

CCCC

May 6, 2002

New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87504



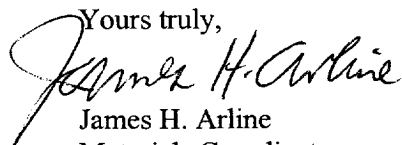
Re: Gissler B #31 API #30-015-32200 Federal lease #LC074939
Unit L, 1650' FSL, 990' FWL SEC 14, T17S, R30E Eddy County, N.M.

Gentlemen:

We request administrative approval to "Off Lease Surface Commingle" the Cedar Lake Yeso zone (96831) production from the referenced well with the present NM 2748 Lease Square Lake Grayburg production from the Gissler B #15,20,24 & 25 wells in the Gissler B 3-3 Tank Battery in Unit M Sec. 11-17S-R30E (State POD #649410,...30 & ...50.) All production in this battery is presently being allocated based on periodic individual well test. The test method is a 1996 Natco built trailer mounted Huskie Jr. Port-A-Chek well tester. We have installed a separate flow line from this well to the battery site with a metering separator before it enters the battery heater treater. This commingle allows us to test this zone using an existing storage facility instead of disturbing new acreage for a new battery site at this time. A copy of the first commingling order (CTB-323) for these pools in this battery is enclosed for easy reference.

This Federal lease does qualify for reduced royalty. The only interest difference in the zones is EOG Resources, Inc. with an ORRI out of Burnett Oil's interest only. All Other Working, Royalty and Overriding interest owners are the same in the Grayburg, Square Lake and Yeso producing intervals. We have attached a waiver of objection to commingle from EOG Resources for this filing. As a matter of routine, a copy of this filing with the attachments is being sent to all interest owners.

A copy of this original filing is being sent to BLM- Roswell and NMOCD- Artesia. The BLM 3160-5 is also attached for your reference. The original C104 was sent to NMOCD in Artesia.

Yours truly,

James H. Arline
Materials Coordinator

Xc: New Mexico Oil Conservation Division
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Artesia, New Mexico 88210 