

Sonat Exploration, Inc. any
110 West Louisiana Suite 500
Midland TX 79701
915 684 0400
915 684 0444 Telecopy

SONAT EXPLORATION

October 23, 1995

Mr. David R. Catanach
New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Re: Rule 309.-B. - Administrative Approval, Lease Commingling
Lotos Federal and Lotos "C" Federal Leases
Sections 8, 9, 10, and 11, T24S, R31E
Eddy County, New Mexico

Mr. Catanach:

Sonat Exploration respectfully requests administrative approval for an exception to Rule 309-A to allow commingling of production from two separate leases for the Lotos Federal and Lotos "C" Federal leases located in Eddy County, New Mexico.

Attached is a plat designating the two leases and the formation that each well produces from. It is proposed to only commingle production from the Delaware formation.

A schematic diagram of the proposed commingling facility is attached. Oil, water, and gas from each lease will be separately metered prior to commingling in the stock tanks. Adequate facilities will also be installed to provide monthly well tests for each well on each lease.

Hydrocarbon production will be accurately measured and determined in accordance with the applicable provisions of the Division "Manual for the Installation and Operation of Commingling Facilities."

The ownership is not common on the two leases. However, only a very small ORRI is not common. All working interest owners, royalty owners, overriding royalty owners, and the purchasers have been notified by registered mail. See attachments and registered mail receipts. All parties owning an interest in the

leases have consented in writing to the commingling of production from the two leases. The transporters have yet to respond. See attachments for copies of the letters of consent. A Sundry Notice has been submitted to the BLM requesting approval of the lease commingling.

If additional information is needed, please contact me at (915) 684-0405.

Sincerely,

A handwritten signature in cursive script that reads "K. Glenn Carter".

K. Glenn Carter
Sr. Drilling and Production Engineer

Attachments

cc: JAM
MJL
TMM
SMJ
BDH

a:\delaware\lot_btty.com