



Arch Petroleum Inc.

April 4, 1996

Mr. William J. LeMay, Director
State of New Mexico
Energy, Minerals and Natural
Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Re: Mattern Lease
Section 30 T21S, R37E
Lea County, New Mexico

Dear Mr. LeMay:

In order to avoid considerable expense in constructing and maintaining a new tank battery for the above lease, Arch Petroleum Inc. hereby seeks an exception to Rule 303A. This will allow Arch to commingle production from the Blinbry Oil and Gas and Paddock Pools. All wells will be tested periodically for allocation of production.

The attached tabulation shows the volumes, gravities and monetary values of the liquid hydrocarbons from individual pools, as well as commingled production. The tabulation also shows total average daily production for a 2 month period and the results of recent production tests for the new completion. The calculated revenue from the commingled production is approximately 40 cents per day less than the total revenue from the individual pools.

Also attached is a schematic diagram of the storage facilities for the commingled production and a lease plat. Navajo Refining Company has agreed to purchase the commingled production as proposed herein.

The commingling proposal is in the interest of conservation in that it prevents unnecessary waste and production expense.

Sincerely,

Bobbie Brooks
Production Analyst

cc: NMOCD - Hobbs

Attachments

cc N/R
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MATTERN LEASE TANK BATTERY
Section 30, T-21-S, R-3-E
Lea County, New Mexico

WELLS AND POOL	PRODUCTION			AVG.
	<u>JAN. 1996</u>	<u>FEB. 1996</u>	<u>TOTAL</u>	<u>BOPD</u>
Mattern #2	138	16	154	2.57
Mattern #1				6.00
	<u>BOPD</u>	<u>GRAVITY</u>	<u>\$/BBL</u>	<u>\$/DAY</u>
Bliebry	2.57	34.2	\$17.435	\$ 44.81
Paddock	6.00	33.4	\$17.318	\$103.91
Total				\$148.72
Commingled	8.57	33.6	\$17.318	\$148.42
			Difference	\$ - .30

TELEPHONE
(505) 748-3311

EASYLINK
62905278



REFINING COMPANY

501 EAST MAIN STREET • P. O. BOX 159
ARTESIA, NEW MEXICO 88211-0159

FAX
(505) 748-8410 ACCTG
(505) 746-6155 EXEC
(505) 740-9077 ENGR
(505) 748-4438 P/L

April 8, 1996

Ms. Bobbie Brooks
Arch Petroleum Inc.
10 Desta Dr. S-420 E
Midland, TX 79705

Re: Mattern Lease
Sec. 30-T21S-R37E
Lea County, New Mexico

FAX #: 915 685-1232

Dear Ms. Brooks:

Navajo Refining Company is currently the purchaser of the subject lease producing from the Blinebry Pool. We would continue purchasing the commingled Blinebry and Paddock production.

If you need additional information, please advise.

Very truly yours,

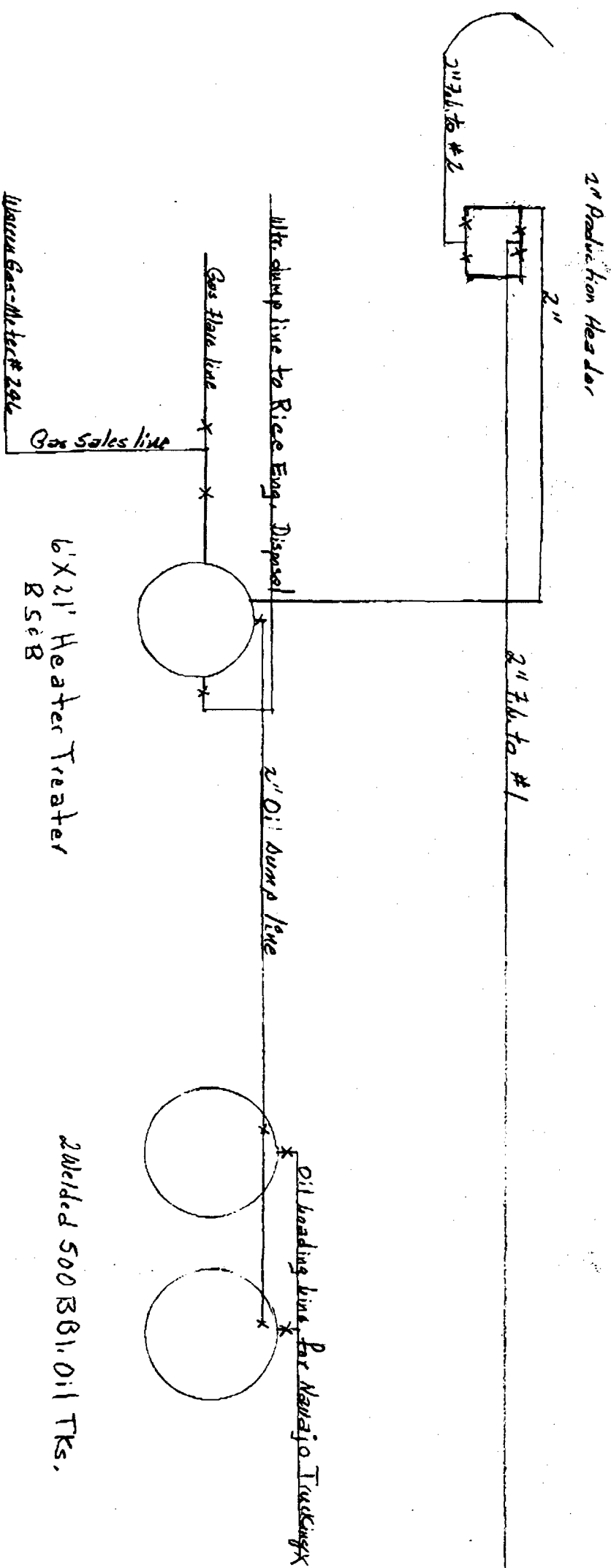
E. E. Cox
Manager of Lease Crude & Trucking

EEC/clm

North

West

East



MATTEDN-HANSON Btry.

B 3/13/96
Atkey Rivers #