

J. R. CONE

ROOM 1706 - GREAT PLAINS LIFE BLDG.

LUBBOCK, TEXAS

March 21, 1961

Case 2258

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 Markham, Cone & Redfern (J. R. Cone being the operating partner) for authority to commingle without separate measurement the liquid production from the Drinkard Oil, The Blinbry Gas and the Tubb Gas Pools on their Eubanks lease. The said lease comprises 160 acres, more or less, being the SW/4 of Section 14, 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 four producing wells on the Eubanks lease, to wit:

Well No. 1 was completed originally April 17, 1949 in the Drinkard Oil Pool. On June 13, 1952 the well was recompleted as a Blinbry Gas-Drinkard Oil dual and has been so produced since that time.

Well No. 2 was completed originally May 30, 1949 in the Drinkard Oil Pool. On July 9, 1952 the well was recompleted as a Tubb Gas-Drinkard Oil dual and has been so produced since that time.

Well No. 3 was completed originally December 23, 1952 in the Wants Abo Oil Pool. On December 15, 1953 the well was recompleted in the Drinkard Oil Pool and has been so produced since that time.

Well No. 4 was completed January 16, 1960 in the Drinkard Oil Pool and January 25, 1960 in the Blinbry Oil Pool as a parallel-string dual and has been so produced since that time.

2. The current allowable for the four Eubanks Drinkard wells totals 81 barrels per day. However, the annual required gas-oil ratio survey now in progress indicates there will be some downward adjustment in the per-well allowables.

During 1960, the high pressure gas allowable allocated the Blinbry Gas zone in Well No. 1 averaged 11,175 MCF per month whereas actual production averaged 11,011 MCF. Condensate recovery averaged 95 barrels per month, or 3 barrels per day.

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Page 2: Markham, Cone & Redfern Eubanks lease commingling:

The high pressure gas allowable allocated the Tubb Gas zone in Well No. 2 during 1960 averaged 9,850 MCF per month whereas actual production averaged 10,360 MCF. Monthly condensate recovery averaged 72 barrels, or approximately 2.5 barrels per day.

In anticipation of adjusted Drinkard allowables, it is likely that the combined commingled liquid production of Drinkard Oil and Blinebry and Tubb condensates will not exceed 70 barrels per day.

3. The Eubanks Drinkard Oil has been running to the pipe line at gravities ranging from 37.4 to 38.4 degrees API for prices of \$2.87 to \$2.90 per barrel, respectively.

Under Conservation Commission authority, the Eubanks Blinebry and Tubb condensates are passed from their respective high pressure separators to a common low pressure separator and thence to common storage. This commingled condensate has been running to the pipe line at gravities ranging from 61 to 66 degrees API for a price of \$2.73 per barrel (which price applies to all liquids of gravities above 55 degrees).

The three liquids together should provide a blended crude with average gravity above 40 degrees API which would command top crude price of \$2.95 per barrel. The calculated gross revenue from the commingled oil would be higher than the revenue received from separate sales. Furthermore, commingling of the condensates with oil should reduce the evaporation loss that the high gravity condensates are subject to when saved in separate storage and thus result in a higher net recovery.

4. The lease facilities will permit periodic testing of each well to determine the respective liquid recovery rates. Should any of the oil wells become capable of top allowable production, they could be directed into separate storage if necessary.

5. In support of this application attached hereto is a schematic sketch showing all wells on the Eubanks 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,

MARKHAM, CONE & REDFERN

ILLEGIBLE

By L. C. Storm
L. C. Storm, Agent

