

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

New Mexico Oil Conservation Division, District I

1625 N. French Drive  
Hobbs, NM 88240

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. SEMU #169	
2. Name of Operator CONOCO INC.		9. API Well No. 30-025-35926	
3a. Address 10 DESTA DR., ROOM 607W MIDLAND, TX 79705		10. Field and Pool, or Exploratory Weir Drinkard	
3b. Phone No. (include area code) 915/686-5565 915/686-6503		11. Sec., T., R., M., or Blk. and Survey or Area Section 23, T20S, R37E	
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 980' FNL, 1660' FEL At proposed prod. zone		12. County or Parish Lea	
14. Distance in miles and direction from nearest town or post office*		13. State NM	
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		17. Spacing Unit dedicated to this well 40.00	
16. No. of Acres in Lease		20. BLM/BIA Bond No. on file	
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.		22. Approximate date work will start	
19. Proposed Depth 8250'		23. Estimated duration	
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3533'			

24. Attachments

Lea County Controlled Water Basin

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature (Electronic Submission: <i>Kim Southall</i> )		Name (Printed/Typed) Kim Southall		Date 4/23/02	
Title AUTHORIZED SIGNATURE					
Approved by (Signature) <i>/s/ JOE G. LARA</i>		Name (Printed/Typed) <i>/s/ JOE G. LARA</i>		Date MAY 30 2002	
Title FIELD MANAGER		Office CARLSBAD FIELD OFFICE			

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Additional Operator Remarks (see next page)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

DECLARED WATER BASIN  
CEMENT BEHIND THE 8" CASING MUST BE CIRCULATED

OPER. OGRID NO. 5073  
PROPERTY NO. 13492  
POOL CODE 63840  
EFF. DATE 6-3-02  
API NO. 30-025-35926

\*\* DRAFT \*\* DRAFT \*\* DRAFT \*\* DRAFT \*\* DRAFT \*\* DRAFT \*\* DRAFT \*\*

*KE*  
*ml*

121 JOE G. LARA

121 JOE G. LARA

BUREAU OF LAND MGMT.  
ROSWELL OFFICE

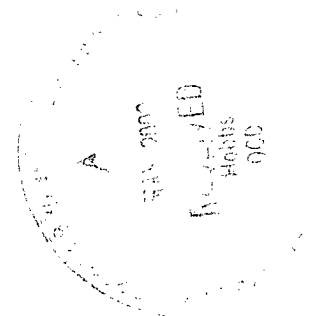
2002 APR 24 AM 9:44

RECEIVED



Conoco Inc. proposes to drill a vertical wellbore to the Weir Drinkard pool. This well will be drilled and equipped in accordance to the attachments submitted herewith.

Thank you.



DISTRICT I  
1825 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
811 South First, Artesia, NM 88210

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

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-35926</b>	Pool Code <b>03840</b>	Pool Name <b>Weir Drinkard</b>
Property Code <b>13492</b>	Property Name <b>SEMU</b>	Well Number <b>169</b>
OGRID No. <b>005073</b>	Operator Name <b>CONOCO INC.</b>	Elevation <b>3533'</b>

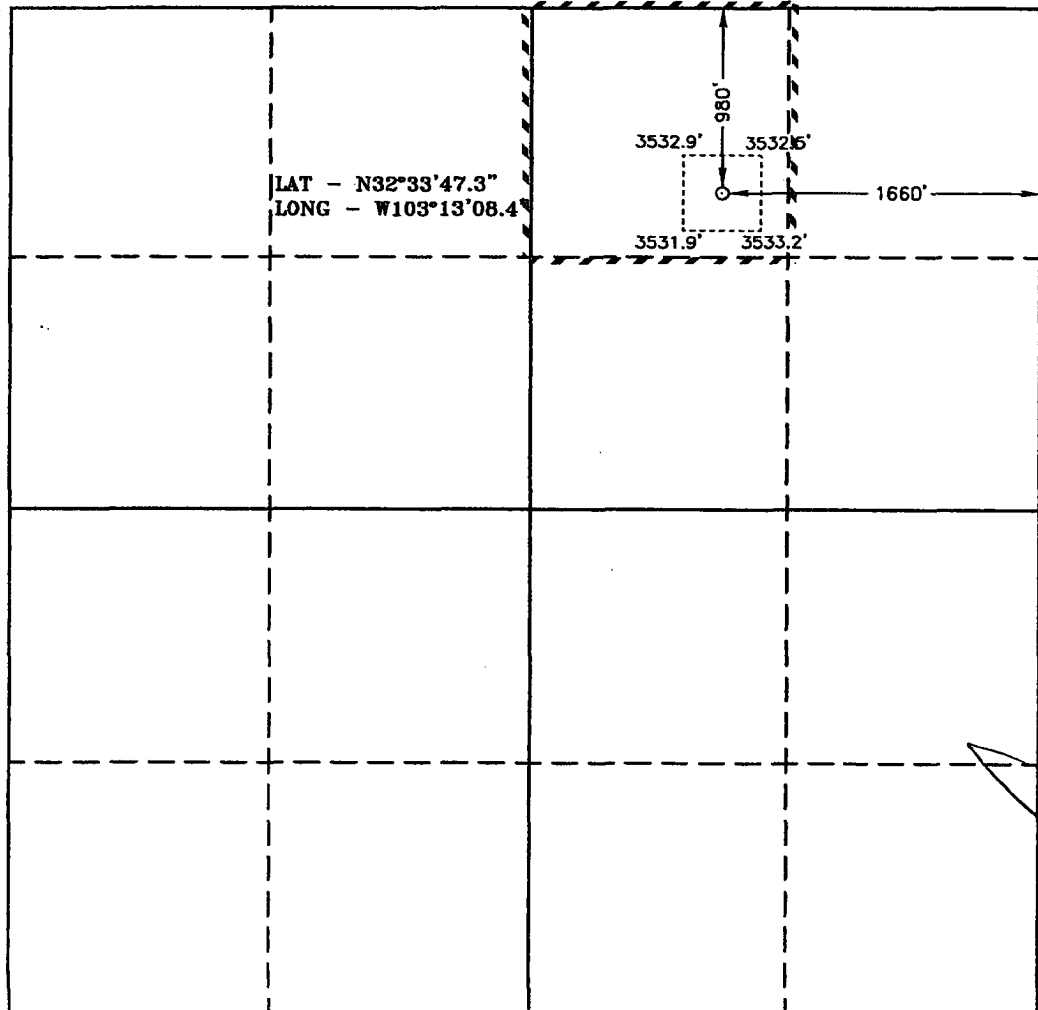
Surface Location

UL or lot No. <b>B</b>	Section <b>23</b>	Township <b>20 S</b>	Range <b>37 E</b>	Lot Idn	Feet from the <b>980</b>	North/South line <b>NORTH</b>	Feet from the <b>1660</b>	East/West line <b>EAST</b>	County <b>LEA</b>
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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
Dedicated Acres <b>40</b>	Joint or Infill	Consolidation Code	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

	<b>OPERATOR CERTIFICATION</b> I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  <b>Kay Maddox</b> Signature <b>KAY MADDOX</b> Printed Name <b>Regulatory Agent</b> Title <b>April 22, 2002</b> Date
	<b>SURVEYOR CERTIFICATION</b> 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.  <b>APRIL 16, 2002</b> Date Surveyed <b>L. JONES</b> Signature & Seal of Professional Surveyor <b>7977</b> W.O. No. <b>245</b> Certificate No. <b>7977</b> <b>JONES</b> <b>BASIN SURVEYS</b>

WELL NAME  
LOCATION

SEMU #169  
980' FNL & 1660' FEL, Sec 23, T20N R37E, Lea County, NV

Ground Level: 3546' est  
Kelly Pushing: 11' AGI

Depth MD	FORMATION TOPS (from GL)	DRILLING PROBLEMS	TYPE OF FORMATION EVALUATION	HOLE SIZE	CASING PROGRAM	FRAC GRAD	FORM. PRES. GRAD.	Mud Weight & Type	Days
0		Possible Hole Enlargement & Sloughing		12-1/4"			Less than 8.3	8.4 - 9.5 Fresh	
1000					8-5/8", 24#, J-55 ST&C @ 1,380				
	Top Salt @ 1,391'	Washouts in Salt Section		7-7/8"	Circulate Cement			10 Brine	3
2000							Less than 8.4		
	Base Salt @ 2,531'		Mud Loggers @ 2,600'						
	Yates 2,651'		H2S monitor equipment on @ 2,600'						
	7 Rivers 2,916'								
3000									
	Queen 3,456'								
	Penrose 3,581'								
	Grayburg 3,721'								
4000	San Andres 3,996'								
		Mud loss in San Andres is likely. Possible loss of returns.							
5000									
	Glorietta 5,186'	Possible differential sticking thru Glorietta							8
		Possible lost returns.							
	Blaine 5,786'	Differential sticking in Blaine							
6000									
	Tubb 6,306'								15
	Drinkard 6,656'								
7000	Abo 6,941'		First Log Run: PEX_HALS_BHC SONIC TD - 2500' Pull GR-CNL-Cal to Surf NGT - TD - 5600'					10 ppg Starch Gel	
		Lost of full returns is likely upon drilling into Strawn.	Second Log Run: 30-60 rotary sidewall cores		5-1/2", 17#, L-80				
		Offset data from: SEMU #61 SEMU #160	Possible Third Run: FMI Imaging log		Circulate cement either single or 2 stage				22
8000									
	TD 8250'								

DATE

23-Apr-02

Ron Keas, Geoscientist

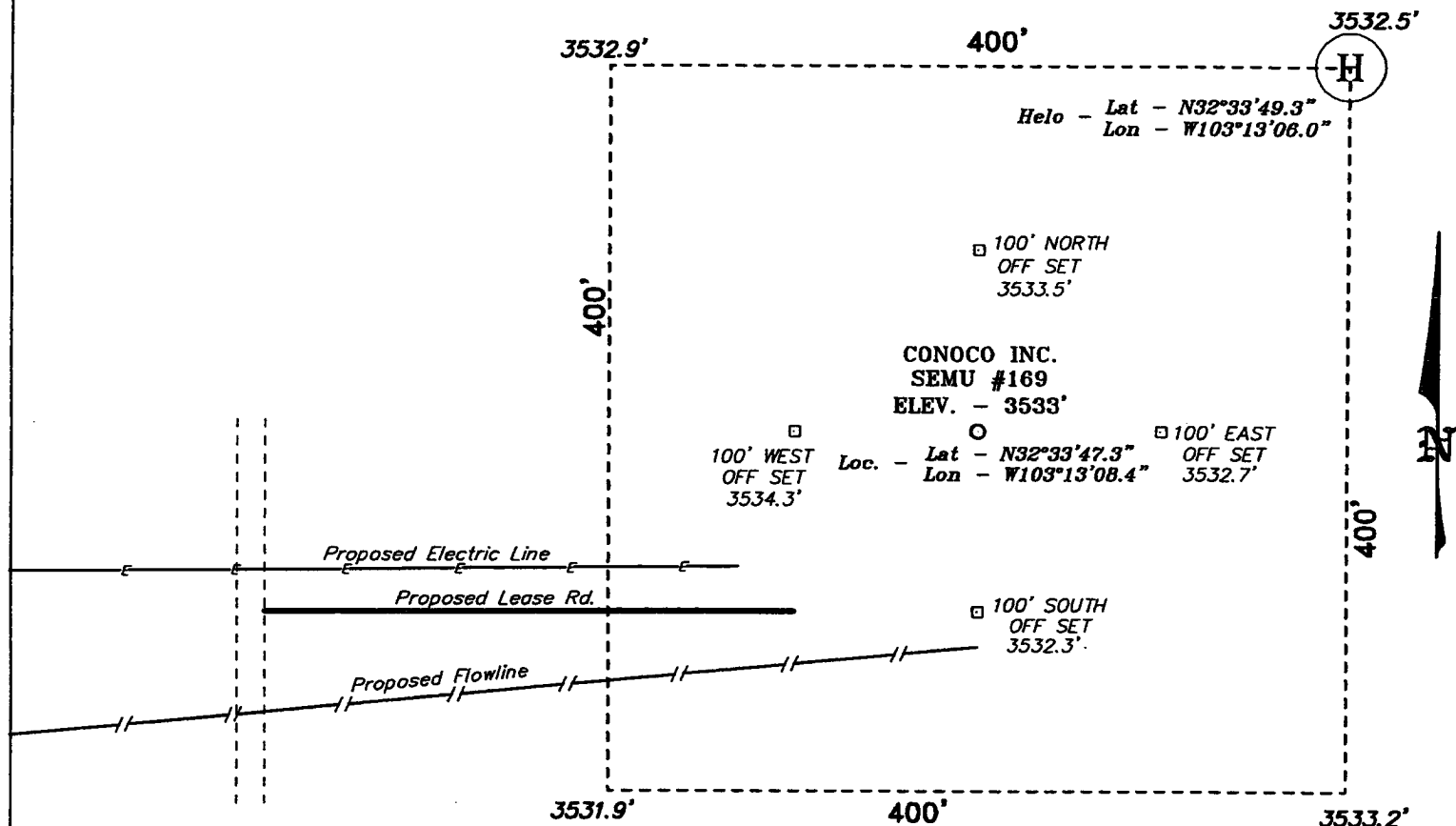
APPROVED

YP Ortiz, Drilling Engineer

Rob Lowe, Reservoir Engineer



**SECTION 23, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.**



**DIRECTIONS TO WELL LOCATION:**

FROM THE JUNCTION OF STATE HWY 18 AND STATE HWY 207, GO NORTH ON HWY 18 FOR APPROX. 1.5 MILES TO A LEASE ROAD; THENCE WEST ON LEASE ROAD FOR APPROX. 4.0 MILES; THENCE NORTHERLY FOR APPROX. 1.75 MILE; THENCE WEST FOR APPROX. 1.0 MILE; THENCE NORTH FOR APPROX. 0.28 MILE TO THE PROPOSED LEASE ROAD.

100 0 100 200 FEET

SCALE: 1" = 100'

**Conoco Inc.**

REF: SEMU No. 169 / Well Pad Topo

THE SEMU No. 169 LOCATED 980' FROM THE  
NORTH LINE AND 1660' FROM THE EAST LINE OF  
SECTION 23, TOWNSHIP 20 SOUTH, RANGE 37 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 2461

Drawn By: K. GOAD

Date: 04-18-2002

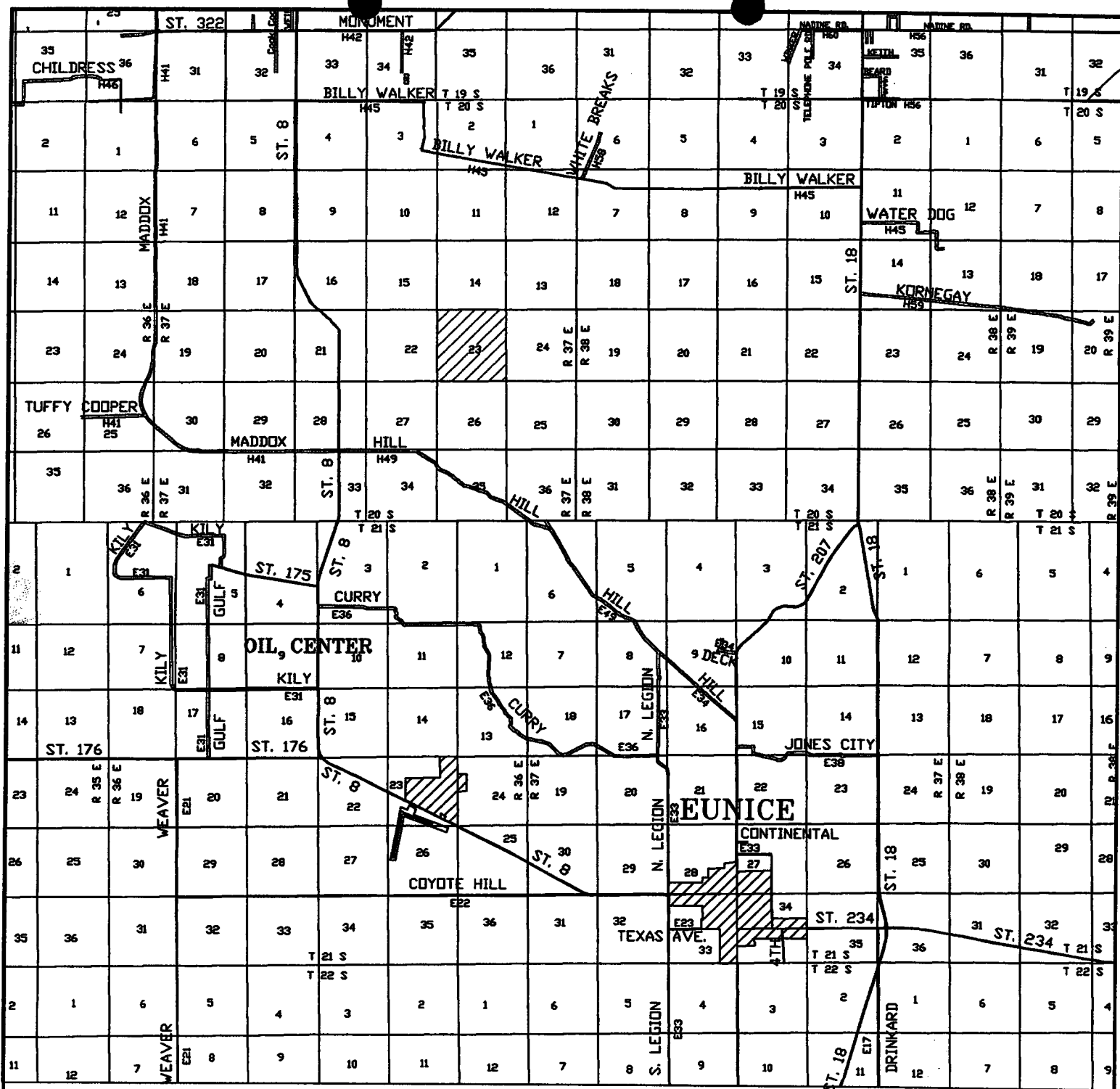
Disk: KJG CD#6 - 2461A.DWG

Survey Date: 04-16-2002

Sheet 1 of 1 Sheets







SEMU #169

Located at 980' FNL and 1660' FEL  
Section 23, Township 20 South, Range 37 East,  
N.M.P.M., Lea County, New Mexico.

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P.O. Box 1786  
1120 N. West County Rd.  
Hobbs, New Mexico 88241  
(505) 393-7316 - Office  
(505) 392-3074 - Fax  
basinsurveys.com

W.O. Number: 2461AA - KJG CD#5

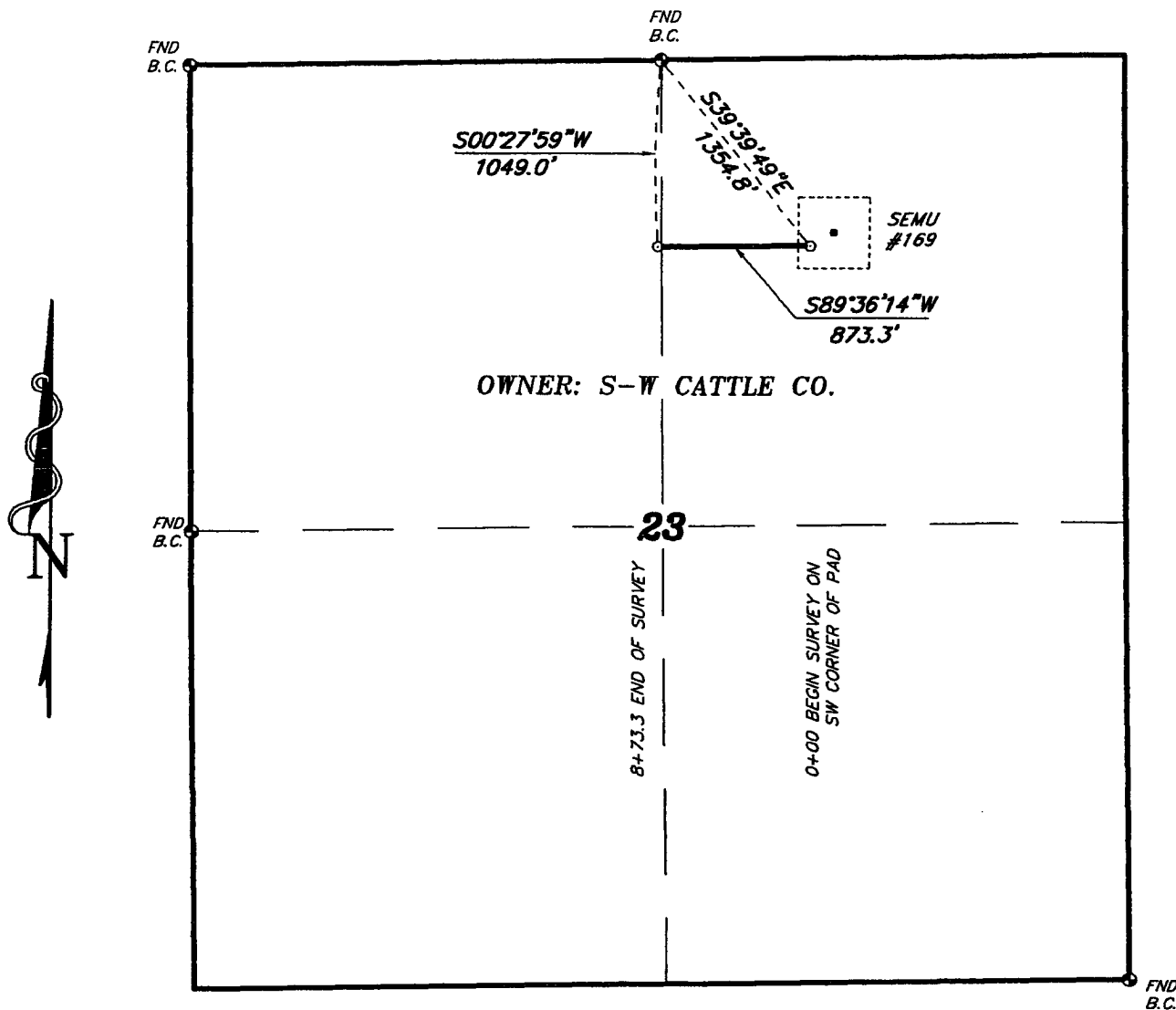
Survey Date: 04-16-2002

Scale: 1" = 2 MILES

Date: 04-18-2002

CONOCO INC.

SECTION 23, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.



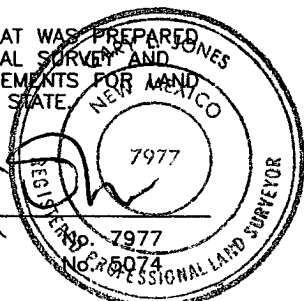
**LEGAL DESCRIPTION**

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 23, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

BEGINNING AT A POINT WHICH LIES S.39°39'49"E., 1354.8 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION 23; THENCE S.89°36'14"W., 873.3 FEET TO THE END OF THIS LINE WHICH LIES S.00°27'59"W., 1049.0 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION 23. SAID STRIP OF LAND BEING 873.3 FEET OR 52.93 RODS IN LENGTH.

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES N.M. P.S.  
TEXAS P.L.S.



**CONOCO INC.**

REF: PROP. ELECTRIC LINE TO THE SEMU #169

AN ELECTRIC LINE CROSSING FEE LAND IN  
SECTION 23, TOWNSHIP 20 SOUTH, RANGE 37 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

**BASIN SURVEYS** P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 2461

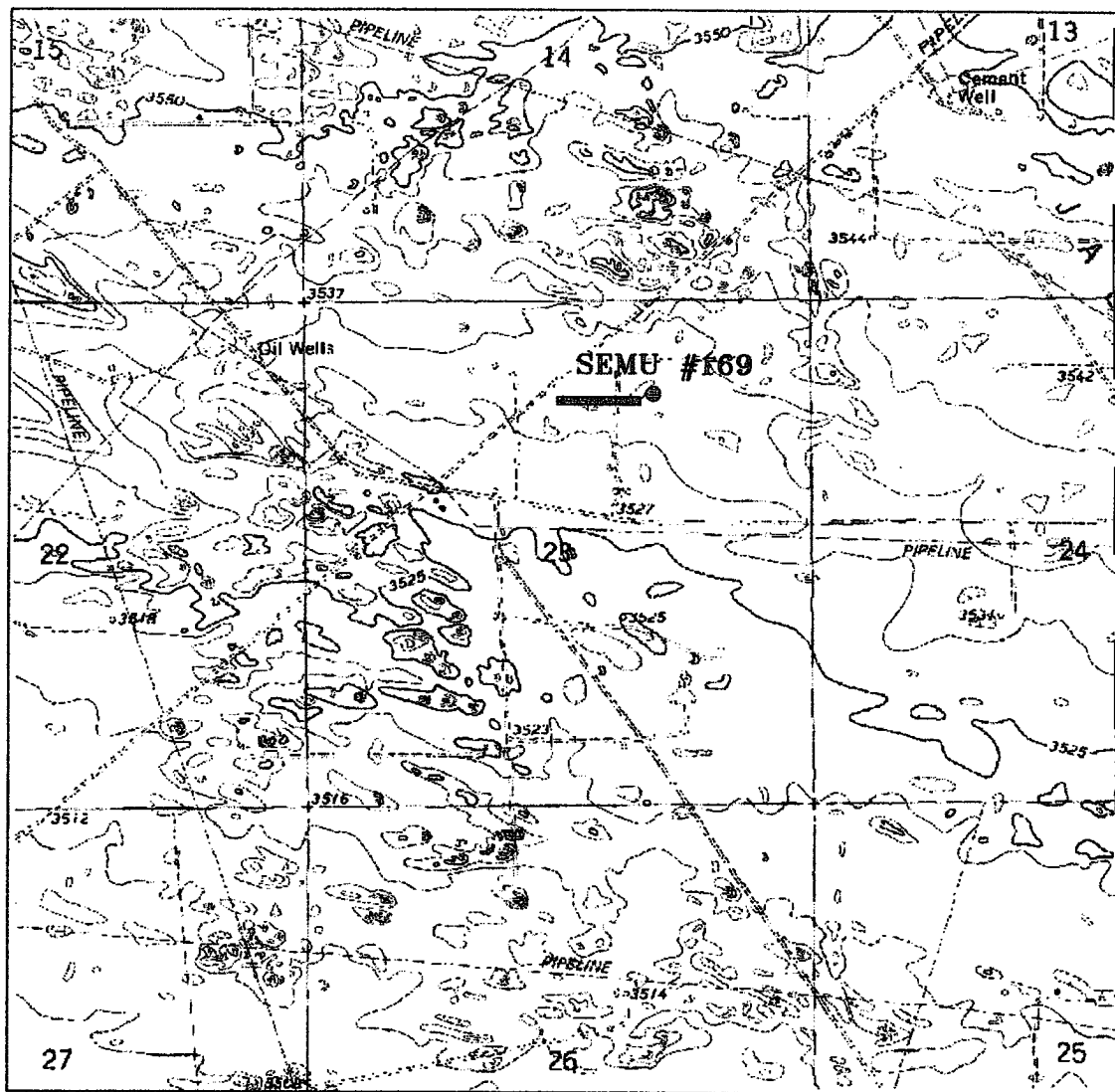
Drawn By: K. GOAD

Date: 04-18-2002

Disk: KJG #5 - CON2461B.DWG

Survey Date: 04-16-2002

Sheet 1 of 1 Sheets



## PROPOSED ELECTRIC LINE TO THE SEMU #169

Located at 980' FNL and 1660' FEL

Section 23, Township 20 South, Range 37 East,  
N.M.P.M., Lea County, New Mexico.

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1120 N. West County Rd.  
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(505) 392-3074 - Fax  
basinsurveys.com

W.O. Number: 2461BB - KJG CD#5

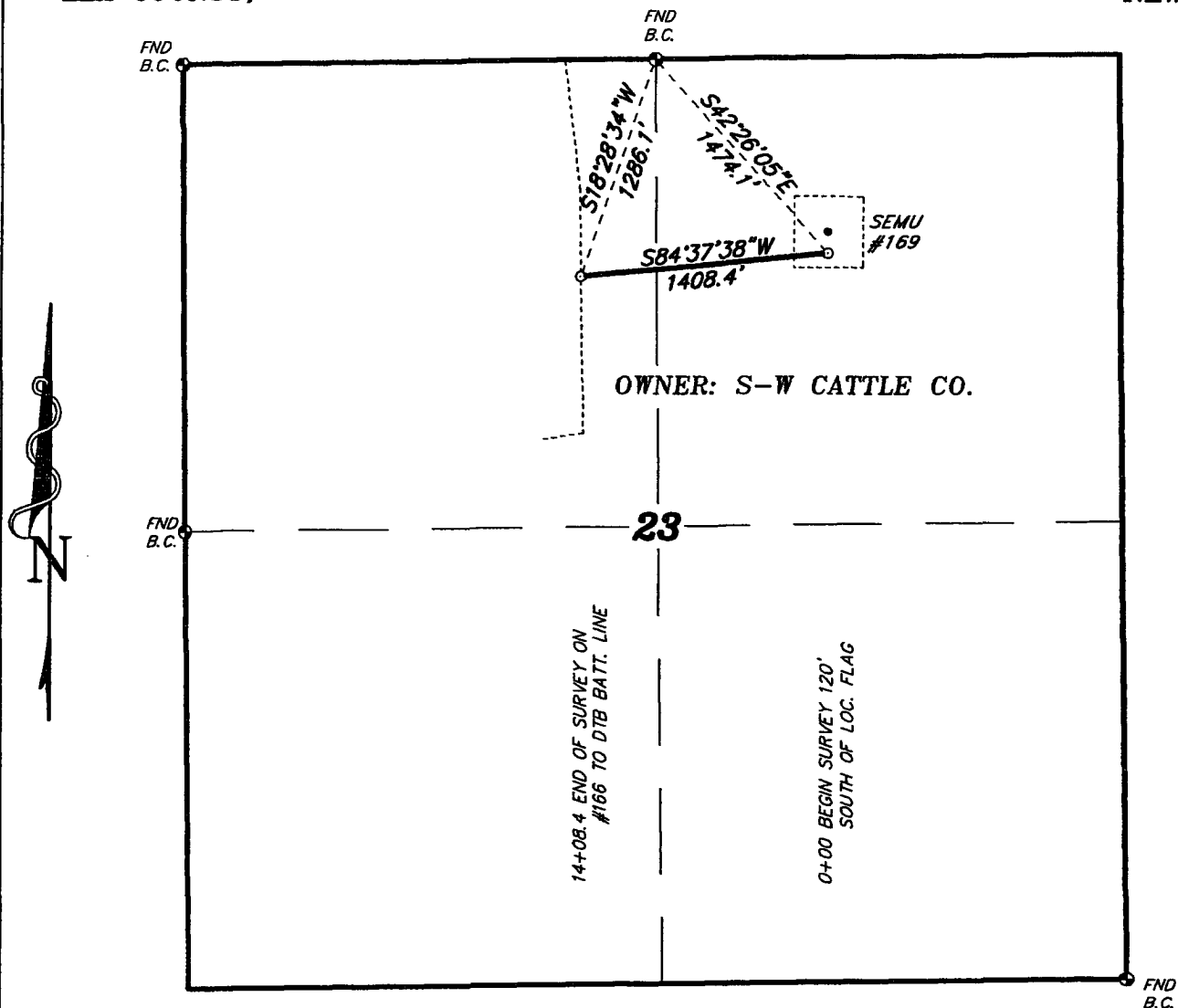
Survey Date: 04-16-2002

Scale: 1" = 2000'

Date: 04-18-2002

**CONOCO INC.**

SECTION 23, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.



**LEGAL DESCRIPTION**

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 23, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

BEGINNING AT A POINT WHICH LIES S.42°26'05\"E., 1474.1 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION 23; THENCE S.84°37'38\"W., 1408.4 FEET TO THE END OF THIS LINE WHICH LIES S.18°28'34\"W., 1286.1 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION 23. SAID STRIP OF LAND BEING 1408.4 FEET OR 85.36 RODS IN LENGTH.

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES N.M. P.S.  
TEXAS P.L.S.



**BASIN SURVEYS** P.O. BOX 1788 HOBBS, NEW MEXICO

1000 0 1000 2000 FEET

**CONOCO INC.**

REF: PROP. FLOWLINE TO THE SEMU #169

A FLOWLINE CROSSING FEE LAND IN  
SECTION 23, TOWNSHIP 20 SOUTH, RANGE 37 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

W.O. Number: 2461

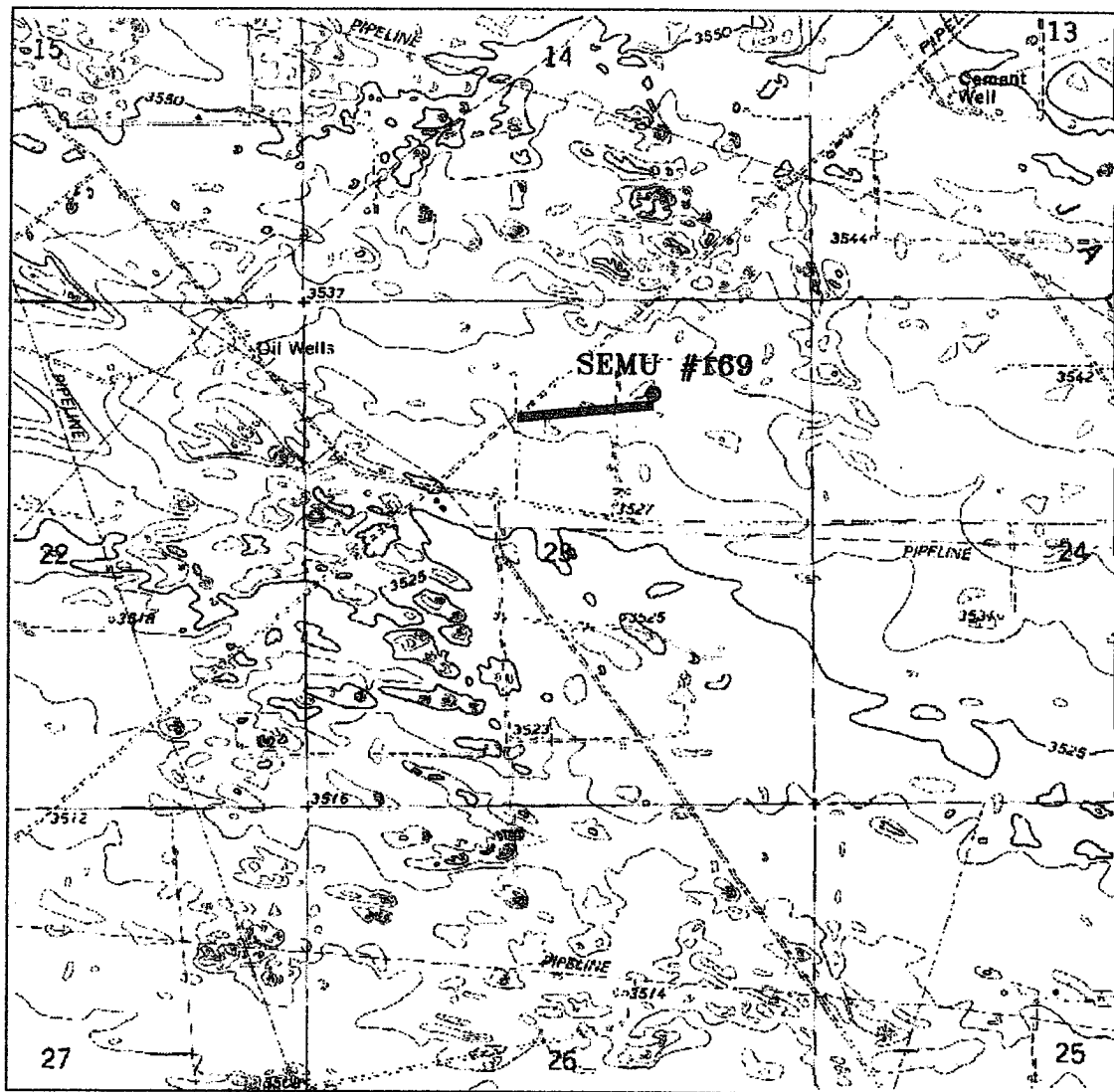
Drawn By: K. GOAD

Date: 04-18-2002

Disk: KJG #5 - CON2461D.DWG

Survey Date: 04-16-2002

Sheet 1 of 1 Sheets



## PROPOSED FLOWLINE TO THE SEMU #169

Located at 980' FNL and 1660' FEL  
Section 23, Township 20 South, Range 37 East,  
N.M.P.M., Lea County, New Mexico.

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(505) 392-5074 - Fax  
basinsurveys.com

W.O. Number: 2461DD - KJG CD#5

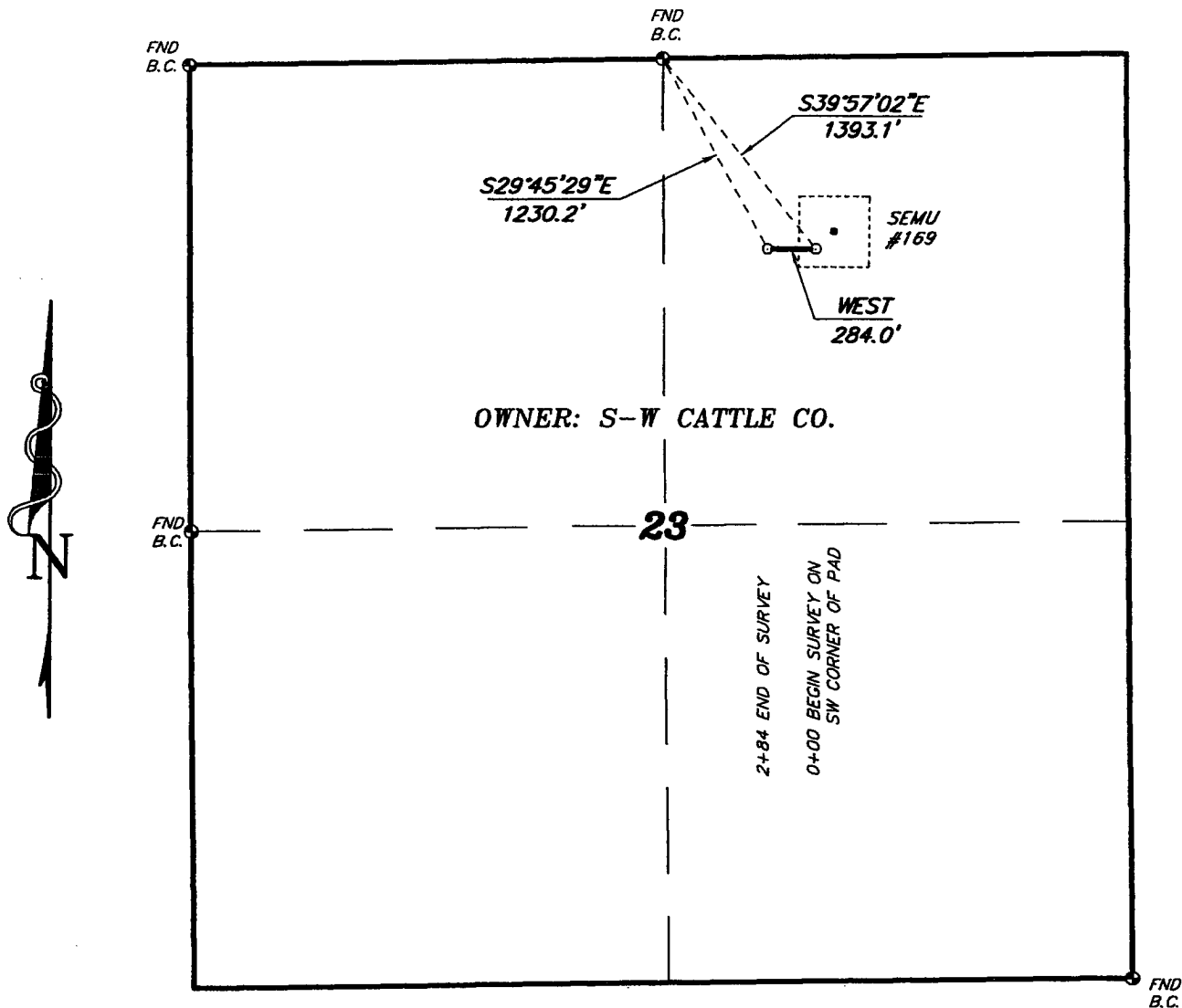
Survey Date: 04-15-2002

Scale: 1" = 2000'

Date: 04-15-2002

**CONOCO INC.**

SECTION 23, TOWNSHIP 20 SOUTH, RANGE 7 EAST, N.M.  
LEA COUNTY, NEW ME




**LEGAL DESCRIPTION**

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 23, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA C  
NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

BEGINNING AT A POINT WHICH LIES S.39°57'02"E., 1393.1 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION  
THENCE WEST, 284.0 FEET TO THE END OF THIS LINE WHICH LIES S.29°45'29"E., 1230.2 FEET FROM THE NORTH QUAR  
CORNER OF SAID SECTION 23. SAID STRIP OF LAND BEING 284.0 FEET OR 17.21 RODS IN LENGTH.

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED  
FROM FIELD NOTES OF AN ACTUAL SURVEY AND  
MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND  
SURVEYS AS SPECIFIED BY THIS STATE.

  
GARY L. JONES N.M. P.S.  
TEXAS P.L.S.



1000 0 1000



**CONOCO INC.**

REF: PROP. LEASE ROAD TO THE SEMU #169

A LEASE ROAD CROSSING FEE LAND

SECTION 23, TOWNSHIP 20 SOUTH, RANGE

N.M.P.M., LEA COUNTY, NEW MEXIC

**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 2461

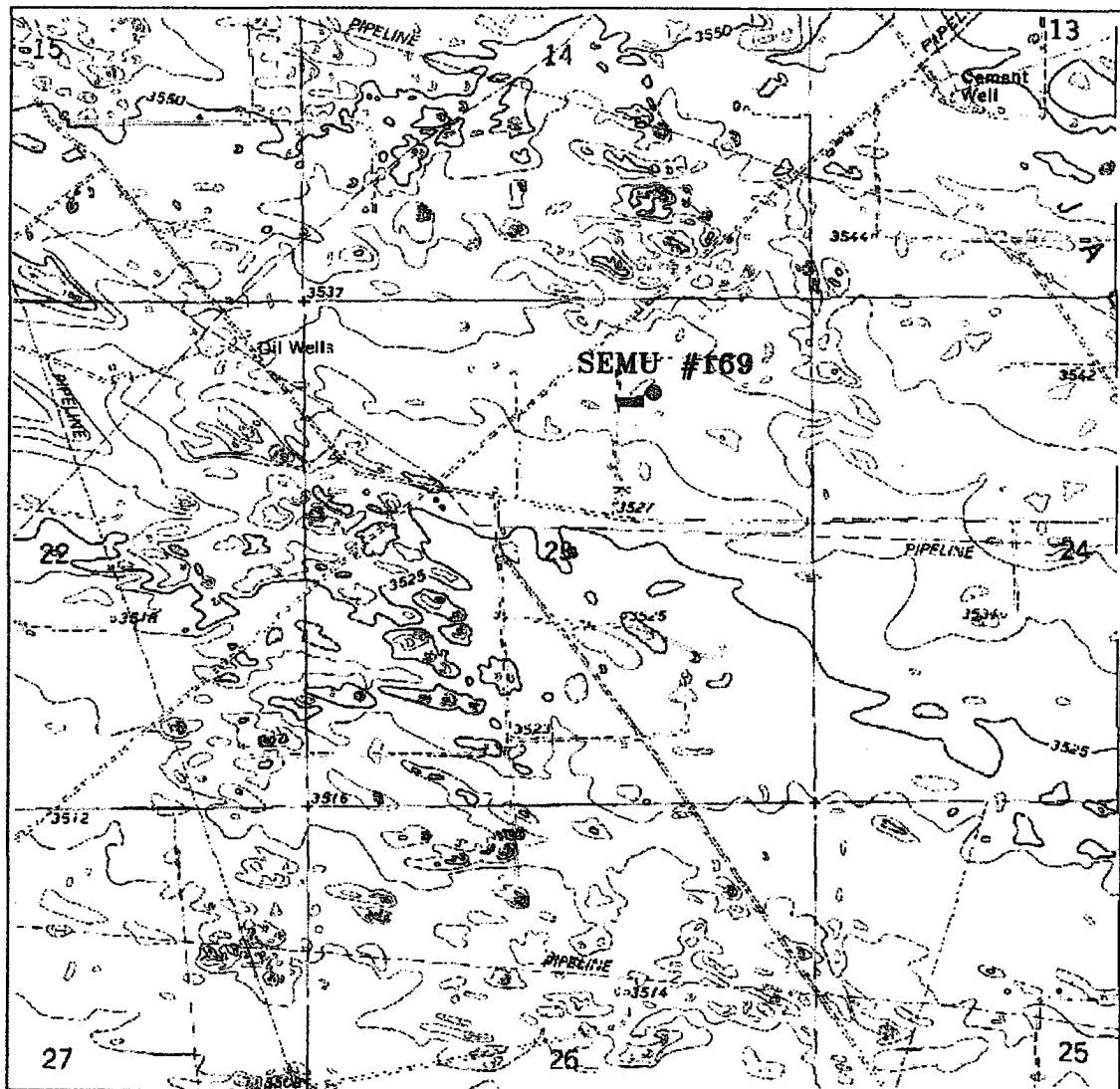
Drawn By: K. GOAD

Date: 04-18-2002

Disk: KJG #5 - CON2461C.DWG

Survey Date: 04-16-2002

Sheet 1 of



**PROPOSED LEASE ROAD TO THE SEMUR #169**  
 Located at 980' FNL and 1660' FEL  
 Section 23, Township 20 South, Range 37 East,  
 N.M.P.M., Lea County, New Mexico.

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 OGD  
 JUN 20 2002



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 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
 basin-surveys.com

W.O. Number:	2461CC - KJG CD#5
Survey Date:	04-16-2002
Scale:	1" = 2000'
Date:	04-18-2002

**CONOCO INC.**

**SURFACE USE PLAN  
Conoco Inc.**

**SEMU #169**

The following is required information concerning the possible effect, which the drilling of this well may have on the environment, existing road sites, and surrounding acreage. A copy will be posted on the derrick floor so all contractors and sub-contractors will be aware of all items on this plan.

1. Existing Roads

- A. The proposed well site is 980' FNL & 1660' FEL, Sec. 23, T20S, R37E, Lea County, New Mexico. This is a Weir Drinkard Pool well.
- B. Directions to the location are as follows:  
See attached Well Pad Topo
- C. No improvement or maintenance is anticipated for the existing roads.

2. Planned Access Roads

- A. 284.0' of new access road will be required.
- B. Turnouts as specified by surface management agency.
- C. Culverts as specified by surface management agency.
- D. Gates, cattleguards, or fences as specified by surface management agency.

3. Topographic Map and Well Location

A 7.5" quadrangle topo map was filed with the NOS.

4. Additional Rights-of-Way

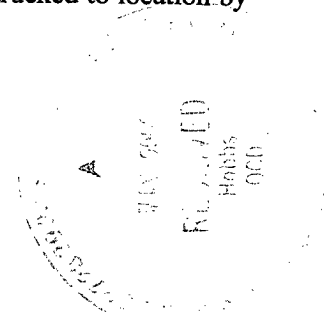
Electric line and flowline as shown on attached plats.

5. Water Supply

Fresh and brine water will be obtained from commercial sources and will be trucked to location by the same directions for reaching the drilling site.

6. Source of Construction Materials

Construction materials will be obtained from commercial sources.





7. Methods of Handling Waste Disposal

- A. The drill cuttings, fluids and completion fluids will be placed in the reserve pit. The reserve pit will be fenced on three sides away from the pad during drilling and the fourth side fenced as soon as the rig moves out. The reserve pit will be allowed to dry, and materials remaining in the reserve pit buried. The reserve pit will be backfilled, leveled and contoured so as to prevent any materials being carried into the watershed. Upon completion, the pad will be leveled, contoured, and reseeded with the appropriate seed mixture as specified by the surface managing agency.
- B. All garbage and trash will be hauled away to designated landfill by Conoco.
- C. Chemical toilets will be provided and maintained during drilling operations.

8. Ancillary Facilities

No ancillary facilities are planned.

9. Wellsite Layout

See attached Wellsite Layout. The V-door faces East. The reserve pit will be lined with plastic and the pad and pits are staked. All unguarded pits containing liquids will be fenced and any unguarded pit containing liquids will be fenced.

10. Plans for Restoration of Surface

Reserve pits will be rehabilitated once drilling fluids have been allowed to evaporate to the point the pits are dry enough for backfilling and leveling. In the event drilling fluids will not evaporate in a reasonable time period, the fluids will be removed and transported by tank truck to a state approved disposal facility. Backfilling and leveling of the location will be completed within a time period of one year upon cessation of drilling operations.

11. Surface Ownership

The well site surface ownership is: Trent Stradley  
S & W Cattle Company  
PO Box 1799  
Hobbs, NM 88241

12. Archeological Clearance

An archeological survey is being conducted and will be provided upon completion.

13. Operator's Representative and Certification

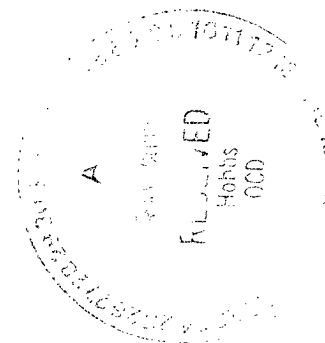
The person who can be contacted concerning compliance of this Surface Use Plan is:

**Ronald G. Crouch**  
**Right of Way Agent**  
**Conoco Inc.**  
**10 Desta Drive Suite 651W**  
**Midland, Texas 79705**  
**(915) 686-5587**

*I hereby certify that I, or persons under my direct supervision, have inspected the proposed drilling site; that I am familiar with the conditions which currently exist; that the statements made in this plan, are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Conoco Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.*

Ronald G. Crouch  
Ronald G. Crouch  
Right of Way Agent *RGS.*

4/23/02  
Date

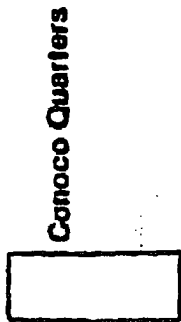


WELLSITE LAYOUT

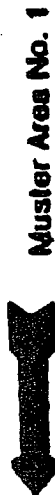


H2S Safety Contractor

Terrain is flat, and covered with native  
Two of the three WDI (wind direction indicator) locations will be  
(Prevailing winds are S)



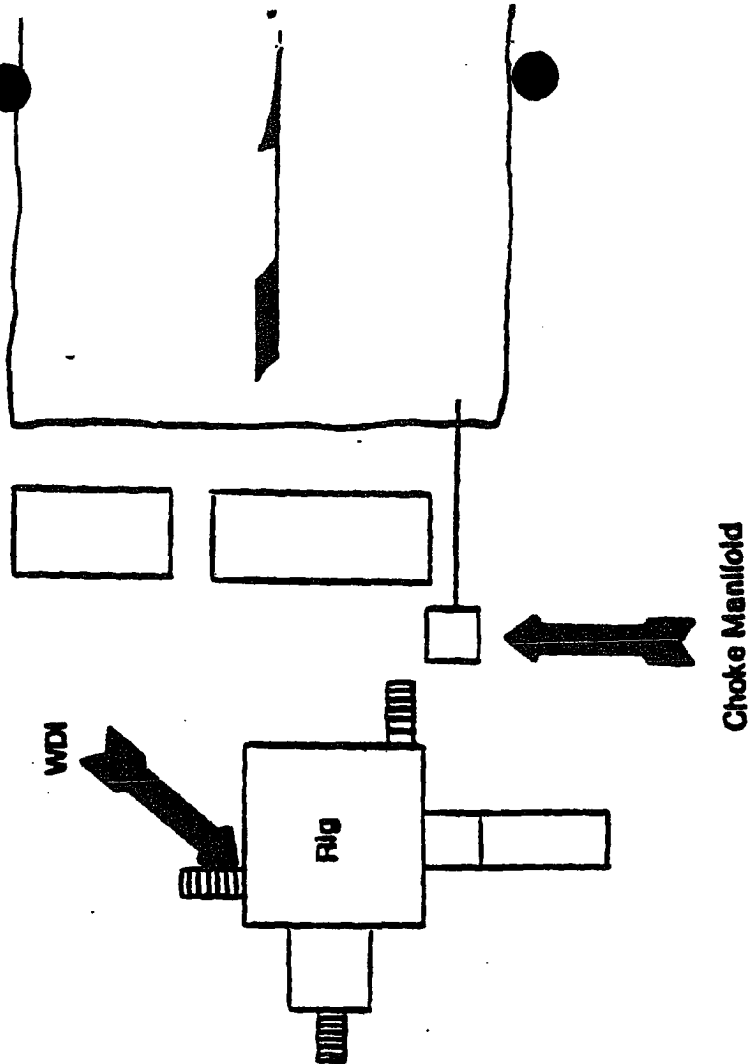
Conoco Quarters



Muster Area No. 1



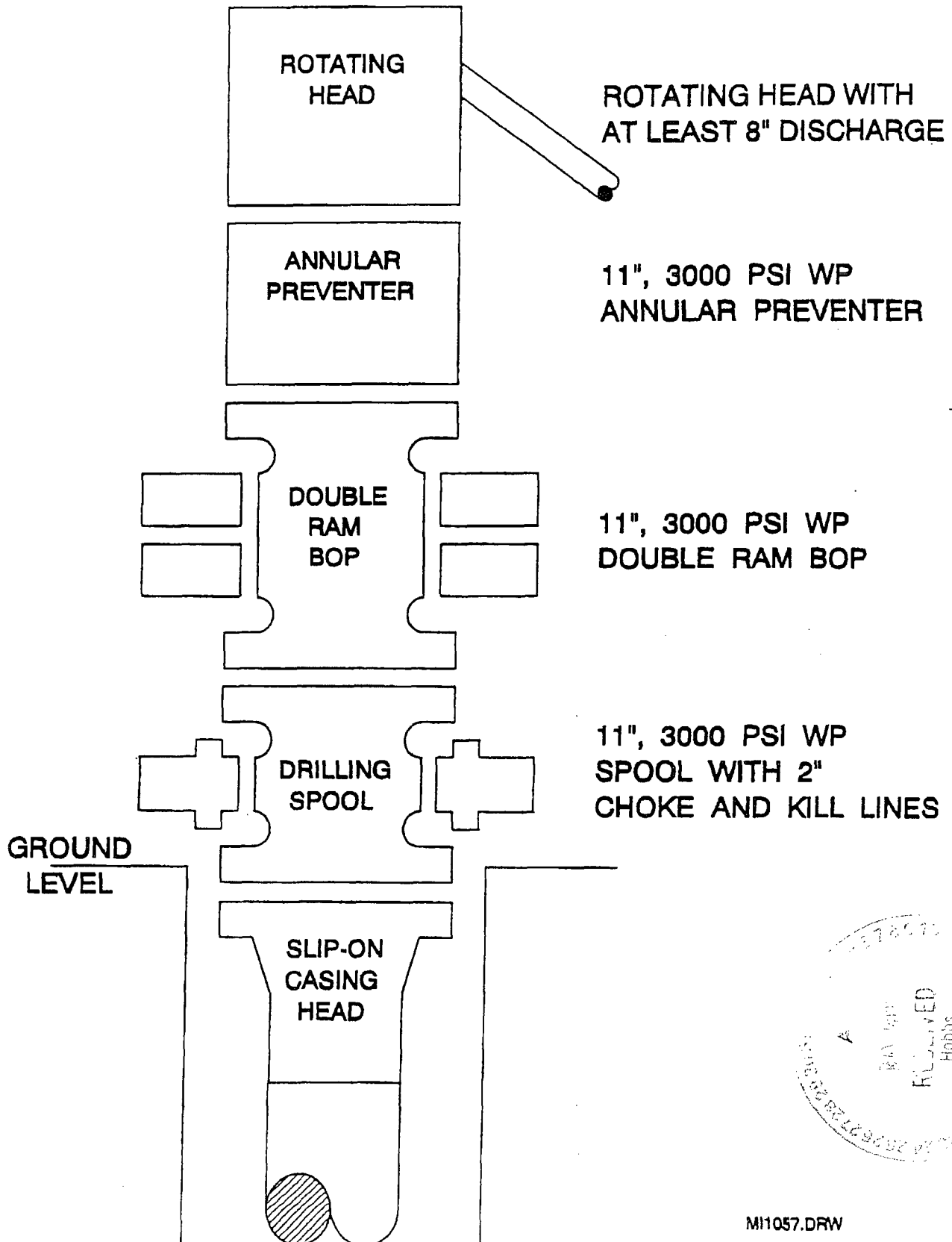
Contractor Quarters



Muster Area No. 2  
WDI



# BOP SPECIFICATIONS



MI1057.DRW

# TRAILER - MOUNTED RIG LAYOUT

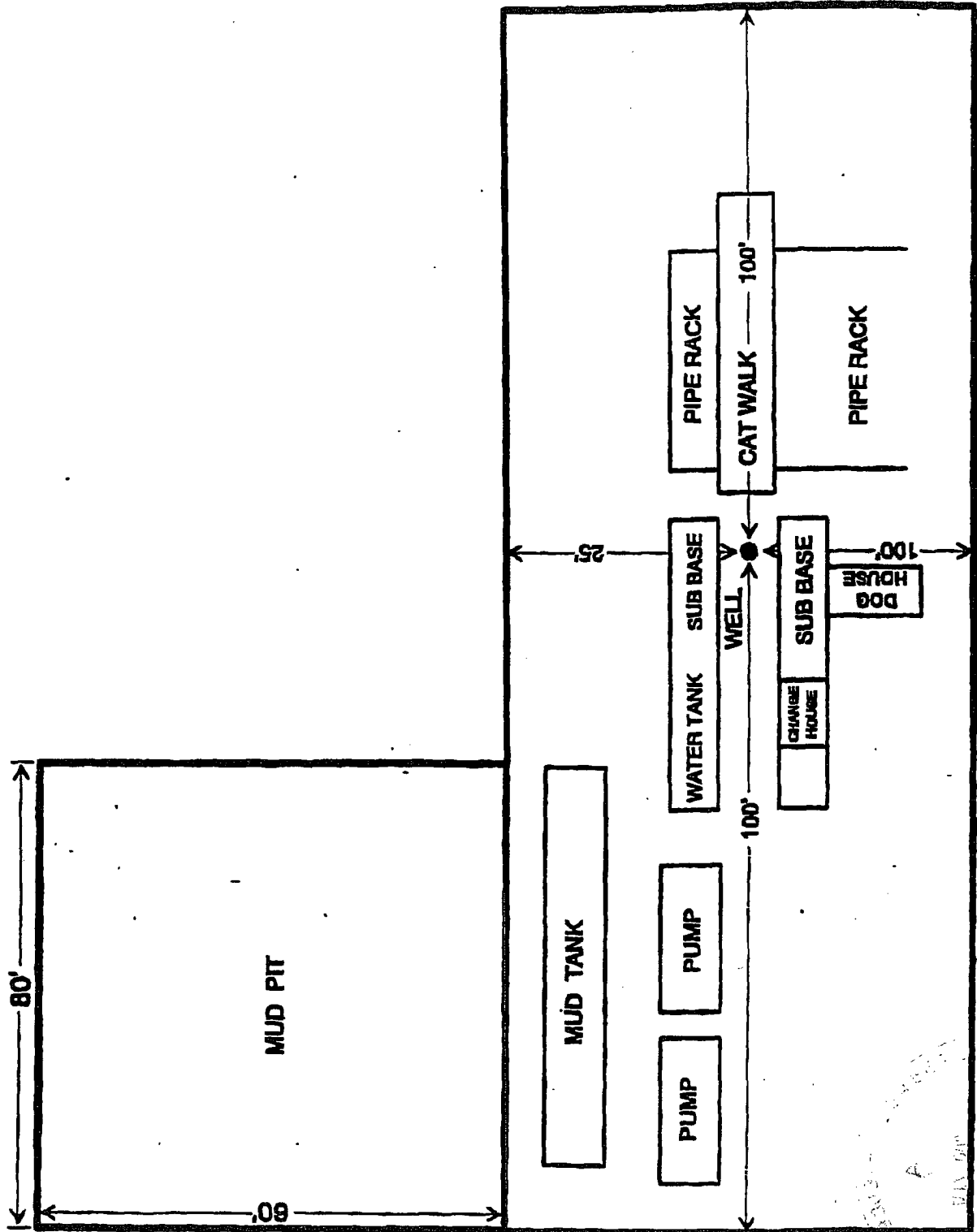
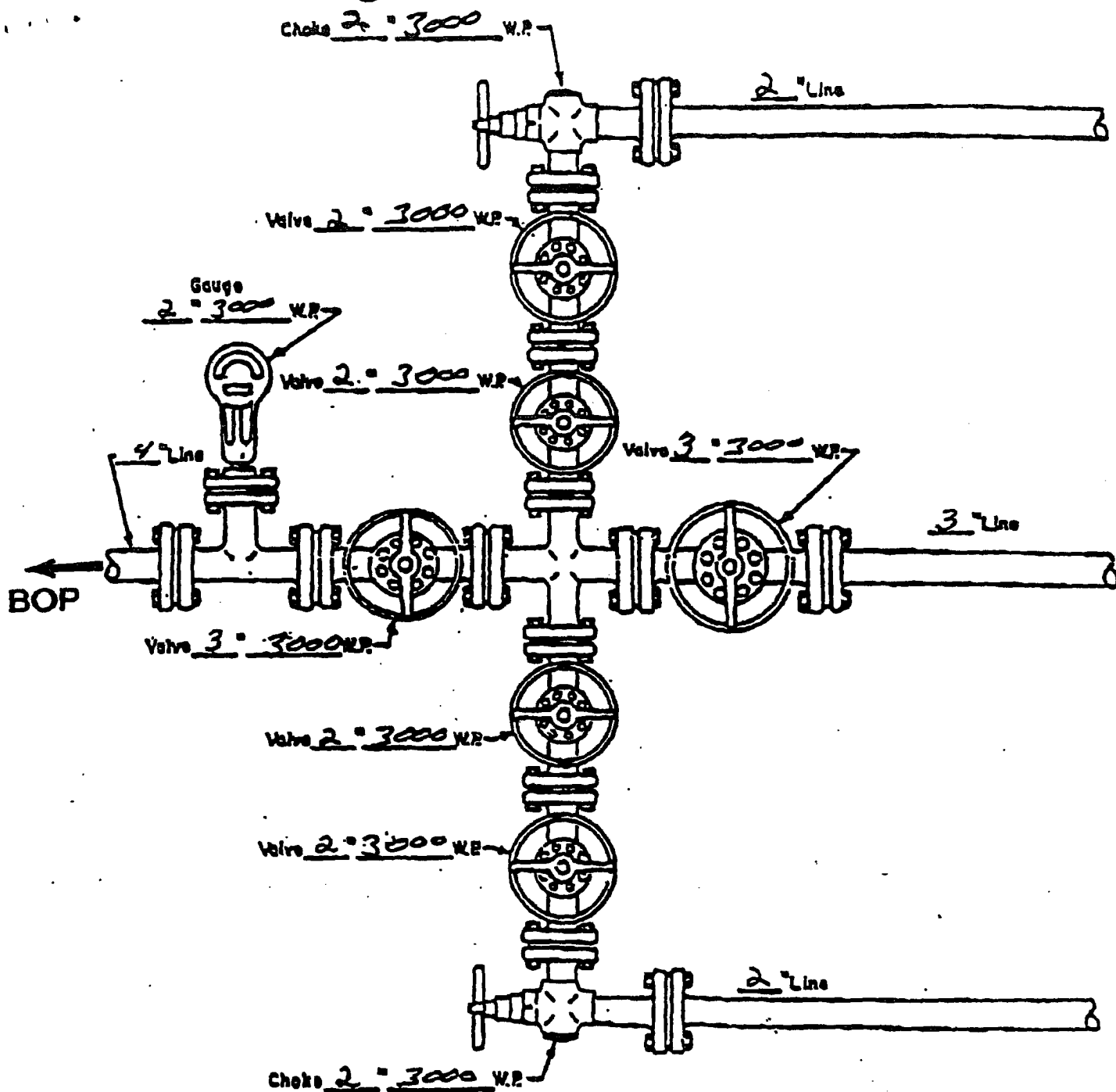


EXHIBIT D

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MANIFOLD  
3000 # W.P.

- ☒ Manual
- ☐ Hydraulic

## H2S DRILLING OPERATIONS PLAN

Conoco, Inc. will comply with Onshore Order No. 2 for working in an H2S environment or a potential H2S environment.

### I. Hydrogen Sulfide Training

All contractors and subcontractors employed by Conoco will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on this well.

1. The hazards and characteristics of hydrogen sulfide (H2S)
2. Safety precautions.
3. Operations of safety equipment and life support systems.

In addition, contractor supervisory personnel will be trained or prepared in the following areas:

1. The effect of H2S on metal components in the system, especially where high tensile strength tubulars are to be used.
2. Corrective action and shutdown procedures when drilling or reworking a well, blowout prevention and well control procedures, if the nature of work performed involves these items.
3. The contents and requirements of the contingency plan when such plan is required.

All personnel will be required to carry documentation of the above training on their person.

### II. H2S EQUIPMENT AND SYSTEMS

#### 1. Safety Equipment

The following minimum safety equipment will be on location:

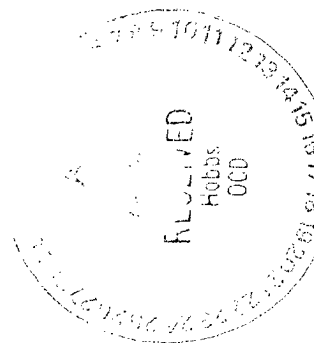
- A. Wind direction indicators placed near rig floor/mud return lines and at points along the perimeter of the location to allow visibility of at least one indicator from any point on location.
- B. Automatic H2S detection alarm equipment (both audio and visual).
- C. Clearly visible warning signs. Signs will use the words "POISON GAS" and "CAUTION" with a strong color contrast.
- D. Protective breathing equipment will be located in the doghouse and at briefing areas on location.

#### 2. Well Control Systems

##### A. Blowout Prevention Equipment

Equipment includes but is not limited to:

1. Pipe rams to accommodate all pipe sizes
2. Blind rams
3. Choke manifold
4. Closing Unit
5. Flare line and means of ignition





#### **B. Communication**

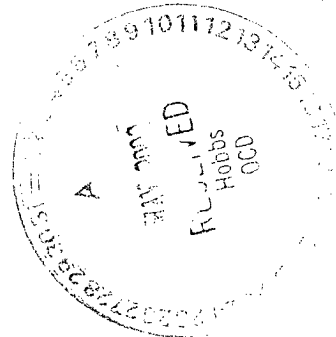
The rig contractor will be required to have two-way communication capability. Conoco will have either land-line, satellite phone, microwave phone, or mobile (cellular) telephone capabilities.

#### **C. Mud Program**

The mud program has been designed to minimize the volume of H<sub>2</sub>S circulated to surface. Proper mud weight, safe drilling practices, and the use of H<sub>2</sub>S scavengers when appropriate will minimize hazards when penetrating H<sub>2</sub>S bearing zones.

#### **D. Drill Stem Tests**

Any planned drill stem test will be cancelled if H<sub>2</sub>S is detected prior to such test. In the event that H<sub>2</sub>S is detected during testing, the test will be terminated immediately.





Ronald G. Crouch  
Right of Way Agent  
Right of Way and Claims

Conoco Inc.  
10 Desta Drive, Suite 605W  
Midland, Texas 79705-4500  
(915) 686-5587

April 23, 2002

Department of the Interior  
Bureau of Land Management  
620 East Greene  
Carlsbad, New Mexico 88220

Re: Settlement letter for well location and appurtenances  
SEMU 169  
Section 23, T20S, R37E  
Lea County, New Mexico

Dear Mr. Peterson:

Conoco Inc. has reached a damage settlement agreement with the surface owner, being Trent Stradley, before construction begins of the above referenced location and appurtenances.

Please call me at 915-686-5587 if you have any questions concerns.

Sincerely yours,

*Ronald G. Crouch*  
Ronald G. Crouch  
Right of Way Agent

*R.G.C.*