

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/~~common~~~~storage~~~~facility~~. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

~~XXXXXXXXXX~~  
The storage and measuring facility is located at SENE -1/4, Sec. 6,  
T 23 S, R 24 E, on lease No. NM 54839, EDDY County, New Mexico. BLM  
will be notified if there is any future change in the facility  
location.

Details of the proposed method for allocating production to  
contributing sources is as follows:

The gas is measured on each lease before it is commingled and measured through  
El Paso sales meter. The lease meters will be used to allocate the commingled  
sales volume measured by the El Paso meter to the individual wells.

The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of  
conservation and will not result in reduced royalty or improper  
measurement of production.

The proposed commingling is necessary for continued operation of  
the above referenced Federal leases.

We understand that the requested approval will not constitute the  
granting of any right-of-way or construction rights not granted by  
the lease instrument. And, we will submit within 30 days an  
application for right-of-way approval to the BLM's Realty Section  
in your office if we have not already done so.

Additional wells require additional commingling approvals.

Signature: 

Name: JW SMITH

Title: AGENT

Date: 10-6-95