

Memo

4/3/91

From

JERRY SEXTON
District I Supervisor

To Nelda Morgan

Based upon the situation outlined by the operator, Senrab, Inc. the oil sold to Navajo Refining from their State Land Sec. 9 Well #1-N Sec. 9, T19S, R38E, was load oil. (Bowers SR, South Pool)

Please issue a supplement to Navajo stating that the 101 barrels is load oil

Oil Conservation Division
PO Box 1980, Hobbs, New Mexico 88240

February 18, 1991.

Energy & Minerals Dept.,
P. O. Box 1980
Hobbs, N.M. 86240

Attn: Mr. Jerry Sexton

Dear Sir,

Per our telephone conversation of February 15, 1991, I will set down here a brief well history and justification for my position concerning the sale of load oil from Well:

State Land Section 9 Well No. 1
SE/4 SW/4 Section 9
T19S, R38E
Lea County, N.M.

The well was cable tooled drilled during 1929 and completed as a Greyburg - San Andres producer. In 1938 Well No 1 was recompleted as a Bowers/7R gas well. Subsequent to recompletion the 6 5/8 inch casing was cut off and recovered; no tubing was run in the well. In 1958 the well was put on production as a dry gas well with Phillips Petroleum Company buying the gas. There is no record of the well producing oil during the 32 years it has been producing.

Senrab, Inc. purchased the well from Marathon Oil in late 1990 on the speculation that there was fluid in the well bore and that production could be increased by removing same and running tubing.

A workover to accomplish the above increased production about 60 MCF/D. The fluid recovered consisted of 101 barrels of sweet 31/1 degree API oil and several hundred barrels of salt water.

Although it cannot be proven that the recovered oil is 30 year old load oil it is reasonable to assume that it is because of the following:

1. The oil is sweet and therefore not Greyburg/SA oil.
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2. The well is a low volume, low flowing pressure well and without tubing in the hole would not have flowed the fluid in the well out of the 8 1/4 inch casing.
3. There is no record of the well ever having produced oil from the Bowers perforations.

Navajo Refining has picked up the oil. So that they can pay Senrab, Inc. for the oil they request an affidavit saying that the oil they hauled is load oil or a corrected C-104 form which indicates that the oil hauled is approved as load oil. I request your approval to provide Navajo with a document they request, whichever route you prefer to take.

Your assistance in this matter will be greatly appreciated.

Sincerely,

Art Barnes,
President, Senrab, Inc.

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