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MAR 23 1984

March 20, 1984

OIL CON. DIV.
DIST. 3

Minerals Management Service
Caller Service 4104
Farmington, N. M. 87499

Attn: Mr. Mat Millenbach

Re: Off-Lease Gas Measurement and Surface Commingling
Lease NM 28741
Lu Lu #4, SE/4 SE/4 Sec.29, T.23N, R.6W
Sandoval County, New Mexico *NM-28741*

Dear Mr. Millenbach:

Noarko Resources, Inc. (formerly Aztec Energy Corporation), is requesting approval of off-lease measurement and the surface commingling of casinghead gas produced from its Lu Lu #4 well.

The gas will be measured at the well location through a standard orifice meter. It will then be carried through a soon to be constructed surface trunk line which will join Noarko Resources present system, and be transported to a delivery point in the NW/4, Sec. 25, T.23N, R.6W, Sandoval County, New Mexico. Here the gas will be included in the sum total of gas transported through the system (see diagram). The liquids from the Lu Lu #2 will be measured and stored on location.

Noarko Resources, Inc. has contracted a third party to calibrate the meters installed on each well location and also to integrate and calculate the volume of gas produced from each well. This way each well and lease is assigned its proportionate share of the production, and any differences between the totals of the individual wells and the total reported by El Paso Natural Gas Company from their meter can be quickly determined and corrected. In addition to this, the gas gathering system is periodically walked to check for leaks.

Yours truly,

NOARKO RESOURCES, INC.

Ronnie W. Allen

Ronnie W. Allen
Geologist

APPROVED

RWA/mr

MAR 23 1984

M. Millenbach
M. MILLENBACH

Asst AREA MANAGER *Mr. [Signature]*

1-2-1983
1-2-1983
U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON, NEW MEXICO 87401

Aztec Energy Corporation
P. O. Box 2637
Farmington, New Mexico 87401

Gentlemen:

Your letter dated March 31, 1983 requests approval for off-lease commingling and measurement of casinghead gas from wells LuLu #3 SE $\frac{1}{4}$ SW $\frac{1}{4}$ sec. 29, T. 23N., R. 6W. and LuLu #4 NW $\frac{1}{4}$ SE $\frac{1}{4}$ sec 29, T. 23 N., R. 6W., Sandoval County, New Mexico, Lease NM 28741 with well Emily #1 NW $\frac{1}{4}$ SW $\frac{1}{4}$ sec 20, T. 23 N., R. 6 W., Lease NM 28740.

As you state in your letter all liquids will be measured as per Federal regulations on the lease in which the well is located.

Your application is hereby approved as per our approval letter dated January 12, 1983 for these same two leases.

Sincerely yours,

James W. Shelton
Assistant District Manager
for Minerals

cc:
Resource Area Manager, Farmington w/encl. ✓
Lease File NM 28740
NM 28741
Chrono

HLuccock:lg 4/21/83

* Well #4 has been changed to the #5 LuLu.