

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

September 17, 1987

RE: Commingling Order PC-521
Exxon-operated N. G. Penrose

New Mexico Oil Conservation
Commission
P. O. Box 2088
Attn: Michael Stogner
Santa Fe, New Mexico 87501

Gentlemen:

Reference is made to the Exxon operated N. G. Penrose lease, Lea County, New Mexico, which is covered by Commingling Order PC-521. This grants Exxon permission to commingle production from the dual completed #3 well, Drinkard and Wantz-Granite Wash pools, with the allocation performed by well tests. There are also two other wells on this lease not affected by Order PC-521, the #1 well is a dry gas Blinebry producer and the #2 well is a dry gas Tubb producer. Both are separately metered.

We recently drilled and completed a successful #4 well in the Wantz-Granite Wash. This well is capable of top allowable production with a potential test of 260 barrels of oil, 0 barrels of water, and 299 MCF of gas per day. As we discussed in our conversation today, we ask that the Commission amend Order PC-521 allowing Exxon to commingle production on the N. G. Penrose lease by separately metering the production from well #4 and determining the production from well #3 by the subtraction method. We then would allocate production from the #3 well to its applicable pools (#3U-Blinebry and #3L-Wantz Granite Wash) by well test as is done currently. Current commingled production from the #3 well is approximately 5 barrels of oil and 18 MCF of gas per day.

If there are any questions please call me at (915) 686-4494. Your prompt response will be appreciated.

Sincerely,

Randy Hanrahan
Randy Hanrahan
Operations Accounting

915-686-4494

REH/

c: Glen Pace
Central File