

DATE IN 6/14/2013	SUSPENSE	ENGINEER 76	LOGGED IN 6/16/2013	TYPE DHC	APP NO. PAK131725442
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Susan B. Maunder
 Print or Type Name

Susan B. Maunder
 Signature

Sr. Regulatory Specialist
 Title

6/18/13
 Date

Susan.B.Maunder@conocophillips.com
 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 S. First St., Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

ConocoPhillips Company
Operator

P.O. Box 51810 Midland, TX 79710-1810
Address

Ruby Federal 10 UL O-Sec. 18-T17S-R32E LEA
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 217817 Property Code 38653 API No. 30-025-40507 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Maljamar; Grayburg, SanAnd		Maljamar; Yeso West
Pool Code	43329		44500
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	prop'd perf's 3503-5235'		5382-6717'
Method of Production (Flowing or Artificial Lift)	Artificial		Artificial
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	~1970 psi		0.465 psi/ft
Oil Gravity or Gas BTU (Degree API or Gas BTU)	39		36.6
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates: see attached	Date: Rates:	Date: 04/30/2013 Rates: 59/285/115
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 42 % Gas 19 %	Oil % Gas %	Oil 58 % Gas 81 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐
Will commingling decrease the value of production? Yes ☐ No ☒
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐
NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

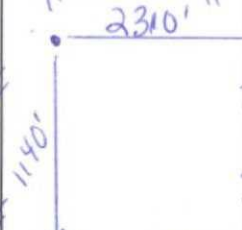
- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Susan B. Maunder TITLE Senior Regulatory Specialist DATE 6/18/13

TYPE OR PRINT NAME Susan B. Maunder TELEPHONE NO. () (432)688-6913

E-MAIL ADDRESS Susan.B.Maunder@conocophillips.com

				<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Susan B. Maunder 6/7/13</p> <p>Signature Date</p> <p>Susan B. Maunder</p> <p>Printed Name</p> <p>Susan.B.Maunder@conocophillips.com</p> <p>E-mail Address</p>
				<p>18 SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
				<p>Certificate Number</p>

New Mexico Oil Conservation Division
C-102 Instructions

IF THIS IS AN AMENDED REPORT, CHECK THE BOX LABELED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed contact the appropriate OCD district office. Independent subdivision surveys will not be acceptable.

1. The OCD assigned API number for this well.
2. The pool code for this (proposed) completion.
3. The pool name for this (proposed) completion.
4. The property code for this (proposed) completion.
5. The property name (well name) for this (proposed) completion.
6. The well number for this (proposed) completion.
7. Operator's OGRID number.
8. The operator's name.
9. The ground level elevation of this well.
10. The surveyed surface location of this well measured from the section lines. NOTE: If the United States government survey designates a Lot Number for this location use that number in the 'UL or lot no.' box. Otherwise use the OCD unit letter.
11. Proposed bottom hole location. If this is a horizontal hole indicate the location of the end of the hole.
12. The calculated acreage dedicated to this completion to the nearest hundredth of an acre.
13. Put a Y if more than one completion will be sharing this same acreage or N if this is the only completion on this acreage.
14. If more than one lease of different ownership has been dedicated to the well show the consolidation code from the following table:

C	Communitization
U	Unitization
F	Forced pooling
O	Other
P	Consolidation pending

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION!

15. Write in the OCD order(s) approving a non-standard location, non-standard spacing, or directional or horizontal drilling.
16. This grid represents a standard section. You may superimpose a non-standard section over this grid. Outline the dedicated acreage and the separate leases within that dedicated acreage. Show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. (Note: A legal location is determined from the perpendicular distance to the edge of the tract.) If this is a high angle or horizontal hole, show that portion of the well bore that is open within this pool.

Show all lots, lot numbers, and their respective acreage.

If more than one lease has been dedicated to this completion, outline each one and identify the ownership as to both working interest and royalty.

17. The signature, printed name and e-mail address of the person authorized to make this report, and the date this document was signed.
18. The registered surveyors certification. This section does not have to be completed if this form has been previously accepted by the OCD and is being filed for a change of pool or dedicated acreage.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40507	² Pool Code 43329	³ Pool Name Maljamar; Grayburg, San Andres
⁴ Property Code	⁵ Property Name Ruby Federal	⁶ Well Number 10
⁷ OGRID No. 217817	⁸ Operator Name ConocoPhillips Company	⁹ Elevation 3962'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	18	17S	32E		1140	South	2310	East	Lea

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> Signature: <u>Susan B. Maunder</u> Date: <u>6/7/13</u> Printed Name: <u>Susan B. Maunder</u> E-mail Address: <u>Susan.B.Maunder@conocophillips.com</u>	
	¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>	
	Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	

New Mexico Oil Conservation Division
C-102 Instructions

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2. The pool code for this (proposed) completion.
3. The pool name for this (proposed) completion.
4. The property code for this (proposed) completion.
5. The property name (well name) for this (proposed) completion.
6. The well number for this (proposed) completion.
7. Operator's OGRID number.
8. The operator's name.
9. The ground level elevation of this well.
10. The surveyed surface location of this well measured from the section lines. NOTE: If the United States government survey designates a Lot Number for this location use that number in the 'UL or lot no.' box. Otherwise use the OCD unit letter.
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12. The calculated acreage dedicated to this completion to the nearest hundredth of an acre.
13. Put a Y if more than one completion will be sharing this same acreage or N if this is the only completion on this acreage.
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Show all lots, lot numbers, and their respective acreage.

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17. The signature, printed name and e-mail address of the person authorized to make this report, and the date this document was signed.
18. The registered surveyors certification. This section does not have to be completed if this form has been previously accepted by the OCD and is being filed for a change of pool or dedicated acreage.

Maljamar-Yeso West and Grayburg-San Andres Pool Co-mingle

Co-mingle Application

Summary

It is proposed to co-mingle the Maljamar-Yeso West and Grayburg-San Andres pools in ConocoPhillips' Yeso development program in Section 18 and 17, T17S, R32E, Lea County, New Mexico. The working, net revenue, and royalty interest are the same for both pools on most of COP's Ruby Federal and Mitchell B lease. The fluids from both zones are compatible. The following fixed allocation will be used for production: Oil: Yeso 58%, GB/SA 42%, Gas: Yeso 81%, GB/SA 19%.

Purpose

COP requests to co-mingle both pools in order to access reserves that would otherwise be stranded. Development of the Grayburg-San Andres with dedicated wells is not economic as initial production rates and recoveries are very low. Yeso development is economic independently. The co-mingling of these two pools is expected to enhance production and boost ultimate recovery from the field. This will result in increased income for both the BLM and COP.

With co-mingling, the total recoverable resource in the GB/SA pool overlying COP's Ruby Federal lease is estimated to be ~3 MMBO and 5 BCFG or an incremental 67 MBO and 133 MMcf per well.

History

ConocoPhillips operates the Mitchell B lease in Section 18 and 17, T17S R32E. This lease has produced from the GB/SA since the 1950's. Historically, the GB/SA has not been very productive in Mitchell B due to low reservoir permeability and the use of outdated completion techniques. As a result of low productivity, a significant amount of oil has been bypassed. It is believed this resource can be economically produced by modern completions and co-mingling with Yeso production.

Development of the Maljamar-Yeso West pool in began in 2008 targeting the Paddock and Blinbry formations of the Yeso. The Yeso has proven to be a very successful, high rate of return play. The productive potential of these zones has been unlocked with improvements in completion practice, namely larger frac's. ConocoPhillips plans to continue its Yeso development program throughout Sections 18 and 19, T17S R32E over the next few years.

Reservoir Details

With co-mingling, Yeso and GB/SA will be developed on 20-acre spacing. Oil gravity between the Yeso and GB/SA reservoirs is similar, 38 and 37 degrees API respectively.

The Yeso is a normally pressured reservoir (~0.465 psi/ft). The Grayburg/San Andres is expected to be normally pressured to slightly under-pressured due to historical production. If the GB/SA reservoir pressure is found to be under-pressured, cross-flow will be mitigated by ensuring the co-mingled wells are pumped off or producing fluid level is at least below the GB/SA perforations. However, if there is temporary cross-flow into the GB/SA due to a high fluid level, it is expected production will be recovered once the fluid level is pumped back down.

*Mitigation
with
operation*

Allocation Method

The production allocation method for both zones is based on a fixed allocation. This allocation is based on the type curves for both the Yeso and GB/SA formations. These type curves were generated using wells which only produce from Yeso or GB/SA within the same geologic area as the co-mingle candidates, Figure 1. Due to the close proximity of these wells, it is believed existing production provides sufficient insight for co-mingling allocation.

Supporting Details

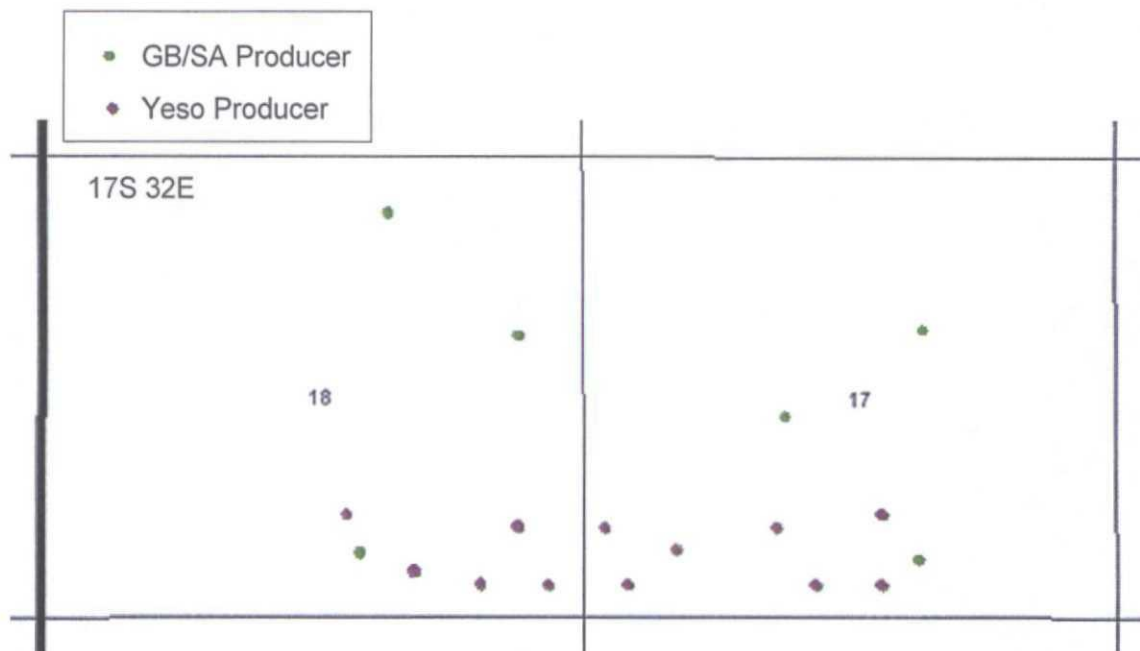


Figure 1: Map of all wells used in the analysis



Figure 2: Map of GB/SA wells used in type curve analysis (Mitchell B Lease).

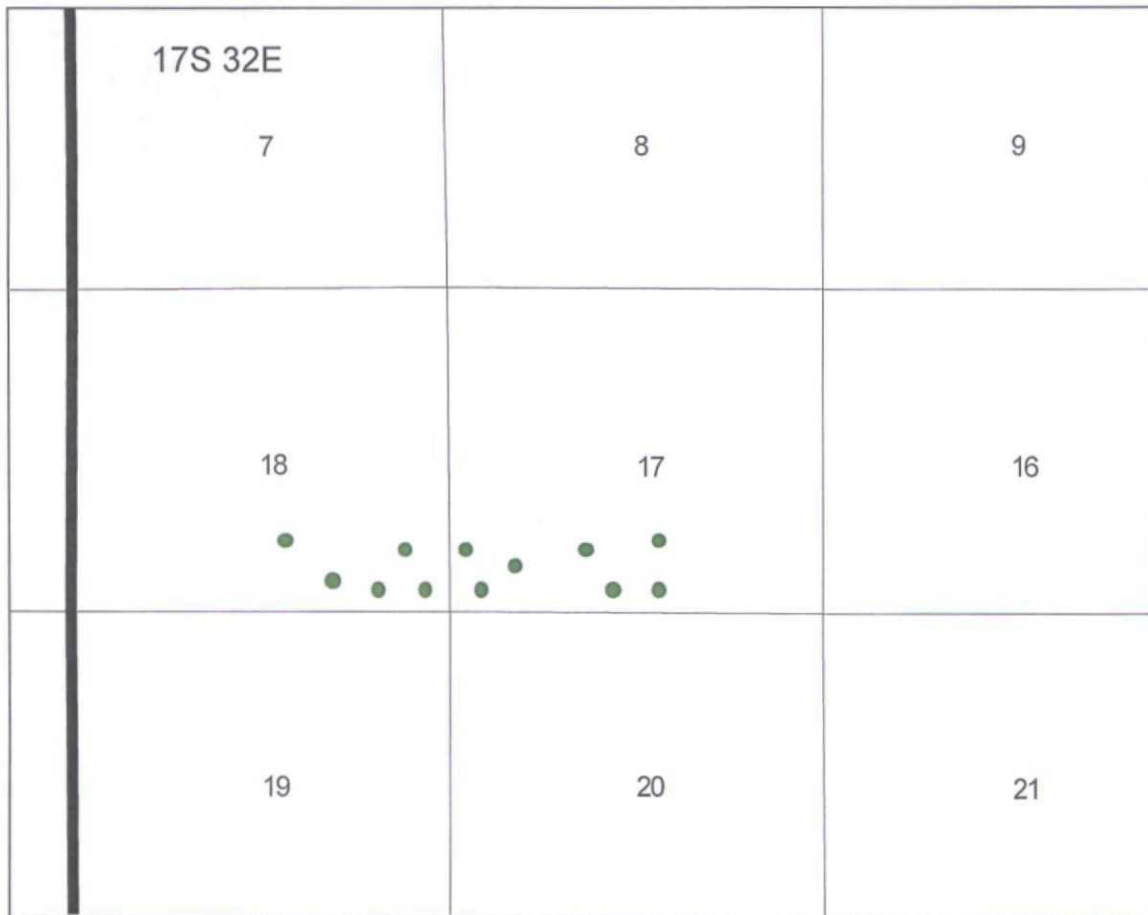


Figure 3: Map of Yeso wells used in type curve analysis (Ruby Federal lease).

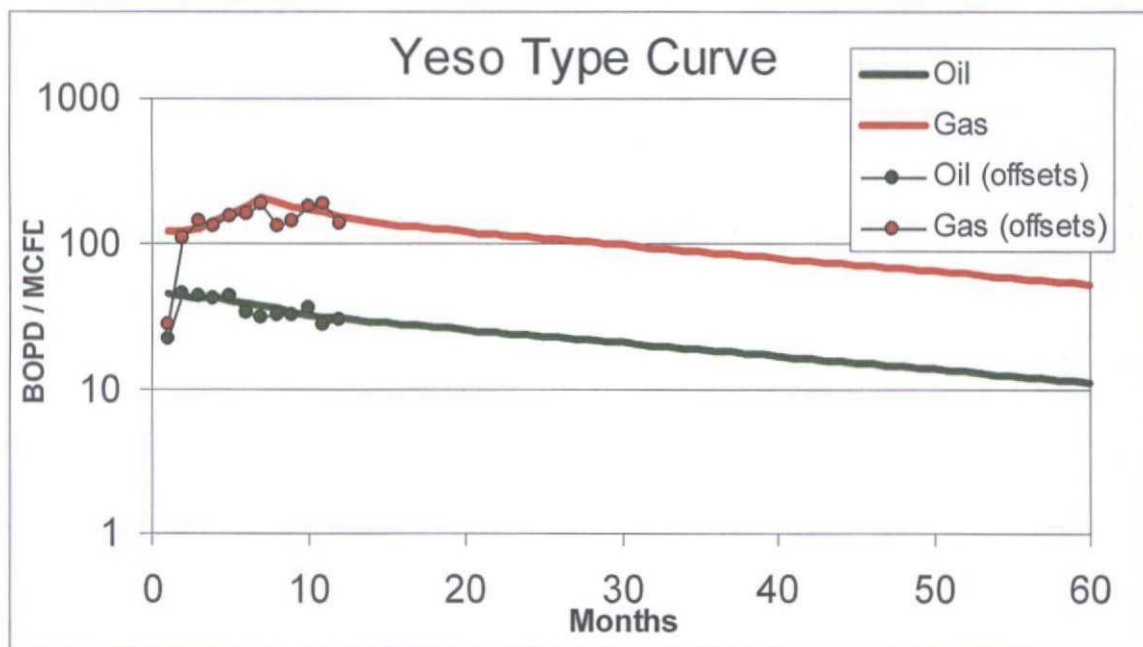


Figure 4: Yeso type curve.

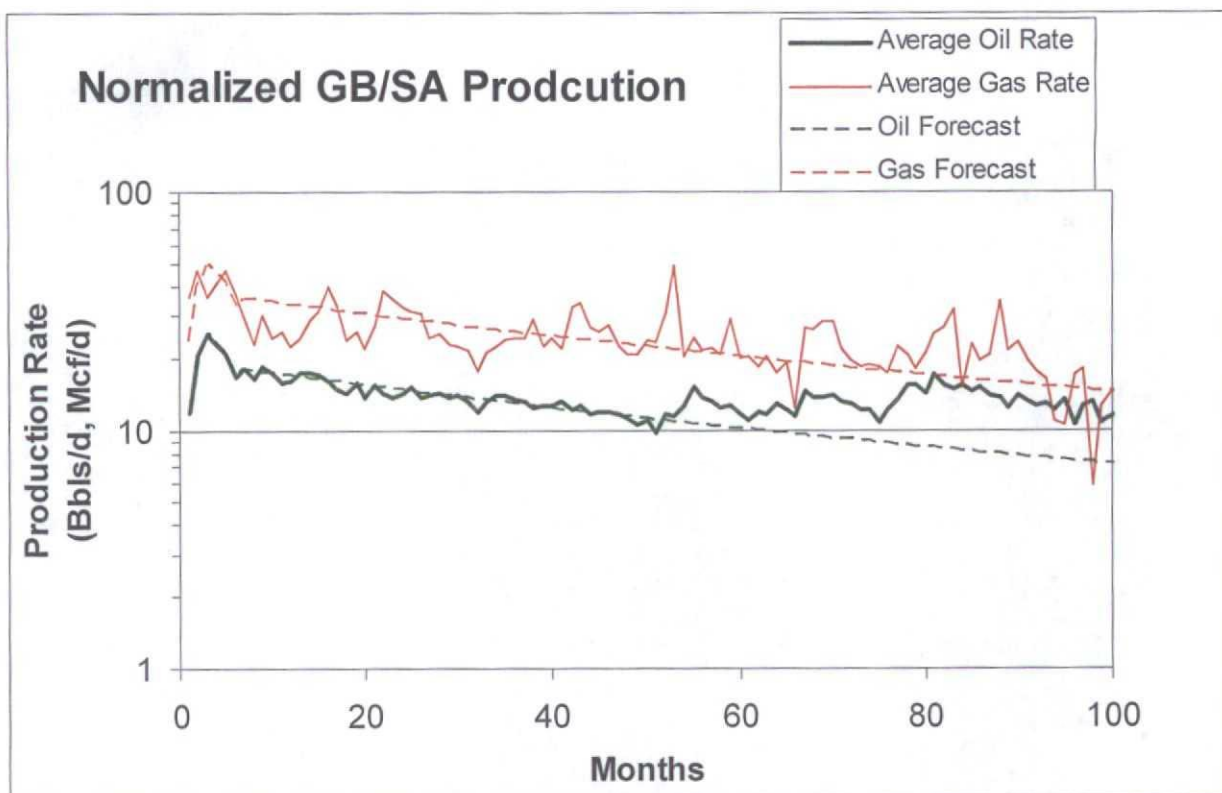


Figure 5: GB/SA type curve

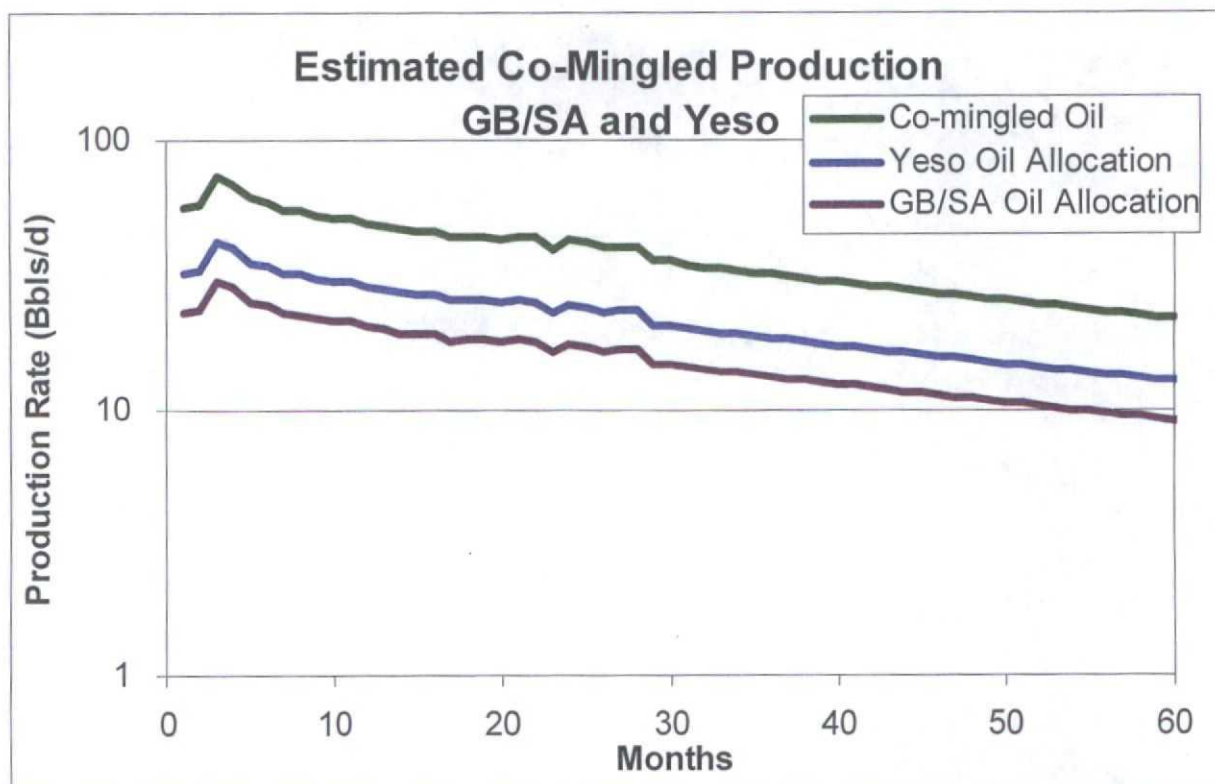


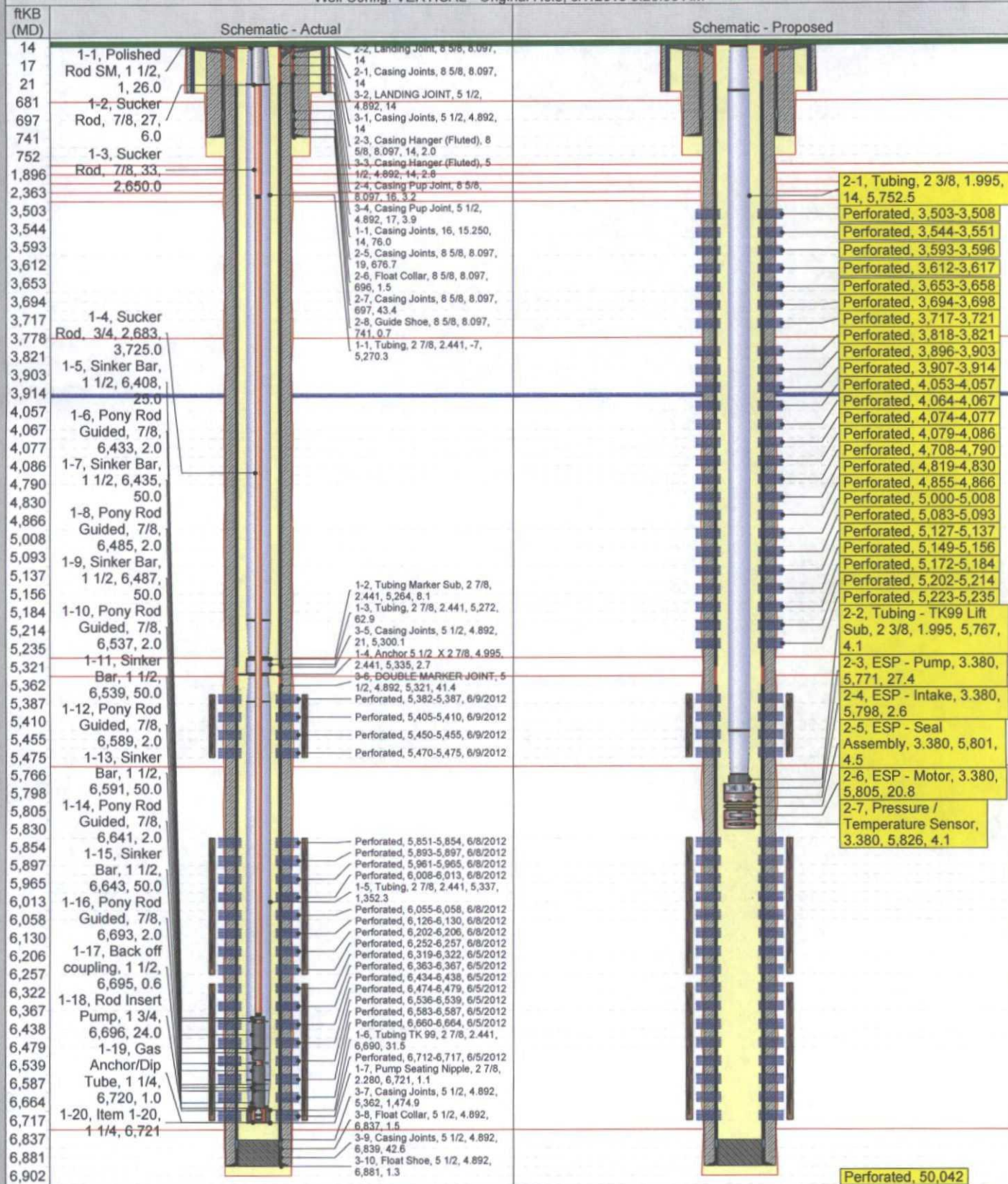
Figure 6: Co-mingled type curve

CURRENT SCHEMATIC

RUBY FEDERAL 10

District PERMIAN	Field Name MALJAMAR	API / UWI 3002540507	County LEA	State/Province NEW MEXICO
Original Spud Date 5/15/2012	Surface Legal Location Section 18, Township 17 S, Range 32 E	E/W Dist (ft) 2,310.00	E/W Ref FEL	N/S Dist (ft) 1,140.00
				N/S Ref FSL

Well Config: VERTICAL - Original Hole, 6/7/2013 9:20:55 AM





Susan B. Maunder
Sr. Regulatory Specialist
Phone: (432) 688-6913

ConocoPhillips Company
P.O. Box 51810
Midland, TX 79710-1810

June 18, 2013

COG Operating LLC
One Concho Center
600 West Illinois Avenue
Midland, Texas 79701

SUBJECT: REQUEST FOR APPROVAL OF DOWNHOLE COMINGLING FOR RUBY FEDERAL #10

Dear Sir or Madam,

ConocoPhillips Company is requesting an approval to Downhole Comingle the Maljamar; Yeso West Pool (44500) and the Maljamar; Grayburg, San Andres Pool (43329) in the Ruby Federal #10 well. The lease is recorded as NM LC 029405B. The well is located in UL P, 1140' from the south line and 2310' from the east line of Section 18, Township 17S, Range 32E, Lea County, New Mexico. ConocoPhillips is 100% lessee and 100% working interest owner of the Ruby federal lease. The lease to the south is NM LC 029405A. You are being provided notification of this action as an interest owner in the spacing unit. Any comments need to be provided to New Mexico Oil Conservation Division; 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within 20 days.

If you have questions regarding this request, I can be reached at 432-688-6913 or via email at Susan.B.Maunder@conocophillips.com.

Sincerely,

Susan B. Maunder
Senior Regulatory Specialist
ConocoPhillips Company

ConocoPhillips Company
MCBU Regulatory
P.O. Box 51810
Midland, TX 79710

ConocoPhillips

7002 2410 0001 5941 9979
7002 2410 0001 5941 9979

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION	
<ul style="list-style-type: none">Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.Print your name and address on the reverse so that we can return the card to you.Attach this card to the back of the mailpiece, or on the front if space permits.		<p>A. Signature X</p> <p>B. Received by (Printed Name)</p> <p>D. Is delivery address different? If YES, enter delivery address</p>	
1. Article Addressed to: COG Operating LLC One Concho Center 600 West Illinois Ave Midland, TX 79701		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
PS Form 3811, February 2004		Domestic Return Receipt	

Postage \$

Certified Fee

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$

Postmark Here

Sent To

Street, Apt. No., or PO Box No.

City, State, ZIP+4

PS Form 3811, June 2002 Article 5 Mailpiece Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE



7002 2410 0001 5941 9986

7002 2410 0001 5941 9986

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220

COM

A. S

X

B. F

D. M

See Reverse for Instructions

3. Service Type

- | | |
|---|---|
| <input type="checkbox"/> Certified Mail | <input type="checkbox"/> Express Mail |
| <input type="checkbox"/> Registered | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Insured Mail | <input type="checkbox"/> C.O.D. |

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number

(Transfer from service label)

7002 2410 0001 5941 9986

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark
Here**OFFICIAL USE**For delivery information visit our website at www.usps.com

U.S. Postal Service[™]
CERTIFIED MAIL[™] RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)



Susan B. Maunder
Sr. Regulatory Specialist
Phone: (432) 688-6913

ConocoPhillips Company
P.O. Box 51810
Midland, TX 79710-1810

June 18, 2013

State of New Mexico
Oil Conservation Division
Attn: Mr. Phillip Goetze
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OGD
2013 JUN 20 P 2:41

SUBJECT: REQUEST FOR APPROVAL OF DOWNHOLE COMINGLING FOR RUBY FEDERAL #10

Dear Mr. Goetze,

ConocoPhillips Company respectfully requests an approval of our plans to Downhole Comingling the Maljamar; Yeso West Pool (44500) and the Maljamar; Grayburg, San Andres Pool (43329) in the Ruby Federal #10 well. The lease is recorded as NM LC 029405B. The well is located in UL O, 1140' from the south line and 2310' from the east line of Section 18, Township 17S, Range 32E, Lea County, New Mexico. ConocoPhillips is 100% lessee and 100% working interest owner of the Ruby federal lease. Royalty interest is the same in both pools. The lease to the south is NM LC 029405A. The interest percentages for the lease to the south are: COG Operating LLC 75% and ConocoPhillips Company 25%. The granting of this request will prevent waste by providing access to otherwise marginal production.

Enclosed are the following documents in support of this request.

- Administrative Application Checklist
- Copy of the New Mexico Form C-107A (with attachments)
- Copy of letter sent to spacing unit interest owners.

A copy of this letter is being sent to Bureau of Land Management, Carlsbad Field Office. Notification is being provided by separate letter to interest owners in the spacing unit (as per NMAC 19.15.12) via certified return receipt.

If you have questions regarding this request, I can be reached at 432-688-6913 or via email at Susan.B.Maunder@conocophillips.com.

Sincerely,

Susan B. Maunder
Senior Regulatory Specialist
ConocoPhillips Company