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August 4, 1989

RECEIVED

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OIL CONSERVATION DIV.
SANTA FE

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 28 Lease

Permission is requested to commingle production from the West Lindrith Gallup Dakota with production from the Blanco Mesaverde on the Jicarilla 28 Lease, Sections 27, 28, 33, and 34, T25N, R4W, Rio Arriba County, New Mexico. Ownership in both zones is common and Conoco is the only 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 current value is as follows:

	<u>Gravity</u>	<u>Value</u>
West Lindrith Gallup/Dakota	51	18.01
Blanco Mesaverde	50*	17.70*

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

	<u>BTU</u>	<u>Value</u>
West Lindrith Gallup/Dakota	1317	\$1.20
Blanco Mesaverde	1306*	\$1.23*

* Please note that the quality and value of Blanco Mesaverde production is based on offset wells since there is not yet any Mesaverde production from this lease. Several other recompletions to the Mesaverde are anticipated in the near future.

Jicarilla 28 Lease
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Conoco's method for surface commingling this lease will be to separate and meter the Mesaverde production at the wellhead, remerge this production back into one flowline, and send to the battery for reseparation and sale. This same procedure would be taken for all future Mesaverde completions.

A lease plat and battery schematic are attached. Your immediate attention to this matter would be greatly appreciated. Please contact Ms. Kandy Lawson at (505) 397-5826 if you have any questions.

Yours very truly,

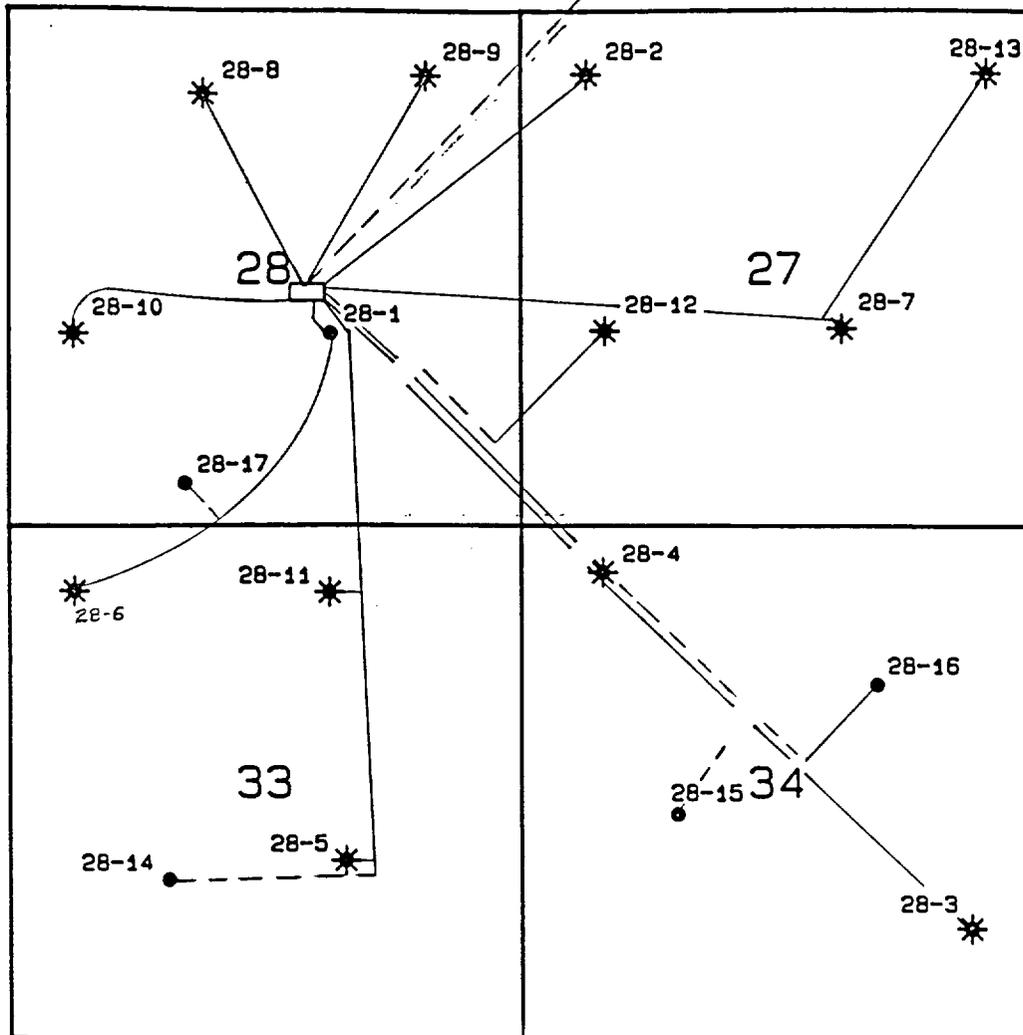


David L. Wacker
Division Manager

KLL:msb
attachment

From Jicarilla 22 Battery

R-4-W



T
25
N

Field Header

Existing Lines

Prod. Lines to Install

Water Lines to Install

PRODUCTION
DEPARTMENT

CONOCO

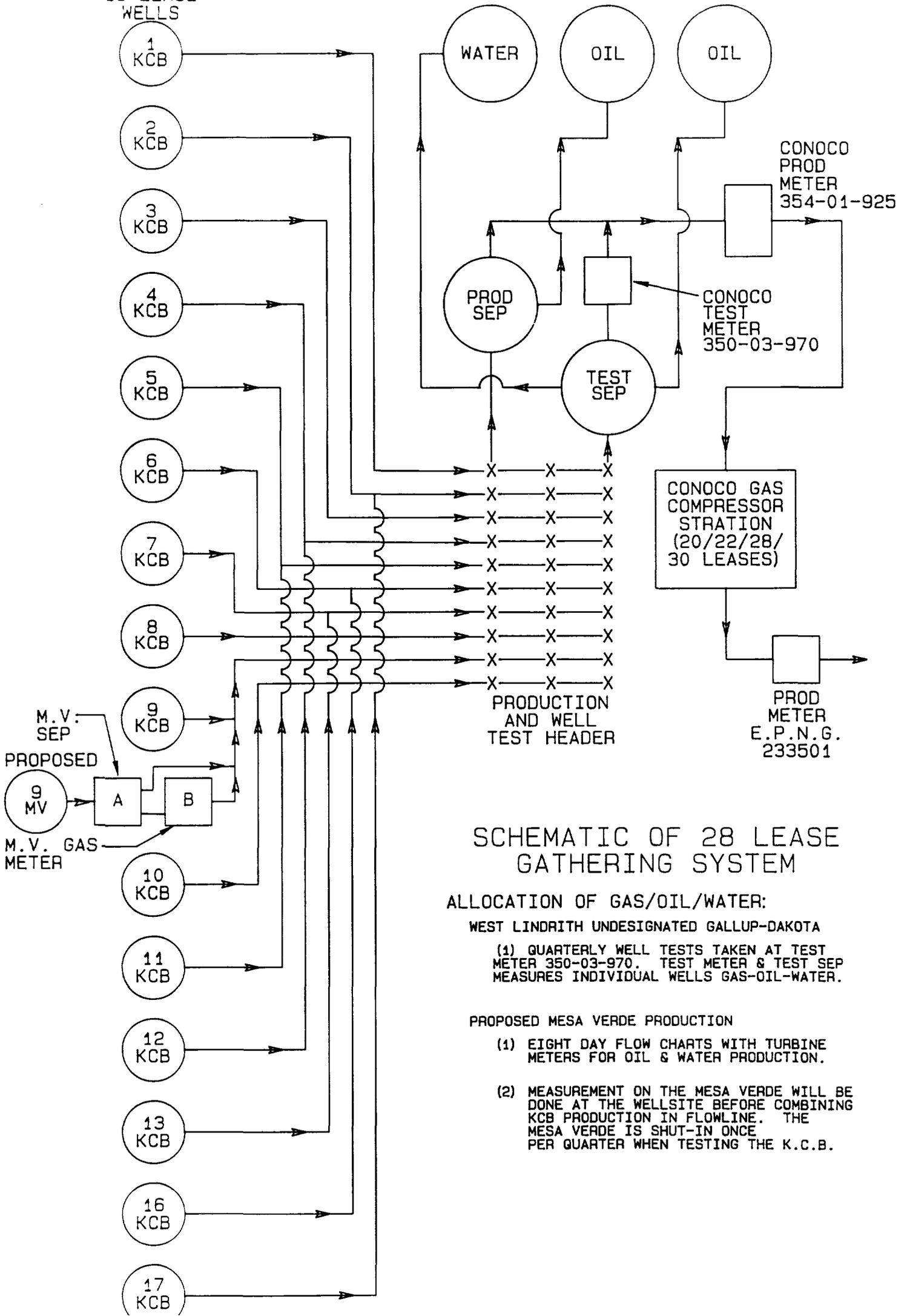
HOBBS
DIVISION

JICARILLA 28 LEASE

0 1320 2640

JICARILLA
28 LEASE
WELLS

STOCK TANKS



SCHMATIC OF 28 LEASE
GATHERING SYSTEM

ALLOCATION OF GAS/OIL/WATER:

WEST LINDRITH UNDESIGNATED GALLUP-DAKOTA

(1) QUARTERLY WELL TESTS TAKEN AT TEST METER 350-03-970. TEST METER & TEST SEP MEASURES INDIVIDUAL WELLS GAS-OIL-WATER.

PROPOSED MESA VERDE PRODUCTION

(1) EIGHT DAY FLOW CHARTS WITH TURBINE METERS FOR OIL & WATER PRODUCTION.

(2) MEASUREMENT ON THE MESA VERDE WILL BE DONE AT THE WELLSITE BEFORE COMBINING KCB PRODUCTION IN FLOWLINE. THE MESA VERDE IS SHUT-IN ONCE PER QUARTER WHEN TESTING THE K.C.B.