Form 3160-3
(July 1992)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on reverse side)

N. M. OIL CONS. COMMISSION
P. O. BOX 1980
HOBBS, NEW MEXICO 88240

FORM APPROVED
OMB NO. 1004-0136
Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL ☒ DEEPEN ☐

b. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ OTHER — SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR: Conoco Inc.

3. ADDRESS AND TELEPHONE NO: 10 Desta Dr. Ste 430E, Midland, Tx. 79705-4500

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *)
At surface: 1980' FSL & 1090' FWL
At proposed prod. zone: 1980' FSL & 1090' FWL L

5. LEASE DSIGNATION AND SERIAL NO: LC031696A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGRREEMENT NAME:

8. FARM OR LEASE NAME WELL NO: SEMU #136

9. API WELL NO: 30-025-34667

10. FIELD AND POOL, OR WILDCAT: North Hardy Strawn

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec.25, T20S, R37E

14. DISTANCE IN MILES AND DIRECTION FROM NEAEST TOWN OR POST OFICE*

12. COUNTY OR PARISH: Lea

13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if Any)

16. NO OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED TO THIS WELL: 160

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH: 8050'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3510 GR

22. APPROX. DATE WORK WILL START*: 7/15/99

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	J-55, 8-5/8"	24#	1400'	679 sxs, circ.
7-7/8"	J-55, 5-1/2"	15.5#	7300'	733 sxs, circ.
7-7/8"	J-55, 5-1/2"	17#	8050'	604 sxs, circ.

It is proposed to drill a vertical wellbore as a Hardy Strawn producer. NOS was filed 6/3/99. The well will be drilled and equipped according to the plan submitted in the following additional attachments:

1. Well Location and Acreage Dedication Plat (C-102) along with other associated maps and plats.
2. Proposed Well Plan Outline
3. Cementing Plant
4. Surface Use Plan
5. Standard Rig Layout Drawing
6. BOP & Choke Manifold Specifications
7. H2S Drilling Operations Plan
8. Surface owner communications

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

OPER. OGRID NO. 5073
PROP. CODE NO. 13492
POOL CODE 96893
EFF. DATE 7-28-99
API NO. 30-025-34667

This application includes ROW's for the well pad, electric line, access road and flowline.
An archeological survey will be submitted as soon as completed.
The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning op or potion thereof, as described above and as covered by BLM Bond File No. ES-0085.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Jo Ann Johnson TITLE Jo Ann Johnson, Sr Property Analyst DATE June 18, 1999

(This space for Federal or State office use)

PERMIT NO _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

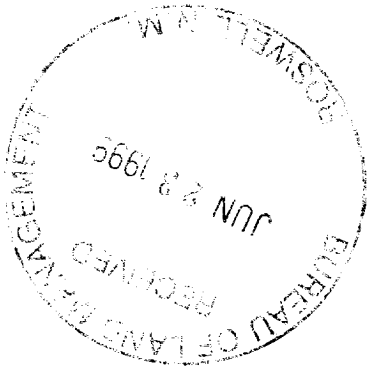
CONDITIONS OF APPROVAL, IF ANY

/S/LARRY D. BRAY Acting Assistant Field Office Manager, Lands and Minerals

APPROVED BY _____ TITLE _____ DATE JUL 26 1999

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.


BUREAU OF LAND MANAGEMENT
ROSWELL, N.M.
RECEIVED
JUN 23 1995

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-34669	96893	North Hardy Strawn

Property Code	Property Name	Well Number
13492	SEMU	136

OGRID No.	Operator Name	Elevation
005073	CONOCO INC.	3510'

Surface Location

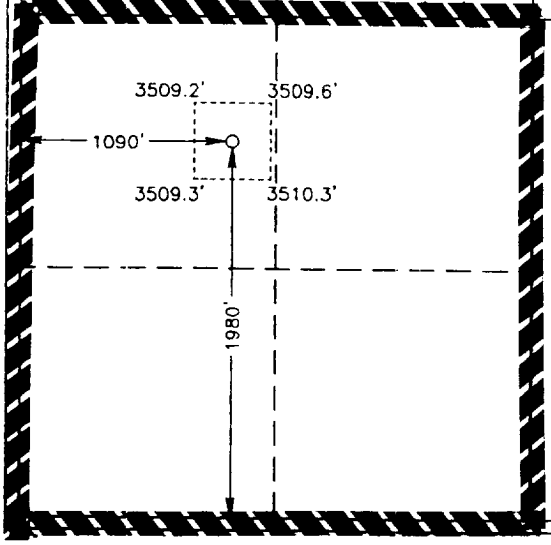
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	25	20 S	37 E		1980	SOUTH	1090	WEST	LEA

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	Joint or Infill	Consolidation Code	Order No.
160			

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Jo Ann Johnson
Signature

Jo Ann Johnson
Printed Name

Sr. Property Analyst
Title

June 17, 1999
Date

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 supervison, and that the same is true and correct to the best of my belief.

May 27, 1999
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 9195A

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

PROPOSED WELL PLAN OUTLINE

WELL NAME: SEMU No. 136
LOCATION: 1090' FWL & 1980' FSL Sec 25 - T20S-R37E

Ground Level: 3510'
Kelly Bushing:

Depth MD	FORMATION TOPS	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	Top Salt @ 1390'				8-5/8", 24#, J-55 ST&C @ 1400'				3
		Washouts in Salt Section		7-7/8"	Circulate Cement			10 Brine	
2000	Base Salt @ 2550'						Less than 8.4		
	Yates 2690'		Mud Loggers F/ Yates to TD						
3000	7 Rivers 2950'		H2S Monitor on at 2900'						
	Queen 3520'	Shallow gas flows in SEMU # 125 & 126 not expected at this location							
	Grayburg 3750'								
4000	San Andres 4010'	Lost Returns in San Andres			DV Tool @ 4000' (above San Andres)				7
5000	Glorietta 5280'	High volume water flow in SEMU 126. 1 mi North. Could not circ 11 ppg mud to kill. Possible differential sticking thru Glorietta & Paddock							
	Blinebry Mkr 5825'								
6000	Tubb 6370'								
	Drinkard 6650'								
	Abo 6960'								
7000	Strawn 7725'		First Log Run: GR-CAL-DLL-MLL-Sonic FDC-CNL-PE : TD to 2650' Pull GR-CNL-Cal to Surf Second Log Run: 60 rotary sidewall cores		5-1/2", 15.5#, J-55 LT&C @ 7300'				
8000	TD @ 8050'	STOP DRILLING WHEN WOODFORD SHALE IS CUT Severe losses in Devonian	Third Run: FMI imaging log		5-1/2", 17.0#, J-55 LT&C f/7300'-8050' Circulate Cement			10 ppg Starch Gel	20
	Devonian 8150'								

Note: The Devonian formation is associated with severe lost circulation problems. This well will be TD'd very close to the top of the Devonian. The mud loggers will pick the Woodford shale which is 40' thick and sits on top of the Devonian. Stop drilling once the Woodford is entered.

DATE: 11-Jun-99

Joe Huck, Geophysical Advisor

APPROVED

Yong Cho, Drilling Engineer

Joe Miller, Reservoir Engineer

Operator Name: Conoco Inc.
Well Name: SEMU #136
Job Description: 8 5/8" Surface
Date: June 16, 1999

Proposal No: 180251725A

WELL DATA

ANNULAR GEOMETRY

ANNULAR I.D. (in)	DEPTH(ft)	
	MEASURED	TRUE VERTICAL
12.250 HOLE	1,400	1,400

SUSPENDED PIPES

DIAMETER (in)		WEIGHT (lbs/ft)	DEPTH(ft)	
O.D.	I.D.		MEASURED	TRUE VERTICAL
8.625	8.097	24	1,400	1,400

Float Collar set @	1,360 ft
Mud Density	8.40 ppg
Est. Static Temp.	88 ° F
Est. Circ. Temp.	84 ° F

VOLUME CALCULATIONS

1,100 ft	x	0.4127 cf/ft	with	100 % excess	=	907.9 cf
300 ft	x	0.4127 cf/ft	with	100 % excess	=	247.9 cf
40 ft	x	0.3576 cf/ft	with	0 % excess	=	14.3 cf (inside pipe)
				TOTAL SLURRY VOLUME	=	1170.1 cf
					=	209 bbls

Operator Name: Conoco Inc.
Well Name: SEMU #136
Job Description: 8 5/8" Surface
Date: June 16, 1999

Proposal No: 180251725A

FLUID SPECIFICATIONS

Pre-flush — 1,500.0 gals Mud Clean I @ 8.4 ppg

FLUID	VOLUME CU-FT		VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Lead Slurry	908	/	1.88	= 484 sacks (35:65) Poz (Fly Ash):Class C Cement + 2% bwoc Calcium Chloride + 0.25% bwoc Cello Flake + 0.005 gps FP-6L + 6% bwoc Bentonite + 96.5% Fresh Water
Tail Slurry	262	/	1.34	= 195 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.005 gps FP-6L + 56.3% Fresh Water

Displacement — 86.6 bbls Water @ 8.4 ppg

CEMENT PROPERTIES

	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	12.70	14.80
Slurry Yield (cf/sack)	1.88	1.34
Amount of Mix Water (gps)	10.07	6.35
Amount of Mix Fluid (gps)	10.08	6.35
Estimated Pumping Time - 70 BC (HH:MM)	5:00	2:20

Operator Name: Conoco Inc.
Well Name: SEMU #136
Job Description: 5 1/2" Long String
Date: June 16, 1999

Proposal No: 180251725A

WELL DATA

ANNULAR GEOMETRY

ANNULAR I.D. (in)	DEPTH(ft)	
	MEASURED	TRUE VERTICAL
8.097 CASING	1,400	1,400
7.875 HOLE	8,050	8,050

SUSPENDED PIPES

DIAMETER (in)		WEIGHT (lbs/ft)	DEPTH(ft)	
O.D.	I.D.		MEASURED	TRUE VERTICAL
5.500	4.950	15.5	8,050	8,050

STAGE: 2

Stage Collar set @	4,000 ft
Mud Density	8.40 ppg
Est. Static Temp.	104 ° F
Est. Circ. Temp.	98 ° F

VOLUME CALCULATIONS

1,400 ft	x	0.1926 cf/ft	with	0 % excess	=	269.6 cf
1,300 ft	x	0.1733 cf/ft	with	75 % excess	=	394.2 cf
1,300 ft	x	0.1733 cf/ft	with	50 % excess	=	337.8 cf
				TOTAL SLURRY VOLUME	=	1001.6 cf
					=	179 bbls

STAGE: 1

Float Collar set @	8,010 ft
Mud Density	8.40 ppg
Est. Static Temp.	128 ° F
Est. Circ. Temp.	122 ° F

VOLUME CALCULATIONS

1,600 ft	x	0.1733 cf/ft	with	75 % excess	=	485.1 cf
2,450 ft	x	0.1733 cf/ft	with	50 % excess	=	636.7 cf
40 ft	x	0.1336 cf/ft	with	0 % excess	=	5.3 cf (inside pipe)
				TOTAL SLURRY VOLUME	=	1127.2 cf
					=	201 bbls

Operator Name: Conoco Inc.
Well Name: SEMU #136
Job Description: 5 1/2" Long String
Date: June 16, 1999

Proposal No: 180251725A

FLUID SPECIFICATIONS

STAGE NO.: 1

Pre-flush — 1,500.0 gals Mud Clean 1 @ 8.4 ppg

FLUID	VOLUME CU-FT		VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Lead Slurry	485	/	1.85	= 263 sacks (35:65) Poz (Fly Ash):Class C Cement + 0.25% bwoc Cello Flake + 0.005 gps FP-6L + 6% bwoc Bentonite + 95.7% Fresh Water
Tail Slurry	642	/	1.37	= 470 sacks Class C Cement + 0.75% bwoc FloBloc-210 + 3% bwow Sodium Chloride + 1% bwoc BA-58 + 0.25% bwoc CD-32 + 0.005 gps FP-6L + 0.2% bwoc Sodium Metasilicate + 57.2% Fresh Water

Displacement — 190.7 bbls Water @ 8.4 ppg

CEMENT PROPERTIES

	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	12.70	14.80
Slurry Yield (cf/sack)	1.85	1.37
Amount of Mix Water (gps)	9.98	6.44
Amount of Mix Fluid (gps)	9.99	6.45
Estimated Pumping Time - 70 BC (HH:MM)	4:00	2:30

Operator Name: Conoco Inc.
Well Name: SEMU #136
Job Description: 5 1/2" Long String
Date: June 16, 1999

Proposal No: 180251725A

FLUID SPECIFICATIONS (Continued)

STAGE NO.: 2

Pre-flush — 1,500.0 gals Mud Clean I @ 8.4 ppg

FLUID	VOLUME CU-FT		VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Lead Slurry	664	/	1.86	= 357 sacks (35:65) Poz (Fly Ash):Class C Cement + 1% bwoc Calcium Chloride + 0.25% bwoc Cello Flake + 0.005 gps FP-6L + 6% bwoc Bentonite + 96.1% Fresh Water
Tail Slurry	338	/	1.37	= 247 sacks Class C Cement + 0.75% bwoc FloBloc-210 + 3% bwow Sodium Chloride + 1% bwoc BA-58 + 0.25% bwoc CD-32 + 0.005 gps FP-6L + 0.2% bwoc Sodium Metasilicate + 57.2% Fresh Water

Displacement — 95.2 bbls Water @ 8.4 ppg

CEMENT PROPERTIES

	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	12.70	14.80
Slurry Yield (cf/sack)	1.86	1.37
Amount of Mix Water (gps)	10.03	6.44
Amount of Mix Fluid (gps)	10.03	6.45
Estimated Pumping Time - 70 BC (HH:MM)	4:30	2:30

PRODUCT DESCRIPTIONS

BA-58
A very fine, grey, freeflowing siliceous powder combined with high molecular weight resins which improves the bond between the cement particles, formation and casing. It is applicable in temperatures to 350 deg F (176 deg C).

Bentonite
Commonly called gel, it is a clay material used as a cement extender and to control excessive free water.

CD-32
A patented, free-flowing, water soluble polymer that is an efficient and effective dispersant for primary and remedial cementing.

Calcium Chloride
A powdered, flaked or pelletized material used to decrease thickening time and increase the rate of strength development.

Cello Flake
Graded (3/8 to 3/4 inch) cellophane flakes used as a lost circulation material.

Class C Cement
Intended for use from surface to 6000 ft., and for conditions requiring high early strength and/or sulfate resistance.

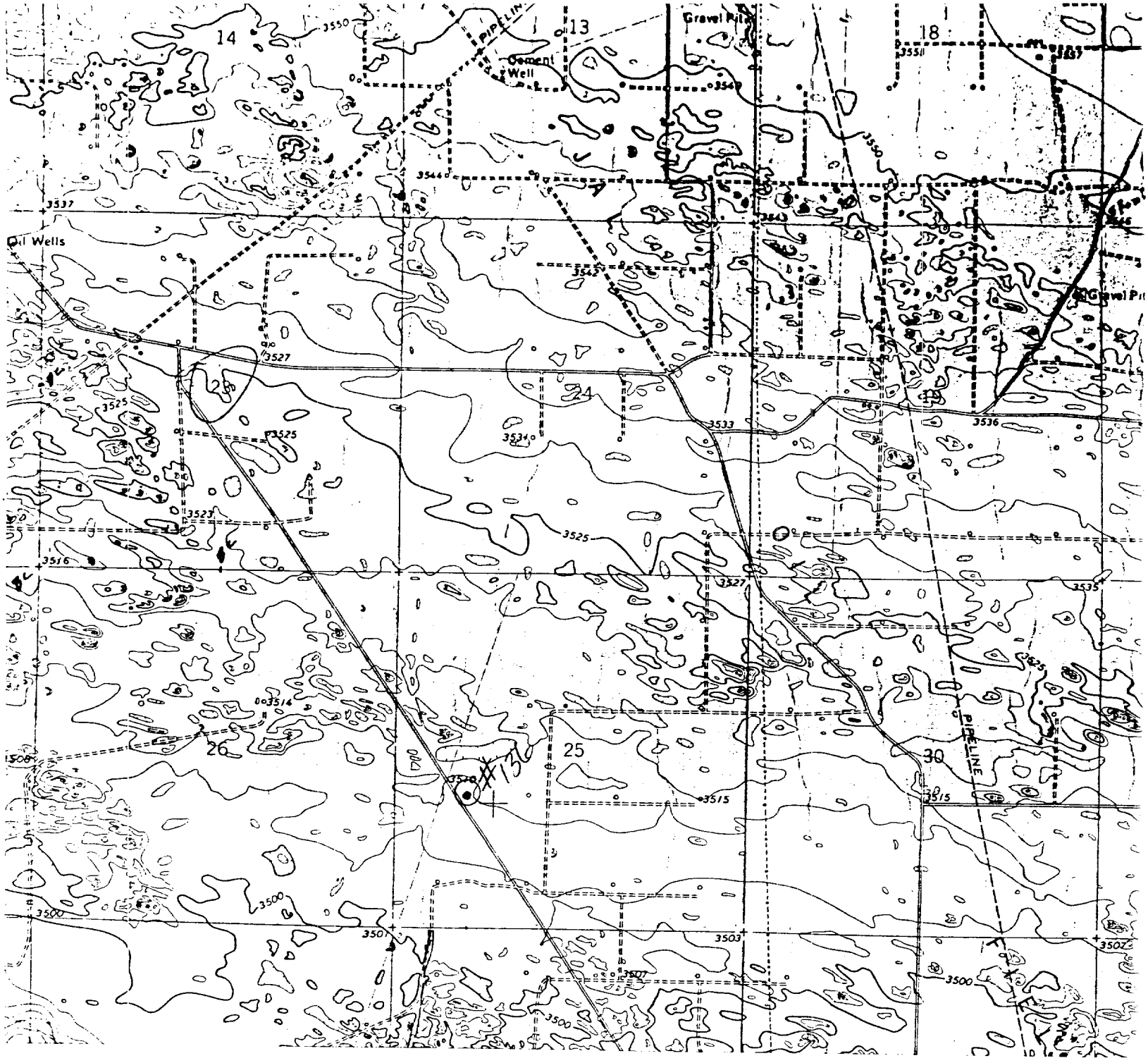
FP-6L
A clear liquid that decreases foaming in slurries during mixing.

Mud Clean I
A water-based non-acid solution used as a wash between the drilling mud and cement.

Poz (Fly Ash)
A synthetic pozzolan, (primarily Silicon Dioxide). When blended with cement, Pozzolan can be used to create lightweight cement slurries used as either a filler slurry or a sulfate resistant completion cement.

Sodium Chloride
At low concentrations, it is used to protect against clay swelling. At high concentrations, it is used to increase the density of water for well control purposes and as a carrier fluid for rock salt divertor stages.

Sodium Metasilicate
An extender used to produce an economical, low density cement slurry.



CONOCO INC.
SEMU #136
1980' FSL & 1090' FWL
Sec. 25, T-20-S, R-37-E,
Lea County, New Mexico.

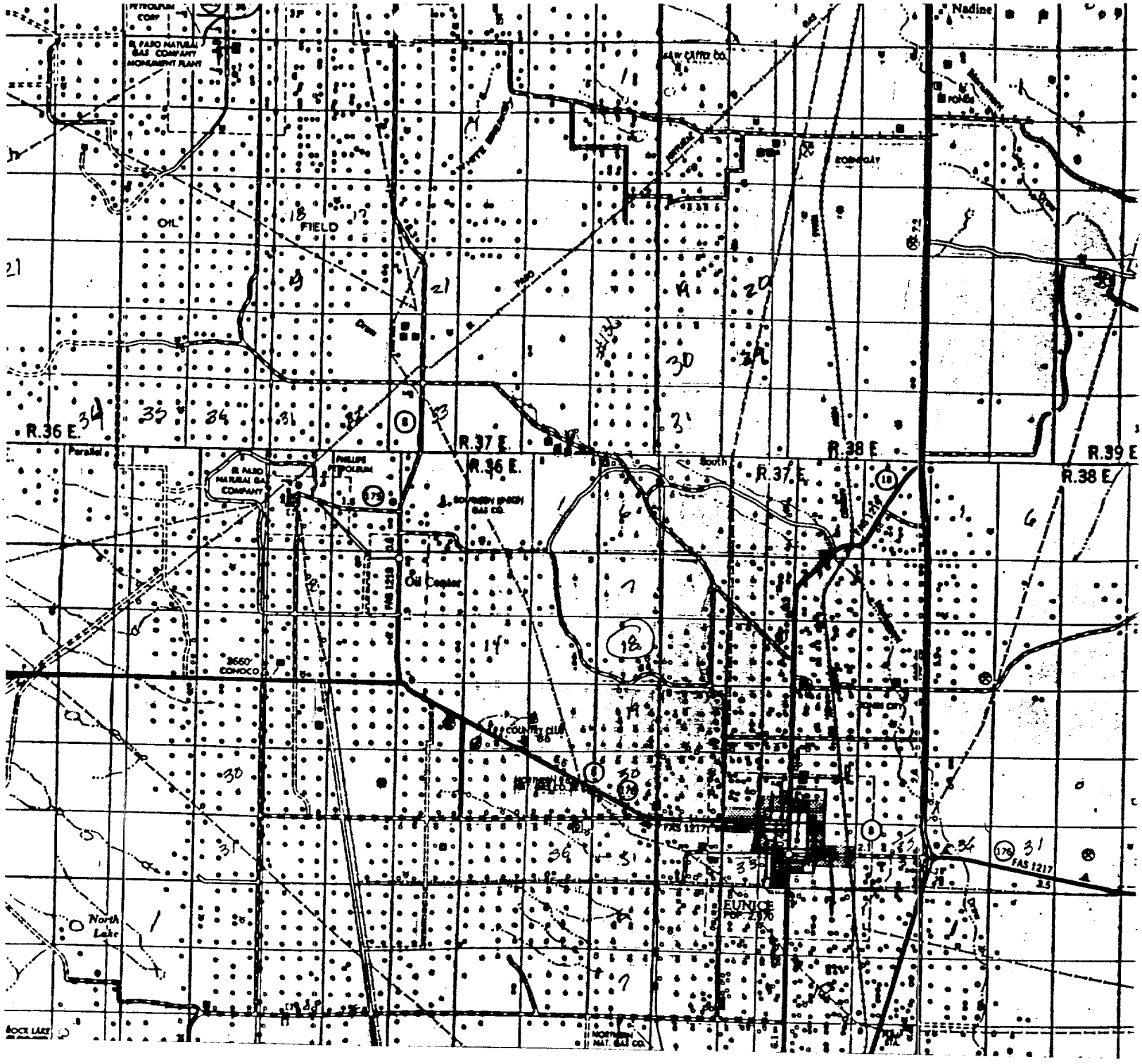
N

SCALE: 1"=2000'

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

2000' 0 2000' 4000 Feet

W.O. Number: 9195	Drawn By: K. GOAD	Survey Date: 05-27-99	Sheet 1 of 1 Sheets



CONOCO INC.
SEMU #136
1980' FSL & 1090' FWL
Sec. 25, T-20-S, R-37-E,
Lea County, New Mexico.

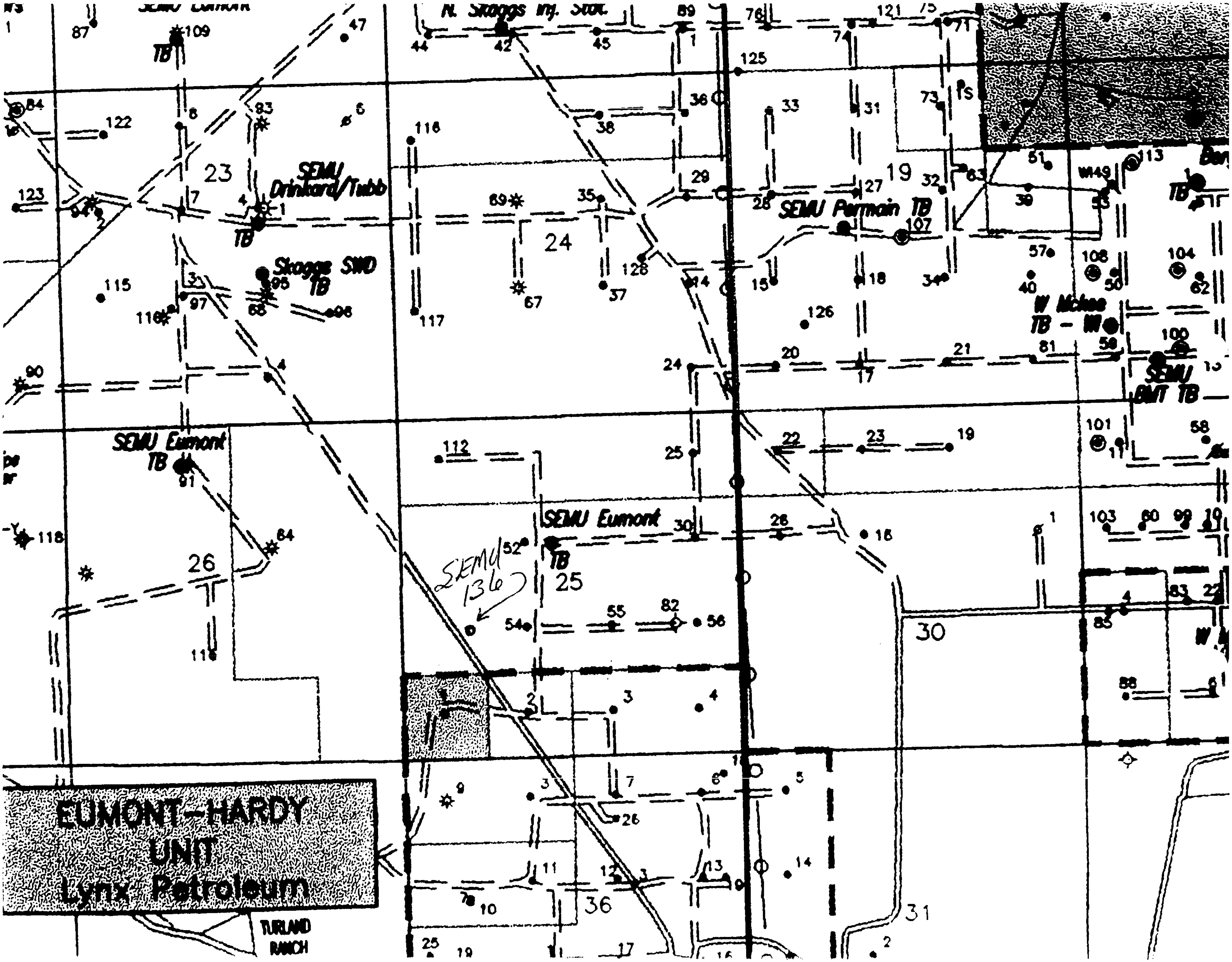
N

SCALE: 1"=2 MILES

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

2 MILES 0 2 MILES 4 MILES

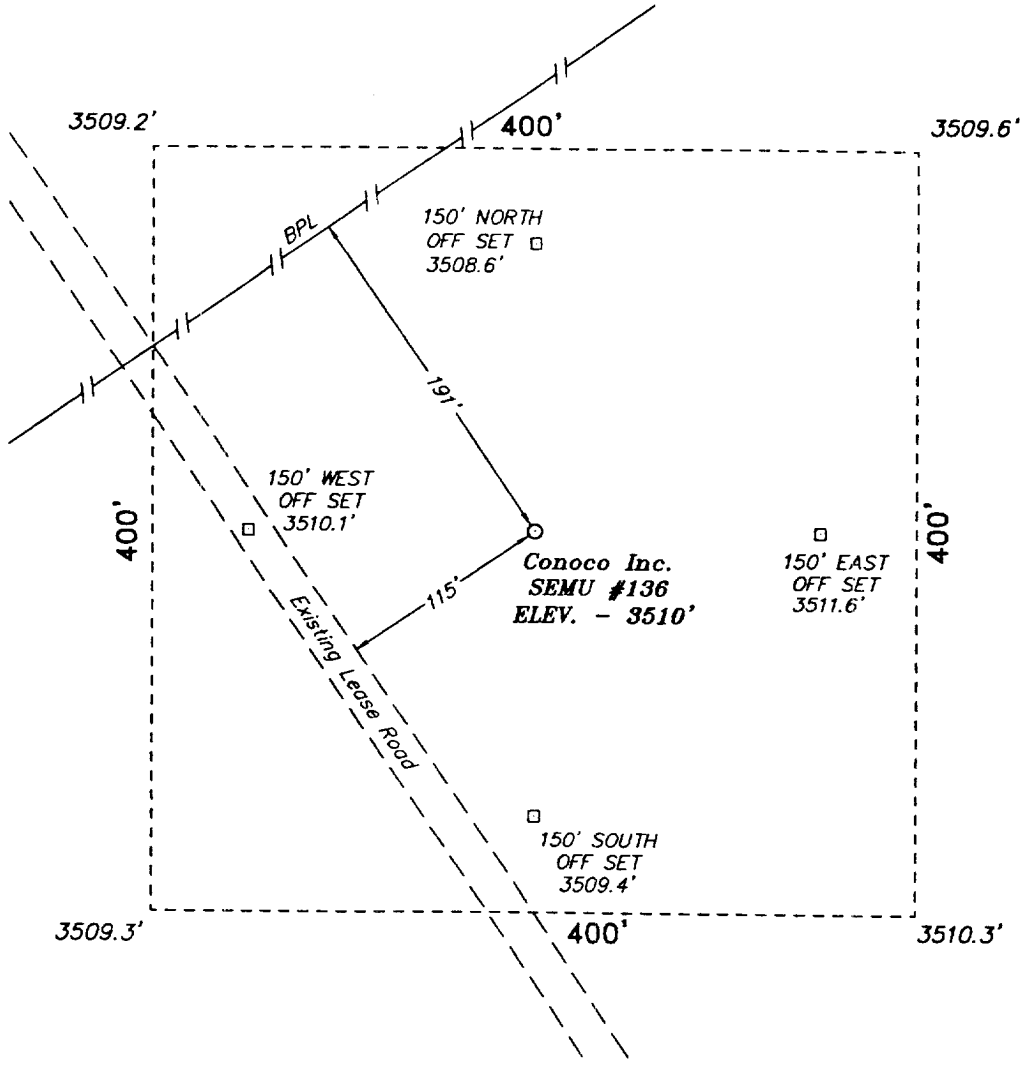
W.O. Number: 9195	Drawn By: K. GOAD	Survey Date: 05-27-99	Sheet 1 of 1 Sheets



N. Skaggs Inj. Stat.
SEMU Drinkard/Tubb
TB
Skaggs SWD
TB
SEMU Eumont
TB
SEMU Permain TB
W McKee
TB – W
SEMU
BMT TB
SEMU Eumont
TB
SEMU 136
23
24
19
26
25
30
36
31
EUMONT–HARDY
UNIT
Lynx Petroleum
TURLAND
RANCH

SECTION 25, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,

LEA COUNTY, NEW MEXICO.



DIRECTIONS TO WELL LOCATION:

FROM HOBBS, TAKE STATE HWY. 18 SOUTH APPROX. 10.6 MILE; THENCE WEST ON CAL. LEASE RD. APPROX. 3.5 MILES; THENCE NORTH 0.25 MILE; THENCE WEST 0.9 MILE; THENCE SOUTH 0.5 MILE; THENCE WEST 0.1 MILE; THENCE NORTHWEST 0.28 MILE TO PROPOSED WELL LOCATION.

100 0 100 200 FEET

SCALE: 1" = 100'

Conoco Inc.

REF: SEMU No. 136 / Well Pad Topo

THE SEMU No. 136 LOCATED 1980' FROM THE SOUTH LINE AND 1090' FROM THE WEST LINE OF SECTION 25, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

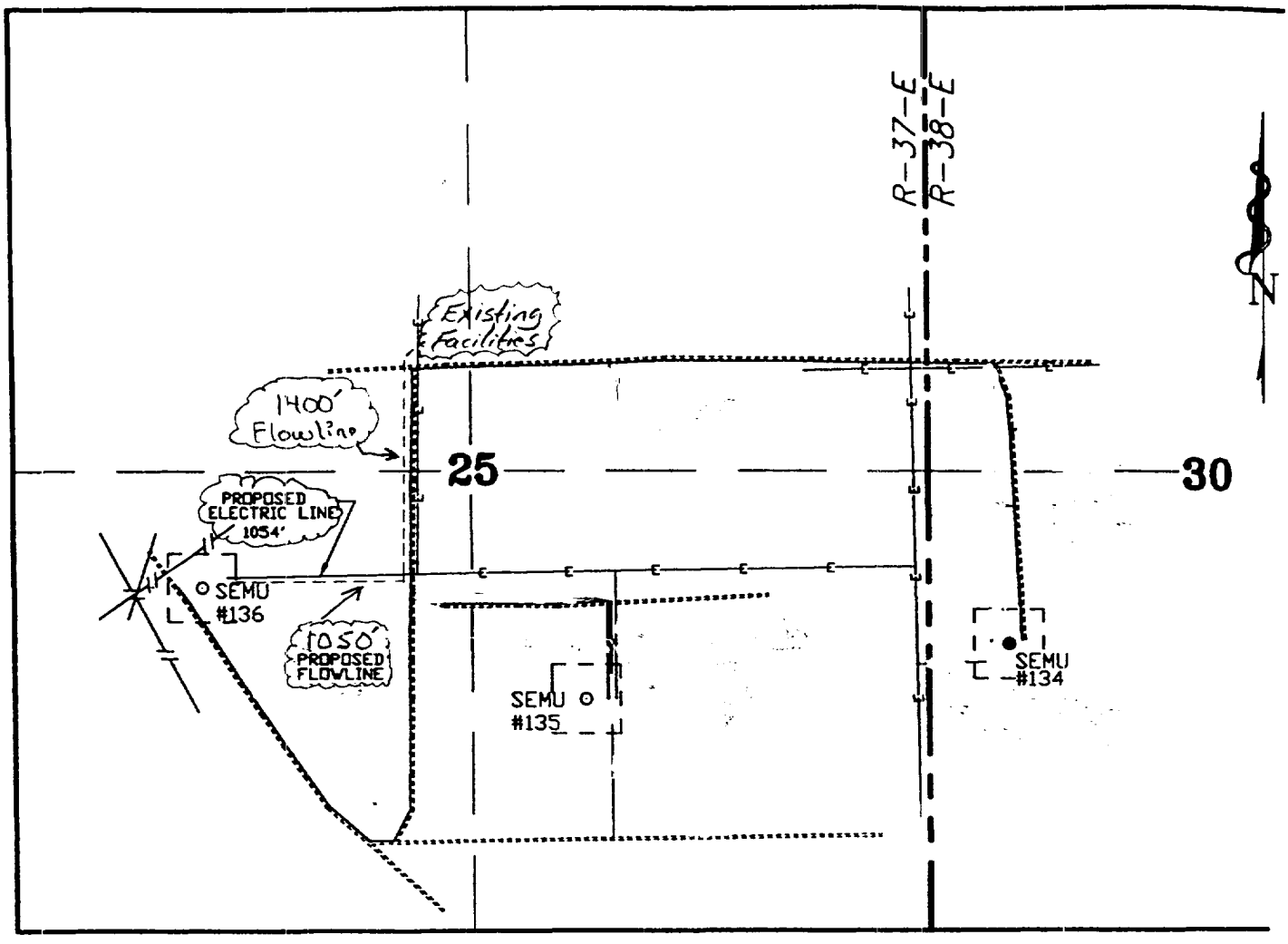
BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 9195	Drawn By: K. GOAD		
Date: 05-28-99	Disk: KJG #120 - 9195A.DWG	Survey Date: 05-27-99	Sheet 1 of 1 Sheets

Road: No new access required

Electric Line: Propose to run east from location 1054' to an existing power line located east of the existing lease road running north/south

Flowline: Propose to run east from location to existing north/south lease road, turn north and run along west side of road to our existing facilities



SEMU #136 – 1980' FSL & 1090' FWL

Road: N/A
Electric Line: 1054'
Flowline: 2450'

1000 0 1000 2000 FEET

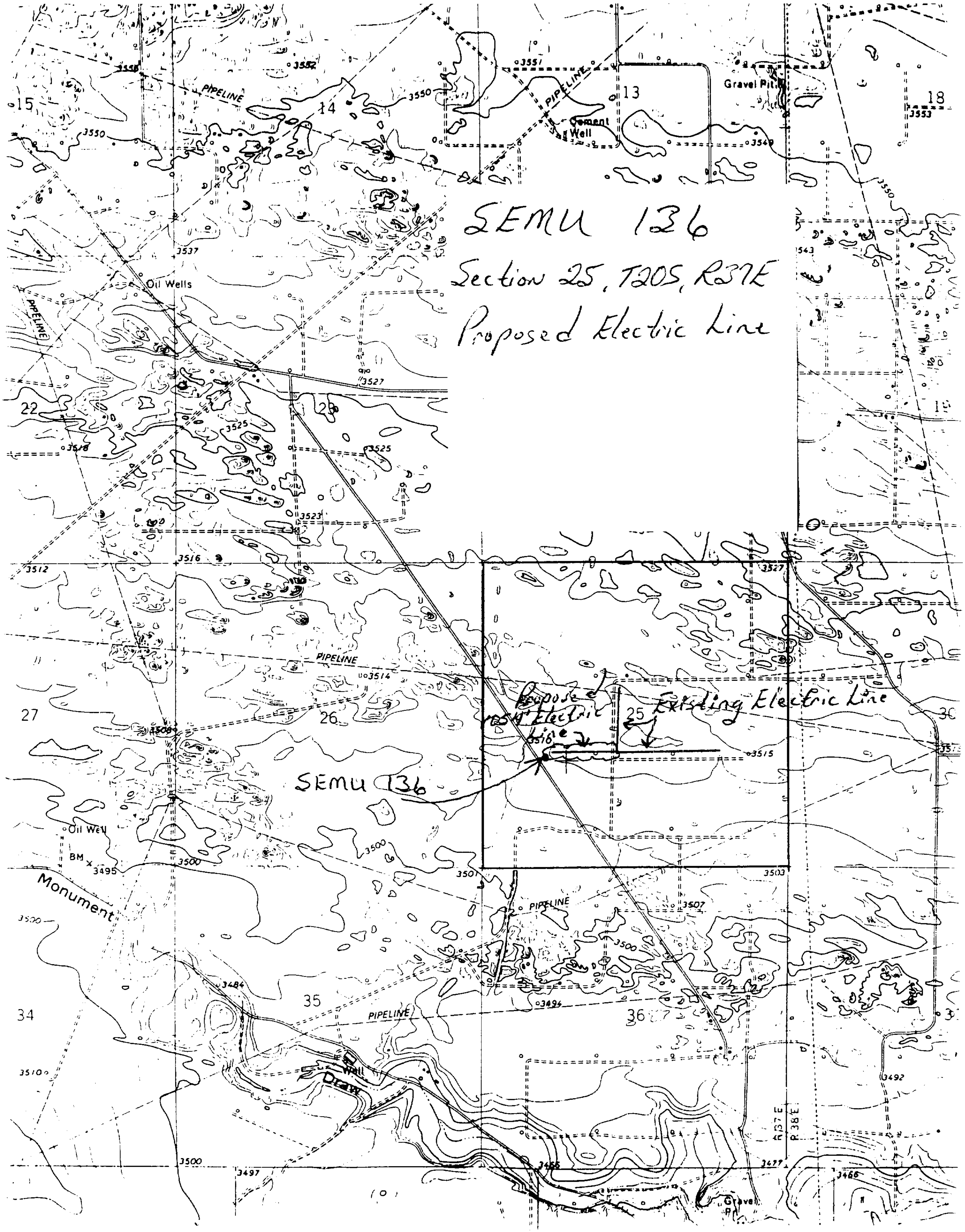
CONOCO INC.

REF:

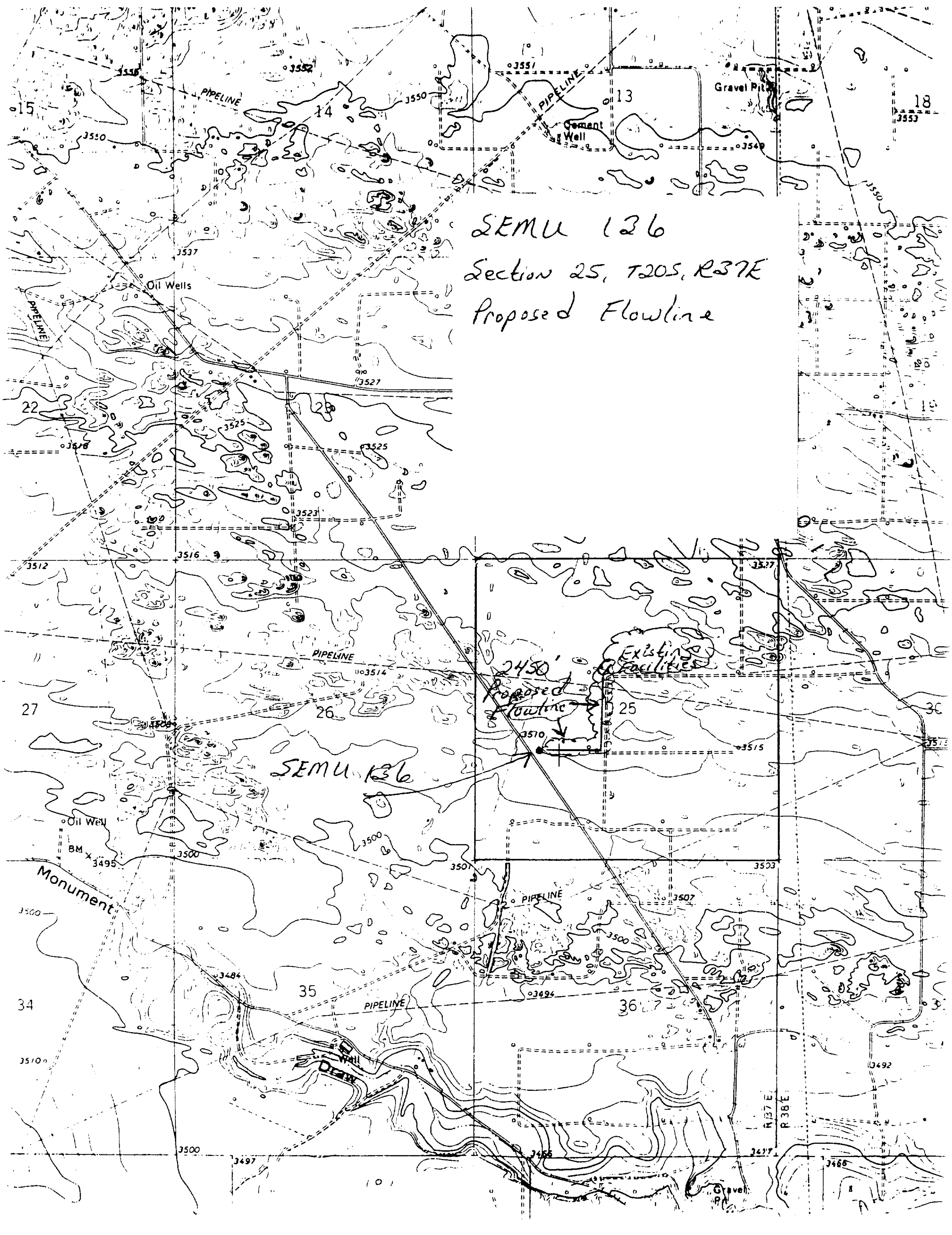
PROPOSED FLOWLINES, ELECTRIC LINES AND ROADS
TO THE SEMU #135 & SEMU #136
IN SECTION 25, TOWNSHIP 20 SOUTH, RANGE 37 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

W.O. Number: 9196	Drawn By: S.C. NICHOLS		
Date: 06-03-99	Disk: SCN #104 – 9196BB.DWG	Survey Date: 06-02-99	Sheet 1 of 1 Sheets



SEMU 136
Section 25, T20S, R37E
Proposed Electric Line
Proposed Electric Line
Existing Electric Line
SEMU 136
PIPELINE
Oil Wells
Oil Well
Cement Well
Gravel Pit
Monument
Draw
R 37 E
R 38 E
BM


SEMU 126
Section 25, T20S, R37E
Proposed Flowline
2450'
Proposed Flowline
Existing Facilities
SEMU 126
PIPELINE
Cement Well
Gravel Pit
Oil Wells
Oil Well
BM
Monument
Well
Draw
Gravel Pit
R37E
R38E
15
14
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18
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3417

SURFACE USE PLAN
Conoco Inc.

Semu No. 136

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 of this plan.

1. Existing Roads

   A. The proposed well site is 1980' FSL & 1090' FwL, Sec. 25, T20S, R37E, Lea County, New Mexico.

   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. No new access road will be required.
   B. Turnouts as required by surface managing agency.
   C. Culverts as required by surface managing agency.
   D. Gates, cattleguards, or fences as required by surface managing 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 Goldstar's Water Station located 1 mile north of Eunice, NM. on Loop 18, 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 the NE/4 NW/4, Sec. 9, T20S, R37E, Lea County, NM.

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 BLM. Appurtenances located on Millard Deck Estate surface.

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:

Mike L. Mankin
10 Desta Drive, Suite 430E
Midland, Texas 79705
(915) 686-5794

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.

Mike L. Mankin
Right-of-Way Agent

6-21-99

Date

Jo Ann Johnson
Sr. Property Analyst
Right of Way and Claims

Conoco Inc.
10 Desta Drive, Suite 430E
Midland, Texas 79705-4500
(915) 686-5515

June 21, 1999

Bureau of Land Management
620 E. Greene Street
Carlsbad, New Mexico 883221-1778

Attn: Mr. Barry Hunt, Surface Protection Specialist

Re: Settlement for Well Location and Appurtenances
Semu No. 136
Section 25, T-20-S, R-37-E
Lea County, New Mexico

Dear Mr. Hunt:

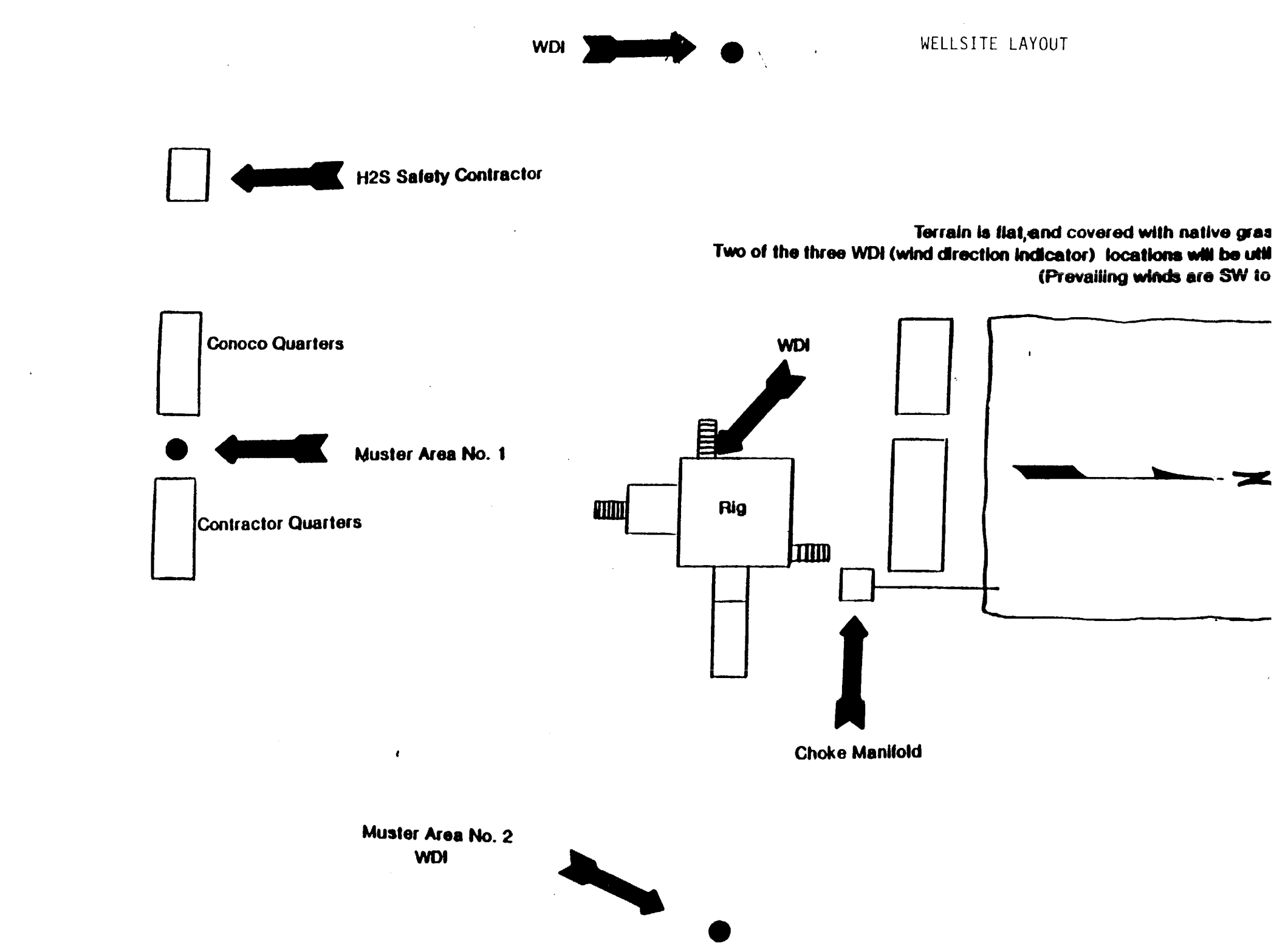
By this letter Conoco Inc. has made settlement with surface owner for the construction of appurtenances associated with the above mentioned.

If you have any questions, please contact me at 915-686-5515.

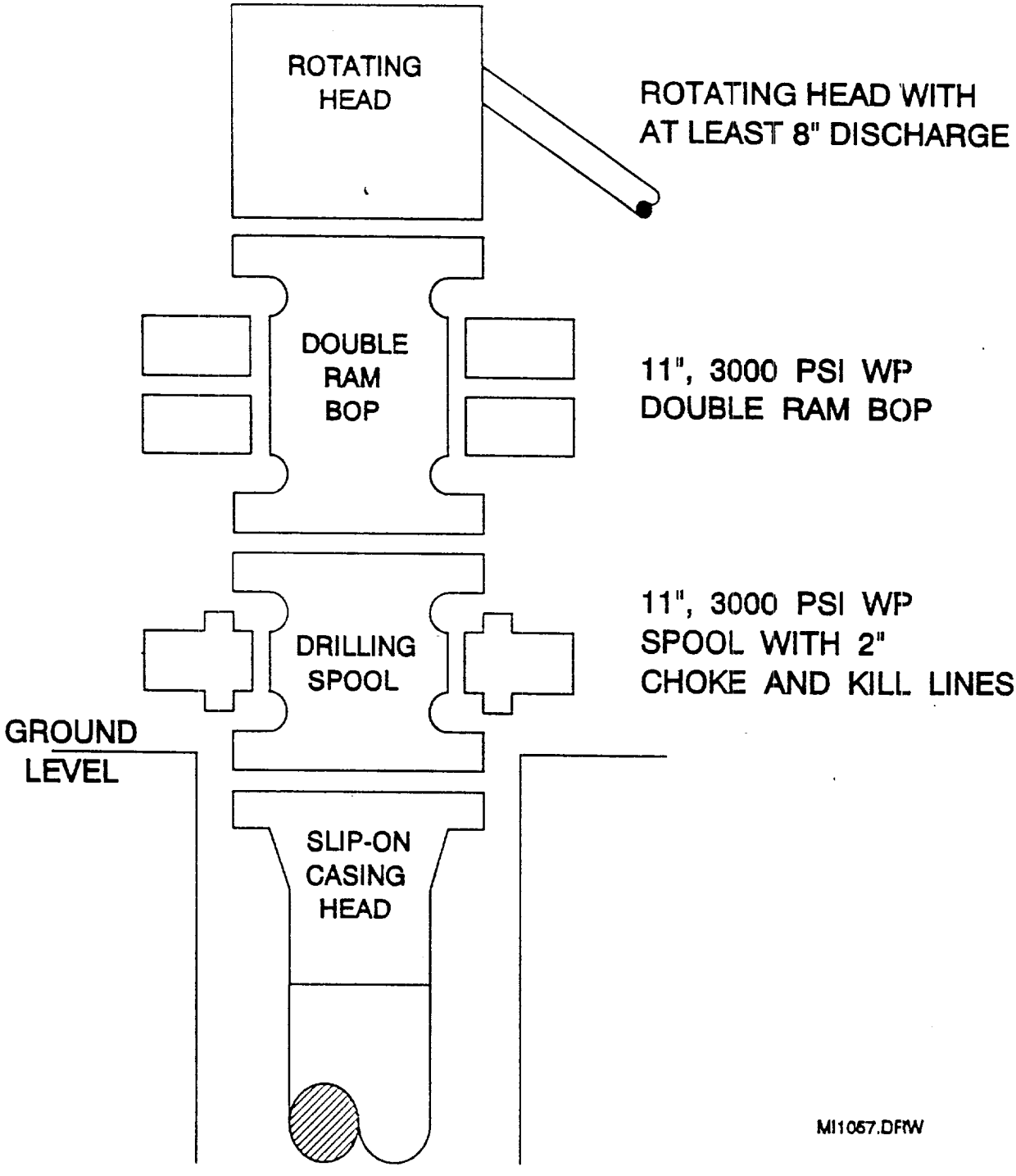
Sincerely yours,

Jo Ann Johnson

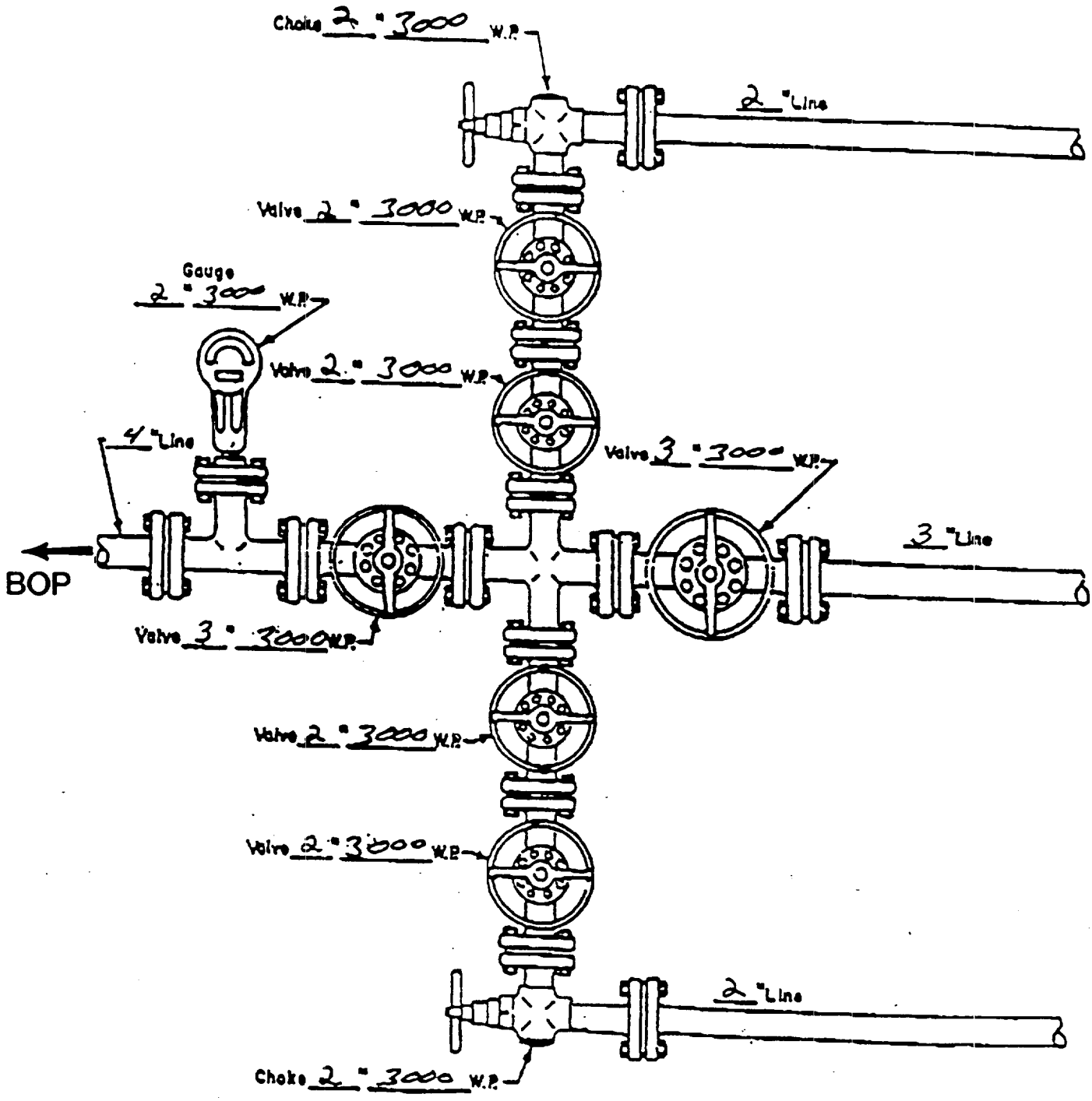
WELLSITE LAYOUT



BOP SPECIFICATIONS



CHOKE MANIFOLD DIAGRAM



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