



ARCO Permian

600 North Marienfeld
Midland, TX 79701-4373
P.O. Box 1610
Midland, TX 79702-1610
Telephone 915-688-5570
Facsimile 915-688-5956
Email ecasbee@mail.arco.com

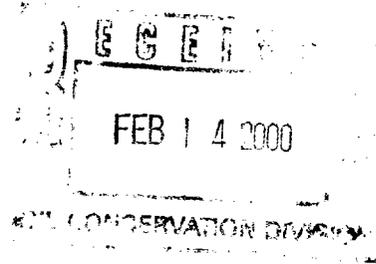
Elizabeth A. Casbeer
Regulatory/Compliance Analyst

PKRVO302447968

PLC

3/6/00

164



February 10, 2000

New Mexico Oil Conservation Division
ATTN: Mark Ashley
2040 S. Pacheco Street
Santa Fe, New Mexico 87505

RE: Application to Surface Commingle
H.S. Record, D.D. Harrington & State 157 A Leases
Jalmat Seven Rivers Queen & Eunice South Seven Rivers Queen Pools
Sections 9 & 10, T-22-S, R-36-E
Lea Co., NM

Mr. Ashley:

ARCO Permian requests approval to surface commingle, by gathering gas from three leases, transport to one lease, compress the gas in one compressor, and sell through one central sales point. The gas from each lease will be meter separately prior to movement off lease and the individual lease volumes will be allocated back to each lease based on the ratio of the lease volumes to the total sales volumes. Several of the wells have pumping units to remove water from the wellbore. All fluid produced via the pumping units will be kept on lease. Only one well in the group produces oil. The D. D. Harrington Well No. 2 is pumped and the oil and water from it will be kept on lease. The three leases are the:

- 1. H. S. Record Lease – S/2 of Sec. 10, T-22-S, R-36-E, Lea Co. NM
- 2. D. D. Harrington Lease - NW/4 of Sec. 10, T-22-S, R-36-E, Lea Co. NM
- 3. State 157 A Lease – SE/4 of Sec. 9, T-22-S, R-36-E, Lea Co. NM

Production from all wells except the D. D. Harrington Well No. 2 is from the Jalmat Seven Rivers Queen. The D. D. Harrington Well No. 2 is producing from the Eunice South Seven Rivers Queen. Working interest ownership and royalty interest ownership lists for each lease are attached. All working and royalty interest owners have been notified by certified mail today and an addifavit is attached.

A schematic of the plan is attached and all gas from each well will be metered separately through orifice meters on lease prior to central compression.

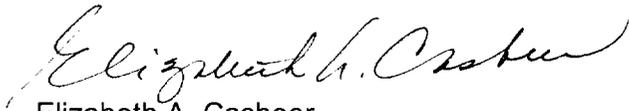
The economic justification for gathering the gas to one central compressor is based on the estimated a 100% to 200% estimated increase in gas rate by lowering the wellhead pressure from current 25 to 30 PSIA (12 to 17 PSIG) to 15 PSIA (2 PSIG). Testing of a few wells on each lease and installation of a compressor on the Record lease has proved up the expected increases. By tying the State 157 A and the D. D. Harrington into the existing compression on the Record lease, using the surplus capacity and spread out the cost of compressor purchase.

A list of the last 30 days gas rate and a gas analysis for each well is attached.

Bring all the leases together to one central compressor will increase revenue to royalty and working interest owners and will increase ultimate recovery from the lease by lowering the reservoir pressure below current sales line limits.

Your cooperation in this matter will be appreciated. If you have any questions, please contact me at 915/688-5570. Please send your approval to proceed to my attention at the address listed above.

Yours very truly,



Elizabeth A. Casbeer
Regulatory Compliance Analyst

Attachments

xc: Dennis Braaten – 023/MIO
Bob Younger - 023/MIO
Larry Henson - EUN
Central Files - 41/MIO
R/C Files

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

DISTRICT I
P.O. Box 1980, Hobbs NM 88241-1980
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name H. S. Record, D. D. Harrington and State 157 A Leases
8. Well No.
9. Pool name or Wildcat Jalmat 7-Rvrs On & Eunice 7-Rvrs On
10. Elevation (Show whether DF, RKB, RT, GR, etc.)

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
OIL WELL GAS WELL OTHER

2. Name of Operator
ARCO Permian

3. Address of Operator
P.O. Box 1610 Midland, TX 79702

4. Well Location
Unit Letter _____ Feet From The _____ Line and _____ Feet From The _____ Line
Section **9 & 10** Township **22-S** Range **36-E** NMPM **LEA** County

11. **Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data**

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/></p> <p>OTHER: <u>SURFACE COMMINGLING</u> <input checked="" type="checkbox"/></p>	<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/></p> <p>CASING TEST AND CEMENT JOB <input type="checkbox"/></p> <p>OTHER: _____ <input type="checkbox"/></p>	<p>PLUG AND ABANDON <input type="checkbox"/></p> <p>CHANGE PLANS <input type="checkbox"/></p> <p>ALTERING CASING <input type="checkbox"/></p> <p>PLUG AND ABANDONMENT <input type="checkbox"/></p>
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12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

PLANS TO SURFACE COMMINGLE - GATHER GAS FOR THREE LEASES, TRANSPORT TO ONE LEASE, COMPRESS THE GAS IN ONE COMPRESSOR, & SELL THROUGH ONE CENTRAL SALES POINT

LEASES: H.S. RECORD - S/2 OF SEC 10, T-22-S, R-36-E, LEA CO.
D.D. HARRINGTON - NW/4 OF SEC 10, T-22-S, R-36-E, LEA CO.
STATE 157 A - SE/4 OF SEC 9, T-22-S, R-36-E, LEA CO.

POOLS: ALL WELLS ARE IN THE JALMAT SEVEN RIVERS QUEEN EXCEPT FOR D.D. HARRINGTON #2 WHICH IS IN THE EUNICE SOUTH SEVEN RIVERS QUEEN

MAP ATTACHED SHOWING LEASE NUMBERS AND LOCATION OF ALL LEASES.
SCHEMATIC DIAGRAM ATTACHED SHOWING LEASES, SEPARATION & METERING.
ESTIMATED PRODUCTION 1 MMCFPD
MEASUREMENT & ALLOCATION PROCEDURES - METERING SEPARATELY (REFERENCE LETTER FOR DETAILS)
ALL INTEREST OWNERS WERE NOTIFIED ON FEBRUARY 10, 2000 BY CERTIFIED MAIL.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Elizabeth A. Casbeer TITLE REG/COMP. ANALYST DATE 2/10/00

TYPE OR PRINT NAME ELIZABETH A. CASBEER TELEPHONE NO. 915-688-5570

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Record, State 157A, Harrington Lease Well Locations

State 157A

Well #	TS-22-S R-36-E Sec. 9	
1	0660 FSL	1980 FEL
3	0660 FSL	0660 FEL
4	1980 FSL	660 FEL

30-025-08844
08851
08852

Record

Well #	TS-22-S R-36-E Sec. 10	
1	0990 FSL	0990 FEL
2	0560 FSL	0660 FWL
3	1980 FSL	0660 FWL
4	1980 FSL	1980 FWL
5	0860 FSL	1980 FWL
6	1980 FSL	2055 FEL

08868
08869
08870
08871
~~08872~~ 27232
27541

Harrington

Well #	TS-22-S R-36-E Sec. 10	
1	0990 FNL	0990 FWL
2	0660 FNL	0660 FWL
3	1980 FWL	0660 FNL
4	1980 FNL	0660 FWL
5	0860 FNL	1980 FWL

08864
08865
08866
08867
08861

Record Battery
Jalmat 7-Rivers Queen & Eunice South 7-Rivers Queen Fields
Lea County, NM
Division of Interest

	State 157 A SE/4 of Sec 9, T22S, R36E	H.S. Record S/2 of Sec 10, T22S, R36E	D.D. Harrington NW/4 of Sec 10, T22S, R36E
Royalty Interest			
Commissioner of Public Lands State of New Mexico New Mexico Oil & Gas Division Acctg Div. P.O. Box 1148 Sante Fe, NM 87504-1148	0.12500000		
Petco Limited P.O. Box 911 Breckenridge, TX 76424		0.01666700	
Bradley Nominee Corporation P.O. Box 1938 Palm City, FL 34991-6938		0.00097700	0.00195300
Frances C. Grigsby & Joseph S. Deitch Trustees U/T Wilson Children's Trust 7/2/84 199 Independence Road Concord, MA 01742		0.00021691	0.00043383
Burke Healey, Trustee for the Burke Healey Trust, A Revocable Trust 1/2/85 P.O. Box 100 Davis, OK 73030		0.00625000	
Baren Healey, Trustee for the Baren Healey 1988 Trust under agreement 4/25/88 P.O. Box 888 Davis, OK 73030		0.00625000	
Headington Royalty Inc. P.O. Box 890479 Dallas, TX 75389-0479		0.03333300	
Elizabeth S. Kellough, Usufructuary P.O. Box 558 Port Allen, LA 71767-0558		0.00065100	0.00130200
Kirby Minerals L.C. P. O. Box 268947 Oklahoma City, OK 73125		0.00041239	0.00082476
Venable Royalty, LTD P.O. Box 171 Tyler, TX 75710		0.00097650	0.00781250

	State 157 A SE/4 of Sec 9, T22S, R36E	H.S. Record S/2 of Sec 10, T22S, R36E	D.D. Harrington NW/4 of Sec 10, T22S, R36E
The Robert Allen Venable Trust Joe H Tydlaska, Successor Trustee 3102 Oak Lawn Ave., Suite 540, LB #123 Dallas, TX 75219		0.00097650	0.00781250
Jean Anderson Simpson Living Trust Jean Anderson Simpson, Trustee 5802 S. Delaware Place Tulsa, OK 74105		0.00000723	0.00001445
William G. Seal 4662 S. Troost Tulsa, OK 74105-4822		0.00000722	0.00001446
The New Mexico Baptist Foundation, Trustee for the New Mexico Baptist Children's Home P.O. Box 485 Albuquerque, NM 87103		0.01562500	
John K. Cleary Trust Bank of Oklahoma, Oklahoma City, N.A. P.O. Box 1588 Tulsa, OK 74101		0.00130200	0.00260400
Emely Ann Edwards 226 W. 7th St. Bristow, OK 74010		0.00000725	0.00001450
Ross L. Robinson and Ollie Bell Robinson P.O. Box 347 Eunice, NM 88231		0.01562500	
Robert S. Terry 515 New Mexico Drive Roswell, NM 88207			0.00585950
Willian C. Terry 701 Quapaw Hot Springs, Arkansas 71901			0.00585950
Altura Energy LTD. P.O. Box 4294 Houston, TX 77210-4294			0.03125000
WAH Royalty LLC C/O WAH Royalty Company 1700 Broadway, Suite 2300 Denver, CO 80290-2301			0.00324281
Glenarm Royalty LLC C/O WAH Royalty Company 475 17th Street, Suite 1600 Denver, CO 80202			0.00066419

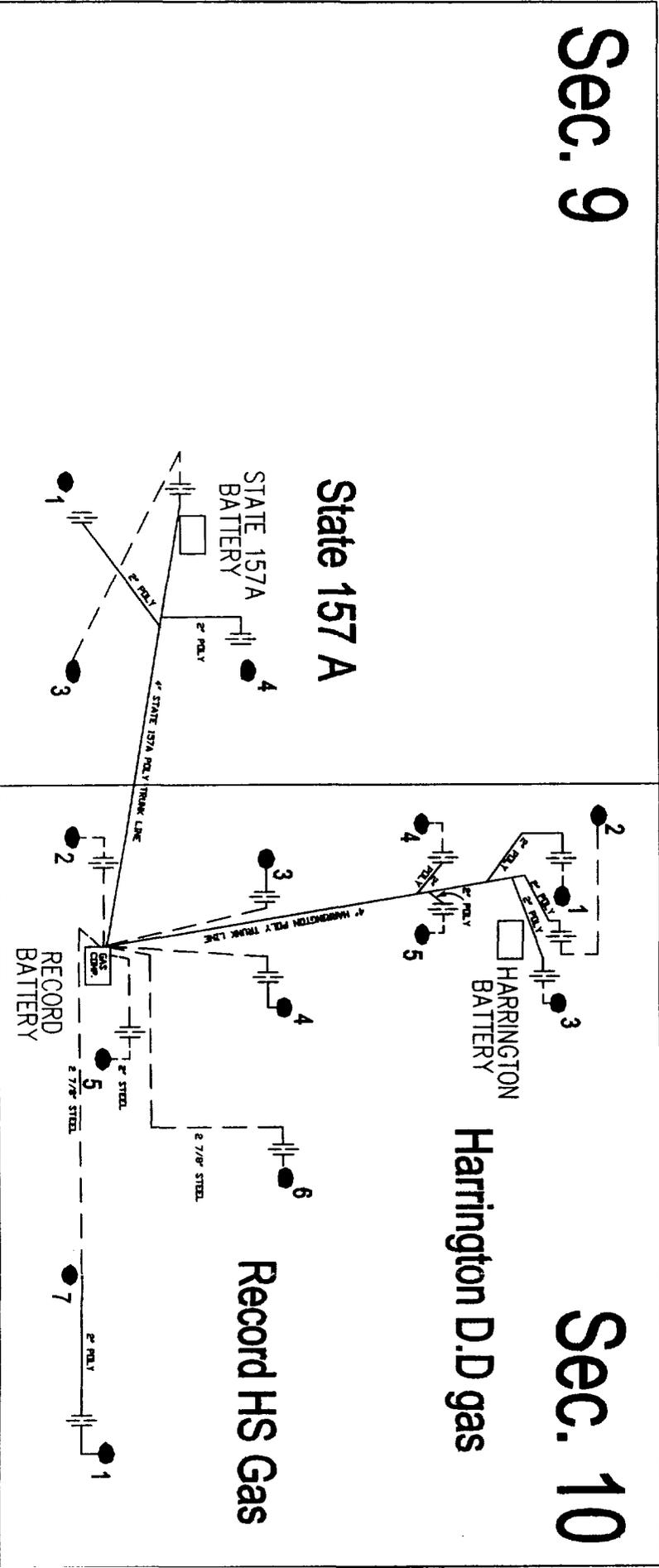
	State 157 A SE/4 of Sec 9, T22S, R36E	H.S. Record S/2 of Sec 10, T22S, R36E	D.D. Harrington NW/4 of Sec 10, T22S, R36E
University of Oklahoma Found., INC 100 Timberdell Road Norman, OK 73019			0.00733100
Marshall Seves & Earl A. Brown, Jr. Agents for the Dings Trust Agency P.O. Box 22757 Houston, TX 77227-2757			0.00048200
Adele Black Silvus 505 Yaupon Valley Road Austin, TX 78746			0.00781300
Martha Jane Elms 318 Live Oak Lane Lake Jackson, TX 77566			0.00585850
Mike Slate 201 E. 14th Littlefield, TX 79339			0.00585850
Atlantic Richfield Company P. O. Box 1610 Midland, TX 79702		0.00227900	0.00455700
Overriding Royalty Interest			
Working Interest			
Atlantic Richfield Company P. O. Box 1610 Midland, TX 79702	0.87500000	0.89843700	0.89843800
Total Royalty Interest	0.12500000	0.10156300	0.10156200
Total Overriding Royalty Interest	0.00000000	0.00000000	0.00000000
Total Working Interest	0.87500000	0.89843700	0.89843800
Total Interest	1.00000000	1.00000000	1.00000000

Schematic of Proposed Record/State 157A/Harrington

Commingling Facilities

- = Allocation Meter
- = P&A'd
- = Pumping Gas
- = Natural Flowing
- = Pumping Electric
- = Existing Flowlines
- = New Flowlines

T-22-S R-36-E



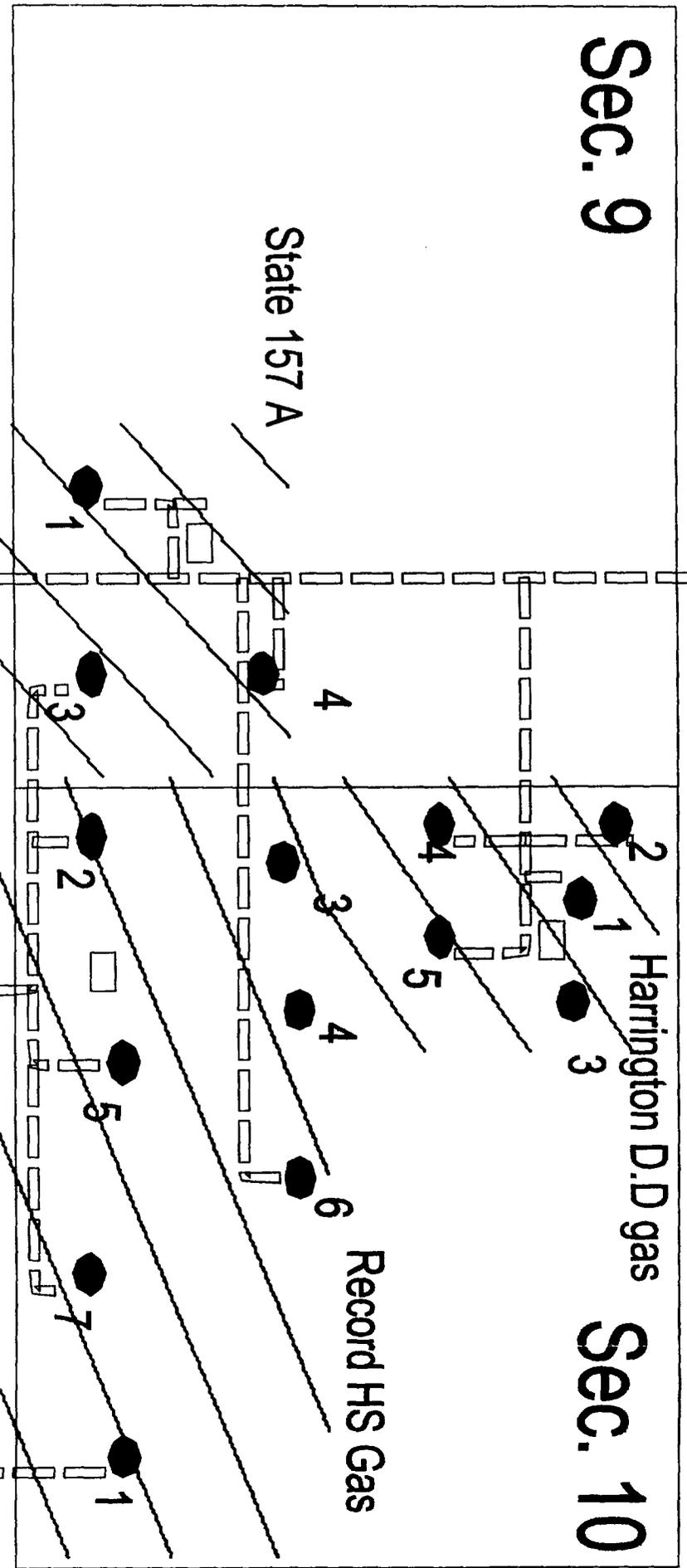
Sec. 9

Sec. 10

Plat Showing Well Locations for the Record, State 157A, and Harrington Leases

-  = Lease Roads
-  = P&A'd
-  = Pumping Gas
-  = Natural Flowing
-  = Pumping Electric

T-22-S R-36-E



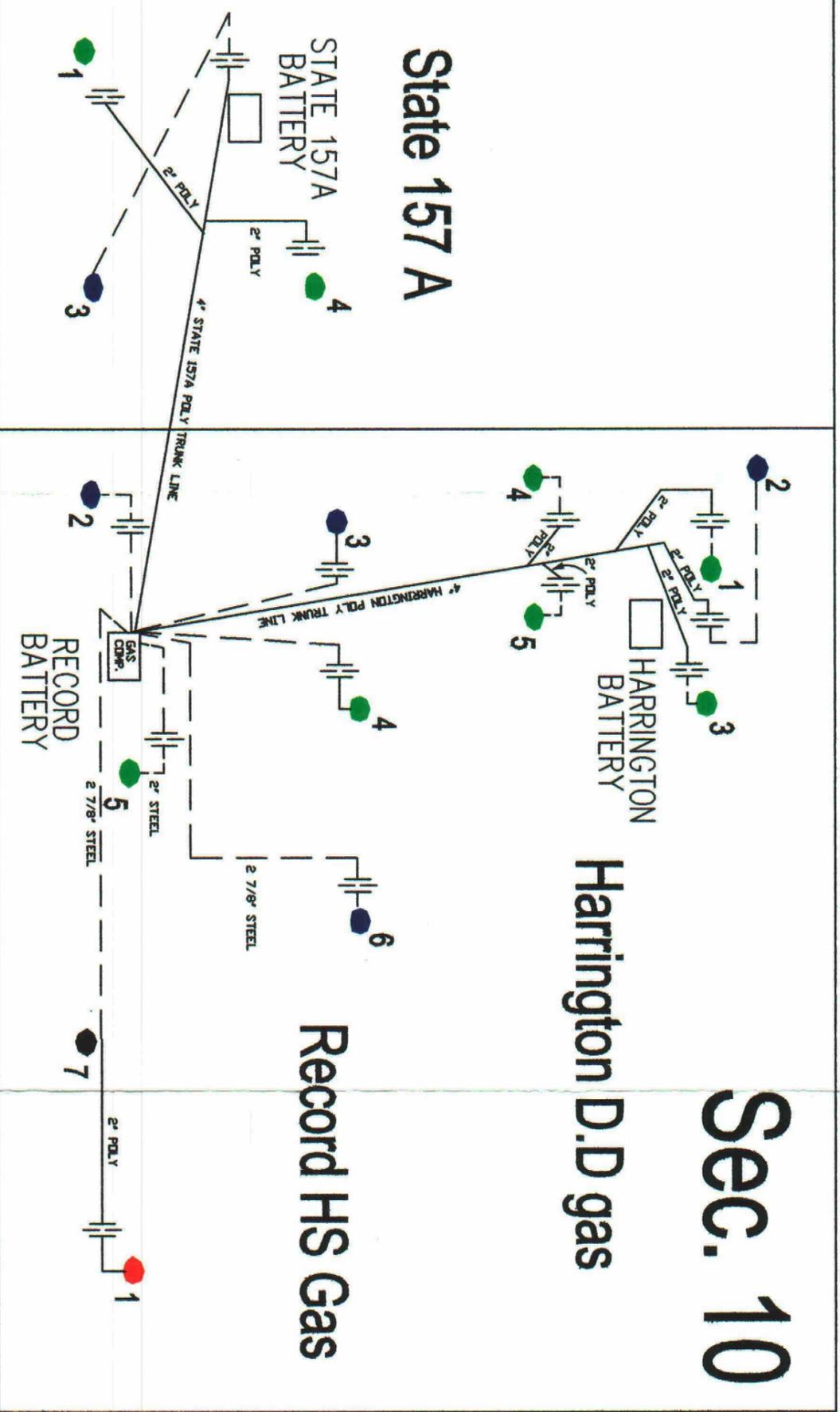
Schematic of Proposed Record/State 157A/Harrington

Commingling Facilities

- ||| = Allocation Meter
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- = Pumping Electric
- — — = Existing Flowlines
- = New Flowlines

T-22-S R-36-E

Sec. 9

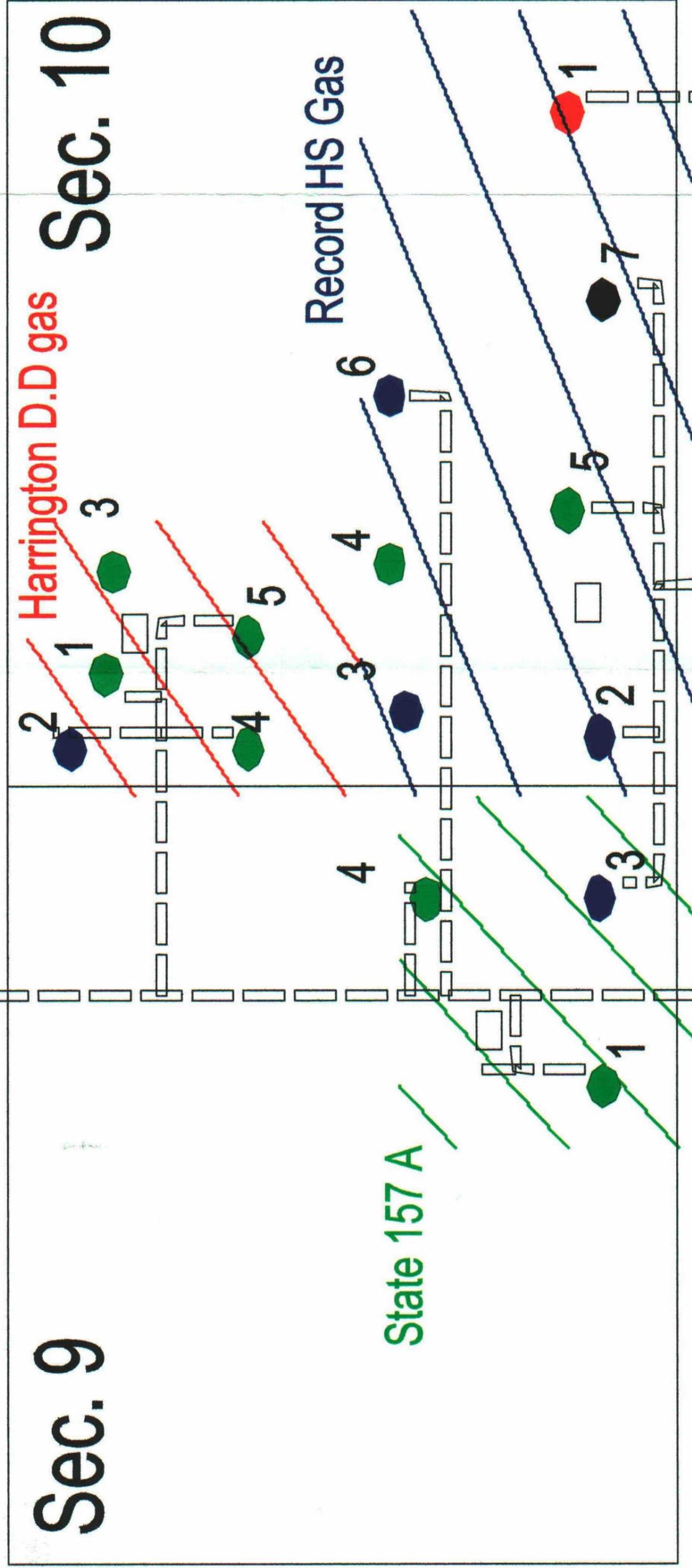


Sec. 10

Plat Showing Well Locations for the Record, State 157A, and Harrington Leases

-  = Lease Roads
-  = P&A'd
-  = Pumping Gas
-  = Natural Flowing
-  = Pumping Electric

T-22-S R-36-E



Sec. 9 Sec. 10

STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority on this day personally appeared Elizabeth A. Casbeer, an Regulatory Compliance Analyst with **ARCO Permian**, who being by me duly sworn, deposes and states that the persons listed on the foregoing attached list have been sent a copy on February 10, 2000, of the New Mexico Oil Conservation Division Form C-103 entitled, "Sundry Notices and Reports on Wells" regarding surface commingle for the H. S. Record, D. D. Harrington and State 157 A Leses, located in Section 9 & 10, T22S, R36E, Lea County New Mexico.

ARCO Permian


Elizabeth A. Casbeer

SUBSCRIBED AND SWORN TO before me on February 10, 2000, to certify which witness my hand and seal of office.



LEIGH ANN LANE
Notary Public, State of Texas
My Commission Expires: 12-12-2000


NOTARY PUBLIC, STATE OF TEXAS

**ARCO Permian
Surface Commingle Applications
Record Battery
H.S. Record, State 157 "A", D.D. Harrington
Jalmat Seven Rivers Queen & Eunice South Seven Rivers Queen Pools**

Petco Limited
P.O. Box 911
Breckenridge, TX 76424

Bradley Nominee Corporation
P.O. Box 1938
Palm City, FL 34991-6938

Frances C. Grigsby & Joseph S. Deitch
Trustees U/T Wilson Children's Trust
7/2/84
199 Independence Road
Concord, MA 01742

Burke Healey, Trustee for the Burke Healey
Trust, A Revocable Trust 1/2/85
P.O. Box 100
Davis, OK 73030

Baren Healey, Trustee for the Baren Healey
1988 Trust under agreement 4/25/88
P.O. Box 888
Davis, OK 73030

Headington Royalty Inc.
P.O. Box 890479
Dallas, TX 75389-0479

Elizabeth S. Kellough, Usufructuary
P.O. Box 558
Port Allen, LA 71767-0558

Kirby Minerals L.C.
P. O. Box 268947
Oklahoma City, OK 73125

Venable Royalty, LTD
P.O. Box 171
Tyler, TX 75710

The Robert Allen Venable Trust
Joe H Tydlaska, Successor Trustee
3102 Oak Lawn Ave., Suite 540, LB #123
Dallas, TX 75219

Jean Anderson Simpson Living Trust
Jean Anderson Simpson, Trustee
5802 S. Delaware Place
Tulsa, OK 74105

William G. Seal
4662 S. Troost
Tulsa, OK 74105-4822

The New Mexico Baptist Foundation,
Trustee for the New Mexico Baptist
Children's Home
P.O. Box 485
Albuquerque, NM 87103

John K. Cleary Trust
Bank of Oklahoma, Oklahoma City, N.A.
P.O. Box 1588
Tulsa, OK 74101

Emely Ann Edwards
226 W. 7th St.
Bristow, OK 74010

Ross L. Robinson and Ollie Bell Robinson
P.O. Box 347
Eunice, NM 88231

Robert S. Terry
515 New Mexico Drive
Roswell, NM 88207

Willian C. Terry
701 Quapaw
Hot Springs, Arkansas 71901

Altura Energy LTD.
P.O. Box 4294
Houston, TX 77210-4294

WAH Royalty LLC
C/O WAH Royalty Company
1700 Broadway, Suite 2300
Denver, CO 80290-2301

Glenarm Royalty LLC
C/O WAH Royalty Company
475 17th Street, Suite 1600
Denver, CO 80202

University of Oklahoma Found., INC
100 Timberdell Road
Norman, OK 73019

Marshall Seves & Earl A. Brown, Jr.
Agents for the Dings Trust Agency
P.O. Box 22757
Houston, TX 77227-2757

Adele Black Silvus
505 Yaupon Valley Road
Austin, TX 78746

Martha Jane Elms
318 Live Oak Lane
Lake Jackson, TX 77566

Mike Slate
201 E. 14th
Littlefield, TX 79339