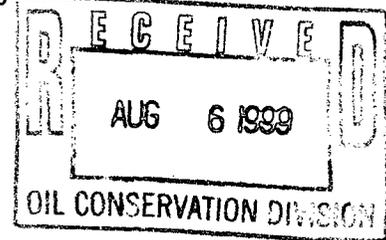




NSD 8/26/99

Mid-Continent Region
Exploration/Production

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



August 1, 1999

Mr. Michael Sogner
Mew Mexico Oil Conservation Division
2040 Pacheco
Santa Fe, New Mexico 87504

RE: Application for Non-Standard Proration unit and location
SEMU Skaggs B #84
API # 30-025-20654
Section 22, T-20-S, R-37-E, A
330' FNL & 610' FEL
Eumont Pro Gas Pool (76480)
Lea County, NM

Dear Mr. Stogner,

Conoco, Inc would like to recomplete the referenced well to the Eumont. This well would then be in the Eumont Pro Gas pool, which has a standard proration unit of 640 acres. We request that this well be dedicated 80 acres, the E1/2 of NE 1/4. (See attached plat) Based on Conoco's information, the shut-in SEMU #90 Eumont producer located in the E 1/2 of SE 1/4 has the other 80 acres dedicated to it. Conoco, Inc. is currently evaluating the SEMU # 90 (NM 62667) to determine how to get the well back on production. There are no plans to P&A the #90 at present. The location of the SEMU Skaggs B #84 is non-standard in that it is only 330' FNL and 610' FEL.

The offset operator plat shows that the only operator that could be affected by this non-standard proration unit request is Altura Energy. Please find attached evidence that they have been notified.

In order to prevent economic waste by allowing access to the Eumont reserves in an existing wellbore, Conoco, Inc respectfully requests that the application for a non-standard proration unit and location be granted. If there are any further questions concerning this application please call me at (915) 686-5798.

Sincerely,


Kay Maddox
Regulatory Agent

Cc: Oil Conservation Division - Hobbs

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

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 30-025-20654		2 Pool Code 76480		3 Pool Name Eumont Pro Gas	
4 Property Code 3086		5 Property Name SEMU Skaggs "B"			6 Well Number #84
7 OGRID No.		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 3540'

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	22	20S	37E		330'	North	610'	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 80	13 Joint or Infil	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

16	* Aldura Energy Ltd. Gillully B Fed AP-8#y	0 #8		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: August 1, 1999	
		0 #11		18 SURVEYOR CERTIFICATION	
	Aldura Energy O Gillully B Fed. RAA R-236 #7		NSP -768	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:	
	#16			Certificate Number	

15

T20S R37E

14

#28 (TB)

#5

#8 (YS)

#9

#70 (DR)

CONOCO

#66 (YS)

CONOCO

#29 (YS)

#7

#11 (TB)

#61

#87 (TB)

#109 (YS)

H.M. BRITT

J.M. SKAGGS

#5

#8

#10 (BL) (TB)

ALTURA

#84 (BL) (TB)
330' FNL
610' FEL

CONOCO

#122 (TB)

#8

CONOCO

#94 #2

#7

J.M. SKAGGS

22

23

#7 (YS)

#12

#90

#115 (TB)

#97 (TB)

#110 (YS)

O.J. GILLULLY

J.M. SKAGGS

NOTES

Conoco SEMU SKAGGS B#84
Non-standard Location
Non-standard Proration Unit
Eumont Pro Gas
Section 22, T-20-S, R-37-E, A

DATE: 8/3/99

DRAWN BY: glg

CHECKED BY:

APPROVED BY:

SCALE: 1" = 1000'

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



EPNGNA
MIDLAND DIVISION

CONOCO SEMU SKAGGS #84
Sec. 22, T20S, R37E
Lea County, New Mexico
Non-Standard Location

STATE API COUNTY WELL
30 - 025 - 20654

DRAWING

semu_b84

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

SEMU #84
Justification
Eumont Recompletion
AFE # 51-61-8754

Summary

Funds in the amount of \$87 M gross (\$44.5 M Conoco net) are requested to recomplete SEMU Tubb #84 to the Eumont formation. SEMU #84 is located 330' FNL and 610' FEL, Sec. 22-T20S-37E. Gross reserves assigned to the Eumont recompletion are estimated in the area of 409 MMCF, with an initial production of 350 MCFGPD. This well will share a 160-acre pro-ration unit with SEMU #90.

Well History

SEMU #84 was completed September 1, 1964 with an IP in the Tubb of 345 BOPD, 274 MCFD, and 0 BWPD at a 32/64 choke. It is currently producing 5 BOPD / 15 MCFD / 1 BWPD from the existing Blinebry/Tubb completion. Cumulative production for the SEMU #84 from the Blinebry and Tubb is 100 MBO / 359 MMCFG and 116 MBO / 685 MMCFG, respectfully. Based on log analysis and the successful remedial work on the surrounding offsets (SEMU #109 & #110), the estimated initial production for #84 will be 350 MCFD. The potential pay zone for SEMU #84 was directly correlated from the logs of SEMU #123 (which also showed great Eumont and possible Grayburg potential) and the remaining reserves of #94, direct offsets to the south and east respectively. SEMU #84 is not offset to the west.

Reserve Estimate

Reserve estimates for the Eumont recompletion were based on log analysis and forecasts derived from decline analysis. It is likely that the predicted reserves are underestimated since the SEMU #94 had remaining reserves of 105 MMCFG prior to a casing collapse. SEMU #84 will recover a portion of the unrecovered reserves. Adjacent well analysis indicates an initial production rate of approximately 350 MCFD with a 60% 1st year decline rate, 30% in years 2 & 3, and final decline rate of 15%. An economic limit of 20 MCFD along with an average GOR of 100,000 MCF/STB for the Eumont was applied. Anticipated reserves for the Eumont recompletion are 0 MBO and 409 MMCFG. It is also noted that offset wells such as SEMU # 110, 91, 90, and 110 had bottom hole pressures of 127, 143, 167, and 197, respectively. SEMU #84 is expected to have an initial bottom hole pressure around 200 psi due to the lack of development around this well.

Attachments:

1. Cost estimate
2. Procedure
3. Economics
4. Cumulative Production
5. Well Bore Diagrams
6. Location Map

August 1, 1999

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

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SEMU Skaggs B #84
API # 30-025-20654
Section 22, T-20-S, R-37-E, A
330' FNL & 610' FEL
Eumont Pro Gas Pool (76480)
Lea County, NM

OFFSET OPERATOR:

Altura Energy
PO Box 4294
Houston, TX 77210

Z 208 698 361

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Altura Energy	
Street & Number	PO Box 4294	
Post Office, State, & ZIP Code	Houston, TX 77210	
Postage		\$
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, & Addressee's Address		
TOTAL Postage & Fees		\$
Postmark or Date		

PS Form 3800, April 1995