

Sonat Exploration Company
110 West
Midland T
915 881 011
915 881 011

5/17/96
CTB-426

SONAT EXPLORATION

23

April 19, 1996

Mr. David R. Catanach
New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Re: Rule 309.-B. - Administrative Approval, Lease Commingling
Lotos "11-F" Federal and Sotol "A" Federal Leases
Sections 11 and 12, T24S, R31E
Eddy County, New Mexico

Mr. Catanach:

Sonat Exploration respectfully requests administrative approval for an exception to Rule 309-A to allow commingling of production from two separate leases for the Lotos "11-F" Federal and Sotol "A" Federal leases located in Eddy County, New Mexico.

Attached is a plat designating the two leases. It is proposed to only commingle production from the Delaware formation.

A schematic diagram of the proposed commingling facility is attached. Oil, water, and gas from each lease will be separately metered prior to commingling in the stock tanks. If additional Delaware wells are drilled on either lease, then adequate facilities will be installed to provide monthly well tests for each well on each lease.

Hydrocarbon production will be accurately measured and determined in accordance with the applicable provisions of the Division "Manual for the Installation and Operation of Commingling Facilities."

The ownership is not common on the two leases. However, only a small ORRI is not common. All working interest owners, royalty owners, overriding royalty owners, and the purchasers have been notified by registered mail. See attachments for copies of the registered mail receipts. Also attached is a copy of the Sundry Notice which has been submitted to the BLM requesting approval of the lease commingling.

If additional information is needed, or if I can be of any assistance in expediting this matter, please contact me at (915) 684-0405.

Sincerely,

A handwritten signature in cursive script that reads "K. Glenn Carter".

K. Glenn Carter
Sr. Drilling and Production Engineer

Attachments

cc: JAM
MJL
TMM
SMJ
BDH

c:\files\pokerlak.e\delaware\regulat.ory\lot11f2.bty

Legal Description of Leases

All leases described below are in T24S, R31E, Eddy County,
New Mexico.

1. Lotos "11-F" Federal Lease - Federal Lease Number NM 64504

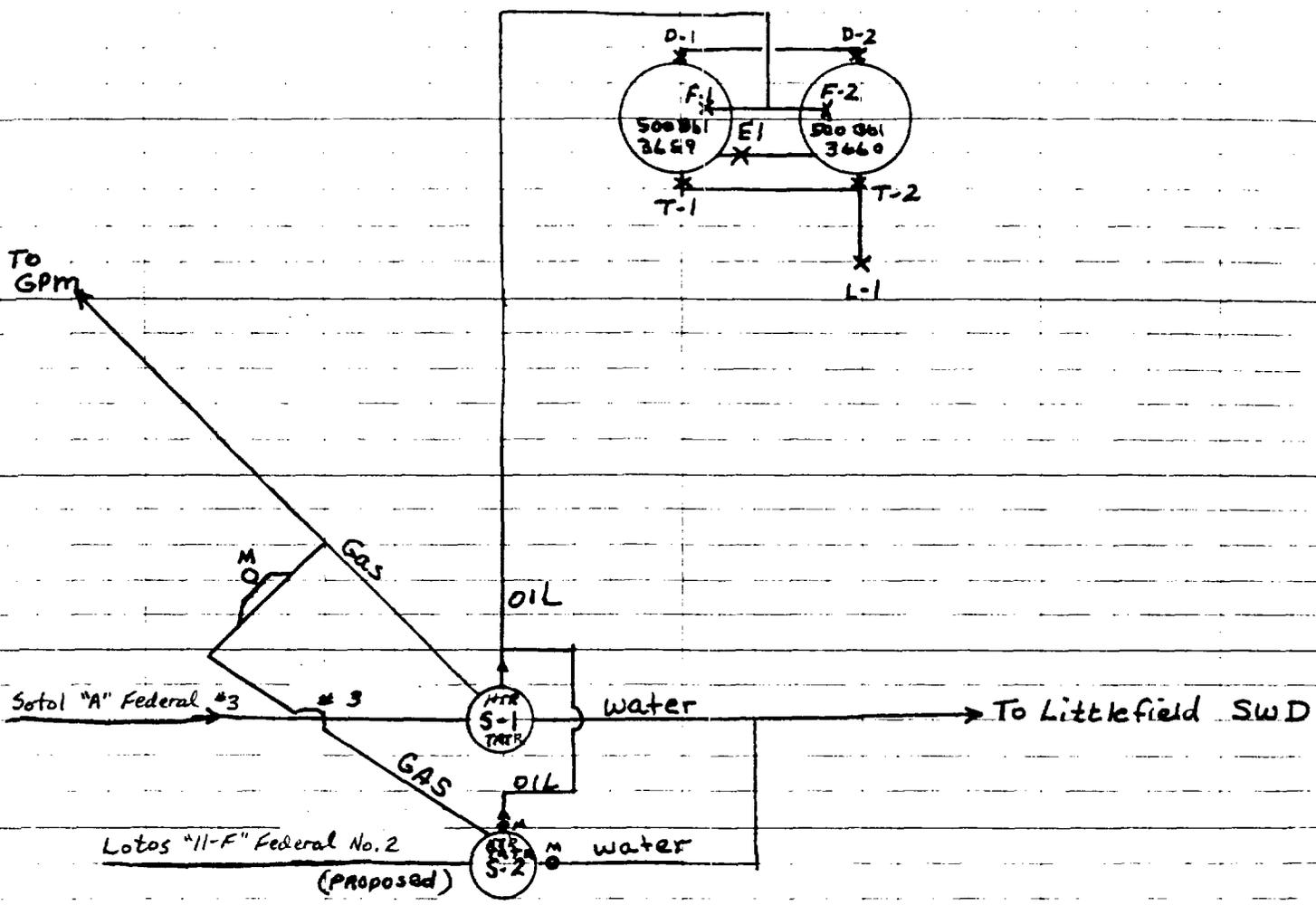
NE/4, S/2 NE/4 of Section 11.

2. Sotol "A" Federal - Federal Lease Number NM 67106

NW/4 of Section 12

SONAT EXPLORATION

Sheet _____ of _____
By SMJ/RJD
Date 4/17/96
KBC 4/20/96



Sonat Exploration Company
110 West Louisiana
Suite 500
Midland Texas 79701

SONAT EXPLORATION

Proposed Commingled Tank Battery

Sotol "A" Federal
Lotos "11-F" Federal

To be located at the Sotol "A" Federal
Well No. 3 in Section 12, T24S, R31E,
Eddy County, New Mexico

Z 740 689 942



Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

St Mr. & Mrs. Thomas R. Smith	
Si 1505 South SCR 1130	
P Midland, TX 79701	
Postage	\$.55
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	1.10
TOTAL Postage & Fees	\$2.75
Postmark or Date	MIDLAND, TX APR 17 1996 USPS

PS Form 3800, March 1993

Z 740 689 940



Receipt for Certified Mail

No Insurance Coverage Provided

Minerals Management Service

Ser United States of America	
Str Post Office Box 5810	
P.C Denver, CO 80217-5810	
Postage	\$.55
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	1.10
TOTAL Postage & Fees	\$2.75
Postmark or Date	MIDLAND, TX APR 17 1996 USPS

PS Form 3800, March 1993



Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Oil
Purchaser

Texaco Trading & Transportation, Inc.
Post Office Box 60628
Midland, Texas 79711

PS Form 3800, March 1993

Postage	\$.55
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	1.10
TOTAL Postage & Fees	\$2.75

Postmark or Date



Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Mr. & Mrs. L. E. Oppermann
500 West Texas, Suite 830
Midland, TX 79701

PS Form 3800, March 1993

Postage	\$.55
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	1.10
TOTAL Postage & Fees	\$2.75

Postmark or Date

Z 740 689 945



Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Gas
Purchaser

Sent to GPM Corporation
Street and 1625 West Marland
P.O., State Hobbs, NM 88240

PS Form 3800, March 1993

Postage	\$.55
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$2.75

Postmark or Date



Z 740 689 943

Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to Mr. Rex P. Spear
Street and N 603 Seco
P.O., State Hobbs, NM 88240

PS Form 3800, March 1993

Postage	\$.55
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	1.10
TOTAL Postage & Fees	\$2.75

Postmark or Date

Sonat Exploration Company
110 West Louisiana Suite 300
Midland TX 79701
915 684 0400
915 684 0444 Telecopy

SONAT EXPLORATION
NOTICE OF INTENT TO COMMINGLE

April 17, 1996

CERTIFIED MAIL RETURN RECEIPT REQUESTED NO. Z-740-689-943

Mr. Rex P. Spear
603 Seco
Hobbs, NM 88240

RE: Surface Commingling of the
Federal Lease No. NM-64504
Federal Lease No. NM-67106
both situated in T-24-S, R-31-E, N.M.P.M.,
Eddy County, New Mexico

Dear Mr. Spear:

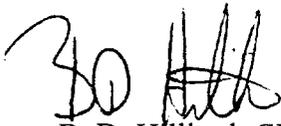
Pursuant to Rule 309-B of The State of New Mexico Energy and Minerals Department Oil Conservation Division Rules and Regulations, Sonat Exploration Company hereby gives notice of its intent to surface commingle the production from two (2) separate leases, known as Federal Lease No. NM-64504 and Federal Lease No. NM-67106, both situated in T-24-S, R-31-E, N.M.P.M., Eddy County, New Mexico. The commingling of this production will be accurately measured from each lease, prior to the commingling thereof, in accordance the Rules and Regulations of the Oil Conservation District.

Rule 309-B requires that Sonat notify all owners of royalty, overriding royalty, working interest ownership, interests in production and purchasers of the commingled production. The State of New Mexico Energy and Minerals Department Oil Conservation Division will approve this application, if no objections are received within twenty (20) days from their receipt thereof.

Should you have any questions concerning this matter, please feel free to contact me at 915-684-0416.

Very truly yours,

SONAT EXPLORATION COMPANY



B. D. Hilliard, CPL
BDH/se
Enclosures

SONAT EXPLORATION

Sonat Exploration Company
110 West Louisiana Suite 300
Midland TX 79701

Is your RETURN ADDRESS completed on the reverse side?

SENDER:
 * Complete items 1 and/or 2 for additional services.
 * Print your name and address on the reverse of this form so that we can return this card to you.
 * Attach this form to the front of the mailpiece, or on the back if space does not permit.
 * The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
 2. Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:
 Mr. Rex P. Spear
 603 Seco
 Hobbs, NM 88240

4a. Article Number:
 Z-740-689-943

4b. Service Type:
 Registered
 Express Mail
 Certified
 Insured
 COD

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
 X

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)

Mr. Rex P. Spear
 603 Seco
 Hobbs, NM 88240

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 740 689 943

Receipt for Certified Mail
 No Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

Sent to: Mr. Rex P. Spear
 Street and #: 603 Seco
 P.O., State: Hobbs, NM 88240

Postage \$
 Certified Fee \$
 Special Delivery Fee \$
 Restricted Delivery Fee \$
 Return Receipt Showing to Whom & Date Delivered \$
 Return Receipt Showing to Whom, Date, and Addressee's Address \$
 TOTAL Postage & Fees \$
 Postmark or Date

PS Form 3800, March 1993

Fold at line over top of envelope to the right of the return address

CERTIFIED

Z 740 689 943

MAIL

Sonat Exploration Company
110 West Louisiana Suite 500
Midland TX 79701
915 684 0400
915 684 0444 Telecopy

SONAT EXPLORATION
NOTICE OF INTENT TO COMMINGLE

April 17, 1996

CERTIFIED MAIL RETURN RECEIPT REQUESTED NO. Z-740-689-942

Mr. & Mrs. Thomas R. Smith
1505 South SCR 1130
Midland, TX 79701

RE: Surface Commingling of the
Federal Lease No. NM-64504
Federal Lease No. NM-67106
both situated in T-24-S, R-31-E, N.M.P.M.,
Eddy County, New Mexico

Dear Mr. & Mrs. Smith:

Pursuant to Rule 309-B of The State of New Mexico Energy and Minerals Department Oil Conservation Division Rules and Regulations, Sonat Exploration Company hereby gives notice of its intent to surface commingle the production from two (2) separate leases, known as Federal Lease No. NM-64504 and Federal Lease No. NM-67106, both situated in T-24-S, R-31-E, N.M.P.M., Eddy County, New Mexico. The commingling of this production will be accurately measured from each lease, prior to the commingling thereof, in accordance the Rules and Regulations of the Oil Conservation District.

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Should you have any questions concerning this matter, please feel free to contact me at 915-684-0416.

Very truly yours,

SONAT EXPLORATION COMPANY


B. D. Hilliard, CPL
BDH/se
Enclosures

SONAT EXPLORATION

Sonat Exploration Company
 110 West Louisiana Suite 500
 Midland TX 79701

Z 740 689 942



Receipt for Certified Mail

No Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

ST	Mr. & Mrs. Thomas R. Smith
SI	1505 South SCR 1130
P	Midland, TX 79701
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, March 1993

Fold at line over top of envelope to the right of the return address

CERTIFIED

Z 740 689 942

MAIL

Thank you for using Return Receipt Service.

SENDER:
 Complete items 1 and/or 2 for additional services.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not allow.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Mr. & Mrs. Thomas R. Smith
 1505 South SCR 1130
 Midland, TX 79701

4a. Article Number
 2-740-689-942

4b. Service Type
 Registered
 Express Mail
 Return Receipt for Merchandise
 COD
 Date of Delivery

5. Received By: (Print Name)
 X

6. Signature: (Addressee or Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Mr. & Mrs. Thomas R. Smith
 1505 South SCR 1130
 Midland, TX 79701

Sonat Exploration Company
110 West Louisiana Suite 500
Midland TX 79701
915 684 0400
915 684 0444 Telecopy

SONAT EXPLORATION

NOTICE OF INTENT TO COMMINGLE

April 17, 1996

CERTIFIED MAIL RETURN RECEIPT REQUESTED NO. Z-740-689-939

Mr. & Mrs. L. E. Oppermann
500 West Texas, Suite 830
Midland, TX 79701

RE: Surface Commingling of the
Federal Lease No. NM-64504
Federal Lease No. NM-67106
both situated in T-24-S, R-31-E, N.M.P.M.,
Eddy County, New Mexico

Dear Mr. & Mrs. Oppermann:

Pursuant to Rule 309-B of The State of New Mexico Energy and Minerals Department Oil Conservation Division Rules and Regulations, Sonat Exploration Company hereby gives notice of its intent to surface commingle the production from two (2) separate leases, known as Federal Lease No. NM-64504 and Federal Lease No. NM-67106, both situated in T-24-S, R-31-E, N.M.P.M., Eddy County, New Mexico. The commingling of this production will be accurately measured from each lease, prior to the commingling thereof, in accordance the Rules and Regulations of the Oil Conservation District.

Rule 309-B requires that Sonat notify all owners of royalty, overriding royalty, working interest ownership, interests in production and purchasers of the commingled production. The State of New Mexico Energy and Minerals Department Oil Conservation Division will approve this application, if no objections are received within twenty (20) days from their receipt thereof.

Should you have any questions concerning this matter, please feel free to contact me at 915-684-0416.

Very truly yours,

SONAT EXPLORATION COMPANY


B. D. Hilliard, CPL
BDH/se
Enclosures

Is your RETURN ADDRESS completed on the reverse slide?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
Mr. & Mrs. L. E. Oppermann
500 West Texas, Suite 830
Midland, TX 79701

4a. Article Number: **Z-740-689-939**

4b. Service Type:
 Registered
 Express Mail
 Return Receipt for Merchandise
 COD
 Certified
 Insured
 COD

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
X

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1984

Domestic Return Receipt

Thank you for using Return Receipt Service.

Sonat Exploration Company
110 West Louisiana Suite 500
Midland TX 79701

SONAT EXPLORATION

Z 740 689 939

Receipt for Certified Mail
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

PS Form 3800, March 1993

S	
Mr. & Mrs. L. E. Oppermann	
500 West Texas, Suite 830	
Midland, TX 79701	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

Fold at line over top of envelope to the right of the return address

CERTIFIED

Z 740 689 939

MAIL

Sonat Exploration Company
110 West Louisiana Suite 500
Midland TX 79701
915 684 0400
915 684 0444 Telecopy

SONAT EXPLORATION

NOTICE OF INTENT TO COMMINGLE

April 17, 1996

CERTIFIED MAIL RETURN RECEIPT REQUESTED NO. Z-740-689-940

Minerals Management Service
United States of America
Post Office Box 5810
Denver, CO 80217-5810

RE: Surface Commingling of the
Federal Lease No. NM-64504
Federal Lease No. NM-67106
both situated in T-24-S, R-31-E, N.M.P.M.,
Eddy County, New Mexico

Gentleman:

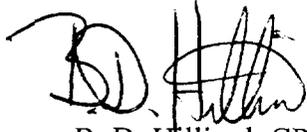
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Should you have any questions concerning this matter, please feel free to contact me at 915-684-0416.

Very truly yours,

SONAT EXPLORATION COMPANY



B. D. Hilliard, CPL

BDH/se

Enclosures

is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4c.
- Print name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Print "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
Minerals Management Service
United States of America
Post Office Box 5810
Denver, CO 80217-5810

4a. Article Number
Z-740-689-940

4b. Service Type
 Registered
 Express Mail
 Certified
 Return Receipt for Merchandise
 Insured
 COD
 Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
X

7. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

PS Form 3811, December 1994 Domestic Return Receipt

SONAT EXPLORATION

Sonat Exploration Company
110 West Louisiana Suite 500
Midland TX 79701

Z 740 689 940

Receipt for Certified Mail
No Insurance Coverage Provided

Minerals Management Service

Se United States of America
St Post Office Box 5810
Pt Denver, CO 80217-5810

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, March 1993

Fold at line over top of envelope to the right of the return address

CERTIFIED

Z 740 689 940

MAIL

Minerals Management Service
United States of America
Post Office Box 5810
Denver, CO 80217-5810

Sonat Exploration Company
110 West Louisiana Suite 500
Midland TX 79701
915 684 0400
915 684 0444 Telecopy

SONAT EXPLORATION
NOTICE OF INTENT TO COMMINGLE

April 17, 1996

CERTIFIED MAIL RETURN RECEIPT REQUESTED NO. Z-740-689-944

Texaco Trading & Transportation, Inc.
Post Office Box 60628
Midland, Texas 79711

RE: Surface Commingling of the
Federal Lease No. NM-64504
Federal Lease No. NM-67106
both situated in T-24-S, R-31-E, N.M.P.M.,
Eddy County, New Mexico

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Should you have any questions concerning this matter, please feel free to contact me at 915-684-0416.

Very truly yours,

SONAT EXPLORATION COMPANY


B. D. Hilliard, CPL
BDH/se
Enclosures

SENDER:

Complete items 1 and/or 2 for additional services.
 Complete items 3, 4a, and 4b.
 Print name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Return Receipt Requested: on the mailpiece below the article number.
 The Return Receipt will show to whom the article was returned and the date delivered.

3. Article Addressed to:
 Texaco Trading & Transportation, Inc.
 Post Office Box 60628
 Midland, Texas 79711

4a. Article Number
 Z-740-689-944

4b. Service type
 Registered
 Express Mail
 Certified
 Insured
 COD
 Return Receipt for Merchandise
 COD

7. Date of Delivery

8. Addressee's Address: (Only if requested and fee is paid)

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
 X

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?



Sonat Exploration Company
 110 West Louisiana Suite 500
 Midland TX 79701

Z 740 689 944

Receipt for Certified Mail
 No Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

Texaco Trading & Transportation, Inc.
 Post Office Box 60628
 Midland, Texas 79711

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, March 1993

Fold at line over top of envelope to the right of the return address

CERTIFIED

Z 740 689 944

MAIL

Texaco Trading & Transportation, Inc.
 Post Office Box 60628
 Midland, Texas 79711

PS Form 3811, December 1994

Domestic Return Receipt

Sonat Exploration Company
110 West Louisiana Suite 500
Midland TX 79701
915 684 0400
915 684 0444 Teletype

SONAT EXPLORATION

NOTICE OF INTENT TO COMMINGLE

April 17, 1996

CERTIFIED MAIL RETURN RECEIPT REQUESTED NO. Z-740-689-945

GPM Corporation
1625 West Marland
Hobbs, NM 88240

RE: Surface Commingling of the
Federal Lease No. NM-64504
Federal Lease No. NM-67106
both situated in T-24-S, R-31-E, N.M.P.M.,
Eddy County, New Mexico

Gentleman:

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Very truly yours,

SONAT EXPLORATION COMPANY


B. D. Hilliard, CPL
BDH/se
Enclosures

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SENDER:
 I also wish to receive the following services (for an extra fee):
 1. Addressee's Address
 2. Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:
 GPM Corporation
 1625 West Marland
 Hobbs, NM 88240

4a. Article Number
 2-740-689-945

4b. Service type
 Registered
 Express Mail
 Return Receipt for Merchandise
 COD

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
 X

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

SONAT EXPLORATION

Sonat Exploration Company
 110 West Louisiana Suite 500
 Midland TX 79701

Z 740 689 945

Receipt for Certified Mail
 No Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

PS Form 3800, March 1983

Send to:	GPM Corporation
Street and	1625 West Marland
P.O. Box	Hobbs, NM 88240
Postage	\$
Certified fee	
Special Delivery fee	
Restricted Delivery fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

Fold at line over top of envelope to the right of the return address

CERTIFIED

Z 740 689 945

MAIL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.

NM-64504

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

LOTOS "11-F" FEDERAL #2

9. API Well No.

30-015-28821

10. Field and Pool, or Exploratory Area

Undesignated (Delaware)

11. County or Parish, State

Eddy County, New Mexico

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
SONAT EXPLORATION COMPANY 915-684-0400

3. Address and Telephone No.
110 West Louisiana, Ste 500, Midland, Texas 79701

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1780' FNL & 660' FEL, SECTION 11, T24S, R31E

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

- Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other Surface Commingling
 Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Attached is the application for surface commingling, off lease storage, and measurement approval.

14. I hereby certify that the foregoing is true and correct

Signed K. Glenn Carter

Title Sr. Drlg & Prod Engr

Date 4/19/96
64/08/96

(This space for Federal or State office use)

Approved by _____
Conditions of approval, if any:

Title _____

Date _____

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See instruction on Reverse Side

CRA BLM FORMAT

**APPLICATION FOR SURFACE COMMINGLING,
OFF LEASE STORAGE AND MEASUREMENT APPROVAL**

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88221-1778

Sonat Exploration Company - Midland is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on **Federal Lease No. NM 64504; Lease Name: Lotos "11-F" Federal.**

<u>Well No.</u>	<u>Location</u>	<u>Section</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>2</u>	<u>SE/4 NE/4</u>	<u>11</u>	<u>24S</u>	<u>31E</u>	<u>Delaware</u>
_____	_____	_____	_____	_____	_____

with hydrocarbon production from the following formation(s) and well(s) on **Federal Lease Number NM 67106; Lease Name: Sotol "A" Federal.**

<u>Well No.</u>	<u>Location</u>	<u>Section</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>3</u>	<u>NE/4 NW/4</u>	<u>12</u>	<u>24S</u>	<u>31E</u>	<u>Delaware</u>
_____	_____	_____	_____	_____	_____

The Sotol "A" Federal lease only has one producing well.

Production from the well(s) involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
Lotos "11-F" Federal No. 2 *	<u>90 Est</u>	<u>40 Est.</u>	<u>90 Est.</u>
Sotol "A" Federal No. 3	<u>14</u>	<u>40</u>	<u>45</u>

* Lotos "11-F" Federal No. 2 is a new well which is currently being drilled.

The proposed operation is described in detail on the attached diagrams.

continued ...

Continued:

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. No unitized/communitized areas or producing zones/pools will be commingled.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at the Sotol "A" Federal No. 3 location, NE/4 NW/4 of Section 12, T24S, R31E, on lease number NM 67106, Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources is as follows:

Oil, water, and gas production will be separately metered from each lease prior to commingling in the stock tanks. A heater treater will be installed for each lease to separate the oil, water, and gas prior to metering. As necessary, a test separator (or test heater treater) will be installed for each lease to allow accurate well testing on each lease.

The working interest owners, royalty owners, and overriding royalty owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above-referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit, within thirty (30) days, an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Additional well(s) will require additional commingling approvals.

Signature: K. Glenn Carter

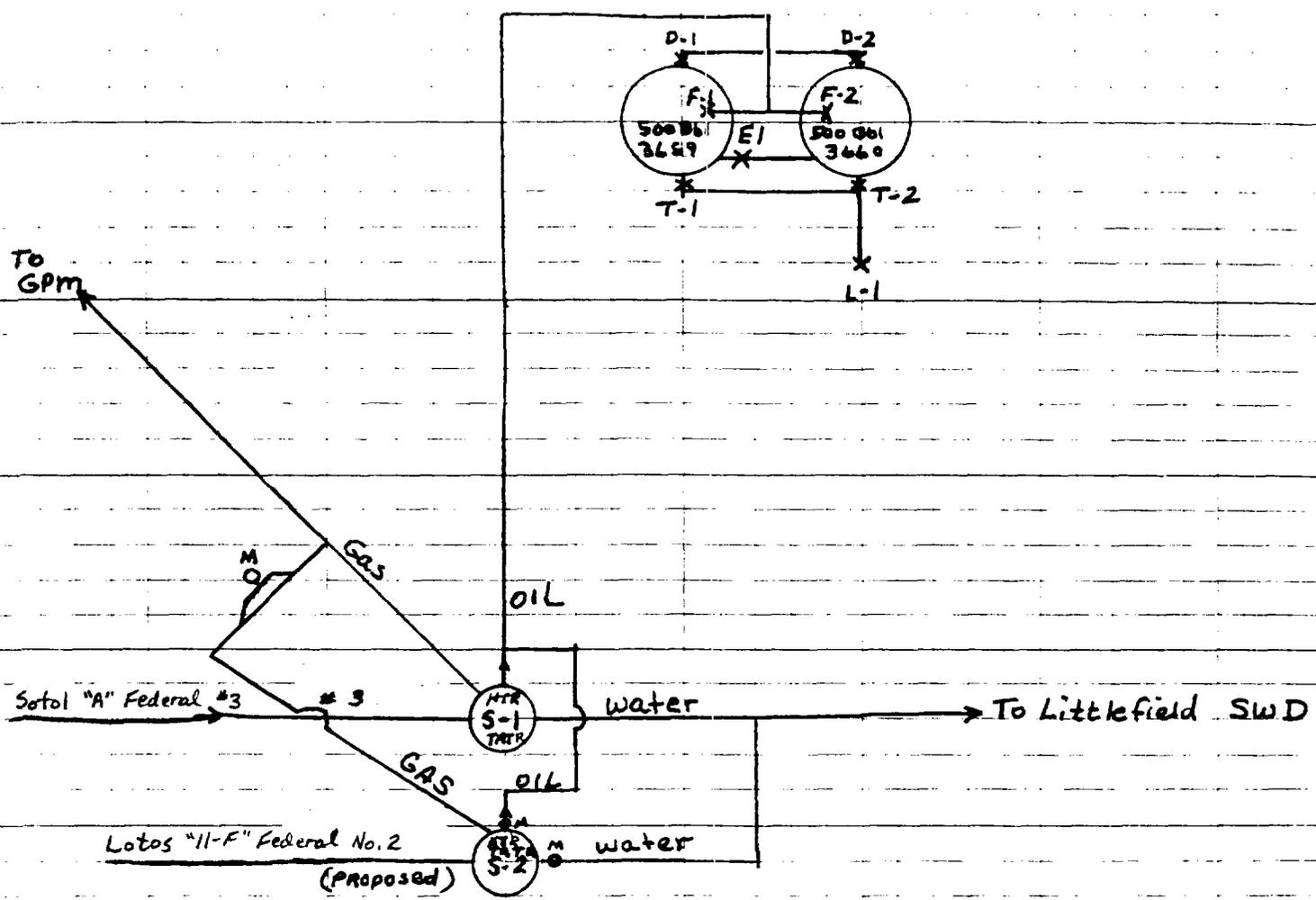
Name: K. Glenn Carter

Title: Sr. Drilling and Production Engineer

Date: 4/09/96

SONAT EXPLORATION

Sheet 1 of 1
By SMJ/RJD
Date 4/17/96
KBC 4/20/96



Sonat Exploration Company
110 West Louisiana
Suite 500
Midland Texas 79701

SONAT EXPLORATION

Proposed Commingled Tank Battery

Sotol "A" Federal
Lotos "11-F" Federal

To be located at the Sotol "A" Federal
Well No. 3 in Section 12, T24S, R31E,
Eddy County, New Mexico

Legal Description of Leases

All leases described below are in T24S, R31E, Eddy County,
New Mexico.

1. Lotos "11-F" Federal Lease - Federal Lease Number NM 64504

NE/4, S/2 NE/4 of Section 11.

2. Sotol "A" Federal - Federal Lease Number NM 67106

NW/4 of Section 12