



GARREY CARRUTHERS
GOVERNOR

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

June 15, 1989

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Exxon Corporation
Box 1600
Midland, TX 79702

Attn: Steve Johnson

Re: N.G. Penrose #1-B Sec. 13, T22S, R37E
N.G. Penrose #2-H Sec. 13, T22S, R37E
N.G. Penrose #4-A Sec. 13, T22S, R37E

Gentlemen:

Since your N.G. Penrose #4-A has been completed in the Tubb zone and shares the 160 acre proration unit with #1-B and #2-H, please submit revised acreage dedication plats for #1 & #2 showing all three wells on the 160-acre proration unit.

Also, it appears that Warren Petroleum, your gas transporter, is not breaking down the production for the Tubb Prorated Gas. You will note from the copy of the gas proration schedule no production is being picked up for the Tubb for #1 and #2. Also attached is a copy of Warren's C-111 which shows a volume of 18,113 for N.G. Penrose 1-B and the best I can tell this is probably the total gas from the N.G. Penrose commingled battery since I did not find any other listing for this lease on their report.

We have a copy of your letter to Warren dated November 22, 1988, advising that they must report Tubb prorated gas separately on their C-111 for the #1 & #2 wells but apparently this is not being done.

Now that the #4 well has been completed in the Tubb and shares the 160-acre proration unit #1 and #2 you and Warren must work out a system to get the Tubb production reported separately by Warren so it can be picked up for gas proration purposes.

Very truly

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

cc: Warren Petroleum, Attn: Don Vollentine
Box 67, Monument, NM 88265