

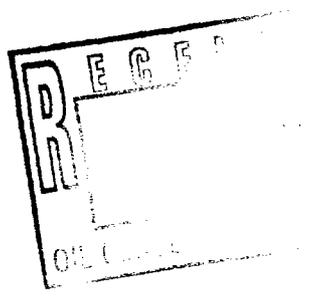


David L. Wacker
 Division Manager
 Production Department
 Hobbs Division
 North American Production

Conoco Inc.
 P.O. Box 460
 726 East Michigan
 Hobbs, NM 88240
 (505) 397-5800

September 23, 1988

Mr. William LeMay, Director
 State of New Mexico
 Energy & Mineral Department
 Oil Conservation Division
 P. O. Box 2088
 Santa Fe, NM 87501-2088



Dear Mr. LeMay:

Request for Approval to Surface Commingle Production from the West Lindrith Gallup Dakota with Production from the Blanco Mesaverde on the Jicarilla 22 Lease

Permission is requested to commingle production from the West Lindrith Gallup Dakota with production from the Blanco Mesaverde on the Jicarilla 22 Lease, Sections 15, 16, 21, & 22, T25N, R4W, Rio Arriba County, New Mexico. Ownership in both zones is common and Conoco is the only working interest owner.

The quality of the oil is virtually identical. Therefore, no reduction in the value of the oil will occur because of commingling. The value and current oil production is as follows:

	<u>Gravity</u>	<u>BOPD</u>	<u>Value</u>
West Lindrith Gallup/Dakota	55	24	\$13.18
Blanco Mesaverde	55*	19	\$13.85*

The quality of the gas is also similar and virtually no reduction in the value of the gas will occur because of commingling. The value and current gas production is as follows:

	<u>BTU</u>	<u>MCFPD</u>	<u>Value</u>
West Lindrith Gallup/Dakota	1191	875	\$ 1.68
Blanco Mesaverde	1223*	342	\$ 1.70*

*Please note that the quality and value of the Blanco Mesaverde production is based on offset wells since the Mesaverde production on this lease is from a recent recompletion and the quality has not been tested at this time. Several other recompletions to the Mesaverde are anticipated in the near future.

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Conoco also requests permission to allocate production back to the individual wells based on well tests. The primary reason for this request is due to the isolated locations of wells on this lease. We are in the process of laying new flowlines on this lease to the centralized battery where well tests will be easier to obtain, especially in the winter months when many lease roads in the area are impassable. Another reason for this request is due to the current gas market and the probability of not getting our recompleted Mesaverde wells connected which would basically mean this production would go unrecovered.

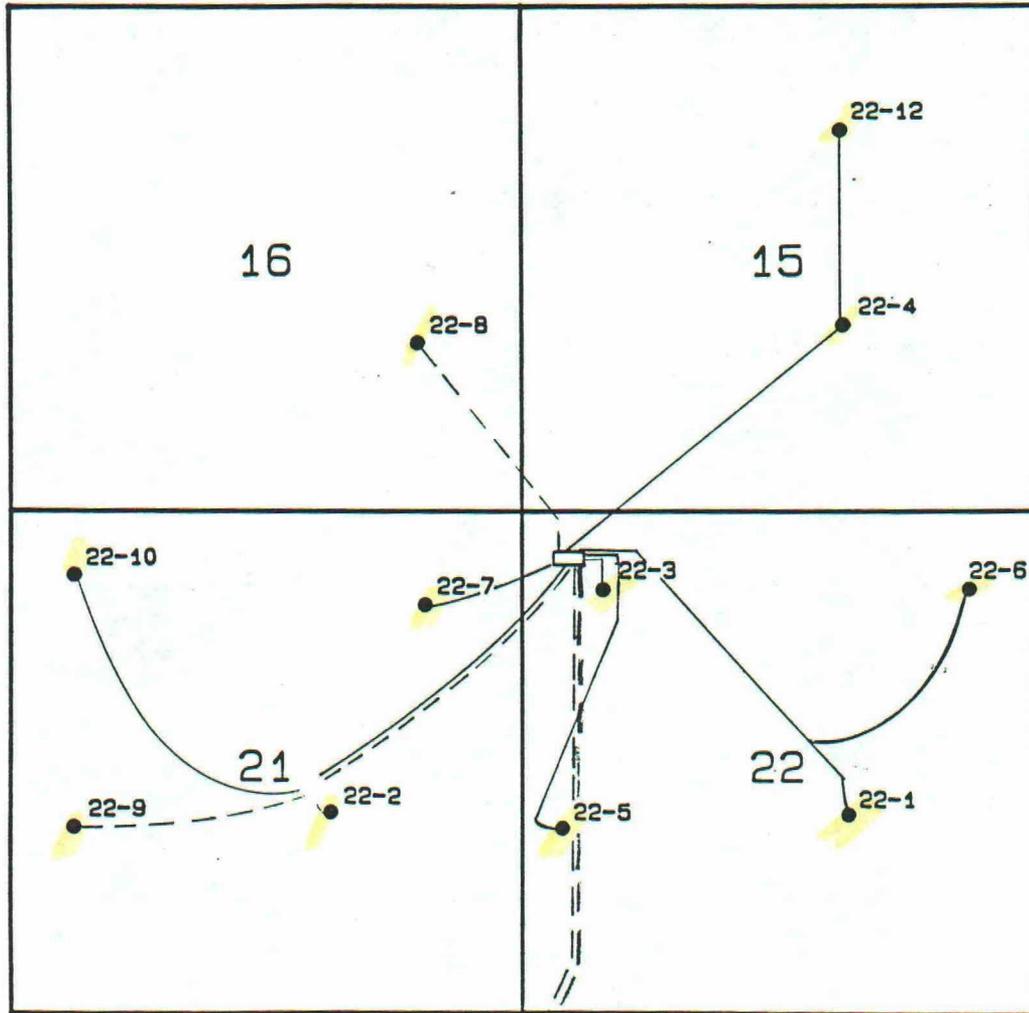
A lease plat and battery schematic are attached. Your immediate attention to this matter would be greatly appreciated. Please contact Ms. Ceal Yarbrough at (505) 397-5825 if you have any questions.

Yours truly yours,


David L. Wacker
Division Manager

COY:jd

R-4-W



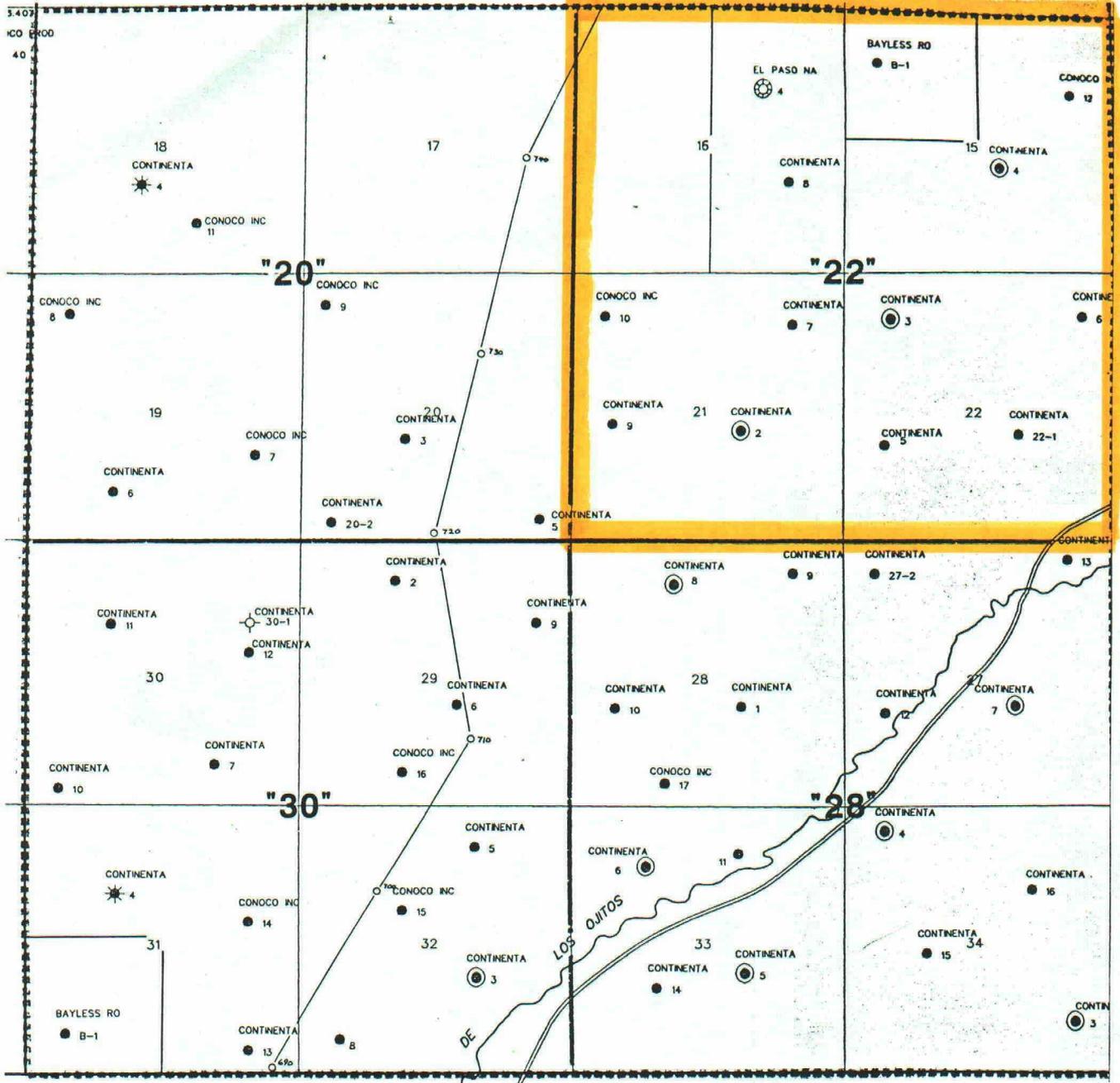
T
25
N

To Jicarilla 28 Battery

- Existing Lines
- - - Prod. Lines to Install
- . - Water Lines to Install

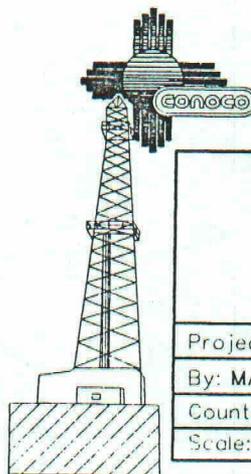
PRODUCTION DEPARTMENT		HOBBS DIVISION
JICARILLA 22 LEASE		

JICARILLA LEASES



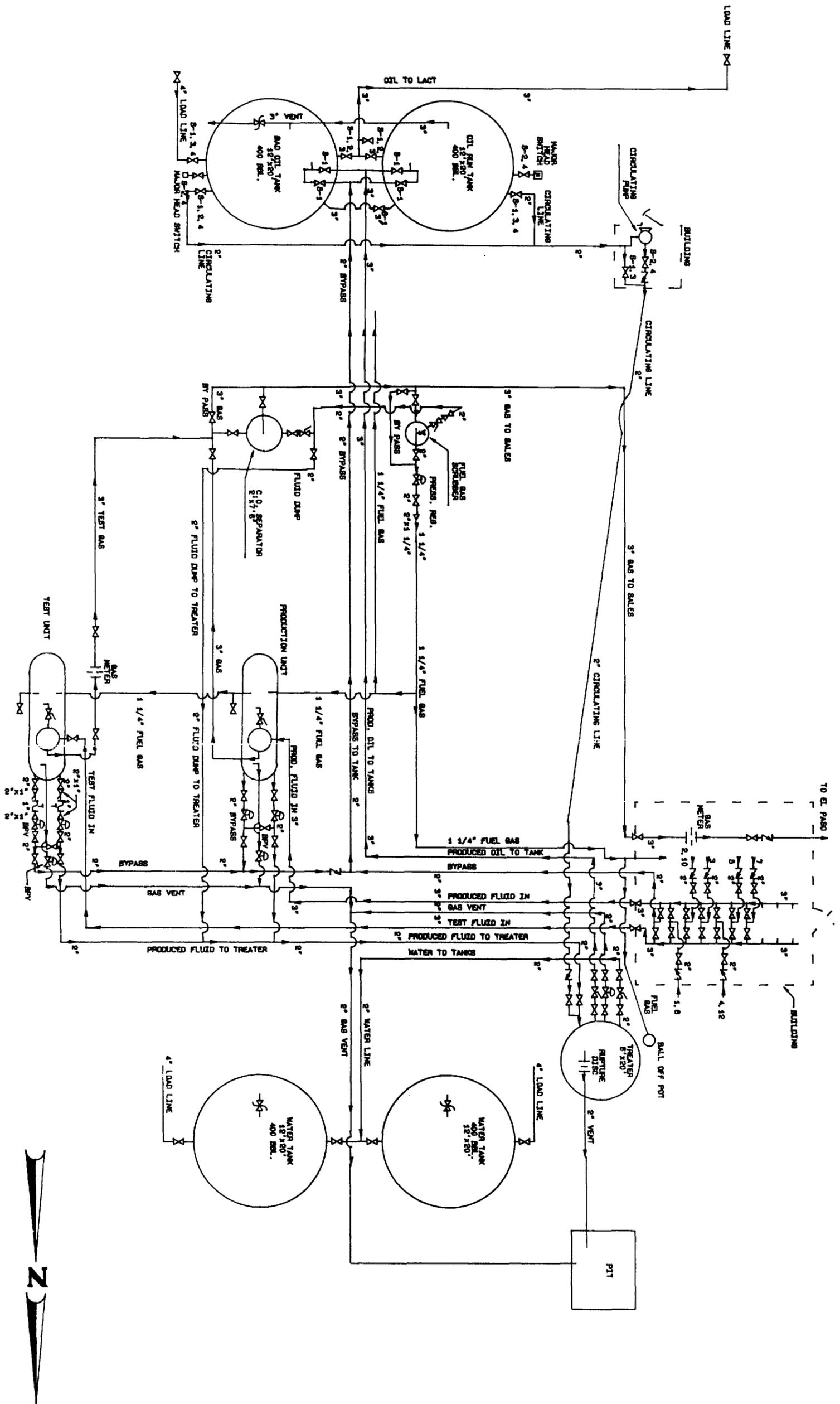
WELL SYMBOLS

OIL	GAS	O & G	NO SHOW	TYPE
●	★	★		PRODUCING
■	★	★		PLUGGED AND ABANDONED
■TA	★TA	★TA	■TA	TEMPORARILY ABANDONED
■JA	★JA	★JA	■JA	JUNKED AND ABANDONED
▲	▲	▲	▲	WATER INJECTION
○—●	○—★	○—★		DEVIATED
◎	◎			DUAL COMPLETION
▲SWD	▲SWD	▲SWD	▲SWD	SALT WATER DISPOSAL
ADDITIONAL WELL SYMBOLS				
◇	○ _h	△	◇ _{CT}	DRY HOLE
⊞	△			SUSPENDED
⊞	□			DST
	○ _h			OBSERVATION
	△			ABANDONED LOCATION
	□			URANIUM
	⊞			SHUT-IN
	◇ _{CT}			CORE



NORTH AMERICAN EXPLORATION
HOBBS OPERATIONS

Project: WEST LINDRITH BLOCK	
By: MARC R. CONNOLLY	Date:
County: RIO ARRIBA, NEW MEXICO	
Scale: 1" = 2000'	



THIS FACILITY IS IN COMPLIANCE WITH CONOCO INC. HOBBS DIVISION SITE SECURITY PLAN.
 PLAN LOCATED AT CONOCO INC. OFFICE
 P.O. BOX 480-726 EAST MICHIGAN
 HOBBS, NEW MEXICO 88240

- VALVE LEGEND: POSITION/MODE
1. CLOSED/SALE
 2. OPEN/SALE
 3. CLOSED/PRODUCTION
 4. OPEN/PRODUCTION

NO.	DESCRIPTION	DATE	BY
1	REVISED PER P&ID	04/24/88	DA

DATE: 9-4-88
 DRAWN BY: A.G.S., INC.
 CHECKED BY:
 APPROVED BY:
 SCALE: NOT TO SCALE

PRODUCTION DEPARTMENT (Conoco)
 JICARILLA 22 TANK BATTERY
 UNIT D-22-T25N-R4W
 RIO ARRIBA COUNTY, NEW MEXICO
 INDIAN CONTRACT NO: 85
 DRAWING NO: HOB-1134-1