



CONTINENTAL OIL COMPANY

P. O. BOX 460

HOBBS, NEW MEXICO

February 5, 1965

PRODUCTION DEPARTMENT
HOBBS DISTRICT
JACK MARSHALL
DISTRICT MANAGER
G. C. JAMIESON
ASSISTANT DISTRICT MANAGER

1001 NORTH TURNER
TELEPHONE: EX 3-4141

New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

Gentlemen:

Re: Application for Authority to
Commingle State "D" Lease

We forward herewith application, in triplicate, for authority to commingle Grayburg San Andres and Blinbry production on our State "D" Lease located in Section 11, T-21S, R-36E, Lea County, New Mexico. There is attached to each copy of the application a copy of letter from the Commissioner of Public Lands consenting to this commingling.

The Commissioner questioned a statement in paragraph four of the application in regard to the value of commingled crude. Additional data which we gathered indicated that the value of the commingled crude will actually be increased approximately \$90 per year as compared to the value of the crude produced separately. This is a result of reduced weathering time.

Your review and approval of this application will be sincerely appreciated.

Yours very truly,

JM-DFW
Enc.

cc: NMOCC-Hobbs RGP GW JWK

CONTINENTAL OIL COMPANY

BOX 460

HOBBS, NEW MEXICO

New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

Attention of 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 Produced from the Eunice Grayburg-San Andres Pool and Oil Center Blinebry Pool on its State "D" Lease located in Section 11 of T-21S, R-36E, Lea County, New Mexico

Continental Oil Company requests an exception to Rule 303 (a) for permission to commingle liquids produced from the captioned lease and in support thereof submits the following data:

1. Applicant's State "D" Lease consists of the SW/4 of Section 11, and E/2 Section 15, T-21S, R-36E, Lea County, New Mexico. This application applies only to production from SW/4 Section 11. A plat attached hereto, shows the lease, the wells thereon and the battery site.

2. Mineral rights under the above described lease are held by the State of New Mexico.

3. Production from the Eunice Grayburg-San Andres Pool and Oil Center Blinebry Pools will be allocated on the basis of periodic gas-oil ratio tests since there are no top allowable wells in either pool. A tabulation attached hereto shows the latest test on each well and the average production during the period from July 1, 1964 to October 1, 1964. There is presently one well in the Oil Center Blinebry Pool and it was initially potentialled and still produces below top allowable. Should top allowable production result in the future, metering facilities will be installed on the top allowable zone.

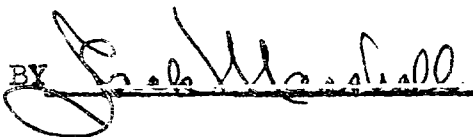
4. The gravity of the Eunice Grayburg-San Andres production is approximately 31.4° API with a value of \$2.68 while the Oil Center Blinebry gravity is approximately 37.2° with a value of \$2.89. The commercial value of the commingled production for the lease will be a maximum of approximately three dollars per day less than it is at the present time. This apparent loss will be offset by reduced evaporation losses as a result of less weathering time.

5. One test facility (separator and test tank) will be used for testing three Eunice Grayburg-San Andres wells and the one Oil Center Blinebry well. This will provide accurate measurement of the performance of each individual well. A schematic diagram attached hereto shows the proposed installation. As shown, the facility conforms to the requirements of the "Manual For The Installation And Operation Of Commingling Facilities" dated September 13, 1961.

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 production from the reservoirs on the Applicant's State "D" Lease as described above.

CONTINENTAL OIL COMPANY

BY 
J. L. Marshall



R-36-E

○ Eunice Grayburg San Andres Wells

○ Oil Center Blinbry Well

○ Eumont Gas Well

▬ Tank Battery

CONTINENTAL OIL COMPANY

PRODUCTION DEPARTMENT
HOBBS DISTRICT

STATE "D" LEASE
Lea County, New Mexico

COMMINGLING INSTALLATION

SCALE
0 1000' 2000'

RL

STATE "D" LEASE

Well No.	Date	Latest Monthly Test			GOR	3 Month
		<u>Oil</u>	<u>Water</u>	<u>Gas</u>		Avg. Daily Prod.
<u>EUNICE GRAYBURG SAN ANDRES POOL</u>						
2	9-19-64	6	1	143	23,833	4
3	9-6-64	6	29	114	19,000	4
4	9-13-64	7	0	125	17,857	5
		<u>19</u>	<u>30</u>	<u>382</u>		<u>13</u>
<u>OIL CENTER BLINEBRY POOL</u>						
13	11-6-64	34	25	16	471	(IP)

EUNICE GRAYBURG SAN ANDRES POOL

Daily Average Production - 13 BOPD
 Average Gravity of Crude - 31.4° API @ 60° F.
 Price/bbl. of Crude - \$2.68
 Daily Average Production X Price = Value
 of Crude (13 BOPD)
 (2.68) = - \$34.84

OIL CENTER BLINEBRY POOL

Daily Average Production - 34 BOPD
 Average Gravity of Crude - 37.2° API @ 60° F.
 Price/bbl. of Crude - \$2.89
 Daily Average Production X Price = Value
 of Crude (34 BOPD)
 (2.89) = - \$98.26

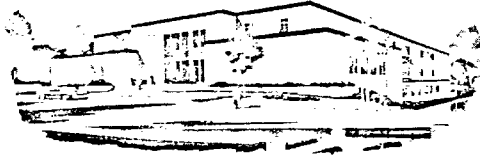
GRAVITY OF TWO COMMINGLED CRUDES

(13 BOPD)(31.4° API) / (34 BOPD)(37.2° API) = 35.6° API
 47 BOPD

Value of Commingled Crude
 (47 BOPD)(\$2.83) = \$130.01

Value of Uncommingled Crude
 \$34.84 / \$98.26 = \$133.10

State of New Mexico



Commissioner of Public Lands

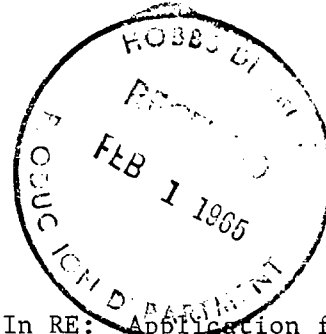


GUYTON B. HAYS
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

January 29, 1965

Continental Oil Company
Post Office Box 460
Hobbs, New Mexico



In RE: Application for
Permission to commingle
State "D" Lease, Sec. 11
T21S, R36E, Lea County,
New Mexico.

Gentlemen:

In reference to your letter of January 26, 1965, wherein you give us the pertinent information concerning the evaporation and weathering of oil, we hereby grant your request of the above captioned matter. This request could have been granted as of December 28, 1964; however your letter of December 22, 1964, did not contain the necessary information to permit approval at that time.

This approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval at any time should a loss of royalty to the State occur through this installation.

Very truly yours,

GUYTON B. HAYS,
Commissioner of Public Lands

By

TED BILBERRY, Director,
Oil and Gas Department

GBH/RGM/TB/kcl

w/cc to: Oil Conservation Commission
Oil and Gas Accounting Commission