

PENROC

October 11, 2000

Mr. Mark Ashley
New Mexico Oil Conservation Division
2040 Pacheco St.
Santa Fe, New Mexico 87505

Re: Surface Commingling
L. W. White (018980) & Ida White (018978)
Section 34 & Section 35, T-20-S, R-36-E
Lea County, New Mexico

Dear Mark:

Penroc Oil Corporation is requesting approval for surface commingling of the captioned fee leases.

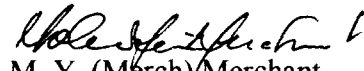
The data on the two leases along with the surface diagram is attached. Also Penroc and John Bryant of Hobbs, New Mexico owns the working interest and he has been notified with a copy of this letter.

Please note the production battery is located in Section 35 (Ida White lease). Due to very marginal nature of these wells, it will extend the life of the lease by measuring the production at a common tank battery.

If you have any questions, please call, write or e-mail me. My e-mail address is:
mymarch@leaconet.com

Thank you.

Sincerely,


M. Y. (Merch) Merchant
President

Attachments.

CC: Mr. John Bryant

CTB

505

11/2/00

29346803

OCT 13 2000

MAILING ADDRESS:
PO Box 5970
Hobbs, NM
88241-5970

DELIVERY ADDRESS:
5014 Carlsbad Hwy.
Hobbs, NM
88240-1118

(505) 397-3596 Phone
(505) 393-7051 FAX

Surface Commingling of Ida White & L. W. White

Operator: Penroc Oil Corporation	Penroc Oil Corporation
OGIRD #: 07213	07213
Well name & No. Ida White #1, Ida White #2	L. W. White No.1
API No. 30-025-04403, 30-025-04404	30-025-04393
Location: Unit K and Unit L of Section 35 and Unit P of Section 34 T-20-S, R-36-E Lea County, New Mexico	

POD #:

Oil: 2597510

Gas: 2597530

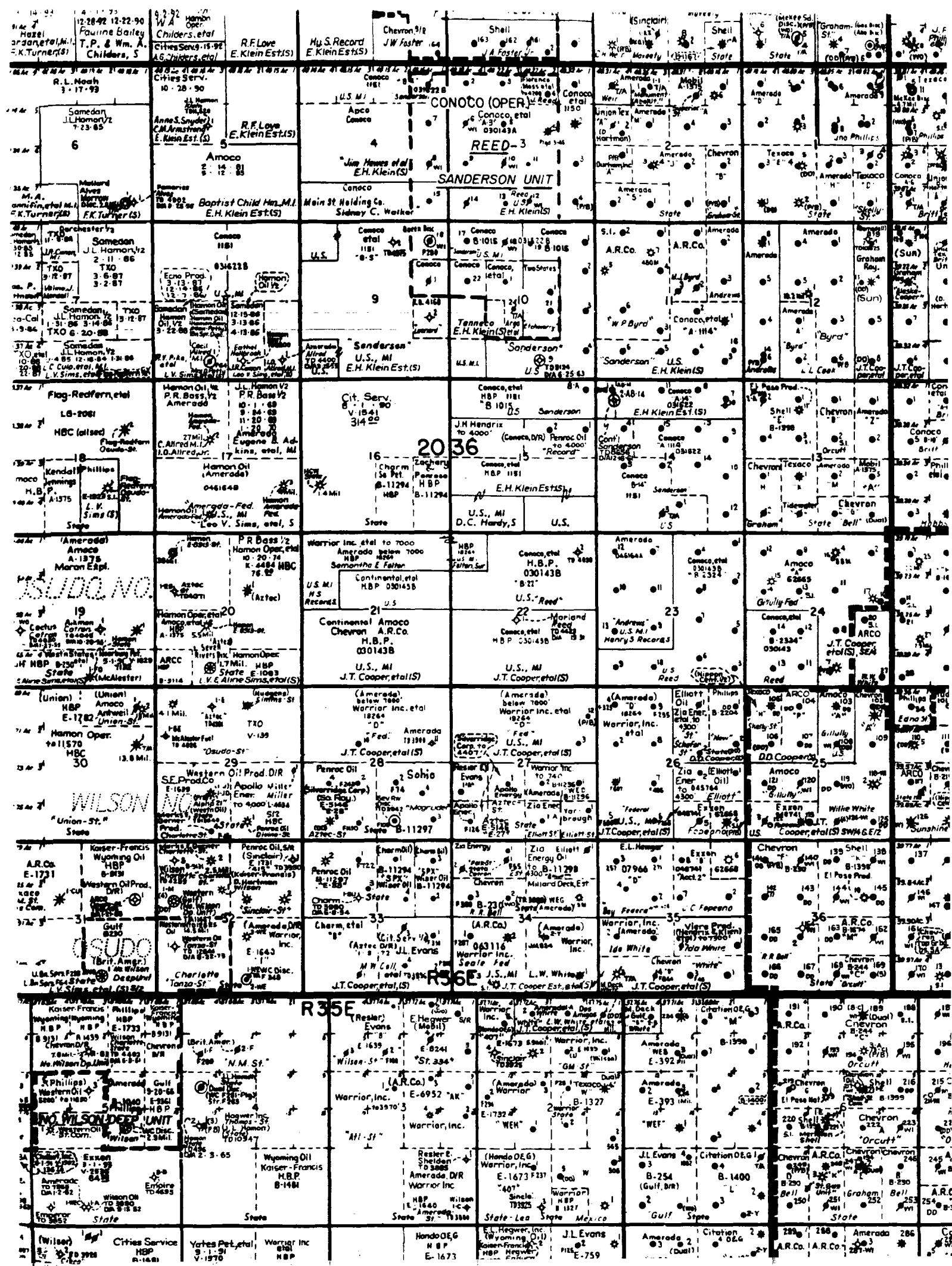
Working interest owners are same in both leases (Penroc & John Bryant).

Royalty interest owners are same in both leases.

Field: Eumont Yates Seven Rivers Queen

Well Tests: Ida White #1: 2 BOPD, 3 BWPD, 7 MCFD, Ida White #2: 1 BOPD, 8
15 BWPD, 8 MCFD, L. W. White: 1 BOPD, 10 BWPD & 12 MCFD

The allocation of production will be from monthly well test.



Ashley, Mark

From: M Y Merchant[SMTP:mymerch@leaconet.com]
Sent: Tuesday, October 24, 2000 12:47 PM
To: Ashley, Mark
Subject: Re: Surface Commingling

Mark: Sorry you had trouble with the phone line. Between the take over by the new phone company and rain, who knows! My number is: (505)397-3596 and has been the same for the past 22 years.

The location of the battery on the Ida White is almost in the middle of unit letter K and L. This is where the L.W. White is going to come in.

The location of the battery for Lea State 407 is in unit letter F of Section 2-21-35. This is where the AK will be coming to.

I hope it answers your questions. If not e-mail me again or we will talk over the phone about 2 ish. I will not be here tomorrow. Thanks for your help.

MERCH

----- Original Message -----

From: "Ashley, Mark" <MWAshley@state.nm.us>
To: "'Merch Merchant'" <mymerch@leaconet.com>
Sent: Tuesday, October 24, 2000 9:32 AM
Subject: Surface Commingling

> Merch,
>
> Can you tell me the exact location of the tank batteries for two surface
> commingling applications you sent to me? I tried to call you, but the
> number on you letter is no longer in service. You can call me at (505)
> 827-8183.
>
> Thanks,
> Mark
>