



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

COMMINGLING ORDER PLC-169

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

Attention: Ms. Ann E. Ritchie

The above-named company is hereby authorized to commingle Hardy Simpson-Ellenburger (Oil - 96227), North Hardy Tubb-Drinkard (Oil - 96356), South Cass-Strawn (Oil - 10460) and North Hardy-Strawn (Oil - 96893) Pool production from the following leases:

Lease: Hardy '36' State Lease (State Lease No. B2656)

Description: NE/4 and the S/2 of Section 36;

Lease: Hardy '36' State Lease (State Lease No. B2366)

Description: NE/4 NW/4 of Section 36;

Lease: Hardy '36' State Lease (State Lease No. B11300)

Description: NW/4 NW/4 of Section 36; and

Lease: Hardy '36' State Lease (State Lease No. E5376)

Description: S/2 NW/4 of Section 36;

located in Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

Production shall be allocated to each lease by separately metering the production from the [downhole commingled] Hardy Simpson-Ellenburger and South Cass-Strawn Pools, and determining the North Hardy Tubb-Drinkard Pool production by the subtraction method.

North Hardy-Strawn Pool production shall be determined by well test. This method is authorized only so long as all commingled production is of marginal nature; further the operator shall notify the Santa Fe office of the Division in the event any well in the North Hardy-Strawn Pool becomes capable of top allowable production, at which time the Division will amend this order or take such other action as may be appropriate. All commingled production must be of identical ownership including working interest, royalty interest and overriding royalty interest.

NOTE: 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.

REMARKS: Commingled production shall be stored in the Hardy '36' State Lease tank battery facility located in Unit Letter 'K' of Section 36, Township 20 South, Range 37 East, NMPM, Lea

Commingling Order PLC-169
Conoco, Inc.
May 15, 2000
Page 2

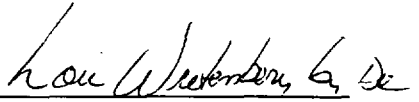
County, New Mexico.

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

NOTE: This order supersedes Division Order PC-916 and such order is hereby placed in abeyance.

PROVIDING: Like approval by the Commissioner of Public Lands, New Mexico State Land Office is also required.

DONE at Santa Fe, New Mexico, on this 15th day of May, 2000.



LORI WROTENBERY,
Division Director

LW/MWA/kv

cc: Oil Conservation Division - Hobbs
State Land Office - Oil & Gas Division