

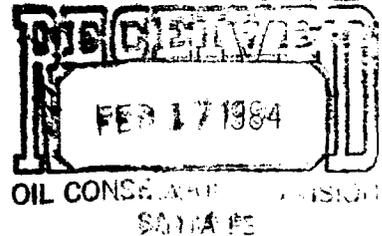


Mark K. Mosley
Division Manager
Production Department
Hobbs Division
North American Production

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

February 13, 1984

New Mexico Oil Conservation Division
Department of Energy and Minerals
State of New Mexico
P. O. Box 2088
Santa Fe, NM 87501



Attention: Mr. Joe Ramey

Dear Sir:

Surface Commingling - Sanderson A Lease and Sanderson AB-14 Lease

Commingling Order PLC-65 gave Conoco Inc. permission to surface commingle our Sanderson A Lease and Sanderson AB-14 Lease with the provision that we separately meter production from each lease. We are requesting this order be amended allowing production to be allocated by well tests.

The provision that we meter production was due to the Sanderson A Lease having sliding scale royalty and the Sanderson AB-14 Lease having step-scale royalty. We do not feel this will be a problem as the Sanderson AB-14 lease would have to produce more than 50 BOPD to create a difference in royalty and this is highly unlikely. The production from the Sanderson AB-14 lease is marginal and we cannot justify the cost of metering so this 7 BOPD well would have to be shut in.

We are attaching an approved copy from the Bureau of Land Management allowing us to measure production from these leases based on well tests.

Your consideration of this matter will be very much appreciated.

Yours very truly,

MMS:cyp
Attachments

Sanderson A & AB-14
lease files

RECEIVED
HOBBS DIVISION

OCT 24 '83



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

Div. Manager			
Asst. Div. Mgr.			
Div. Adm. Mgr.			
Div. Engr.			
Drig. Supt.			
Sys. Supv.			
Cons. Coord.			
Training Coord.			
Adm. Supv. - A/P			
Adm. Supv. - S/S			
Sup. Prod. Eng.			
Sup. Res. Eng.			
Prod. Supt. - H-I			
Prod. Supt. - H-II			

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

Operator

BLM APPROVAL -
SAME APPLICATION
SENT TO NMOCD &
BLM

May 16, 1983

New Mexico Oil Conservation Division
Department of Energy and Minerals
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

RECEIVED

MAY 19 1983

APPROVED
R. P. [Signature]
OCT 21 1983

OIL & GAS

ROSWELL, NEW MEXICO

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FEB 17 1984

Attention: Mr. Michael Stogner

Dear Sir:

Application for Permission to Surface Commingle Production from the Sanderson A Lease with Production from the Sanderson AB-14 Lease

Conoco Inc. requests approval to surface commingle production from the Eunice-Monument (G-SA) and Eumont Yates Seven Rivers Queen on the Sanderson A Lease with production from the Sanderson AB-14 Lease, a one-well lease which produces from the Eumont Yates Seven Rivers Queen. Please note Administrative Order No. PC-604, dated August 28, 1981, provided NMOCD approval to surface commingle the two zones mentioned above on the Sanderson A Lease, basing production on well tests; the United States Geological Survey provided the same approval on October 31, 1981.

A summary of production is given below.

Lease	Pool	Production			Gravity	Price/BBL
		BOPD	BWPD	MCFGPD		
Sanderson A	Eunice Monument (G-SA)	285	475	640	33.6°	\$28.86
Sanderson A	Eumont Yates 7 Rvrs Qn	2	0	241	33.6°	\$28.86
Sanderson AB-14	Eumont Yates 7 Rvrs Qn	6	7	92	33.6°	\$28.86

The working interests and overriding royalty interests are common between the two leases, but the federal royalty differs. The Sanderson A Lease has a sliding scale royalty, and the Sanderson AB-14 Lease has a step-scale royalty. Despite this fact, Conoco Inc. still requests production from both leases be based on periodic well tests since production from the Sanderson AB-14 Lease is marginal.

In addition, attached are the following: a letter to ARCO Pipeline Company which will serve as notification to the purchaser of our commingling proposal, a schematic of our commingling proposal, a letter of notification to the non-operating working interest owners and a map showing the location of all wells which will produce into the commingled battery.

Michael Stogner

Page 2

May 16, 1983

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

Yours very truly,

A handwritten signature in cursive script, appearing to read "M. Stogner".

DGS:cyg

Attachments

cc: Bureau of Land Management
P. O. Box 1857
Roswell, New Mexico 88201

R 36 E

