

APPLICATION FOR SURFACE COMMINGLING, OFF LEASE STORAGE, AND MEASUREMENT APPROVAL FOR TWO POOLS ON TWO LEASES. THIS APPLICATION IS BEING MADE FOR CONDENSATE AND IS FOR A ONE (1) TIME ONLY FILING.

**TO: BUREAU OF LAND MANAGEMENT
P.O. BOX 1778
CARLSBAD, NEW MEXICO 88221-1778**

SOUTHLAND ROYALTY COMPANY IS REQUESTING APPROVAL FOR SURFACE COMMINGLING, OFF LEASE STORAGE, AND MEASUREMENT OF HYDROCARBON PRODUCTION FROM THE BURTON FLAT STRAWN EAST FIELD AND THE TURKEY TRACK ATOKA FIELD. THIS INVOLVES THE FOLLOWING WELLS: BURTON 4 FEDERAL COM # 1 (NM58929) AND THE EMPIRE FEDERAL COM # 1 WELL AND BATTERY (LC067132). BOTH LEASES ARE LOCATED IN EDDY COUNTY, NEW MEXICO. THIS REQUEST IS FOR A ONE TIME ONLY COMMINGLING AND INVOLVES CONDENSATE OF SAID GAS WELLS.

BURTON 4 FEDERAL COM					NM 58929
<u>WELL</u>					
<u>NO.</u>	<u>LOC.</u>	<u>SEC.</u>	<u>TWP.</u>	<u>RNG.</u>	<u>FORMATION</u>
1	K	04	20S	29E	STRAWN
EMPIRE FEDERAL COM					LC067132
1	K	27	18S	29E	ATOKA

PRODUCTION FROM THE WELLS INVOLVED IS AS FOLLOWS:

<u>WELL NAME AND NO.</u>	<u>BOPD</u>	<u>OIL GRAVITY</u>	<u>MCFPD</u>
BURTON 4 FEDERAL COM # 1	50**	57.1**	35
EMPIRE FEDERAL COM # 1	05	53.0	550

**** THIS AMOUNT OF CONDENSATE IS FROM APPROXIMATELY A TIME PERIOD OF THREE YEARS. DUE TO THE ISOLATED LOCATION OF THIS WELL, A TRANSPORTER WAS NEVER DESIGNATED TO HAUL THE CONDENSATE. SUBSEQUENTLY THE GRAVITY IS FROM THE LAST TIME THE CONDENSATE WAS HAULED IN 1992.**

THE PURPOSE OF THIS ONE TIME FILING IS TO SALE THE CONDENSATE FROM THE BURTON 4 FEDERAL COM # 1. IT IS OUR INTENTION TO RECOMPLETE THIS WELL TO A DELAWARE (OIL) THEREFORE, THE EXISTING BATTERY ON THIS LOCATION WILL NEED TO BE REMOVED DUE TO STRUCTURAL PROBLEMS AND SIZE.