



Midland Division
Exploration Production

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

94 MAR 26 AM 8 50

See Case 11081
PH (S)

May 23, 1994

Mr. Michael Stogner
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

**RE: Application for Non-Standard Proration Unit for
South Dagger Draw Upper Penn Production from the
Preston Federal No. 4, Sec. 34, T-20-1/2S, R-23E
Eddy County, New Mexico**

Dear Mr. Stogner:

A 345.21-acre non-standard proration unit is requested for Cisco production from the Preston Federal No. 4 well located in Sec. 34, T-20-1/2, R-23E. The Preston Federal No. 4 is located at a standard well location within a non-standard half-section which consists of lots 1-4 (all of Sec. 34, T-20-1/2, R-23E) that contain a total of 345.21 acres. A new C-102 showing the dedication of all of Section 34 to this well is attached as EXHIBIT A.

In April 24, 1984, a Communitization Agreement (RNM-141) was approved for all of Sections 34 & 35 of T-20-1/2, R-23E. At the same time a 688-acre non-standard proration unit was established for the Preston Federal No. 4 by Order No. R-2945 as illustrated by EXHIBIT B, a copy of the C-102 that was filed March, 1983. At that time it was assumed that the Preston Federal No. 4 location would be an northern extension of the Indian Basin Upper Penn Gas Pool. However, in the absence of production in paying quantities, this well was temporarily abandoned and no production was ever reported or attributed to the Indian Basin Pool. The communitization agreement expired as of November 30, 1983.

In the last several years, activity in the South Dagger Draw Upper Penn Pool has extended development and its pool boundary as far south as the Preston Federal No. 4 as illustrated by the plat attached as EXHIBIT C. In June, 1992, Yates drilled and completed the Mojave No. 1 well in the Cisco formation, which is located in Sec. 35, T-20-1/2, R-23E offsetting the Preston Federal No. 4 to the East. The non-standard 343 acres of Sec. 35 were then dedicated to this well and production from the Mojave No. 1 is reported to the South Dagger Draw Pool and Sec. 35 is now within the boundary of that pool.

Just above the row of half-sections in T-20-1/2, T-23E, Conoco has recently completed three oil wells in this pool which has significantly extended the range of production from the oil column of the South Dagger Draw Pool much further South than would have been anticipated just a year ago. These are the Preston Federal No. 5, 7, & 10 in the full section Nos. 34 and 35 of T-20S, R-24E.

In May, 1994, Conoco performed remedial work on the Preston Federal No. 4 well and completed it flowing for 180 BOPD, 420 BWPD, and 1500 MCFGPD. Oil production from this completion is in the 44-45 API° gravity, which is typical of oil production from the South Dagger Draw Pool. Since, (a) its production, oil gravity and GOR, is more typical of the South Dagger Draw Pool than the Indian Basin Gas Pool, (b) it is adjacent (990' away) to the South Dagger Draw Pool boundary geographically, and (c) it is geographically more logical for Sec. 34 to join Sec. 35 in the South Dagger Draw Pool, it is requested that this well and the entire 345.21 acres of Sec. 34 be dedicated to the South Dagger Draw Upper Penn Pool.

Oil production from the Preston Federal No. 4 is being sent to the same battery as that for all other Conoco South Dagger Draw wells in the full section 35, T-20S, R-24E near the location of Preston No. 1. However, unless it is included in the same pool, the production will have to be measured and stored separately.

Marathon and Yates are the only offset operators to this proposed non-standard proration unit and have been notified by certified mail of this application. EXHIBIT D shows copies of the certified mail receipts. If there are any questions concerning this application please call me at (915) 686-6548.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jerry W. Hoover". The signature is fluid and cursive, with the first name "Jerry" being more prominent and the last name "Hoover" following in a similar style.

Jerry W. Hoover
Sr. Conservation Coordinator

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

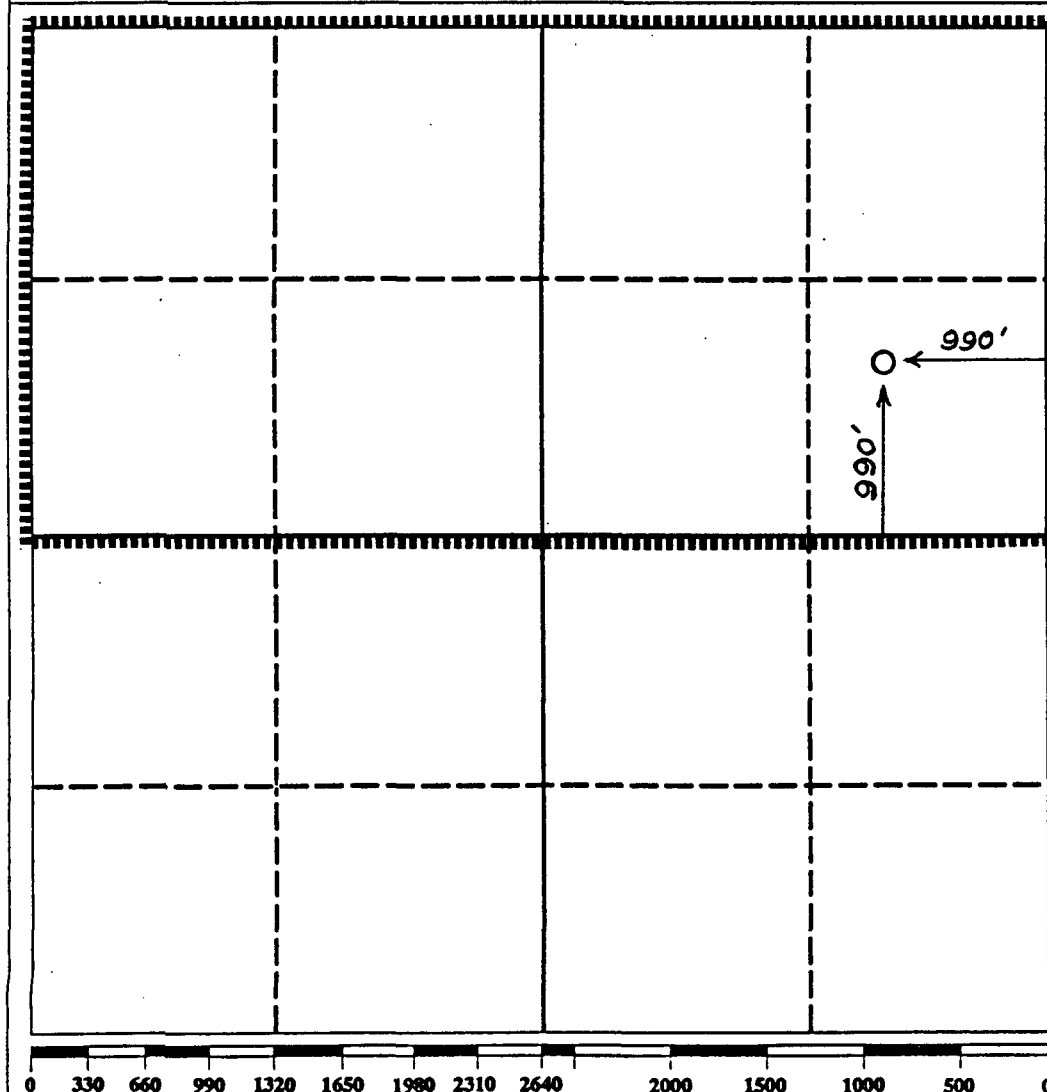
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

| | | | | |
|--|------------------------------|------------------------------|------------------------------------|----------------|
| Operator Conoco, Inc. | | Lease Preston Federal | | Well No. 4 |
| Unit Letter P | Section 34 | Township 20-1/2S | Range 23E NMPM | County Eddy |
| Actual Footage Location of Well: 990' feet from the South line and 990' feet from the East line | | | | |
| Ground level Elev. 3759.7 | Producing Formation Cisco | Pool So. Dagger Draw Penn | Dedicated Acreage: 345.21 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
Jerry W. Hoover
Printed Name
Jerry W. Hoover
Position
Sr. Conservation Coord.
Company
Conoco, Inc.
Date
8/25/93

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 knowledge and belief.

Date Surveyed
Signature & Seal of Professional Surveyor
Certificate No.

EXHIBIT A

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

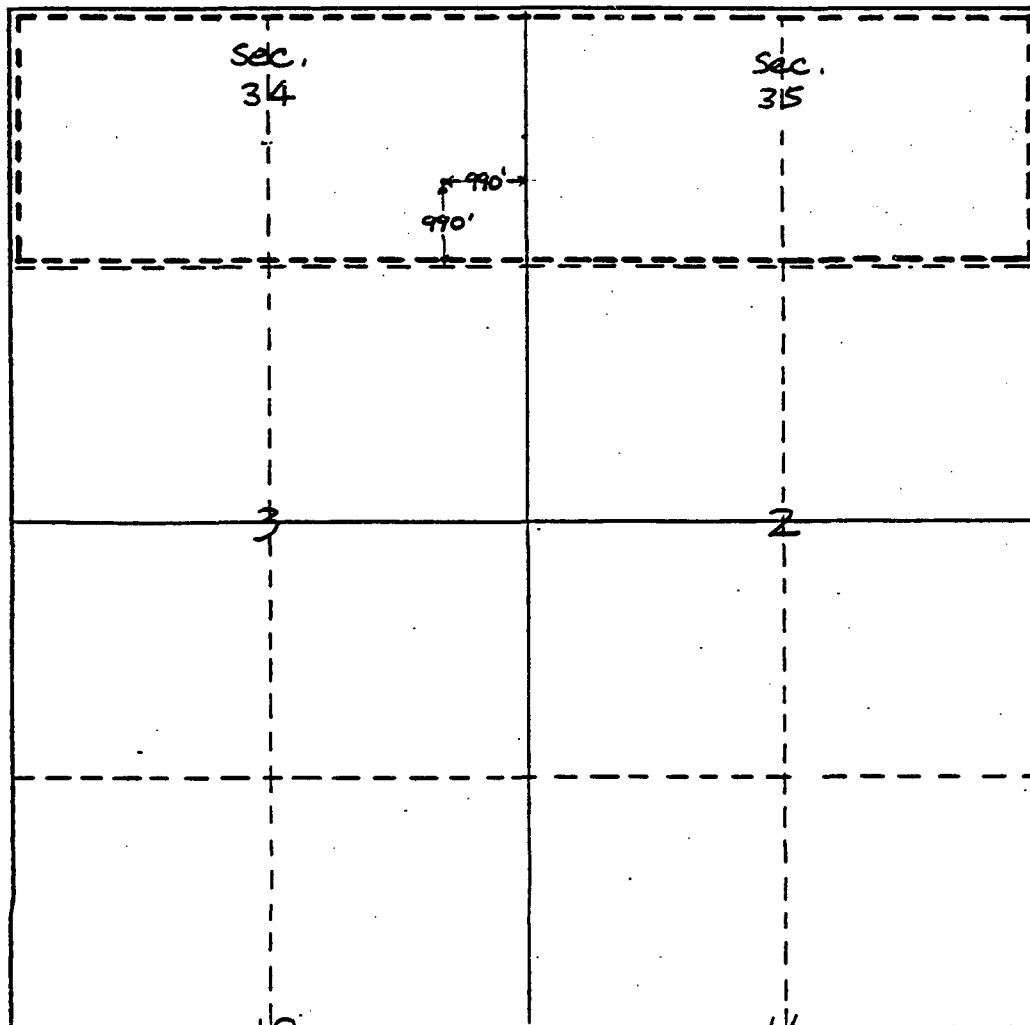
| | | | | |
|--|-------------------------------------|--|---------------------------------------|-----------------------|
| Operator CONOCO INC. | | Lease PRESTON FEDERAL | | Well No. 4 |
| Unit Letter P | Section 34 | Township 20 1/2 SOUTH | Range 23 EAST | County EDDY |
| Actual Footage Location of Well: 990 feet from the SOUTH line and 990 feet from the EAST line | | | | |
| Ground Level Elev. 3759.7 | Producing Formation CISCO | Pool INDIAN BASIN UPPER PENN | Dedicated Acreage 688 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Wm A. J. Dutton
Position
Administrative Supervisor

Company
CONOCO INC.

Date
March 28, 1983

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 knowledge and belief.

Date Surveyed

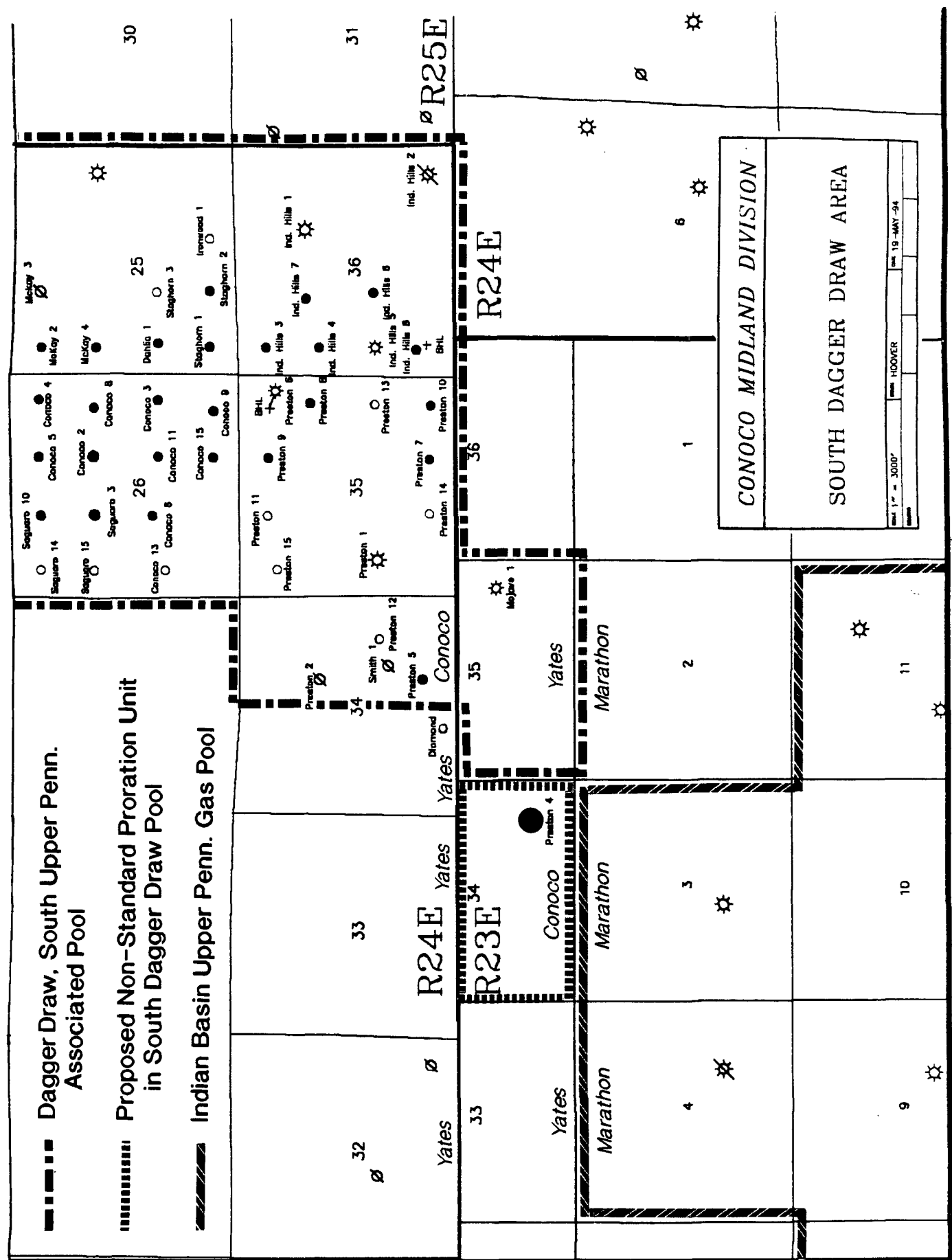
Registered Professional Engineer
and/or Land Surveyor

Certificate **EXHIBIT B**

T21S

T20.5S

T20S



P 885 448 209

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

**Yates Petroleum Corp.
150 S. Fourth St.
Artesia, NM 88210**

PS Form 3800, June 1985

| | |
|---|----|
| Postage | \$ |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ |
| Postmark or Date 5/23/94 | |

P 885 448 204

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

**Marathon Oil Co.
P.O. Box 552
Midland, TX 79702**

PS Form 3800, June 1985

| | |
|---|----|
| Sent to | |
| Postage | \$ |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ |
| Postmark or Date 5/23/94 | |

EXHIBIT D

Eggs

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/08/94 14:27:57
OGOMES -EMF5
PAGE NO: 2

Sec : 34 Twp : 20H Rng : 23E Section Type : NORMAL

| | | | |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 4 45.66 Federal owned | 3 45.77 Federal owned | 2 45.89 Federal owned | 1 46.00 Federal owned |
| M 40.00 Federal owned | N 40.00 Federal owned | O 40.00 Federal owned | P 40.00 Federal owned |

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

4

343.32

45.66
45.77
91.43
45.89
137.32
46.00
183.32
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89
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45.77
183.43
45.66
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16