

September 25, 2001

Nelda
Oil Conservation Division
Hobbs, NM

FAX

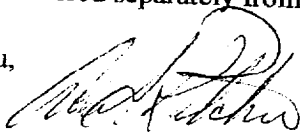
RE: **Conoco, Inc.**, SEMU #154, 30 025 35383, Sec. 30, T20S, R38E, Eddy County

Dear Nelda,

According to the engineer for the above referenced well, it is currently making approximately 320 – 350 mcf per day and 2 bbls of oil. According to the field rules, we can produce up to 1420 mcf per day = pool rules state: top unit allowable times the limiting GOR 10,000 to 1, then divided by the test gas-oil ratio. This would work out to be 8.875 bbls oil per day. We will not go over this limit according to current (and past) producing rates for this well.

Again, if we need to assign the 640 acre gas proration unit to this well, we have the acreage to do that. This well is located in the North Hardy Tubb Drinkard, it was expected to be an oil well and has turned out to be a high GOR (gas) well in this pool. It is being metered separately from the other wells in this unit.

Thank you,



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

(3 pages of pool rules faxed w/letter)

820 2-2-01 195000
2-2-01 195000

4 2 2 2 2

9-26-01

This well gas-oil ratio
will exceed the well
allowable

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