

ABOVE THIS LINE FOR DIVISION USE ONLY

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]

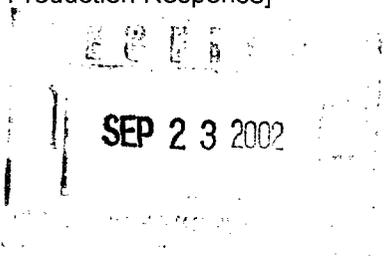
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [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 _____ Regulatory Agent _____ September 17, 2002
 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

September 17, 2002

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

RE: Application to Amend Nonstandard location Order # 4696 to include the
Skaggs Abo (Gas) Pool (85410)

SEMU # 165
Section 14, T-20-S, R-37-E, M
1310' FSL & 480' FWL
API # 30-025-35835
Conoco Operated Federal Southeast Monument Unit
Lea County, NM

Dear Mr. Stogner,

In January 2002, a Nonstandard location application was submitted for this well. The Strawn was the primary objective with the Monument Tubb and Weir Drinkard possible shallow completions. The Tubb and Drinkard pools were included in the NSL request and NSL Order # 4696 issued February 11, 2002 included these two pools.

In March 2002, the SEMU #165 well was drilled. Initially a lower Strawn section from 7878' to 7884' was perforated, acidized and swab tested wet. The lower Strawn was permanently abandoned with a CIBP and the upper Strawn section from 7704' – 7710' was perforated and acidized. In mid-April the upper Strawn was kicked off via swabbing in with an initial flow rate of 1.6 MMCFGPD on a 12/64" choke. After cleanup, the well was shut-in for a short period of time awaiting surface facilities. During this time the initial bottom hole static reservoir pressure was measured at 2732 PSIG. Once the well was connected to the gas sales line it flowed for approximately 2 months before loading began to occur. After several attempts were made to keep the well from loading, a second static bottom pressure survey was taken in early July, which indicated that the reservoir had depleted to 700 PSIG. Conoco will abandon the upper Strawn due to a limited reservoir. Conoco would immediately like to test the Abo and if depleted, continue uphole and perforate the Drinkard, and then the Tubb, respectively.

If the SEMU # 165 were productive in the Abo formation, it would be in the Skaggs Abo gas pool that is governed by statewide rules. The rules state that a gas pool must have 160 acres and the well must be at least 660' from the exterior proration unit lines. The



SEM U # 165 is only 480' From the West line thereby making this a nonstandard location in the Skaggs Abo (gas) pool. The scientific data that documents the validity of testing the Abo is as follows: The Britt B #27 (Fig. 1), located in the NE¼ of section 15, was completed to the Abo in December 1980, and has produced over 137 MBO, 6BCFG and 11 MBW. The SEMU 165, located in the SW¼ of section 14 (Fig. 1), electric logs show similar Abo (Fig. 2) pay development to that of the Britt B #27 well. The SEMU 165 encounters the top of the Abo Formation at -3392' TVDSS, which is 16' structurally higher than the Britt B #27 well (-3308' TVDSS - Fig. 1). Structure is interpreted to be a dominant control on the Britt B-SEM U Abo play. Depletion from the Britt B #27 well is the dominant risk in the success of the SEM U #165 Abo recompletion.

As stated in the January 2002 application, the location of the SEM U # 165 lies within the Conoco operated Southeast Monument Unit. The working interest in this Federal Unit is: Conoco 50%, Arco 25%, Chevron 25%. Conoco's partners have been informed of the Abo test and have signed off on a supplemental AFE. If the recompletion is successful, an economic determination will be submitted to the BLM to access whether or not the Abo production is commercial. If the production is deemed commercial, Conoco will apply to establish an Initial Abo participating area, (as per the Southeast Monument Operating Agreement) within the Southeast Monument Unit, thereby protecting all royalty and overriding interests.

Conoco respectively request an amendment to NSL Order # 4696 to include the Skaggs Abo (Gas) pool. If you need any additional information please call me at (915) 686-5798.

Sincerely,

Kay Maddox
Regulatory Agent - Conoco

Cc: OCD -Hobbs

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised February 21, 1994

District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

instructions on back

District III
1000 Rio Brazos Rd. Aztec, NM 87410

PO Box 2088

Submit to Appropriate District Office

District IV
PO Box 2088, Santa Fe, NM 87504-2088

Santa Fe, NM 87504-2088

State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-35835		2 Pool Code 85410		3 Pool Name Skaggs Abo (Gas)	
4 Property Code		5 Property Name SEMU			6 Well Number #165
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 3546'

10 Surface Location

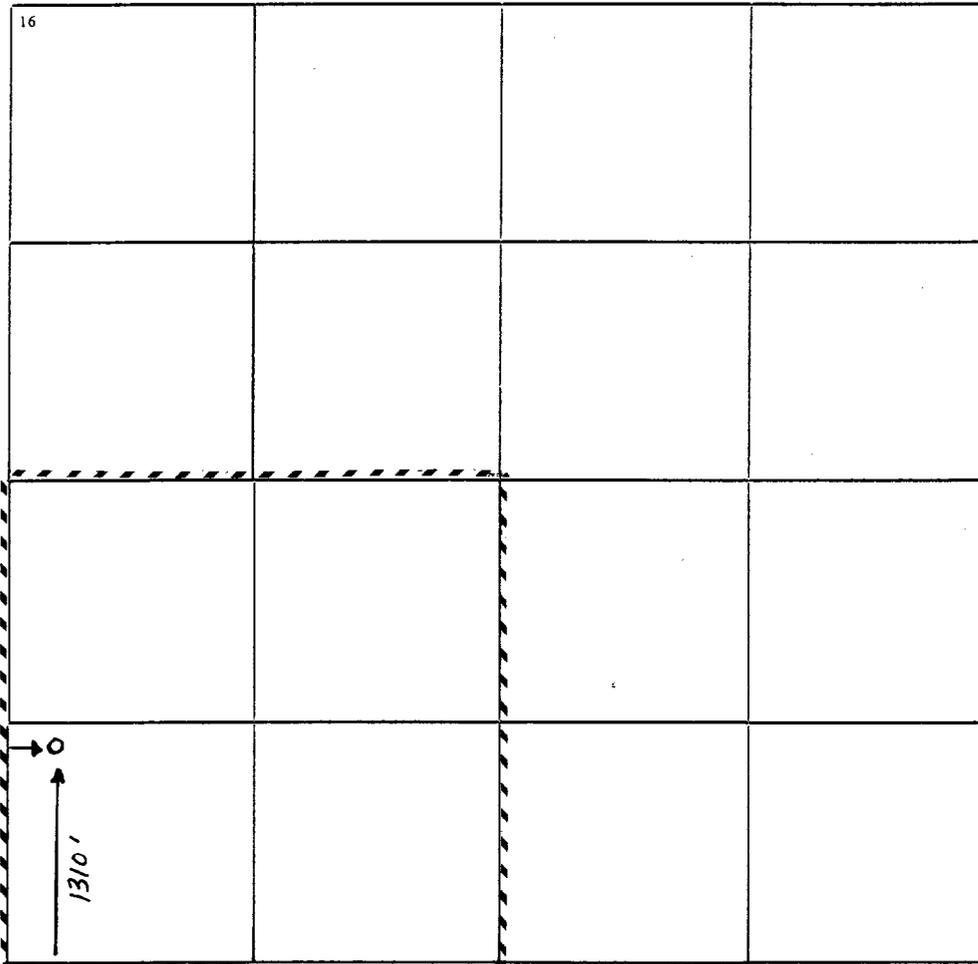
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	14	20S	37E		1310	South	480	West	Lea

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
September 17, 2002

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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

February 11, 2002

Conoco, Inc.
10 Desta Drive - Suite 100W
Midland, Texas 79705
Attention: Kay Maddox
m-kay.Maddox@USA.Conoco.com

Telefax No. (915) 686-5780

Administrative Order NSL-4696

Dear Ms. Maddox:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on January 22, 2002 (*application reference No. pKRV0-202435262*); (ii) your two e-mail message of Monday, February 11, 2002, to Mr. Michael E. Stogner, Engineer with the Division in Santa Fe checking on the status of this application; (iii) your telephone inquiry to Mr. Stogner in the afternoon of Monday, February 11, 2002; and (iv) the Division's records in Hobbs and Santa Fe: all concerning Conoco, Inc.'s request for an unorthodox oil well location in the Monument-Tubb Pool (47090), Undesignated Weir-Drinkard Pool (63840), and Cass (Pennsylvanian) Pool (10450), for Conoco, Inc.'s proposed SEMU Well No. 165 to be drilled 1310 feet from the South line and 480 feet from the West line (Unit M) of Section 14, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

The Monument-Tubb Pool is governed by the "*Special Rules and Regulations for the Monument-Tubb Pool*," as promulgated by Division Orders No. R-2800 and R-10128, which provides for: (i) 80-acre spacing and proration units consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section, being a legal subdivision of the United States Public Land Surveys; and (ii) oil wells to be located no closer than 330 feet to any governmental quarter-quarter section or lot.

The spacing and well location requirements for the Weir-Drinkard Pool is governed under the provisions of Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, which provides for 40-acre oil spacing and proration units and requires wells to be located no closer than 330 feet to the outer boundary of such 40-acre unit nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

The Cass (Pennsylvanian) Pool is governed by the "*Special Rules and Regulations for the Cass (Pennsylvanian) Pool*," as promulgated by Division Order No. R-2825, as amended, which provides for: (i) 80-acre spacing and proration units consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section, being a legal subdivision of the United States Public Land Surveys; and (ii) oil wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot.

In accordance with the three aforementioned spacing rules: (i) the W/2 SW/4 of Section 14, being a standard 80-acre stand-up oil spacing and proration unit for the Monument-Tubb Pool; (ii) the SW/4 SW/4 of Section 14, being a standard 40-acre oil spacing and proration unit for the Undesignated Weir-Drinkard Pool; and (iii) the S/2 SW/4 of Section 14, being a standard 80-acre lay-down oil spacing and proration unit for the Cass (Pennsylvanian) Pool, are to be dedicated, respectively, to the subject SEMU Well No. 165.

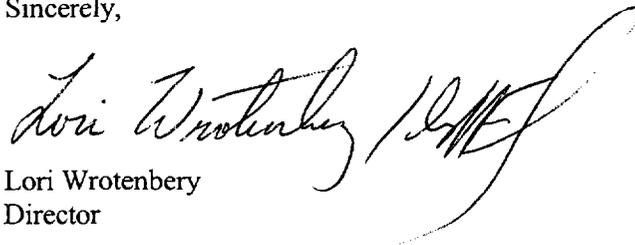
The subject application has been duly filed under the provisions of Division Rule 104.F, as revised, and the applicable provisions of the rules governing both the Monument-Tubb and Cass (Pennsylvanian) Pools.

It is our understanding that Conoco, Inc. is seeking this location exception based on a 3-D seismic survey of the Strawn formation in the immediate area, being the primary zone of interest, whereby it contends that a well drilled at this location will be at a more favorable geologic position within the deeper Strawn formation underlying the subject 80-acre unit (S/2 SW/4 of Section 14), thereby increasing the likelihood of obtaining commercial production.

By the authority granted me under the provisions of: (i) Rule 5 of the special pool rules for the Monument-Tubb Pool; (ii) Rule 5 of the special pool rules for the Cass (Pennsylvanian) Pool; and (iii) Division Rule 104.F (2), as revised, the unorthodox oil well location of Conoco, Inc.'s proposed SEMU Well No. 165 to be drilled 1310 feet from the South line and 480 feet from the West line (Unit M) of Section 14 is hereby approved.

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

Sincerely,



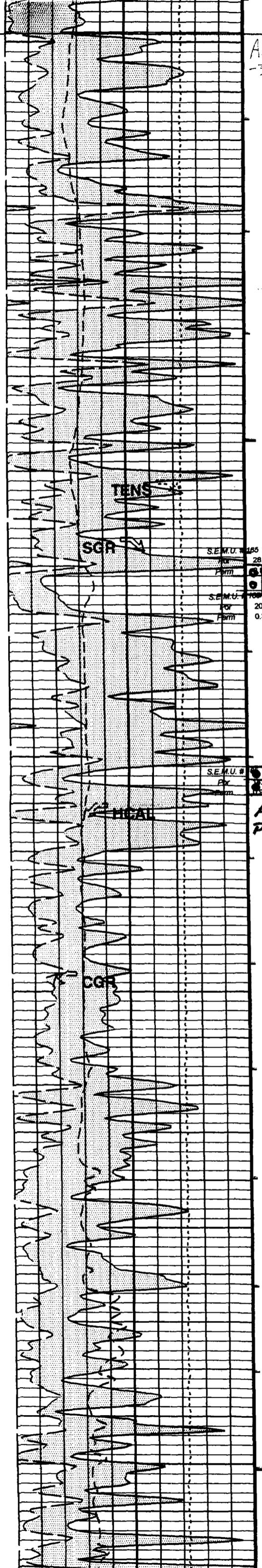
Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: NSL-4697

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

Abo
-3392



7000

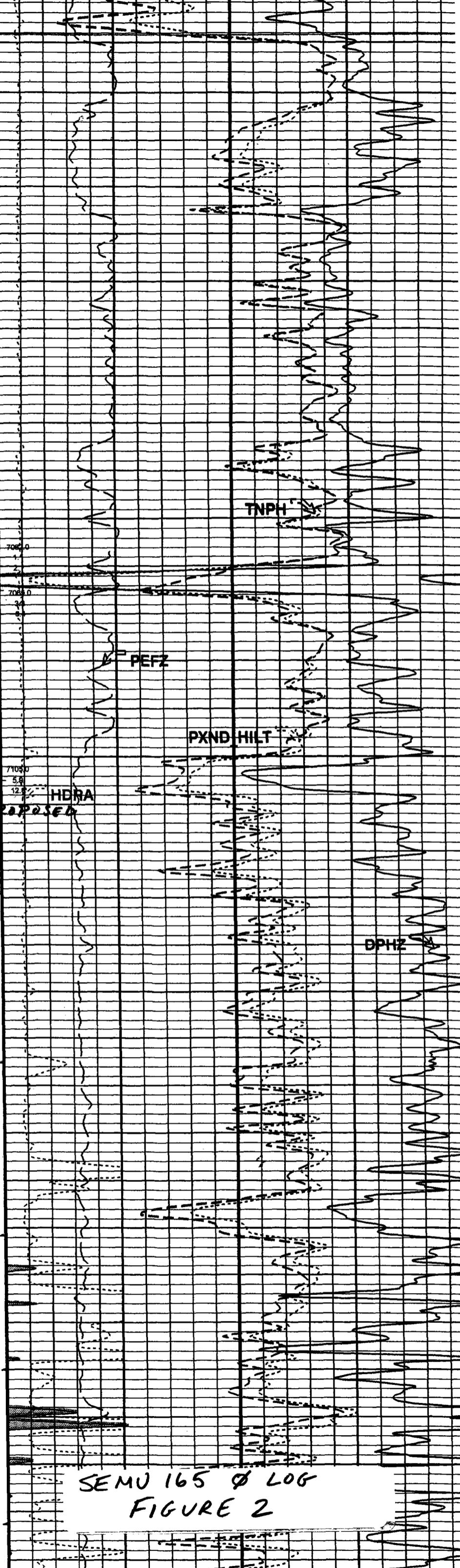
Depth 7065.0
Sw
So

Depth 7085.0
Sw
So

7100
Depth 7105.0
Sw 5.8
So 12.8

ABO PROPOSED PERFS

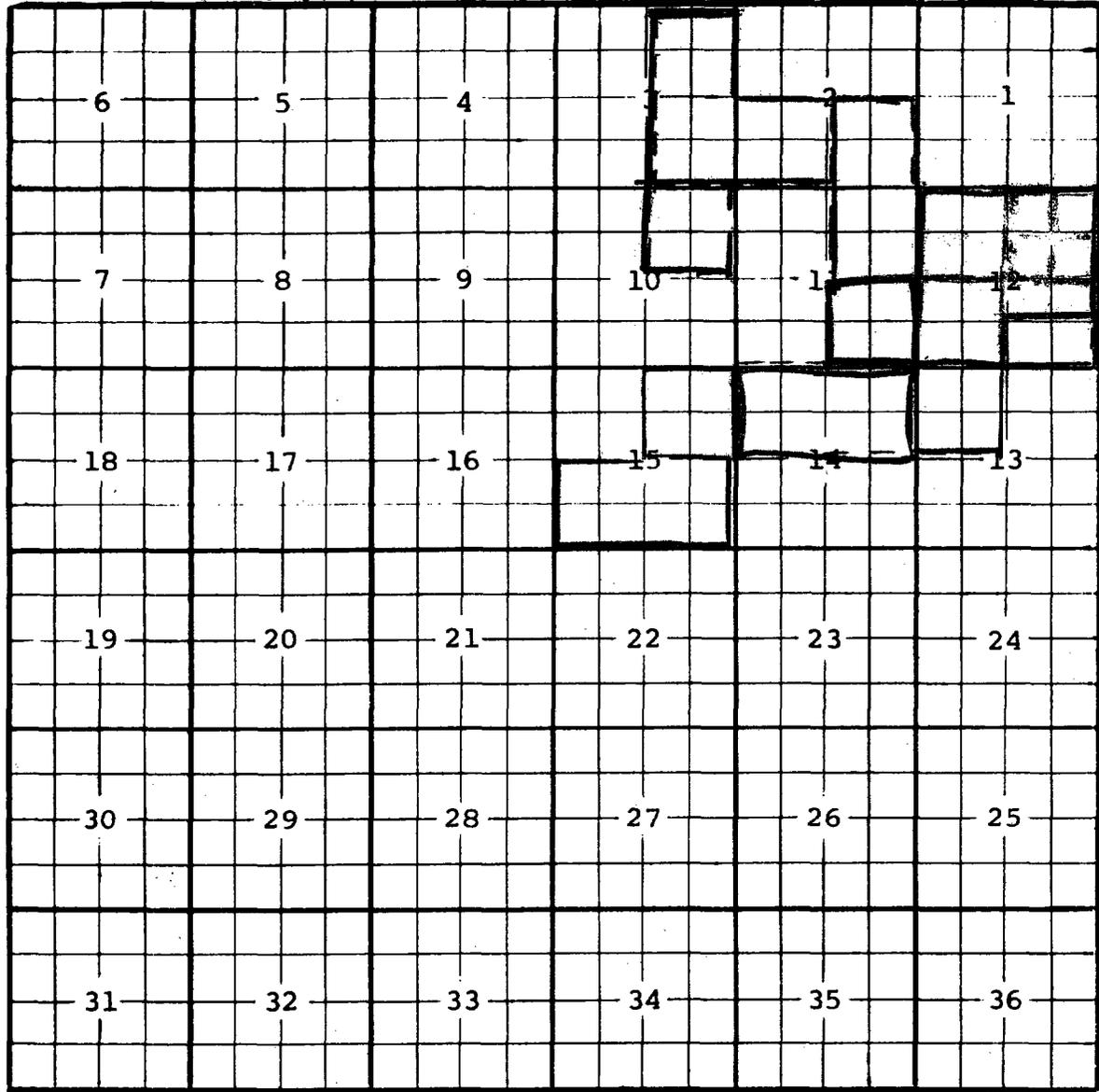
7200



SEM U 165 Ø LOG
FIGURE 2

County Lea Pool SKaggs-Abo Gas

TOWNSHIP 20 South Range 37 East NMPM



Description: NE/4 Sec 15 (R-6526, 2-70-81)
Ext: Sec: 11 SE/4, Sec: 12 NE/4, W/2 and N/2 SE/4 (Sec: 14 N/2
(R-7114 - 10-19-82) Ext: 5/2 SE/4 Sec. 12 (R-7917, 5-13-85)
Ext: NW/4 Sec. 13 (R-8277, 8-14-86) EXT: SE/4 SEC 2, NE/4 SEC 11 (R-8668, 6/10/88)
EXT: 5/2 SEC 15 (R-9144, 5-1-90) EXT: SW/4 Sec. 2, E/2 Sec. 3 (R-10972, 4-13-98)
Ext: NE/4 Sec. 10 (R-11116, 1-7-99)

CMD : ONGARD 10/11/02 14:47:04
OG6IWCM INQUIRE WELL COMPLETIONS OGMES -TPNT

API Well No : 30 25 35835 Eff Date : 02-25-2002 WC Status : A

Pool Idn : 10450 CASS;PENN

OGRID Idn : 5073 CONOCO INC

Prop Idn : 13492 SEMU

Well No : 165

GL Elevation: 3546

U/L Sec Township Range North/South East/West Prop/Act (P/A)

B.H. Locn : M 14 20S 37E FTG 1310 F S FTG 480 F W A

Lot Identifier:

Dedicated Acre: 80.00

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

CMD :
 OGSSECT
 INQUIRE LAND BY SECTION

ONGARD

10/11/02 15:00:41

OGOMES -TPNT
 PAGE NO: 1

Sec : 14 Twp : 20S Rng : 37E Section Type : NORMAL

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

M0002: This is the first page

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

CMD :
 OGSSECT
 INQUIRE LAND BY SECTION

10/11/02 14:46:59

OGMES -TPNT
 PAGE NO: 2

Sec : 14 Twp : 20S Rng : 37E Section Type : NORMAL

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

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