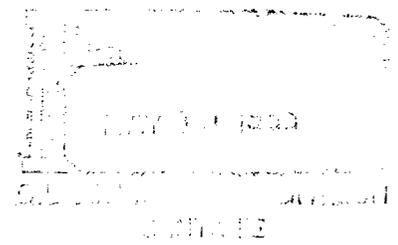




112

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



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

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.

*Mosley  
copy before  
running  
for production  
to 309-B*

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 "D. G. Smylie".

DGS:cyg

Attachments

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





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

May 16, 1983

Arco Pipe Line Co.  
P. O. Box 1190  
Midland, Texas 79702

Gentlemen:

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

Please be informed as of May 16, 1983, Conoco Inc. is applying to the New Mexico Oil Conservation Division and the Bureau of Land Management for permission to surface commingle production from the Sanderson A Lease with production from the Sanderson AB-14 Lease.

If you have any questions concerning this matter, please contact David G. Smylie, ext. 120 of this office.

Yours very truly,

A handwritten signature in cursive script that reads "Mark K. Mosley".

DGS:cyg



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

May 16, 1983

Arco Oil and Gas Co.  
P. O. Box 1710  
Hobbs, New Mexico 88240

Amoco Production Co.  
P. O. Box 68  
Hobbs, New Mexico 88240

Chevron  
P. O. Box 1660  
Midland, Texas 79701

Gentlemen:

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

Please be informed as of May 16, 1983, Conoco Inc. is applying to the New Mexico Oil Conservation Division and the Bureau of Land Management for permission to surface commingle production from the Sanderson A Lease with production from the Sanderson AB-14 Lease.

If you have any questions concerning this matter, please contact David G. Smylie, ext. 120 of this office.

Yours very truly,

DGS:cyg

COMMINGLING ORDER PC- 604

Company CONOCO, INC.  
Address P. O. Box 460  
City, State, Zip Hobbs, New Mexico 88240

Attention: Mr. L. P. Thompson

Lease Name: Sanderson A  
Description: SE/4 and S/2 SW/4 of Sec. 11, and E/2 NW/4, NE/4, and  
N/2 SE/4 and SE/4 SE/4 of Sec. 14, all in T-20-S, R-36-E,  
Lea County

The above-named company is hereby authorized to commingle production from the following pools

Eumont and Eunice-Monument

in a common tank battery, and to determine the production from each pool by

\_\_\_\_\_ separately metering the production from each pool prior to commingling

\_\_\_\_\_ separately metering the production from

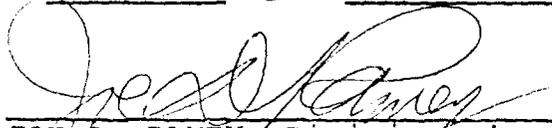
and determining the production by the subtraction method

well tests (if this method is to be authorized, all commingled production must be of marginal nature; further, the operator shall notify the Santa Fe Office of the Division in the event any well producing into the commingled battery becomes capable of top allowable production, at which time the Division will amend this order or take such other action as may be appropriate)

Note: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS:

DONE at Santa Fe, New Mexico, on this 28th day of August, 1981.

  
\_\_\_\_\_  
JOE D. RAMEY, Division Director

cc: OCD - Hobbs  
Oil & Gas Engineering Committee - Hobbs  
Machine Accounting - Santa Fe  
U. S. Geological Survey - Hobbs

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