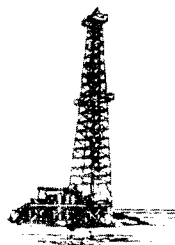


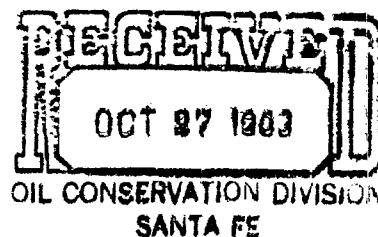
DEPCO, Inc.

Exploration & Production



800 Central
ODESSA, TEXAS 79760

October 20, 1983



Oil Conservation Division
P. O. Box 2088
Land Office Bldg.
Santa Fe, New Mexico 87501

Attn: Gilbert Quintana

RE: APPLICATION TO COMBINE PRODUCTION,
LEONARD FEDERAL
Lease No. 30-014845: Wells #1, 2,
3 & 4.
Lease No. 71-062407: Wells #5 & 6.

Dear Mr. Quintana:

DEPCO, Inc. respectfully requests an exception to Rule 303-A for the above-mentioned leases. All wells are currently producing in the Grayburg-Jackson Field from the same formation.

Combined daily production for all six wells equals approximately 14 barrels of 36° gravity oil, 4 barrels of water and 18 MCFGPD. An estimated Grayburg oil, water and casinghead gas production is as follows:

LEASE NO.	WELL NO.	OIL	WATER	GAS
30-014845	1	2	0	3
30-014845	2	4	1	5
30-014845	3	1	1	1
30-014845	4	4	0	5
71-062407	5	1	1	1
71-062407	6	2	1	3

All production royalties for both leases are federal royalties; therefore, no reduction in federal royalties will occur. The value of the oil from both leases is the same at \$28.43 per barrel.

PAGE TWO
OIL CONSERVATION DIVISION
OCTOBER 20, 1983

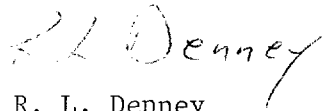
All interest owners are aware of the method of allocation of production and sales from these wells.

The wells are periodically tested for production volume. These results are used to allocate a prorata share of production and sales to each individual well.

Attached for your information is Exhibit "A", which is the map showing the lease numbers and location of all leases and wells. Also attached is Exhibit "B", which is the diagram of the battery which clearly identifies all equipment that is being utilized.

If further information is required, please advise.

Yours very truly,

A handwritten signature in dark ink, appearing to read "R. L. Denney". The signature is written in a cursive style with a large, stylized "D".

R. L. Denney
Chief Production Clerk

RLD:vm

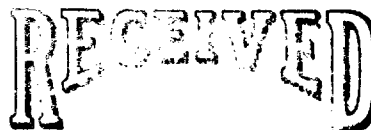
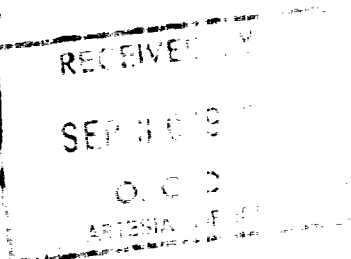
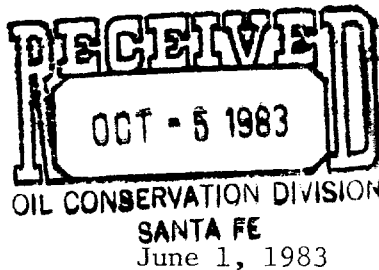
Encs: 2

DEPCO, Inc.

NM OIL CONS. COMMISSION
Drawer DD
Artesia, NM 88210

Exploration & Production

800 Central
ODESSA, TEXAS 79760



Bureau of Land Management
P. O. Drawer 1857
Roswell, New Mexico 88201

OIL & GAS
ROSWELL, NEW MEXICO

Attn: Armando Lopez

RE: APPLICATION TO COMBINE PRODUCTION,
LEONARD FEDERAL
Lease No. 30-014845: Wells #1, 2,
3 & 4,
Lease No. 71-062407: Wells #5 & 6.

Dear Mr. Lopez:

DEPCO, Inc., respectfully requests approval to combine the production of the above-mentioned leases. All wells are currently producing in the Grayburg Jackson Field from the same formation.

Combined production for all six wells equals approximately 14 barrels of oil, 4 barrels of water and 18 MCFGPD. An estimated Grayburg oil, water and casinghead gas production is as follows:

LEASE NO.	WELL NO.	OIL	WATER	GAS
30-014845	1	2	0	3
30-014845	2	4	1	5
30-014845	3	1	1	1
30-014845	4	4	0	5
71-062407	5	1	1	1
71-062407	6	2	1	3

All production royalties for both leases are federal royalties; therefore, no reduction in federal royalties will occur.

All interest owners are aware of the method of allocation of production and sales from these wells.

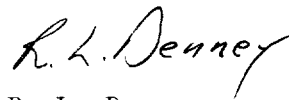
June 1, 1983
Bureau of Land Management
Page 2

The wells are periodically tested for production volume. These results are used to allocate a prorata share of production and sales to each individual well.

Attached for your information is Exhibit "A", which is the map showing the lease numbers and location of all leases and wells. Also attached is Exhibit "B", which is the diagram of the battery which clearly identifies all equipment that is being utilized.

If further information is required, please advise.

Yours very truly,

A handwritten signature in cursive script that reads "R. L. Denney".

R. L. Denney
Chief Production Clerk

RLD:vm

Encs: 2

Exhibit B
DEPCO, Inc.
Leonard Federal
F-33-17-29
NM 62407 Eddy Co.

