

OIL CONSERVATION DIVISION
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Arch Petroleum Inc.

November 30, 1989

New Mexico Oil Conservation Division
Mr. William J. Lemay, Director
P. O. Box 2088
Santa Fe, New Mexico 87504

RE: Exception to Rule 303A
Section 22, T22S, R37E,
Lea County, New Mexico

Dear Sir:

Arch Petroleum Inc. is requesting approval of an exception to Rule 303A to permit the commingling of production from different pools into a common tank battery facility. Temporary exception to Rule 303A is being requested from Mr. Jerry Sexton, in Hobbs, at this time.

The E. M. Elliott Federal Wells No. 4 and No. 5 producing from the Drinkard and South McCormick Silurian pools, respectively, are currently commingled under Order No. PC-541, dated February 24, 1977. It is our desire to also commingle Well No. 3, producing from the Tubb pool, into the same facility. Well No. 3 produces 3.0 BO and 0 BW per day from perforations at 5964-6142'. Well No. 4 produces 5.0 BO and 0 BW per day from perforations at 6410-6460'. Well No. 5 produces 1.5 BO and 2.0 BW per day from perforations at 7075-7158'. There currently exists two separate tank batteries for three wells on the Elliott lease. The two batteries are located on the same pad. At this time both facilities are having mechanical problems due to age. Each battery has tanks which are not useable in their present condition. It is our intent to combine the two batteries into one battery and use two tanks for oil storage and one for produced water storage (which we do not have currently). The remaining tanks are out of service due to leaks, etc., and will require major expenditures to restore to a useable condition.

The common tank battery for the requested commingling approval is located at Unit D, Section 22, T22S, R37E. The wells are located as follows and are indicated on the attached plat.

Well No. 3, Unit C, Section 22, T22S, R37E
Well No. 4, Unit C, Section 22, T22S, R37E
Well No. 5, Unit D, Section 22, T22S, R37E

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Production allocation for the three wells after commingling, will be based on well tests (as is the current situation with Wells No. 4 and 5).

The gravities of the two crude oils to be commingled are 38.1 degrees API for the Tubb and 38.5 degrees API for the Drinkard/Silurian. Both gravities have been corrected to 60 degrees F. The expected gravity of the commingled oil is 38.3 degrees API.

The commingling of the production will not change the actual commercial value of the individual products. Posted prices for both sources are \$18.75/BO as of this date.

Mr. Shannon Shaw, of the Bureau of Land Management, Carlsbad, has been informed of our plans and has verbally approved our surface commingling on a temporary basis. He is being provided a copy of this information in order to receive final Bureau of Land Management approval. Should you require additional information, please call me.

Sincerely,

ARCH PETROLEUM INC.



David Miller
Operations Manager

DM/ps
Enclosures

J.L. Greenwood

A.B. Baker

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Depco

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