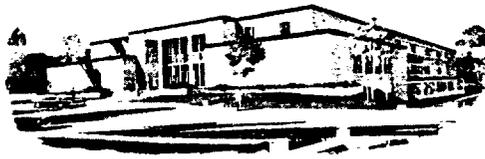


State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

October 12, 1990

L. M. Sanders, Supervisor
Phillips Petroleum Company
4001 Penbrook
Odessa, TX 79762

Re: Lease No.s' B-2148-3 and B-2516-36
Surface Commingling
Leamex Well No.s' 21 and 26 and
Devon State Well No. 2
Leamex Paddock Field
Lea County, New Mexico

CTB-352

Gentlemen:

Reference is made to your application dated August 30, 1990 wherein you have requested our approval to surface commingle production from the Leamex Well numbers 21 and 26 (Lease No. B-2148-3) and Devon State Well number 2 (Lease No. B-2516-36). Our records show that these three subject wells (located in 22-17S-33E) produce from the Paddock.

Since ownership is common throughout and there will be no loss of revenue to the State of New Mexico's Beneficiaries from your proposed operation, the Commissioner of Public Lands, this date approves your request. This request is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval should this operation prove to be unprofitable to the State at any time in the future. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

If you have any questions please call Clyde Langdale at (505) 827-5791.

Sincerely,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
Floyd O. Prando, Director
Oil, Gas & Minerals Division

WRH/FOP/CL/dm

cc: OCD

PHILLIPS PETROLEUM DIVISION
REGISTRATION



PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP
Permian Basin Region

September 4, 1990

Surface Commingling
Leamex Well Nos. 21 and 26 and
Devon State Well No. 2
Leamex Paddock Field
Lea County, New Mexico

State of New Mexico
Energy, Minerals Natural Resources Dept.
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

ATTN: William J. LeMay
Director

Gentlemen:

Phillips Petroleum Company respectfully requests permission to surface commingle the production on subject wells. The consolidation of production to one battery will optimize operational efficiency.

Attached is support data for this application.

Your early consideration is appreciated.

Very truly yours,

A handwritten signature in cursive script that reads "Larry M. Sanders".

Larry M. Sanders
Regulation and Proration Supervisor

LMS:JLM:ls
regpro/jmap1/leasurf

Attachment



PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP
Permian Basin Region

PHILLIPS PETROLEUM COMPANY

Surface Commingling Application
Leamex and Devon State Leases

LEAMEX - State Lease No. B-2148

Well No. 26, Unit M, 660' FSL and 990' FWL of Section 22, T-17-S,
R-33-E, Lea County, New Mexico

Well No. 21, Unit N, 2310' FWL and 660' FSL of Section 22, T-17-S,
R-33-E, Lea County, New Mexico

DEVON STATE - State Lease No. B-2516

Well No. 2, Unit 0, 660' FSL and 2130' FEL of Section 22, T-17-S,
R-33-E, Lea County, New Mexico

1. Production from the Leamex Well Nos. 21 and 26 and Devon State Well No. 2 is from the Leamex Paddock Field.
2. Adequate test facilities will be provided as shown on the tank battery schematic.
3. Phillips owns 100% interest in the leases and is the purchaser of the oil and gas production from the Devon State lease and the gas production from the Leamex. Texas New Mexico Pipeline is the oil gatherer on the Leamex and has been notified by certified mail of this application. Phillips has 100% working interest and 87.5% royalty interest in the leases. There is no overriding royalty interest or diversity of ownership. Permission has been requested this date from the Commissioner of Public Lands for commingling authority.

PHILLIPS PETROLEUM COMPANY

SURFACE COMMINGLE APPLICATION
LEAMEX & DEVON STATE LEASES

Leamex - State - Lease # B-2148

Well No. 26 - Unit M, 660' FSL & 990' FWL, Section 22, T-17-S, R-33-E, Lea County, New Mexico

Well No. 21 - Unit N, 2310' FWL & 660' FSL, Section 22, T-17-S, R-33-E, Lea County, New Mexico

Devon State - Lease # B-2516

Well No. 2 - Unit O, 660' FSL & 2130' FEL of Section 22, T-17-S, R-33-E, Lea County, New Mexico

Gravity & Value of Commingled Liquid Hydrocarbons
Before Commingling:

	<u>LEAMEX LEASE</u> (Paddock)	<u>DEVON STATE LEASE</u> (Paddock)	<u>TOTAL</u> <u>COMMINGLED PRODUCTION</u> (Paddock)
Oil Gravity	37.5°	37.5°	37.5°
Value	\$17.50/bbl	\$17.50/bbl	\$17.50/bbl
Oil Volume	38 BOPD (2 wells)	10 BOPD (1 well)	48 BOPD

After Commingling:

Oil Gravity	37.5°	37.5°	37.5°
Value	\$17.50/bbl	\$17.50/bbl	\$17.50/bbl
Oil Volume	38 BOPD	10 BOPD	48 BOPD

There will be no loss of actual commercial value of the commingled production. (Value of commingled production will equal the sum of the value of the production from each common source of supply.)



PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762
4001 PENBROOK

August 30, 1990

EXPLORATION AND PRODUCTION GROUP
Permian Basin Region

Surface Commingling
Leamex Well Nos. 21 & 26 and
Devon State Well No. 2
Leamex Paddock Field
Lea County, New Mexico

State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Attn: W. R. Humphries
Commissioner of Public Lands

Gentlemen:

Phillips Petroleum Company respectfully requests permission to surface commingle the production on subject wells. The consolidation of production to one battery will optimize operational efficiency. All flowlines from wells to tank battery will be surface lines.

Attached is support data for this application. Your early consideration is appreciated.

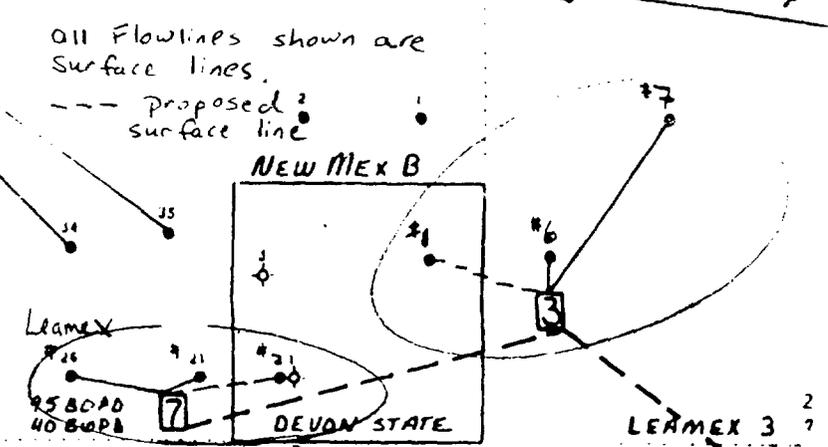
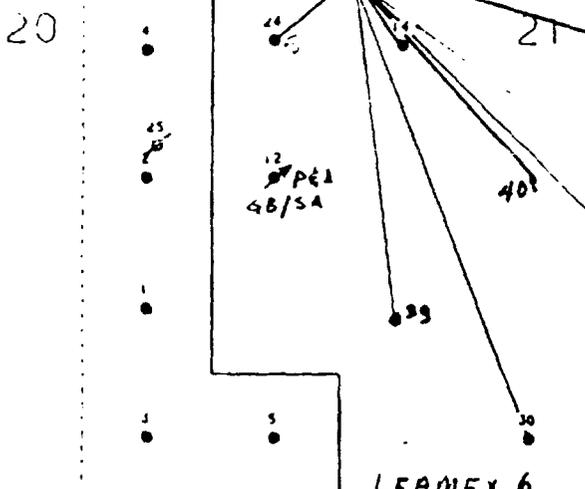
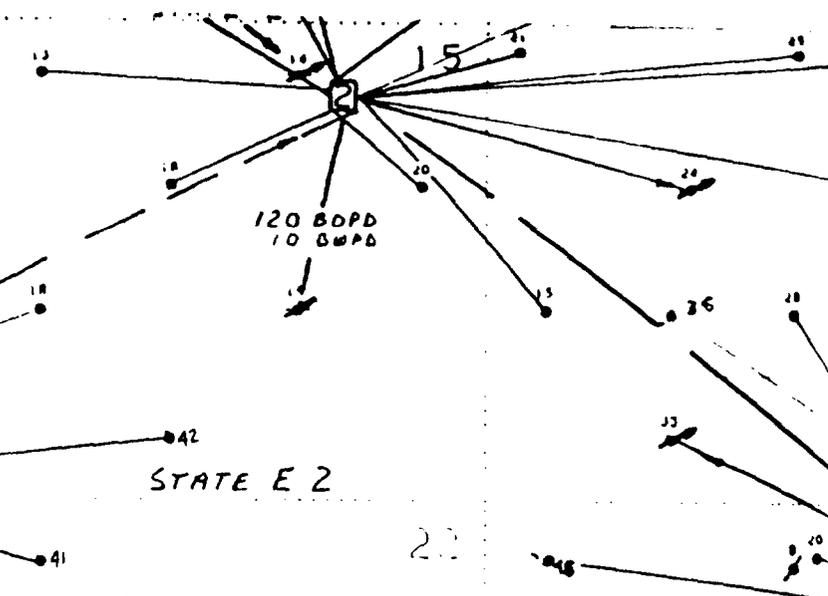
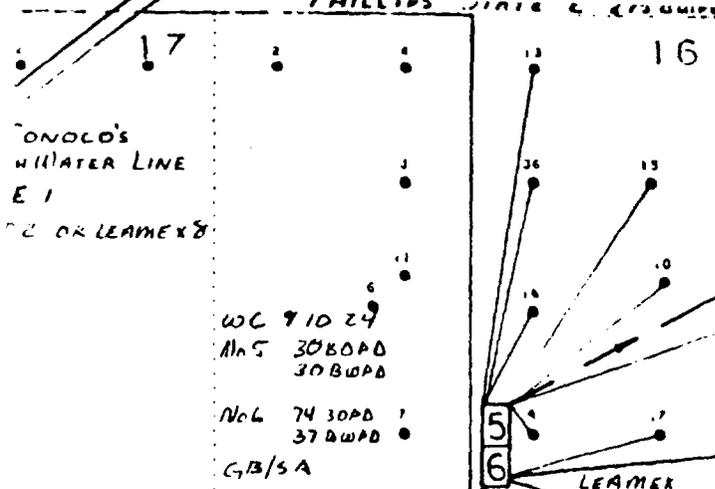
Yours very truly,

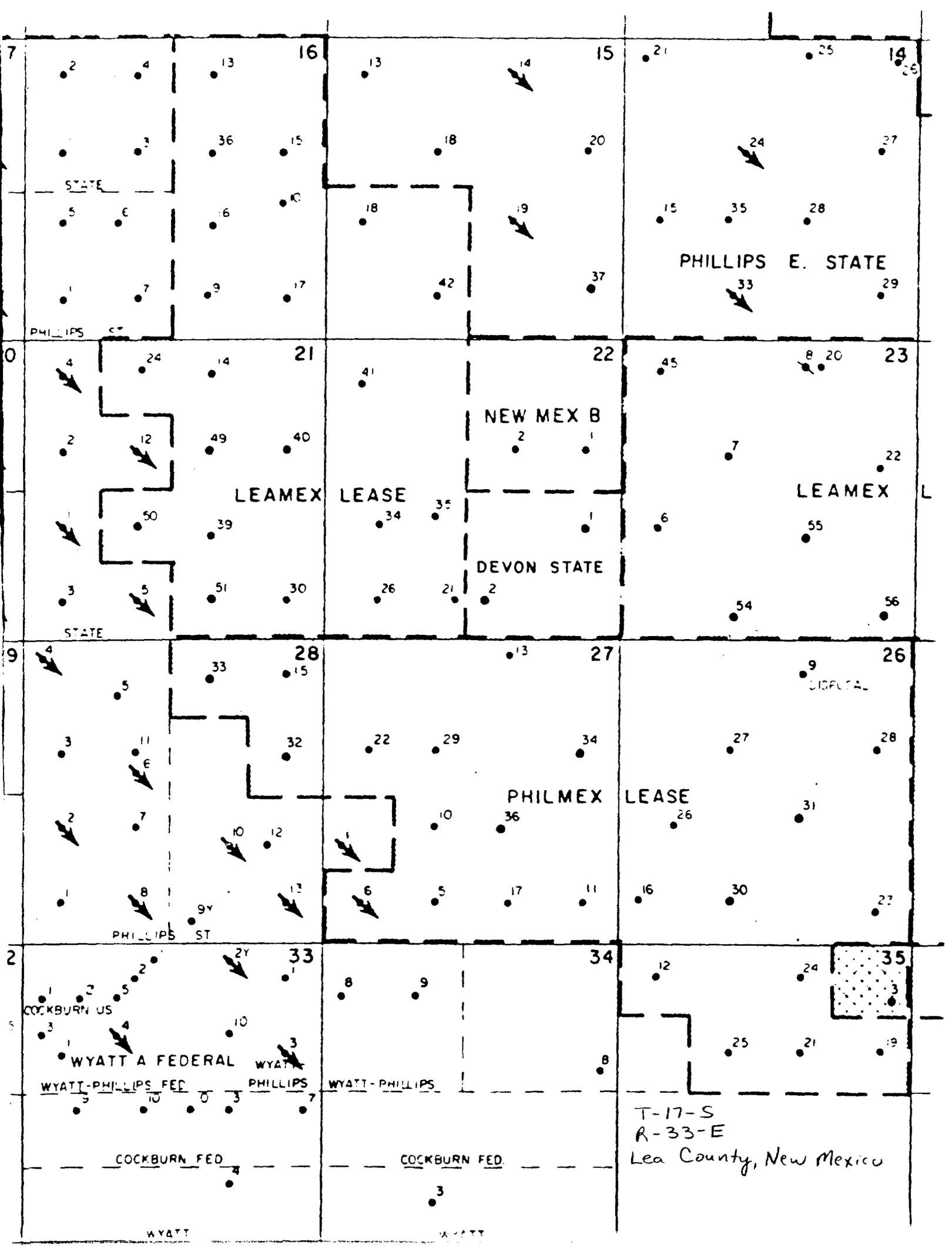
L M Sanders / by Jay Mikes

L. M. Sanders, Supervisor
Regulation and Proration

LMS:JLM:sdb
REGPRO:JMAPL:leamex21

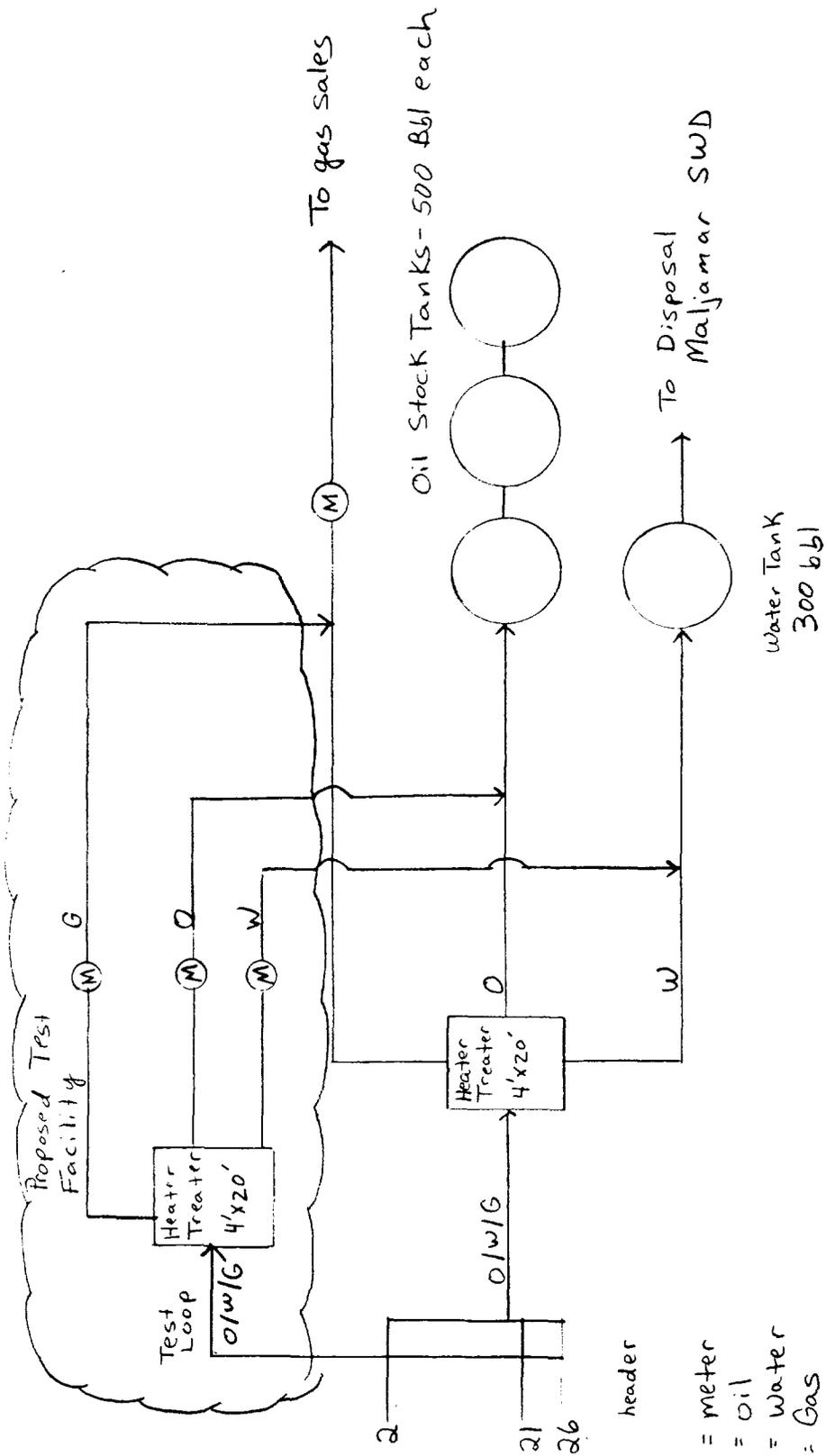
Attachment





Leamex Tank Battery No. 7

Schematic



Wells

(Proposed)

Devon State

(Existing)

Leamex

header

Symbols:
 M = meter
 O = oil
 W = water
 G = Gas

Phillips Petroleum Company
 Leamex-Lease No. 600018
 Devon State-Lease No 600252

PMC May 2, 1990