

Midland Division
Exploration Production

ON CONSERVINGED STATES OF STATES OF

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

April 1, 1996

Mr. William J. LeMay
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504

Re:

Application for Amendment of Order R-2087 to Reduce the Current approved 320-Acre NSPU to a 160-Acre NSPU Consisting Only of the SW/4, Sec. 7, T-23S, R-37E, Lea County, New Mexico, Dedicated to Production from the Stevens B Well No. 14.

Dear Mr. LeMay:

EXHIBIT A identifies (a) the 320 acres of the Stevens B Lease consisting of the S/2 of Sec. 7, T-23S, R-37E, (b) the current 320-acre NSPU established by Order R-2087 in the S/2 of Section 7, and (c) the proposed new 160-acre NSPU in the SW/4 of Section 7. The original 320-acre NSPU was dedicated to Jalmat gas production from Conoco's Stevens B Well No. 11.

Jalmat gas production from the Stevens B No. 11 has declined to 10 MCFGPD and will soon be shut in as economically depleted. P/Z plots and cumulative production from this location indicate that significant reserves at this location will remain unrecovered by Well No. 11. However, the open hole completion of No. 11 make remedial work very difficult and unlikely to effectively recover these remaining reserves.

Therefore, it is being proposed to recomplete the Stevens B No. 14, which is cased across the Jalmat producing intervals, to Jalmat gas production. A new completion in this cased wellbore should provide the best opportunity to efficiently recover Jalmat reserves in the SW/4 of Section 7. Well No. 14 is a currently temporary abandoned completion in the Langlie Mattix Pool.

It is not anticipated that the producing rate (expected to be 300-500 MCFGPD) nor the drainage area affected by this new completion should require the dedication of more than 160 acres. Therefore, it is proposed that the 160 acres in the SE/4 of Section 7 be released from the NSPU established by Order R-2087 and that the order be amended to include only the 160 acres of the SW/4 of Section 7 in this NSPU.

EXHIBITS B is a new C-102 Well Location and Acreage Dedication Plat for the Stevens B No. 14, recompleted to the Jalmat Gas Pool and dedicated to the new proposed 160-acre NSPU.

EXHIBIT A also identifies the offset operators to this current 320-acre NSPU and the proposed 160-acre NSPU, whose names and addresses are listed in EXHIBIT C. A copy of this application was mailed by certified mail to each of these operators as documented by copies of the certified mail receipts in EXHIBIT D.

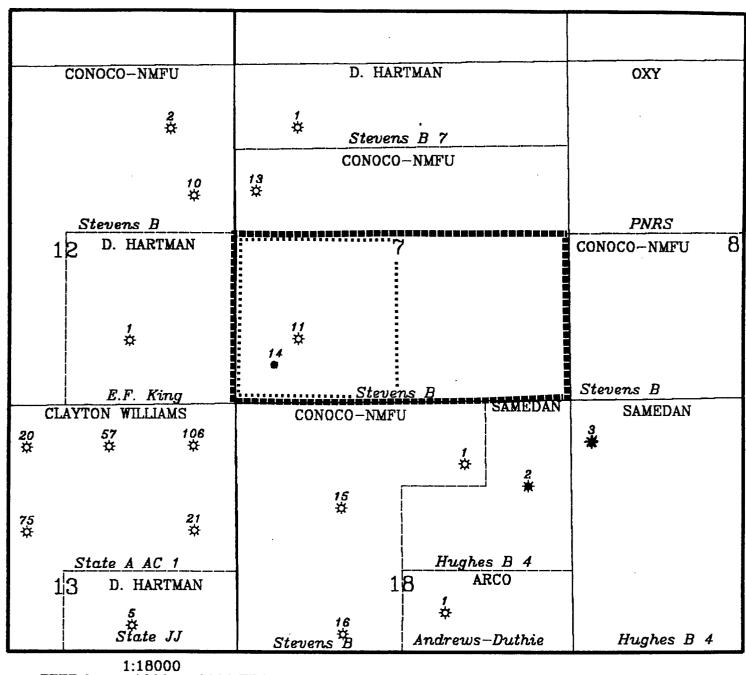
Thank you for your help in this matter. If I can be of any further assistance, please call at (915) 686-6548.

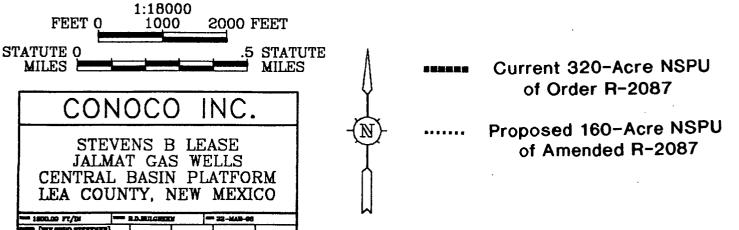
Very truly yours,

Jerry W. Hoover

Sr. Conservation Coordinator

cc: Hobbs District OCD Office





District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV

PO Box 2068, Santa Fe, NM 87504-2068

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088 Form C-102
Revised February 21, 1992
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies

AMENDED REPORT

Fee Lease - 3 Copic

WELL LOCATION AND ACREAGE DEDICATION PLAT

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Certificate Number

OFFSET OPERATORS TO

STEVENS B LEASE

S/2, Sec. 7, T-23S, R-37E

OXY USA, Inc. P.O. Box 50250 Midland, Texas 79702 Clayton Williams Energy 6 Desta Dr., 3000 Claydesta Bank Bldg. Midland, Texas 79705

Doyle Hartman P.O. Box 10426 Midland, Texas 79702 Samedan Oil Corp. 350 Glenborough, Ste. 240 Houston, Texas 77067

2 740 462 389



OXY USA Inc. P.O. Box 50250 Midland, Texas 79702

PS Form 3800, March 1993	Postage	\$			
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	Return Receipt Showing to Whom & Date Delivered				
	Return Receipt Showing to Whom, Date, and Addressee's Address				
	TOTAL Postage & Fees	\$			
	Postmark or Date 4 / 1 / 96				

Z 740 462 391

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Receipt for Certified Mail

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Doyle Hartman P.O. Box 10426 Midland, Texas 79702

PS Form 3800, March 1993	Cartified Fee					
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Z 740 462 390



Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail

Clayton Williams 6 Desta Dr., 3000 Claydesta Bank Bldg Midland, Texas 79705

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	Certified Fee				
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PS Form 3800, March 1993	Return Receipt Showing to Whom & Date Delivered				
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No Insurance Coverage Provided

Samedan Oil Corp. 350 Glenborough, Ste. 240 Houston, Texas 77067

PS Form 3800, March 1993	Postage	\$			
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