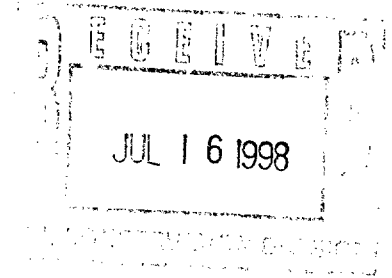




ARCO Permian
PO Box 1089
Eunice NM 88231
Telephone 505 394 1600

Southeast New Mexico Asset Area

PC N/R 982



July 14, 1998

David Catinak
State of New Mexico
Oil Conservation Commission
2040 S. Pacheco
Santa Fe, NM 87505

Dear Mr. Catinak:

ARCO Permian submits application for Administrative Approval of an exception to Rule 303 (a) of the Commission Rules and Regulations to permit the surface commingling of the oil produced from the Artesia Queen Grayburg San Andres and the Artesia Yeso pools from all wells presently completed or hereafter drilled on the Washington "33" State lease. The Washington "33" State lease comprises of Section 33 except the NW/4NW/4, T17S, R28E, NMPM, Eddy County, NM.

Gas, oil, and water production from the Artesia Queen Grayburg San Andres and the Artesia Yeso pools will be measured together with a split based on a percentage of production by well testing methods. Pursuant to the Manual for the Installation and Operation of Commingling Facilities, and Rule 303 (b) (2), detailed gravity data, facility drawings, and plats identifying the location of each pools with designated well numbers are enclosed.

Due to high water cuts and rapid production declines, surface commingling makes this project economically feasible to drill. The qualities of crude oil from both zones are very similar and no devaluation will occur due to commingling.

I am attaching our Yeso oil analysis and a San Andres analysis from a producing San Andres well in which Devon operates. This should be representative of our San Andres production. Should you require additional information in order to approve this request, please do not hesitate to contact the undersigned at (505)394-1659.

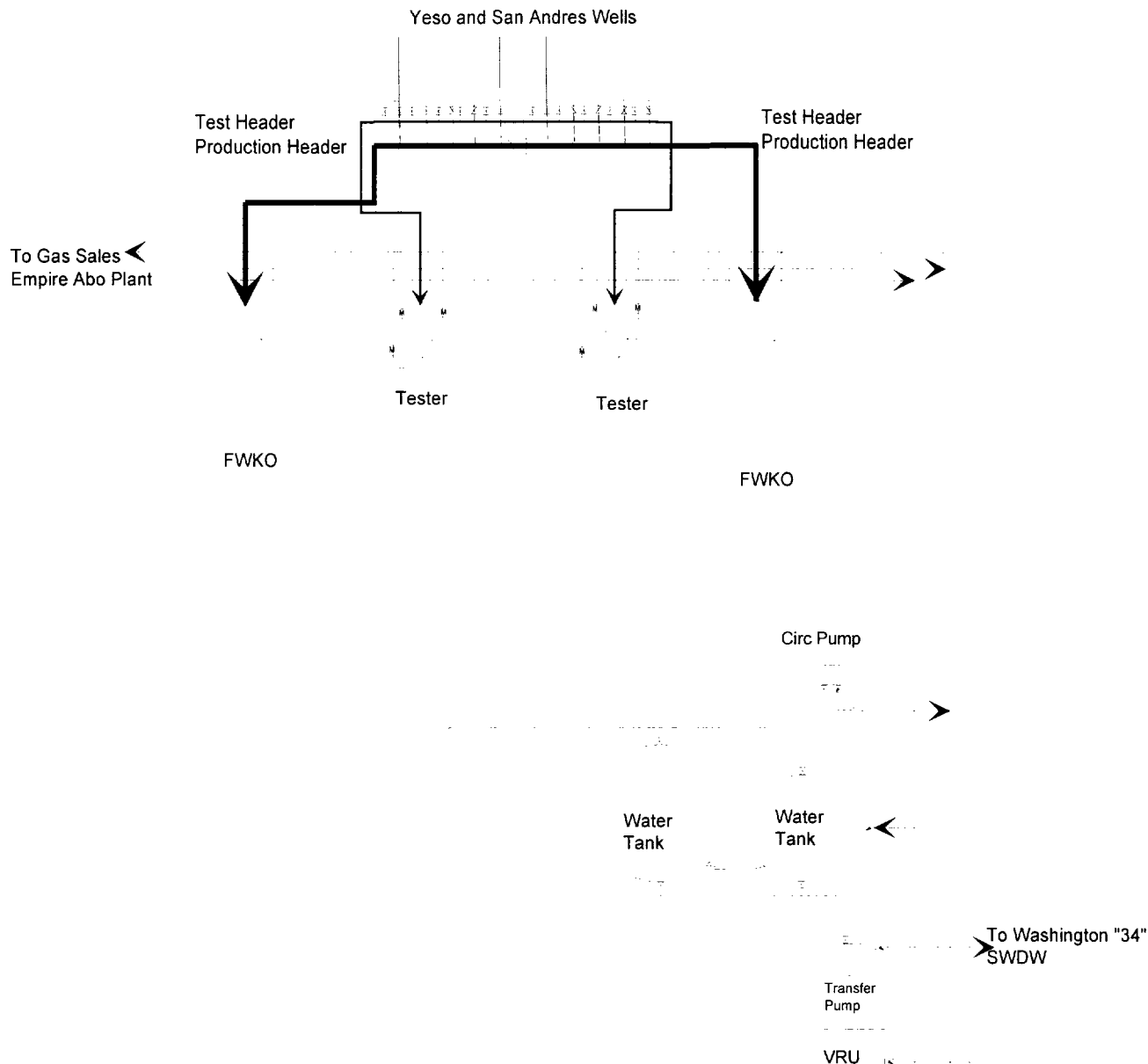
Respectfully,

Larry D. Henson
Area Operations Supervisor

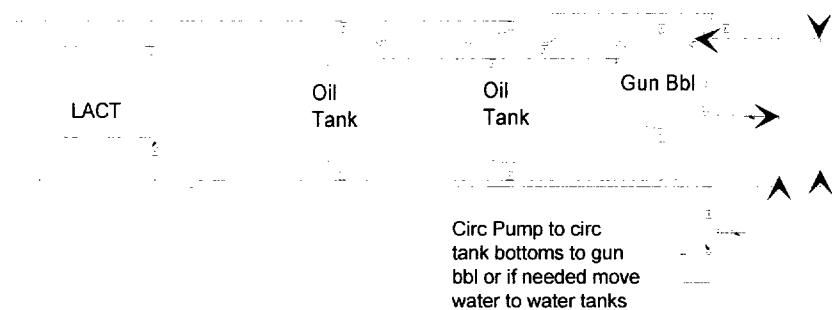
LHkdm

Xc: Tim Gumm - NMOCD Artesia
Dennis Braaten - MIO 23

Enclosures



**PROPOSED WASHINGTON "33" STATE LEASE
SURFACE TESTING AND COMMINGLE PLAN**
Located in Sec. 33 of T17S R28E
ARCO PERMIAN 7/1998





ARCO Permian
600 N Marienfeld
Midland TX 79701
Post Office Box 1610
Midland TX 79702
Telephone 915 688 5200

June 23, 1998

**New Mexico Energy Minerals & Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505**

Fax #: (505) 827-1389

Attention: Mr. Michael E. Stogner

**Re: Washington 33 Project
Township 17 South, Range 28 East
Section 33: E/2, E/2W/2, W/2SW/4, SW/4 NW/4
Eddy County, New Mexico
30-015-006004-001
State of New Mexico Lease 647**

Dear Sir:

Based upon the examination of the records of the Office of the Commissioner of Public Lands of the State of New Mexico (Abstract No. 7017) and the records of Eddy County, New Mexico (Abstract No. 97314), title to the captioned land is vested as follows:

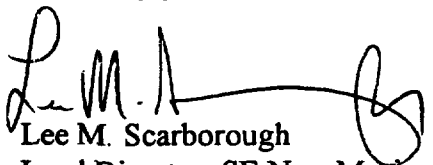
Surface Estate: Bogle Farms, Inc. and Marsh Medra of El Paso

Mineral Estate: State of New Mexico

Record Title and Operating Rights: Atlantic Richfield Company

Should anything further be needed, please contact the undersigned at (915) 688-5270.

Very truly yours,


**Lee M. Scarborough
Land Director, SE New Mexico**

LMS/sb



Laboratory Services, Inc.
1331 Tasker Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

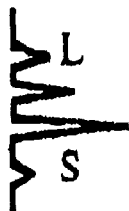
SULFUR IN CRUDE OIL

ARCO Permian
Attention: Mr. Roland Taylor
P. O. Box 1089
Eunice, New Mexico 88231

Jun 12, 1998

| | Sulfur | API Gravity @ 60° F | Specific Gravity @ 60° F |
|-----------------------|------------------------------|------------------------|-----------------------------|
| Washington 33 St. #9 | 0.5983 wt. % | 39.2 | 0.8289 |
| Washington 33 St. #14 | 0.6457 wt. % <i>.6228</i> | 38.8 <i>39.0</i> | 0.8309 |

Thank You,
Rolland Perry



Laboratory Services, Inc.

1331 Tasker Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

Larry,

FYI

RT.

SULFUR IN CRUDE OIL

ARCO Permian
Attention: Mr. Roland Taylor
P. O. Box 1089
Eunice, New Mexico 88231

Feb 4, 1998

| | Total Sulfur | API Gravity @ 60° F | Specific Gravity @ 60° F |
|-----------------------------------|-----------------|------------------------|-----------------------------|
| Devon West Red Lake-San Andres | 0.7185 wt. % | 39.1 | 0.8294 |

Thank You,
Rolland Perry

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 S. 1st Street, Artesia, NM 88210-2834
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

☐ **AMENDED REPORT**

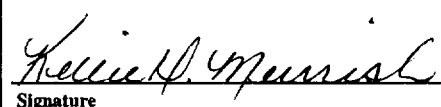
WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--|--|---|
| ¹ API Number | ² Pool Code 96819 | ³ Pool Name Artesia Yeso |
| ⁴ Property Code 22954 | ⁵ Property Name Washington "33" State | |
| ⁷ OGRID No. 000990 | ⁸ Operator Name ARCO Permian | |
| ⁶ Well Number | | |
| ⁹ Elevation | | |

| ¹⁰ Surface Location | | | | | | | | | |
|--------------------------------|----------------------|------------------------|---------------------|----------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section 33 | Township 17S | Range 28E | Lot. Idn | Feet from the | North/South Line | Feet from the | East/West line | County |

| ¹¹ 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 |
| ¹² Dedicated Acres | | ¹³ Joint or Infill | | ¹⁴ Consolidation Code | | ¹⁵ Order No. | | | |

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

| | | | |
|----------|---------|----------|--|
| #6 . | #4 . | #2 . | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Kellie D. Murrish Printed Name Administrative Assistant Title 07/13/98 Date |
| #7 . | #9 . | #11 . | |
| #21 . | | #14 . | |
| | | | |
| | | | ¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyer: Certificate Number |

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 18, 1994

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 S. 1st Street, Artesia, NM 88210-2834
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

☐ **AMENDED REPORT**

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | | | |
|--|--|--|--|--|--|--------------------------|--|
| ¹ API Number | | ² Pool Code | | ³ Pool Name Artesia Queen Grayburg San Andres | | | |
| ⁴ Property Code 22954 | | ⁵ Property Name Washington "33" State | | | | ⁶ Well Number | |
| ⁷ OGRID No. 000990 | | ⁸ Operator Name ARCO Permian | | | | ⁹ Elevation | |

| 10 Surface Location | | | | | | | | | |
|---------------------|---------|----------|-------|----------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot. Idn | Feet from the | North/South Line | Feet from the | East/West line | County |

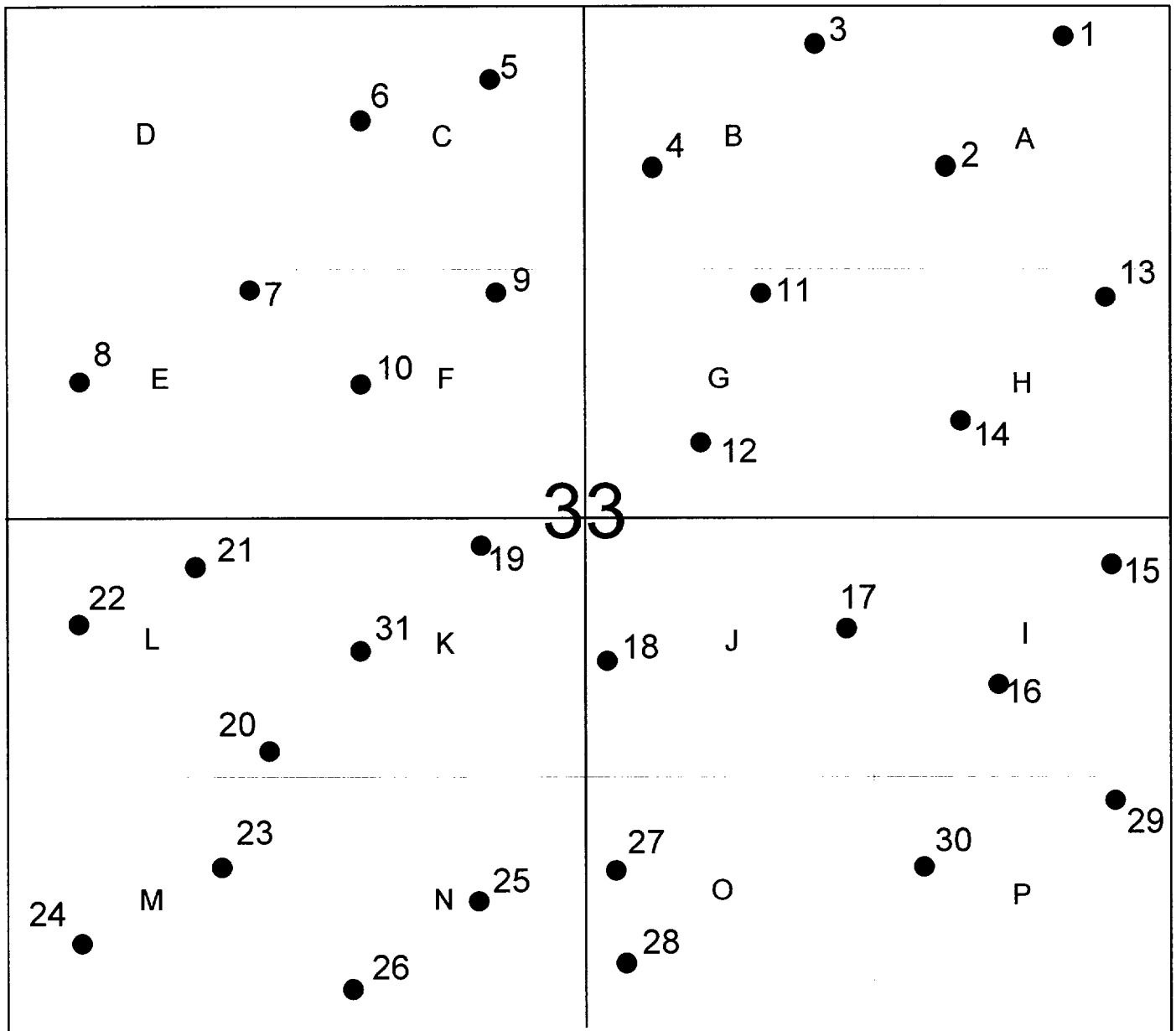
| 11 Bottom Hole Location If Different From Surface | | | | | | | | | |
|---|---------|----------|-------|----------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot. Idn | Feet from the | North/South Line | Feet from the | East/West line | County |

| | | | |
|--------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|--------------------|--------------------|-----------------------|--------------|

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

| | | | |
|----------|----------|----------|--|
| #5 • | #3 • | #1 • | 17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Kellie D. Murrish Printed Name Administrative Assistant Title 07/13/98 Date |
| #8 • | #10 • | #12 • | |
| #22 • | #19 • | #17 • | 18 SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyer: Certificate Number |
| #20 • | #31 • | #16 • | |
| #23 • | #25 • | #27 • | |
| #24 • | #26 • | #28 • | |
| | | #29 • | |
| | | #30 • | |

Washington "33" Wells
Township 17s Range 28e
Section 33



WASHINGTON 33 STATE WELLS, SECTION 33, T17S, R28E

| WELL # | EXPECTED COMPLETION | API # | LOCATION | UNIT LETTER |
|---------------|-----------------------------------|--------------|--------------------|--------------------|
| 1 | Artesia-Queen-Grayburg-San Andres | 30-015-30299 | 200 FNL, 380 FEL | A |
| 2 | Artesia Yeso | 30-015-30187 | 990 FNL, 930 FEL | A |
| 3 | Artesia-Queen-Grayburg-San Andres | 30-015-30276 | 260 FNL, 1550 FEL | B |
| 4 | Artesia Yeso | 30-015-30188 | 990 FNL, 2270 FEL | B |
| 5 | Artesia-Queen-Grayburg-San Andres | 30-015-30277 | 260 FNL, 2270 FWL | C |
| 6 | Artesia Yeso | 30-015-30138 | 790 FNL, 1650 FWL | C |
| 7 | Artesia Yeso | | 1650 FNL, 970 FWL | E |
| 8 | Artesia-Queen-Grayburg-San Andres | 30-015-30190 | 2267 FNL, 330 FWL | E |
| 9 | Artesia Yeso | 30-015-30191 | 1650 FNL, 2270 FWL | F |
| 10 | Artesia-Queen-Grayburg-San Andres | 30-015-30192 | 2267 FNL, 1650 FWL | F |
| 11 | Artesia Yeso | 30-015-30193 | 1650 FNL, 1650 FEL | G |
| 12 | Artesia-Queen-Grayburg-San Andres | | 2432 FNL, 2270 FEL | G |
| 13 | Artesia-Queen-Grayburg-San Andres | 30-015-22524 | 1610 FNL, 250 FEL | H |
| 14 | Artesia Yeso | 30-015-30194 | 2282 FNL, 970 FEL | H |
| 15 | Artesia-Queen-Grayburg-San Andres | 30-015-22822 | 2250 FSL, 235 FEL | I |
| 16 | Artesia-Queen-Grayburg-San Andres | 30-015-22415 | 1500 FSL, 700 FEL | I |
| 17 | Artesia-Queen-Grayburg-San Andres | 30-015-22821 | 1900 FSL, 1450 FEL | J |
| 18 | Artesia-Queen-Grayburg-San Andres | 30-015-21745 | 1550 FSL, 2511 FEL | J |
| 19 | Artesia-Queen-Grayburg-San Andres | | 2360 FSL, 2165 FWL | K |
| 20 | Artesia-Queen-Grayburg-San Andres | 30-015-21891 | 1315 FSL, 1315 FWL | L |
| 21 | Artesia Yeso | 30-015-30195 | 2310 FSL, 990 FWL | L |
| 22 | Artesia-Queen-Grayburg-San Andres | 30-015-30196 | 1720 FSL, 330 FWL | L |
| 23 | Artesia-Queen-Grayburg-San Andres | | 975 FSL, 1060 FWL | M |
| 24 | Artesia-Queen-Grayburg-San Andres | | 330 FSL, 330 FWL | M |
| 25 | Artesia-Queen-Grayburg-San Andres | 30-015-01690 | 660 FSL, 1980 FWL | N |
| 26 | Artesia-Queen-Grayburg-San Andres | 30-015-22464 | 150 FSL, 1650 FWL | N |
| 27 | Artesia-Queen-Grayburg-San Andres | 30-015-22605 | 815 FSL, 2525 FEL | O |
| 28 | Artesia-Queen-Grayburg-San Andres | 30-015-22124 | 313 FSL, 2490 FEL | O |
| 29 | Artesia-Queen-Grayburg-San Andres | 30-015-22417 | 1050 FSL, 250 FEL | P |
| 30 | Artesia-Queen-Grayburg-San Andres | 30-015-22465 | 750 FSL, 1150 FEL | P |
| 31 | Artesia-Queen-Grayburg-San Andres | 30-015-30254 | 1650 FSL, 1650 FWL | K |