

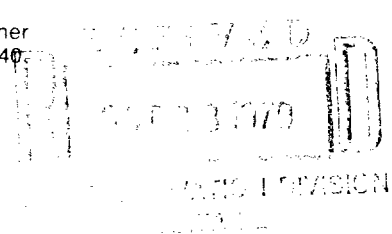


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October 22, 1979

New Mexico Oil Conservation Division (3)  
Department of Energy and Minerals  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attention Mr. Dan Nutter - Chief Engineer

Gentlemen:

Application for Permission to Surface Commingle production from the  
Reed A-3 No. 1 Grayburg Pool, Section 3, T-20S, R-36E, Lea County,  
New Mexico

Conoco Inc. requests administrative approval under the provisions of Rule 303-B, to surface commingle the Queen and Grayburg pools into a common tank battery, located in the NE/4 NE/4 of Section 3, T-20S, R-36E, Lea County, New Mexico. The working interest and royalty interest in both zones are common. The quality of the crude is virtually identical so there will be no reduction in value because of the commingling.

The Reed A-3 No. 1 is currently producing an average of 8 barrels per day of 32.1 gravity oil valued at \$19.75 per barrel. It is proposed to recomplete the Reed A-3 No. 4 in Eumont Queen oil pool.

It is anticipated that well No. 4 will produce approximately 15 barrels per day of 32.1 gravity oil with a value of \$19.75 per barrel.

The lease and battery plots are attached for your review and file. The production will be allocated on the basis of well tests.

Yours very truly,

DEB/kks  
Enc.

