

Dated back in 6-26-02

PKRVO-214127374

Stogner, Michael

Suspended 7-16-02

From: Maddox, M. Kay [M-Kay.Maddox@conoco.com]
Sent: ~~Wednesday, June 26, 2002 2:24 PM~~
To: Stogner, Michael
Subject: SEMU # 167 - NSL



SEMu # 167.doc

Mr. Stogner, Here is a copy of the letter that I am sending you by overnight mail - Thanks so much!

r. <<SEMu # 167.doc>>

May 15, 2002

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 S. Francis Drive
Santa Fe, New Mexico 87504

Application for Nonstandard Location for the North Hardy Strawn Pool

SEMU # 167
Section 25, T-20-S, R-37-E, G
2250' FNL & 1530' FEL
Lea County, New Mexico

Dear Mr. Stogner,

The Southeast Monument well # 167 has been staked within the North Hardy Strawn pool. The pool rules state that a well in this pool be 660' from the boundaries of a 160 acre proration unit. The well is only 390' from the south section line of the N/E quarter of Section 25 therefore a nonstandard location is required. This will be the second well in this quarter 160 acres and will be sharing the allowable with the Southeast Monument Unit well # 139 already producing in the Strawn. Please find attached three exhibits that support this request for the nonstandard location for the SEMU # 167.

Exhibit 1 is a west to east seismic cross-section through the proposed SEMU #167. The yellow line illustrates the interpretation of the Top of the Strawn seismic pick at approximately 1050 milliseconds. The green line immediately below illustrates the interpretation of the Top of Devonian. The interval bounded by these two horizons thins proceeding west to east across the seismic cross-section.

Exhibit 2 is a depth map on the Top of the Strawn interpretation. The structural position increases from red to yellow with hachure marks indicating the immediate dip direction. The undulating structure and stratigraphic thinning complicates the interpretation; however, it is believed that the well will encounter the productive Strawn high to the SEMU # 139 and SEMU # 149 (Section 30, T20S, R38E). The interpretation indicates that the well will be stratigraphically separated from either the SEMU # 139 or the SEMU # 149 necessitating the proposed location to produce the associated reserves. The non-standard location is imperative to meet the parameters of the interpretation.

Exhibit 3 is page size film overlay of a standard 640 acre section. A standard location for a North Hardy Strawn well is in an area 660' from any quarter section boundary and is shown on Exhibit 3 as light squares of 40 acres in each quarter section. The SEMU # 167 will be nonstandard in possible shallow completions as well. The well is only 210' from the west side of the east adjoining forty acre proration unit. Consequently, in the event that the well is not productive in the Strawn, Conoco would like to include in this NSL order the North Hardy Tubb Drinkard pool, and the Blinebry Oil & Gas pool. This is in the event there any uphole potentially productive zones in these horizons that would require a designating a 40 acre proration unit.

The SEMU # 167 location is in the NE/4 of Section 25 within the Conoco operated Southeast Monument Unit. There are three working interest partners within the SEMU unit; Conoco, Chevron, BP America Production Co (Amoco). All working interest owners have signed an AFE and agree with Conoco's proposed non-standard location of the SEMU # 167. The proposed location of the SEMU # 167 encroaches towards the SE/4 of Section 25. The WI ownership in the Strawn in this SE/4 proration unit is designated by a communitization agreement, 50% SEMU partners and 50% Conoco owned 100% state lease. There are two Strawn wells currently drilled on this SE/4 160 acres. The entire N/2 & N/2 of the S/2 of Section 25 is within the Strawn and the Tubb Drinkard "B" participating area boundaries, therefore all override and royalty interest owners share equally and are protected. If commercial production is confirmed in the Blinebry, a Blinebry participating area will be established. The SEMU well is staked in the forty acre Unit Letter G, and encroaches towards 40 acre Unit letter H. Both 40 acre tracts are on the same lease, LC 031696A (as indicated on the attached map), and have the same ownership.

Conoco respectfully requests an administrative nonstandard location order for the SEMU # 167. If you need any additional data please call me at (915) 686-5798.

Sincerely,

Kay Maddox
Regulatory Agent – Conoco

CC: NMOCD - Hobbs

6-28th 7:30 AM
Blinebry in SE/4 of Sec. 25
is the same as the
Strawn with
respect to WI.