

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
1625 N. French Dr.
Hobbs, NM 88240

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Designation and Serial No. LC 031696A
2. Name of Operator CONOCO INC.		6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. 10 DESTA DR. STE. 100W, MIDLAND, TX. 79705-4500 (915) 686-5580/684-6381		7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T. R. M. or Survey Description) SEMU Strawn battery located in Unit G of Sec. 25, T20S, R37E		8. Well Name and No. SEMU #145,146,147,148
		9. API Well No.
		10. Field and Pool, or Exploratory Area North Hardy Tubb Drinkard
		11. County or Parish, State Lea County, NM

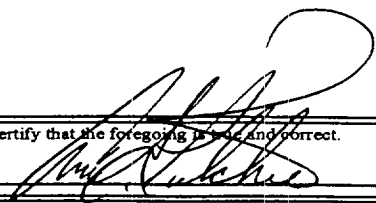
CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Repon	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other Surface Commingling	<input type="checkbox"/> Dispose Water

Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Conoco, Inc. has made application through the New Mexico Oil Conservation Division to surface commingle crude oil production from the drilling of the SEMU, Wells #145, 146, 147 & 148 into the existing SEMU Strawn tank battery located in Section 25, T20S, R37E, Unit Letter G, Lea County, New Mexico. The production methods and allocation are as described in the attached application.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct.		
Signed 	Title Ann E. Ritchie Regulatory Agent	Date 4-4-00
(This space for Federal or State office use)		
Approved by (ORIG. SGD.) ALEXIS C. SWOBODA	Title PETROLEUM ENGINEER	Date APR 24 2000
Conditions of approval if any:		

BLM(6), BRK

March 30, 2000

New Mexico Oil Conservation Division
Department of Energy & Minerals
State of New Mexico
2040 South Pacheco
Santa Fe, NM 87505

Att: Mark Ashley, Engineering

RE: Conoco, Inc., SEMU, Well #145, 1830 FNL & 810' FWL, Sec. 25, T20S, R37E;
SEMU, Well #146, 1980 FNL & 1830' FWL, Sec 25, T20S, R37E;
SEMU, Well #147, 1980 FSL & 660' FEL, Sec. 26, T20S, R37E;
SEMU, Well #148, 660' FSL & 660' FEL, Sec. 26, T20S, R37E;
Lea County, New Mexico

Dear Mark,

Concerning the above referenced wells, Conoco, Inc., anticipates drilling and completion of the wells in the North Hardy Tubb-Drinkard Pool (Oil-96356). We are requesting permission to surface commingle the crude oil from these wells at the SEMU Strawn battery, located in the SW/4 NE/4 (Unit G) of Section 25, T20S, R37E, Lea County, New Mexico, under Commingling Order PLC-158.

Notification of this application has been sent to the following interest owners:

Chevron USA, Inc.
Arco Permian, P.O. Box 1610, Midland, TX 79702
Bureau of Land Management, 2909 W. Second St., Roswell, NM 88201
Minerals Management Service, P.O. Box 5810, Denver, CO 80217
Royalty ownership listing - attached

Please see attached copies of the SEMU Strawn battery diagram, area plat, justification and a copy of Commingling Order #PLC-158. Please let me know if you need any further information concerning this application. Thank you.

Yours truly,



Ann E. Ritchie, Regulatory Agent
Conoco, Inc.
10 Desta Dr., Suite 100W
Midland, TX 79705-4500
1-800-432-2967, (915) 684-6381, (915) 682-1458-fax; e-mail:

attachments

cc: Reesa Wilkes-Conoco/Midland; BLM-Roswell, OCD-Hobbs

JUSTIFICATION

Conoco, Inc.

SEMU, Wells #145, 146, 147 & 148

North Hardy Tubb-Drinkard

SEMU Strawn Battery: Sec. 25, T20S, R37E,

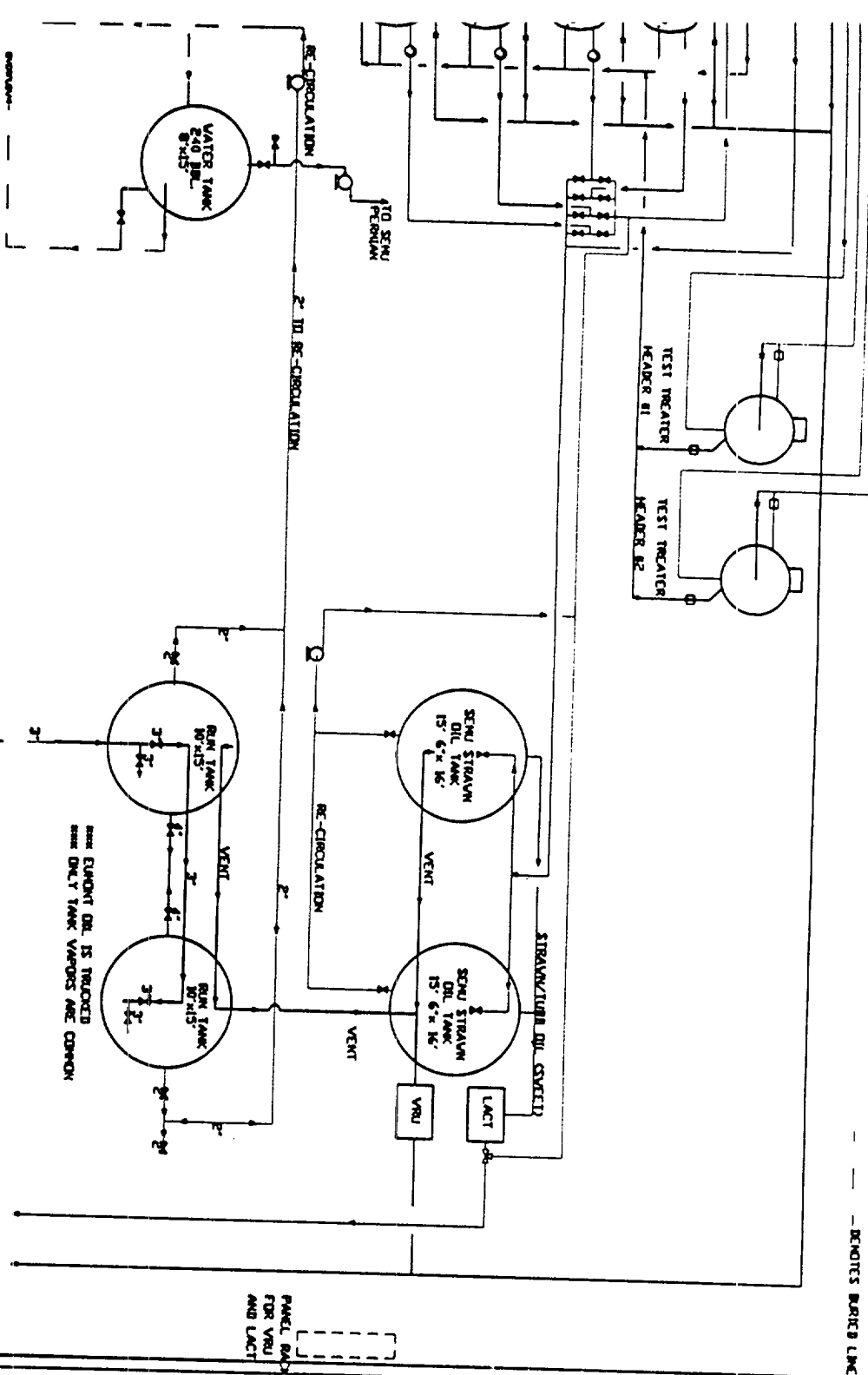
Lea County, New Mexico

Conoco, Inc. proposes to drill and complete the SEMU, Wells #145, 146, 147 and 148 in the North Hardy Tubb-Drinkard pool. The anticipated Tubb-Drinkard production will have a gravity of 37.6 sweet crude. The gravity at the Strawn battery is 37 degrees API, sweet crude. The Tubb wells will have their own three phase separator, where the oil, water and gas will be separated. The gas will be measured with an orifice meter, the oil will be measured with a positive displacement meter, and the water will be measured with a turbine meter. The gas from each well will be allocated based upon the gas sales meter for the SEMU Strawn battery. Gas from the heater treater and the vapor recovery unit will be sold via the same gas sales meter for the SEMU Strawn battery.

The royalty and working interest owners are identical for the Strawn and the Tubb pools.

SEMU #145, 146, 147 and 148: US Government Federal Lease: Tract 1 LC 031696A

NEW AREA
125'
WIDTH OF
BATTERY

[illegible]



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

**COMMINGLING ORDER PLC-158
2nd Amendment**

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705

Attention: Ms. Ann E. Ritchie

The above named company is hereby authorized to commingle North Hardy-Strawn (Oil - 96893), North Hardy Tubb-Drinkard (Oil - 96356), and Southeast Monument-Abo (Oil - 96764) Pool production from the following leases:

- Lease: SEMU Well No. 134 (Federal Lease No. LC-031695A)
Description: SW/4 of Section 30, Township 20 South, Range 38 East, NMPM,
- Lease: SEMU Well No. 135 (Federal Lease No. LC-031696A (Tract 1) and B-11349 (Tract 2))
Description: SE/4 of Section 25, Township 20 South, Range 37 East, NMPM, and
- Lease: SEMU Well No. 136 (Federal Lease No. LC-031696A (Tract 1), B-230 (Tract 2) and E-1402 (Tract 3))
Description: SW/4 of Section 25, Township 20 South, Range 37 East, NMPM,
- Lease: DM Warren Well No. 137 (Federal Lease No. LC-031695A)
Description: SW/4 of Section 30, Township 20 South, Range 38 East, NMPM,

all located in Lea County, New Mexico.

Production shall be allocated to each lease by separately metering the production from each lease prior to commingling.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: The commingled production shall be stored and measured at the SEMU Strawn common tank battery facility located in the SW/4 NE/4 (Unit G) of Section 25, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

Amended Administrative Order PLC-158

Conoco. Inc.

March 21, 2000

Page 2

FURTHER: The operator shall notify the supervisor of the Hobbs district office prior to implementation of the commingling process.

PROVIDING: Validation of this authority shall be accomplished by like approval from the State Land Office and the U.S. Bureau of Land Management.

DONE at Santa Fe, New Mexico, on this 21st day of March, 2000.

LORI WROTENBERY,
Division Director

LW/MWA/kv

cc: Oil Conservation Division – Hobbs
State Land Office – Oil & Gas Division
U.S. Bureau of Land Management - Carlsbad