

30 days



Arch Petroleum Inc.

August 21, 1989

New Mexico Oil Conservation Division
Mr. Jerry Sexton
Post Office Box 1980
Hobbs, New Mexico 88241

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

Dear Sir:

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

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 70 BO and 28 BW per day. Well No. 1 has been plugged back to the Abo formation at 6638-6714'. This zone is currently flowing to clean up and test.

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 Abo well, after commingling, will be based on a regularly scheduled well test using a portable tester, or will be metered, if necessary and possible.

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 38.7 degrees API.

The commingling of the production will not change the actual commercial value of the individual products.