



MARATHON OIL COMPANY

December 4, 1969

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.,
Secretary and Director

Dear Sir:

Marathon Oil Company hereby respectfully requests an exception to Rule 303 to permit the commingling of Monument Grayburg-San Andres Oil and Monument Tubb Oil production on the Hansen State Lease comprising the NE/4 of Section 16, T.20S, R.37E in Lea County, New Mexico. Marathon currently has a commingling permit for Monument Weir Blinebry Oil and Monument Tubb Oil granted by Administrative Order No. PC-109 dated December 3, 1962. Since there is no longer any Weir Blinebry production on this lease, it is requested that this zone be excluded in the commingling order requested for the Monument Grayburg-San Andres Oil and Tubb Oil zones.

Attached hereto is a plat showing the wells on the subject lease and indicating the formation in which they are completed along with a schematic diagram of the proposed commingling facility, showing it to be of an acceptable design in accordance with the Commission, "Manual for the Installation and Operation of Commingling Facilities." Also, attached is a letter of approval from Shell Pipeline Company, transporter of the oil from the subject lease.

All of the oil wells on the subject lease are marginal producers incapable of making top allowable and none have restricted production due to high gas-oil ratios. A tabulation of the last two month's oil production available from these wells is listed below:

<u>Pool & Well No.</u>	<u>Month</u>	<u>Current Allow. (Bbls.)</u>	<u>Oil Prod. (Bbls.)</u>
<u>Monument-Grbg.-S.A.</u>			
Hansen State No. 1	Aug. - 1969	279	140
	Sept.- 1969	270	131
Hansen State No. 3	Aug. - 1969	806	406
	Sept.- 1969	780	408
Hansen State No. 5	Aug. - 1969	527	425
	Sept.- 1969	510	385

<u>Pool & Well No.</u>	<u>Month</u>	<u>Current Allow. (Bbls.)</u>	<u>Oil Prod. (Bbls.)</u>
<u>Monument Tubb</u>			
Hansen State Nos. 5 & 6	Aug. - 1969	527	231
	Sept.- 1969	510	324
(Combined Allowable)			

A tabulation showing the present segregated production value as compared to the commingled production value of the oil on this lease based on the September, 1969 production is shown below:

Segregated

<u>Pool</u>	<u>Gravity (°API)</u>	<u>Price (/Bbl.)</u>	<u>Sept. Prod. (Bbls.)</u>	<u>Income (\$)</u>
Monument Grbg.				
San Andres	30.0	2.94	924	2716.56
Monument-Tubb	34.2	3.02	<u>324</u>	<u>978.48</u>
Totals			1248	3695.04

Commingled

<u>Pool</u>	<u>Weighted Gravity (°API)</u>	<u>Price (/Bbl.)</u>	<u>Sept. Prod. (Bbls.)</u>	<u>Income (\$)</u>
Monument Grbg.				
San Andres and Tubb	31.1	2.96	1248	3694.08

Loss of Income from Commingling:
= 3695.04 (Segregated) - 3694.08 (Commingled) = \$ 0.96

It is estimated that an increase in gravity of oil due to more frequent pipeline runs could conceivably offset or reduce this deficit.

Marathon proposes to determine the oil production from each well and pool from periodic well tests and allocate this production to the proper well and pool.

The ownership of the wells on the subject lease along with the working interest ownership, and royalty ownership are common throughout.

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 Commission.

Yours very truly,

LCM:bje

cc: NMOCC- Hobbs-2
R. W. Parker
R. M. Young
File

MARATHON OIL COMPANY

L. Charles Marquart
L. Charles Marquart
Petroleum Engineer



SHELL OIL COMPANY

PETROLEUM BUILDING

P.O. BOX 1509

MIDLAND, TEXAS 79701

November 21, 1969

Subject: Marathon Oil Company
Hansen State Lease
Monument Field
Lea County, New Mexico

Marathon Oil Company
Post Office Box 220
Hobbs, New Mexico 88240

Attention Mr. L. C. Marquart

Gentlemen:

In reply to your letter of November 18, 1969, requesting our approval to commingle 30° gravity Grayburg production with 34.2° gravity Tubb production in the existing Grayburg battery, we have no objection to this commingling. If, however, the gravity substantially changes in the future, we would again like to review this arrangement.

Our current records show the Tubb and Weir Blinebry commingled, but we assume the Blinebry has been abandoned. If this assumption is correct, please arrange to file a corrected commingling order for this production.

Yours very truly,

J. C. Hart
Raw Materials Supply
Midland Division Services

TEM:ERL

cc - Shell Pipe Line Corporation
Tender Section

