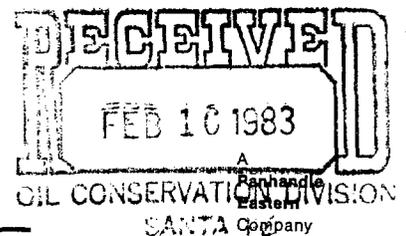


Anadarko
PRODUCTION COMPANY



P. O. Box 67 • Loco Hills, New Mexico 88255 • (505) 677-2411

P. O. Drawer 130, Artesia, New Mexico - 748-3368

February 10, 1983

Joe D. Ramey, Division Director
New Mexico State Land Office
P. O. Box 2088
Santa Fe, New Mexico 87501

*CRI is same
on both leases.
Tank Battery on N
being taken out.
Phone conversation
2/22/83
M. Slogner*

Dear Sir:

Rule 303B (Surface Commingling) states that I may request administrative approval to commingle production from two pools.

I hereby propose to commingle the Federal N production with the Federal L & M production. It should be pointed out that the Federal L & M consists of two leases joined together as a single lease. Both leases (L & M) have virtually the same RI, WI, lease numbers, are in the same pool & have been commonly produced for several years. Therefore, I am proposing to combine essentially two leases ie: (1) Federal N & (2) Federal L & M.

Federal N

1. lease number - - LC 028936d
2. legal description - - NW/4 Sec. 33, T17S, R30E, Eddy County, New Mexico.
3. number of wells - - 1.
4. current location of tank battery - - same as well.
5. Pool - - GRAYBURG-JACKSON-QUEEN-SA.
6. Pay zones - - Grayburg.
7. Oil gravity - - 35° @ 60° F.
8. Gas - - all gas (8 MCFPD) used for fuel.
9. Daily production - - BOPD - - 3.
10. Value of oil/bbl. - - \$30.90.
11. Value of daily production - - \$92.70 (now).
12. Value of daily production - - \$92.88 (after commingling).
13. MCFGPD produced - - 8.
14. MCFGPD used for fuel - - 8.
15. Gas sold - - 0.
16. Value of gas - - 0.
17. Difference in value of Hydrocarbons after commingling - - \$+.18/day.

Federal L & M

1. lease number - - LC 028936d
2. legal description - - NM/4 & W/2 of SE/4 Sec. 31, T17S, R30E, Eddy County, New Mexico.
3. number of wells - - 4 active + 9 TA.
4. location of tank battery - - SE/4 NW/4 Sec. 31, T17S, R30E.

5. Pool - - LOCO HILLS-QUEEN-GRAYBURG-SA.
6. Pay zones - - Grayburg.
7. Oil gravity - - 38.7° @ 60° F.
8. Gas - - all gas (9 MCFPD) used for fuel.
9. Daily production - - BOPD - - 16.
10. Value of oil/bbl. - - \$30.97.
11. Value of daily production - - \$495.52 (now).
12. Value of daily production - - \$495.35 (after commingling).
13. MCFGPD produced - - 9.
14. MCFGPD used for fuel - - 9.
15. Gas sold - - 0.
16. Value of gas - - 0.
17. Difference in value of Hydrocarbons after commingling
- - \$-.16/day.

As shown above, the value of the commingled production shall have the same commercial value as it did before commingling.

The Federal L & M and Federal N leases have the same WI, RI, lease numbers as well as a common pay zone. I understand the pools were created years ago due to a difference in nomenclature. If the pools were created today, they would be virtually the same pool.

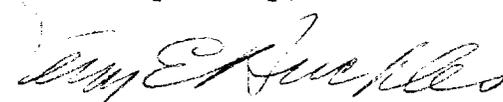
Attachments:

- (1) Letter of consent from Regional Field Operations Supervisor of United States Department of the Interior, Minerals Management Service. (Exhibit #1)
- (2) Plat - showing all wells on Federal N and Federal L & M leases. (Exhibit #2)
- (3) Plat - (Exhibit #2) showing pool boundaries between Federal N and Federal L & M leases.
- (4) Diagram of Proposed Installation. (Exhibit #3)

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 & allocate production to each pool on the basis of these well tests. This is in agreement with the letter of approval from BLM (Exhibit #1) which does not require accurate measurements.

Your prompt approval of this proposed surface commingling of production from Anadarko's Federal N and Federal L & M leases will be greatly appreciated.

Yours very truly,


Jerry E. Buckles, Area Supervisor

JEB/rk
Attachments



United States Department of the Interior

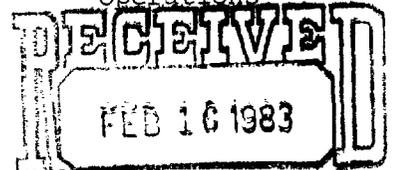
BUREAU OF LAND MANAGEMENT

South Central Region

505 Marquette Avenue, N. W., Suite 815
Albuquerque, New Mexico 87102

IN REPLY REFER TO:

Field
Operations



OIL CONSERVATION DIVISION

SANTA FE

FEB 2 1983

Mr. Jerry E. Buckles
Anadarko Production Company
P. O. Drawer 130
Artesia, New Mexico 88210

Dear Mr. Buckles:

Your application to commingle production dated January 26, 1983,
is hereby approved.

Combining of production at the surface from two or more zones or
pools on a single Federal lease is authorized without requiring
formal application or accurate measurement of the individual
sources, if royalty rates for all producing zones are identical
and gavity and crude oil types are fairly similar.

Sincerely yours,

FOR

Michael F. Reitz
Field Operations Supervisor

Exhibit # 1

T125

6 Deep Un
7953

Burch "C"

27

28

29

30

31

32

33

Proposed

Loco Hills Fed. Unit #1

495' Ewk

1100' flow

1550' Ewk

1900' Ewk

Federal "K"

POW NM 38169

Exhibit #2

Anadarko

General American

Citico

Gen. Amer.

Newmont

Gulf

Anadarko

Moddren

Federal "J"

Anadarko

Newmont

Scheurich "A"

Scheurich "B"

Tallmadge

Taylor

Federal "N"

Cuccia

General American

Anadarko

Newmont

Newmont

Newmont

Newmont

Restler Digneo

Anadarko

General Ame

General American

Anadarko

Newmont

Newmont

Newmont

Newmont

Citico

Federal "S"

General Ame

Beeson "F"

Federal "M"

Brigham "A"

Newmont

Newmont

Aston-Lucas

Citico

Federal "S"

General Ame

Beeson "F"

Federal "M"

Brigham "A"

Newmont

Newmont

Tallmadge State

Citico

Federal "S"

General Ame

Beeson "F"

Federal "M"

Brigham "A"

Newmont

Newmont

Tallmadge State

Citico

Federal "S"

General Ame

Fed LEM
Tank Battery

Loco Hills Queen Grayburg SA

Fed. N
Tank Battery

Grayburg Jackson Queen SA

R30E

U.S.

NORTH ↑

