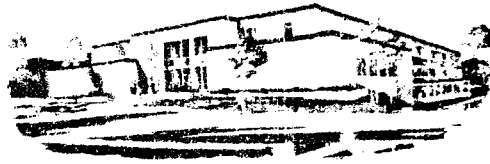


State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

April 28, 1986

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery User
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Cabot Petroleum Corporation
Attn: Mr. Evelyn Garner
P. O. Box 600
Pampa, Texas 79796

OLS-157

Re: Administrative approval of
off lease storage
J. L. Reed Well No. 6 to
State Lease No. E-8176-1

Gentlemen:

Reference is made to your application dated April 24, 1986, wherein you have requested our approval for off lease storage of production from your J. L. Reed Well No. 6 located 1830' FNL and 660' FEL (Unit E) of Section 36 Township 13 South, Range 37 East, Lea County, New Mexico, to be transported (through its flowline) prior to measurement to a tank battery that is located in Unit E of Section 36, Township 13 South, Range 37 East, State Lease No. E-8176-1.

You are hereby given approval to the above request. It is our understanding that there will be no intercommunication of the handling, separating, treating, or storage facilities designated to each lease. It is also our understanding that you will apply for a right of way across state lands as per your telephone conversation with Mr. Dwain Glidewell of our Land Surface Bureau.

Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your filing fee in the amount of Thirty (\$30.00) Dollars has been received. If we may be of further help please do not hesitate to call on us.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS
BY *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

JB/FOP/pm
encls.
cc: OCD-Santa Fe, New Mexico



CABOT PETROLEUM CORPORATION

OIL AND GAS
DRILLING AND PRODUCTION

806/663-2581

P. O. BOX 5001, PAMPA, TEXAS 79065

April 24, 1986

Commissioner of Public Lands
Jim Baca
210 Old Santa Fe Trail
Santa Fe, NM 87504

Attn: Mr. Pete Martinez

Re: J. L. Reed #5
Rule 309-C
Administrative
Approval, Off-
Lease Storage

Gentlemen:

Cabot respectfully requests an exception to Rule 309-A to permit oil production from our newly drilled J. L. Reed No. 5, located 1830' FNL and 660' FEL (Unit H) of Section 35-T13S-R37E, Lea County, New Mexico, to be transported (through its flowline) prior to measurement to a tank battery that is located in Unit E of Section 36-T13S-R37E, Lea County, New Mexico (on Cabot Petroleum's State 'C' Lease). Reference is made to the attached plat of the area.

Recently, both wells on our State 'C' Lease in NW/4 of Section 36 became Wolfcamp producers. This caused one tank battery that had been previously used for our State 'C' #1 Devonian production to be surplus. State 'C' #1 Wolfcamp and State 'C' #2 Wolfcamp production goes to the north battery located in Unit E of Section 36-T13S-R37E. Therefore it is more economical to use this surplus battery for our Reed #5, Pennsylvanian oil production, than to build a tank battery and Amoco Pipeline to build other facilities.

All of the production in this battery that Amoco Pipeline will designate as Reed Battery Number Two, will be from the same common source of supply.

Commissioner of Public Lands
J. L. Reed #5
Page 2

Commingling of production for the J. L. Reed and State 'C' lease will not result.

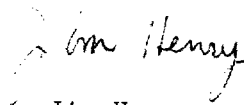
There will be no intercommunication of the handling, separating, treating, or storage facilities designated to each lease.

Cabot Petroleum Corporation has 96.875% working interest and Gulf Oil Exploration and Production Company has 3.125% working interest in the J. L. Reed lease. Cabot Petroleum Corporation has 100% working interest in the State 'C' lease.

Attached is proof that Gulf Oil Exploration and Production Company has been notified by certified mail.

Please advise.

Sincerely,

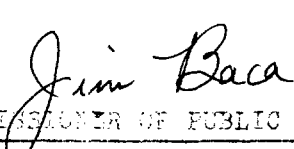


Jim Henry
Regional Engineer

Attachment

cc: Rodney Boyd
Jerry Sexton
Gulf Oil Exploration & Production Company
Dennis Snider

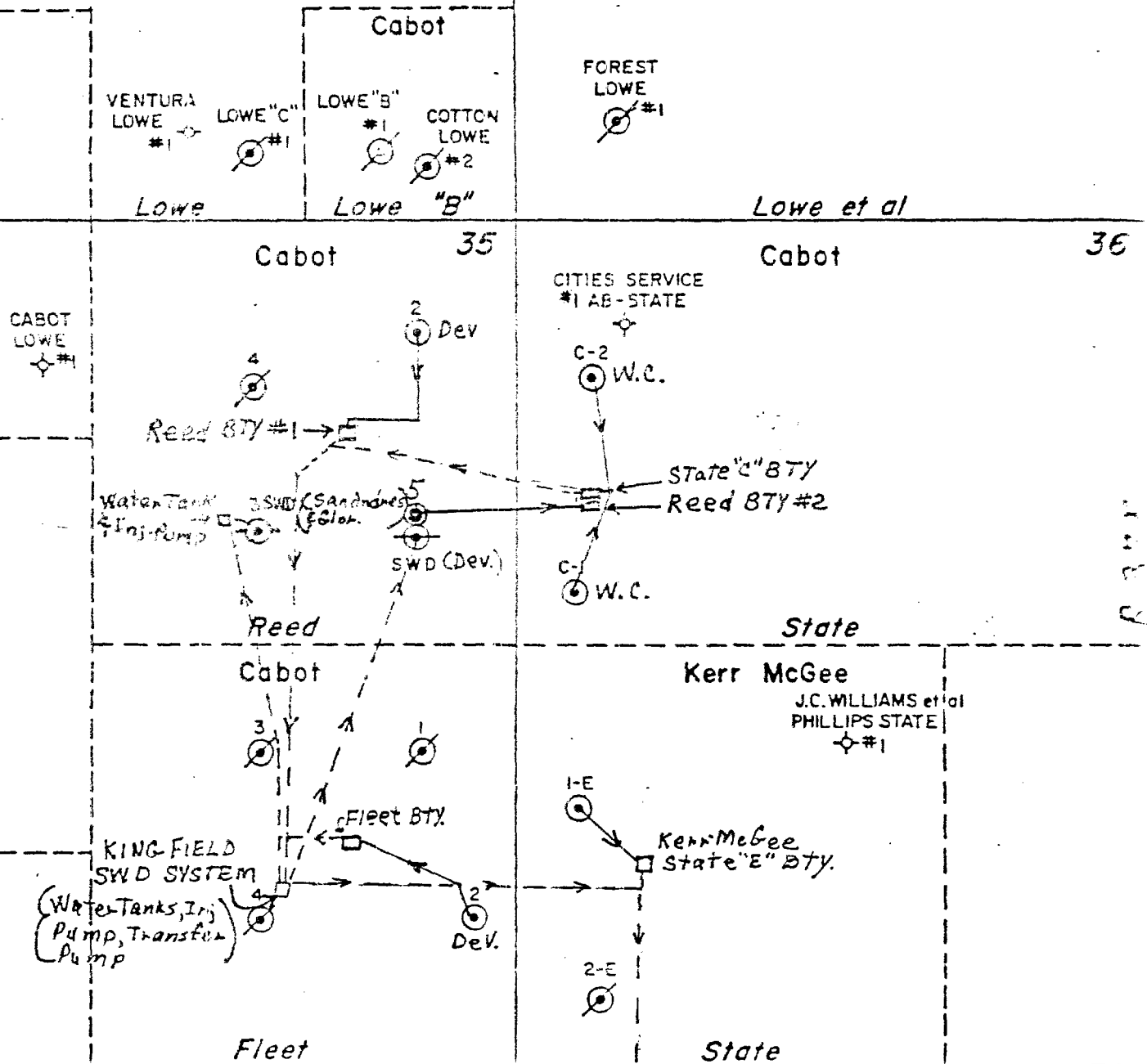
Approved 4/28/86



COMMISSIONER OF PUBLIC LANDS

Cabot T 13 S

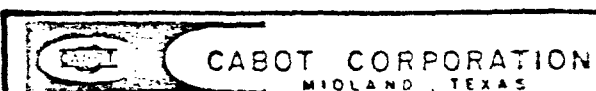
Forest



TP Oil Co.

1-3
TEXAS PACIFIC
STATE S#1
SWD (San Andres
& Glorieta)

Atlantic
Water Tank & Injection Pump
JOHNNY
#1
SWD (San Andres & Glorieta)



KING FIELD

Lea County, New Mexico
TANK BATTERY AND SWD
SYSTEM

by: G.A. FORREST

3-26-86

Scale: 1" = 1000'



CABOT PETROLEUM CORPORATION

OIL AND GAS
DRILLING AND PRODUCTION

806/669-2581

P. O. BOX 5031, PAMPA, TEXAS 79065

STATE OF NEW MEXICO
OIL AND GAS DIVISION
MARCH 14 1986

March 26, 1986

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87501

Attn: Mr. Richard L. Stamets

Re: J. L. Reed #5
Rule 309-C,
Administrative Approval,
Off-Lease Storage

Gentlemen:

Cabot respectfully requests an exception to Rule 309-A to permit oil production from our newly drilled J. L. Reed No. 5, located 1830' FNL and 660' FEL (Unit H) of Section 35-T13S-R37E, Lea County, New Mexico, to be transported (through its flowline) prior to measurement to a tank battery that is located in Unit E of Section 36-T13S-R37E, Lea County, New Mexico (On Cabot Petroleum's State "C" Lease). Reference is made to the attached plat of the area.

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State of New Mexico
J. L. Reed #5
Page 2

Commingling of production for the J. L. Reed and State "C" lease will not result.

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Cabot Petroleum Corporation has 96.875% working interest and Gulf Oil Exploration and Production Company has 3.125% working interest in the J. L. Reed lease. Cabot Petroleum Corporation has 100% working interest in the State "C" lease.

Attached is proof that Gulf Oil Exploration and Production Company has been notified by certified mail.

Please advise.

Sincerely,

A handwritten signature in cursive script that reads "George Forrest".

George Forrest
Senior Petroleum Engineer

Attachment

cc: Rodney Boyd
Jerry Sexton
Gulf Oil Exploration & Production Company
Dennis Snider