

30-039-d/131

Kimbell Oil Company of Texas
777 Taylor Street
P-IIA Fort Worth Tower Building
Fort Worth, Texas 76102
Tel. (817) 335-2591 Fax. (817) 338-1355

September 4, 2002



State of New Mexico Energy, Minerals and Natural Resources
Oil Conservation Division
District III
1000 Rio Brazos Road
Aztec, New Mexico 87410

RE: NMOCD Form C-103, "Notice of Intent" to downhole commingle gas production from Ballard, P.C. Pool perforations (NM #71439) and Basin Fruitland Coals Pool (NM # 71629) in Kimbell's Liberman #4R wellbore; 1040' FSL & 1470' FWL, Section 5, T25N, R7W, Rio Arriba County, NM.

Gentlemen:

Enclosed, please find three (3) copies of our "Notice of Intent", NMOCD Form C-103, to downhole commingle the gas production from the two (2) above referenced Pools. Also, please find attached the data and information required by the State of New Mexico OCD for this exception application. Please note that these two (2) Pools have been pre-approved for downhole commingling in this Geographical area. We therefore request an administrative approval on this application for exception to downhole commingle.

Coincidentally with this filing to the NMOCD on it's Form C-103, we are forwarding the same administrative request to the BLM in their Farmington, NM office on the BLM Form 3160-5, a copy of which is attached for your records.

Should you have any questions and/or comments with regard to our plans submitted for this wellbore, please contact either myself or Jack Redding, Jr. at your convenience.

Sincerely,

Jack Redding, Jr.
Vice-President

attachments: 1 copy BLM Form 3160-5
3 copies NMOCD Form C-103

JRJ/jms

Exhibit "A" To NMOCD Form C-103 Sundry Notice

**Kimbell Oil Company of Texas
Well Data and Operations Procedure
Downhole Commingling of both Basin Fruitland Coal and Pictured Cliff Pools
No. 4R Liberman Well
1040' FSL & 1470' FWL
Section 5, T25N, R7W
Rio Arriba Co., New Mexico**

Well Data:

1. Total Depth @ 2328'
2. P.B.T.D. @ 2236'.
3. Completion Date : 9-25-98 in Pictured Cliffs Formation
4. Perforations @ 2198'-2218'(PC) & @ 2167'-2189' (Basin F.C).
5. 8-5/8" 24#/ft. Casing set @ 134'. Cemented to surface w/ 85 sx.
6. 4-1/2" 11.6 #/ft. J-55 new casing set @ 2326' and cemented to surface with 265 sx.
Cement. CIBP set @ 2194'.
7. 2-3/8" O.D. tubing set @ 2190'. (SN @ 2160')
8. Formation Tops:
 - Ojo Alamo @ 1630'
 - Kirkland @ 1675'
 - Fruitland Coals @ 2015'
 - Pictured Cliffs @ 2198'
9. G.L. Elevation @ 6430' GR
10. Spud date : 08-26-98 (Contractor : L & B Speeddril)

Operations Procedure:

1. Move in and rig up workover rig. Blow down well and kill. Nipple down wellhead and nipple up Blowout equipment. Test BOPE.
2. Trip out of hole with 2-3/8" OD tubing and pick up junk mill for 11.6 #/ft. casing. Fill hole with 2% KCL water and tag CIBP @ 2194'. Drill out CIBP and clean out hole to P.B.T.D. Circulate hole clean. Trip out of hole with mill and lay down same.
3. TIH with 2-3/8" seating nipple and tubing to 2205' (7' into P.C. perforations.).
4. Set tubing in tubing head and nipple down BOPE and nipple up wellhead. Rig up swab and swab well down as deep as possible.
5. Rig down workover rig and release same. Inject 1.0 gallons soap in 1.0 gals. water down annulus and shut well in overnight.

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**Attachment "A": NMOCD Form C-103
Kimbell Oil Company of Texas
No. 4R Liberman: Downhole Commingle**

- 6. Record shut-in surface pressure and open well to tank up tubing and blow well to tank until clean.**
- 7. After cleaned up, turn well to sales and record daily flowing pressures and gas sales volumes and report to Ft. Worth office daily for 1 week. Drop well from report.**
- 8. Notify NMOCD and BLM of commingling results on Forms C-103 and 3160-5 respectively. Notify El Paso Field Services of commingled production.**


Prepared By: Jonathan M. Stickland
Operations Engineering for
Kimbell Oil Company of Texas

8/31/02
Dated

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Operations Procedure:

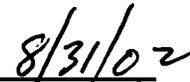
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Operations Engineering for
Kimbell Oil Company of Texas


Dated

MULTI-POINT SURFACE USE PLAN

Conoco, Inc. San Juan 28-7 Unit #192F

The following is required information concerning the possible effect, which the drilling of this well may have on the environment, existing road sites, and surrounding acreage. A copy will be posted on the derrick floor so all contractors and sub-contractors will be aware of all items on this plan.

1. Existing Roads and Well Location

- A. The proposed Mesaverde / Dakota well site is located at 1935' FNL & 1860' FWL, Section 33, T28N, R7W, Rio Arriba County, New Mexico. All existing roads used to access the proposed location shall continue to be maintained in the same or better condition than presently maintained.
- B. Directions to the location are provided as an attachment.

2. Planned Access Road

- A. 150' of new access road will need to be constructed to reach the proposed well pad. This portion of new roadway and sections of the existing roadway will be plated with sandstone from the well pad if suitable material is available.
- B. Turnouts as specified by Bureau of Land Management (BLM).
- C. Culverts as specified by BLM; one of which was specifically mentioned during field onsite inspection. This culvert shall be a minimum of 18" in diameter and placed across the proposed roadway at the point at which it enters the proposed well pad. Any questions or concerns regarding placement of culverts shall be brought to the attention of the BLM lead and placed accordingly.
- D. Gates, cattleguards, or fences as specified by the BLM.

3. Topographic Map and Well Location

A 7.5' quadrangle topographic map was filed with the Notice of Staking. The proposed project is located on the Gould Pass topographic map in T28N, R7W, SE/4 NW/4, Section 33, 1935' FNL & 1860' FWL. The general terrain is gradually sloping to the South and East at an average 4% grade or less. The proposed well pad is located amongst rolling hills on an intermediate bench on the Western extremities of a prominent finger ridge of Encinada Mesa trending to the Northwest and Southeast. The aforementioned bench lies approximately ½ mile to the North and East of Martin Canyon. The primary vegetation in the project area consists of Sagebrush, Bitterbrush, Mormon Tea, Soaproot Yucca, Pinon/Juniper trees, and a variety of cacti. Approximately four (4) existing natural gas wells are located within a 0.5 mile radius of the proposed project. Pipelines and access roads associated with these facilities represent further disturbance within the area.

4. Wellsite Layout and Cross Sections

See Cut & Fill plat for details. The proposed project will require 3:1 cut and fill slopes during the clean-up phase of the project. Corner stakes #2 and #3 will be rounded so as to limit amount of cut along the existing powerline and EPFS pipeline. In order to limit the visibility of the well pad, the minimum number of trees shall be removed from the Southerly construction zone. Drainage will be diverted along the North side of the well pad below the cut slope, draining to the East. An additional drainage diversion will be constructed along the West side of the well pad above the cut slope, draining to the South.

5. Water Supply

Due to the presence of adequate clay material on the location site, produced water will be used in the drilling operations of this well. Produced water will be trucked from the nearest existing Conoco gas well in the area which offers suitable water meeting the established requirements.

6. Source of Construction Materials

Construction materials will be obtained from the location site.

7. Methods of Handling Waste Disposal

- A. The drill cuttings, fluids and completion fluids will be placed in the reserve pit which will be lined. The reserve pit will be fenced on three sides away from the pad during drilling and the fourth side fenced as soon as the rig moves out. The reserve pit will be allowed to dry, and materials remaining in the reserve pit shall be capped with a 4" minimum of suitable clay material. The reserve pit will then be backfilled, leveled and contoured so as to prevent any materials being carried into the watershed. Upon completion, the pad will be leveled, contoured, and reseeded with the appropriate seed mixture as specified by the BLM. The BLM seed mix for this project is a special test mixture for areas less than 10" of precipitation.
- B. All garbage and trash will be hauled away to designated landfill by Conoco.
- C. Chemical toilets will be provided and maintained during drilling operations.
- D. Any trees greater than 6" in diameter shall be limbed and cut into 18" lengths and placed at an accessible location for wood gatherers.
- E. Any brush, small trees, and limbs will be pushed to the South and East sides of the well pad and deposited along the fill slope to act as a sediment filter in an attempt to minimize erosion.

8. Ancillary Facilities

No ancillary facilities are initially planned for this project; however, the potential does exist for the placement of a compressor unit on location during some stage in the life of the well. If a compressor is placed on location, it will abide by any noise restrictions in affect at the time.

9. Production Facility Layout

- A. See attachment to this plan. Production equipment will be painted the color designated by the BLM. Color: Juniper Green.
- B. Any production equipment encompassed by a dirt berm or one in which potentially hazardous fluids are present shall be adequately fenced and properly maintained in order to safeguard both livestock and wildlife.
- C. Location of Proposed New Facilities – A 4-1/2" OD buried steel pipeline that is 177.49 feet in length will be constructed and tied-in to an El Paso Field Services pipeline which is adjacent to the proposed well pad. The pipe-wall thickness is .156 and the pipe-wall strength is 42,000# yield. The pipeline has the potential to be used to transport gas to drill the well. After the well is spudded, the pipeline will be authorized by a right-of-way issued to El Paso Field Services. Please refer to the attached pipeline map for additional information.

10. Plans for Restoration of Surface

Topsoil (6") will be stockpiled in the construction zone for later use in restoration. When the well

is abandoned, the location and access road will be cleaned and restored to the original topographical contours as much as possible. The area will be reseeded with the appropriate seed mixture. If the well is productive, areas not used in production will be contoured and seeded with stipulated mixture.

11. Surface Ownership

The surface ownership is the BLM. The BLM/Farmington Field Office has surface and mineral jurisdiction on this project.

12. Other Information

The onsite for the proposed project was conducted on July 9, 2002 with Bill Liess as BLM lead.

No invasive weeds were identified in the proposed project area.

La Plata Archaeological Consultants in Dolores, Colorado has submitted the Cultural Resources Survey Report to the BLM under Report Number LAC 2002-3F.

The construction contractor for the proposed project is Aztec Excavation Company.

There are no recreational areas, Special Management Areas (SMAs), Areas of Critical Environmental Concern (ACECs), or wilderness areas within the project area.

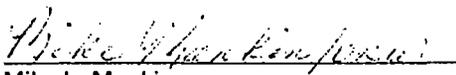
The proposed action would impact no floodplains or stock ponds.

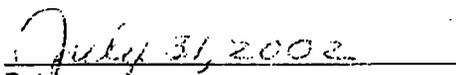
13. Operator's Representative and Certification

The person who can be contacted concerning compliance of this Surface Use Plan is:

Mike L. Mankin
Coordinator / Right of Way and Claims
Conoco Inc.
10 Desta Drive Suite 649W
Midland, Texas 79705
(915) 686-5794

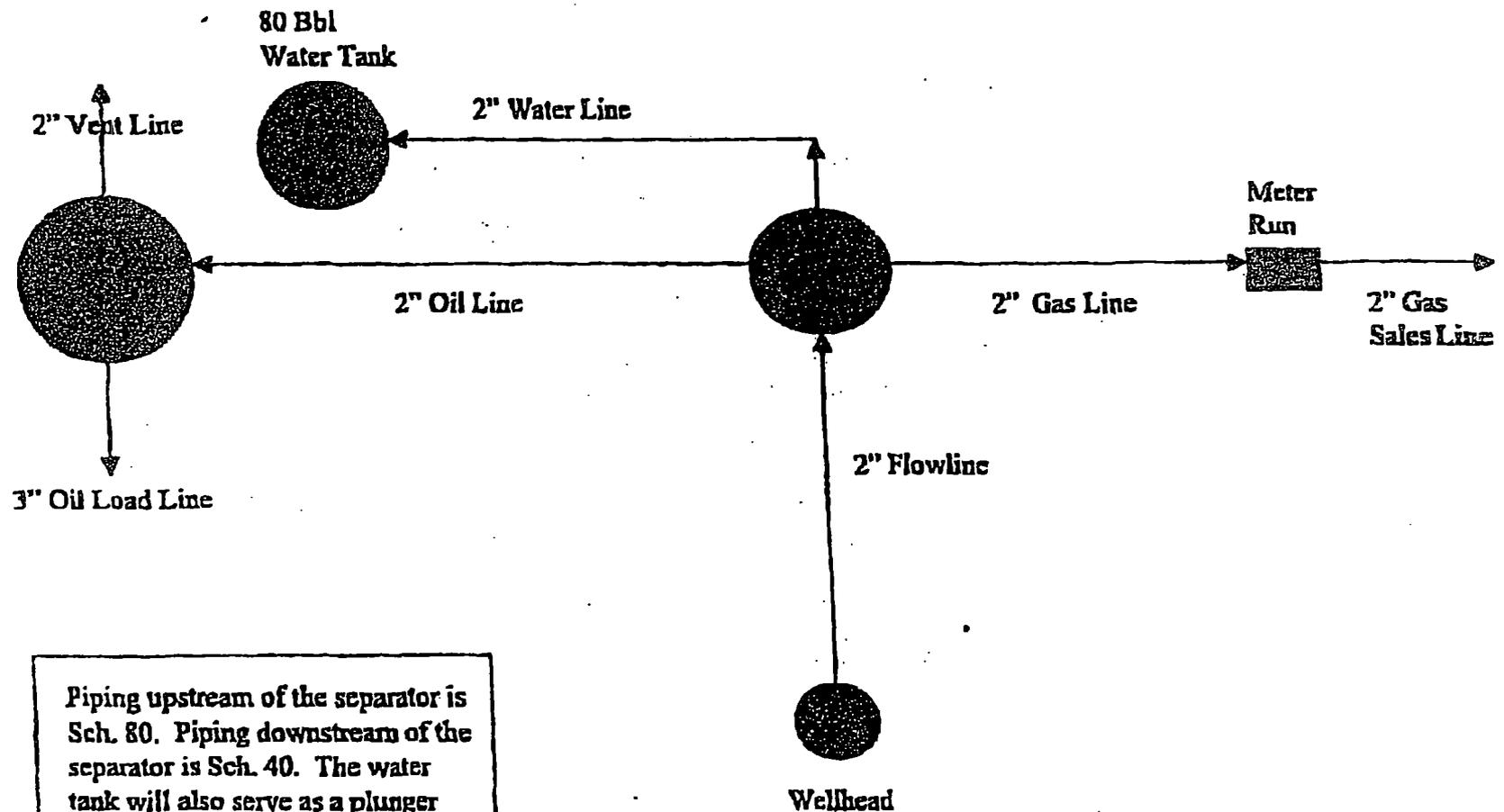
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drilling site; that I am familiar with the conditions which currently exist; that the statements made in this plan, are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Conoco Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.


Mike L. Mankin
Coordinator / Right of Way and Claims


Date

CONOCO INC.

TYPICAL PRODUCTION FACILITY



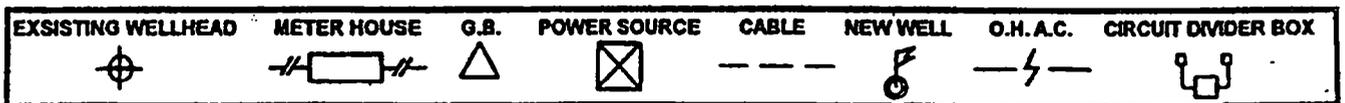
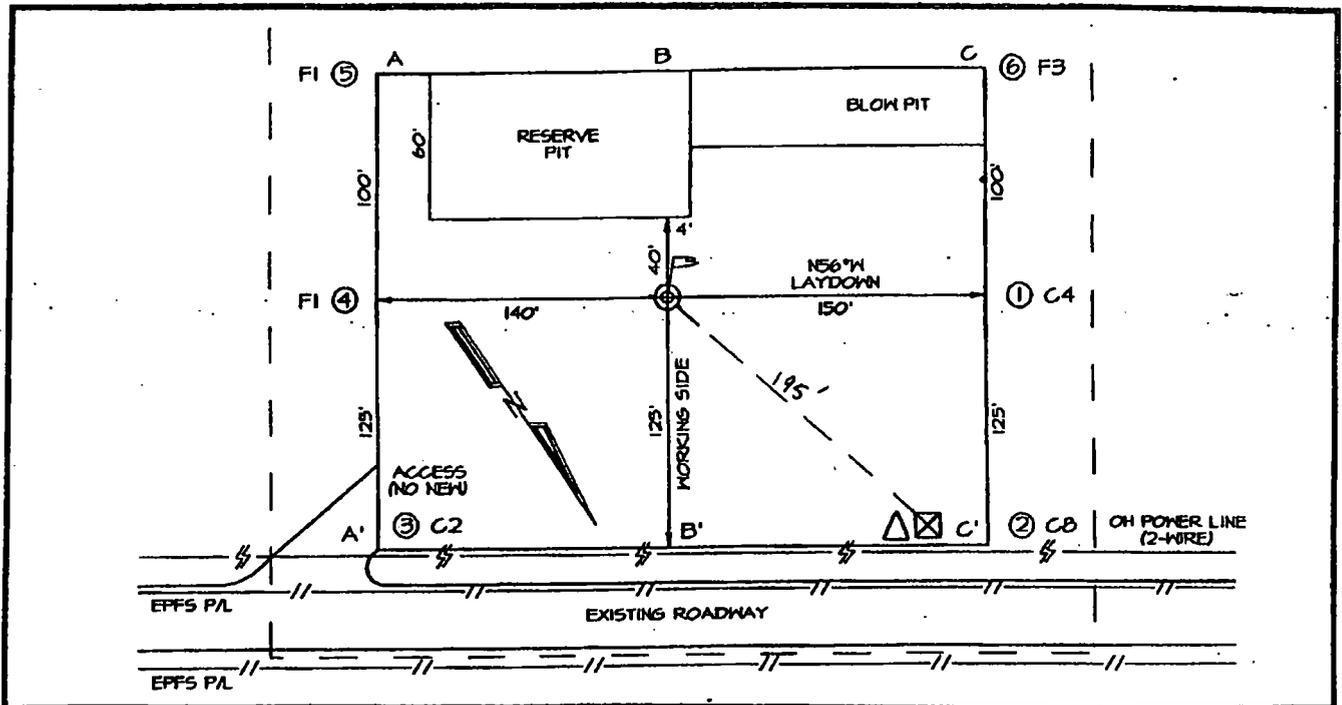
Piping upstream of the separator is Sch. 80. Piping downstream of the separator is Sch. 40. The water tank will also serve as a plunger vent tank should a plunger lift system be installed in the future.



CATHODIC PROTECTION PLAN FOR NEW WELL

WELL NAME: 7. J. 28-7 #192F LEGALS: F-33-88-7 COUNTY: R.A.

PURPOSED C.P. SYSTEM: DRILL NEW G.B. & INSTALL 80' METER POLE W/ WESTERN 28V-12A RECT ON N.P. CORNER OF LOCATION. ALSO TRENCH @ 195' #8 NEG FROM RECT TO WELL HEAD.



COMMENTS: ALL WORK WILL BE DONE ON WELL PAD

THIS CATHODIC PROTECTION SYSTEM HAS BEEN PROPOSED TAKING ITS SURROUNDINGS INTO CONSIDERATION TO BEST FIT ITS PURPOSE. ALSO, POWER SOURCE AND GROUND BED TO BE PLACED OUT AND AWAY FROM ANY OBSTACLES WHICH MAY CONFLICT WITH IT AND VISE-VERSA.

TECHNICIAN: [Signature]
Rocky Mountain Regional Headquarters

DATE: 7-10-02

1608 Schofield Lane • Farmington, New Mexico 87401
Office: 505-326-0272 • Fax: 505-326-6755