

J. M. HUBER CORPORATION

OIL AND GAS DIVISION • MID-CONTINENT DISTRICT
7120 I-40 WEST • SUITE 100 AMARILLO, TEXAS 79106

(806) 353-9837

August 12, 1993

State of New Mexico
Energy, Minerals, and Natural Resources Dept.
Oil Conservation Division
District I
P. O. Box 1980
Hobbs, NM 88240

Re: Commingle Request
 James O'Neill State Lease
 James O'Neill State Com Lease
 Morton Wolfcamp Field
 Lea County, New Mexico
 Operator: J. M. Huber Corporation

Gentlemen:

Request for Administrative Approval to Commingle Production

J. M. Huber Corporation requests administrative approval of an exception to Commission Rule 309-A in order to commingle oil and casinghead gas production from the subject leases. The two leases produce from a common field, but have a division of royalty interest owners. Huber is the operator and has a 100% working interest in both leases.

The casinghead gas purchaser, Warren Petroleum, informed Huber it is no longer economical for them to purchase approximately five MCFD of casinghead gas produced by the James O'Neill State Com Lease using a separate sales meter. Without gas sales, the James O'Neill State Com would be uneconomical and have to be shut-in, resulting in lost reserves for J. M. Huber Corporation, the Lessees, and the State of New Mexico.

Commingle Requirements Have Been Met

1. A plat of the leases, showing the wells and the formation completed in, is attached for your information.

2. A schematic diagram of the commingling facility is attached for your information.
3. Production from both leases comes from the same source of supply, the Morton Wolfcamp Field.
4. The hydrocarbon production from each lease shall be accurately measured and determined in accordance with the applicable provisions of the Division "Manual for the Installation and Operation of Commingled Facilities". The oil and gas volumes will be measured and allocated as follows:
 - a. Oil from the James O'Neill State Com No. 2 will continue to be gauged in a separate tank on a daily basis. There will be no common lines between the batteries for liquids.
 - b. Gas from the James O'Neill State Com No. 2 will be connected to the gas sales line for James O'Neill State, and gas production will be allocated based on periodic well tests. The proposed test interval of every three months should be sufficient for the subject well.
5. Attached are letters from all parties owning an interest in the leases and the purchaser consenting to the commingling of production.

If you require additional information, please contact Bill Horne.

Yours truly,

J. M. HUBER CORPORATION

A handwritten signature in cursive script, reading "Robert R. Glenn". To the right of the signature, the initials "R.R.G." are written in a smaller, more legible script.

Robert R. Glenn
District Production Manager

A small, handwritten mark consisting of the letters "WGH" in a stylized, cursive font.

WGH:gm
Attachments