

Sonat Exploration Company
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SONAT EXPLORATION

March 23, 1998

Mr. David Glass
Roswell District Office
Bureau of Land Management
2909 West Second Street
Roswell, New Mexico 88201-2019

RE: Sonat Exploration Company
Request and Application for Blanket Surface
Commingle of Delaware production
NMOCD Case No. 11948
Poker Lake Area
Eddy and Lea Counties, New Mexico

Dear Mr. Glass:

Pursuant to our previous letter dated March 11, 1998 and our subsequent conversations, Sonat Exploration Company desires to acquire BLM approval for the Blanket Surface Commingle of Delaware production in our Poker Lake Area of Eddy and Lea Counties, New Mexico.

This matter was heard March 19, 1998, as Case No. 11948 before the State of New Mexico - Department of Energy, Mineral and Natural Resources Oil Conservation Division in Santa Fe, New Mexico. Per your request, attached are three (3) copies of Sonat's Exhibits (1-5 & 7-10) which were presented at the hearing. Mr. Stogner was the NMOCD Examiner presiding.

Exhibit No. 6 (omitted from this package due to volume), is the formal mailing list and proof of hearing notice to all royalty, overriding royalty and working interest owners affected by our request. All owners were given proper notice of this NMOCD hearing and Sonat's application was uncontested.

Also, Sonat reviewed the BLM's checklist and herewith submits additional information on the attached sheet.

Your earliest consideration of our request would be appreciated. If the BLM has no objection, please send Sonat an approval letter. Should you require additional information, or have any questions, please feel free to contact me at 915-684-0417 or our Senior Petroleum Engineer, Todd Moehlenbrock at 915-684-0415.

Very truly yours,
SONAT EXPLORATION COMPANY

Chad R. Shaw

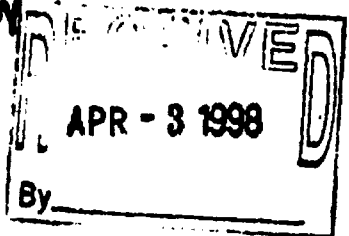
Chad R. Shaw, CPL
Senior Landman

cc: Todd Moehlenbrock
Lease Files

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

OPERATOR'S COPY

VIA OVERNIGHT MAIL



APPROVED

MAR 30 1998

David R. Glass
AUTHORIZED OFFICER, MINERALS
BUREAU OF LAND MANAGEMENT

7E 6 V 72 201 001

Bureau of Land Management
Roswell District
2909 West Second Street
Roswell, New Mexico 88201
505-627-0272

**Off-Lease Measurement, Storage, and Surface Commingling
Conditions of Approval**

Approval of surface commingling and off-lease storage and/or measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the facility.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional ^{*}wells and/or leases require additional commingling approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.

*
4/6/98 Chad Shaw and Todd Moehlenbrock spoke with David Glass - BLM Roswell. Mr. Glass said that the addition wells could be handled by filing an APD and referencing that this is on a lease subject to NMOC's commingling order —.