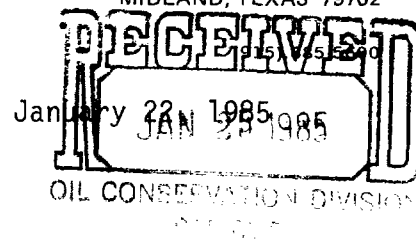




PC

CITIES SERVICE OIL AND GAS CORPORATION
P. O. BOX 1919
MIDLAND, TEXAS 79702



Mr. Richard L. Stamets
New Mexico Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Exception to Rule 303-A to Permit Surface
Commingling for Cities Service Oil and Gas
Corporation's State DW Lease, Proposed Mes-
calero Escarpe (Grayburg) and E-K Yates
Seven Rivers Queen Pools, Lea County, New
Mexico

Dear Mr. Stamets:

Cities Service Oil and Gas Corporation respectfully requests administrative approval of an exception to Rule 303-A of the Commission Rules and Regulations to permit the commingling of crude oil production from the proposed Mescalero Escarpe (Grayburg) and E-K Yates Seven Rivers Queen Pools into a common surface storage on our State DW Lease, Section 12-T18S-R33E, Lea County, New Mexico.

The following data is submitted in support of this application:

Oil Gravity and Value Calculation of Commingled Crudes

Yates Oil: 10 BOPD @ 33.9°
Grayburg Oil: 19 BOPD @ 35.9°

$$\text{Combined Oil Gravity} = \frac{10(33.9) + 19(35.9)}{29} = 35.2^\circ$$

Value of Yates Oil = 10 BOPD x \$25.60/bbl = \$256.00/day
Value of Grayburg Oil = 19 BOPD x \$25.40/bbl = \$482.60/day

Total Value of Separate Streams = \$738.60/day

Estimated Value of Commingled Oil = 29 BOPD x \$25.40/bbl = \$736.60/day

The proposed commingling facilities will meet all requirements presented in the Division "Manual for the Installation and Operation of Commingled Facilities".

New Mexico Oil Conservation
Division
January 22, 1985
Page 2

In additional support of this application, the following is attached:

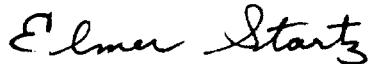
1. Plat of the State DW Lease
2. Schmatic diagram of the lease commingling facilities

A complete set of this filing has been mailed to the Commissioner of Public Lands for the State of New Mexico for their consideration and consent for this proposed commingling facility.

Your early approval of this application will be appreciated.

Very truly yours,

CITIES SERVICE OIL AND GAS CORPORATION

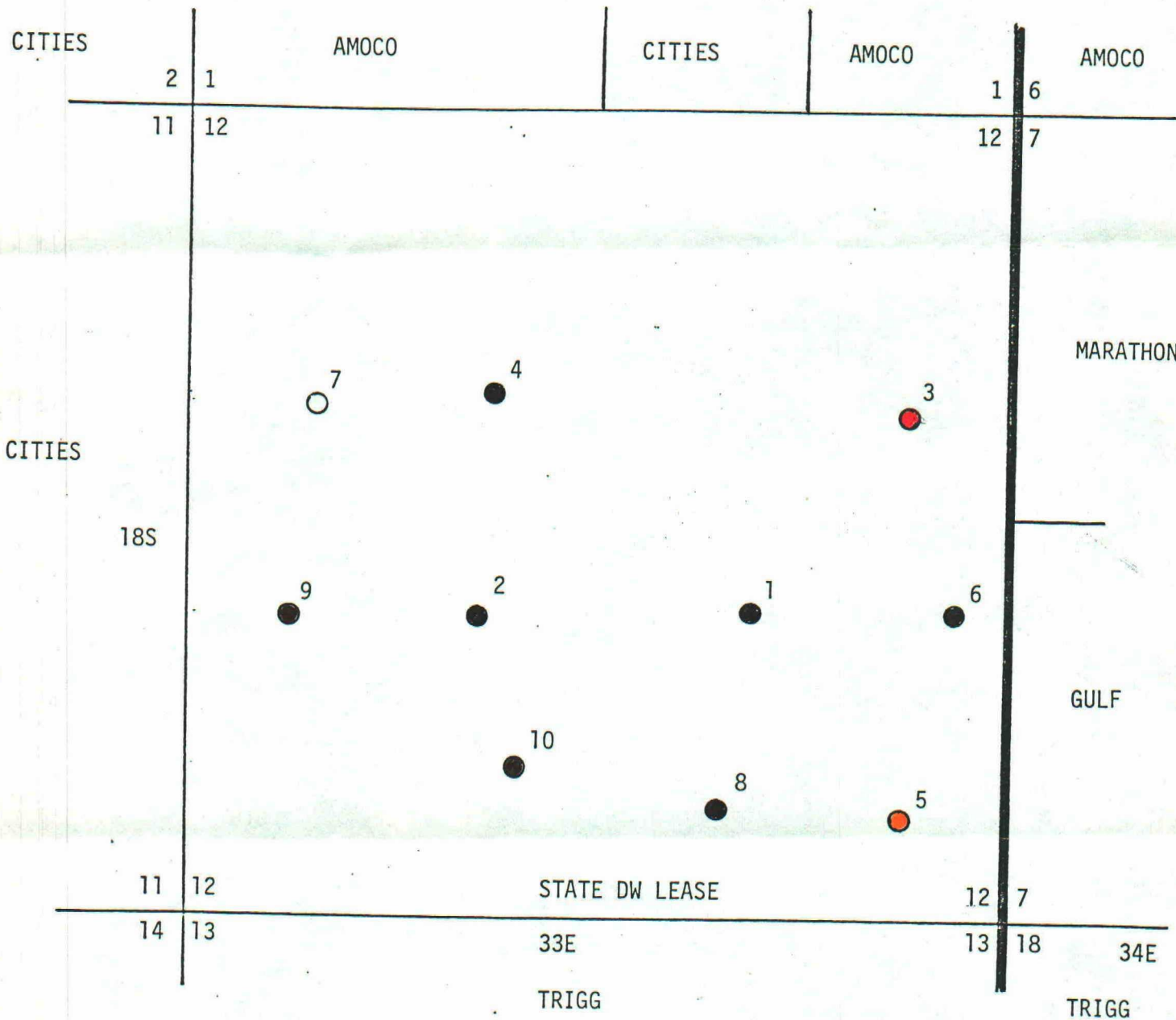


Elmer Startz
Region Operations Manager - Production
Southwest Region
E & P Division

ES:JME:jme
attachments

cc: New Mexico Oil Conservation Division
District I Office
P.O. Box 1980
Hobbs, New Mexico 88240

New Mexico State Land Office
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

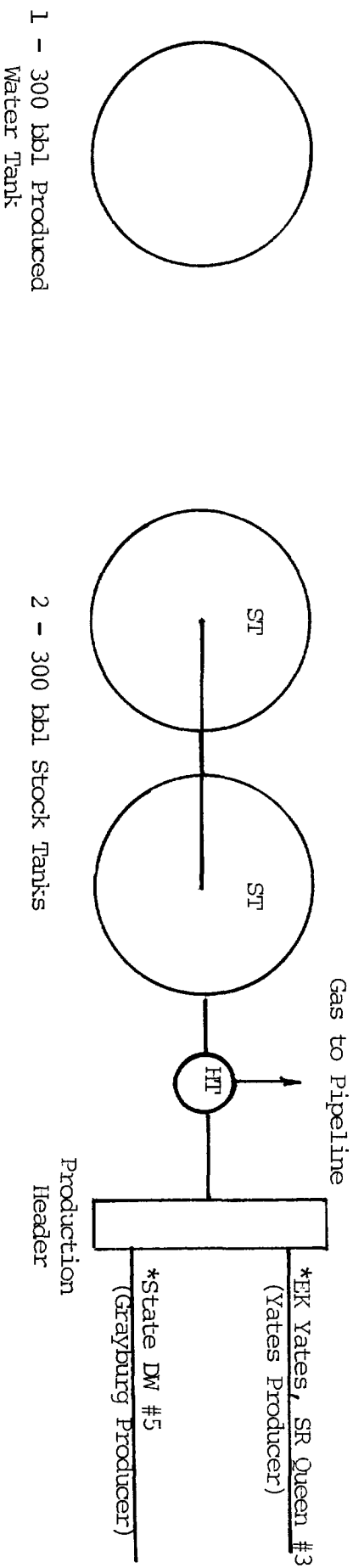


- Grayburg Oil Well
- Yates Oil Well
- Bone Springs Oil Wells
- Location

CITIES SERVICE OIL AND GAS CORPORATION

State DW Lease
Section 12-T18S-R33E
Lea County, New Mexico

Diagram of Proposed Installation



*Production will be allocated on the basis of well tests.