



JIM BACA  
COMMISSIONER

State of New Mexico  
OFFICE OF THE  
Commissioner of Public Lands  
Santa Fe

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

February 23, 1993

Conoco, Inc.  
10 Desta Drive  
Suite 100W  
Midland, Texas 79705-4500

Attention: Mr. Jerry Hoover

Re: Surface Commingling Approval  
Grayburg/Abo Production  
State Lease B-3196  
Section 35, T17S, R-34E  
Lea County, New Mexico

Dear Mr. Hoover:

Reference is made to your letter of January 27, 1993, wherein you have requested our approval to surface commingle Grayburg and Abo production from your State H-35 Lease.

We have derived the following information from your application:

1. The State H-35 Well No. 9 is currently shut-in because it was losing money from the operating costs associated with maintaining a separate treatment and storage facility.
2. The State H-35 Well Nos. 1, 2, 3, 5 and 14 are currently producing from the Vacuum Grayburg San Andres pool. The H-35 Well #9 is currently completed in the Vacuum Abo pool.
3. Production to the respective Grayburg and Abo pools will be allocated by monthly well tests.
4. The above wells are located on State Lease No. B-3196 of which Conoco, Inc. is the Lessee of Record.

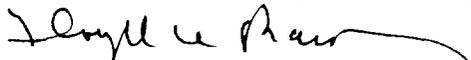
In view of the above, please be advised that your request for surface commingling operations is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval and all requirements of the New Mexico Oil Conservation Division.

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If you have any questions, or if we may be of further help,  
please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA  
COMMISSIONER OF PUBLIC LANDS

BY:   
FLOYD O. PRANDO, Director  
Oil/Gas and Minerals Division  
(505) 827-5744  
JB/FOP/pm  
encls.

cc: Reader File  
OCD - Mr. Ben Stone  
OCD - Mr. David Catanach  
TRD