



NR

Midland Division
Exploration and Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

1993 FEB 11 9 47

January 27, 1993

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

Gentlemen:

**Application to Surface Commingle Grayburg and Abo Production
On the State H-35 Lease, Section 35, T-17S, R-34E, Lea County**

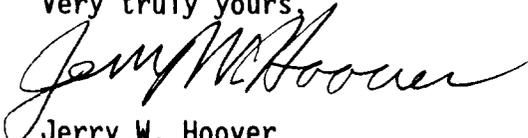
Conoco Inc. requests administrative approval to surface commingle Grayburg and Abo production from its State H-35 Lease.

1. The one Abo producing well on this lease (well No. 9) was recently shut-in because its low, depleted producing rate was losing money from the operating costs associated with maintaining a separate treatment and storage facility for just this one well.
2. The attached map identifies this Abo well (No. 9), four Glorieta wells in the West Vacuum Unit, and five Grayburg producers which are unmarked.
3. The current producing rate of the Grayburg wells (200 BOPD) and the potential producing of the Abo well (10 BOPD) is listed in the production data attachment.
4. Also attached are calculated gross revenues for (a) current operations with the Abo well shut-in and (b) commingled operations with the 10 BOPD of Abo oil being mixed and sold with the Grayburg oil. While the current price value of the Abo oil is slightly higher, it does not contribute to lease revenue as long as it is shut-in. If it can be commingled with the Grayburg production, the marginal remaining reserves can be recovered and sold for a minor increase in lease revenue. Otherwise, any remaining Abo reserves will be economically unrecoverable.
5. A revised battery diagram for the proposed commingled battery is also included.
6. Since the Abo production will be marginal, it is requested that its production be approved for allocation by well test.

7. Since this is a 100%-owned lease by Conoco, no other notifications of this application should be necessary. However, a copy of this application will be sent to the New Mexico State Land Office.

If there are any further questions, please contact me at (915) 686-6548.

Very truly yours,

A handwritten signature in cursive script that reads "Jerry W. Hoover". The signature is written in black ink and is positioned above the printed name and title.

Jerry W. Hoover
Senior Conservation Coordinator

STATE H-35 LEASE

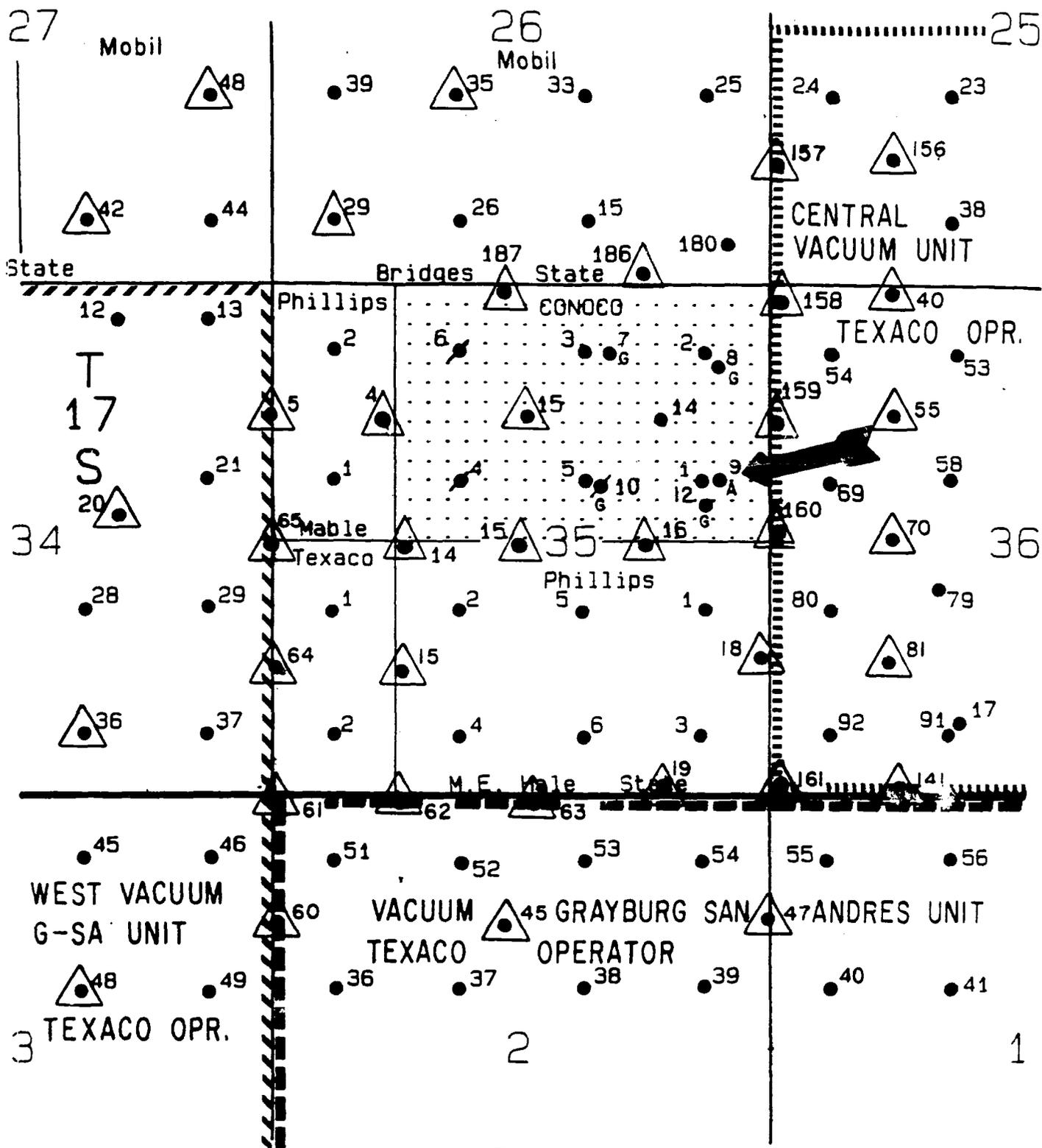
PRODUCTION DATA

<u>Pool</u>	<u>BOPD</u>	<u>MCFGPD</u>	<u>BWPD</u>	<u>WELL NOS.</u>
Vacuum Grayburg-SA	200	200	2850	1, 2, 3, 5, 14
Vacuum Abo	10 *	30 *	150 *	9

PRODUCTION REVENUE

<u>Pool</u>	<u>BOPD</u>	<u>API Gravity</u>	<u>\$ Value/BO</u>	<u>Revenue/Day</u>
<u>Current Operations:</u>				
Vacuum Grayburg-SA	200	40.0	\$ 17.50	\$ 3,550.00
Vacuum Abo	0 *	39.3	\$ 18.50	\$ 0.00
<u>Commingled Operations:</u>				
Commingled stream	210	40.0	\$ 17.50	\$ 3,675.00

* This well is currently shut-in because it was losing money from the operating costs associated with maintaining a separate treatment and storage facility.

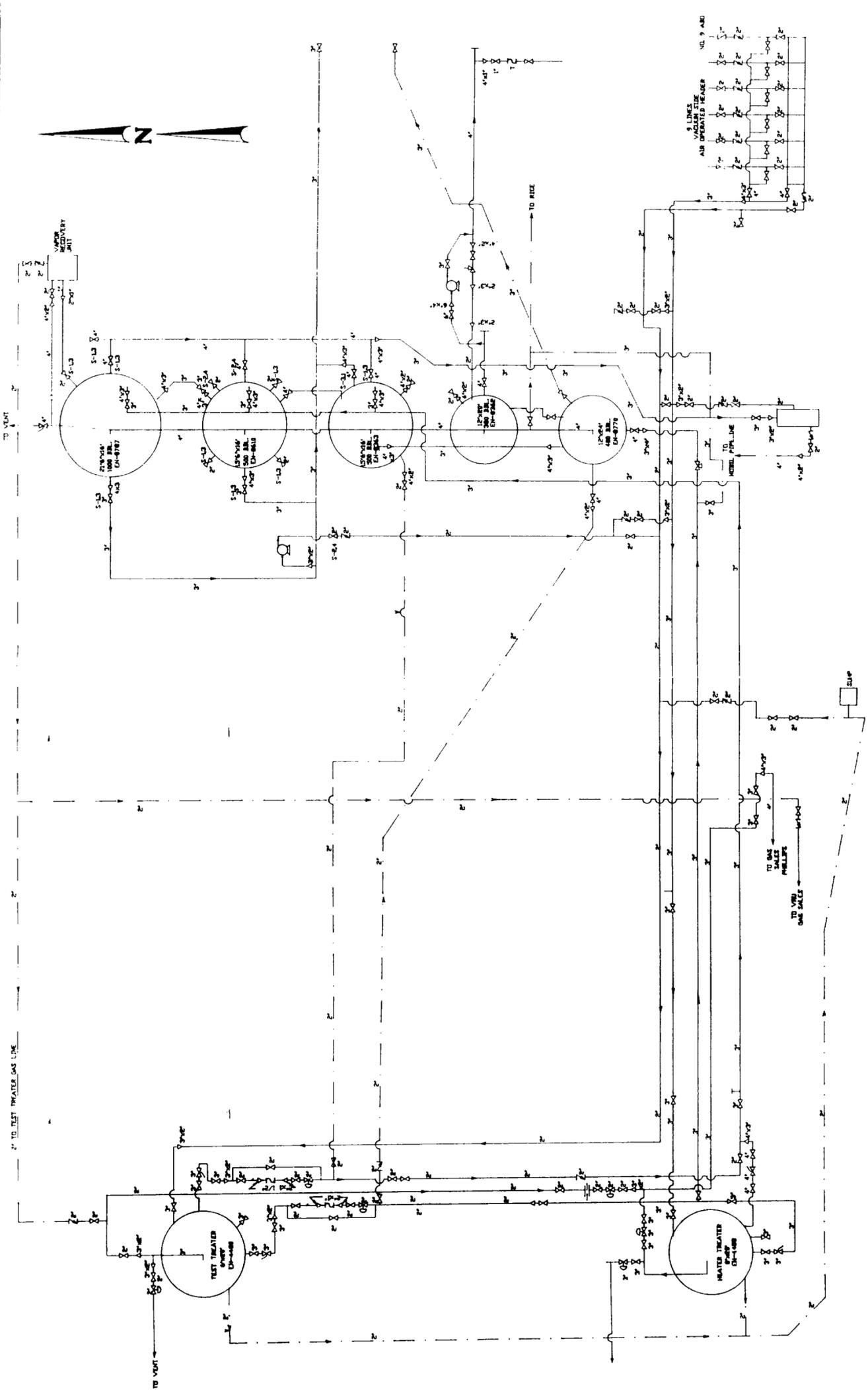


R-34-E

-LEGEND-

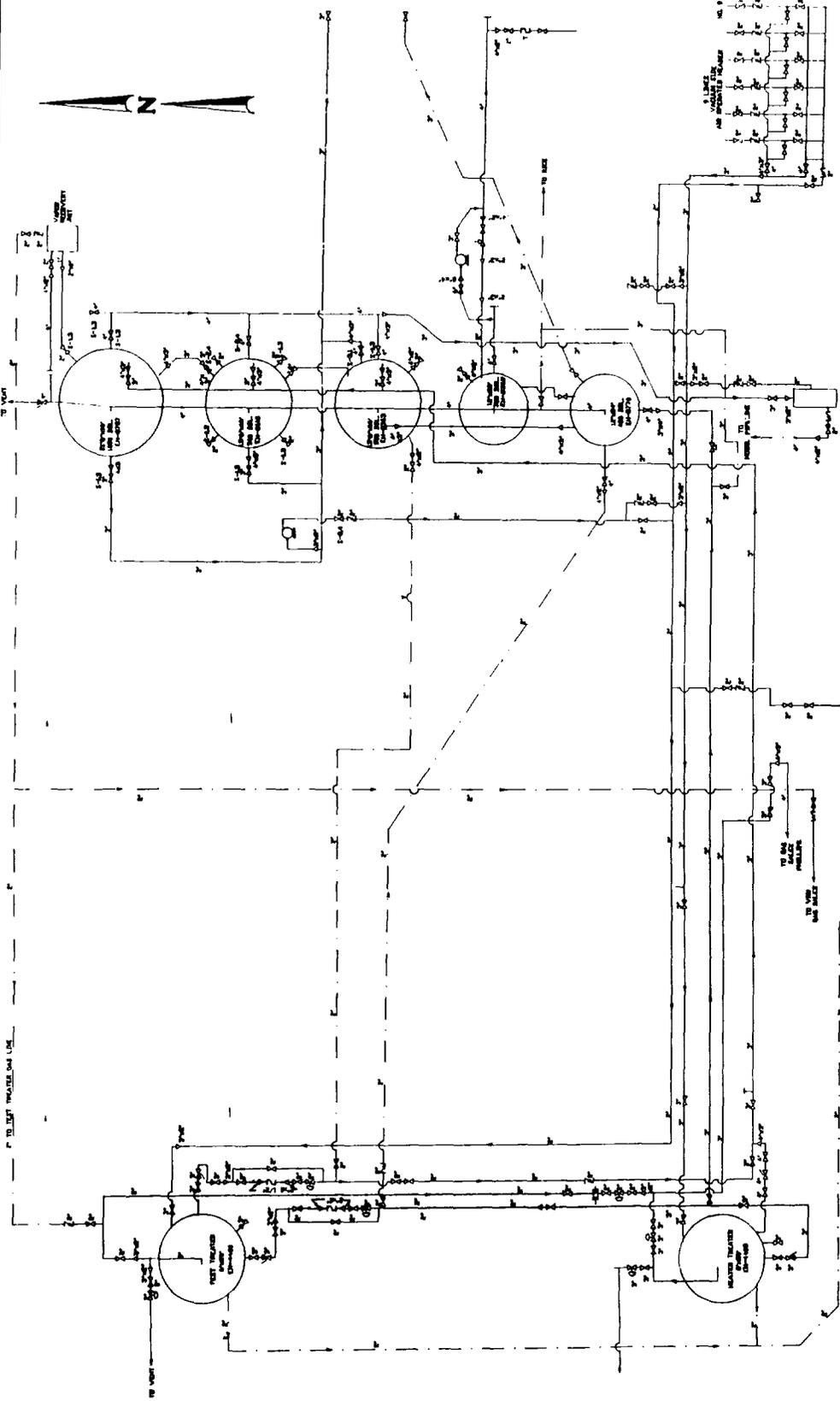
- 2 GRAYBURG-SAN ANDRES
- 7 ABO
- 12 A GLORIETA
- 6 G

PRODUCTION DEPARTMENT	HOBBS DIVISION
<p>VACUUM FIELD</p> <p>LEA COUNTY, NEW MEXICO</p> <p>STATE H-35 LEASE</p>	



PIPING LEGEND		VALVE LEGEND: POSITION/MODE		REVISIONS				DATE: MARCH 6, 1986		EPCOHA MIDLAND DIVISION	
---	GAS	1.	CLOSE/SALE	NO.	DESCRIPTION	DATE	BY	DATE	BY	CONOCO	
---	OIL	2.	OPEN/SALE	1	CHANGE PIPING	3/86	LH			STATE F-35 TANK BATTERY	
---	WATER	3.	CLOSED/PRODUCTION	2	+GAS SALES LINE	12/88	DB			LEA COUNTY, NEW MEXICO	
---	MIXTURE LINE/VESSEL	4.	OPEN/PRODUCTION	3	+INJ SYSTEM	4/89	PJ			UNIT B-35-17-34	
---	VAPOR RECOVERY			4	- FKO & HTR TRTR	11/92	PJ			FED. LEASE NO. _____ DRAWING NO. TB1189	
---	EXTRA									SCALE: NOT TO SCALE	

THIS FACILITY IS IN COMPLIANCE WITH CONOCO INC. MIDLAND DIVISION SITE SECURITY PLAN. PLAN LOCATED AT: CONOCO INC. OFFICE 10 DESTA DRIVE WEST MIDLAND, TEXAS 79705



PIPING LEGEND --- GAS --- OIL --- WATER --- CIRCULATING --- MIXTURE LINE/VESSEL --- VAPOR RECOVERY --- EXTRA		THIS FACILITY IS IN COMPLIANCE WITH CONOCO INC. MIDLAND DIVISION SITE SECURITY PLAN. PLAN LOCATED AT: CONOCO INC. OFFICE 10 DESTA DRIVE WEST MIDLAND, TEXAS 79705		VALVE LEGEND - POSITION/MODE 1. CLOSE/SALE 2. OPEN/SALE 3. CLOSED/PRODUCTION 4. OPEN/PRODUCTION		REVISIONS <table border="1"> <thead> <tr> <th>NO.</th> <th>DESCRIPTION</th> <th>DATE</th> <th>BY</th> <th>NO.</th> <th>DESCRIPTION</th> <th>DATE</th> <th>BY</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>CHANGE PIPING</td> <td>3/86</td> <td>LH</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td>+GAS SALES LINE</td> <td>12/88</td> <td>DB</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td>+INJ SYSTEM</td> <td>4/89</td> <td>PJ</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td>- FKO & HTR TRTR</td> <td>11/92</td> <td>PJ</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		NO.	DESCRIPTION	DATE	BY	NO.	DESCRIPTION	DATE	BY	1	CHANGE PIPING	3/86	LH					2	+GAS SALES LINE	12/88	DB					3	+INJ SYSTEM	4/89	PJ					4	- FKO & HTR TRTR	11/92	PJ					DATE: MARCH 6, 1986 DRAWN BY: SHANNA BIRD DESIGN BY: ? CHECKED BY: SAME APPROVED BY: SAME SCALE: NOT TO SCALE		CONOCO MIDLAND DIVISION STATE #35 TANK BATTERY LEA COUNTY, NEW MEXICO UNIT B-35-17-34 FED. LEASE NO. --- DRAWING NO. T 81189	
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