



ARCO Permian

600 North Main Street
Midland, TX 79701-4002
P.O. Box 1610
Midland, TX 79702-1610
Telephone 915-688-5570
Facsimile 915-688-5569
Email ecast@arco.com

Elizabeth A. Casbeer
Regulatory/Compliance Analyst

PC ~~N/R~~
4/17/00

March 24, 2000

New Mexico Oil Conservation Division
ATTN: Mark Ashley
2040 S. Pacheco Street
Santa Fe, New Mexico 87505

State of New Mexico
Commissioner of Public Lands
ATTN: Ray Powell
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, NM 87504-1148

RE: Application to Surface Commingle
Sweet Thing State 36 Lease
Little Box Canyon (Morrow Gas) and Indian Loafer Draw (Upper Penn) Pools
Sections 36, T-20.5-S, R-21-E
Eddy Co., NM

Gentlemen:

ARCO Permian requests approval to surface commingle oil production from the currently producing Sweet Thing State 36 # 1 and the currently being drilled Sweet Thing State 36 # 2. The # 1 is producing from the Little Box Canyon (Morrow Gas) and the # 2 will be produced from the Indian Loafer Draw (Upper Penn). Working interests vary slightly between the two zones. All working and royalty interest owners have been notified by certified mail today and an affidavit is attached.

Oil quality is expected to be very similar and commingling will not affect the value. The gravity of the Morrow averages 59 degrees, and the Upper Penn in the offsetting Little Box Canyon State # 4 averages 62 degrees. The oil from the Sweet Thing State 36 # 2 will be metered before commingling in storage tanks on lease. Due to the high gravity of the crude and the expected low producing rate (expect 5 BOPD rate) of the Upper Penn / Cisco, losses due to evaporation will be greatly decreased if the oil does not sit in the tank for over a month while building enough volume to sell a truck load. Currently Morrow oil sales for the lease average two truckloads of oil sold per week.

The attached schematic indicates the metering plan for the oil.

Gas from the Morrow is sold to Agave. Gas from the Upper Penn will be sold to El Paso.

Your cooperation in this matter will be appreciated. If you have any questions, please contact me at 915/688-5570. Please send your approval to proceed to my attention at the address listed above.

Yours very truly,

Elizabeth A. Casbeer
Regulatory Compliance Analyst

Attachments

xc: Dennis Braaten - 023/MIO
Larry Henson - EUN
Central Files - 41/MIO
R/C Files

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

2040 Pacheco St.
Santa Fe, NM 87505

WELL API NO.

5. Indicate Type of Lease

STATE ☒

FEE ☐

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

OIL
WELL ☐

GAS
WELL ☐

OTHER ☒

2. Name of Operator

ARCO Permian

3. Address of Operator

P.O. Box 1610 Midland, TX 79702

4. Well Location

Unit Letter _____ Feet From The _____ Line and _____ Feet From The _____ Line

Section 36 Township 20.5-S Range 21-E NMPM EDDY County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

11.

Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

PULL OR ALTER CASING ☐

OTHER: SURFACE COMMINGLING ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

PLANS TO SURFACE COMMINGLE - COMMINGLE OIL ON THE SWEET THING STATE 36 #1 IN THE
LITTLE BOX CANYON (MORROW GAS) AND SWEET THING STATE
36 #2 IN THE INDIAN LOAFER DRAW (UPPER PENN) POOLS

LOCATION: SECTION 36, T-20.5-S, R-21-E, EDDY COUNTY

MAP ATTACHED SHOWING LOCATION OF ALL WELLS.

SCHEMATIC DIAGRAM ATTACHED SHOWING WELLS, SEPARATION & METERING.

ESTIMATED PRODUCTION 75 BBLS

MEASUREMENT & ALLOCATION PROCEDURES - METERING SEPARATELY (REFERENCE LETTER FOR DETAILS)

ALL INTEREST OWNERS WERE NOTIFIED ON MARCH 24, 2000 BY CERTIFIED MAIL.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Elizabeth A. Casbeer

TITLE REG/COMP. ANALYST

DATE 3/24/00

TYPE OR PRINT NAME ELIZABETH A. CASBEER

TELEPHONE NO. 915-688-5570

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

YUN



LITTLE BOX
CANYON 3

35

36

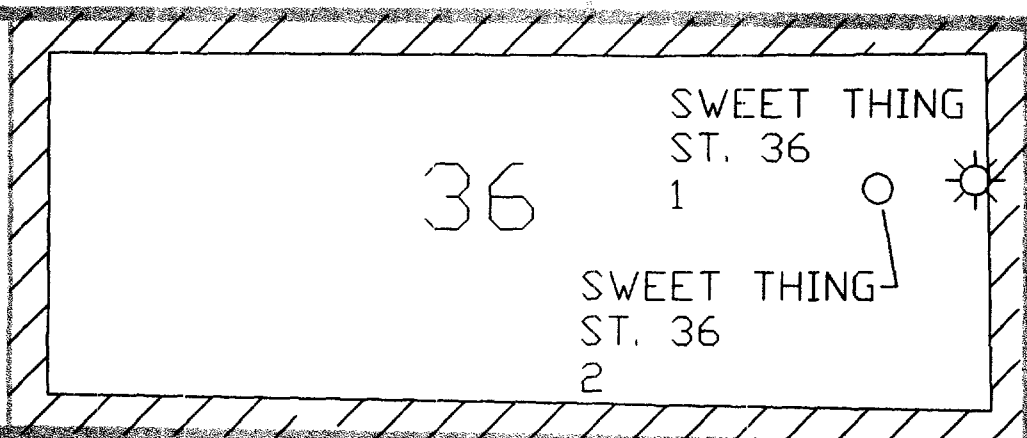
CROOKED CANYON
FEDERAL 1



LITTLE BOX
CANYON 4



LITTLE BOX
CANYON 2



SWEET
FED. 2

NASSER FEDERAL 1



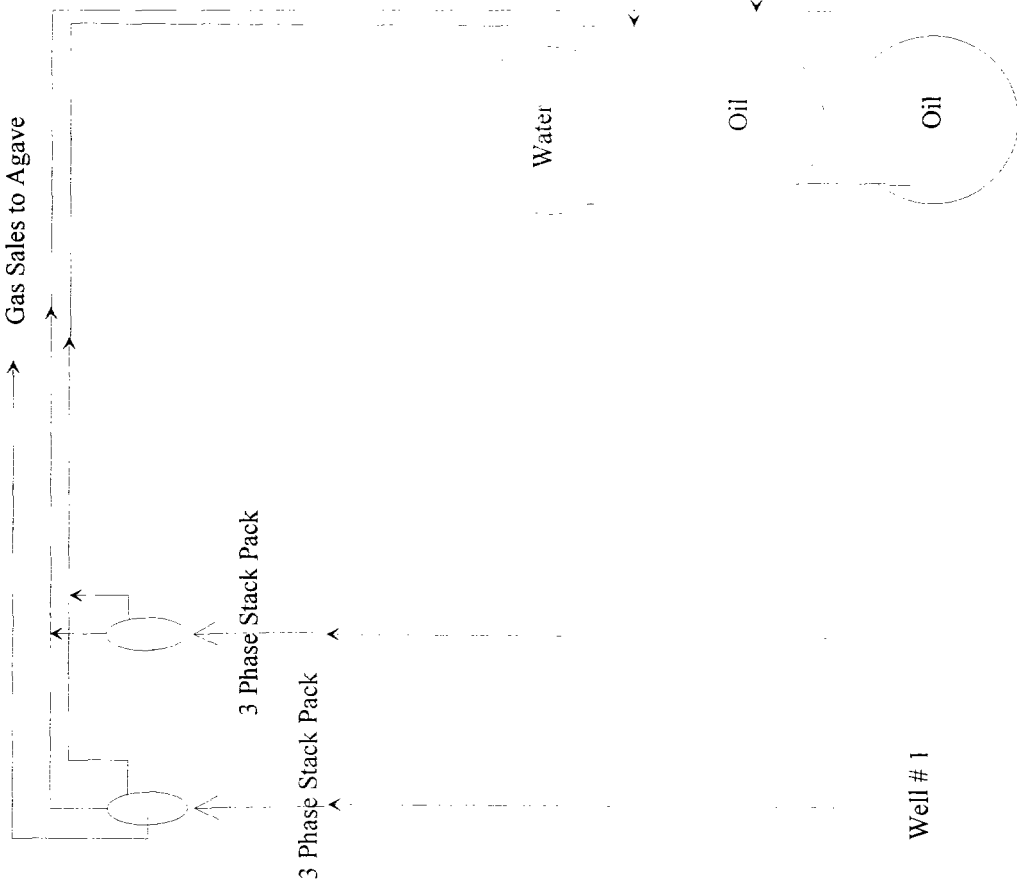
SW 1

ARCO Permian
a Unit of Atlantic Richfield Company

Sweet Thing State 36
Sec. 36, T-20-S, R-21-E
Eddy County, New Mexico

Scale: 1" = 1000'

By: Dennis Braaten	Drawn By: A.M.C. Date: 06/17/99
Date: 06/17/99	Revised By: A.M.C. Date: 12/02/99
Dept: SENM	Dwg No.: sweet_thing* nmplat



SWEET THING STATE 36 LEASE FACILITY PLAN

3/2000

Well # 2

Top

ARCO Permian

Fri Mar 17,
2000
2:20:29 PM

**Average Daily Production Data for SE NEW MEXICO: J.L. PIERCE: INDIAN
BASIN PUMPER
SWEET THING 36 STATE 1 - 300153000400 - PG - AC**

☒ Test ☐ Down ☐ Inject ☐

Date	Days	Oil	Water	Gas	CO2
02/01/2000	29	57	0	24	0
01/01/2000	31	66	0	19218	0
12/01/1999	31	76	0	21043	0
11/01/1999	30	92	0	22040	0
10/01/1999	31	102	0	18969	0
09/01/1999	29	50	0	8593	0
08/01/1999	31	55	0	9351	0
07/01/1999	31	56	0	9538	0
06/01/1999	30	49	0	8041	0
05/01/1999	31	48	7	8151	0
04/01/1999	30	51	8	8163	0
Average:	30	64	1	12103	0

☒ Test ☐ Down ☐ Inject ☐

execution time = 1 seconds

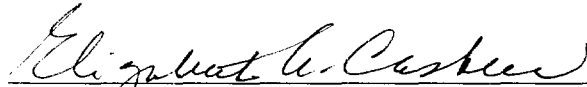
For questions or comments regarding this program, contact pagemaster@permian.arco.com

STATE OF TEXAS

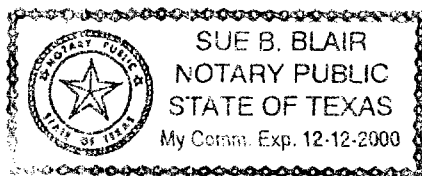
COUNTY OF MIDLAND

BEFORE ME, the undersigned authority on this day personally appeared Elizabeth A. Casbeer, an Regulatory Compliance Analyst with **ARCO Permian**, who being by me duly sworn, deposes and states that the persons listed on the foregoing attached list have been sent a copy on March 24, 2000, of the New Mexico Oil Conservation Division Form C-103 entitled, "Sundry Notices and Reports on Wells" regarding surface commingle for the Sweet Thing State 36 Lease, located in Section 36, T-20.5-S, R-21-E, Eddy County New Mexico.

ARCO Permian


Elizabeth A. Casbeer

SUBSCRIBED AND SWORN TO before me on March 24, 2000, to certify which witness my hand and seal of office.




NOTARY PUBLIC, STATE OF TEXAS

**ARCO Permian
Surface Commingle Permit
Royalty Interest Owners
Sweet Thing 36 Battery
Little Box Canyon (Morrow Gas)
Indian Loafer Draw (Upper Penn.)**

Jerry A. Weant d/b/a Bevoil
P.O. Box 7201
Midland, TX 79708

Randy Hall d/b/a Pogar Petroleum
P.O. Box 10095
Midland, Tx 79702

Douglas A. Tull
P.O. Box 11107
Midland, TX 79702

Trilogy Operating, Inc.
P.O. Box 11005
Midland, TX 79702

Roy S. Peugh, Jr.
P.O. Box 1264
Jal, NM 88252

The "S" Family Partners, Ltd.
P.O. Box 11106
Midland, TX 79702

D&D Partnership
830 East Big Briar Way
LaCanada, CA 91011

Scott E. Muehlbrad
2511 Terrace
Midland, Tx 79705

Shirley Smith
105 Engram Lane
Anderson, SC 29621-2563

Bob Stevens d/b/a SOCO
P.O. Box 11106
Midland, TX 79702

Doug Tull
P.O. Box 11107
Midland, TX 79702

Wesley K. Noe
3323 Maxwell Drive
Midland, TX 79707

Jerry A. Weant d/b/a Bevoil
P.O. Box 7201
Midland, TX 79708

Jack Britain
2519 Wooddale Circle
Waco, TX 76710

George W. Knox
P.O. Box 7538
Midland, TX 79708

Sutherland Family LLC
287 Supple Street
Pembroke, Ontario, Canada K8A3H3

Andrews & Corkran LLC, Agent for
David J. Andrews & Dennis D. Corkran
1001 Loop 360 South, Bldg L, Suite 100
Austin, TX 78746

Westwood Lake Village, Inc.
4800 Lakewood, Suite 2A
Waco, TX 76710

Yates Petroleum Corporation
P.O. Box 395
Artesia, NM 88211-1395

Abo Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

Great Western Drilling Company
P.O. Box 1659
Midland, TX 79701

Myco Industries, Inc.
P.O. Box 840
Artesia, NM 88211-0840

Yates Drilling Company
105 South 4th Street
Artesia, NM 88210

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Sante Fe, NM 87504-1148

**Sweet Thing 36 State Battery
Little Box Canyon (Morrow Gas)
Indian Loafer Draw (Upper Penn)**

	Sweet Thing 36 State #1 Section 36 T-20.5-S, R-21-E	Sweet Thing 36 State #2 Section 36 T-20.5-S, R-21-E
Royalty Interest		
Commissioner of Public Lands State of New Mexico New Mexico Oil & Gas Division Acctg Div. P.O. Box 1148 Sante Fe, NM 87504-1148	0.12500000	0.12500000
Overriding Royalty Interest		
Jerry A. Weant d/b/a Bevoil P.O. Box 7201 Midland, TX 79702	0.01453017	0.01453017
Randy Hall d/b/a Pogar Petroleum P.O. Box 10095 Midland, Tx 79702	0.02061611	0.02061611
Douglas A. Tull P.O. Box 11107 Midland, TX 79702	0.02861611	0.02861611
Trilogy Operating, Inc. P.O. Box 11005 Midland, TX 79702	0.00206393	0.00206393
Roy S. Peugh, Jr. P.O. Box 1264 Jal, NM 88252	0.00052516	0.00052516
The "S" Family Partners, Ltd. P.O. Box 11106 Midland, TX 79702	0.02861611	0.02861611
Atlantic Richfield Company P. O. Box 1610 Midland, TX 79702	0.01438365	0.01438365
Working Interest		
Atlantic Richfield Company P. O. Box 1610 Midland, TX 79702	0.40449340	0.40449340
D&D Partnership 830 East Big Briar Way LaCanada, CA 91011	0.03000000	0.03000000
Scott E. Muehlbrad 2511 Terrace Midland, Tx 79705	0.00351038	0.00351038
Shirley Smith 105 Engram Lane Anderson, SC 29621-2563	0.03510373	0.03510373
Bob Stevens d/b/a SOCO P.O. Box 11106 Midland, TX 79702		0.01249500

	Sweet Thing 36 State #1 Section 36 T-20.5-S, R-21-E	Sweet Thing 36 State #2 Section 36 T-20.5-S, R-21-E
Doug Tull P.O. Box 11107 Midland, TX 79702		0.01249500
Wesley K. Noe 3323 Maxwell Drive Midland, TX 79707		0.00625500
Jerry A. Weant d/b/a Bevoil P.O. Box 7201 Midland, TX 79708		0.00625500
Jack Britain 2519 Wooddale Circle Waco, TX 76710	0.03750000	
George W. Knox P.O. Box 7538 Midland, TX 79708	0.01500000	0.01500000
Sutherland Family LLC 287 Supple Street Pembroke, Ontario, Canada K8A3H3	0.07500000	0.07500000
Andrews & Corkran LLC, Agent for David J. Andrews & Dennis D. Corkran 1001 Loop 360 South, Bldg L, Suite 100	0.03200000	0.03200000
Westwood Lake Village, Inc. 4800 Lakewood, Suite 2A Waco, TX 76710	0.03750000	0.03750000
Yates Petroleum Corporation P.O. Box 395 Artesia, NM 88211-1395	0.00169400	0.00169400
Abo Petroleum Corporation 105 South 4th Street Artesia, NM 88210	0.01354675	0.01354675
Great Western Drilling Company P.O. Box 1659 Midland, TX 79701	0.05320700	0.05320700
Myco Industries, Inc. P.O. Box 840 Artesia, NM 88211-0840	0.01354675	0.01354675
Yates Drilling Company 105 South 4th Street Artesia, NM 88210	0.01354675	0.01354675
Total Royalty Interest	0.12500000	0.12500000
Total Overriding Royalty Interest	0.10935124	0.10935124
Total Working Interest	0.76564876	0.76564876
Total Interest	1.00000000	1.00000000