



Midland Division
Exploration Production

OIL CONSERVATION DIVISION
RECEIVED

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

1993 AUG 25 AM 9 19

August 25, 1993

Mr. William J. LeMay, Director
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. LeMay:

A 345.21-acre non-standard proration unit is requested for production from the South Dagger Draw Upper Penn Pool for the Preston Federal No. 4 well located in Sec. 34, T-20-1/2S, R-34E. 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-20-1/2S, R-23E that contains a total of 345.21 acres. A new C-102, Well Location and Acreage Dedication Plat, is attached showing the dedication of all of Section 34 to this well. This section is all Federal minerals and does not currently involve any communitization agreements.

In April 24, 1984, as documented by the attached BLM letter, a Communitization Agreement (RNM-141) was approved for all of Sections 34 & 35 of T-10-1/2S, 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 the attached C-102 that was filed in March of 1983. In the absence of production in paying quantities, the communitization agreement expired as of November 30, 1983.

The well is going to be deepened in the Cisco formation and put back on production. In the absence of a current communitization agreement only the acreage of Section 34 is available to dedicated to this well. Therefore, the non-standard proration unit as established by Order No. R-2945 needs to be canceled and the new non-standard proration unit established for Section 34 only.

The only offset operator to this requested non-standard proration unit is Yates Petroleum who has been notified by certified mail of this application. If there are any further questions concerning this application, please contact me at (915) 686-6548. Thank you.

Very truly yours,

Jerry W. Hoover
Senior Conservation Coordinator

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

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

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	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.

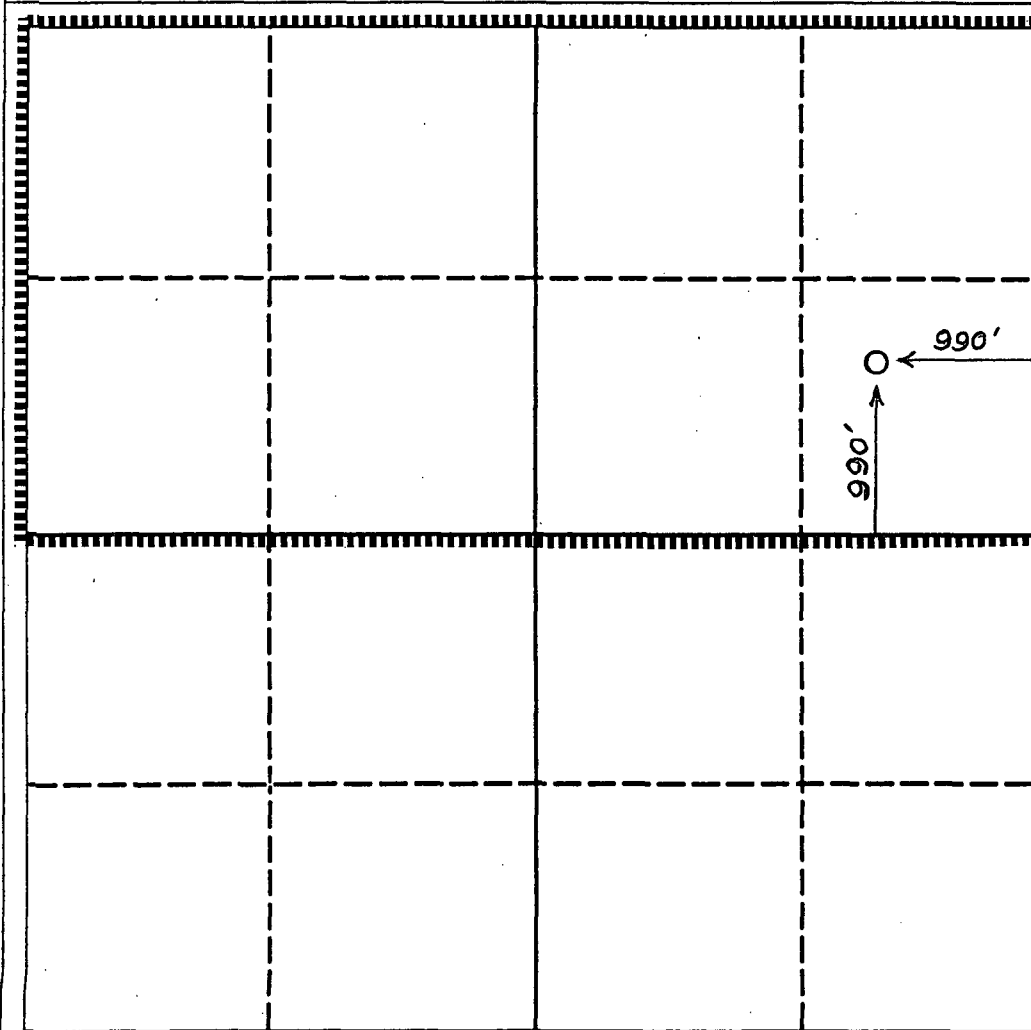
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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.

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P.O. Box 1397

Roswell, New Mexico 88202-1397

IN REPLY
REFER TO:

RNM-141
3105.2 (065)

JUN 03 1992

JUN - 5 1992

Conoco Inc.
10 Desta Drive, Suite 100 W
Midland, Texas 79705-4500

Gentlemen:

Communitization Agreement RNM-141 was approved April 24, 1984, effective as of December 1, 1981. This agreement communitized lots 1 - 4, S $\frac{1}{2}$ S $\frac{1}{2}$ (All) sec. 34 and lots 1 - 4, S $\frac{1}{2}$ S $\frac{1}{2}$ (All) sec. 35, , T. 20 $\frac{1}{2}$ S., R. 23 E., NMPM, Eddy County, New Mexico involving 391.31 acres of Federal land in lease NM-045276 and 299.01 acres of Fee land as to natural gas and associated liquid hydrocarbons producible from the Cisco formation.

The term of the agreement is for two years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities.

Our records show that the well dedicated to the above-described communitized spacing unit, your No. 4 Preston Federal located on Federal lease NM-045276 in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ sec. 34 was completed in the Cisco formation 7548 - 7676 feet on February 23, 1983. Your letter dated May 20, 1992, indicates that the well was produced only on a test basis and no sales were obtained from gas from this well.

Accordingly, in the absence of a well capable of producing communitized substances in paying quantities, Communitization Agreement RNM-141 is considered to have expired by its own terms as of November 30, 1983, the end of its primary term.

Sincerely,

Armando A. Lopez
Assistant District Manager,
Minerals

RECEIVED
CONOCO, INC.

JUN 8 1992

AND DEPT.

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.

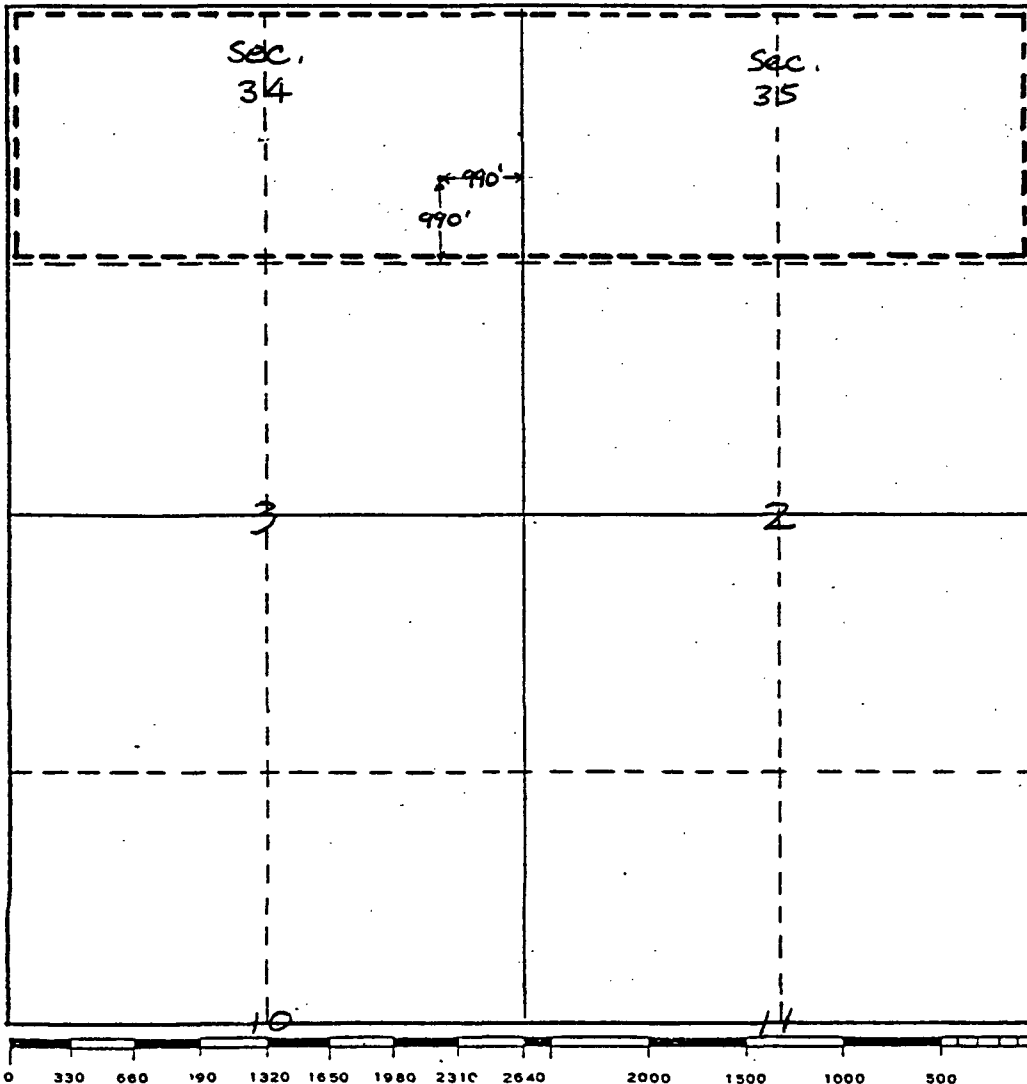
Operator CONOCO INC.		Lease PRESTON FEDERAL		Well No. 4
Unit Letter P	Section 34	Township 20 1/2 SOUTH	Range 23 EAST	County EDDY
Actual Footage Location of Well: 990 feet from the SOUTH line and 990 feet from the EAST line				
Ground Level Elev. 3759.7	Producing Formation CISCO	Pool INDIAN BASIN UPPER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



Midland Division
Exploration Production

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

August 25, 1993

Yates Petroleum Corporation
150 S. Fourth Street
Artesia, NM 88210

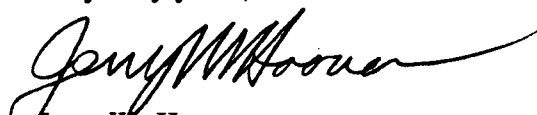
**Re: Application for Non-Standard Proration Unit for
South Dagger Draw Upper Penn Production from the
Preston Federal No. 4, Sec. 34, T-20-1/2S, R-23E
Eddy County, New Mexico**

Gentlemen:

The attached application has been filed with the NMOCD for the above described non-standard proration unit. As required under NMOCD rule 103 (D), this letter will serve as your notification, as an offset operator, of the filing of this application.

If you have any further questions, please contact me at (915) 686-6548.

Very truly yours,


Jerry W. Hoover
Sr. Conservation Coordinator

P 989 354 353



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	Yates Petroleum Corp.
Street and No.	150 S. Fourth St.
P.O., State and ZIP Code	Artesia, NM 88210
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	8/25/93

PS Form 3800, June 1991