



Chevron U.S.A. Inc.
P. O. Box 670, Hobbs, NM 88240

December 18, 1985

R. C. Anderson
Division Manager
Hobbs Division
Production Department

SURFACE COMMINGLING
LEA "CR" STATE (NCT-A)
STATE LEASE NO. E3510
TANK BATTERY
SECTION 2-T16S-R32E
LEA COUNTY, NEW MEXICO

Mr. Richard Stamets
Energy and Minerals Dept.
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

In order to avoid the considerable expense for constructing and maintaining an additional tank battery on the subject lease, we request administrative approval to surface commingle the Anderson Ranch Wolfcamp and the North Anderson Ranch Cisco Canyon at the subject battery. Temporary permission was granted by the OCD, Hobbs District Office, November 5, 1985. All wells on the lease will be tested to insure proper allocation of production.

The attached tabulation shows the volume, gravities, and monetary values of the liquid hydrocarbons from individual pools, as well as commingled production. The calculated revenue from the commingled production is the same as the revenue from the individual pools. Also attached is a schematic of the commingled facility, a lease plat, Chevron's letter of agreement to purchase the commingled production.

A simultaneous application has been sent to the Commissioner of Public Lands for approval. The commingling proposal is in the interest of conservation in that it prevents unnecessary waste and production expense.

Yours very truly,

P. H. Bunting Jr.
for R. C. ANDERSON 12-20-85

MWC/skc
Att'd

cc: OCD-Hobbs
Beryl Ragsdale-Midland
Bob Colborn-Hobbs

LEA "CR" STATE LEASE, TANK BATTERY
SECTION 2-T16S-R32E
LEA COUNTY, NEW MEXICO

<u>WELLS AND POOLS</u>	<u>PRODUCTION</u>	<u>GRAVITY</u>	<u>\$/DAY</u>	<u>\$/DAY</u>
Lea "CR" State #2 N. Anderson Ranch Cisco Canyon	125 BOPD	41.5°	28.00	3500
Lea "CR" State #5 Anderson Ranch Wolfcamp	36 BOPD	41.5°	28.00	1008
Total				4508
Commingled	161 BOPD	41.5°	28.00	4508
			Difference	0

Memorandum

December 12, 1985
Midland, Texas

R. C. Anderson
Hobbs

Attention: Mike Casey

Chevron U.S.A., Inc. -
Lea "CR" State Lease
Lea County, New Mexico

Crude Oil Department is currently purchasing Anderson Ranch (Cisco Canyon) Pool production from the subject lease, with connection by Shell Pipe Line Company's Intermediate facilities.

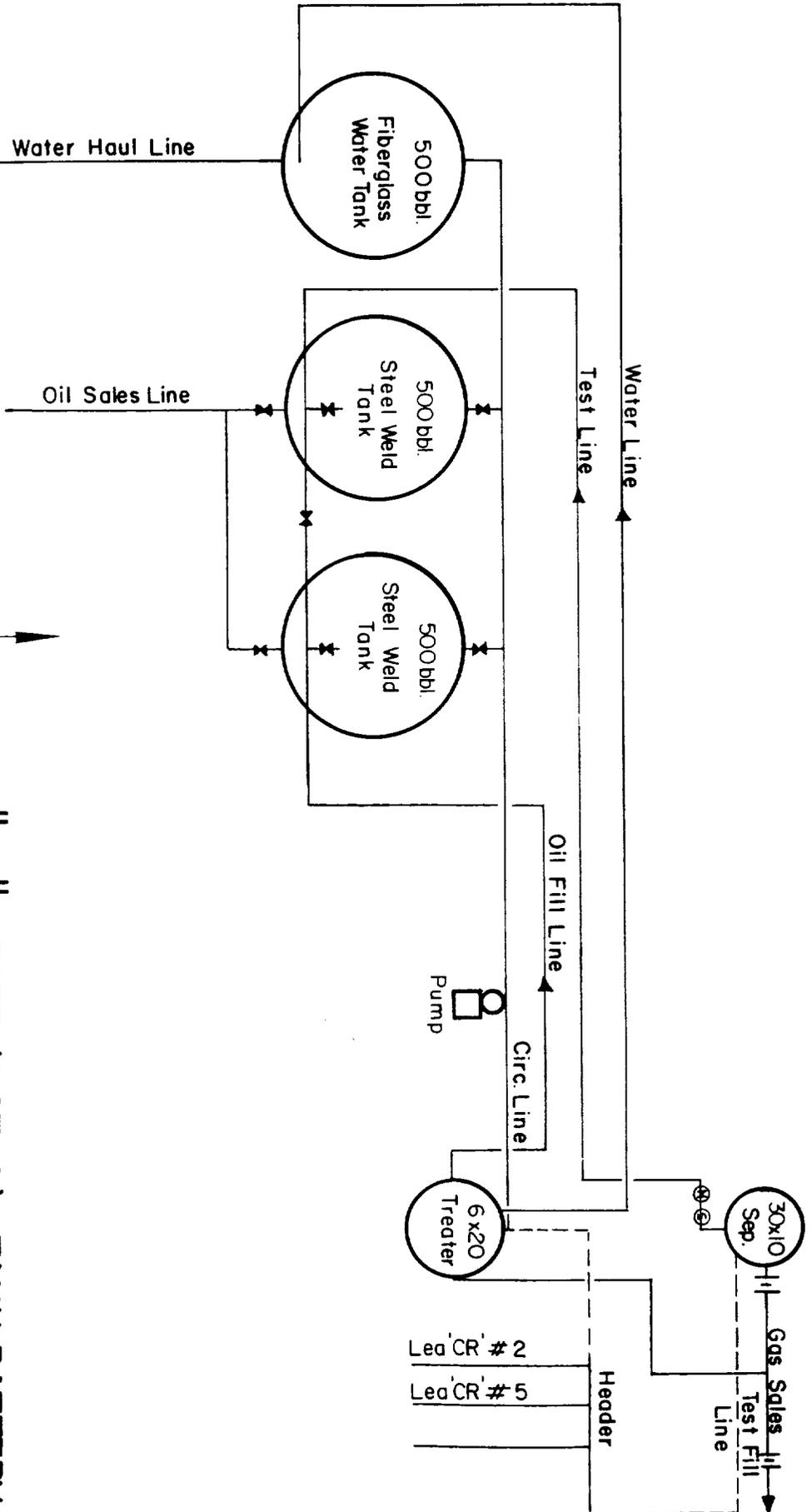
We have been advised that Well No. 5, producing from the Anderson Ranch (Wolfcamp) Pool, 36 B/D of 41.5° gravity crude oil, is to be commingled with existing production.

Crude Oil Department is agreeable to purchasing the commingled production.

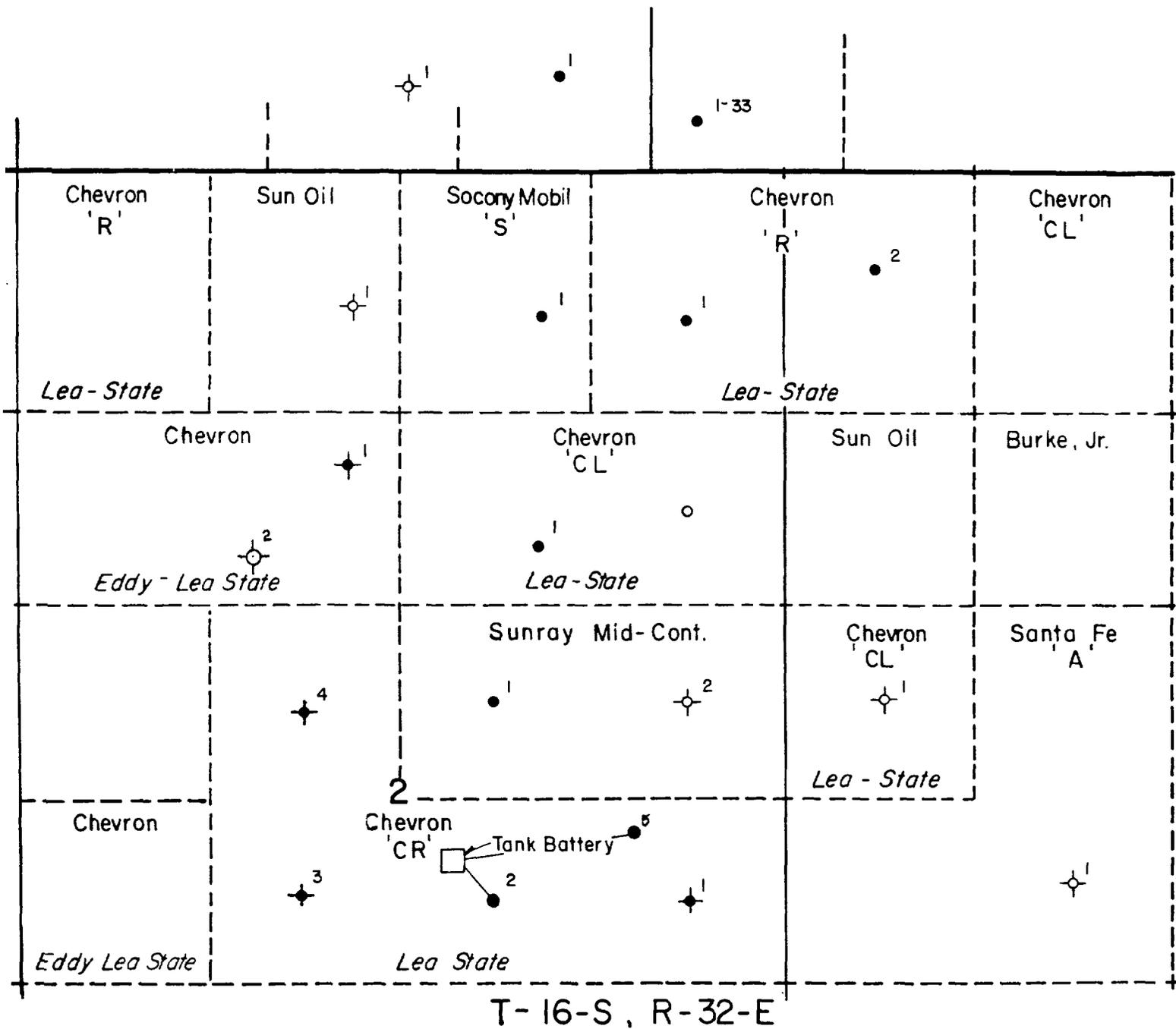


B. M. Ragsdale

BMR:cs



LEA "CR" STATE (NCT-A) TANK BATTERY
 Section 2, T16S - R32E
 Lea County, New Mexico



LEGEND	
●	Oil Producer
✦	Abanded Oil Well
○	Location
⊕	Dry & Abandoned Well
□	Tank Battery

Chevron U.S.A. Inc.
 Southern Region - Exploration, Land and Production

LEA 'CR' STATE (NCT-A)#2

Tank Battery Location Plat

Scale: 1" = 1000'