter a standard heater treater which will permit separation of the oil, gas, and water, from which the water-free oil will enter the oil line to the stock tank. Production from Well No. 11 will be measured by the subtraction method. The oil from the two leases will be commingled in the oil line downstream from the heater treaters. Check valves will prevent flow from one lease facility to the other. The water from the heater treaters will be discharged into the salt water disposal line. Gas production will enter a common gas gathering line and will be used for lease fuel, vented or, at such time as gas volumes are sufficient to attract a market, will be sold to a gas gathering facility.

Beneficiary institution under both leases is the Common Schools. Continental Oil Company owns 100% of the working interest under both leases; consequently, the ownership is identical.

Both wells produce from the Bell Lake Bone Spring Pool. There should be no loss of revenue as a result of the commingling. In fact, production of both wells into common tankage should reduce the amount of time to achieve tank fill-up and materially reduce weathering losses.

The present producing rates for each of these wells as of this date are:

| | <u>Oil</u> | <u>Water</u> | <u>Gas</u> |
|-------------------------|------------|--------------|------------|
| Bell Lake State 2 No. 3 | 73 | 18 | 34 |
| Bell Lake Unit No. 11 | 134 | 79 | 321 |

Also attached is a copy of a letter from the Commissioner of Public Lands granting approval of this proposal.

Yours very truly,


L. P. Thompson

js
Enc.

State of New Mexico

TELEPHONE
505-827-2748



Commissioner of Public Lands

December 12, 1972

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

RECEIVED
HOBBS DIVISION Continental Oil Company
P. O. Box 460
1001 North Turner
Hobbs, New Mexico 88240

DIV. Mole. & Gas
DIV. Engr.
DIV. O. & G.
Comm'n. Cons.
Pres. C. & G.

BEG

Re: Application for Approval to Commingle
Bone Spring Production-Bell Lake Unit
Area, Lea County, New Mexico

ATTENTION: Mr. L. P. Thompson

Gentlemen:

Reference is made to your request dated December 1, 1972, requesting approval to Commingle Bone Spring Production from your Well No. 3 and Well No. 11, and as described in your letter pending a determination of commercial status.

You are hereby given approval to the above request. Any deviation from your proposed request will be reason to cancel approval. This approval is subject to like approval by the New Mexico Oil Conservation Commission.

Your Ten (\$10.00) Dollar filing fee has been received.

Very truly yours,

Ray D. Graham
RAY D. GRAHAM, Director
Oil and Gas Department

AJA/RDG/s
encls.

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico

New Mexico Oil and Gas Accounting Commission
State Leases E-5898 and E-5896

Sov. Cal. Pet

Shell

69994

Continental

69991

Continental
69991

R-33-E

R-34-E

067373

24

023456

TPC & O

19

20

*10

BELL LAKE UNIT
BOUNDARY

BELL LAKE UNIT
BOUNDARY

0737
US

065194

US

067159

067159
US

Continental
69988

Continental
69909

Continental
60531

Continental
69909

25

30

State

29

Continental
69991

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068680
US

*2

068404
US

067159

US

068404

Humble

Continental
69819

Continental
69819

Phillips

PARTICIPATING AREA

36

31

32

E-5896



State

BONE SPRING
BATTERY

State

Continental
59820

70

Continental
59820

Shell

Continental 3/4
60802

E-5898

02335

Continental
69987

*5

*4

6

Continental
58776

5

T
24
S

Continental
70003

State

State

Pitchfork Cattle-Surf US 061374
Pitchfork Cattle Co
JW Pearson

CONTINENTAL OIL COMPANY

PRODUCTION DEPARTMENT

HOBBS DISTRICT

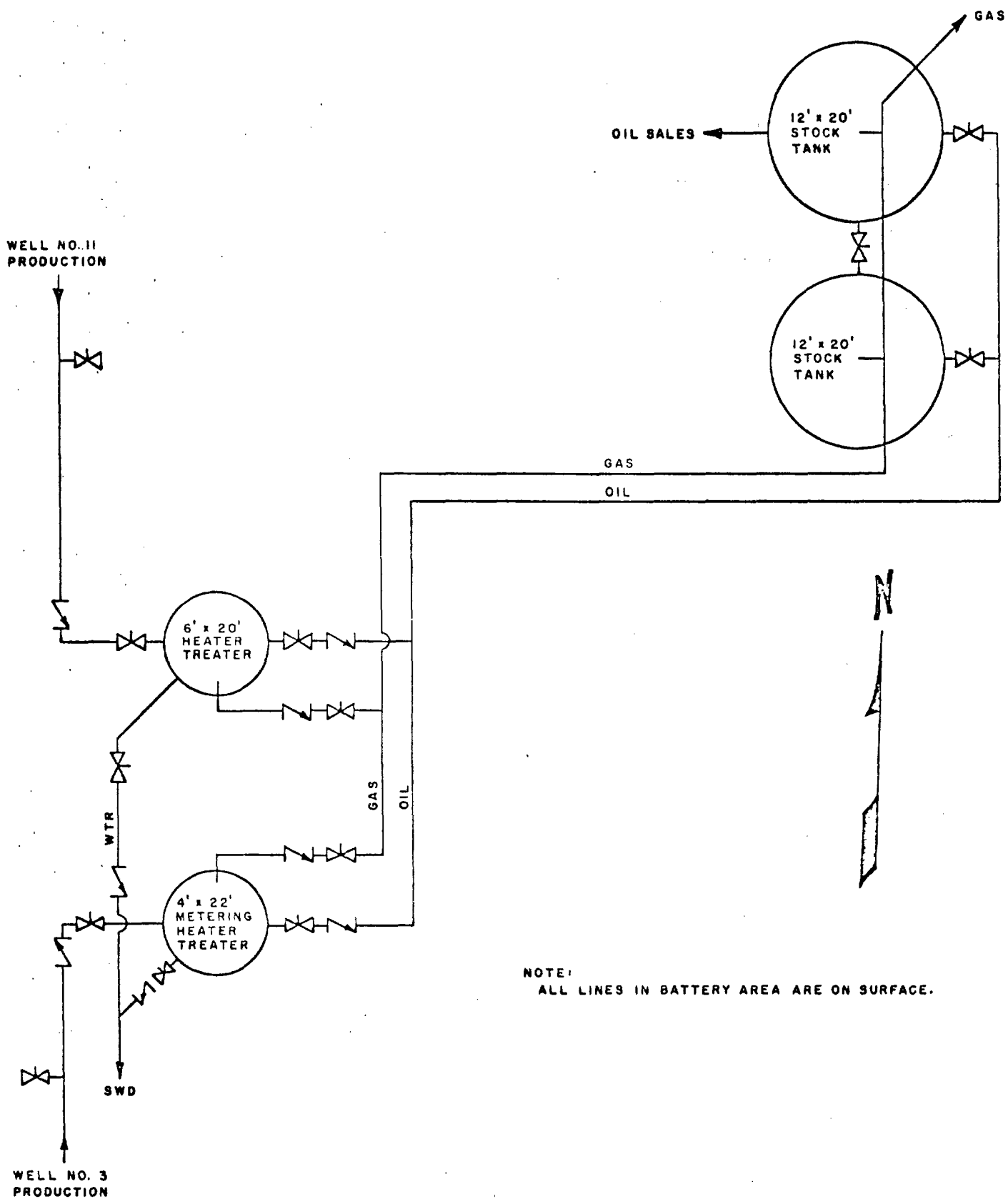
BELL LAKE UNIT AREA

PROPOSED BONE SPRING OIL
COMMINGLED TANK BATTERY

SCALE
0 1000 2000

RL

RECEIVED
DEC 11 1972
STATE OF TEXAS
HOBBS DISTRICT



PROPOSED
BELL LAKE BONE SPRING
COMMINGLED BATTERY

LAH 12-72

87W

RECEIVED
DEC 4 0 51 AM '72
STANDARD OIL
SANDS, INC.