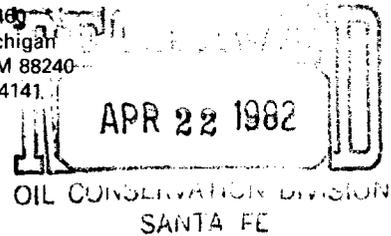




Mark K. Mosley
Division Manager
Production Department
Hobbs Division
North American Production

Conoco Inc.
P.O. Box 48
726 E. Michigan
Hobbs, NM 88240
(505) 393-4141



April 16, 1982

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. Joe D. Ramey

Dear Sir:

Application for Permission to Surface Commingle Production from the
Northeast Haynes No. 7E, Unit J, Section 10, T24N, R5W, Rio Arriba
County, New Mexico

Conoco Inc. requests administrative approval under the provisions of Rule 303-B to surface commingle Basin Dakota production from Well No. 7E into a common tank battery located in the SE/4 SE/4 of Section 16, T24N, R5W, Rio Arriba County. Commission Order No. R-5205A gave approval to commingle Otero Gallup and Basin Dakota production from Well Nos. 1-8 at this facility. Commission Order PLC-58 gave approval to commingle Basin Dakota production from Well Nos. 4E and 8E at this facility.

Ownership and working interest for all zones is common. Quality of the crude and condensate is virtually identical and commingling will not reduce the commercial value.

Northeast Haynes No. 7E is currently producing an average of 3 BOPD of 45° gravity crude valued at \$32.00 per barrel. The Otero Gallup Zone for the lease produces approximately 16 BOPD of 46.4° gravity crude with a value of \$32.00 per barrel.

A lease and battery plat are attached for your review and file. The production will be allocated on the basis of well tests.

Yours very truly,

DGS:jlj
Attachments

cc: Minerals Management Service
Drawer 600
Farmington, New Mexico 87401

