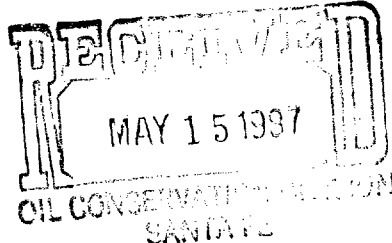




THE EASTLAND OIL COMPANY

P.O. DRAWER 3488
560 ONE MARIENFELD PLACE
MIDLAND, TEXAS 79702
TELEPHONE: (915) 683-6293

May 13, 1987



Oil Conservation Division
Energy and Minerals Department
P.O.Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. David Catanach

Re: Exception to Rule 309-A and 309-B
to Centralize Tank Batteries
Power Grayburg Unit
Eddy County, New Mexico

Gentlemen:

The Power Grayburg Unit Agreement was approved February 25, 1986 by Order No. R-8164 to include the unit area shown in the attached plat. Also Order No. R-8165-A dated June 9, 1986 provided for the waterflood pattern and location of injection wells within the unit area.

For more efficient operation of the waterflood unit, it is requested that an exception be granted to Rule 309-A and 309-B to allow commingling of production from tracts 1B, 3, and 4 of the Power Grayburg Unit. The common tank battery is proposed to be located in Tract 3.

The following provisions will be for the centralized facilities.

1. A schematic diagram of the commingling battery is enclosed.
2. All production will be from the same common source of supply.
3. Adequate facilities will be provided for accurately determining production from each well at reasonable intervals.
4. All parties owning an interest in the leases to be commingled and the purchaser of the commingled production have consented in writing to the commingling of production from the separate leases.

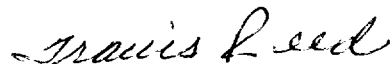
5. The ownership of the leases in the tracts to be commingled is common including working interest, royalty, and overriding royalty by reason of unitization of the tracts.

Tract No. 2 will not be commingled because of an existing unsigned overriding royalty interest. The production facilities will remain separate on this tract. The purchaser will remove production from all facilities by truck and no automatic custody transfer equipment will be used.

It is requested that Eastland be granted administrative approval for lease commingling in the Power Grayburg Unit.

Yours truly,

THE EASTLAND OIL COMPANY

A handwritten signature in cursive script that reads "Travis Reed".

Travis Reed
Production Superintendent

enc:
TR/bh

R-30-E

Amoco

Cal - Mon, etal

R-31-E

H.E. Yates

No. Nat. Gas

State

U.S.

State

Eastland

Eastland

Eastland

6

Eastland

4

8

2

3

4

2

2

1b

1a

3

Kenwood - Fed

Allied - Fed

Arco - Fed

Pogo Prod.

Apco
HBP

Sibyl - Fed

Belnorth, etal

U.S.

Belnorth, etal

POWER GRAYBURG (FEDERAL) UNIT

Eddy County, New Mexico

EASTLAND OIL COMPANY

Producer

Tract. No.

Injection
Well

Scale In Feet

0 2330

N

U.S.

Amoco

CALCULATIONS AND DESIGN DATA

PREPARED BY

DATE

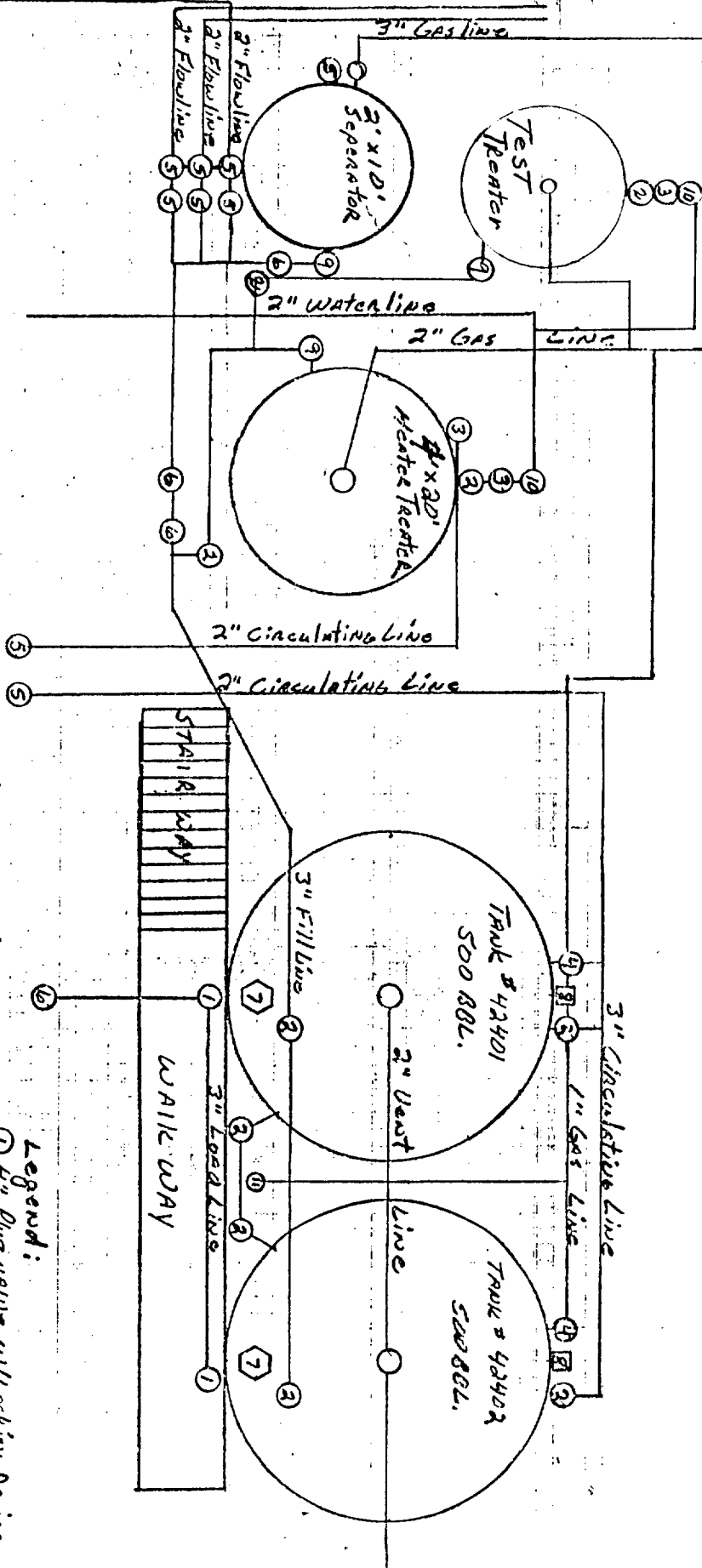
SHEET

OF

SUBJECT

The Eastland Oil Co.
Kewwood Federal Lease
NW 1/4 Sec. 6 T18S R31E
Eddy County N. M.
LC-089389E

Site Security Plan
For this lease located
in Midland, Texas a field
of The Eastland Oil Co.



Production Phase

- Fill valve - open
- Equalizer - open
- Sales valve - closed
- Drain valve - closed

Sales Phase

- Fill valve - closed
- Equalizer - closed
- Sales valve - open
- Drain valve - closed

Legend:

- ① 4" Plug valve w/locking Device
- ② 3" Plug valve w/locking Device
- ③ 2" Plug valve w/locking Device
- ④ 1" Plug valve w/locking Device
- ⑤ 2" plug valve
- ⑥ 3" plug valve
- ⑦ Thick hatch
- ⑧ Clean out plate
- ⑨ 3" dump valve
- ⑩ 2" dump valve
- ⑪ 1" gate valve

