APPLICATION FOR SURFACE COMMINGLING, OFF LEASE MEASUREMENT APPROVAL

Marks and Garner Production, LTD. Co. is requesting approval for surface commingling and off lease measurement of gas production from the following formations and wells on Federal and State leases

	UL				
Lease Name	LOT	Sec.	Twp	Rng	Pool Name
Red Twelve Federal #1	0	33	16S	29E	Grayburg Jackson 7RVS-QN-GB-SA
	_				, ,
Red Twelve Federal #2	P	33	16S	29E	Grayburg Jackson 7RVS-QN-GB-SA
Cave State #1	4	4	17S	29E	Grayburg Jackson 7RVS-QN-GB-SA
Cave State #5	3	4	17S	29E	Grayburg Jackson 7RVS-QN-GB-SA
Diamond State #1	O	4	17S	29E	Grayburg Jackson 7RVS-QN-GB-SA
Diamond State #2	M	4	17S	29E	Grayburg Jackson 7RVS-QN-GB-SA
Red State #1	2	4	17S	29E	Grayburg Jackson 7RVS-QN-GB-SA
Red State #2	G	4	17S	29E	Grayburg Jackson 7RVS-QN-GB-SA
State #1	Ď	4	17S	29E	Grayburg Jackson 7RVS-QN-GB-SA
State #2	3	4	17 S	29E	Grayburg Jackson 7RVS-QN-GB-SA
Levers Federal #7	J	33	16S	29E	Grayburg Jackson 7RVS-QN-GB-SA
Levers Federal #5	M	33	16S	29E	Grayburg Jackson 7RVS-QN-GB-SA
Levers Federal #6	L	33	16 S	29E	Grayburg Jackson 7RVS-QN-GB-SA
Red Twelve State #1	N	4	17S	29E	Grayburg Jackson 7RVS-QN-GB-SA
Red Twelve State #2	Н	4	17S	29E	Grayburg Jackson 7RVS-QN-GB-SA
Red Twelve State #3	I	5.	178	29E	Grayburg Jackson 7RVS-QN-GB-SA
Cave State #2	Н	5	17S	29E	Grayburg Jackson 7R -Qn-Gb-SA

Exhibit I is a schematic indicating test arrangement to determine gas production from each lease. Exhibit II is a map which indicates the location of all leases and wells that will contribute gas to the proposed commingling and measurement facility.

The measuring facility (CDP) will be located in Unit O Sec. 8, T-17S,R-29E, Eddy County, New Mexico.

Under the proposed flow system gas will be produced through the tubing; or casing on each well. This gas production will be separated from any oil or water that might be associated at the lease. The gas will leave the lease via pipeline and will commingle with the other gas for transportation to the CDP. The individual wells will be tested at each lease monthly with a charted orifice vent test.

Production allocation will be based on monthly well test as described above. Allocation of total gas recorded by the Sales Gas Meter will be based on these monthly tests.

The overriding royalty owners, working interest owners, BLM and NMOCD are being notified of the proposal.

The Proposed commingling of gas production is in the interest of conservation and the environment and will not result in reduced royalty or improper measurement of production. The proposed commingling is necessary for the continued production of hydrocarbons from these leases.

Name: Tommy W Folsom

Title: Agent

Date: August 3, 1999

Marks and Garner Production, LTD. Co.

14215 Love St.

P.O. Box 70

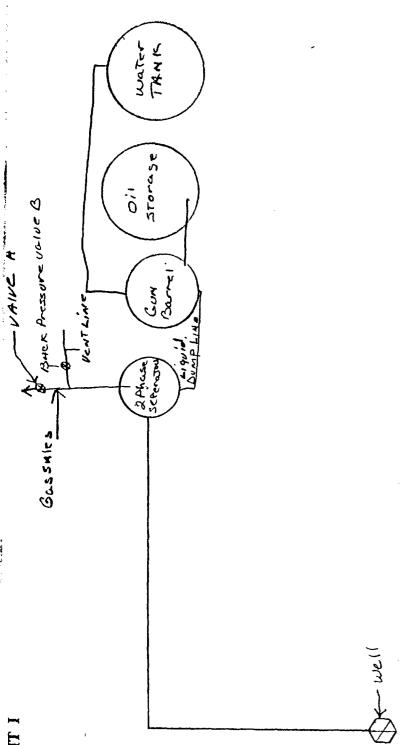
Lovington, New Mexico 88260

NEW MEXICO
OIL CONSERVATION DIVISION

__EXHIBIT

CASE NO. 12239

Party Children Branch



- A orifice vent test w/a chart recorder will be installed on vent line and valve (A) will be closed.
- The gas will vent to the orifice for one (1) hour measurement test. α i
- The gas test volumes from each well will be totaled and a percentage of total from each well will be assigned each month for CDP allocation. 'n
- Shut in wells or stopped production will be recorded and percentage will be reduced at months end due to non production days. 4

25 days produced 25 / 30 = .833 X .20 = .167 % CDP production Example: 30 days produced = 20% CDP production

1.1.8	127	Ŋ	35	19.04	Morgo St.		Stoth Affest	- 00 E	1.1.4	E T	. Be	3	67	22 5	A 4 4	39 44 44
	11.	TAP	10 E) 4	8	(6 ulf)	5064 1	00	Personal Property of the Personal Property of	933. 4 33.	55	SAX E	(00) artob	187 1 4 44 43	18 F	30 (/.	RE
4.5	00 C	Marbob	le Or	80 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	5 to	2	3,	Morbob Page (Sunray) Follow	π. Σδ	0 2700	200	42 (99) (98) A	, t d	22 g	1.00 P. 1.00 P	Mart P m 37
100	C T	- 5 4 - 5 5		A STATE OF	10.00 E	8	3 <u>2</u>	28	•	46	39 Tr. 0	3 6 7		Zo (Sun)	12 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	N SEE
~ _ ~	0	<u>.</u>	S.	5 C.D	2	•	blin-St.		**		20.W	. B	2	5 - 1000 Suma (10) 103283	Dody F	FOSS S
1		3	3	2 - 5 E	. ~	=	Dielin Sto	95n -	- 53 - 23	428-W		10 the	, K	E BES	1 P	185.4
2	105	Marbob	- 5 E	3 33 33 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2	-	3.	Ď.	Marbob (Sunray)		2	U.S. Dodde	2 13	. F . 20		2 8 35	5. C. 3.
Cont 1212				2000	6.2	10	Ship	90	V	113	*	E-4200	ÿ Θ β	\$ 025	Configuration of the second	CEI Pegol Charetas Paris Col
71814 490 71814 490	Sraves-	150 A	2		S Illery	Miller Bram, 02	Happy Gil	128 42	20 A - 00	W.F.	Feathers	(Contr)	် လ	Chase Oil	200 PO S S S S S S S S S S S S S S S S S S	
Mar I		1 0 1 10 0	- S	8	2 33	T g light	ī,	32	A. Co.	446 102466	Mack Ener et E. 960 Sinc.	-4-01	2	1988 1988 1988 1988 1988 1988 1988 1988	S. Action 11 Place Personal	12
, ce 50,	Q	1-12 1-12 1-13 1-13 1-13 1-13 1-13 1-13		25 2 2 F	4 % '		St. 1	Sec. 1.3.	7 1	4	2 m m.	0714 10714	CH EME	¥	15 15	Pose O
Conf'l.	2600	F 6		To the state of th	4 S & 4	P ● P O	Dicmond	2555	1	n	1000	3 a 3	0 0	9	Stat	F).
SEATT OF	2	•	idg b	200	To S	Nie z	Red 29	4 mozes	1 at 2	12 Sept. 1	8.2823 Total	Getter Park	2 3 3 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	0.17 6. 2023 7. Company		2
058894 Corloco	Oss re Zu	N 40	7.00	150 S	Syde Syde	Freshmor Red (2 S).	Diamond St.	Syla E-950	Continenta HBP B-7596	Beach Expl. Gulf)		252.		(Chase	105.000 105.00	Chase Oil 975%
25	-4		24.0	- C	•	2	130	×	8 3	***	28.5.43 Exxon HBP E-741	Aid	35%	ò Li	-	
	200		Highlon Leans Forst	2 40.02 2 40.02 2 40.02	10. 54 10. 54 10. 54 10. 54		TEN S	tare	JE.M.	50. 60.	0		2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	3 :	m Am	20 t
(GUIF) E-785	OUP &	-7		3 78.30 1000)	15 or 57 Trans	23 Oil	E.	F. P. S.	3	D 00	State State	17 7 08G)	1 200		- t	HOS PER
1			i) state	978 9983) 91(Con	Freshmon 0; 1375.	1 E	Freshmon Oil. 25	Ener 37	4	Casa Gasa	8 7 8	APAHO (OPER.)	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Ik. Fed." Leo Falk		M. B. P.
© 550 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Find DEC		(Blazer Oil)	33.66 44 3978 3 3430 0397622 91(Gnoco) Blazer	Conf'l.; u-5 - 47 T170 E- 4700	1 30g		O (kingalactal) Sev. Aux 37 Sev. Aux 37 Sev. Aux 37	A PARTY AND A PART	Residence of the recise of the	TO T	ARAPAHO (OPER.	ChaseOil) At He	Folk. Fed.	Printings Fried P	*
	4 4		(B)	1 39.6 035 8192 HOOG	S 3	#10 20	U. S.		5 m		0	A		1 (2)	LERD	
4		1	to Jacob	2133.60 erper 10ke	der Santa Fe Ener 12.6. 2006 97873 60029		Simpson fee		18 18 18 18 18 18 18 18 18 18 18 18 18 1	H.E. Yorkes AACO-STA	(Beach) (Beach) Fed (Fed		eres U.S Green	C.Williams Ener.	5. 1.3892	20 C C C C C C C C C C C C C C C C C C C
遍			Bloce Permit	3134 92, 2135.6	Propieta Paragraphical Paragra		Sin	0		÷	*	Phillips 14847	10-B	C.W. Han	S. Say	Phillips
0	D 0 2 81	Smithfed To 2277	וייים בייים		W. C.	(35)	1	Continue State	Phillips - Feb.	2	Screen"	€.×	5	Continental 8-7677	9	4.m ¥4.
Zij.	Nearbun 13787	This		4 K	vo	•		-	SA CALLED	Tm	T → _	7	Γ _{~2}	100	†. 535	
789	7		1 2 E	W A SER	10 82 1 - 1 - 2 1 - 2	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		9 50 00 00 00 00 00 00 00 00 00 00 00 00	48010 8010 8010	Sie Se-	96 X	Š.	18.09	76 y	FRE	0.
Kinegid KimperSt	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	231		Simus Stranger	Near Fund Expl.	BIE Chanca Chanca Find OEC Chic Gist Y-482	"Comet *	September 32		ANE STATE	Social Comptions of the Fuels	K 3630 Penn Zoil 'A H E Yates Or	Sup - St To 2483	Pennzol (Inexco)	early	<i>'</i>
***	N. W.	- 40 -	_\$i :	Sr. Stout	Sicolar Seretion	Morexa Fina 06 7.482	Rhand.	70	TALLY TALLY	2	- 700	- X 50.13		, Y	5 - 5	(loexcol)
N. 14 SE	Cadawy	- × 8	- S	2 1 4	\$ w	ho t	GUICSF.	(Cant'l)	14.10	Chase Oil	S Constant	Collectors	200		3.1.85 A.4.	
(45-7	ڏاناء <u>َ</u>		39 60	the state of the s		A STATE OF THE STA	P.	75	يُ ايْ	5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	- 63	8 190	8		- 2	