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SANTA FE DIVISION

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October 7, 1980

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

Gentlemen:

Application for Permission to Surface Commingle Production from Wells B-1
No. 5, Unit I, Section 1, T-25S, R-36E, Lea County, New Mexico

Conoco requests administrative approval under the provisions of Rule 303-B, to surface commingle production from the Custer Devonian and Custer Ellenburger Pools into a common tank battery. The working interest and royalty interest in both zones are common. The quality of the Ellenburger crude is only slightly higher, so the reduction in value caused by the commingling will not offset the cost of trucking Ellenburger crude to a different sales line.

The Wells B-1 No. 5 Custer Devonian produces approximately 150 barrels of 64 gravity condensate per day at \$36.00 per barrel. The Custer Ellenburger side produces only 5 barrels per day of 55 gravity condensate at \$36.30 per barrel.

A lease and battery plot are attached for your review and file. The production will be allocated on the basis of well tests. We propose to measure production for well tests by producing into separate tanks and gauging the tanks.

Yours very truly,

MJJ:d11
Enclosures

