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**EXXON** COMPANY, U.S.A.  
POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702

EXXON PRODUCTION DEPARTMENT  
MIDLAND, TEXAS 79702

July 10, 1984

Surface Commingling Application  
New Mexico "DP" Lease  
N/2 and SW/4 Sec. 28, T-20-S, R-28-E  
Eddy County, NM

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

Exxon requests administrative approval to surface commingle oil production on the New Mexico "DP" lease from the Avalon Delaware pool and the undesignated Bone Spring pool. This lease is comprised of the N/2 and SW/4 of Sec. 28 (480 acres), T-20-S, R-28-E, Eddy County, New Mexico. Royalty ownership is common for the two pools and since production from each pool is marginal we request that allocation to the individual completion be based on periodic well tests.

The Permian Corporation, purchaser of the crude oil, has agreed to take the commingled stream since production from both reservoirs is classified as New Mexico intermediate.

<u>Pool</u>	<u>API Gravity</u>	<u>*Value per Bbl.</u>
Avalon Delaware	42.7	30.00
Undesignated Bone Spring	38.6	29.79

\* Latest Crude Oil Price Posting New Mexico Intermediate Oil.

Page 2 Surface Commingling Application - NM "DP" lease

Listed below are allowables and latest production tests for wells to be commingled. Top allowable for the Avalon Delaware is 80 BOPD. Top allowable for the undesignated Bone Spring is 107 BOPD.

<u>Well No.</u>	<u>Pool</u>	<u>Allow.</u>	<u>Latest Test</u>			<u>Avg. Daily Prod</u>	
			<u>Oil</u>	<u>Wtr</u>	<u>Gas</u>	<u>May 84</u>	<u>June 84</u>
1	Avalon Delaware	35	35	375	25	9	7
3	Avalon Delaware	12	6	177	8	3	3
5	Undesignated Bone Spring	10	New well			9	7

Attached for your information is a lease plat and a facilities diagram.

Very truly yours,

  
N. W. Andrews, Gas Unit Head

DFL/mes  
Attachments

xc: Oil Conservation Division - Artesia  
Andrews District



# NEW-TEX LAB

PHONE 505 393-3561 • P. O. BOX 1161 • 611 W. SNYDER • HOBBS, NEW MEXICO 88240

## LABORATORY REPORT

Test No. 3179  
Date of Run 5-3-84  
Date Received 4-30-84

A Sample of \_\_\_\_\_  
Secured from EXXON Co. USA  
1700 W. Broadway  
Andrews, Texas 79714 Secured by \_\_\_\_\_  
Time \_\_\_\_\_ Date \_\_\_\_\_  
Sampling Condition: \_\_\_\_\_

## SPECIAL ANALYSIS AND TESTS

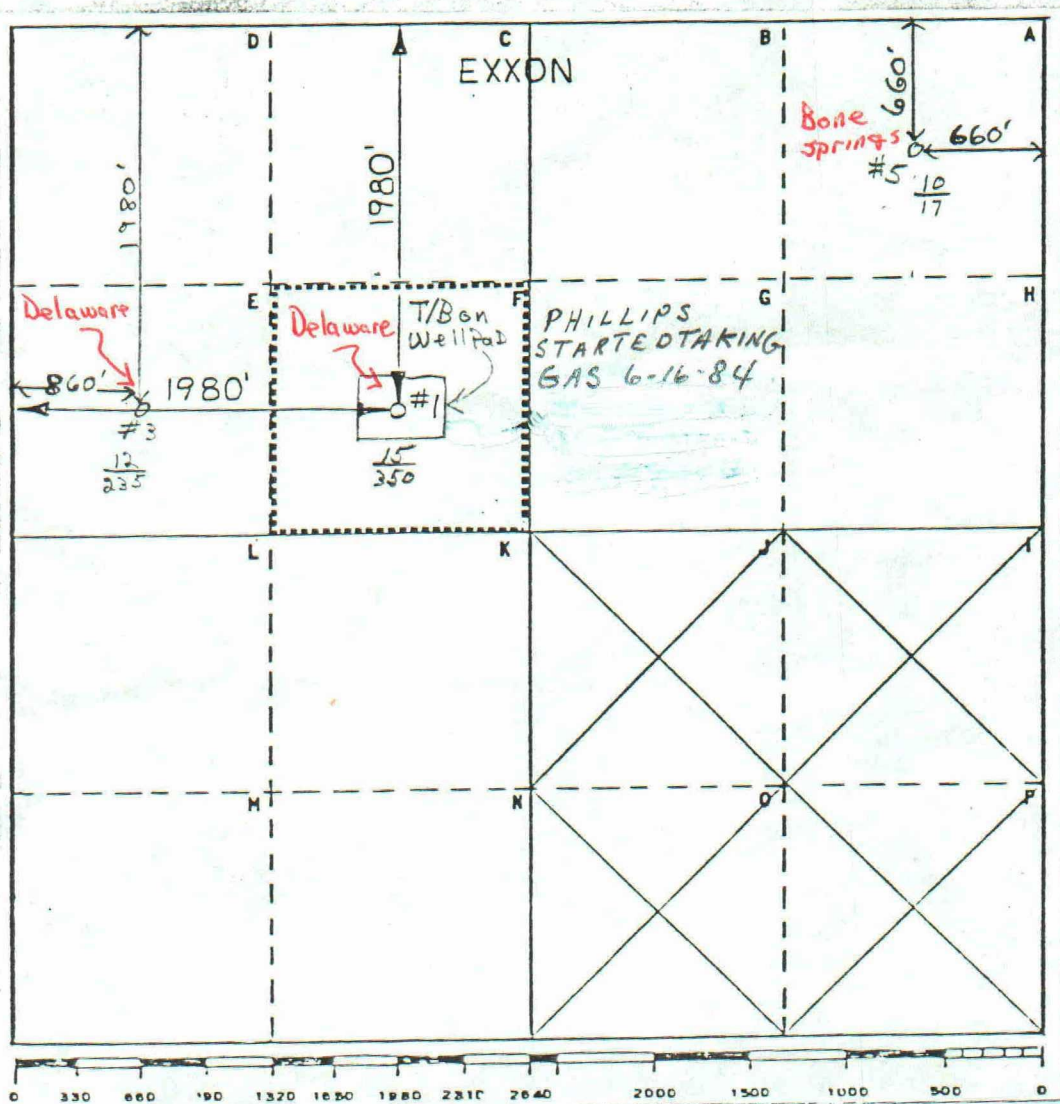
New Mexico "DP" #1 0.17 WT% Total Sulfur  
39.7 API Gravity @ 60°

New Mexico "DP" #3 0.97 WT% Total Sulfur  
34.7 API Gravity @ 60°

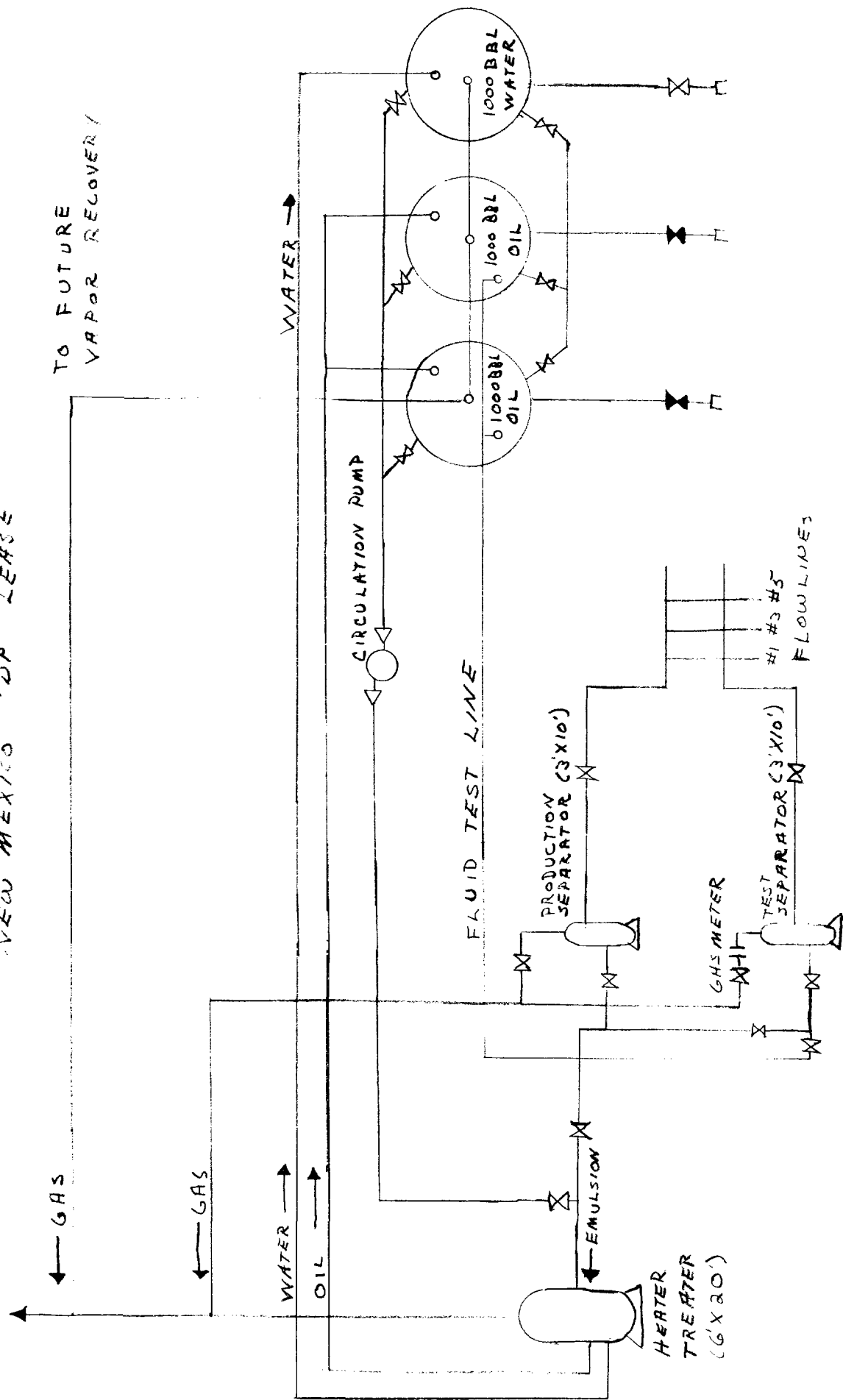
New Mexico "DP" #5 0.95 WT% Total Sulfur  
34.0 API Gravity @ 60°

Run by \_\_\_\_\_ Approved by *[Signature]*

New Mexico 'DP' State Lease



# EXISTING FACILITIES FOR NEW MEXICO "DP" LEASE



#1, #3 - DELAWARE FORMATION  
#5 - BOHE SINKING FORMATION



## THE PERMIAN CORPORATION

1509 W. WALL P. O. BOX 3119  
MIDLAND, TEXAS 79702

915-683-4711

May 17, 1984

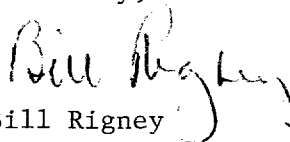
Mr. Joe Hossley  
Exxon Company  
1700 W. Broadway  
Andrews, Texas 79714

RE: State "DP" well #1,3,5

Dear Mr. Hossley:

As gatherer of the production from the above lease in the Avalon (Delaware) field, Permian hereby agrees to continue gathering from the commingled battery. (Permian lease #563775). Our current price for New Mexico Intermediate Oil is \$30.00 per barrel.

Sincerely,

  
Bill Rigney

BR/tp

**EXXON** COMPANY, U.S.A.  
POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702

July 10, 1984

PRODUCTION DEPARTMENT  
MIDCONTINENT DIVISION

Request to Surface Commingle  
Avalon Delaware and Undesignated  
Bone Spring Production of Exxon's  
New Mexico "DP" Lease, State Oil  
& Gas Lease No. V-690,  
N/2 and SW/4 Sec. 28, T-20-S,  
R-28-E, Eddy County, New Mexico

Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148

Attention: Oil and Gas Division

Dear Sir:

Exxon requests your approval to surface commingle Avalon Delaware and undesignated Bone Spring oil production on its New Mexico "DP" lease, state oil and gas lease no. V-690, consisting of N/2 and SW/4 of Sec. 28 (480 acres) T-20-S, R-28-E, Eddy County, New Mexico.

Royalty ownership is common for the two pools and since production from each pool is marginal we request that allocation to individual completion be based on periodic well tests.

The Permian Corporation, purchaser of the crude oil has agreed to take the commingled stream since production from both reservoirs is classified as New Mexico intermediate.

<u>Pool</u>	<u>June '84 Prod.</u>	<u>API Gravity</u>	<u>* Value</u>
Avalon Delaware	189 Bbls.	42.7	\$30.00
Undesignated	203 Bbls.	38.6	29.79

The weighted average gravity of the above commingle stream is 40.6 gravity. The actual commercial value of the commingled production will not be less than the sum of the values of the production from each comon source of supply.

N. W. Andrews  
Gas Unit Head

DFL/mes  
attachments:  
Lease Plat  
Tank Battery Facilities  
Permian Corporation Approval

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The weighted average gravity of the above commingled stream is 40.6 gravity. The actual commercial value of the commingled production will not be less than the sum of the values of the production from each common source of supply.



Revenue calculation - New Mexico "DP" State.

Weighted average gravity for New Mexico "DP" State lease based on June, 1984 production:

<u>Pool</u>	<u>Gravity</u>		<u>Production</u>		
Avalon Delaware	42.7	x	189	=	8070.3
Undesignated Bone Spring	38.6	x	203	=	7835.8
			<u>392</u>		<u>15906.1</u>
					=40.6 Gravity

Revenue after commingling  
40.6 Gravity = \$30.00 Bbl. 392 Bbl. x \$30.00 = \$11,760.00

Revenue from separate sources  
42.7 Gravity = \$30.00 Bbl. 189 Bbl. x \$30.00 = 5,670.00  
38.6 Gravity = \$29.79 Bbl. 203 Bbl. x \$29.79 = 6,047.37  
\$11,717.37

Net Revenue Gain after commingling \$ 42.63

  
N. W. Andrews  
Gas Unit Head

DFL/mes

Attachments:

Lease Plat

Tank Battery Facilities

Permian Corporation Approval