



August 12, 1996

Attn: Engineering Bureau
State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Application for Exception to Rule 309-A
Administration Approval, Lease Surface Commingling
Keystone Lease, Well #4 (API# 30-015-28183)
Hondo State Com Lease, Well #1 (API# 30-015-22007)
Section 32, Township 20 South, Range 28 East
Burton Flat; Bone Spring (Associated) Eddy Co., NM

Gentlemen:

Maralo, Inc. requests an exception to Rule 309-A for approval to permit the surface commingling of production from the above separate leases in a common tank battery. For allocation purposes, the production from each lease will be metered separately prior to being commingled into one common battery.

All production is from the Burton Flat; Bone Spring (Assoc.) Pool.

A plat of each well and a schematic diagram of the commingling facility located at the Keystone #4 well site are enclosed.

By copy of this letter, all parties owning an interest in the leases and the purchaser of the commingled production are notified by certified mail of Maralo's intent to commingle production from these separate leases.

If you require additional information, please call me at (915) 684-7441.

Sincerely,

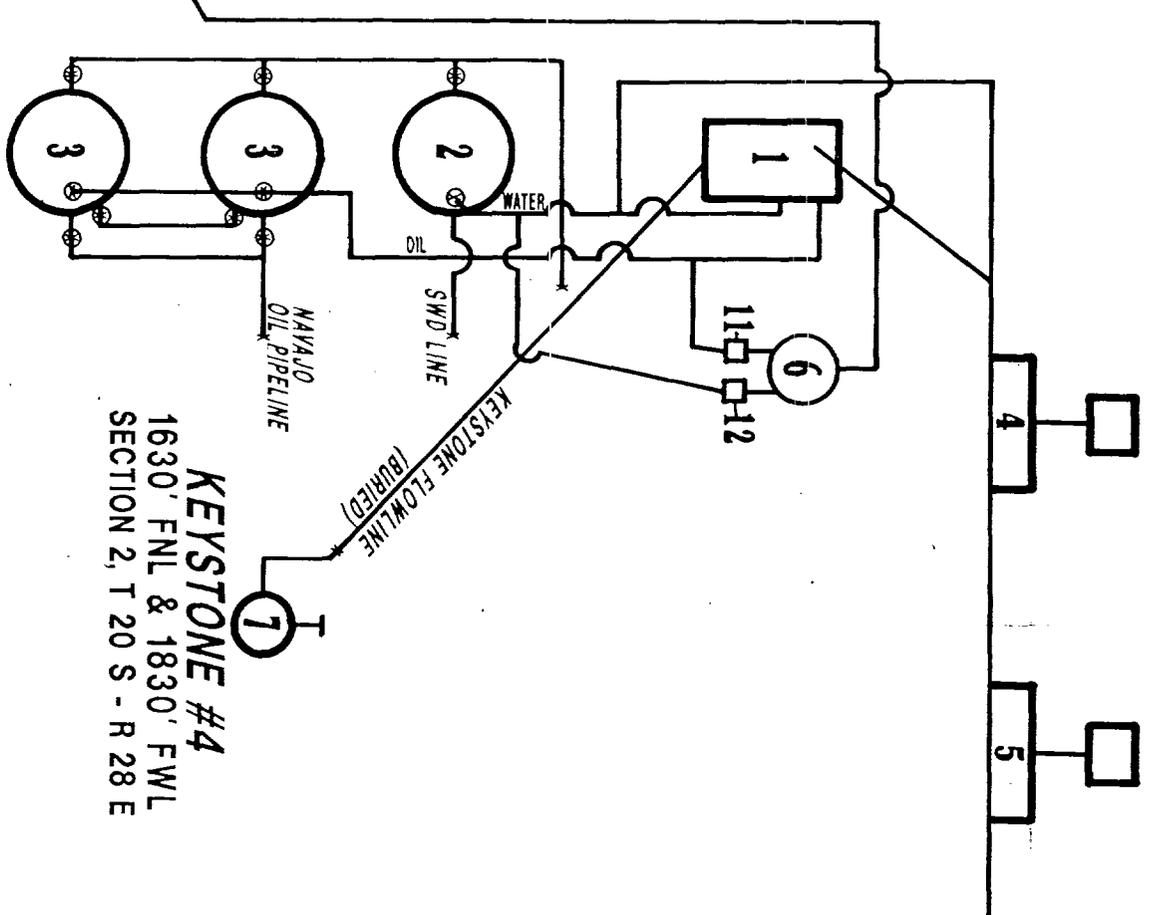
A handwritten signature in cursive script that reads "Dorothea Logan".
Dorothea Logan
Regulatory Analyst

Attachments: (3)

cc: OCD/Artesia w/attachments
Working Interests of Referenced Wells w/attachments
Navajo Crude Oil Marketing Company w/attachments

KEYSTONE #4 & HONDO STATE #1 COMMINGLED TANK BATTERY

- 1 - STACK PACK FOR KEYSTONE #4 WELL
 - 2 - 500 BBL FIBERGLASS WATER TANK - COMMINGLED
 - 3 - 500 BBL STEEL OIL TANK - COMMINGLED
 - 4 - 2" GAS CHECK METER - MARALO METER FOR KEYSTONE
 - 5 - G.P.M. GAS METER - FOR KEYSTONE #4 WELL
 - 6 - HEATER TREATER FOR HONDO STATE #1 W/METERING VALVES ON OIL & WATER
 - 7 - KEYSTONE #4 WELLHEAD
 - 8 - HONDO STATE #1 WELLHEAD
 - 9 - STACK PACK FOR HONDO STATE #1
 - 10 - G.P.M. GAS SALES FROM HONDO STATE #1
 - 11 - OIL METER VALVE FROM HONDO STATE #1 WELL
 - 12 - WATER METER VALVE FROM HONDO STATE #1 WELL
- ⊗ VALVE W/LOCKING DEVICE
x VALVE



HONDO #1
1980' FNL & 660' FWL
SECTION 32, T 20 S - R 28 E

KEYSTONE #4
1630' FNL & 1830' FWL
SECTION 2, T 20 S - R 28 E

maralo
EDDY COUNTY, NEW MEXICO

NOT TO SCALE

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-22007		Pool Code 96241	Pool Name BURTON FLAT - BONE SPRING ASSOC.
Property Code 19004	Property Name HONDO STATE COM.		Well Number 1
OGRID No. 014007	Operator Name MARALO, INC.		Elevation 3226.6'

¹⁰ Surface Location

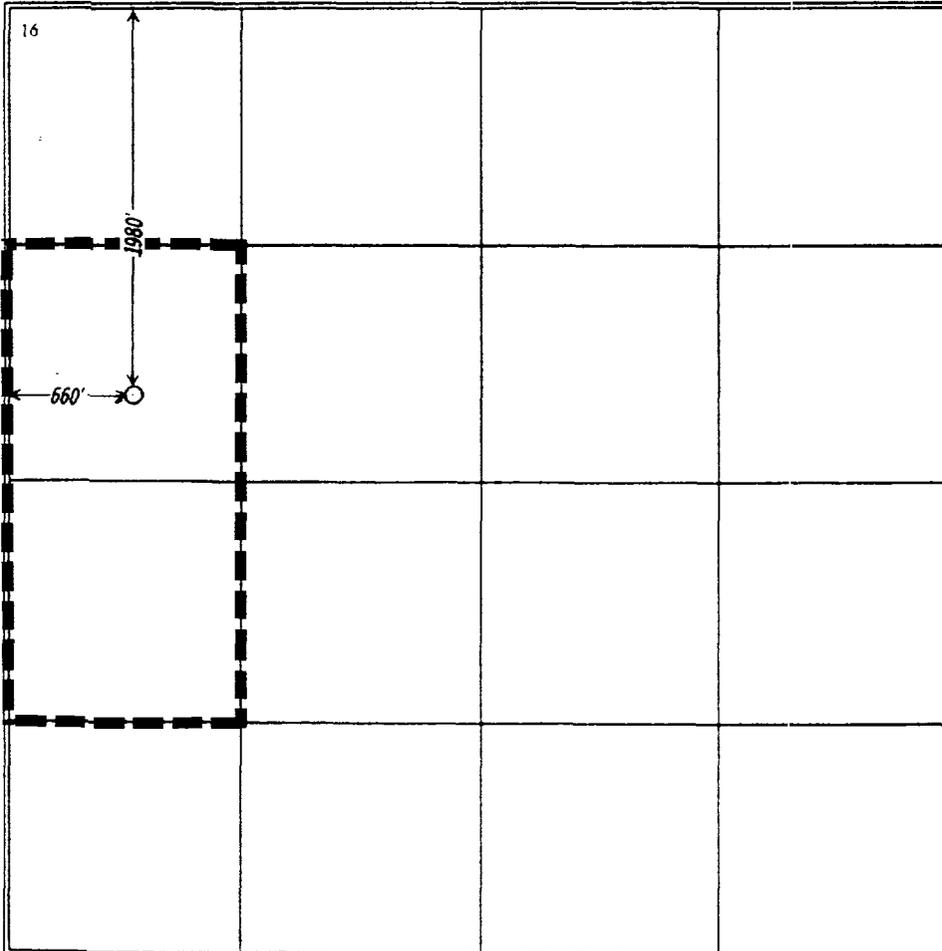
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	32	20S	28E		1980	NORTH	660	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedication Acres 80	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-5353-0
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Dorothea Logan
 Signature
 DOROTHEA LOGAN

Printed Name
 REGULATORY ANALYST

Title
 JULY 3, 1996

Date

¹⁸ SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

10/29/76
 Date of Survey

Signature and Seal of Professional Surveyer:

Certificate Number

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

XX AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-28183	Pool Code 96241	Pool Name BURTON FLAT (BONE SPRING ASSOCIATED)
Property Code 006345	Property Name KEYSTONE	Well Number 4
OGRID No. 014007	Operator Name MARALO, INC.	Elevation 3211'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	32	20S	28E		1650	NORTH	1980	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 80	Joint or Infill N	Consolidation Code	Order No. R-5353-0
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Dorothea Logan</i> Signature</p> <p>DOROTHEA LOGAN Printed Name</p> <p>REGULATORY ANALYST Title</p> <p>JANUARY 21, 1995 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct.</i></p> <p>OCTOBER 25, 1994 Date Surveyed</p> <p><i>Ronald J. Edson</i> Signature & Seal Professional Surveyor</p> <p>NEW MEXICO Professional Surveyor License No. 281994</p> <p>W.O. Nurn 84-11-1827</p>
	<p>Certificate No. JOHN W. WEST, 676</p> <p>RONALD J. EDSON, 3239</p>

CTB-436

State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

September 24, 1996

Maralo, Inc.
P.O. Box 832
Midland, Texas 79702-0832

Attn: Ms. Dorothea Logan

Re: Application for Surface Commingling
Hondo State Com Well No. 1
Unit Letters E & L, SW/4NW/4 and NW/4SW/4
Keystone Well No. 4
Unit Letters F & K, SE/4NW/4, NE/4SW/4
Section 32-20S-28E
Burton Flat Bone Spring (Associated 96241) Pool
Eddy County, New Mexico

Dear Ms. Logan:

We have received a copy of the New Mexico Oil Conservation Division's Order #CTB-436 which notifies this office of your application to surface commingle the production from the Burton Flat Bone Spring Pool for the above-captioned wells.

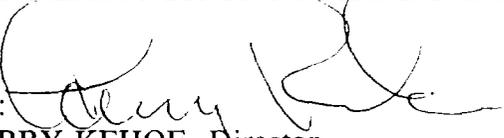
Pursuant to State Land Office Rule Nos. 1.053, 1.054 and 1.055, please submit a copy of your commingling request to this office. Enclosed is a copy of our commingling rules and regulations. The filing fee for a commingling application is thirty (\$30.00) dollars.

Maralo, Inc.
Page 2
September 24, 1996

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm
Enclosure
cc: Reader File
OCD



CTB-436

State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

October 7, 1996

Maralo, Inc.
P.O. Box 832
Midland, Texas 79702-0832

Attn: Ms. Dorothea Logan

Re: Application for Surface Commingling
Hondo State Com Well No. 1
Unit Letters E & L, SW/4NW/4 and NW/4SW/4
Keystone Well No. 4
Unit Letters F & K, SE/4NW/4, NE/4SW/4
Section 32-20S-28E
Burton Flat Bone Spring (Associated 96241) Pool
Eddy County, New Mexico

Dear Ms. Logan:

We have received your application of October 1, 1996, requesting approval for surface commingling of the Burton Flat Bone Spring production from the Hondo State Com Well No. 1 and the Keystone Lease Well No. 4.

We understand that the production from the subject leases will be metered separately prior to being commingled.

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your filing fee in the amount of \$30.00 has been received.

Maralo, Inc.
October 7, 1996
Page 2

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY 

LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm

Enclosure

cc: Reader File

OCD--Attention: David Catanach and Ben Stone
Commissioner's File