

November 12, 1999

New Mexico Oil Conservation Division
Department of Energy & Minerals
State of New Mexico
2040 South Pacheco
Santa Fe, NM 87501

Att: Mark Ashley, Engineering Unit

RE: Conoco, Inc., SEMU, Wells #134, 135, and 136, Administrative Order
CTB-488, Sections 25 & 30, T20S, R37E, Lea County, New Mexico

Dear Mark,

Concerning the above referenced Surface Commingling Order, Conoco has encountered an unsuccessful recompletion in the SEMU, Well #136 in the South, Skaggs (Abo) pool. It is anticipated that a completion will be attempted in the North Hardy Tubb-Drinkard Pool in this well.

The gravity of the Strawn completion currently going into the "SEMU Strawn" tank battery is 37, sweet crude. The anticipated Tubb-Drinkard production should have a gravity of 37.6, sweet crude. The anticipated commingled production will be stored and measured at the "SEMU Strawn" common tank battery facility located in the SW/4 NE/4 (Unit G) of Section 25, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico. Each well will have its own three phase separator, where the oil, water and gas will be separated. The gas will be measured with an orifice meter, the oil will be measured with a positive displacement meter, and the water will be measured with a turbine meter. Please see "Application to Surface Commingle: SEMU Strawn Central Battery Simplified Method of Operation" attached for complete details of oil and gas measurement procedures.

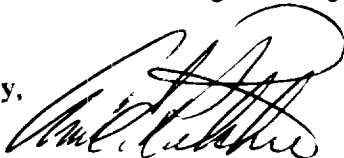
Ownership is as described in "Application to Surface Commingle; SEMU Strawn Central Battery" (attached). I have also enclosed copies of the "SEMU Strawn Proposed Commingling Simplified Plot Plan" and the tank battery diagram.

Copies of this application have been sent to the following interest owners:

Chevron USA, Inc., P.O. Box 1635, Houston, TX 77251
Arco Oil & Gas, P.O. Box 1610, Midland, TX 79702

Please let me know if you need any further information in order to add the North Hardy Tubb-Drinkard pool to this existing commingling permit. Thank you.

Yours truly,



Ann E. Ritchie, Regulatory Agent
Conoco, Inc., 10 Desta Dr., Suite 100W, Midland, TX 79705-4500
1-800-432-2967, (915) 682-1458-fax
cc: Reesa Wilkes/Conoco-Midland; BLM-Roswell

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