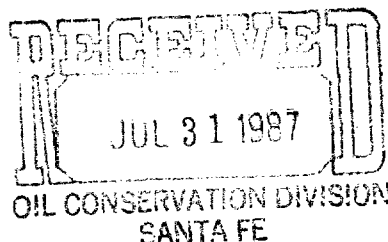




R. E. Irelan
Division Manager
Production Department
Hobbs Division
North American Production

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

July 21, 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:

Application for Permission to Surface Commingle Production from the Northeast Haynes Nos. 11Y, 12, 14, 15, Unit Letters M, O, D, A, Sections 15, 16, 22, 21, T-24N, R-5W, Rio Arriba County, New Mexico, respectively.

Conoco Inc. requests administrative approval under the provisions of Rule 303-B to surface commingle Ballard Pictured Cliffs production from the subject wells with the production from the remaining Northeast Haynes wells. These remaining wells produce from the Otero Gallup and Basin Dakota pools. The commingled production will flow through common facilities into a common tank battery located in the SE/4 SE/4 of Section 16, T-24N, R-5W, Rio Arriba County. Commission Order Nos. R-5205 and PLC-58 authorized the commingling of the Gallup and Basin Dakota formations at this facility.

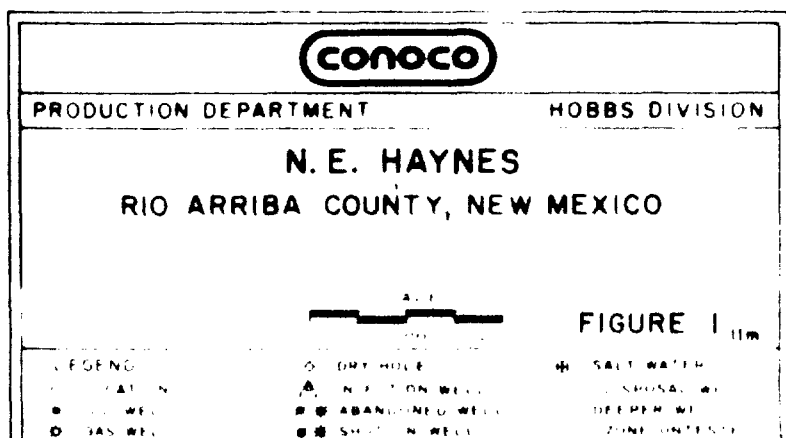
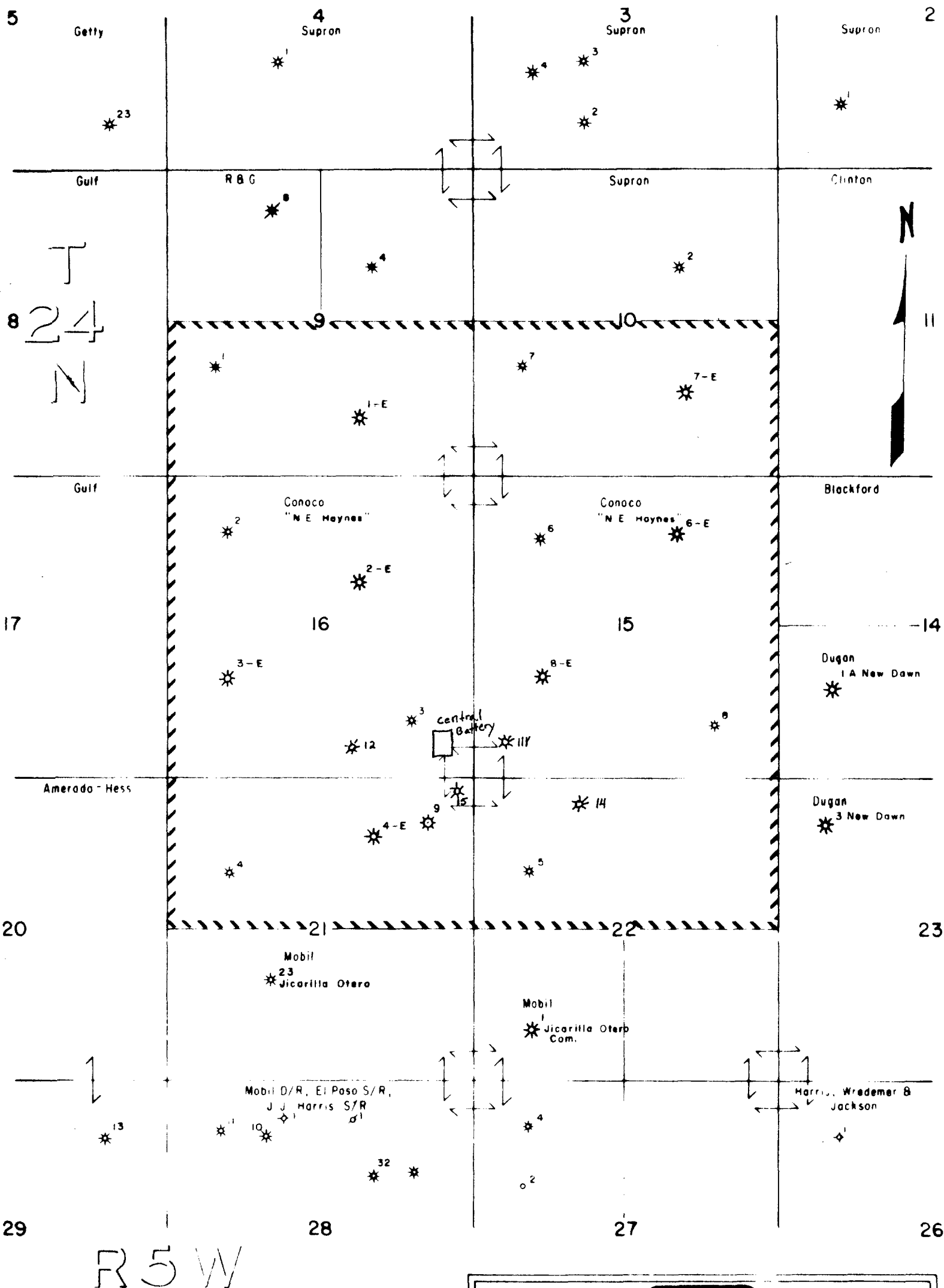
Ownership and working interest for all zones is common. The Pictured Cliffs zone produces no crude oil or condensate.

The Pictured Cliffs wells are currently producing 305 MCF/D and this gas is sold on the spot market.

A lease and battery plat are attached for your review and file. The production will be allocated on the basis of well tests.

Yours very truly,

ELK:jd
cc: Bureau of Land Management, LGA
3535 E. 30th Street
Farmington, NM 87401



LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE