



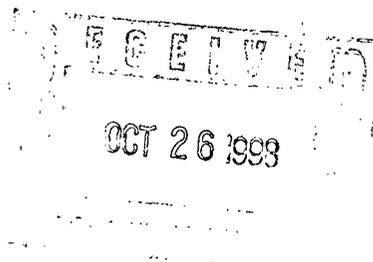
NSL 11/16/98

Mid-Continent Region
Exploration/Production

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

October 21, 1998

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



RE: Application for Non-Standard Location
Conoco State A 29 #8
Section 29, T-18-S, R-38-E. K
2150' FSL & 1800' FWL
API # 30-025-23048
Byers Queen Gas Pool
Lea County, New Mexico

Dear Mr. Stogner,

Thank you for the recommendation to twin Exxon's neighboring 80-acre non-standard unit. (See highlighted paragraph on attachment). Conoco would like to re-submit our application for a non-standard location request for the above referenced well. We would like to test the Byers Queen gas pool in this well. As previously stated, the economics of a new drill well (at a standard location) are marginal and this wellbore is likely our last remaining opportunity to test the Queen on our lease. Utilization of the #8 wellbore will prevent economic waste by allowing access to test the Byers gas potential on this acreage.

The offset operator plat shows the operators that could be affected by this non-standard location, a copy of this re-submitted application has been sent to them via certified mail (See attached evidence) Conoco, Inc. requests a non-standard location order be granted based on the reasons stated above. If there are any further question concerning this application please call me at (915) 686-5798.

Sincerely,

Kay Maddox
Regulatory Agent

Cc: Oil Conservation Division - Hobbs



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 7, 1998

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

Attn: Kay Maddox

Re: *Application for a non-standard 120-acre gas spacing and proration unit comprising the E/2 SW/4 and NW/4 SE/4 of Section 29, Township 18 South, Range 38 East, NMPM, Byers-Queen Gas Pool, Lea County, New Mexico, which is to be dedicated to the State "A-29" Well No. 8 (API No. 30-025-23048), located 2150 feet from the South line and 1800 feet from the West line (Unit K) of Section 29.*

Dear Ms. Maddox:

The Division is returning the subject application to you at this time. Gas wells in the Byers-Queen Gas Pool are spaced on drilling tracts consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U. S. Public Lands survey, this pursuant to **Division General Rule 104.C(2)(a)**. Rule 104.D(2)(b)(i), which is also applicable in this matter, provides for the formation and administrative approval of non-standard units provided they consists of contiguous quarter-quarter sections or lots and lay wholly within a single governmental quarter section. Since your proposed 120-acre unit crosses a quarter section line, this application can only be considered after notice and hearing.

There is however another option that exists which allows for administrative review and that would be for Conoco, Inc. to twin Exxon's neighboring 80-acre non-standard unit that comprises the W/2 SW/4 of Section 29 that is dedicated to their Bowers "A" Federal Well No. 28 (API No. 30-025-23022), located 660 feet from the South line and 990 feet from the West line (Unit M) of Section 29 [see Division Administrative Order NSP-1746(L), dated November 16, 1995], with an 80-acre unit that comprises just the E/2 of Section 29.

Should you wish to proceed with the formation of the proposed 120-acre unit, please request a hearing pursuant to Division General Rule 1203.A, also Conoco will be required to provide notice pursuant to Division General Rule 1207.A.

Should you have any questions or comments concerning this matter, please contact me at (505) 827-8185.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
Kathy Valdes - OCD, Santa Fe
W. Thomas Kellahin, Counsel for Conoco, Inc. - Santa Fe
Jimmy D. Carlile, Conoco, Inc. - Midland, Texas

T18S R38E

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NOTES

The Conoco State A29 #8 will be a non-standard location in a non-standard proration unit.

In Addition, ALTURA operates the N. Hobbs GB/SA Unit in this acreage.

DATE: 10/20/98

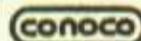
DRAWN BY: GLG

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 State A29 No. 8
(API 30-025-23048)
Non-Standard Location (Byers Queen)
Section 29, T18S, R38E, Lea County, NM

STATE COUNTY
025 \ 30

DRAWING

ST_A29-8

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

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 30-025-23048		2 Pool Code 73000		3 Pool Name Byers Queen Gas	
4 Property Code 003096		5 Property Name State A 29			6 Well Number #8
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 6501'

10 Surface Location

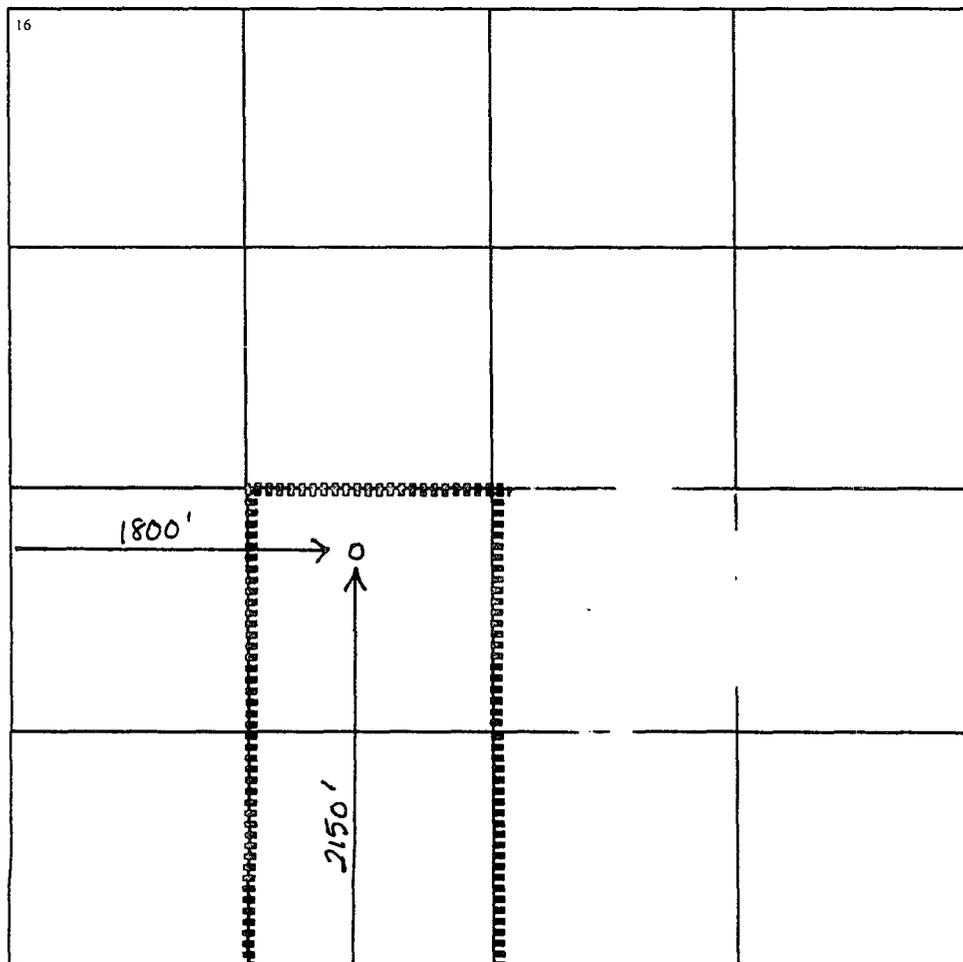
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	29	18S	38E		2150	South	1800	West	Lea

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 80	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
October 21, 98
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

Application for Non-Standard Location
Conoco State A 29 #8
Section 29, T-18-S, R-38-E, K
API # 30-025-23048
Lea County, NM

Notification of Offset Operators:

Exxon Exploration
233 Ben Mar
Houston, TX 77060-2544

Marcum Drilling Co
PO Box 3699
Midland, TX 79702-3699

Collins & Ware
508 W. Wall Ave STE 1200 Empire Plaza
Midland, TX 79701-5076

Chevron USA
935 Gravier ST
New Orleans, LA 70112-1625

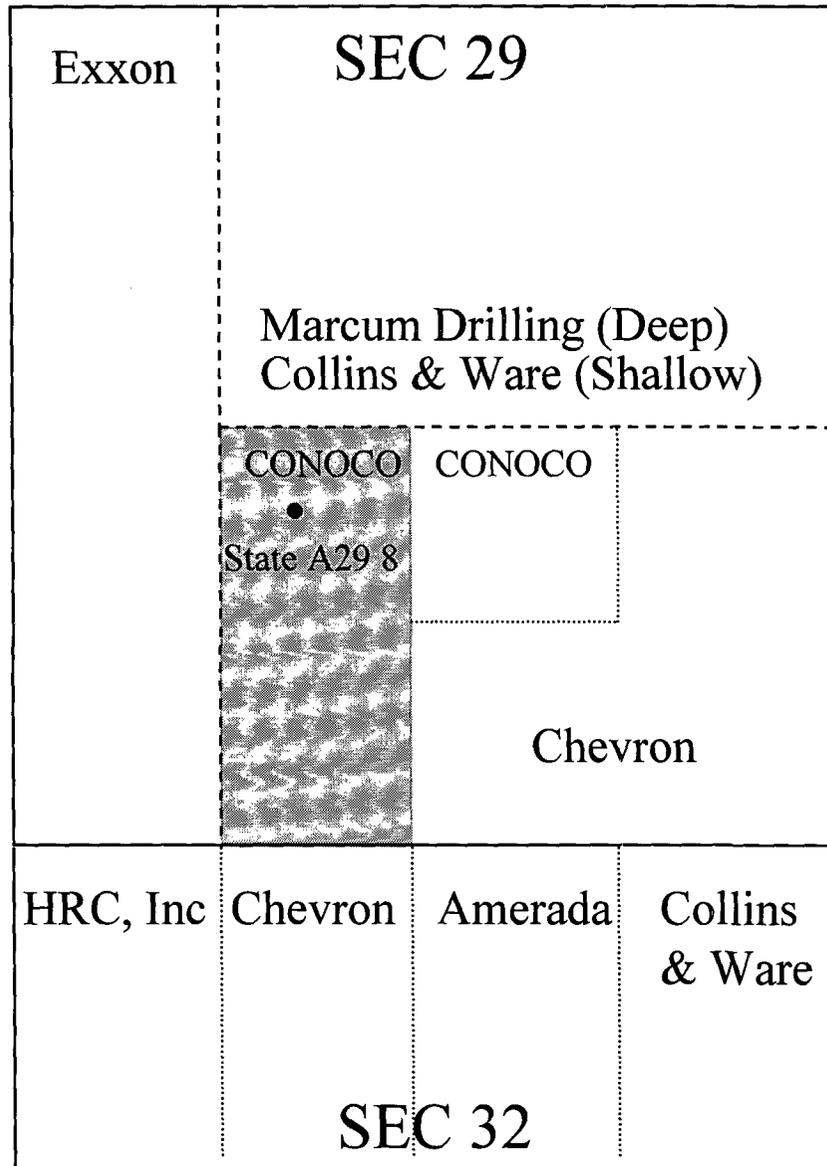
Amerada Hess
PO Box 2040
Houston, TX 77252-2040

HRC, Inc
C/O Gary Shubert
PO Box 1606
Hobbs, NM 88241

Altura Energy
PO Box 4294
Houston, TX 77210

State A-29 No. 8 NSL: Offset Operators

T18S, R38E



In addition, Altura operates the N. Hobbs GB/SA Unit in this acreage

Z 137 529 944

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to <i>Amerada Hess</i>	
Street & Number <i>PO Box 2040</i>	
Post Office, State, & ZIP Code <i>Houston, TX 77252-2040</i>	
Postage	\$

Z 137 529 945

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to <i>HRC, Inc % Gary Schubert</i>	
Street & Number <i>PO Box 11006</i>	
Post Office, State, & ZIP Code <i>Hobbs, NM 88241</i>	
Postage	\$
Certified Fee	
Special Delivery Fee	

Z 137 529 941

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to <i>Exxon Exploration</i>	
Street & Number <i>233 Ben Mar</i>	
Post Office, State, & ZIP Code <i>Houston, TX 77060-2544</i>	
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

Z 137 529 943

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to <i>Collins & Waire</i>	
Street & Number <i>508 W. Wall Ave 1200 Empire Plaza</i>	
Post Office, State, & ZIP Code <i>Midland, TX 79701-5076</i>	

Z 137 529 942

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to <i>Marcum Drilling Co.</i>	
Street & Number <i>PO Box 3699</i>	
Post Office, State, & ZIP Code <i>Midland, TX 79702-3699</i>	

Z 137 529 946

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to <i>Altura Energy</i>	
Street & Number <i>PO Box 4294</i>	
Post Office, State, & ZIP Code <i>Houston, TX 77210</i>	
Postage	\$

Z 137 529 947

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to <i>Chevron USA</i>	
Street & Number <i>PO Box 1635</i>	
Post Office, State, & ZIP Code <i>Houston, TX 77251</i>	
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

All distances must be from the outer boundaries of the Section.

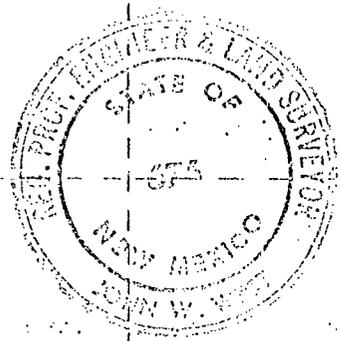
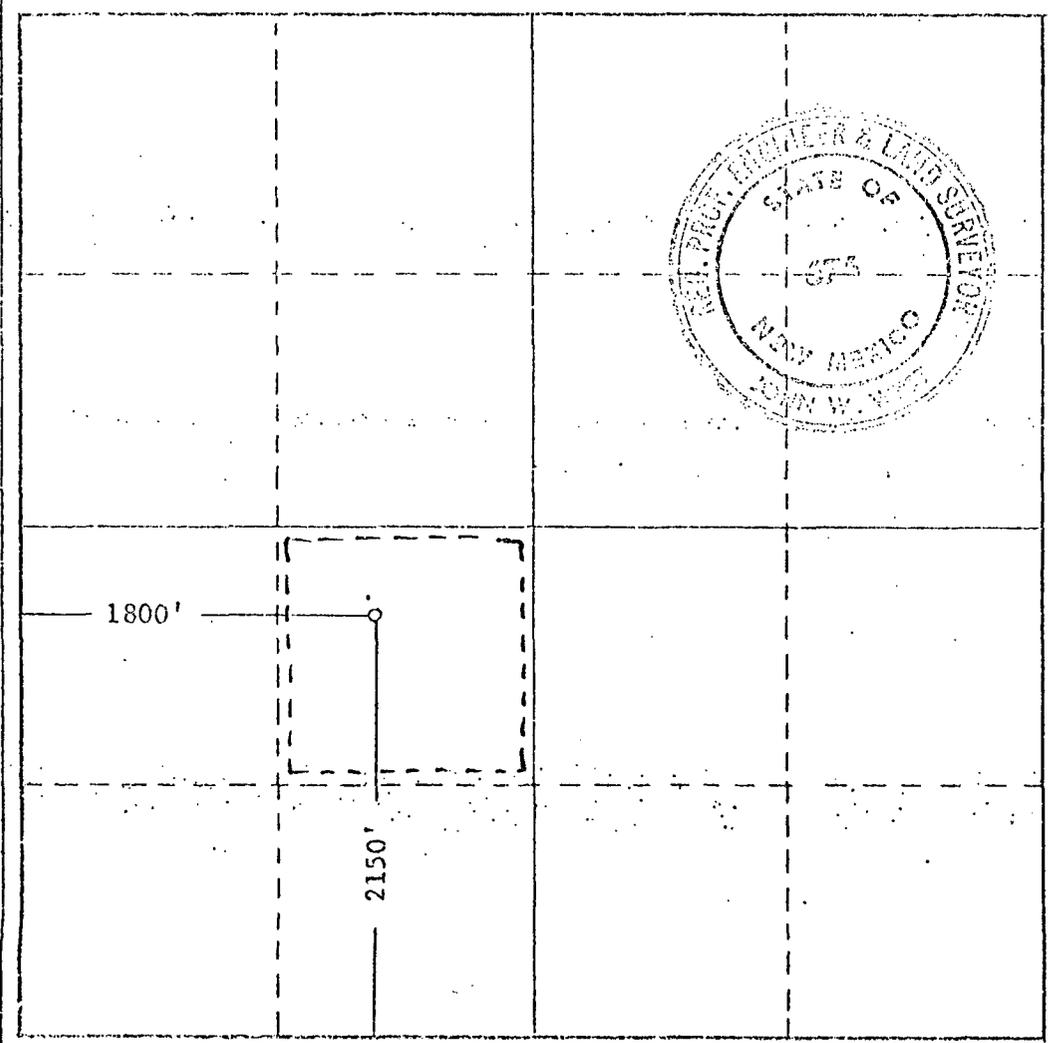
Operator CONTINENTAL OIL COMPANY		Lease STATE A-29		Well No. 8
Tract Letter K	Section 29	Township 18 SOUTH	Range 38 EAST	County LEA
Point of Beginning Location of Well: 2150 feet from the SOUTH line and 1800 feet from the WEST line				
Ground Level Elev. 3639 (alt.)	Producing Formation Blinby	Pool Bowers	Dedicated Acreage 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name: *E. C. Varner*
 Position: *Adm Section Chief*
 Company: *Continental Oil Co.*
 Date: *2-28-69*

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 knowledge and belief.

Date Surveyed: **FEB. 26, 1969**
 Registered Professional Engineer and/or Land Surveyor
John W. Wheat
 Certificate No. **676**

Sec : 29 Twp : 18S Rng : 38E Section Type : NORMAL

D 40.00 Federal owned U A	C 40.00 SDSV A01469 0007 12/38 COLLINS & WARE U A	B 40.00 SDSV A01469 0007 12/38 COLLINS & WARE U A A	A 40.00 Fee owned U A
E 40.00 Federal owned U A A A	F 40.00 SDSV A01469 0007 12/38 COLLINS & WARE U A A A A A	G 40.00 SDSV A01469 0007 12/38 COLLINS & WARE U A A A A A	H 40.00 Fee owned U 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

Sec : 29 Twp : 18S Rng : 38E Section Type : NORMAL

L 40.00 Federal owned U A A A	K 40.00 SDSV B02657 0000 09/38 CONOCO INC U A A	J 40.00 SDSV B02657 0000 09/38 CONOCO INC U A	I 40.00 Fee owned U A A
M 40.00 Federal owned U A A	N 40.00 SDSV B02657 0000 09/38 CONOCO INC U A A A	O 40.00 PEN B02277 0001 12/38 CHEVRON U S A INC U A A A	P 40.00 PEN B02277 0001 12/38 CHEVRON U S A INC U A A A

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

November 16, 1995

Exxon Corporation
P. O. Box 1600
Midland, Texas 79702-1600

Attention: Alex M. Correa

Administrative Order NSP-1746(L)

Dear Mr. Correa:

Reference is made to your application dated September 26, 1995 for an 80-acre non-standard gas spacing and proration unit consisting of the following acreage in both the Byers-Queen Gas Pool and the Undesignated Byers-Yates Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
Section 29: W/2 SW/4

It is our understanding that this unit is to be dedicated to your existing Bowers "A" Federal Well No. 28 (API No. 30-025-23022), located at an unorthodox gas well location for the aforementioned unit 660 feet from the South line and 990 feet from the West line (Unit M) of said Section 29.

By the authority granted me under the provisions of Division General Rules 104.F(1) and 104.D(2), the above-described unorthodox gas well location and non-standard gas spacing and proration unit are hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
James Bruce - Hinkle, Cox, Eaton, Coffield & Hensley P.L.L.C., Santa Fe

NGPA Permits

NOV 22 1995

R.D. 11/16/98



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

9/10/98

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

GOVERNOR

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:

Conoco Inc State A 29 #8-K, 29-18-38
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

Yours very truly,

Chris Williams

Chris Williams
Supervisor, District 1

/ed