



Sun Exploration and
Production Company
No 24 Smith Road
ClayDesta Plaza
PO Box 1861
Midland TX 79702 9970
915 688 0300

February 12, 1985

Mr. Gilbert Quintana
State of New Mexico
Energy & Mineral Dept.
Santa Fe, New Mexico 87503

Re: Exception to Statewide Rule 303
Surface Commingling
State C A/C 1 Lease
State BD Lease
Lea County, New Mexico

Dear Mr. Quintana:

Sun Exploration and Production Company requests administrative approval to surface commingle fluids from the two referenced leases to one common tank battery. There will be no gas measured due to the lack of gas production from both leases. Allocation to be determined by well tests.

| State C A/C 1 Lease | <u>Bagley-Siluro/Devonian</u> | | | | <i>NW/4 NE/4, E/2 NW/4, and</i> |
|---------------------|-------------------------------|---------|-------|--|---------------------------------|
| Well No. 1 | 59 BO | 652 BW | 0 MCF | | SE/4 |
| 2 | 104 BO | 2547 BW | 0 MCF | | |
| 3 | 24 BO | 862 BW | 0 MCF | | |

| State BD Lease | Bagley-Siluro/Devonian | | | | |
|----------------|------------------------|--------|-------|--|---------------------------|
| Well No. 1 | 47 BO | 298 BW | 0 MCF | | <i>E/2 NE/4</i> |
| 2 | Currently shut-in | | | | <i>sec. 2, 125, 33 E,</i> |

(All of the above tests were made within the last two weeks.) *Lea County*

The commingling of these fluids will not result in loss of values of the production, since the gravity is similar on both leases. The gravity for the State C A/C 1 Lease is between 46.0-46.1 (corrected), while the gravity on the State BD Lease is 46.3 (corrected). (The gravity data was obtained from current run tickets.)

Mr. Gilbert Quintana

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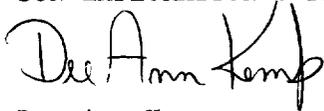
February 12, 1985

Both leases do have the same royalty owners, working interest owners and overriding owners.

Attached is a schematic diagram of the battery installation and plat showing the location of the two leases.

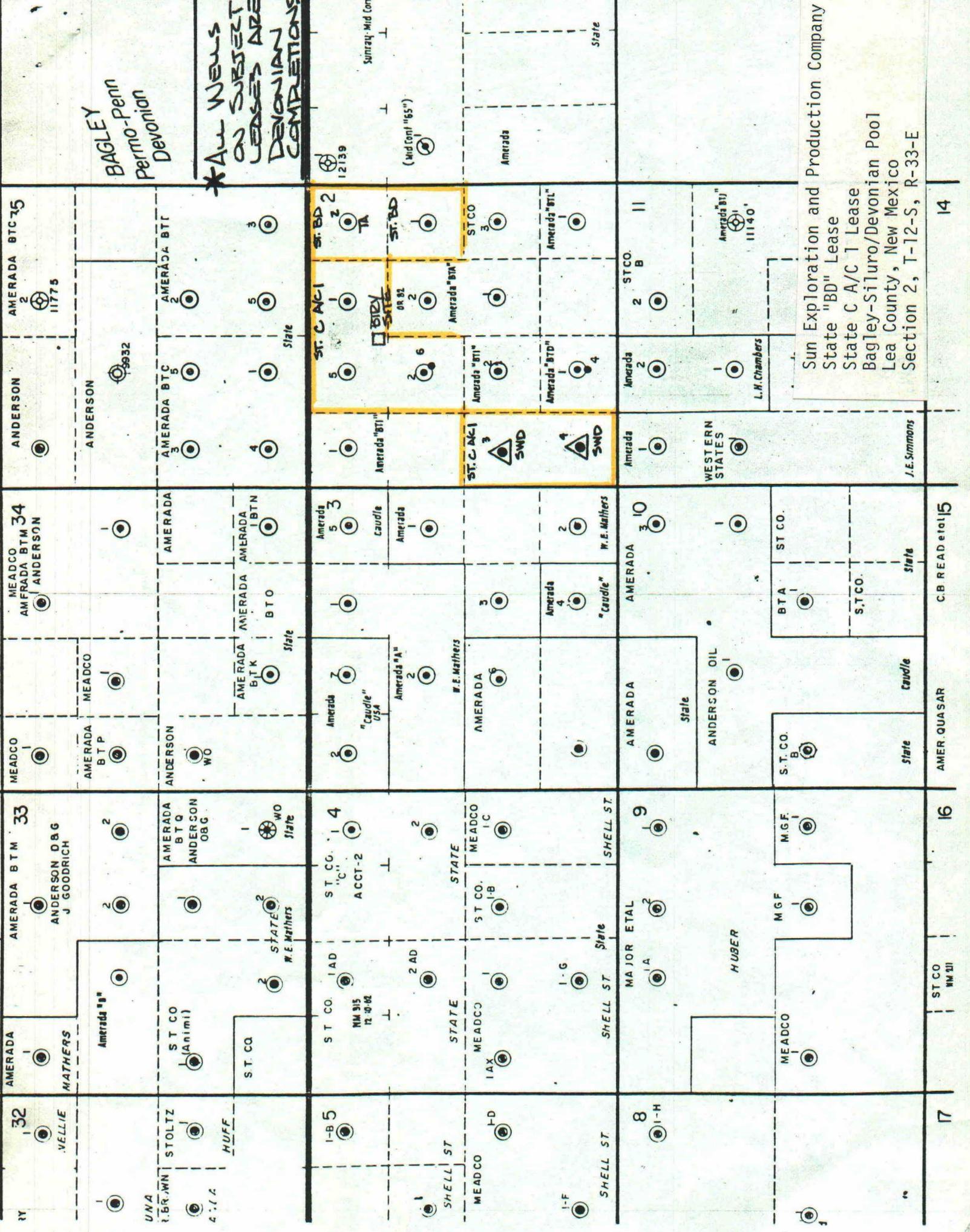
If you have any questions or need additional information, please contact me at (915) 688-0374.

Very truly yours,
SUN EXPLORATION & PRODUCTION COMPANY

A handwritten signature in cursive script that reads "Dee Ann Kemp". The signature is written in dark ink and is positioned above the typed name and title.

Dee Ann Kemp
Associate Accountant

DAK:skw
Enc.



BAGLEY
Permo-Penn
Devonian

*All Wells
ON SUBJECT
LEASES ARE
DEVONIAN
COMPLETIONS

Sun Exploration and Production Company
State "BD" Lease
State C A/C 1 Lease
Bagley-Siluro/Devonian Pool
Lea County, New Mexico
Section 2, T-12-S, R-33-E

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C.B. READ et al 15

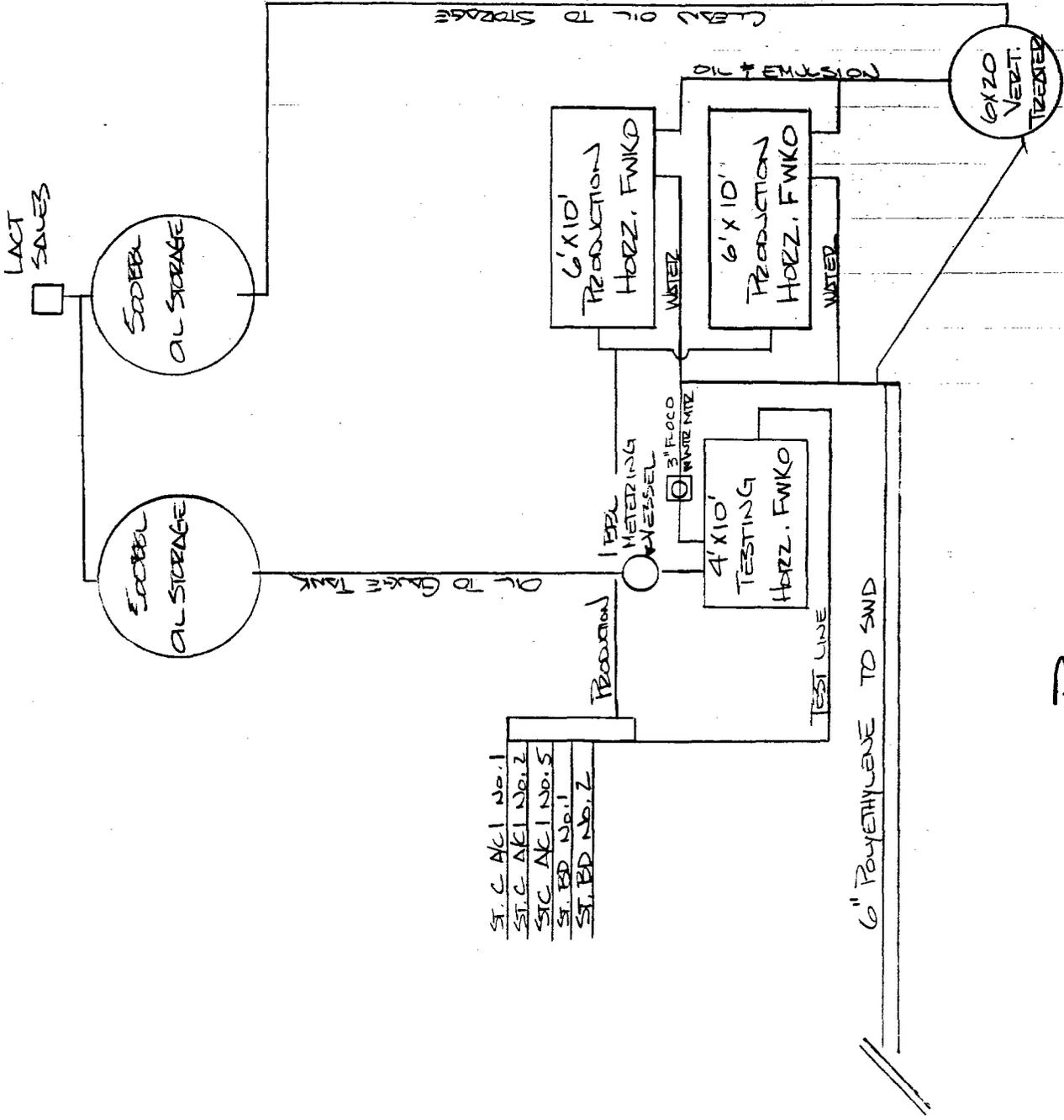
AMER. QUASAR

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ST CO
NM XII

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PROPOSED

STATE C A/C 1 & STATE BD COMMINGLING

LEASE BITRY SCHEMATIC

NOT TO SCALE