Mid-Continent Region
Exploration/Production

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September 20, 2000

NSP-1830(L)

Mr. Michael Stogner
New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, NM 87504

RE: Application for Nonstandard Location & Nonstandard Proration Unit Order
Eumont, Seven Rivers, Queen (Pro Gas) Pool 76480
SEMU Blinebry # 101
660 FNL & 330 FWL
Section 29, T-20-S, R-38-E, D
API # 30-025-26183
Lea County, NM

Dear Mr. Stogner,

Conoco requests approval to recomplete the Southeast Monument Unit # 101 to the Eumont at a non-standard location in Section 29, T-20-S, R-38-E. The well is located 660' FNL & 330' FWL.

SEMU # 101 is located within the NW-SE trending Seven Rivers formation structural high located in Sections 19 and 30, T-20-S, R-38-E. The structural interpretation (see attached) of the Seven Rivers formation indicates a structural high located in Section 19. The Seven Rivers formation consists of thin anhydritic sands inter-bedded by dense dolomite and anhydrite. Porosity development and reservoir quality is predominantly controlled by structure. In addition to structural position, the thin (2 ft. to 6 ft.) Seven Rivers sand's productivity appears to be enhanced by fractures resulting from stratigraphic flexure along the structural axis associated with the prominent Monument High. Enhanced permeability and possibly fracturing along the structural axis allow for relatively high production rates and economic completions. Moving off the strike has led to uneconomic completions (low permeability). The cross-section that accompanies this application approximately parallels the structural axis. Additionally, in the southern portion of Section 18, water has migrated up dip into a structurally high area and has resulted in an uneconomic completion due to higher water rates.

The successful production results from the SEMU # 81 has encouraged testing of the Eumont in the SEMU # 101. The SEMU # 81 was recompleted to the Seven Rivers formation of the Eumont Yates-Seven Rivers-Queen Gas Pool in January 1998 in Section 19, T-20-S, R-38-E, P, Lea Co, NM. The well was completed for an initial rate of 505 MCFD and produces no liquids. The SEMU # 101 potential pay is highlighted in green between 3015 feet and 3035 feet in the accompanying Seven Rivers Cross Section.

Conoco has had two unsuccessful recompletion attempts in wellbores located off of the Seven Rivers structural high axis. In February 2000 the SEMU # 16 located in Unit letter F, Section 30, T-20-S, R-38-E was recompleted to the Seven Rivers. Analysis of swabbing reports during completion indicated that the well had extremely poor fluid influx and appeared to have low permeability. After several days of swabbing the completion was deemed an economic failure and the wellbore has since been permanently plugged and abandoned. Although this completion was structurally equivalent to the economic SEMU # 81, the permeability was too poor to produce hydrocarbons in economic quantities. This well was not on the structural axis of the fold and thus no enhancement to the permeability developed. In December 1999 the SEMU #121 located in Unit letter N, Section 18, T-20-S, R-38-E was recompleted to the Seven Rivers formation. The well produced at an uneconomic rate of 200 BWPD and 30 MCFD. In June 2000, a remedial cement job was performed in an attempt to shut off water thought to be limiting the gas production. The majority of the water was shut-off, however gas production rates remained at