

**SONAT EXPLORATION COMPANY
POKER LAKE FIELD
DATA FOR BLANKET SURFACE COMMINGLING**

Proposed Installation and Operation of Commingled Facilities:

1. Stock Tank Storage Capacity: 18 hours of storage above normal high operating level. 18 hours is maximum unattended time.
2. Test Vessels: Vertical 3-phase heater treaters with separate meters to measure oil, water, and gas.
3. Well Testing: Each well at a minimum shall be tested through the test vessel for one full 24 hour period each month.
4. Method of Allocation:
$$Z'_1 = \frac{(Z_1 \times R) \times A}{\Sigma (Z's \times R's)}$$

Where:

Z'_1 = Adjusted production chargeable to the well
 Z_1 = Well tests, BPD or MCFPD
 R = Number of days well has produced in the month
 $\Sigma (Z's \times R's)$ = Summation of chargeable production for all wells producing to the facility.
 A = Volume facility sold for month, BPD or MCFPD

Benefits of Proposed Installations:

1. Reduced capital outlay for the Poker Lake Delaware project:
 - A. Potential capital savings of lease commingling:

Average cost of tank battery	= \$60,000
Number of Federal leases without tank battery	= 7
Capital savings	= \$420,000
 - B. Reduced capital outlay for exception to Division Rule 309 B (5) (b) which requires each lease to be metered separately:

Average cost for installation of 3-phase heater treater	= \$18,000
Heater treater requirements to produce all Federal Leases	= 7
Capital savings	= \$126,000
2. Reduced man hours to efficiently operate fewer facilities.

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Data for Blanket Surface Commingling (Cont.)

3. Increased Hydrocarbon Recovery:
 - A. Capital savings could be used to drill additional Delaware wells and/or recomplete existing wells to add potential Delaware pay.
 - B. Commingled facilities would increase oil storage at a common point. Would be able to economically justify installing a vapor recovery unit for the recovery of additional hydrocarbons from oil storage tanks.

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11948 Exhibit No. 10

Submitted by: Sonat Exploration Company

Hearing Date: March 19, 1998