

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

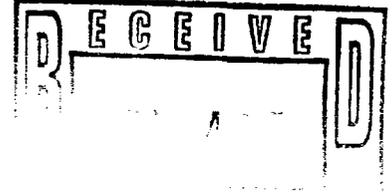
SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047



April 24, 1995

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

11285

Re: Application of Conoco Inc. for approval to convert its Warren Blinebry Tubb Waterflood Project from an 80-acre to a 40-acre Five Spot Injection Pattern including approval of twelve unorthodox well locations and an administrative procedure for infill drilling of additional producers at unorthodox well locations, Warren Blinebry-Tubb Oil and Gas Pool, Lea County, New Mexico

Dear Mr. Stogner:

On behalf of Conoco Inc., please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for May 18, 1995.

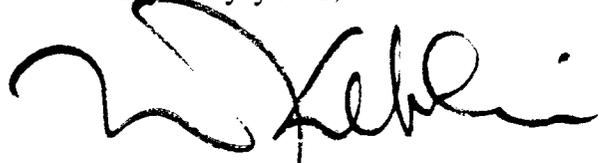
By copy of this letter and application, sent certified mail, we are notifying all offset operators to the outer boundary of the waterflood project of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Mr. Michael E. Stogner
April 24, 1995
Page Two

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, May 12, 1995, with a copy delivered to the undersigned.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

WTK/wt
Enclosure

cc: Conoco Inc. (Midland) and
By Certified Mail - Return Receipt
All Parties Listed in Application

PROPOSED ADVERTISEMENT

1/285

CASE _____ Application of Conoco Inc. for approval to amend a previously approved waterflood project, for modifying its injection pattern, for infill drilling, for twelve unorthodox oil well locations and for certain administrative procedures, Lea County, New Mexico. Applicant, in the above styled cause, seeks approval to convert its Warren-Blinebry Tubb Waterflood Project from an 80-acre to a 40-acre five spot injection pattern including the drilling of the first twelve "infill" producing wells at unorthodox well locations within said unit. Applicant further seeks an administrative procedure for drilling additional infill producing wells at unorthodox well locations and the conversion of producers to injection wells within the Warren-Blinebry Tubb Unit for production from and injection into the Warren Blinebry-Tubb Oil & Gas Pool, all within portions or all of Sections 20-22, 26-29 and 33-35, Township 20 South, Range 38 East, NMPM. Said project is located approximately 5-1/2 miles south-southwest from Nadine, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION OF CONOCO INC. FOR APPROVAL TO CONVERT ITS WARREN-BLINEBRY TUBB WATERFLOOD PROJECT FROM AN 80-ACRE TO A 40-ACRE FIVE SPOT INJECTION PATTERN INCLUDING THE DRILLING OF THE FIRST TWELVE "INFILL" PRODUCING WELLS AT UNORTHODOX WELL LOCATIONS, AND AN ADMINISTRATIVE PROCEDURE FOR INFILL DRILLING OF ADDITIONAL PRODUCING WELLS AT UNORTHODOX WELL LOCATIONS AND THE CONVERSION OF PRODUCERS TO INJECTION WELLS WITHIN THE WARREN-BLINEBRY TUBB UNIT, WARREN-BLINEBRY OIL AND GAS POOL, LEA COUNTY, NEW MEXICO

CASE NO 11285

APPLICATION

Comes now CONOCO INC., by its attorneys, Kellahin & Kellahin, applies to the New Mexico Oil Conservation Division for approval to convert its Warren-Blinebry Tubb Waterflood Project from an 80-acre to a 40-acre five spot injection pattern including the drilling of the first twelve "infill" producing wells at unorthodox well locations and an administrative procedure for drilling additional infill producing wells at unorthodox well locations and the conversion of producers to injection wells within the Warren-Blinebry Tubb Unit, Warren-Blinebry Oil and Gas Pool, Lea County, New Mexico;

**NMOCD Application
Conoco Inc. Page 2**

and in support states:

(1) Conoco Inc. ("Conoco") is the current operator of the Warren Unit and the Warren-Blinebry Tubb Waterflood Project, Lea County, New Mexico which was approved by Division Order R-6906-B issued March 15, 1991.

(2) This project was created for the purpose of conducting secondary recovery operations within the Blinebry and Tubb formations.

(3) On January 20, 1994, the Division entered Order R-10068 (Case 10897) which approved the second expansion of this project to include additional areas within the Warren Unit and qualified said expansion area for the recovered oil tax rate pursuant to the New Mexico Enhanced Oil Recovery Act.

(4) The Warren Unit Blinebry Tubb Waterflood Project Area, identified on Exhibit "A" attached, consists of 4080 acres in the following described area:

Township 20 South, Range 38 East, NMPM

Section 20: SE/4
Section 21: SW/4 and S/2SE/4
Section 22: S/2S/2
Section 26: All
Section 27: All
Section 28: All
Section 29: NE/4 and N/2SE/4
Section 33: All
Section 34: All
Section 35: N/2NW/4

**NMOCD Application
Conoco Inc. Page 3**

(5) Now Conoco desires to effect an "expansion" of its existing enhanced oil recovery ("EOR") project, the Warren Unit Blinebry Tubb Waterflood Project, by means of a significant change and modification in the technology and process used for the displacement of crude oil from the Warren Blinebry-Tubb Oil and Gas Pool, by converting in phases its original Pilot Area (phase one), its First Expansion Area (phase two) and its Second Expansion Area (phase three) of its Waterflood Project from an 80-acre five spot injection pattern to a 40-acre five spot injection pattern in order to improve the recovery efficiency of this project and thereby recover additional oil which will not otherwise be recovered.

(6) In order to study the feasibility of such a program it is necessary to implement certain changes in the regulatory rules governing the waterflood project. Accordingly, Conoco seeks:

(a) for Phase One:

(i) authority to convert the Pilot Area (phase one) from 80-acre to 40-acre five spot water injection pattern;

(ii) to drill the first twelve "infill" producing wells at unorthodox well locations as shown on Exhibit "B" attached hereto;

(iii) the adoption of an administrative procedure for approval of additional producers at unorthodox well locations and the conversion of producers to injectors; and

(b) For Phase Two and Phase Three:

(i) the adoption of an administrative procedure for approval of additional producers at unorthodox well locations and the conversion of producers to injectors; and

NMOCD Application
Conoco Inc. Page 4

(ii) the adoption of infill drilling provisions for its Warren-Blinebry Tubb Waterflood Project

(8) Conoco anticipates that the conversion of the waterflood project to a 40-acre five spot injection pattern is expected to recover significant additional oil from the Blinebry and Tubb formations.

(9) In order to test that concept, Conoco desires to obtain approval to drill "infill" producing wells in the waterflood project and has set forth on Exhibit "B" an initial list of the first twelve such wells from which Conoco will then select, drill and test the feasibility of reducing the waterflood pattern.

(10) The prior Division orders approving this unit did not provide for an administrative process for approving these infill wells all of which are to be drilled at unorthodox well locations.

(11) Conoco seeks the adoption of an "infill" rule which would provide for the administrative approval of additional wells within a 40-acre spacing unit provided said well is located not closer than 10 feet from the governmental quarter-quarter section line, not closer than 330 feet to an existing project well and not closer than 330 feet to the exterior boundary of the Warren-Blinebry Tubb Unit.

(12) Notice of this application is being provided to all offset operators adjacent to the outer boundary of the Warren-Blinebry Tubb Waterflood Project. See Exhibit "C" attached.

(13) Conoco requests that this application be set for hearing before the Division's Examiner on the next available docket now scheduled for May 18, 1995.

**NMOCD Application
Conoco Inc. Page 5**

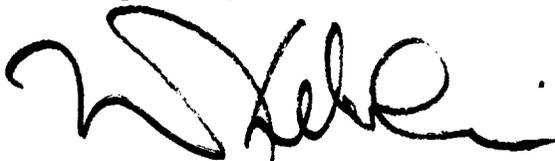
(14) Upon conclusion of the feasibility test, then Conoco will seek to expand its waterflood operations:

(a) in accordance with Division Order R-9708, by means of an "expansion, extension or increase in size of the geologic area or adjacent geologic area that could reasonably be determined to represent a new or unique area of activity." and

(b) in accordance with Rule 701 (Form C-108) by obtaining the necessary injection authority to convert specific producers to injection wells.

Wherefore, Applicant requests that this application be set for hearing and that after said hearing, the Division enter its order approving this application.

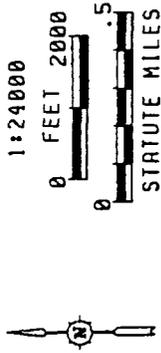
Respectfully submitted

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a stylized flourish at the end.

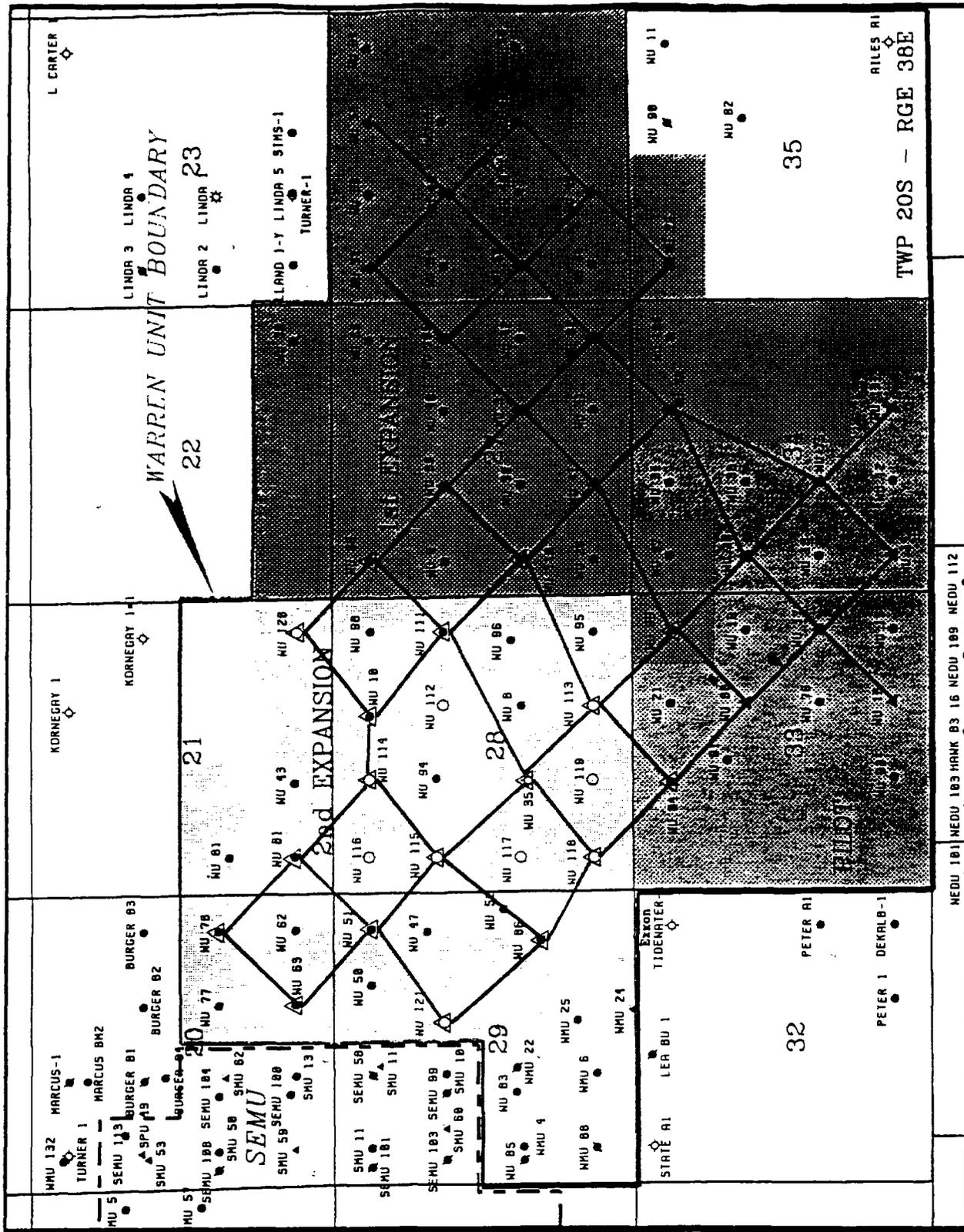
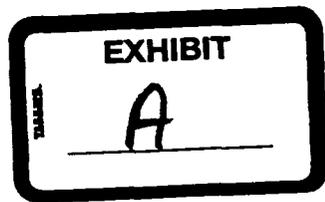
W. Thomas Kellahin
KELLAHIN & KELLAHIN
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
Attorneys for Applicant

LEGEND

- ▲ Current Waterflood
- 1994 Drilling Program
- △ 1995 Well Conversions
- 1985 Drilling Program
- △ 1999 Well Conversions
- Pilot Waterflood
- 1st Waterflood Expansion
- 2nd Waterflood Expansion



CONOCO - MIDLAND DIVISION
WARREN BLINEBRY-TUBB
WATERFLOOD EXPANSION
 BY STAGES
 LEA COUNTY, NEW MEXICO



WARREN BLINEBRY-TUBB WATERFLOOD PROJECT

**PROPOSED UNORTHODOX LOCATIONS FOR
INFILL PRODUCING WELLS**

ALL WELLS IN TOWNSHIP 20 SOUTH, RANGE 38 EAST

SECTION 33

Warren Unit No. 202	1330' FSL & 1310' FEL
Warren Unit No. 209	2630' FNL & 1360' FEL
Warren Unit No. 212	1310' FNL & 1510' FEL

SECTION 34

Warren Unit No. 205	1330' FSL & 2630' FEL
Warren Unit No. 204	1330' FSL & 1330' FWL
Warren Unit No. 203	1330' FSL & 10' FWL
Warren Unit No. 208	2630' FNL & 10' FWL
Warren Unit No. 207	2630' FNL & 1330' FWL
Warren Unit No. 206	2630' FNL & 2630' FEL
Warren Unit No. 215	1310' FNL & 2630' FEL
Warren Unit No. 214	1310' FNL & 1330' FWL
Warren Unit No. 213	1310' FNL & 10' FWL

EXHIBIT C

WARREN BLINEBRY-TUDD WATERFLOOD PROJECT

APPLICATION FOR 12 UNORTHODOX LOCATIONS AND AMENDMENTS TO ORDER NO. R-10068

NOTIFICATION LIST

WARREN UNIT WORKING INTEREST OWNERS

Apache Corporation
1000 Post Oak Blvd.
Houston, TX 77056-4400

Chevron USA Inc.
P.O. Box 1150
Midland, TX 79702

Arco Oil & Gas Co.
P.O. Box 1610
Midland, TX 79701

MINERALS INTEREST OWNER

Bureau of Land Management
P.O. Box 1397
Roswell, NM 88201

SURFACE OWNERS

Dallas McCasland
P.O. Box 206
Eunice, NM 88221

Bureau of Land Management
P.O. Box 1397
Roswell, NM 88201

OFFSET OPERATORS

Elk Oil Company
P.O. Box 310
Roswell, NM 88202

Exxon Company USA
P.O. Box 2180
Houston, TX 77252

Giant Explor. & Prod.
P.O. Box 2810
Farmington, NM 87499

John Hendrix Corp.
223 W. Wall, Ste 525
Midland, NM 79701

Mirage Energy
P.O. Box 551
Lovington, NM 88260

Shell Western E&P Inc.
P.O. Box 831
Houston, TX 77001

Stevens & Tull, Inc.
3316 Andrews Hwy.
Midland, TX 79703