

June 9, 2000

New Mexico Oil Conservation Division
Department of Energy & Minerals
State of New Mexico
2040 South Pacheco
Santa Fe, NM 87505

Att: Mark Ashley, Engineering

RE: **Conoco, Inc.**, SEMU Burger B, Well #126, 1310 FSL & 1120' FWL,
Section 19, T20S, R38E, API#30 025 34127, Lea County, NM

Dear Mark,

Concerning the above referenced well, Conoco, Inc. completed the well in the Tubb formation on 4-7-00. The well was permitted for completion in the Monument Tubb pool but was subsequently placed in the Warren Tubb gas pool by the Oil Conservation Division – Hobbs. I filed to add this well to the SEMU Permian tank battery under Commingling Order PC 974 on February 8, 2000 listing Monument Tubb as the projected pool. I am requesting that you please add the Warren Tubb gas pool for well #126 to Commingling Order PC 974.

The SEMU Permian tank battery facility is located in Unit Letter K, Section 19, T20S, R38E, Lea County, New Mexico. I have enclosed a copy of the "Justification" submitted for this well and a copy of the latest approval for PC 974 for your reference. Please let me know if you have any questions concerning this request. Thank you.

Yours truly,



Ann E. Ritchie, Regulatory Agent
Conoco, Inc.
10 Desta Dr., Suite 100W
Midland, TX 79705
(915) 684-6381, (915) 682-1458-fax

cc: Reesa Wilkes-Conoco/Midland, BLM-Roswell, OCD-Hobbs
attachments

JUSTIFICATION
(amended)

Conoco, Inc.
SEMU Burger B, Well #126
1310' FSL & 1120' FWL
Section 19, T20S, R38E
Lea County, New Mexico

Conoco, Inc. is requesting permission to surface commingle, at the Conoco, Inc. SEMU Permian battery, the anticipated production from the SEMU Burger B, Well #126, Warren Tubb gas pool recompletion. The well was completed in the Warren Tubb gas pool effective April 7, 2000. The Tubb gravity is approximately 37.6 API sweet crude. The oil gravity at the SEMU Permian battery is 41.6 API sour; therefore the impact of the Tubb oil production will not effect the price per barrel. The oil production will be tested and allocated using the existing Drinkard test treater. We are proposing to allocate the production by monthly well test due to the marginal production of oil. The gas will be metered separately.

The dominant production from the Warren Tubb gas pool gas and custody transfer will occur on location (separate meter); the current daily producing rate is 15 bbls oil, 8 bbls water and 2145 mcf gas per day.

JUSTIFICATION

Conoco, Inc.
SEMU Burger B, Well #126
1310' FSL & 1120' FWL
Section 19, T20S, R38E
Lea County, New Mexico

Conoco, Inc. is requesting permission to surface commingle, at the Conoco, Inc. SEMU Permian battery, the anticipated production from the SEMU Burger B, Well #126 Monument Tubb pool recompletion. In the event the recompletion to the Tubb is unsuccessful, Conoco plans to complete the well in the Eumont Yates Seven Rivers Queen (Pro Gas) pool. The Monument Tubb recompletion is scheduled for March, 2000. The Tubb gravity should be approximately 37.6 API sweet crude. The oil gravity at the SEMU Permian battery is 41.6 API sour; therefore the impact of the Tubb oil production will not effect the price per barrel. The oil production will be tested and allocated using the existing Drinkard test treater. The gas would be metered separately.

The dominant production from the Eumont pool will be gas and custody transfer will occur on location (separate meter), but there is a potential for some oil production. It is proposed to have the oil tested using the existing Drinkard test treater and allocate back to the SEMU Burger B #126 and the oil commingled with the Skaggs Grayburg pool oil run tank.

The 7-Rivers oil gravity is sour and has a 36.9 API gravity. The SEMU Permian battery oil gravity is 41.6 API; therefore the impact of the 7-Rivers oil production will not effect the price per barrel.



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
4th Amendment

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

Attention: Ms. Ann E. Ritchie

Lease: Southeast Monument Unit (SEMU) Permian Wells No. 16, 24, 42, 126, 129, 141 and 144 (To be commingled with existing SEMU Permian Grayburg production.)

Description: SE/4 SW/4 and the SE/4 of Section 13, NE/4 NE/4, SE/4 SE/4 of Section 24, Township 20 South, Range 37 East, NMPM, and SE/4 NW/4 of Section 30, NW/4 NW/4, SW/4 SW/4 of Section 19, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

The above-named company is hereby authorized to commingle Monument-Tubb (Oil - 47090), Eumont Yates-Seven Rivers-Queen (Oil - 22800) and Skaggs Grayburg (Oil - 57380) Pool production from the above mentioned lease and to determine production from each pool 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 on the commingled battery 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. Gas production will be separately metered.

NOTE: This installation shall 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." It is the responsibility of the producer to notify the transporter of this commingling authority.

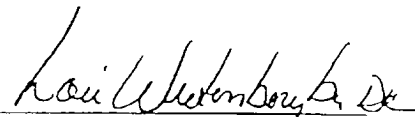
REMARKS: Commingled production shall be stored in the SEMU Permian tank battery facility located in Unit Letter 'K' of Section 19, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

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

PROVIDING: Validation of this authority shall be accomplished with like approval by the Bureau of Land Management.

Amended Commingling Order PC-974
Conoco, Inc.
March 30, 2000
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DONE at Santa Fe, New Mexico, on this 30th day of March, 2000.



LORI WROTENBERY,
Division Director

LW/MWA/kv

cc: Oil Conservation Division – Hobbs
U. S. Bureau of Land Management - Carlsbad

CC: SHEAR, WTOR, POWCA, COST ASST, FIELD, WELL FILES