

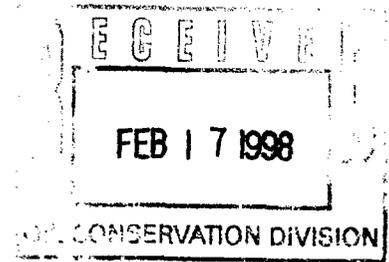
COLLINS & WARE, INC.

508 WEST WALL AVENUE, SUITE 1200

MIDLAND, TEXAS 79701-5076

(915) 687-3435

February 13, 1998



Ben Stone
State of New Mexico
Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, New Mexico 87505-5472

Re: Surface Commingling
A. B. Baker Lease ID No. 19149
Lea County, New Mexico

Dear Mr. Stone:

Collins & Ware, Inc. respectfully requests an exception to Rule 303A "Segregation Of Production From Pools". Under Rule 303B, we request an administrative approval to Surface Commingle the A. B. Baker Lease, Wells Nos. 3, 4, 5, and 6.

This request pertains to an existing lease which was purchased by Collins & Ware, Inc. from Amerada Hess Corp. in July, 1996. At the time of purchase, the storage facility was accepting commingled production from the Drinkard, Tubb, and Blinebry pools and a surface commingling approval should have been in place. Unfortunately, I am unable to find where approval was granted. Therefore, I am submitting this request in order to comply with rule 303B.

After assuming operations, Collins & Ware, Inc. began remedial work that included plugging back the A. B. Baker No. 4 to the Blinebry O&G Pro Gas pool (it was downhole commingled with the Drinkard), and drilling the A. B. Baker No. 5 to the Wantz Abo and Wantz Granite Wash (Downhole commingled) and the A. B. Baker No. 6 to the Wantz Abo. The end result, as seen on the enclosed table, reflects current production from the Blinebry, Wantz Abo, Wants Granite Wash, Tubb and Drinkard. I would like to have a surface commingling approval for each of these pools; Blinebry, Wantz Abo, Wantz Granite Wash, Tubb, and Drinkard

The production from each well is currently being measured monthly by a port-a-check. This test is being performed at the wellhead by the pumper, and the results of the latest test are listed within the attached table. None of the productive pools produce enough oil and gas to make it economical to segregate production from any pool and sell separately.

An oil analysis was taken, copy attached, which indicates the oil gravity of each well along with the sulfur content. The oil from each pool is slightly sour with an average gravity of 41°. The price basis would remain the same whether the oil was sold separately or commingled.

The ownership throughout this lease is common with Collins & Ware, Inc. owning 100% working interest.

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A. B. Baker Lease

Surface Commingle Application

A schematic of the storage facility area and a plat showing the location of the well in relation to the storage facility is attached for your reference.

Again, please review this information regarding our request for an exception to Rule 303A, and if you have any questions or need any additional information, please do not hesitate to give me a call.

Sincerely,

Dianne Sumrall
Production Administrator

ds

enclosures

cc: Hobbs NMOCD

WELL NAME AND NUMBER	CURRENT POOL	STATUS	PRODUCTIVE OF OIL	OIL SAMPLE GRAVITY AT WELLHEAD	COMMINGLED GRAVITY AT TANK BATTERY	CURRENT OIL TEST BOPD
Baker, A. B. #3 2	Tubb Oil & Gas OIL	Producing	No	41.4	40.9	0.2
Baker, A. B. #3 3	Drinkard 10190	Producing	No			
Baker, A. B. #4 1	Blinebry Oil & Gas Pro Gas	Producing	Yes	34.5	40.9	3.0
Baker, A. B. #5 4	Wantz Abo 62700	Producing	Yes	40.7	40.9	2.0
Baker, A. B. #5 5	Wantz Granite Wash 62730	Producing	Yes			
Baker, A. B. #6	Wantz Abo	Producing	Yes	44.6	40.9	2.0

L 72480 OR OIL ~~72480~~

CAPROCK LABORATORIES, INC.
3312 BANKHEAD HIGHWAY
MIDLAND, TEXAS 79701
(915) 689-7252

COMPANY: Collins & Ware
SAMPLE ID: As Noted

JOB NUMBER: 9708086
DATE RECEIVED: Aug. 21, 1997
DATE REPORTED: Aug. 22, 1997
REPORTED TO: David Chiles

SUMMARY OF CRUDE OIL ANALYSIS

SAMPLE IDENTIFICATION	LAB NUMBER	GRAVITY, API @ 60 F	WEIGHT % SULFUR
Gill Deep #1	08086-1	Insufficient Sample	
Gill Deep #3 (wellhead)	08086-2	34.7	0.4749
Gill Deep #4 (wellhead)	08086-3	34.5	0.9562
A B Baker #3 (separator)	08086-4	41.4	0.1883
A B Baker #4 (separator)	08086-5	34.5	0.4072
A B Baker #5 (separator)	08086-6	40.7	0.2070
A B Baker #6 (separator)	08086-7	44.6	0.1650
J G Hare #1 (wellhead)	08086-8	35.2	0.7975
J G Hare #4 (wellhead)	08086-9	35.4	1.0795
J G Hare #5 (wellhead)	08086-10	35.7	1.0438
J G Hare #6 (wellhead)	08086-11	36.5	0.6913
J G Hare #7 (wellhead)	08086-12	36.7	0.9735

Method: ASTM D4294, ASTM D287
Sample: Un-filtered Crude Oil

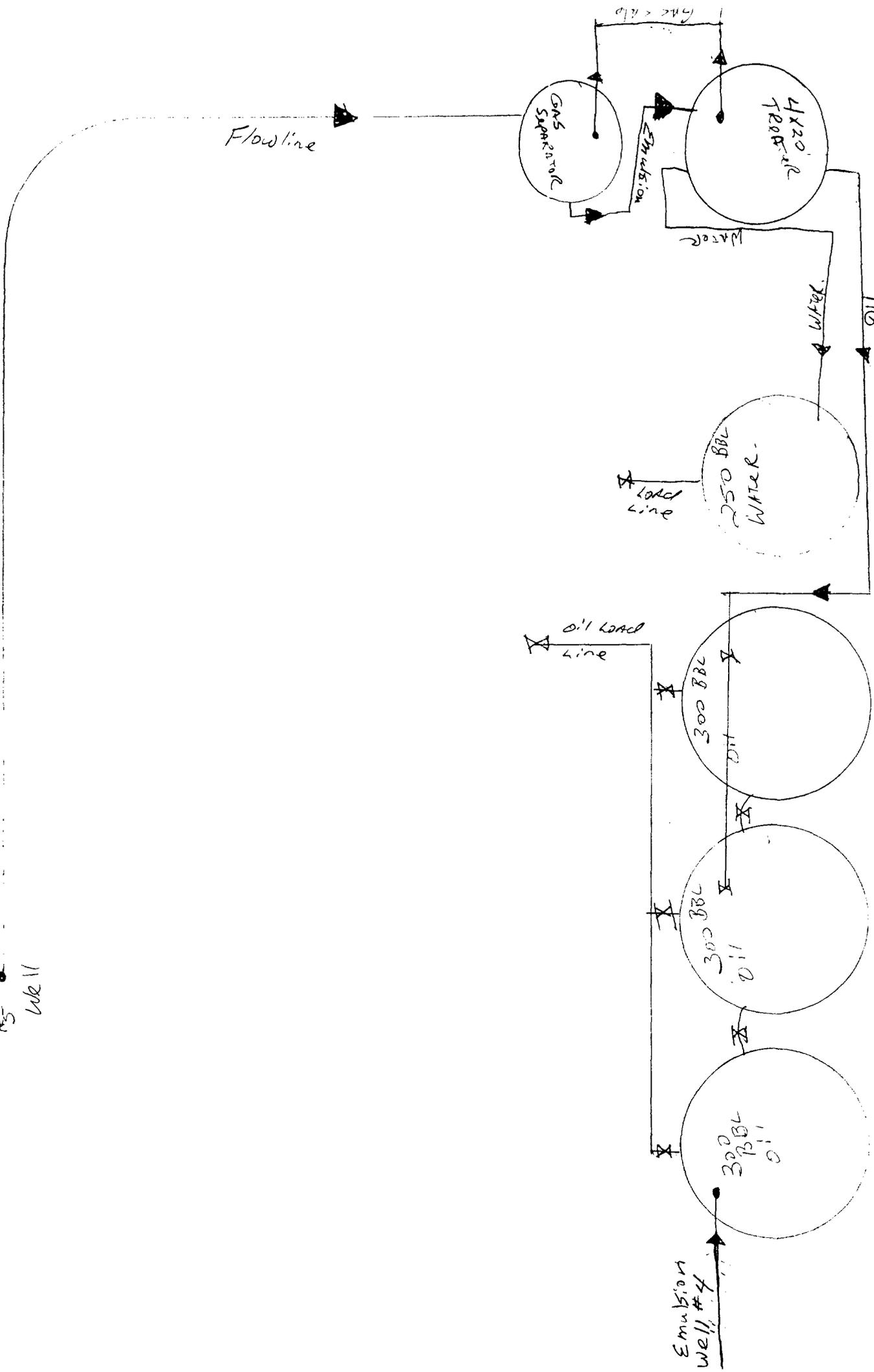
Analyst:


James L. Pritchard, Lab Manager

H. B. BAKER

Nov 11

W5
Well



OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1	API Number	2	Pool Code	3	Pool Name	
4	Property Code	5	Property Name A.B. Baker		6	Well Number
7	OCRD No.	8	Operator Name Collins & Ware, Inc.		9	Elevation

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	10	22 S	37 E						Lea

¹¹Bottom 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

12	Dedicated Acres	13	Joint or Infill	14	Consolidation Code	15	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNIT ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	A.B. BAKER #3 TUBS O&G DRAINAGE PROD I - 2047S / 639E				A.B. BAKER #4 BLENDING O&G DRAINAGE PROD P - 880S / 880E				A.B. BAKER #5 WASTE O&G WASTE GRANITELASH PROD P - 830S / 400E				A.B. BAKER #6 WASTE O&G WASTE GRANITELASH PROD I - 2135S / 829E			
17 OPERATOR CERTIFICATION																
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.																
Signature _____																
Printed Name _____																
Title _____																
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.																
Date of Survey July 8, 1996																
Signature and Seal of Professional Surveyor																
Certificate Number 10324																