

Roswell, New Mexico

June 24, 1963

New Mexico Oil Conservation Commission  
 Post Office Box 871  
 Santa Fe, New Mexico

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

Gentlemen:

Re: Application of Continental Oil Company for exception to Rule 303 (A) in order to commingle the oil production from the Skaggs Glorieta, East Weir Blinebry, Skaggs Drinkard and Eumont Oil Pools and liquids from the Eumont Gas Pool on its Skaggs B-12 Lease located in Section 12, T20S, R37E, NMPM, Lea County, New Mexico

Continental Oil Company requests an exception to Rule 303 (A) for permission to commingle liquid production from the captioned lease. Permission was granted by Order No. R-1241, dated September 17, 1958, to commingle oil production from the Skaggs Glorieta and Skaggs Drinkard Pools from Skaggs B-12 Well No. 1.

1. Applicant's Skaggs B-12 Lease consists of NW/4 NE/4 and N/2 of the NW/4 of Section 12, T20S, R37E, Lea County, New Mexico. Exhibit No. 1 shows the lease, the wells and the pool from which each well is producing.

2. The mineral rights under the Skaggs B-12 Lease are held by the Federal Government.

3. Currently, there are two marginal, non-penalized producing oil wells in the Eumont Pool, one Eumont gas well, two Skaggs Glorieta oil wells, two Skaggs Drinkard wells and one East Weir Blinebry well on the Skaggs B-12 Lease.

4. One test facility (separator, meter and sampler) will be utilized for all wells on the lease and will provide accurate measurement of the production from each zone and each well. A schematic diagram, Exhibit No. 2, shows the proposed installation. Oil production from the wells having top allowables or penalized by high GOR will be measured by a suitable meter with non-reset counter and sampler, if needed, prior to commingling. Production from the other pools will be allocated by the subtraction method. As shown, the facility conforms to the requirements of the "Manual for the Installation and Operation of Commingling Facilities" dated September 13, 1961.

5. The anticipated gravity of the commingled production has been calculated to be approximately 37.7° API with a value of \$2.86 per barrel. The gravity and volume of present production is shown on Exhibit No. 3. The actual commercial value of the commingled production for the lease will be approximately \$4.38 per day less than it is at the present time. This is expected, however, to be offset by reduced weathering losses to a large extent.

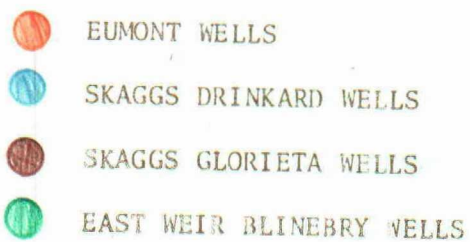
6. Commingling of production will result in the prevention of waste and will not impair correlative rights.

In view of the facts stated above, it is respectfully requested that an exception to Rule 303 (A) be granted permitting the commingling of liquid production from the several reservoirs on Applicant's Skaggs B-12 Lease as described above.

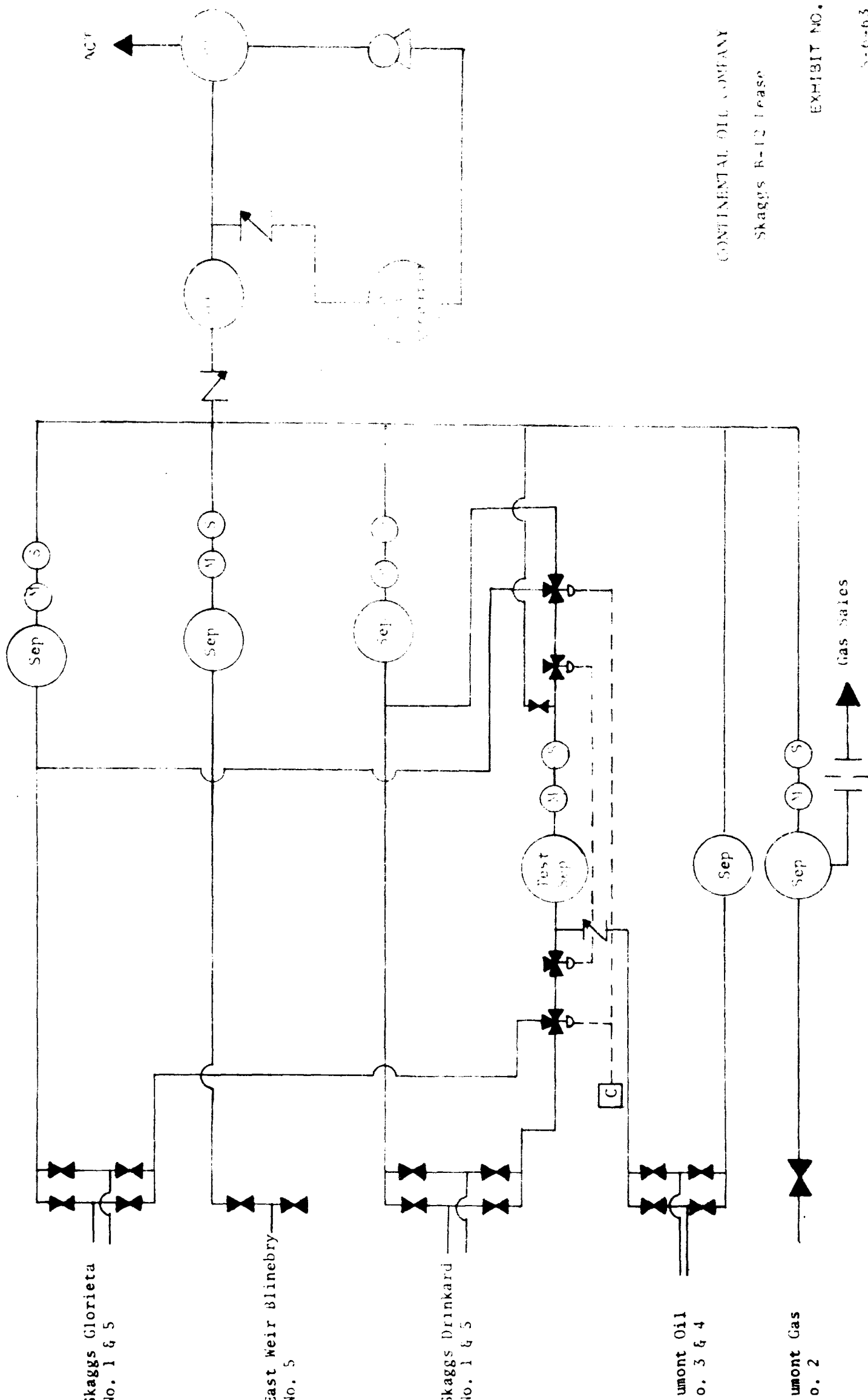
CONTINENTAL OIL COMPANY

cc: NMOCC, Santa Fe - 3  
 RGP  
 GW  
 JWK  
 JRP  
 File

By A. B. Slaybaugh  
 A. B. SLAYBAUGH  
 Division Superintendent  
 of Production  
 New Mexico Division



CONTINENTAL OIL COMPANY	
Production Department	Eunice, New Mex.
OWNERSHIP & LOCATION PLAT	
Skaggs B-12 Lease	
Date: 5-3-63	Drawn by: MLC
Scale: 1" = 2000'	



CONTINENTAL OIL COMPANY

Skaggs B-12 Lease

EXHIBIT NO. 2

5-6-63

SKAGGS B-12 LEASE

<u>Pool</u>	<u>Daily Avg. from</u>		<u>Gravity</u>	<u>Latest Well Test</u>			<u>Gas MCF/D</u>
	<u>3-1-63</u>	<u>to 5-1-63</u>		<u>Date</u>	<u>Oil B/D</u>	<u>Water B/D</u>	
<b>Eumont</b>							
#2	SI			6-7-61	3	0	1480
#3	3		35.6	5-10-63	3	0	49
#4	1		35.6	5-8-62	2	0	14
<b>Skaggs Glorieta</b>							
#1	53		39.0	4-21-63	51	4	4.5
#5	New Well			4-25-63	96	96	18
<b>East Weir Blinebry</b>							
#5	New Well		40.0	4-22-63	52	0	30
<b>Skaggs Drinkard</b>							
#1	21		35.0	4-21-63	23	14	203
#5	New Well			5-4-63	52	40	166

Pool Totals

<u>Pool</u>	<u>Daily Rates</u>	<u>Gravity</u>	<u>Value-\$/Bbl</u>
Eumont	4	35.6	2.80
Skaggs Glorieta	96	39.0	2.92
East Weir Blinebry	48	40.6	2.95
Skaggs Drinkard	91	35.0	2.80

Exhibit No. 3

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1009

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**IN REPLY REFER TO:**

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

Drawer 1857  
Roswell, New Mexico

Continental Oil Company  
P. O. Box 1377  
Roswell, New Mexico

Attention: Mr. A. B. Slaybaugh

Gentlemen:

Your letter of June 13, 1963, requests our approval to install an automatic custody transfer unit and to commingle the production from the Skaggs Glorieta, East Weir Blinberry, Skaggs Drinkard and Eumont Pools in the N<sup>2</sup>NW<sup>4</sup> and NW<sup>1</sup>NE<sup>4</sup> sec. 12, T. 20 S., R. 37 E., N.M.P.M., Lea County, New Mexico, on Federal lease Las Cruces 031620(b).

The automatic custody transfer system and the method of metering the production as described by the diagrams attached to your application, are hereby approved.

All master meter proving tests should be scheduled so that a Survey engineer of our Hobbs office may be notified in sufficient time to witness the calibration. You are requested to notify our Hobbs office when the installation is completed so that a field inspection of the system can be made.

Very truly yours,

JOHN A. ANDERSON  
Regional Oil and Gas Supervisor

[illegible]

Copy to Eunice  
6-21-63  
Jhu