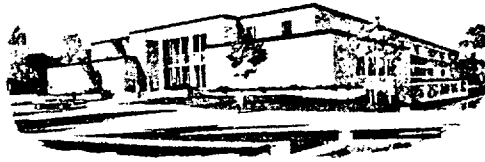


State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

SLO REF NO. OG-643

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

January, 11, 1988

Cities Service Oil and Gas Corp.
ATTENTION: Mr. James M. Eyer
P. O. Box 1919
Midland, Texas 79702

Re: Surface Commingling Cities' State
H Lease, Eunice 7 Rivers Queen,
South, Jalmat Tansill Yates 7
Rivers and Langley Strawn Pools,
Lea County, New Mexico.

Gentlemen:

We are in receipt of your request for approval for an exception to rule 303-A of the New Mexico Oil Conservation Division. Further research on our part has revealed several discrepancies in the information you have submitted along with the request. Before we can act upon your request, we would appreciate a clarification of those discrepancies.

Your documents indicate three wells to be commingled. you have labelled then the State H numbers 1, 2, and 3. You have them located in the A, H, and G unit letter locations respectively, and indicate they are completed in the Seven Rivers, Yates, and Strawn formations. This information does not agree with production data published by Petroleum Information Corporation, and current as of September 1987.

The following points need to be clarified:

1. PI data shows the well in the G location to be operated by Grace Petroleum, not Cities Service;
2. PI data shows no well completed in the Strawn in the NE/4 of Section 17, Township 22 South, Range 36 East;
3. PI data indicates that the well operated by Cities Service in the A location has not produced since December, 1986. What is its present status?

Cities Service Oil and Gas Corp.
January 11, 1988
Page 2


In addition, the formula used to calculate the expected gravity of the commingled oils is incorrect, although it does coincidentally give the approximated correct answer. API gravities must be converted to specific gravities in order to correctly calculate the combined gravity.

Please provide answers to the above questions, so that we may reach a decision about commingling production from the wells in question. We have attached for your information State Land Office Rule 1.055, entitled Application for Permission to Commingle or Off Lease Store Production.

Your early attention to this matter is appreciated.

Very truly yours,

WILLIAM R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm

encls.

cc: OCD-Santa Fe, New Mexico
State Lease No. B-1484-8

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

SLO REF NO. OG-658

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

February 2, 1988

Cities Service Oil and Gas Corp.
ATTENTION: Mr. James M. Eyer
P. O. Box 1919
Midland, Texas 79702

Re: Surface Commingling Cities' State
H Lease, Eunice 7 Rivers Queen,
South, Jalmat Tansill Yates 7
Rivers and Langley Strawn Pools,
Lea County, New Mexico.

Gentlemen:

Reference is made to your application dated November 23, 1987, wherein you have requested our approval to surface commingle the crude oil production on the State H lease. The Well No. 1 is producing from the Eunice Seven Rivers Queen pool, the Well No. 2 was completed as an oil well in the South Jalmat Tansill Yates Seven Rivers pool and the Well No. 3 has been reactivated as a producing oil well from the Langley Strawn pool.

The Commissioner of Public Lands has this date approved your request. Any deviation from your proposed request will be reason to rescind our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your filing fee in the amount of Thirty (\$30.00) Dollars has been received.

Very truly yours,

WILLIAM R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prado*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls

cc: OCD-Santa Fe, New Mexico - ATTN: DAVID CATANACH
TRD-Santa Fe, New Mexico
B-1484-8