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 North American Production

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January 12, 1983

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

Attention: Mr. Michael Stogner

Dear Sir:

Application for Permission to Surface Commingle Production from the Hare Simpson Pool with Production from the Blinebry Oil and Gas, Wantz Abo and Drinkard Pools on our Lockhart B-12 Lease; Amendment to Commingling Order No. PC-536

Conoco Inc. requests administrative approval to surface commingle production from the Hare Simpson Pool with production from the Blinebry Oil and Gas, Wantz Abo and Drinkard Pools on our Lockhart B-12 Lease into a common tank battery located in the NW/4 of Section 12, T21S, R37E, Lea County, New Mexico.

Lockhart B-12 No. 5, the only well currently producing from the Hare Simpson Pool on the Lockhart B-12 Lease, recently tested for 24 BOPD, 1 BWPD and 45 MCFGPD. Quality of the crude from each pool is virtually identical, and commingling will not reduce its commercial value. The value of production is as follows:

| <u>Zone</u> | <u>Oil Gravity</u> | <u>Daily Volume</u> | <u>Value Per Barrel</u> |
|----------------------|--------------------|---------------------|-------------------------|
| Blinebry Oil and Gas | 38.1° | 16 | \$31.96 |
| Wantz Abo | 39.1° | 4 | 30.98 |
| Drinkard | 39.1° | 5 | 31.98 |
| Hare Simpson | 48.0° | 24 | 32.00 |

The working interest, royalty interest and overriding royalty interest for all zones are common. Production will be allocated on the basis of well tests for all wells except No. 5; production from Lockhart B-12 No. 5 will be metered separately by a 4' x 12', 3 phase separator.

Michael Stogner
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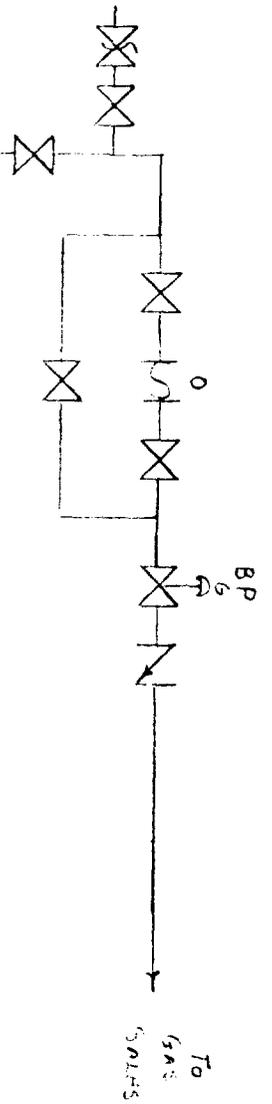
Lease and battery plats are attached for your review and file.

If you have any questions, please contact David G. Smylie, ext. 120 of this office.

Yours very truly,

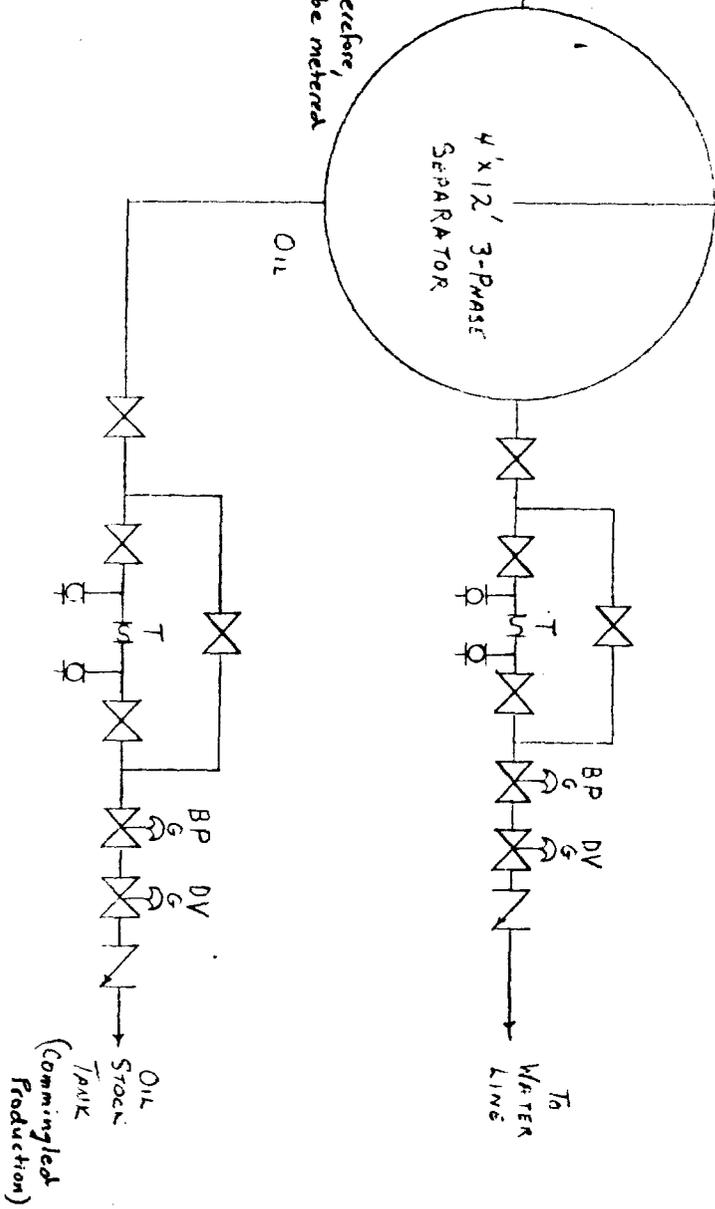
A handwritten signature in cursive script, appearing to read "M Stogner".

DGS:cyg
Attachments
cc: Minerals Management Service
P. O. Box 1857
Roswell, New Mexico 88201

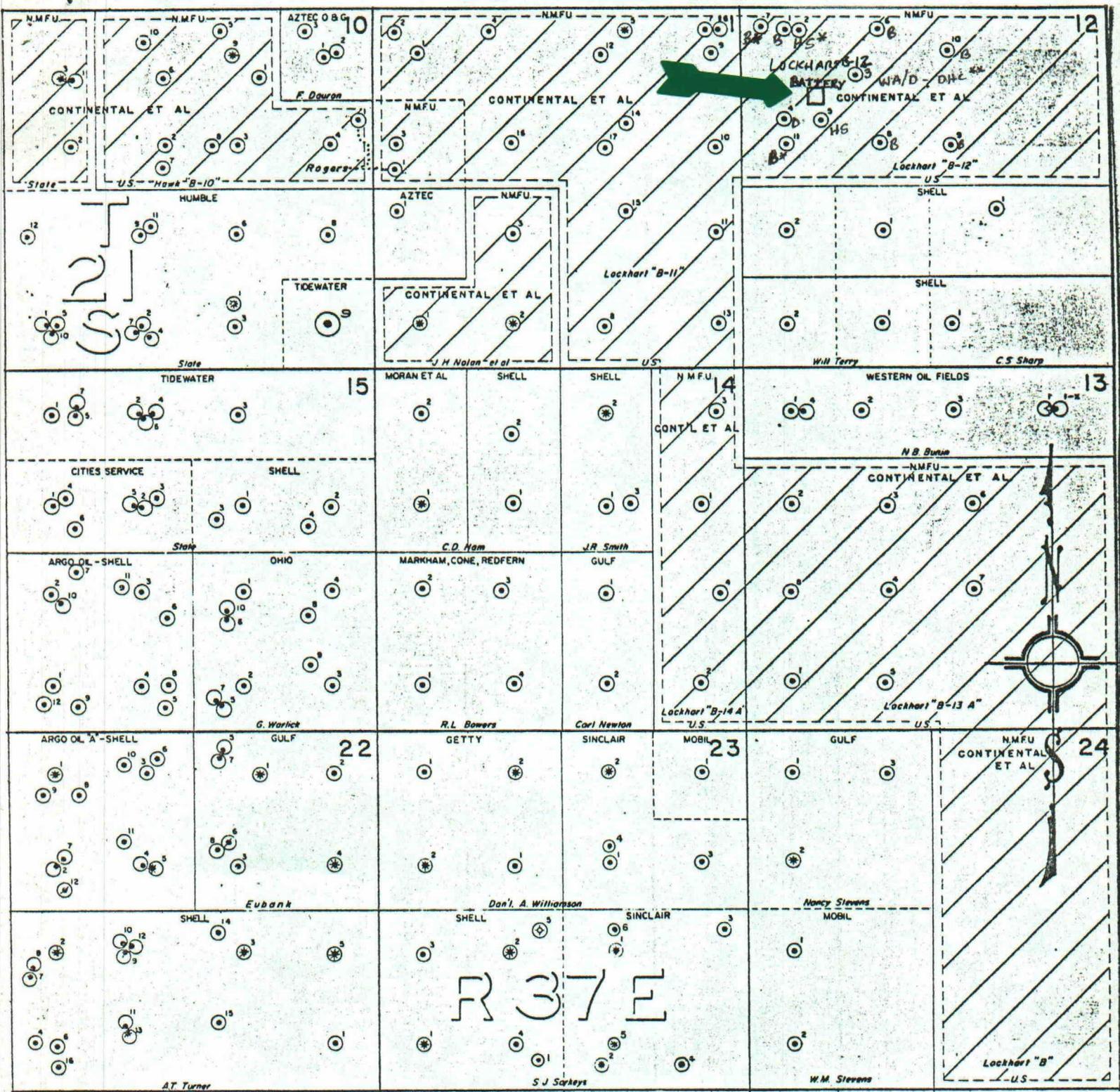


Lockhart B-12 #5

Note: #5 will be the only well going through this separator, therefore, production will be metered continuously.



LOCKHART B-12 #5 METERING SYSTEM
(McKee)



B - Blinbery Oil & Gas Zone
 WA - Wantz Abo Zone
 D - Drinkard zone
 HS - Hare Simpson
 * - Shut-in
 ** - Downhole Commingled

CONTINENTAL OIL COMPANY
 PRODUCTION DEPARTMENT
 HOBBS DIVISION
 LOCKHART B-12 LEASE PLAT
 LEA COUNTY, NEW MEXICO
 SCALE: 1" = 2000'