

THE STORAGE AND MEASURING FACILITY IS LOCATED AT THE SW4/SE4 OF SEC. 23, T-22-S, R-32-E, ON LEASE NO. NM-81633, LEA COUNTY, NEW MEXICO. THE BLM WILL BE NOTIFIED IF THERE IS ANY FUTURE CHANGE IN THE FACILITY LOCATION.

DETAILS OF THE PROPOSED METHOD FOR ALLOCATING PRODUCTION TO CONTRIBUTING SOURCES IS AS FOLLOWS:

**WELL NO. 1 OIL AND GAS WILL BE METERED.
WELL NO. 2 OIL WILL BE METERED AND GAS WILL BE CALCULATED.**

EACH WELL HAS IT'S OWN 3-PHASE HEATER TREATER. BOTH TREATERS ARE EQUIPPED WITH HALLIBURTON'S TURBINE FLOW METERS ON THE OIL DUMPS AND WATER DUMPS TO CONTINUOUSLY MEASURE THE OIL AND WATER VOLUMES FOR EACH WELL. WELL NO. 1 IS ALSO EQUIPPED WITH AN ORIFICE TEST METER TO MEASURE THE GAS VOLUMES. WELL NO. 2 GAS VOLUME WILL BE CALCULATED BY SUBTRACTING THE VOLUME FOR WELL NO. 1 FROM THE TOTAL LEASE SALES VOLUME.

THE WORKING INTEREST OWNERS HAVE BEEN NOTIFIED OF THE PROPOSAL.

THE PROPOSED COMMINGLING OF PRODUCTION IS IN THE INTEREST OF CONSERVATION AND WILL NOT RESULT IN REDUCED ROYALTY OR IMPROPER MEASUREMENT OF PRODUCTION.

THE PROPOSED COMMINGLING IS NECESSARY FOR CONTINUED OPERATION OF THE ABOVE REFERENCED FEDERAL LEASE.

WE UNDERSTAND THAT THE REQUESTED APPROVAL WILL NOT CONSTITUTE THE GRANTING OF ANY RIGHT-OF WAY OR CONSTRUCTION RIGHTS NOT GRANTED BY THE LEASE INSTRUMENT. AND, WE WILL SUBMIT WITHIN 30 DAYS AN APPLICATION FOR RIGHT OF WAY APPROVAL TO THE BLM'S REALTY SECTION IN YOUR OFFICE IF WE HAVE NOT ALREADY DONE SO..

SIGNATURE: Maria L. Perez
NAME: MARIA L. PEREZ
TITLE: PRODUCTION ASST.
DATE: 9-2-93

RECEIVED

1983

OFFICE