

EXXON COMPANY, U.S.A.

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OIL CONSERVATION DIV.

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HOUSTON PRODUCTION ORGANIZATION
PERMITTING

March 9, 1999

Exception to Rule 403A
Gas Well Gas Metering Exception
F. F. Hardison B Lease
Lea County, New Mexico

New Mexico Oil Conservation Division
Attn: Ms. Lori Wrottenberry
2040 S. Pacheco
Santa Fe, New Mexico 87504

Dear Ms. Wrottenberry:

Exxon requests permission to surface commingle production from all current and future oil and gas wells on our F. F. Hardison B lease and well-test allocate the lease production to each well completion for reporting purposes. This will enable us to reduce the facilities on the above lease to one test separator, one production separator and one sales meter. This does not set a precedent. Approval (copy attached) to well test allocate all the wells on our New Mexico S State lease was given on January 21, 1997, by William J. Lemay.

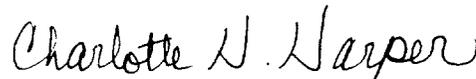
The subject lease produces from the Blinebry Oil and Gas, Tubb Oil and Gas and Paddock pools. A complete list of all current wells on the lease is attached. Production from the wells is surface commingled by virtue of commingling Order PC-268. There are three wells, namely 5, 7 and 8, that are separately metered per Rule 403A. We would like to reduce the cost of having separate facilities for these relatively low producing rate oil and gas wells.

Our request to limit the equipment required on the lease and to well test allocate is based upon the following factors.

- There is no diversity in Royalty, Overriding Royalty or Working Interest (100% Exxon).
- Oil and gas production rate for the lease is relatively low and declining.
- Limiting the amount of equipment on the lease will reduce investment, operating and maintenance costs.
- Separate metering furnishes no additional information necessary to determine the actual production volumes for this lease.

We appreciate your assistance in this matter. If there are questions regarding this request, please call Bob Ward at 713-431-1024.

Sincerely,



Charlotte H. Harper

CHH/slf
Attachment





NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

AMENDED COMMINGLING ORDER PC-137

Exxon Company, USA
P.O. Box 1600
Midland, Texas 79702-1600

Permits
JAN 27 1997

Attention: Mr. Alex M. Correa

LEASE NAME: New Mexico "S" State Lease
DESCRIPTION: All of Section 2, Township 22 South, Range 37 East, NMPM,
Lea County, New Mexico

The above-named company is hereby authorized to commingle Blinebry Oil & Gas, Tubb Oil & Gas (60240), Drinkard (19190), Wantz Abo and Wantz Granite Wash Pool production in a common tank battery and to determine production from each pool by well tests. (If this method is to be authorized, all commingled production must be of marginal nature; further the operator shall notify the Santa Fe office of the Division in the event any well on the commingled battery becomes capable of the allowable production, at which time the Division will amend this order or take such other action as may be appropriate.)

The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: Well Nos.13 and 37 are downhole commingled as authorized by Division Orders DHC-1060 and DHC-769 respectively. Where there is production from the Drinkard and the Tubb Oil & Gas Pools on this lease, there is no liquid production from these pools being commingled.

DONE at Santa Fe, New Mexico, on this 21st day of January, 1997.


WILLIAM J. LEMAY, Director

WJL/BES

cc: Oil Conservation Division- Hobbs

POOL ASSIGNMENTS FOR THE F. F. HARDISON B LEASE, LEA COUNTY, NEW MEXICO

PROPERTY NAME	WELL NO.	API NUMBER	POOL NAME	POOL #
F. F. Hardison B	1	3002507008	Blinebry Oil & Gas (Oil)	6660
F. F. Hardison B	2	3002507009	Blinebry Oil & Gas (Oil)	6660
F. F. Hardison B	3	3002507010	Blinebry Oil & Gas (Oil)	6660
F. F. Hardison B	4	3002507011	Blinebry Oil & Gas (Oil)	6660
F. F. Hardison B	5	3002506808	Tubb Oil & Gas (Pro Gas)	86440
F. F. Hardison B	6	3002506809	Paddock	49210
F. F. Hardison B	7	3002506810	Blinebry Oil & Gas (Pro Gas)	72480
F. F. Hardison B	8	3002506811	Blinebry Oil & Gas (Pro Gas)	72480