

71M-2846

(Com agree No RNM 136)

DRAYER DD
ARTESIA, NM 88211

SUMMIT RESOURCES

P.O. Box 6092

405/341-7481

Edmond, OK 73053-6092

November 12, 1994

BLM - Roswell Resource Area
P.O. Drawer 1857
Roswell, NM 88202
Attn: Vic Coats

Re: Application for Offlease Sales
NM Fed Com 5 #1

660'g4w 5-5s-25E

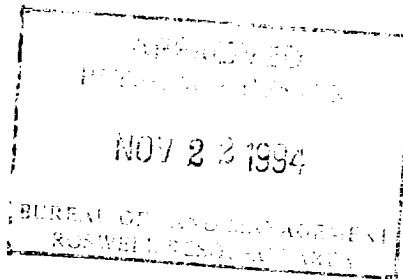
Dear Mr. Coats.

Summit Resources received the attached violation (43 CFR 3162.7-3) on the subject well. This property was purchased in an auction 12/1/93 and has been commingled with two other wells also purchased in the auction. Summit Resources was not aware that this was in violation of any BLM regulations.

The subject well has a check meter on location that is used to allocate production from the common sales meter. The common sales meter is located on the McElvain St Com 6 #1 location. The legal location for this meter is 1140' FSL 990' FEL of Sec 6, T8S, R25E in Chaves County, New Mexico. The meter is Transwestern Pipeline Company meter station # 15950.

The NM Fed Com 5 #1 currently produces about 40 MCFD. The cost to lay an individual gas sales line to the nearest sales pipeline (estimated to be 1 mile away) would be cost prohibitive. In addition to the sales line cost, the cost to provide another tap and meter run would also be prohibitive.

Based on the above, it is requested that the BLM approve the offlease sales and measurement for gas produced from the NM Fed Com 5 #1. If you require any additional information, please give me a call at 405/341-7481.



Sincerely,

Kim D. Biggs

Kim D. Biggs

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BUREAU OF LAND MANAGEMENT
ROSWELL RESOURCE AREA