



Midland Division
Exploration Production

Conoco Inc.
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October 7, 1994

Michael E. Stogner
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

RE: Application to:

- (1) Establish A 38.68-Acre NSPU for Eumont Gas Production For the Proposed State A-19 Well No. 2 in the NW/4 SW/4 Sec. 19, T-19S, R-37E
- (2) Approve an unorthodox Location for the Subject Well due to Lease Size and Surface Obstructions

Dear Mr. Stogner:

As shown on the attached EXHIBIT A, Conoco's State A-19 Lease is an isolated \pm 40-acre tract that is surrounded by producing Eumont Gas wells, but does not contain an active Eumont Gas well. The former State A-19 No. 1 on this lease was a dual Grayburg and Eumont producer from 1953 until 1982, recovering 1 BCFG. At that time the Eumont completion was squeezed off to increase the prolific Grayburg completion at this location and this wellbore was subsequently taken into Amerada's North Monument Grayburg San Andres Unit.

To the South, Texaco's New Mexico G State Well Nos. 2 and 3 have recovered 3.2 BCFG and the No. 3 is still producing 362 MCFGPD. To the West, Texaco's newly drilled New Mexico G State Well No. 4, completed in 11/92 is currently producing 376 MCFGPD. The Arrington State C No. 2 to the Northwest was drilled 10/92 and still flows 297 MCFGPD. The addition of the two new Eumont Gas wells to the West of Conoco's State A-19 Lease make it imperative that Conoco drill a new gas well on its lease to capture it's share of remaining Eumont Gas reserves and to protect this lease from drainage.

EXHIBIT B is a C-102 showing this lease as consisting solely of Lot 3 in Section 3, T-19S, R-37E which contains 38.68 acres. Since this is the only contiguous acreage available to dedicate to a new well, it is requested that a 38.68-acre nonstandard gas proration unit be established for the proposed State A-19 No. 2.

EXHIBIT B also shows that the original No. 1 well was drilled at the only possible standard location for this tract. therefore, a second well is necessarily an unorthodox location because of the size of the lease and the obstruction of the first well.