

COASTAL MANAGEMENT CORPORATION

OIL AND GAS PROJECT MANAGEMENT

June 4, 1997

415 618.0756

Mr. David R. Catanach State of New Mexico Oil Conservation Commission 2040 S. Pacheco Street Santa Fe. New Mexico 87505

Re:

Commingling Proposal Quanah Federal No. 1

NM-17807, \$E/4 SW/4 Sec. 14-T18S-R32E

Yuma Federal No. 1

NM-40452, NE/4 SW/4 Sec. 14-T18S-R32E

Lea County, New Mexico

Gentlemen:

INIL BATELY

At present the batteries for the referenced wells are located on the same pad. Each battery consists of two oil tanks, one heater treater and a communal water tank. The oil tanks for the Yuma battery are in poor condition and need to be replaced. In order to avoid an approximate \$10,000 tank replacement. Coastal Management Corporation is asking for approval to commingle the production of said wells. A schematic diagram of the current and proposed Yuma-Quanah battery have been enclosed for your review. Both wells are currently producing from the Delaware formation.

In accordance with 19 NMAC 15.E 309-B.A. Paragraph 4, a certified letter was mailed on May 7, 1997 to the working interest owners notifying them of our intent to commingle the production. A copy of said letter has been enclosed for your review along with copies of the return receipts. To date, all working interest owners have returned their letters concurring with the commingling of said production with the exception of Gene Shumate, Jack Huff and Harold Justice. These working interest owners have not objected, they have just not responded.

I would like to thank you for your attention and consideration on this matter. Should you have any questions or need additional information, please do not hesitate contacting the undersigned at 915-688-0756.

Sincerely.

COASTAL MANAGEMENT CORPORATION

Leila Esterly

Regulatory Coordinator

Enclosures

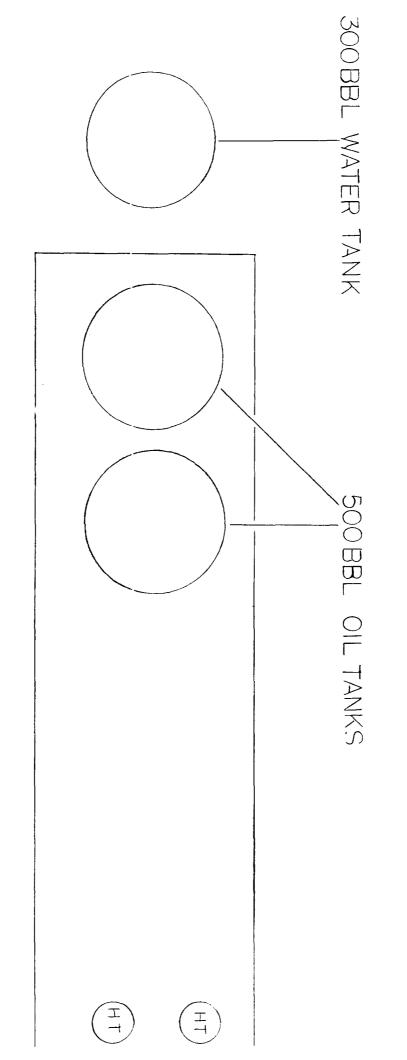
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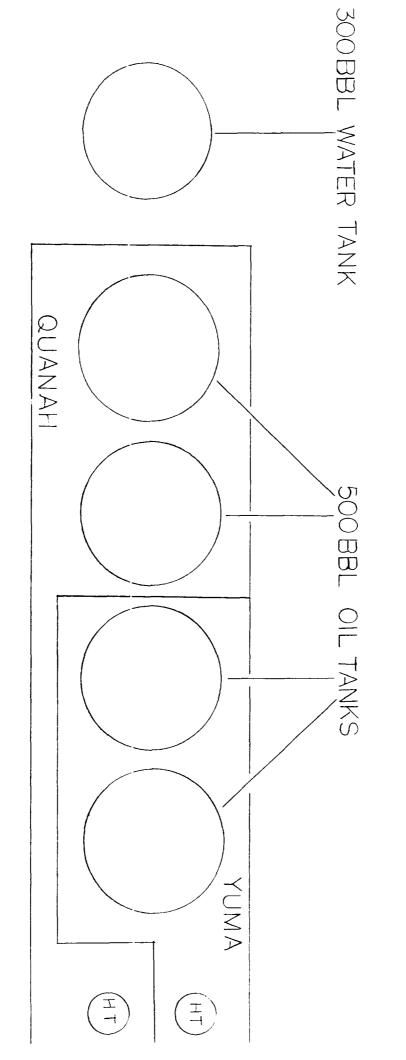
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ALAN 915' (288. 078)

Quanah - Yuma Battery PROPOSED



Quanah – Yuma Battery Current



VIA CERTIFIED P 245 753 <u>171</u>

May 7, 1997

TO ALL WORKING INTEREST OWNERS

(See Enclosed Distribution List)

Re: Quanah Federal No. 1

NM-17807, SE/4 SW/4 Sec. 14-T18S-R32E

Yuma Federal No. 1

NM-40452, NE/4 SW/4 Sec 14-T18S-R32E

Lea County, New Mexico

Ladies and Gentlemen:

Our records indicate that you own an interest in either one or both of the captioned wells. In an effort to reduce operating costs, Constal Management Corporation would like to commingle the production from the captioned wells into one battery. The purchaser will allocate the production based on a metered well test.

It is required by the State of New Mexico that all interest owners consent to the commingling of production from separate leases. Therefore in this regard, I ask that you sign in the space provided below and return to my attention at the letterhead address at your earliest convenience. Should you have any questions in this regard, please contact the undersigned at 915-688-0700.

Sincerely,

COASTAL MANAGEMENT CORPORATION

Leita Esterly
Land Administrator

AGREED to and ACCEPTED this _____ day of May, 1997.

By: _____

Printed Name: _____

Enclosure
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WORKING INTEREST OWNER DISTRIBUTION LIST

Quanah Federal No. 1 and Yuma Federal No. 1

St. Mary Land & Exploration Company 1776 Lincoln Street, Suite 1100 Denver, CO 80203

Riverhill Energy Corporation P.O. Box 2726 Midland, TX 79702-2726

Nathan C. Greer P.O. Box 1627 Santa Fe, NM 87504-1627

Harold D. Justice 3007 Riverside Drive Roswell, NM 88201-1348

Dean Kinsolving P.O. Box 325 Tatum, NM 88267-0325

Dr. Michael Norton, III 688 County Street New Bedford, MA 02470

Centennial P.O. Box 1837 Roswell, NM 88202-1837

Byron Bachschmid P.O. Box 306 Hurst, TX 76053-0306 T. K. Campbell P.O. Box 846 Las Cruces, NM 88004-0846

Santa Fe Energy Operating Partners 550 West Texas, Suite 1330 Midland, TX 79701

Jose Rodriguez 712 Main Street, Suite 2200 Houston, TX 77002

Patty Jennings 1107 N. Kentucky Roswell. NM 88202-5024

Burma Lee Kernal Route 2, Box 96 Seminole, OK 74868

Gene Shumate P.O. Box 2473 Midland, TX 79702-2473

Jack Huff P.O. Box 50190 Midland, TX 79710-0190

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