



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

COMMINGLING ORDER PC-974

Conoco, Inc.
10 Desta Drive, Suite 100 West
Midland, Texas 79705-4500

Attention: Ms. Ann E. Ritchie

Lease: Southeast Monument Unit (SEMU) Permian Well No.42 (To be
commingled with existing SEMU Permian Grayburg production.)
Description: SE/4 SW/4 of Section 13, Township 20 South, Range 37 East, NMPM,
Lea County, New Mexico.

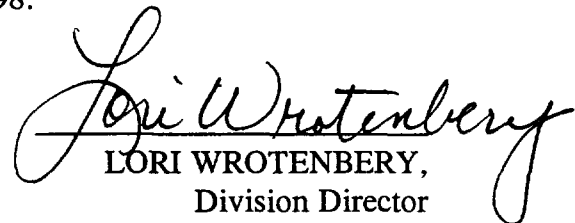
The above-named company is hereby authorized to commingle Eumont Yates-Seven Rivers-Queen (22800) and Skaggs Grayburg (57380) Pool production from the above mentioned lease and to determine production from each well by well tests. This method is authorized only so long as all production is of marginal nature. Further, all commingled production must be of identical ownership including working interest, royalty interest and overriding royalty interest.

FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

REMARKS: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309.B 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.

NOTE: Commingled production shall be stored in the SEMU Permian tank battery facility located in Unit Letter 'K' of Section 19, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

DONE at Santa Fe, New Mexico, on this 28th day of May, 1998.


LORI WROTENBERY,
Division Director

LW/BES/kv
cc: Oil Conservation Division - Hobbs

PC N/R
974

April 7, 1998

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

RECEIVED
APR 20 1998
NEW MEXICO OIL CONSERVATION DIVISION

Att: David Catanach

Dear Sir:

Application for Permission to Surface Commingle Production from the **Conoco, Inc.**
SEMU No. 42, Unit N, Section 13, T20S, R37E, Lea County, New Mexico

Conoco, Inc. requests administrative approval under the provisions of Rule 303-B to surface commingle Eumont Yates 7 Rivers Queen production from SEMU No. 42 into the SEMU Permian tank battery located in the NE/4 of the SW/4 of Section 19, T20S, R38E, Lea County, New Mexico.

Ownership and working interest for all zones is common, quality of the crude is virtually identical and commingling will not reduce the commercial value. Please see attached justification summary for the specific data on gravity. The SEMU No. 42 as recompleted in the Eumont Yates 7 Rivers Queen currently produces an average of 30 BOPD, 46 BWPD and 33 MCFGPD. The crude from No. 42 has a gravity of 36.5 (report attached). The value of crude oil from this battery is deemed 34 degrees API gravity.

A lease and battery plat are attached for your review and file. The Eumont Yates 7 Rivers Queen production from the SEMU No. 42 will be allocated on a well test basis.

If you have any questions, please call Tim Schneider @ 915 686-6180 of the Conoco-Midland office.

Yours truly,



Ann E. Ritchie, Regulatory Agent
Conoco, Inc.
10 Desta Dr., Suite 100W
Midland, Texas 79705-4500

attachments

cc: Jimmy Carlile-Conoco/Midland

SEMU 42 Surface Commingle Justification

Conoco seeks permission to surface commingle the SEMU 42 Eumont Yates-7 rivers-Queen (oil) well into the SEMU Permian tank battery that handles the Skaggs Grayburg pool. The SEMU 42 well produces at an average rate of 30 BOPD with some associated water based on swab testing. The SEMU Permian battery currently produces 234 BOPD and 213 MCFPD.

Conoco proposes to tie the SEMU 42 production into the existing production header at the SEMU Permian battery. Oil produced from the SEMU 42 will be sent to a common storage tank and gas will be sent into the current gas sales line. The water will be sent to the injection station for injection into the Permian waterflood. Conoco would like to request permission that the Individual well production will be allocated based on a monthly well test.

The SEMU Permian production at the battery is (sweet) or sour and is deemed 34 ° API gravity. The SEMU 42 oil gravity is 36.5 API. Since this battery is deemed 34 ° API, payment will be made based on 34 ° API and therefore the addition of the SEMU will not effect the price per barrel.

We further suggest that this work will reduce operating costs and equipment needed to handle the SEMU 42 production. This work once accomplished will improve the financial performance of the SEMU 42 well and extend the economic life.

**Prod Date	Lease Name	Lease No.	Well No.	Pool	Pool Name	NORI	NGRI	BOPD	MCFPD	BWPD
199710	SEMU PERMIAN	6828347	20	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	19	KPJ	SKAGGS GRAYBURG	0.22	0.22	4	7	4
199710	SEMU PERMIAN	6828347	18	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	17	KPJ	SKAGGS GRAYBURG	0.22	0.22	10	7	54
199710	SEMU PERMIAN	6828347	16	KPJ	SKAGGS GRAYBURG	0.22	0.22	4	7	23
199710	SEMU PERMIAN	6828347	15	KPJ	SKAGGS GRAYBURG	0.22	0.22	14	7	47
199710	SEMU PERMIAN	6828347	107	KPJ	SKAGGS GRAYBURG	0.22	0.22	13	10	86
199710	SEMU PERMIAN	6828347	89	KPJ	SKAGGS GRAYBURG	0.22	0.22	5	5	5
199710	SEMU PERMIAN	6828347	81	KPJ	SKAGGS GRAYBURG	0.22	0.22	6	7	36
199710	SEMU PERMIAN	6828347	80	KPJ	SKAGGS GRAYBURG	0.22	0.22	6	7	27
199710	SEMU PERMIAN	6828347	78	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	77	KPJ	SKAGGS GRAYBURG	0.22	0.22	4	7	62
199710	SEMU PERMIAN	6828347	76	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	75	KPJ	SKAGGS GRAYBURG	0.22	0.22	5	11	16
199710	SEMU PERMIAN	6828347	74	KPJ	SKAGGS GRAYBURG	0.22	0.22	6	7	48
199710	SEMU PERMIAN	6828347	73	KPJ	SKAGGS GRAYBURG	0.22	0.22	11	7	19
199710	SEMU PERMIAN	6828347	67	KPJ	SKAGGS GRAYBURG	0.22	0.22	13	12	62
199710	SEMU PERMIAN	6828347	45	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	44	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	43	KPJ	SKAGGS GRAYBURG	0.22	0.22	14	11	23
199710	SEMU PERMIAN	6828347	42	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	5	105
199710	SEMU PERMIAN	6828347	40	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	39	KPJ	SKAGGS GRAYBURG	0.22	0.22	6	8	33
199710	SEMU PERMIAN	6828347	38	KPJ	SKAGGS GRAYBURG	0.22	0.22	4	6	31
199710	SEMU PERMIAN	6828347	37	KPJ	SKAGGS GRAYBURG	0.22	0.22	14	6	109
199710	SEMU PERMIAN	6828347	36	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	35	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	34	KPJ	SKAGGS GRAYBURG	0.22	0.22	16	7	101
199710	SEMU PERMIAN	6828347	33	KPJ	SKAGGS GRAYBURG	0.22	0.22	12	6	75
199710	SEMU PERMIAN	6828347	31	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	29	KPJ	SKAGGS GRAYBURG	0.22	0.22	6	8	24
199710	SEMU PERMIAN	6828347	28	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	27	KPJ	SKAGGS GRAYBURG	0.22	0.22	21	7	102
199710	SEMU PERMIAN	6828347	26	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	25	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	24	KPJ	SKAGGS GRAYBURG	0.22	0.22	1	8	44
199710	SEMU PERMIAN	6828347	23	KPJ	SKAGGS GRAYBURG	0.22	0.22	0	0	0
199710	SEMU PERMIAN	6828347	22	KPJ	SKAGGS GRAYBURG	0.22	0.22	9	26	185
199710	SEMU PERMIAN	6828347	127	KPJ	SKAGGS GRAYBURG	0.22	0.22	29	10	83
TOTALS								234	213	1403



PHONE (915) 873-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2328 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
CONOCO
ATTN: BOB PAULI
1410 WEST COUNTY RD
HOBBS, NM 88240
FAX TO: (505) 393-1554

Receiving Date: 04/02/98
Reporting Date: 04/07/98
Project Number: NA
Project Name: SEMU #42
Project Location: NA

Analysis Date: 04/06/98
Sampling Date: NOT GIVEN
Sample Type: OIL
Sample Condition: COOL AND INTACT
Sample Received By: AH

Laboratory No.
H3556-1

Sample ID
NOT GIVEN

Gravity, API @ 60°F
36.5

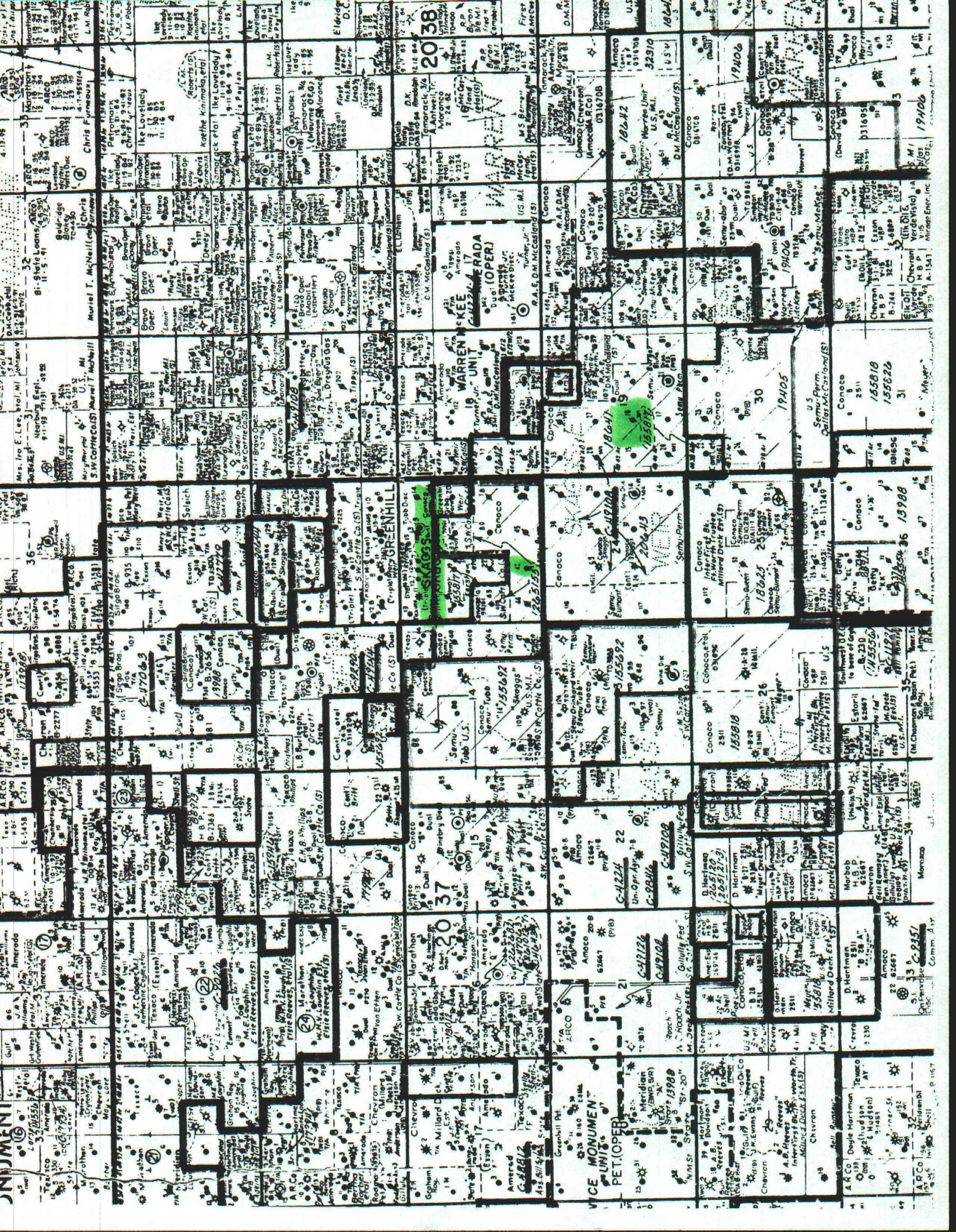
Weight % Sulfur
0.9243


Chemist

04/07/98
Date

865562-Skip

PLEASE NOTE: Liability and Damages: Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. Cardinal shall not be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



April 13, 1998

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

Att: David Catanach

RE: Conoco, Inc., Surface Commingling Application, SEMU Permian battery, Section 19,
T20S, R38E, Lea County, NM

Dear Mr. Catanach:

Concerning the above referenced surface commingling application, we filed to commingle the production from our SEMU Well #42, which has recently been recompleted in the Eumont Yates 7 Rivers Queen pool, on April 7, 1998. I incorrectly reported the production at this battery as "sweet" on the "SEMU 42 Surface Commingle Justification" filing. It should have been reported as sour. Conoco anticipated a gas well upon recompletion to the Eumont Yates 7 Rivers Queen zone; instead it is very apparent that the well is an oil well. I have attached a copy of the latest daily report.

Conoco would like to check the sulfur percentages on a monthly basis as it is believed that the crude oil produced from this zone will be sour as a result of waterflooding. Please call me @ 1-800-432-2967 or Tim Schneider @ 915 686-6180 if you have any questions concerning these amendments to the filing. Thank you.

Yours truly,

A handwritten signature in dark ink, appearing to read "Ann E. Ritchie", with a large, sweeping flourish above the name.

Ann E. Ritchie, Regulatory Agent
Conoco, Inc.
10 Desta Dr., Suite 100W
Midland, Texas 79705-4500

cc: Bill Keathly-Conoco/Midland

