



Roswell FIELD Office
Bureau of Land Management
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Roswell, New Mexico 88201
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FAX TRANSMISSION

Date 10/6/99

To James Bruce

Fax No. (505) 982 2151

Phone No. _____

No. of Pages 2
Attached _____

From Pete Chester (505) 627-0240

Remarks commingling for Maralo LLC

NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 5

CASE NO. _____



October 6, 1999

Bureau of Land Management
Attention: Pete Chester
2909 W. 2nd Street
Roswell, NM 88201

RE: Commingling Order CTB-480

Request for an Alternate Method of Gas Measurement on Oil Wells with Marginal/Low Volume Gas Production, Off Lease Gas Measurement and Surface Gas Commingling for the following Federal leases in the Corbin; Delaware, West Pool:

Corbin 13 A Federal (NM-53239 & NM-94197) Wells #1, #2 & #3, Uncle Sam 13 Federal (NM-0392867) Well #1, and West Corbin 13 Federal (NM-53239), Well #1
Lea County, New Mexico

Gentlemen:

The gas purchaser for the above Federal leases has informed us that they can no longer maintain the existing 5 individual meters, set at each of the above well sites, at the current gas price.

In an endeavor to maintain our current gas contract and price, Maralo, LLC proposes the withdrawal of the purchaser's 5 individual sales meters. There will be one sales meter at the battery and production will be allocated to each well based upon monthly GOR well testing. The allocation method is equitable to all parties and will not result in a reduction or loss of royalty. The Federal royalty rate is the same for all leases involved.

The applicant contends that such approval is necessary for further reasonable operation of the Federal leases. Based upon an average gas production of +/- 50 MCF/D for a combined total of the above low volume/marginal wells, this is an effort to extend the life of the wells by maintaining our current gas price and conserving resources that otherwise would be lost.

Enclosed please find the following:

- (1) A schematic diagram describing the proposed operation in detail.
- (2) New Mexico Gas-Oil Ratio Test dated March 2, 1999, detailing the test results from the contributing wells on the last scheduled annual production test.

Maralo, LLC / P.O. Box 832 / Midland, Texas 79702-0832 / (915) 684-7441
Fax (915) 684-8838

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This letter will serve as a statement that all interest owners have been notified of the proposal.

The New Mexico Oil Conservation Division is requested to amend Commingling Order CTB-480 to reflect the dissimilar gas production handling addressed herein.

Sincerely,



Dorothea Logan
Regulatory Analyst
Maralo, LLC

Enclosures: 2

cc: Working Interests (see attached list)
OCD/Hobbs, NM

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