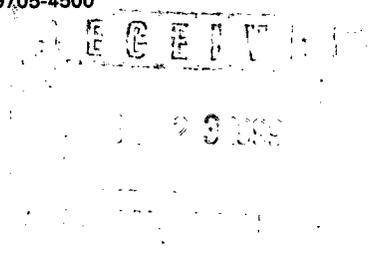




NSP 10/13/99

Mid-Continent Region  
Exploration/Production

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



September 21, 1999

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
PO Box 2040 S Pacheco  
Santa Fe, NM 87504-2088

RE: Application to Reinstate Administrative Order NSP #1643 that Provides for a 160 acre NSPU for the Eumont gas production (76480) for the State KN 12 #3 API # 30-025-26006 SE/4 Section 12, T-19-S, R-36-E Lea County, NM

Dear Mr. Stogner,

This well was classified in May 22, 1980 with Order # R-6355 that created a 120 acre NSPU for Eumont Gas production. (See attached) On February 18, 1992 this NSP spacing unit was enlarged to 160 acres and simultaneously dedicated the gas production from wells #3 and 7 (API # 30-025-26619) by placing Order No. R-6355 in abeyance and issuing NSP Order 1643. (See attached) The State KN 12 #3 was then reclassified in August 1994 to an oil well. NSP Order #1643 was vacated and the original Order R-6355 re-instated so that the #3 well could be separated from the #7 and have 40 acres dedicated to the Eumont 7 Rvrs Queen Oil pool (22800).

The State KN 12 #3 needs to be reclassified to a gas well in the Eumont 7 Rvrs Gas pool (76480) at a standard location of 1711' FSL & 1677' FEL. Conoco, Inc. is requesting that Order R-6355 be vacated and reinstate NSP Order #1643 that dedicates 160 acres to the Eumont 7 Rvrs Gas pool (76480) simultaneously with the State KN 12 #7. See attached new C-102.

All offset operators have been notified of this request. Please see attached evidence. If there are any further questions regarding this request please call me @ (915) 686-5798. Thank you very much.

Sincerely,

Kay Maddox  
Regulatory Agent, Conoco, Inc.

Cc: Hobbs District OCD Office

KM/km

NSP-1643.rst



# NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

Hobbs - District I  
1625 North French Drive  
Hobbs, NM 88240  
OFF: (505) 393-6161  
FAX: (505) 393-0720

**Jennifer A. Salisbury**  
CABINET SECRETARY

August 26, 1999

Conoco Inc.  
ATT: Phyllis Lansdowne  
P. O. Box 1267  
Ponca City, OK 74602

RE: Reclassification of Well  
State KN-12, #3-J  
Sec. 12-T19S-R36E  
Eumont Yates SR-QU Pool

Gentlemen:

The annual Gas-Oil-Ratio Test for the above-referenced well indicated this well should be reclassified from an oil well to a gas well in the Eumont Yates Seven Rivers Queen Pool, with the oil allowable being cancelled effective January 1, 2000.

If this test does not reflect the proper classification of this well, please submit another test for our consideration by September 8, 1999.

If the well is to be reclassified from oil to gas you will need to submit the following:

1. Form C-102 acreage dedication plat for the well outlining a standard 160 acres proration unit or application for a NSP.
2. Form C-104 showing reclassification from oil to gas effective January 1, 2000, indicating transporters of condensate and dry gas For this well.
3. Indicate if gas well gas is separately metered.

If you have questions concerning the above, please contact Nelda Morgan at (505) 393-6161 Ext. 101.

Very truly yours,

OIL CONSERVATION DIVISION

Chris Williams  
Supervisor, District I  
CW:nm

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<br>30-025-26006 |  | 2 Pool Code<br>76480  |  | 3 Pool Name<br>Eumont 7 Rvrs Pro Gas |                       |
| 4 Property Code<br>003109  |  | 5 Property Name<br>State KN 12  |  |                                      | 6 Well Number<br>#3   |
| 7 OGRID No.<br>005073      |  | 8 Operator Name<br>Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500 |  |                                      | 9 Elevation<br>3725.4 |

10 Surface Location

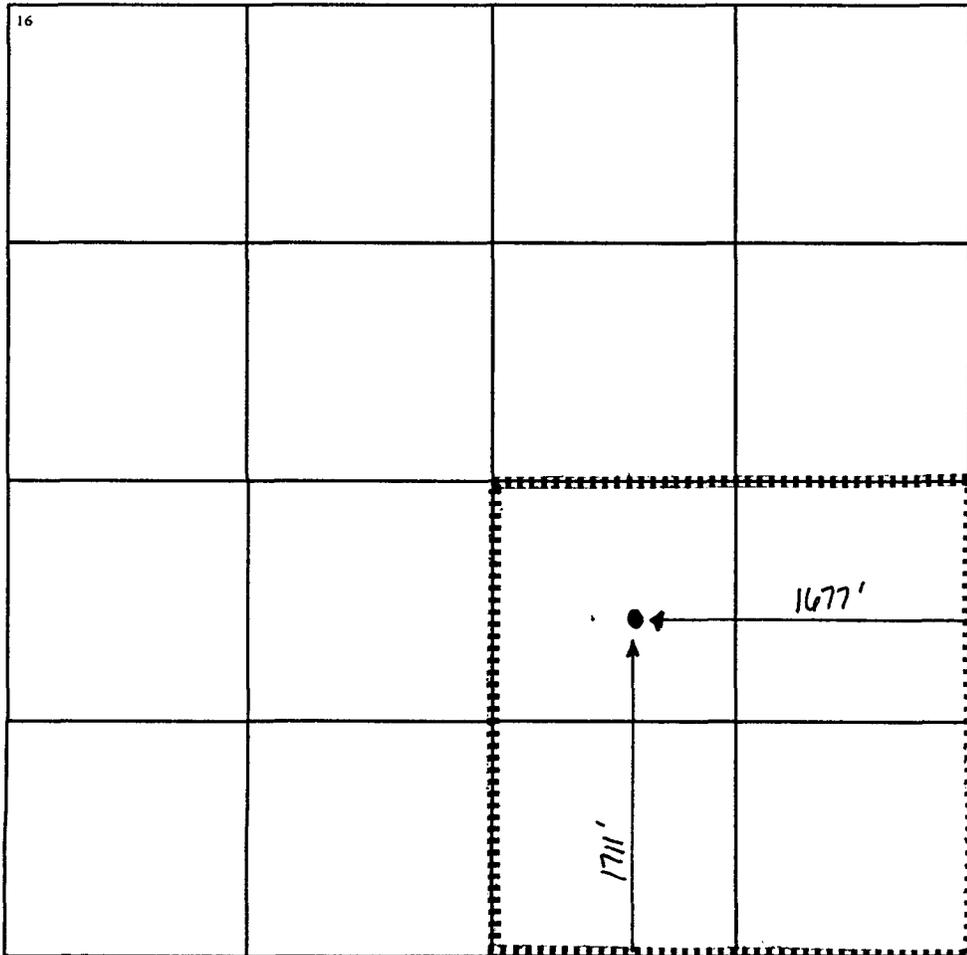
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| J             | 12      | 19S      | 36E   |         | 1711'         | South            | 1677'         | 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<br>160 | 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



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 21, 1999

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

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<br>30-025-26619 |  | 2 Pool Code<br>76480  |  | 3 Pool Name<br>Eumont 7 Rvrs Pro Gas |                       |
| 4 Property Code<br>003109  |  | 5 Property Name<br>State KN 12  |  |                                      | 6 Well Number<br>#7   |
| 7 OGRID No.<br>005073      |  | 8 Operator Name<br>Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500 |  |                                      | 9 Elevation<br>3925.5 |

10 Surface Location

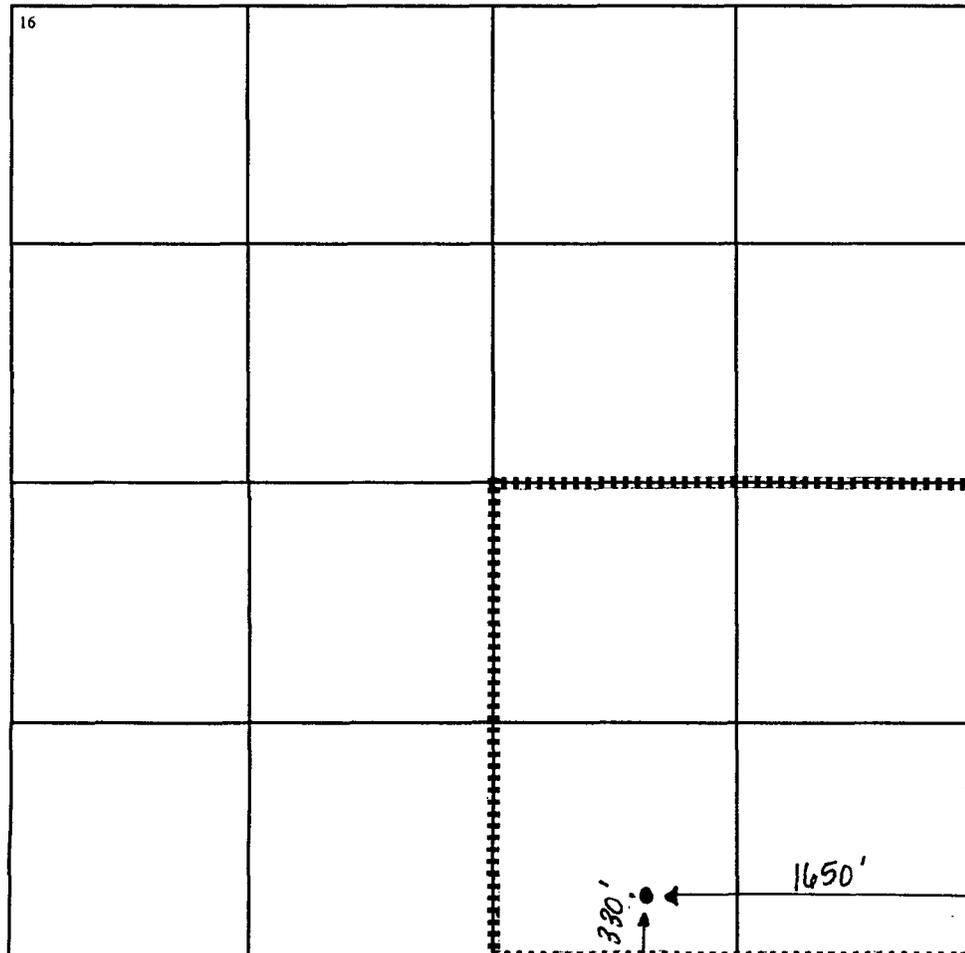
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| O             | 12      | 19S      | 36E   |         | 330'          | South            | 1650          | 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<br>160 | 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



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 21, 1999

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

State of New Mexico  
**ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT**  
Santa Fe, New Mexico 87505



**OIL CONSERVATION DIVISION**



January 26, 1995

Conoco, Inc.  
10 Desta Drive - Suite 100 W  
Midland, Texas 79705-4500

Attention: Jerry Hoover

*Re: Reinstatement of Division Order No. R-6355 and a  
Supplement to Administrative Order NSP-1643(SD)(L).*

Dear Mr. Hoover:

Reference is made to your letter of petition dated August 18, 1994, which included supporting information and notice to off-set operators, requesting reinstatement of Division Order No. R-6355 and to place Division Administrative Order NSP-1643(SD)(L) in abeyance at this time.

By Division Order No. R-6355, issued in Case 6888 and dated May 22, 1980, a 120-acre non-standard gas spacing and proration unit was established in the Eumont Gas Pool comprising the NE/4 SE/4 and S/2 SE/4 of Section 12, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, and had dedicated thereon the State "KN-12" Well No. 7 (API No. 30-025-26619), located at an unorthodox gas well location 330 feet from the South line and 1650 feet from the East line (Unit O) of said Section 12.

By Division Administrative Order NSP-1643(SD)(L), dated February 18, 1992, the previous Order R-6355 was placed in abeyance and a 160-acre non-standard gas spacing and proration unit was established in the Eumont Gas Pool comprising the SE/4 of said Section 12 in which had simultaneously dedicated to it the State "KN-12" Well No. 7 and the State "KN-12" Well No. 3 (API No. 30-025-26006), located at a standard gas well location 1711 feet from the South line and 1677 feet from the East line (Unit J) of said Section 12.

It is our understanding at this time that the State "KN-12" Well No. 3 has been reclassified from a "gas well" to an "oil well", which has resulted in the assignment of a standard 40-acre oil spacing and proration unit comprising the NW/4 SE/4 of said Section 12 to the subject well.

---

VILLAGRA BUILDING - 408 Galisteo  
Forestry and Resources Conservation Division  
P.O. Box 1948 87504-1948  
827-5830  
Park and Recreation Division  
P.O. Box 1147 87504-1147  
827-7465

---

2040 South Pacheco  
Office of the Secretary  
827-5950  
Administrative Services  
827-5925  
Energy Conservation & Management  
827-5900  
Mining and Minerals  
827-5970  
Oil Conservation  
827-7131

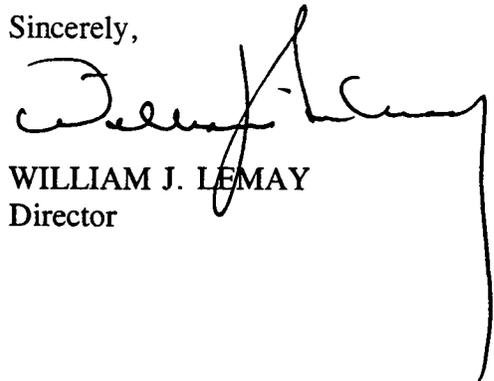
Reinstatement of Division Order No. R-6355 and  
Supplement to Administrative Order NSP-1643(SD)(L)  
Conoco, Inc.  
January 26, 1995  
Page 2

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By the authority granted me under the provisions of **Rule 2(a)4** of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Eumont Gas Pool*", as promulgated by Division Order No. R-8170, as amended, the above-described 120-acre non-standard gas spacing and proration unit should be restored and that said Division Order No. R-6355 shall be reinstated to its initial extent and is to remain in full force and affect until further notice. Further, said Division Administrative Order No. NSP-1643(SD)(L) is hereby placed in abeyance until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders as the Division may deem necessary.

Sincerely,



WILLIAM J. LEMAY  
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs  
New Mexico State Land Office - Santa Fe  
File: NSP-1643  
File: Case No. 6888 - Oil Conservation Division, Artesia

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

February 18, 1992

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, Texas 79705

Attention: Jerry W. Hoover

*Administrative Order NSP-1643(SD)(L)*

Dear Mr. Hoover:

Reference is made to your application dated December 17, 1991 for a 160-acre non-standard gas proration unit consisting of the following acreage in the Eumont Gas Pool:

**LEA COUNTY, NEW MEXICO**  
**TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM**  
Section 12: SE/4

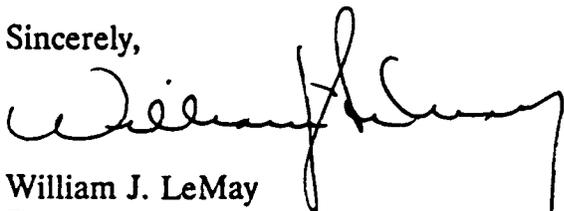
It is our understanding that this unit is to be simultaneously dedicated to your existing State KN-12 Well No. 3 located at a standard gas well location 1711 feet from the South line and 1677 feet from the East line (Unit J) of said Section 12 and to your existing State KN-12 Well No. 7 located at a previously authorized unorthodox gas well location (Division Order No. R-6355, dated May 22, 1980) 330 feet from the South line and 1650 feet from the East line (Unit O) of said Section 12.

By authority granted me under the provisions of Rule 2(a)4 of the Special Rules and Regulations for the Eumont Gas Pool, as promulgated by Division Order No. R-8170, as amended, you are hereby authorized to operate the above-described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with Rules 5 and 8 of said pool rules based upon the unit size of 160-acres.

Conoco Inc.  
*Administrative Order NSP-1643(SD)(L)*  
Page 2  
February 18, 1992

Further, the provisions of said Order No. R-6355, which authorized a 120-acre non-standard gas proration unit in the Eumont Gas Pool comprising the NE/4 SE/4 and S/2 SE/4 of said Section 12 and had dedicated thereon the State KN-12 Well No. 3 is hereby placed in abeyance until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is written in a cursive style and is positioned above the typed name and title.

William J. LeMay  
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs  
NMSLO - Santa Fe

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 6888  
Order No. R-6355

APPLICATION OF CONOCO INC. FOR A  
NON-STANDARD PRORATION UNIT AND  
AN UNORTHODOX GAS WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 7, 1980,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of May, 1980, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

- (1) That due public notice having been given as required  
by law, the Division has jurisdiction of this cause and the  
subject matter thereof.
- (2) That the applicant, Conoco Inc., seeks approval of a  
120-acre non-standard gas proration unit comprising the S/2 SE/4  
and NE/4 SE/4 of Section 12, Township 19 South, Range 36 East,  
NMPM, Eumont Gas Pool, Lea County, New Mexico, to be dedicated  
to its State KN-12 Well No. 7 drilled at an unorthodox location  
330 feet from the South line and 1650 feet from the East line of  
said Section 12.
- (3) That the entire non-standard proration unit may reason-  
ably be presumed productive of gas from the Eumont Gas Pool and  
that the entire non-standard gas proration unit can be efficiently  
and economically drained and developed by the aforesaid well.
- (4) That approval of the subject application will afford  
the applicant the opportunity to produce his just and equitable  
share of the gas in the Eumont Gas Pool, will prevent the economic  
loss caused by the drilling of unnecessary wells, avoid the aug-  
mentation of risk arising from the drilling of an excessive number

of wells, and will otherwise prevent waste and protect correlative rights.

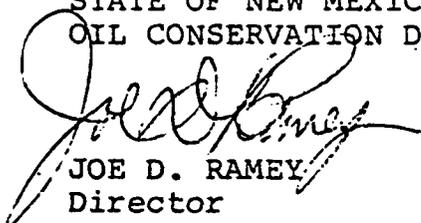
IT IS THEREFORE ORDERED:

(1) That a 120-acre non-standard gas proration unit in the Eumont Gas Pool comprising the S/2 SE/4 and NE/4 SE/4 of Section 12, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to its State KN-12 Well No. 7 drilled at an unorthodox location 330 feet from the South line and 1650 feet from the East line of said Section 12.

(2) That jurisdiction of this cause 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

  
JOE D. RAMEY  
Director

S E A L

fd/

State KN 12 #3  
 Section 12, T-19-S, R-36-E  
 API # 30-025-26006  
 Eumont & Rvrs Pro Gas Pool (76480)  
 Lea County, NM

RE: Reclassify Well from Oil to Gas, Reinstate NSP Order #1643

**Notification Of Offset Operators:**

Amerada Hess  
 PO Box 2040  
 Houston TX 77252-2040

Texaco Exploration  
 PO Box 3109  
 Midland, TX 79702

Chevron  
 PO Box 1635  
 Houston, TX 77251

Saga Petroleum  
 415 W. Wall St STE 835  
 Midland, TX 79701-4417

P 497 376 037

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

|                                |                        |
|--------------------------------|------------------------|
| Sent to                        | SAGA PET.              |
| Street & Number                | 415 W. Wall St STE 835 |
| Post Office, State, & ZIP Code | Midland, TX 79701-4417 |

P 497 376 035

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

|                                |                   |
|--------------------------------|-------------------|
| Sent to                        | Chevron           |
| Street & Number                | PO BOX 1635       |
| Post Office, State, & ZIP Code | HOUSTON, TX 77251 |

P 497 376 036

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

|                                |                   |
|--------------------------------|-------------------|
| Sent to                        | Texaco Exp        |
| Street & Number                | PO BOX 3109       |
| Post Office, State, & ZIP Code | Midland, TX 79702 |

P 497 376 038

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

|                                |                        |
|--------------------------------|------------------------|
| Sent to                        | Amerada Hess           |
| Street & Number                | PO BOX 2040            |
| Post Office, State, & ZIP Code | HOUSTON, TX 77252-2040 |
| Postage                        | \$                     |
| Certified Fee                  |                        |
| Special Delivery Fee           |                        |
| Restricted Delivery Fee        |                        |