

CTB 10/31/96

441

OCT 11 1996

RALPH C. BRUTON  
3500 ACOMA  
HOBBS, NM 88240

October 8, 1996

William J. LeMay, Director  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87504

Re: Application to Commingle Oil and Gas Production

Dear Mr. LeMay:

I would like permission to commingle production from the following leases:

State 197	Lea A State
SE/4 SE/4	W/2
6-17S-34E	8-17S-34E
Lea Co., NM	Lea Co., NM
State Lease B-5659	State Lease E-1085

61750

The Lea State Lease has six producing wells going into a central battery. The State 197 Lease is a one well lease connected to its own battery. Simply by running one flowline this production would flow into one battery. The State 197 battery could be dismantled and the surface returned to its original state. The consolidation of this production should extend the economic life of both leases.

Ownership of the leases is common throughout. The State of New Mexico owns a 12.5% royalty, Lynx Petroleum owns a 6.5% ORRI, and Intrepid Operating Ltd. Co. owns 81.0% Both leases share the same beneficiary, the Common Schools and both leases are operated by Ralph C. Bruton with 100% W.I. Both leases produce from the Vacuum Grayburg - San Andres formation. Attached are maps showing the present configuration as well as the proposed configuration. Also, a production flow schematic and a description of all the wells involved is included.

The commingling of these two leases would enhance the environment by removing a battery, extend the life of these leases, and ease the burden on the operator and oil purchaser by having only one loading point.

Thank you for your consideration in this matter. If further information is needed, please write or call 505-390-0366.

Best Regards,

A handwritten signature in black ink, appearing to read "Ralph C. Bruton". The signature is written in a cursive style with a large initial "R".

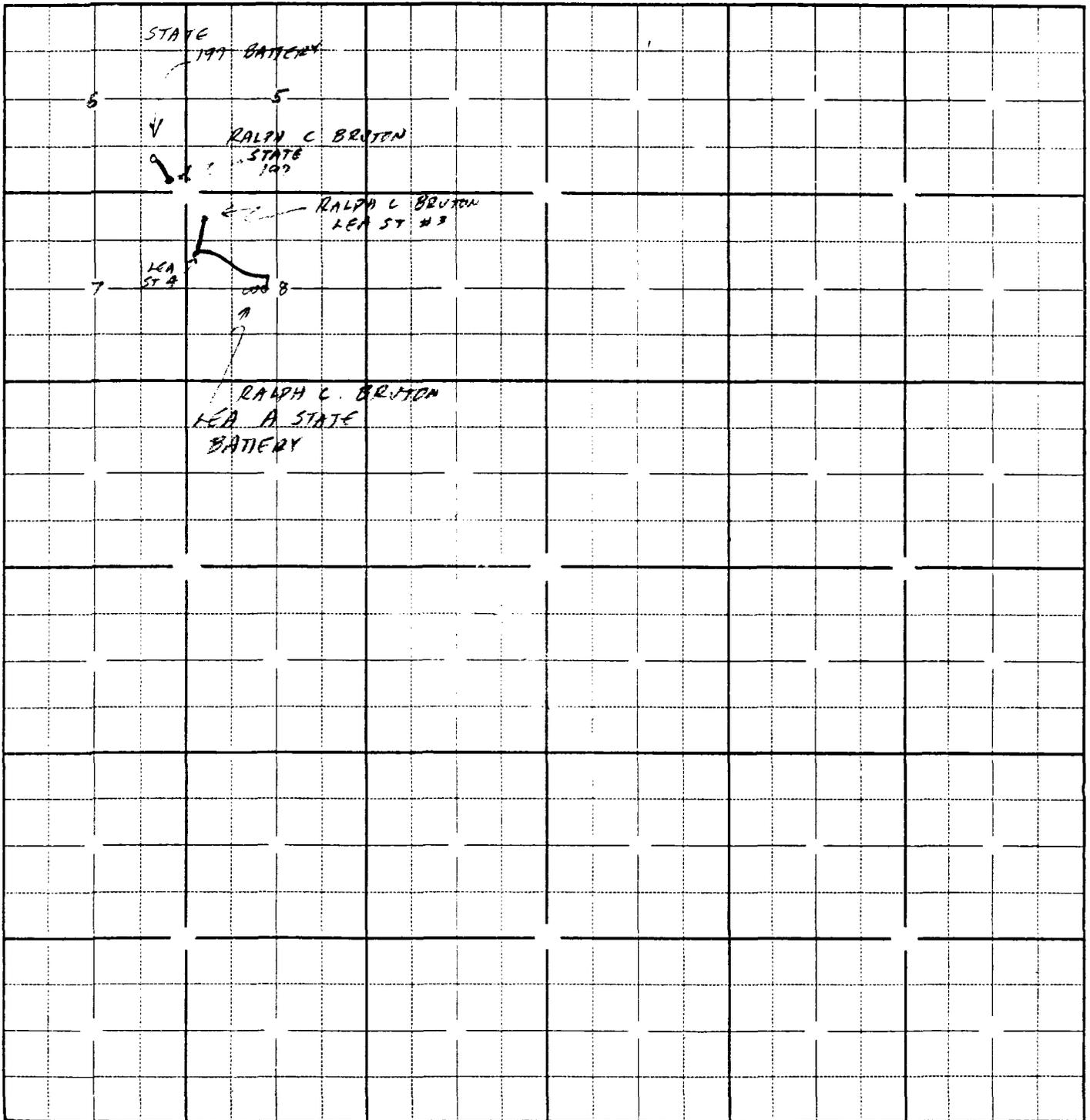
Ralph C. Bruton

Enclosures  
RCB:dt

Township 17 S, Range 34 E, County LEA, State NM

PRESENT CONFIGURATION

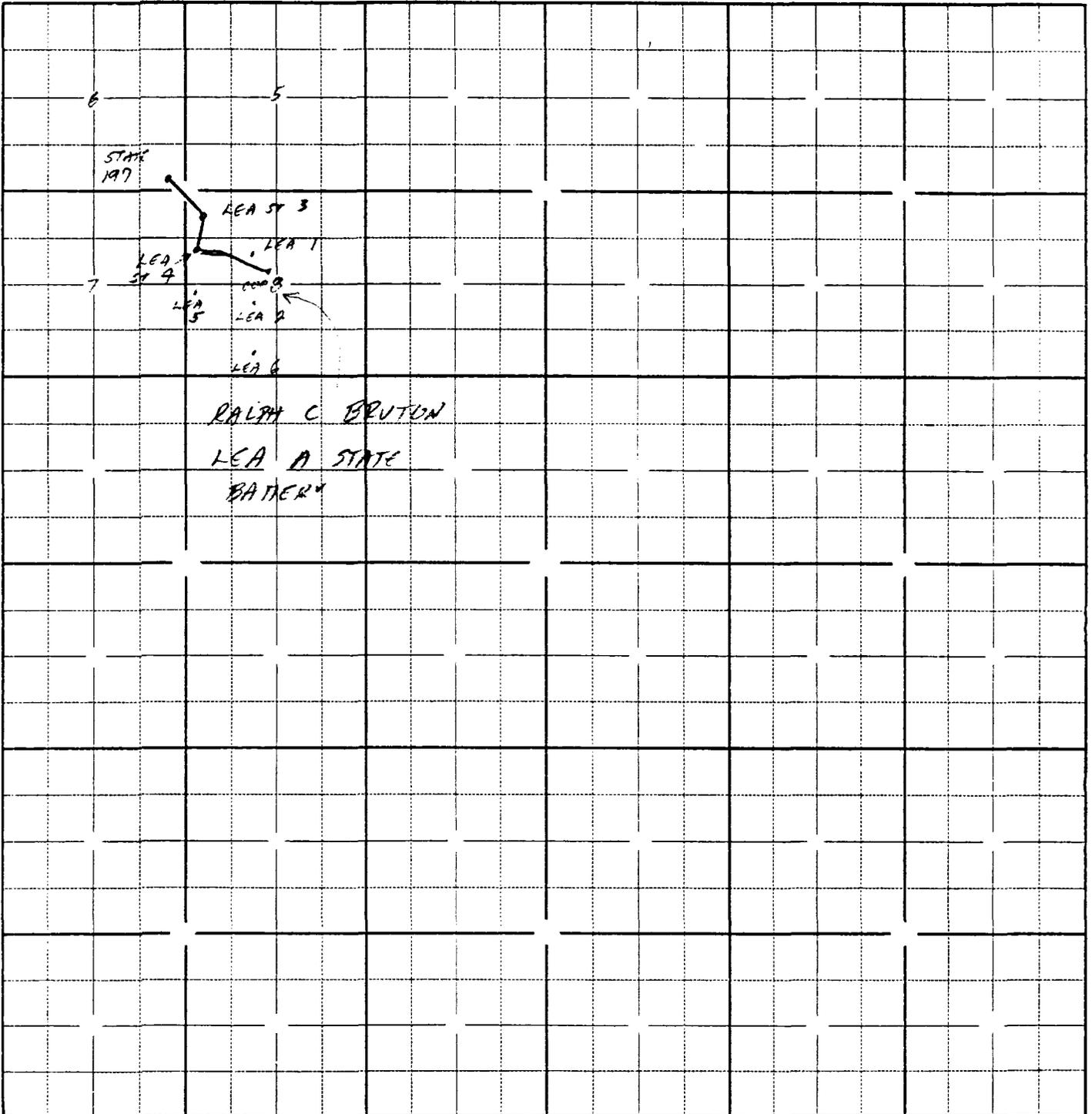
— ABOVE GROUND FLOWLINES



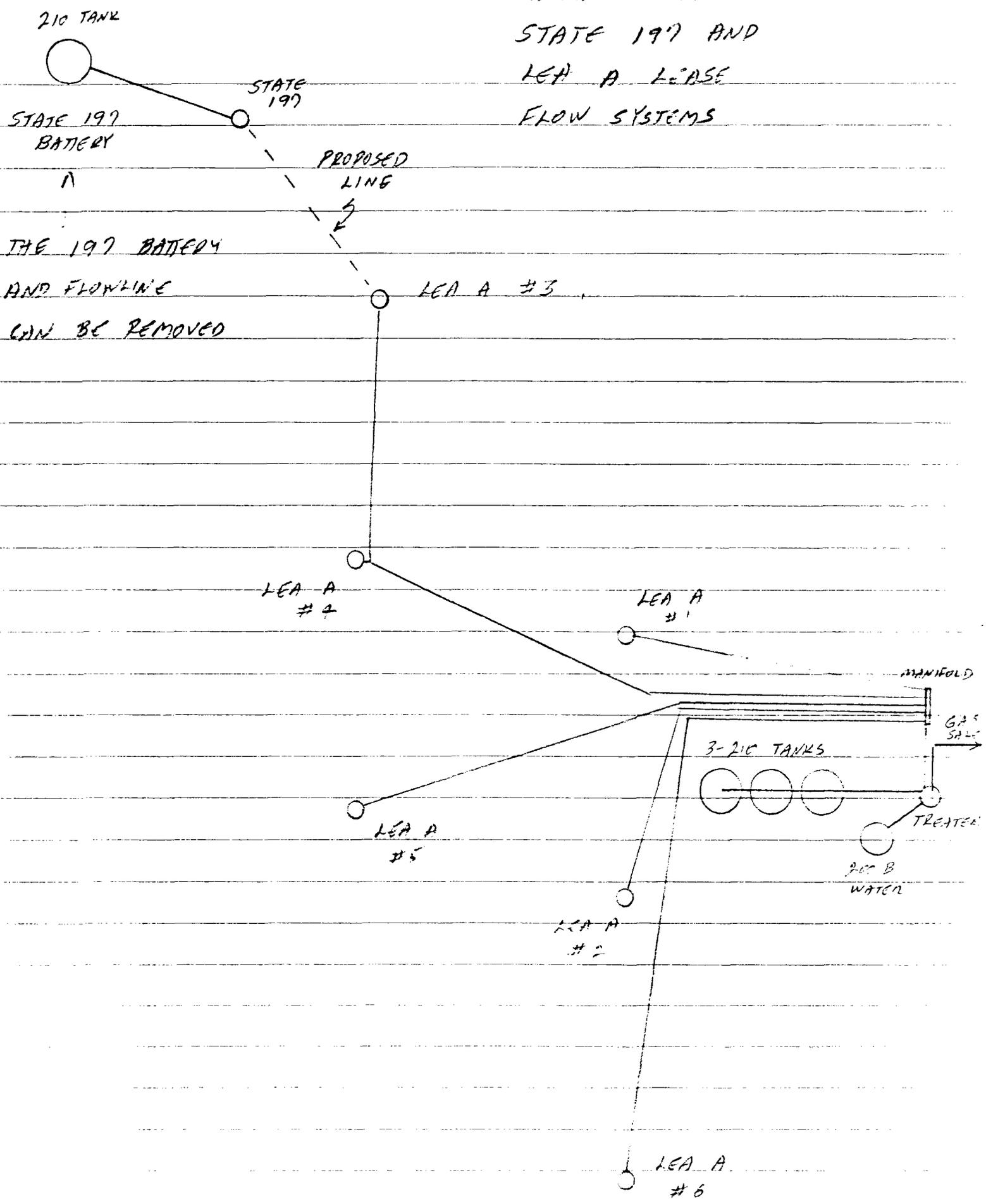
Township 17 S, Range 34 E, County LEA, State NM

PROPOSED CONFIGURATION

— ABOVE GROUND FLOWLINES



RALPH C. BRVTON  
STATE 197 AND  
LEA A LEASE  
FLOW SYSTEMS



THE 197 BATTERY  
AND FLOWLINE  
CAN BE REMOVED

WELL DESCRIPTION FOR WELLS  
INVOLVED — RALPH C. BEUTON

WELL	LEASE DESCRIPTION	LESSEE OR RENTOR	NM LEASE	FORMATION
STATE 197	330 FSL, 330 FCL G-175-34E	C.A.M. WAY	B-5659	VACUUM GB-SA
LEA A 1	1980 FNL, 1980 FNL E-175-34E	MERIT ENERGY	E-1085	"
LEA A 2	1980 FSL, 1980 FNL E-175-34E	"	E-1085	"
LEA A 3	660 FNL, 660 FNL E-175-34E	"	E-1085	"
LEA A 4	1350 FNL, 330 FNL E-175-34E	"	E-1085	"
LEA A 5	2310 FSL, 330 FNL E-175-34E	"	E-1085	"
LEA A 6	660 FSL, 1950 FNL E-175-34E	"	E-1085	"

New Mexico State Land Office  
Royalty Management Division

Listing of PUN-Lease-Beneficiary  
Sorted by PUN, State Lease, Beneficiary Name, Royalty Rate  
As of May 9, 1995

PUN	OCRID	OCRID NAME	Property Number	Property Name	State Lease	Lease Assign #	Royalty Rate	Beneficiary Name
1106026	18687	RALPH C BRUTON	15179	STATE A	EO 1731	0	0.1250	PUB BLDG CAP INCOME
1106490	18687	RALPH C BRUTON	2298	ATLANTIC STATE	BO 1871	10	0.1250	COMMON SCHOOLS
1106606	18687	RALPH C BRUTON	2290	ELLIOTT A STATE	B1 1298	40	0.1250	DH MINERS HOSPITAL
1106611	18687	RALPH C BRUTON	2291	FALK STATE	LJ 6438	10	0.1250	COMMON SCHOOLS
1106620	18687	RALPH C BRUTON	2292	BRINCLAIR STATE	BO 1661	60	0.1250	COMMON SCHOOLS
1106638	18687	RALPH C BRUTON	15556	STATE X	EO 1261	10	0.1250	N.M. STATE UNIVERSITY
1106646	18687	RALPH C BRUTON	16667	LEA A STATE	EO 1066	60	0.1250	COMMON SCHOOLS
1106657	18687	RALPH C BRUTON	16668	STATE 197	BO 6668	10	0.1250	COMMON SCHOOLS

CTB 441



COMMERCIAL RESOURCES  
(505)-827-5724

SURFACE RESOURCES  
(505)-827-5793

MINERAL RESOURCES  
(505)-827-5744

ROYALTY  
(505)-827-5772

State of New Mexico  
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.  
310 Old Santa Fe Trail, P. O. Box 1148  
Santa Fe, New Mexico 87504-1148  
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS  
(505)-827-5765

ADMINISTRATIVE MGMT.  
(505)-827-5700

LEOAL  
(505)-827-5715

PLANNING  
(505)-827-5752

November 5, 1997

Mr. Ralph C. Bruton  
3500 Acoma  
Hobbs, New Mexico 88240

Re: Application for Surface Commingling  
State '197' Lease (B-5659)  
SE/4SE/4, Section 6-17S-34E  
Lea 'A' State Lease (E-1085)  
W/2, Section 8-17S-34E  
Lea County, New Mexico

Dear Mr. Bruton:

We have received your letter of October 27, 1997, wherein you requested our approval for surface commingling of production from the above wells.

We understand that production from the subject wells will be commingled at the Lea 'A' State Lease tank battery located in the SE/4SE/4 of Section 6-17S-34E. Production from each of the wells will be allocated based upon historical well production.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit a copy of the New Mexico Oil Conservation Division's approval.

Your \$30.00 filing fee has been received.

Our approval will be contingent upon Ralph C. Bruton securing the appropriate right-of-way through the NW/4NW/4 of Section 8-17S-34E.

Please notify Ms. Debbie Padilla of our Right-of-Way Section at 827-5729 regarding a right-of-way through the NW/4NW/4 of Section 08-17S-34E.

Ralph C. Bruton  
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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:  
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm  
Enclosure

cc: Reader File  
OCD--Mr. David Catanach, Mr. Ben Stone  
Debbie Padilla