Form 3160-5 (June 1990)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

M.M. OII COMS. Division FORM APPROVED
Budget Bureau No. 1004-0135 1625 N. Franch Dr.

Expires: March 31,1993

BOILEAU OF I	2824()	LC 031696A
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		6. If Indian, Allotee or Tribe Name
SUBMIT IN TRIPLICATE		7. If Unit or CA, Agreement Designation
1. Type of Well Oil Gas Well Other 2. Name of Operator CONOCO INC.		8. Well Name and No. SEMU #145,146,147,148 9. API Well No.
 Address and Telephone No. 10 DESTA DR. STE. 100W, MIDLAND, TX. 79705-4500 (915) 686-5580/684-6381 Location of Well (Footage. Sec., T. R. M. or Survey Description) 		10. Field and Pool, or Exploratory Area North Hardy Tubb Drinkard 11. County or Parish, State
SEMU Strawn battery located in Unit G of Sec. 25, T20S, R37E CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPOR		Lea County, NM
TYPE OF SUBMISSION	TYPE OF ACTION	
Notice of Intent Subsequent Repon Final Abandonment Notice	Abandonment Recompletion Plugging Back Casing Repair Altering Casing Other Surface Commingling	Change of Plans New Construction Non-Routine Fracturing Water Shut-Off Conversion to Injection Dispose Water Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)
give subsurface locations and measured and true vertice. Conoco, Inc. has made application through the the drilling of the SEMU, Wells #145, 146, 14	pertinent details, and give pertinent dates, including estimated date of starting cal depths for all markers and zones pertinent to this work.) New Mexico Oil Conservation Division to surface common 7 & 148 into the existing SEMU Strawn tank battery local production methods and allocation are as described in the	mingle crude oil production from cated in Section 25, T20S, R37E,

SEE ATTACKED FOR CONDITIONS OF APPROVAL Ann E. Ritchie 4-4-00 **Regulatory Agent** Title Date PETROLEUM ENGINEER Approved by ORIG. SGD.) ALEXIS C. SWOBODA Conditions of approval if any: APR 2 4 2000

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

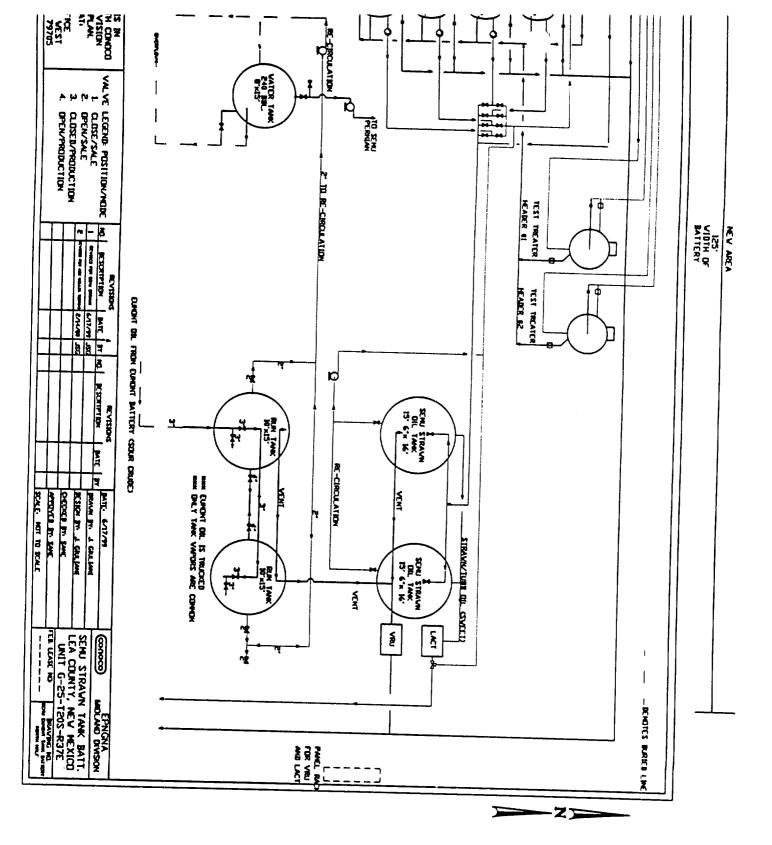
JUSTIFICATION

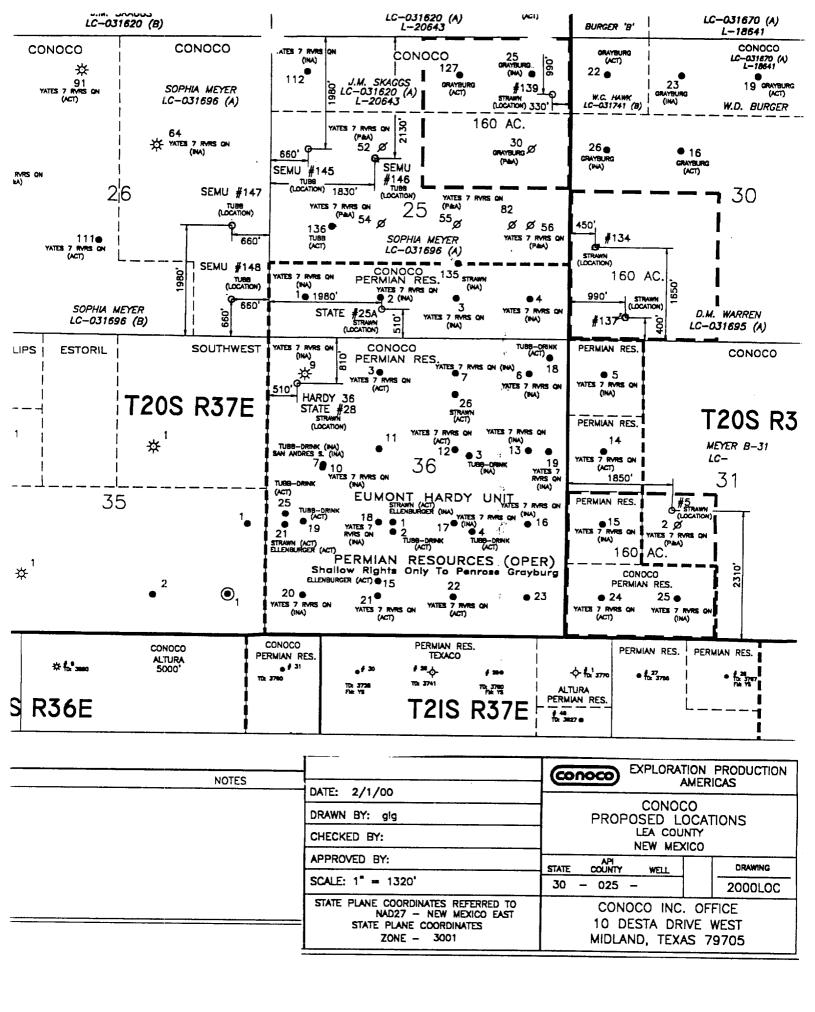
Conoco, Inc.
SEMU, Wells #145, 146, 147 & 148
North Hardy Tubb-Drinkard
SEMU Strawn Battery: Sec. 25, T20S, R37E,
Lea County, New Mexico

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





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:

1

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

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