

71M - 2846

(Com agree. No. RNM 136)

DEPT. OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20250

SUMMIT RESOURCES

P.O. Box 6092

Edmond, OK 73063-6092

405/341-7481

November 12, 1994

BLM - Roswell Resource Area
P.O. Drawer 1657
Roswell, NM 88202
Attn: Vic Coats

Re: Application for Offlease Sales
NM Fed Com 5 #1

660/94W 5-55-25E

Dear Mr. Coats:

Summit Resources received the attached violation 48 CFR 3162.7-3 on the subject well. This property was purchased in an auction 12/1/93 and has been commingled with two other wells also purchased in the auction. Summit Resources was not aware that this was in violation of any BLM regulations.

The subject well has a check meter on location that is used to allocate production from the common sales meter. The common sales meter is located on the McElvain St Com 6 #1 location. The legal location for this meter is 1140' FSL 690 FEL of Sec 6, T5S, R25E in Chavez County, New Mexico. The meter is Transwestern Pipeline Company meter station # 15990.

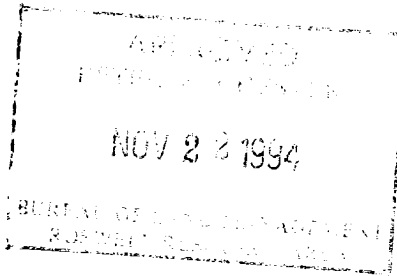
The NM Fed Com 5 #1 currently produces about 40 MCFD. The cost to lay an individual gas sales line to the nearest sales pipeline estimated to be 1 mile away, would be also prohibitive. In addition to the sales line cost, the cost to provide another gas and meter run would also be prohibitive.

Based on the above, it is requested that the BLM approve the offlease sales and measurement for gas produced from the NM Fed Com 5 #1. If you require any additional information, please give me a call at 405/341-7481.

Sincerely,

Kim D. Biggs

Kim D. Biggs



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BUREAU OF LAND MANAGEMENT
ROSWELL RESOURCE AREA

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C. D.
OFFICE