

GENERAL OFFICE
P. O. BOX 9317
FORT WORTH, TEXAS 76107

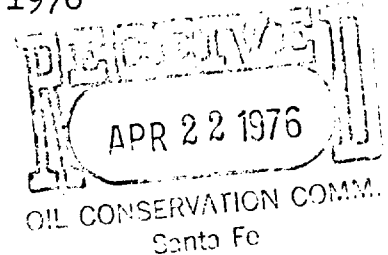


ANADARKO PRODUCTION COMPANY

1014 W. AVENUE K
AREA CODE 505 396-4018

LOVINGTON, NEW MEXICO 88260
CABLE ADDRESS: ANDARK

P. O. Box 67
Loco Hills, New Mexico 88255
April 19, 1976



Mr. J. D. Ramey, Supervisor
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico

Dear Sir:

Application is hereby made to permit Anadarko to commingle all production on the Federal X lease. This production is derived from both the Fren Pool and the Grayburg Pool. The lease number is LC-029342-A.

Likewise, application is hereby made to permit Anadarko to commingle all production on the Federal S lease. This production is derived from both the Fren Pool and the Grayburg Pool. The lease number is LC-028936(c).

The following is some data common to both the Federal X and the Federal S leases.

- (1) Gravity of the Fren liquid hydrocarbon is 37.0.
- (2) Gravity of the Grayburg liquid hydrocarbon is 36.0.
- (3) Expected gravity of the commingled oil will be 36.5.
- (4) Value of all oil involved is \$11.28 per barrel.
- (5) Expected value of the commingled oil will be \$11.28 per barrel.

Exhibit #1 is a plat showing locations of all wells on both leases and the pool from which each well produces.

Exhibit #2 is a copy (of a copy) of a letter from the N. M. O. C. C. granting permission to commingle the Fren Pool and the Grayburg Pool oil on the Federal S lease (LC-28936(c)). Since this letter is dated July 6, 1954, I assumed a new application should be submitted. As far as I can determine Woolley Oil Company did not follow up this State approval by requesting permission from the U. S. G. S. and, therefore, did not proceed with commingling these Pools.

both files

Current production figures:

Fed. S #1 (Grayburg) - 10 BOPD	Fed. S #3 (Fren) - 3 BOPD
Fed. S #6 (Grayburg) - 20 BOPD	Fed. S #4 (Fren) - 2 BOPD
Fed. X #7 (Grayburg) - 2 BOPD	Fed. X #3 (Fren) - 1 BOPD
	Fed. X #4 (Fren) - $\frac{1}{2}$ BOPD
	Fed. X #5 (Fren) - 1 BOPD

Exhibit #3 is the Federal S tank battery and would remain relatively unchanged. With commingling it would no longer be necessary to temporarily shut in each Pool while the single storage tank is being sold to Navajo Pipe Line Company.

Exhibit #4 is the Federal X Fren tank battery which would be eliminated if we are permitted to commingle. This production would be handled by the newer tank battery presently handling the production from Federal X #7.

Exhibit #5 is the Federal X Grayburg tank battery presently handling the production from only one well (X #7). It has a heater-treater and a circulating pump and therefore is better equipped to handle the oil than the very limited facilities present at the Fren tank battery.

Exhibit #6 is a copy of a letter from the Regional Supervisor of the United States Geological Survey granting permission to commingle subject to your approval.

By commingling all the Federal X production the storage time required to fill two tanks will be cut in half since only one tank would be filled at a time. Also, since one tank battery would be eliminated, our operating cost would be reduced on a lease that is now barely economical to operate.

By commingling all the Federal S production the storage time for the Fren oil would be greatly reduced since the Grayburg is much more productive. If Federal S #1 proves to be commercially productive other wells will be put on pump thus improving the economics of the lease. In the meantime, I am considering recompleting some of the Fren wells in the Grayburg Zone. Under present circumstances it would be necessary to abandon the Fren Zone to achieve this. The current production on Federal S #1 is 10 BOPD from the Grayburg Zone. It has been on test for almost a month and has dropped from 50 BOPD to 10 BOPD; further decline is very likely.

Your favorable consideration of this application will be greatly appreciated.

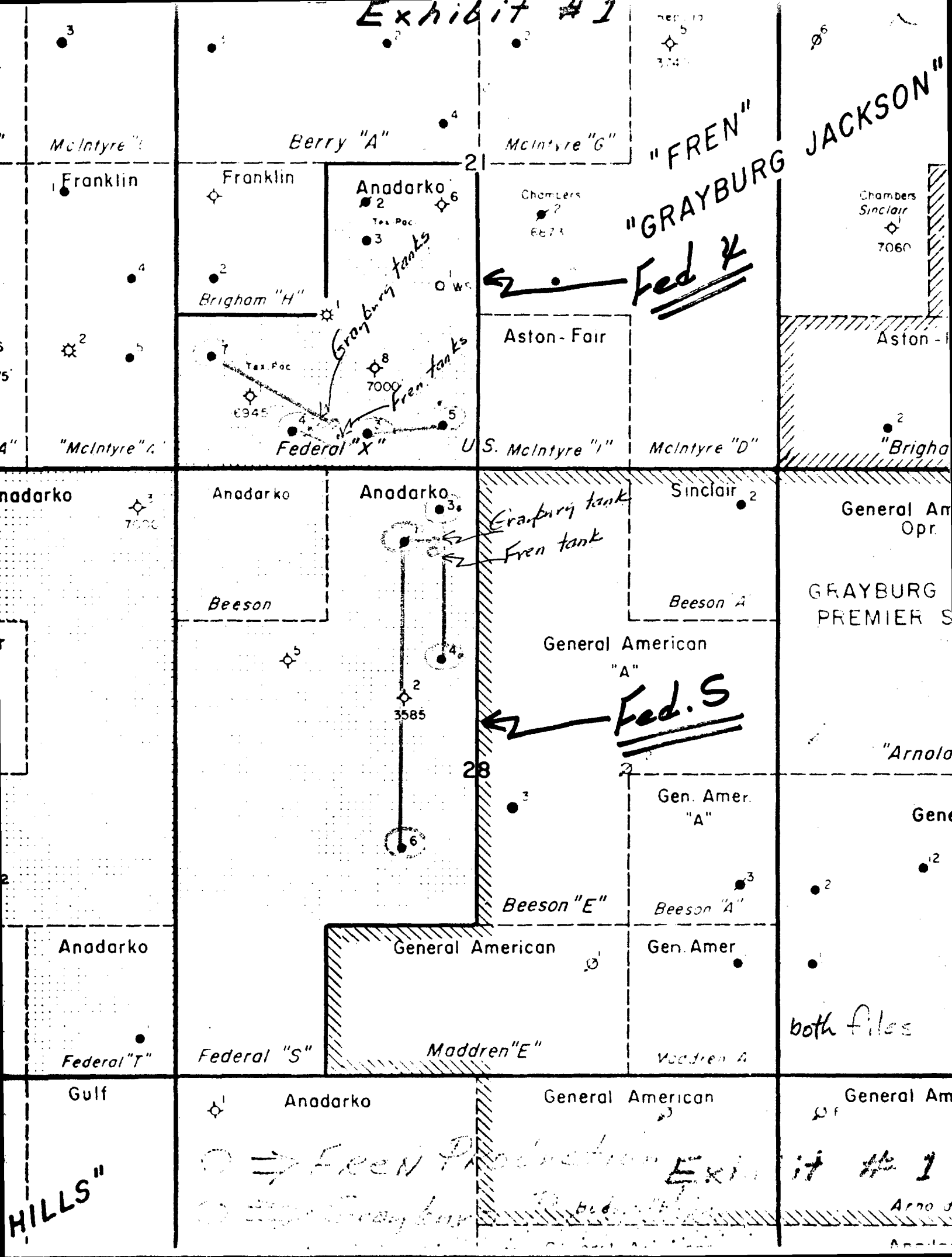
Yours very truly,


Jerry E. Buckles

Area Supervisor

Anadarko Production Company

Exhibit #1



Feen Production Exhibit #1
Grayburg Production Exhibit #1

ANADARKO PRODUCTION COMPANY

GENERAL OFFICE
P. O. BOX 100
FORT WORTH, TEXAS

1114 A. W. C. L. B.
AREA 111, P.O. BOX 100

1114 A. W. C. L. B.
P. O. BOX 100, ALBUQUERQUE

FEDERAL X FREN TANK BATTERY

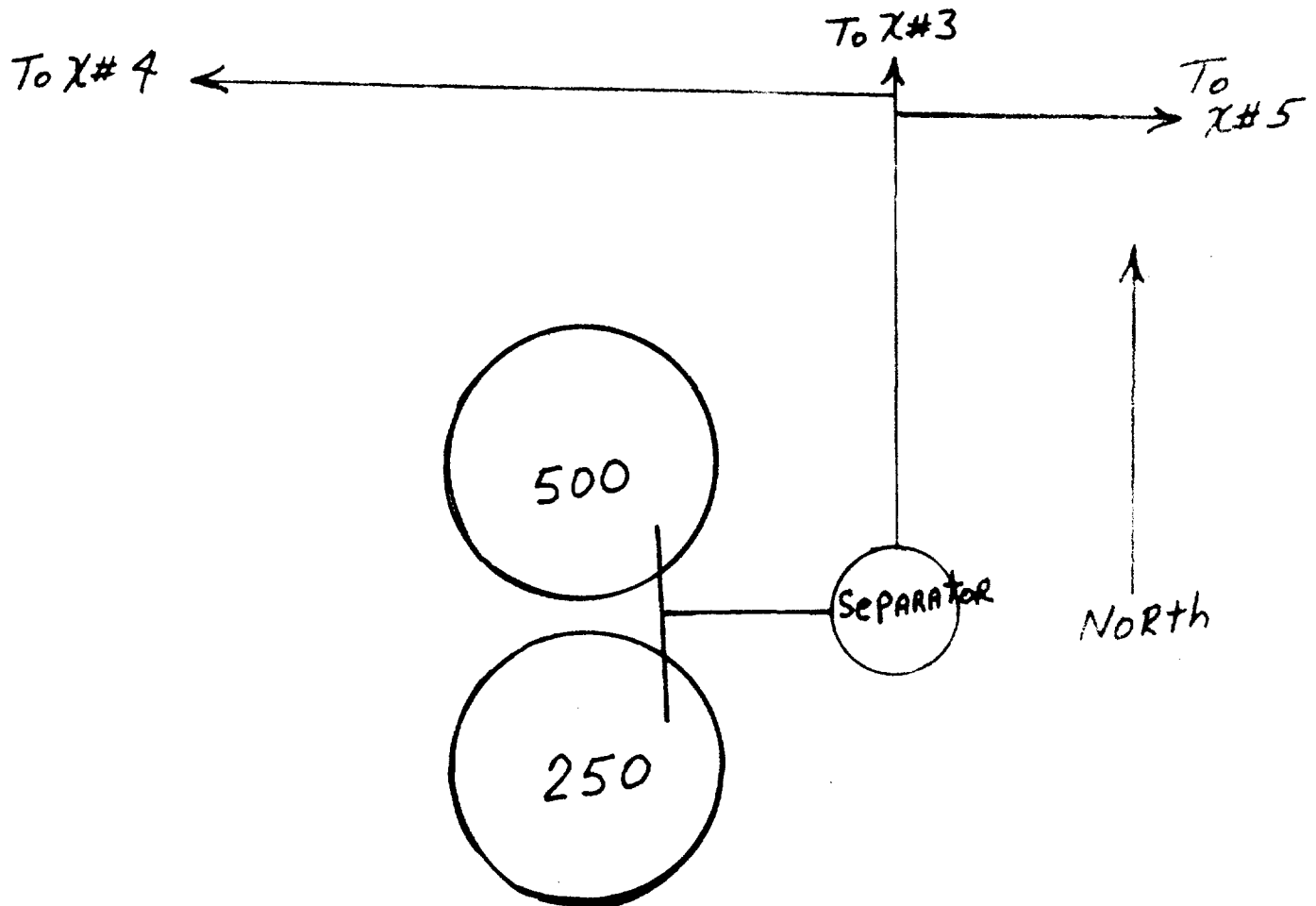


Exhibit # 4

"X" Lease file

ANADARKO PRODUCTION COMPANY

1014 W. AVENUE B
AREA CODE 505 334-4100

1014 W. AVENUE B
AREA CODE 505 334-4100

FEDERAL X GRAYBURG TANK BATTERY

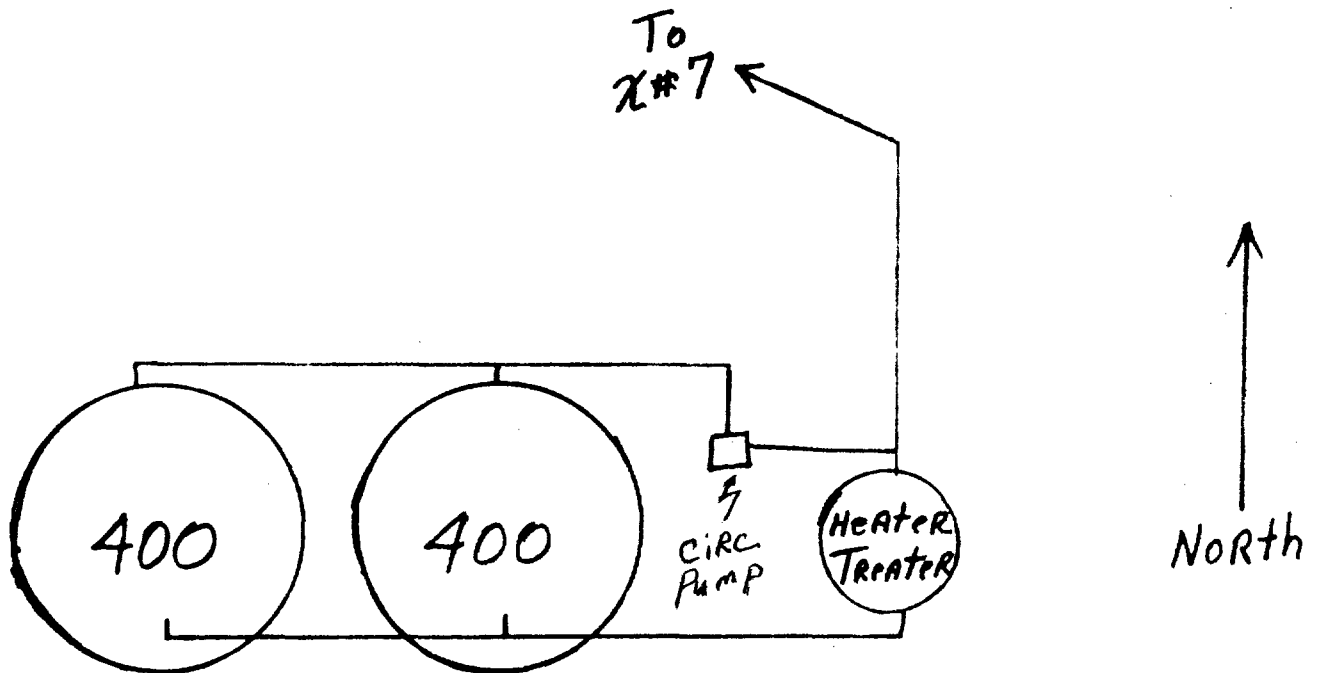


Exhibit # 5
"X" Room file



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer U
Artesia, New Mexico 88210

April 16, 1976

Anadarko Production Company
Post Office Box 67
Loco Hills, New Mexico 88255

Gentlemen:

Your letter of March 24, 1976 requests approval to commingle into common storage production from the Grayburg-San Andres formation, which is designated the Grayburg Jackson Pool, with production from the Seven Rivers formation, which is designated the Fren Seven Rivers Pool, on oil and gas leases Las Cruces 028936(c) and Las Cruces 029342-A, located in sections 28 and 21 respectively of T. 17 S., R. 30 E., N.M.P.M., Eddy County, New Mexico.

This would involve commingling of production from separate pools as designated by the New Mexico Oil Conservation Commission and would require measuring facilities approved and operated in accordance with the N.M.O.C.C. as required in their manual for the installation and operation of commingling facilities.

The commingling as applied for is satisfactory to the U. S. Geological Survey and hereby approved subject to New Mexico Oil Conservation Commission approval. You are requested to notify this office by letter or by telephone, 505-746-4841, when the installation is completed and operative so that an inspection can be made of the facility.

Sincerely yours,

James A. Knauf
District Engineer

cc:
N.M.O.C.C., Santa Fe
Roswell w/attachments

RLB:1c

Exhibit #6
both files