

MLC 8/5/97 134



July 14, 1997

Engineering Department
State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

16

RE: APPLICATION FOR EXCEPTION TO RULE 303-A FOR ADMINISTRATIVE APPROVAL TO SURFACE COMMINGLE GAS PRODUCTION FROM THE COCHITI "5" FEDERAL COM #1 (PIERCE CROSSING; WOLFCAMP, NORTH) GAS POOL AND THE COCHITI "8" FEDERAL #2 (MALAGA; DELAWARE) OIL POOL ON THE COCHITI "5" FEDERAL LEASE LOCATED IN UNIT N, SECTION 5, TOWNSHIP 24 SOUTH, RANGE 29 EAST, EDDY COUNTY, NEW MEXICO

Gentlemen:

Maralo, Inc. requests administrative approval to surface commingle gas production in a common facility as stated above. In support of this request, the following information is submitted:

A Plat is attached showing the location and reservoir of each well.

Enclosed is a battery diagram which describes the proposed operation.

The Cochiti "5" Federal Com #1 and the Cochiti "8" Federal #2 leases produced approximately 66 MCFPD from the Delaware and Wolfcamp reservoirs. The individual well production for May, 1997 is listed below:

Cochiti "5" Federal Com #1

<u>UL</u>	<u>BOPD</u>	<u>BWPD</u>	<u>MCFPD</u>	<u>GRAVITY</u>	<u>FORMATION</u>
N	-0-	-0-	54		Wolfcamp, North (Gas)

CALL w/ VERBAK
BY HICOTT

Page 2
Maralo, Inc.
Surface Commingle Application

Cochiti "8" Federal #2

<u>UL</u>	<u>BOPD</u>	<u>BWPD</u>	<u>MCFPD</u>	<u>OIL GRAVITY</u>	<u>FORMATION</u>
C	9	120	12	40.1	Delaware

The production from each lease will be metered separately prior to compression and allocated based on wellhead measurement in accordance with OCD applicable provisions. A single sales meter will be installed downstream.

Commingling proposal notices have been sent to working interest owners (See attached letter). Royalty interests and overriding interests will not be affected.

Operating costs will be reduced by shared compressor usage. The actual commercial value of such commingled production will not be lessened or changed.

If you require additional information, please call me at (915) 684-7441.

Sincerely,


Dorothea Logan
Regulatory Analyst

Attachments: (4) sets

cc: BLM/Roswell (4) sets
OCD/Artesia (1) set
El Paso Natural Gas Company

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Ed., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-10
Revised February 10, 199
Instruction on bac
Submit to Appropriate District Office
State Lease - 4 Copie
Fee Lease - 3 Copie

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-27996	Pool Code 96402	Pool Name PIERCE CROSSING; WOLFCAMP, NORTH (GAS)
Property Code 15173	Property Name COCHITI "5" FEDERAL COM	Well Number 1
OGHD No. 014007	Operator Name MARALO, INC.	Elevation 3004'

Surface Location

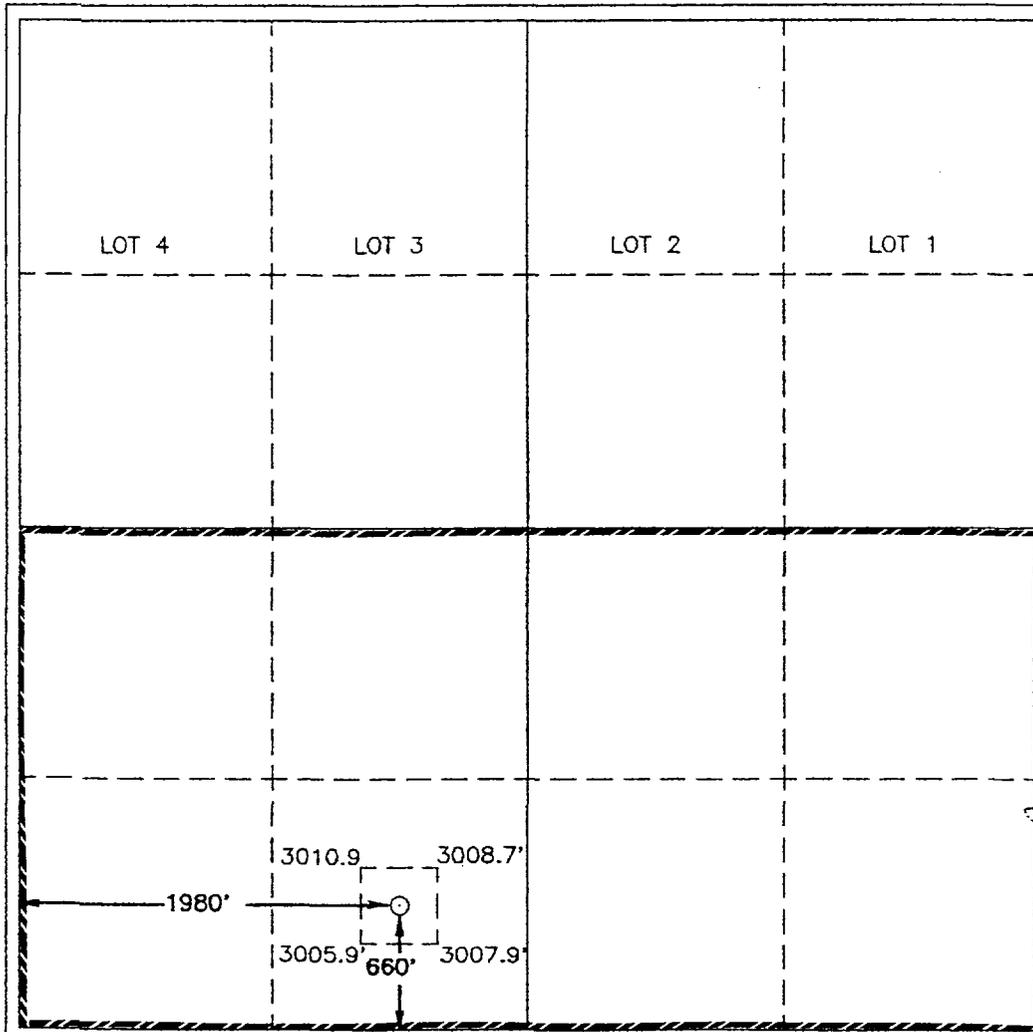
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	5	24 S	29 E		660	SOUTH	1980	WEST	EDDI

Bottom 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
---	---	---	---	---	---	---	---	---	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Joe T. Janica
Signature

JOE T. JANICA
Printed Name

AGENT
Title

5/10/94
Date

Date

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.

APRIL 5 1994
Date Surveyed

Signature & Seal of
Professional Surveyor

7977

NEW MEXICO
PROFESSIONAL LAND SURVEYOR
0584

Certificate No. JOHN W. WEST, 076

RONALD J. EIDSON, 3239

GARY L. JONES, 7977

DISTRICT I
P.O. Box 1960, Hobbs, NM 88241-1960

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-28618	Pool Code 42940	Pool Name MALAGA; DELAWARE
Property Code 17421	Property Name COCHITI 8 FEDERAL	Well Number 2
OGRID No. 014007	Operator Name MARALO INC.	Elevation 3023

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	8	24 S	29 E		660	NORTH	1980	WEST	EDD

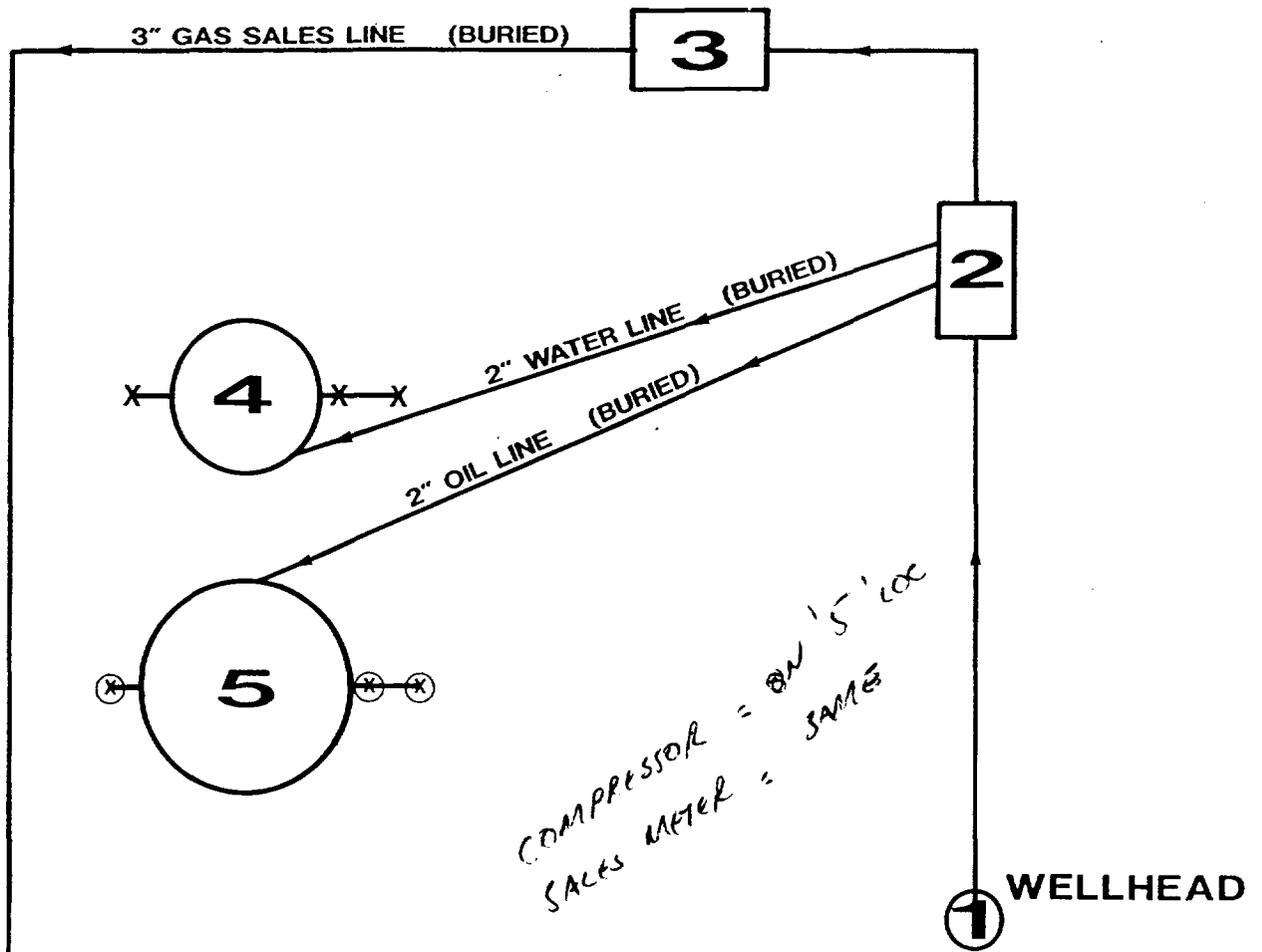
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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

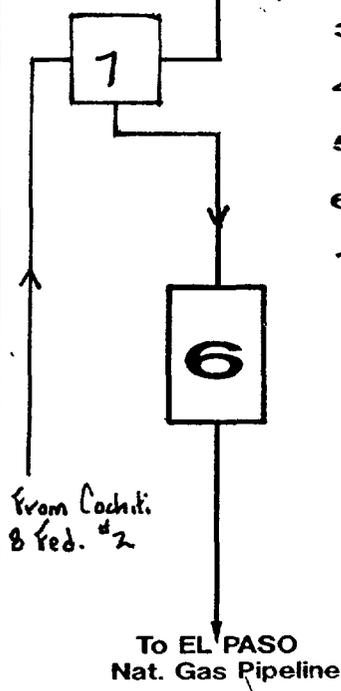
	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Joe T. Janica</i> Signature</p> <p>Joe T. Janica Printed Name</p> <p>AGENT Title</p> <p>7-31-95 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby 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.</p> <p>JULY 13, 1995 Date Surveyed</p> <p><i>Ronald J. Eidson</i> Signature and Seal Professional Surveyor</p> <p>DMCC</p> <p>3239 No. JOHN W. WEST 3239 EIDSON 12641</p>

EXHIBIT "A"



- 1 - WELLHEAD
- 2 - 1.5 MM BTU 10,000# Gas Production Unit
- 3 - Meter Run (Maralo, Inc.) Check
- 4 - 6'X16' 210 BBL Fiberglass Tank (Water)
- 5 - 12'X20' 400 BBL Steel Tank (Oil)
- 6 - 3" Meter Run (El Paso Nat. Gas) Sales
- 7 - Compressor

COMPRESSOR = ON 15' LOC
 SALES METER = SAME



maralo^{INC.}
 COCHITI "5" Fed. #1^{COM}
 660' FSL & 1980' FWL, SECTION 5
 T - 24 - S , R - 29 - E
 PIERCE CROSSING; WOLFCAMP, NORTH (GAS)
 EDDY COUNTY, NEW MEXICO

COCHITI 8 Fed. #2

660' FNL & 1980' FEL

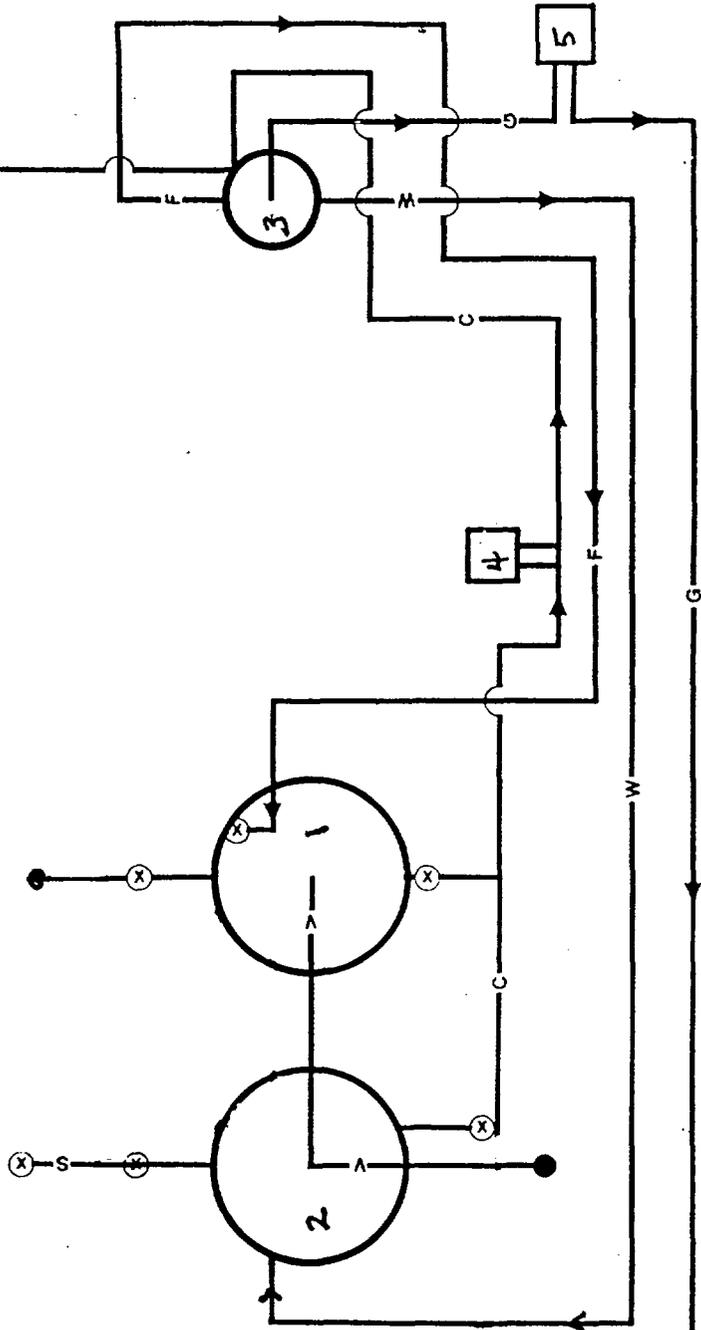
SECTION 8, T 24 S - R 29 E
EDDY COUNTY, NEW MEXICO

MALAGA (DELAWARE) POOL



To Compressor
Cochiti 5 Fed. #1

1. 500 BBL STEEL WELDED FLAT BOTTOM OIL PRODUCTION TANK
2. " " HEATER TREATER 50# W. P.
3. " " Water " Coated
4. Circulating Pump
5. Maralo, Inc. Check Meter (Gas)
6. WELLHEAD W/PUMP JACK & AJAX MOTOR





Certified Mail - RRR

July 11, 1997

TO THE WORKING INTEREST OWNERS ON EXHIBIT "A":

Re: Notification of Surface Commingling of Production from
Cochiti "8" Federal #2 and Cochiti "5" Federal #1
Cochiti Prospect (NM-190)
Eddy County, New Mexico

Ladies and Gentlemen:

Please be advised that this letter shall serve as Maralo's formal notification to you that Maralo has applied with the Bureau of Land Management (BLM) and the Oil Conservation Division (OCD) for approval to combine production from the captioned wells into a single tank battery facility, with separate metering devices, so that the apportionment between the federal leases with different royalty rates can be calculated.

Should you have any questions concerning this matter, please feel free to contact us.

Very truly yours,

MARALO, INC.


Joe C. Pulido, CPL
Land Manager

AF:jr

Xc: Anita Fuller
Dorothea Owen

EXHIBIT "A"

WORKING INTEREST OWNERS

**COCHITI PROSPECT (NM-190)
EDDY COUNTY, NEW MEXICO**

**MRL Partners
Dept. 6
P. O. Box 4887
Houston, TX 77210-4887**

**L. R. French, Jr.
P. O. Box 11327
Midland, TX 79702**

**Louis Dreyfus Natural Gas Corp.
P. O. Box 960116
Oklahoma City, OK 73185-0163**