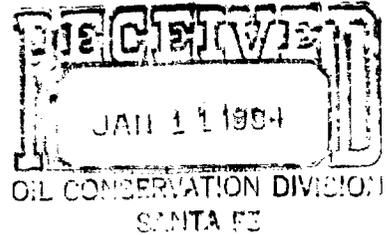


Mark K. Mosley
 Division Manager
 Production Department
 Hobbs Division
 North American Production

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

September 9, 1983



New Mexico Oil Conservation Division
 P. O. Box 2088
 Santa Fe, NM 87501

Attention: Joe D. Ramey, Director

Dear Sir:

Application for Permission to Surface Commingle Production from the SEMU McKee, SEMU Blinebry and SEMU Tubb A Leases, each located in the SEMU Unit, Sections 18, 19, 20, 29 and 30, T-20S, R-38E, Lea County, New Mexico

Conoco Inc. requests administrative approval to surface commingle McKee, Blinebry and Warren Tubb Oil Production in the SEMU Unit at our SEMU McKee tank battery, located SW/4 SW/4, Section 20-20S-38E, Lea County, New Mexico.

The subject leases have common working interests and royalty interests; however, the overriding royalty interests differ. In order to comply with Federal and State regulations, we contacted the overriding royalty interest owners to obtain their approval of the subject commingling proposal. This office has received 13 approvals out of the 27 overriding royalty interest owners; the remaining parties did not respond. Please note that to date, we have received no negative responses. Attached for your reference is a copy of the November 17, 1982, letter of ballot sent to the overriding royalty interest owners, and a table indicating the results of our ballot letter.

We also notified all working interest owners and purchaser of production of our intent to surface commingle. Please find attached copies of these letters which were sent by certified mail.

Quality of the crude is virtually identical and commingling will not reduce the commercial value. The value of the crude is as follows:

<u>Zone</u>	<u>Gravity</u>	<u>Daily Production (bbls)</u>	<u>Value Per Barrel</u>
Warren McKee	45.6°	94	\$30.00
Blinebry Oil & Gas	40.5°	70	\$30.00
Warren Tubb Oil	39.0°	103	\$29.98

New Mexico Oil Conservation Division
September 9, 1983
Page 2

A battery schematic and lease plat are attached for your review and file. A test facility will be utilized for testing wells from each zone. Furthermore, it is proposed to utilize a LAST Unit at the commingled tank battery. Please note production shall be allocated to each lease through the use of separate metering facilities.

Also attached for your information is a copy of the August 25, 1983 letter of approval to Surface Commingle from the Bureau of Land Management.

If you have any questions, please contact Carol Freese, ext. 117 of this office.

Yours very truly,

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

CLF:ksh

Attachments

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

<u>Approved</u>	<u>No Response</u>
George H. Etz, Jr. Trustee	Kathleen Cone
HE-TEY Supply Co.	Tom R. Cone
Stz Oil Properties, Inc.	Carnie Auvenshine
David M. Warren, Jr.	Boys Clubs of America
Louise Burger	Clifford Cone
Kenneth G. Cone	Timothy T. Leonard
TR for Betty Kyte Dressen	Regents University of New Mexico
Robert L. Leonard	Douglas Cone
The Bishop Whipple Schools	Betty M. Dressen Trustee
First National Bank in Dallas	Elks National Foundation
Ingrid Powell	David Bond Kyte
Patrick J. Leonard	Western Mineral Deed Association
Edward Dressen, Jr.	New Mexico Boys Ranch
	Betty M. Dressen & Ingrid Powell Account

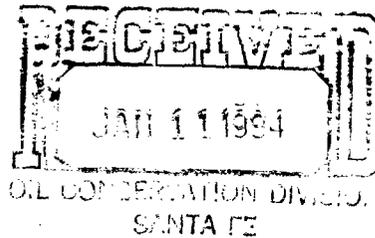
Please note that to date, we have received no negative responses.



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

November 17, 1982



(Address List Attached)

Dear Interest Owner:

The Unit Agreement covering the Southeast Monument (SEMU) Unit and approved by the Minerals Management Service (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 eight (8) participating areas within the SEMU Unit, as follows: (1) Blinebry; (2) Drinkard; (3) McKee; (4) Tubb; (5) Tubb A; (6) Eumont; (7) Devonian and; (8) Permian. 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 SEMU Unit, and from whichever formation we should choose for simplicity of storage. We propose 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 December 20, 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 Service to surface commingle production within the SEMU Unit.

Very truly yours,

DGS:sjl

Approval _____

Kathleen Cone
P.O. Box 1509
Lovington, NM 88260

Kenneth G. Cone
P.O. Box 5246
Austin, TX 78763

Tom R. Cone
P.O. Box 126
Southwest City, MO 64863

Betty M. Dreessen & Ingrid Powell
P.O. Box 749
Los Altos, CA 94002

Cathie Auvenshine
9210 Honeycomb Dr.
Austin, TX 78737

Bank of California
TR. for Betty Kyte Dreessen
400 California St.
San Francisco, CA 94104

Boys Clubs of America
771 First Avenue
New York City, NY 10017

Clifford Cone
P.O. Box 6010
Lubbock, TX 79413

Patrick J. Leonard
P.O. Box 335
Dallas, TX 75221

Timothy T. Leonard
P.O. Box 6006
San Antonio, TX 78209

ME-TEX Supply Co.
P.O. Box 2070
Hobbs, NM 88240

Ingrid Powell
P.O. Box 416
Los Altos, CA 94022

Regents University of New Mexico
c/o University of New Mexico
Albuquerque, NM 87131

David M. Warren, Jr.
P. O. Box 949
Borger, TX 79007

Douglas Cone
P.O. Box 6217
Lubbock, TX 79413

Betty M. Dreessen Trustee
P.O. Box 817
Los Altos, CA 94022

Edward Dreessen, Jr.
P.O. Box 416
Los Altos, CA 94022

Elks National Foundation
New England Merchants National Bank
Trust Dept. Acct. No. 5-5429
P.O. Box 4521
Boston, MA 02107

Etz Oil Properties, Inc.
P.O. Box 1992
Roswell, NM 88201

George H. Etz, Jr. Trustee
2003 17th St.
Lubbock, TX 79401

First National Bank in Dallas
Trustee Acct. No. 10625
P.O. Box 84738
Dallas, TX 75284

David Bond Kyte
c/o Estado Home Loan Co.
1900 State St., Suite B
Santa Barbara, CA 93101

Robert L. Leonard
P.O. Box 400
Roswell, NM 88201

The Bishop Whipple Schools
P.O. Box 218
Faribault, MN 55021

Western Mineral Deed Association
c/o Security National Bank
Acct. No. 29-539-6
P.O. Box 268
Lubbock, TX 79408

Louise Burger
Ex. for W.D. Burger
2100 Sylvan
Abilene, TX 79605

New Mexico Boys Ranch
Boys Ranch, NM 87002



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

September 2, 1983

(Address List Attached)

Dear Interest Owner:

Please note Conoco Inc. has received approval from the Bureau of Land Management and is making application to the New Mexico Oil Conservation Division to Surface Commingle production from the SEMU McKee, SEMU Blinebry and SEMU Tubb A Leases, each located in the SEMU Unit.

Yours very truly,

A handwritten signature in cursive script that reads "M.K. Mosley" followed by a small mark that appears to be "JMT".

CLF:cyg

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

Amoco Production Company
P. O. Box 3092
Houston, Texas 77253

Chevron, USA Inc.
P. O. Box 1660
Midland, Texas 79701

Atlantic Richfield Company
P. O. Box 1710
Hobbs, New Mexico 88240

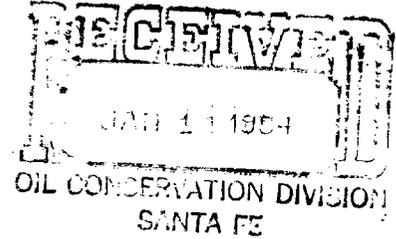


Mark K. Mosley
Division Manager
Production Department
Hobbs Division
North American Production

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

September 2, 1983

Shell Pipeline Corporation
P. O. Box 1008
Hobbs, NM 88240



Gentlemen:

Please note Conoco Inc. has received approval from the Bureau of Land Management and is making application to the New Mexico Oil Conservation Division to Surface Commingle production from the SEMU McKee, SEMU Blinbry and SEMU Tubb A Leases, each located in the SEMU Unit.

Yours very truly,

CLF:cyg



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P. O. Box 1397

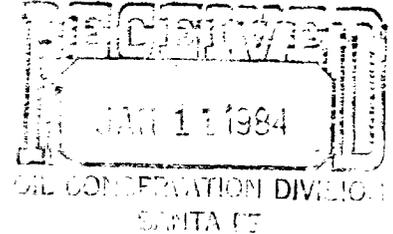
Roswell, New Mexico 88201

IN REPLY
REFER TO:

Ref: SEMU Unit

August 25, 1983

Conoco Inc.
P. O. Box 460
Hobbs, NM 88240



Gentlemen:

Attached is the approved copy of your application to Surface Commingle Production from the SEMU McKee, SEMU Blinebry and SEMU Tubb A Leases in the SEMU Unit section 18, 19, 20, 29 and 30, T. 20 S., R. 38 E., Lea County, New Mexico.

Approval will be needed for any changes or additions to the application.

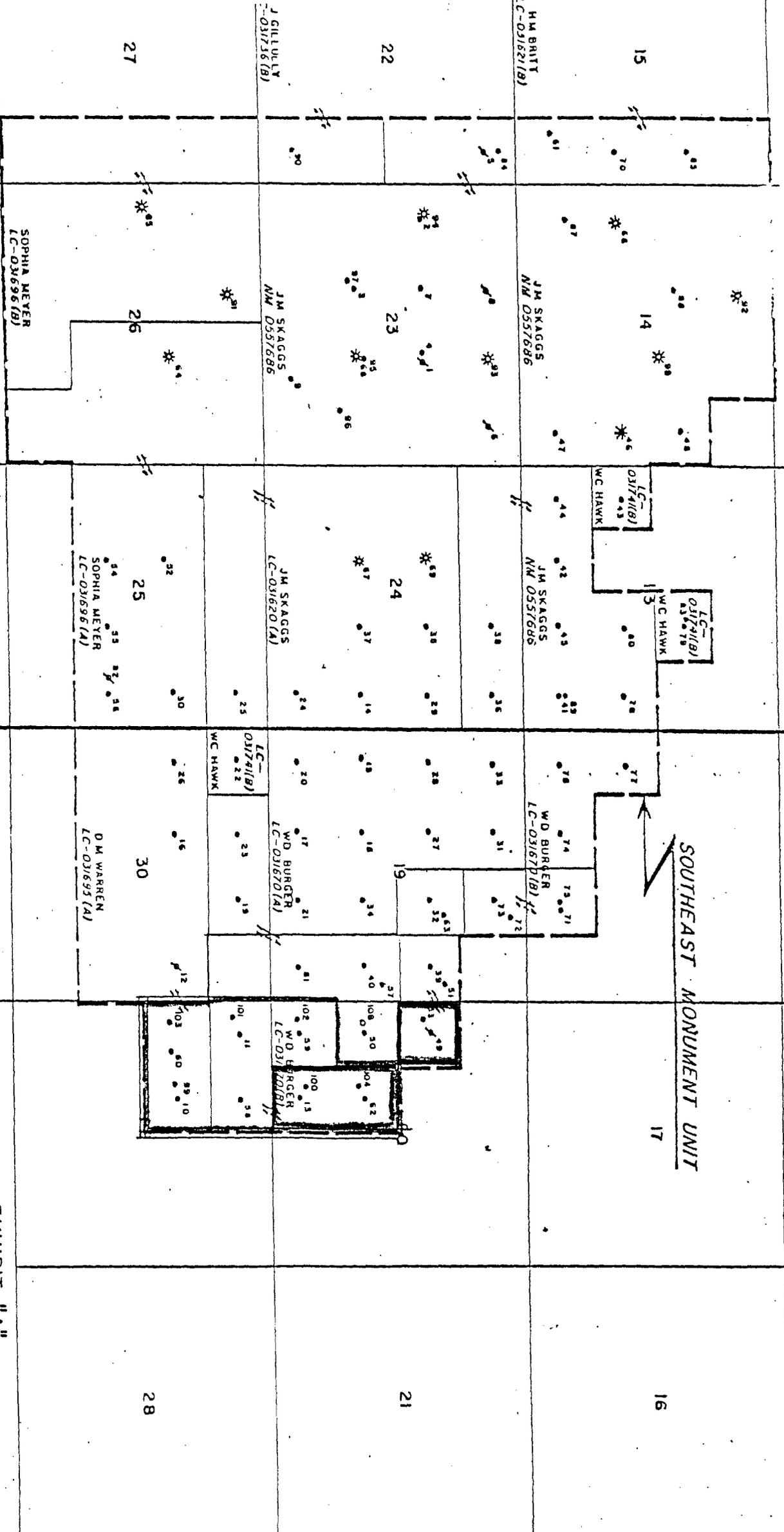
Sincerely yours,

District Manager

Enclosure: copy of Application

RECEIVED HOBBS DIVISION			
AUG 31 '83			
	DATE	NAME	INITIALS
Div. Manager			
Asst. Div. Mgr.			
Div. Adm. Mgr.			
Div. Engr.			
Dir. Supt.			
Sys. Supv.			
Cons. Coord.			
Training Coord.			
Adm. Supv.-APM			
Adm. Supv.-SAS			
Sup. Prod. Eng.			
Sub. Rest. Eng.			
Prod. Supt. - H-I			
Prod. Supt. - H-II			
Prod. Supt. - F			

SOUTHEAST MONUMENT UNIT



SOUTHEAST MONUMENT UNIT AREA
 LEA COUNTY, NEW MEXICO
 SCALE: 1" = 2000'
 DATE: 4/18/60

LEGEND
 WARREN MCKEE
 BLINBERRY
 WARREN TUBB OIL

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

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