

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245

Fax (505) 827-5766



**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

COMMERCIAL RESOURCES

Phone (505) 827-5724

Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

January 11, 2000

Penroc Oil Corporation
P. O. Box 5970
Hobbs, New Mexico 88241-5970

Attention: Ms. Brandy L. Rice

Re; Commingling Application
Penroc "9" State and Penroc "10" State Wells
Lea County, New Mexico

Dear Ms. Rice:

We are in receipt of your letter of December 14, 1999. In your letter you are requesting our approval to surface commingle the oil and gas production from the Penroc "9" State Well No. 1-I, Sec. 9-10S-34E with the production at the Penroc "10" State Well No. 1 battery located in the SW/4SW/4 of Sec. 10-10S-34E.

It is our understanding that all production is from the Lane; Abo, Southeast pool and production will be allocated by monthly well tests.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit a \$30.00 filing fee.

Please contact Ms. Debbie Padilla at 505/827-5729 regarding a possible right-of-way through the SW/4SW/4 of Section 10-10S-34E.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/pm

pc: Reader File,

~~OCID-Attention: David Catanach~~, Ben Stone,
Debbie Padilla

PENROC

December 14, 1999

CTB
495
11/6/00
E 62/2/00
DEC 17 1999

Oil Conservation Division
2040 Pacheco St.
Santa Fe, New Mexico 87505

Attention: Ben Stone

Gentlemen:

Penroc Oil Corporation is requesting permission to surface commingle the Penroc "9" State and the Penroc "10" State.

Following is the data on the wells that are being proposed to be surface commingled.

Operator:	Penroc Oil Corporation	Penroc Oil Corporation
OGRID #:	017213	017213
Well Name:	Penroc "9" State #1	Penroc "10" State #1
API No.	30-025-34686	30-025-34613
Location	330' FSL. 330' FWL Sec. 10. T10S-R34 Lea County, New Mexico	1650 FSL. 660 FEL Sec. 9. T10S-R34E Lea County, New Mexico
POD #	LEASE # 2487 1332	LEASE # 1334
Oil	2823499	Same
Gas	2823500	Same

SW/4 SW/4

Working Int.: are the same in both wells

Royalty Int.:	State	State
Field:	Lane Abo Southeast	Lane Abo Southeast
Producing Zone:	Abo	Abo
Well Test:	24BO-1wtr.-50MCF-G	60BO-1wtr.-50MCF-G

The Allocation of Production will be from Monthly well test.

A copy of this application is being sent to the New Mexico State Land Office with a request of their approval.

If any additional information is required please contact Brandy Rice at (505)397-3596 or P. O. Box 5970, Hobbs, New Mexico 88241.

Sincerely,

Brandy L. Rice

Brandy L. Rice
Corp. Sec.

Cc: NM State Land Office
Cc: Hobbs OCD

MAILING ADDRESS:
PO Box 5970
Hobbs, NM
88241-5970

DELIVERY ADDRESS:
5014 Carlsbad Hwy.
Hobbs, NM
88240-1118

(505) 397-3596 Phone
(505) 393-7051 FAX

PENROC

RECEIVED

January 10, 2000

JAN 13 2000

Mr. Mark Ashley
New Mexico Oil Conservation Division
2040 Pacheco Street
Santa Fe, New Mexico 87505

NEW MEXICO OIL CONSERVATION DIVISION

**Re: Additional Information
Surface Commingling
Penroc "9" State No.1 & Penroc "10" State No.1
Sections 9 & 10, T-10-S, R-34-E
Lea County, New Mexico**

Dear Mark:

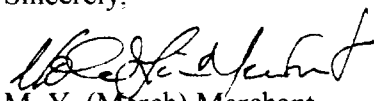
Thanks for the phone calls on the missing information on the above application to surface commingling. I hereby notify the OCD that Penroc has notified all its working interest owners in the captioned wells of the surface commingling. A list of the owners is attached along with the facility diagram.

Please note the tank battery is located in the SW/4 SW/4 of Section 10 where all production will be measured.

If you have any further questions, please feel free to contact me at the letterhead address, phone and fax and of course via e-mail at mym merch@leaconet.com

Thank you.

Sincerely,


M. Y. (Merch) Merchant
President

Attachments.

MAILING ADDRESS:
PO Box 5970
Hobbs, NM
88241-5970

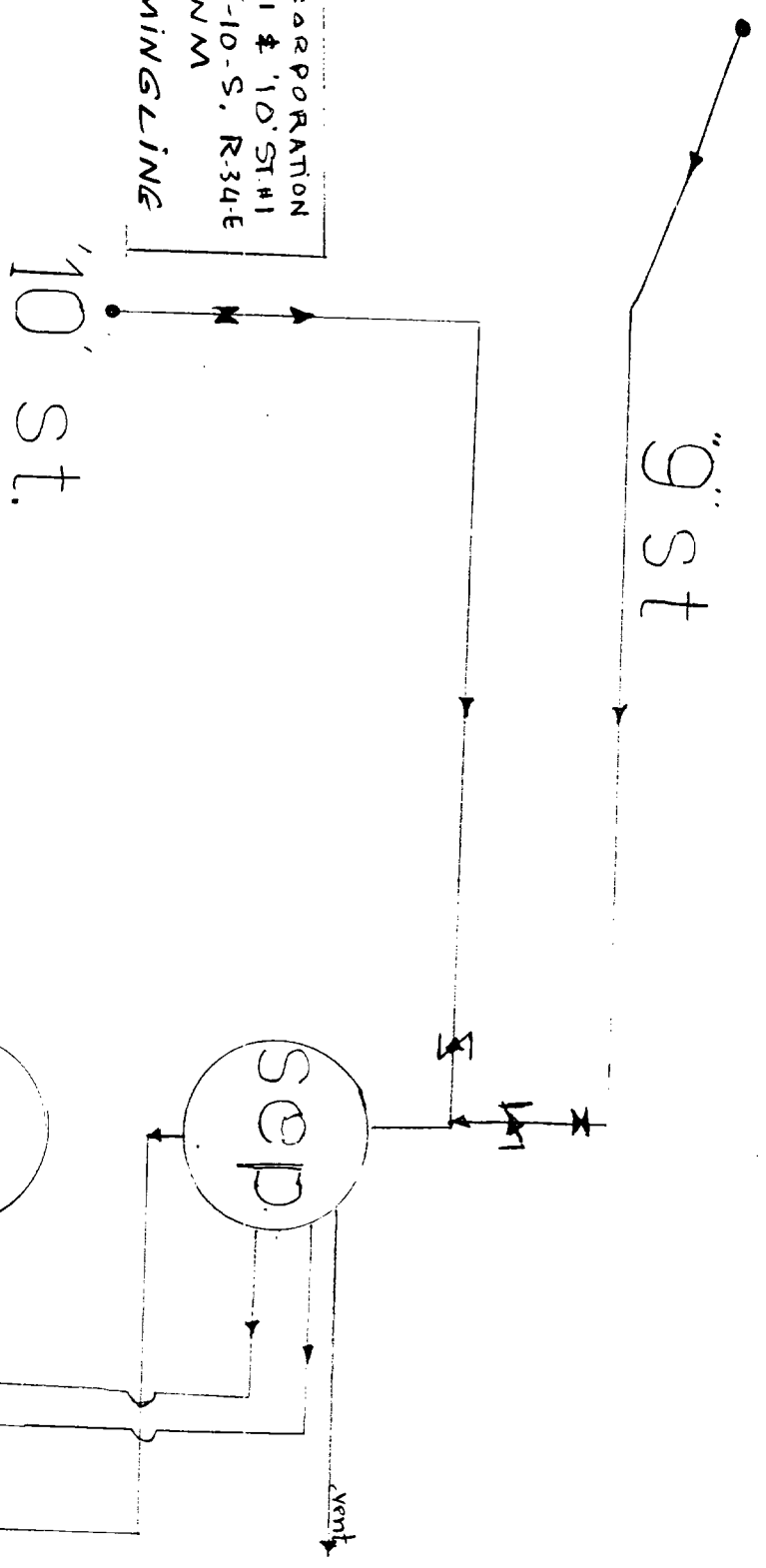
DELIVERY ADDRESS:
5014 Carlsbad Hwy.
Hobbs, NM
88240-1118

(505) 397-3596 Phone
(505) 393-7051 FAX

PENROC OIL CORPORATION
LEASE DISTRIBUTION

600 030	.08000000	.10000000	R	TOM J MOORE
600 031	.04000000	.05000000	R	ALLEN BARNARD
600 032	.12000000	.15000000	R	RARN
600 033	.08000000	.10000000	R	DOUG KASCH
600 034	.04000000	.05000000	R	RANDY BERG
600 035	.04000000	.05000000	R	JOHN BRYANT
600 036	.04000000	.05000000	R	SHABERT ENTER
600 037	.02400000	.03000000	R	MARVIN SCHERZER
600 038	.14900000	.10500000	R	FLOOS INC
600 039	.18900000	.08000000	R	PENROC OIL CORP
600 040	.04000000	.05000000	R	STAR OIL & GAS CO
600 041	.04000000	.05000000	R	MILAN RANKA
600 042	.02600000	.02000000	R	GLENN LUFF
600 043	.01600000	.02000000	R	BILL LEE
600 044	.06000000	.07500000	R	DESERT STATES
600 045	.01600000	.02000000	R	LAURENCE GAMST
600	1.00000000	1.00000000		PENROC 10 STATE
601 030	.08000000	.10000000	R	TOM J MOORE
601 031	.04000000	.05000000	R	ALLEN BARNARD
601 032	.12000000	.15000000	R	RARN
601 033	.08000000	.10000000	R	DOUG KASCH
601 034	.04000000	.05000000	R	RANDY BERG
601 035	.04000000	.05000000	R	JOHN BRYANT
601 036	.04000000	.05000000	R	SHABERT ENTER
601 037	.02400000	.03000000	R	MARVIN SCHERZER
601 038	.14900000	.10500000	R	FLOOS INC
601 039	.18900000	.08000000	R	PENROC OIL CORP
601 040	.04000000	.05000000	R	STAR OIL & GAS CO
601 042	.02600000	.02000000	R	GLENN LUFF
601 043	.01600000	.02000000	R	BILL LEE
601 044	.06000000	.07500000	R	DESERT STATES
601 045	.01600000	.02000000	R	LAURENCE GAMST
601 046	.04000000	.05000000	R	PARKASH RANKA
601	1.00000000	1.00000000		PENROC 9 STATE
625 999	1.00000000	1.00000000	W	PENROC OIL CORPORATION
625	1.00000000	1.00000000		SHUG A
644 493	.00000000	.25000000	W	FREDERICK PROD CO
644 600	.00000000	.18750000	W	JACKAL OIL INC
644 999	1.00000000	.56250000	W	PENROC OIL CORPORATION
644	1.00000000	1.00000000		N M STATE #1 & #2
646 999	1.00000000	1.00000000	W	PENROC OIL CORPORATION
646	1.00000000	1.00000000		CROW FLATS FEDERAL A
654 327	.25000000	.25000000	W	DESERT STATES ENERGY
654 999	.75000000	.75000000	W	PENROC OIL CORPORATION
654	1.00000000	1.00000000		NEW MEXICO "A" STATE
655 246	.00000000	.03125000	W	MR. & MRS. JOHN R. BRYANT
655 999	1.00000000	.96875000	R	PENROC OIL CORPORATION
655	1.00000000	1.00000000		WEE "A"
656 246	.00000000	.03125000	W	MR. & MRS. JOHN R. BRYANT

PENROD OIL CORPORATION
 PENROD '9' ST. #1 & '10' ST. #1
 SEC. 9 & 10, T-10-S, R-34-E
 LEA COUNTY, N.M.
 SURFACE COMMINGLING



Will test once a month by shutting in one of the two wells

sep separator - 3 phase

wt water tank

st stock tank

gas meter

oil sales

dynege