

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2205

SANTA FE, NEW MEXICO 87504-2205

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047W. THOMAS KELLAHIN
KAREN AUBREYJASON KELLAHIN
OF COUNSEL

June 21, 1991

Mr. David R. Catanach
Oil Conservation Division
State Land Office
Santa Fe, New Mexico 87504

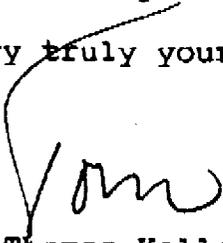
HAND DELIVERED

Re: NMOCD Case No. 10306
Order No. R-9522-A
Application of Conoco Inc.
for Surface Commingling,
Eddy County, New Mexico

Dear David:

Jerry Hoover and I have prepared a suggested Nunc Pro Tunc order for your consideration in the referenced case. I have enclosed a copy of the proposed order and a copy of our WordPerfect disk for you consideration.

Very truly yours,


W. Thomas KellahinWTK/tic
Enclosures

cc: Mr. Jerry Hoover
Conoco Inc.
10 Desta Drive West
Midland, Texas 79705

142/1trt621.078

surface commingling and off-lease storage of all North Dagger Draw-Upper Pennsylvanian Pool Production from existing wells and subsequently drilled wells on the following leases:

Township 19 South, Range 25 East, NMPM

Lodewick "A" Lease:	NM/4 Section 19
Lehman Federal Lease:	SW/4 Section 18
Barbara Federal Lease:	S/2 Section 17, E/2 and NW/4, Section 18
Jenny Com Lease:	NW/4 Section 17
Julie Com Lease:	NE/4 Section 17
Dagger Draw Federal Lease:	NW/4 and E/2, Section 30
Dagger Draw Fee Lease:	SW/4 Section 19

Township 19 South, Range 24 East, NMPM

Dee State Lease (K-6385):	SE/4 Section 36
Dee State Lease (LG-1525):	SW/4 Section 36

(4) The applicant also requests that this production may be stored off-lease and surface commingled at any of the current existing facilities or any future developed facilities on the above identified leases.

(5) The applicant further requests that the current groupings of wells and leases with existing facilities may be realigned as needed in the future to maintain the most cost effective and recovery efficient operations for these leases and facilities.

(6) Further testimony indicates that the proposed commingling will result in substantial savings of capital outlay and operating costs which will extend the economic life of the subject wells, thus allowing additional oil recovery and thereby preventing waste.

(7) The applicant has notified each interest owner in the subject leases of its proposal including the United States Bureau of Land Management (BLM) and the Commissioner of Public Lands for the State of New Mexico.

(8) No interest owner appeared at the hearing in opposition to the application.

(9) Subsequent to the hearing, the Division was informed that both the BLM and the Commissioner of Public Lands have tentatively approved the proposed commingling.

(10) In order to correctly allocate production to each lease and well, the applicant proposes to separately meter the production from each lease or individual well, where participation interest may vary within the same lease, prior to commingling.

(11) Approval of the proposed application is in the best interest of conservation, prevention of waste and protection of correlative rights.

(12) The proposed installation should 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."

(13) Division Administrative Order Nos. CTB-332, CTB-338 and CTB-346 should be superseded by this order.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Conoco Inc., is hereby authorized to surface commingle and store off-lease all North Dagger Draw-Upper Pennsylvanian Pool production from existing wells and subsequently drilled wells on the following leases:

Township 19 South, Range 25 East, NMPM

Lodewick "A" Lease:	NM/4 Section 19
Lehman Federal Lease:	SW/4 Section 18
Barbara Federal Lease:	S/2 Section 17, E/2 and NW/4, Section 18
Jenny Com Lease:	NW/4 Section 17
Julie Com Lease:	NE/4 Section 17
Dagger Draw Federal Lease:	NW/4 and E/2, Section 30
Dagger Draw Fee Lease:	SW/4 Section 19

Township 19 South, Range 24 East, NMPM

Dee State Lease (K-6385): SE/4 Section 36
Dee State Lease (LG-1525): SW/4 Section 36

(2) This production may be stored off-lease and surface commingled at any of the current existing facilities or any future developed facilities on the above identified leases.

(3) The current groupings of wells and leases with existing facilities from surface commingling and off-lease storage may be realigned as needed in the future to maintain the most cost effective and recovery efficient operations for these leases and facilities.

(4) In order to correctly allocate production to each lease, the applicant shall separately meter the production from each lease or from each well, where participation interests may vary within the same lease, prior to commingling.

(5) The installation shall be installed and operated in accordance with the provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities."

(6) Division Administrative Orders Nos. CTB-332, CTB-338 and CTB-346 are hereby superseded by this order.

(7) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary."

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

MAY 28 '91 10:28 FROM CONOCO MIDLAND 6TH

PAGE.002



Midland Division
Exploration and Production

Conoco Inc.
10 Desta Drive West
Midland, TX 79705-4514
(915) 686-5400

May 28, 1991

Mr. Bruce Stockton
Office of the Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Dear Mr. Stockton:

The first four pages attached to this letter is a copy of the approval by the Commissioner of Public Lands for Off-Lease Storage of Cisco Canyon Production from Lease K-6385 (Dee State No. 1) on Lease LG-1525 (Dee State No. 2) for your files.

The last two attached pages are two of the exhibits from our recent OCD hearing which identify the various commingling orders and storage facilities for Conoco operations in the North Dagger Draw Pool. The Dee State leases are the only state leases operated by Conoco in this pool. As EXHIBIT 3 illustrates, the Dee State Facility is somewhat isolated from the rest of our facilities and is expected to remain a separate entity from the rest of our operations.

I will appreciate your assistance in clarifying your position concerning the proposed OCD Order with David Catanach as soon as is practical. If I can be of any further help please call at (915) 686-6548. Thank you.

Very truly yours,

A handwritten signature in cursive script that reads "Jerry W. Hoover".

Jerry W. Hoover
Senior Conservation Coordinator

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 10306
Order No. R-9522-A

APPLICATION OF CONOCO INC. FOR
SURFACE COMMINGLING, EDDY COUNTY,
NEW MEXICO

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-9522, dated June 5, 1991, does not correctly state the intended order of the Division,

IT IS THEREFORE ORDERED THAT:

Order R-9522 is hereby withdrawn in its entirety and the following order entered Nunc Pro Tunc as of June 5, 1991:

FINDS THAT:

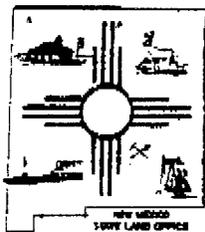
(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Division Administrative Order Nos. CTB-332, CTB-338 and CTB-346, Conoco Inc. was authorized to surface commingle North Dagger Draw-Upper Pennsylvanian Pool production from various State, Federal and Fee leases in Township 19 South, Ranges 24 and 25 East, NMPM, Eddy County, New Mexico.

(3) Due to an active drilling program currently underway in the North Dagger Draw Pool, continued and frequent administrative amendments to the existing commingling and off-lease storage orders are anticipated. In order to eliminate this administrative burden for the applicant, and for the Oil Conservation Division, the applicant, Conoco Inc., seeks an order authorizing the

MAY 28 '91 10:29 FROM CONOCO MIDLAND STA

PAGE.003



State of New Mexico
Commissioner of Public Lands

April 6, 1990

W. R. Humphries
COMMISSIONER

Advisory Board

George Clark
Chairman

Kristin Conniff
Vice Chairman

Melvin Cordova

Joe Kelly

Robert Portillos

Nancy Lynch Vigil

Rex Wilson

Conoco, Inc.
P.O. Box 480
Hobbs, New Mexico 88241

ATTN: Mr. David Wacker

RE: Off-Lease Storage of Cisco Canyon Production
Dee State No. 1 on State Lease K-6385
Dee State No. 2 on State Lease LG-1525

Gentlemen:

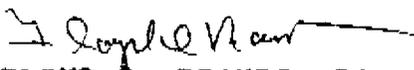
We received your letter dated March 2, 1990 wherein you request approval to off-lease store all Cisco Canyon Production from the Dee State No. 1 well located in Section 36, T19S, R24E in Eddy County, New Mexico. According to your letter, the battery to be used for the off-lease storage is the Dee State No. 2 located in Section 36, T19S, R24E.

Commissioner of Public Lands hereby grants approval to your off-lease storage request as described above. Please be advised that any deviation from your proposed operations will be sufficient reason to rescind our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

If you have any questions, please contact Susan Howarth at (505) 827-5791.

Very truly yours,

W.R. HUMPHRIES,
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW
EL PATIO BUILDING
117 NORTH GUADALUPE
POST OFFICE BOX 2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN
KAREN AUBREY

SANTA FE, NEW MEXICO 87504-2265

JASON KELLAHIN
OF COUNSEL

FAX COVER SHEET

DATE: September 5, 1991

NUMBER OF PAGES: 6
(including cover)

TIME: _____

TO: David Catanach

FROM: W. Thomas Kellahin

OF: Oil Conservation Division

OF: Kellahin, Kellahin, & Aubrey

FAX # 827-5741

FAX # 505/982-2047

RE: NM OCD Case No. 10306

SPECIAL INSTRUCTIONS:

Order No. R-9522-A

Confidential

Application of Conoco,

Urgent

Inc.

Please Reply

FYI

MESSAGE:

Dear David:

I know that you are anxious to finish my force
pooling orders, but I think you should put my good friend
Kellahin's request ahead of mine and get the Conoco Order out
First. He is a great guy and he needs to keep this client.

Thanks,

Bill Seltzer

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10306

APPLICATION OF CONOCO INC. FOR SURFACE
COMMINGLING, EDDY COUNTY, NEW MEXICO

RECEIVED

OIL CONSERVATION DIVISION

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CONOCO, INC.
as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT
(name, address, phone
and contact person)

Conoco Inc.
10 Desta Drive West
Midland, TX 79705
(915) 686-5400
Attn: Jerry Hoover

ATTORNEY

W. Thomas Kellahin
KELLAHIN, KELLAHIN & AUBREY
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Conoco Inc. seeks an exception to Division (General) Rule 309-A for the surface commingling of North Dagger Draw-Upper Pennsylvanian Pool production from wells on 15 separate leases in an area comprising all of Section 17 and 18, W/2 of Section 19 and the N/2 and SE/4 of Section 30, all in Township 19, South, Range 25 East, and the S/2 of Section 36, Township 19 South, Range 24 East.

PROPOSED EVIDENCE

APPLICANT

WITNESSES (name and expertise)	EST. TIME	EXHIBITS
Jim Allen (Production Engineer)	30 Min.	1 - 9

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to the hearing)

None.

KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

June 6, 1991

KELLAHIN, KELLAHIN & AUBREY
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 10306
ORDER NO. R-9522

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

A handwritten signature in cursive script that reads "Florene Davidson".

Florene Davidson
OC Staff Specialist

FD/sl

cc: BLM - Carlsbad



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

September 20, 1991

KELLAHIN, KELLAHIN & AUBREY
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 10306
ORDER NO. R-9522-A

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florene Davidson

Florene Davidson
OC Staff Specialist

FD/sl

cc: BLM - Carlsbad