

| | | | | |
|------------------------|------------------------|--------------------|---------------------|-----------------|
| DATE IN 7/16/01 | SUSPENSE 8/6/01 | ENGINEER MS | LOGGED BY PN | TYPE NSL |
|------------------------|------------------------|--------------------|---------------------|-----------------|

120139392

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

01 JUL 16 PM 1:48

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.

Kay Maddox

Print or Type Name

Signature

Regulatory Agent

Title

7/10/01

Date

July 10, 2001

OIL CONSERVATION DIV.

01 JUL 16 PM 1:48

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

Application for Nonstandard Location North Hardy Strawn pool:

Warren Unit #22
API # 30-025-07854
Section 29, T-20-S, R-38-E, K
2090' FSL & 2090 FWL
North Hardy Strawn Recomplete
Lea County, New Mexico

*m-kay. Maddox @
USA. Conoco. com*

Dear Mr. Stogner,

Conoco respectfully requests your approval of this administrative application for a nonstandard order for the proposed Strawn recomplete of the Warren Unit #22 well.

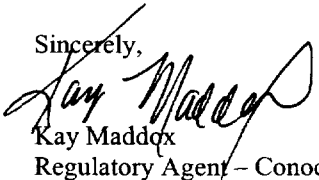
The North Hardy Strawn pool rules state that a standard location is 660' from the outer boundary of the 160-acre proration unit. The Warren Unit #22 is only 550' from the north line of the 160-acre proration unit. Please reference the attached C-102 plat.

The well was drilled and completed in September 1957 as a McKee oil producer. In January 1979 the well was converted to an injection well. The well was temporarily abandoned in 1996, and is currently idle. Conoco proposes to recomplete the Warren Unit #22 to the Strawn. Open hole logs suggest porosity development in the Strawn (see attached log section) similar to that seen in the SEMU # 114. The SEMU #114 was completed successfully in the Strawn earlier this year. The Warren Unit # 22 sits in a structurally high position, (see attached structural map). Recompleting the Warren Unit #22 in the Strawn would take advantage of an existing wellbore and eliminate the necessity of drilling a new wellbore to extend proven Strawn reserve for this area to the south.

The Warren Unit # 22 wellbore encroaches north toward the Southeast Monument Unit. Conoco is the operator of the SEMU Unit however the working, and royalty interest owners are different than those in the Warren Unit. Statewide rule 1207A-2-a-4 states that the WI and RI owners have to be notified of this request. Please find attached evidence that they have been sent certified copies of this application on July 10, 2001.

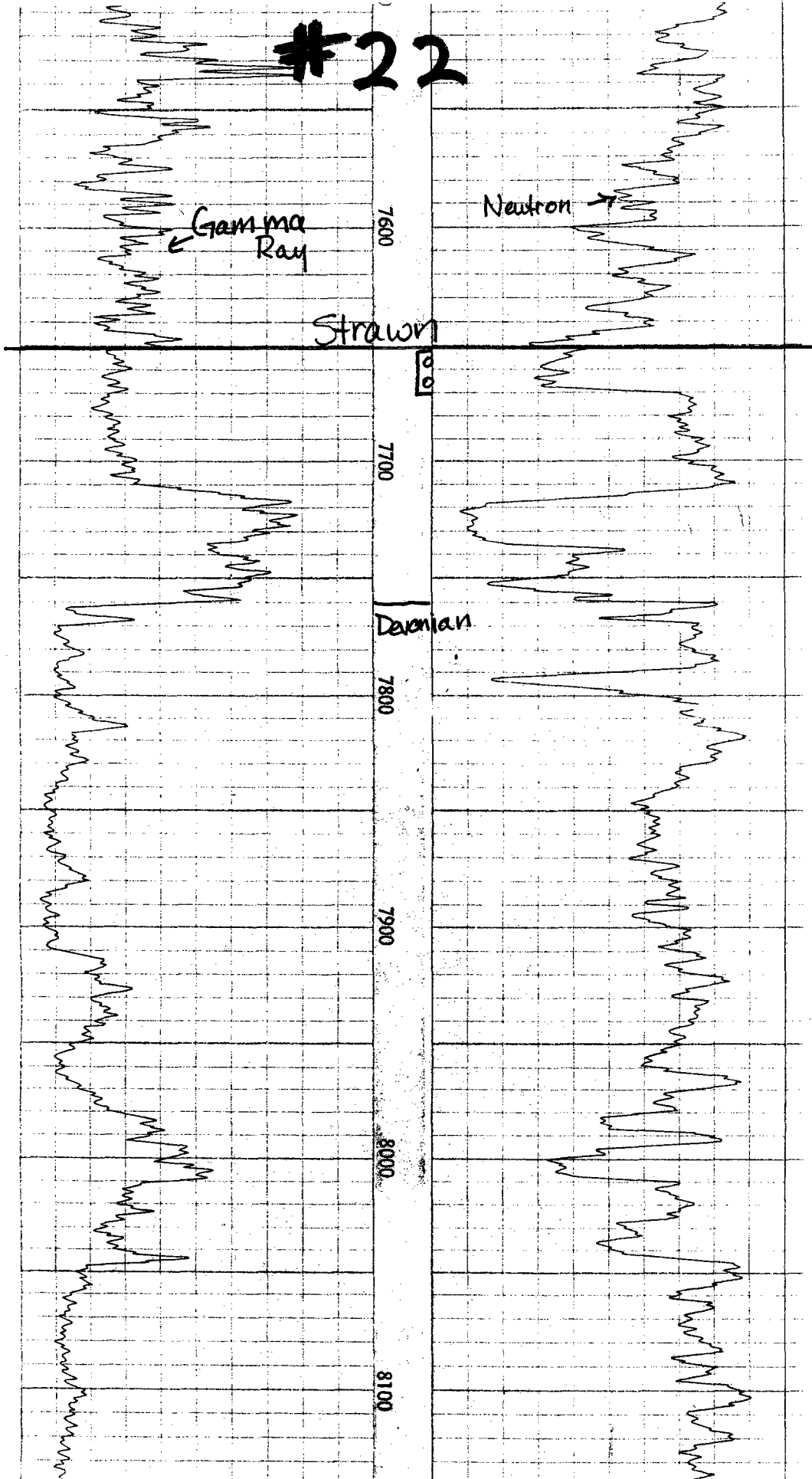
In order to prevent waste, Conoco respectfully requests your approval of this nonstandard location application for the Warren Unit #22. If you have any further questions regarding this application please contact me at (915) 686-5798.

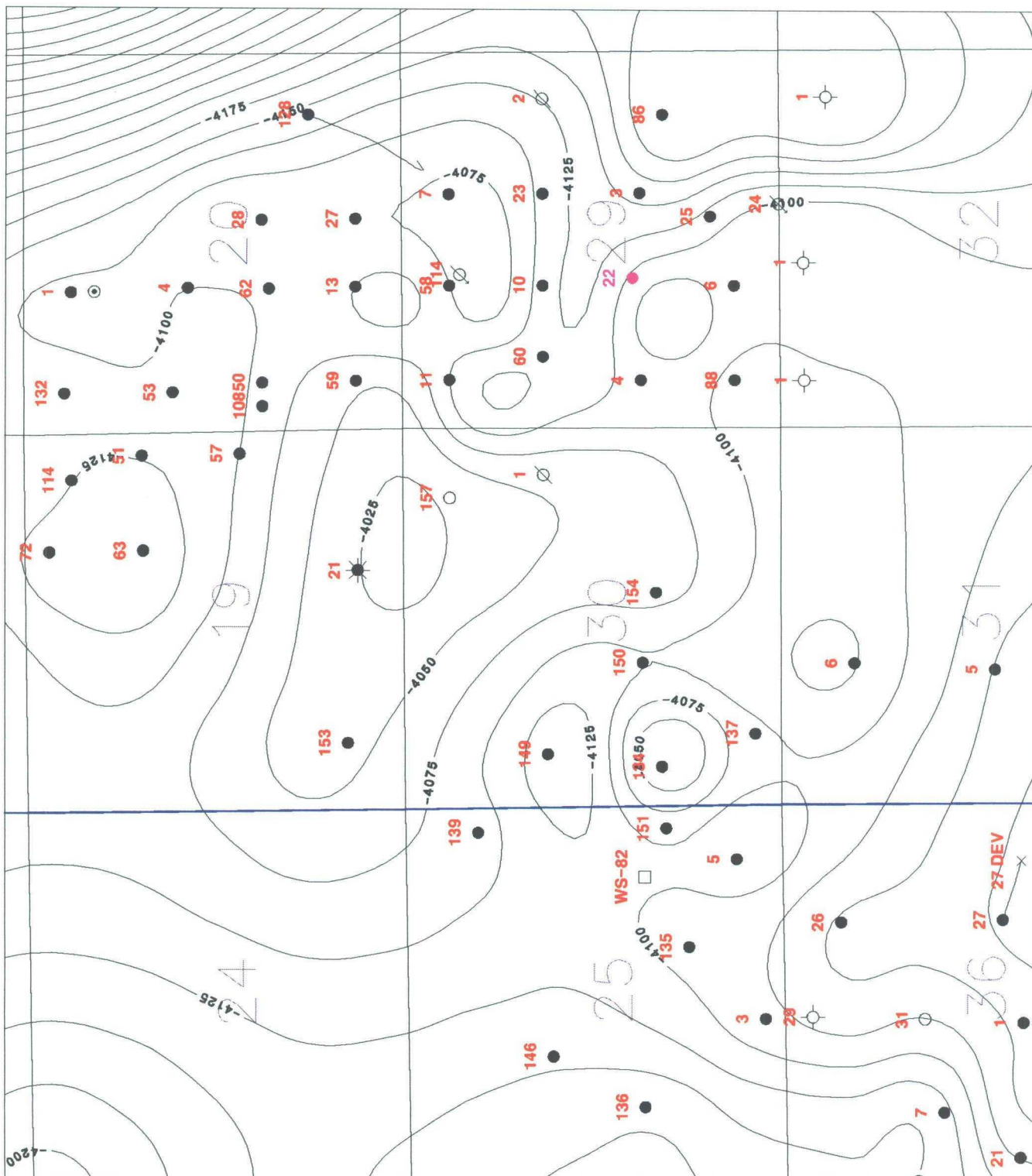
Sincerely,


Kay Maddox
Regulatory Agent - Conoco

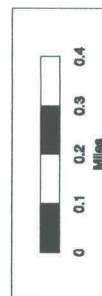
Cc: New Mexico Oil Conservation Division - Hobbs

#22





N



CONOCO, INC.

NMFU_3D

Warren Unit #22 Location

1:25000

BPG

FEET

12-June-2001

Lee County, New Mexico

Structural contours of Top Strawn

Based on well control

Contour interval = 25 feet

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

District III
1000 Rio Brazos Rd. Aztec, NM 87410

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

OIL CONSERVATION DIVISION
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 30-025-07854 | | 2 Pool Code 96893 | 3 Pool Name North Hardy Strawn | |
| 4 Property Code | 5 Property Name Warren Unit | | | 6 Well Number #22 |
| 7 OGRID No. 005073 | 8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500 | | | 9 Elevation |

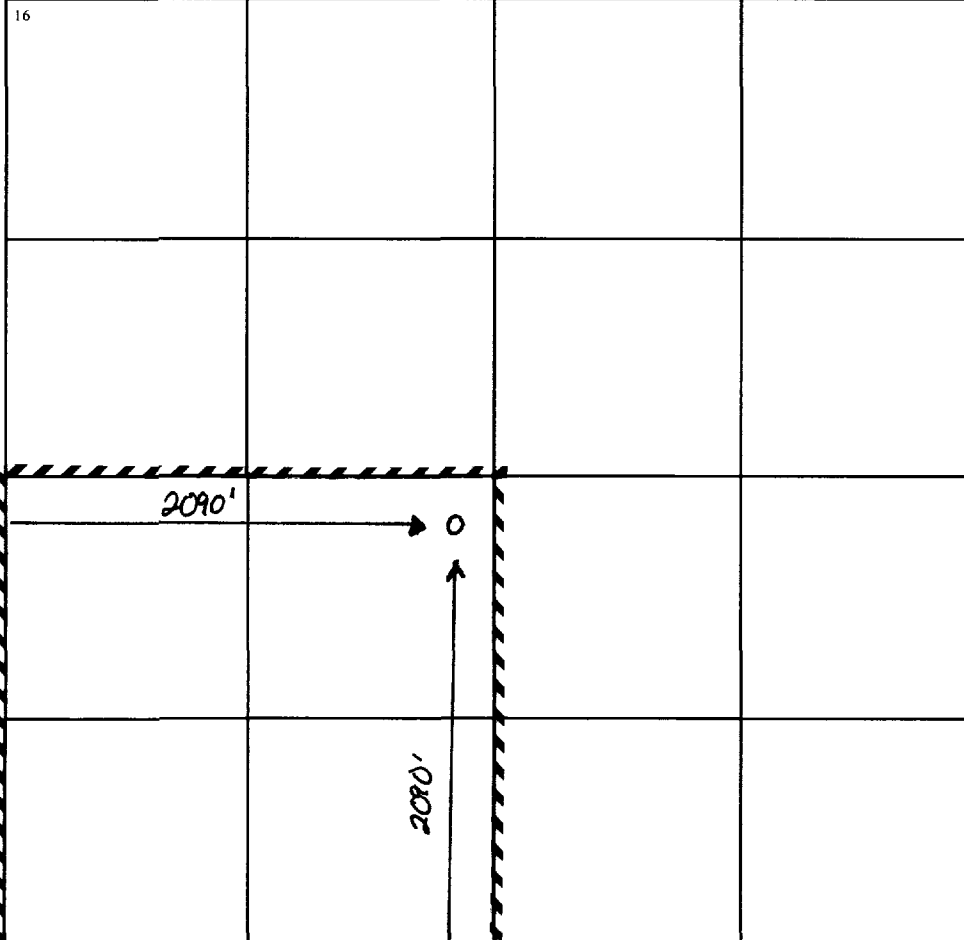

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K | 29 | 20S | 38E | | 2090 | South | 2090 | 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 160 | 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 |  | <div style="border: 1px solid black; padding: 5px;"><h3 style="text-align: center; margin: 0;">17 OPERATOR CERTIFICATION</h3><p style="margin: 5px 0;">I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p><div style="text-align: center; margin: 10px 0;"> Signature</div><div style="text-align: center; margin: 5px 0;">Kay Maddox Printed Name</div><div style="text-align: center; margin: 5px 0;">Regulatory Agent Title</div><div style="text-align: center; margin: 5px 0;">June 18, 2001 Date</div></div> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"><h3 style="text-align: center; margin: 0;">18 SURVEYOR CERTIFICATION</h3><p style="margin: 5px 0;"><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 the best of my belief.</i></p><div style="text-align: center; margin: 10px 0;">Date of Survey</div><div style="text-align: center; margin: 5px 0;">Signature and Seal of Professional Surveyor:</div><div style="text-align: center; margin: 10px 0;">Certificate Number</div></div> |
|----|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

30025078540000

6/15/2001

WARREN UNIT #022 (SLB 9/20/98)

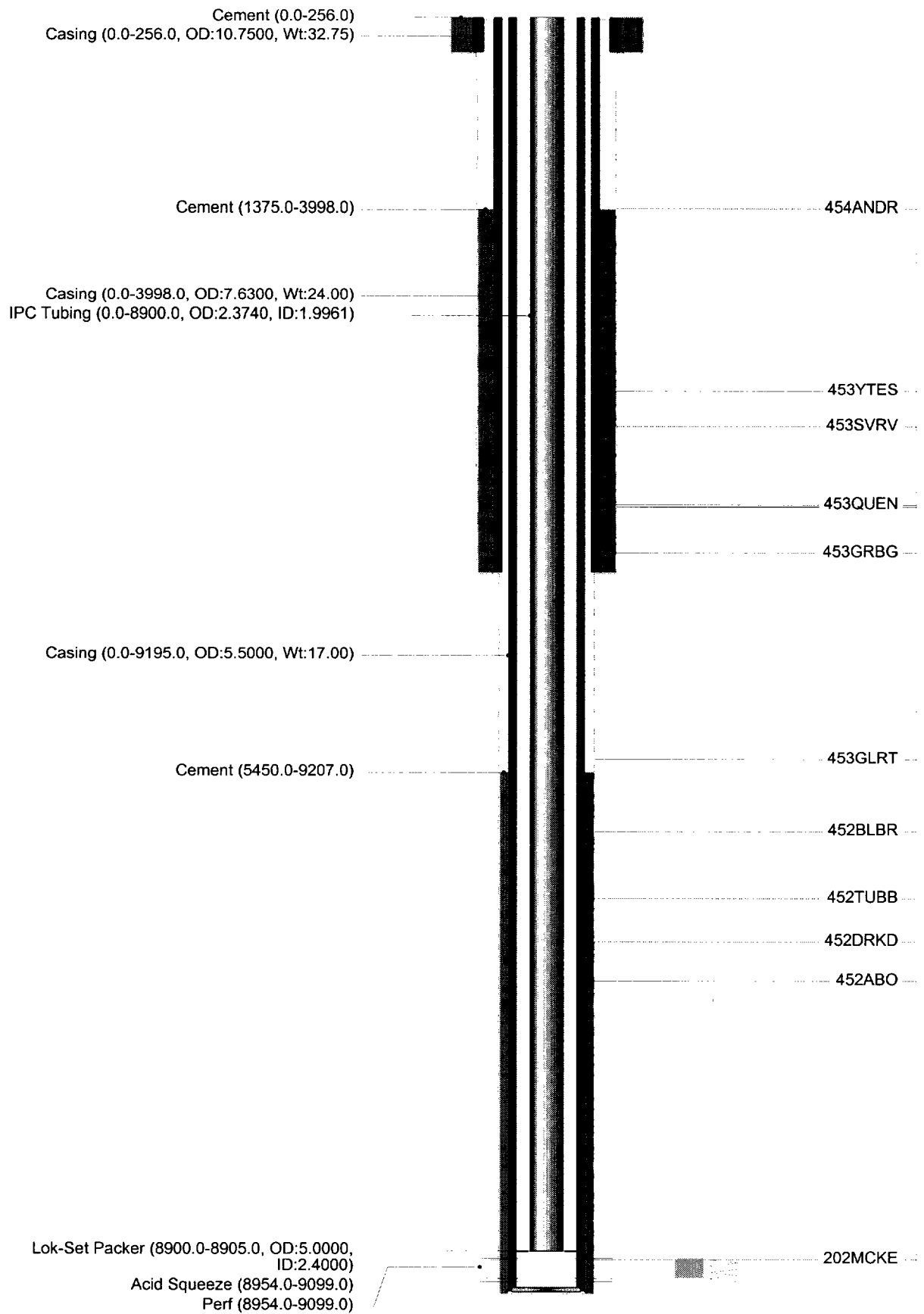
| | |
|-------------------|----------------------|
| API No. | 30025078540000 |
| Spud | 7/12/1957 |
| Completion | 9/18/1957 |
| Abandoned | |
| Frm. Prod. | McKee |
| Well No. | 22 |
| Field | WARREN |
| Init. Well Class. | development well |
| Status | WIW |
| Permit | |
| RR | |
| Last Act. | |
| TD | 9207.0 ftKB |
| PBTD | 9161.0 ftKB |
| Operator | CONTINENTAL OIL |
| Permit No. | |
| District | Hobbs O.U. |
| Final Well Class. | Water Injection Well |
| Frm. at TD | McKee |

Event History

| Description | Date | Event |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| 13.7500in, Depth 260.0ftKB | 7/12/1957 | Bore Hole |
| 10.7500 in Casing, ID: 10.1900in, Jnts: 7 | 7/12/1957 | Cas Run |
| With 250sx, Surface Casing, Top Found At 0.0ftKB | 7/12/1957 | Cas Cmmt |
| 9.8750in, Depth 4004.0ftKB | 7/22/1957 | Bore Hole |
| 7.6300 in Casing, ID: 7.0200in, Jnts: 115 | 7/23/1957 | Cas Run |
| With 700sx, Intermediate Casing, Top Found At 1375.0ftKB | 7/23/1957 | Cas Cmmt |
| 4000.0 - 9198.0ftKB, Schlumberger, ELECTRIC LOG, 4000.0 - 9198.0ftKB, Schlumberger, MICROLOGGING | 9/2/1957 | Log |
| 6.7500in, Depth 9207.0ftKB | 9/3/1957 | Bore Hole |
| 5.5000 in Casing, ID: 4.8900in, Jnts: 262 | 9/4/1957 | Cas Run |
| With 230sx, Production Casing, Top Found At 5450.0ftKB | 9/4/1957 | Cas Cmmt |
| 50.0 - 9161.0ftKB, Welex, GR, NEU | 9/10/1957 | Log |
| 8965.0 - 9123.0ftKB, 3.3/ft | 9/12/1957 | Perf |
| 9161.0 - 9200.0ftKB, Cement Plug, OD: 5.0000in | 9/15/1957 | Other Run |
| 8965.0 - 9124.0ftKB, Fracture | 7/10/1959 | Stim/Treat |
| POOH w/prod equipment & Chambers pkr assembly. Ran 2 jts tbg on sd line w/depthometer & tagged btm @ 9103'. RIH w/1 jt. tbg, 1.78" model "R" profile nipple, 1 jt. tbg, 5 1/2" Baker Lok-Set pkr, on/off receptacle w/1.78" Model "F" profile & plastic lined tbg. Ran total 284 jts. 2 3/8" EUE 8rd tbg. Internally plastic coated by Spincoat. Set pkr @ 8856 - 72. w/4 pts wt on pkr. Set plug in "S" nipple @ 8888' & disp annulus w/trtd wtr, pkr fluid. Engaged On/Off tool & tstd csg w/500#, OK. Install well head & start water injection., Pull Production Equipment, Convert to Injector | 1/15/1979 | Comp/WO |
| 50.0 - 8965.0ftKB, Dresser, CORROSION ANALYSIS TUBULARS | 6/8/1981 | Log |
| POOH w/PC tbg & Lok-set pkr. GIH w/5.5" scraper & 290 jts tbg. Tag fill @ 9037 (124' of fill). CO fill to 9161' (PBTD). Recovered sand & scale. GIH w/5 1/2" Lok-Set pkr & 285 jts 2 3/8" P.C. tbg. Circ 175 bbl pkr fluid. Land pkr @ 8856. Place on injection., Clean out, Clean Out Fill | 5/13/1988 | Comp/WO |
| Tag fill @ 9140' circ sand off btm to 9160'. POH to 8965' & circ comp fluid to get clear returns. Pmp 18 bbls of 15% HCL-NEFE acid, flushed w/34 bbls comp fluid. Spot 5 bbls 15% HCL-NEFE acid (Inhibited 48 hrs @ 125°), . Run GR-CCL F/TD to 8700'. Perf 2 JSPF 8954-9099. Load & test BS to 500#, OK. Pmp 25 bbl 15% HCL-NEFE acid & 3 bbls 10 ppg brine, 2 bpm @ 200#. Close pkr by-pass & pmp 4 stgs, acid, Dichlor-5 & salt block. Pmpd 106 bbls comp fluid on last stage flush. Max 2 bpm @ 2,000#. RBIH w/injeciton equip, set pkr @ 8613' w/17 points. Return to water injection., Add Perfs, Acdz, Run Inj Profile & Step Rate Test, Gen. Maint & Repair | 10/23/1989 | Comp/WO |
| 8954.0 - 9099.0ftKB, 6.6/ft | 10/25/1989 | Perf |
| 8954.0 - 9099.0ftKB, Acid Squeeze | 10/26/1989 | Stim/Treat |
| Scan-a-log tbg out of hole. Lay down 27 jts. w/excessive wall loss. GIH w/csg scraper to 8870'. Hydro-test in hole. Set pkr @ 8899', test pkr. Got off on/off tool, circ pkr fluid. Latch on/off tool, cut 500# - 30 min. chart., Tubing Leak, Corrosion PU 289 jts. of newly coated IPC tbg. Flange up well head circ 210 bbls pkr fluid, set pkr, load BS w/2bbls & ran 30 minute chart. Held good for 500#., Tubing Leak, Corrosion | 3/2/1993 | Comp/WO |
| 2.3740 in IPC Tubing, ID: 1.9961in, Jnts: 289, 5.0000 in Lok-Set Packer, ID: 2.4000in, Jnts: 1 | 2/28/1994 | Comp/WO |
| | 3/1/1994 | Tub Run |

30025078540000

6/15/2001





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St National Headquarters
1230 W. Peachtree St
Atlanta, GA 30309-3404

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Street PO Box 2625
Eagle Pass, TX 78853-2625

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Recipi New Mexico Boys Ranch
Street, Business Office
6209 Hendrix NE
City, Sta Albuquerque, NM 87110-1334

r)

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Street Jim O'Kelley Director
2750 N. Lakeview Ave
City Chicago, IL 60614-1842

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Rec Minerals Mgmt Service
Street Onshore Federal # 17555
PO Box 5810
City, Denver, CO 80217-5810

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Street UNM Pre-Audit Dept
85-6000642
City Scholes Hall Rm #251
Albuquerque, NM 87131-3011

r mailer)

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Molly M. Azopardi
PO Box 620
Wimberley, TX 78676-0620

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Collection Trust #1
C/O Bank Of America
PO Box 840738
Dallas, TX 75284-0738

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600 North Marienfield
Midland, TX 79702-1610

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Recip Chloe Blair Trust
Mike Floyd Trustee
PO Box 868
Borger, TX 79008-0868

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Rec Leonard Trust
Robert J. Leonard Trustee
PO Box 400
Roswell, NM 88202-0400

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CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/30/01 16:13:10
OGOMES -TPXI
PAGE NO: 1

Sec : 29 Twp : 20S Rng : 38E Section Type : NORMAL

| | | | |
|----------------------------------------|----------------------------------------|------------------------------------------|--------------------------------------|
| D 40.00 Federal owned A A | C 40.00 Federal owned A | B 40.00 Federal owned A A A | A 40.00 Federal owned A |
| E 40.00 Federal owned A A | F 40.00 Federal owned A A | G 40.00 Federal owned A A | H 40.00 Federal owned A |

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/30/01 16:13:14
OGOMES -TPXI
PAGE NO: 2

Sec : 29 Twp : 20S Rng : 38E Section Type : NORMAL

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

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD : ONGARD 07/30/01 16:14:01
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPXI

API Well No : 30 25 7854 Eff Date : 06-08-1996 WC Status : T
Pool Idn : 63270 WARREN;MCKEE
OGRID Idn : 5073 CONOCO INC
Prop Idn : 3122 WARREN UNIT

Well No : 022
GL Elevation: 99999

| | U/L | Sec | Township | Range | North/South | East/West | Prop/Act (P/A) |
|---------------|-----|-----|----------|----------|-------------|-----------|----------------|
| | --- | --- | ----- | ----- | ----- | ----- | ----- |
| B.H. Locn : K | 29 | 20S | 38E | FTG 2090 | F S | FTG 2090 | F W A |

Lot Identifier:

Dedicated Acre:

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

| | | | | | |
|-----------|------|-----------|--------------|--------------|-------------|
| PF01 HELP | PF02 | PF03 EXIT | PF04 GoTo | PF05 | PF06 |
| PF07 | PF08 | PF09 | PF10 NEXT-WC | PF11 HISTORY | PF12 NXTREC |

North

County Lea Pool South Hardy-Strawn

TOWNSHIP 20 South Range 37 East NMPM

| | | | | | |
|----|----|----|----|----|----|
| 6 | 5 | 4 | 3 | 2 | 1 |
| 7 | 8 | 9 | 10 | 11 | 12 |
| 18 | 17 | 16 | 15 | 14 | 13 |
| * | 19 | 20 | 21 | 22 | 23 |
| 30 | 29 | 28 | 27 | 26 | 25 |
| 31 | 32 | 33 | 34 | 35 | 36 |

Description: NE $\frac{1}{4}$ Sec. 36 (R-11183, 5-19-99)

Redesignate as North Hardy-Strawn Pool (R-11203, 6-14-99)

EXT. NE $\frac{1}{4}$ and $\frac{1}{2}$ Sec. 25 (R-11533, 2-8-01)

Insert

Color Page/Photo

Here

**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:**

**APPLICATION OF CONOCO, INC. FOR POOL
CREATION, SPECIAL POOL RULES, AND THE
ASSIGNMENT OF A SPECIAL DEPTH BRACKET
ALLOWABLE, LEA COUNTY, NEW MEXICO.**

**NOMENCLATURE
Reopened Case No. 12182**

**APPLICATION OF CONOCO, INC. TO INCREASE
THE SPECIAL DEPTH BRACKET ALLOWABLE
FOR THE NORTH HARDY-STRAWN POOL, LEA
COUNTY, NEW MEXICO.**

Case No. 12532

Order No. R-11221-A

ORDER OF THE DIVISION

BY THE DIVISION:

These cases came on for hearing at 8:15 a.m. on November 16, 2000, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this *2nd* day of February, 2001, 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 these cases and their subject matter.

(2) By Order No. R-11183 issued in Case No. 12184, dated May 19, 1999 and made effective June 1, 1999, the Division created and defined the South Hardy-Strawn Pool for the production of oil from the Strawn formation, later redesignated as the North Hardy-Strawn Pool by Division Order No. R-11204 issued in Case No. 12200, dated June 14, 1999 and made effective July 1, 1999. The horizontal limits for this pool, as currently designated, include the following lands in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 36: NE/4

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 30: SW/4

Section 31: W/2.

(3) The "*Temporary Special Pool Rules for the North Hardy-Strawn Pool*," as promulgated by Division Order No. R-11221, issued in Case No. 12182 and dated July 12, 1999, currently provide for the following:

(A) 160-acre spacing;

(B) designated well locations such that wells are to be located no closer than 660 feet to any outer boundary of a unit and no closer than 330 feet to any quarter-quarter section or subdivision inner boundary; and

(C) a special depth bracket oil allowable of 600 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil, which results in a casinghead gas allowable of 1200 MCF per day.

(4) In addition, upon application by Conoco Inc., the Division has previously issued the following administrative orders granting exceptions to the aforementioned special well location requirements for the North Hardy-Strawn Pool:

(A) Administrative Order NSL-4332, dated July 21, 1999, for the SEMU Well No. 134 (API No. 30-025-34382) located 450 feet from the West line and 1650 feet from the South line (Lot 3/Unit L) of Section 30, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico and Administrative Order NSL-4332-A (SD), dated February 18, 2000, for the D. M. Warren Well No. 137 (API No. 30-025-34963) located 400 feet from the South line and 990 feet from the West line (Lot 4/Unit M) of Section 30, both wells to be simultaneously dedicated to a standard 160.50-acre oil spacing and proration unit comprising Lots 3 and 4 and the E/2 SW/4 (SW/4 equivalent) of Section 30;

(B) Administrative Order NSL-4433, dated July 21, 1999, as corrected by order dated January 25, 2000, for the SEMU Well No. 135 (API No. 30-025-34666) located 1330 feet from the South line and 1980 feet from the East line

(Unit J) of Section 25, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico and dedicated to a standard 160-acre oil spacing and proration unit comprising the SE/4 of Section 25;

(C) Administrative Order NSL-4412, dated February 18, 2000, as amended by order dated May 23, 2000, for the State "25-A" Well No. 3 (API No. 30-025-34953) located 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 25, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico and dedicated to a standard 160-acre oil spacing and proration unit comprising the SW/4 of Section 25;

(D) Administrative Order NSL-4413, dated February 18, 2000, for the SEMU Well No. 139 (API No. 30-025-35043) located 990 feet from the North line and 330 feet from the East line (Unit A) of Section 25, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico and dedicated to a standard 160-acre oil spacing and proration unit comprising the NE/4 of Section 25;

(E) Administrative Order NSL-4429, dated April 5, 2000, for the Meyer "B-31" Well No. 5 (API No. 30-025-34960) located 2310 feet from the South line and 1850 feet from the West line (Unit K) of Section 31, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico and dedicated to a standard 160.10-acre oil spacing and proration unit comprising Lots 3 and 4 and the E/2 SW/4 (SW/4 equivalent) of Section 31;

(F) Administrative Order NSL-4430, dated April 5, 2000, as amended by Administrative Order NSL-4430-A (NSBHL), dated January 26, 2001, for the Hardy "36" State Well No. 27 (API No. 30-025-34794) located on the surface 2200 feet from the South line and 1650 feet from the East line (Unit J) of Section 36, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico and dedicated to a standard 160-acre oil spacing and proration unit/high-angle horizontal directional drilling project area comprising the SE/4 of Section 36;

(G) Administrative Order NSL-4450, dated May 23, 2000, for the State "KL" 36 Well No. 29 (API No. 30-025-34999) located 330 feet from the North line and 2310 feet from the West line (Unit C) of Section 36, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico and dedicated to a standard 160-acre oil spacing and proration unit comprising the NW/4 of Section 36; and

(H) Administrative Order NSL-4543, dated January 26, 2001, for the SEMU Well No. 154 to be drilled 1760 feet from the South line and 2310 feet from the East line (Unit J) of Section 30, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico and dedicated to a standard 160-acre oil spacing and proration unit comprising the SE/4 of Section 30.

(5) At the hearing the applicant presented oil and gas ownership and other evidence, which demonstrates that:

(A) Conoco, Inc. is the only operator of wells within the North Hardy-Strawn Pool;

(B) the only other working interest owners are Atlantic Richfield Company ("ARCO") and Chevron USA Production Company ("Chevron"), which have interests in some of the wells;

(C) both ARCO and Chevron support granting Conoco, Inc.'s applications to make the current spacing and well location requirements permanent and increase the depth bracket allowable; and

(D) Conoco has complied with the notification requirements of Division Rule 1207.A (4) (b) (ii).

(6) As required by Ordering Paragraph No. (3) of Division Order No. R-11221, the applicant presented geologic and geophysical evidence, which demonstrates that:

(A) the location of high capacity producing wells in this pool is highly dependent upon lithology and influenced by structural positioning;

(B) even with the use of 3-D seismic data, it is difficult to locate wells where the lithology is favorable and consists of thick portions of net dolomite with good permeability;

(C) the current well location requirements for this pool restrict standard well locations to essentially four (4) 2.5-acre drill blocks within a standard 160-acre spacing unit (quarter section);

(D) 160-acre spacing units have served to expedite the orderly development of the pool by allowing the drilling of the fewest wells necessary to define the

probable limits of the pool;

(E) it has been necessary and will continue to be necessary to consider exceptions to the special pool rules for unorthodox well locations, which is best accomplished on a well-by-well basis; this will serve to assure the continued orderly development of this pool and the shallower oil pools above the Strawn spaced on 40-acre spacing; and

(F) 160-acre spacing units continue to be the most appropriate sized spacing unit for the North Hardy-Strawn Pool.

(7) There have been ten completions within the North Hardy-Strawn Pool, seven of which are currently producing. In mid-2000 the Hobbs District Office of the Division allowed Conoco, Inc. to conduct step rate tests on the Meyer "B-31" Well No. 5, the D. M. Warren Well No. 137, and the SEMU Well No. 139 by authorizing a testing allowable for each. Based on data obtained from these step rate tests and from the other completions, Conoco, Inc. presented petroleum engineering evidence demonstrating that:

(A) the pool is a solution gas drive reservoir with no water drive, and no primary or secondary gas cap;

(B) reservoir waste will not occur by increasing the depth bracket oil allowable because ultimate oil recovery will not be affected by the rates at which wells are produced;

(C) there has been no pressure depletion between wells and thus, even with the various unorthodox well locations, wells in the pool have not been drilled on too dense a pattern;

(D) drainage areas on the seven producing wells range from 80 acres to 190 acres and therefore 160-acre spacing units are appropriate for this pool;

(E) wells can be produced at rates up to 900 barrels of oil per day with little effect on the producing GOR, which is consistently at or below 2,000 cubic feet of gas per barrels of oil;

(F) four of the seven wells in the pool are capable of effectively and efficiently producing Strawn formation oil at rates of up to 900 barrels per day which is in excess of this pool's current maximum oil allowable of 600 barrels per day; and

(G) once liquid load up occurs within flowing wells, these wells have the capacity to produce on artificial lift at optimum economic rates up to 900 BOPD.

(8) At the time of the hearing the applicant requested the Division consider retroactive approval of its request to increase the depth bracket allowable to correspond with the time the Hobbs District Office authorized the step-rate testing of the three aforementioned wells.

(9) Approval of Conoco, Inc.'s applications by making the special rules governing the North Hardy-Strawn Pool permanent will not cause waste nor impair correlative rights. Further, increasing the depth bracket allowable from 600 BOPD to 900 BOPD should serve to provide the necessary incentive to most economically produce the wells in this pool and can be accomplished without waste or violation of correlative rights. Approval of these applications is in the best interest of conservation and is consistent with sound engineering practices.

IT IS THEREFORE ORDERED THAT:

(1) Effective July 1, 2000, the application of Conoco Inc. seeking an order increasing the depth bracket oil allowable within the North Hardy-Strawn Pool from 600 BOPD to 900 BOPD per standard 160-acre spacing unit **is hereby granted.**

(2) Rule 6 of the "*Special Pool Rules for the North Hardy-Strawn Pool*," as promulgated by Division Order No. R-11221, issued in Case No. 12182 and dated July 12, 1999, is hereby amended to read as follows:

"Rule 6. The allowable for a standard proration unit (158 through 162 acres) shall be based on a special depth bracket allowable of 900 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."

(3) The special rules governing the North Hardy-Strawn Pool, including the increase in depth bracket oil allowable to 900 BOPD, are hereby made permanent.

(4) All existing wells and spacing and proration units assigned to the North Hardy-Strawn Pool will be subject to all applicable portions of Division Rules 501 through 509 related to oil proration and allocation.

(5) Jurisdiction of this case is 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
LORI WROTENBERY
Director

**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

New Mexico Oil Conservation Division---Engineering Bureau
Administrative Application Process Documentation

Date Application Received: 7-16-01

Date of Preliminary Review: 7-30-01
(Note: Must be within 10-days of received date)

Results: ✓ Application Complete Application Incomplete

Date Incomplete Letter Sent: NA

Deadline to Submit Requested Information: NA

Phone Call Date: NA
(Note: Only applies if requested data is not submitted within the 7-day deadline)

Phone Log Completed? Yes No

Date Application Processed: 8-6-01

Date Application Returned: NA
(Note: Only as a last resort & only after repeated attempts by the Division to obtain the necessary information to process the application)



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

7/16/05

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
DHC _____
NSL X _____
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Operator Conoco Inc Lease & Well No. Warren Unit Unit #22-K, 29-20s-38e
S-T-R 30-025-07854

and my recommendations are as follows:

OK Paul Williams

Yours very truly,

Paul Williams
Chris Williams
Supervisor, District 1