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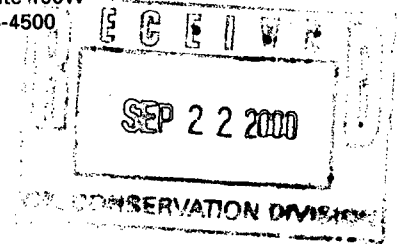
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Mid-Continent Region
Exploration/Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

September 20, 2000

Mr. Michael Stogner
New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, NM 87504



RE: Application for Nonstandard Location & Nonstandard Proration Unit Order
Eumont, Seven Rivers, Queen (Pro Gas) Pool 76480
SEMU Blinebry # 101
660 FNL & 330 FWL
Section 29, T-20-S, R-38-E, D
API # 30-025-26183
Lea County, NM

Dear Mr. Stogner,

Conoco requests approval to recomplete the Southeast Monument Unit # 101 to the Eumont at a non-standard location in Section 29, T-20-S, R-38-E. The well is located 660' FNL & 330' FWL.

SEMU # 101 is located within the NW-SE trending Seven Rivers formation structural high located in Sections 19 and 30, T-20-S, R-38-E. The structural interpretation (see attached) of the Seven Rivers formation indicates a structural high located in Section 19. The Seven Rivers formation consists of thin anhydritic sands inter-bedded by dense dolomite and anhydrite. Porosity development and reservoir quality is predominantly controlled by structure. In addition to structural position, the thin (2 ft. to 6 ft.) Seven Rivers sand's productivity appears to be enhanced by fractures resulting from stratigraphic flexure along the structural axis associated with the prominent Monument High. Enhanced permeability and possibly fracturing along the structural axis allow for relatively high production rates and economic completions. Moving off the strike has led to uneconomic completions (low permeability). The cross-section that accompanies this application approximately parallels the structural axis. Additionally, in the southern portion of Section 18, water has migrated up dip into a structurally high area and has resulted in an uneconomic completion due to higher water rates.

The successful production results from the SEMU # 81 has encouraged testing of the Eumont in the SEMU # 101. The SEMU # 81 was recompleted to the Seven Rivers formation of the Eumont Yates-Seven Rivers-Queen Gas Pool in January 1998 in Section 19, T-20-S, R-38-E, P, Lea Co, NM. The well was completed for an initial rate of 505 MCFD and produces no liquids. The SEMU # 101 potential pay is highlighted in green between 3015 feet and 3035 feet in the accompanying Seven Rivers Cross Section.

Conoco has had two unsuccessful recompletion attempts in wellbores located off of the Seven Rivers structural high axis. In February 2000 the SEMU # 16 located in Unit letter F, Section 30, T-20-S, R-38-E was recompleted to the Seven Rivers. Analysis of swabbing reports during completion indicated that the well had extremely poor fluid influx and appeared to have low permeability. After several days of swabbing the completion was deemed an economic failure and the wellbore has since been permanently plugged and abandoned. Although this completion was structurally equivalent to the economic SEMU # 81, the permeability was too poor to produce hydrocarbons in economic quantities. This well was not on the structural axis of the fold and thus no enhancement to the permeability developed. In December 1999 the SEMU #121 located in Unit letter N, Section 18, T-20-S, R-38-E was recompleted to the Seven Rivers formation. The well produced at an uneconomic rate of 200 BWPD and 30 MCFD. In June 2000, a remedial cement job was performed in an attempt to shut off water thought to be limiting the gas production. The majority of the water was shut-off, however gas production rates remained at

uneconomic levels. Currently the well produces 35 BWPD and 30 MCFD. Conoco will likely permanently plug and abandon the SEMU #121 wellbore in 2000.

The SEMU # 101 was drilled and completed in March 1979. The Warren Tubb zone was perforated, stimulated and tested, but found to be non-commercial. The well was then completed into the Blinbry zone. The well produced 28.6 MBO and 156 MMCFG from the Blinbry before it was shut-in in 1991 because it had become uneconomical to produce. Recompleting the SEMU #101 would take advantage of an existing wellbore in the SEMU acreage area and would eliminate the necessity of drilling a new wellbore to access Eumont production.

The Eumont, Seven Rivers, Queen (Pro Gas) special pool rules require a 640 acre proration unit. In order to stay within the SEMU Unit boundaries Conoco requests a non-standard 160 acre proration unit be dedicated to the SEMU #101. There are no other Eumont wells in Section 29. A non-standard 160 acre proration unit has 660-660' set back requirements. The SEMU # 101 wellbore is at a nonstandard location being only 330' from the west line of Section 29. Conoco is the only offset operator that could be affected by this request. Working interest ownership is common across the SEMU area. Royalty interest will be common upon approval of the 7th expansion of the Eumont Participating Area submitted to the BLM in September, 2000, (see outline of PA Expansion on attached map).

In order to prevent waste, Conoco respectfully requests your approval of this nonstandard location and proration unit application for the SEMU # 101. If you have any further questions regarding this application please contact me at (915) 686-5798.

Sincerely,



Kay Maddox
Regulatory Agent – Conoco

Cc: NM Oil Conservation Division - Hobbs

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised February 21, 1994

instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd. Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|---|--|
| API Number 30-025-26183 | 2 Pool Code 76480 | 3 Pool Name Eumont Yates Seven Rivers Queen (Pro gas) |
| 4 Property Code 3076 | 5 Property Name SEMU | 6 Well Number # 101 |
| 7 OGRID No. 005073 | 8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500 | 9 Elevation |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D | 29 | 20S | 38E | | 660 | North | 330 | West | Lea |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|---------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres 160 | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|---------------------------|--------------------|-----------------------|--------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Kay Maddox
Signature

Printed Name Kay Maddox

Regulatory Agent
Title

September 20, 2000
Date

Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

Signature and Seal of Professional Surveyor.

Certificate Number