

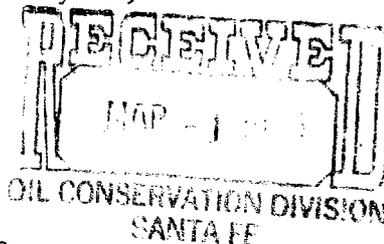
*Oil Reports and Gas Services, Inc.*

P.O. BOX 755

HOBBS, NEW MEXICO 88241

February 26, 1988

PHONE NUMBERS  
393-2727 - 393-2017



Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Gentlemen:

Application is hereby made for administrative approval on behalf of JG 20 Properties, Inc. to commingle production from the Lineberry wells No. 1 and No. 2.

As set forth on Exhibit B, production is from the Abo and Tubb formations.

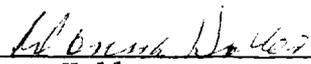
Exhibit A sets forth the daily average production, corrected gravity and price per barrel. From this it can be estimated that commingling the production will result in a loss of approximately 3 cents per day or approximately 91 cents per month.

Accurate individual well tests can be obtained by shutting in one well at a time.

It is therefore respectfully requested that permission be granted to JG 20 Properties, Inc. to commingle production from the Lineberry wells No. 1 and No. 2.

Yours very truly,

OIL REPORTS & GAS SERVICES, INC.

  
\_\_\_\_\_  
Donna Holler

DH/cg

cc: JG 20 Properties, Inc.  
P. O. Box 796  
Monahans, Texas 79756

Oil Conservation Division  
P. O. Box 1980  
Hobbs, NM 88240

JG 20 PROPERTIES, INC.

Lineberry Lease

Comparison of Values

<u>Well No</u>	<u>Production Per Day</u>	<u>Corrected Gravity</u>	<u>Price Per Barrel</u>	<u>Formation</u>
1	7	39 <sup>0</sup>	15.85	Abo
2	27	38 <sup>0</sup>	15.70	Tubb

Daily Gross Value When Produced Separately:

7 bbls per day x \$15.85 per bbl	=	\$100.95
27 bbls per day x \$15.70 per bbl	=	<u>423.90</u>
		\$534.85

Daily Gross Value When Commingled:

7/34 x \$15.85	=	\$ 3.26
27/34 x \$15.70	=	<u>12.47</u>
\$15.73 x 34 BOPD	=	<u>\$534.82</u>

Difference per day 0.03

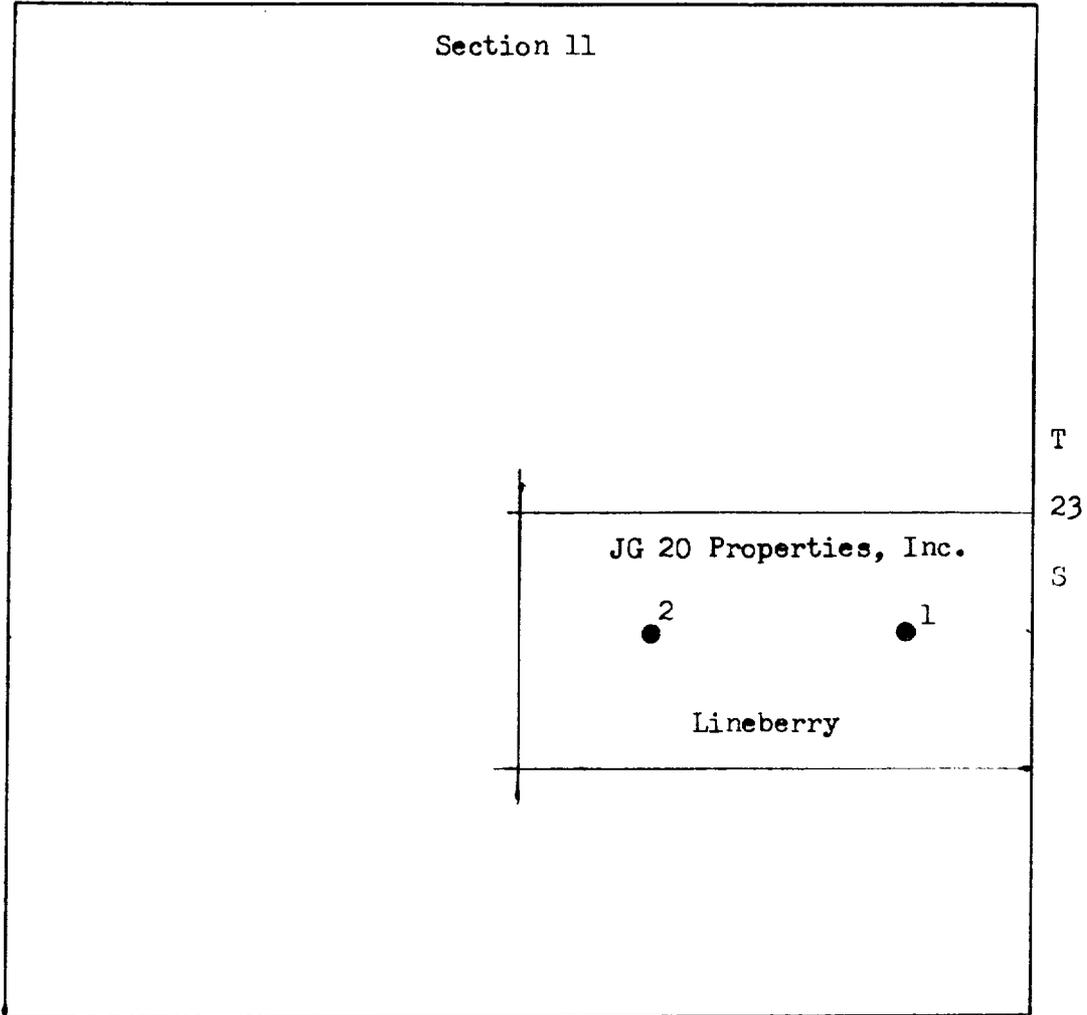
Difference per month = 30.4 x \$0.03 = \$0.91

Commingled production would have an estimated corrected gravity of 38.2<sup>0</sup> and an average sale price of \$15.73 per barrel.

Exhibit A

R 37 E

Section 11



JG 20 Properties, Inc.  
Lineberry #1, 1980' FSL & 660' FEL  
Cline Drinkard Abo  
Perfs 6703-6874

Lineberry #2, 1980' FSL & 1980' FEL  
Wildcat Tubb  
Perfs 5993-6178

*Cline Tubb*

Exhibit B

UG-20 PROPERTIES, INC  
 LINE BERRY WELLS #1 & #2  
 N/2 SE/4 SEC. 11-23-37  
 LEA COUNTY, N.M.

SURFACE COMMINGLING -  
 ABD AND TUBS ZONES

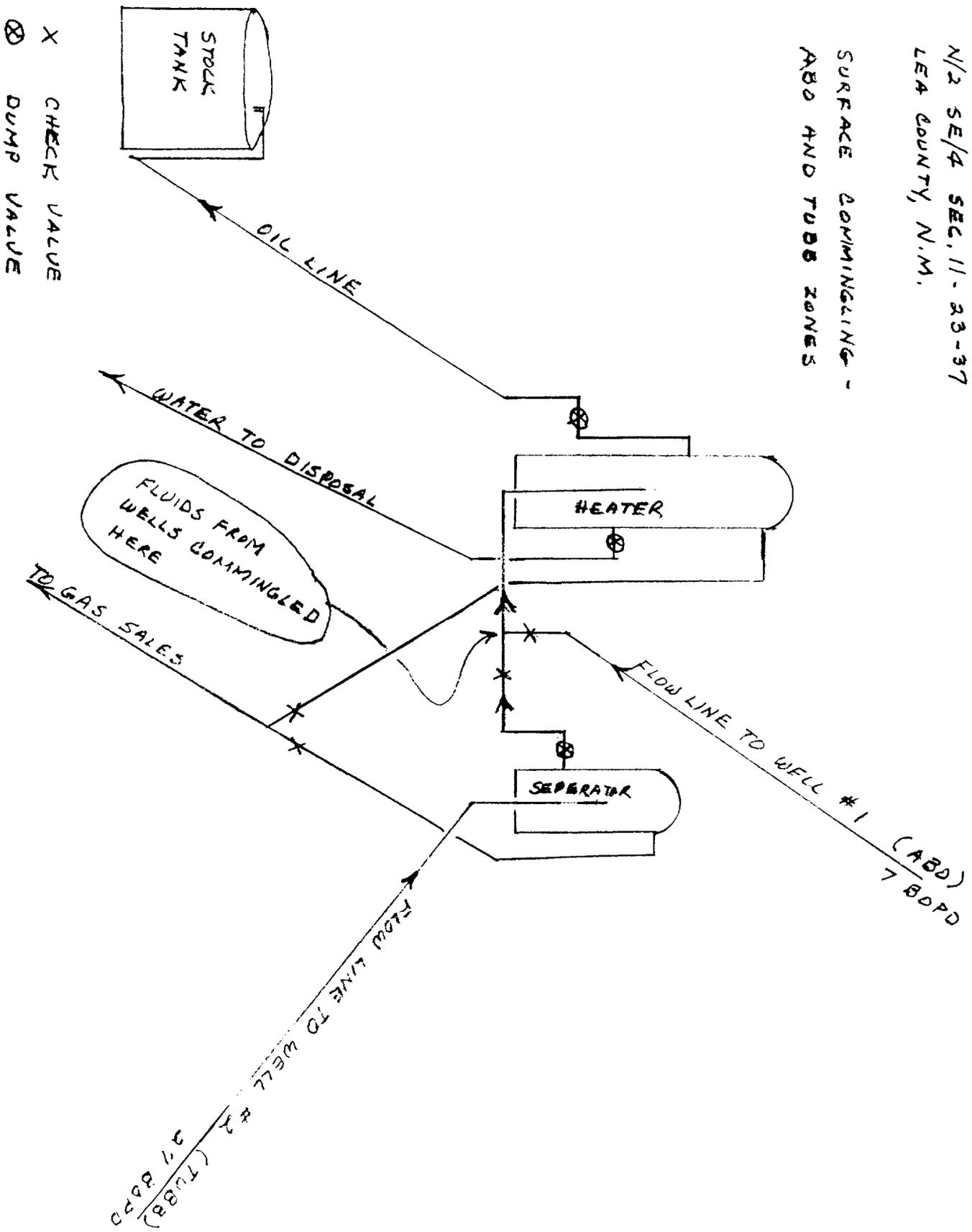


Exhibit C