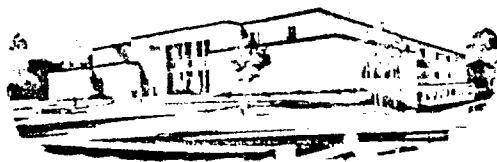


State of New Mexico



Commissioner of Public Lands

ALEX J. ARMIJO
COMMISSIONER

March 15, 1982

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501
87504-1148

Henry Engineering
807 First National Bank Building
Midland, Texas 79701

Re: Surface Commingling and
Off-Lease Storage
Lease No. E-8563-1
Lea County, New Mexico

ATTENTION: Mr. Robert H. Angevine

Gentlemen:

This letter will supercede our letter to you dated February 2, 1982 wherein it has been brought to our attention that this letter had some typographical errors in regard to our approval of your application dated February 26, 1982, for Surface Commingling and Off-Lease Storage.

The date of our letter should be March 2, 1982 being the date of our approval for Off-Lease Storage and Commingling production from the David Fasken Consolidated State Well No. 2 located on the NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 8, T17S-R37E producing from the Strawn formation and the David Fasken Consolidated "A" State Well No. 1 located on the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 8, T17S-R37E, producing from the Devonian formation which will be stored on fee land.

We regret any inconvenience in regard to this matter.

Very truly yours,

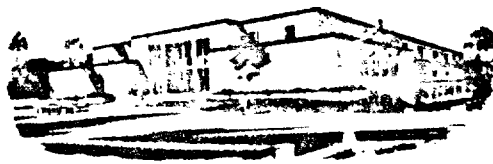
ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-2748

AJA/RDG/pm
cc:

OCD-Santa Fe, New Mexico
OGAD-Santa Fe, New Mexico
Lease E-8563-1

State of New Mexico



Commissioner of Public Lands

ALEX J. ARMIJO
COMMISSIONER

February 18, 1982

P. O. BOX 1148
SANTA FE, NEW MEXICO

87504-1148

Henry Engineering
807 First National Bank Building
Midland, Texas 79701

Re: Surface Commingling
Section 8, T17S-R37E
Lea County, New Mexico

ATTENTION: Mr. Robert H. Angevine

Gentlemen:

We are in receipt of your request on behalf of David Fasken to commingle production from the Consolidated State Well No. 2 located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, of Section 8, T-17S-R37E being produced from the Strawn formation and the Consolidated "A" State Well No. 1 located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 8, T17S-R37E being produced from the Devonian formation.

We regret to inform you that we cannot grant you approval being that there are two different Institutions involved.

Enclosed is our Rule 1.053 which strictly prohibits the commingling of different Beneficiary Institutions.

Therefore, we are returning your application unapproved.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-2748

AJA/RDG/pm
encls.
cc:

OCD-Santa Fe, New Mexico
New Mexico Oil and Gas Accounting Division
State of New Mexico Oil and Gas Lease No. E-8563-1

HENRY ENGINEERING
Petroleum Engineers
807 FIRST NATIONAL BANK BUILDING
MIDLAND, TEXAS 79701

February 16, 1982

New Mexico Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501
Attn: Mr. Joe D. Ramey, Director

Re: Rule 303-B Surface Comingling
David Fasken
Consolidated State No. 2 (Strawn)
and
Consolidated "A" State No. 1 (Devonian)
Midway Field
Lea County, New Mexico

Gentlemen:


On behalf of our client, David Fasken, we are requesting an exception to Rule 303-A of the Division Rules and Regulations to surface comingle oil production from two different reservoirs - Strawn and Devonian - Rule 303-B. A plat of the leases with the two wells involved is enclosed. The commonly owned production will be metered prior to combining the two streams per Fig. 1 of Manual for the Installation and Operation of Commingling Facilities.

The value of the comingled production will be increased by \$25.50 per day or 30¢/Bbl. for the Strawn production. The purchaser P. & O. Falco, Inc. has agreed to pay the top price or \$35.30 per barrel for the comingled crude oil. Please refer to attached tabulation.

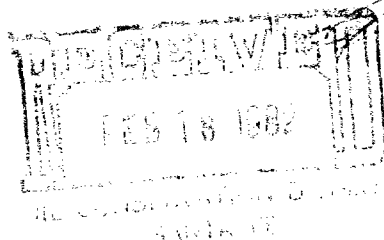
Any questions you may have concerning this request should be directed to myself or Mr. James B. Henry at 915-683-1893.

Yours truly,

HENRY ENGINEERING


Robert H. Angevine

RHA:dt
Encl.



CRUDE OIL VOLUME AND VALUE

Consolidated State Lease and Consolidated "A" State Lease

<u>TYPE</u> <u>OIL</u>	<u>A.P.I.</u> <u>GRAVITY</u>	<u>VOLUME</u> <u>B.O.P.D.</u>	<u>PRICE</u> <u>\$/Bbl.</u>	<u>VALUE</u> <u>\$/DAY</u>
Strawn	45.5	85	35.00	2975.00
Devonian	51.5	120	35.30	4236.00
Comingled	49.0	205	35.30	7236.50

HENRY ENGINEERING
Petroleum Engineers
807 FIRST NATIONAL BANK BUILDING
MIDLAND, TEXAS 79701

February 16, 1982

P. & O. Falco, Inc.
P.O. Box 3419
Midland, Texas 79702
Attn: Mr. David R. Smith

Re: David Fasken
Consolidated State Lease (Strawn)
State Lease No. E-8563
and
Consolidated "A" State Lease (Devonian)
State Lease No. E-8563
Midway Field
Lea County, New Mexico

Gentlemen:

On behalf of our client, David Fasken, we are requesting permission from the New Mexico Energy and Minerals Department, Oil Conservation Division to do two things:

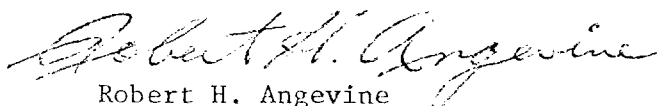
1. Comingle production from two separate leases - Rule 309-B.
2. Surface comingle production from two different reservoirs or sources of supply. The Strawn and Devonian reservoirs in this application - Rule 303-B.

This request along with the companion request for off-lease storage will eliminate duplication of surface facilities with a cost estimated at \$90,000.

Enclosed are three (3) copies of a waiver letter. If you concur and have no objections to the two comingling provisions, please sign and return two (2) copies of the waiver letter to Henry Engineering, 807 First National Bank Building, Midland, Texas 79701, keeping the other copy for your files.

Yours truly,

HENRY ENGINEERING


Robert H. Angevine

RHA:dt
Enclosures

HENRY ENGINEERING
Petroleum Engineers
807 FIRST NATIONAL BANK BUILDING
MIDLAND, TEXAS 79701

February 16, 1982

Texas-New Mexico Pipe Line Company
P.O. Box 2528
Hobbs, New Mexico 88240
Attn: Mr. Lonnie H. Nusz
Asst. District Manager

Re: David Fasken
Consolidated State Lease (Strawn)
State Lease No. E-8563
and
Consolidated "A" State Lease (Devonian)
State Lease No. E-8563
Midway Field
Lea County, New Mexico

Gentlemen:

On behalf of our client, David Fasken, we are requesting permission from the New Mexico Energy and Minerals Department, Oil Conservation Division to do two things:

1. Comingle production from two separate leases - Rule 309-B.
2. Surface comingle production from two different reservoirs or sources of supply. The Strawn and Devonain reservoirs in this application - Rule 303-B.

This request along with the companion request for off-lease storage will eliminate duplication of surface facilities with a cost estimated at \$90,000.

Enclosed are three (3) copies of a waiver letter. If you concur and have no objections to the two comingling provisions, please sign and return two (2) copies of the waiver letter to Henry Engineering, 807 First National Bank Building, Midland, Texas 79701, keeping the other copy for your files.

Yours truly,

HENRY ENGINEERING


Robert H. Angevine

RHA:dt
Enclosures