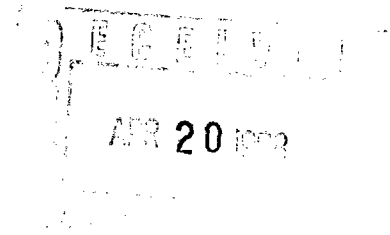


PC N/R
913

April 15, 1998

New Mexico Oil Conservation Division
Department of Energy and Minerals
State of New Mexico
2040 S. Pacheco
Santa Fe, NM 87505



Att: David Catanach

Dear Sir:

Application to Surface Commingle production from the **Conoco, Inc. Meyer B-4, Well #32, Unit P, Section 4, T21S, R36E, Lea County, New Mexico**

Conoco, Inc. requests administrative approval under the provisions of Rule 303-B to surface commingle the production from our newly completed, Meyer B-4, Well #32 producing in the Hardy Tubb Drinkard pool. Please see the "Surface Commingling Justification" as attached.

Ownership and working interest for all zones is common, quality of the crude is virtually identical and commingling will not reduce the commercial value. The gravity and battery information is as attached. The battery is located in Section 4, T21S, R36E, Lea County, New Mexico.

A lease and battery plat, along with the table of production tests for each well are attached for your review and file. If you have any questions, please call me @ 1-800-432-2967 or Tim Schneider @ 915 686-6180 of the Conoco-Midland office.

Yours truly,

A handwritten signature in cursive script, appearing to read "Ann E. Ritchie".

Ann E. Ritchie, Regulatory Agent
Conoco, Inc.
10 Desta Dr., Suite 100W
Midland, Texas 79705-4500

attachments

cc: Jimmy Carlile-Conoco/Midland

Meyer B-4 #32 Surface Commingle Justification

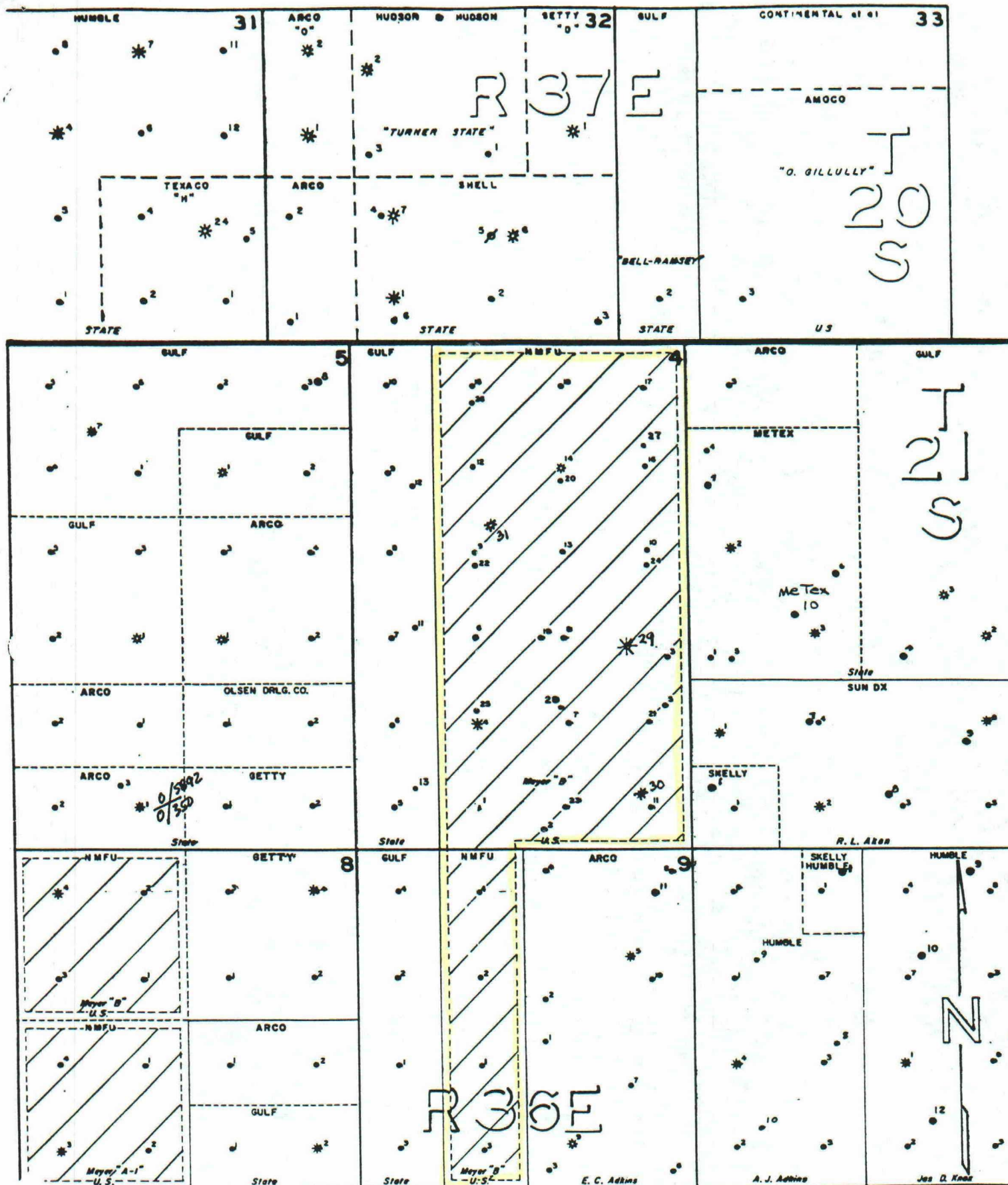
Conoco seeks permission to surface commingle the new Hardy Tubb Drinkard production from the Meyer B-4 #32 well with the Oil Center Blinebry production in the Meyer B-4 production facility. The Meyer B-4 #32 is currently drilling, and is expected to produce 30 BOPD, 30 BWPD, and 300 MCFPD from the Hardy Tubb Drinkard Pool. Conoco proposes to produce this well to the existing Meyer B-4 battery which currently handles about 45 BOPD and 200 MCFPD from 6 Oil Center Blinebry wells.

As part of this application, Conoco proposes to commingle these producing zones into one production battery and eliminate the need to keep the production separate. The new Meyer B-4 #32 well will be tied directly into the production header. Both Blinebry and Tubb Drinkard production will be combined at the header and sent to a separator and then to a treater for processing. The gas will be separated and sent to its own sales meter. The water will be sent to disposal. Oil produced from these pools will be sent to a common storage tank. Conoco would like to request permission that the Individual well production will be allocated based on a monthly well test.

Both producing pools are sweet and deemed 40.0 API gravity. Therefore payment is made based upon the deemed gravity of 40.0 degrees API. Combining the Tubb Drinkard with the Blinebry will not effect pricing of the crude oil in any way.

We further suggest that this work will reduce operating costs and equipment needed to handle this production. This work once accomplished, should improve the financial performance of the Hardy Tubb Drinkard development in this area.

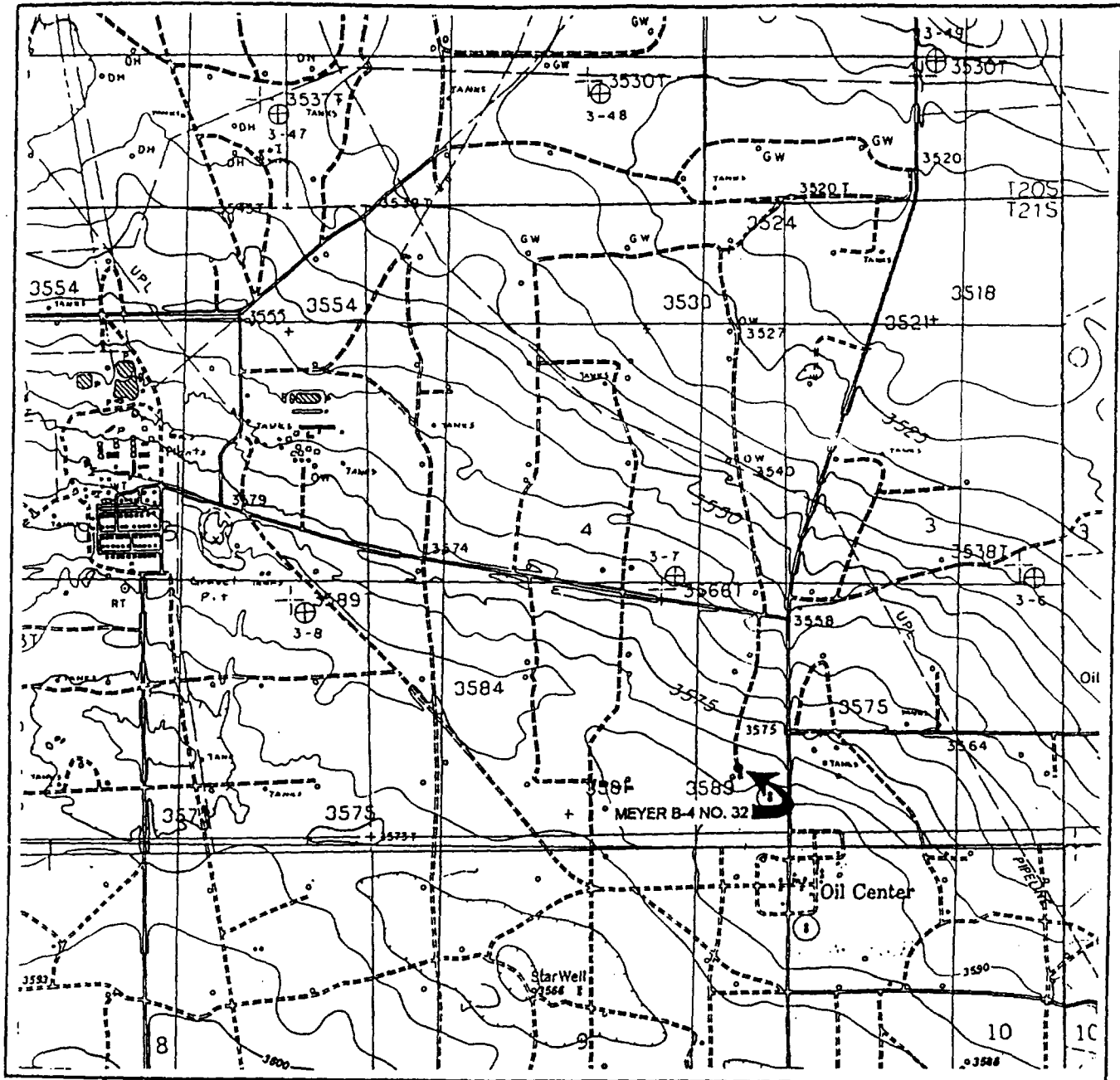
MEYER B-4



MEYER B4
SECTION ≈ 720 ACRES

CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'
WTC 45074

SEC. 4 TWP. 21-S RGE. 36-E

SURVEY N.M.P.M

COUNTY LEA STATE NM

DESCRIPTION 990' FSL & 660' FEL

ELEVATION 3588'

OPERATOR CONOCO INC.

LEASE MEYER B-4 NO. 32

USGS TOPO MAP EUNICE, N.M., MONUMENT SOUTH,
N.M., OIL CENTER, N.M., AND HOBBS SW, N.M.

CONTOUR INTERVAL 5'

WEST TEXAS CONSULTANTS, INC.

ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

915-685-3800

Meyer B-4 #32 Surface Commingle

**APPLICATION TO SURFACE COMMINGLE MEYER B-4
HARDY TUBB DRINKARD W/ OIL CENTER BLINEBRY**

Oil Center Blinebry Production:

WELL NAME	POOL NAME	LOCATION
Meyer B-4 #19	Oil Center Blinebry	3300' FSL & 2310' FEL, SEC. 4, T-21S, R-36E
Meyer B-4 #21	Oil Center Blinebry	1980' FSL & 660' FEL, SEC. 4, T-21S, R-36E
Meyer B-4 #22	Oil Center Blinebry	3450' FNL & 1980' FWL, SEC. 4, T-21S, R-36E
Meyer B-4 #24	Oil Center Blinebry	3450' FNL & 660' FEL, SEC. 4, T-21S, R-36E
Meyer B-4 #26	Oil Center Blinebry	941' FNL & 1980' FWL, SEC. 4, T-21S, R-36E
Meyer B-4 #28	Oil Center Blinebry	2230' FSL & 1980' FEL, SEC. 4, T-21S, R-36E

Hardy Tubb Drinkard Production:

WELL NAME	POOL NAME	LOCATION
Meyer B-4 #32	Hardy Tubb Drinkard	3300' FSL & 2310' FEL, SEC. 4, T-21S, R-36E
Meyer B-4 #33	Hardy Tubb Drinkard	3300' FSL & 2310' FEL, SEC. 4, T-21S, R-36E

Meyer B-4 #32 Surface Commingle

**APPLICATION TO SURFACE COMMINGLE MEYER B-4
HARDY TUBB DRINKARD W/ OIL CENTER BLINEBRY**

Oil Center Blinebry Production:

WELL NAME	LEASE/COMMUNITIZATION #	LOCATION
Meyer B-4 #19	L-6631 / C-3564-1	3300' FSL & 2310' FEL, SEC. 4, T-21S, R-36E
Meyer B-4 #21	L-6631 / C-3564-1	1980' FSL & 660' FEL, SEC. 4, T-21S, R-36E
Meyer B-4 #22	L-6631 / C-3564-1	3450' FNL & 1980' FWL, SEC. 4, T-21S, R-36E
Meyer B-4 #24	L-6631 / C-3564-1	3450' FNL & 660' FEL, SEC. 4, T-21S, R-36E
Meyer B-4 #26	L-6631 / C-3564-1	941' FNL & 1980' FWL, SEC. 4, T-21S, R-36E
Meyer B-4 #28	L-6631 / C-3564-1	2230' FSL & 1980' FEL, SEC. 4, T-21S, R-36E

Hardy Tubb Drinkard Production:

WELL NAME	LEASE/COMMUNITIZATION #	LOCATION
Meyer B-4 #32	L-6631 / C-3564-1	3300' FSL & 2310' FEL, SEC. 4, T-21S, R-36E
Meyer B-4 #33	L-6631 / C-3564-1	3300' FSL & 2310' FEL, SEC. 4, T-21S, R-36E

**APPLICATION TO SURFACE COMMINGLE MEYER B-4
HARDY TUBB DRINKARD W/ OIL CENTER BLINEBRY**

Oil Center Blinebry Production:

WELL NAME	POOL NAME	OIL (BOPD)	WATER (BWPD)	GAS (MCFPD)	API (CORRECTED)	PRICE (\$/BBL)	REVENUE/DAY (\$)
Meyer B-4 #19	Oil Center Blinebry	6	8	25		42.7	15.89
Meyer B-4 #21	Oil Center Blinebry	5	7	27		42.7	15.89
Meyer B-4 #22	Oil Center Blinebry	8	5	36		42.7	15.89
Meyer B-4 #24	Oil Center Blinebry	9	7	31		42.7	15.89
Meyer B-4 #26	Oil Center Blinebry	8	12	27		42.7	15.89
Meyer B-4 #28	Oil Center Blinebry	7	11	45		42.7	15.89
TOTAL:		43	50	191		42.7	15.89
							683.27

Hardy Tubb Drinkard Production:

WELL NAME	POOL NAME	OIL (BOPD)	WATER (BWPD)	GAS (MCFPD)	API (CORRECTED)	PRICE (\$/BBL)	REVENUE/DAY (\$)
Meyer B-4 #32	Hardy Tubb Drinkard	30	30	300		40	15.89
Meyer B-4 #33	Hardy Tubb Drinkard	May be drilled depending upon results from the #32 well					15.89
TOTAL:		30	30	300		40	15.89
							476.7

Combined Production:

PRODUCTION	OIL (BOPD)	WATER (BWPD)	GAS (MCFPD)	API (CORRECTED)	PRICE (\$/BBL)	REVENUE/DAY (\$)
TOTAL:	73	80	491	40*		15.89
						1159.97

* All production at this facility is deemed 40 degree API

NOTE: Pricing is based on posted price plus \$1.14

TRANSACTION: B8014

INQUIRE CURRENT OWNERSHIP BURDEN DETAIL

TIME: 13:57:34 DATE: 01/27/98

OPTION ==>
 RSC (LEASE/TRACT/POOL/WELL) ==> 6823127
 OWNER NUMBER (OPTIONAL) ==>
 PRODUCT TYPE (OPTIONAL) ==> (O OR G)

STATUS | -SUSP OWN- | | -TOTAL INTEREST- |
 OIL: ACTIVE 0 1.0000000
 GAS: ACTIVE 0 1.0000000

|-----INTEREST-----|

OWNER NO	OWNER NAME	PRD	GROSS WI	OR	ROY	RT	NET	INT	TP	DS	PRV	EFF	DATE	FORM	NOTICE	VI	90	ACCT	AC	BS	BUR	VR
14613600-84	CHEVRON USA INC	G	0.2500000	0.2187500	3	PY	999	08/01/1992	92-66985													
14613600-84	CHEVRON USA INC	O	0.2500000	0.2187500	3	PY	999	08/01/1992	92-24686													
64381202-31	ATLANTIC RICHFIELD CO	G	0.2500000	0.2187500	3	PY	999	02/01/1997	97-51083													
64381202-31	ATLANTIC RICHFIELD CO	O	0.2500000	0.2187500	3	PY	999	02/01/1997	97-01898													
96845400-31	MWJR PETROLEUM CORP	G	0.2500000	0.2165625	3	PY	999	08/01/1992	92-66985													
96845400-31	MWJR PETROLEUM CORP	O	0.2500000	0.2165625	3	PY	999	08/01/1992	92-24686													
99999900-74	CONOCO	G	0.2500000	0.2187500	3	PY	999	08/01/1992	92-66985													
99999900-74	CONOCO	O	0.2500000	0.2187500	3	PY	999	08/01/1992	92-24686													
93575200-41	ALTURA ENERGY LTD	G	0.0000000	0.0021875	2	PY	000	06/01/1997	97-57792												S	
96845400-31	MWJR PETROLEUM CORP			0.0021875		PY																
93575200-41	ALTURA ENERGY LTD	O	0.0000000	0.0021875	2	PY	000	06/01/1997	97-11014												S	
96845400-31	MWJR PETROLEUM CORP			0.0021875		PY																
93575200-41	ALTURA ENERGY LTD	G	0.0000000	0.0021875	2	PY	888	01/01/1996	96-50618	D												
14613600-84	CHEVRON USA INC			0.0312500		PY																

BURDENS CONTINUED ON NEXT PAGE FOR OWNER: 99997900-18

RESPONSE: PRESS ENTER TO CONTINUE VIEWING DATA

*PRESS ENTER TO PROCESS TRANSACTION

1-HELP 2-DORMS MAINT 3-DORMS INQ 4-DORMS OWN INQ 7-BACK1 13-MORE 18-INQ RSC DATA 19-INQ OWN 20-INQ LAND DESC 21-RMKS 24-RECALL

TRANSACTION: B8014

INQUIRE CURRENT OWNERSHIP BURDEN DETAIL

TIME: 13:58:56 DATE: 01/27/98

OPTION ==>

RSC (LEASE/TRACT/POOL/WELL) ==> 6823127

OWNER NUMBER (OPTIONAL) ==>

PRODUCT TYPE (OPTIONAL) ==> (O OR G)

STATUS | -SUSP OWN- | | -TOTAL INTEREST- |

OIL: ACTIVE 0 1.0000000

GAS: ACTIVE 0 1.0000000

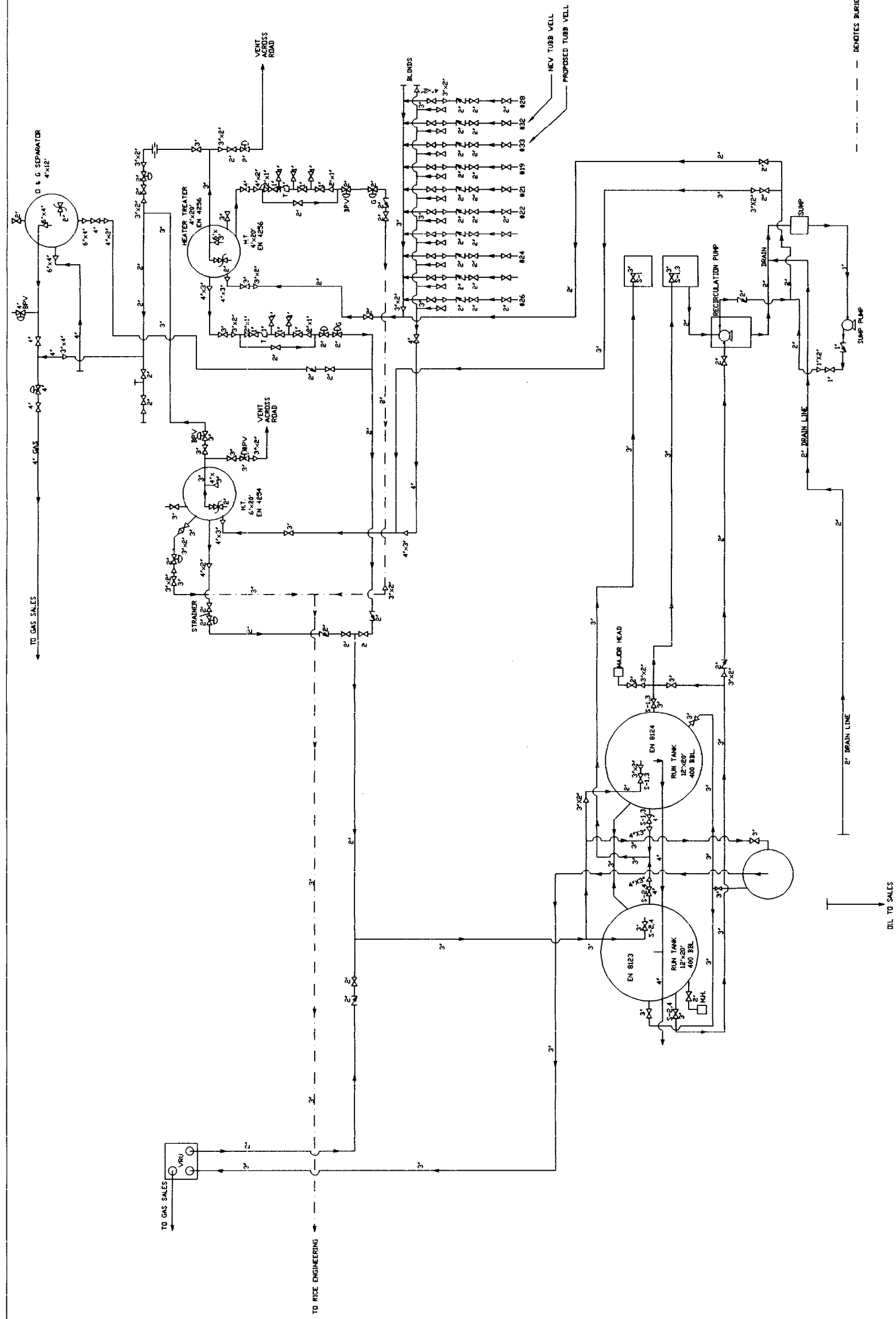
|-----INTEREST-----|

OWNER NO	OWNER NAME	GROSS WI	FORM	ACCT	AC							
BURDEN NO	BURDEN OWNER NAME	PRD OR ROY RT	NET INT	TP DS	PRV EFF DATE	NOTICE	VI	90	CODE	BS	BUR	VR
64381202-31	ATLANTIC RICHFIELD CO		0.0312500	PY								
96845400-31	MWJR PETROLEUM CORP		0.0312500	PY								
99999900-74	CONOCO		0.0312500	PY								
99997900-18	MINERALS MGT SERVICE	O 0.1250000	0.1250000	9 PY	888 01/01/1996	96-01059	D					
14613600-84	CHEVRON USA INC		0.0312500	PY								
64381202-31	ATLANTIC RICHFIELD CO		0.0312500	PY								
96845400-31	MWJR PETROLEUM CORP		0.0312500	PY								
99999900-74	CONOCO		0.0312500	PY								

RESPONSE: PROCESSING SUCCESSFULLY COMPLETED

*PRESS ENTER TO PROCESS TRANSACTION

1-HELP 2-DORMS MAINT 3-DORMS INQ 4-DORMS OWN INQ 7-BACKL 13-MORE 18-INQ RSC DATA 19-INQ OWN 20-INQ LAND DESC 21-RMKS 24-RECALL



PIPING LEGEND		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	REVISIONS				REVISIONS				DATE: APRIL 6, 1987		EPN&MA MIDLAND DIVISION
				NO.	DESCRIPTION	DATE	BY	NO.	DESCRIPTION	DATE	BY			
___ GAS	1			REMOVE PIPING	2/88	?				DRAWN BY: SHANNA BIRD				
___ OIL	2			+ VAP REC UNIT	9/94	FM				DESIGN BY: J L R. COOK - 4/94)				
___ WATER	3			REVISE PIPING	9/94	FM				CHECKED BY: SAME				
___ CIRCULATING										APPROVED BY: SAME				
___ MIXTURE LINE/VESSEL										SCALE: NOT TO SCALE				
___ VAPOR RECOVERY														
___ EXTRA														
												FED. LEASE NO:	DRAWING NO.	
												LC 031740B	TB1153	
MEYERS B-4 TANK BATTERY LEA COUNTY, NEW MEXICO UNIT F-4-21-36														