

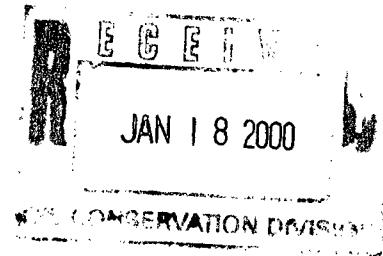


NSP 2/7/00

Mid-Continent Region  
Exploration/Production

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

January 10, 2000



Mr. Michael Stogner  
New Mexico Oil Conservation Division  
2040 Pacheco

RE: Eumont, Yates, Seven Rivers, Queen (Pro Gas) Pool 76480

Request for Non-standard Proration Order  
SEMU Skaggs B #129  
Section 13, T-20-S, R-37-E, P  
1310' FSL & 1170' FEL  
API # 30-025-34314  
Lea County, NM

Dear Mr. Stogner,

Conoco, Inc. is planning on drilling a new well, the SEMU Skaggs B #129 in March, 2000. This well is now proposed as a Eumont gas completion but the original APD proposal in 1998 was for a deeper objective requiring a non-standard location order - NSL Order # 3854 (See attached). It is proposed to drill the well to the Penrose Grayburg formation as a 20 acre infill well in the SEMU Permian. The main objective is the Eumont and after establishing production will be placed in the Eumont, Yates, Seven Rivers, Queen (Pro Gas) Pool 76480. Conoco requests a 200 acre non-standard proration unit be granted to this well in the Eumont pool. The well is located in Section 13, T-20-S, R-37-E, 1310' FSL & 1170' FEL and is a standard location. Within this same 200 acre proration unit the SEMU #41 was granted a non-standard 200 acre Proration unit in April, 1958 and in July, 1959 amended to an 80 acre NSP (See enclosed copies). This well has since been plugged negating these orders. The SEMU # 42 well in Section 13, Unit Letter N, is producing out of the Eumont Oil pool (22800). The requested non-standard proration unit follows the SEMU Unit boundaries.

Texaco, Greenhill and Burgundy Petroleum are the only offset operators that can be affected by this non-standard proration unit request. Please see attached evidence that they have been notified by certified mail of this application.

If there are any further questions regarding this application please call me at (915) 686-5798.

Sincerely,

Kay Maddox  
Regulatory Agent - Conoco, Inc.

Cc: OCD - Hobbs, NM

# T20S R37E

## SKAGGS "GRAYBURG"

# T20S R38E

## WARREN UNIT

## AMERADA

## CONOCO 200 AC.

## W.C. HAWK

## LC-031741 (B)

## J.M. SKAGGS LC-031620 (B) L-20644

## W.D. BURGER LC-031670 (B) L-18642

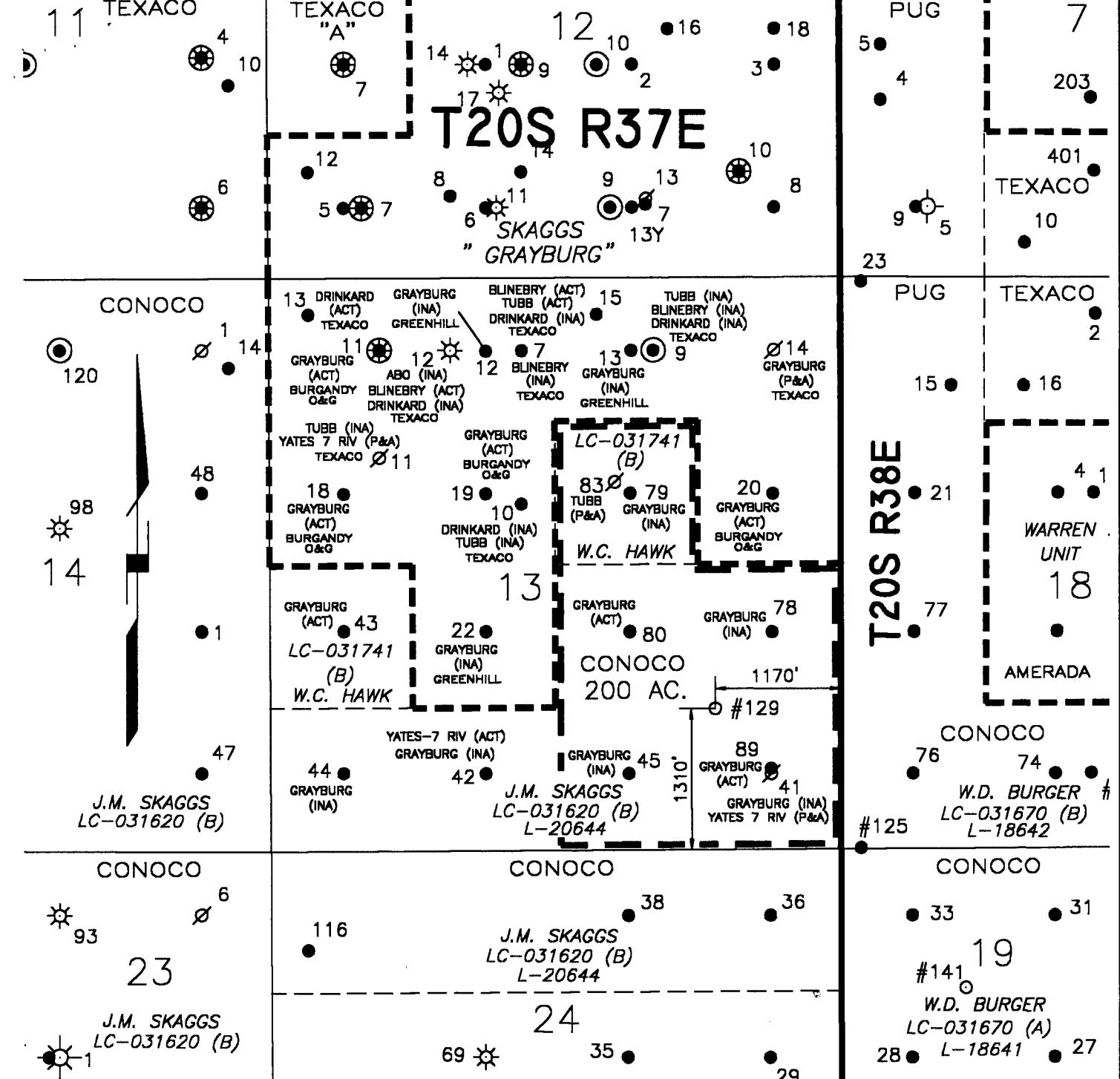
## J.M. SKAGGS LC-031620 (B)

## J.M. SKAGGS LC-031620 (B)

### NOTES

DATE: 1/10/00  
DRAWN BY: glg  
CHECKED BY:  
APPROVED BY:  
SCALE: 1" = 1320'  
STATE PLANE COORDINATES REFERRED TO  
NAD27 - N.M. EAST  
STATE PLANE COORDINATES  
ZONE - 3001

**CONOCO** EPNNGA  
MIDLAND DIVISION  
CONOCO SEMU #129  
Sec. 13, T20S, R37E  
Lea County, New Mexico  
Non-Standard Proration Unit  
STATE API COUNTY WELL  
30 - 025 -  
DRAWING  
semu\_129  
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

Form C-102

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 30-025-34314	2 Pool Code 76480	3 Pool Name Eumont Yates Seven Rvrs Queen (Pro Gas)
4 Property Code	5 Property Name SEMU Skaggs B	6 Well Number # 129
7 OGRID No. 005073	8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500	9 Elevation 3549'

#### 10 Surface Location

UL or lot no. P	Section 13	Township 20S	Range 37E	Lot Idn	Feet from the 1310'	North/South line South	Feet from the 1170'	East/West line East	County 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 200	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			

#### 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  
January 10, 2000

Date

#### 18 SURVEYOR CERTIFICATION

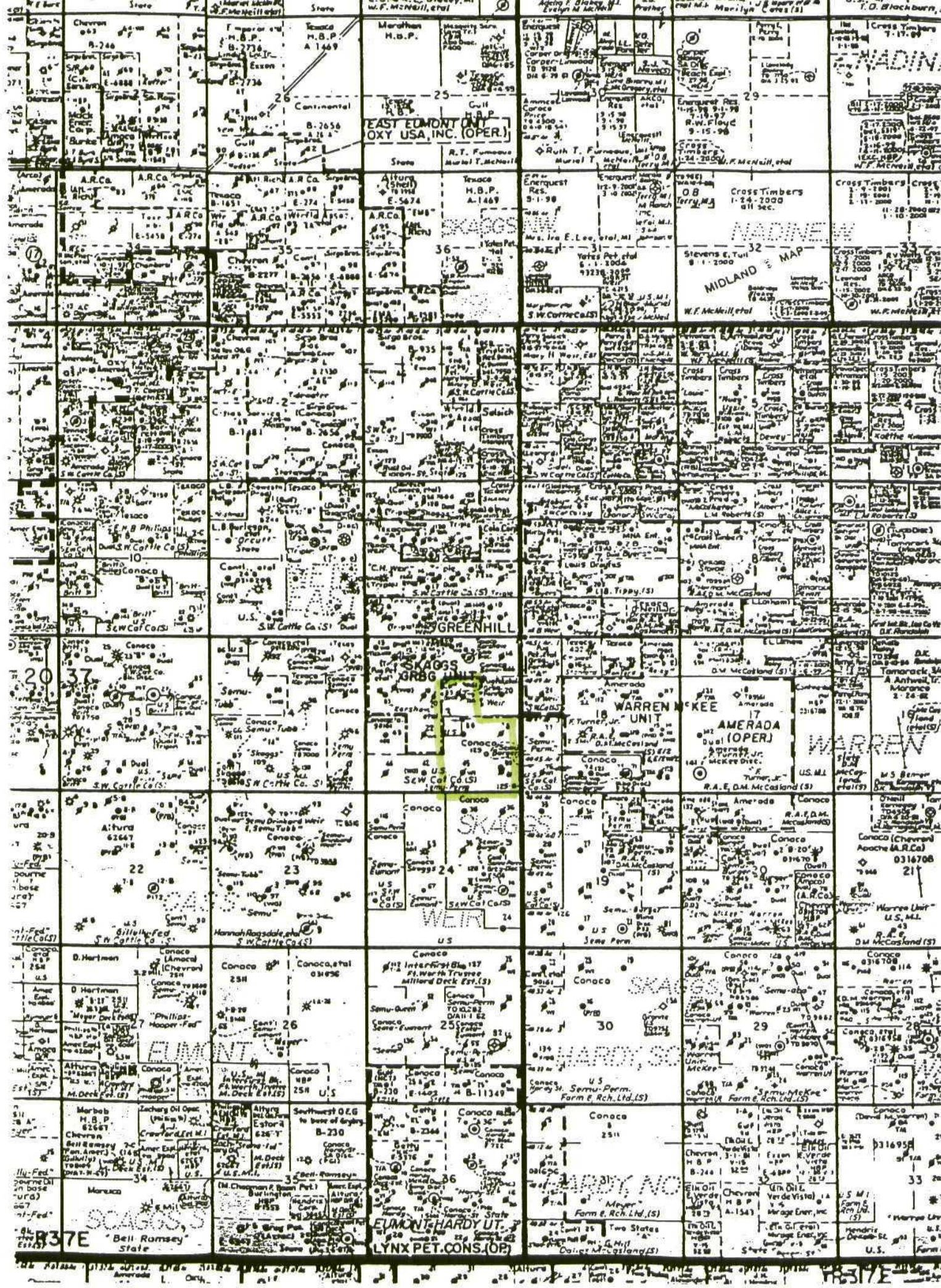
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number









STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

August 14, 1997

**Conoco, Inc.**  
**10 Desta Drive - Suite 100W**  
**Midland, Texas 79705-4500**  
**Attention: Jerry Hoover**

*Administrative Order NSL-3854*

Dear Mr. Hoover:

Reference is made to: (i) your application dated March 26, 1997; (ii) my letter dated April 2, 1997; (iii) your response by letter dated April 8, 1997, (iv) my request for clarification by note dated July 3, 1997, (v) your response by letter dated July 8, 1997; all of which refer to Conoco Inc.'s request for the following four unorthodox oil well locations in the Blinebry, Tubb, and Drinkard intervals within Conoco's Southeast Monument Unit ("SEMU") Area comprising all or portions of Sections 13, 14, 15, 22, 23, 24, 25, 26, and 27, Township 20 South, Range 37 East, NMPM, and all or portions of Sections 18, 19, 20, 29, and 30, Township 20 South, Range 38 East, NMPM, all in Lea County, New Mexico:

<i>Well No.</i>	<i>Footage Location</i>	<i>Section-Township-Range</i>	<i>Unit</i>
<i>125</i>	<i>10' FSL &amp; 190' FWL</i>	<i>18-20S-38E</i>	<i>M (Lot 4)</i>
<i>126</i>	<i>1310' FSL &amp; 1120' FWL</i>	<i>19-20S-38E</i>	<i>M (Lot 4)</i>
<i>128</i>	<i>2490' FSL &amp; 1310' FEL</i>	<i>24-20S-37E</i>	<i>I</i>
<i>129</i>	<i>1310' FSL &amp; 1170' FEL</i>	<i>13-20S-37E</i>	<i>P</i>

IT IS THEREFORE ORDERED THAT:

- (1) The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division).
- (2) Conoco, Inc. ("Conoco") is the operator of the Southeast Monument Unit Area, which is a Federal unitized area and comprises the following described 5,403.58 acres in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 13: SW/4 NE/4, W/2 SW/4, SE/4 SW/4, and SE/4  
Section 14: W/2 NE/4, SE/4 NE/4, W/2, and SE/4  
Section 15: E/2 E/2  
Section 22: E/2 E/2  
Sections 23 and 24: All  
Section 25: N/2 and N/2 S/2  
Section 26: All  
Section 27: E/2 E/2

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 18: Lots 3 and 4, SE/4 SW/4, and SW/4 SW/4  
Section 19: Lots 1 through 4, W/2 NE/4, SE/4 NE/4, E/2  
W/2, and SE/4  
Section 20: SW/4 NW/4 and SW/4  
Section 29: NW/4  
Section 30: Lots 1, 2, and 3, NE/4, E/2 NW/4, NE/4  
SW/4, and N/2 SE/4;

- (3) Within the SEMU unit area, Conoco operates the SEMU Permian Waterflood Project, approved by Division Order No. R-1710, issued in Case No. 1990 and dated June 30, 1960, which order authorized the injection of water for secondary recovery operations in the Skaggs-Grayburg Pool;
- (4) According to the application, recent 3-dimensional seismic surveys in this area have identified two small regional structural highs within the Blinbry, Tubb, and Drinkard formations;
- (5) As indicated by Conoco, the primary criteria for choosing these particular locations was to stay high on these small regional structures to ensure the best test of all three of the deeper formations. These locations were therefore considered to be the optimum positions to conduct these tests;
- (6) The secondary criteria for requesting these unorthodox locations was to provide for convenient backup wellbores for a potential future infill drilling program in the SEMU Permian Waterflood Project.

(a) A possible exception is the SEMU Well No. 126 in Section 19, Township 20 South, Range 38 East, NMPM, Lea County,

New Mexico, where it is our understanding that an attempt was made to locate this well one infill-location to the west, close to the section line between said Section 19 and Section 24, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico; however, surface constraints prevented the staking of this well anywhere along this section line in the immediate area. Therefore the SEMU Well No. 126 was moved to the next possible infill-location that would still be sufficiently high enough on structure to provide a reasonable test; and,

(b) Should these three target zones be found non-commercially productive, then the wellbores could be used for infill locations in the waterflood and pursuant to Division Rule 104.F(1) these locations would be considered standard;

(7) For the **Drinkard** interval:

(a) the proposed SEMU Well No. 125 is within the boundary of the Skaggs-Drinkard Pool;

(b) the other three wells however are within one mile of both the Skaggs-Drinkard Pool and the Weir-Drinkard Pool, both of which are subject to the statewide rules and regulations for oil wells, as set forth in Rule 104.C(1), which provides for 40-acre oil spacing and proration units and requires that wells be located no closer than 330 feet to any boundary of such tract; furthermore both pools have special gas/oil ratio ("GOR") limitation factors of 10,000 cubic feet of gas per barrel of oil (see Division Order No. R-4803, dated June 4, 1974, for the Weir-Drinkard Pool and Division Order No. R-7020, dated July 2, 1982, for the Skaggs-Drinkard Pool);

(8) For the **Tubb** interval:

(a) SEMU Well Nos. 126 and 129 are both within one mile of the Monument-Tubb Pool and are therefore subject to the "*Special Rules and Regulations for the Monument-Tubb Pool*", as set forth in Division Order No. R-2800, dated November 10, 1964, as amended by Division Order No. R-10128, dated June 3, 1994, which includes provisions for 80-acre oil spacing and proration units with wells to be located no closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary and a special gas/oil ratio ("GOR")

limitation factors of 10,000 cubic feet of gas per barrel of oil;

(b) the SEMU Well No. 125 is within one mile of the Warren-Tubb Gas Pool and is therefore subject to the "*Special Rules and Regulations for the Warren-Tubb Gas Pool*", as promulgated by Division Order No. R-1234, dated August 6, 1958, which includes provisions for 160-acre gas spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the proration unit nor closer than 330 feet from any governmental quarter-quarter section or subdivision inner boundary; and,

(c) the well location of the proposed SEMU Well No. 128 is not within one mile of any Tubb oil or gas pool;

(9) For the **Blinebry** interval:

(a) the proposed SEMU Well No. 129 location is within one mile of the Weir-Blinebry Pool, the East Weir-Blinebry Pool, and the Blinebry Oil and Gas Pool; the No. 125 well is within one mile of the East Weir-Blinebry Pool, and the Blinebry Oil and Gas Pool, and both the SEMU Well Nos. 126 and 128 are within one mile of the Blinebry Oil and Gas Pool.

(i) the Weir-Blinebry Pool is subject to the statewide rules and regulations for oil wells, as set forth in Rule 104.C(1) and Rule 506.A, which provides for 40-acre oil spacing and proration units and requires that wells be located no closer than 330 feet to any boundary of such tract and a gas/oil ratio ("GOR") limitation factor of 2,000 cubic feet of gas per barrel of oil;

(ii) the East Weir-Blinebry Pool is subject to the statewide rules and regulations for oil wells, as set forth in Rule 104.C(1), which provides for 40-acre oil spacing and proration units and requires that wells be located no closer than 330 feet to any boundary of such tract; furthermore, said pool has a special gas/oil ratio ("GOR") limitation factor of 10,000 cubic feet of gas per barrel of oil (see Division Order No. R-9630, dated January 27, 1992); and

(iii) the Blinebry Oil and Gas Pool is governed by special rules and regulations, as set forth in Division Order No. R-8170, as



amended, that provides for 40-acre oil and 160-acre gas spacing and proration units, the gas/oil ratio ("GOR") cutoff point in distinguishing between gas wells and oil wells in this pool at 50,000 cubic feet of gas per barrel of oil, restricted well location requirements, and for the allocation of oil and gas production;

- (10) Pursuant to Rule 104.F(2) the four unorthodox oil well locations as described above should be approved at this time for the Drinkard interval only; and
- (11) Authorization for the Blinebry and Tubb intervals should be postponed until such time as the zone(s) are adequately tested, production is established, and such production is assigned to a specific pool(s).

IT IS THEREFORE ORDERED THAT:

(1) Conoco, Inc. is hereby authorized to drill its proposed SEMU Well Nos. 124, 125, 126, and 129 to a sufficient depth as to penetrate the Drinkard formation. By the authority granted me under the provisions of Division Rule 104.F(2), the following unorthodox oil well locations in either the Weir-Drinkard Pool or Skaggs-Drinkard Pool are hereby approved:

<i>Well No.</i>	<i>Footage Location</i>	<i>Section-Township-Range</i>	<i>Unit</i>	<i>Dedicated 40-Acre Tract</i>
125	10' FSL & 190' FWL	18-20S-38E	M	Lot 4 (37.60 acres)
126	1310' FSL & 1120' FWL	19-20S-38E	M	Lot 4 (40.40 acres)
128	2490' FSL & 1310' FEL	24-20S-37E	I	NE/4 SE/4
129	1310' FSL & 1170' FEL	13-20S-37E	P	SE/4 SE/4

IT IS FURTHER ORDERED THAT Conoco, Inc. be permitted to test the Blinebry and Tubb intervals in each of the four aforementioned wells; PROVIDED HOWEVER THAT, once production is established within the Blinebry and/or Tubb zones and it is determined by the Supervisor of the Hobbs District Office of the Division as to which pool such production is to be attributed, Conoco, Inc. shall at that time seek amendment to this order and to provide support data and provide all applicable information for an unorthodox oil or gas well for such production and assign the appropriate acreage dedication to the well for the assigned pool(s).

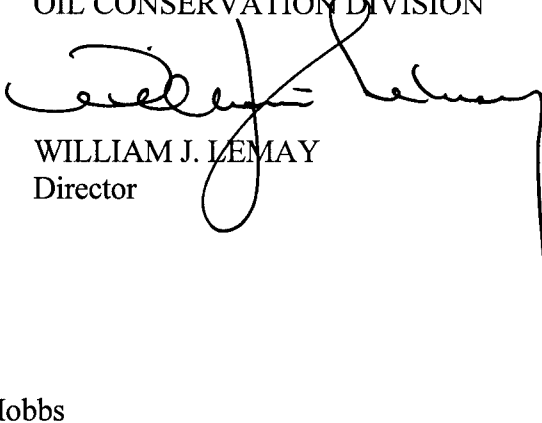
(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Administrative Order NSL-3854  
Conoco, Inc.  
August 14, 1997  
Page 6

---

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

S E A L

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
W. Thomas Kellahin, Counsel - Santa Fe  
U. S. Bureau of Land Management - Carlsbad

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 1406  
Order No. R-1155

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR THE ESTABLISHMENT OF A 200-ACRE NON-  
STANDARD GAS PRORATION UNIT IN THE EUMONT  
GAS POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 9, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 22nd day of April, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, is the co-owner and operator of an oil and gas lease known as the SEMU Permian Lease, a portion of which consists of the S/2 S/2 and the NW/4 SW/4 of Section 13, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant is the operator of the SEMU Permian Well No. 41, located 660 feet from the South line and 660 feet from the East line of said Section 13.

(4) That the applicant proposes to recomplete said well as a gas well in the Eumont Gas Pool.

(5) That the applicant proposes to dedicate the above-described acreage to the said SEMU Permian Well No. 41.

(6) That the establishment of the proposed non-standard gas proration unit will not cause waste nor impair correlative rights.

(7) That the application should be granted.

-2-

Case No. 1406

Order No. R-1155

IT IS THEREFORE ORDERED:

1. That the application of Continental Oil Company for the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of the S/2 S/2 and the NW/4 SW/4 of Section 13, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby granted, said unit to be dedicated to the applicant's SEMU Permian Well No. 41 located 660 feet from the South line and 660 feet from the East line of said Section 13.

2. That the said SEMU Permian Well No. 41 be designated as the unit well for said unit upon recompletion as a gas well in the Eumont Gas Pool, and that the same be granted an allowable in the proportion that the above-described acreage bears to the standard proration unit for the Eumont Gas Pool, subject to the Special Rules and Regulations for the Eumont Gas Pool as set forth in Order No. R-520.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

1r/



## OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

HOBBS OFFICE OCC

1960 JAN 15 PM 3:03

July 17, 1959

Continental Oil Company  
825 Petroleum Building  
Roswell, New MexicoAttention: Mr. R. L. Adams

Administrative Order NSP-501

Gentlemen:

Reference is made to your application for approval of an 80-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the following acreage:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM  
Section 13: E/2 SE/4

It is understood that this unit is to be dedicated to your SEMU Permian Well No. 41, located 660 feet from the South and East lines of said Section 13.

By authority granted me under provisions of Rule 5 (b). of the Special Rules and Regulations for the Eumont Gas Pool, as set forth in Order R-520, you are hereby authorized to operate the above described acreage as non-standard gas proration unit, with allowable to be assigned thereto in accordance with the pool rules, based upon the unit size of 80 acres.

Very truly yours,

A. L. PORTER, Jr.,  
Secretary-Director

ALP/DEP/og

cc: Oil Conservation Commission - Hobbs  
El Paso Natural Gas Co. - El Paso

Form C-102

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 30-025-06089		2 Pool Code 22800		3 Pool Name Eumont: Yates 7 Rivers Queen/ Oil	
4 Property Code 03083		5 Property Name SEMU			6 Well Number #42
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation

## 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
N	13	20S	37E		660	South	1980	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

<div data-bbox="168 998 1123 1932"> <p>16</p> </div>	<div data-bbox="1123 998 1594 1932"> <p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Kay Maddox</i></p> <p>Signature</p> <p>Kay Maddox</p> <p>Printed Name</p> <p>Regulatory Agent</p> <p>Title</p> <p>April 16, 1998</p> <p>Date</p> <p>18 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>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p> </div>	

Z 137 529 153

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to <i>Greenhill Pet.</i>	
Street & Number <i>11490 Westheimer Rd STE 300</i>	
Post Office, State, & ZIP Code <i>Houston, TX 77077-6841</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 137 529 152

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to <i>Burgundy Pet.</i>	
Street & Number <i>401 W. Texas Ave STE 1003</i>	
Post Office, State, & ZIP Code <i>Midland, TX 79701-4413</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 137 529 154

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to <i>Texaco</i>	
Street & Number <i>PO Box 3109</i>	
Post Office, State, & ZIP Code <i>Midland, TX 79702</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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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.

NM 557686

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Semu Permian #129

9. API Well No.

30-025-34314

10. Field and Pool, or Exploratory Area

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  
CONOCO INC.

3. Address and Telephone No.

10 DESTA DR. STE. 430E, MIDLAND, TX. 79705-4500

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

Sec. 13, T-20-S, R-37-E  
1310' FSL & 1170' FEL

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

TYPE OF SUBMISSION

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

TYPE OF ACTION

- ☐ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☐ Altering Casing  
☒ Other Extension of time  
☐ Change of Plans  
☐ New Construction  
☐ Non-Routine Fracuring  
☐ Water Shut-Off  
☐ Conversion to Injection  
☐ Dispose Water

(Note: Report results of multiple completion 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 is a request to extend the approved APD for another 12 month period.

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

Signed

*Jo Ann Johnson*

Title

Jo Ann Johnson

Sr. Property Analyst

Date

2-29-99

(This space for Federal or State office use)

Approved by

*JOSE C. LANA*

Title

*Production Engineer*

Date

5/1/99

Conditions of approval if any

*See attached.*

BLM(6), SHEAR, PONCA, COST ASST, FILE ROOM

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



PRAIRIE CHICKENS

No surface use is allowed during the following time periods; unless otherwise specified, this stipulation does not apply to operation and maintenance of production facilities.

On the lands described below:

T. 20 S., R. 37 E  
Sec. 13 - ALL

For the purpose of: Protecting Prairie Chickens:

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in Lesser Prairie Chicken Habitat during the period of March 15 through June 15, each year. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 a.m. and 9:00 a.m. The 3:00a.m. and 9:00a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the period. Additionally, no new drilling will be allowed within up to 200 meters of leaks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

UNIT OPER. ORDER NO. 5073  
DEPARTMENT PROPERTY NO. 3083  
BUREAU OF LAND CODE 57000DUPLICATE\*  
(actions on  
side)FORM APPROVED  
OMB NO. 1004-0136  
Expires February 28, 1995APPLICATION FOR PERMIT DATE 3/2/98

## 1a. TYPE OF WORK

DRILL ☒

## b. TYPE OF WELL

OIL WELL ☒GAS WELL ☐OTHER ☐SINGLE ZONE ☒MULTIPLE ZONE ☐

## 2. NAME OF OPERATOR

Conoco Inc.

## 3a. 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

1310' FSL &amp; 1170' FEL

At proposed prod. zone

1310' FSL &amp; 1170' FEL

Unit P

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

## 12. COUNTY OR PARISH

Lea

## 13. STATE

NM

## 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

40

8. DISTANCE FROM PROPOSED LOCATION\*  
TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

## 19. PROPOSED DEPTH

7000'

## 20. ROTARY OR CABLE TOOLS

Rotary

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

3549' GR

## 22. APPROX. DATE WORK WILL START\*

3-15-98

## 23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	M-50, 8-5/8"	23#	1250'	565 sxs, circ.
7-7/8"	K-55, 5-1/2"	17#	7000'	1640 sxs, circ.

It is proposed to drill a vertical wellbore as a Drinkard producer according to the plan submitted in the following attachments:

1. Well Location and Acreage Dedication Plat (C-102)
2. Proposed Well Plan Outline
3. Surface Use Plan
4. Exhibit A: Vicinity Map
5. Exhibit B: Location Verification Map
6. Exhibit C.1-C.2: Flow Line and Electric Line Plats
7. Exhibit D: Trailer Mounted Rig Layout Drawing
8. BOP & Choke Manifold Specifications
9. H2S Drilling Operations Plan
10. Surface owner communications
11. NSL-3854

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.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

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

Mike L. Mankin

TITLE

Mike L. Mankin  
Right of Way Agent

DATE

1-26-98

(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:

APPROVED BY

(ORIG. SGD.) ARMANDO A. LOPEZ

TITLE

Acting

ADM, MINERALS

DATE

FEB 25 1998

\*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.

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

Form C-102  
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 3D-025-34314		*Pool Code 57000	*Pool Name Skaggs Drinkard
*Property Code 003083	*Property Name SEMU <i>Permian</i>		*Well Number 129
*OGRID No. 05073	*Operator Name CONOCO INC.		*Elevation 3549

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	13	20-S	37-E		1310	SOUTH	1170	EAST	LEA

<sup>11</sup> 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 40	*Joint or Infill	*Consolidation Code	*Order No. NSL - 3854
------------------------	------------------	---------------------	--------------------------

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				17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  <i>Mike L Mankin</i> Signature Mike L. Mankin Printed Name Right of Way Agent Title 1-26-98 Date
				18 SURVEYOR CERTIFICATION <i>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 best of my belief.</i>  JANUARY 18 1997 Date of Survey Signature and Seal of Professional Land Surveyor <i>Earl Foote</i> 8278 Certificate Number 8278

Well Name : SEMU BURGER B #129

Location :

Casing Program :

Surface 8 5/8" casing in 12 1/4" Hole at 1250 ft.

Production 5 1/2" casing in 7 7/8" Hole at 7000 ft.

Cementing Program :

Surface

Lead 365 sacks Class C Mixed at 12.7 ppg  
Additives 35:65:6 (Poz:Cem:Gel) + 2% CACL2  
+ 0.25 pps Cello-Flake

Tail 200 sacks Class C Mixed at 14.8 ppg  
Additives 2% A-7P

Production

1<sup>ST</sup> Stage

Lead 170 sacks Class C Mixed at 12 ppg  
Additives 16% Gel + 0.4% CD-32 + 0.2% SMS

Tail 515 sacks Class C Mixed at 14.8 ppg  
Additives 1.1% FL-62 + 1% BA-58 + 3% Salt + 0.3% CD-32  
+ 0.2% SMS

Free Water 0 % Fluid Loss 45 cc/30 min.

2<sup>nd</sup> Stage

Lead 465 sacks Class C Mixed at 12 ppg  
Additives 16% Gel + 0.4% CD-32 + 0.2% SMS

Tail 490 sacks Class C Mixed at 14.8 ppg  
Additives 1.1% FL-62 + 1% BA-58 + 5% Salt + 0.3% CD-32  
+ 0.2% SMS

Free Water 0 % Fluid Loss 44 cc/30 min.



Ground Level :  
Kelly Bushing:

Joe Miller, Reservoir Engineer

**SURFACE USE PLAN  
Conoco Inc.**

**Semu Well No. 129**

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 1310' FSL & 1170' FEL, Sec. 13, T20S, R37E, Lea County, New Mexico.
- B. Exhibit "A" is a Vicinity road and well map. Directions to the location are as follows:  
  
From Eunice travel north on Hwy 18 to mile marker 39; travel west 2.0 miles. Turn north and travel 1.6 miles, northwest .2 mile, east .1 mile, north .5 mile, west .1 mile and then north .1 mile to location..
- C. No improvement or maintenance is anticipated for the existing roads.

2. Planned Access Roads

- A. No new access road will be required.
- B. No turnout required.
- C. No culverts rerquired.
- D. No gates, cattleguards, or fences required.

3. Topographic Map and Well Location

A 7.5" quadrangle topo map of the area is included as Exhibit "B".

4. Additional Right-of-Ways

EXHIBITS C.1 & C.2 are survey plats for the powerline and flowline right-of way.

5. Water Supply

Fresh and brine water will be secured from a water station located in Eunice. All water will be trucked from Eunice and follow the above described route to location.

6. Source of Construction Materials

Caliche will come from a pit located in the NW/4 SE/4 of Sec. 9, T20S, R37E, Lea County, NM.

7. Methods of Handling Waste Disposal

Waste Disposal: Well cuttings will be disposed in reserve pit. Barrel trash containers to be in accessible locations within drill site area during drilling and completion procedures. All detrimental waste will be hauled away. See Exhibit "D" (rig layout) for location of pits. If well is productive, maintenance waste will be placed in special trash cans and hauled away periodically. Any produced water will be collected in tanks until hauled to an approved disposal system, or separate disposal applications will be submitted to state for appropriate approval.

8. Ancillary Facilities

None.

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 areasonable 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

Fee. A letter verifying damage settlement is attached.

12. Other Information

An archaeological survey will be conducted for these right-of-ways 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

Mike L. Mankin  
Right-of-Way Agent

1 - 26 - 98

Date



WELLSITE LAYOUT

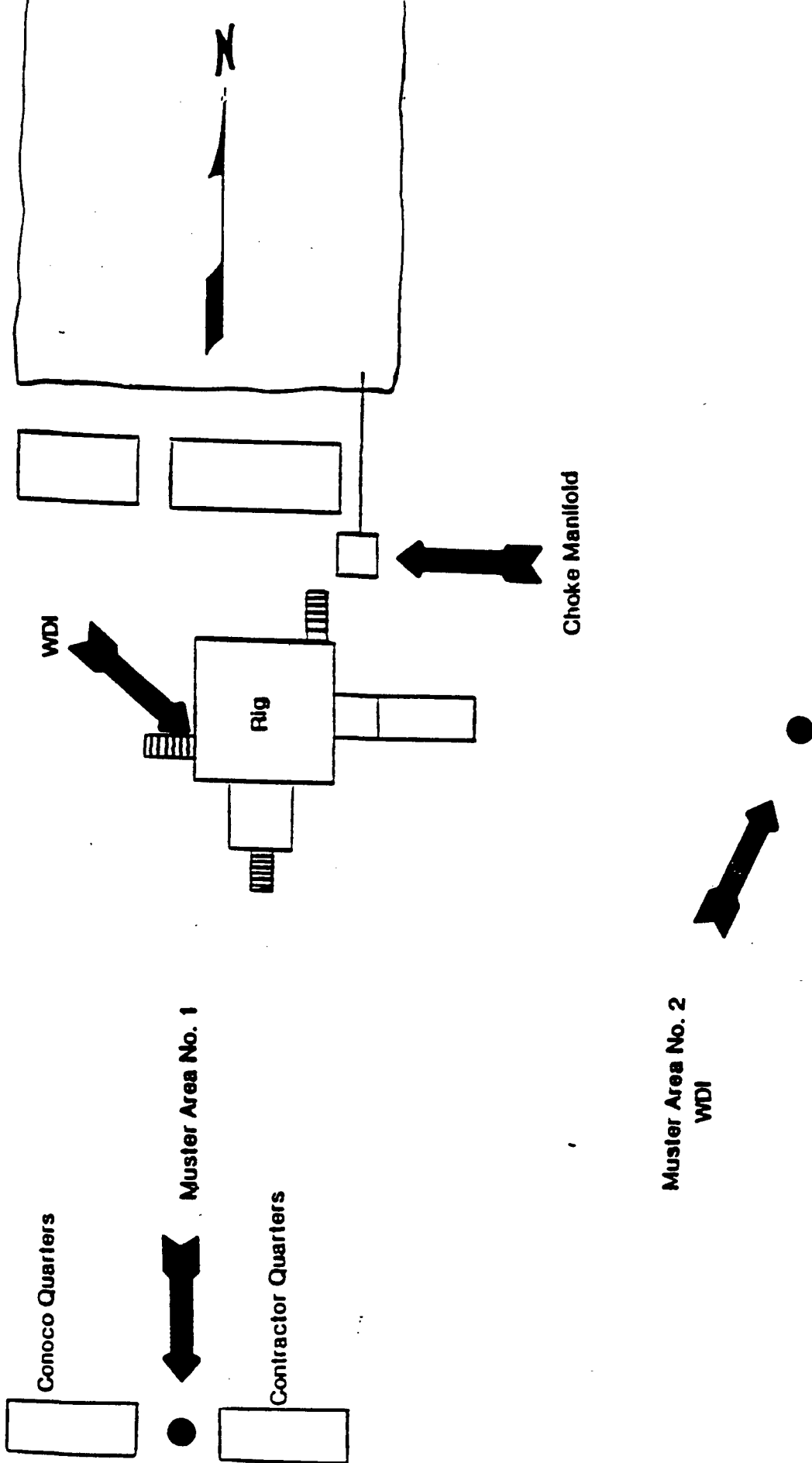


WDI

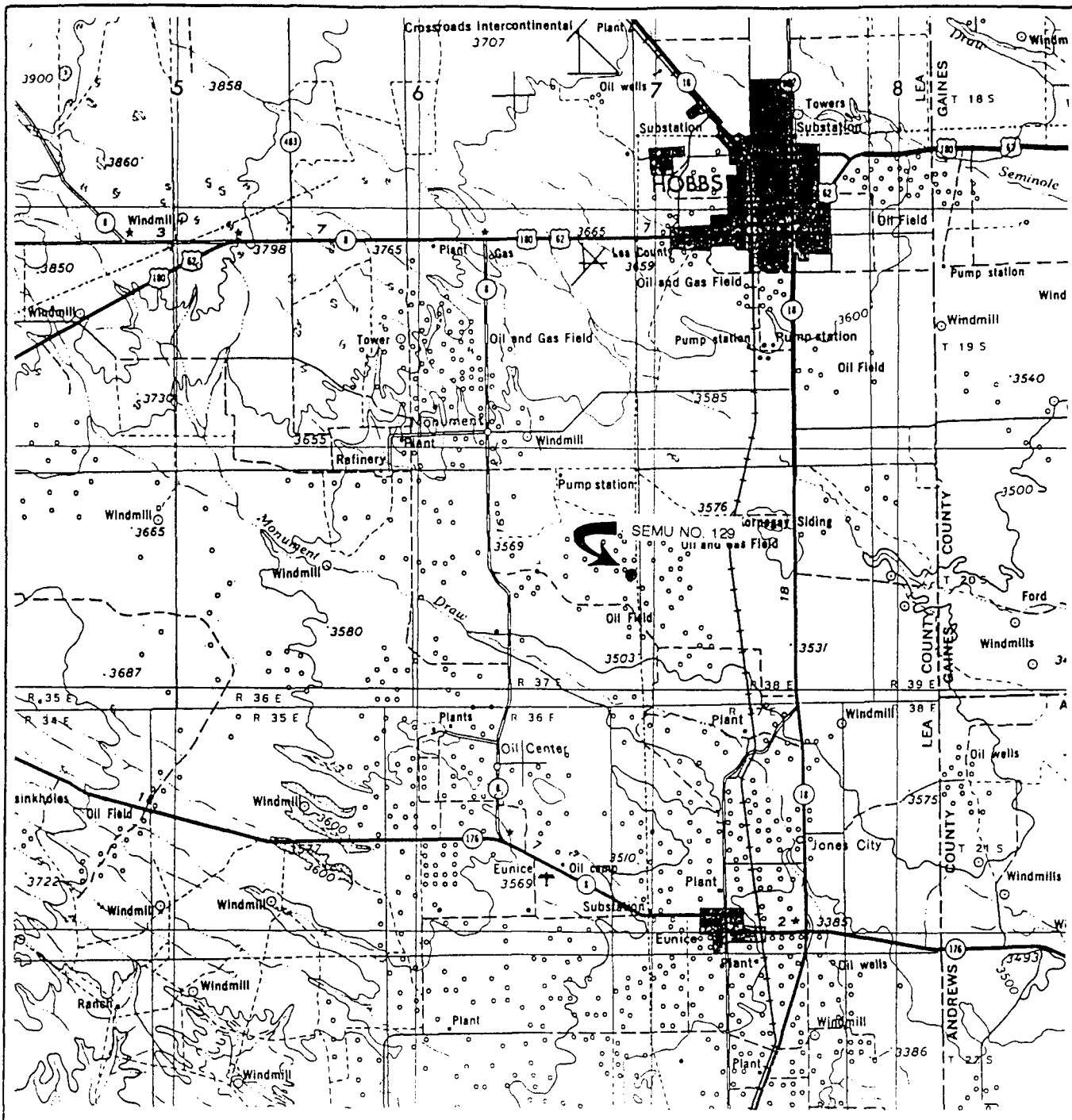


H2S Safety Contractor

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



# VICINITY MAP



WTC 44744

SCALE: 1" = 4 MILES

SEC. 13 TWP. 20-S RGE. 37-E

SURVEY N.M.P.M

COUNTY LEA STATE NM

DESCRIPTION 1310' FSL & 1170' FEL

ELEVATION 3549'

OPERATOR CONOCO INC.

LEASE SEMU WELL NO. 129

**WEST TEXAS CONSULTANTS, INC.**

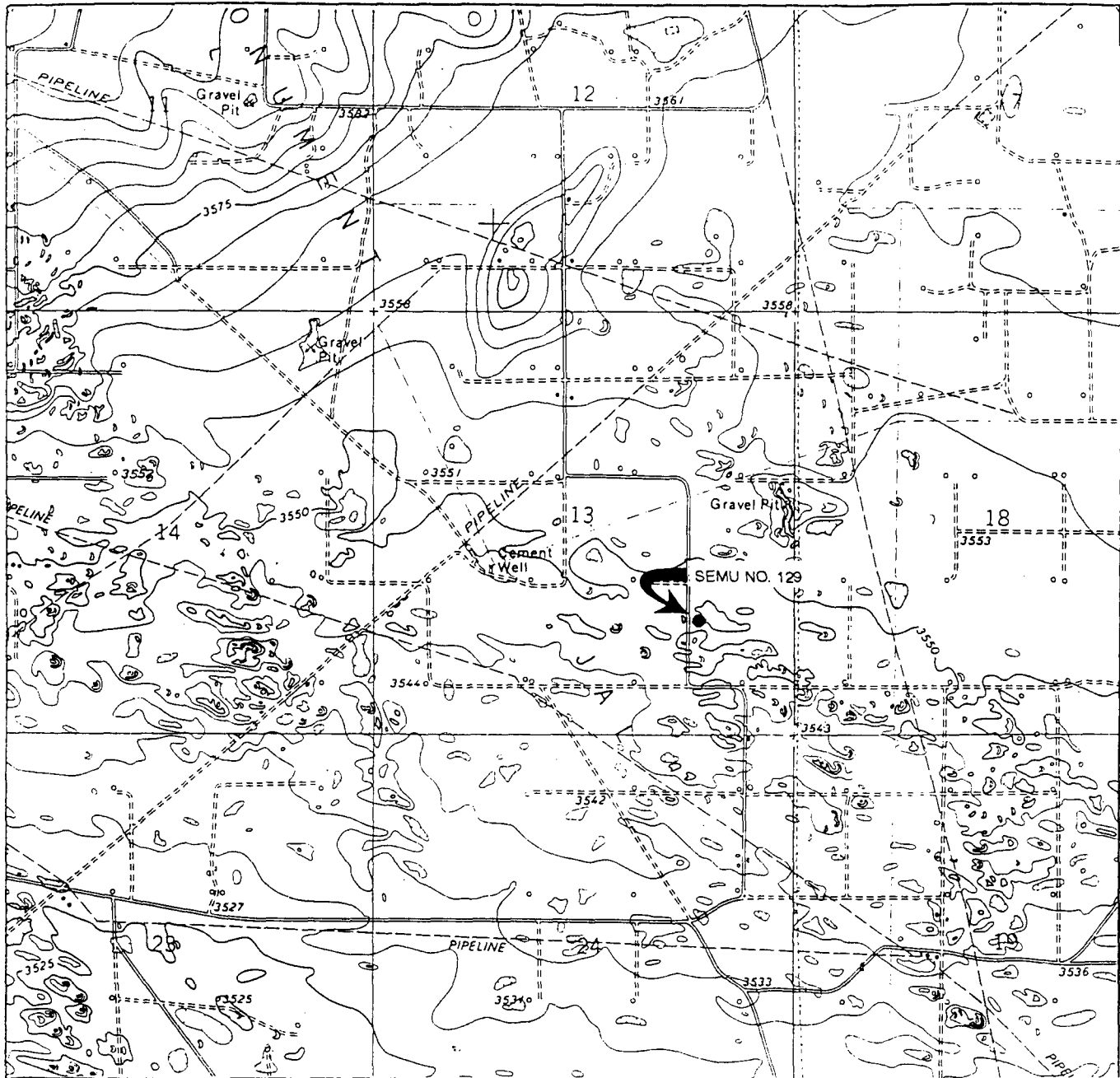
ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

915-685-3800

EXHIBIT A

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL 10'

WTC 44744

SEC. 13 TWP. 20-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA STATE NM

DESCRIPTION 1310' FSL & 1170' FEL

ELEVATION 3549'

OPERATOR CONOCO INC.

LEASE SEMU NO. 129

USGS TOPO MAP HOBBS SW, NM

**WEST TEXAS CONSULTANTS, INC.**

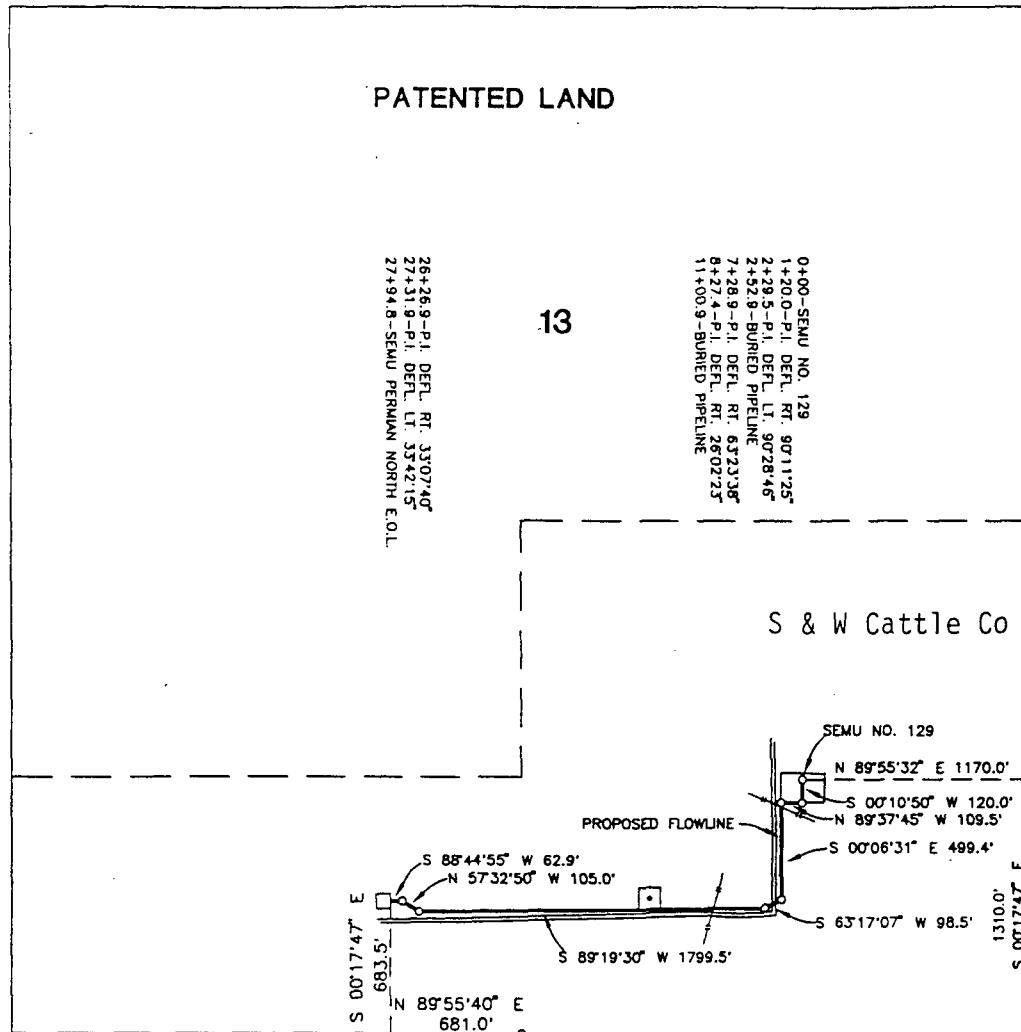
ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

915-685-3800

EXHIBIT B

SECTION 13, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.  
LEA COUNTY, NEW MEXICO



CENTERLINE DESCRIPTION OF A PROPOSED FLOW LINE:

BEGINNING at the location for Conoco SEMU Well No. 129, from which point the southeast corner of Section 13, T-20-S, R-37-E, N.M.P.M., Lea County, New Mexico, bears N 89° 55' 32" E, 1170.0 feet and S 00° 17' 47" E, 1310.0 feet;

THENCE with the centerline as follows: S 00° 10' 50" W, 120.0 feet; N 89° 37' 45" W, 109.5 feet; S 00° 06' 31" E, 499.4 feet; S 63° 17' 07" W, 98.5 feet; S 89° 19' 30" W, 1799.5 feet; N 57° 32' 50" W, 105.0 feet, and S 88° 44' 55" W, 62.9 feet to a point on the east side of the SEMU Permian North Battery for the end of this line, from which point the South 1/4 corner of Section 13 bears S 00° 17' 47" E, 683.5 feet and N 89° 55' 40" E, 681.0 feet.

I hereby certify that this plat was prepared from an actual survey made on the ground and meets or exceeds all requirements for land surveys as specified by the state of New Mexico.

SEMU WELL NO. 129

CONOCO INC.

2794.8 feet of proposed flow line in  
Section 13, T-20-S, R-37-E, N.M.P.M.,  
Lea County, New Mexico

WEST TEXAS CONSULTANTS, INC.

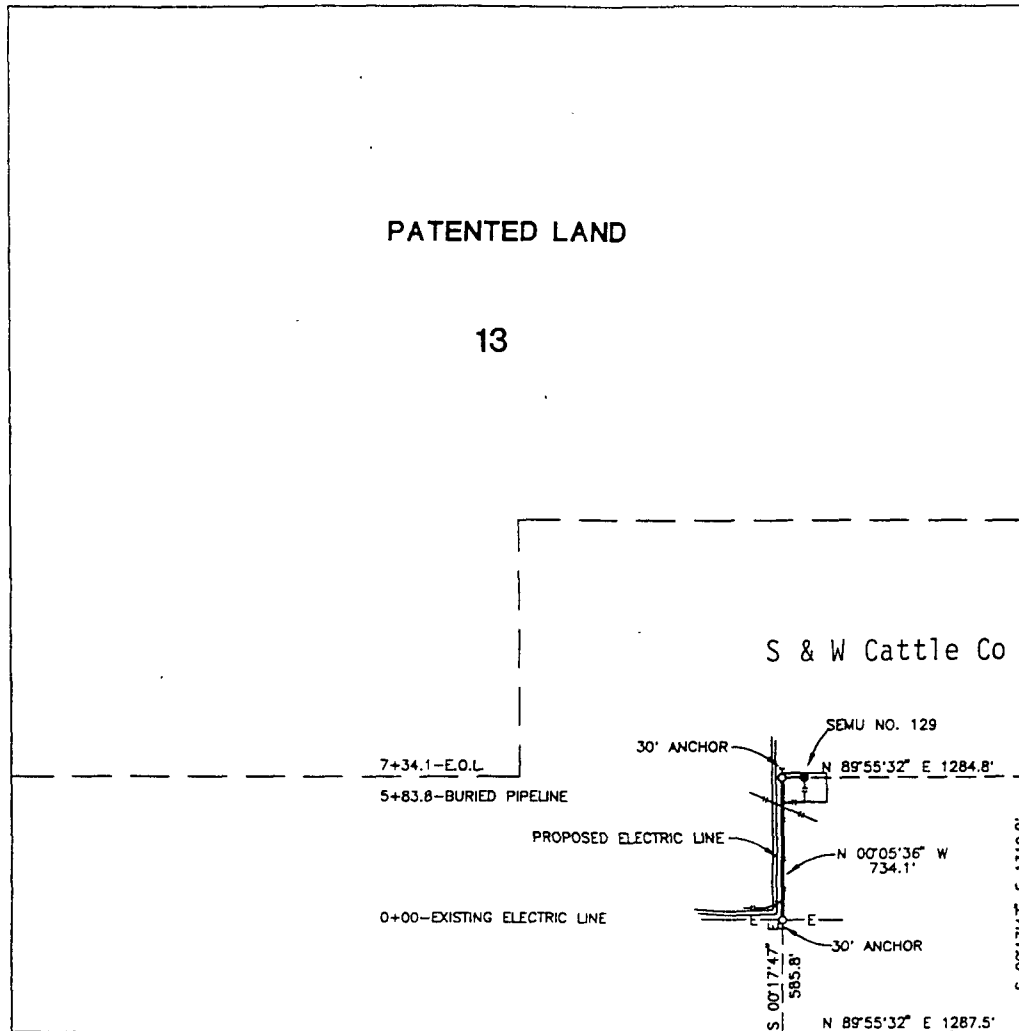
ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

Earl Foote  
Registered Professional Surveyor  
New Mexico Certificate No. 8278

Survey Date: 01-20-97	Date: 02-05-97	Scale: 1" = 1000'
WTC No. 44744	Drawn By J.L.E.	Sheet 1 of 1

SECTION 13, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.  
LEA COUNTY, NEW MEXICO



CENTERLINE DESCRIPTION OF A PROPOSED ELECTRIC LINE:

BEGINNING at a point in an existing electric line in Section 13, T-20-S, R-37-E, N.M.P.M., Lea County, New Mexico, from which point the southeast corner of Section 13 bears S 00° 17' 47" E, 585.8 feet and N 89° 55' 32" E, 1287.5 feet; an anchor easement bears S 00° 05' 36" E, 30.0 feet;

THENCE N 00° 05' 36" W, with the centerline, 734.1 feet to a point on the west side of the pad for SEMU Well No. 129 for the end of this line, from which point an anchor easement bears N 00° 05' 36" W, 30.0 feet and the southeast corner of Section 13 bears N 89° 55' 32" E, 1284.8 feet and S 00° 17' 47" E, 1319.9 feet.

I hereby certify that this plot was prepared from an actual survey made on the ground and meets or exceeds all requirements for land surveys as specified by the state of New Mexico.

*Earl Foote*



Earl Foote  
Registered Professional Surveyor  
New Mexico Certificate No. 8278

SEM U WELL NO. 129

CONOCO INC.

734.1 feet of proposed electric line in  
Section 13, T-20-S, R-38-E, N.M.P.M.,  
Lea County, New Mexico

WEST TEXAS CONSULTANTS, INC.

ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

Survey Date: 01-20-97	Date: 02-05-97	Scale: 1" = 1000'
WTC No. 44744	Drawn By: J.L.F.	Sheet 1 of 1

# TRAILER - MOUNTED RIG LAYOUT

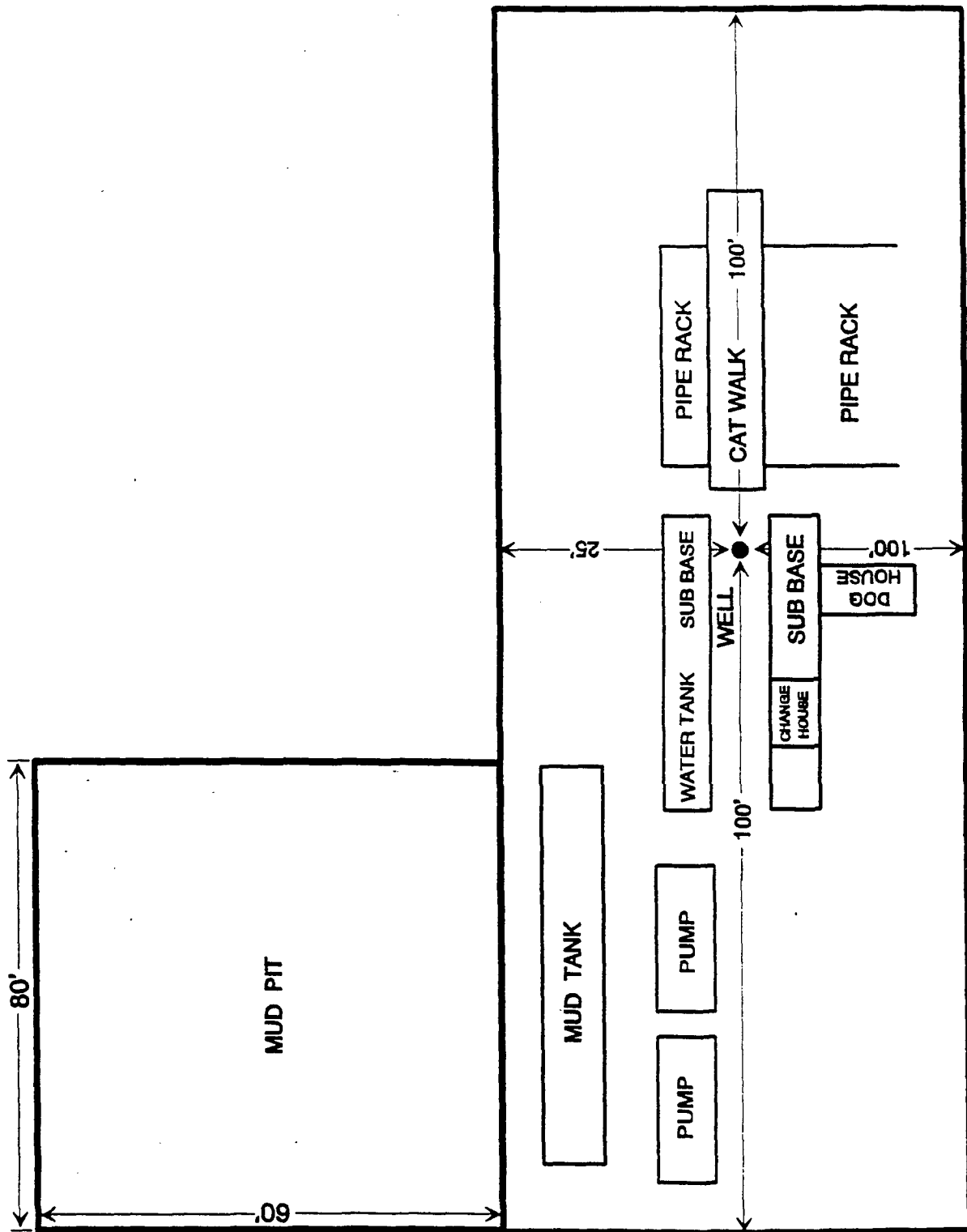
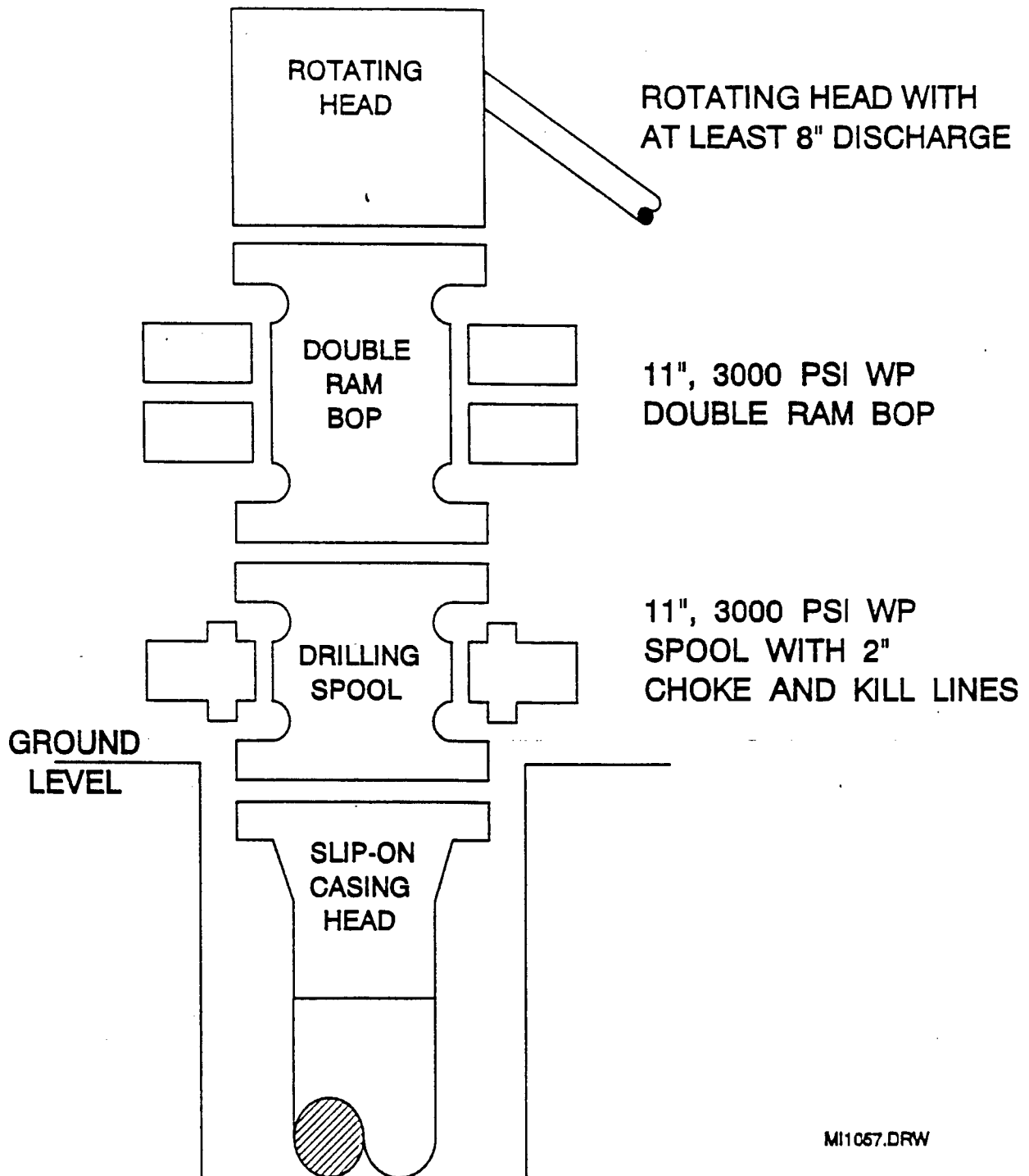


EXHIBIT D

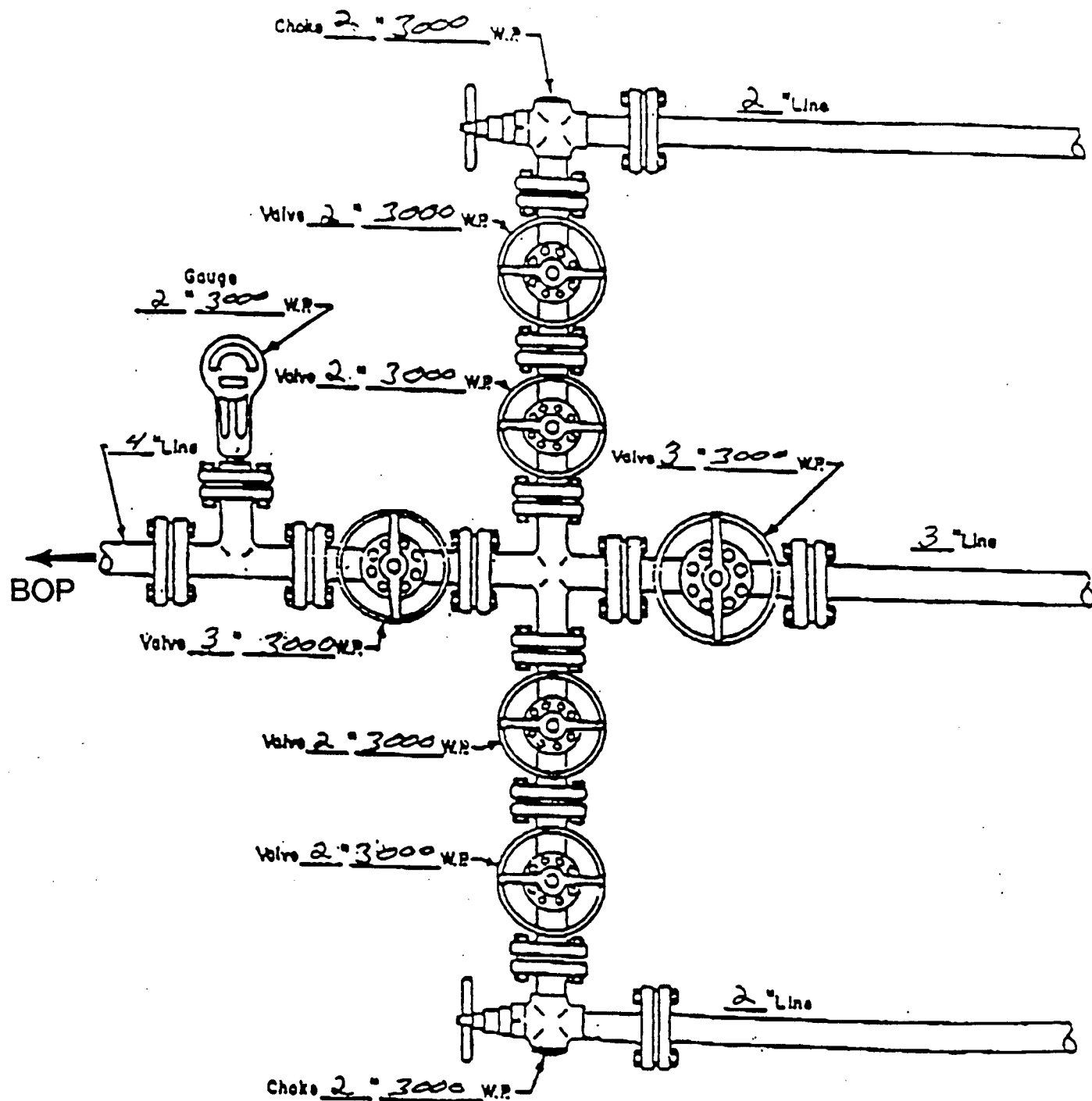
# BOP SPECIFICATIONS



MI1057.DRW



# CHOKE MANIFOLD DIAGRAM



MANIFOLD  
3000 #W.P.

- ☒ Manual
- ☐ Hydraulic

## H2S DRILLING OPERATIONS PLAN

### 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 high tensile strength tubulars are to be used.
2. Corrective action and shut-down 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 safety equipment will be on location:

- A. Wind direction indicators as seen in attached diagram.
- B. Automatic H2S detection alarm equipment (both audio and visual).
- C. Clearly visible warning signs as seen on the attached diagram. Signs will use the words "POISON GAS" and "CAUTION" with a strong color contrast.
- D. Protective breathing equipment will be located in the dog house and at briefing areas as seen in the attached diagram.

## **2. Well Control Systems**

### **A. Blowout Prevention Equipment**

Equipment includes but is not limited to:

- a. pipe rams to accomodate all pipe sizes
- b. blind rams
- c. choke manifold
- d. closing unit
- e. flare line and means of ignition

### **B. Communication**

The rig contractor will be required to have two-way communication capability. Conoco will have either land-line or mobile telephone capabilities.

### **C. Mud Program**

The mud program has been designed to minimize the volume of H<sub>2</sub>S circulated to surface. Proper mud weight, safe drilling practices, and the use of H<sub>2</sub>S scavengers when appropriate will minimize hazards when penetrating H<sub>2</sub>S bearing zones.

### **D. Drill Stem Tests**

There are no drill stem tests proposed for this well.

## **III. WELL SITE DIAGRAM**

A complete well site diagram including the following information is attached:

- 1. Rig orientation
- 2. Terrain
- 3. Briefing areas
- 4. Ingress and egress
- 5. Pits and flare lines
- 6. Caution and danger signs
- 7. Wind indicators and prevailing wind direction



Mike L. Mankin  
Right of Way Agent  
Right of Way and Claims

Conoco Inc.  
10 Desta Drive, Suite 430E  
Midland, Texas 79705-4500  
(915) 686-5794

February 20, 1997

Bureau of Land Management  
620 E. Greene  
Carlsbad, New Mexico 88220

Attn: Mr. Barry Hunt, Surface Protection Specialist

Re: Settlement for Well Location and Appurtenances  
SEMU Well # 129  
Section 13, 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 the above referenced location and appurtenances..

If you have any questions, please contact me at 915-686-5794.

Sincerely,

Mike L. Mankin

cc: Jerry Hoover  
File: SEMU Well # 129



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2000 S. RACHICO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

August 14, 1997

Conoco, Inc.  
10 Desta Drive - Suite 100W  
Midland, Texas 79705-4500  
Attention: Jerry Hoover

*Administrative Order NSL-3854*

Dear Mr. Hoover:

Reference is made to: (i) your application dated March 26, 1997; (ii) my letter dated April 2, 1997; (iii) your response by letter dated April 8, 1997, (iv) my request for clarification by note dated July 3, 1997, (v) your response by letter dated July 8, 1997; all of which refer to Conoco Inc.'s request for the following four unorthodox oil well locations in the Blinebry, Tubb, and Drinkard intervals within Conoco's Southeast Monument Unit ("SEMU") Area comprising all or portions of Sections 13, 14, 15, 22, 23, 24, 25, 26, and 27, Township 20 South, Range 37 East, NMPM, and all or portions of Sections 18, 19, 20, 29, and 30, Township 20 South, Range 38 East, NMPM, all in Lea County, New Mexico:

Well No.	Footage Location	Section-Township-Range	Unit
125	10' FSL & 190' FWL	18-20S-38E	M (Lot 4)
126	1310' FSL & 1120' FWL	19-20S-38E	M (Lot 4)
128	2490' FSL & 1310' FEL	24-20S-37E	I
129	1310' FSL & 1170' FEL	13-20S-37E	P

IT IS THEREFORE ORDERED THAT:

- (1) The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division).
- (2) Conoco, Inc. ("Conoco") is the operator of the Southeast Monument Unit Area, which is a Federal unitized area and comprises the following described 5,403.58 acres in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 13: SW/4 NE/4, W/2 SW/4, SE/4 SW/4, and SE/4  
Section 14: W/2 NE/4, SE/4 NE/4, W/2, and SE/4  
Section 15: E/2 E/2  
Section 22: E/2 E/2  
Sections 23 and 24: All  
Section 25: N/2 and N/2 S/2  
Section 26: All  
Section 27: E/2 E/2

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 18: Lots 3 and 4, SE/4 SW/4, and SW/4 SW/4  
Section 19: Lots 1 through 4, W/2 NE/4, SE/4 NE/4, E/2  
W/2, and SE/4  
Section 20: SW/4 NW/4 and SW/4  
Section 29: NW/4  
Section 30: Lots 1, 2, and 3, NE/4, E/2 NW/4, NE/4  
SW/4, and N/2 SE/4;

- (3) Within the SEMU unit area, Conoco operates the SEMU Permian Waterflood Project, approved by Division Order No. R-1710, issued in Case No. 1990 and dated June 30, 1960, which order authorized the injection of water for secondary recovery operations in the Skaggs-Grayburg Pool;
- (4) According to the application, recent 3-dimensional seismic surveys in this area have identified two small regional structural highs within the Blinberry, Tubb, and Drinkard formations;
- (5) As indicated by Conoco, the primary criteria for choosing these particular locations was to stay high on these small regional structures to ensure the best test of all three of the deeper formations. These locations were therefore considered to be the optimum positions to conduct these tests;
- (6) The secondary criteria for requesting these unorthodox locations was to provide for convenient backup wellbores for a potential future infill drilling program in the SEMU Permian Waterflood Project.

(a) A possible exception is the SEMU Well No. 126 in Section 19, Township 20 South, Range 38 East, NMPM, Lea County,

New Mexico, where it is our understanding that an attempt was made to locate this well one infill-location to the west, close to the section line between said Section 19 and Section 24, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico; however, surface constraints prevented the staking of this well anywhere along this section line in the immediate area. Therefore the SEMU Well No. 126 was moved to the next possible infill-location that would still be sufficiently high enough on structure to provide a reasonable test; and,

(b) Should these three target zones be found non-commercially productive, then the wellbores could be used for infill locations in the waterflood and pursuant to Division Rule 104.F(1) these locations would be considered standard;

(7) For the Drinkard interval:

(a) the proposed SEMU Well No. 125 is within the boundary of the Skaggs-Drinkard Pool;

(b) the other three wells however are within one mile of both the Skaggs-Drinkard Pool and the Weir-Drinkard Pool, both of which are subject to the statewide rules and regulations for oil wells, as set forth in Rule 104.C(1), which provides for 40-acre oil spacing and proration units and requires that wells be located no closer than 330 feet to any boundary of such tract; furthermore both pools have special gas/oil ratio ("GOR") limitation factors of 10,000 cubic feet of gas per barrel of oil (see Division Order No. R-4803, dated June 4, 1974, for the Weir-Drinkard Pool and Division Order No. R-7020, dated July 2, 1982, for the Skaggs-Drinkard Pool);

(8) For the Tubb interval:

(a) SEMU Well Nos. 126 and 129 are both within one mile of the Monument-Tubb Pool and are therefore subject to the "*Special Rules and Regulations for the Monument-Tubb Pool*", as set forth in Division Order No. R-2800, dated November 10, 1964, as amended by Division Order No. R-10128, dated June 3, 1994, which includes provisions for 80-acre oil spacing and proration units with wells to be located no closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary and a special gas/oil ratio ("GOR")

limitation factors of 10,000 cubic feet of gas per barrel of oil;

(b) the SEMU Well No. 125 is within one mile of the Warren-Tubb Gas Pool and is therefore subject to the "*Special Rules and Regulations for the Warren-Tubb Gas Pool*", as promulgated by Division Order No. R-1234, dated August 6, 1958, which includes provisions for 160-acre gas spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the proration unit nor closer than 330 feet from any governmental quarter-quarter section or subdivision inner boundary; and,

(c) the well location of the proposed SEMU Well No. 128 is not within one mile of any Tubb oil or gas pool;

(9) For the Blinebry interval:

(a) the proposed SEMU Well No. 129 location is within one mile of the Weir-Blinebry Pool, the East Weir-Blinebry Pool, and the Blinebry Oil and Gas Pool; the No. 125 well is within one mile of the East Weir-Blinebry Pool, and the Blinebry Oil and Gas Pool, and both the SEMU Well Nos. 126 and 128 are within one mile of the Blinebry Oil and Gas Pool.

(i) the Weir-Blinebry Pool is subject to the statewide rules and regulations for oil wells, as set forth in Rule 104.C(1) and Rule 506.A, which provides for 40-acre oil spacing and proration units and requires that wells be located no closer than 330 feet to any boundary of such tract and a gas/oil ratio ("GOR") limitation factor of 2,000 cubic feet of gas per barrel of oil;

(ii) the East Weir-Blinebry Pool is subject to the statewide rules and regulations for oil wells, as set forth in Rule 104.C(1), which provides for 40-acre oil spacing and proration units and requires that wells be located no closer than 330 feet to any boundary of such tract; furthermore, said pool has a special gas/oil ratio ("GOR") limitation factor of 10,000 cubic feet of gas per barrel of oil (see Division Order No. R-9630, dated January 27, 1992); and

(iii) the Blinebry Oil and Gas Pool is governed by special rules and regulations, as set forth in Division Order No. R-8170, as



amended, that provides for 40-acre oil and 160-acre gas spacing and proration units, the gas/oil ratio ("GOR") cutoff point in distinguishing between gas wells and oil wells in this pool at 50,000 cubic feet of gas per barrel of oil, restricted well location requirements, and for the allocation of oil and gas production;

- (10) Pursuant to Rule 104.F(2) the four unorthodox oil well locations as described above should be approved at this time for the Drinkard interval only; and
- (11) Authorization for the Blinebry and Tubb intervals should be postponed until such time as the zone(s) are adequately tested, production is established, and such production is assigned to a specific pool(s).

IT IS THEREFORE ORDERED THAT:

(1) Conoco, Inc. is hereby authorized to drill its proposed SEMU Well Nos. 124, 125, 126, and 129 to a sufficient depth as to penetrate the Drinkard formation. By the authority granted me under the provisions of Division Rule 104.F(2), the following unorthodox oil well locations in either the Weir-Drinkard Pool or Skaggs-Drinkard Pool are hereby approved:

<i>Well No.</i>	<i>Footage Location</i>	<i>Section-Township-Range</i>	<i>Unit</i>	<i>Dedicated 40-Acre Tract</i>
125	10' FSL & 190' FWL	18-20S-38E	M	Lot 4 (37.60 acres)
126	1310' FSL & 1120' FWL	19-20S-38E	M	Lot 4 (40.40 acres)
128	2490' FSL & 1310' FEL	24-20S-37E	I	NE/4 SE/4
129	1310' FSL & 1170' FEL	13-20S-37E	P	SE/4 SE/4

IT IS FURTHER ORDERED THAT Conoco, Inc. be permitted to test the Blinebry and Tubb intervals in each of the four aforementioned wells; PROVIDED HOWEVER THAT, once production is established within the Blinebry and/or Tubb zones and it is determined by the Supervisor of the Hobbs District Office of the Division as to which pool such production is to be attributed, Conoco, Inc. shall at that time seek amendment to this order and to provide support data and provide all applicable information for an unorthodox oil or gas well for such production and assign the appropriate acreage dedication to the well for the assigned pool(s).

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Administrative Order NSL-3854

Conoco, Inc.

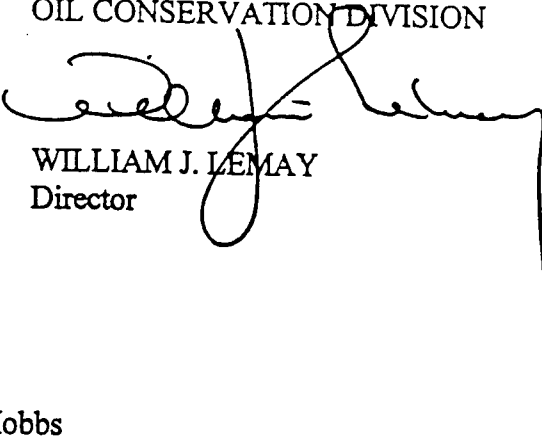
August 14, 1997

Page 6

---

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

SEAL

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
W. Thomas Kellahin, Counsel - Santa Fe  
U. S. Bureau of Land Management - Carlsbad

CMD : ONGARD 01/19/00 10:12:22  
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPW2

OGRID Idn : 5073 API Well No: 30 25 34314 APD Status(A/C/P): A  
Opr Name, Addr: CONOCO INC Aprvl/Cncl Date : 02-25-1998  
10 DESTA DR W  
MIDLAND, TX 79705

Prop Idn: 3083 SEMU PERMIAN Well No: 129

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn : P	13	20S	37E				FTG 1310 F S	FTG 1170 F E
OCD U/L : P		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 : 3549

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

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

CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION01/19/00 10:10:58  
OGOMES -TPW2  
PAGE NO: 1

Sec : 13 Twp : 20S Rng : 37E Section Type : NORMAL

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

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

CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION01/19/00 10:11:11  
OGOMES -TPW2  
PAGE NO: 2

Sec : 13 Twp : 20S Rng : 37E Section Type : NORMAL

L 40.00  Federal owned  A	K 40.00  Fee owned  A	J 40.00  Federal owned  A	I 40.00  Federal owned  A
M 40.00  Federal owned  A	N 40.00  Federal owned  A	O 40.00  Federal owned  A	P 40.00  Federal owned  A A

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

**CONOCO**

Mid-Continent Region  
Exploration/Production

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

January 27, 2000

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

RE: Eumont, Yates, Seven Rivers, Queen (Pro Gas) Pool 76480

Application for Unorthodox Location Order  
SEMU Skaggs B #129  
Section 13, T-20-S, R-37-E, P  
1310' FSL & 1170' FEL  
API # 30-025-34314  
Lea County, NM


Dear Mr. Stogner,

An application was submitted January 10, 2000 for a non-standard pro-ration unit for this well. In that letter it was stated that this was a standard location. Somehow the new statewide rule change to 10' off the interior section lines was applied erroneously to this application. Based on the Eumont pool rules requiring 330' from the interior lines this location is non-standard. The location is staked non-standard based on the fact that this well is going to be drilled to the Penrose Grayburg. If a completion in the Eumont is unsuccessful, the well will become a 20-acre standard location infill well in the SEMU waterflood. No completion in the shallower objectives is anticipated. The well is non-standard to the interior of the Conoco operated Southeast Monument unit.

All data previously submitted for the non-standard proration unit is applicable to this request. A copy of this letter will be sent to Texaco, Burgundy, and Greenhill Petroleum.

If there are any further questions regarding this application please call me at (915) 686-5798.

Sincerely,

  
Kay Maddox  
Regulatory Agent - Conoco, Inc.

Cc: OCD - Hobbs, NM