

Oil Reports and Gas Services, Inc.

P. O. BOX 763
HOBBS, NEW MEXICO 88240

May 5, 1978

PHONE NUMBERS
393-2727 - 393-2017

State of New Mexico
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Application is hereby made on behalf of Supron Energy Corporation for administrative approval to commingle production from the Sannal Wolfcamp and Sannal Penn pools. Production is obtained from the SNM-33-16-33 wells No. 1 and No. 2.

The number 1 well, located 1980' from the North line and 1980' from the West line of Section 33, Township 16 South, Range 33 East, Lea County, was completed from perforations 10,701 to 10,825 and placed in the Sannal Wolfcamp pool. Oil produced is 45 gravity New Mexico sweet.

The number 2 well, located 1650' from the South line and 1650' from the West line of Section 33 was completed from perforations 12,978 to 12,984 and placed in the Sannal Penn pool with oil produced being 48 gravity New Mexico sweet.

Both wells are located on State Lease LG-815 so that royalty is identical. There is no overriding royalty interest. The working interest is divided 66 2/3% to Supron and 33 1/3% to ENI Exploration in the number 1 well and 75% to Supron and 25% to ENI in the number 2 well. Enclosed is a letter from ENI Exploration which states that they are in agreement with the proposed commingling.

Oil produced from both zones is above 40 gravity sweet with identical new oil price per barrel so that the actual commercial value of the commingled production would be identical with the sum of the values from each source of supply.

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May 5, 1978

Page No. 2

State of New Mexico
Oil Conservation Commission

Oil production from well number 1 will be continuously metered so that total production can be accurately allocated to each zone. Gas production will be metered separately by the purchaser.

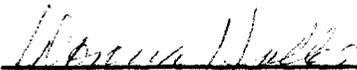
In support of this application we attach herewith:

1. A letter from the Commissioner of Public Lands giving consent to the proposed commingling.
2. A diagram of the tank battery installation.
3. A plat showing the location of the SNM-33-16-33 wells No. 1 and No. 2.

Your consideration of this application is respectfully requested.

Yours very truly,

OIL REPORTS AND GAS SERVICES, INC.



(Mrs.) Donna Holler

DH/ra

cc: Supron Energy Corporation
Suite 1700 Campbell Centre
8350 N. Central Expressway
Dallas, Texas 75206

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ENI
Exploration

April 20, 1978

Ms. Donna Haller
P.O. Box 763
Hobbs, New Mexico 88240

Re: State of New Mexico 33 #1 & #2

Dear Ms. Haller:

Please be advised that ENI Exploration Company, which has a partial interest in each of the above designated wells, is in agreement with the proposal of Supron Energy Company to store oil and condensate acquired in both wells in the same tanks.

Very truly yours,


Dell E. Keehn
Executive Vice President

DEK/tab

State of New Mexico



Commissioner of Public Lands

May 2, 1978

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

PHIL R. LUCERO
COMMISSIONER

Oil Reports and Gas Services, Inc.
P. O. Box 763
Hobbs, New Mexico 88240

Re: Commingling Production from
Supron Energy Corporation's
SNM-33-16-33 Wells 1 and 2
Lea County, New Mexico

ATTENTION: Donna Holler

Gentlemen:

As per your request of April 24, 1978, you are hereby authorized to commingle production from Supron Energy Corporation's SNM-33-16-33 wells No. 1 and No. 2.

Our approval is subject to like approval by the New Mexico Oil Conservation Division. Failure by the New Mexico Oil Conservation Division to grant their approval will automatically void our approval.

Enclosed is one copy for your records.

Please remit a Ten (\$10.00) Dollar filing fee.

Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

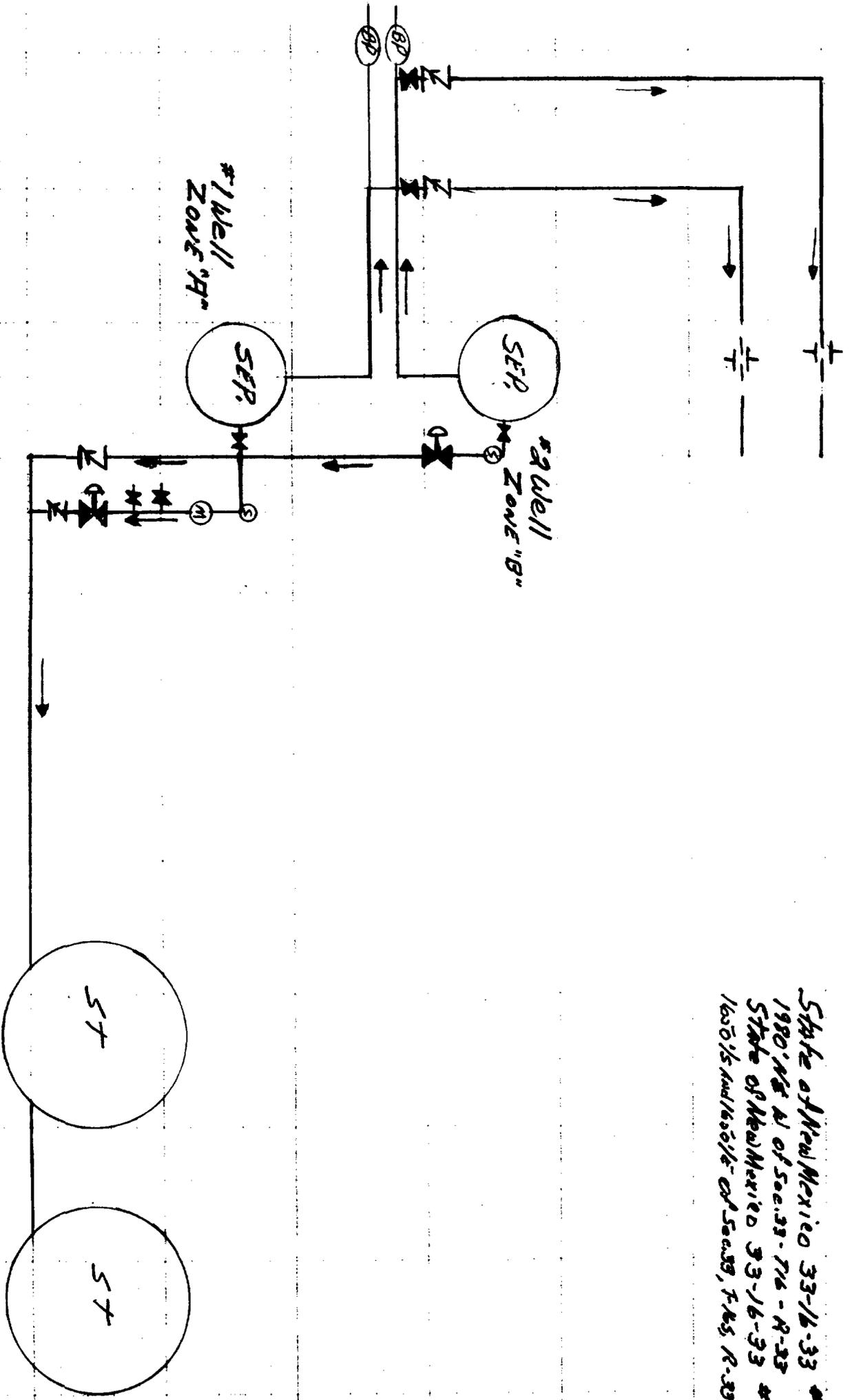
BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division

PRL/RDG/s
encl.

cc: New Mexico Oil Conservation Division
Santa Fe, New Mexico
New Mexico Oil and Gas Accounting Department
Santa Fe, New Mexico
New Mexico State Lease No. LG-815

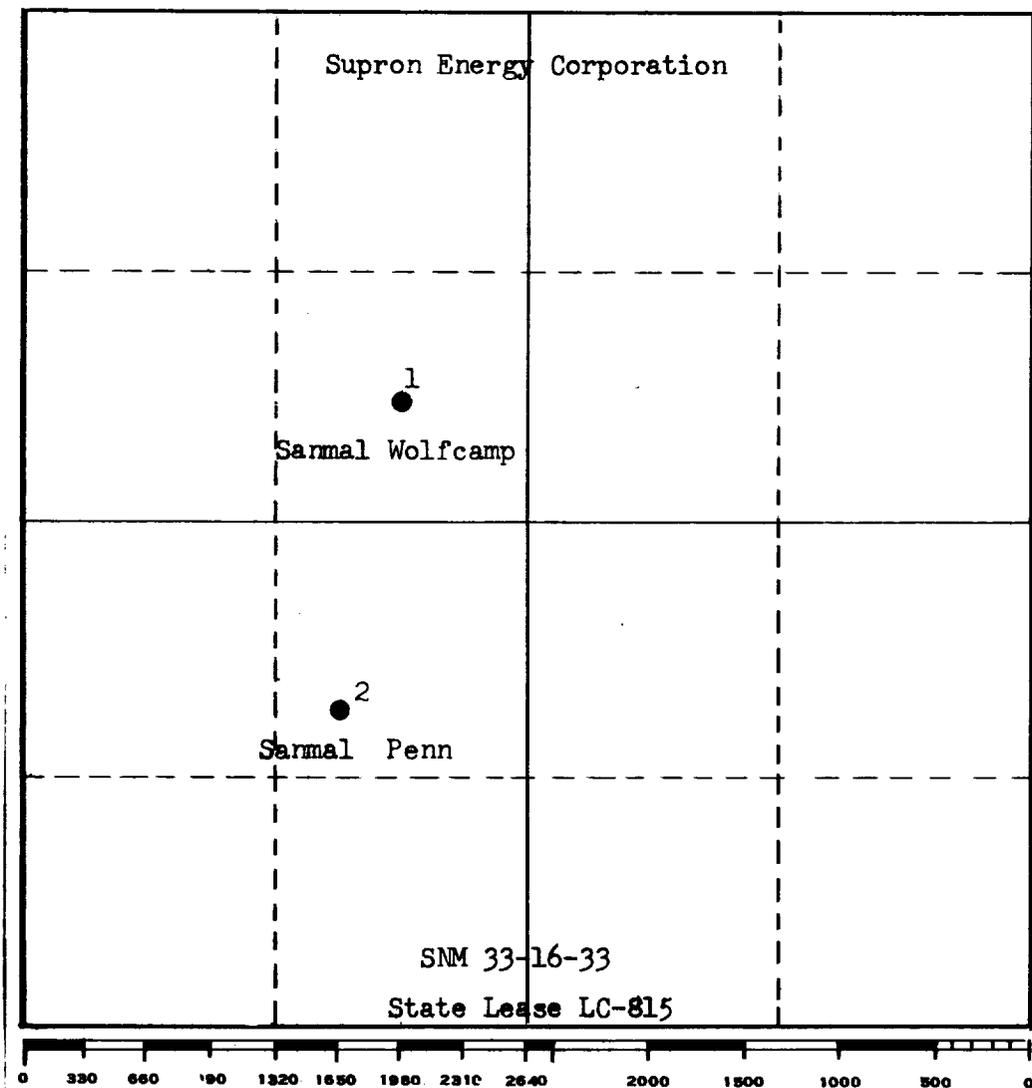
SUNBEL Energy Corp.

State of New Mexico 33-16-33 #1
1980' NGW of Sec. 33 - T16 - R-23
State of New Mexico 33-16-33 #2
1650' S and 1650' E of Sec. 33, T. 16 S, R. 23 E



(BP) Backflow Valve
Zone "H" Kemnitz
Zone "B" Atoka

Operator's Signature
George Welden



Section 33, Township 16 South, Range 33 East
Lea County, New Mexico

SNM 33-16-33 No. 1

Working Interest: 66 $\frac{2}{3}$ % Supron Energy Corporation
33 $\frac{1}{3}$ % ENI Exploration

Royalty Interest: State of New Mexico

SNM 33-16-33 No. 2

Working Interest: 75% Supron Energy Corporation
25% ENI Exploration

Royalty Interest: State of New Mexico