

**Sun Exploration and
Production Company**
No 24 Smith Road
ClayDesta Plaza
PO Box 1861
Midland TX 79702 9970
915 688 0300

February 25, 1988

Energy and Minerals Dept.
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088
Attn: David R. Catanach

RE: Exception to Rule 303-A
Request for Off Lease Storage
and Surface Commingling
N.M. "G" State
J. A. Akens
Lea County, New Mexico

Dear Sir,

Sun Exploration and Production Company requests administrative approval to off-lease store and surface commingle oil production from the N.M. "G" State No. 1 with oil production at the J. A. Akens lease (see Attachment I).

The N.M. "G" State No. 1 was completed on 01/29/88 thru perforations 5179 to 5293' in the Glorieta. Production was established at 54 BOPD, 6 BWPD and 55 MCFPD. The well has been shut-in since 02/13/88 awaiting production handling facilities. Offset production in the Glorieta is of a marginal nature. It is anticipated that production in the N.M. "G" State No. 1 will drop off to a marginal nature (± 10 BOPD) within a years time.

Sun currently operates the offset J. A. Akens lease. This lease (as shown on Attachment 2) has 9 currently active wells and 1 TA'd well. The majority of production is from 5 recently drilled Hardy Drinkard wells.

To save the expense of building a separate battery and facilitate more efficient operations, Sun proposes to lay flowline from the N.M. "G" State No. 1 to the J. A. Akens battery. At the battery location a 4'x20' heater treater with a 1 bbl. liqua-meter dump pot would be set solely for production from the N.M. "G" State No. 1. A gas sales meter run to Phillips Pipeline would be set for gas volume determination. Daily oil production volumes from the N.M. "G" State No. 1 would be metered prior to being commingled with the current J. A. Akens oil production.

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N.M. "G" State / J.A. Akens
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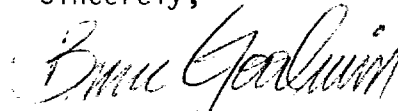
Current production from each well on the leases and the corresponding reservoir pool is listed below.

<u>Well No.</u>	<u>BOPD</u>	<u>BWPD</u>	<u>MCFPD</u>	<u>Reservoir Pool</u>
J.A. Akens 7	10	1	39	Blinebry
8	7	1	69	Blinebry
9	TA'd	---	---	Glorieta
10	2	4	28	Blinebry
11	3	1	46	Blinebry
12	55	0	830	Hardy Drinkard
13	29	7	610	Hardy Drinkard
14	46	3	404	Hardy Drinkard
15	50	93	480	Hardy Drinkard
16	125	188	253	Hardy Drinkard
N.M. "G" 1	54	6	55	Glorieta

Current commingled oil gravity at the J. A. Akens battery is 43.1° API @ 60° F. Gravity of the oil from the N.M. "G" State No. 1 is 48.2° API @ 60° F. Therefore, commingling of these fluids will not result in a loss of value of the combined production stream as compared to the sum of the values of each individual stream.

A schematic diagram of the subject lease's production battery and lease plat showing the two subject leases and wells are attached. If there are any questions, please contact me at (915) 688-0419.

Sincerely,



Bruce Goodwin
Production Engineer
Sun Exploration & Production Co.

BKG/ba

Attachments

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J.A. ARENS / N.M. "G" STATE
OIL HANDLING FACILITY
UNIT "S", SEC. 3, T-21-S, R-36-E

