

June 29, 1984

Mr. Joe D. Ramey  
State Petroleum Engineer-Secretary-Director  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Dear Sir:

Rule 309-B (Surface Commingling) states that I may request administrative approval to commingle production from two pools.

I propose to commingle the Federal T production with the Federal L & M and the Federal N production. The Federal L & M and the Federal N are currently commingled under commingling Order PLC-64 dated March 8, 1983.

All these leases have similar working interest ownership, royalty ownership and overriding royalty ownership.

The Federal T shares a common source of supply with the Federal L & M: Loco Hills (Q-G-SA) but differs from the Federal N: Grayburg Jackson (SR-Q-G-SA).

All partners (F. J. Weller) and the purchaser (Husky Oil Company) have agreed to the commingling of these leases (see Exhibits #3 and #4).

The following data shows the value of the commingled production shall have the same commercial value as it did before commingling; also that the Federal T and the Federal L & M and Federal N leases have the same WI, RI, lease numbers and common pay zones.

GENERAL LEASE DATA

Federal T

1. Lease number - - - - -	LC-028936J
2. Legal description - - - - -	SE/4 SE/4 Sec. 29, T17S, R30E Eddy Co., NM
3. Number of wells - - - - -	1
4. Current location of tank battery - - - - -	same as well
5. Pool - - - - -	Loco Hills(Q-G-SA)
6. Pay zones - - - - -	Grayburg
7. Oil gravity - - - - -	35.1° @ 60°F
8. Gas - - - - -	TSTM
9. Oil Purchaser - - - - -	Husky Oil Company
10. Daily Production - - - - -	½ Bbl Oil per day
11. Value of Oil/bbl. - - - - -	\$28.18
12. Value of daily production - - - - -	\$ 7.05 (now)
13. Value of daily production - - - - -	\$ 7.19 (after commingling)
14. Value of Gas - - - - -	\$ 0
15. Difference in value of Hydrocarbons after commingling -	-\$+.14/day

Federal L & M (Commingled with Federal N)

1.	Lease number - - - - -	LC 028936d
2.	Legal description - - - - -	NW/4 & W/2 of SE/4 Sec. 31, T17S, R30E Eddy County, N.M.
3.	Number of wells - - - - -	5 active + 2 TA
4.	Current location of tank battery - - - - -	SE/4 NW/4 Sec. 31, T17S, R30E, Eddy Co., N.M.
5.	Pool - - - - -	Loco Hills (Q-G-SA)
6.	Pay zones - - - - -	Grayburg
7.	Oil gravity - - - - -	38.7° @ 60°F
8.	Gas - - - - -	All gas (9 MCFPD) used for fuel
9.	Oil Purchaser - - - - -	Husky Oil Company
10.	Daily Production - - - - -	15 Bbl Oil per day
11.	Value of Oil/bbl. - - - - -	\$28.80
12.	Value of daily production - - - - -	\$432.00 (now)
13.	Value of daily production - - - - -	\$431.88 (after com- mingling)
14.	Value of Gas - - - - -	\$ 0
15.	Difference in value of Hydrocarbons after commingling -	-\$-.12/day

Federal N (Commingled with Federal L & M)

1.	Lease number - - - - -	LC-028936d
2.	Legal description - - - - -	NW/4 Sec 33, T17S, R30E Eddy Co., N.M.
3.	Number of wells - - - - -	1
4.	Current location of tank battery - - - - -	SE/4 NW/4 Sec. 31, T17S, R30E, Eddy Co., N.M.
5.	Pool - - - - -	Grayburg-Jackson (SR-Q- G-SA)
6.	Pay zones - - - - -	Grayburg
7.	Oil Gravity - - - - -	35° @ 60°F
8.	Gas - - - - -	All gas (8 MCFPD) used for fuel
9.	Oil Purchaser - - - - -	Husky Oil Company
10.	Daily Production - - - - -	2 Bbl Oil per day
11.	Value of Oil/bbl. - - - - -	\$28.80
12.	Value of daily production - - - - -	\$57.60 (now)
13.	Value of daily production - - - - -	\$57.58 (after com- mingling)
14.	Value of Gas - - - - -	\$ 0
15.	Difference in value of Hydrocarbons after commingling -	-\$-.02/day

Exhibit #1 - A plat showing:

- (a) Federal L & M lease outlined in orange
- (b) Federal N lease outlined in purple
- (c) Federal T lease outlined in red
- (d) Existing flowline between Federal L & M and Federal N in solid green
- (e) Proposed flowline (ROW 259) to connect the Federal T well into the existing tank battery in dashed green
- (f) central tank battery in red

Exhibit #2 - Letter of consent from BLM

Exhibit #3 - Letter of consent from F. J. Weller (Partner)

Exhibit #4 - Letter of consent from Husky Oil Company (Purchaser)

Exhibit #5 - Plat of Federal L & M and Federal N facilities

Exhibit #6 - Letter of approval for pipeline ROW

I propose to surface commingle this production in order to reduce operating costs by eliminating one complete tank battery. Also propose to conduct periodic well tests and allocate the production to each pool and/or well on the basis of these well tests.

Your approval of this proposed surface commingling of the Federal T with the Federal L & M and the Federal N leases would be appreciated.

Yours very truly,

*Truman D. Jones*

Truman D. Jones  
Field Foreman

TDJ/rk  
Attachments

Burch "B" 30

Beeson "B" 29 Fed EX

28

Deep Un 7953  
27  
28  
29

Burch "C" 31  
32  
33

Beeson "F" 9  
8

Federal "K" 2

Federal "T" 1

Federal "S" 5

Maddren "E" 3

Anadarko

General American

Citico

Gen. Amer.

Newmont

Gulf

Anadarko

Gener

Federal "L" 1  
2  
3  
4  
5  
6

Anadarko  
15  
10  
7  
11

Newmont  
7-B  
1  
5  
6

Newmont  
8

Newmont  
2  
3160

Taylor  
Resler  
Digneo  
1-X

Federal "N" 3

General American  
16  
13

Anadarko  
5  
4  
6

Newmont  
2  
4  
6

Scheurich "A" 1  
5

Scheurich "B" 4  
32

Newmont  
2  
3160

Taylor  
Resler  
Digneo  
1-X

Cuccia

An

CENTRAL TRAIL RAILWAY  
41 LEM, N & T

EXISTING flowline

Proposed flowline

POOL BOUNDARY

"LOCO HILLS"

Loco Hills (Q-G-SH) POOL

Grayburg-Jackson (SR-D-G-SH) POOL

Eddy County  
New Mexico

R 30 E

State Exh. b. 7 # 1 s "R11"

Beeson "F" 3

Federal "M" 1  
2  
3

Brigham "A" 1  
3

Newmont  
5  
5-X

Tallmadge  
4

Newmont  
1  
Aston-Lucas

Citico

U.S.



## United States Department of the Interior

3164

## BUREAU OF LAND MANAGEMENT

Carlsbad Resource Area Headquarters

P. O. Box 1778

Carlsbad, New Mexico 88220

June 23, 1984

Mr. Jerry E. Buckles  
Anadarko Production Company  
P. O. Drawer 130  
Artesia, NM 80210

Re: LC 028936-j  
SE/SE; Sec. 29; 17S-30E  
(Federal T)  
LC-028936-d  
NW/4; Sec. 33; 17S-30E  
(Federal II)  
NW/4&W/2SE/4; Sec. 31; 17S-30E  
(Federal L&M)

Dear Mr. Buckles:

Your request, dated May 2, 1984, for permission to surface commingle production from Federal lease LC-028936-j (Federal T) with production from Federal lease LC-028936-d (Federal L&M and Federal N) has been duly reviewed. Therefore:

- (a) since both leases have similar working interest, royalty, and overriding royalty ownerships,
- (b) since both leases have similar API oil gravities,
- (c) since individual well tests will be conducted monthly to determine proper allocations,

and in view of the obvious economic advantage of eliminating one tank battery, permission is hereby granted. The proposal for the new flowline has been previously approved.

Sincerely yours,

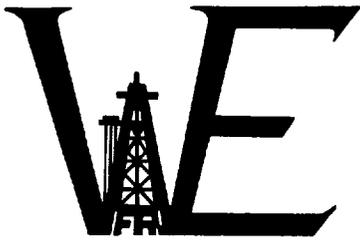
*L Mark Hollic*  
*acting for*

Charles S. Dahlen  
Area Manager

cc RDO  
CRA lease file  
John Wade  
Bob Pitschke

RECEIVED  
JUN 25 1984  
ARTESIA, N. M.

Exhibit #2



**WELLER ENERGY INC.**  
132 GREEN AVE., MADISON, NEW JERSEY 07940

Dear Mr. Jones,

May 16, 1984

Reprocessing your letter of May 14<sup>th</sup> 1984,  
The Weller Estate approves of your plans to  
commingle the Federal T with the Federal L, M,  
and N leases.

Please let me know if you need  
anything further from us on this project.

Sincerely yours,

Francis J. Weller Jr.  
Executor

RECEIVED  
MAY 25 1984  
ARTESIA, N. M.

EXhibit # 3