

EXXON COMPANY, U.S.A.

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HOUSTON PRODUCTION ORGANIZATION
PERMITTING

May 21, 1999

Exception to Rule 403A
Gas Well Gas Metering Exceptions
J. L. Greenwood Lease
N. G. Penrose Lease
Lea County, New Mexico

New Mexico Oil Conservation Division
Attn: Ms. Lori Wrotenberry
2040 S. Pacheco
Santa Fe, NM 87504

Dear Ms. Wrotenberry,

Exxon requests permission to surface commingle production from all current and future oil and gas wells on our J. L. Greenwood and N. G. Penrose leases and well test allocate the lease production to each well completion for reporting purposes. This will enable us to keep the amount of equipment needed to efficiently operate these leases to a minimum. This does not set a precedent. Approvals (copies attached) to well test allocate all the wells on our New Mexico S State and F. F. Hardison B leases have been previously granted.

The pools from which the subject leases produce and a complete list of wells are shown on the attached spreadsheet. Production from the J. L. Greenwood lease is surface commingled per Commingling Order PC 602 and production from the N. G. Penrose lease is commingled per Commingling Order PC 521.

Our request to limit the equipment needed on the lease and well test allocate is based upon the following factors:

- There is no diversity in Royalty, Overriding Royalty or Working Interest.
- Limiting the amount of equipment will assist in extending the profitability and life of the leases.
- The future cost of setting meters and installing meter runs would adversely affect profitability.
- The wells are currently marginal in production and profitability.
- The GOR fluctuates and can easily exceed 50,000.
- None of the wells produce the field allowable.
- Separate metering furnishes no additional information necessary to determine the production volume for these leases.

We appreciate your assistance in this matter. If there are questions, call Bob Ward at 713-431-1024.

Sincerely,

Charlotte H. Harper

Charlotte H. Harper
Supervisor Permitting

CHH/slf
Attachments

**POOL ASSIGNMENTS FOR THE
N. G. PENROSE AND J. L. GREENWOOD
LEASES**

Property Name	Well No.	API No.	Pool Name	Pool No.
N. G. Penrose	1	3002510250	Blinbry Oil and Gas (Oil)	6660
	2	3002510251	Blinbry Oil and Gas (Oil)	6660
			Tubb Gas	86440
			Drinkard	7900
	3	3002524990	Blinbry Oil and Gas (Oil)	6660
			Wantz Granite Wash	62730
	4	3002529979	Blinbry Oil and Gas (Oil)	6660

J. L. Greenwood	8	3002510129	Paddock	49210
	9	3002510130	Blinbry Oil and Gas (Oil)	6660
	10	3002510131	Blinbry Oil and Gas (Oil)	6660
	11	3002510132	Paddock	49210
	12	3002510133	Blinbry Oil and Gas (Oil)	6660
	13	3002510134	Blinbry Oil and Gas (Oil)	6660
	14	3002510135	Paddock	49210
	15	3002510136	Blinbry Oil and Gas (Oil)	6660
	16	3002530455	Blinbry Oil and Gas (Oil)	6660