



R. E. Irelan
Division Manager
Production Department
Hobbs Division
North American Production

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

September 25, 1987

Mr. William LeMay
State of New Mexico
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

Dear Mr. LeMay:

Conoco Inc. respectfully requests an amendment to Commingling order PLC-70, dated June 10, 1985. We wish to amend the subject Order to include the proposed Dagger Draw No. 5, 1980' FEL and 990' FNL, Section 30, T-19S, R-25E which we intend to drill in October of 1987. The subject commingling order authorized the consolidation of the entire Dagger Draw area, however, we will only require the consolidation of the Dagger Draw No. 4 & 5 production. It may be necessary at a later date to amend the order to consolidate production from the Dagger Draw No. 1 with the proposed Dagger Draw No. 8 which we have plans to drill in April of 1988. In support of this amendment Conoco Inc. submits the following data:

- 5-NE1/4 Section 30
8-SE1/4 Section 30
4-SW1/4 Section 19
1. The Dagger Draw No. 4 and No. 5 properties are shown on Exhibit 1. The legal description and the producing formation for each well is listed on the exhibit.
 2. Exhibit 2 is a map showing each lease we are planning to commingle. Also shown is the location of the proposed battery.
 3. Exhibit 3 is a diagrammatic sketch of the proposed commingled battery.
 4. Quality of the crude is expected to be identical and commingling will not reduce the commercial value. The value of the crude is as follows:

Zone	Gravity	Daily Volume*	Value Per BBL
North Dagger Draw Pennsylvanian	45.2	500 BBLs	\$17.15

* The volume is based on expected results from Dagger Draw No. 5.

5. Oil production will be metered at each well using positive displacement temperature compensated metering equipment. Production will be allocated back to each lease based on meter volumes. Gas from each well will continue to be metered just as it is now.

Mr. William LeMay
Page 2
September 25, 1987

Conoco's expenses in this area will be reduced by combining production from these two wells. This should allow each well to have a longer economic life, thus generating more revenue to Conoco and to royalty and overriding royalty owners.

Your early consideration of this project is requested. Should you have any questions concerning this request, contact Ed Kepford at the above address.

Yours very truly,

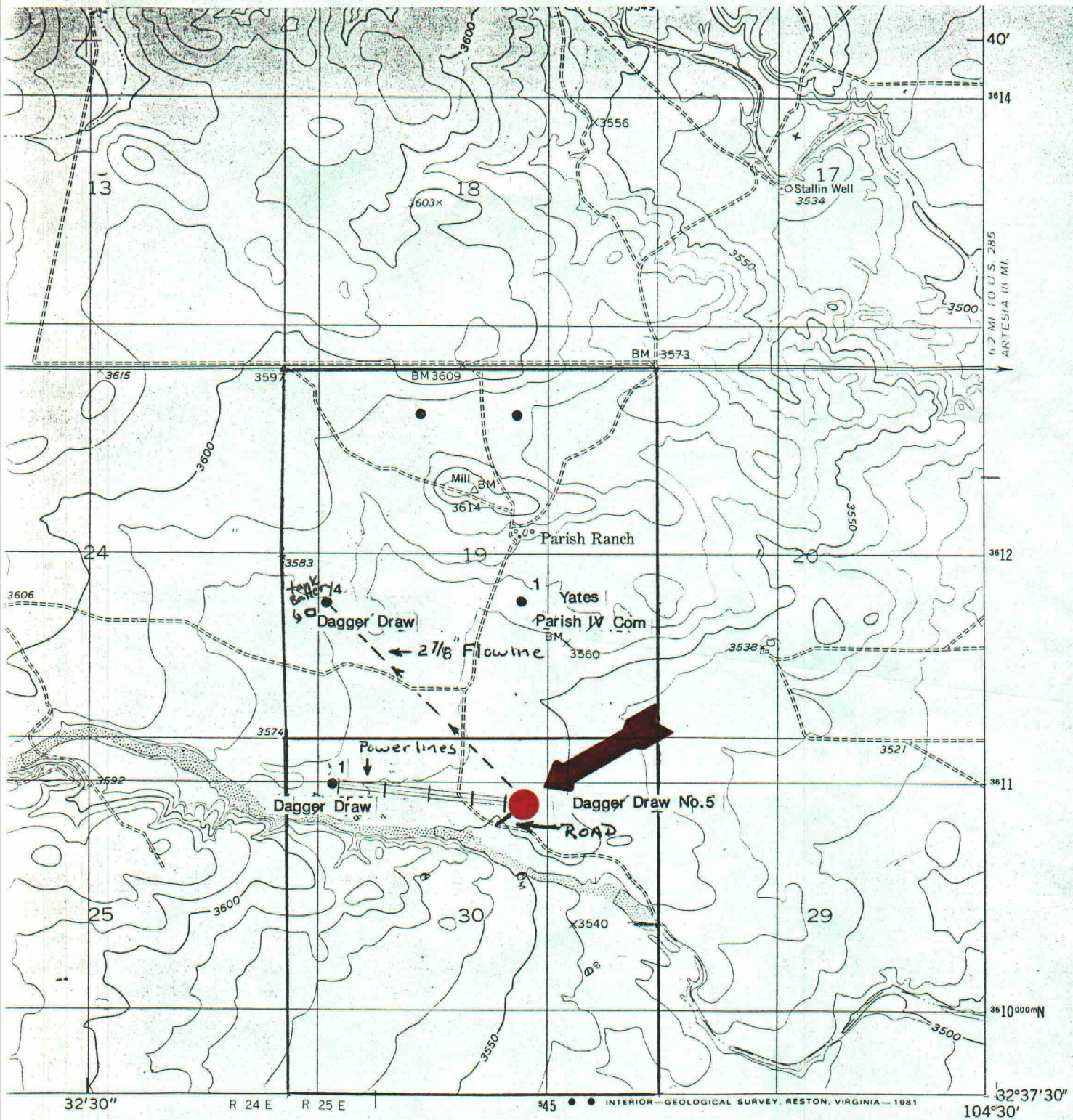
A handwritten signature in cursive script, appearing to read "R. E. Irelan".

R. E. Irelan

ELK:jd

Exhibit 1

<u>Lease Name</u>	<u>Legal Description</u>	<u>Pool</u>
Dagger Draw No. 4	L-19-19S-25E	North Dagger Draw Penn
Dagger Draw No. 5	B-30-19S-25E	North Dagger Draw Penn



--- Flowline
 MILE Powerline

Distances
 D.D.5 → D.D.4 ≈ 3973' (3 1/4 mile)
 D.D.5 → D.D.1 ≈ 2660' (1/2 mile)

ROAD CLASSIFICATION
 Light-duty Unimproved dirt



Exhibit 2
PARISH RANCH, N. MEX.
 N3237.5-W10430/7.5

1956
 PHOTOINSPECTED 1975
 DMA 5049 II NE-SERIES V881

01-1096



R. E. Irelan
Division Manager
Production Department
Hobbs Division
North American Production

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

September 25, 1987

Mr. Richard L. Manus
Bureau of Land Management
P. O. Box 1778
Carlsbad, NM 88220

Dear Mr. Manus:

By the attached copy of our application to the New Mexico Oil Conservation Division, we are requesting your approval of our proposed amendment to the commingling order authorized by the BLM on February 26, 1985 and the NMOCD on June 10, 1985.

If you have any questions, please call Ed Kepford at ext. 120 of this office.

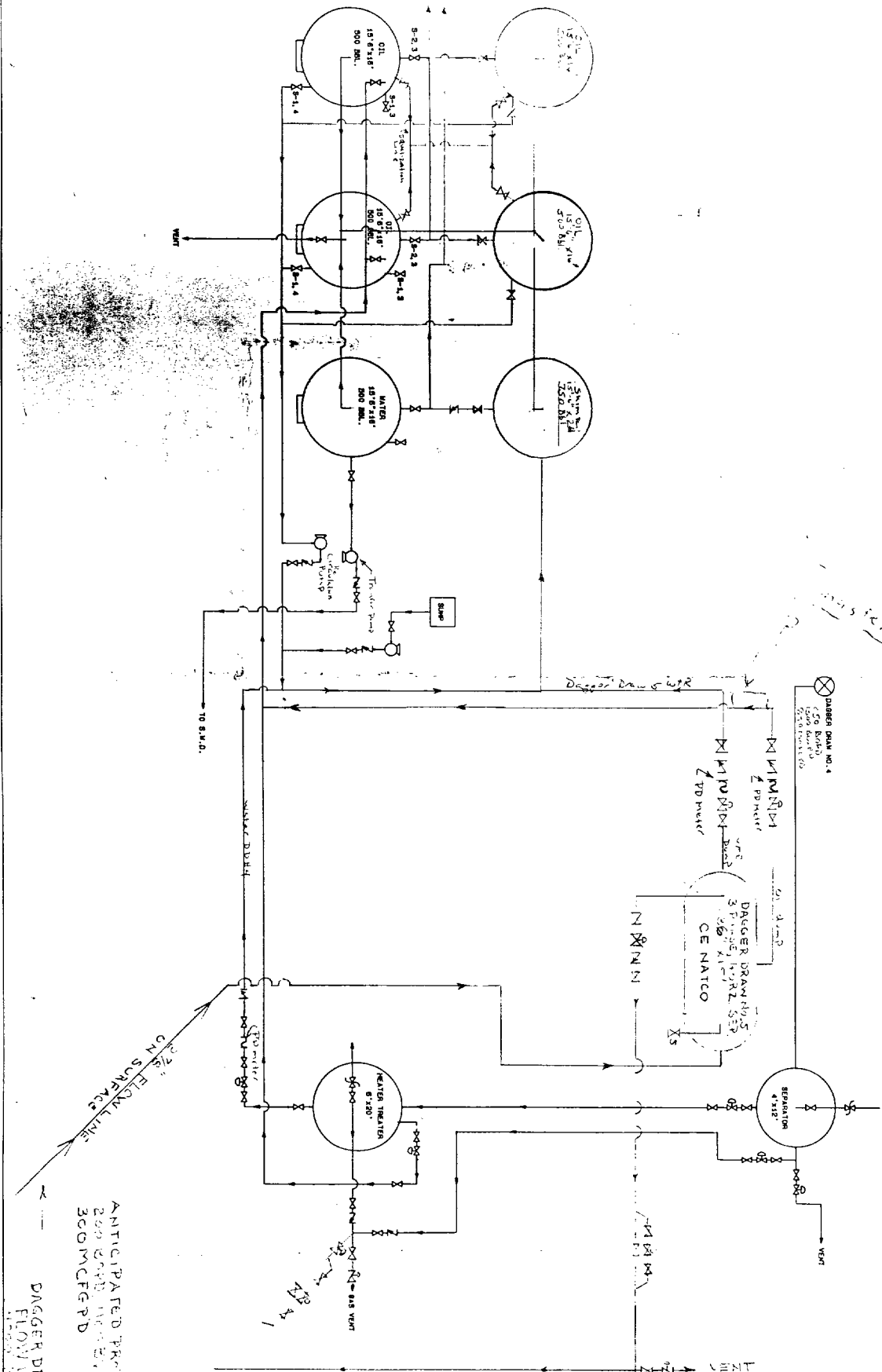
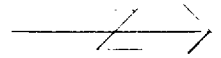
Yours very truly,

A handwritten signature in cursive script, appearing to read "R. E. Irelan".

R. E. Irelan

ELK:jd
cc: NMOCD-Santa Fe

EXHIBIT C



ANTICIPATED PRODUCTION
200 GPD (MORE OR LESS)
300 MCF GPD
DAGGER DRAW NO. 5
FLOWLINE

THIS FACILITY IS IN COMPLIANCE WITH CONOCO INC. HOBBS DIVISION SITE SECURITY PLAN.
PLAN LOCATED AT CONOCO INC. OFFICE
P.O. BOX 460-726 EAST RICHGAM
HOBBS, NEW MEXICO 88240

VALVE LEGEND: POSITION/MODE
1. CLOSED/SALE
2. OPEN/SALE
3. CLOSED/PRODUCTION
4. OPEN/PRODUCTION

REVISIONS
NO. DESCRIPTION DATE
1. 10/7/96
2. 5.8.
3. DESIGN BY:
4. CHECKED BY:
5. APPROVED BY:
6. SCALE: NOT TO SCALE

PRODUCTION DEPARTMENT
DAGGER DRAW NO. 4 T.B.
EDDY COUNTY, NEW MEXICO
UNIT L-19-T19S-R25E
FED LEASE NO. 108-1047798