

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

30-025-35043

- Engineering Bureau -

SEMU #139

ADMINISTRATIVE APPLICATION COVERSHEET NE/4 25-T205-R37E

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

[A] Location - Spacing Unit - Directional Drilling

- NSL NSP DD SD

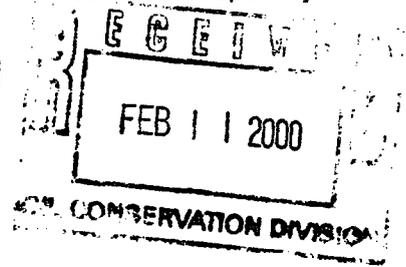
Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement

- DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

- WFX PMX SWD IPI EOR PPR



[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

[A] Working, Royalty or Overriding Royalty Interest Owners

[B] Offset Operators, Leaseholders or Surface Owner

[C] Application is One Which Requires Published Legal Notice

[D] Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Kay Maddox		Regulatory Agent	2/7/200
Print or Type Name	Signature	Title	Date



Mid-Continent Region
Exploration/Production

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

February 4, 2000

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

RE: Application For Unorthodox Location
North Hardy Strawn Pool (96893)

D.M. Warren #137 New Drill
Section 30, T-20-S, R-38-E, M
400 FSL & 990 FWL
API # Not Available
Lea County, NM

~~SEMU # 139 New Drill~~
~~Section 25, T-20-S, R-37-E, A~~
~~990' FNL & 330' FEL~~
~~API # Not Available~~
~~Lea County, NM~~

★ State 25 A #3 New Drill
Section 25, T-20-S, R-37-E, N
1980' FWL & 510' FSL
API # Not available
Lea County, NM

Dear Mr. Stogner,

Conoco, Inc respectfully requests your approval of this administrative application for a non-standard location order for the above listed wells.

The North Hardy Strawn pool rules state that a standard location is 660' from the outer boundary of the 160 acre proration unit. The D.M. Warren #137 is located only 400' FSL and the SEMU # 139 is only 330' FEL, & the State 25-A #3 is only 510' FSL. All three wells are staked at an unorthodox location. Please reference attached C-102 plats.

The Strawn play in this area is based on a 3-D seismic interpretation that has meticulously defined the thickest porosity zones. As evidenced by drilling and completing the Hardy State 36 #26, #21, #1, SEMU # 134 and the unsuccessful Strawn completion of the # 135 it is evident that proximity to thick porosity zones is imperative to the location of new drilling prospects. Based on log correlations, stratigraphy is also a major component of porosity development. The stratigraphy coordinated with the structural trend defines a very small area in which to locate the well. Movement as little as 200' could result in a net loss of porosity resulting in a ten fold reduction in production. Conoco, Inc feels that the placement of the above listed unorthodox wells will not compromise the validity of the scientific data that resulted in the proposal to drill the wells. Scientific data i.e. seismic line and structural map encompassing this area was submitted to the New Mexico Oil Conservation, May 1999 during the hearing to establish the North Hardy

Strawn pool. The data submitted substantiates Conoco's belief that a standard location for these three wells would result in an unsuccessful Strawn well completion. Conoco, Inc believes that the three proposed unorthodox locations are strategically staked where the good porosity development of the Strawn reservoir lies on trend with structure.

D. M. Warren #137 – See Exhibit 1

This well location was chosen to move slightly updip of the SEMU #134 and remain in the same porosity interval. The seismic line (Exhibit 1) is located in a north-south orientation and passes through the SEMU #134 well and the proposed location. The line illustrates the reservoir interval as the zone between the yellow and blue seismic picks at approximately 1060 milliseconds. The porosity development is not very extensive and this location will place the well in an optimum position with the highest amplitude within this seismic anomaly.

SEMU #139 – See Exhibit 2

This location was chosen as a northern extension of the productive zone within the Strawn in the Hardy 36 #26 well. The seismic line (Exhibit 2) is located through the Hardy 36 #26 well and the proposed location. The reservoir interval is located between the yellow and blue seismic picks at approximately 1060 milliseconds. The interpreted porosity zone is discontinuous north of the Hardy 36 #26 well toward the proposed location with several zones of low or absent porosity (the blue seismic peak is thin or missing). This well will evaluate an undrilled and structurally lower portion of the seismic anomaly at its thickest position.

State '25-A' #3 – See Exhibit 3

This location was chosen as a northwest down dip extension of the Hardy 36 #26 well. The seismic line (Exhibit 3) is located through the Hardy 36 #26 well and the proposed location. The reservoir interval is located between the yellow and blue seismic picks at approximately 1060 milliseconds. The interpreted porosity zone is very discontinuous as illustrated by the abrupt termination of the peak being mapped. Moving this location further north would place it beyond the porosity zone which correlates to the productive zone in the Hardy 36 #26. This location is also at the position of highest amplitude within the porosity zone.

Please note that Conoco Inc. will only be encroaching interior to their lease. There is no notification required to an offset operator.

Conoco, Inc. respectfully requests that a non-standard location order be granted for the D.M. Warren #137, SEMU # 139 and the State A-25 #3. If any additional information is required please call me at (915) 686-5798.

Sincerely,



Kay Maddox – Conoco, Inc.
Regulatory Agent

Cc: OCD- Hobbs
BLM - Roswell

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 2088, Santa Fe, NM 87504-2088

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, 1994
instructions on back

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number N/A		2 Pool Code 96893		3 Pool Name Hardy-Strawn, North	
4 Property Code		5 Property Name SEMU			6 Well Number # 139
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 3526'

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
A	25	20S	37E		990'	North	330'	East	Lea

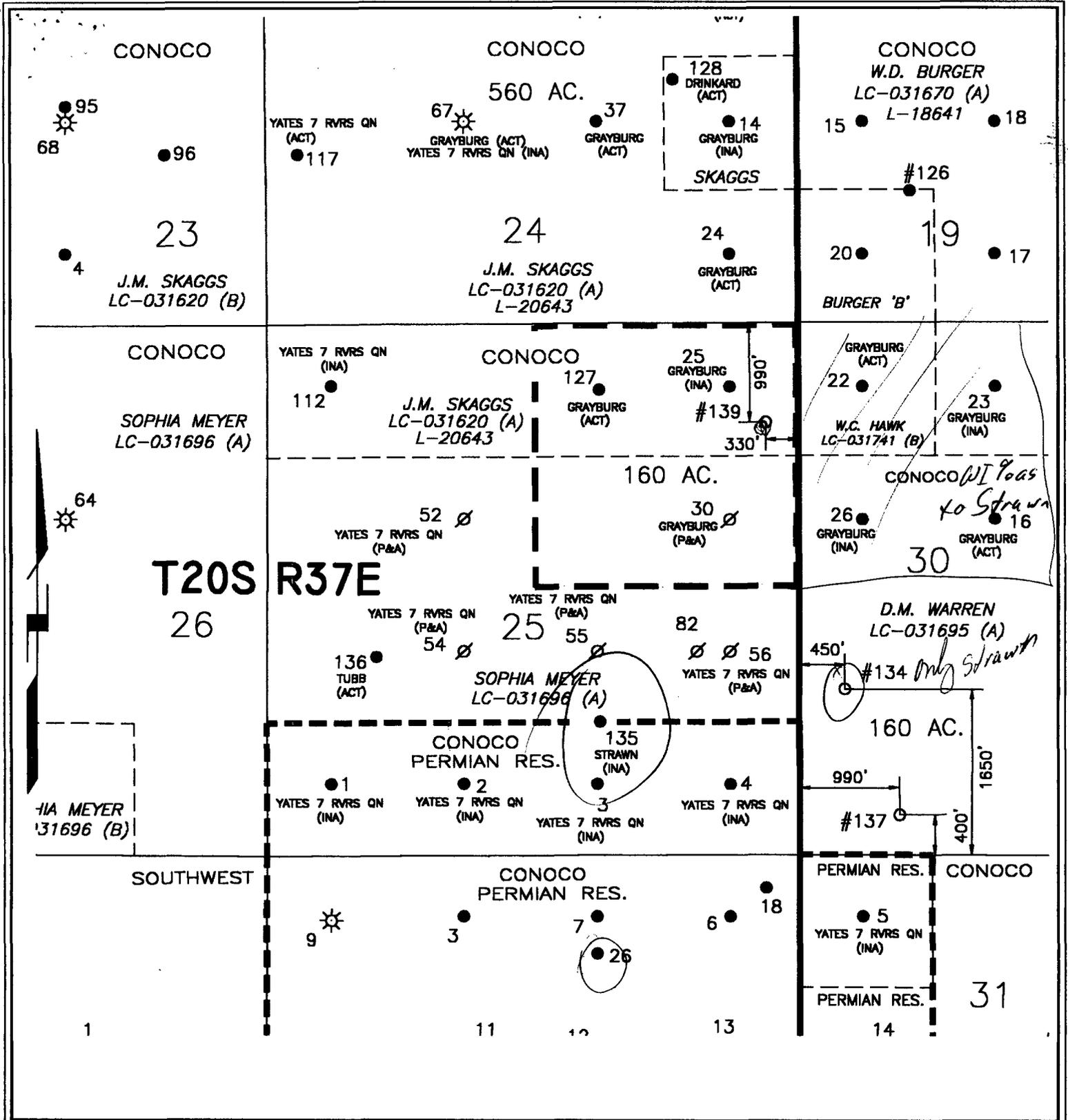
11 Bottom Hole Location If Different From Surface

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.
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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

16				17 OPERATOR CERTIFICATION	
				I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
				Signature <i>Kay Maddox</i>	
				Printed Name Kay Maddox	
Title Regulatory Agent		Date January 20, 2000		18 SURVEYOR CERTIFICATION	
Date of Survey		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.			
Signature and Seal of Professional Surveyor:					
Certificate Number					



NOTES

Pool - HARDY STRAWN, NORTH

#139 - Non-standard Location - 160 Ac.

DATE: 2/8/00

DRAWN BY: glg

CHECKED BY:

APPROVED BY:

SCALE: 1" = 1320'

STATE PLANE COORDINATES REFERRED TO
NAD27 - N.M. EAST
STATE PLANE COORDINATES
ZONE - 3001

CONOCO EXPLORATION PRODUCTION AMERICAS

CONOCO SEMU #139
Sec. 25, T20S, R37E
Lea County, New Mexico
Non-Standard Location

STATE	API COUNTY	WELL	DRAWING
30	025	-	SEMU-139

CONOCO INC. OFFICE
10 DESTA DRIVE WEST
MIDLAND, TEXAS 79705