

J. R. CONE

ROOM 1706 - GREAT PLAINS LIFE BLDG.

LUBBOCK; TEXAS

March 18, 1961

Handwritten:
Cone
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Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.,
Secretary & Director

Dear Mr. Porter:

Application is made herewith by J. R. Cone for authority to commingle without separate measurement the liquid production from the Blinbry Oil, Drinkard Oil and Tubb Gas Pools on his Anderson lease. The said lease comprises 40 acres, more or less, being the NE/4 SE/4 Section 21, T-21-S, R-37-E, N.M.P.M., Lea County, New Mexico.

The following statements are made in support of this application:

1. There are two producing wells located on the Cone Anderson lease. Well No. 1 was completed originally April 28, 1948 in the Drinkard Oil Pool. On November 14, 1961 the well was recompleted as a Drinkard Oil-Tubb Gas dual and has been so produced since that time.

Well No. 2 was completed originally August 14, 1948 as a Hare Pool producer. This well was recompleted in the Wants Abo Pool May 26, 1959; and again recompleted as a Blinbry Oil Pool producer February 3, 1961. Until recompletion in the Blinbry Oil Pool, Anderson No. 2 was produced by gas lift, the lift gas being supplied by the Tubb zone in Well No. 1.

2. The present capacity of the Drinkard zone in Well No. 1 is 12 barrels per day which would properly classify the well as marginal. The current gas-oil ratio for the Drinkard zone is approximately 4100 cubic feet per barrel.

During 1960 the high pressure gas allowable allocated the Tubb zone in Anderson No. 1 averaged 2,187 MCF per month whereas actual production averaged 2,486 MCF per month. Inasmuch as the lift gas was not processed through a separator, recent liquid recovery rates for the Tubb zone are not available. However, under the proposed commingling, all Tubb gas will be passed through a high pressure separator whereby it is estimated approximately 10 barrels of 70-degree API gravity condensate will be recovered per million cubic feet of gas. Thus, Tubb condensate recovery should average about 20 barrels per month based on the 1960 allowable record.

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M. H. Lockett
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Page 2: J. R. Cone - Anderson lease commingling cont'd:

On 24-hour test March 3, 1961, Anderson No. 2 flowed 40 barrels of 41.5-degree API gravity oil with a gas-oil ratio of 21,825 cubic feet per barrel. Inasmuch as the limiting ratio for the Blinebry Oil Pool is 6000, Anderson No. 2 will have a penalized daily allowable of approximately 13 barrels.

Therefore, commingling of the Blinebry, Drinkard and Tubb liquids would be a composite production of approximately 26 barrels per day.

3. The Anderson lease Blinebry oil commands the top pipe line price of \$3.01 per barrel for gravities ranging from 40.0 to 44.9 degrees.

The Anderson Drinkard oil has been running to the pipe line recently at an average gravity of 36 degrees API for a price of \$2.93 per bbl.

The Tubb condensate would bring \$2.79 per barrel which price applies to liquids with gravities of 55 degrees API and above.

The three liquids together should provide a blended crude with average gravity of 40 to 41 degrees which will command top crude price. The calculated gross revenue from the commingled oil would be higher than the revenue received from separate sales. Furthermore, commingling of the Tubb condensate should reduce the evaporation loss that the high gravity condensates are subject to when saved in separate storage.

4. The lease facilities will permit periodic testing of each zone to determine the respective liquid recovery rates. Should any of the oil zones become capable of top allowable production, said zones will be saved and measured in separate storage.

5. In support of this application attached here to is a schematic sketch showing all wells on the Anderson lease and the pools from which each now is producing; all lease battery facilities; and, how the proposed commingling would be handled.

We shall appreciate this application being set for hearing on the next available docket.

Respectfully yours,

J. R. CONE

ILLEGIBLE

By


L. O. Storm, Agent

