

uneconomic levels. Currently the well produces 35 BWPD and 30 MCFD. Conoco will likely permanently plug and abandon the SEMU #121 wellbore in 2000.

The SEMU # 101 was drilled and completed in March 1979. The Warren Tubb zone was perforated, stimulated and tested, but found to be non-commercial. The well was then completed into the Blinbry zone. The well produced 28.6 MBO and 156 MMCFG from the Blinbry before it was shut-in in 1991 because it had become uneconomical to produce. Recompleting the SEMU #101 would take advantage of an existing wellbore in the SEMU acreage area and would eliminate the necessity of drilling a new wellbore to access Eumont production.

The Eumont, Seven Rivers, Queen (Pro Gas) special pool rules require a 640 acre proration unit. In order to stay within the SEMU Unit boundaries Conoco requests a non-standard 160 acre proration unit be dedicated to the SEMU #101. There are no other Eumont wells in Section 29. A non-standard 160 acre proration unit has 660-660' set back requirements. The SEMU # 101 wellbore is at a nonstandard location being only 330' from the west line of Section 29. Conoco is the only offset operator that could be affected by this request. Working interest ownership is common across the SEMU area. Royalty interest will be common upon approval of the 7th expansion of the Eumont Participating Area submitted to the BLM in September, 2000, (see outline of PA Expansion on attached map).

In order to prevent waste, Conoco respectfully requests your approval of this nonstandard location and proration unit application for the SEMU # 101. If you have any further questions regarding this application please contact me at (915) 686-5798.

Sincerely,

A handwritten signature in black ink, appearing to read "Kay Maddox", written over a horizontal line.

Kay Maddox
Regulatory Agent -- Conoco

Cc: NM Oil Conservation Division - Hobbs