



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 PLC-127

Primal Energy Corporation
222 Pennbright, Suite 116
Houston, Texas 77090

Attention: Mr. John Abernathy

The above-named company is hereby authorized to commingle Langlie Mattix Seven Rivers-Queen-Grayburg (37240), Justis Blinebry (34200), North Justis Fusselman (34790), North Justis McKee (34980), and Justis Tubb Drinkard (35280) Pool production from the following leases:

Lease: Hale State Well Nos. 1, 2, 3, 4, 5 and 6; and,
M.E. Hale Well Nos. 1 and 2
Description: S/2 NE/4 of Section 2, Township 25 South, Range 37 East, NMPM,
Lea County, New Mexico

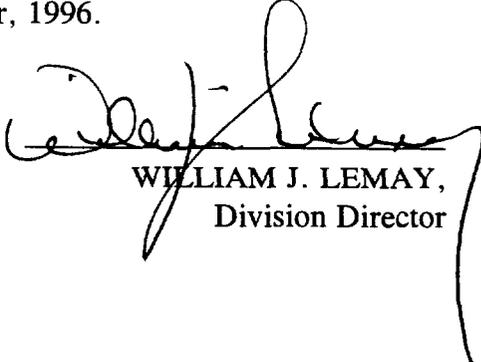
Production shall be allocated to each lease by separately metering the production from each lease prior to commingling.

REMARKS: Commingled production shall be stored in the Hale State tank battery facility located in Unit Letter 'H', Section 2, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

FURTHER: 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 309-B 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.

DONE at Santa Fe, New Mexico, on this 16th day of October, 1996.


WILLIAM J. LEMAY,
Division Director

WJL/BES

cc: Oil Conservation Division - Hobbs
State Land Office - Oil & Gas Division

Amateur

9/30/96

PRIMAL ENERGY CORPORATION

222 PENNBRIGHT, SUITE 116
HOUSTON, TEXAS 77090
713-875-5100
713-875-5113 fax

September 4, 1996



Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505
Att.: Mr. William J. Lemay

Dear Mr. Lemay:

Primal Energy has made application for commingling authority on the Hale State and M.E. Hale leases in Lea County. This authority was granted on 8/26/96 with **COMMINGLING ORDER PLC-127**. Unfortunately the field that contains the M.E. Hale wells was omitted from the order.

We therefore request that the above referenced order be amended to include all previously approved pools plus the Langlie Mattix 7 Rvrs Q Grayburg (37240). If any other documentation is needed please advise.

Sincerely,
PRIMAL ENERGY CORPORATION

John Abernethy
Manager, Operations & Engineering

cc: OCD District I
P. O. Box 1980
Hobbs, New Mexico 88241-1980

New Mexico State Land Office
Oil and Gas Department
Box 1148
Santa Fe, New Mexico 87504-1148

PRIMAL ENERGY CORPORATION

222 PENNBRIGHT, SUITE 116
HOUSTON, TEXAS 77090
713-875-5100
713-875-5113 fax

July 20, 1996

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Gentlemen:

Primal Energy Corporation (154303) is the operator of the Hale State #1, 2, 3, 4, & 5 which are identified as property number 018949. Primal also operates the M. E. Hale #1 & 2 which carry property number 018950. All seven of these wellbores are on the same 80 acre tract of land. That tract is the S1/2 of the NE1/4 of Section 2, T25S, R37E of Lea County. These two properties (018949 and 018950) have been carried as separate properties in the past due to different working interest ownership. With the recent acquisition of these properties by Primal, both properties now have the same working interest ownership.

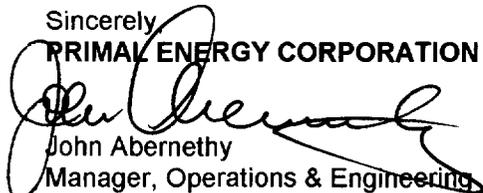
Currently, the five wells on the Hale State (018949) produce from four different pools and are commingled in a common tank battery. The M. E. Hale (018950) has two wells which produce from the same pool and into a common tank battery. It is the understanding of Primal that the proper approvals for the above have been obtained. Two events occurred last week that necessitate this request to commingle and consolidate the above referenced two properties.

Primal is preparing to drill the Hale State #6 well. The surface location of the M. E. Hale tank battery interfered with the building of the drilling pad. When the tank battery was inspected for possible relocation, the equipment was judged to be in such poor shape that not only was movement impossible, the imminent danger of leakage required that all fluids be removed from the equipment and that production be shut in. The oil and water from the M.E. Hale tank battery was moved to the Hale State battery. While we realize that this is not the preferred method of notification and that approval should have been obtained prior to the movement of the oil and water, the high probability of leakage and the need to move the equipment required us to act as we did.

We therefore ask the OCD to approve the movement of oil from the M. E. Hale battery to the Hale State battery, to approve our proposal to consolidate these two properties, and to approve the commingling of these wells in their respective pools. For your benefit, a copy of the C-115 for these wells is attached as well as a schematic showing the location of the existing and proposed wells and tank batteries.

Sincerely,

PRIMAL ENERGY CORPORATION



John Abernethy
Manager, Operations & Engineering

cc: OCD District I
P. O. Box 1980
Hobbs, New Mexico 88241-1980

New Mexico State Land Office
Oil and Gas Department
Box 1148
Santa Fe, New Mexico 87504-1148



PLC - 121

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

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

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

September 30, 1996

Primal Energy Corporation
222 Pennbright, Suite 116
Houston, Texas 77090

Attn: Mr. John Abernathy

Re: Application for Surface Commingling
Hale State Well Nos. 1, 2, 3, 4, 5, and 6
M.E. Hale Well Nos. 1 and 2
Hale State Tank Battery, Unit Letter H, Section 2-25S-37E
Justis Blinebry (34200), North Justis Fusselman (34790),
Langlie Mattix; 7 Rivers-Q- Grayburg (32740),
North Justis McKee (34980) and Justis Tubb Drinkard (35280),
Lea County, New Mexico

Dear Mr. Abernathy:

We received your application letter of September 17, 1996, requesting approval to surface commingle the production from the above-referenced wells.

We understand that production from the above-referenced wells will be metered and tested at the Hale State tank battery located in the SE/4NE/4 of Section 2-25S-37E.

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 for surface commingling of the production from the above-mentioned wells 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.

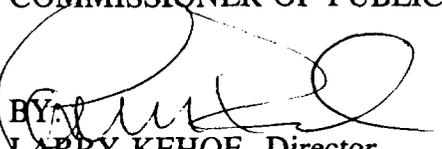
Your \$30.00 filing fee has been received.

Primal Energy Corporation
Page 2
September 30, 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--Attention: David Catanach and Ben Stone
Commissioner's File