



Midland Division
Exploration and Production

Conoco Inc.
10 Desta Drive West
Midland, TX 79705-4514
(915) 686-5400

June 10, 1992

RECEIVED

JUN 12 1992

Mr. William LeMay
State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

Dear Mr. LeMay:

Request for Amendment of Commingling Order PLC-173 to Include Approval of Surface Commingling and Off-Lease Storage of Paddock Production from the Lockhart A-35 Lockhart B-35 Leases at the Central Facility Located in Unit B, Sec. 35, T-21S, R-37E, Lea County, New Mexico

*PC 169
A-35
Add Paddock
wells to each
lease order*

Conoco Inc. requests approval for off-lease storage and surface commingling of production from the Paddock Pool on the Lockhart A-35 and Lockhart B-35 Leases at the central battery for these two leases located on the Lockhart B-35 Lease. Commingling Order PC-173 currently allows the commingling of production from the Drinkard Oil, Tubb Gas, Blinbry Oil, and Wantz-Abo Pools at this facility with the stipulation that Lockhart B-35 No. 1 is metered separately due to a different royalty rate for that 40 acre tract.

Production from all wells is marginal and, with the exception of the Lockhart B-35 No. 1, is allocated by well test. Paddock production is also expected to be marginal and will be allocated by well test. These well locations and their current producing zones are shown on the attached map, EXHIBIT A.

Several recompletions to the Paddock are planned for both leases, but have not yet been performed. Since Paddock production from these two leases is not yet available, an oil gravity was obtained from the nearby Lockhart A-27 No. 2 well which is producing from the same pool.

EXHIBIT B contains oil gravities, producing rates, and revenues for each of the flow streams (some of which are downhole commingled), and for the proposed commingled storage. Although the value of Paddock oil is slightly less than that for the other pools, the increase in produced volumes and the savings in operating costs through the use of common facilities, should either result in an insignificant decrease in royalty payments and an actual net increase from the commingled production.

EXHIBIT C is a battery schematic for the commingled production of the Lockhart A-35 and B-35 leases. Note that this diagram is in two parts and can be combined by overlaying the "match lines" on the two separate sheets.

EXHIBIT D contains a copy of the letter sent to the interest owners and copies of the certified mail receipts from the mailing of this application to all of the working interest and royalty interest owners of these two leases.

Should you have any questions concerning this matter, please contact Jerry 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 underline that extends to the right.

Jerry W. Hoover
Senior Conservation Coordinator

Application to Surface Commingle

Lockhart B-35

<u>Pool</u>	<u>Oil Gravities-@60 F</u>	<u>BOPD</u>	<u>MCFD</u>	<u>BWPD</u>	<u>Producing Wells</u>
* Paddock	36.1	-	-	-	No. 5
Blinebry Oil & Gas	38	5	52	14	No. 2,3,4
Tubb Oil & Gas	70	1	185	1	No. 1
Drinkard	38	4	34	12	No. 3,4
Wantz Abo	43	5	102	1	No. 2

Lockhart A-35

<u>Pool</u>	<u>Oil Gravities-@60 F</u>	<u>BOPD</u>	<u>MCFD</u>	<u>BWPD</u>	<u>Producing Wells</u>
* Paddock	36.1	-	-	-	No. 1
Blinebry Oil & Gas	42	8	215	2	No. 1,2,3
Tubb Oil & Gas		1	80	1	No. 3
Drinkard	42	1	161	1	No. 1,3
Wantz Abo	42	3	63	1	No. 2

* Proposed Paddock tests; gravity taken from Lockhart A-27 No. 2

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Production Revenue

Lockhart A-35

	<u>BOPD</u>	<u>API Gravity</u>	<u>\$ Value/BO</u>	<u>Revenue/Day</u>
Currently Commingled (Blinebry, Tubb, Drinkard, Wantz Abo)	13	39.0	19.73	\$256.49
* Paddock alone	40	36.1	17.50	<u>\$700.00</u>
			Total Uncommingled	\$956.49
All Commingled	53	36.8	17.50	\$927.50

* Paddock production is not yet established on this lease. Forty BOPD is the estimated initial production rate for the Paddock. The gravity and sulfur content have been taken from nearby Conoco Lockhart A-27 No. 2, in Section 27-21S-37E. Sweet and sour prices current through 5-5-92.

Production Revenue

Lockhart B-35

	<u>BOPD</u>	<u>API Gravity</u>	<u>\$ Value/BO</u>	<u>Revenue/Day</u>
Currently Commingled (Bliebry, Tubb, Drinkard, Wantz Abo)	15	39.3	19.73	\$295.95
* Paddock alone	40	36.1	17.50	<u>\$700.00</u>
			Total Uncommingled	\$995.95
All Commingled	55	36.9	17.50	\$962.50

* Paddock production is not yet established on this lease. Forty BOPD is the estimated initial production rate for the Paddock. The gravity and sulfur content have been taken from nearby Conoco Lockhart A-27 No. 2, in Section 27-21S-37E. Sweet and sour prices current through 5-5-92.



Midland Division
Exploration and Production

Conoco Inc.
10 Desta Drive West
Midland, TX 79705-4514
(915) 686-5400

June 10, 1992

Dear Interest Owner:

Conoco Inc. is requesting your approval for off-lease storage and surface commingling of production from the Paddock Pool on the Lockhart A-35 and Lockhart B-35 Leases at the central battery for these two leases located on the Lockhart B-35 Lease. Commingling Order PC-173 currently allows the commingling of production from the Drinkard Oil, Tubb Gas, Blinebry Oil, and Wantz-Abo Pools at this facility.

Without approval for utilizing the already existing battery facilities, separate facilities would have to be constructed for these marginal Paddock recompletions. This would increase operating costs and either shorten the economic life of these proposed Paddock recompletions or even make it uneconomic to recover this additional production.

In order to extend the productive life of these leases by reducing operating costs through the use of common storage facilities, we would appreciate your returning an approved copy of this letter in the enclosed postage paid envelope. If you have not responded by July 1, it will be assumed that you have no objection and the New Mexico Oil Conservation Division can consider approval of this application.

Should you have any questions concerning this matter, please contact me at (915) 686-6548.

Very truly yours,

Jerry W. Hoover
Senior Conservation Coordinator

APPROVED BY: _____ DATE: _____
Signature

Company (PRINT or TYPE)

ROYALTY OWNERS

LOCKHART A-35 LEASE

AMOCO PRODUCTION COMPANY
Post Office Box 3092
Houston, TX 77253

PETER & JANET ELLIOTT
250 Colgate Ave.
Kensington, CA 94708

JEFFREY MILLS ELLIOTT
3407 Smoketree
Commons Dr
Pleasanton, CA 94566

MELINDA ANN ELLIOTT
2523 Washington Way
Alameda, CA 94501

ARTHUR LOCKHART TRUST
3633 Long Beach Blvd.
Long Beach, CA 90807-4015

Mr. Richard L. Manus
BUREAU OF LAND MANAGEMENT
Post Office Box 1778
Carlsbad, NM 87220

LOCKHART B-35 LEASE

AMOCO PRODUCTION COMPANY
Post Office Box 3092
Houston, TX 77253

Mr. Richard L. Manus
BUREAU OF LAND MANAGEMENT
Post Office Box 1778
Carlsbad, NM 87220

**WORKING INTEREST OWNERS
LOCKHART A-35 & B-35 LEASES**

**Mr. D. Gilbranson
West Texas Engineering Manager
APACHE CORPORATION
1500 Citywest Blvd., Suite 400
Houston, TX 77042-2343**

**Mr. J. C. Prindle
Non-Operated Joint Ventures Coordinator
CHEVRON USA, INC.
Post Office Box 1150
Midland, TX 79702**

**Mr. S. Keasler
Joint Interest Operations
ARCO OIL & GAS COMPANY
Post Office Box 1610
Midland, TX 79702**

P 243 622 541

RECEIPT FOR CERTIFIED MAIL

Sent to: Peter & Janet Elliott
250 Colgate Ave.
Kensington CA 94708

U.S.G.P.O. 1989 234 535
PS Form 3800 June 1985

06-10-92

P 583 520 479

RECEIPT FOR CERTIFIED MAIL

Sent to: Chevron USA Inc.
P O Box 1150
Midland, Tx 79702

U.S.G.P.O. 1989 234 535
PS Form 3800 June 1985

06-10-92

P 583 520 460

RECEIPT FOR CERTIFIED MAIL

Sent to: Arco Oil & Gas Co.
P O Box 1610
Midland, Tx 79702

U.S.G.P.O. 1989 234 535
PS Form 3800 June 1985

06-10-92

P 583 520 452

RECEIPT FOR CERTIFIED MAIL

Sent to: Melinda Ann Elliott
2523 Washington Way
Alameda CA 94501

U.S.G.P.O. 1989 234 535
PS Form 3800 June 1985

06-10-92

P 583 520 451

RECEIPT FOR CERTIFIED MAIL

Sent to: Jeffery Mills Elliott
3407 Smoketree, Commons Dr.
Pleasanton CA 94566

U.S.G.P.O. 1989 234 535
PS Form 3800 June 1985

06-10-92

P 248 622 548

RECEIPT FOR CERTIFIED MAIL

Sent to: Anoco Prod. Co.
P O Box 3092
Houston Tx 77253

U.S.G.P.O. 1989 234 535
PS Form 3800 June 1985

06-10-92

P 583 520 477

RECEIPT FOR CERTIFIED MAIL

Sent to: APACHE CORP.
1500 Citywest Blvd, Ste 400
Houston, Tx 77042-2343

U.S.G.P.O. 1989 234 535
PS Form 3800 June 1985

06-10-92

P 583 520 453

RECEIPT FOR CERTIFIED MAIL

Sent to: Arthur Lockhart Trust
3633 Long Beach Blvd.
Long Beach, CA 90807-4015

U.S.G.P.O. 1989 234 535
PS Form 3800 June 1985

06-10-92

P 583 520 454

RECEIPT FOR CERTIFIED MAIL

Sent to: Bureau Of Land Management
P O Box 1778
Carlsbad NM 87220

U.S.G.P.O. 1989 234 535
PS Form 3800 June 1985

06-10-92