

DATE IN 1/25/99	SUSPENSE N/R	ENGINEER BS	LOGGED BY RW	TYPE PC
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ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

989

### ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

#### Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
 [DD-Directional Drilling] [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

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

- [A] Location - Spacing Unit - Directional Drilling  
☐ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] and [C]

- [B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

#### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners  
 [B] ☐ Offset Operators, Leaseholders or Surface Owner  
 [C] ☐ Application is One Which Requires Published Legal Notice  
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO  
       U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F] ☐ Waivers are Attached

#### [3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Ann E. Ritchie  
 Print or Type Name

*[Signature]*  
 Signature

Regulatory Agent  
 Title

1-22-99  
 Date

January 22, 1999

New Mexico Oil Conservation Division  
Department of Energy and Minerals  
State of New Mexico  
2040 S. Pacheco  
Santa Fe, NM 87501

Att: David Catanach

RE: Application for Surface Commingle Casinghead Gas production from the Conoco, Inc.,  
SEMU, Well #128, Section 24, T20S, R36E, Lea County, New Mexico

Dear Mr. Catanach,

Conoco, Inc. has applied to recomplete their SEMU "Permian", Well #128 from the Drinkard pool to the Grayburg pool. This well was completed in May, 1998 with a production potential of 1.5 oil, 0 gas and 65 bbls water. The fluids went to the Permian Battery. We are requesting administrative approval under the provisions of Rule 303-B to connect the anticipated daily casinghead gas production to our SEMU Burger B header which has the capacity to measure/meter the gas production from each well. We do not have the metering capabilities at the SEMU Grayburg header, and it would be cost prohibitive to run a line/hook up to the Grayburg header.

Ownership and working interest for all zones is common; this application is for the measurement of the casinghead gas only. Please see attached the justification summary pertaining to this request. The lease and battery plats are attached for your review and file. In reading the "Surface Commingling" rules and procedures I cannot determine how this application would be classified: CTB, PLC, or PC. Please let me know as soon as possible if this application is one which requires notification to working, royalty or overriding royalty owner, offset operators or surface owner.

Thank you for your assistance. My number is 1-800-432-2967, or you can contact Mark Durkee @ Conoco @ 915 686-5762. We are looking toward extensive downsizing in West Texas and have been asked to get our applications in and processed as soon as possible - if this application requires further notification or documentation I need to get right on it.

Yours truly,



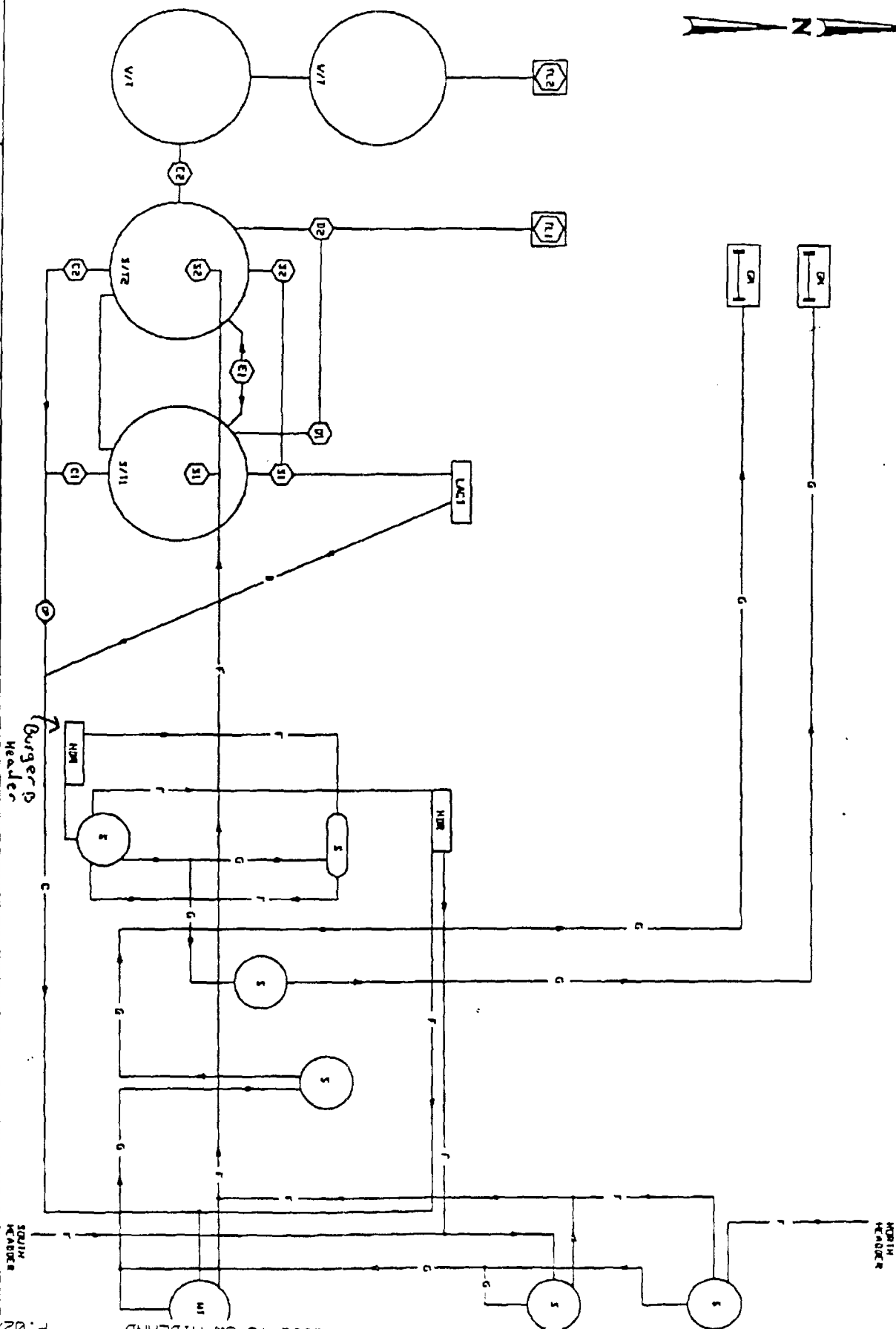
Ann E. Ritchie, Regulatory Agent  
Conoco, Inc.  
10 Desta Dr., Suite 100W  
Midland, TX 79705

Justification  
SEMUR Burger B No. 128  
Re-completion to the Penrose/Grayburg  
Surface Commingling

The referenced well was drilled in 1998 and completed as a Drinkard producer. The liquids go into the SEMU Permian Battery. The gas goes into the SEMU Burger B header which has a meter along with three other wells, SEMU 21, SEMU 125, and SEMU 126. There is currently a way to accurately measure the gas at the SEMU Burger B header. We would like to keep the SEMU Burger B No. 128 going into the SEMU Burger B header after the anticipated re-completion to the Grayburg pool. The cost to lay a line and hook up to the Grayburg header would cost approximately \$5000.00. This would be cost prohibitive to do this work. The volume of gas is anticipated to be approximately 5 to 7 mcf per day. We would measure this gas on a quarterly basis to insure the accuracy of the allocation. The liquids will continue to go to the SEMU Permian battery located in Section 19, T20S, R37E, Lea County, New Mexico.

Stags Grayburg 57388

**2**



PIPE LEGEND	THIS FACILITY IS IN COMPLIANCE WITH CONCORD INC. MID-TECHNEMENT REGION SITE SECURITY PLAN LOCATED AT: CONCORD INC. OFFICE 1410 NW CO RD. MOORE, NEV 88240	REVISION		REVISION		DATE, SEPT 9, 1998
		NO.	DESCRIPTION	DATE	BY	
VALVE	THIS FACILITY IS IN COMPLIANCE WITH CONCORD INC. MID-TECHNEMENT REGION SITE SECURITY PLAN LOCATED AT: CONCORD INC. OFFICE 1410 NW CO RD. MOORE, NEV 88240	1.	CLOSED/SALE			REDAWN BY CEA
OR		2.	OPEN/SALE			REDAWN BY J
WATER		3.	CLOSED/PRODUCTION			CONCORD BY JMC
CIRCULATING		4.	OPEN/PRODUCTION			CONCORD BY JMC
MISSED LINE/VEHICLE						CONCORD BY JMC
WATER RECOVERY						CONCORD BY JMC
ESHA						CONCORD BY JMC

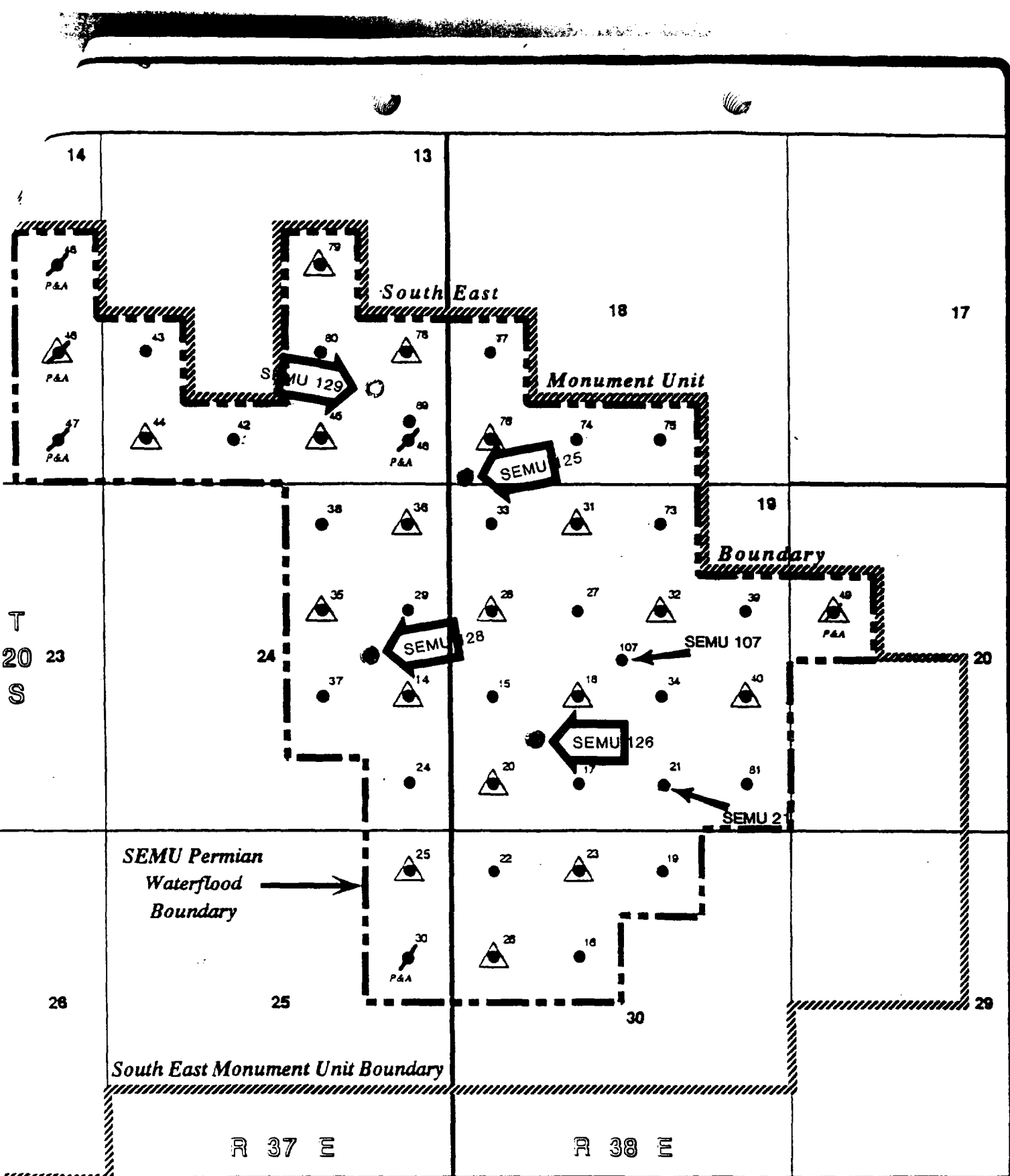
P.02/02

505 393 1551 TO 3M MIDLAND

JAN 21 1999 08:28 FR HOBBBS OU

Sec 19, 7205, R37E

110 Dwyer's battery  
SEMU Dwyer's #108



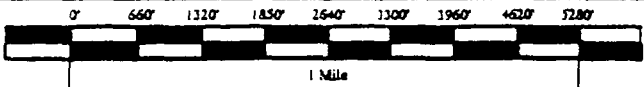
T  
20 23  
S

SEMU Permian  
Waterflood  
Boundary

South East Monument Unit Boundary

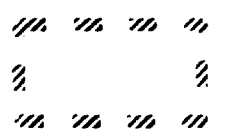
R 37 E

R 38 E



**Well Legend**

- Producing
- ▲ Injection
- P&A Plugged & Abandoned



SEMU Boundary



SEMU Permian  
Waterflood Boundary

**PERMIAN WATERFLOOD**  
("SEMU PERMIAN")  
1800 Acres

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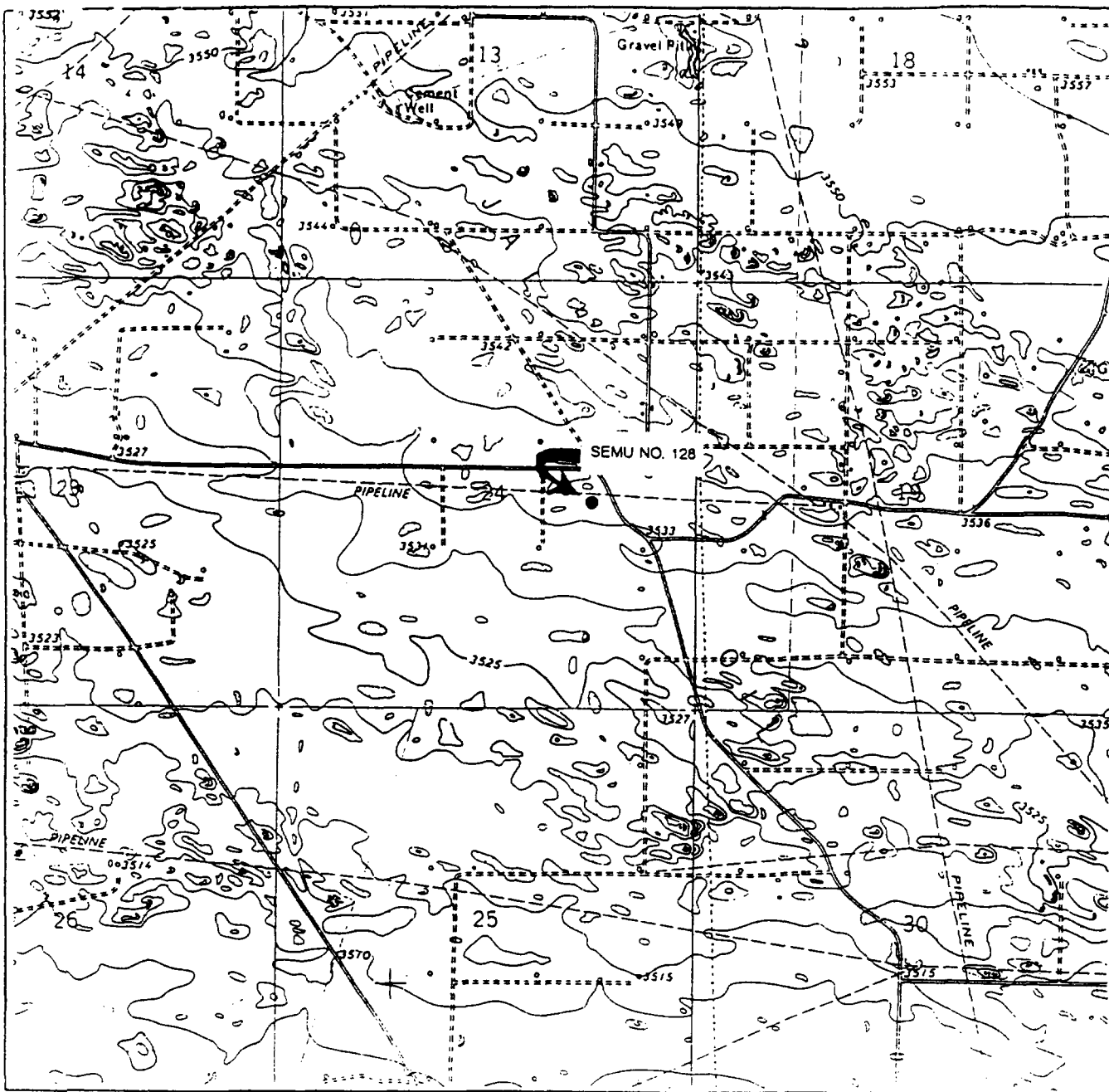
**SOUTH EAST MONUMENT UNIT**  
SKAGGS-GRAYBURG POOL

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**LEA COUNTY, NEW MEXICO**

Map 3. SEMU Permian Waterflood

# LOCATION VERIFICATION MAP



SCALE 1" = 2000

CONTOUR INTERVAL 10'

WTO 44744

SEC 24 TWP 20-S RGE 37-E

SURVEY N.M.P.M.

COUNTY LEA STATE NM

DESCRIPTION 2490' FSL & 1310' FEL

ELEVATION 3536'

OPERATOR CONOCO INC

LEASE SEMU NO 128

USGS TOPO MAP HORRIS SW NM

**WEST TEXAS CONSULTANTS, INC.**

ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

915-685-3800

EXHIBIT B