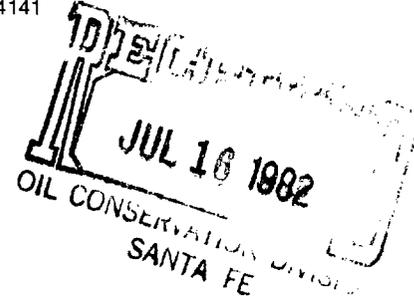




Mark K. Mosley
Division Manager
Production Department
Hobbs Division
North American Production

Conoco Inc.
P. O. Box 460
726 E. Michigan
Hobbs, NM 88240
(505) 393-4141



July 12, 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 Warren Unit Blinebry Oil and Gas Participating Area with Warren Unit Tubb Oil Participating Area Production, Sections 20, 21, 22, 25, 26 27, 28, 29, 33, 34, and 35, T20S, R38E, Lea County, New Mexico.

Conoco Inc. requests administrative approval under the provision of Rule 303-B to surface commingle Blinebry Oil and Gas Participating Area production with Tubb Oil Participating Area production in our Warren Unit.

Ownership and working interest for all zones is common, however the overriding royalty interest owners are different. Conoco Inc. contacted the overriding royalty interest owners to obtain their approval of the subject commingling proposal. This office received 19 approvals out of the 35 overriding royalty interest owners; the remaining parties did not respond. Please note we have received no negative responses. The letter of ballot we sent to the overriding royalty interest owners and the results are attached for your reference.

*PLC -
Commingle Bl & Tt production
from two separate
participating areas
after separate
metering*

*Send
marked
copy of
schematic
to H&S OCD*

Joe D. Ramey
Page 2
July 12, 1982

In addition, the E/2 of the SW/4 of Section 29 has a 5 percent Federal royalty while the rest of the Warren Unit has a 12.5 percent Federal royalty. Upon approval of the subject commingling application, production from this 80 acre tract will be metered separately; production from the remainder of the Warren Unit will be allocated on the basis of well tests.

Quality of the crude is virtually identical and commingling will not reduce the commercial value. The Blinbry Oil and Gas Participating Area is currently producing an average of 468 BOPD of 39.0° gravity crude at \$31.98 per barrel. The Tubb Participating Area produces approximately 388 BOPD of 38.7° gravity crude with a value of \$31.96 per barrel.

A lease and battery plat, along with a letter of approval from the Minerals Management Service, are also attached for your review and file.

If any information is required, please contact David G. Smylie, ext. 120 of this office.

Yours very truly,



DGS/cyg
Attachments

Results Of Ballot Letter To ORRI Owners
To Surface Commingle Warren Unit

APPROVED

Charles H. Coll
Jon F. Coll
James N. Coll
Boyce Rush Davis
W. W. Lechner
Southland Royalty Company
Ruth Rush Weaver
Tom R. Cone
Featherstone Farms, Ltd.
Elks National Foundation
Patrick J. Leonard
Robert J. Leonard
Timothy T. Leonard
Regents University New Mexico
Will of G. E. Hubbard
Will of O. L. Brace
Estate of Lula S. Rush
First Nat'l Bank in Dallas, Trustee
Will of R. E. Hubbard

NO RESPONSE

Max W. Coll III
Hugh Corrigan
Peggy Donnelly McConnell
Union Oil of California
Cathie Auvenshine
Clifford Cone
Douglas Cone
Kathleen Cone
Elliott Oil Company
Shriners Hosp. for Crippled Children
Boys Club of America
David M. Warren, Jr.
The Bishop Whipple Schools
First Nat'l Bank, Roswell, Trustee
Kenneth G. Cone
New Mexico Boys Ranch, Inc.

Please note that to date, we have received no negative responses.

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

Conoco Inc.
P.O. Box 460
726 E. Michigan
Hobbs, NM 88240
(505) 393-4141
JUL 16 1982

February 2, 1982

(Address List Attached)

Dear Interest Owner:

The Unit Agreement covering the Warren Unit and approved by the Minerals Management Services (formerly United States Geological Survey) provides for the establishment of a participating area for wells shown to be capable of producing hydrocarbons in commercial quantities. There are presently four (4) participating areas within the Warren Unit, as follows: (1) Blinbry Formation; (2) Drinkard Formation; (3) McKee Formation and; (4) Tubb Formation. The establishment of a participating area means that all owners with acreage within the participating area share proportionately, on the basis of surface acres owned, in all wells within the participating area.

The purpose for this letter ballot is to request your approval for surface commingling of production for wells both inside and outside a participating area, but all within the Warren Unit, and from whichever formation we should choose for simplicity of storage. We purpose to account for each individual wells' production based on periodic well tests in those instances where surface commingling is practical.

This proposal will not adversely affect your interest nor have any significant effect on your revenue. It simply means that we can improve the storage efficiency from an operational standpoint. The revenue attributable to your account will still be calculated by the same formula that is presently used, and the production from each well in a consolidated battery will be based on current and accurate well tests.

We would appreciate your returning an approved copy of this letter to us by March 1, 1982. If we do not hear from you by that date, we will assume that you have no objections to our proposal, and we will request permission from the Minerals Management Services to surface commingle production within the Warren Unit.

Very truly yours,

David L. Wacker

HAI:rej

REGENTS OF THE UNIVERSITY OF NEW MEXICO BY:

Approval

John Perovich



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
South Central Region
503 Marquette Avenue, N.E., Suite 515
Albuquerque, New Mexico 87102

24 JUN 1982

Conoco, Inc.
Attention: Mr. Mark K. Mosley
P. O. Box 460
Hobbs, New Mexico 88240

Gentlemen:

Your application, dated May 10, 1982, for permission to surface commingle production from Warren unit Blinebry oil and gas participating area with Warren unit Tubb oil participating area production, section 20, T 20 S., R 38 E., Lea County, New Mexico, is hereby approved.

You will meter the production from wells in the E $\frac{1}{2}$ of the SW $\frac{1}{4}$ of section 29 by a positive displacement meter, temperature and gravity compensated, with a nonreset or sealed totalizer.

There will be no commingling with other participating areas in the Warren unit or with production from other leases. According to your application letter, dated September 15, 1981, production test will be made from each zone for each well. These tests are to be performed on a monthly basis.

This approval should not be construed as granting any right-of-way or construction rights not granted by the lease instrument.

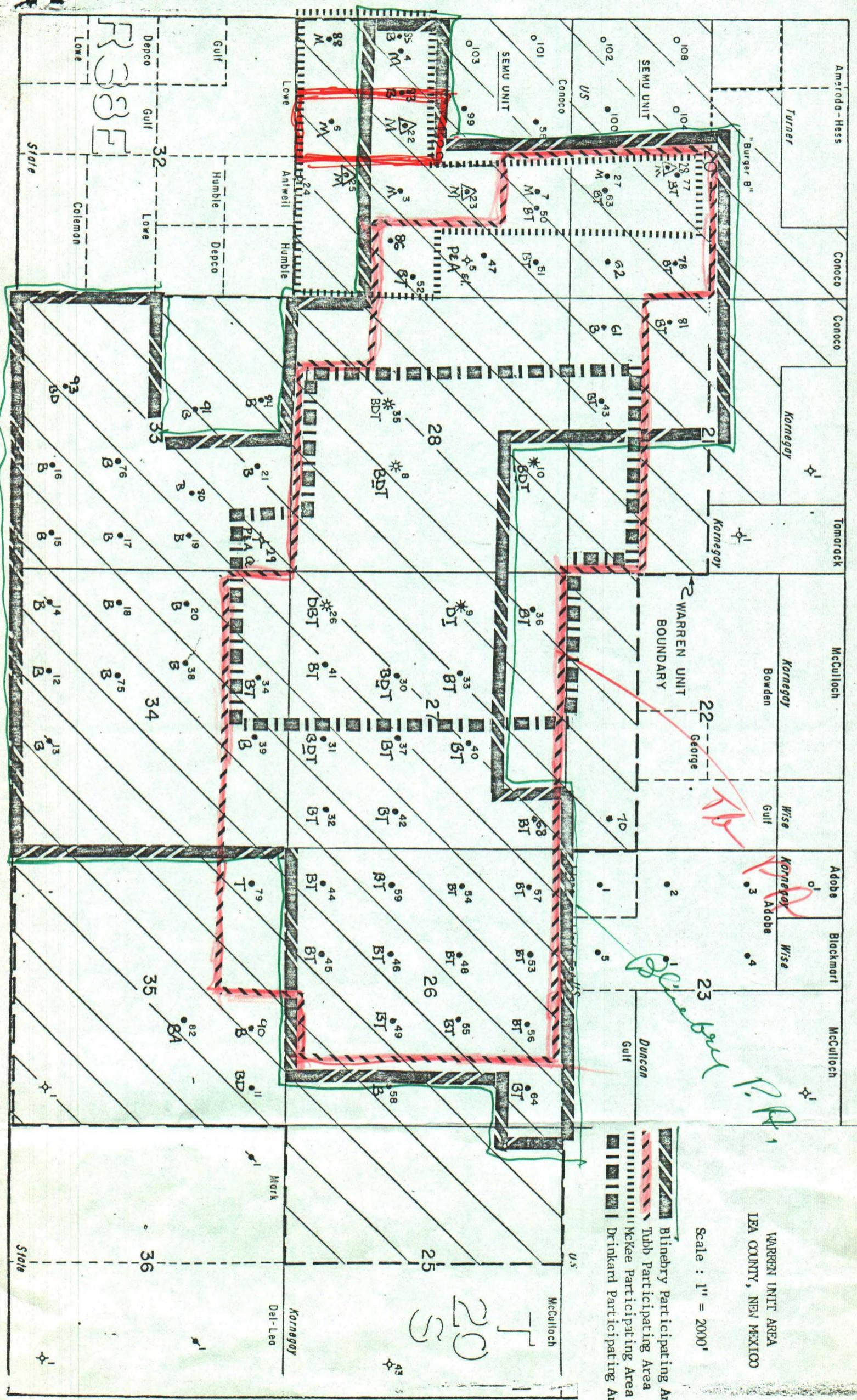
Please notify the District Supervisor in Roswell when this action is initiated.

Sincerely yours,


Gene F. Daniel
Deputy Minerals Manager,
Oil and Gas

Enclosure

1 M
2 W
3



WARREN UNIT AREA
LEA COUNTY, NEW MEXICO

Scale : 1" = 2000'

-  Blinery Participating Area
-  Tubb Participating Area
-  McKee Participating Area
-  Drinkard Participating Area

20
25

George

Wise

R33E

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE