



October 24, 1984

Mr. Gilbert Quintana
State of New Mexico
Energy & Mineral Dept.
Santa Fe, New Mexico 88240

Re: Exception to Statewide Rule 303A
Surface Commingling
New Mexico "Z" State Lease
Wells No. 1 & 2
Eddy County, New Mexico

Dear Mr. Quintana:

Sun Exploration and Production Company requests administrative approval to surface commingle fluids for the referenced wells into the same tank battery. Each well will be metered separately for gas. The oil from well #2 will be metered for allocation and the remaining oil produced into tanks will be allocated to well #1.

New Mexico "Z" State	1	2
Oil	47	42
Water	112	263
Gas	33	36
GOR	702/1	857/1
Gravity	36.3	34.4
Status	Pump 1½"	Pump 1-3/4"

The commingling of these fluids will not result in loss of the purchase values of the production. A schematic diagram of the battery installation and plat showing location of the two wells are attached.

If you have any questions or need additional information, please contact me at (915) 688-0374.

Very truly yours,

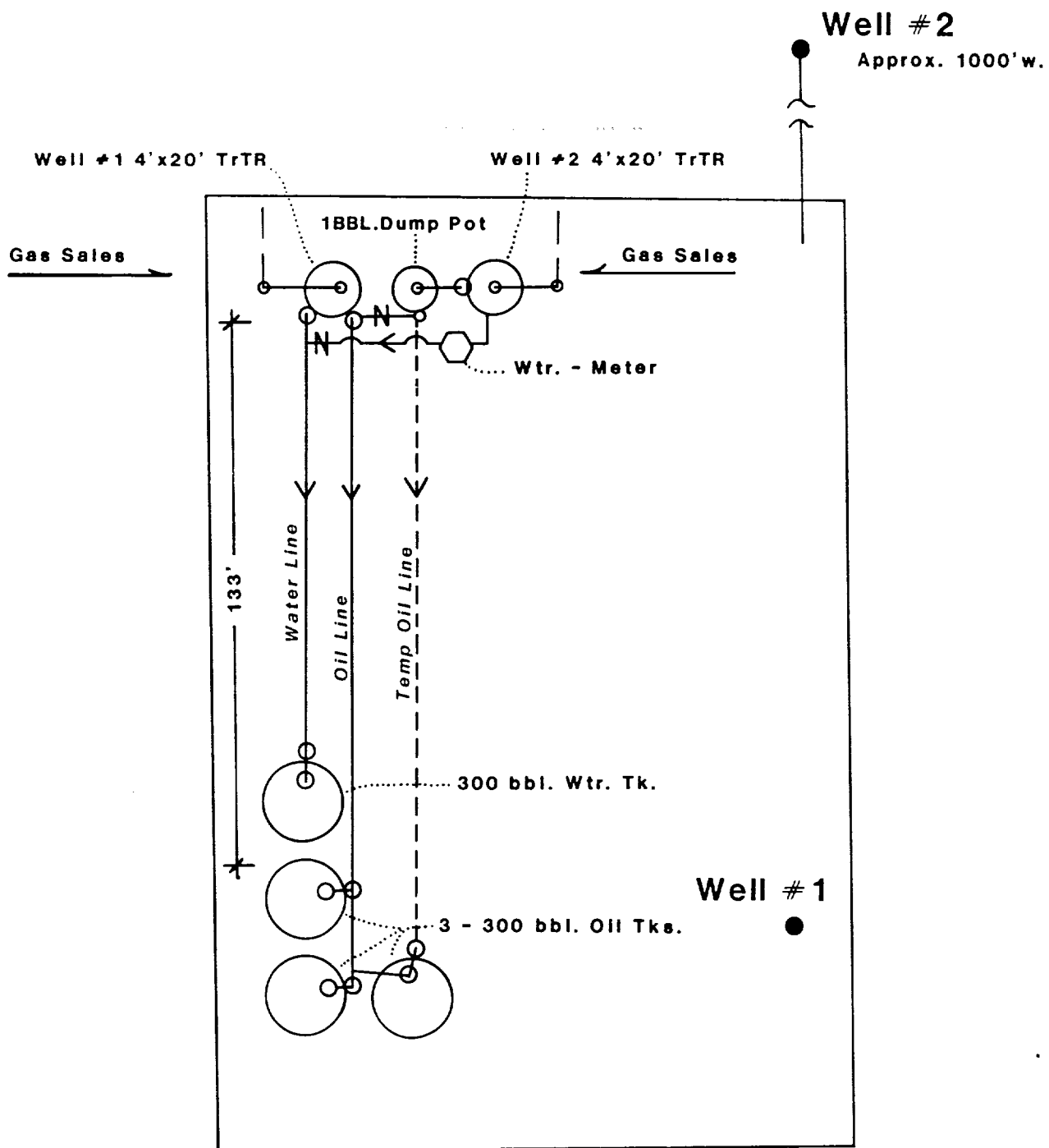
Dee Ann Kemp
Associate Acct.

cc: Mr. W. A. Gressett
State of New Mexico
Energy & Minerals Dept.
P. O. Drawer DD
Artesia, New Mexico 88210

**Sun Production
Operations Division**
Southwestern District

**Sun Exploration and
Production Company**
No 24 Smith Road
ClayDesta Plaza
PO Box 1861
Midland TX 79702 9970
915 688 0300

*St. Loeffler
OK.
Pending approval
of SLO - on
letter*

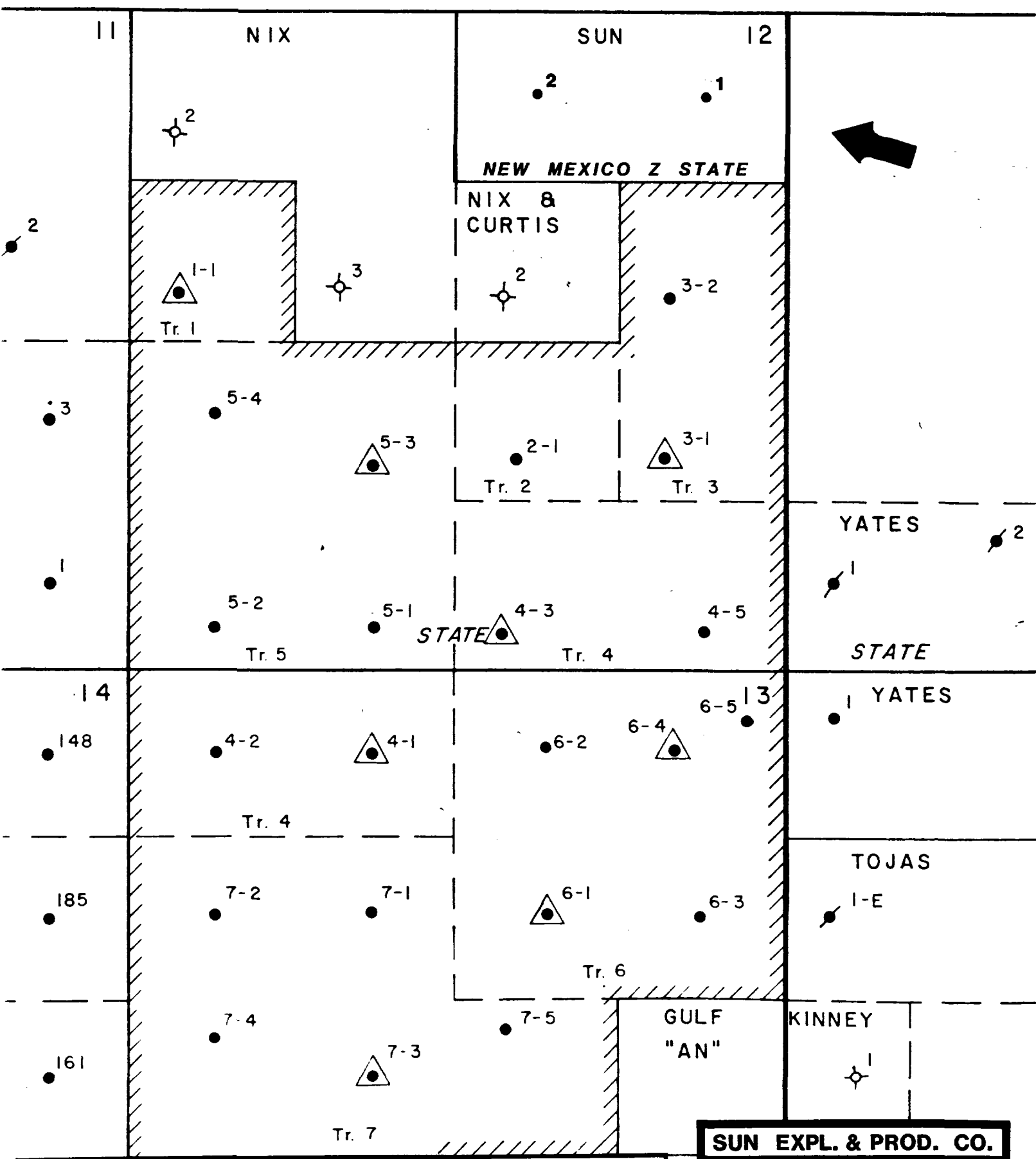


**Sun Exploration and
Production Company**

N.M. "Z" STATE BATT.

Scale 1"=33'





NEW MEXICO Z STATE #1 : (EAST MILLMAN, QUEEN - GRAYBURG POOL)
NEW MEXICO Z STATE #2 : (NORTH MILLMAN, SAN ANDRES POOL)

SUN EXPL. & PROD. CO.
NEW MEXICO Z STATE
EDDY CO., NEW MEXICO
T - 19 - S , R - 28 - E