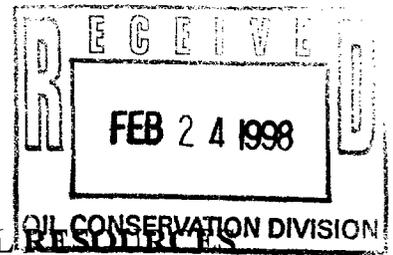


STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF SONAT EXPLORATION COMPANY FOR
BLANKET SURFACE COMMINGLING,
EDDY AND LEA COUNTIES, NEW MEXICO.

CASE NO. 11948

APPLICATION

SONAT EXPLORATION COMPANY ("Sonat"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division for blanket approval for blanket surface commingling of production from the Delaware formation, Poker Lake Delaware Pool, from certain federal leases located in Eddy and Lea Counties, New Mexico, and in support thereof states:

1. Sonat is the lessee of ten federal oil and gas leases and owns interest in and operates wells in the following described lands in Eddy and Lea Counties, New Mexico (hereinafter referred to as the "Project Area"):

Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico

- Section 1: Lots 1 & 3; SW/4 NW/4; SW/4 NE/4
NE/4 SW/4; NE/4 SE/4; SW/4 SW/4
SW/4 SE/4
- Section 8: NW/4 NW/4; SE/4 NW/4; NW/4 SW/4; SE/4 SW/4
- Section 9: E/2
- Section 10: NE/4 SW/4; NE/4; E/2 SE/4; SW/4 SE/4
- Section 11: E/2 SW/4; SW/4 SW/4; E/2
- Section 12: NW/4; NE/4 NE/4; SW/4 NE/4; NE/4 SE/4
SW/4 SE/4
- Section 15: W/2; E/2 E/2; SW/4 SE/4

Township 24 South, Range 32 East, NMPM, Lea County, New Mexico

Section 18: NW/4

containing 2,080 acres, more or less.

2. Sonat operates 14 wells within the Project Area which produce oil from the Brushy Canyon and Cherry Canyon members of the Delaware formation and is currently engaged in a development program whereby additional wells are being drilled to the Delaware formation within the Project Area.

3. Sonat seeks an exception to Oil Conservation Division General Rule 309 A to permit the blanket approval for surface commingling of production from the Delaware formation from all existing wells and all wells subsequently to be drilled in the Project Area described in paragraph 1 of this application. Sonat also seeks an exception to Division Rule 309 B (5) (b) and authority to allocate production to each well in the Project Area without the requirement that production from each well be metered separately.

4. Sonat also states:

- a. all production will be accurately allocated back to each well monthly by utilizing monthly well tests; and
- b. no problems with compatibility of any fluids will result from commingling;
- c. approval of this application will minimize cost of facilities and equipment thereby resulting in the increased recovery of hydrocarbons.

5. Granting this application will result in the most efficient production of hydrocarbons from the Project Area and will not impair the correlative rights of any interest owner in the Project Area.

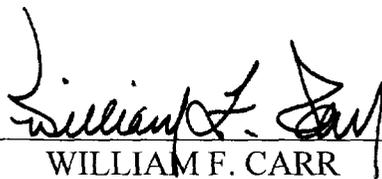
6. Notice of this application has been provided to all interest owners in the Project Area in accordance with Division Rule 1207.

7. Granting this application will be in the best interest of conservation and the prevention of waste.

WHEREFORE, Sonat Exploration Company requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on March 19, 1998 and that, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P. A.

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