

APPLICATION FOR SURFACE COMMINGLING, OFF LEASE MEASUREMENT AND ALTERNATE METHOD OF MEASUREMENT

Production from the wells involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>METER #</u>
<u>West Brushy 5 Federal #5</u>	<u>28</u>	<u> </u>	<u>18</u>	<u> </u>
<u>West Brushy 8 Federal #1</u>	<u>31</u>	<u> </u>	<u>14</u>	<u> </u>
<u>West Brushy 8 Federal #2</u>	<u>23</u>	<u> </u>	<u>11</u>	<u> </u>
<u>West Brushy 4 Federal #3</u>	<u>32</u>	<u> </u>	<u>28</u>	<u> </u>

The proposed operation is described in detail on the attached diagram. The diagram clearly identifies all equipment that will be used.

West Brushy 8 Federal #1, West Brushy 8 Federal #2, and West Brushy 5 Federal #5 are located on the same lease. West Brushy 4 Federal #3 is located on a separate lease. All working interests are common.

West Brushy 8 Federal #1, West Brushy 8 Federal #2, and West Brushy 5 Federal #5 will be produced through the header into the three phase production separator with the gas going directly to sales, oil going to the oil tanks and water going to the water tanks. All production is measured and stored on lease.

West Brushy 4 Federal #3 will be produced through a separate header into the three phase production separator on lease with the gas going into the sales line, and oil and water going to the oil/ water tanks off lease. Prior to commingling with fluids from other wells, the oil, water and gas production will all be metered separately using the deduct method.

This operation will reduce operating costs and environmental risks because there will be less equipment associated with each lease. Also, the economic life the leases will be increased.

Plats are enclosed showing the lease numbers and locations of all leases and wells that will contribute production to the proposed commingling. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

The measuring facility is located at NENE ($\frac{1}{4}$ $\frac{1}{4}$), Sec. 8, T 26 S, R 29 E, on Lease No. NMNM 101108, Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

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 least instrument. And, we will submit