



Mid-Continent Region
Exploration/Production

Conoco Inc.
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Midland, TX 79705-4500
(915) 686-5400

February 3, 2000

New Mexico Oil Conservation Division
1625 N. French Drive
Hobbs, New Mexico 88241-1980

RE: Allocation for Downhole Commingling
Meyer B-4 #32
Section 4, T-21-S, R-36-E, P
API # 30-025-34270
Downhole Commingling Order DHC -2011
Oil Center-Blinebry (Oil 47960)
Hardy Tubb-Drinkard (Oil 29760)

Dear Nelda,

This well was completed in the Drinkard in March of 1998. The zone tested 60 BOPD and 79 MCF (see attached completion report). In June 1998 an intent recompletion sundry was submitted and approved (6/23/98) to recomplete this well in the Blinebry. At the same time a Downhole Commingle application (C 107A) was submitted asking for permission to commingle the Drinkard production with the Blinebry. At the time of the downhole commingle application this well was producing out of the Drinkard 52 BOPD, 107 BWPD and 107 MCFD. The commingle application requested that the production from the two zones be allocated by the subtraction method. This request was approved by DHC Order # 2011 (see attached). The well was completed in the Blinebry in March of 1999 (see two attached completion reports). The DHC Order # 2011 approved allocating production in this well by subtracting the current Drinkard production of 52 BOPD from the new rate after the Blinebry was perforated. Unfortunately when the test was run on March 18, 1999 both zones only produced 45 BOPD, 85 MCFD and 70 BWPD. The low volume has necessitated the need to allocate the commingled production from this well by percentages rather than by a subtraction method.

As per our conversation you told me the percentages that you assigned. Conoco, Inc agrees with your allocation percentages, but believes that they are inverted. Based on the production rates prior to commingling we believe that the majority of the oil & gas is coming from the Drinkard, not the newly completed Blinebry zone. Please amend the percentages for this well to the following :

	OIL	GAS	BW	OIL %	GAS %
Blinebry	9 BBLS	9 MCF	5 BBLS	20	10
Tubb/Drinkard	36 BBLS	76 MCF	65 BBLS	80	90
Total	45 BBLS	85 MCF	70 BBLS		

Please accept the attached amended completion report for the Blinebry showing the corrected production test from this newly completed zone.

Conoco, Inc is aware that this well has been very difficult to say the least. We apologize for all the inconvenience that we have caused and hopefully in the future the allocations for all newly downhole commingled wells will be determined by us in a prudent and efficient manner. If you have any further questions regarding this request please contact me at (915) 686-5798.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kay Maddox".

Kay Maddox
Regulatory Agent – Conoco, Inc.

CC: David Catanach,
NMOCD Santa Fe, NM