

To ... David ... Catanach



CTB

3/5/97

445

From

Donna

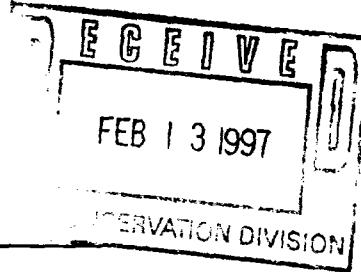
2/12/97

Energy & Minerals Department

OIL CONSERVATION DIVISION

P O Box 1980

Hobbs NM 88241



Telephone Number (505) 393-6161

- | | |
|---|---|
| <input type="checkbox"/> For Your Files | <input type="checkbox"/> Prepare a Reply for My Signature |
| <input type="checkbox"/> For Your Review and Return | <input checked="" type="checkbox"/> For Your Information |
| <input type="checkbox"/> For Your Handling | <input type="checkbox"/> For Your Approval |
| <input type="checkbox"/> As Per Your Request | <input type="checkbox"/> For Your Signature |
| <input type="checkbox"/> Please Advise | <input type="checkbox"/> For Your Attention |



TITAN RESOURCES, L.P.

January 31, 1997

Mr. Peter Chester
United States Department of the Interior
Bureau of Land Management
Roswell Resources Area
2029 West Second Street
Roswell, New Mexico 88201

RE: Commingling Application

Dear Mr. Chester,

This letter and the attachments are in response to your requirements for commingling the following 6 wells:

1 ARCO Federal COM	NM-0349837
1 Apache Federal COM	NM-17594
1 Oxy Federal COM	NM-080128
2 Oxy Federal COM	NM-080128
1 Dalport Federal COM	NM-17432
1 Friend Federal	NM-17594

*Note: all are
Queen wells
PUC*

The following 6 points address the requirements per your facsimile:

1) Detailed description of the commingling

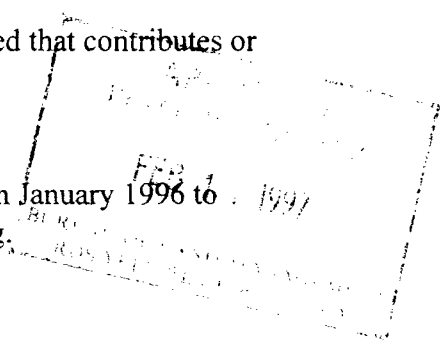
Since these 6 wells produce dry gas (no water, no condensate) the equipment to commingle is via a pipeline network as shown on Exhibit A. There is no off-lease storage nor off-lease measurement for the individual wells. However, the master meter where the combined production is measured for sales is located on the NM 17432 Federal lease in Section 30 of T13S-R31E.

2) Map showing location of all wells and equipment involved

See Exhibit A. Each well is spotted to scale; all equipment involved that contributes or affects the product royalties are also shown.

3) Estimated monthly production and BTU content

Exhibit B is a table of the production from the past 12 months (from January 1996 to December 1996). The BTU content of the product is 487 BTU/scfg.





Commingling Application
Page 2

4) Details of the method of measurement and allocation

Each well is individually metered near the wellhead and the combined (or commingled) production is also metered at the sales meter. These values are then used to determine the allocated values per well. Exhibit C is a table as an example of the allocation schedule.

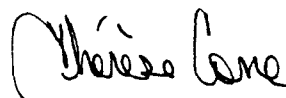
5) Evidence that Federal royalties are not being reduced by this commingling

Since each well is individually metered, the amount as measured by the sales meter can be allocated to the individual wells. As a result, royalties are properly distributed and are not reduced by commingling.

6) Economic necessity

This item is not applicable

Sincerely yours,

A handwritten signature in black ink that reads "Therese Cone". The signature is written in a cursive, flowing style.

Therese Cone
Production Assistant

FROM 01/01/96 THRU 12/31/96

(Base/Allocated Properties)

(At State Pressure Base)

		GAS *..... G A S P R O D U C T I O N V O L U M E*												12 MO	CUML
PROPERTY NAME	ST P.BASE	JAN 96	FEB 96	MAR 96	APR 96	MAY 96	JUN 96	JUL 96	AUG 96	SEP 96	OCT 96	NOV 96	DEC 96	TOTAL	TOTAL
APACHE FEDERAL	NM 15.0250	5693	5529	5637	5356	5355	4889	5088	5059	6240	5037	4815	4153	62851	87532
ARCO FEDERAL	NM 15.0250	3906	4022	4928	4544	5121	4561	3669	4002	3762	4123	3781	3802	50221	67712
DALPORT FEDERAL	NM 15.0250	7995	8013	8107	7663	7294	6311	5516	4924	4928	5477	4815	4125	75168	109658
FRIEND-FEDERAL	NM 15.0250	573	451	241	23	41	0	0	373	17	158	236	890	3003	7283
OXY FEDERAL COM	NM 15.0250	4461	4619	4708	4239	4527	4479	4567	4504	4313	4438	4047	3047	51949	72388
OXY FEDERAL COM	NM 15.0250	14467	13369	13890	13103	12924	11857	12458	12196	11624	12245	11846	10948	150927	212021
Report totals		37095	36003	37511	34928	35262	32097	31298	31058	30884	31478	29540	26965	394119	556594

Exhibit B

MONTHLY ALLOCATIONS

DATE: Dec-96

CHAVES SE FIELD		PRECISION MEASUREMENTS VOLUME - MCF	ALLOCATED PERCENT	ALLOCATED MCF @ 14.73	ALLOCATED MCF @ 15.025
999001	CHAVES SE (BASE LEASE)				
	500100-01 ARCO FEDERAL	4114	0.141	3878.205	3802
	500080-01 APACHE FEDERAL	4508	0.154	4235.77	4153
	500110-01 DALPORT FEDERAL	4481	0.153	4208.265	4126
	500120-01 FRIEND FEDERAL	962	0.033	907.665	890
	500130-01 OXY FED NO. 1	3289	0.113	3108.065	3047
	500140-01 OXY FED NO. 2	11843	0.406	11167.03	10948
TOTALS		29197	1.0000	27505	26966
AMERICAN GATHERING, L.P. MASTER METER (SALES) @14.73					
USE THIS # FOR SALES IN ENERTECH					
				27505	



TITAN RESOURCES I, I
500 W. TEXAS, SUITE 500
MIDLAND, TEXAS

CHAVES SOUTHEAST
CHAVES CO., NEW ME

Exhibit A

SCALE: 1"=2000'

