COLLINS & WARE, INC.

508 WEST WALL AVENUE, SUITE 1200 MIDLAND, TEXAS 79701-5076

(915) 687-3435

February 13, 1998

Ben Stone State of New Mexico Oil Conservation Division 2040 S. Pacheco Street Santa Fe, New Mexico 87505-5472

Sec 10 TWN 222 11:6 37

Re: Surface Commingling A. B. Baker Lease ID No. 19149 Lea County, New Mexico

Dear Mr. Stone:

Collins & Ware, Inc. respectfully requests an exception to Rule 303A "Segregation Of Production From Pools". Under Rule 303B, we request an administrative approval to Surface Commingle the A. B. Baker Lease, Wells Nos. 3, 4, 5, and 6.

This request pertains to an existing lease which was purchased by Collins & Ware, Inc. from Amerada Hess Corp. in July, 1996. At the time of purchase, the storage facility was accepting commingled production from the Drinkard, Tubb, and Blinebry pools and a surface commingling approval should have been in place. Unfortunately, I am unable to find where approval was granted. Therefore, I am submitting this request in order to comply with rule 303B.

After assuming operations, Collins & Ware, Inc. began remedial work that included plugging back the A. B. Baker No. 4 to the Blinebry O&G Pro Gas pool (it was downhole commingled with the Drinkard), and drilling the A. B. Baker No. 5 to the Wantz Abo and Wantz Granite Wash (Downhole commingled) and the A. B. Baker No. 6 to the Wantz Abo. The end result, as seen on the enclosed table, reflects current production from the Blinebry, Wantz Abo, Wants Granite Wash, Tubb and Drinkard. I would like to have a surface commingling approval for each of these pools; Blinebry, Wantz Abo, Wantz Granite Wash, Tubb, and Drinkard.

The production from each well is currently being measured monthly by a port-a-check. This test is being performed at the wellhead by the pumper, and the results of the latest test are listed within the attached table. None of the productive pools produce enough oil and gas to make it economical to segregate production from any pool and sell separately.

An oil analysis was taken, copy attached, which indicates the oil gravity of each well along with the sulfur content. The oil from each pool is slightly sour with an average gravity of 41°. The price basis would remain the same whether the oil was sold separately or commingled.

The ownership throughout this lease is common with Collins & Ware, Inc. owning 100% working interest.

- Page 2 -A. B. Baker Lease Surface Commingle Application

A schematic of the storage facility area and a plat showing the location of the well in relation to the storage facility is attached for your reference.

Again, please review this information regarding our request for an exception to Rule 303A, and if you have any questions or need any additional information, please do not hesitate to give me a call.

Sincerely,

Dianne Sumrall Production Administrator

ds enclosures cc: Hobbs NMOCD

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	CIDDENT	CURRENT	OIL TEST	BOPD			0.0	4.2		C (0.0 		00	0.7		2.0
	COMMINGED	_	GRAVITY AT	TANK BATTERY			40.9	0:0.					40 9			40.9
	OIL SAMPLE		GRAVITY	AT WELLHEAD			41.4			34.5			40.7			44.6
	PRODUCTIVE	1010					ON	٥N		Yes			Yes	Yes		Yes
	STATUS					Down Holo	alou IIMon	Commingled		Single Completion				Commingled		single completion
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WELL NAME		AND NUMBER			Dokor A D 40	DAKEL, A. D. #3	Raker A B #2	Canci, 7. U. #3	Baker A R #4			Baker, A. B. #5	Raker A R #5		Baker, A. B. #6	

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CAPROCK LABORATORIES, INC. 3312 BANKHEAD HIGHWAY MIDLAND, TEXAS 79701 (915) 689-7252

COMPANY: SAMPLE ID:	Collins & Ware As Noted	JOB NUMBER: DATE RECEIVED: DATE REPORTED: REPORTED TO:	9708086 Aug. 21, 1997 Aug. 22, 1997 David Chiles
			burid offices

SUMMARY OF CRUDE OIL ANALYSIS

SAMPLE IDENTIFICATION	LAB NUMBER	GRAVITY, API @ 60 F	WEIGHT % SULFUR
Gill Deep #1	08086-1	Insufficient	Sample
Gill Deep #3 (wellhead)	08086-2	34.7	0.4749
Gill Deep #4 (wellhead)	08086-3	34.5	0.9562
A B Baker #3 (separator)	08086-4	41.4	0.1883
A B Baker #4 (separator)	08086-5	34.5	0.4072
A B Baker #5 (separator)	08086-6	40.7	0.2070
A B Baker #6 (separator)	08086-7	44.6	0.1650
J G Hare #1 (wellhead)	08086-8	35.2	0.7975
J G Hare #4 (wellhead)	08086-9	35.4	1.0795
J G Hare #5 (wellhead)	08086-10	35.7	1.0438
J G Hare #6 (wellhead)	08086-11	36.5	0.6913
J G Hare #7 (wellhead)	08086-12	36.7	0.9735

Method: ASTM D4294, ASTM D287 Sample: Un-filtered Crude Oil

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Analyst: Pritchard, Lab Manager James L.



1 104 -

IL D. DIREN

PO Box 1980, Hobbs, NM 88241-1980

District # Pd Drower DD, Artesia, NM 88211-0719

2 District III 1000 Rio Brosos Rd. , Azlec, NN 87410

District IV PO Sox 2088, Sonto Fe, NM 87504-2088

stare of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

Sonta Fe, NM 87504-2088

Form C-10 Revised February 10, 1994 Submit to Appropriate District Other Submit to Appropriate District Other State Lease - 4 Copie Fee Lease - 3 Copie

AMENDED REPORT

A-0733

File No.

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