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April 15, 1969

Henry Engineering
807 First National Bank Bldg.
Midland, Texas 79701

Attn: Mr. Robert L. Angevine

Gentlemen:

After our telephone conversation of this date, this letter supersedes our letter dated April 15, 1969.

Since there is communitization and a unit on it we have not involved, you do not need approval from the State Land Office to commingle production.

The only authority you will need will be from the New Mexico Oil Conservation Commission.

Yours very truly,

ALEX J. ARMIJO
Commissioner of Public Lands

By:
TED BILBERRY, Director
Oil and Gas Department

AJA:TB:RM:cw

cc: New Mexico Oil Conservation Commission

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April 15, 1969

Henry Engineering
807 First National Bank Building
Midland, Texas 79701

Re: Request to commingle condensate from
Indian Hills Unit "Gas" Com. #6,
Section 17 and Indian Hills Unit #7
Section 16 - T-21S, R-24E
Eddy County, New Mexico

Gentlemen:

This is to inform you that the above request cannot be granted by the State Land Office, due to the fact that you wish to commingle State and Federal production. It is the policy of the Land Office not to do so.

Yours very truly,

ALEX J. ARMIJO
Commissioner of Public Lands

By: Ted Bilberry
TED BILBERRY, Director
Oil and Gas Department

AJA:TB:RM:cw

cc: New Mexico Oil Conservation Commission ✓
New Mexico Oil & Gas Accounting Commission

PHONE MUTUAL 3-1893

HENRY ENGINEERING
Petroleum Engineers
807 FIRST NATIONAL BANK BUILDING
MIDLAND, TEXAS 79701

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March 25, 1969

New Mexico Oil Conservation Commission
State Land Office Building
P. O. Box 2308
Santa Fe, New Mexico 87501

C-7 B-19

Attention: Mr. D. S. Nutter
Chief Engineer

Re: David Fasken
Indian Hills Unit, Gas, Com. No. 6 (LC 064243-A) and Indian Hills Unit No. 7 (E-7437), Sections 17 and 16, T-21-S, R-24-E, Eddy County, New Mexico.

Gentlemen:

On behalf of our client, David Fasken, we are submitting for administrative approval a proposed central separation, metering, dehydration and storage facility for the two subject wells in North Indian Hills Morrow Gas Field. We are asking for approval of Rule 309-B, Lease Commingling; Rule 309-C, Off Lease Storage; and such rule that applies to commingling of gas streams.

It is proposed to pipe the wet gas streams (refer to lease and well plat) from "E" (Indian Hills Unit, Gas, Com. No. 6) and "F" (Indian Hills Unit No. 7) to a central point "G" in Section 17, T-21-S, R-24-E. At point "G" the individual wet gas streams will pass through three phase oil and gas separators, then the gas stream for each well will be metered (refer to attached schematic drawing). After metering, these two gas streams will be combined for dehydration. The combined dry gas stream will be transported to the Natural Gas Pipeline Company of America purchase connection at point "D" in Section 5, T-21-S, R-24-E.

The Natural Gas Pipeline Company of America's meter at point "D" will register all gas purchased from five wells: Ross-Federal No. 1, Section 4; Shell-Federal No. 1, Section 5; Skelly-Federal No. 1, Section 9; Indian Hills Unit, Gas, Com. No. 6, Section 17; and Indian Hills Unit No. 7, Section 16. Monthly gas production for each well is to be allocated on the basis of each well's meter reading to the combined sales through Natural Gas Pipeline Company of America's meter.

The liquid hydrocarbons from the three phase separators at point 'G" will be commingled and collected in a vapor tight storage tank. The monthly condensate will be allocated to each well on the basis of each positive displacement liquid meter reading (Floco Meter) at the separator discharge to the combined condensate volume saved and sold in the vapor tight storage tank. With only one storage tank in place of two, the losses due to vaporization can be minimized. The wet gas streams carry approximately 2.8 barrels of condensate per M.M.C.F. of gas.

The design of this system is based on the successful operation of a similar system at point "D" put in operation in May, 1968, -- N.M.O.C.C. Case No. 3740 and Order No. R-3395.

The U.S.G.S., all working interests, all royalty interests, and all overriding royalty interests in these two gas units are being notified by certified mail of the proposed surface equipment installation and production allocation procedures.

We would appreciate your favorable consideration of this proposal and your letter of approval addressed to Mr. David Fasken, 608 First National Bank Building, Midland, Texas 79701.

Yours very truly,

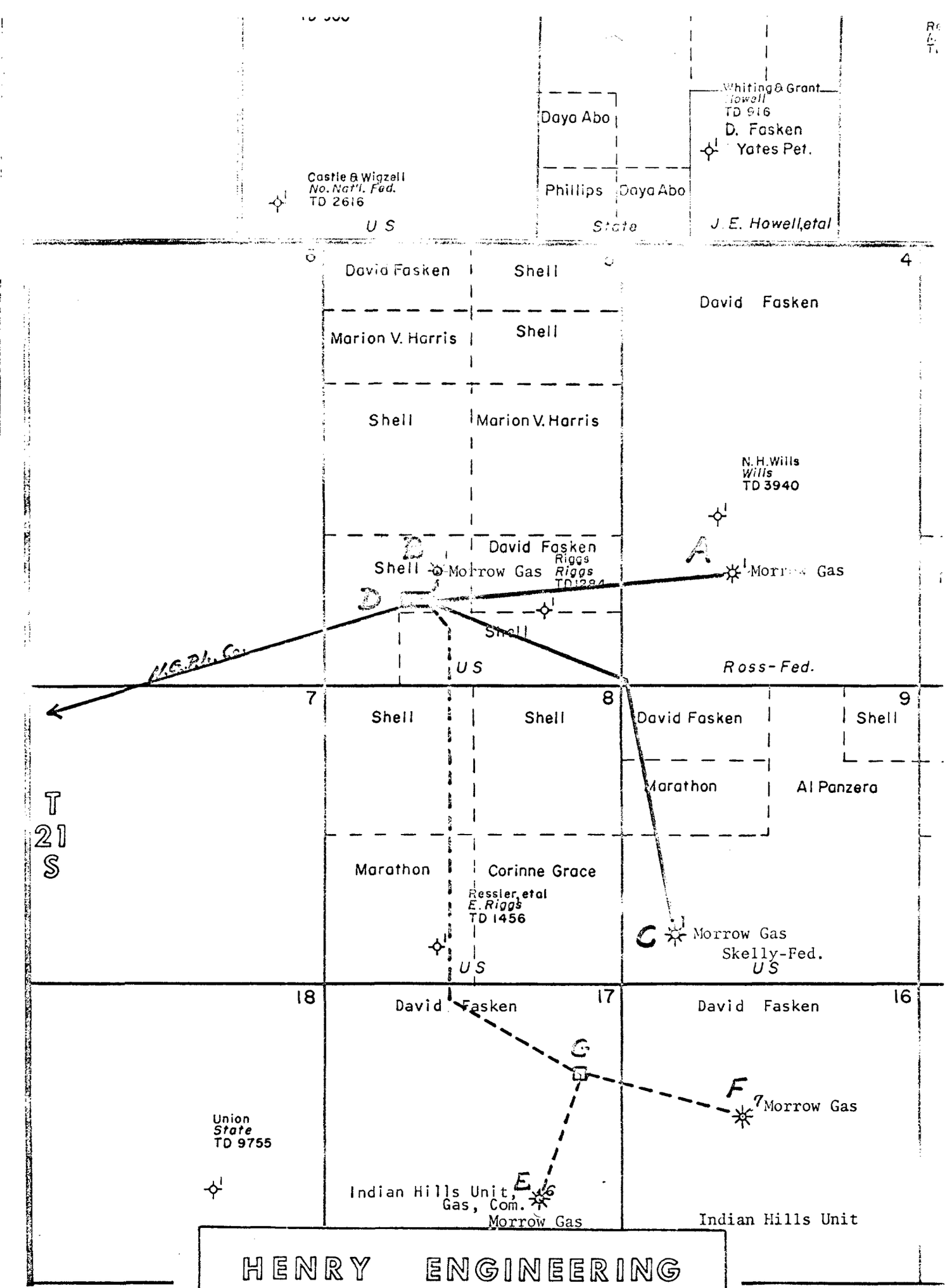
HENRY ENGINEERING

Robert H. Angevine

Robert H. Angevine

RHA:eh
Encls.

cc: Mr. Richard S. Brooks
Mr. James B. Henry



HENRY ENGINEERING

NORTH INDIAN HILLS
MORROW GAS FIELD AREA
EDDY COUNTY, NEW MEXICO

SCALE 1"=2000'

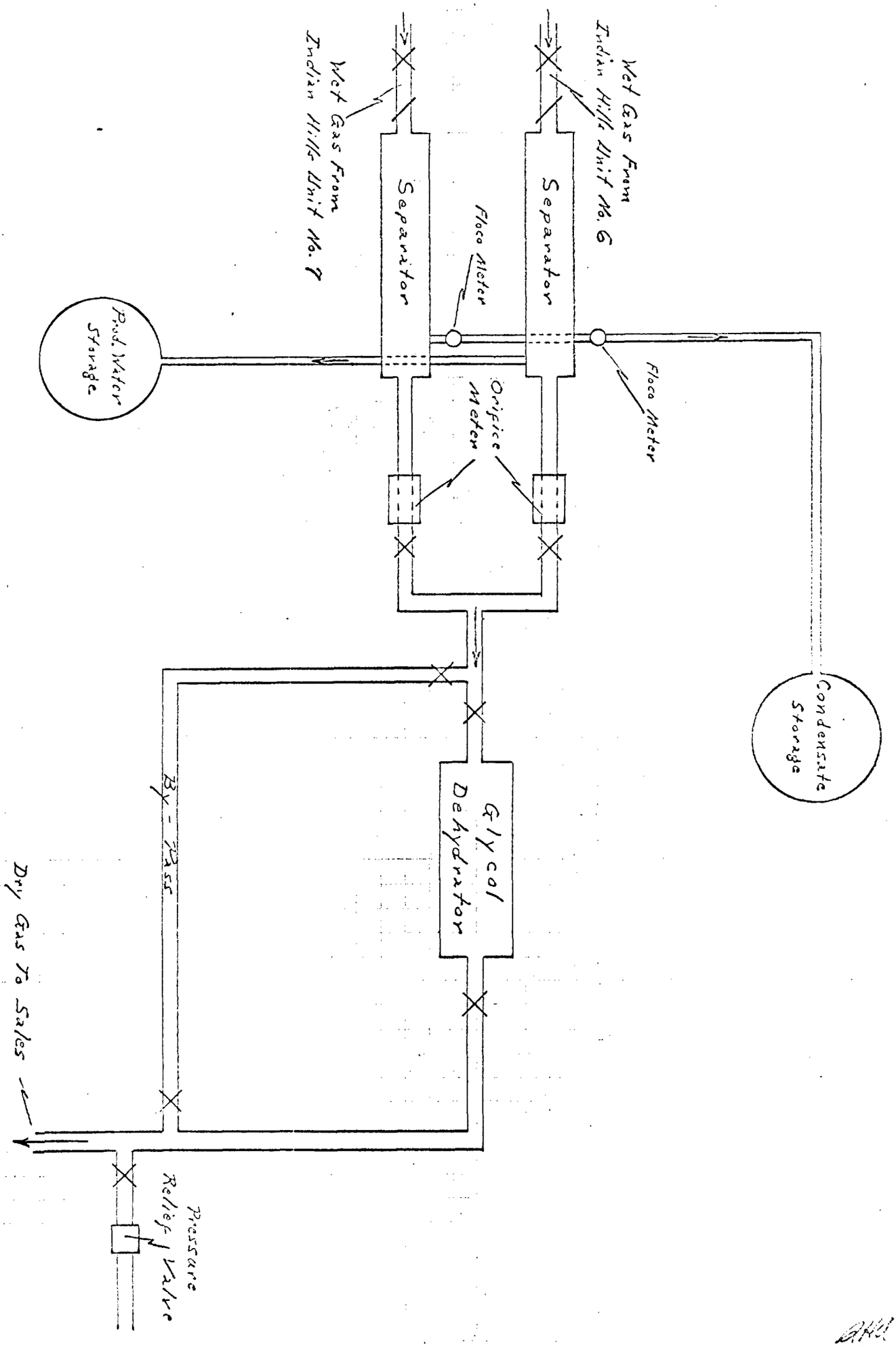
TO: File

FROM: Robert H. Angevine

FILE: Indian Hills Unit Facility

DATE: March 25, 1969

ENGINEERING MEMORANDUM



RHA
3-25-69