

3162 (067)  
NM-0453201

APR 15 1992

Exxon Company USA

Attn.: Mr. James D. Howell  
P. O. Box 1600  
Midland, TX 79702-1600

Re: Well No. 3-Squaw Federal,  
NE $\frac{1}{4}$ SW $\frac{1}{4}$  sec. 1, T. 23 S., R. 25 E.  
Eddy County, New Mexico  
Federal Lease NM-0453201

*DAC-687*

Gentlemen:

Your December 10, 1987, request to downhole commingle Atoka and Morrow gas production from your well No. 3-Squaw Federal, NE $\frac{1}{4}$ SW $\frac{1}{4}$  Sec. 1, T. 23 S., R. 25 E., Eddy County, New Mexico, Federal Lease NM-0453201, is hereby approved.

As stated in your application, gas production allocation will be 71% to the Atoka and 29% to the Morrow based on production tests from the individual formations. Although no condensate was produced during production tests, any condensate which may be produced will be allocated 79% to the Atoka and 21% to the Morrow based on the GPM of the gas produced during the aforementioned tests. Also, it is our understanding that commingling is based on economics and will not result in reduced royalty.

This approval is subject to the concurrence of the New Mexico Oil Conservation Division.

Please contact Shannon Shaw or Adam Salameh at (505) 887-6544 or at the letterhead address if any further information is required.

Sincerely,

Orig. Signed by Timothy M. Murphy

FOR Richard L. Manus  
Area Manager

bcc: NM(065, B. Lopez)  
NM(067, S. Shaw; E. Inman)  
NM(067A, K. Haston)

✓ NMOC-D-Attn.: Mr. D. R. Catanach  
P. O. Box 2088  
Santa Fe, NM 87504

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