



MARATHON OIL COMPANY

September 29, 1964

P. O. Box 220
Hobbs, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Re: Administrative Order PC-136

Dear Sir:

Reference is made to Administrative Order PC-136 dated April 19, 1963 and amended May 19, 1964, wherein authorization was granted Marathon Oil Company to commingle production from the Vacuum Glorieta, Vacuum Blinbry, North Vacuum Abo and Vacuum Wolfcamp Pools on the State McCallister lease comprising the SW/4 of Section 25, T.17S, R.34E Lea County, New Mexico.

The amended order granted authorization to separately meter the Glorieta and Blinbry production and to determine the Wolfcamp and Abo production by means of the subtraction method. Allocation of the production from the Abo and Wolfcamp zones being determined on the basis of periodic well tests.

Marathon Oil Company is currently conducting workover operations on State McCallister, Well No. 7 (North Vacuum Abo-Vacuum Wolfcamp dual). It is anticipated that Vacuum Upper Penn production will be obtained and that the well will be completed as a North Vacuum Abo, Vacuum Wolfcamp, Vacuum Upper Penn triple conventional completion. It is further felt that the Upper Penn zone of this well will qualify for top 80 acre allowable of 247 BOPD.

Attached hereto is a data sheet relating to gravities, volumes, and values of the liquid hydrocarbon along with a lease plat and a schematic diagram of the proposed installation. Marathon Oil Company owns 100 percent working interest in the subject lease. It is proposed that production from the Vacuum Upper Penn zone will be determined by means of a metering separator complete with sampler. The liquid hydrocarbon discharge from the separator will be transferred to the unmetered heater-treater with Abo and Wolfcamp production. This installation will be operated in accordance with the provisions of the Commission "Manual for the Installation and Operation of Commingling Facilities," including the requirement for non-reset counters on the meters. From the attached data sheet it may be seen that the commingling of the Vacuum Upper Penn crude with the existing commingled facilities will result in a gross daily increase in revenue of \$12.80 per day over the revenue that would be received from the sale of Upper

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Penn crude from separate storage.

On the basis of the above information, Marathon respectfully requests that Administrative Order PC-136 be amended to permit the commingling of the Vacuum Upper Penn zone with the existing facilities. Production from the Glorieta, Blinberry and Upper Penn zones will be separately metered and production from the Wolfcamp and Abo zones will continue to be determined by the subtraction method.

The Commissioner of Public Lands for the State of New Mexico has been furnished a copy of this application and it is requested that he forward his approval of the proposed commingling installation to the Oil Conservation Commission.

Yours very truly,

MARATHON OIL COMPANY

A handwritten signature in dark ink, appearing to read "John R. Barber", is written over the typed name.

John R. Barber
Area Petroleum Engineer

JLF:bje

cc: State Land Commissioner
Box 1148
Santa Fe, New Mexico

MARATHON OIL COMPANY
STATE MCCALLISTER LEASE
SEC. 25, T.17S, R.34E

Production is presently commingled from the Vacuum Glorieta, Vacuum Blinebry, North Vacuum Abo and Vacuum Wolfcamp, Order PC-136 (Amended).

Commingled Crude Properties of Existing Installation

<u>Zone</u>	<u>Allow- able</u>	<u>Gravities °API @ 60° F.</u>
Vacuum Glorieta	200	38.0
Vacuum Blinebry	217	38.0
North Vacuum Abo	245	39.0
Vacuum Wolfcamp	225	40.5
Daily Allowable - - - - - 887 BOPD		
Commingled Gravity - - - - - 38.9° API		
Crude Sales Price - - - - - \$2.97/Bbl.*		
Value of Commingled Crude - \$2634.39/Day		

Vacuum Upper Penn Crude Properties

Allowable - - - - - 247 BOPD
Gravity - - - - - 41.0° API
Crude Sales Price - - - - - \$3.01/Bbl.*
Value of Crude Sold from
Separate Storage Facilities-\$743.47/Day

Total value of crude if the Vacuum Upper Penn production
is sold from separate storage

$$\$2634.39/\text{Day} + \$743.47/\text{Day} = \$3377.86/\text{Day}$$

Commingled Crude Properties with Vacuum Upper Penn Production Commingled
with Existing Commingled Installation

Allowable - - - - - 1134 BOPD
Commingled Gravity - - - - - 39.4° API
Crude Sales Price - - - - - \$2.99/Bbl.*
Value of Commingled Crude - \$3390.66/Day

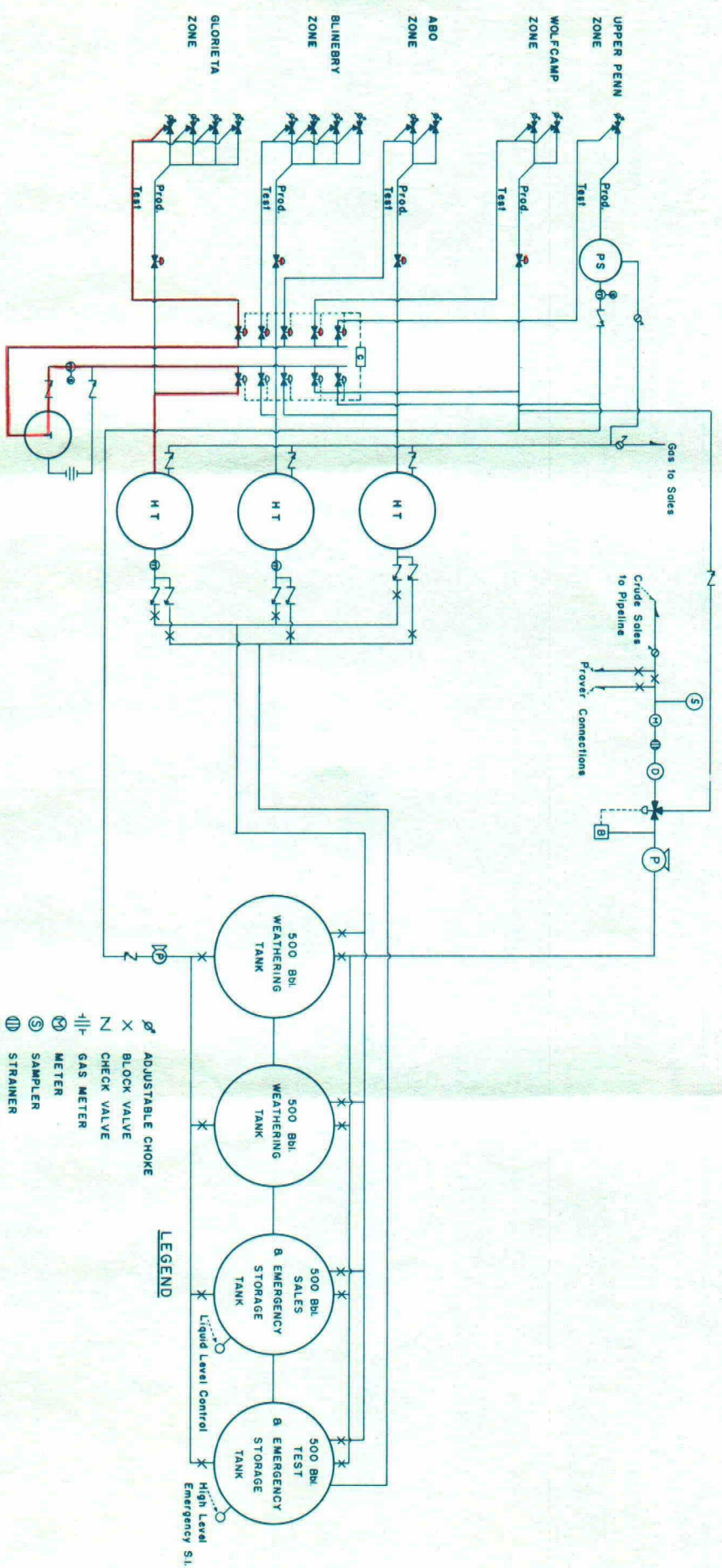
Gain in revenue by commingling Vacuum Upper Penn pro-
duction with existing commingled production.

$$\$3390.66/\text{Day} - \$3377.86/\text{Day} = \$12.80/\text{Day}$$

* Prices are West Texas Intermediate Crude

MARATHON OIL COMPANY
PROPOSED COMMINGLING AND AUTOMATIC CUSTODY TRANSFER BATTERY
ST. McCALLISTER LEASE
LEA COUNTY, NEW MEXICO
SCALE: NONE

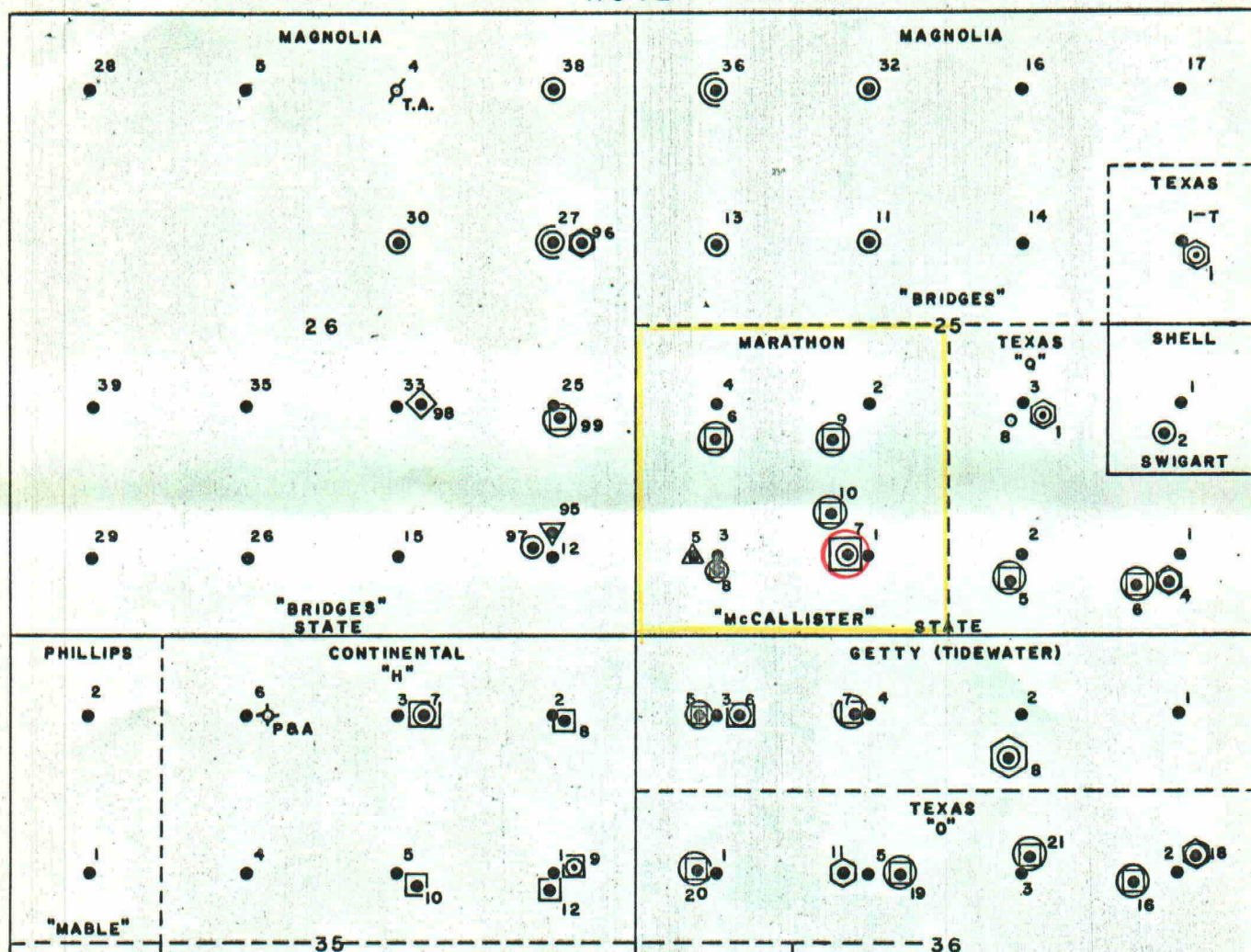
4-14-64
 REVISED 9-29-64



NOTE: RED LINE INDICATES PATH FOLLOWED FROM A
 GLORIETA ZONE WELL WHILE ON TEST.

- LEGEND**
- ADJUSTABLE CHOKE
 - BLOCK VALVE
 - CHECK VALVE
 - GAS METER
 - METER
 - SAMPLER
 - STRAINER
 - DEAERATOR
 - BACK PRESSURE VALVE
 - PUMP
 - 3 WAY VALVE (Manual)
 - 2 WAY VALVE, NORMALLY CLOSED (Electrically Controlled, Pneumatically Operated)
 - EMERGENCY S.I. VALVE
 - CONTROL PANEL (Electrically Controlled) Designed to permit the opening of only one respective set of valves at a time.)
 - BS&W MONITOR
 - BAD OIL ROUTE VALVE
 - TEST SEPARATOR
 - HEATER TREATER
 - PRODUCTION SEPARATOR

R 34 E



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17
S

LEGEND

- VACUUM (GRAYBURG - SAN ANDRES)
- ⊙ VACUUM BLINEBRY
- ⊠ VACUUM GLORIETA
- ⊕ VACUUM & VACUUM BLINEBRY
- ⊗ VACUUM GLORIETA & VACUUM BLINEBRY
- ⊞ VACUUM WOLFCAMP & N. VACUUM ABO
- ⊡ VAC. DEVONIAN & VAC. WOLFCAMP & N. VAC. ABO
- ⊢ VAC. WOLFCAMP & VAC. PENN & N. VAC. ABO
- ⊣ VAC. WOLFCAMP & VAC. PENN & VAC. DEVONIAN
- ⊤ VACUUM WOLFCAMP & VACUUM PENN
- ⊥ PROPOSED VAC. UPPER PENN & VAC. WLF CMP. & N. VAC ABO
- DRILLING

MARATHON OIL COMPANY

"Plat of St. McCallister Lease"

Lea County, New Mexico

Scale: 1"=1500'

6-11-64

MAIN OFFICE 1000
*64 OCT 6 PH 4 50

ILLEGIBLE

October 14, 1964

United Oil Company
Post Office Box 220
Albuquerque, New Mexico

Re: Request to amend Administrative
Order AC-115

Gentlemen:

After carefully reviewing your request, the Oil and Gas Accounting Commission has no objections to the above request wherein you asked that Vacuum Upper Term be permitted to commingle with Vacuum Chloride, Vacuum Blending, and Voluntary Term.

Very truly yours,

J. B. JONES, JR.,
Commissioner of Public Lands

cc

Enclosure, attached,
Oil and Gas Department

ESJW/RCM/TB/kcl

w/cc cc:

Oil Conservation Commission
Oil and Gas Accounting Commission