

PLC-133



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

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

June 10, 1997

PRO New Mexico Inc.
460 St. Michaels Drive
Suite 402
Santa Fe, New Mexico 87505

Attn: Ms. Jolene Dicks

Re: Surface Commingling of Gas Production
Buena Suerte 32-L Well No. 1, Unit Letter L
Gallegos Com Well No. 5, Unit Letter J
Section 32-26N-11W
Gracia Navajo 5-K Well No. 2, Unit Letter K
Section 5-25N-11W
San Juan County, New Mexico

Dear Ms. Dicks:

Reference is made to your application letter of May 8, 1997. In your letter you have requested our approval to install a gas gathering line from the Buena Suerte 32-L Well No. 1 located in the NW/4SW/4, Section 32-26N-11W and terminating at a field compressor site and Central Delivery Point at the Gallegos Com Well No. 5 located in the NW/4SE/4 of Section 32-26N-11W. It is our understanding that you will allocate the sales and production volumes for each well based on the sales meter set at the outlet of the compression located on the Com 5 location and standard orifice meters located at the 5-K and the 32-L wells.

Please be advised that the Commissioner of Public Lands has this date granted approval to your proposed request. 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. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Please submit a \$30 filing fee.

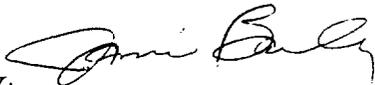
PRO New Mexico Inc.
June 10, 1997
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Also, please submit the Oil Conservation Division's approval number.

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
BLM



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

July 18, 1997

IN REPLY REFER TO:

SF-078062 (GC)
3162.7-3 (Perm)

Jolene Dicks
Pro New Mexico Inc.
Oil and Gas Production and Properties
460 St. Michael's Drive, Ste. 402
Santa Fe, NM 87505

RE: Surface Commingling
No. 1 Buena Suerte 32-L NWSW Section 32
No. 5 Gallegos Com NWSE Section 32
No. 2 Gracia Navajo 5-K NESW Section 5
Township 26 North, Range 11 West
San Juan County, New Mexico

Dear Ms. Dicks:

We have received your correspondence and subsequent documentation applying for an addendum to a previously approved central delivery point (CDP). On October 5, 1993, approval to surface commingle the No. 5 Gallegos Com and the No. 2 Gracia Navajo 5-K. No. 1 Buena Suerte 32-L will be added to the system. The manner of allocation will be the same as previously approved. An allocation meter has been installed on the No. 1 Buena Suerte. With the addition of the Buena Suerte well, gas produced for the No. 5 Gallegos Com will be calculated by taking the difference of the Sales meter volume and the allocation meter volumes, fuel use, and any purged or vented gas.

If you have further questions, please contact Brian Davis at (505) 599-6367.

Sincerely,

/s/ Brian W. Davis

FOR Duane W. Spencer

bcc:

NMOCD, Santa Fe; New Mexico State Land Office, Suspense (Brian, Afmss);
Well File (No. 2 Gracia Navajo 5-K, 1845'FSL&1830'FWL, 5-26N-11W).

07400:BWDavis:x6367:07/18/97:ProNMSC.ltr