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5/17/76 CTB-426

SENAT EXPLORETION

23

April 19, 1996

Mr. David R. Catanach New Mexico Oil Conservation Division 310 Old Santa Fe Trail Santa Fe, New Mexico 87504

Re: Rule 309.-B. - Administrative Approval, Lease Commingling Lotos "11-F" Federal and Sotol "A" Federal Leases Sections 11 and 12, T24S, R31E Eddy County, New Mexico

Mr. Catanach:

Sonat Exploration respectfully requests administrative approval for an exception to Rule 309-A to allow commingling of production from two separate leases for the Lotos "11-F" Federal and Sotol "A" Federal leases located in Eddy County, New Mexico.

Attached is a plat designating the two leases. It is proposed to only commingle production from the Delaware formation.

A schematic diagram of the proposed commingling facility is attached. Oil, water, and gas from each lease will be separately metered prior to commingling in the stock tanks. If additional Delaware wells are drilled on either lease, then adequate facilities will be installed to provide monthly well tests for each well on each lease.

Hydrocarbon production will be accurately measured and determined in accordance with the applicable provisions of the Division "Manual for the Installation and Operation of Commingling Facilities."

The ownership is not common on the two leases. However, only a small ORRI is not common. All working interest owners, royalty owners, overriding royalty owners, and the purchasers have been notified by registered mail. See attachments for copies of the registered mail receipts. Also attached is a copy of the Sundry Notice which has been submitted to the BLM requesting approval of the lease commingling.

If additional information is needed, or if I can be of any assistance in expediting this matter, please contact me at (915) 684-0405.

Sincerely,

K. Glem Cartis

K. Glenn Carter

Sr. Drilling and Production Engineer

Attachments

cc: JAM

MJL

TMM

SMJ

BDH

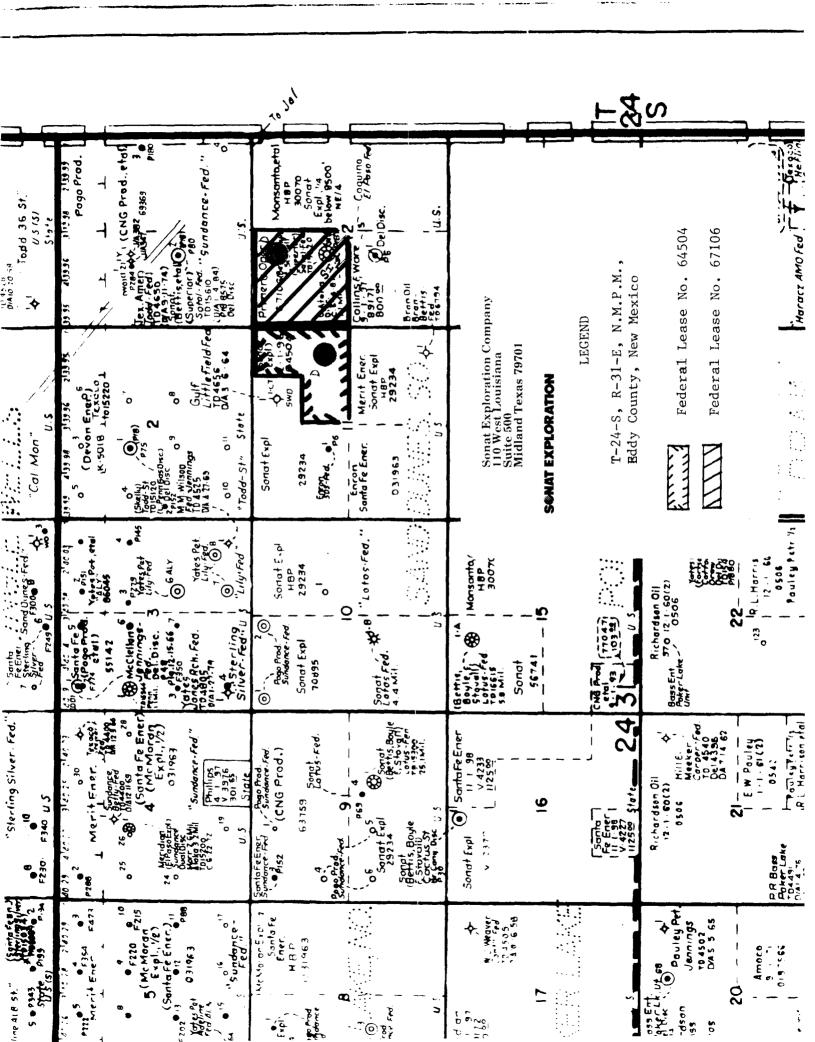
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Legal Description of Leases

All leases described below are in T24S, R31E, Eddy County, New Mexico.

- 1. Lotos "11-F" Federal Lease Federal Lease Number NM 64504

 NE/4, S/2 NE/4 of Section 11.
- 2. <u>Sotol "A" Federal Federal Lease Number NM 67106</u>
 NW/4 of Section 12

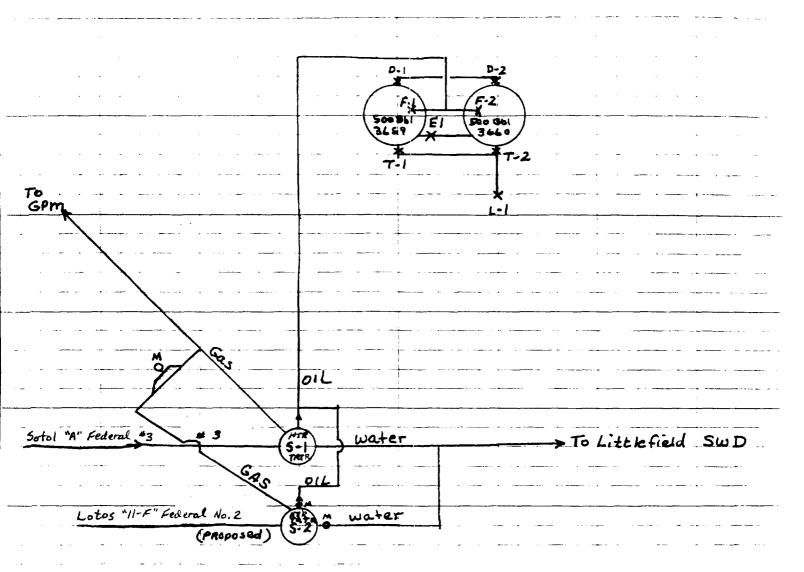


S@NAT EXPLORATION

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Oate 4/17/96

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Sonat Exploration Company 110 West Louisiana Suite 500 Midland Texas 79701

S@NAT EXPLORATION

Proposed Commingled Tank Battery

Sotol "A" Federal Lotos "11-F" Federal

To be located at the Sotol "A" Federal Well No. 3 in Section 12, T24S, R31E, Eddy County, New Mexico

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Z 740 689 940



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P.C Denver, CO 80217-5810

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Mr. & Mrs. L. E. Oppermann 500 West Texas, Suite 830

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SENAT EXPLORATION NOTICE OF INTENT TO COMMINGLE

April 17, 1996 CERTIFIED MAIL RETURN RECEIPT REQUESTED NO. Z-740-689-943

Mr. Rex P. Spear 603 Seco Hobbs, NM 88240

RE: Surface Commingling of the

Federal Lease No. NM-64504 Federal Lease No. NM-67106

both situated in T-24-S, R-31-E, N.M.P.M.,

Eddy County, New Mexico

Dear Mr. Spear:

Pursuant to Rule 309-B of The State of New Mexico Energy and Minerals Department Oil Conservation Division Rules and Regulations, Sonat Exploration Company hereby gives notice of its intent to surface commingle the production from two (2) separate leases, known as Federal Lease No. NM-64504 and Federal Lease No. NM-67106, both situated in T-24-S. R-31-E, N.M.P.M., Eddy County, New Mexico. The commingling of this production will be accurately measured from each lease, prior to the commingling thereof, in accordance the Rules and Regulations of the Oil Conservation District.

Rule 309-B requires that Sonat notify all owners of royalty, overriding royalty, working interest ownership, interests in production and purchasers of the commingled production. The State of New Mexico Energy and Minerals Department Oil Conservation Division will approve this application, if no objections are received within twenty (20) days from their receipt thereof.

Should you have any questions concerning this matter, please feel free to contact me at 915-684-0416.

Very truly yours,

SONAT EXPLORATION COMPANY

B. D. Hilliard, CPL

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Sonat Exploration Company 110 West Louisiana Suite 500 Midland TX 79701

SENAT EXPLORATION

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Mr. Rex P. Spear 603 Seco Hobbs, NM 88240

SENAT EXPLORATION NOTICE OF INTENT TO COMMINGLE

April 17, 1996 CERTIFIED MAIL RETURN RECEIPT REQUESTED NO. Z-740-689-942

Mr. & Mrs. Thomas R. Smith 1505 South SCR 1130 Midland, TX 79701

RE: Surface Commingling of the

Federal Lease No. NM-64504 Federal Lease No. NM-67106

both situated in T-24-S, R-31-E, N.M.P.M.,

Eddy County, New Mexico

Dear Mr. & Mrs. Smith:

Pursuant to Rule 309-B of The State of New Mexico Energy and Minerals Department Oil Conservation Division Rules and Regulations, Sonat Exploration Company hereby gives notice of its intent to surface commingle the production from two (2) separate leases, known as Federal Lease No. NM-64504 and Federal Lease No. NM-67106, both situated in T-24-S, R-31-E, N.M.P.M., Eddy County, New Mexico. The commingling of this production will be accurately measured from each lease, prior to the commingling thereof, in accordance the Rules and Regulations of the Oil Conservation District.

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Should you have any questions concerning this matter, please feel free to contact me at 915-684-0416.

Very truly yours,

SONAT EXPLORATION COMPANY

B. D. Hilliard, CPL

Receipt for
Certified Mail
No Insurance Coverage Provided
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(See Reverse)

St. Mr. & Mrs. Thomas R. Smith
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p. Midland, TX 79701

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Sonat Exploration Company 110 West Louisiana Suite 500 Midland TX 79701

SENAT EXPLORATION

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Mr. & Mrs. Thomas R. Smith 1505 South SCR 1130 Midland, TX 79701

SENAT EXPLORATION

NOTICE OF INTENT TO COMMINGLE

April 17, 1996

CERTIFIED MAIL RETURN RECEIPT REQUESTED NO. Z-740-689-939

Mr. & Mrs. L. E. Oppermann 500 West Texas, Suite 830 Midland, TX 79701

RE:

Surface Commingling of the Federal Lease No. NM-64504 Federal Lease No. NM-67106

both situated in T-24-S, R-31-E, N.M.P.M.,

Eddy County, New Mexico

Dear Mr. & Mrs. Oppermann:

Pursuant to Rule 309-B of The State of New Mexico Energy and Minerals Department Oil Conservation Division Rules and Regulations, Sonat Exploration Company hereby gives notice of its intent to surface commingle the production from two (2) separate leases, known as Federal Lease No. NM-64504 and Federal Lease No. NM-67106, both situated in T-24-S, R-31-E, N.M.P.M., Eddy County, New Mexico. The commingling of this production will be accurately measured from each lease, prior to the commingling thereof, in accordance the Rules and Regulations of the Oil Conservation District.

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Should you have any questions concerning this matter, please feel free to contact me at 915-684-0416.

Very truly yours,

SONAT EXPLORATION COMPANY

B. D. Hilliard, C BDH/se

Enclosures

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740 689 939 **MAIL**

Sonat Exploration Company 110 West Louisiana Suite 500 Midland TX 79701

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Mr. & Mrs. L. E. Oppermann 500 West Texas, Suite 830 Midland, TX 79701

SENAT EXPLORATION

NOTICE OF INTENT TO COMMINGLE

April 17, 1996 CERTIFIED MAIL RETURN RECEIPT REQUESTED NO. Z-740-689-940

Minerals Management Service United States of America Post Office Box 5810 Denver, CO 80217-5810

RE: Surface Commingling of the

Federal Lease No. NM-64504 Federal Lease No. NM-67106

both situated in T-24-S, R-31-E, N.M.P.M.,

Eddy County, New Mexico

Gentleman:

Pursuant to Rule 309-B of The State of New Mexico Energy and Minerals Department Oil Conservation Division Rules and Regulations, Sonat Exploration Company hereby gives notice of its intent to surface commingle the production from two (2) separate leases, known as Federal Lease No. NM-64504 and Federal Lease No. NM-67106, both situated in T-24-S, R-31-E, N.M.P.M., Eddy County, New Mexico. The commingling of this production will be accurately measured from each lease, prior to the commingling thereof, in accordance the Rules and Regulations of the Oil Conservation District.

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Should you have any questions concerning this matter, please feel free to contact me at 915-684-0416.

Very truly yours,

SONAT EXPLORATION COMPANY

B. D. Hilliard, CPL

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Sonat Exploration Company 110 West Louisiana Suite 500 Midfand TX 79701

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Minerals Management Service United States of America Post Office Box 5810 Denver, CO 80217-5810

SENAT EXPLORATION NOTICE OF INTENT TO COMMINGLE

April 17, 1996

CERTIFIED MAIL RETURN RECEIPT REQUESTED NO. Z-740-689-944

Texaco Trading & Transportation, Inc. Post Office Box 60628 Midland, Texas 79711

RE: Surface Commingling of the

Federal Lease No. NM-64504 Federal Lease No. NM-67106

both situated in T-24-S, R-31-E, N.M.P.M.,

Eddy County, New Mexico

Gentleman:

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Very truly yours,

SONAT EXPLORATION COMPANY

B. D. Hilliard, CPL

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Texaco Trading & Transportation, Inc. Post Office Box 60628 Midland, Texas 79711 Certified Fee Special Delivery Fee Restricted Delivery Fee

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Sonat Exploration Company 110 West Louisiana Suite 500 Midland TX 79701

SENAT EXPLORATION

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Texaco Trading & Transportation, Inc. Post Office Box 60628 Midland, Texas 79711

S@NAT EXPLORATION

NOTICE OF INTENT TO COMMINGLE

April 17, 1996 CERTIFIED MAIL RETURN RECEIPT REQUESTED NO. Z-740-689-945

GPM Corporation 1625 West Marland Hobbs, NM 88240

RE: Surface Commingling of the

Federal Lease No. NM-64504 Federal Lease No. NM-67106

both situated in T-24-S, R-31-E, N.M.P.M.,

Eddy County, New Mexico

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Should you have any questions concerning this matter, please feel free to contact me at 915-684-0416.

Very truly yours,

SONAT EXPLORATION COMPANY

Sonat Exploration Company 110 West Louisiana Suite 500 Midland TX 79701

SENAT EXPLORATION

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Z 740 689 945

MAIL

GPM Corporation 1625 West Marland Hobbs, NM 88240

Form 3160-5 (June 1990)

UNITED STATES DEPARTMENT OF THE INTERIOR

FORM APPROVED Budget Bureau No. 1004-0135 Expires: March 31, 1993

BUREAU OF LAND MANAGEMENT 5. Lease Designation and Serial No. NM-64504 SUNDRY NOTICES AND REPORTS ON WELLS 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals 7. If Unit or CA, Agreement Designation SUBMIT IN TRIPLICATE 1. Type of Well XI Oil Well 8. Well Name and No. Other 2. Name of Operator LOTOS "11-F" FEDERAL #2 915-684-0400 9. API Well No. SONAT EXPLORATION COMPANY 3. Address and Telephone No. 30-015-28821 10. Field and Pool, or Exploratory Area 110 West Louisiana, Ste 500, Midland, Texas 79701 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Indesignated (Delaware) 11. County or Parish, State 1780' FNL & 660' FEL, SECTION 11, T24S, R31E Eddy County, New Mexico CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Abandonment Change of Plans Recompletion **New Construction** jubsequent Report Plugging Back Non-Routine Fracturing Casing Repair Water Shut-Off Final Abandonment Notice Altering Casing Conversion to Injection Other Sirface Dispose Water (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.) 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)* Attached is the application for surface commingling, off lease storage, and measurement approval.

(This space for Federal or State office use) Approved by Title Date	
Approved by Date Date	
Approved by Title Date Conditions of approval, if any:	

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING, OFF LEASE STORAGE AND MEASUREMENT APPROVAL

This Format Should Be Attached To A Sundry Notice

То:	P. O. Box	Land Managemen 1778 New Mexico 8822				
Sona	t Exploration	Company - Midla	ınd	is requestin	ig approval	for surface commingling
and o	ff-lease storage	ge and measureme	nt of hydro	carbon product	tion from th	ne following formation(s Lotos "11-F" Federal.
	Well No.	Location	Section	<u>Twp.</u>	Rng.	Formation
	2	SE/4 NE/4	11	_24S	<u>31E</u>	<u>Delaware</u>
	-	production from t imber NM 67106 <u>Location</u>			-	
	3	NE/4 NW/4	12	<u>24S</u>	31E	Delaware
	The Sotol	"A" Federal lease	only has o	ne producing w	vell.	
Produ	ection from th	ne well(s) involve	d is as follo	ows:		
	Well Name a	and No.	<u>BOPD</u>	Oil Gravity	<u>MCFPD</u>	
	Lotos "11-F Sotol "A" Fe	" Federal No. 2 'ederal No. 3	* <u>90 Est</u> <u>14</u>	40 Est. 40	90 Est. 45	- -
* Lot	os "11-F" Fe	deral No. 2 is a ne	w well wh	ich is currently	being drill	ed.

continued ...

The proposed operation is described in detail on the attached diagrams.

Continued:

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. No unitized/communitized areas or producing zones/pools will be commingled.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at the Sotol "A" Federal No. 3 location, NE/4 NW/4 of Section 12, T24S, R31E, on lease number NM 67106, Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources is as follows:

Oil, water, and gas production will be separately metered from each lease prior to commingling in the stock tanks. A heater treater will be installed for each lease to separate the oil, water, and gas prior to metering. As necessary, a test separator (or test heater treater) will be installed for each lease to allow accurate well testing on each lease.

The working interest owners, royalty owners, and overriding royalty owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

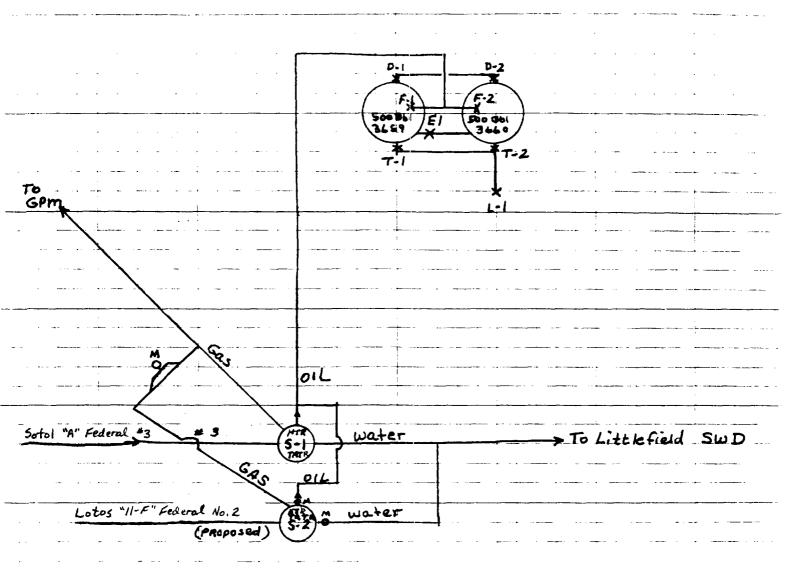
The proposed commingling is necessary for continued operation of the above-referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit, within thirty (30) days, an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Additional well(s) will require additional commingling approvals.

Signature: K. Glann Cartin
Name: K. Glenn Carter
Title: Sr. Drilling and Production Engineer
Date: 4/09/96

S@NAT EXPLORATION



Sonat Exploration Company 110 West Louisiana Suite 500 Midland Texas 79701

SENAT EXPLORATION

Proposed Commingled Tank Battery

Sotol "A" Federal Lotos "11-F" Federal

To be located at the Sotol "A" Federal Well No. 3 in Section 12, T24S, R31E, Eddy County, New Mexico

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Legal Description of Leases

All leases described below are in T24S, R31E, Eddy County, New Mexico.

- 1. Lotos "11-F" Federal Lease Federal Lease Number NM 64504

 NE/4, S/2 NE/4 of Section 11.
- 2. Sotol "A" Federal Federal Lease Number NM 67106

 NW/4 of Section 12