



David L. Wacker
Division Manager
Hobbs Division
Exploration and Production, North America

Conoco Inc.
726 East Michigan
P.O. Box 460
Hobbs, NM 88241
(505) 397-5800

February 27, 1990

Mr. William LeMay
State of New Mexico
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Dear Mr. LeMay:

Request for Approval to Surface Commingle The Cisco Canyon Production from the Dee State No. 1, NW/4, SE/4, Section 36, T19S, R24E, Eddy County, New Mexico and the Dee State No. 2, SW/4, SW/4, Section 36, T19S, R24E, Eddy County, New Mexico

Conoco Inc. respectfully requests an exception to Rule 309-A to allow for surface commingling of Cisco Canyon production from the Dee State No. 1 and the Dee State No. 2. Although the Dee State No. 1 is presently completed in the Morrow, we have approval to recomplate this well in the Cisco Canyon. It is anticipated that the quality of the crude will be identical to the production from the Dee State No. 2, and the commingling will not reduce the commercial value. The production from each lease will be metered separately at the battery using positive displacement temperature compensated oil meters and temperature compensated gas meters.

In addition, we request permission for off-lease storage of the Dee State No. 1 production. The battery to be used for this proposed commingling and off-lease storage is located at the Dee State No. 2, SW/4 SW/4, Section 36, T19S, R24E, Eddy County, New Mexico.

A lease plat and battery schematic are attached. All interest owners of each lease have been notified by certified mail as per the attached letter and interest owner listing. Your early consideration of these requests would be appreciated.

Should you have any questions concerning this matter, please contact Ms. Kandy Lawson at (505) 397-5892.

Your very truly,

A handwritten signature in black ink, appearing to read "David L. Wacker". The signature is fluid and cursive, with the first name "David" being more prominent.

David L. Wacker
Division Manager

KLL/tm
LeMay.2
Attachments

DEE STATE #1 AND #2 INTEREST OWNERS

*Cathie Cone Auvenshine
P.O. Box 33280-296
Austin, Texas 78764*

*Douglas Cone
P.O. Box 64244
Lubbock, Texas 79474*

*Kenneth G. Cone
P.O. Box 11310
Midland, Texas 79702*

*R. E. Chambers
2413 Clayton Lane
Wichita Falls, TX 76308*

*W. T. Probandt
415 W. Wall STE 1608
Midland, Texas 79701*

*Clifford Cone
P.O. Box 6010
Lubbock, Texas 794936010*

*Kathleen Cone
P.O. Drawer 1509
Lovington, New Mexico 88260*

*Tom R. Cone
P.O. Box 778
Jay, Oklahoma 74346*

*Elsie G. Gorman
Box 96
Artesia, NM 882110096*

*Yates Petroleum Corp.
105 S 4th St
Artesia, NM 88210*

Dear Interest Owner:

Conoco is requesting your approval to surface commingle Cisco Canyon production from the Dee State No. 1 and the Dee State No. 2, both located in S/2 of Section 36, T-19S, R-24E, Eddy County. Although the Dee State No. 1 is presently completed in the Morrow, we have NMOCD approval to recompleate this well in the Cisco Canyon and we are seeking partner approval via separate correspondence. The purpose of commingling is to reduce operating costs for storage and treating and thereby extend the economic life of the field.

The production from each lease will be metered separately at the Dee State No. 2 Battery, prior to commingling and storage, using positive displacement temperature compensated oil meters and temperature compensated gas meters. Metering will ensure that all production is accounted for equitably with no significant effect on your revenue.

We would appreciate your returning an approved copy of this letter to us by March 15, 1990 in the enclosed postage paid envelope. If we do not hear from you by that date, we will assume that you have no objections to our proposal, and we will request permission from the New Mexico Oil Conservation Division for the off-lease storage and surface commingling.

Yours very truly,



David L. Wacker
Division Manager

KLL/tm

Approval _____

Date _____

