

To ... David .. Catanach



CTB

3/5/97

445

From

Donna

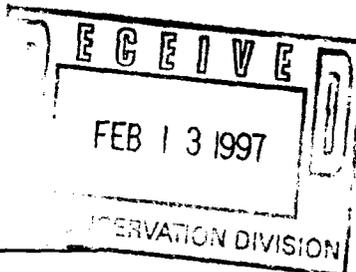
2/12/97

Energy & Minerals Department

OIL CONSERVATION DIVISION

P O Box 1980

Hobbs NM 88241



Telephone Number (505) 393-6161

- For Your Files
- Prepare a Reply for My Signature
- For Your Review and Return
- For Your Information
- For Your Handling
- For Your Approval
- As Per Your Request
- For Your Signature
- Please Advise
- For Your Attention

TITAN RESOURCES, L.P.

January 31, 1997

Mr. Peter Chester
United States Department of the Interior
Bureau of Land Management
Roswell Resources Area
2029 West Second Street
Roswell, New Mexico 88201

RE: Commingling Application

Dear Mr. Chester,

This letter and the attachments are in response to your requirements for commingling the following 6 wells:

- 1 ARCO Federal COM *nm-0349837*
- 1 Apache Federal COM *nm-17594*
- 1 Oxy Federal COM *nm-080128*
- 2 Oxy Federal COM *nm-080128*
- 1 Dalport Federal COM *nm-17432*
- 1 Friend Federal *nm-17594*

Note: all are Queen wells

The following 6 points address the requirements per your facsimile:

1) Detailed description of the commingling

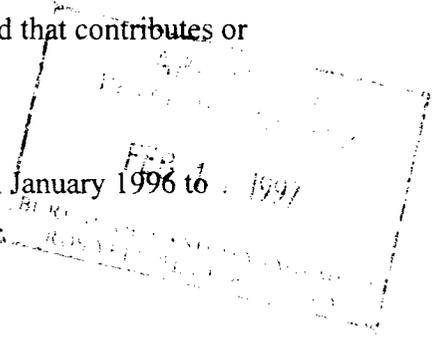
Since these 6 wells produce dry gas (no water, no condensate) the equipment to commingle is via a pipeline network as shown on Exhibit A. There is no off-lease storage nor off-lease measurement for the individual wells. However, the master meter where the combined production is measured for sales is located on the NM 17432 Federal lease in Section 30 of T13S-R31E.

2) Map showing location of all wells and equipment involved

See Exhibit A. Each well is spotted to scale; all equipment involved that contributes or affects the product royalties are also shown.

3) Estimated monthly production and BTU content

Exhibit B is a table of the production from the past 12 months (from January 1996 to December 1996). The BTU content of the product is 487 BTU/scfg.





Commingling Application
Page 2

4) Details of the method of measurement and allocation

Each well is individually metered near the wellhead and the combined (or commingled) production is also metered at the sales meter. These values are then used to determine the allocated values per well. Exhibit C is a table as an example of the allocation schedule.

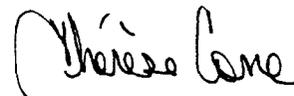
5) Evidence that Federal royalties are not being reduced by this commingling

Since each well is individually metered, the amount as measured by the sales meter can be allocated to the individual wells. As a result, royalties are properly distributed and are not reduced by commingling.

6) Economic necessity

This item is not applicable

Sincerely yours,



Therese Cone
Production Assistant

PROPERTY NAME	ST	P.BASE	GAS *..... G A S P R O D U C T I O N V O L U M E*												12 MO TOTAL	CUML TOTAL
			JAN 96	FEB 96	MAR 96	APR 96	MAY 96	JUN 96	JUL 96	AUG 96	SEP 96	OCT 96	NOV 96	DEC 96		
APACHE FEDERAL	NM	15.0250	5693	5529	5637	5356	5355	4889	5088	5059	6240	5037	4815	4153	62851	87532
ARCO FEDERAL	NM	15.0250	3906	4022	4928	4544	5121	4561	3669	4002	3762	4123	3781	3802	50221	67712
DALPORT FEDERAL	NM	15.0250	7995	8013	8107	7663	7294	6311	5516	4924	4928	5477	4815	4125	75168	109658
FRIEND-FEDERAL	NM	15.0250	573	451	241	23	41	0	0	373	17	158	236	890	3003	7283
OXY FEDERAL COM	NM	15.0250	4461	4619	4708	4239	4527	4479	4567	4504	4313	4438	4047	3047	51949	72388
OXY FEDERAL COM	NM	15.0250	14467	13369	13890	13103	12924	11857	12458	12196	11624	12245	11846	10948	150927	212021
Report totals			37095	36003	37511	34928	35262	32097	31298	31058	30884	31478	29540	26965	394119	556594

Exhibit B

MONTHLY ALLOCATIONS

DATE: Dec-96

CHAVES SE FIELD		PRECISION MEASUREMENTS VOLUME - MCF	ALLOCATED PERCENT	ALLOCATED MCF @ 14.73	ALLOCATED MCF @ 15.025
999001	CHAVES SE (BASE LEASE)				
500100-01	ARCO FEDERAL	4114	0.141	3878.205	3802
500080-01	APACHE FEDERAL	4508	0.154	4235.77	4153
500110-01	DALPORT FEDERAL	4481	0.153	4208.265	4126
500120-01	FRIEND FEDERAL	962	0.033	907.665	890
500130-01	OXY FED NO. 1	3289	0.113	3108.065	3047
500140-01	OXY FED NO. 2	11843	0.406	11167.03	10948
TOTALS		29197	1.0000	27505	26966

AMERICAN GATHERING, L.P. MASTER METER (SALES) @14.73

USE THIS # FOR SALES IN ENERTECH

27505

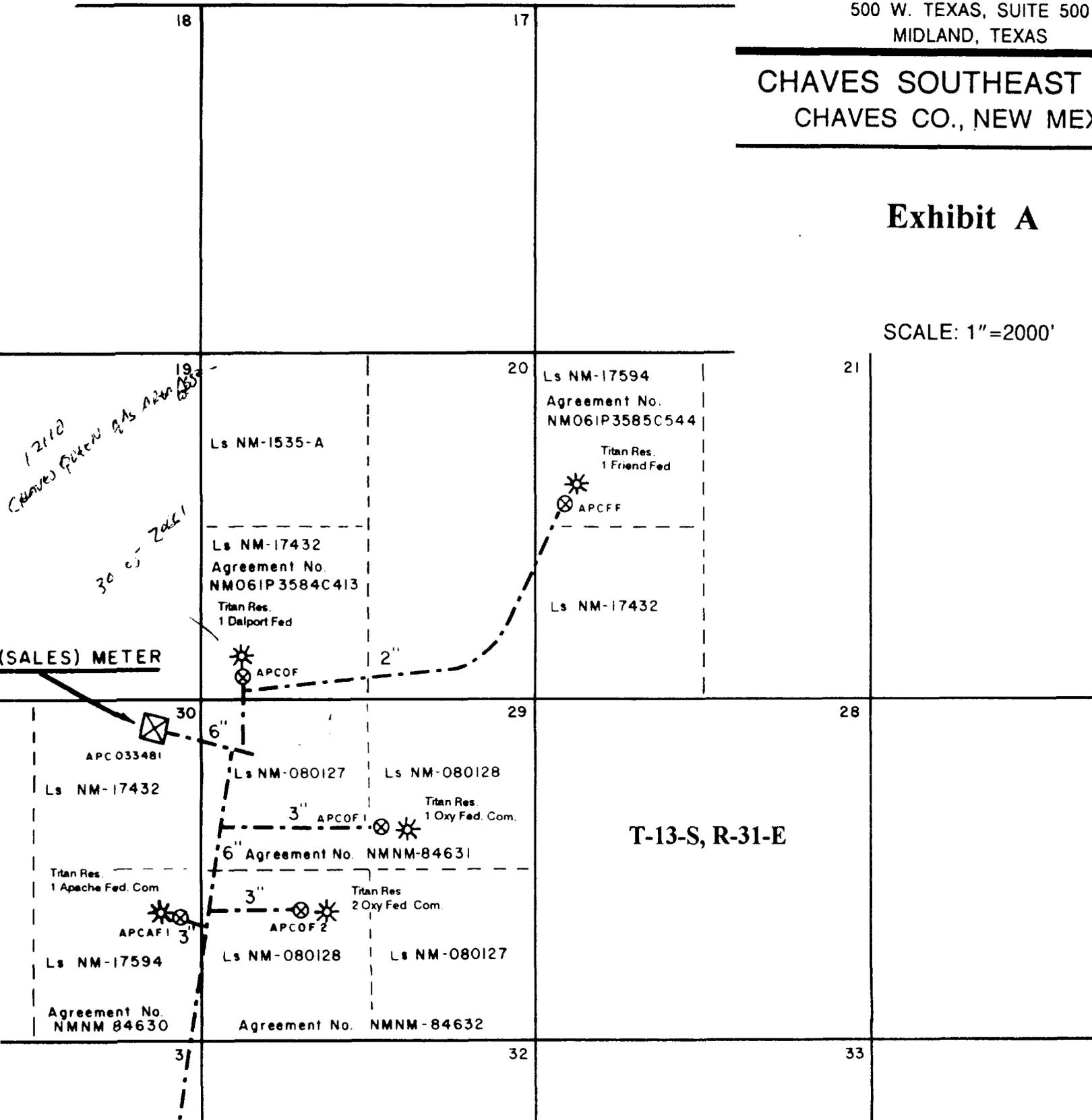


TITAN RESOURCES I, I
 500 W. TEXAS, SUITE 500
 MIDLAND, TEXAS

CHAVES SOUTHEAST
 CHAVES CO., NEW ME

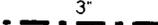
Exhibit A

SCALE: 1"=2000'



T-13-S, R-31-E

LEGEND

-  3" GATHERING SYSTEM WITH LINE SIZE
-  WELLHEAD
-  APCAF CHECK METER WITH IDENTIFICATION CODE
-  APC 033481 MASTER (SALES) METER WITH IDENTIFICATION CODE
- Ls NM - 17597 LEASE NUMBERS
- NMNM - 84630 AGREEMENT NUMBERS