



PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP
Permian Basin Region

January 22, 1988

Surface Commingling
Leamex and Philmex Leases
Vacuum (Grayburg-San Andres) and
Maljamar (Grayburg-San Andres) Pools
Lea County, New Mexico

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Attn: William J. LeMay
Director

Gentlemen:

Phillips Petroleum Company respectfully requests an exception to Statewide Rule 303-A and Statewide Rule 309-A to surface commingle production from the Philmex (Lease No. B-2229) and the Leamex (Lease No. B-2148) leases. Surface commingling will involve the wells currently completed, and all projected well completions located in the S/2 and the S/2 NW/4 of Section 25, T-17-S, R-33-E of the Leamex Lease and those located in the E/2 and NW/4 of Section 26; NW/4 NE/4; S/2 NE/4; SE/4 NW/4 of Section 35 and the N/2 NW/4 of Section 36, T-17-S, R-33-E of the Philmex Lease. The wells presently drilled or permitted to be drilled are shown on the attached lease plat and tank battery schematic. In accordance with the provisions of Statewide Rule 303-B and Statewide Rule 309-B, pertinent information and supporting data are included herein.

1. Production from the leases will be from the Maljamar (Grayburg-San Andres) and the Vacuum (Grayburg-San Andres) pools. Philmex Well No.'s 18, 19, 20, 21, 23, 24, 25 and 28 are completed in the Vacuum (Grayburg-San Andres) pool. Philmex Well No. 27 and Leamex Well No.'s 43 and 44 are to be completed in the Maljamar (Grayburg-San Andres) pool.
2. Adequate test facilities will be provided as shown on the tank battery schematic.
3. Phillips owns 100% interest in the leases and is the purchaser of the commingled production. Phillips has 100% working interest and 87.5% royalty interest in the leases. The State of New Mexico - Common School Land has 12.5% royalty interest. There is no overriding royalty interest or diversity of ownership. The Commissioner of Public Lands has been notified by certified mail of the subject application.

Our request is made in the interest of operating more efficiently and economically. Because the drilling of the Leamex Well No. 44 is projected to begin January 25 with completion in approximately 3-1/2 to 4-1/2 weeks, your expeditious consideration and administrative approval would be appreciated. If any further information is needed, please contact John Currie at 915/367-1342, or me at 367-1488.

Very truly yours,



Larry M. Sanders, Supervisor
Regulation and Proration

LMS/AP/sdb
REG/PR07.1/leamex

Attachments

cc: Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

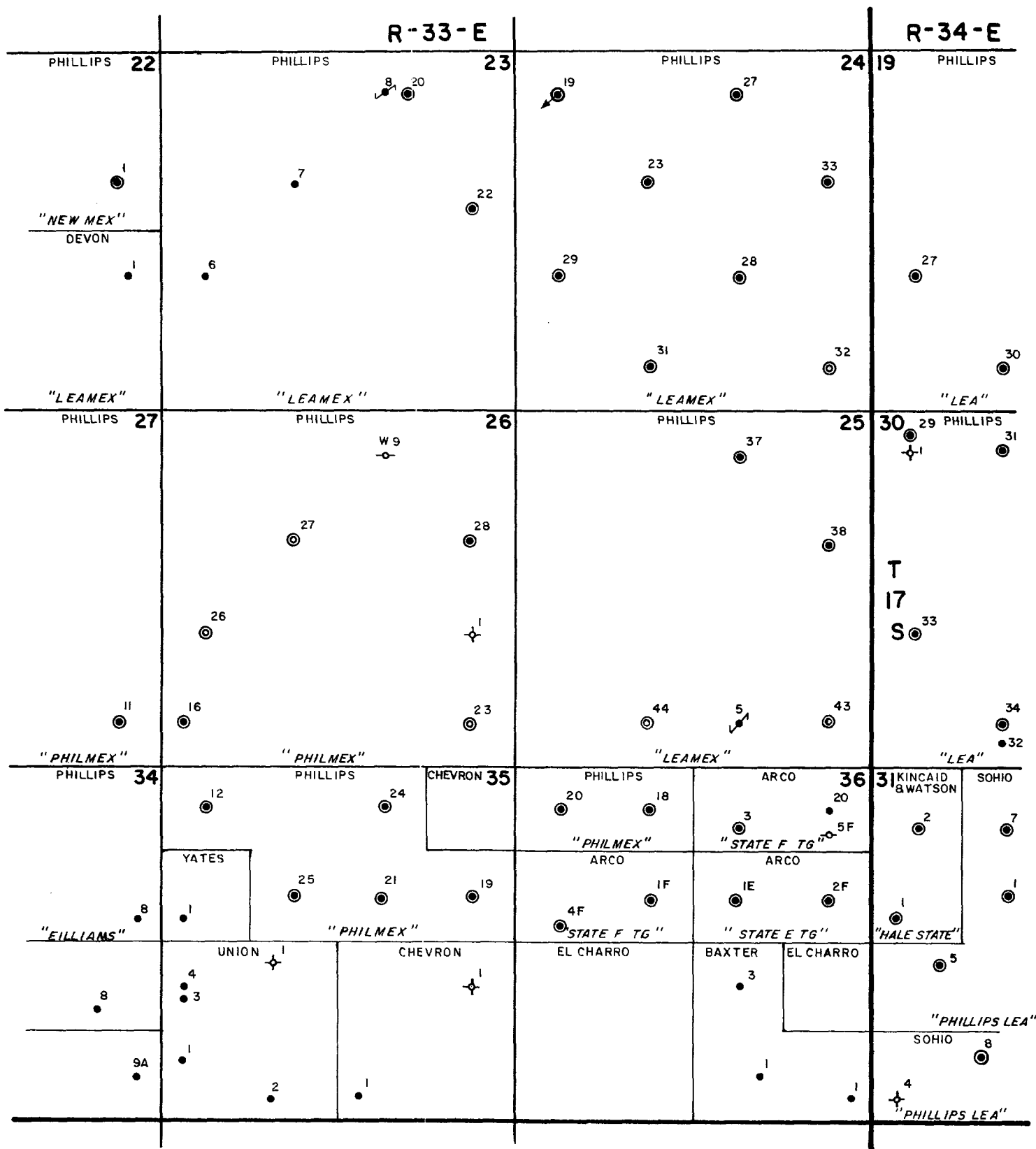
New Mexico Department of Energy and Minerals
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240

GRAVITY AND VALUE OF COMMINGLED LIQUID HYDROCARBONS

	<u>Philmex Lease (Maljamar Gb/SA)</u>	<u>Philmex Lease (Vacuum Gb/SA)</u>	<u>Leamex Lease (Maljamar Gb/SA)</u>	<u>Total Commingled Production</u>
Oil Gravity	37	37	37	
Value	\$17/bbl	\$17/bbl	\$17/bbl	
Oil Volume	60 BOPD (1 well)	580 BOPD (8 wells)	160 BOPD (2 wells)	
Gravity of Commingled Oil	37	37	37	37
Value	\$17/bbl	\$17/bbl	\$17/bbl	\$17/bbl
Volume	60 BOPD (1 well)	580 BOPD (8 wells)	160 BOPD (2 wells)	800 BOPD

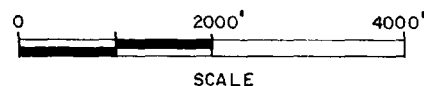
There will be no loss of actual commercial value of the commingled production (value of commingled production will equal the sum of the value of the production from each common source of supply).

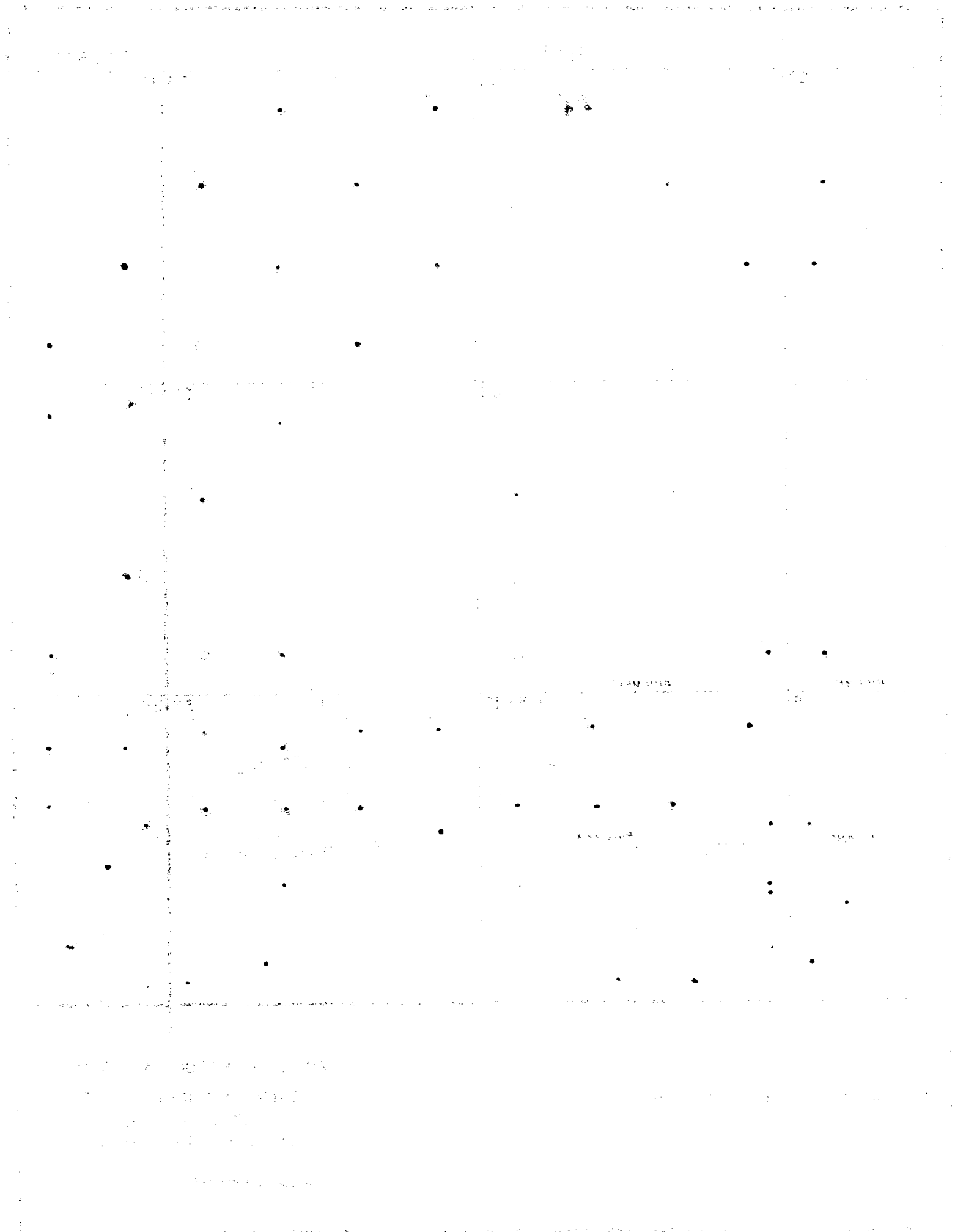
REG/PRO7.1/leamex1



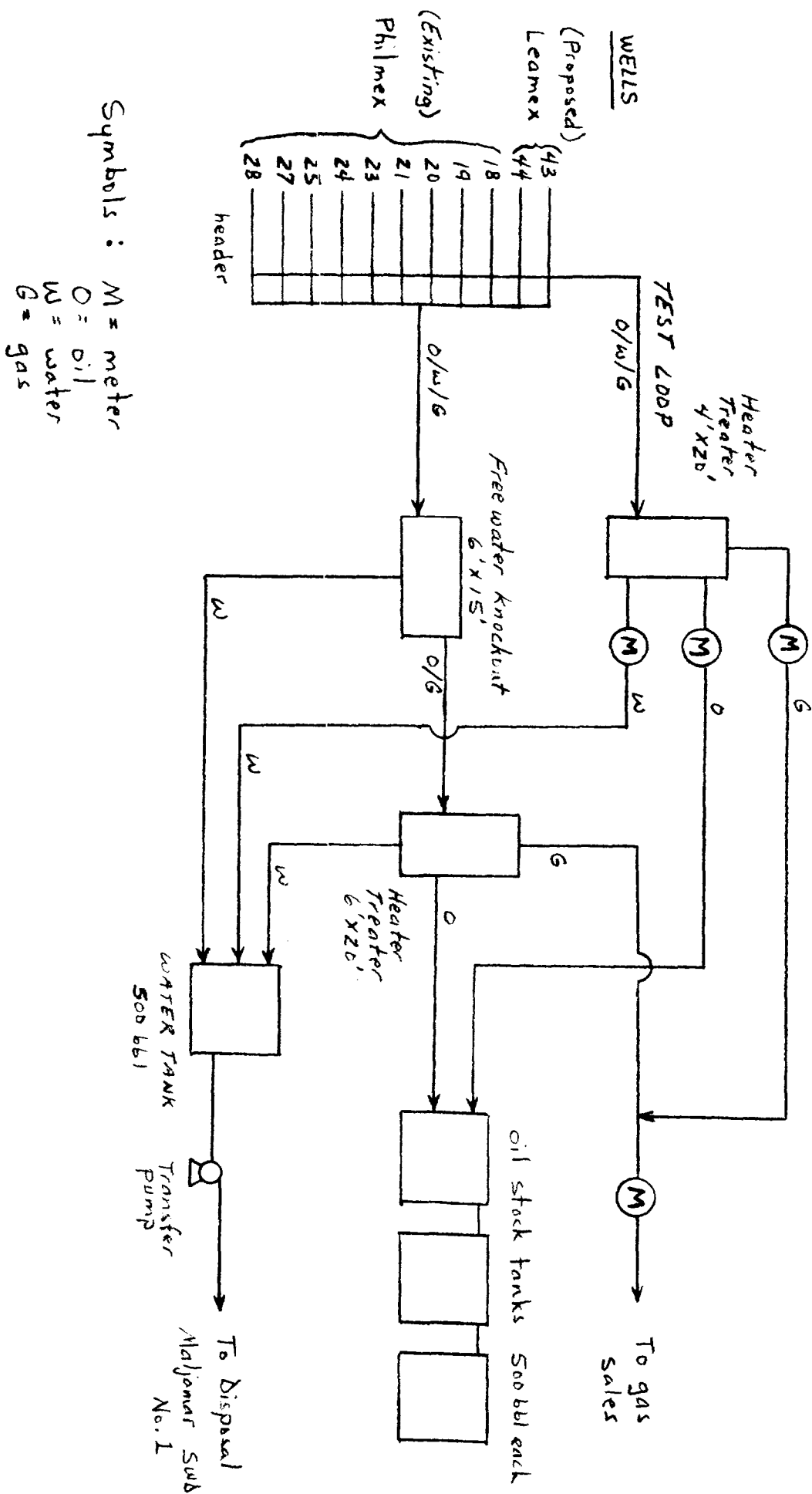
© Completed in Grayburg/San Andres

PHILLIPS PETROLEUM COMPANY
LEAMEX & PHILMEX LEASES
T-17-S, R-33-E
Lea County, New Mexico





PHILMEX TANK BATTERY No. 3 SCHEMATIC



gdt Jan. 18, 1988