

ARCO Oil and Gas Company  
Permian District - West Area  
P.O. Box 1710  
Hobbs, New Mexico 88240  
Telephone 505 392 3551



December 27, 1984

Mr. David Catanach  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Re: Request Amendment to Administrative  
Order PC-64 to Surface Commingle Production  
on the R.L. Brunson Lease

Dear Mr. Catanach:

ARCO Oil and Gas Company has recently recompleted the R.L. Brunson #5 in the Hare Simpson Pool. Due to a low production rate, ARCO cannot justify production and testing equipment for this pool. ARCO proposes to surface commingle the Hare Simpson Pool with similar liquid hydrocarbons from the Drinkard Pool as outlined on the flow schematic (see Flow Diagram). Sinclair Oil and Gas Company, the former operator of the R.L. Brunson Lease, was authorized to surface commingle production from the Hare, Drinkard, Blinebry, and Tubb Pools by Administration Order PC-64, dated February 22, 1962 (see attached Administrative Order). However, the producing pools and production facilities have changed since this time. Therefore, ARCO requests an amendment to Administrative Order PC-64 to surface commingle production from the Hare Simpson and Drinkard Pools and allocate production according to monthly well tests.

ARCO is presently producing the R.L. Brunson #5 into a temporary test system. ARCO also operates wells #1 and #7 which produce from the Blinebry pool and wells #4 and #8 which produce from the Drinkard pool (see attached Lease Plat). These pools are produced into separate facilities because the Blinebry production is classified as sour. Working Interest and Royalty Ownership are the same for the Drinkard and Hare Simpson pools.

The wells on the R.L. Brunson Lease are incapable of producing at top allowable and can be classified as marginal producers. Production from the R.L. Brunson #5 has averaged 9 BOPD and 16 MCFPD for 28 days of well testing. A compilation of production data for the months of October and November was prepared for the remaining wells on the lease (see Production Statistics). Oil from the Drinkard pool has an API gravity of 40.98 and total sulfur weight % of 0.345. Current market value for this crude is \$29.00/bbl. Oil from the Hare Simpson pool has an API gravity of 38.41 and total sulfur weight % of 0.314. Present market value for this crude is \$28.97/bbl.

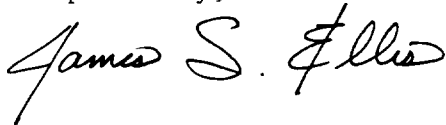
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Samples from the Hare Simpson and the Drinkard pools were laboratory mixed at the anticipated production percentages, 20% Drinkard and 80% Hare Simpson. This resulted in a 39.55 gravity crude with total sulfur weight % of 0.345. This crude has a present market value of \$29.00/bbl. From the present pricing scheme, the value of the commingled production will not be less than that of the sum value of production from each zone.

Considering ARCO Oil and Gas Company's position on this lease, we request an amendment to Administrative Order PC-64 to surface commingle production from the Hare Simpson and Drinkard pools. These pools will be commingled as prescribed by the attached Flow Diagram, and production will be allocated by monthly well test.

Please contact me in Hobbs if additional information is needed.

Respectfully,

A handwritten signature in cursive script that reads "James S. Ellis". The signature is written in dark ink and is positioned above the typed name.

James S. Ellis  
Jr. Engineer

JSE:knc

Attachments

# R. L. Brunson Lease Production Facilities

