



JIM BACA
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

January 28, 1992

Ray Westall
P. O. Box 4
Loco Hills, New Mexico 88255

Attn: Mr. Randall L. Harris

Re: Surface Commingling and Off Lease Storage
Lease Nos. V-1952, V-1981 and L-1648-3

Reference is made to your letter of January 1, 1992, wherein you have requested our approval to surface commingle production from Lease Nos. V-1952 and V-1981 and off-lease store this production on Lease No. L-1648-3.

We have derived the following information from your application:

1. Ray Westall, as operator, has the approval of all individual interest owners, all approving the proposed commingling and off-lease storage.
2. Production from two wells, the Myrtle Myra Well No. 1 (Lease No. V-1981) and Myrtle Myra Well No. 3 (Lease No. V-1952), will be commingled into a common tank battery stored on State Lease No. L-1648-3.
3. It is our understanding the Production from the Myrtle Myra Well No. 3 (Lease No. L-1648) will be separately metered and will not be commingled with the production from other wells.

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 and off-lease storage operations 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.

If you have any questions, or if we can be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744

OCD - Dana Costello

Ray Westall

Independent Oil Producer

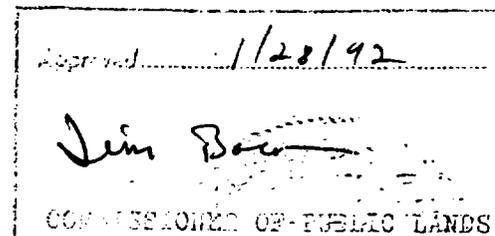
Post Office Box 4 • Loco Hills, New Mexico 88255
Ph. 505-677-2370

August 5, 1991

New Mexico Energy, Minerals &
Natural Resources Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

ATTN: Mr. William LeMay
Director

RE: Surface Commingling, Rule 303-B
Lease Commingling, Rule 309-B
Off-Lease Storage, Rule 309-C
La Huerta - Delaware Pool
Eddy, County, New Mexico



Dear Mr. LeMay:

Ray Westall Operator Inc. respectfully requests administrative approval to commingle production from two wells drilled on two leases into a common tank battery and to permit the production from one lease to be transported prior to measurement to another lease for storage there on. It is proposed to commingle the production from the Myrtle Myra #1 and the Myrtle Myra #3 into a common storage facility located on the Myrtle Myra #2 location. A map labeled Attachment I is enclosed for your information.

The purpose of this off lease storage and surface commingling is to reduce operating cost for storage and treating and thereby extend the economic life of each well. Without approval for utilizing existing batteries on adjacent leases, it will become necessary to build separate facilities for each well. This will greatly increase costs and shorten the economic life of the well. Because working interests and royalty interests are the same in both leases we will assign a factor to each well based on semi-annual GOR tests. The production in both wells is from the same producing zone which is the Delaware Formation. In accordance with the referenced Rules 303-B, 309-B and 309-C, the following diagrams, maps and well data are submitted for your information.