

DATE IN 1/25/99	SUSPENSE N/R	ENGINEER BS	LOGGED BY RW	TYPE PC
-----------------	--------------	-------------	--------------	---------

ABOVE THIS LINE FOR DIVISION USE ONLY

989

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

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.

Ann E. Ritchie
 Print or Type Name

[Signature]
 Signature

Regulatory Agent
 Title

1-22-99
 Date

January 22, 1999

New Mexico Oil Conservation Division
Department of Energy and Minerals
State of New Mexico
2040 S. Pacheco
Santa Fe, NM 87501

Att: David Catanach

RE: Application for Surface Commingle Casinghead Gas production from the Conoco, Inc.,
SEMU, Well #128, Section 24, T20S, R36E, Lea County, New Mexico

Dear Mr. Catanach,

Conoco, Inc. has applied to recomplete their SEMU "Permian", Well #128 from the Drinkard pool to the Grayburg pool. This well was completed in May, 1998 with a production potential of 1.5 oil, 0 gas and 65 bbls water. The fluids went to the Permian Battery. We are requesting administrative approval under the provisions of Rule 303-B to connect the anticipated daily casinghead gas production to our SEMU Burger B header which has the capacity to measure/meter the gas production from each well. We do not have the metering capabilities at the SEMU Grayburg header, and it would be cost prohibitive to run a line/hook up to the Grayburg header.

Ownership and working interest for all zones is common; this application is for the measurement of the casinghead gas only. Please see attached the justification summary pertaining to this request. The lease and battery plats are attached for your review and file. In reading the "Surface Commingling" rules and procedures I cannot determine how this application would be classified: CTB, PLC, or PC. Please let me know as soon as possible if this application is one which requires notification to working, royalty or overriding royalty owner, offset operators or surface owner.

Thank you for your assistance. My number is 1-800-432-2967, or you can contact Mark Durkee @ Conoco @ 915 686-5762. We are looking toward extensive downsizing in West Texas and have been asked to get our applications in and processed as soon as possible - if this application requires further notification or documentation I need to get right on it.

Yours truly,



Ann E. Ritchie, Regulatory Agent
Conoco, Inc.
10 Desta Dr., Suite 100W
Midland, TX 79705

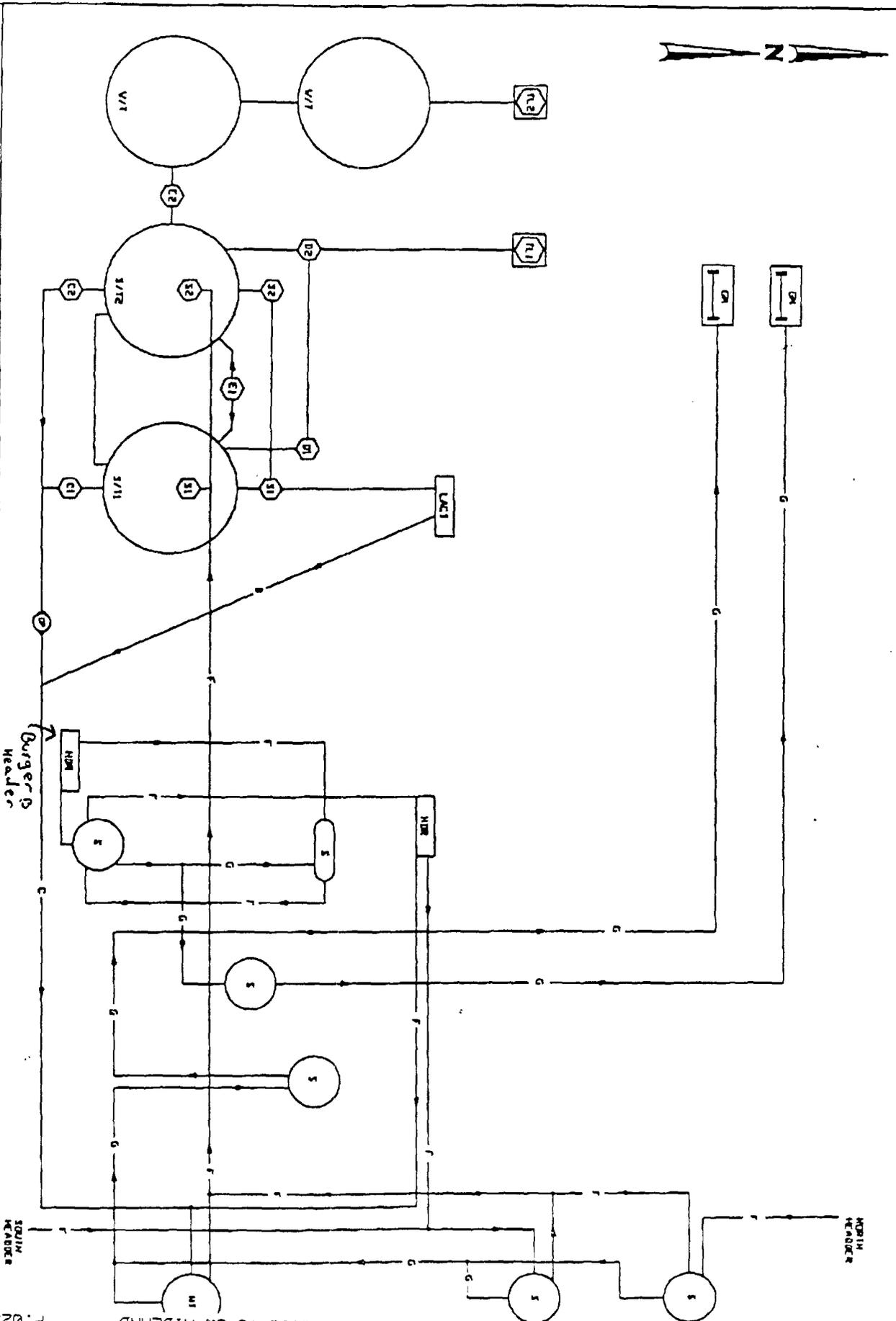
**Justification
SEMU Burger B No. 128
Re-completion to the Penrose/Grayburg
Surface Commingling**

The referenced well was drilled in 1998 and completed as a Drinkard producer. The liquids go into the SEMU Permian Battery. The gas goes into the SEMU Burger B header which has a meter along with three other wells, SEMU 21, SEMU 125, and SEMU 126. There is currently a way to accurately measure the gas at the SEMU Burger B header. We would like to keep the SEMU Burger B No. 128 going into the SEMU Burger B header after the anticipated re-completion to the Grayburg pool. The cost to lay a line and hook up to the Grayburg header would cost approximately \$5000.00. This would be cost prohibitive to do this work. The volume of gas is anticipated to be approximately 5 to 7 mcf per day. We would measure this gas on a quarterly basis to insure the accuracy of the allocation. The liquids will continue to go to the SEMU Permian battery located in Section 19, T20S, R37E, Lea County, New Mexico.

Conoco, Inc.

Section 19: "Permian" battery

Stags Grayburg 57388



PIPING LEGEND

---	GAS
---	WATER
---	CIRCULATING
---	STURGEON LINE/VEHICLE
---	VAPOR RECOVERY
---	ESHA

THIS FACILITY IS IN COMPLIANCE WITH CONOCO INC. MID-CONTINENT REGION SITE SECURITY PLAN. PLAN LOCATED AT: CONOCO INC. OFFICE 1410 NW CO RD. HOBBS, NEW MEXICO 88240

- VALVE LEGEND POSITION/MODE
1. CLOSE/SALE
 2. OPEN/SALE
 3. CLOSE/PRODUCTION
 4. OPEN/PRODUCTION

REVISIONS

NO.	DATE	DESCRIPTION

REVISIONS

NO.	DATE	DESCRIPTION

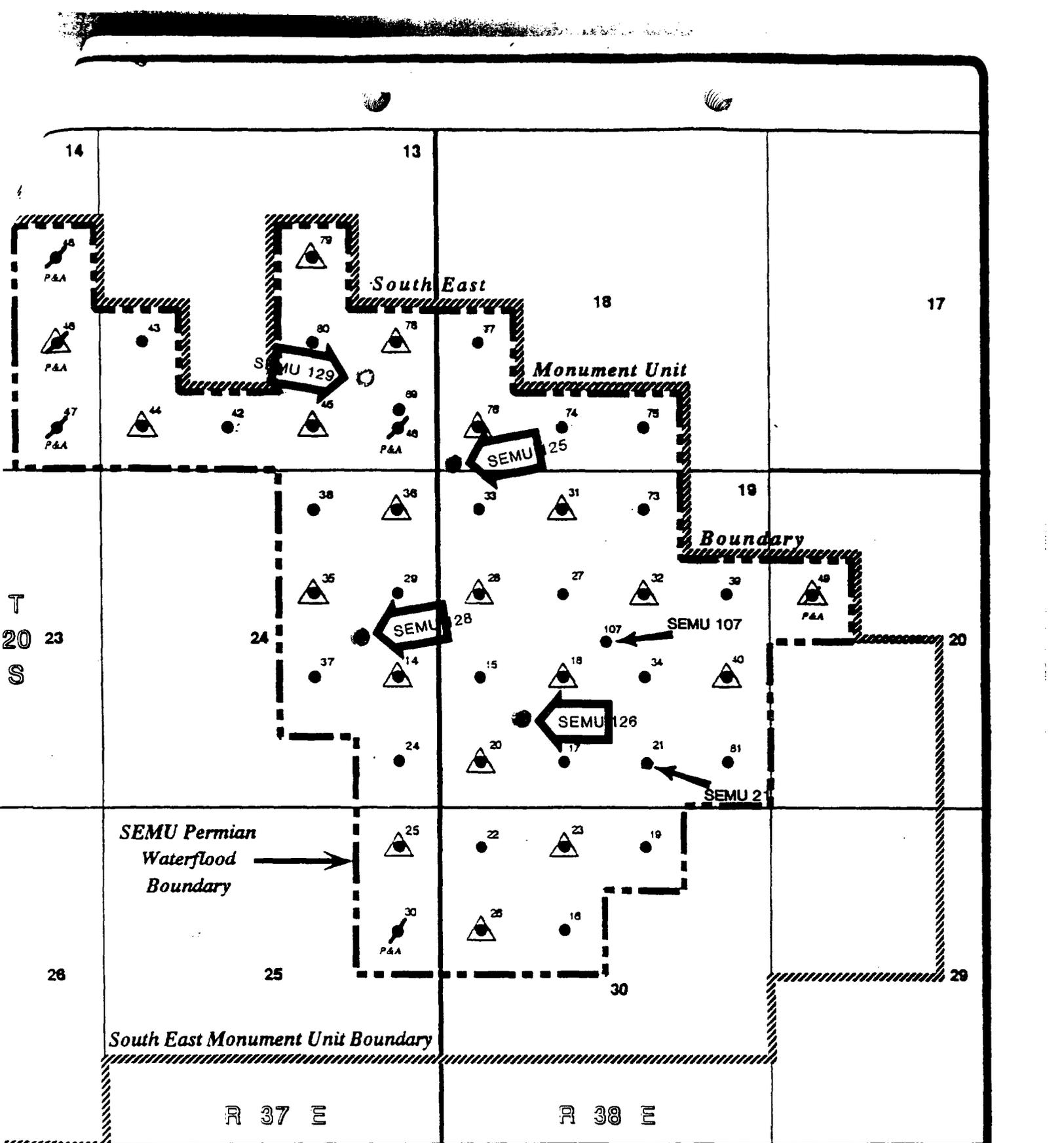
DATE

DATE	BY	DESCRIPTION
SEPT 9, 1988		

P. 02/22

Sec 19, 7205, R37E

No Burger 0 bakery
SEMU burger 0 #108



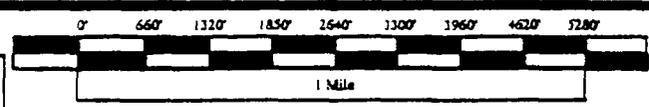
T
20
S

SEMU Permian
Waterflood
Boundary

South East Monument Unit Boundary

R 37 E

R 38 E



Well Legend	
●	16 Producing
▲	23 Injection
●	30 Plugged & Abandoned
P&A	

SEMU Boundary

SEMU Permian
Waterflood Boundary

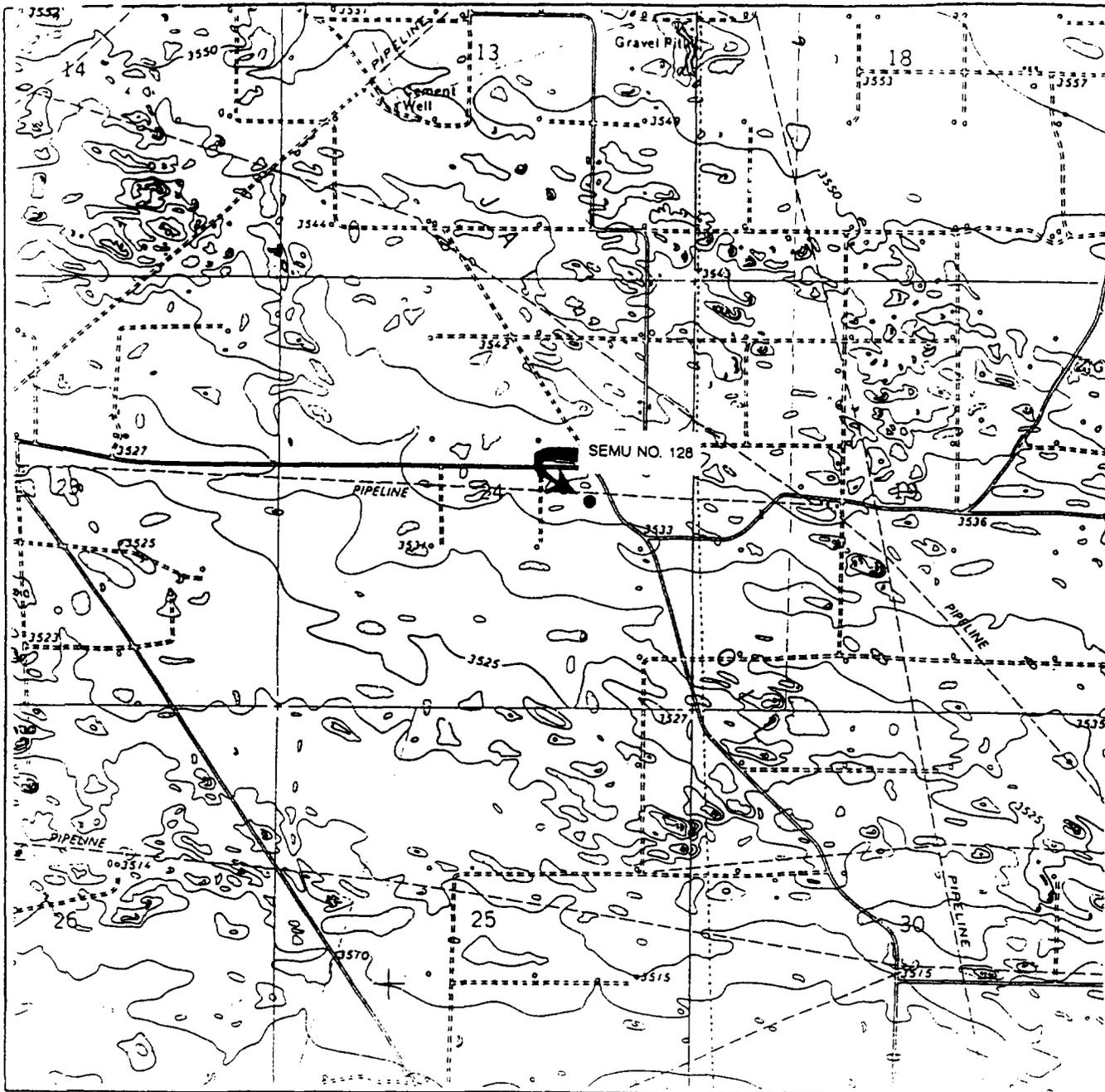
PERMIAN WATERFLOOD
("SEMU PERMIAN")
1803 Acres

SOUTH EAST MONUMENT UNIT
SKAGGS-GRAYBURG POOL

LEA COUNTY, NEW MEXICO

Map 3. SEMU Permian Waterflood

LOCATION VERIFICATION MAP



SCALE 1" = 2000

CONTOUR INTERVAL 10'

WTO 44744

SEC 24 TWP 20-S RGE 37-E

SURVEY N.M.P.M.

COUNTY LEA STATE NM

DESCRIPTION 2490' FSL & 1310' FEL

ELEVATION 3536'

OPERATOR CONOCO INC

LEASE SEM NO 128

USGS TOPO MAP HORNS SW NM

WEST TEXAS CONSULTANTS, INC.

ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

915-685-3800

EXHIBIT B