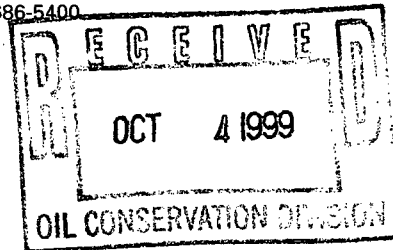




Mid-Continent Region
Exploration/Production

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



October 1, 1999

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

RE: Application for Non-standard Location
SEMU # 136
Southeast Monument Abo (Oil)
Section 25, T-20-S, R-37-E
1980' FSL & 1090' FWL
API # 30-025-34667
Lea County, NM

Dear Mr. Stogner,

Gas Pool standard for use

Conoco, Inc. just completed drilling the SEMU #136 in September, 1999. The objective was the North Hardy Strawn pool. Unfortunately there was no economic reason to perforate the Strawn however pipe was set based on log analysis of the Abo. Conoco, Inc would like to perforate this well in the Abo as soon as possible. The well is located 1980' FSL & 1090' FWL. The well is non-standard in a 40-acre tract because it is 1090' FWL and that is 100' too far west to be a standard location.

Conoco, Inc. is the only offset operator. Conoco, Inc respectfully requests that their application be approved to provide them the opportunity to utilize the #136 wellbore. This will prevent economic waste by allowing them immediate accessibility to test the Abo pool. If there are any further questions regarding this application please call me as soon as possible at (915) 686-5798.

Sincerely,

Kay Maddox
Regulatory Agent - Conoco, Inc.

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised February 21, 1994

instructions on back.

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

OIL CONSERVATION DIVISION

District III
1000 Rio Brazos Rd. Aztec, NM 87410

PO Box 2088
Santa Fe, NM 87504-2088

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

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34667	2 Pool Code 96764	3 Pool Name Southeast Monument Abo (Oil)
4 Property Code	5 Property Name SEMU	6 Well Number #136
7 OGRID No. 005073	8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500	9 Elevation 3510'

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
L	25	20S	37E		1980'	South	1090'	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 40	13 Joint or Infill	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

16

1090'

1980'

O

17 OPERATOR CERTIFICATION

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


Signature _____ Kay Maddox

Signature _____

Kay Maddox

Printed Name _____

Regulatory Agent

Title

October 1, 1999

Date _____

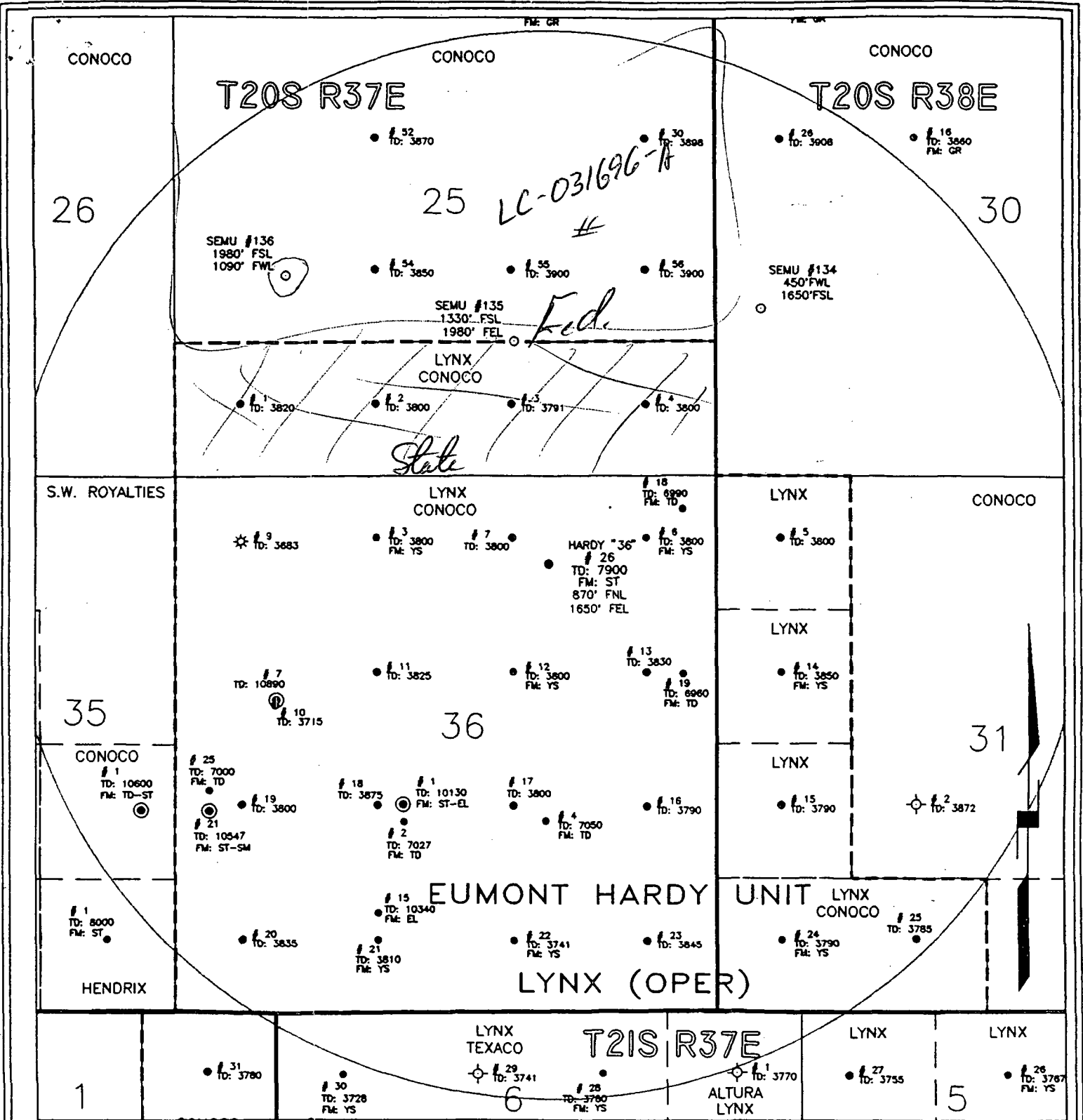
18 SURVEYOR CERTIFICATION

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



NOTES	Non-Standard Loc. request		Conoco EPNGNA MIDLAND DIVISION	
	DATE: 7/20/99		SEMU #136 API 30-025-34667 Southeast monument Abo 1980 FSL + 1090' FWL Section 25 T-20-S R-37-E	
	DRAWN BY: glg			
	CHECKED BY:			
	APPROVED BY:			
SCALE: 1" = 1320'	STATE PLANE COORDINATES REFERRED TO NAD27 - N.M. EAST STATE PLANE COORDINATES ZONE - 3001		STATE API COUNTY WELL 30 - 025 - 34667	
			CONOCO INC. OFFICE 10 DESTA DRIVE WEST MIDLAND, TEXAS 79705	

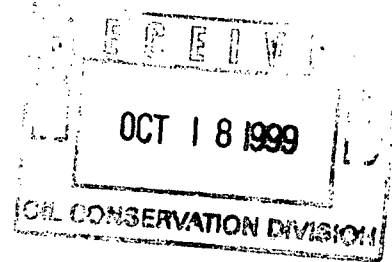


Mid-Continent Region
Exploration/Production

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

October 13, 1999

New Mexico Oil Conservation Division, District 1
2040 S. Pacheco
Santa Fe, NM 87504-2088



RE: Application for Non-standard location
SEMU #136
Southeast Monument Abo (Oil)
Section 25, T-20-S, R-37-E
1980' FSL & 1090' FWL
API # 30-025-34667
Lea County, NM

Dear Mr. Stogner,

This letter is in reference to the application for a non-standard location order dated October 1, 1999, for the above listed well. This well was inadvertently drilled at a non-standard location in the North Hardy Strawn pool without a NSL Order. The well was originally proposed at a standard location but when the surveyors staked the well they were told they could move the well up to 300' to the east. This was wrong information. The well was staked 290' east of the original location thereby making it 110' non-standard to the North Hardy Strawn pool interior set back requirements of 330'. Conoco sincerely apologizes for this error.

The well has been determined non-commercial in the Strawn and we are now requesting a non-standard location order for the Southeast Monument Abo (Oil). I sincerely thank you for your cooperation and expedient reply to this request. If there are any further questions regarding this application please call me at (915) 686-5798.

Sincerely,

Kay Maddox
Regulatory Agent, Conoco, Inc.

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION10/13/99 08:34:36
OGOMES -TPV6
PAGE NO: 1

Sec : 25 Twp : 20S Rng : 37E Section Type : NORMAL

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

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 :
OG5SECTONGARD
INQUIRE LAND BY SECTION10/13/99 08:34:32
OGOMES -TPV6
PAGE NO: 2

Sec : 25 Twp : 20S Rng : 37E Section Type : NORMAL

L 40.00 Federal owned A	K 40.00 Federal owned	J 40.00 Federal owned A	I 40.00 Federal owned
M 40.00 CS B00230 0001 02/38 CHEVRON U S A INC U A	N 40.00 CS E01402 0000 07/57 CONOCO INC U A	O 40.00 CS B11349 0000 07/54 CONOCO INC U A	P 40.00 CS B11349 0000 07/54 CONOCO INC U A

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

CMD : ONGARD 10/13/99 08:34:50
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPV6

OGRID Idn : 5073 API Well No: 30 25 34667 APD Status(A/C/P): A
Opr Name, Addr: CONOCO INC Aprvl/Cncl Date : 07-26-1999
10 DESTA DR W
MIDLAND, TX 79705

Prop Idn: 13492 SEMU Well No: 136

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn	: L	25	20S	37E			FTG 1980 F S	FTG 1090 F W
OCD U/L	: L		API County	: 25				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : F
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3510

State Lease No: Multiple Comp (Y/N) : S
Prpsd Depth : 8200 Prpsd Frmtn : STRAWN

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

**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

County Lea pool South Skaggs - Ab

TOWNSHIP 20 South Range 37 East NMPM

[illegible]

Description: SE/4 Sec. 35 (R-7917, 5-13-85)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil
P.O. Box 1004-0135

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" For such proposals

5. Lease Designation and Serial No.

LC031696A

6. If Indian, Allottee or Tribe Name

7. If unit or CA, Agreement Designation

8. Well Name and No.

Semu #136

9. API Well No.

30-025-34667

10. Field and Pool, or Exploratory Area

North Hardy Strawn

11. County or Parish, State

Lea County, NM

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

CONOCO INC.

3. Address and Telephone

10 DESTA DRIVE, SUITE 430E, MIDLAND, TEXAS 79705-4500

4. Location of Well (Footage, Sec., T. R. M. or Survey Description)

Section 25, T20S, R37E
1980' FSL & 1090' FWL

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Amend total depth

- ☒ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Mark against results of multiple completions on well)

(Completion or Recompletion Report and Log Book)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Conoco Inc. proposes to amend the total depth from 8050' to 8200'.

14. I hereby certify that the foregoing is true and correct

Signed John Johnson

Title Sr. Property Analyst

Date 9/16/99

15. (This space for Federal or State office use)

Approved by Sam Smully

Title P. Eng.

Date 9-16-99

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

New Mexico Oil Conservation District, District 1
1025 N. French Drive
Flores, N.M. 88249

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other Injection

2. Name of Operator

Conoco, Inc.

3. Address and Telephone No.

10 Desta Drive Ste. 100W, Midland, Tx. 79705-4500 (915) 686-5580/684-6381

4. Location of Well (Footage, Sec., T. R. M. or Survey Description)

1980' FSL & 1090' FWL
Sec 25, T20S, R37E

5. Lease Designation and Serial No.

LC031696A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SEMU

8. Well Name and No.

Well #136

9. API Well No.

30-025-34667

10. Field and Pool, or Exploratory Area

~~NORTH HARDY~~
South Case Strawn

11. County or Parish, State

Lea, N.M.

12. CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☒ Altering Casing
☒ Other Spud & Surface casing

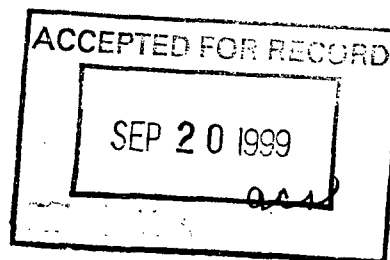
- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

Note: Report results of multiple completion on Well Completion or Recompletion Report and Log forms.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

9-2-99: Spud 12 1/4" hole.

9-3-99: Ran 1404' of 8 5/8", 23#, M-50 casing, cemented with lead slurry of 520 sx, 35:65 POZ, Cl C + 2% bwoc CaCl2 + .25% bwoc cello-flake +.005 gps FP-6L + 6% bwoc bentonite. Tailed with 195 sx Cl C + 2% bwoc CaCl2 + .005 gps FP-6L. Tested casing to 890 psi. Floats held OK, WOC.



14. I hereby certify that the foregoing is true and correct.

Signed

Title

Ann E. Ritchie
Regulatory Agent

Date

September 15, 1999

(This space for Federal or State office use)

Approved by

Title

DISTRICT 1 SUPERVISOR

Conditions of approval if any:

SEP 24 1999

BLM(6)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240
FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" For such proposals

5. Lease Designation and Serial No.

LC031696A

6. If Indian, Allottee or Tribe Name

7. If unit or CA, Agreement Designation

8. Well Name and No.

Semu #136

9. API Well No.

30-025-34667

10. Field and Pool, or Exploratory Area

North Hardy Strawn

11. County or Parish, State

Lea County, NM

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

CONOCO INC.

3. Address and Telephone

10 DESTA DRIVE, SUITE 430E, MIDLAND, TEXAS 79705-4500

4. Location of Well (Footage, Sec., T. R. M. or Survey Description)

Section 25, T20S, R37E
1980' FSL & 1090' FWL

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Casing Change

- ☒ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well

Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.

Conoco Inc. proposes to change the casing program as outlined in the attached revised Proposed Well Plan Outline.

14. I hereby certify that the foregoing is true and correct.

Signed

Gary Gourley

Title Sr. Property Analyst

Date 8/10/99

15. (This space for Federal or State office use)

Approved by
Conditions of approval if any:

ORIG. SGD. GARY GOURLEY
PETROLEUM ENGINEER

Date

808 11 1999

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

PROPOSED WELL PLAN OUTLINE

WELL NAME:
LOCATION:

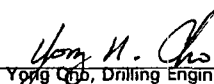
SEMU No. 136
1090' FWL & 1980' FSL Sec 25 -T20S-R37E

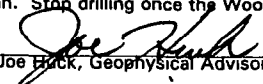

Ground Level : 3510'
Kelly Bushing:

Depth MD	FORMATION TOPS	DRILLING PROBLEMS	TYPE OF FORMATION EVALUATION	HOLE SIZE	CASING PROGRAM	FRAC GRAD	FORM. PRES. GRAD.	Mud Weight & Type	Days
0		Possible Hole Enlargement & Sloughing		12-1/4"			Less than 8.3	8.4 - 9.5 Fresh	
1000					8-5/8", 23#, M-50 ST&C @ 1400'				3
	Top Salt @ 1390'	Washouts in Salt Section		7-7/8"	Circulate Cement			10 Brine	
2000							Less than 8.4		
	Base Salt @ 2550'								
	Yates 2690'		Mud Loggers F/ Yates to TD						
	7 Rivers 2950'		H2S Monitor on at 2900'						
3000									
	Queen 3520'	Shallow gas flows in SEMU # 125 & 126 not expected at this location							
	Grayburg 3750'								
4000	San Andres 4010'	Lost Returns in San Andres			DV Tool @ 4000' (above San Andres)				7
5000		High volume water flow in SEMU 126. 1 mi North. Could not circ 11 ppg mud to kill.							
	Glorietta 5280'	Possible differential sticking thru Glorietta & Paddock							
	Blinberry Mkr 5825'								
6000									
	Tubb 6370'								
	Drinkard 6650'								
7000	Abo 6960'								
			First Log Run: GR-CAL-DLL-MLL-Sonic FDC-CNL-PE : TD to 2650' Pull GR-CNL-Cal to Surf						
	Strawn 7725'		Second Log Run: 60 rotary sidewall cores		5-1/2", 15.5#, J-55 LT&C @ 7300'				
8000	TD @ 8050'	STOP DRILLING WHEN WOODFORD SHALE IS CUT Severe losses in Devonian	Third Run: FMI imaging log		5-1/2", 17.0#, J-55 LT&C f/7300'-8050' Circulate Cement			10 ppg Starch Gel	20
	Devonian 8150'								

Note: The Devonian formation is associated with severe lost circulation problems. This well will be TD'd very close to the top of the Devonian. The mud loggers will pick the Woodford shale which is 40' thick and sits on top of the Devonian. Stop drilling once the Woodford is entered.

DATE 09-Aug-99

APPROVED  Yong H. Cho, Drilling Engineer

 Joe Buck, Geophysical Advisor
 Joe Miller, Reservoir Engineer

MAVERICK

TUBE CORPORATION

MAVERICK PERFORMANCE PROPERTIES AND RECOMMENDED SETTING DEPTH LIMITATIONS

CALL TOLL FREE: 1-800-325-1777 FAX: 314-537-1318

CASING	Pipe Grade	Nominal Wall (in.)	Weight (lbs./ft.)	Coupling Grade	COLLAPSE-NO AXIAL LOAD		JOINT STRENGTH (SHORT LOADS) (Adjust on Request)			INTERNAL PRESSURES	
					Collapse resistance (psi)	Setting Depth for Collapse (ft.) (Must be of 9.625/9.625/1.125 S.F.)	Joint Strength Round Threds (1000#)	Joint Strength Setting Depth (ft.) (1.0 S.F.)	Minimum Pipe Body Yield (1000#)	Minimum Internal Yield Pressure (psi)	80% Min. Yield Strength or Max. Frac. Pressure (psi)
5 1/2 continued	J-55	.304	17.0	K-55	4810	8730	229/247	7480/8070	273	5320	4900
	K-55	.304	17.0	K-55	4910	8730	252/272	8240/8890	273	5320	4900
	M-75	.304	17.0	N-80	5040	10740	327	10690	372	7250	6800
	L-80	.304	17.0	L-80	6290	11180	338	11050	397	7740	7100
	N-80	.304	17.0	N-80	6290	11180	348	11370	397	7740	7100
	MAV-95	.304	17.0	C-95	8580	15250	392	12810	471	9190	8400
	P-110	.304	17.0	P-110	7480	13300	445	14540	546	10840	9700
	L-80	.361	20.0	L-80	8830	15700	418	11580	466	8190	7900
	N-80	.361	20.0	N-80	8830	15700	428	11890	466	8190	7900
	MAV-95	.361	20.0	C-95	10630	18900	482	13390	554	10910	9400
	P-110	.361	20.0	P-110	11100	19730	548	15220	641	12640	10900
	L-80	.415	23.0	L-80	11160	19840	488	11810	530	10560	7900
	N-80	.415	23.0	N-80	11160	19840	502	12130	530	10560	7900
	MAV-95	.415	23.0	C-95	12450	22130	566	13670	630	12640	9400
7	H-40	.231	17.0	H-40	1420	2520	122	3990	196	2310	2100
	M-50	.272	20.0	K-55	1960	3480	209	5810	273	3220	2600
	J-55	.272	20.0	K-55	2270	4040	234	6500	318	3740	3400
	K-55	.272	20.0	K-55	2270	4040	254	7080	316	3740	3400
	M-50	.317	23.0	K-55	3110	5530	273	6590	333	3960	3600
	J-55	.317	23.0	K-55	3270	5810	284/313	6860/7560	366	4380	4000
	K-55	.317	23.0	K-55	3270	5810	309/341	7460/8240	366	4360	4000
	L-80	.317	23.0	L-80	3830	6810	435	10510	532	8340	5800
	N-80	.317	23.0	N-80	3830	6810	442	10680	532	8340	5800
	MAV-95	.317	23.0	C-95	5650	10040	512	12370	632	7530	6800
	J-55	.362	26.0	K-55	4330	7700	334/367	7140/7840	415	4980	4800
	K-55	.362	26.0	K-55	4330	7700	364/401	7780/8570	415	4980	4600
	L-80	.362	26.0	L-80	5410	9620	511	10920	604	7240	6600
	N-80	.362	26.0	N-80	5410	9620	519	11090	604	7240	6600
	MAV-95	.362	26.0	C-95	7800	13870	602	12880	717	8600	7900
	P-110	.362	26.0	P-110	6230	11080	693	14810	830	9960	8100
	L-80	.408	29.0	L-80	7030	12500	587	11250	676	8160	7400
	N-80	.408	29.0	N-80	7030	12500	597	11440	676	8160	7400
	MAV-95	.408	29.0	C-95	9200	16360	692	13260	803	9520	8800
	P-110	.408	29.0	P-110	8530	15160	797	15270	929	11220	9500
7 5/8	M-50	.328	26.4	K-55	2480	4370	284	5980	358	3580	3300
	J-55	.328	26.4	K-55	2900	5160	346	7280	414	4140	3800
	K-55	.328	26.4	K-55	2900	5160	377	7930	414	4140	3800
	L-80	.328	26.4	L-80	3400	6040	482	10140	602	6020	5500
	N-80	.328	26.4	N-80	3400	6040	490	10310	602	6020	5500
	MAV-95	.328	26.4	C-95	4850	8620	568	11950	714	7150	6500
	L-80	.375	29.7	L-80	4790	8520	566	10590	683	6890	6300
	N-80	.375	29.7	N-80	4790	8520	575	10760	683	6890	6300
	MAV-95	.375	29.7	C-95	7150	12710	668	12480	811	8180	7500
	P-110	.375	29.7	P-110	5350	9510	769	14380	940	9470	8700
	L-80	.430	33.7	L-80	6560	11660	664	10950	778	7900	7200
	N-80	.430	33.7	N-80	6560	11660	674	11110	778	7900	7200
	MAV-95	.430	33.7	C-95	8800	15640	783	12910	923	9380	8600
	P-110	.430	33.7	P-110	7870	13990	901	14850	1069	10860	9900
8 5/8	M-50	.250	23.0	K-55	1170	2080	199	4810	329	2540	2300
	J-55	.264	24.0	K-55	1370	2440	244	5650	381	2950	2700
	K-55	.264	24.0	K-55	1370	2440	263	6090	381	2950	2700
	MAV-80	.264	24.0	K-55	1780	3160	326	7550	381	2950	2700
	MAV-80	.304	28.0	K-55	2680	4780	414/464	8210/9210	437	3380	3100
	M-50	.352	32.0	K-55	2140	3800	343	5980	435	3390	3100
	J-55	.352	32.0	J-55	2530	4500	372/417	6480/7240	503	3930	3600
	K-55	.352	32.0	K-55	2530	4500	402/452	8980/7850	503	3930	3600
	MAV-80	.352	32.0	K-55	4130	7340	497/556	8630/9650	503	3930	3600

These figures are taken from computer designs with safety factors as shown. Occasionally a well may have conditions which require individual estimates. Please exercise caution in any instance.
NOTE: Casing and tubing designs shown here are for your convenience. The responsibility for engineering any well is held by the purchaser.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
P.O. Box 1000
Hobbs, NM 88241

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993
5. Lease Designation and Serial No.
LC 031696A

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Conoco Inc

3. Address and Telephone No.

10 DESTA DR. STE. 100W, MIDLAND, TX. 79705-4500 (915) 686-5580

4. Location of Well (Footage, Sec., T. R. M. or Survey Description)

1980' FSL & 1090' FWL, Sec. 25, T20S, R37E, L

7. If Unit or CA, Agreement Designation

8. Well Name and No.

SEMU #136

9. API Well No.

30-025-34667

10. Field and Pool, or Exploratory Area

North Hardy Strawn

11. County or Parish, State

Lea, NM

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other **O & O Order No. 7**
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

This well will soon be drilled and below is the produced water disposal information:

- 1) Water Producing Formation: Strawn
2) Amount of Water Produced: less than 100 BWPD
3) How Water is Stored on Lease: 210 BBL Water Tank
4) How Water is Moved to Disposal: Pumped to SEMU Permian Battery
5) Disposal System Operator: Conoco
6) Disposal: Water is injected at SEMU Permian Battery
7) Disposal Permit No.: N/A

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct

Signed

Reesa Wilkes

Title

Reesa R. Wilkes

Sr. Staff Regulatory Assistant

Date

08/03/99

(This space for Federal or State office use)

Approved by

(ORIG. SGD.) ALEXIS C. SWOBODA

Title

PETROLEUM ENGINEER

Date

AUG 06 1999

Conditions of approval if any:

PLM(6), NMOC(1), SHEAR, PONCA, COST ASST, FILE ROOM, FIELD

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
N. M. OIL CONS. COMMISSION
P.O. BOX 1980
HOBBS, NEW MEXICO 88240FORM APPROVED
OMB NO. 1004-0136
Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☒GAS WELL ☐

OTHER

SINGLE ZONE ☒MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Conoco Inc.

3. ADDRESS AND TELEPHONE NO

10 Desta Dr. Ste 430E, Midland, Tx. 79705-4500

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *)

At surface

1980' FSL & 1090' FWL

At proposed prod. zone

1980' FSL & 1090' FWL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

5. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if Any)

16 NO OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED
TO THIS WELL

160

8. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

8050'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc)

3510 GR

22. APPROX. DATE WORK WILL START*

7/15/99

23

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	J-55, 8-5/8"	24#	1400'	679 sxs, circ.
7-7/8"	J-55, 5-1/2"	15.5#	7300'	733 sxs, circ.
7-7/8"	J-55, 5-1/2"	17#	8050'	604 sxs, circ.

It is proposed to drill a vertical wellbore as a Hardy Strawn producer. NOS was filed 6/3/99. The well will be drilled and equipped according to the plan submitted in the following additional attachments:

1. Well Location and Acreage Dedication Plat (C-102) along with other associated maps and plats.
2. Proposed Well Plan Outline
3. Cementing Plant
4. Surface Use Plan
5. Standard Rig Layout Drawing
6. BOP & Choke Manifold Specifications
7. H2S Drilling Operations Plan
8. Surface owner communications

OPER. ORDER NO. 5073
PROPERTY NO. 13492
POOL CODE 96893
EFF. DATE 7-28-99
API NO. 30-025-34667

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

This application includes ROW's for the well pad, electric line, access road and flowline.

An archeological survey will be submitted as soon as completed.

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above and as covered by BLM Bond File No. ES-0085.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

TITLE

Jo Ann Johnson

Sr Property Analyst

DATE

June 18, 1999

(This space for Federal or State office use)

PERMIT NO

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

Acting

/S/ LARRY D. GRAY

Assistant Field Office Manager,
Lands and Minerals

APPROVED BY

TITLE

DATE

JUL 26 1999

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

GWW

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34667	Pool Code 96893	North Hardy Strawn	Pool Name
Property Code 13492	Property Name SEMU		Well Number 136
OGRID No. 005073	Operator Name CONOCO INC.		Elevation 3510'

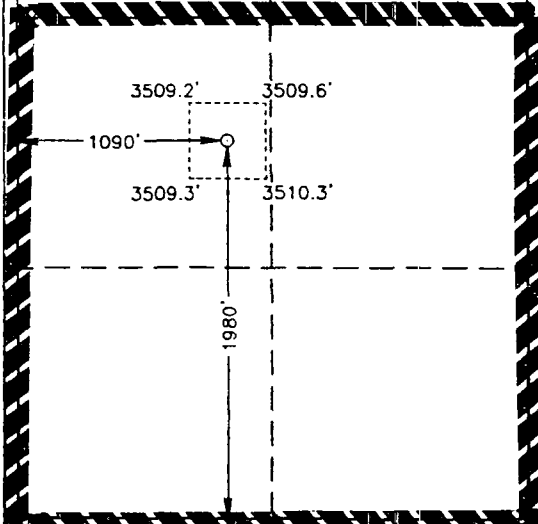
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	25	20 S	37 E		1980	SOUTH	1090	WEST	LEA

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
Dedicated Acres 160		Joint or Infill	Consolidation Code		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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Jo Ann Johnson</i> Signature</p> <p>Jo Ann Johnson Printed Name</p> <p>Sr. Property Analyst Title</p> <p>June 17, 1999 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>May 27, 1999</p> <p>Date Surveyed</p> <p>Signature of <i>Sehl Jones</i> Professional Surveyor</p> <p>W.O. No. 8195A</p> <p>Certificate No. Gary L. Jones 7977</p> <p>REGISTERED PROFESSIONAL SURVEYOR NEW MEXICO</p>

PROPOSED WELL PLAN OUTLINE

WELL NAME :
LOCATION :

SEMU No. 136
1090' FWL & 1980' FS. Sec 25, T20S-R37E

Ground Level : 3510'
Kelly Bushing:

Depth MD	FORMATION TOPS	DRILLING PROBLEMS	TYPE OF FORMATION EVALUATION	HOLE SIZE	CASING PROGRAM	FRAC GRAD	FORM. PRES. GRAD	Mud Weight & Type	Days
0		Possible Hole Enlargement & Sloughing		12-1/4"			Less than 8.3	8.4 - 9.5 Fresh	
1000	Top Salt @ 1390'	Washouts in Salt Section		7-7/8"	8-5/8", 24#, J-55 ST&C @ 1400' Circulate Cement			10 Brine	3
2000	Base Salt @ 2550'						Less than 8.4		
	Yates 2690'		Mud Loggers F/ Yates to TD						
	7 Rivers 2950'		H2S Monitor on at 2900'						
3000									
	Queen 3520'	Shallow gas flows in SEMU # 125 & 126 not expected at this location							
	Grayburg 3750'								
4000	San Andres 4010'	Lost Returns in San Andres			DV Tool @ 4000' (above San Andres)				7
5000		High volume water flow in SEMU 126. 1 mi North. Could not circ 11 ppg mud to kill.							
	Glorietta 5280'	Possible differential sticking thru Glorietta & Paddock							
	Blaine Mkr 5825'								
6000									
	Tubb 6370'								
	Drinkard 6650'								
7000									
	Abo 6960'								
			First Log Run: GR-CAL-DLL-MLL-Sonic FDC-CNL-PE : TD to 2650' Pull GR-CNL-Cal to Surf		5-1/2", 15.5#, J-55 LT&C @ 7300'				
	Strawn 7725'		Second Log Run: 60 rotary sidewall cores		5-1/2", 17.0#, J-55 LT&C @ 7300'-8050'				
8000	TD @ 8050'	STOP DRILLING WHEN WOODFORD SHALE IS CUT Severe losses in Devonian	Third Run: FMI imaging log		Circulate Cement			10 ppg Starch Gel	20
	Devonian 8150'								

Note: The Devonian formation is associated with severe lost circulation problems. This well will be TD'd very close to the top of the Devonian. The mud loggers will pick the Woodford shale which is 40' thick and sits on top of the Devonian. Stop drilling once the Woodford is entered.

DATE 11-Jun-99

APPROVED

Yong H. Cho
Yong Cho, Drilling Engineer

Joe Huck
Joe Huck, Geophysical Advisor

Joe Miller
Joe Miller, Reservoir Engineer

Operator Name: Conoco Inc.
 Well Name: SEMU #136
 Job Description: 8 5/8" Surface
 Date: June 16, 1999



Proposal No: 180251725A

WELL DATA

ANNULAR GEOMETRY

ANNULAR I.D. (in)	DEPTH(ft)	
	MEASURED	TRUE VERTICAL
12.250 HOLE	1,400	1,400

SUSPENDED PIPES

DIAMETER (in)		WEIGHT (lbs/ft)	DEPTH(ft)	
O.D.	I.D.		MEASURED	TRUE VERTICAL
8.625	8.097	24	1,400	1,400

Float Collar set @ 1,360 ft
 Mud Density 8.40 ppg
 Est. Static Temp. 88 ° F
 Est. Circ. Temp. 84 ° F

VOLUME CALCULATIONS

1,100 ft	x	0.4127 cf/ft	with	100 % excess	=	907.9 cf
300 ft	x	0.4127 cf/ft	with	100 % excess	=	247.9 cf
40 ft	x	0.3576 cf/ft	with	0 % excess	=	14.3 cf (inside pipe)
TOTAL SLURRY VOLUME					=	1170.1 cf
					=	209 bbls

Operator Name: Conoco Inc.
Well Name: SEMU #136
Job Description: 8 5/8" Surface
Date: June 16, 1999



Proposal No: 180251725A

FLUID SPECIFICATIONS

Pre-flush

1,500.0 gals Mud Clean I @ 8.4 ppg

FLUID	VOLUME CU-FT		VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Lead Slurry	908	/	1.88	= 484 sacks (35:65) Poz (Fly Ash):Class C Cement + 2% bwoc Calcium Chloride + 0.25% bwoc Cello Flake + 0.005 gps FP-6L + 6% bwoc Bentonite + 96.5% Fresh Water
Tail Slurry	262	/	1.34	= 195 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.005 gps FP-6L + 56.3% Fresh Water

Displacement

86.6 bbls Water @ 8.4 ppg

CEMENT PROPERTIES

	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	12.70	14.80
Slurry Yield (cf/sack)	1.88	1.34
Amount of Mix Water (gps)	10.07	6.35
Amount of Mix Fluid (gps)	10.08	6.35
Estimated Pumping Time - 70 BC (HH:MM)	5:00	2:20

Operator Name: Conoco Inc.
 Well Name: SEMU #136
 Job Description: 5 1/2" Long String
 Date: June 16, 1999



Proposal No: 180251725A

WELL DATA

ANNULAR GEOMETRY

ANNULAR I.D. (in)	DEPTH(ft)	
	MEASURED	TRUE VERTICAL
8.097 CASING	1,400	1,400
7.875 HOLE	8,050	8,050

SUSPENDED PIPES

DIAMETER (in)		WEIGHT (lbs/ft)	DEPTH(ft)	
O.D.	I.D.		MEASURED	TRUE VERTICAL
5.500	4.950	15.5	8,050	8,050

STAGE: 2 Stage Collar set @ 4,000 ft
 Mud Density 8.40 ppg
 Est. Static Temp. 104 ° F
 Est. Circ. Temp. 98 ° F

VOLUME CALCULATIONS

1,400 ft x 0.1926 cf/ft with 0 % excess = 269.6 cf
 1,300 ft x 0.1733 cf/ft with 75 % excess = 394.2 cf
 1,300 ft x 0.1733 cf/ft with 50 % excess = 337.8 cf
 TOTAL SLURRY VOLUME = 1001.6 cf
 = 179 bbls

STAGE: 1 Float Collar set @ 8,010 ft
 Mud Density 8.40 ppg
 Est. Static Temp. 128 ° F
 Est. Circ. Temp. 122 ° F

VOLUME CALCULATIONS

1,600 ft x 0.1733 cf/ft with 75 % excess = 485.1 cf
 2,450 ft x 0.1733 cf/ft with 50 % excess = 636.7 cf
 40 ft x 0.1336 cf/ft with 0 % excess = 5.3 cf (inside pipe)
 TOTAL SLURRY VOLUME = 1127.2 cf
 = 201 bbls

Operator Name: Conoco Inc.
Well Name: SEMU #136
Job Description: 5 1/2" Long String
Date: June 16, 1999



Proposal No: 180251725A

FLUID SPECIFICATIONS

STAGE NO.: 1

Pre-flush

1,500.0 gals Mud Clean 1 @ 8.4 ppg

FLUID	VOLUME CU-FT	VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Lead Slurry	485	/ 1.85	= 263 sacks (35:65) Poz (Fly Ash):Class C Cement + 0.25% bwoc Cello Flake + 0.005 gps FP-6L + 6% bwoc Bentonite + 95.7% Fresh Water
Tail Slurry	642	/ 1.37	= 470 sacks Class C Cement + 0.75% bwoc FloBloc-210 + 3% bwow Sodium Chloride + 1% bwoc BA-58 + 0.25% bwoc CD-32 + 0.005 gps FP-6L + 0.2% bwoc Sodium Metasilicate + 57.2% Fresh Water

Displacement

190.7 bbls Water @ 8.4 ppg

CEMENT PROPERTIES

	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	12.70	14.80
Slurry Yield (cf/sack)	1.85	1.37
Amount of Mix Water (gps)	9.98	6.44
Amount of Mix Fluid (gps)	9.99	6.45
Estimated Pumping Time - 70 BC (HH:MM)	4:00	2:30

Operator Name: Conoco Inc.
Well Name: SEMU #136
Job Description: 5 1/2" Long String
Date: June 16, 1999



Proposal No: 180251725A

FLUID SPECIFICATIONS (Continued)

STAGE NO.: 2

Pre-flush

1,500.0 gals Mud Clean I @ 8.4 ppg

FLUID	VOLUME CU-FT	VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Lead Slurry	664	1.86	= 357 sacks (35.65) Poz (Fly Ash):Class C Cement + 1% bwoc Calcium Chloride + 0.25% bwoc Cello Flake + 0.005 gps FP-6L + 6% bwoc Bentonite + 96.1% Fresh Water
Tail Slurry	338	1.37	= 247 sacks Class C Cement + 0.75% bwoc FloBloc-210 + 3% bwow Sodium Chloride + 1% bwoc BA-58 + 0.25% bwoc CD-32 + 0.005 gps FP-6L + 0.2% bwoc Sodium Metasilicate + 57.2% Fresh Water

Displacement

95.2 bbls Water @ 8.4 ppg

CEMENT PROPERTIES

	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	12.70	14.80
Slurry Yield (cf/sack)	1.86	1.37
Amount of Mix Water (gps)	10.03	6.44
Amount of Mix Fluid (gps)	10.03	6.45
Estimated Pumping Time - 70 BC (HH:MM)	4:30	2:30

Operator Name: Conoco Inc.
Well Name: SEMU #136
Date: June 16, 1999



Proposal No: 180251725A

PRODUCT DESCRIPTIONS

BA-58

A very fine, grey, freeflowing siliceous powder combined with high molecular weight resins which improves the bond between the cement particles, formation and casing. It is applicable in temperatures to 350 deg F (176 deg C).

Bentonite

Commonly called gel, it is a clay material used as a cement extender and to control excessive free water.

CD-32

A patented, free-flowing, water soluble polymer that is an efficient and effective dispersant for primary and remedial cementing.

Calcium Chloride

A powdered, flaked or pelletized material used to decrease thickening time and increase the rate of strength development.

Cello Flake

Graded (3/8 to 3/4 inch) cellophane flakes used as a lost circulation material.

Class C Cement

Intended for use from surface to 6000 ft., and for conditions requiring high early strength and/or sulfate resistance.

FP-6L

A clear liquid that decreases foaming in slurries during mixing.

Mud Clean I

A water-based non-acid solution used as a wash between the drilling mud and cement.

Poz (Fly Ash)

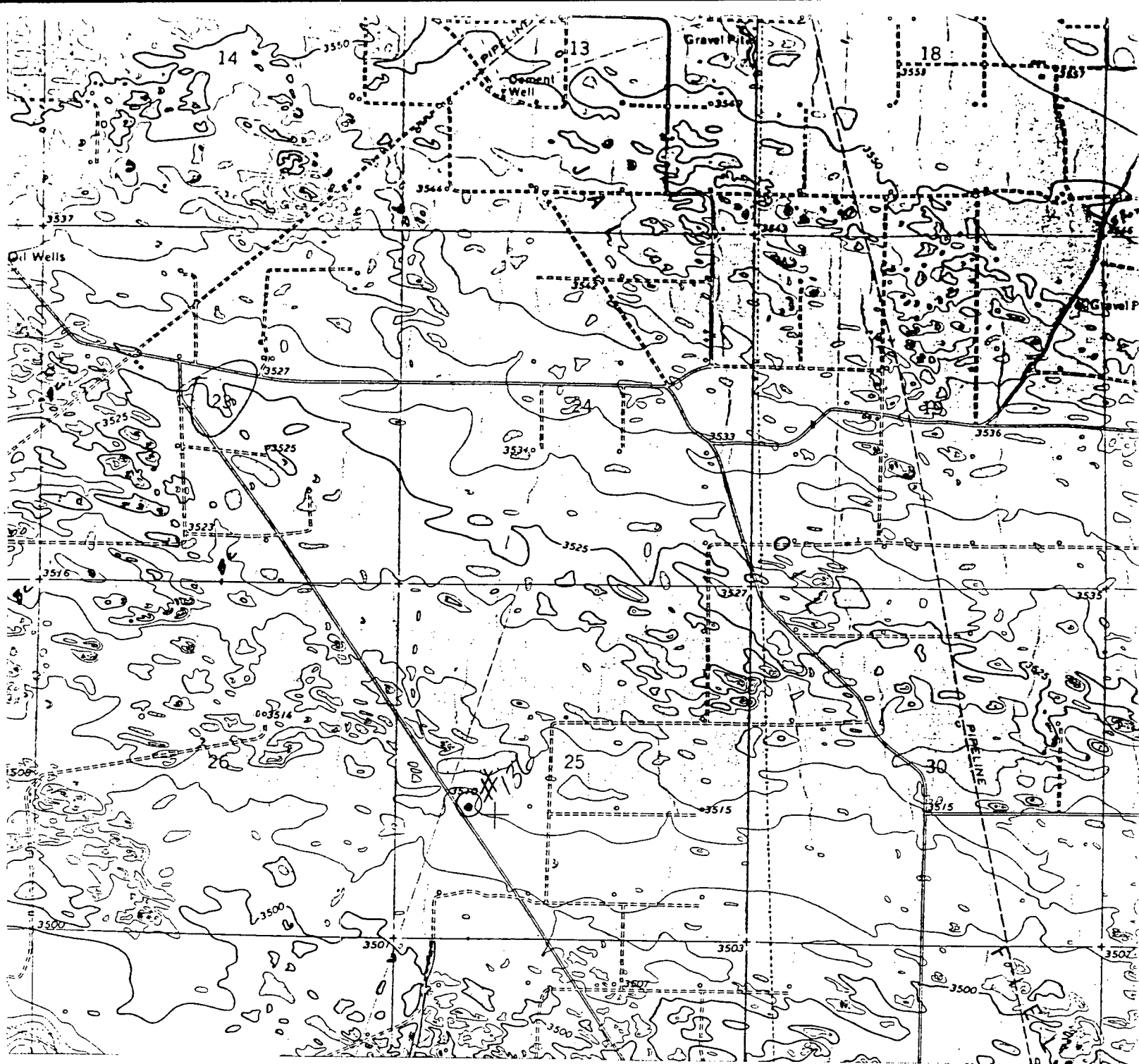
A synthetic pozzolan, (primarily Silicon Dioxide). When blended with cement, Pozzolan can be used to create lightweight cement slurries used as either a filler slurry or a sulfate resistant completion cement.

Sodium Chloride

At low concentrations, it is used to protect against clay swelling. At high concentrations, it is used to increase the density of water for well control purposes and as a carrier fluid for rock salt diverter stages.

Sodium Metasilicate

An extender used to produce an economical, low density cement slurry.



CONOCO INC.
SEMU #136
1980' FSL & 1090' FWL
Sec. 25, T-20-S, R-37-E,
Lea County, New Mexico.

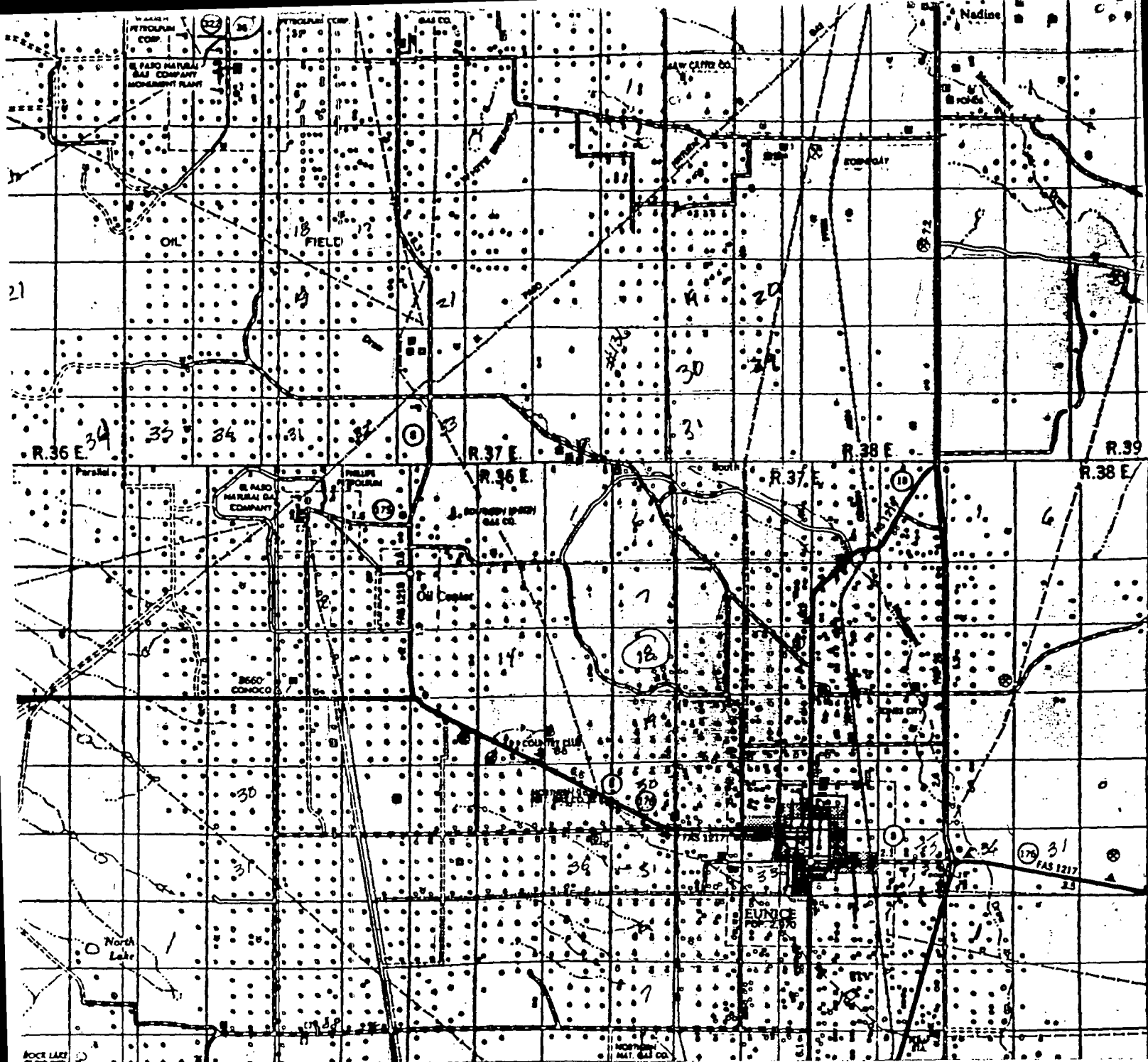
SCALE: 1"=2000'

BASIN SURVEYS

P.O. BOX 1786 - HOBBS, NEW MEXICO

2000' 0 2000' 4000 Feet

W.O. Number: 9195	Drawn By: K. GOAD	Survey Date: 05-27-99	Sheet 1 of 1 Sheets
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CONOCO INC.
 SEMU #136
 1980' FSL & 1090' FWL
 Sec. 25, T-20-S, R-37-E,
 Lea County, New Mexico.

SCALE: 1"=2 MILES

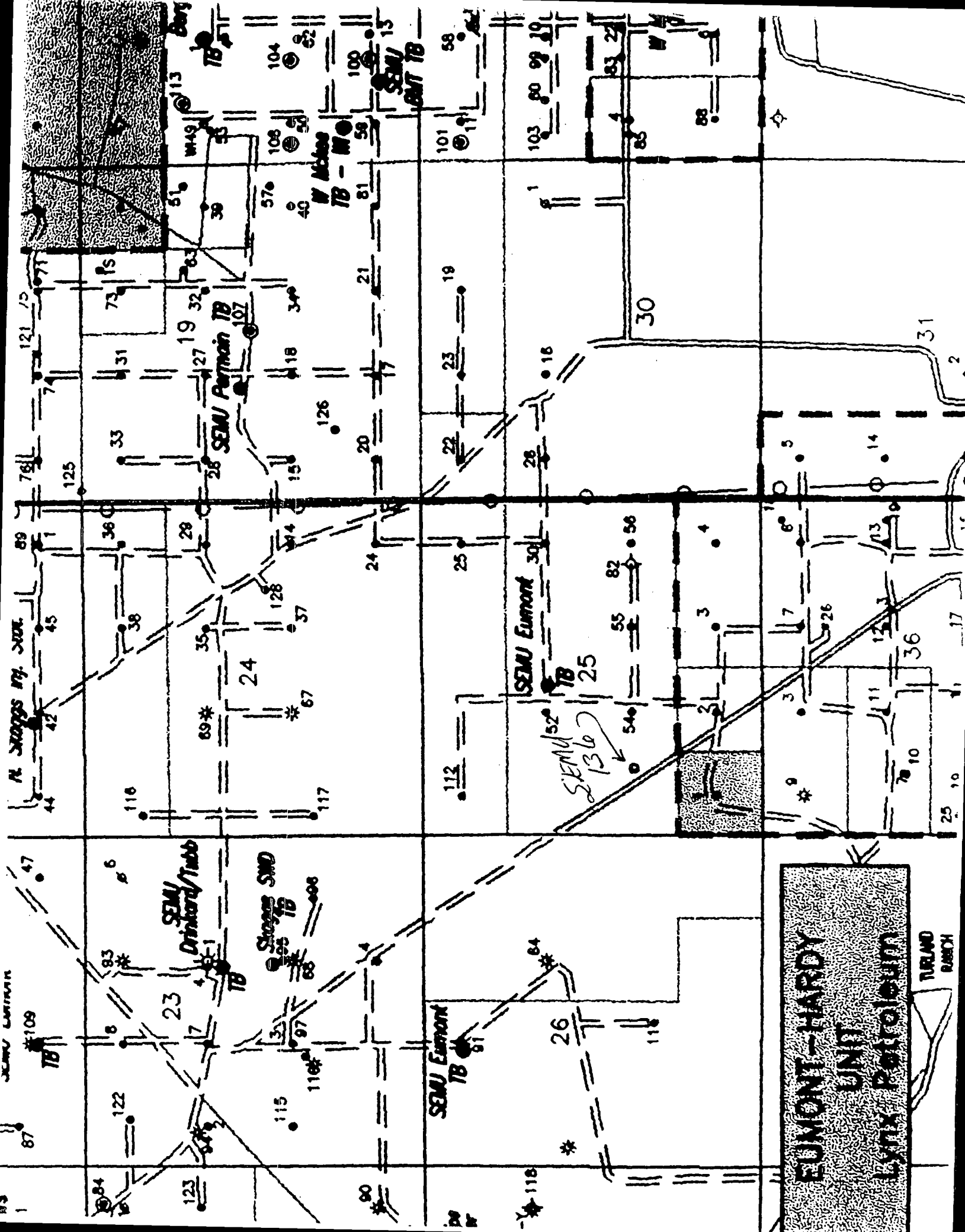
BASIN SURVEYS

P.O. BOX 1786 - HOBBS, NEW MEXICO

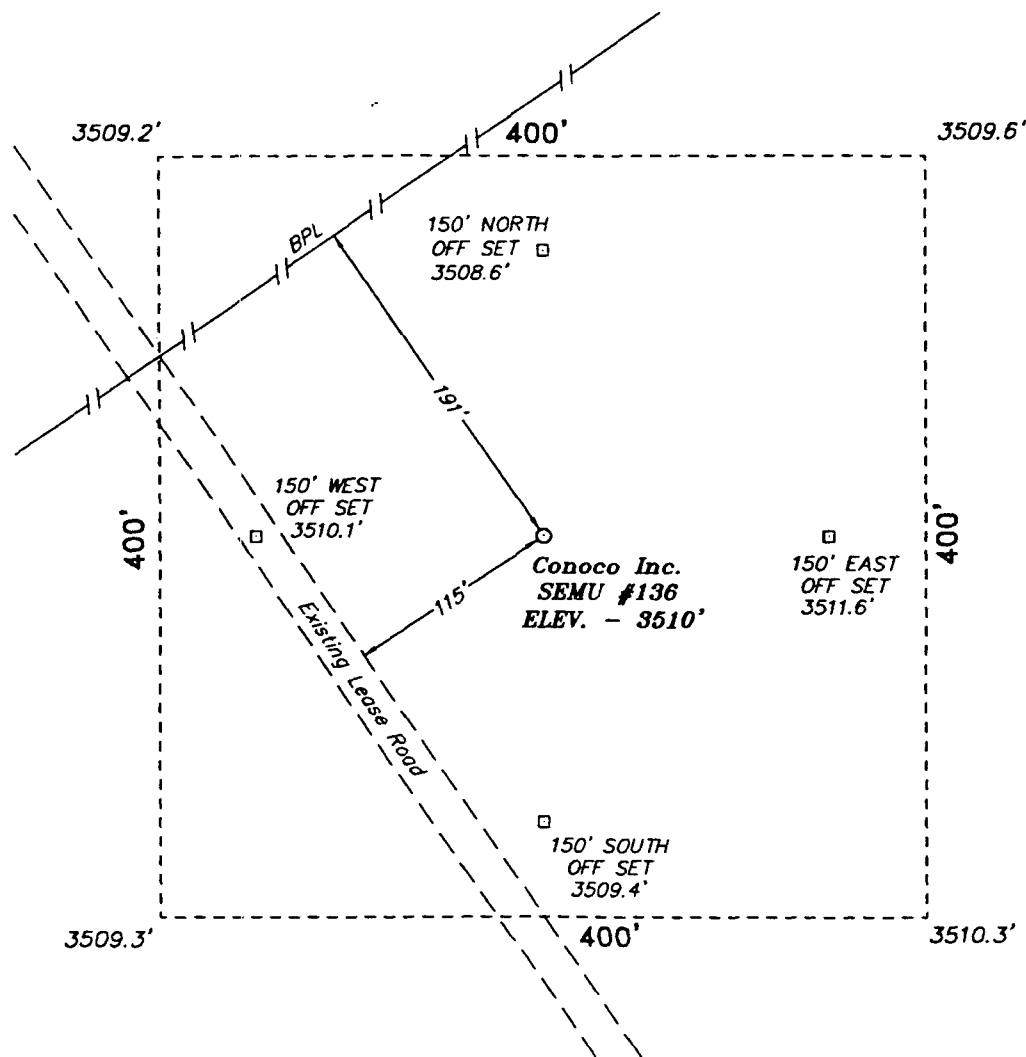
2 MILES 0 2 MILES 4 MILES



W.O. Number: 9195	Drawn By: K. GOAD	Survey Date: 05-27-99	Sheet 1 of 1 Sheets
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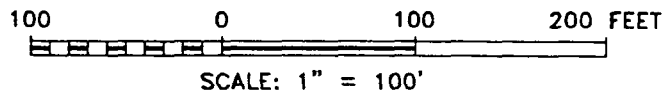


SECTION 25, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



DIRECTIONS TO WELL LOCATION:

FROM HOBBS, TAKE STATE HWY. 18 SOUTH APPROX. 10.6 MILE; THENCE WEST ON CAL. LEASE RD. APPROX. 3.5 MILES; THENCE NORTH 0.25 MILE; THENCE WEST 0.9 MILE; THENCE SOUTH 0.5 MILE; THENCE WEST 0.1 MILE; THENCE NORTHWEST 0.28 MILE TO PROPOSED WELL LOCATION.



Conoco Inc.

REF: SEMU No. 136 / Well Pad Topo

THE SEMU No. 136 LOCATED 1980' FROM THE SOUTH LINE AND 1090' FROM THE WEST LINE OF SECTION 25, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

Basin Surveys P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 9195

Drawn By: K. GOAD

Date: 05-28-99

Disk: KJG #120 - 9195A.DWG

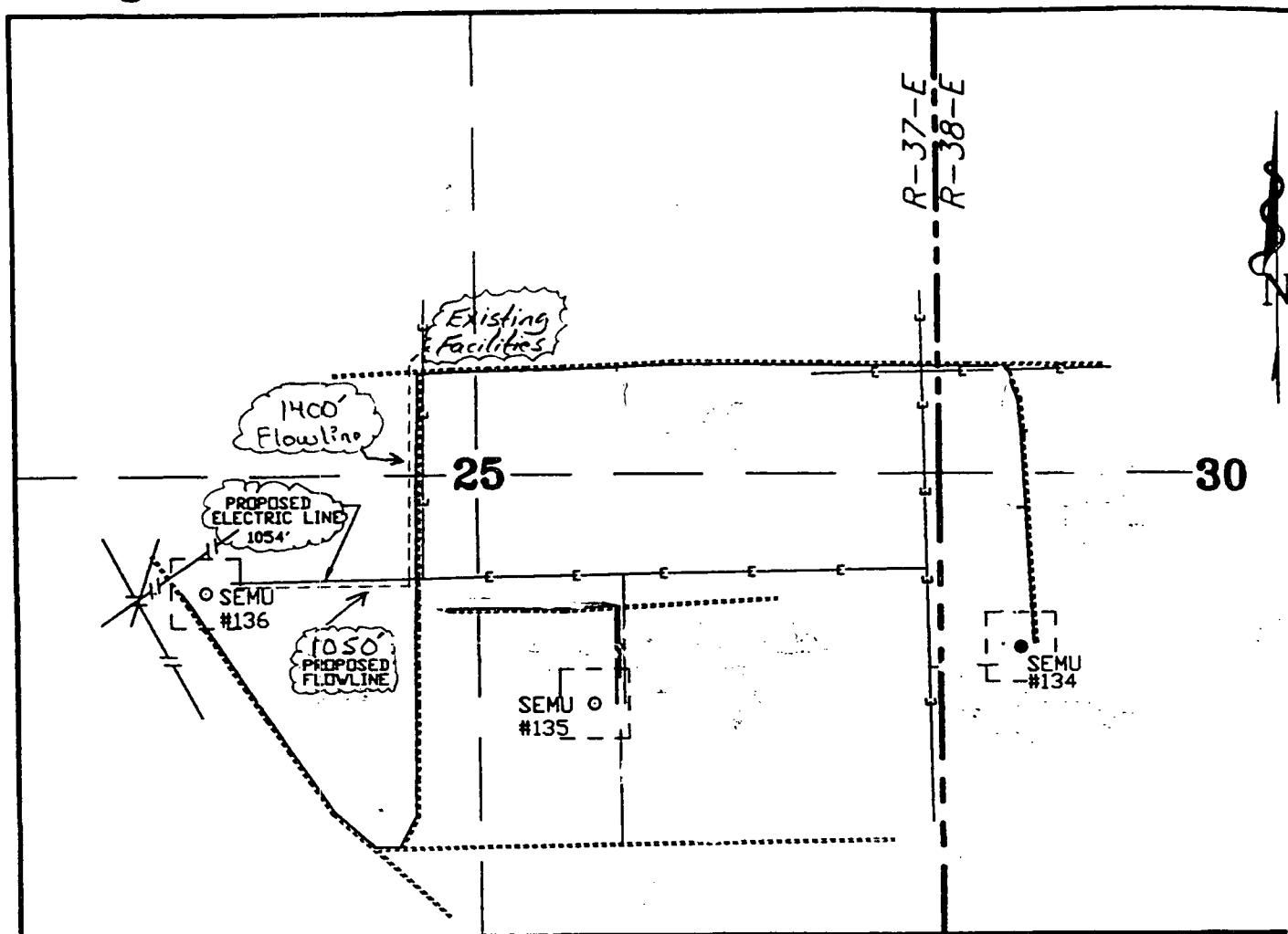
Survey Date: 05-27-99

Sheet 1 of 1 Sheets

Road: No new access required

Electric line: Propose to run east from location 1054' to an existing power line located east of the existing lease road running north/south

Flowline: Propose to run east from location to existing north/south lease road, turn north and run along west side of road to our existing facilities



SEM U #136 - 1980' FSL & 1090' FWL

Road: NA

Electric line: 1054'

Flowline: 2450'

1000 0 1000 2000 FEET

CONOCO INC.

REF:

PROPOSED FLOWLINES, ELECTRIC LINES AND ROADS
TO THE SEM U #135 & SEM U #136

IN SECTION 25, TOWNSHIP 20 SOUTH, RANGE 37 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 9196

Drawn By: S.C. NICHOLS

Date: 06-03-99

Disk: SCN #104 - 9196BB.DWG

Survey Date: 06-02-99

Sheet 1 of 1 Sheets

Proposed Electric Line

SEMU 136

SURFACE USE PLAN

Conoco Inc.

Semu No. 136

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 of this plan.

1. Existing Roads

A. The proposed well site is 1980' FSL & 1090' FwL, Sec. 25, T20S, R37E, Lea County, New Mexico.

B. Directions to the location are as follows:

See attached Well Pad Topo

C. No improvement or maintenance is anticipated for the existing roads.

2. Planned Access Roads

A. No new access road will be required.

B. Turnouts as required by surface managing agency.

C. Culverts as required by surface managing agency.

D. Gates, cattleguards, or fences as required by surface managing agency.

3. Topographic Map and Well Location

A 7.5" quadrangle topo map was filed with the NOS.

4. Additional Rights-of-Way

Electric line and flowline as shown on attached plats.

5. Water Supply

Fresh and brine water will be obtained from Goldstar's Water Station located 1 mile north of Eunice, NM. on Loop 18, and will be trucked to location by the same directions for reaching the drilling site.

6. Source of Construction Materials

Construction materials will be obtained from the NE/4 NW/4, Sec. 9, T20S, R37E, Lea County, NM.

7. Methods of Handling Waste Disposal

- A. The drill cuttings, fluids and completion fluids will be placed in the reserve pit. 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 buried. The reserve pit will 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 surface managing agency.
- 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.

8. Ancillary Facilities

No ancillary facilities are planned.

9. Wellsite Layout

See attached Wellsite Layout. The V-door faces East. The reserve pit will be lined with plastic and the pad and pits are staked. All unguarded pits containing liquids will be fenced and any unguarded pit containing liquids will be fenced.

10. Plans for Restoration of Surface

Reserve pits will be rehabilitated once drilling fluids have been allowed to evaporate to the point the pits are dry enough for backfilling and leveling. In the event drilling fluids will not evaporate in a reasonable time period, the fluids will be removed and transported by tank truck to a state approved disposal facility. Backfilling and leveling of the location will be completed within a time period of one year upon cessation of drilling operations.

11. Surface Ownership

The well site surface ownership is BLM. Appurtenances located on Millard Deck Estate surface.

12. Archeological Clearance

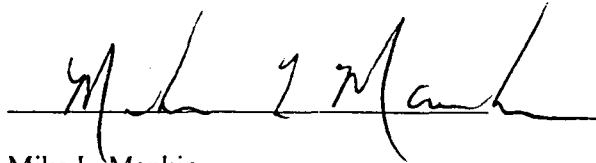
An archeological survey is being conducted and will be provided upon completion.

13. Operator's Representative and Certification

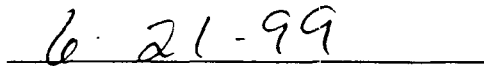
The person who can be contacted concerning compliance of this Surface Use Plan is:

Mike L. Mankin
10 Desta Drive, Suite 430E
Midland, Texas 79705
(915) 686-5794

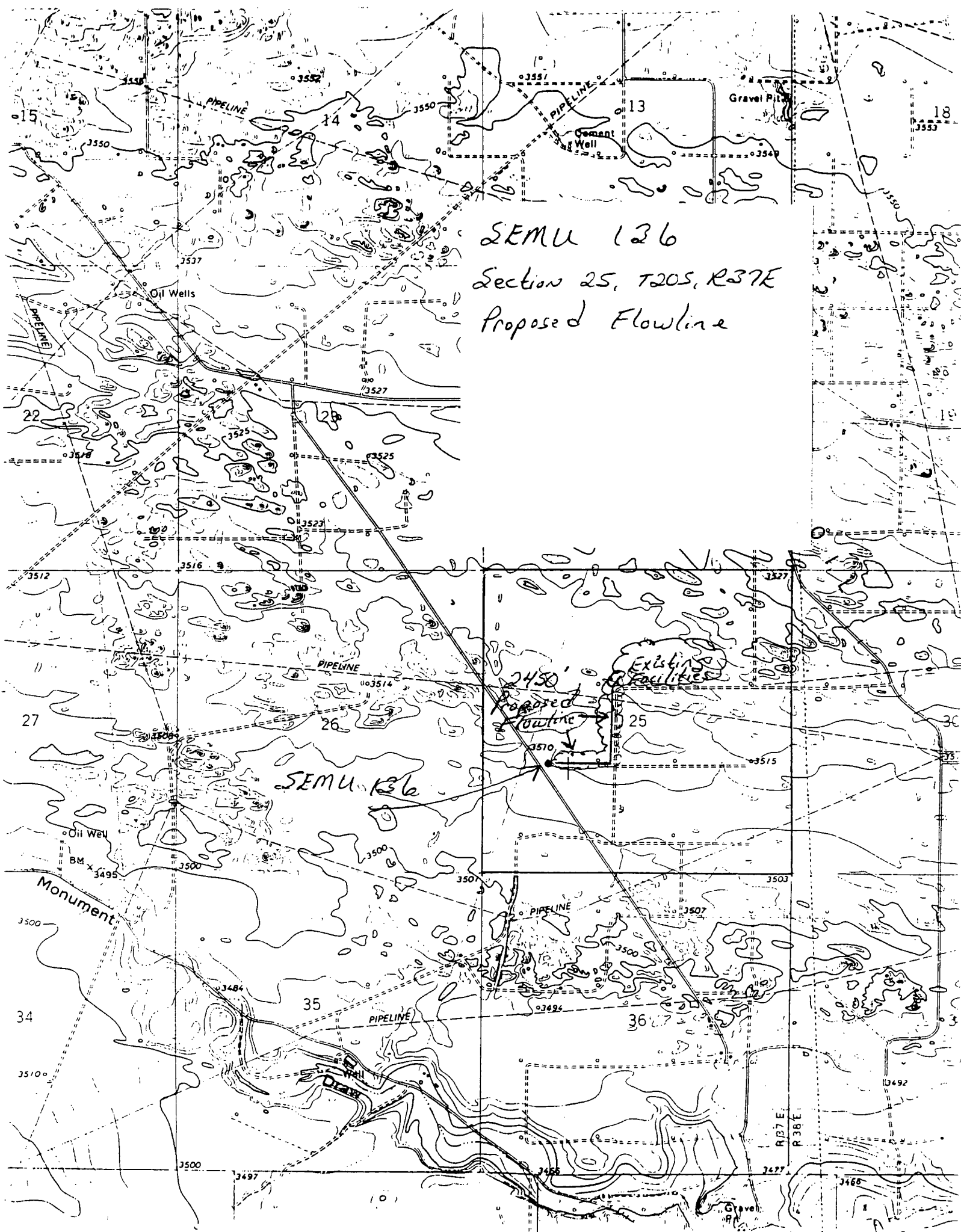
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drilling site; that I am familiar with the conditions which currently exist; that the statements made in this plan, are, to the best of my knowledge, true and correct; and that the work associated with operations 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
Right-of-Way Agent



Date



SEMU 126

Section 25, T20S, R37E

Proposed Flowline

SEMU 126

Existing Facilities

Proposed Flowline



Jo Ann Johnson
Sr. Property Analyst
Right of Way and Claims

Conoco Inc.
10 Desta Drive, Suite 430E
Midland, Texas 79705-4500
(915) 686-5515

June 21, 1999

Bureau of Land Management
620 E. Greene Street
Carlsbad, New Mexico 883221-1778

Attn: Mr. Barry Hunt, Surface Protection Specialist

Re: Settlement for Well Location and Appurtenances
Semu No. 136
Section 25, T-20-S, R-37-E
Lea County, New Mexico

Dear Mr. Hunt:

By this letter Conoco Inc. has made settlement with surface owner for the construction of appurtenances associated with the above mentioned.

If you have any questions, please contact me at 915-686-5515.

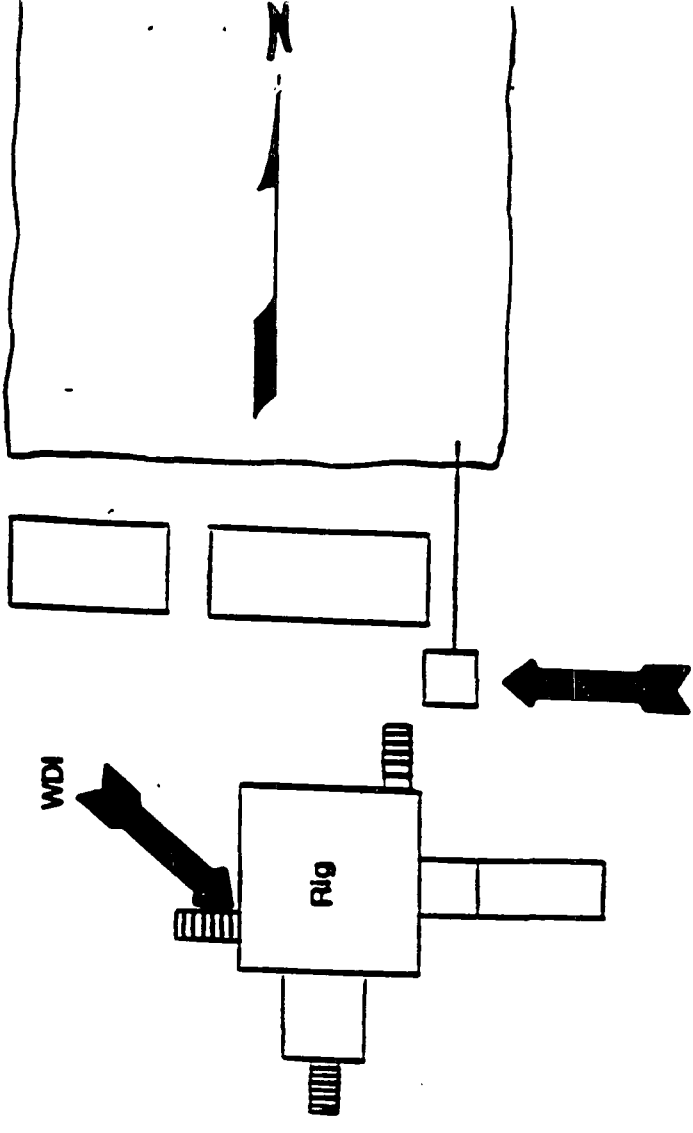
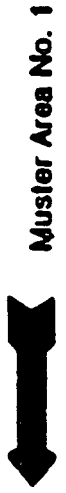
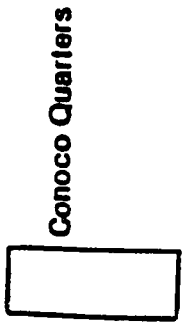
Sincerely yours,

A handwritten signature in cursive script that reads "Jo Ann Johnson".

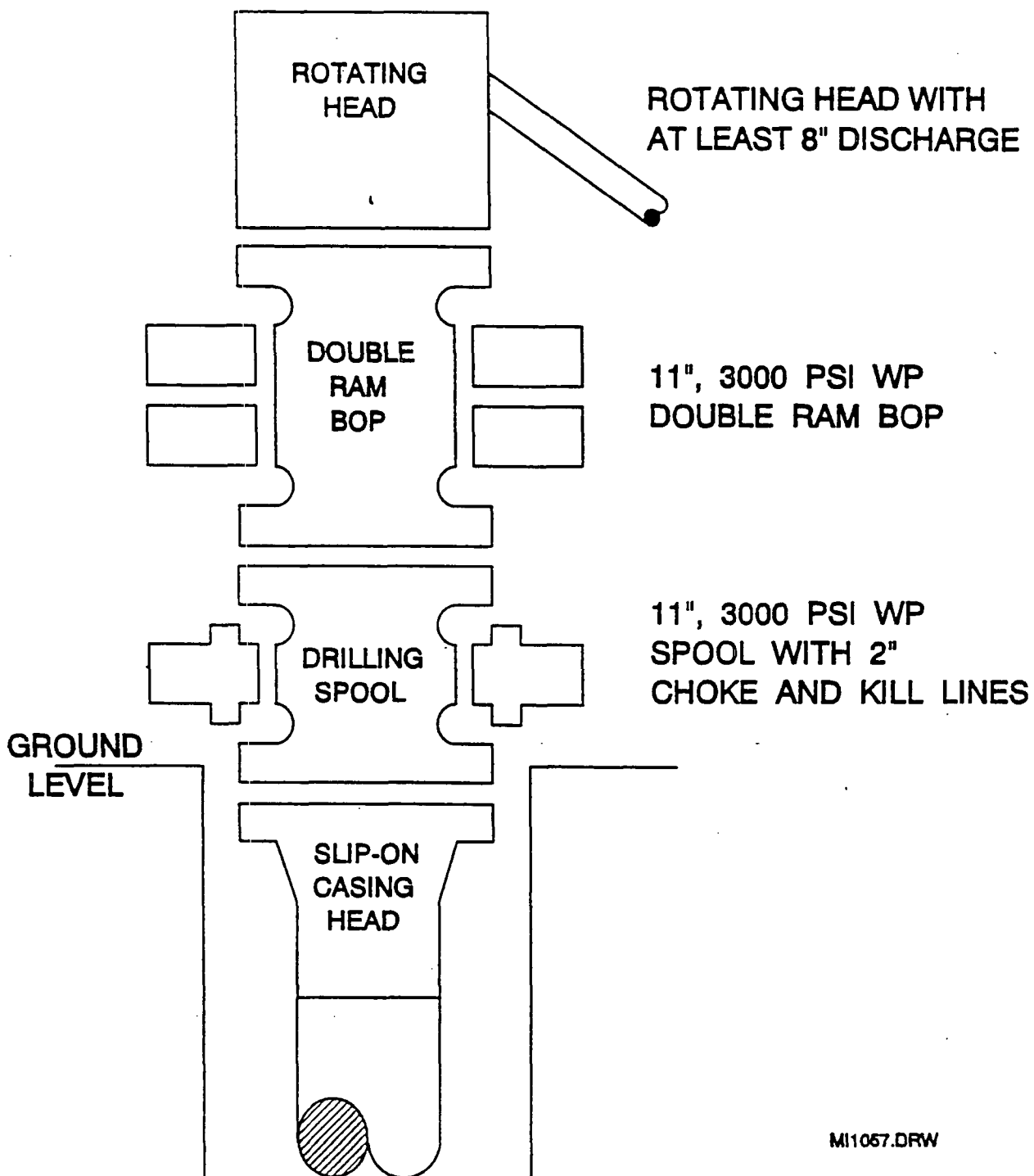
Jo Ann Johnson

WELLSITE LAYOUT

Terrain is flat, and covered with native grass.
Two of the three WDI (wind direction indicator) locations will be utility.
(Prevailing winds are SW to NW)

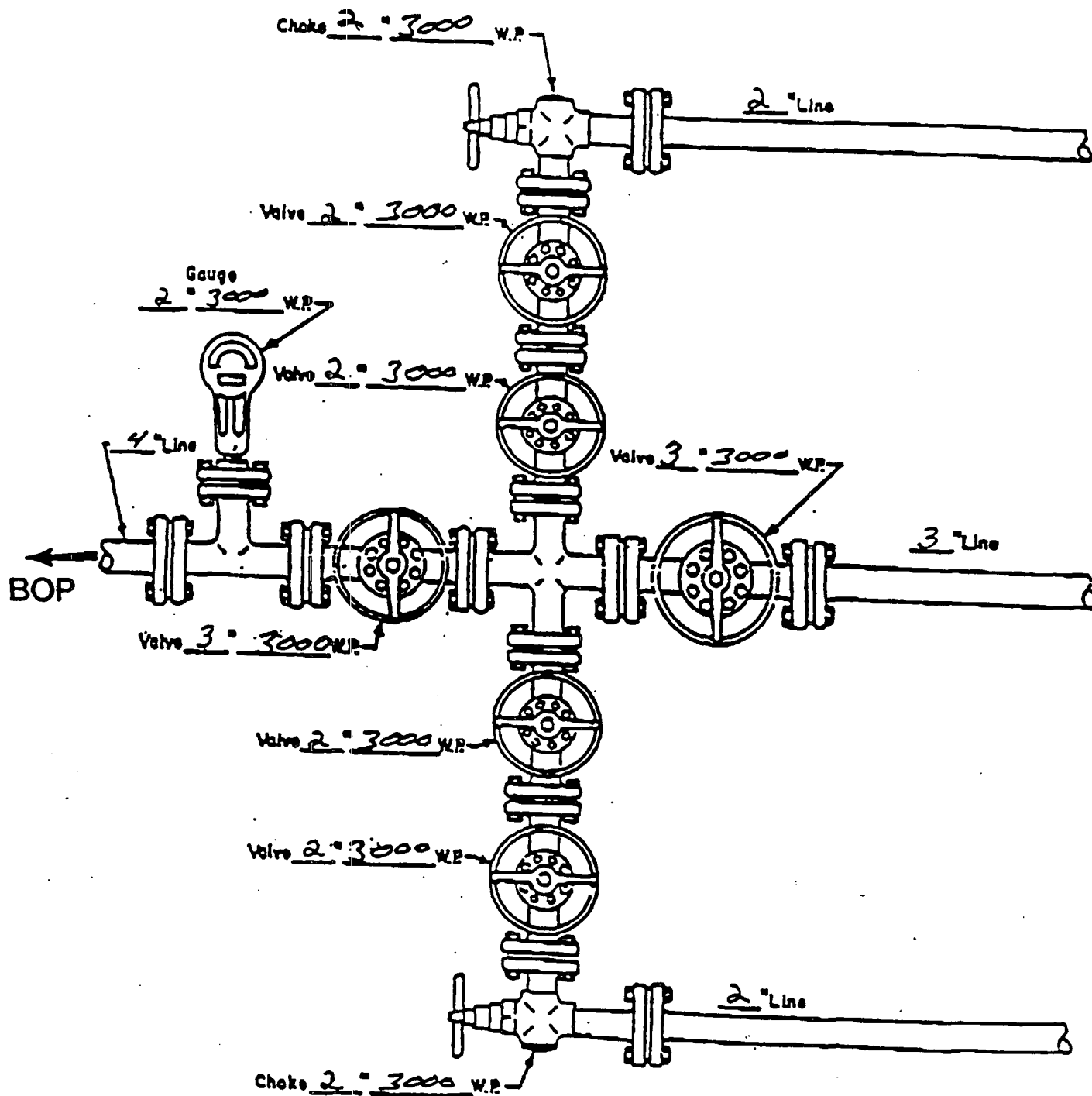


BOP SPECIFICATIONS



MI1057.DRW

CHOKE MANIFOLD DIAGRAM



MANIFOLD
3000 # W.P.

☒ Manual
☐ Hydraulic

H2S DRILLING OPERATIONS PLAN

Conoco, Inc. will comply with Onshore Order No. 2 for working in an H2S environment or a potential H2S environment.

I. Hydrogen Sulfide Training

All contractors and subcontractors employed by Conoco will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on this well.

1. The hazards and characteristics of hydrogen sulfide (H2S)
2. Safety precautions.
3. Operations of safety equipment and life support systems.

In addition, contractor supervisory personnel will be trained or prepared in the following areas:

1. The effect of H2S on metal components in the system, especially where high tensile strength tubulars are to be used.
2. Corrective action and shutdown procedures when drilling or reworking a well, blowout prevention and well control procedures, if the nature of work performed involves these items.
3. The contents and requirements of the contingency plan when such plan is required.

All personnel will be required to carry documentation of the above training on their person.

II. H2S EQUIPMENT AND SYSTEMS

1. Safety Equipment

The following minimum safety equipment will be on location:

- A. Wind direction indicators placed near rig floor/mud return lines and at points along the perimeter of the location to allow visibility of at least one indicator from any point on location.
- B. Automatic H2S detection alarm equipment (both audio and visual).
- C. Clearly visible warning signs. Signs will use the words "POISON GAS" and "CAUTION" with a strong color contrast.
- D. Protective breathing equipment will be located in the doghouse and at briefing areas on location.

2. Well Control Systems

A. Blowout Prevention Equipment

Equipment includes but is not limited to:

1. Pipe rams to accommodate all pipe sizes
2. Blind rams
3. Choke manifold
4. Closing Unit
5. Flare line and means of ignition