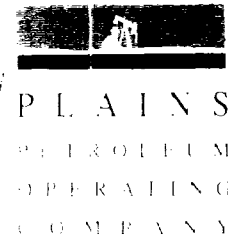


OIL CONSERVATION DIVISION
RECEIVED

92 DEC 21 AM 8 52



December 18, 1992

Mr. Ben Stone
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Application to Commingle Tank Batteries
E. C. Hill Federal Lease
Sections 34,35 - T23S - R37E
Lea County, New Mexico

Dear Ben:

Per our conversation today, the following description is intended to help to clarify the past and current status of the wells to be commingled into one tank battery on the E. C. Hill Federal Lease, operated by Plains Petroleum Operating Company.

Initially, I would like to clarify the Federal lease number discrepancy noticed on the C-115 Forms that I faxed to you on Wednesday, December 16, 1992. The Federal lease numbers listed on the C-115 forms for the Teague-Paddock wells are incorrect, the Federal lease number should be the same as the Teague-Blinbry wells, 71-064118, to indicate a common lease for all E. C. Hill Federal wells.

Please note that the prior operator's naming convention for the E.C. Hill Federal wells was: 'B' for a Blinbry producer as in E. C. Hill 'B' Federal No. 1; and 'D' for a Devonian/Abo producer as in E. C. Hill 'D' Federal No. 1; and 'E' for Ellenburger producer. Subsequent to this naming convention, the E. C. Hill 'B' Nos. 1, 2 and 4 have been recompleated from the Teague-Blinbry zone to the Teague-Paddock zone in October 1990, October 1992, and November 1991, respectively. In addition, the E. C. Hill 'D' Federal No. 6 was recompleated from the Devonian and Abo to the Blinbry in April 1992. Conversely, the E. C. Hill 'B' Federal No. 5 was recompleated from the Blinbry to the Abo in September 1989.

Prior to the recompleation of the E. C. Hill 'B' Federal No. 1 from the Blinbry to the Paddock, the previous operator produced the well to the E. C. Hill 'B' Federal battery. After the recompleation, the well was produced to a separate tank battery, named the E.C. Hill 'B-1' battery. At this time, all of the Blinbry producers along with the E.C. Hill 'B' No. 5 were produced to the E. C. Hill 'B' battery and the remaining Devonian/Abo producers were produced to the E.C. Hill 'D' battery.

After the E. C. Hill Nos. B-4, D-6, and B-2 were recompleted, they wells were produced to the same tank batteries as they produced to before being recompleted, or in other words they were not produced to a different tank battery after being completed in a different zone.

Furthermore, the E.C. Hill 'B' Nos. 7 and 8, which were recently drilled in May and September 1992 respectively, have been produced to the E. C. Hill 'B' battery.

At this time, I believe the above description is an accurate account of the status of the E.C. Hill Federal wells and history of the particular wells producing to each tank battery. The following table summarizes the E.C. Hill Federal wells, their producing zone, well location, and tank battery prior to the consolidation of the E.C. Hill 'B-1', 'B', and 'D' tank batteries into the E.C. Hill Federal Lease tank battery.

Well Name	Producing Zone	Well Location	Tank Battery
E.C. Hill 'B' No. 1	Paddock	Sec. 34A-23S-37E	B-1
E.C. Hill 'B' No. 2	Paddock	Sec. 34H-23S-37E	B
E.C. Hill 'B' No. 3	Blinebry	Sec. 34B-23S-37E	B
E.C. Hill 'B' No. 4	Paddock	Sec. 34G-23S-37E	B
E.C. Hill 'B' No. 5	Abo	Sec. 34B-23S-37E	B
E.C. Hill 'B' No. 6	Blinebry	Sec. 35E-23S-37E	B
E.C. HILL 'B' No. 7	Blinebry	Sec. 34J-23S-37E	B
E.C. Hill 'B' No. 8	Blinebry	Sec. 34O-23S-37E	B
E.C. Hill 'D' No. 1	Devonian	Sec. 34H-23S-37E	D
E.C. Hill 'D' No. 3	Abo	Sec. 35D-23S-37E	D
E.C. Hill 'D' No. 4	Devonian	Sec. 34A-23S-37E	D
E.C. Hill 'D' No. 5	Abo	Sec. 35E-23S-37E	D
E.C. Hill 'D' No. 6	Blinebry	Sec. 34I-23S-37E	D

If you should have any questions, please call me at (915)-683-4434.

Sincerely yours,
Plains Petroleum Operating Company



Mark A. Nieberding
Petroleum Engineer



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

December 22, 1992

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Plains Petroleum Operating Company
415 West Wall Street, Suite 1000
Midland, Texas 79701

Attention: Dominic J. Bazile
Mark A. Nieberding

*RE: Unacceptable Production
Commingling Practices*

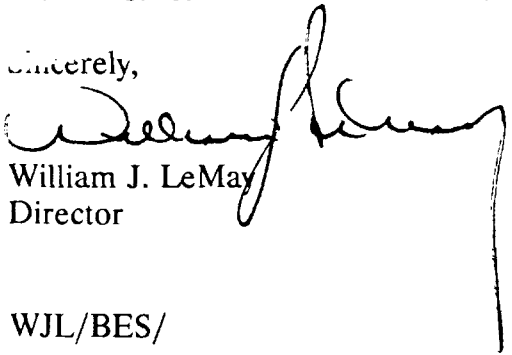
Dear Sirs:

Reference is made to your company's recent application to commingle production from several pools in the E.C. Hill Federal lease. In the process of my staff's review of the application, it became apparent that production commingling had indeed been implemented prior to applying for such authority. The fact that commingling occurred during the re-completion of several wells in the lease, does not relieve the operator of its responsibility to conduct operations in accordance with Division Rules and Regulations.

This letter will serve as notice that future similar operations by your company, will be conducted in strict compliance with said rules and regulations.

When there is any question as to procedure, please contact the Supervisor of the applicable OCD District Office for assistance.

Sincerely,


William J. LeMay
Director

WJL/BES/

cc: OCD - Hobbs


NEW MEXICO OIL CONSERVATION DIVISION
PLAINS PETROLEUM OPERATING COMPANY
92 AUG 20 10 49 AM

August 18, 1992

New Mexico Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240
Attention: Jerry Sexton

United States Department of Interior
Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 8820
Attention: Mr. Barry Hunt

Subject: Tank Battery Consolidation
E. C. Hill Federal Lease
Lea County, New Mexico

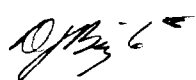
Gentlemen:

In regard to my discussion with Mr. Shannon Shaw and Ms. Evelyn Downs of your respective offices, I am attaching a Sundry Notice and supplemental information on the referenced subject.

Construction and modification of the batteries will begin immediately, following your approval.

Should you require additional information, please contact me at 915/683-4434.

Sincerely,
PLAINS PETROLEUM OPERATING COMPANY


Dominic J. Bazile
Petroleum Engineer

Attachments

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. LC 064118
2. NAME OF OPERATOR Plains Petroleum Operating Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
3. ADDRESS OF OPERATOR 415 W. Wall, Suite 1000, Midland, Texas 79701		7. UNIT AGREEMENT NAME
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface		8. FARM OR LEASE NAME E. C. Hill 'B & D' Federal
14. PERMIT NO.		9. WELL NO.
15. ELEVATIONS (Show whether DP, RT, GR, etc.)		10. FIELD AND POOL, OR WILDCAT Teague (Blinebry, Devonian ABO, Paddock, Glorie)
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 35, T23S, R37E
		12. COUNTY OR PARISH Lea
		13. STATE NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREAT

MULTIPLE COMPLETE

FRACTURE TREATMENT

ALTERING CASING

SHOOT OR ACIDIZE

ABANDON*

SHOOTING OR ACIDIZING

ABANDONMENT*

REPAIR WELL

CHANGE PLANE

(Other)

(Other)

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Plains Petroleum Operating Company proposes to commingle the E. C. Hill 'B' Federal and 'D' Federal Batteries to reduce expenses. The 'B' Battery presently receives production from the Blinebry and Paddock formations and the 'D' Battery production is from the Blinebry, ABO and Devonian. The majority of the production is in the 'D' Battery and receives a sour crude posting. By combining batteries and installing a well testing facility, a monthly well test report would be achieved for oil, gas, and water. Also, by blending the crude, the sulfur content may be reduced to receive sweet crude posting. This request is made in the interest of conservation of natural resources because only one pipeline would be in service and eliminate the risk of leaks occurring on two lines.

82.5' - 12.5' 8CM 5% AMEN - CATER FORMER
82.8' - 12.5' 8CM

18. I hereby certify that the foregoing is true and correct

SIGNED

TITLE Petroleum Engineer

DATE 8-18-92

(This space for Federal or State office use)

APPROVED BY

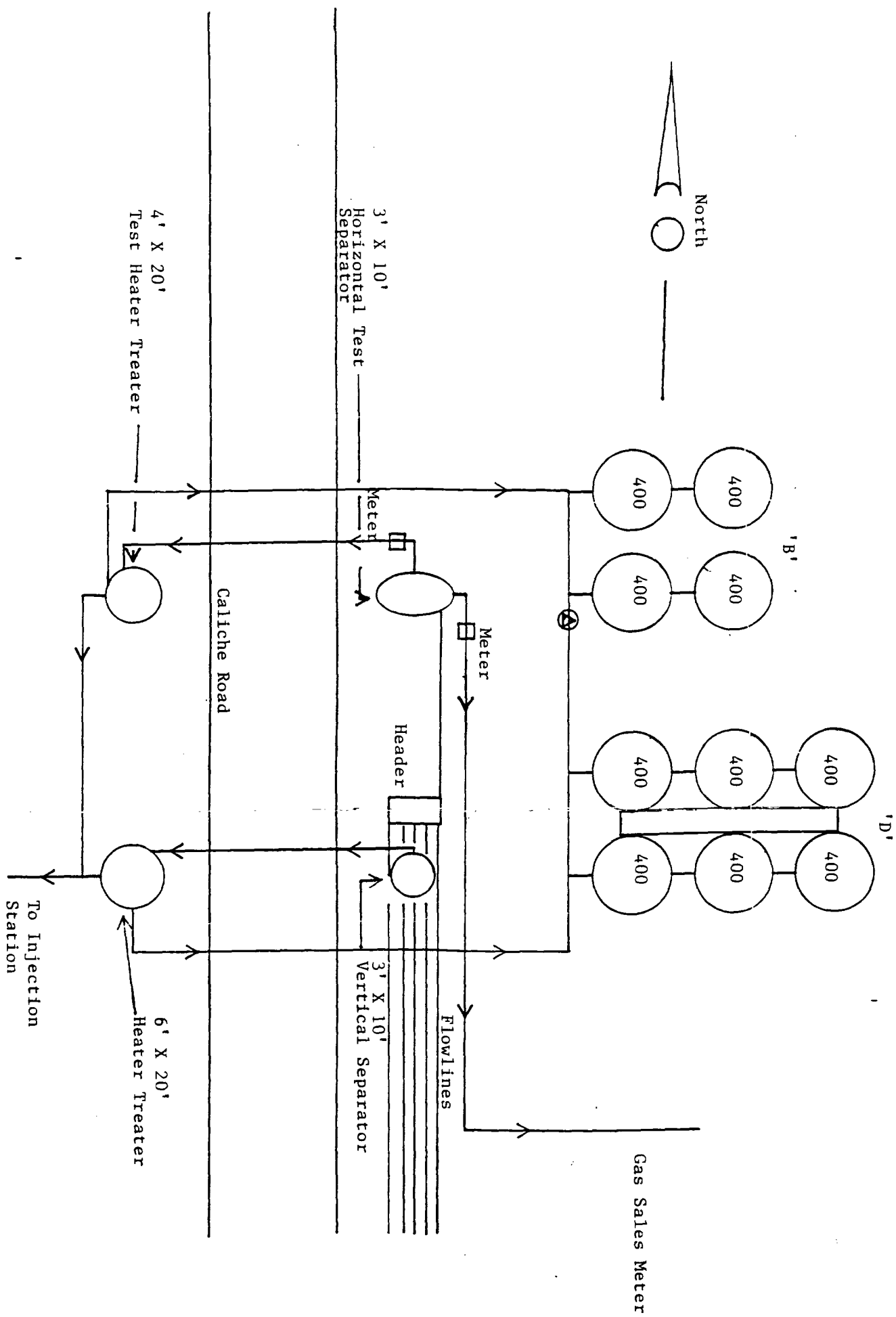
TITLE

DATE

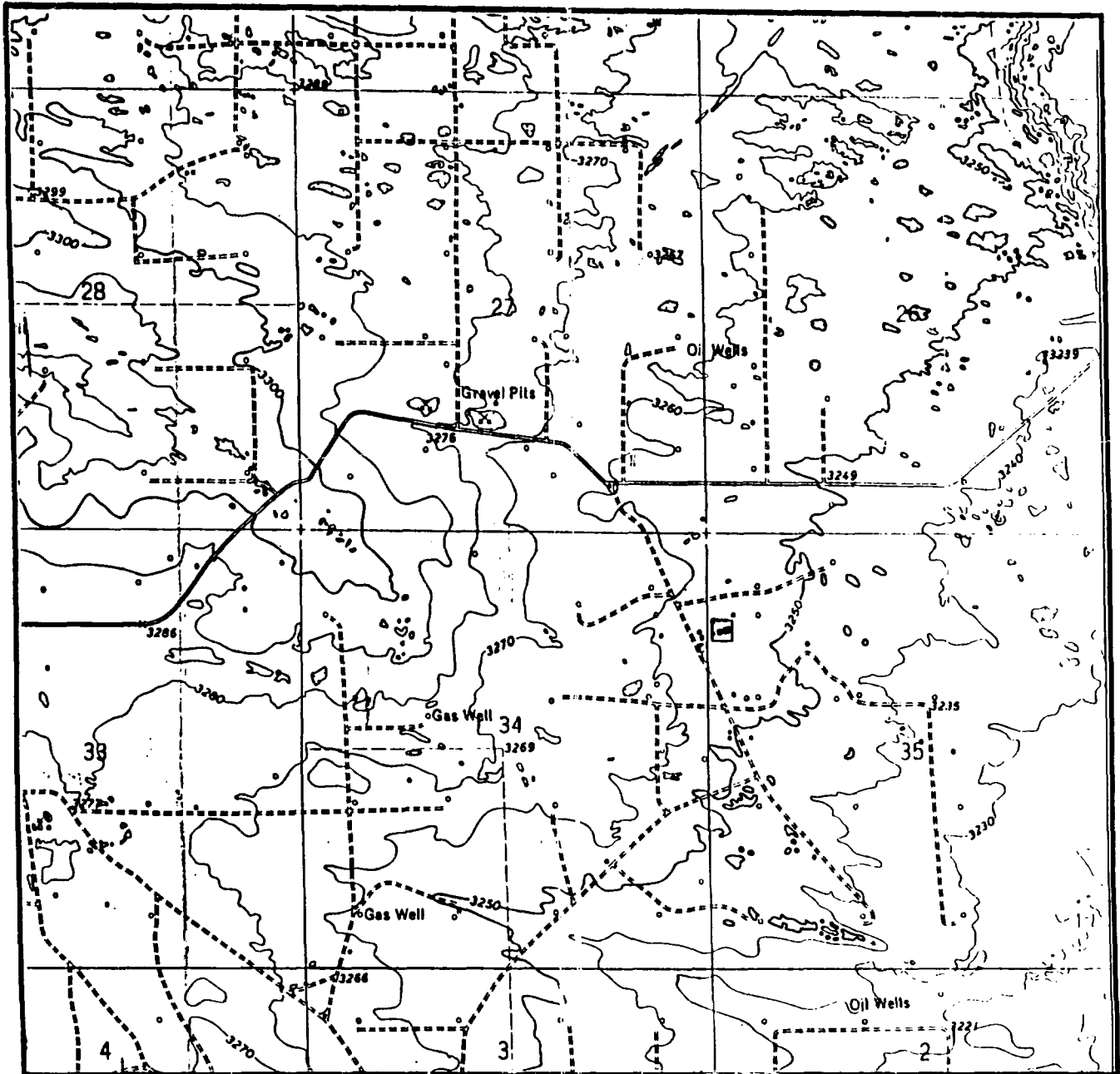
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

E. C. HILL 'B' & 'D' FEDERAL BATTERY



LOCATION & ELEVATION VERIFICATION MAP



SCALE : 1" = 2000'

CONTOUR INTERVAL 10'

SECTION 35 TWP 23-S RGE 37-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY LEA STATE NM

OPERATOR PLAINS PETROLEUM OPER. CO.

LEASE E. C. Hill Federal Lease

U.S.G.S. TOPOGRAPHIC MAP

RATTLESNAKE CANYON, N. MEX.

SCALED LAT. N 32°15'52"

LONG. W 103°08'01"



This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.

Review this plot and notify us immediately of any possible discrepancy.

TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

1307 N. HOBART
PAMPA, TX. 79065
(806) 665-7218

2903 N. BG SPRING
MIDLAND, TX. 79705
(915) 682-1653

621 SUNSET CIRCLE
HOBBS, NM. 88240
(505) 392-5173

RECEIVED

AUG 19 1992

OCD HOBBS OFFICE

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Company or Operator Plains Petroleum Operating Company Address 415 West Wall, Suite 1000, Midland, TX 79705 For Month, OCT 1992 Page 14 of 14

POOL NAME (Underline) 18899 Name WELL NO. UNIT SEC. TWP RING	WELL STATUS	INJECTION		PRODUCTION			DISPOSITION OF GAS			DISPOSITION OF OIL						
		VOLUME	PRESS.	BARRELS GAS PROD.	BARRELS OF WATER PROD.	GAS PROD. CUM.	DAYS PROD.	SOLD	TRANS- FER	OTHER	OIL ON HAND AT BEG. OF MONTH	BARRELS TO TRANS- FER	TRANS- FER	OTHER	OIL ON HAND AT END OF MONTH	
COMMINGLED BATTERIES																
SOUTH TEAGUE-ABO																
E.C. HILL D FED	P			97	1064	733	31	733								
E.C. HILL B FED	P			104	355	256	31	256								
TEAGUE BUNEBRY																
E.C. HILL B FED	F			2346	5077	7181	31	7181								
E.C. HILL D FED	F			678	835	8258	21	8258								
E.C. HILL D FED	F			229	97	1316	31	1316								
TEAGUE DEVONION																
E.C. HILL D FED	P			67	1029	282	31	282								
	P			71	887	224	28	224								
	G			52	111	172	31	172								
BATTERY TOTAL	P			3644	9455	18422		18422	SRC		686	3587	TNM			743
DISTRIBUTION																
Original OGD State Fe																
One Copy OGD Dist. Office																
in which lease is located																
One Copy to Transporter (s)																
DATE DUE																
To be postmarked by 30th day of next																
preceding month.																
STATUS CODE																
F. FLOWING																
P. PLUGGING																
Q. GAS LIFT																
S. SHUT IN																
T. TEMP ABANDONED																
U. AERATION																
V. DISCONTINUED																
OTHER GAS DISPOSITION CODE																
X. USED OFF LEASE																
D. USED FOR DRILLING																
G. GAS LIFT																
L. LOST PIG ESTIMATED																
E. EXPLANATION ATTACHED																
R. REPAIRS REQUIRED OR																
P. PRESSURE MAINTENANCE																
V. VENTED																
U. USED ON LEASE																
OTHER OIL DISPOSITION CODE																
C. CALCULATING ON																
L. LOST																
S. SEDIMENTATION (8.5 & 10)																
E. EXPLANATION ATTACHED																
T. TEST																
I HEREBY CERTIFY THAT THE INFORMATION GIVEN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE																
BONNIE HUSBARD																
915/683-4434																
PHONE NUMBER																
Office Manager/Tech																
POSITION																
Signature																
DATE																

POSITION
Sponner, Howard

OPERATOR'S MONTHLY REPORT
Form C-115 - Revised 1/1/89
See Distribution and Code
Information Bottom of Page

For Month, Year _____ Page _____ of _____

I HEREBY CERTIFY THAT THE INFORMATION GIVEN IS TRUE AND
COMPLETE TO THE BEST OF MY KNOWLEDGE

Bonnie Husband	(915) 683-44
TYPED NAME	PHONE NUMBER
Office Manager/Tech	
POSITION	
Bonnie Husband	10-22-92

DISTRICT I
P.O. Box 1960, Hobbs, NM 88240
DISTRICT II
P.O. Drawer 00, Artesia, NM 88210
DISTRICT III
1000 Rio Grande Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

OPERATOR'S MONTHLY REPORT
Form C-115 - Revised 1/1/89
See Distribution and Code
Information Bottom of Page

Company Plains Petroleum Operating Company Address 415 W. Wall, Suite 1000 Zip 79701 For Month Sept. 1992 Page 8 of 14
or Operator Midland, Texas Year

POOL NAME (Underline) "Lease Name" WELL NO. UNIT SEC. TWP RANG	LEASE NAME - Include State Land Lease Number or Federal Lease Number TEAGUE BLINERY	INJECTION		PRODUCTION			DISPOSITION OF GAS			DISPOSITION OF OIL								
		VOLUME	PRESS.	BARRELS OF OIL PRODUCED	BARRELS OF WATER PRODUCED	GAS PRODUCED (MCF)	DAYS PROD.	GOLD	TRANS. FOR TIER	OTHER	C O D E	OK ON HAND AT BEG. OF MONTH	BARRELS TO TRANS. PORTER	TRANS. FOR TIER	OTHER	C O D E	OK ON HAND AT END OF MONTH	
E C HILL B FED 71-64118 27H-34-23-37 3H-34-23-37 Lease Totals		F		27	264	328	30	328										
		F		26	240	299	30	299										
		F		14	296	180	30	180										
		F		67	800	807		807										231
TEAGUE DEVONIAN																		
BAYLUS CADE FED 71-034711 4 L 35 23 37		P		318	4776	1048	30	1048	EPN			72	257	TNM				133
TEAGUE-PADDOCK																		
E C HILL B FED 71-034711 37 241		P		336	16094	2202	30	2202	EPN			141	179	SCP				298
E C HILL B FED 37 37		P		313	300	209	30	209	EPN			145	274	TNM				184

DISTRIBUTION	ADDITIONAL CODE	OTHER DISPOSITION CODE	OTHER OR DISPOSITION CODE
Original OGD State Fe One Copy OGD Dist. Office In which lease is located One Copy to Transporter (6) DATE DUE To be submitted by 20th day of next succeeding month.	<input type="checkbox"/> FLOWING <input type="checkbox"/> PLUMPING <input type="checkbox"/> GAS LIFT <input type="checkbox"/> SHUT IN <input type="checkbox"/> YEAR ABANDONED <input type="checkbox"/> PRODUCTION <input type="checkbox"/> DISCONTINUED	<input type="checkbox"/> USED OFF LEASE <input type="checkbox"/> USED FOR DRILLING <input type="checkbox"/> GAS LIFT <input type="checkbox"/> LOST (NFC ESTIMATED) <input type="checkbox"/> EXPLANATION ATTACHED <input type="checkbox"/> REPAIRS/MAINTENANCE <input type="checkbox"/> VENTED <input type="checkbox"/> USED FOR LEASE	<input type="checkbox"/> CIRCULATING OIL <input type="checkbox"/> LOST <input type="checkbox"/> SEDIMENTATION IN S & W <input type="checkbox"/> EXPLANATION ATTACHED <input type="checkbox"/> REPAIRS/MAINTENANCE <input type="checkbox"/> VENTED <input type="checkbox"/> USED FOR LEASE

I HEREBY CERTIFY THAT THE INFORMATION GIVEN IS TRUE AND
COMPLETE TO THE BEST OF MY KNOWLEDGE

Bonnie Husband (915) 683-4434
Office Manager/Tech PHONE NUMBER

10-79-00

EXHIBIT "A"

Attached to and made a part of that certain Assignment, Bill of Sale and Conveyance between Arch Petroleum Inc. as Assignor and Plains Petroleum Operating Company, as Assignee, dated August 30th, 1991 but effective September 1, 1991 for all purposes.

Lea County, New Mexico

Property	Field(s)	Legal Description	Recorded Book/Page	Working Interest	Net Revenue Interest
E.C. HILL FEDERAL	Teague Abo S., Teague Blinedry, Teague Devonian and Teague Paddock	That certain Oil and Gas Lease made and entered into January 1, 1960 by and between the United States of America, as Lessor and Carter Foundation Production Company, as Lessee insofar and only insofar as said lease covers those rights and formations from 3,800 feet subsurface and below in and beneath the following described lands in Lea County, New Mexico:	Filed at the U.S. Land Office, Las Cruces, New Mexico Serial No. 064118	1.00000000	.82500000

Township 23 South, Range 37 East, N.M.P.M.

Section 34: E/2
Section 35: NW/4 and SW/4SW/4
Being 520 acres, more or less.

SUBJECT TO:

1. That certain Gas Purchase Agreement made and entered into November 8, 1990 between Arch Petroleum Inc., as Seller and Sid Richardson Carbon & Asoline Company, as Buyer.