

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

MIDLAND PRODUCTION ORGANIZATION

OPERATIONS INTEGRITY

January 23, 1996

Exception to Rule 303.A
(Rule 303.C Downhole Commingling)
Bowers -A- Federal #28
API #30-025-23022
Unit M, Section 29, T18S, R38E
Proposed Pools:
#28L; Byers Queen Gas
#28U; Undesignated Byers Yates Gas

New Mexico Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Exxon respectfully requests administrative approval to downhole commingle the Byers Yates and the Byers Queen in the Bowers -A- Federal #28. The information required by Rule 303.C is attached.

Waste will not occur as a result of the proposed commingling. In fact, we believe that the best way to prevent waste is by commingling the Yates and Queen as discussed below. Currently, the Bowers #28 is in the Hobbs Upper Blinbry formation and has reached depletion. We could consider only a Queen completion, but we are cognizant of the fact that both these zones are low pressure zones and that a Yates recompleat may be uneconomic in the future when pressure is near sales pressure. Thus, to maximize production and prevent waste, we seek to produce both zones by commingling them.

There is no difference in royalty ownership in the Yates and Queen zones and Exxon is 100% working interest owner. Thus, correlative rights will not be in jeopardy as a result of commingling. There is not a significant difference in bottomhole pressures between the Yates and Queen, as described on the following page. Thus, waste as a result of crossflow between zones will not occur.

As mentioned above, the Bowers -A- Federal #28 is currently in the Hobbs Blinbry formation. The Bowers #28 has never been completed in the Yates or Queen. Thus, we cannot submit production plots exhibiting an established decline for a period of at least one year. However, we elect to take the option outlined in Rule 303.C part 2(e). Specifically, instead of presenting production plots for the Bowers #28, we are submitting a resume of the well's history and a prognostication for the future.

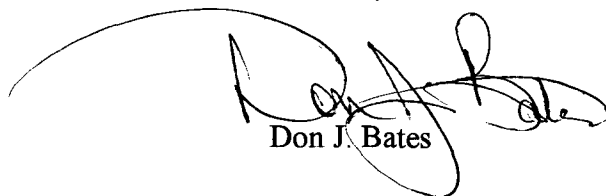
The resume of historical information is attached. The prognostication for the future is described here. We have examine the geology in the area surrounding the Bowers -A- Federal #28. We believe the Yates and Queen to be reasonably continuous in the area surrounding the Bowers #28. Due to this continuity, it seems plausible that the Bowers #28 will exhibit similar behavior in the Yates and Queen as nearby offsets, especially if the offsets are direct offsets. There are offsets to the Bowers #28 in the Queen and Yates zones. Therefore, our prognostication for the future production from the Bowers #28 is based on the assumed behavior from nearby offsets.

Directly to the south of the Bowers #28 is the HRC Incorporated W. D. Grimes NCT-A #1 well. The Grimes NCT-A #1 produced from the Queen formation. We have included the Petroleum Information production plot for the Grimes NCT-A #1 as support for the production and decline rate we expect to see from the Queen zone in the Bowers #28. To the west of the Bowers #28 is the Exxon operated Bowers A Federal #37. The Bowers #37 is in the Yates formation. We have included a production plot for the Bowers #37 as support for the production and decline rate we expect to see from the Yates zone in the Bowers #28.

Per attached lease flow diagram, production from the downhole commingled #28 will be metered and any condensate produced will be stored on lease. We expect condensate production to be ± 20 Bbls. annually, thus we request to well test condensate production.

If you have questions, please call me at (915) 688-7874.

Sincerely,



Don J. Bates

DJB:mym

1\bowers.doc

c: BLM - Carlsbad

**OFFSET OPERATORS
EXXON CORP.
BOWERS "A" FEDERAL LEASE
SECTIONS 29 & 30, T18S, R38E
LEA COUNTY, NEW MEXICO**

AMERADA HESS CORPORATION
ATTN: LAND DEPT.
1201 LOUISIANA, STE. 700
HOUSTON, TX 77002

AMOCO PRODUCTION COMPANY
ATTN: LAND DEPT.
P.O. BOX 3092
HOUSTON, TX 77253

CHEVRON USA INC.
ATTN: LAND DEPT.
P.O. BOX 1150
MIDLAND, TX 79705

CONOCO INC.
ATTN: J.W. HOOVER
10 DESTA DRIVE, STE. 100W
MIDLAND, TX 79705

EXXON CORPORATION
ATTN: C. H. HARPER
P.O. BOX 1600, ML-14
MIDLAND, TX 79702-1600

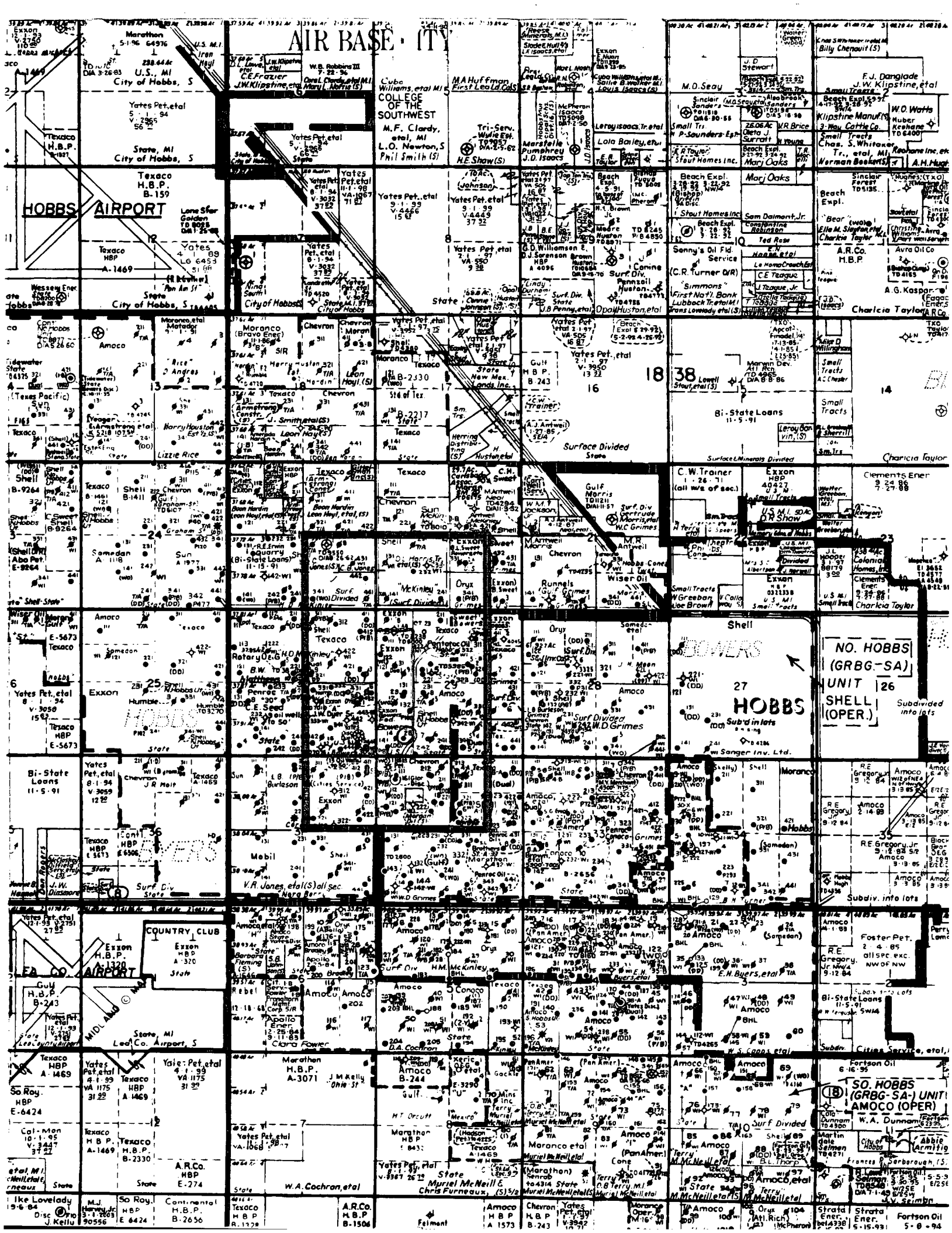
HRC INC.
ATTN: GARY SCHUBERT
P.O. BOX 5102
HOBBS, NM 88241

ORYX ENERGY COMPANY
ATTN: LAND DEPT
P.O. BOX 2880
DALLAS, TX 75221-2880

PONTOTOC OIL CORPORATION
P.O. BOX 2111
MIDLAND, TX 79704

SHELL E&P INC.
ATTN: LAND DEPT.
200 N. DAIRY ASHFORD
HOUSTON, TX 77079

TEXACO INC.
ATTN: LAND DEPT.
P.O. BOX 3109
MIDLAND, TX 79702-3109



District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brasas Rd. , Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 3002523022	Pool Code 73610	Pool Name UNDESIGNATED BYERS YATES GAS
Property Code 004170	Property Name BOWERS "A" FEDERAL	Well Number 28
GRID No. 007673	Operator Name Exxon Corp.	Elevation 3650' DF

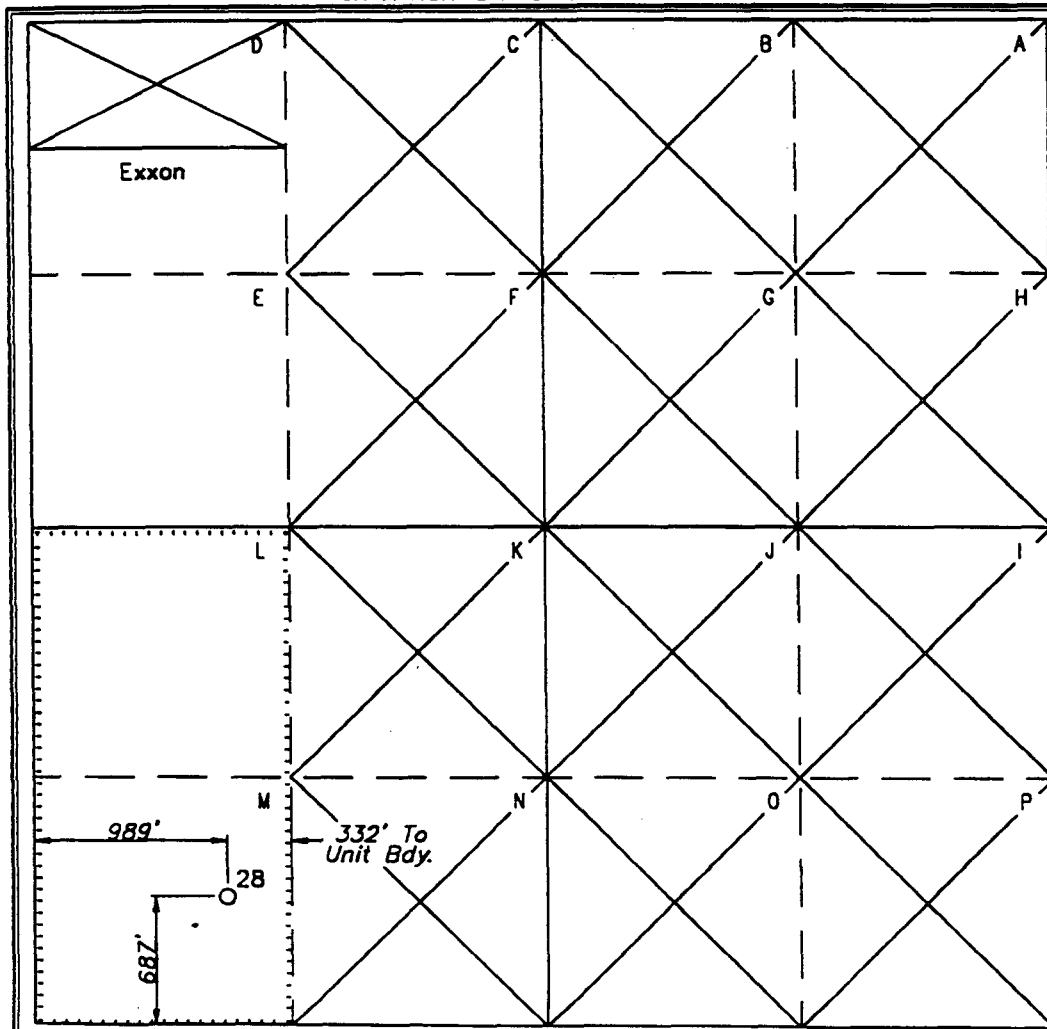
Surface Location

UL or lot no. M	Section 29	Township 18S	Range 38E	Lot Idn	Feet from the 687'	North/South line SCUTH	Feet from the 989'	East/West line WEST	County LEA
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Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNITL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information
contained herein is true and complete to the
best of my knowledge and belief.

C.H. Harper
Signature
C.H. Harper
Printed Name
Permits Supervisor
Title
8-18-95
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat
was plotted from field notes of actual surveys made by
me or under my supervision, and that the same is true
and correct to the best of my belief.

RESURVEYED 7/14/95
Date of Survey
Signature and Seal of Professional Surveyor.

Certificate Number

Distance to nearest Town 3.3 Miles W of HOBBS, New Mexico.	Drawn By SRP	Date 7/21/95	Drawing File Name File No.: A00563n
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District I
PO Box 1986, Hobbs, NM 88241-1986

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brasos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1984
Submit to Appropriate District Office
State Lease - 4 Copies
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 3002523022	Pool Code 73600	Pool Name BYERS QUEEN GAS
Property Code 004170	Property Name BOWERS "A" FEDERAL	Well Number 28
OGRIID No. 007673	Operator Name Exxon Corp.	Elevation 3650' DF

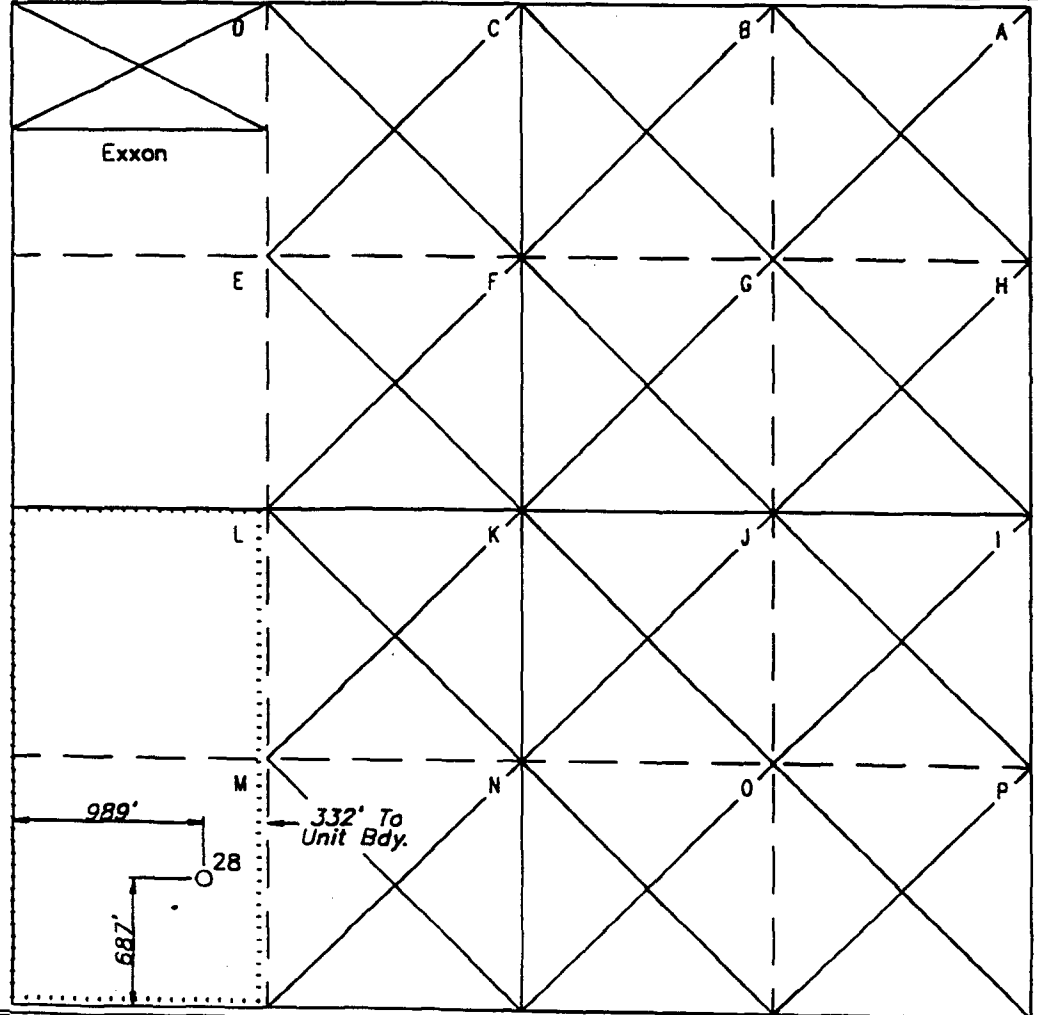
Surface Location

UL or lot no. M	Section 29	Township 18S	Range 38E	Lot Idn	Feet from the 687'	North/South line SOUTH	Feet from the 989'	East/West line WEST	County LEA
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Bottom Hole Location If Different From Surface

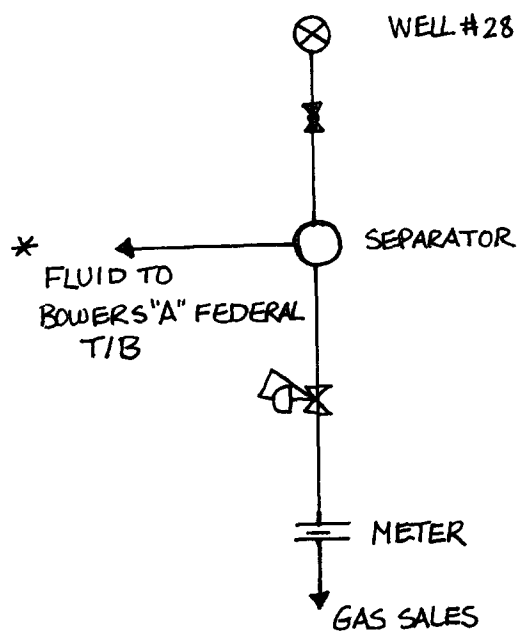
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNITL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>C.H. Harper</u> Signature</p> <p>C.H. Harper Printed Name</p> <p>Permits Supervisor Title</p> <p><u>8-18-95</u> Date</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>RESURVEYED 7/14/95</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor.</p> <p>Certificate Number</p>
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Distance to nearest Town 3.3 Miles W of HOBBS, New Mexico.	Drawn By SRP	Date 7/21/95	Drawing File Name File No.: A00563b
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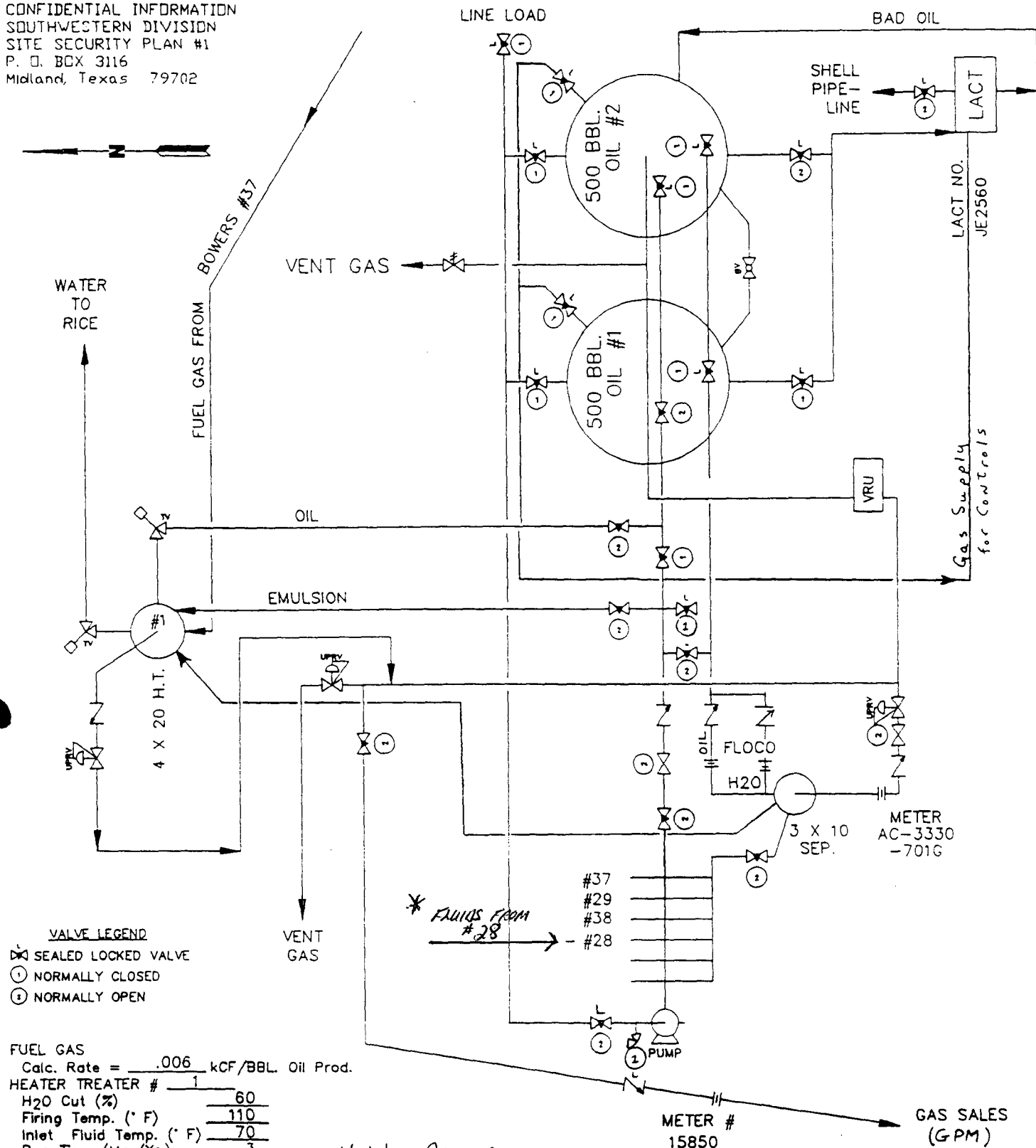
Proposed Facility for Bowers "A" Federal # 28



* CALCULATED CONDENSATE PRODUCTION WILL BE +/- 20 BBLs A YEAR.
THIS DOES NOT JUSTIFY METERING OF CONDENSATE.

KSC 1/22/96

CONFIDENTIAL INFORMATION
SOUTHWESTERN DIVISION
SITE SECURITY PLAN #1
P. O. BOX 3116
Midland, Texas 79702



VALVE LEGEND

- SEALD LOCKED VALVE
- ① NORMALLY CLOSED
- ② NORMALLY OPEN

FUEL GAS

Calc. Rate = .006 kCF/BBL Oil Prod.

HEATER TREATER # 1

H2O Cut (%) 60
Firing Temp. (° F) 110
Inlet Fluid Temp. (° F) 70
Run Time (Mo./Yr.) 3
Insulated (1=Y, 0=N) 0

NOTES: LSE. NO. NM-032233-A, 1320' FSL & FEL
ALL FACILITIES EXCLUDING THE HEATER TREATER
ARE ENCLOSED IN LOCKED CHAIN LINK FENCE.

CAPS (FORS/FGRS)
6602 (040/300)
1098/1103

PREPARED BY: D.A.C./2-10-87		EXXON EXXON COMPANY USA PRODUCTION DEPARTMENT SOUTHWESTERN DIVISION		BOWERS "A" FEDERAL SW 1/4 SE 1/4 SEC. 30, T18S, R38E HOBBS FLD. LEA CO., N.M.				
ENGR. 337								
ENGR.								
APE CONTROL	SCALE	REV.	SIZE	DIV.	FIELD	LEASE	DWG	
NONE	6	A	AC	3330	07052			

Bowers A Federal # 28 Well History

The Bowers A Federal # 28 was drilled and completed in 1969 to the Hobbs Blinbry formation. The total depth of the well is 6000'. Original perfs were from 5856 to 5928. On March 4, 1969, these perfs were acidized with 500 gal. of acid. On March 18, 1969, perforations were added from 5433 to 5452 and acidized with 500 gal. of acid. No oil produced -- therefore, perfs from 5433 to 5452 were squeezed. On March 22, 1969, perforations were added from 5376 to 5400 and acidized with 2000 gal of acid. No oil produced -- therefore, perfs from 5376 to 5400 were squeezed. On May 16, 1974, additional perfs were added from 5743 to 5837. These new perfs were acidized with 2500 gal. 15 % NE HCl acid. In July, 1986, the well was cleaned out to 5941 and acidized with 1500 gal of 15 % HCl.

Bowers A Federal # 28

DOWNHOLE COMMINGLING - REQUIRED DATA

In order to obtain administrative approval for downhole commingling, we have enclosed the following data pursuant to Rule 303 C :

a. Name and address of operator:

Exxon Company, U.S.A.
P.O. Box 1600
Midland, TX 79702

b. Lease name, well number, well locations, name of commingled pools:

Lease : Bowers A Federal Lease
Well : # 28
Location : Section 29, Township 18-S, Range 38-E
Pools : Byers Yates , Byers Queen

c. Plat

A plat of the area showing acreage is enclosed.

d. Form C-116 showing 24-hour productivity test from each zone:

We elect to use the option granted in Rule 303 C Part 2(e) which allows us to submit a prognostication for the future instead of current production from the Bowers # 28.

e. Production decline curves:

We elect to use the option granted in Rule 303 C Part 2(e) which allows us to submit a prognostication for the future instead of current production from the Bowers # 28.

f. Bottom-hole pressures:

Bowers A Federal # 37 (Yates): 90 psi
W.D. Grimes NCTA #1 (Queen): 105 psi

g. Description of fluid characteristics:

Both zones are dry gas zones and there is no expected compatibility problems.

h. Computation showing that value of the commingled production:

The mixture will not affect our gas contract prices and, thus, the value of the commingled zone will not be less than the individual zones.

i. Formula for the allocation of production:

Bowers A Federal proposed commingled stream based on offset production:

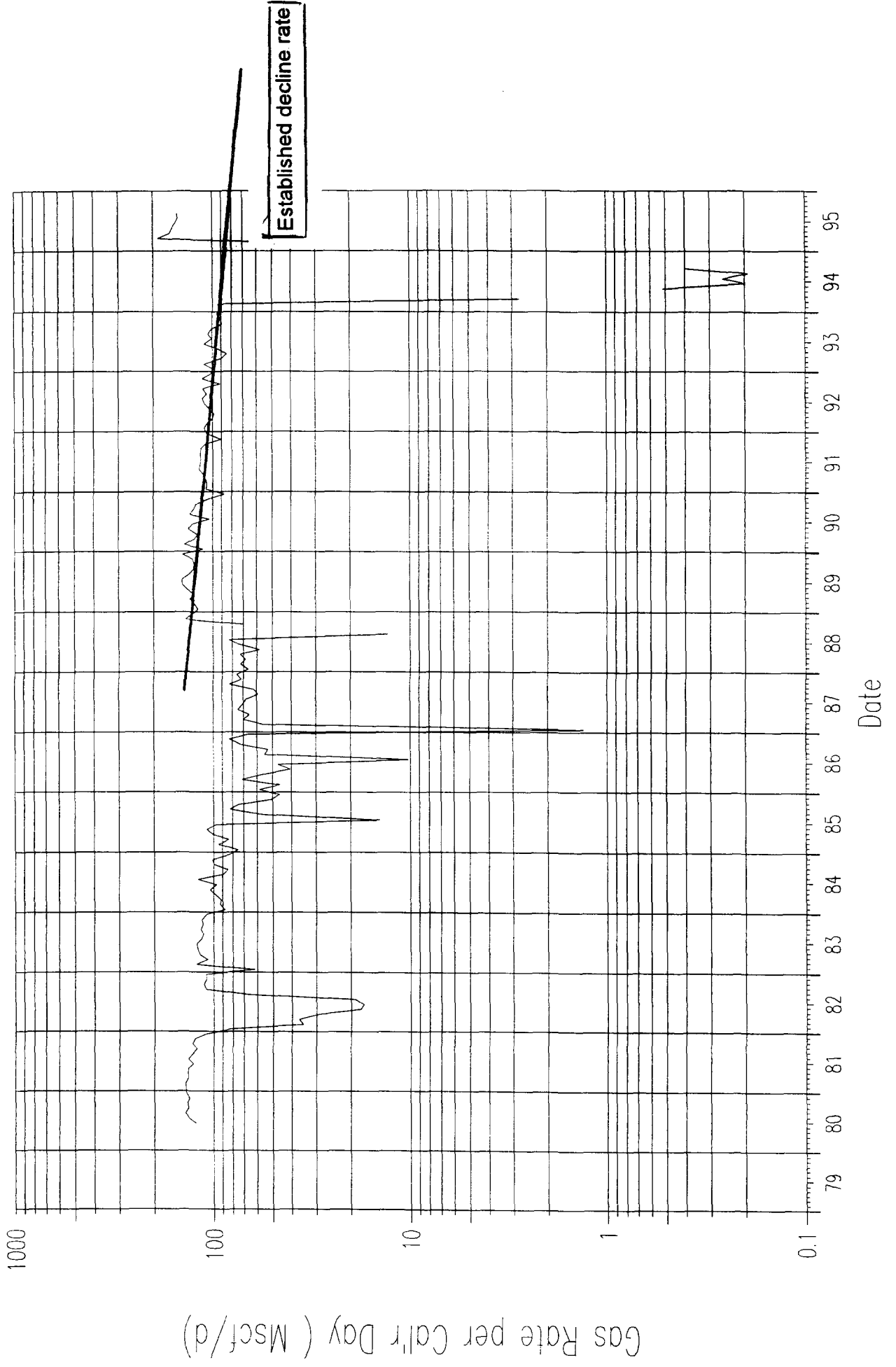
57% Queen (200 kcfpd Queen / 350 kcfpd total)

43% Yates (150 kcfpd Yates / 350 kcfpd total)

j. Statement that all offset operators have been notified of the proposed commingling:

By copy of this letter, we are notifying the offset operators and the United States Bureau of Land Management of this proposed commingling.

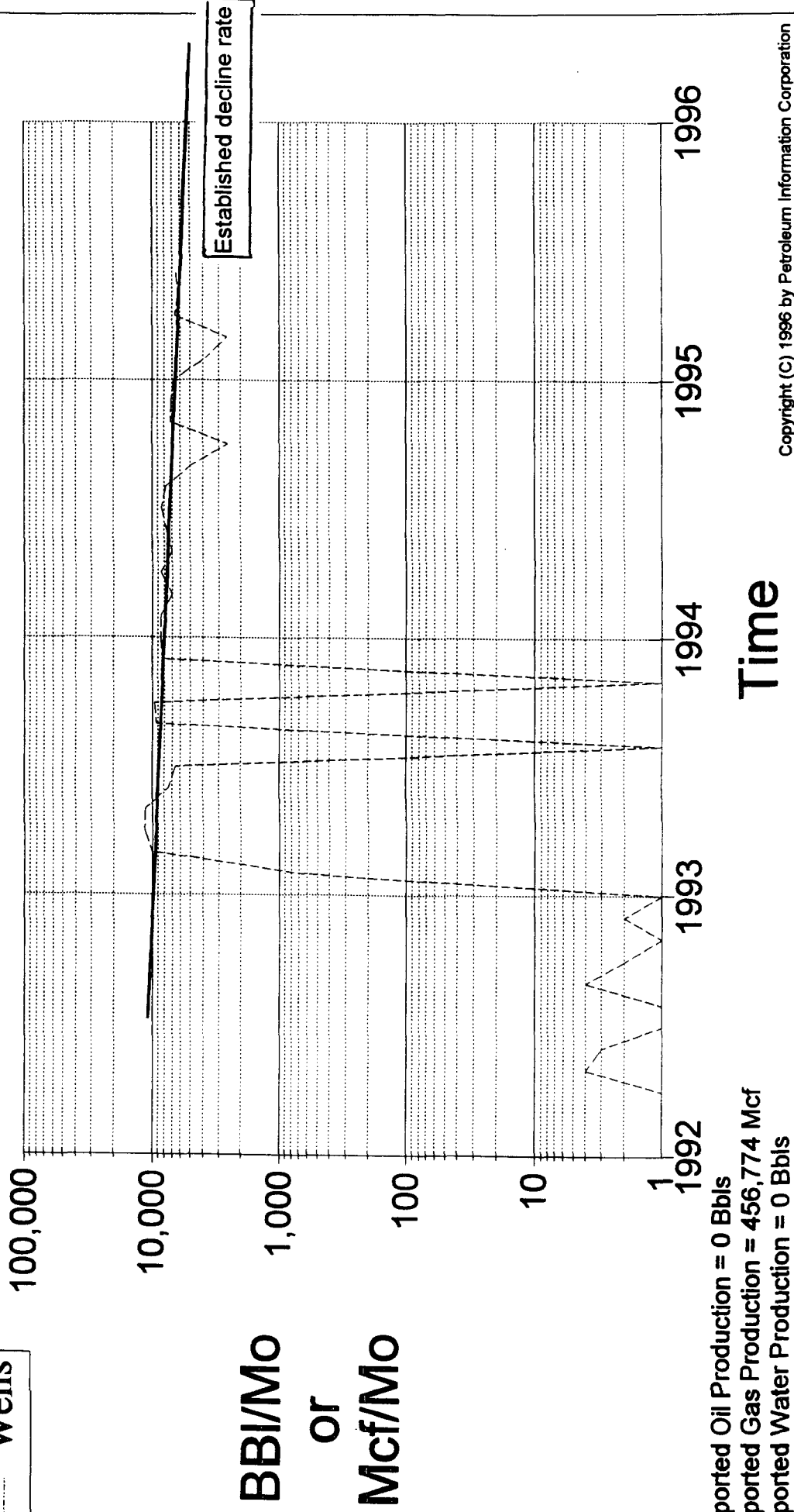
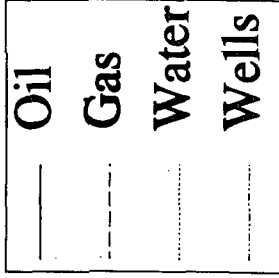
Bowers A Federal # 37
Byers Yates Gas Production



Field: BYERS

Lease: W D GRIMES NCT A | Well Number: 1
Operator: BLISS PETROLEUM INCORPORATED

Production Rate vs Time
For the Period 12/1971 to 05/1995



Reported Oil Production = 0 Bbls
Reported Gas Production = 456,774 Mcf
Reported Water Production = 0 Bbls