

DATE IN 9/14/07	SUSPENSE	ENGINEER W. Jones	LOGGED IN 9/17/07	TYPE PC	APP NO. TD50726039681
-----------------	----------	-------------------	-------------------	---------	-----------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication**
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement**
☐ DHC ☐ CTB ☐ PLC ☒ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery**
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____**

RECEIVED
 2007 SEP 14 PM 12:51

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners**
- [B] ☐ Offset Operators, Leaseholders or Surface Owner**
- [C] ☐ Application is One Which Requires Published Legal Notice**
- [D] ☒ Notification and/or Concurrent Approval by BLM or SLO**
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,**
- [F] ☐ Waivers are Attached**

Identical Ownership

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Celeste G. Dale Celeste G. Dale Regulatory Specialist 9/17/07
 Print or Type Name Signature Title Date

Celeste.g.dale@conacrophillips.com
 e-mail Address

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OM B No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
ConocoPhillips Company3a. Address
P. O. Box 51810 Midland TX 79710-18103b. Phone No. (include area code)
(432) 688-6884

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Multiple Locations
Section 27, T-21-S, R-37-E

5. Lease Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Lockhart A 27

9. API Well No.

10. Field and Pool, or Exploratory Area

Penrose Skelly; Grayburg/Blaine-Tubb-L

11. County or Parish, State

Lea
New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Surface
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Commingled
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

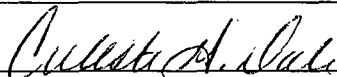
Request for approval to surface commingle Penrose Skelly; Grayburg production with the existing commingled Blaine-Tubb, Drinkard, Wantz-Abo, and Paddock production from the same lease. Supporting documentation is attached.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Celeste G. Dale

Title Regulatory Specialist

Signature



Date 09/12/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Date

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)



ConocoPhillips Company
3300 N. A Street, Bldg. 6
Midland, Texas 79705

EXPLORATION & PRODUCTION
Mid-Continent Business Unit

August 21, 2007

New Mexico Oil Conservation Division
Attn: Engineering Bureau
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: Request for Administrative Amendment Of
Commingle Oder PC-256 To Authorize The Surface
Commingle Of Penrose Skelly Grayburg Production
From the Lockhart A27 Lease With The Currently
Approved Commingled Blinebry, Tubb, Drinkard,
Wantz-Abo, and Paddock Production From The Same
Lease.

To Whom It May Concern:

ConocoPhillips respectfully request administrative approval to surface commingle Penrose Skelly Grayburg from its Lockhart A27 Lease (N/2, Sec. 27, T-21S, R-37E) with the Blinebry, Tubb, Drinkard, Wantz-Abo, and Paddock production from this lease, which is already approved for commingling by Commingling Oder PC-256.

1. Attached is a copy of the amended Commingling Order PC-256 which approved the commingling of Blinebry, Tubb, Drinkard, Wantz-Abo, and Paddock production from the Lockhart A-27 Lease. Production from all of these formations is currently marginal and production is allocated by well test for these five pools. Production from the Penrose Skelly Grayburg is expected to be marginal and it is requested that its commingled production be approved for allocation by well test.
2. Also attached is a table which identifies all of the wells on this lease and the pools from which each well is producing. Well No. 3 and No. 8 in the Lockhart Lease have been approved to re-complete into the Penrose Skelly Grayburg Pool. In order to minimize operation cost for the interest owners and to maximize Penrose Skelly Grayburg oil recovery from this lease the Penrose Skelly Grayburg Pool production needs to be stored in the existing battery for this lease.
3. A Certification of Working Interest ownership and Notice.
4. A table of Lockhart A-27 Battery recent production volumes and gravities with the expected production volume and gravity from the Penrose Skelly Grayburg Pool is included in this application. The expected oil gravity of Penrose Skelly Grayburg production is 33 API as determined from offset operator's well. The existing Lockhart A-27 Battery has commingled oil gravity of 37.7 API.
5. Also included in this table are the gravities and calculated values of (a) currently commingled production, (b) Penrose Skelly Grayburg expected production alone, and (c) all six formations commingled. Notice that the combined oil gravity should change no more than 4.7 degree API and the value is the same based on sale of sour crude is deemed 40 API gravity.

6. A schematic diagram of the Lockhart A-27 Lease Battery in addition to a lease plat is also enclosed with this application.

Since this is a Federal lease, a copy of this application and its attachments will also be submitted to the United States Bureau of Land Management for approval.

Sincerely,



Celeste G. Dale
Regulatory Specialist
Mid-Continent Business Unit

Cc: Bureau of Land Management
Pecos District
Attn: J. Amos
620 East Greene Street
Carlsbad, NM 88220



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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



POST OFFICE BOX 2089
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

AMENDED COMMINGLING ORDER PC-256

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500

Attention: Jerry W. Hoover

LEASE NAME: Lockhart A-27 Lease
DESCRIPTION: N/2 of Section 27, Township 21 South, Range 37 East, NMPM,
Lea County, New Mexico.

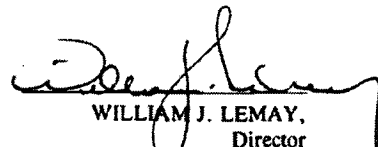
The above-named company is hereby authorized to commingle Blinebry, Tubb, Drinkard, Wantz-Abo and Paddock Pool production in a common tank battery and to determine the production from each pool by separately metering the Paddock Pool production from the Lockhart A-27 Well No. 14 prior to commingling, and to determine the remaining pool production by well tests. (If this method is to be authorized, all commingled production must be of marginal nature; further, the operator shall notify the Santa Fe office of the Division in the event any well in the commingled battery becomes capable of top allowable production, at which time the Division will amend this order or take such other action as may be appropriate.)

FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: This amendment requires that Paddock Pool production from the Lockhart A-27 Well No. 14 be separately metered due to diversity in ownership.

DONE at Santa Fe, New Mexico, on this 22nd day of February, 1994.


WILLIAM J. LEMAY,
Director

cc: Oil Conservation Division - Hobbs
Oil Conservation Division - Data Processing

*See Landman's
new note
on THIS*

[illegible]

PROOF OF NOTICE
Lockhart A-27 Lease, LEA CO., NM

I hereby certify that a complete copy of this application was sent by certified mail to the below listed parties on September 12, 2007.

Signed: _____

Name: Celeste G. Dale

Title: Regulatory Specialist

Date: 09/12/2007

WORKING INTEREST OWNERS

ConocoPhillips Company
3300 N. "A" St., Bldg. 6
Midland, TX 79705-5490

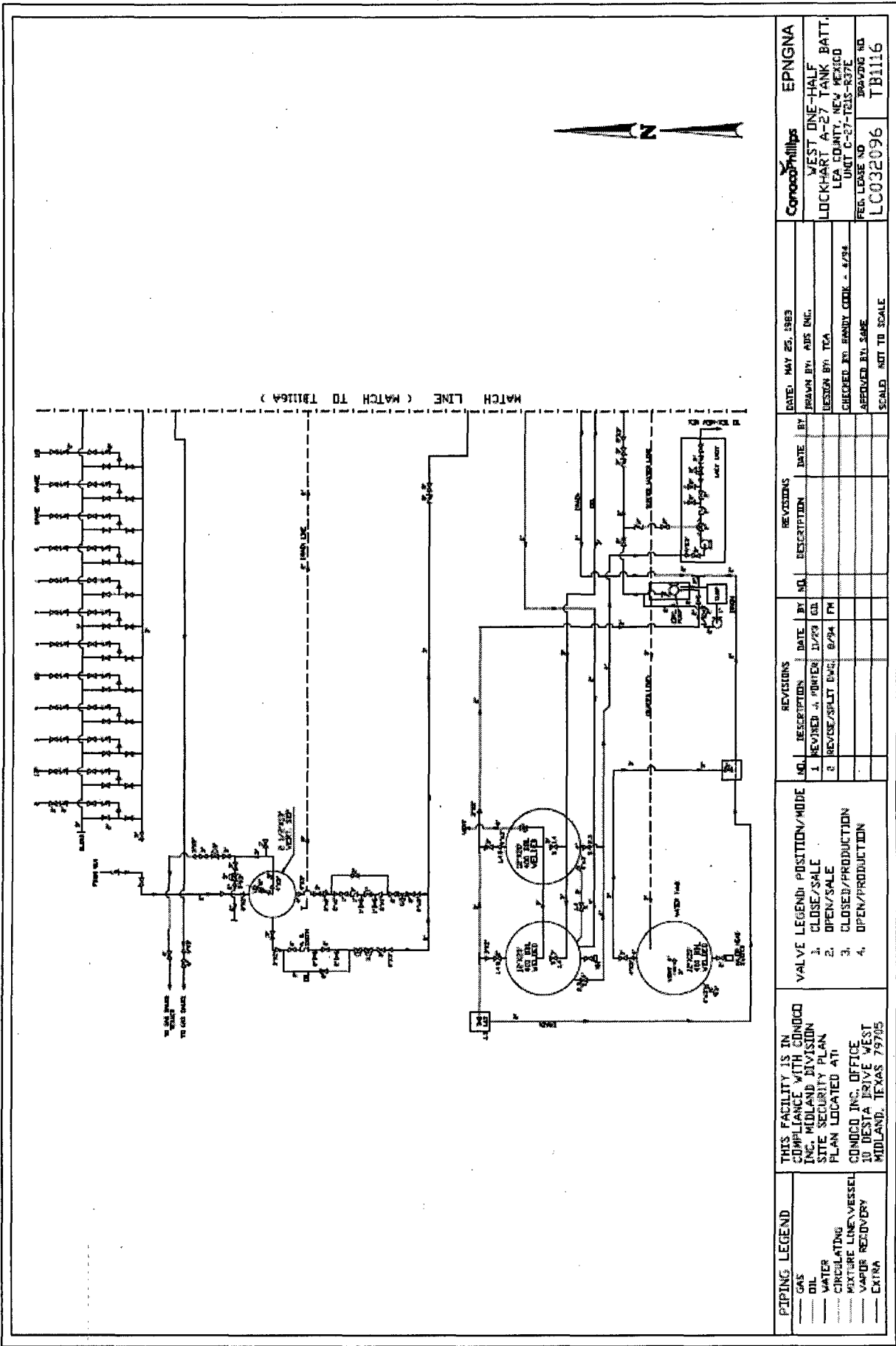
Apache Corporation
Attn: Partner Operations
2000 Post Oak Blvd., Ste. 100
Houston, TX 77056-4400

Chevron, USA Inc.
Attn: Partner Operations
P. O. Box 36366
Houston, TX 77236

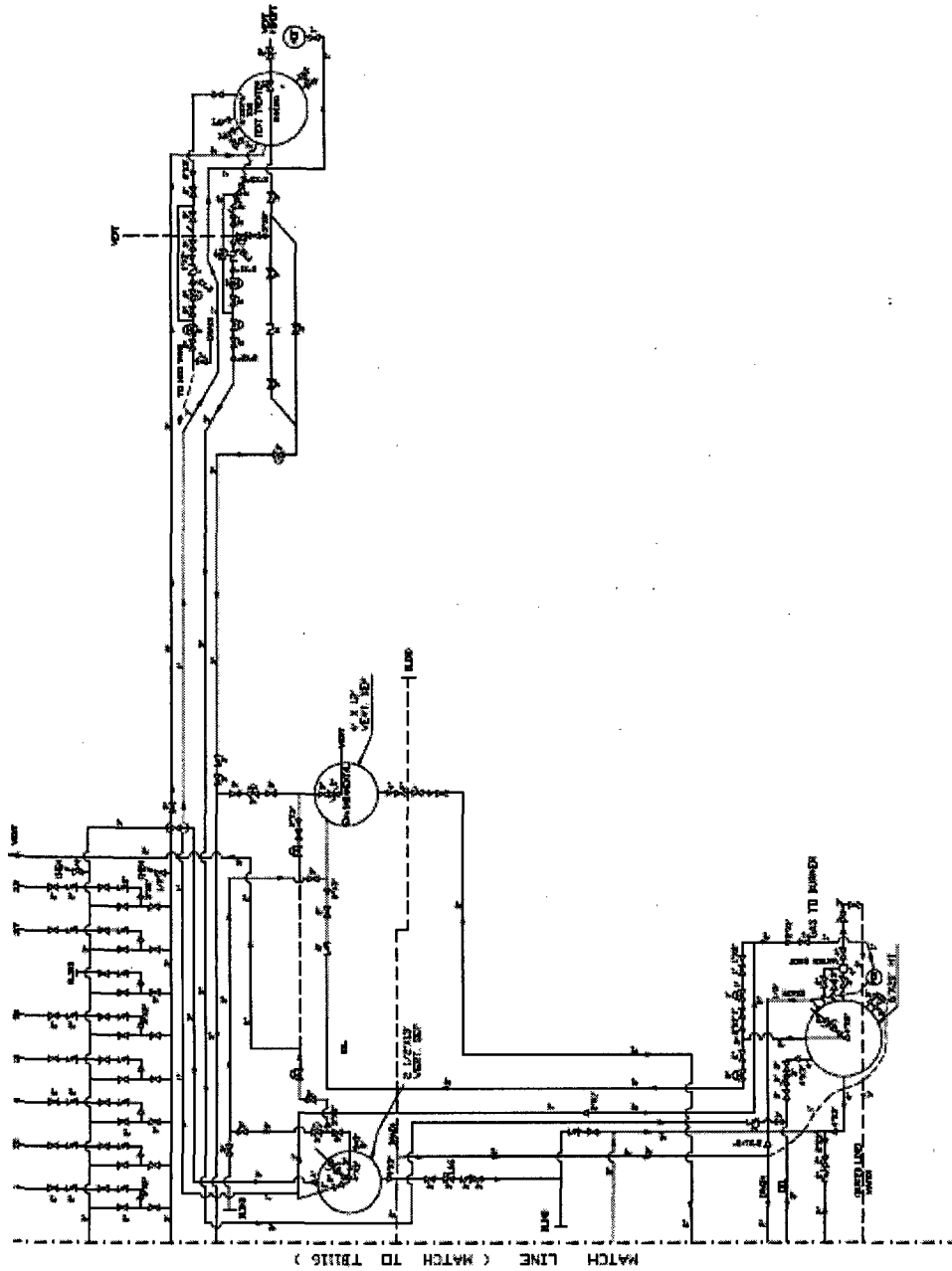
Lockhart A-27 Lease**Application To Surface Commingle**

Pool	BOPD	API Gravity	MSCFD	BWPD	Comments
Currently Commingled Battery - (Blinbry, Tubb, Drinkard, Wantz- Abo, Paddock)	37.3	37.7	758	112	
Lockhart #3 Penrose Skelly Grayburg recompletions	35	33	100	100	Gravity determined from offset lease, Eunice King #8, in same pool.
Lockhart #8 Penrose Skelly Grayburg recompletions	35	33	100	100	Gravity determined from offset lease, Eunice King #8, in same pool.
	107.3	35.2	958	312	

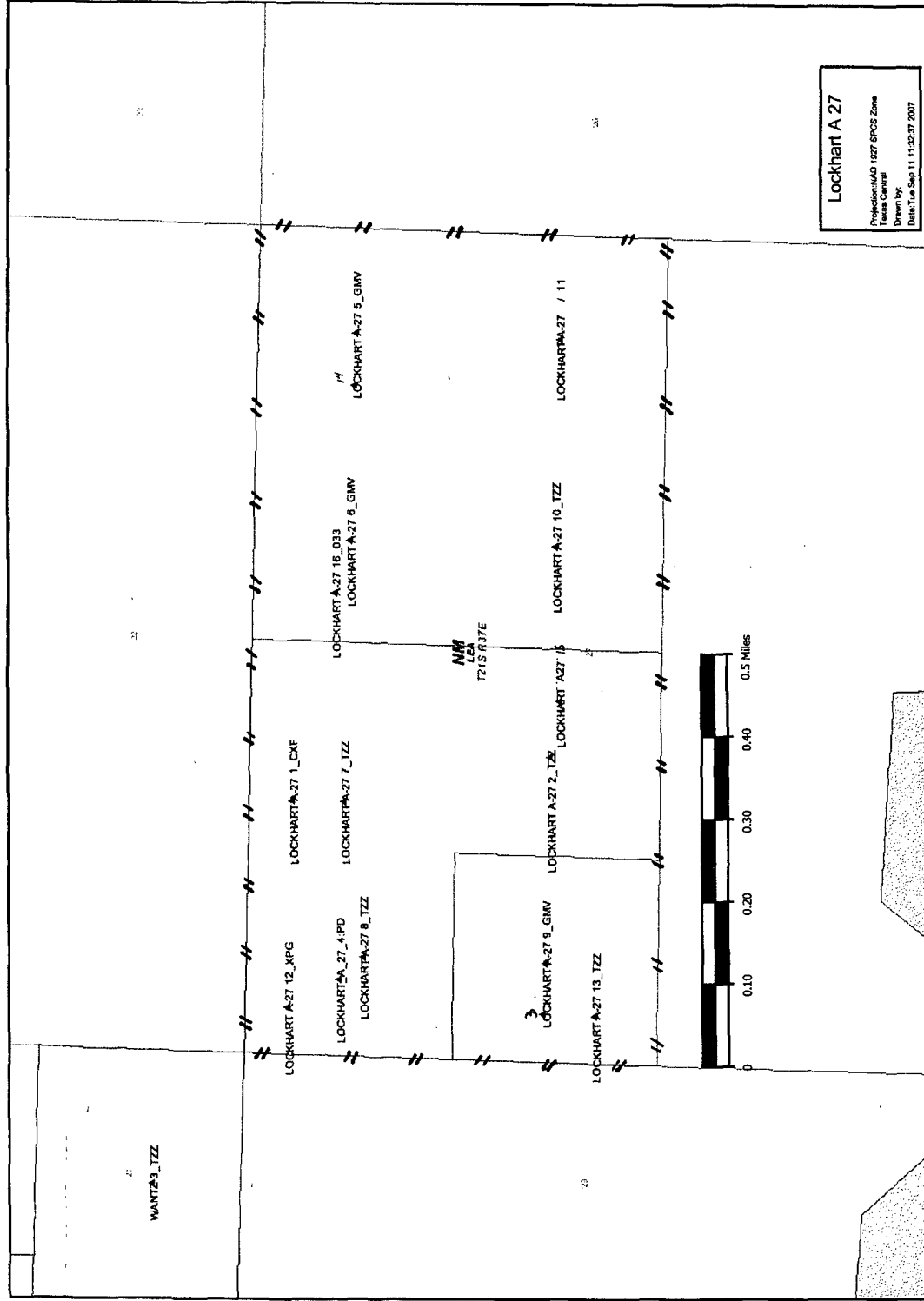
Production Revenues				
Pool	BOPD	API Gravity	\$ Value/BO*	Revenue/Day
Currently Commingled Battery - (Blinbry, Tubb, Drinkard, Wantz- Abo, Paddock)	37.3	37.7	58.97	2199.581
Lockhart #3 Penrose Skelly Grayburg recompletions	35	33	58.97	2063.95
Lockhart #8 Penrose Skelly Grayburg recompletions	35	33	58.97	2063.95
	107.3	35.2	58.97	6327.481
* Value/BO is paid on sour crude price deemed API 40 gravity.				



PIPING LEGEND — GAS — OIL — WATER — CIRCULATING — MIXTURE LINE/VESSEL — VAPOR RECOVERY — EXTRA	THIS FACILITY IS IN COMPLIANCE WITH CONOCO INC. MIDLAND DIVISION SITE SECURITY PLAN. PLAN LOCATED AT: CONOCO INC. OFFICE 10 DESTA DRIVE WEST MIDLAND, TEXAS 79705		VALVE LEGEND: POSITION/MODE 1. CLOSE/SALE 2. OPEN/SALE 3. CLOSED/PRODUCTION 4. OPEN/PRODUCTION	<table> <tr> <th>NO.</th><th>DESCRIPTION</th><th>DATE</th><th>BY</th><th>NO.</th><th>DESCRIPTION</th><th>DATE</th><th>BY</th></tr> <tr> <td>1</td><td>REVISED 4. PORTER</td><td>11/79</td><td>COL</td><td></td><td></td><td></td><td></td></tr> <tr> <td>2</td><td>REVISED/SPLIT Dwg</td><td>8/94</td><td>FM</td><td></td><td></td><td></td><td></td></tr> </table>		NO.	DESCRIPTION	DATE	BY	NO.	DESCRIPTION	DATE	BY	1	REVISED 4. PORTER	11/79	COL					2	REVISED/SPLIT Dwg	8/94	FM					DATED: MAY 25, 1983 DRAWN BY: ADS INC. DESIGN BY: TCA CHECKED BY: RANDY COOK - 4/94 APPROVED BY: SAME SCALE: NOT TO SCALE	CONOCO Phillips WEST ONE-HALF LOCKHART A-27 TANK BATT. LEA COUNTY, NEW MEXICO UNIT C-27-TB1116-K37E FED. LEASE NO. LC032096 DRAWING NO. TB1116
NO.	DESCRIPTION	DATE	BY	NO.	DESCRIPTION	DATE	BY																								
1	REVISED 4. PORTER	11/79	COL																												
2	REVISED/SPLIT Dwg	8/94	FM																												



PIPING LEGEND		THIS FACILITY IS IN COMPLIANCE WITH CONOCO INC. MIDLAND DIVISION SITE SECURITY PLAN. PLAN LOCATED AT:		VALVE LEGEND: POSITION/MODE		REVISIONS				REVISIONS				DATE: MAY 25, 1983		CONOCO Phillips		EPNGNA	
—	GAS			1. CLOSE/SALE 2. OPEN/SALE 3. CLOSED/PRODUCTION 4. OPEN/PRODUCTION		NO. DESCRIPTION DATE BY NO. DESCRIPTION DATE BY		1. REVISED J. PORTER 11/23 GD 2. ADD TEST TREAT 8/94 PH						DRAWN BY: AHS INC. DESIGN BY: JCA CHECKED BY: SAME APPROVED BY: SAME SEAL: NOT TO SCALE		EAST ONE-HALF LOCKHART A-27 TANK BATT. LEA COUNTY, NEW MEXICO UNIT C-27-T21S-R37E FED. LEASE NO. LC032096 DRAWING NO. TB1116A			





Mid-America - Permian Basin
P. O. Box 2197
Houston, TX 77252-2197
Tel: 832-486-2000
Fax: 832-486-6446

October 31, 2007

RE: Surface Commingling Application
Lockhart A-27 Wells
Serial No.: LC-032096-A
ConocoPhillips Lease No: 018643
Lea County, New Mexico

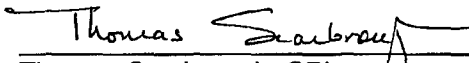
According to Commingling Order PC-256, amended January 25, 1994, the Lockhart A-27 #14 (Paddock) is identified as having a diversity in ownership. In 1993, one of the working interest owners had elected to go non-consent in the recompletion of this well which created an interest formula that was not common with the other wells and pools on the lease.

Since this time, the well has paid out effective March 31, 1997, as noted on the attached internal memo dated September 2, 1997 in which a request for transfer of master file was made. As a result of this, the ownership reverted back to after payout status which is consistent with the other wells and pools on the lease.

As previously certified by ConocoPhillips on August 27, 2007, the Lockhart A-27 wells are located on lease LC-032096-A, the N/2 of Section 27, T21S, R37E, covering all depths. The ownership for the working interest owners is consistent for all depths and is noted below:

<u>Working Interest Owner</u>	<u>Working Interest</u>	<u>Net Revenue Interest</u>	<u>Federal Royalty Interest</u>	<u>Other Burdens</u>
ConocoPhillips Company	50%	40.30%	12.5%	7.50%
Chevron USA Inc.	25%	20.15%	12.5%	7.50%
Apache	25%	20.15%	12.5%	7.50%

I certify that the above information is true and correct.


Thomas Scarbrough, CPL
Staff Landman
ConocoPhillips Company
August 27, 2007

Microsoft Mail v3.0 IPM.Microsoft Mail.Note
From: Saunders, Lori (Legacy)
To: Gates, Deana (Legacy)
Subject: FW: REQUEST FOR TRANSFER OF MASTER FILE
Date: 1997-09-02 08:28
Priority:
Message ID: 3AAEE788
Parent message ID: 49C78CDA
Conversation ID: 49C78CDA

From: Brewer, Diana K.
To: Wohletz, Judy L.
Cc: Fields, Eddie L.; Lewis, Barbara J.; Reyes, Ed M.; Saunders, Lori
(Legacy); Yarbrough, Ceal O.; McGowan, Debbie K; Brewer, Diana K.; Frost, N
Lexyle; Lay, Phyllis A.; Waltrip, Marc E.; Will, Brenda K.
Subject: REQUEST FOR TRANSFER OF MASTER FILE
Date: Thursday, August 28, 1997 02:12PM

Division: Midland Lease Name: Lockhart A-27

FROM TO

Field	QMB (NMFU)	QMB (NMFU)
Lease Code	6812948	6812945
Well Number	14	14
Pool Code	TZZ	TZZ
Pool Name	Paddock	Paddock

Effective Date of Change 0497

Explanation or other applicable notes: Well paid out effective 03-31-97.

Please be sure Production Data Base and Gas Accounting section receives a copy as soon as information is available. This information will not be processed unless all fields are filled in including explanation.

Diana Brewer
Sr. Oil & Gas Assistant

Jones, William V., EMNRD

From: Dale, Celeste G [Celeste.G.Dale@conocophillips.com]
Sent: Thursday, November 01, 2007 8:55 AM
To: Jones, William V., EMNRD
Subject: FW: Pool Commingling Application on behalf of COP: Lockhart A27
Importance: High
Attachments: Dimiterchik, Betty B..vcf; LOCKHART A-27 #14 - Ownership Certification_20071031163327_001.PDF

Here's the Land info....

Celeste G. Dale
Regulatory Specialist
ConocoPhillips Company
Mid-Continent Business Unit,
3300 N. "A" St., Bldg. 6 #133
Midland, TX 79705-5490
432-688-6884
Fax 432-688-6019

From: Dimiterchik, Betty B.
Sent: Wednesday, October 31, 2007 4:40 PM
To: Perez, Martin E; Dale, Celeste G; Johansen, Larry D.
Cc: Scarbrough, Thomas J.
Subject: RE: Pool Commingling Application on behalf of COP: Lockhart A27
Importance: High

Attached is certification from Land that the ownership is consistent for the subject lease and for all depths. As noted on the certification, the #14 had been non-consented by one of the parties in 1993; however, the well paid out in 1997. Therefore, the ownership is currently the same throughout the lease.

Let me know if you have any questions.

Betty Dimiterchik
Sr. Land Analyst
Permian Basin
Bus: 832-486-2339
Fax: 832-486-6446

From: Perez, Martin E
Sent: Wednesday, October 31, 2007 10:09 AM
To: Scarbrough, Thomas J.
Cc: Dale, Celeste G; Johansen, Larry D.; Dimiterchik, Betty B.
Subject: RE: Pool Commingling Application on behalf of COP: Lockhart A27

11/1/2007

Tom,

Did you complete this review. Can you send some official document so Celeste can submit?

Thanks,
Martin

From: Scarbrough, Thomas J.
Sent: Thursday, October 25, 2007 1:29 PM
To: Perez, Martin E; Dimiterchik, Betty B.
Cc: Dale, Celeste G; Lowder, Jack T
Subject: RE: Pool Commingling Application on behalf of COP: Lockhart A27

Land is reviewing this today. Our records show the ownership as uniform, however, we will double check!

Tom Scarbrough, CPL
Staff Landman
ConocoPhillips Company
600 N. Dairy Ashford, 3WL-14066
Houston, Texas 77079
Phone: 832-486-2338
Fax: 832-486-2674
Tom.Scarbrough@ConocoPhillips.Com

From: Perez, Martin E
Sent: Thursday, October 25, 2007 1:23 PM
To: Scarbrough, Thomas J.; Dimiterchik, Betty B.
Cc: Dale, Celeste G; Lowder, Jack T
Subject: FW: Pool Commingling Application on behalf of COP: Lockhart A27

Tom,

Do you have any news on this?

Thanks,
Martin

From: Johansen, Larry D.
Sent: Thursday, October 25, 2007 10:09 AM
To: Perez, Martin E
Subject: FW: Pool Commingling Application on behalf of COP: Lockhart A27

From: Johansen, Larry D.
Sent: Tuesday, October 23, 2007 1:18 PM
To: Scarbrough, Thomas J. (Tom.Scarbrough@conocophillips.com)
Cc: Dimiterchik, Betty B. (Betty.A.Dimiterchik@conocophillips.com)
Subject: FW: Pool Commingling Application on behalf of COP: Lockhart A27

11/1/2007

FYI

From: Dale, Celeste G
Sent: Tuesday, October 23, 2007 10:45 AM
To: Johansen, Larry D.
Subject: RE: Pool Commingling Application on behalf of COP: Lockhart A27

I haven't rec'd. any word from Tom yet in order to re-submit...

Celeste G. Dale
Regulatory Specialist
ConocoPhillips Company
Mid-Continent Business Unit,
3300 N. "A" St., Bldg. 6 #133
Midland, TX 79705-5490
432-688-6884
Fax 432-688-6019

From: Johansen, Larry D.
Sent: Tuesday, October 23, 2007 9:37 AM
To: Dale, Celeste G
Subject: RE: Pool Commingling Application on behalf of COP: Lockhart A27

Has there been any response from OCD yet?

Larry

From: Dale, Celeste G
Sent: Wednesday, October 10, 2007 7:36 AM
To: Scarbrough, Thomas J.; Johansen, Larry D.
Subject: FW: Pool Commingling Application on behalf of COP: Lockhart A27

Tom,
Per the following note (referencing the link to the Statewide Rule) from the OCD regarding our Surface Commingling Application on the Lockhart; please provide answers to their questions & provide (another) certification, as applicable.
http://www.emnrd.state.nm.us/oed/documents/RULEBOOK07-02-14_001.DOC#_19.15.5.303_SEGREGATION_OF

Larry,

Per the following note; please send a writeup showing any tests or production available on each well completed in the Penrose Skelly; Grayburg Pool.

Many thanks,

Celeste

11/1/2007

Celeste G. Dale
Regulatory Specialist
ConocoPhillips Company
Mid-Continent Business Unit,
3300 N. "A" St., Bldg. 6 #133
Midland, TX 79705-5490
432-688-6884
Fax 432-688-6019

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Tuesday, October 09, 2007 7:15 PM
To: Dale, Celeste G
Cc: Ezeanyim, Richard, EMNRD
Subject: Pool Commingling Application on behalf of COP: Lockhart A27

Hello Celeste:

Your landman gave a splitout of WI ownership for this lease and that ownership is uniform by depth. Please read the definition of "identical ownership" in Division Rule 303 and show that to your landman and ask if this meets that definition - and have him sign something stating this is true. The Order PC-256 mentions the Lockhart A-27 #14 (Paddock) production is different than the bulk of the other production - this shows other interests may exist or did exist in this lease? Are the "Other Burdens" for each WI owner the same people in the same amounts?

If this is not identical ownership, then "well tests" will not be an option unless you go to hearing and get it approved there as another exception to Rule 303. Also, if interests are not identical, these must be noticed and we will need a list of all parties noticed and when they were noticed.

Also, please send a writeup showing any tests or production available on each well completed in the Penrose Skelly; Grayburg Pool.

Thank You,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

This inbound email has been scanned by the MessageLabs Email Security System.

11/1/2007