

DATE IN 2/9/01	SUSPENSE 3/1/01	ENGINEER MS	LOGGED BY JW	TYPE NSL
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ABOVE THIS LINE FOR DIVISION USE ONLY

104340209

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,

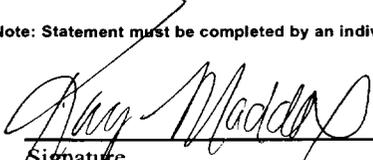
[F] Waivers are Attached

[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.

Kay Maddox
Print or Type Name


Signature

Regulatory Agent
Title

2/1/01
Date

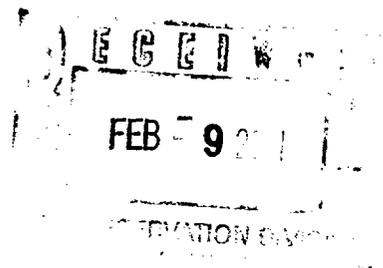


Mid-Continent Region
Exploration/Production

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

February 2, 2001

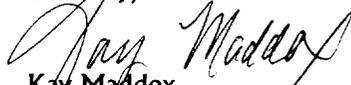
Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Sata Fe, NM 87504



Dear Mr. Stogner,

I filed for this recomplete as a Strawn wildcat January 5, 2001 and received approval January 16, 2001. I then told the team to go ahead, all approval was in. Yesterday, February 1, I realized that the well was within a mile of the North Hardy Strawn pool and would require a nonstandard location order. The work was scheduled to begin next week. I also need to notify the WI,OR,&RI owners in the Warren unit. When I realized that I told them it would be at LEAST 20 days. Needless to say, they were not happy with me and thought that it would probably be at least 120 days. I am telling you all this in hopes that you/we can show them once again, that if you make a mistake (like I did), rather than going ahead and doing the work, if you step back and get the paperwork in order, the OCD will not question Conoco's integrity. Basically, I am asking you to please help me out and when the 20 days is up and no one has protested, can you please write me an order? I truly apologize - I was looking at the wrong map when I determined that the SEMU #114 was more than a mile away from the North Hardy Strawn pool boundaries. Thanks for any help you can give me.

Sincerely,


Kay Maddox
Regulatory Agent - Conoco



Mid-Continent Region
Exploration/Production
February 2, 2001

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

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87504

Application for Nonstandard location North Hardy Strawn pool:

SEMU #114
Section 29, T-20-S, R-38-E, C
810' FNL & 2130' FWL
API # 30-025-26767
North Hardy Strawn Recomplete
Lea County, New Mexico

McKee
Will file Strawn
The name of this well to be the SEMU McKee #114

Dear Mr. Stogner,

Conoco respectfully requests your approval of this administrative application for a nonstandard location order for the proposed Strawn recomplete of the SEMU #114.

The North Hardy Strawn pool rules state that a standard location is 660' from the outer boundary of the 160-acre proration unit. The SEMU #114 is 510' from the east line of the 160 acre proration unit. Please reference the attached C-102 plat. *McKee!*

This well was drilled and completed in November, 1991 as a McKee injection well. Conoco quit injecting fluid into the wellbore November, 1993. This wellbore has been temporarily abandoned since that time. The TA permit expired January 27, 2001. Conoco proposes to recomplete this wellbore to the Strawn. The well is within a mile of the North Hardy Strawn pool boundaries making it necessary to file it as a North Hardy Strawn pool recompletion. The SEMU #114 cased hole logs indicate porosity within the Strawn. The well is located along a north-south structural high (see attached map) in Section 29. This well is not thought to be like the current North Hardy Strawn pool completions in that the porosity is structurally controlled. The SEMU #114 is an idle wellbore in good condition. Recompleting the SEMU #114 in the Strawn would take advantage of an existing wellbore and eliminate the necessity of drilling a new wellbore to prove Strawn reserves based on a different geologic model.

The SEMU #114 wellbore encroaches east toward the Warren Unit. Conoco is the operator of the Warren Unit however the working, and royalty interest owners are different than those in the Southeast Monument Unit. Statewide Rule 1207A-2-a-4 states that the WI and RI owners have to be notified of this request. Please find attached evidence that they have been sent certified copies of this application on February 2, 2001.

In order to prevent waste, Conoco respectfully requests your approval of this nonstandard location application for the SEMU #114. If you have any further questions regarding this application please contact me at (915) 686-5798.

Sincerely,

Kay Maddox
Kay Maddox
Regulatory Agent - Conoco

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

1 API Number 30-025-26767		2 Pool Code 96893		3 Pool Name North Hardy Strawn	
4 Property Code 003081		5 Property Name SEMU			6 Well Number # 114
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 3535

10 Surface Location

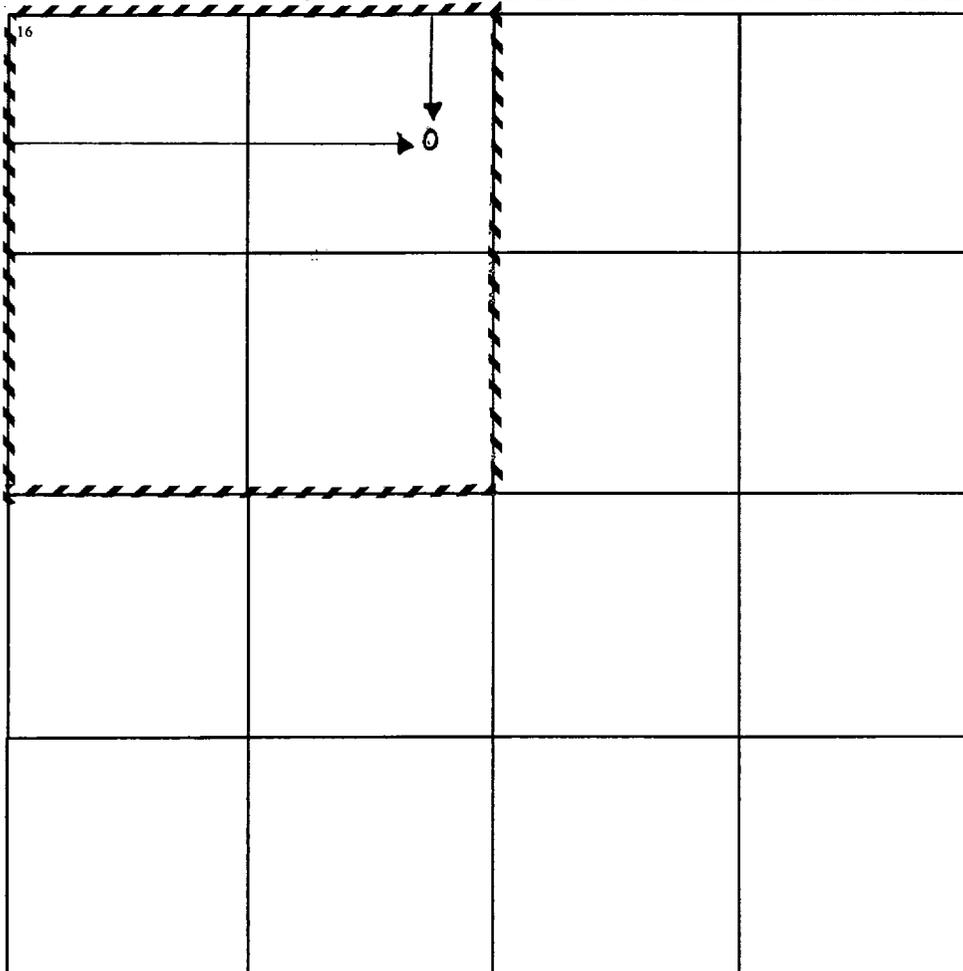
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	29	20S	38E		810'	North	2130	West	Lea

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.
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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



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

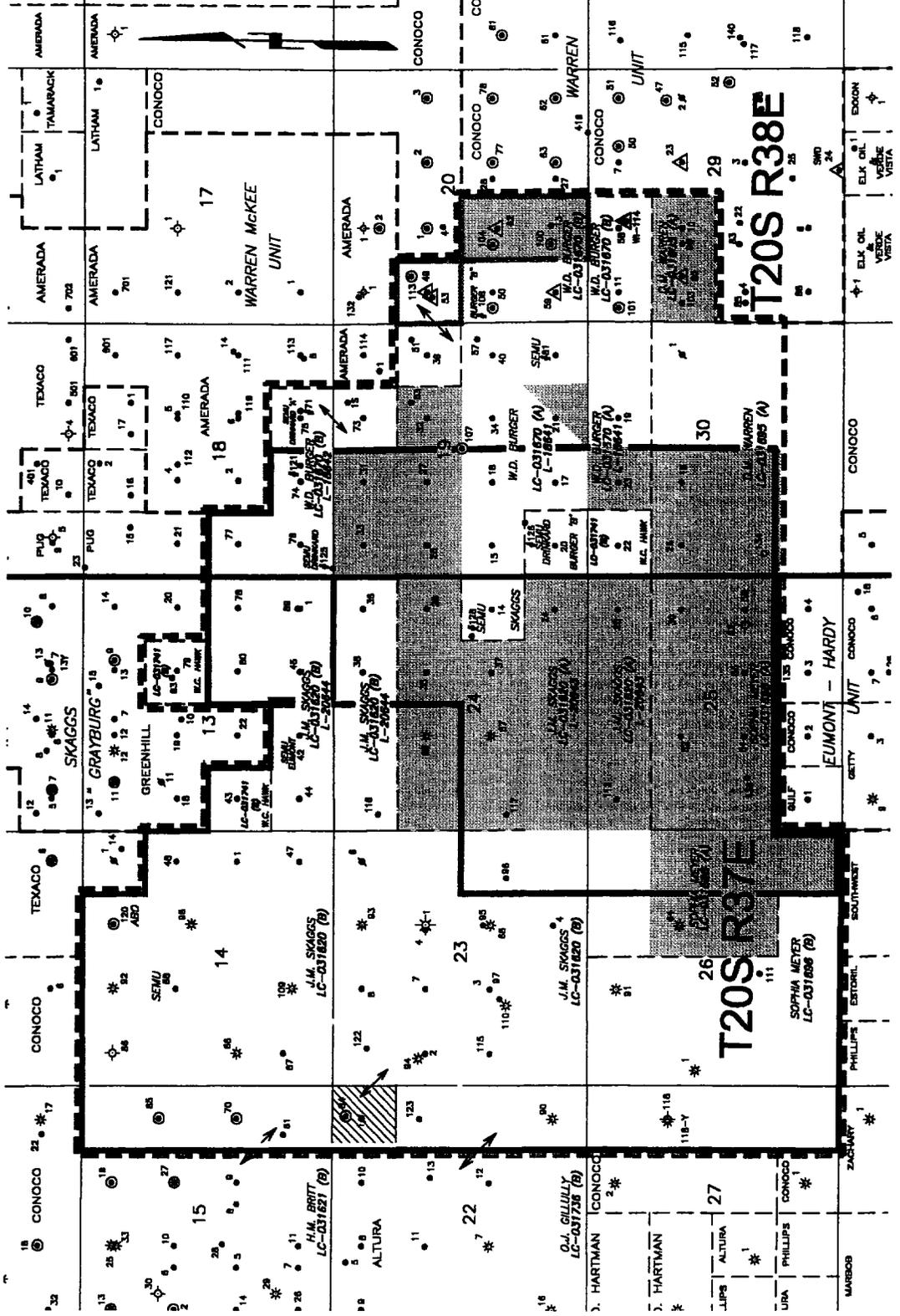
Kay Maddox
Signature
Kay Maddox
Printed Name
Regulatory Agent
Title
February 2, 2001
Date

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

EXHIBIT "A"



--- SEMU UNIT BOUNDARY

TUBB P/A C-4224-10
 TUBB 'A' P/A C-4224-05
 TUBB 'B' P/A

ARCO SALE C-4910B 7.5% ORRI

DATE: 12/15/00
 DRAWN BY: glg
 CHECKED BY:
 APPROVED BY:

SCALE: 1" = 2640'
 STATE PLANE COORDINATES REFERRED TO
 NAD27 NEW MEXICO EAST
 STATE PLANE COORDINATES
 ZONE - 3001

conoco EPNGNA
 MIDLAND DIVISION
 SOUTHEAST MONUMENT UNIT AREA
 TUBB "B" P/A
 LEA COUNTY
 NEW MEXICO

STATE APT COUNTY DRAWING
 30 / 025 SEMU-TUB

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



Apache Corp.
Attn: Julia North
Suite 100
1000 Post Oak Blvd
Houston, TX 77056-4497

Apache Corporation
PO Box 840133
Dallas, TX 75284-0133

Chevron USA Inc
PO Box 840592
Dallas, TX 75284-0592

Atlantic Richfield Co
PO Box 910355
Dallas, TX 75391-0355

Minerals Management Service
Onshore Federal #17555
PO Box 5810
Denver, CO 80217-5810

Boys and Girls Clubs of America
National Headquarters
1230 Peachtree St NW
Atlanta, GA 30309-3404

Chevron USA Inc
PO Box 840592
Dallas, TX 75284-0592

Molly M Azopardi
PO Box 620
Wimberly, TX 78676-0620

Elks National Foundation
Jim O'Keeley Director
2750 N Lakeview Ave
Chicago, IL 60614-1842

Chloe Blair Trust
Estate of Floyd Trustee
PO Box 868
Dorger, TX 79008-0868

Boyer/Coleman/Spitler
Collection TR #1
C/o Bank of America NA Trustee
PO Box 840738
Dallas, TX 75284-0738

Timothy T Leonard
PO Box 2625
Eagle Pass, TX 78853-2625

Leonard Trust
Robert J Leonard Trustee
PO Box 400
Roswell, NM 88202-0400

New Mexico Boys Ranch Inc
Business Office
6209 Hendrix NE
Albuquerque, NM 87110-1334

University of New Mexico
UNM Pre-Audit Dept. 85-6000642
Scholes Hall Rm #251
Albuquerque, NM 87131-3011

Hattuck-Wt Mary's School
PO Box 218
Maribault, MN 55021-0218

Postal Service
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 Insurance Coverage Provided.
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PO Box 840592	
Dallas, TX 75284-0592	
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Business Office	
6209 Hendrix NE	
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UNM Pre-Audit Dept. 85-6000642	
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Albuquerque, NM 87131-3011	
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Coleman/Spitler	
Bank of America NA Trustee	
PO Box 840738	
Dallas, TX 75284-0738	
Postage	\$
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Molly M Azopardi	
PO Box 820	
Wimberly, TX 78676-0620	
Postage	\$
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Elks National Foundation	
Jim O'Keely Director	
2750 N. LaSalle Ave	
Chicago, IL 60614-1842	
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Dallas, TX 75391-0355	
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Onshore Federal #17555	
PO Box 5810	
Denver, CO 80217-5810	
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Boys and Girls Clubs of America	
National Headquarters	
1280 Peachtree St NW	
Atlanta, GA 30309-3404	
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Site 100	
2000 Post Oak Blvd	
Houston, TX 77056-4497	
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PO Box 840133	
Dallas, TX 75284-0133	
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PO Box 840592	
Dallas, TX 75284-0592	
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Robert J Leonard Trustee
PO Box 400
Roswell, NM 88202-0400

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PS Form 3800, April 1995

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Chloe Blair Trust
Mike Floyd Trustee
Box 868
Borger, TX 79008-0868

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PS Form 3800, April 1995

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Faribault, MN 55021-0218

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TOTAL Postage & Fees	\$

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PS Form 3800, April 1995

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Eagle Pass, TX 78853-2625

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TOTAL Postage & Fees	\$

Postmark or Date

PS Form 3800, March 1993

SEMU 114

30025267670000

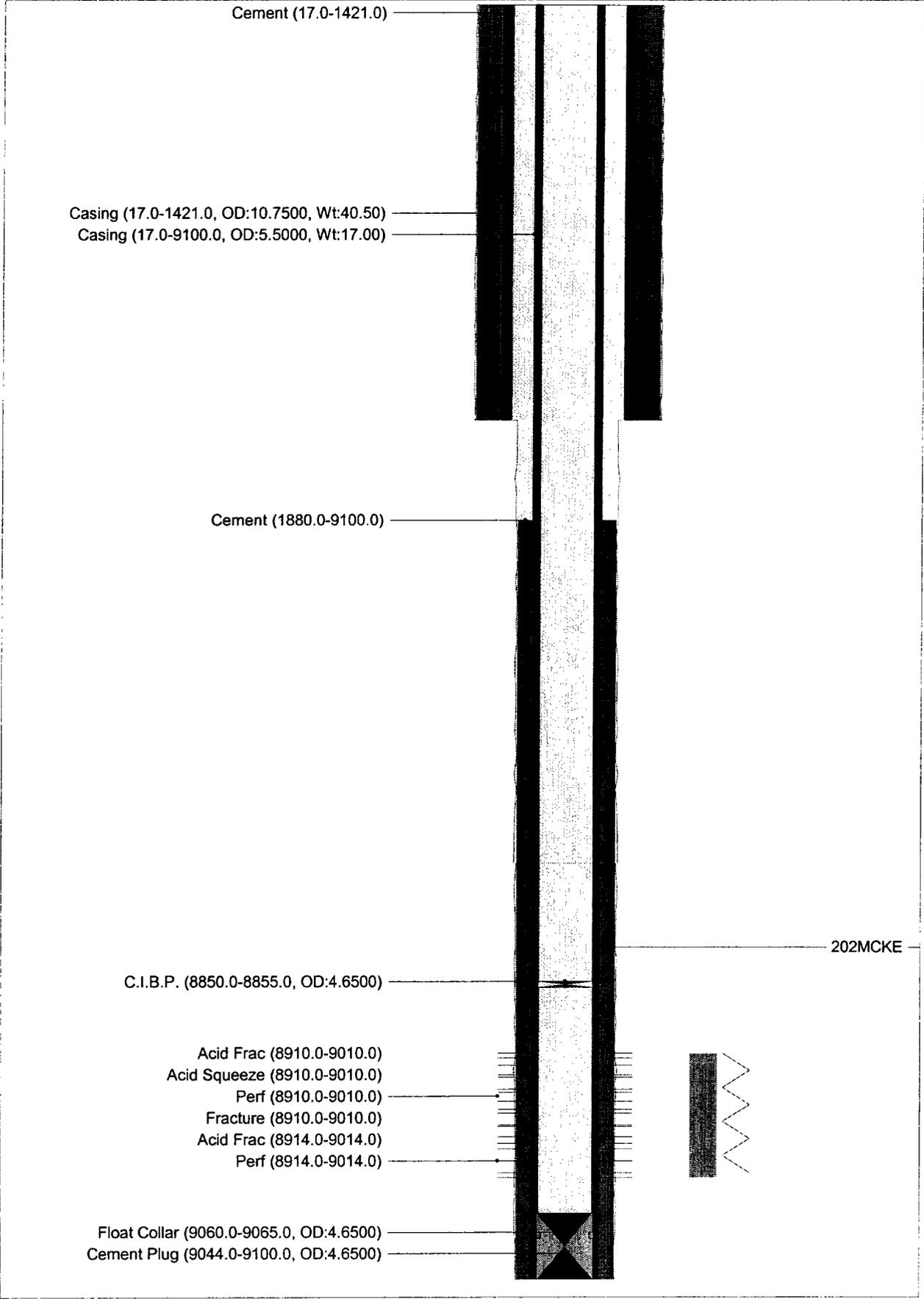
2/1/2001

SEMU #114 (HWR 08/25/98)							
API No.		30025267670000					
Spud		9/19/1981					
Completion		11/17/1981					
Abandoned							
Frm. Prod.							
Well No.		114					
Field		WARREN					
Init. Well Class.		development well					
Status		W-INJ					
Permit							
RR							
Last Act.							
TD		9100.0 ftKB					
PBTD		8850.0 ftKB					
Operator		CONOCO INC					
Permit No.							
District		Hobbs O.U.					
Final Well Class.		injection, temp abandoned					
Frm. at TD		202MCKE					
Elevations							
KB-Grd		17.0 ft					
Grd		3535.0 ft					
Tub Head		0.0 ft					
KB		3552.0 ft					
Cas Flng		0.0 ft					
Bore Hole Data							
		Size (in)	Depth (ftKB)				
		14.7500	1421.0				
		7.8750	9100.0				
Casing String - Surface Casing							
Grd	Item (in)	Btm (ftKB)	Comments	ID	Thd	Jnts	Wt
K-55	10.7500 in Casing	1421.0		10.0500			40.50
Casing String - Production Casing							
Grd	Item (in)	Btm (ftKB)	Comments	ID	Thd	Jnts	Wt
-80/D-55	5.5000 in Casing	9100.0		4.8900		212	17.00
Casing Cement							
Amount (sx)	Comments			Casing String		Top (ftKB)	
918	Cmt circ			Surface Casing		17.0	
3234	TOC by Temp Survey			Production Casing		1880.0	
Perforations							
Int	Shots (/ft)	Comments			Type	Date	
8910.0 - 9010.0	13.1	in acid @ 8910-14, 29-36, 44-48, 52-62, 72-80, 87-95, 9001-10'.			Jet perforation	11/14/1981	
8914.0 - 9014.0	6.6	@ 8914-16, 21-29, 36-44, 48-52, 62-72, 80-87, 95-9001, 9010-9014'.			Jet perforation	3/16/1989	
Stimulations & Treatments							
Int	Zone	Comments		Type	Date	Fluid	
8910.0 - 9010.0	Mckee	Set pkr @ 8882', pumped 2100 gals 7.5% HCl @ 4.1 bpm/4000#, pumped 210 gal 20#/gal gelled TFW w/420# of rock salt, pumped 2100 gals 7.5% HCl @ 4.5 bpm/4300# & 2688 gals 2% KCl TFW as flush @ 4.5 bpm/4500#. ISIP 1800#, 5 min 400#, 10 min vacuum, avg rate of 4.4 bpm, avg pres of 4020#. Blew a V-12 engine during acid job, after block on formation. SI for 1.5 hrs for new pump truck, then finished job.		Acid Frac	11/14/1981	7.5% HCl	

Stimulations & Treatments (con't)					
Int	Zone	Comments	Type	Date	Fluid
8910.0 - 9010.0	Mckee	Pumped 50 bbls 7.5% HCl @ 3 bpm/3100#, broke to 2800#, pumped 500# graded rock salt in 500 gals 10# brine @ 3.5 bpm/2800#, pressure went to 3900# when the block hit. Pumped 50 bbls 7.5% HCl @ 3.9 bpm/3900# & broke to 2800#, pumped 500# graded rock salt in 500 gals 10# brine (all 10# brine had 50#/1000 gals gar-gum additive) @ 4.1 bpm/2800#, pumped 50 bbls 7.5% HCl @ 4 bpm/3550#, broke to 3400#, flushed w/35 bbls 2% KCl @ 4.2 bpm/3400#. ISIP 1500#, 10 min vacuum.	Acid Squeeze	4/12/1982	7.5% HCl
8910.0 - 9010.0	Mckee	Released Baker Loc-set from 8808', POH, TFF @ 9038'. CO w/bailer to 9044'. Fractured w/total of 595 bbls x-linked, gelled fluid & 56,112# 10/20 sand & 3235 gals 2% KCl TFW flush. Avg rate of 20 bpm @ 3750#, Max pres 5000#, Min pres 3650#, ISIP 2900#, 5 min 2200#, 10 min 1700#, 15 min 1400#. Set model R pkr @ 8806' w/2.5 pts compression, put on injection.	Fracture	2/13/1983	X-linked acid & 10/20 sand
8914.0 - 9014.0	Mckee	POH w2-3/8" IPC tubing & 5.5" Loc-set Pkr. TFF @ 8930' (114' of fill). Est circ, CO scale & frac sand from 8930'-9044' (PBSD). Pickled tubing w/750 gals 15% HCl, reversed out w/9# brine. Perf'd from 8914'-9014'. Acidized in 3 equal stages: 200 bbl 15% HCl & 60 bbls 9# flush, diverted between stages w/840# of 100 mesh rock salt (total 1680# salt). AIR 3.2 bpm @ 2210#, ISIP 1700#, 5 min 480#, 10 min vacuum.	Acid Frac	3/16/1989	15% HCl

Completions & Workovers

Reason for Workover	Reason for Failure	Date	Summary
Repair Communication	Other	10/24/1988	Repair Communication - POOH w/280 jts 2-3/8" IPC tubing and packer. RIH hydrotesting 2-3/8" IPC tubing, set Baker A-2 Loc-set packer @ 8807 w/14 pts. Load backside w/255 bbls packer fluid, test to 500# for 30 min, open to injection.
Repair Communication	Other	4/10/1991	Repair Communication - POH w/tubing and packer, RIH w/wireline, TFF @ 9023'. Pressure test tubing back in the hole, replaced 1 jt w/flat area above pin end and 2 jts w/small holes in tubing wall. Set pkr @ 8807', circ packer fluid, test to 500#, open up to injection.
Repair-CO-Stim.	Other	3/26/1993	Repair-CO-Stim. - POH w/tbg & pkr. RIH w/bit & scraper on WS to 8957' (57' of the 104' of perms covered w/fill). RU reverse unit, CO to 9044' (PBSD). RIH w/new Loc-set pkr on 2-3/8" Duo-lined tubing, set pkr @ 8812', pumped pkr fluid. Backside tested OK @ 500# for 30 min. Put well on inj @ 900 BWPD/1750#. Four days later, well taking 170 BWPD @ 1750#. Pumped 500 gals Xylene and 1500 gal 15% HCl @ 0.5 bpm & 1750# down tubing. Put well back on injection @ 540 BWPD & 1750#.
Temp Abandon	Shut-In	11/8/1993	Temp Abandon - POH laying down 2-3/8" Duo-line tubing & packer. RIH w/bit & scraper on WS, TFF @ 9019'. RIH w/CIBP, set @ 8850', circ 200 bbls pkr fluid, LD WS, cut 30 min chart @ 500#s.



County Lee Pool South Hardy-Strawn

TOWNSHIP	20 South	Range	37 East	NMPM
6	5	4	3	2
7	8	9	10	11
18	17	16	15	14
19	20	21	22	23
30	29	28	27	26
31	32	33	34	35
				30

Description: NW Sec 36 (R-1183, 5-19-99)
 Redesignate as North Hardy-Strawn Pool (R-11203, 6-14-95)
 EXT. NW & SE Sec 25 (R-11533, 2-8-01)

County Lee Pool North Hardy-Strawn

TOWNSHIP	20 South	Range	38 East	NMPM
6	5	4	3	2
7	8	9	10	11
18	17	16	15	14
19	20	21	22	23
30	29	28	27	26
31	32	33	34	35
				36

EXT. SW Sec 30, NW Sec 31 (R-11300, 1-12-00) EXT. SW Sec 31 (R-11775, 10-24-00)

No other
 Spawner Pools
 10th-29th

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**Nomenclature
Case No. 12182
Order No. R-11221**

**APPLICATION OF CONOCO INC. FOR POOL CREATION, SPECIAL POOL
RULES, AND THE ASSIGNMENT OF A SPECIAL DEPTH BRACKET
ALLOWABLE, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 13, 1999, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 12th day of July, 1999, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.
- (2) The applicant, Conoco Inc., seeks the creation of a new pool for the production of oil from the Strawn formation comprising the NE/4 of Section 36, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) The applicant further seeks the adoption of special pool rules therefor, including provisions for 160-acre spacing and proration units and designated well location requirements such that wells can be located no closer than 660 feet from the outer boundary of the spacing unit nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary. The applicant further seeks the assignment of a special depth bracket allowable of 600 barrels of oil per day.
- (4) At the hearing, the applicant requested that its Hardy "36" State Well No. 26 (API No. 30-025-34311), located 870 feet from the North line and 1650 feet from the East line (Unit B) of Section 36, be assigned a bonus discovery allowable pursuant to Division Rule No. 509 in the amount of 37,825 barrels of oil.
- (5) Division records indicate that by Order No. R-11183 issued in Case No. 12184 on May 19, 1999, the Division:

- a) created the South Hardy-Strawn Pool comprising the NE/4 of Section 36, Township 20 South, Range 37 East, NMPM; and
- b) assigned the Conoco Inc. Hardy "36" State Well No. 26 a bonus discovery allowable in the amount of 37,825 barrels of oil to be produced over a two-year period.

(6) Division records further indicate that by Order No. R-11204 issued in Case No. 12200 on June 14, 1999, the Division corrected its previous nomenclature by redesignating the South Hardy-Strawn Pool as the **North Hardy-Strawn Pool**.

(7) That portion of the application seeking the creation of a new pool for production of oil from the Strawn formation and for the assignment of a bonus discovery allowable to its Hardy "36" State Well No. 26 should be dismissed.

(8) In support of its proposed 160-acre spacing and special depth bracket allowable of 600 barrels of oil per day for the North Hardy-Strawn Pool, the applicant presented engineering evidence and testimony indicating that:

- a) the Hardy "36" State Well No. 26 was drilled during March, 1998 and completed in the Strawn formation during April, 1998;
- b) the Hardy "36" State Well No. 26 initially produced at a rate of 722 BOPD, 0 BWPD and 778 MCF gas per day. Peak production from the well, which occurred on April 29, 1998, was 1,570 BOPD, 0 BWPD and 1,331 MCF gas per day;
- c) the Hardy "36" State Well No. 26 is currently capable of production in excess of 600 barrels of oil per day;
- d) the North Hardy-Strawn Pool appears to be a solution gas drive reservoir;
- e) extensive production testing demonstrates that producing the Hardy "36" State Well No. 26 at a rate of 600 barrels of oil per day has little or no effect on the producing GOR, which is consistently at or below 1,000 cubic feet of gas per barrel of oil; and

- f) preliminary production and drainage data demonstrate that the Hardy "36" State Well No. 26 is capable of draining an area of approximately 190 acres.

(9) The applicant requested that the proposed 160-acre well spacing and special depth bracket allowable for the North Hardy-Strawn Pool be adopted for a temporary period of eighteen months in order to provide the applicant and other operators in the pool the opportunity to gather additional engineering data to support continuation of the special pool rules on a permanent basis.

(10) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(11) Approval of this application will provide the applicant the opportunity to efficiently develop the Strawn reservoir underlying the NE/4 of Section 36, thereby preventing waste, will prevent the drilling of unnecessary wells, and will otherwise protect correlative rights.

(12) Special pool rules, including provisions for 160-acre spacing and proration units, designated well location requirements, and a special depth bracket allowable of 600 barrels of oil per day for the North Hardy-Strawn Pool should be established for a temporary period of eighteen months.

(13) The applicant did not present sufficient evidence to justify the establishment of 10-foot interior quarter-quarter section setback requirements; therefore, standard 330-foot interior quarter-quarter section setback requirements should be adopted.

(14) This case should be re-opened at an examiner hearing in December, 2000, at which time the operators in the North Hardy-Strawn Pool should be prepared to appear and present evidence and testimony to support the continuation of the special pool rules on a permanent basis.

IT IS THEREFORE ORDERED THAT:

(1) The application of Conoco Inc. for the creation of a new pool for the production of oil from the Strawn formation comprising the NE/4 of Section 36, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby dismissed.

(2) The application of Conoco Inc. for the assignment of a bonus discovery allowable for its Hardy "36" State Well No. 26 (API No. 30-025-34311), located 870 feet from the North line and 1650 feet from the East line (Unit B) of Section 36, in the amount of 37,825 barrels of oil is hereby dismissed.

(3) Pursuant to the application of Conoco Inc., special pool rules for the North Hardy-Strawn Pool are hereby adopted as follows:

**TEMPORARY SPECIAL POOL RULES FOR THE
NORTH HARDY-STRAWN POOL**

Rule 1. Each well completed in or recompleted in the North Hardy-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another designated Strawn pool, shall be spaced, drilled, operated, and produced in accordance with these Rules.

Rule 2. Each well completed in or recompleted in the North Hardy-Strawn Pool shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square which is a governmental quarter section and a legal subdivision of the United States Public Lands Survey.

Rule 3. The Director may grant an exception to the requirements of Rule 2 without hearing when an application has been duly filed under the provisions of **Division Rule 104.D.(2)**.

Rule 4. Each well shall be located no closer than 660 feet to the outer boundary of the spacing unit nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

Rule 5. The Director may grant an exception to the requirements of Rule 4 without hearing when an application has been duly filed under the provisions of **Division Rule No. 104.F**.

Rule 6. The allowable for a standard proration unit (158 through 162 acres) shall be based on a special depth bracket allowable of 600 barrels of oil per day, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

Note: *These rules will expire in December 2000, unless evidence is presented at a hearing at that time supporting their continuation on a permanent basis.*

IT IS FURTHER ORDERED THAT:

(1) The location of any well presently drilling to or completed in the North Hardy-Strawn Pool or in the Strawn formation within one mile thereof is hereby approved. The operator of any well having an unorthodox location shall notify the Division's Hobbs District Office in writing of the name and location of the well within 20 days from the date of this order.

(2) Existing oil wells in the North Hardy-Strawn Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules, or may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable.

(3) This case shall be re-opened at an examiner hearing in December, 2000, at which time the operators in the North Hardy-Strawn Pool should be prepared to appear and present evidence to support the continuation of the special pool rules on a permanent basis.

(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director



S E A L

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**APPLICATION OF CONOCO, INC. FOR POOL
CREATION, SPECIAL POOL RULES, AND THE
ASSIGNMENT OF A SPECIAL DEPTH BRACKET
ALLOWABLE, LEA COUNTY, NEW MEXICO.**

**NOMENCLATURE
Reopened Case No. 12182**

**APPLICATION OF CONOCO, INC. TO INCREASE
THE SPECIAL DEPTH BRACKET ALLOWABLE
FOR THE NORTH HARDY-STRAWN POOL, LEA
COUNTY, NEW MEXICO.**

Case No. 12532

Order No. R-11221-A

ORDER OF THE DIVISION

BY THE DIVISION:

These cases came on for hearing at 8:15 a.m. on November 16, 2000, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this *2nd* day of February, 2001, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of these cases and their subject matter.

(2) By Order No. R-11183 issued in Case No. 12184, dated May 19, 1999 and made effective June 1, 1999, the Division created and defined the South Hardy-Strawn Pool for the production of oil from the Strawn formation, later redesignated as the North Hardy-Strawn Pool by Division Order No. R-11204 issued in Case No. 12200, dated June 14, 1999 and made effective July 1, 1999. The horizontal limits for this pool, as currently designated, include the following lands in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 36: NE/4

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 30: SW/4

Section 31: W/2.

(3) The "*Temporary Special Pool Rules for the North Hardy-Strawn Pool*," as promulgated by Division Order No. R-11221, issued in Case No. 12182 and dated July 12, 1999, currently provide for the following:

(A) 160-acre spacing;

(B) designated well locations such that wells are to be located no closer than 660 feet to any outer boundary of a unit and no closer than 330 feet to any quarter-quarter section or subdivision inner boundary; and

(C) a special depth bracket oil allowable of 600 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil, which results in a casinghead gas allowable of 1200 MCF per day.

(4) In addition, upon application by Conoco Inc., the Division has previously issued the following administrative orders granting exceptions to the aforementioned special well location requirements for the North Hardy-Strawn Pool:

(A) Administrative Order NSL-4332, dated July 21, 1999, for the SEMU Well No. 134 (API No. 30-025-34382) located 450 feet from the West line and 1650 feet from the South line (Lot 3/Unit L) of Section 30, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico and Administrative Order NSL-4332-A (SD), dated February 18, 2000, for the D. M. Warren Well No. 137 (API No. 30-025-34963) located 400 feet from the South line and 990 feet from the West line (Lot 4/Unit M) of Section 30, both wells to be simultaneously dedicated to a standard 160.50-acre oil spacing and proration unit comprising Lots 3 and 4 and the E/2 SW/4 (SW/4 equivalent) of Section 30;

(B) Administrative Order NSL-4433, dated July 21, 1999, as corrected by order dated January 25, 2000, for the SEMU Well No. 135 (API No. 30-025-34666) located 1330 feet from the South line and 1980 feet from the East line

(Unit J) of Section 25, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico and dedicated to a standard 160-acre oil spacing and proration unit comprising the SE/4 of Section 25;

(C) Administrative Order NSL-4412, dated February 18, 2000, as amended by order dated May 23, 2000, for the State "25-A" Well No. 3 (API No. 30-025-34953) located 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 25, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico and dedicated to a standard 160-acre oil spacing and proration unit comprising the SW/4 of Section 25;

(D) Administrative Order NSL-4413, dated February 18, 2000, for the SEMU Well No. 139 (API No. 30-025-35043) located 990 feet from the North line and 330 feet from the East line (Unit A) of Section 25, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico and dedicated to a standard 160-acre oil spacing and proration unit comprising the NE/4 of Section 25;

(E) Administrative Order NSL-4429, dated April 5, 2000, for the Meyer "B-31" Well No. 5 (API No. 30-025-34960) located 2310 feet from the South line and 1850 feet from the West line (Unit K) of Section 31, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico and dedicated to a standard 160.10-acre oil spacing and proration unit comprising Lots 3 and 4 and the E/2 SW/4 (SW/4 equivalent) of Section 31;

(F) Administrative Order NSL-4430, dated April 5, 2000, as amended by Administrative Order NSL-4430-A (NSBHL), dated January 26, 2001, for the Hardy "36" State Well No. 27 (API No. 30-025-34794) located on the surface 2200 feet from the South line and 1650 feet from the East line (Unit J) of Section 36, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico and dedicated to a standard 160-acre oil spacing and proration unit/high-angle horizontal directional drilling project area comprising the SE/4 of Section 36;

(G) Administrative Order NSL-4450, dated May 23, 2000, for the State "KL" 36 Well No. 29 (API No. 30-025-34999) located 330 feet from the North line and 2310 feet from the West line (Unit C) of Section 36, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico and dedicated to a standard 160-acre oil spacing and proration unit comprising the NW/4 of Section 36; and

(H) Administrative Order NSL-4543, dated January 26, 2001, for the SEMU Well No. 154 to be drilled 1760 feet from the South line and 2310 feet from the East line (Unit J) of Section 30, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico and dedicated to a standard 160-acre oil spacing and proration unit comprising the SE/4 of Section 30.

(5) At the hearing the applicant presented oil and gas ownership and other evidence, which demonstrates that:

(A) Conoco, Inc. is the only operator of wells within the North Hardy-Strawn Pool;

(B) the only other working interest owners are Atlantic Richfield Company ("ARCO") and Chevron USA Production Company ("Chevron"), which have interests in some of the wells;

(C) both ARCO and Chevron support granting Conoco, Inc.'s applications to make the current spacing and well location requirements permanent and increase the depth bracket allowable; and

(D) Conoco has complied with the notification requirements of Division Rule 1207.A (4) (b) (ii).

(6) As required by Ordering Paragraph No. (3) of Division Order No. R-11221, the applicant presented geologic and geophysical evidence, which demonstrates that:

(A) the location of high capacity producing wells in this pool is highly dependent upon lithology and influenced by structural positioning;

(B) even with the use of 3-D seismic data, it is difficult to locate wells where the lithology is favorable and consists of thick portions of net dolomite with good permeability;

(C) the current well location requirements for this pool restrict standard well locations to essentially four (4) 2.5-acre drill blocks within a standard 160-acre spacing unit (quarter section);

(D) 160-acre spacing units have served to expedite the orderly development of the pool by allowing the drilling of the fewest wells necessary to define the

probable limits of the pool;

(E) it has been necessary and will continue to be necessary to consider exceptions to the special pool rules for unorthodox well locations, which is best accomplished on a well-by-well basis; this will serve to assure the continued orderly development of this pool and the shallower oil pools above the Strawn spaced on 40-acre spacing; and

(F) 160-acre spacing units continue to be the most appropriate sized spacing unit for the North Hardy-Strawn Pool.

(7) There have been ten completions within the North Hardy-Strawn Pool, seven of which are currently producing. In mid-2000 the Hobbs District Office of the Division allowed Conoco, Inc. to conduct step rate tests on the Meyer "B-31" Well No. 5, the D. M. Warren Well No. 137, and the SEMU Well No. 139 by authorizing a testing allowable for each. Based on data obtained from these step rate tests and from the other completions, Conoco, Inc. presented petroleum engineering evidence demonstrating that:

(A) the pool is a solution gas drive reservoir with no water drive, and no primary or secondary gas cap;

(B) reservoir waste will not occur by increasing the depth bracket oil allowable because ultimate oil recovery will not be affected by the rates at which wells are produced;

(C) there has been no pressure depletion between wells and thus, even with the various unorthodox well locations, wells in the pool have not been drilled on too dense a pattern;

(D) drainage areas on the seven producing wells range from 80 acres to 190 acres and therefore 160-acre spacing units are appropriate for this pool;

(E) wells can be produced at rates up to 900 barrels of oil per day with little effect on the producing GOR, which is consistently at or below 2,000 cubic feet of gas per barrels of oil;

(F) four of the seven wells in the pool are capable of effectively and efficiently producing Strawn formation oil at rates of up to 900 barrels per day which is in excess of this pool's current maximum oil allowable of 600 barrels per day; and

(G) once liquid load up occurs within flowing wells, these wells have the capacity to produce on artificial lift at optimum economic rates up to 900 BOPD.

(8) At the time of the hearing the applicant requested the Division consider retroactive approval of its request to increase the depth bracket allowable to correspond with the time the Hobbs District Office authorized the step-rate testing of the three aforementioned wells.

(9) Approval of Conoco, Inc.'s applications by making the special rules governing the North Hardy-Strawn Pool permanent will not cause waste nor impair correlative rights. Further, increasing the depth bracket allowable from 600 BOPD to 900 BOPD should serve to provide the necessary incentive to most economically produce the wells in this pool and can be accomplished without waste or violation of correlative rights. Approval of these applications is in the best interest of conservation and is consistent with sound engineering practices.

IT IS THEREFORE ORDERED THAT:

(1) Effective July 1, 2000, the application of Conoco Inc. seeking an order increasing the depth bracket oil allowable within the North Hardy-Strawn Pool from 600 BOPD to 900 BOPD per standard 160-acre spacing unit **is hereby granted.**

(2) Rule 6 of the "*Special Pool Rules for the North Hardy-Strawn Pool,*" as promulgated by Division Order No. R-11221, issued in Case No. 12182 and dated July 12, 1999, is hereby amended to read as follows:

"Rule 6. The allowable for a standard proration unit (158 through 162 acres) shall be based on a special depth bracket allowable of 900 barrels of oil per day, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres."

(3) The special rules governing the North Hardy-Strawn Pool, including the increase in depth bracket oil allowable to 900 BOPD, are hereby made permanent.

Reopened Case No. 12182/12532

Order No. R-11221-A

Page 7

(4) All existing wells and spacing and proration units assigned to the North Hardy-Strawn Pool will be subject to all applicable portions of Division Rules 501 through 509 related to oil proration and allocation.

(5) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery

LORI WROTENBERY
Director

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

03/07/01 08:03:07
OGOMES -TPZI
PAGE NO: 1

Sec : 29 Twp : 20S Rng : 38E Section Type : NORMAL

D 40.00 Federal owned A A	C 40.00 Federal owned A	B 40.00 Federal owned A A A	A 40.00 Federal owned A
E 40.00 Federal owned A A	F 40.00 Federal owned A A	G 40.00 Federal owned A A	H 40.00 Federal owned A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

03/07/01 08:03:11
OGOMES -TPZT
PAGE NO: 2

Sec : 29 Twp : 20S Rng : 38E Section Type : NORMAL

L 40.00 Federal owned A A	K 40.00 Federal owned A A	J 40.00 Federal owned A	I 40.00 Federal owned A A
M 40.00 Federal owned A	N 40.00 Federal owned A	O 40.00 Federal owned A A	P 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD : ONGARD
OG6IWCM INQUIRE WELL COMPLETIONS

03/07/01 08:03:45
OGOMES -TPZI

API Well No : 30 25 26767 Eff Date : 02-18-1999 WC Status : T
Pool Idn : 63270 WARREN;MCKEE
OGRID Idn : 5073 CONOCO INC
Prop Idn : 3081 SEMU MCKEE

Well No : 114
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: C	29	20S	38E	FTG 810 F N	FTG 2130 F W	A
Lot Identifier:							
Dedicated Acre:							
Lease Type	: F						
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O)							

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

NSL-4559



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

2/6/01

Lori Wrotenbery
Director
Oil Conservation Division

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:
MC _____
DHC _____
NSL X _____
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Coroco Inc SEMU # 114-C-29-20s-38e
Operator Lease & Well No. Unit S-T-R API # 30-025-26767

and my recommendations are as follows:

OK

Yours very truly,

Chris Williams
Supervisor, District 1