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MID-CONTINENT DIVISION

January 7, 1998

Mr. David Catanach, Petroleum Engr. State of New Mexico Energy, Minerals and Natural Resources Dept. **Oil Conservation Division** 2040 S. Pacheco Street Santa Fe, New Mexico 87505-5472

RE:

Application for Surface Commingling, Measurement of Hydrocarbons, & **Off-Lease Storage** Federal AW Lease (NM12412) and Federal AW Lease (NM18232) Section 26, T19S, R32E Lea County, New Mexico

Mr. Catanach:

Burlington Resources Oil & Gas Company respectfully requests approval for Surface Commingling, Measurement of Hydrocarbons, and Off-Lease Storage for the Federal AW Lease (NM12412) and the Federal AW Lease (NM18232), all of which are located in Section 26, T19S, R32E, Lea County, New Mexico. Production is from the Gem Wolfcamp and Lusk Delaware, East Pools.

FEDERAL AW LEASE (NM 12412)

27200 Gem Wolfcamp Oil Well Well No. 1 NM12412 30-025-27017 E, Sec. 26, T19S, R32E This well has recently been Sidetracked/Lateral Drainhole and is in the process of being completed.

| FEDERAL AW LEASE (NM 18232) | | | 41520 | | |
|-----------------------------|--------------|------------------------|---------------------|---------|----------|
| Well No. 2 | 30-025-30975 | O, Sec. 26, T19S, R32E | Lusk Delaware, East | NM18232 | Oil Well |

PRODUCTION FROM LEASES

| <u>well Number</u> | <u>Gravity</u> | <u>BOPD</u> | <u>MCFPD</u> | <u>WATER</u> | FORMATION |
|--------------------|----------------|-------------|--------------|--------------|------------------|
| Federal AW # 1 | 38 est | 50 est. | 75 est. | 100 est. | Wolfcamp |
| Federal AW # 2 | 37.5 | 03 | 18 | 6 | Delaware |

All the production will be stored at the Federal AW #2 battery located in UL O, Sec. 26, T19S, R32E. This facility consists of two 500 bbl closed top tanks for oil storage, and one 500 bbl closed top tank for water production. As indicated by the enclosed schematic, production from the Federal AW #1 will be transported via above ground 2-7/8" steel line into a metered heater treater. The production from the Federal AW #2 is transported via the same method to another heater treater. Prior to entering the main line to the battery, production is measured by metered dump which measures the production and registers it. Gas from each lease is separately metered prior to entering the main gas meter line. Water is stored into the one tank and subsequently trucked.

| Federal AW #1, NM 12412 | 100% Burlington Resources Working Interest Owner |
|-------------------------|--|
| Federal AW #2, NM 18232 | 75% Burlington Resources Working Interest Owner 25% Atlantic Richfield Oil & Gas Co. 600 N. Marienfeld Midland, Texas 79701 |

Atlantic Richfield has been notified of the commingled facilities by certified mail on 1-7-98.

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 to continue operations for the above referenced leases.

The Bureau of Land Management was notified by certified mail on 1-7-98

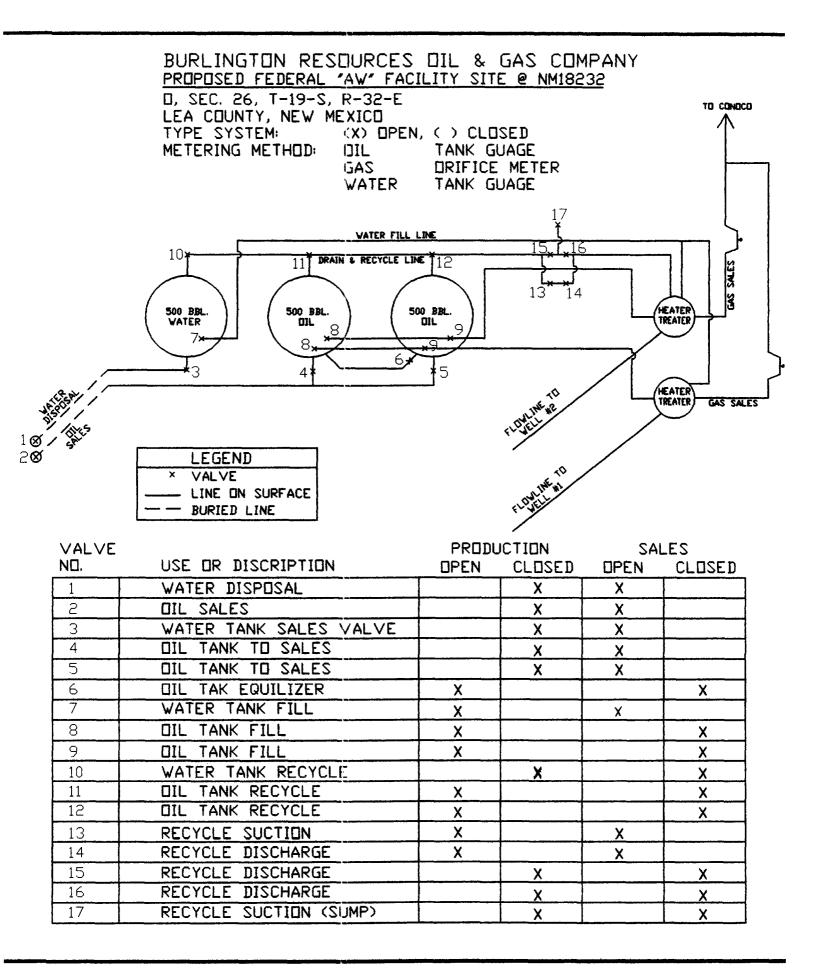
Should you have any questions, or need additional information, please contact me at 915-688-6906.

Sincerely,

Alana I fice

Maria L. Perez Regulatory Representative Drilling Department

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District I PO Box 1980, Hobbs, NM 88241-1980 District II 811 S. 1st Street, Artesia, NM 88210-2834 District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505 Form C-102 Revised October 18, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT ² Pool Code ³ Pool Name ¹ API Number GEM WOLFCAMP 30-025-27017 6 Well Number ⁵ Property Name ⁴ Property Code 014367 FEDERAL "AW" Elevation 8 Operator Name 7 OGRID No. BURLINGTON RESOURCES OIL & GAS COMPANY 3581.8' 26485 Surface Location Township Lot. Idn Feet from the North/South Line Feet from the East/West line County UL or lot no. Section Range LEA 1980 NORTH WEST E 26 **19S** 32E 660 11 Bottom Hole Location If Different From Surface UL or lot no. Lot. Idn Feet from the North/South Line Feet from the East/West line County Section Township Range 2310 LEA F 26 **19S** 32E 1980 NORTH WEST 12 Dedicated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No. NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON--STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION **OPERATOR CERTIFICATION** I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Alternate Flowline 1 12412 1 MM Route +1-13, 1980 320 Acre Horizontol Project Area 980 with a 330' Setback Surface Location, Propos Dff Burlington Resources has the rights to Signature Wolfcar Penetration produce the Wolfcamp Pool within the Point MARIA L. PEREZ assigned horizontal project area. Printed Name REGULATORY REPRESENTATIVE 560 Title leuse-2310 Date 18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Proposed Terminus 11 ocation 111 11 111 Date of Survey 11 Signature and Seal of Professional Surveyer: 4 NM 18232 Facility Certificate Number