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Midland Division
Exploration Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

August 11, 1995

Mr. William J. LeMay
State of New Mexico
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87504

**Re: Request for Surface Commingling of Production from
the Hardy Simpson and North Hardy Tubb-Drinkard
Pools on the Hardy 36 State Lease at the Tank
Battery located in Unit K, Sec. 36, T-20S, R-37E,
Lea County, New Mexico**

Dear Mr. LeMay:

Conoco Inc. requests approval for surface commingling of production from the Hardy Simpson and North Hardy Tubb-Drinkard Pools for its Hardy 36 State Wells, both current and future proposed wells, located in Section 36, T-20S, R-37E. This 600-acre lease is outlined on EXHIBIT A which also shows the current producing wells. Both of these recently discovered pools are defined by a small local structural high and are primarily confined to Section 36.

EXHIBIT B is a plat of section 36 showing not only the current producers but the proposed future development plans for the lease in both the Simpson and Tubb-Drinkard pools. Approval is being requested for these proposed wells as well as the current completions. The proposed well Nos. 21, 22, and 23 are projected to be future Hardy Simpson producers (producing from the McKee formation) while all of the other proposed wells will be Tubb-Drinkard completions.

EXHIBIT C is a table showing the well names, pool names, and locations for both current and proposed wells.

EXHIBIT D is a table of production data, oil gravities, prices, and revenue. This table shows that mixing the two crudes does not result in any loss in revenue. Since all working and royalty interests are common throughout this lease it will be to the benefit of all parties to operate this lease more efficiently by reducing the amount of equipment and maintenance required to handle each pool separately.

Conoco owns 100% of the working interest in this lease and the State of New Mexico owns all of the royalties. Therefore, there are no other parties to be notified of this application other than Conoco and the State of New Mexico.

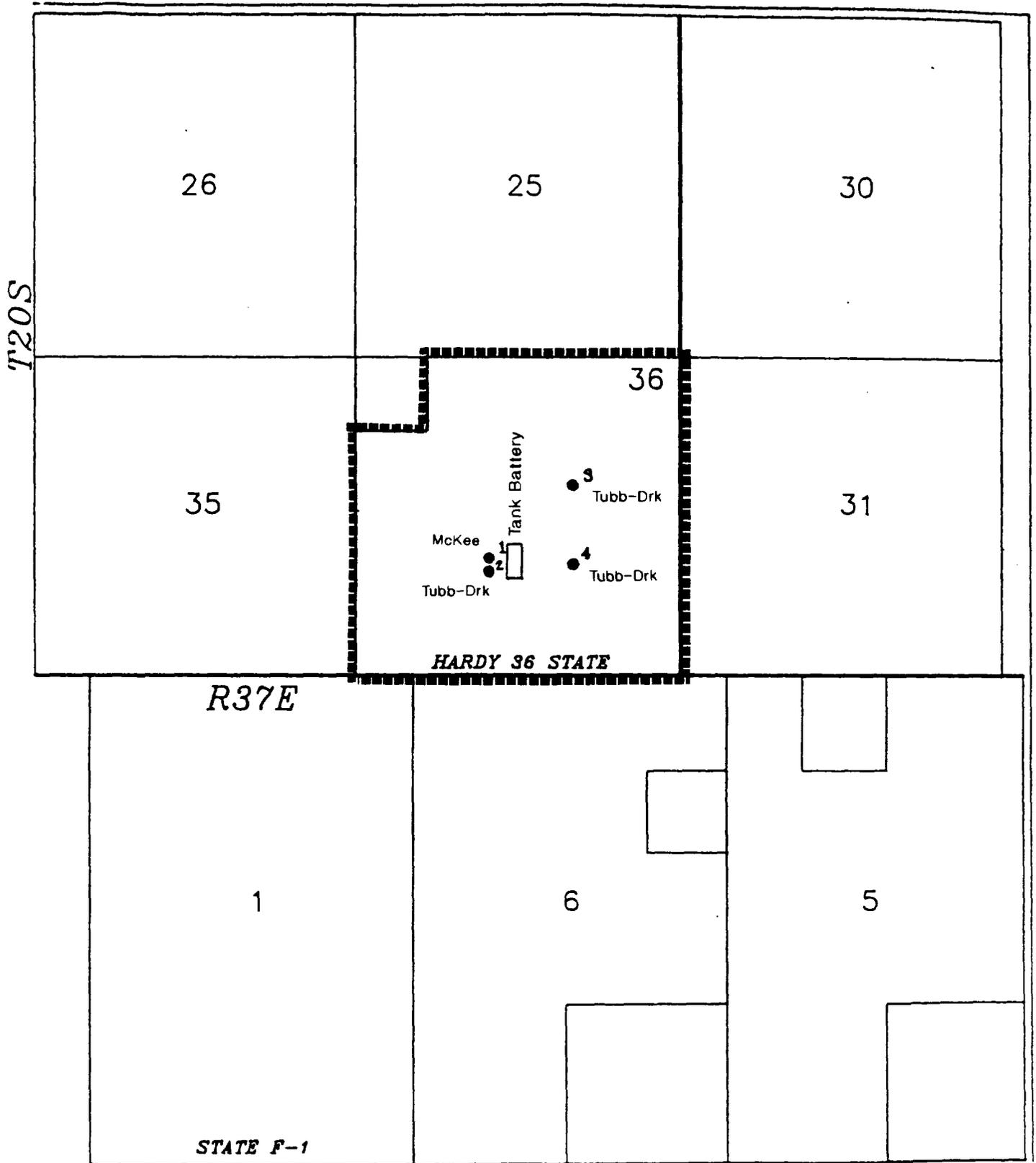
The attached battery diagram, EXHIBIT E, is an accurate schematic of the proposed commingled facility.

If there are further questions concerning this application please contact Jerry W. Hoover at (915) 686-6548.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jerry W. Hoover". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

Jerry W. Hoover
Sr. Conservation Coordinator

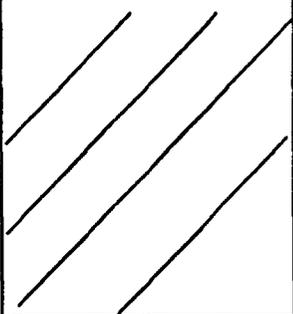


----- Hardy 36 State Lease

● Current Producing Wells

CONOCO INC.
 PRODUCTION DEPARTMENT
 HARDY 36 STATE LEASE
 LEA COUNTY, NEW MEXICO
 SCALE: 1" = 2000' DATE: 10/4/94

Hardy 36 State Lease

	8 ○	9 ○	18 ○
	5 ○	3 ●	19 ○
21 ○	1 ● 2 ●	4 ●	20 ○
14 ○	15 ○	6 ○	
22 ○	23 ●		24 ○

- Current Producers
- Proposed Producers

**APPLICATION TO SURFACE COMMINGLE
HARDY 36 STATE TUBB/DRINKARD W/McKEE**

HARDY 36 McKEE PRODUCTION

<u>WELL NAME (CURRENT)</u>	<u>POOL NAME</u>	<u>LOCATION</u>
Hardy 36 State #1	Hardy McKEE	Unit k, Sec.36, T20S, R37E

<u>WELL NAME (FUTURE)</u>	<u>POOL NAME</u>	<u>LOCATION</u>
Hardy 36 State #21	Hardy McKEE	Unit L, Sec.36, T20S, R37E
Hardy 36 State #22	Hardy McKEE	Unit M, Sec.36, T20S, R37E
Hardy 36 State #23	Hardy McKEE	Unit N, Sec.36, T20S, R37E

HARDY 36 TUBB/DRINKARD PRODUCTION

<u>WELL NAME (CURRENT)</u>	<u>POOL NAME</u>	<u>LOCATION</u>
Hardy 36 State #2	North Hardy TD	Unit K, Sec.36, T20S, R37E
Hardy 36 State #3	North Hardy TD	Unit G, Sec.36, T20S, R37E
Hardy 36 State #4	North Hardy TD	Unit J, Sec.36, T20S, R37E

<u>WELL NAME (FUTURE)</u>	<u>POOL NAME</u>	<u>LOCATION</u>
Hardy 36 State #5	North Hardy TD	Unit F, Sec.36, T20S, R37E
Hardy 36 State #6	North Hardy TD	Unit O, Sec.36, T20S, R37E
Hardy 36 State #8	North Hardy TD	Unit C, Sec.36, T20S, R37E
Hardy 36 State #9	North Hardy TD	Unit B, Sec.36, T20S, R37E
Hardy 36 State #13	North Hardy TD	Unit L, Sec.36, T20S, R37E
Hardy 36 State #14	North Hardy TD	Unit M, Sec.36, T20S, R37E
Hardy 36 State #15	North Hardy TD	Unit N, Sec.36, T20S, R37E
Hardy 36 State #18	North Hardy TD	Unit A, Sec.36, T20S, R37E
Hardy 36 State #19	North Hardy TD	Unit H, Sec.36, T20S, R37E
Hardy 36 State #20	North Hardy TD	Unit I, Sec.36, T20S, R37E
Hardy 36 State #24	North Hardy TD	Unit P, Sec.36, T20S, R37E

**APPLICATION TO SURFACE COMMINGLE
HARDY 36 STATE TUBB/DRINKARD W/McKEE**

HARDY 36 STATE McKEE

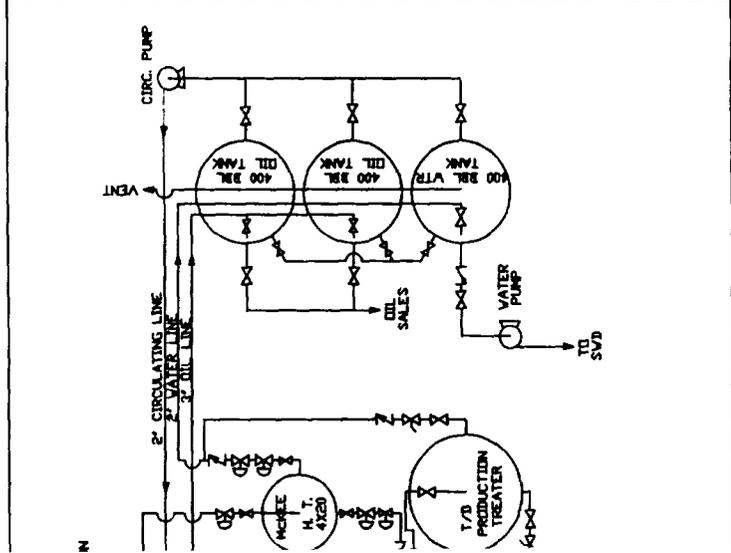
WELL NAME	ZONE	MCFGPD	BOPD	API (Corrected)	\$ Per Bo	Revenue/Day
Hardy 36 STATE #1	McKEE	104	102	42.4	15.75	\$1,606.50
Hardy 36 STATE #21	McKEE	Proposed	NA	42.4	15.75	
Hardy 36 STATE #22	McKEE	Proposed	NA	42.4	15.75	
Hardy 36 STATE #23	McKEE	Proposed	NA	42.4	15.75	
Total		104	102	42.4	15.75	\$1,606.50

HARDY 36 STATE TUBB/DRINKARD

Well Name	ZONE	MCFGPD	BOPD	API (Corrected)	\$ Per Bo	Revenue/Day
Hardy 36 STATE #2	TD	1315	34	38.3	15.71	\$534.14
Hardy 36 STATE #3	TD	340	126	38.3	15.71	\$1,979.46
Hardy 36 STATE #4	TD	1435	112	38.3	15.71	\$1,759.52
Hardy 36 STATE #18	TD	Proposed	NA	38.3	15.71	
Hardy 36 STATE #19	TD	Proposed	NA	38.3	15.71	
Hardy 36 STATE #20	TD	Proposed	NA	38.3	15.71	
Hardy 36 STATE #24	TD	Proposed	NA	38.3	15.71	
Hardy 36 STATE #5	TD	Proposed	NA	38.3	15.71	
Hardy 36 STATE #6	TD	Proposed	NA	38.3	15.71	
Hardy 36 STATE #8	TD	Proposed	NA	38.3	15.71	
Hardy 36 STATE #9	TD	Proposed	NA	38.3	15.71	
Hardy 36 STATE #13	TD	Proposed	NA	38.3	15.71	
Hardy 36 STATE #14	TD	Proposed	NA	38.3	15.71	
Hardy 36 STATE #15	TD	Proposed	NA	38.3	15.71	
Total		3090	272	38.3	15.71	\$4,273.12

COMBINED HARDY 36 STATE TUBB/DRINKARD W/McKEE

Production		MCFGPD	BOPD	API (Corrected)	\$ Per Bo	Revenue/Day
Total		3194	374	39.4	15.73	5,883.02



EXISTING ROAD

DNS		REVISIONS		DATE	BY
DATE	BY	NO.	DESCRIPTION	DATE	BY
00/00	DN				

		EPNGMA MIDLAND DIVISION
HARDY 36 STATE TK.BTRY. LEA COUNTY, NEW MEXICO UNIT K-36-T20S-R37E		
FED. LEASE NO.	---	DRAWING NO.
		TB1816A

DATE	AUGUST 7, 1995
DRAWN BY	FRANCIS MARTIN
DESIGN BY	DOUG DIETRICH
CHECKED BY	SAME
APPROVED BY	SAME
SCALE	NOT TO SCALE

PIPING LEGEND

- GAS
- OIL
- WATER
- CIRCULATING
- MIXTURE LINE/VESSEL
- VAPOR RECOVERY
- EXTRA

THIS FACILITY IS IN COMPLIANCE WITH CONQCC INC. MIDLAND DIVISION SITE SECURITY PLAN. PLAN LOCATED AT: CONQCC 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

NO.	DESCRIP
1	DIFFER

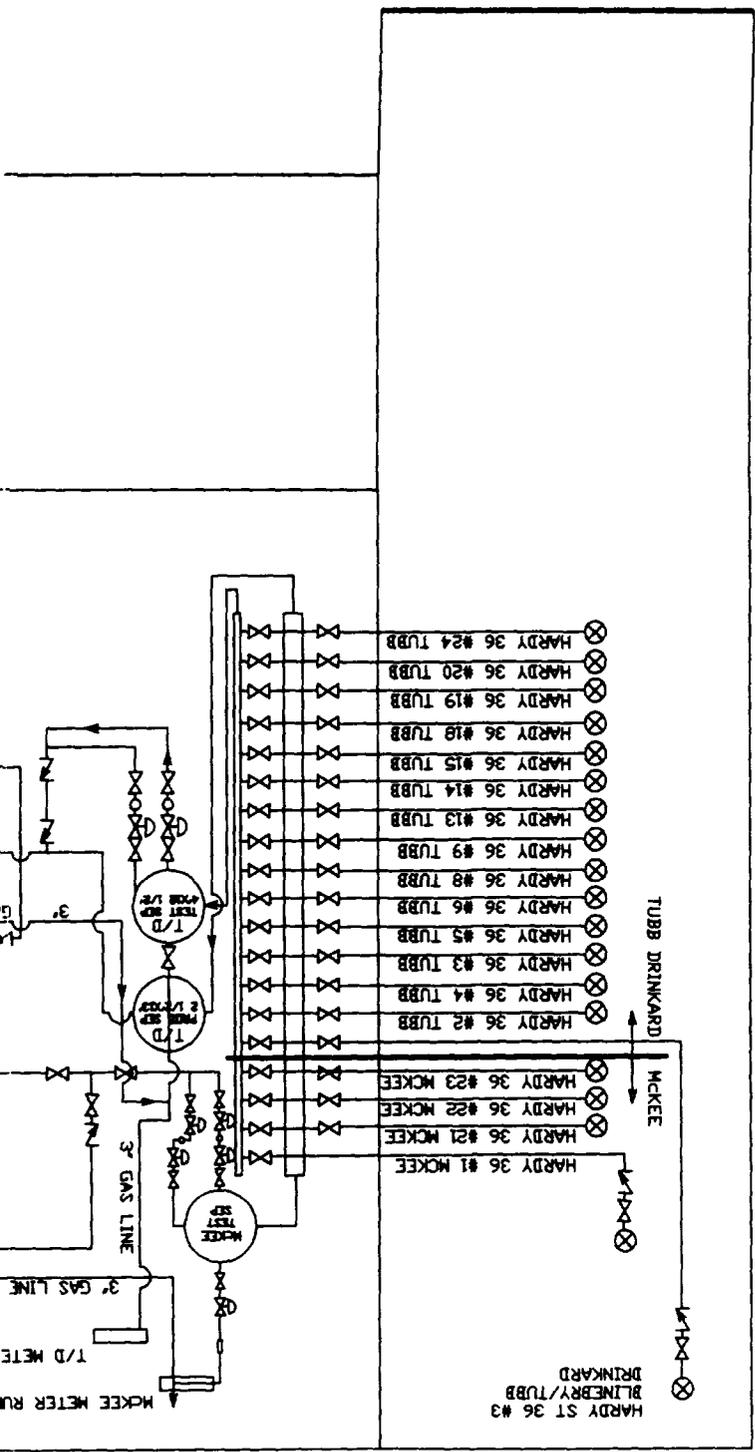
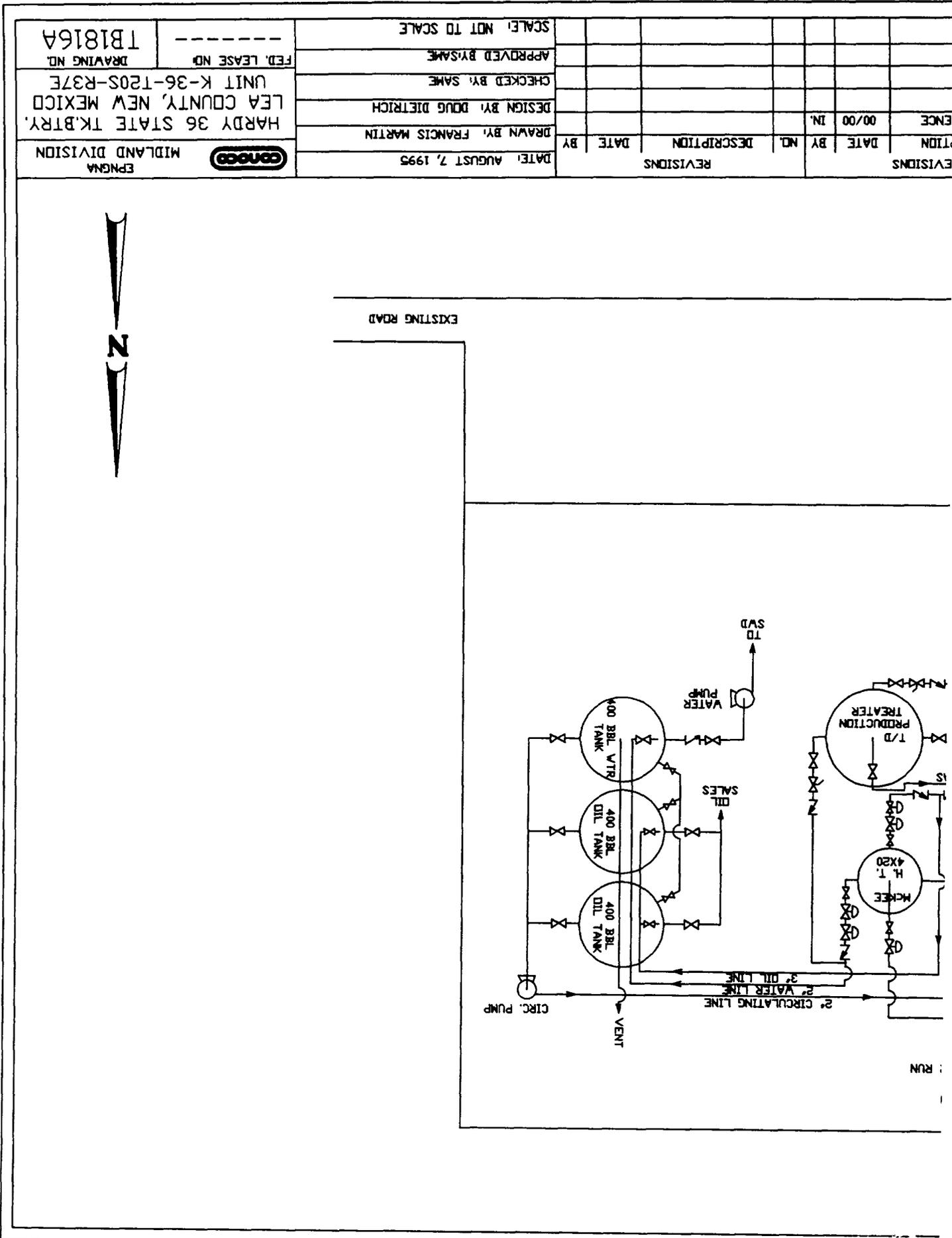
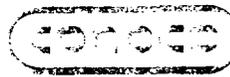


EXHIBIT E





Midland Division
Exploration Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

August 11, 1995

Mr. Ray Powell
Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

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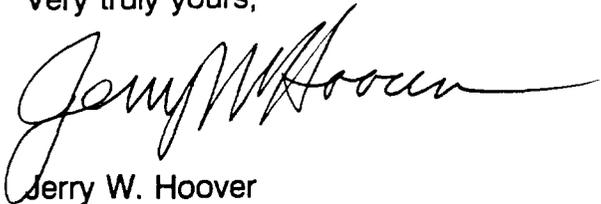
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The attached battery diagram, EXHIBIT E, is an accurate schematic of the proposed commingled facility.

Also attached is the \$30.00 filing fee for this application. If there are further questions concerning this application please contact Jerry W. Hoover at (915) 686-6548.

Very truly yours,



Jerry W. Hoover
Sr. Conservation Coordinator

Approved AUG 24 1995
Ray Powell, Jr.
J. Baker
COMMISSIONER OF PUBLIC LANDS