



Arch Petroleum Inc.

September 19, 1989

New Mexico Oil Conservation Division
Mr. William J. Lemay, Director
Post Office Box 2088
Santa Fe, New Mexico 87504

RE: Exception to Rule 303A
Section 34 & 35
T23S, R37E,
Lea County, New Mexico

Dear Sir:

Arch Petroleum Inc. is requesting approval of an exception to Rule 303A to permit the commingling of production from different formations into a common tank battery facility.

The E. C. Hill "D" Federal wells No. 3, 4, and 5 produce from the Devonian formation at approximately 7150-7250'. The three wells produce approximately 40 BO and 20 BW per day. Well No. 1 has been plugged back to the Abo formation at 6638-6714'. This zone is currently producing 14 BO and 14.7 BW per day. Temporary approval of surface commingling was approved by Mr. Shannon Shaw of the BLM and Mr. Jerry Sexton of your District I office in Hobbs (see attached letter) on August 23, 1989.

The common tank battery for the requested commingling approval is located at Unit A, Section 34, T23S, R37E. The wells are located as follows and are indicated on the attached plat.

Well No. 1, Unit H, Section 34, T23S, R37E
Well No. 3, Unit D, Section 35, T23S, R37E
Well No. 4, Unit A, Section 34, T23S, R37E
Well No. 5, Unit E, Section 35, T23S, R37E

Production allocation for the Hill "D" No. 1 Abo well, after commingling, will be based on a regularly scheduled well test using a portable tester. This tester will gauge daily production of oil, water and gas.

The gravities of the two crude oils are 36.6 degrees API and 38.8 degrees API for the Abo and Devonian respectively. Both gravities have been corrected to 60 degrees F. The expected gravity of the commingled oil is 38.2 degrees API.