

**BURNETT OIL CO., INC.**

1500 INTERFIRST TOWER

801 CHERRY STREET

**FORT WORTH, TEXAS 76102**

(817) 332-5108

August 4, 1986

State of New Mexico  
Energy & Minerals Division  
P. O. Box 2088  
State Land Office Building  
Santa Fe, New Mexico 87504-2088

Attention: Richard L. Stamets, Director

Re: Cancellation of Commingling  
Order CTB-320; and  
Proposal for Exception  
to Rule 309-A providing, Off-  
Lease Storage for Gissler #1  
(NM 2746) Square Lake Field  
Eddy Co., New Mexico

Dear Mr. Stamets:

Due to lack of common royalty ownership, we will be unable to commingle our Gissler #1 (NM 2746) production with our Gissler "B" (NM 2748) production, as authorized on July 1, 1986. The lease is presently shut-in.

We hereby apply for an exception to Rule 309-A to permit the production from Gissler #1 to be transported (via flowline) prior to measurement to our existing Gissler "B" battery site, where the oil and gas will be measured and sold separately. Attached is a list of Gissler #1 (NM 2746) ownership, and a plat of both leases showing the proposed location of the new tank battery and meter run. We are requesting administrative approval for this off lease battery to permit us to have access to an oil gathering pipeline and a point of delivery for casinghead gas. In further support of this application we submit that:

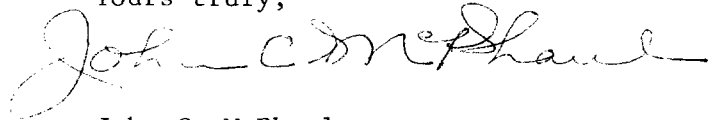
- (1) All production is from the Square Lake (GB-SA) pool.
- (2) Commingling of production from the two leases will not result.
- (3) There will be no inter-communication of the handling, separating, treating, or storage facilities designated to each lease.
- (4) All interest owners in Gissler #1 (NM 2746) have been notified by certified mail of our intent to transport prior to measurement the production from Gissler #1 (NM2746) to the Gissler "B" (NM 2748) lease for storage (copies of certified mailings attached.)

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(5) As Federal lands are involved, we have applied for consent of the District Manager, Bureau of Land Management for the proposed off-lease storage. (copy attached) When this is approved, we will forward to you an approved copy.

We appreciate your prompt consideration given to this request, as the well is shut-in. If further information is needed, please contact us.

Yours truly,

A handwritten signature in cursive script, reading "John C. McPhaul". The signature is written in dark ink and is positioned above the printed name and title.

John C. McPhaul  
PRODUCTION SUPERINTENDENT

JCM:jlh

Attachments