

STEVENS OPERATING CORPORATION

FIRST NATIONAL TOWER - SUITE 1250

P. O. BOX 2203

ROSWELL, NEW MEXICO 88201

505 622 7273

June 10, 1985

New Mexico State Land Office
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

ATTENTION: Ray Graham

Re: Commingling of Leases
Sales by LACT

Gentlemen:

Stevens Operating Corporation is hereby applying for administrative approval to commingle the production from the following leases:

1. O'Brien "R" Well No. 1
Unit O Sec. 21 T8S R29E
Red Lake Ridge San Andres
2. O'Brien "LLL" Well No. 1 & 2
Unit N Sec. 21 T8S R29E
Unit K Sec. 21 T8S R29E
Red Lake Ridge San Andres
3. O'Brien "P" Well No. 1, 2 & 3
Unit C Sec. 28 T8S R29E
Unit D Sec. 28 T8S R29E
Unit E Sec. 28 T8S R29E
Red Lake Ridge San Andres
4. Lynx Well No. 1
Unit G Sec. 19 T8S R29E
Wildcat Fusselman
5. Huber State Well No. 1
Unit N Sec. 16 T8S R29E
Red Lake Ridge San Andres
6. Red Lake Ridge Well No. 1
Unit C Sec. 21 T8S R29E
Red Lake Ridge San Andres

Lb-2600

The commingle facility and LACT will be located in the SW/4SE/4 of Section 21, Township 8 South, Range 29 East. The fluid from each well will go through a free water knock out and then through two-way separators. This will separate the water, oil, and gas from each lease. The oil, gas, and water from each lease will then be measured through provable meters with non-resetable counters.

The oil will be measured through a net oil computer with a 0-50% BS&W range probe assembly. This will give an accurate measurement of oil being produced from each lease. The oil will then be commingled and sent through another meter for total fluid and then go through a settling tank and into a 500 barrel storage tank to be sold through a LACT.

After measurement, the gas from each lease will then be commingled and sent through a check meter for total gas produced. It will then be sent to the sales point.

The produced water, after measurement from each lease, will be commingled and sent through a settling tank and storage tank for disposal. The produced water will be measured for total water produced and pumped to the White Lake Ranch produced water disposal.

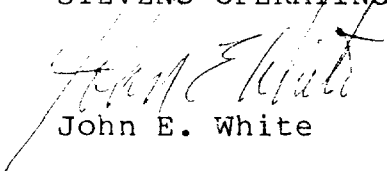
The condensate production from the Lynx No. 1 will be transferred from the lease through a provable meter with a non-resetable counter. This meter will be proved once a month for accuracy. The gas will not be commingled but sold at the lease to Liquid Energy.

A map and schematic diagram of the proposed installation is enclosed for your information.

If you have any further questions or need additional information, please do not hesitate to contact me.

Sincerely,

STEVENS OPERATING CORPORATION



John E. White

JEW/ceh
enclosures

O'BRIEN R #1, O'BRIEN P #1,2,3, O'BRIEN LLL #1,2 & RED LAKE RIDGE
INTEREST OWNERS

1. Moon Company, Trustee
Post Office Box 9598
Amarillo, Texas 79105
2. Frates Seeligson
1604 Nat'l Bank of Commerce
Building
San Antonio, Texas 78205
3. Nancy Ellen Carlock
St. Paul's Manor #630
2635 2nd Ave.
San Diego, Calif. 92103
4. Victor Emanuel Carlock
2230 - P Via Puerta
Laguna Hills, Calif. 92653
5. Frederick Winston and
James T. Wyman, Trustees
2108 Foshay Tower
Minneapolis, Minn. 55402
6. James T. Wyman and
Frederick Winston, Trustees
2108 Foshay Tower
Minneapolis, Minn. 55402
7. Charles A. Kelly
C/O Chapman & Cutter
111 West Monroe
Chicago, Ill. 60603
8. Pauline or Henry Parker
2108 Foshay Tower
Minneapolis, Minn. 55402
9. James T. Wyman, Trustee
2108 Foshay Tower
Minneapolis, Minn. 55402
10. Marshall & Winston
310 W. Tower
#10 Desta Drive
Midland, Texas 79705
11. Murray C. McKinnon, Trustee
2600 Republic Bank Center
700 Louisiana Street
Houston, Texas 77002
12. Grover Stone
51 Eagle Street
San Francisco, Calif. 94114
13. Steven Stone
1636 #2 W. Sexton Road
Sebastopol, Calif. 95472
14. Sandra Stone
2162 Marlowe Road
Santa Rosa, Calif. 94501
15. Dianne E. Daniels
14305 Eastridge Drive
Whittier, Calif. 90602
16. June Daniels Grothe
23317 Stirrup Drive
Diamond Bar, Calif. 91765
17. Charles W. Daniels
410 North Ogden Street
Los Angeles, Calif. 90036
18. Margaret B. Daniels
14305 Eastridge Drive
Whittier, Calif. 90602
19. Beatrice B. Stone
5200 Montgomery Drive
Santa Rosa, Calif. 95405
20. John & Mary Briscoe
118 Briscoe Road
St. Leonard, MD. 20685
21. Stevens Resources
3625 Manchaca Road-Suite 103
Austin, Texas 78704
Attention: Cody
22. John T. Rowlett
Post Office Box 1389
Fairbanks, Alaska 99701
23. Rio Petrol
300 Harbor Building
100 Second Ave. S.
Edmonds, Washington 98020
24. Robert R. Walker
(same as Rio Petrol, Inc.)
25. John D. Cadigan
(same as Rio Petrol, Inc.)
26. W.G. Stroecker
Post Office Box 1389
Fairbanks, Alaska 99701
27. Tanana Management
Post Office Box 1389
Fairbanks, Alaska 99701

O'BRIEN R #1, O'BRIEN P #1,2,3, O'BRIEN LLL #1,2 & RED LAKE RIDGE
INTEREST OWNERS
(continued)

28. Brenda and Rick Winther
Post Office Box 1389
Fairbanks, Alaska 99701
29. John and Vava Winther
Post Office Box 1389
Fairbanks, Alaska 99701
30. Walter and Delores Sczudlo
Post Office Box 1389
Fairbanks, Alaska 99701
31. Glorine Neimeyer
Post Office Box 1389
Fairbanks, Alaska 99701
32. Richard A. Wien
Post Office Box 1389
Fairbanks, Alaska 99701
33. Billy and Frances Pryor
Post Office Box 1389
Fairbanks, Alaska 99701
34. Douglas Millard
Post Office Box 1389
Fairbanks, Alaska 99701
35. Marion Weeks
Post Office Box 1389
Fairbanks, Alaska 99701
36. Tenneco Oil Exploration & Production
7990 IH 10 West
San Antonio, Texas 78230
37. J.M. Huber Corp.
1900 Wilco Bldg.
Midland, Texas 79701
38. TXO Production Corp.
900 Wilco Bldg.
Midland, Texas 79701
39. Columbia Gas Development
P. O Box 1350
Houston, Texas 77001

LYNX # 1
Interest Owners

1. Moon Company. Trustee
Post Office Box 9598
Amarillo, Texas 79105
2. James T. Wyman, Trustee
Post Office Box 9598
Amarillo, Texas 79105
3. James T. Wyamn and
Frederick Winston, Trustees
2108 Foshay Tower
Minneapolis, Minn. 55402
4. Frederick Winston and
James T. Wyman, Trustees
2108 Foshay Tower
Minneapolis, Minn. 55402
5. Charles A. Kelly
C/O Chapman & Cutter
111 West Monroe
Chicago, Ill. 60603
6. Pauline W. Parker and
Henry W. Parker, Trustees
1105 Foshay Tower
Minneapolis, Minn. 55402
7. Marshall & Winston, Inc.
310 West Tower
#10 Desta Drive
Midland, Texas 79705
8. Murray C. McKinnon, Trustee
2600 Republic Bank Center
700 Louisiana Street
Houston, Texas 77002
9. Tenneco Oil Company
7990 IH 10 West
San Antonio, Texas 78230
9. Tenneco Oil Company
7990 IH 10 West
San Antonio, Texas 78230
10. Rio Petrol, Inc.
300 Harbor Bldg.
100 Second Ave. South
Edmonds, Washington 98020
11. John D. Cadigan
(same as Rio Petrol, Inc.)
12. Robert R. Walker
(same as Rio Petrol, Inc.)
13. Stevens Resources
3625 Manchaca Road
Suite 103
Austin, Texas 78704
14. John T. Rowlett
P. O. Box 1389
Fairbanks, Alaska 99701

HUBER STATE INTEREST OWNERS

1. APCOT-FINADEL JOINT VENTURE
Fina Plaza
P. O. Box 2159
Dallas, Texas 75221
2. Rio Petrol, Inc.
300 Harbor Bldg.
100 Second Ave. South
Edmonds, Washington 98020
3. John D. Cadigan
(same as Rio Petrol, Inc.)
4. Robert R. Walker
(same as Rio Petrol, Inc.)
5. Stevens Resources
3625 Manchaca Road
Suite 103
Austin, Texas 78704
6. John T. Rowlett
P. O. Box 1389
Fairbanks, Alaska 99701
7. W. G. Stroecker
P. O. Box 1389
Fairbanks, Alaska 99701
8. Tanana Management
P. O. Box 1389
Fairbanks, Alaska 99701
9. Brenda and Rick Winther
P. O. Box 1389
Fairbanks, Alaska 99701
10. John and Vava Winther
P. O. Box 1389
Fairbanks, Alaska 99701
11. Walter and Delores Sczudlo
P. O. Box 1389
Fairbanks, Alaska 99701
12. Glorine Neimeyer
P. O. Box 1389
Fairbanks, Alaska 99701
13. Richard A. Wien
P. O. Box 1389
Fairbanks, Alaska 99701
14. Billy and Frances Pryor
P. O. Box 1389
Fairbanks, Alaska 99701
15. Douglas Millard
P. O. Box 1389
Fairbanks, Alaska 99701
16. Marion Weeks
P. O. Box 1389
Fairbanks, Alaska 99701
17. TXO Production Corp.
1900 Wilco Bldg.
Midland, Texas 79701
18. J.M. Huber Corp.
1900 Wilco Bldg.
Midland, Texas 79701
19. Columbia Gas Development
P. O. Box 1350
Houston, Texas 77001

NEW MEXICO OIL CONSERVATION COMMISSION
NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

Form C-106
4-28-61

ACT Permit No. _____

Operator Stevens Operating Corp. Field Red Lake Ridge

Address P. O. Box 2203 Roswell, New Mexico County Chaves

Lease(s) to be served by this ACT Unit O'Brien "R", "LLL", "P", Huber State, Red Lake Ridge & Lynx

Pool(s) to be served by this ACT Unit San Andres, Fusselman

Location of ACT System: Unit 0 Section 21 Township 8S Range 29E

Order No. authorizing commingling between leases if more than one lease is to be served by this

System _____ Date _____

Order No. authorizing commingling between pools if more than one pool is to be served by this system

_____ Date _____

Authorized transporter of oil from this system Navajo Refining

Transporter's address P. O. Drawer 159 Artesia, New Mexico

Maximum expected daily through-put for this system: 500 Bbls/day

If system fails to transfer oil due to malfunction or otherwise, waste by overflow will be averted by:

CHECK ONE

A. ☒ Automatic shut-down facilities
as required by Section (3) h-1 of
RULE 309-A

B. ☐ Alternative (3) h-2, providing adequate available
capacity to receive production during maximum
unattended time of lease operation.

If "A" above is checked, will flowing wells be shut-in at the header manifold or at the wellhead?

Well head Maximum well-head shut-in pressure 200 lbs

If "B" above is checked, how much storage capacity is available above the normal high working level of the

surge tank _____ BBLS.

What is the normal maximum unattended time of lease operation? 12 Hours.

What device will be used for measuring oil in this ACT unit?

CHECK ONE

☒ Positive displacement meter

☐ Weir-type measuring vessel

☐ Positive volume metering chamber

☐ Other; describe _____

Remarks: _____

I hereby certify that the information given above is true and complete to the best of my knowledge and that the subject ACT system will be installed and operated in accordance with RULE 309-A.

Approved, Oil Conservation Commission

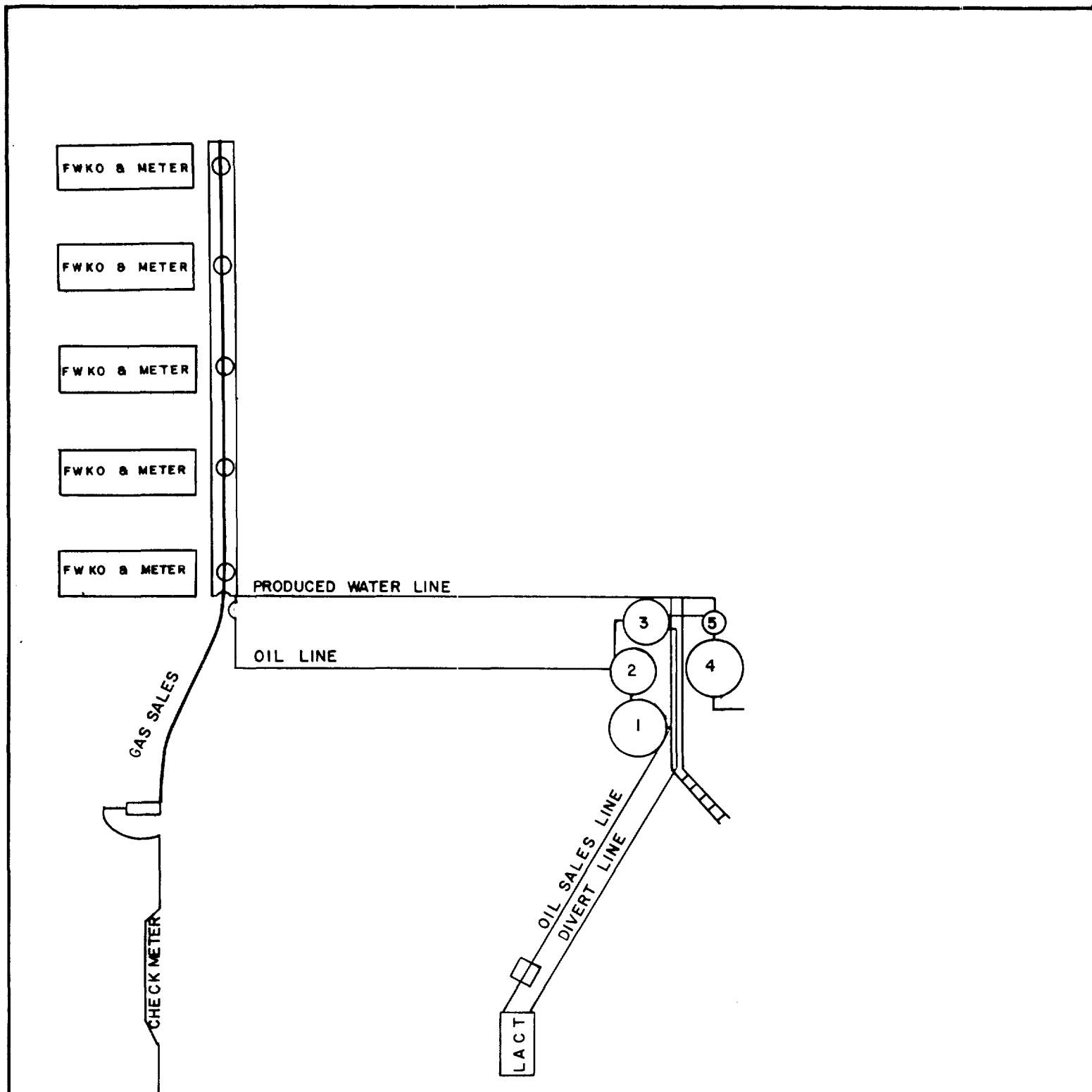
By John E. White

By _____ Title Production Superintendent

Title _____ Date May 21, 1985

Approval of Form C-106 does not eliminate the necessity of an approved C-104 prior to running any oil or gas from this system.

LACT UNIT



LEGEND

- 1. OIL SALES TANK
- 2. OIL SETTLING TANK
- 3. BAD OIL TANK
- 4. PRODUCED WATER TANK
- 5. WATER SETTLING TANK

SCALE 1" = 25 FT

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE