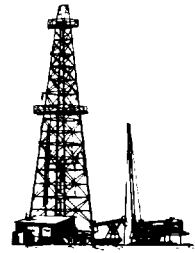




OIL CONSERVATION DIVISION
RECEIVED

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3103 - 79TH STREET • LUBBOCK, TEXAS 79423 • 806/745-4638

July 1, 1991

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

RE: Lease Commingling

Gentlemen:

We are the operator of two Oil and Gas Leases in the Bagley Permo Penn, North field in Lea County; namely, our State AO Lease No. E-6696, and State B Lease No. B-9950.

Under the provisions of Rule 309-B, we request authority to commingle production from the State B Lease with production from the State AO Lease in the upgraded gathering facilities of the State AO Lease. This will provide for more efficient and economic operation of the small stripper wells on these leases.

The producing zone, lease stipulations, and all interest owners are identical in both leases. The attached data sheet and lease plats give pertinent details.

We certify that on this date we are notifying all interest owners and purchasers by copies of this application.

Very truly yours,

LAYTON ENTERPRISES, INC.

A handwritten signature in cursive script, appearing to read 'Donald R. Layton', written over the printed name and title.
Donald R. Layton
President

LEASE COMMINGLING DATA SHEET

	State AO Lease	State B Lease
State Lease No.	E-6696	B-9950
Location of Wells	<u>#1-C:</u> 660' FNL, 1980' FWL Sec 4, T 12S, R 33E	<u>#4-J:</u> 1980' FSL, 1980' FEL Sec 4, T 12S, R 33E
	<u>#2-F:</u> 1980' FNL, 1980' FWL Sec 4, T 12S, R 33E	
Location of Tank Battery	NENW $\frac{1}{4}$ Sec 4, T 12S, R 33E	
Oil Transporter	Amoco Pipeline Company	
Oil Purchaser	Sun Refining & Marketing	
Gas Purchaser	Warren Petroleum Company	
<u>Interest Owners:</u>		
State of New Mexico	RI	.125000
Bert H. Murphy	ORRI	.010000
Ann Murphy Ezzell	ORRI	.010000
Mark B. Murphy	ORRI	.010000
D. R. Layton et ux	WI	.845000
M. L. Layton		
	<u>1.000000</u>	<u>1.000000</u>
Field	Bagley Permo Penn North	
Method of Allocation	Monthly Well Tests	

TOWNSHIP PLAT

Scale: 1 inch = 1 mile

Printed in U.S.A.

TOWNSHIP 12 S RANGE 33 E COUNTY LEA STATE NEW MEXICO

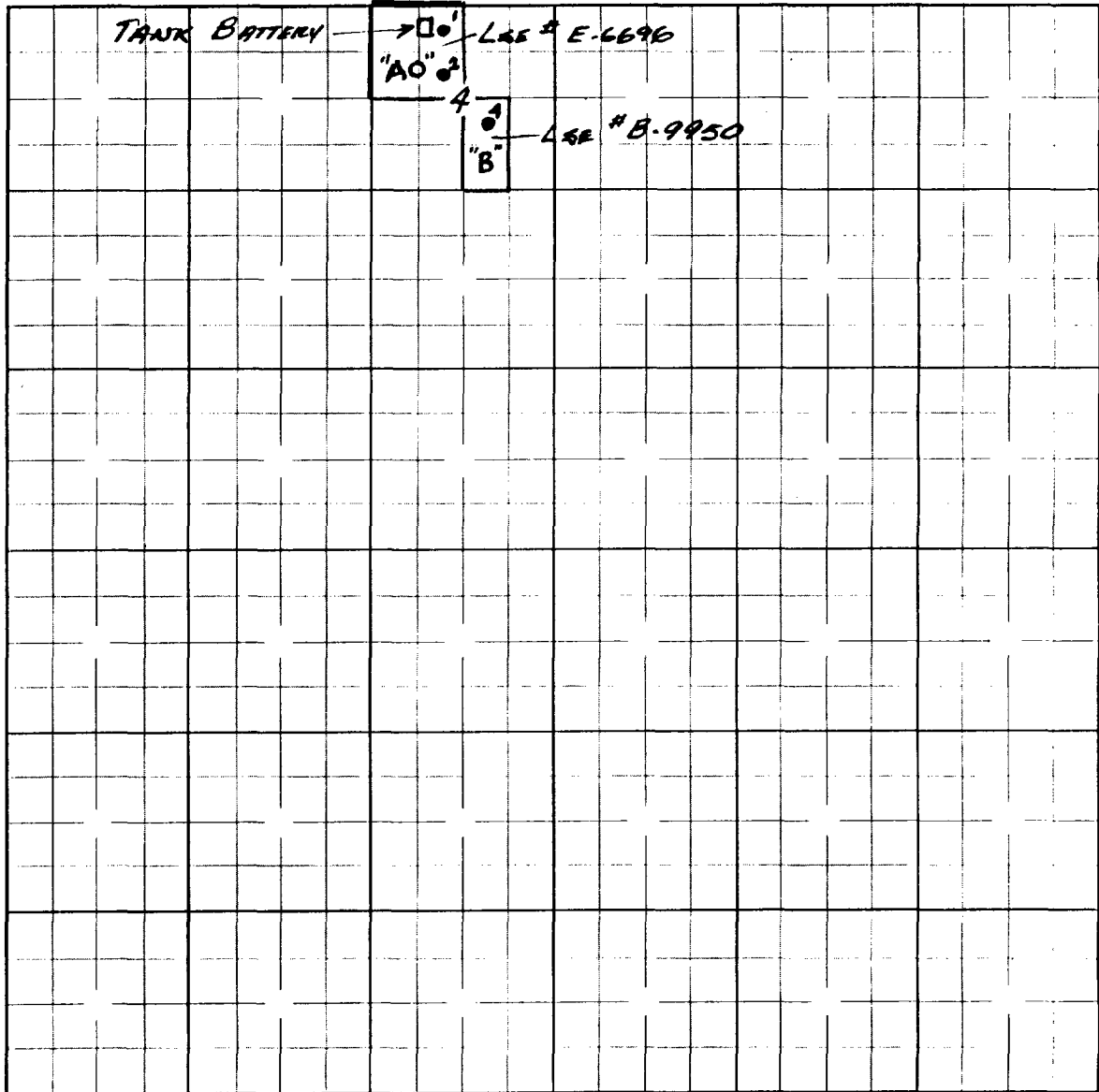
REMARKS:

COMPANY

STATE A0 LSE # E-6696 NW 1/4 SEC 9-12-33

LAYTON ENTERPRISES, INC

STATE B LSE # B-9950 W 1/4 SEC 9-12-33



[illegible]



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

David Catnach

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

September 10, 1991

Layton Enterprises, Inc.
3103 79th Street
Lubbock, TX 79423

Re: Request for approval to Commingle Oil and Gas Production
from State B #4 with production from State AO #1 & #2 by
installing a flowline from State B #4

Gentlemen:

Reference is made to your application dated September 10, 1991
wherein you requested approval for commingling oil production
from your State AO well #1, State AO well #2 and State B #4
located in Section 4, Township 12 South, Range 33 East in Lea
County, New Mexico.

Approval is hereby granted to commingle the oil produced from
the wells described above.

Your filing fee in the amount of \$30.00 was received. Please do
not hesitate to contact us if we can be of further help.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

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

JB/FOP/dj

cc: OCD - Santa Fe, New Mexico
Oil and Gas Accounting Commission