Form 3160-3
(July 1992)

New Mex

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on reverse s.

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 649W, Midland, Tx. 79705-4500

4 LOCATION OF WELL (Report location clearly and in accordance with any State requirements *)
At surface 660' FSL & 660' FEL
At proposed prod. zone 660' FSL & 660' FEL

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

5. LEASE DSIGNATION AND SERIAL NO
LC 031696 A

6 IF INDIAN, ALLOTTEE OR TRIBE NAME

7 UNIT AGRREEMENT NAME
SEMU

8 FARM OR LEASE NAME WELL NO
#148

9. API WELL NO
30-025-34988

10. FIELD AND POOL, OR WILDCAT
North Hardy Tubb Drinkard

11. SEC, T., R., M., OR BLK AND SURVEY OR AREA
Sec. 26, T20S, R37E

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
		40
18 DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH	20 ROTARY OR CABLE TOOLS
	7300'	Rotary

21 ELEVATIONS (Show whether DF, RT, GR, etc.)
3505' GR

22. APPROX. DATE WORK WILL START*
3/15/00

23
PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	M-50, 8-5/8"	23#	1500'	723 sxs, circ.
7-7/8"	J-55, 5-1/2"	17#	7000'	1008 sxs, circ.

WITNESS

It is proposed to drill a vertical wellbore as a Tubb producer. NOS was filed 2/10/00. The well will be drilled and equipped according to the plan submitted in the following attachments:

1. Well Location and Acreage Dedication Plat (C-102) along with other associated maps and plats.
2. Proposed Well Plan Outline
3. Cementing Plan
4. Surface Use Plan
5. Trailer Mounted 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

This application includes ROW's for the well pad, powerline, flowline and access road..
The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land 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 3/1/00

(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 wc

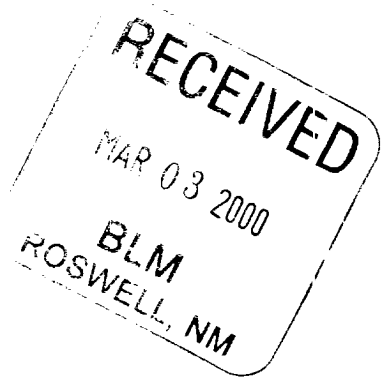
CONDITIONS OF APPROVAL, IF ANY

5073
13492
96356
3-27-00
30-025-34988

APPROVED BY _____ TITLE acting Assistant Field Manage., Lands And Minerals DATE _____

*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.


RECEIVED
MAR 03 2000
BLM
ROSWELL, NM

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-34988	96356	North Hardy Tubb Drinkard

Property Code	Property Name	Well Number
13492	SEMU	148

OGRID No.	Operator Name	Elevation
005073	CONOCO INC.	3505'

Surface Location

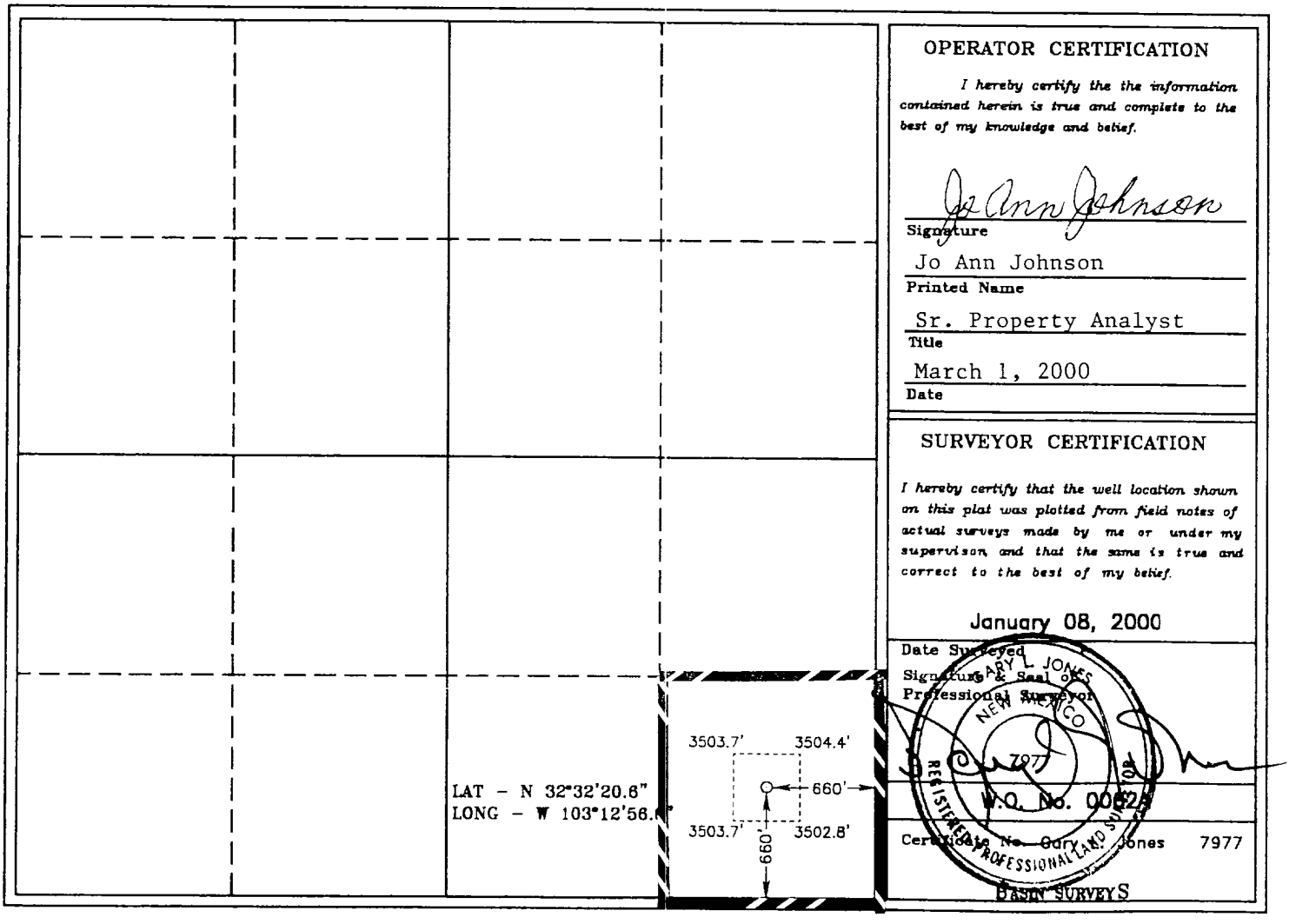
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	26	20 S	37 E		660	SOUTH	660	EAST	LEA

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.
40			

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

March 1, 2000
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.

January 08, 2000
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 00020

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

PROPOSED WELL PLAN OUTLINE

WELL NAME: SEMU #148
LOCATION: 660' FSL & 660' FEL Sec 26, T20S, R37E

Ground Level : ?
Kelly Bushing: 11' AGL

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 @ 1,400'				8-5/8", 23#, M-50 ST&C @ 1,500'				3
		Washouts in Salt Section		7-7/8"	Circulate Cement			10 Brine	
2000							Less than 8.4		
	Base Salt @ 2,550'								
	Yates 2,670'		Mud Loggers F/ 2,650' to TD						
	7 Rivers 2,950'		H2S Monitor on at 2,650'						
3000		Possible gas or water flow							
	Queen 3,510'								
	Penrose 3,635'								
	Grayburg 3,770'								
4000	San Andres 4,000'	Lost Returns in San Andres							7
5000									
	Glorietta 5,275'	Possible differential sticking thru Glorietta & Paddock							
	Blinebry Mkr 5,890'								
6000			First Log Run: GR-CAL-DLL-MLL-SGR FDC-CNL-PE : TD to 2650' Pull GR-CNL-Cal to Surf SGR interval to be chosen						
	Tubb 6,390'								
	Drinkard 6,700'		Second Log Run: 30 rotary sidewall cores						
	Abo 6,985'				5-1/2", 17.0#, J-55				
7000	TD @ 7,000'		Possible Third Run: FMI imaging log		LT&C f/0'-7,000' Circulate Cement			10 ppg Starch Gel	15

DATE: 07-Feb-00

Joe Huck, Geophysical Advisor

APPROVED

Yong Cho, Drilling Engineer

Joe Miller, Reservoir Engineer

Proposal No: 180253057A

Conoco
SEMU #148

Sec. 26-T20S-R37E
Lea County, New Mexico
February 2, 2000

Well Recommendation

Prepared for:
Mr. Yong Cho
Drilling Engineer

Prepared by:
Rocky Chambers
Region Engineer
Bus Phone: 915/683-2781
Mobile: 915/557-1239
Pager: 915/498-1605

POWERVISION℠

Service Point:
Hobbs
Bus Phone: (505) 392-5556
Fax: (505) 392-7307

Service Representatives:
Wayne Davis
Account Manager
Bus Phone: (915) 683-2781

Gr4105

Operator Name: Conoco
Well Name: SEMU #148
Job Description: 8 5/8" Surface
Date: February 2, 2000

Proposal No: 180253057A

JOB AT A GLANCE

Depth (TVD)	1,500 ft
Depth (MD)	1,500 ft
Hole Size	12.25 in
Casing Size/Weight :	8 5/8 in, 24 lbs/ft
Pump Via	Casing 8 5/8" O.D. (8.097" .I.D) 24 #
Total Mix Water Required	6 555 gals
Pre-flush	
Mud Clean I	1,500 gals
Density	8.4 ppg
Lead Slurry	
LEAD SLURRY	528 sacks
Density	12.7 ppg
Yield	1.88 cf/sack
Tail Slurry	
TAIL SLURRY	195 sacks
Density	14.8 ppg
Yield	1.34 cf/sack
Displacement	
Water	93 bbls
Density	8.4 ppg

Operator Name: Conoco
Well Name: SEMU #148
Job Description: 8 5/8" Surface
Date: February 2, 2000

Proposal No: 180253057A

WELL DATA

ANNULAR GEOMETRY

ANNULAR I.D. (in)	DEPTH(ft)	
	MEASURED	TRUE VERTICAL
12.250 HOLE	1,500	1,500

SUSPENDED PIPES

DIAMETER (in)		WEIGHT (lbs/ft)	DEPTH(ft)	
O.D.	I.D.		MEASURED	TRUE VERTICAL
8.625	8.097	24	1,500	1,500

Float Collar set @	1,460 ft
Mud Density	8.40 ppg
Est. Static Temp.	89 ° F
Est. Circ. Temp.	85 ° F

VOLUME CALCULATIONS

1,200 ft	x	0.4127 cf/ft	with	100 % excess	=	990.4 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	=	1252.6 cf
					=	223 bbls

Operator Name: Conoco
Well Name: SEMU #148
Job Description: 8 5/8" Surface
Date: February 2, 2000

Proposal No: 180253057A

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	990	/	1.88	= 528 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				93.0 bbls Water + 56.3% Fresh 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

JOB AT A GLANCE

Depth (TVD)	7,000 ft
Depth (MD)	7,000 ft
Hole Size	7.875 in
Casing Size/Weight :	5 1/2 in, 17 lbs/ft
Pump Via	Casing 5 1/2" O.D. (4.892" .I.D) 17 #
Total Mix Water Required	9,047 gals
Pre-flush	
Mud Clean I	1,500 gals
Density	8.4 ppg
Lead Slurry	
LEAD SLURRY	733 sacks
Density	12.7 ppg
Yield	1.85 cf/sack
Tail Slurry	
TAIL SLURRY	275 sacks
Density	14.8 ppg
Yield	1.34 cf/sack
Displacement	
Water	162 bbls
Density	8.4 ppg

Operator Name: Conoco
Well Name: SEMU #148
Job Description: 5-1/2" Long String
Date: February 2, 2000

Proposal No: 180253057A

WELL DATA

ANNULAR GEOMETRY

ANNULAR I.D. (in)	DEPTH(ft)	
	MEASURED	TRUE VERTICAL
8.097 CASING	',500	1,500
7.875 HOLE	7,000	7,000

SUSPENDED PIPES

DIAMETER (in)		WEIGHT (lbs/ft)	DEPTH(ft)	
O.D.	I.D.		MEASURED	TRUE VERTICAL
5.500	4.892	17	7,000	7,000

Float Collar set @	6,960 ft
Mud Density	8.40 ppg
Est. Static Temp.	122 ° F
Est. Circ. Temp.	115 ° F

VOLUME CALCULATIONS

1,500 ft	x	0.1926 cf/ft	with	0 % excess	=	288.9 cf
4,100 ft	x	0.1733 cf/ft	with	50 % excess	=	1065.5 cf
1,400 ft	x	0.1733 cf/ft	with	50 % excess	=	363.8 cf
40 ft	x	0.1305 cf/ft	with	0 % excess	=	5.2 cf (inside pipe)
				TOTAL SLURRY VOLUME	=	1723.5 cf
					=	307 bbls

Operator Name: Conoco
Well Name: SEMU #148
Job Description: 5-1/2" Long String
Date: February 2, 2000

Proposal No: 180253057A

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	1354	/	1.85	= 733 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	369	/	1.34	= 275 sacks Class C Cement + 1% bwoc BA-58 + 0.8% bwoc FL-50 + 0.4% bwoc CD-32 + 0.005 gps FP-6L + 0.2% bwoc Sodium Metasilicate + 55.8% Fresh Water
Displacement				161.8 bbls Water + 55.8% Fresh Water @ 8.4 ppg

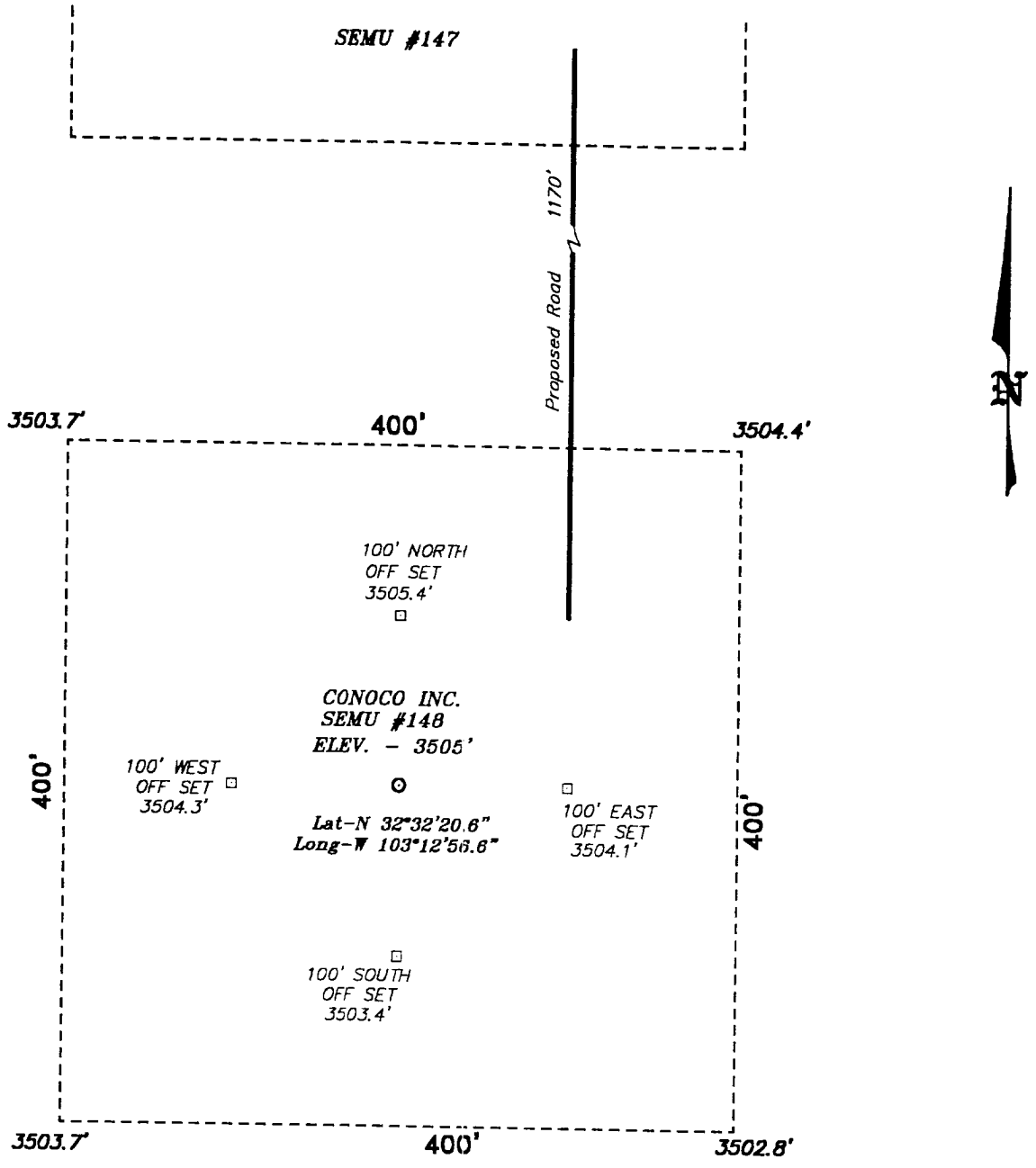
CEMENT PROPERTIES

	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	12.70	14.80
Slurry Yield (cf/sack)	1.85	1.34
Amount of Mix Water (gps)	9.98	6.29
Amount of Mix Fluid (gps)	9.99	6.30
Estimated Pumping Time - 70 BC (HH:MM)	2:49	1:49
Free Water (mls) @ ° F @ 90 ° angle	0.9	

RHEOLOGIES

FLUID		TEMP	600	300	200	100	6	3
Lead Slurry	@	° F	153	141	136	130	50	38
Tail Slurry	@	80 ° F	150	102	85	68	43	35

SECTION 26, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



DIRECTIONS TO WELL LOCATION:

FROM THE JUNCTION OF US HWY 62/180 AND STATE HWY 8, GO SOUTH ON HWY 8 APPROX. 11 MILES TO CO. RD. C-49; THENCE EAST AND SOUTH EAST ON C-49 APPROX. 2 MILES TO A LEASE ROAD; THENCE NORTHEAST AND EAST ON LEASE ROAD APPROX. 1.5 MILE TO A POINT WHICH LIES APPROX. 2500 FEET EAST OF THE PROPOSED WELL LOCATION.

100 0 100 200 FEET

SCALE: 1" = 100'

Conoco Inc.

REF: SEMU No. 148 / Well Pad Topo

THE SEMU No. 148 LOCATED 660' FROM THE SOUTH LINE AND 660' FROM THE EAST LINE OF SECTION 26, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

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

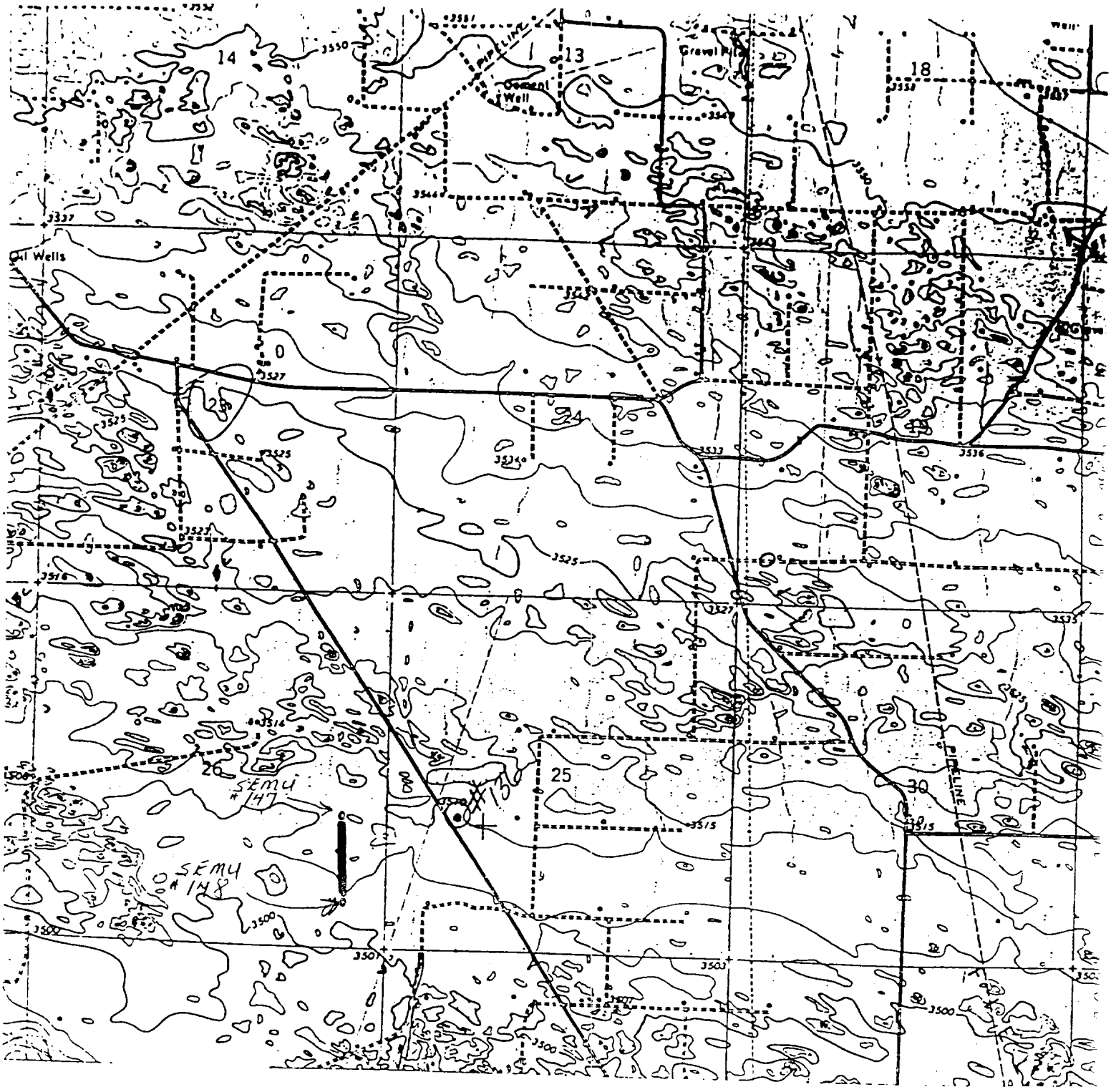
W.O. Number: 0062	Drawn By: K. GOAD		
Date: 02-09-2000	Disk: KJG #122 - 0062A.DWG	Survey Date: 02-08-2000	Sheet 1 of 1 Sheets

SEMU # 148

Proposed Access & Powerline Route

1300'

660' FSL & 660' FEL, Sec 26, T20S, R37E

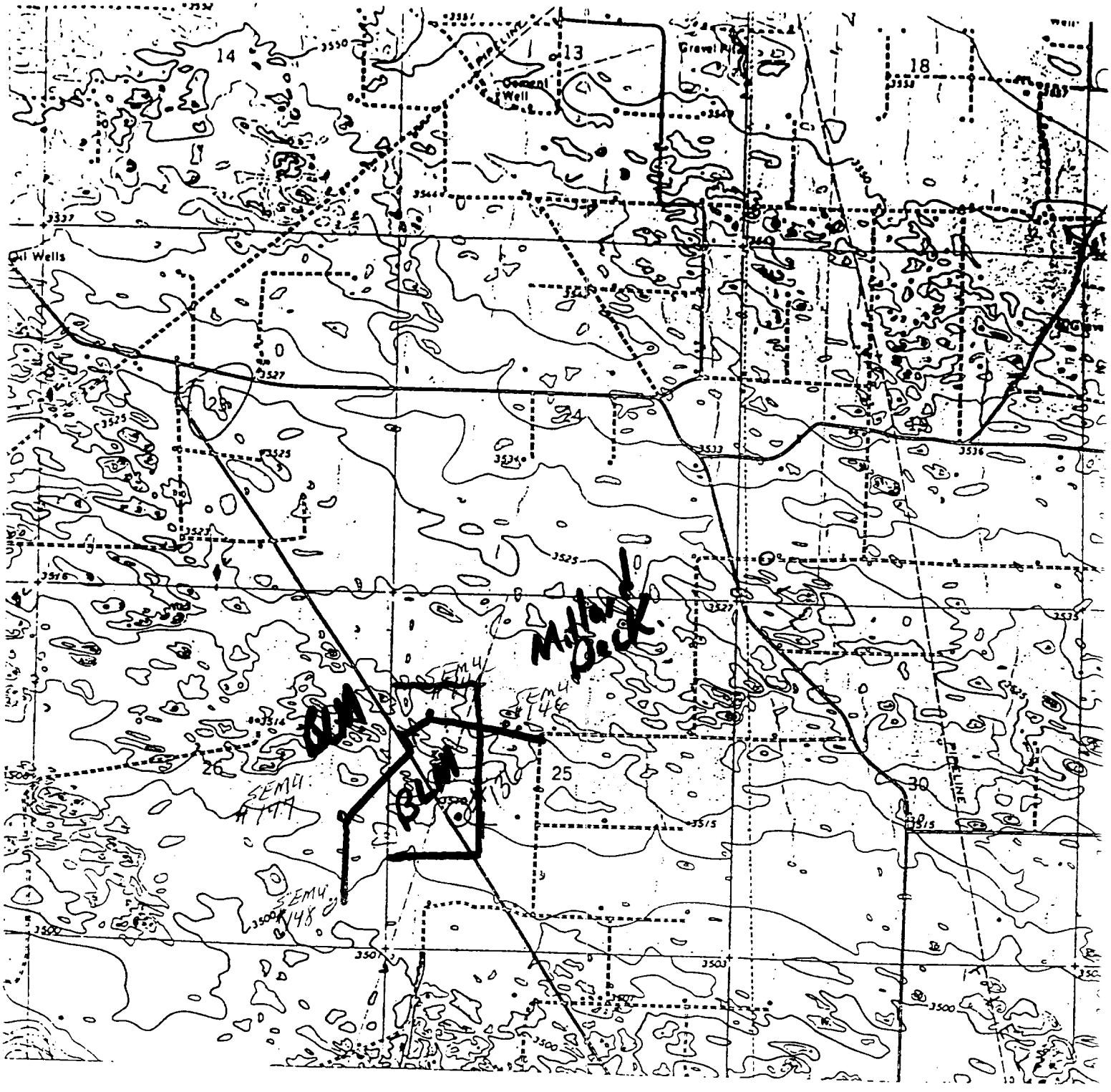


SEMU # 148

Proposed Flowline Route

5380'

660' FSL + 660' FEL, Sec. 26, T20S. R37E



SURFACE USE PLAN
Conoco Inc.

Semu No. 148

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 660' FSL & 660' FEL, Sec. 26, 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. 1300' +/- of 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, access road and flowline as shown on attached plats.

5. Water Supply

   Fresh and brine water will be obtained from commercial sources 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 commercial sources.

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 Bureau of Land Management.

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 649W
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
Sr. Right-of-Way Agent

3-1-00

Date

WELLSITE LAYOUT

WDI

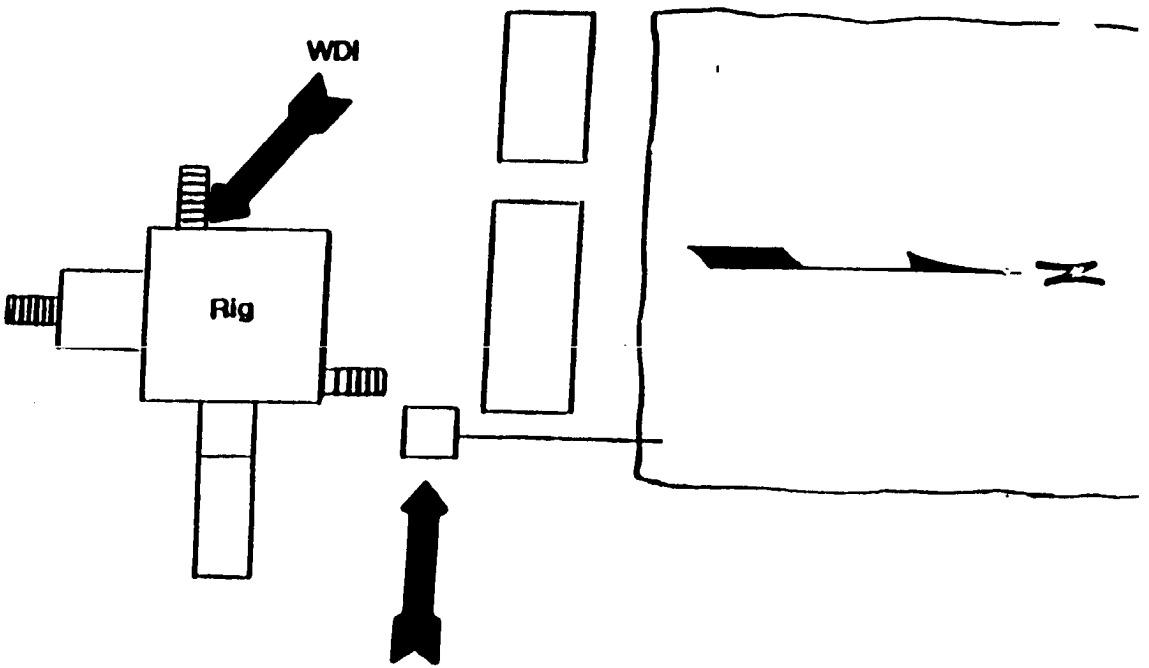
H2S Safety Contractor

Terrain is flat, and covered with native grasse
Two of the three WDI (wind direction indicator) locations will be utilize
(Prevailing winds are SW to NI

Conoco Quarters

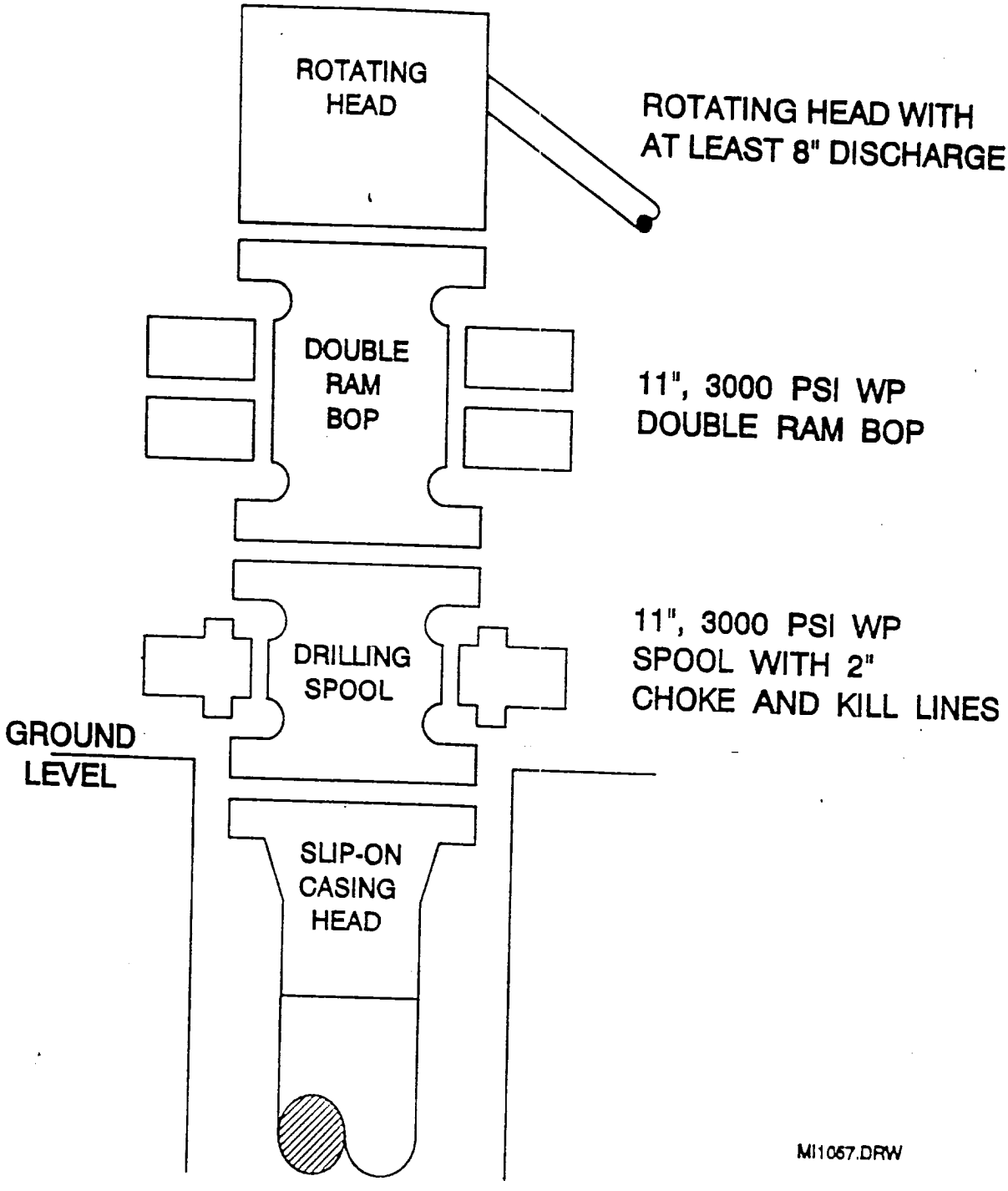
Muster Area No. 1

Contractor Quarters



Muster Area No. 2
WDI

BOP SPECIFICATIONS



TRAILER - MOUNTED RIG LAYOUT

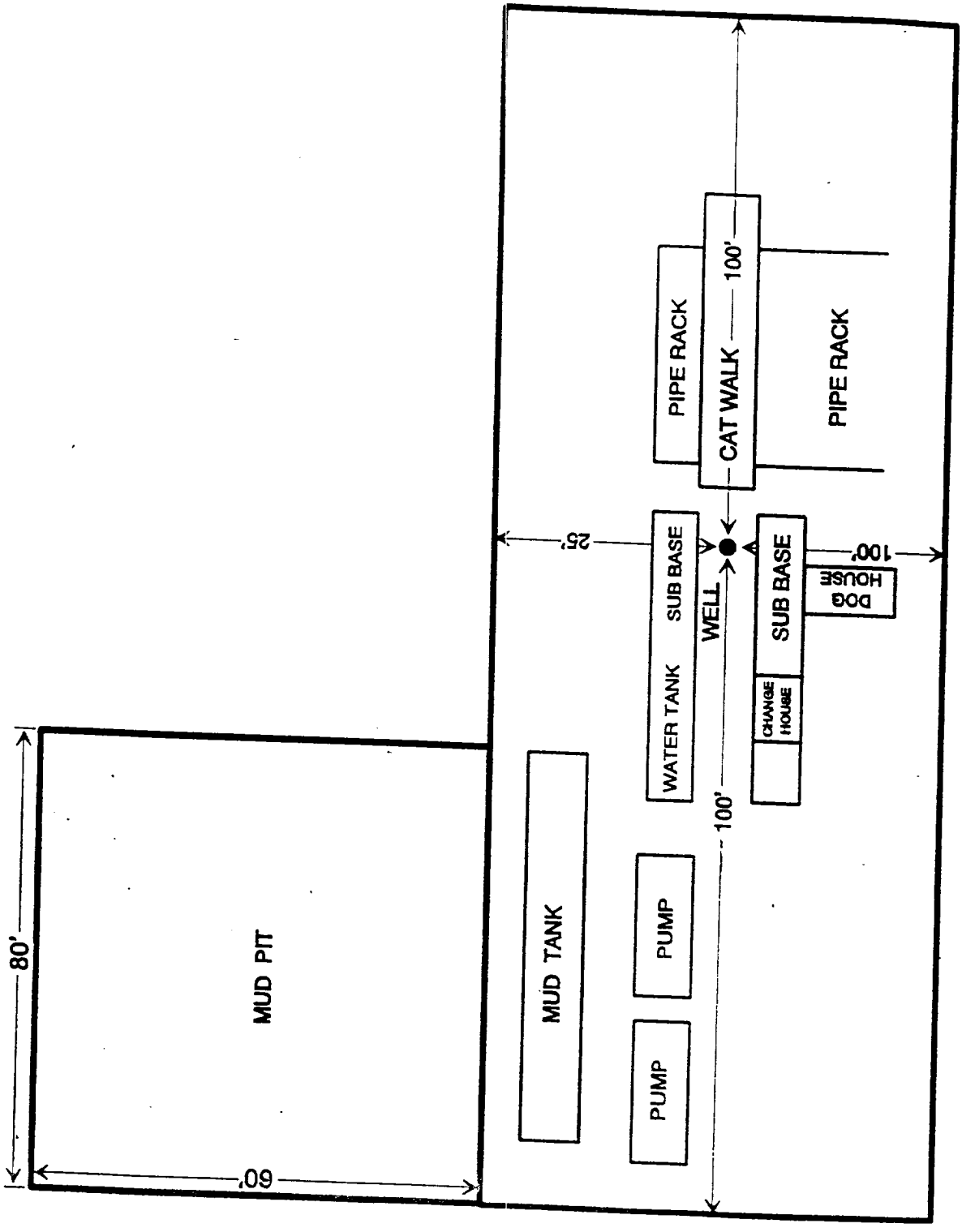
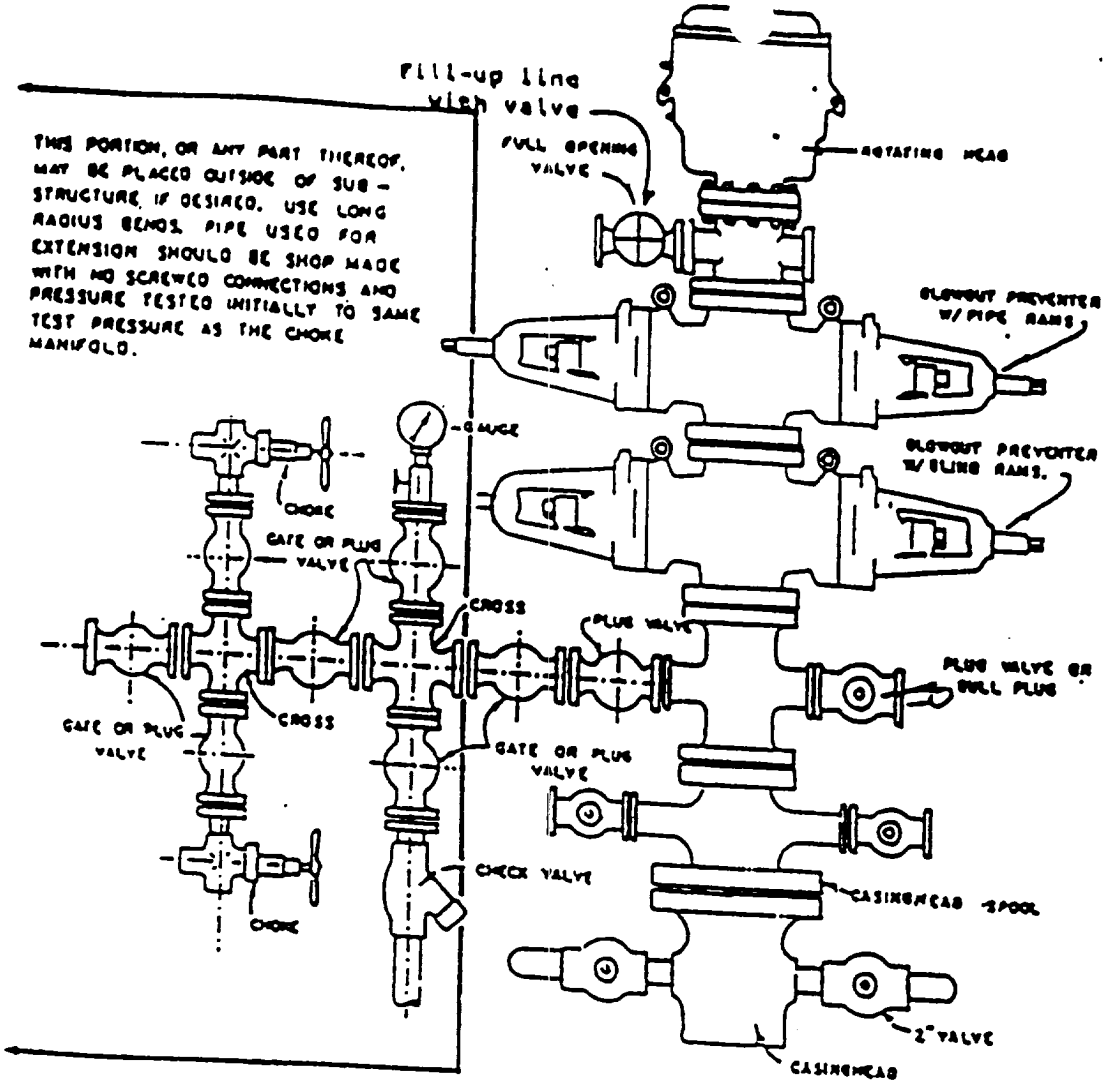


EXHIBIT D

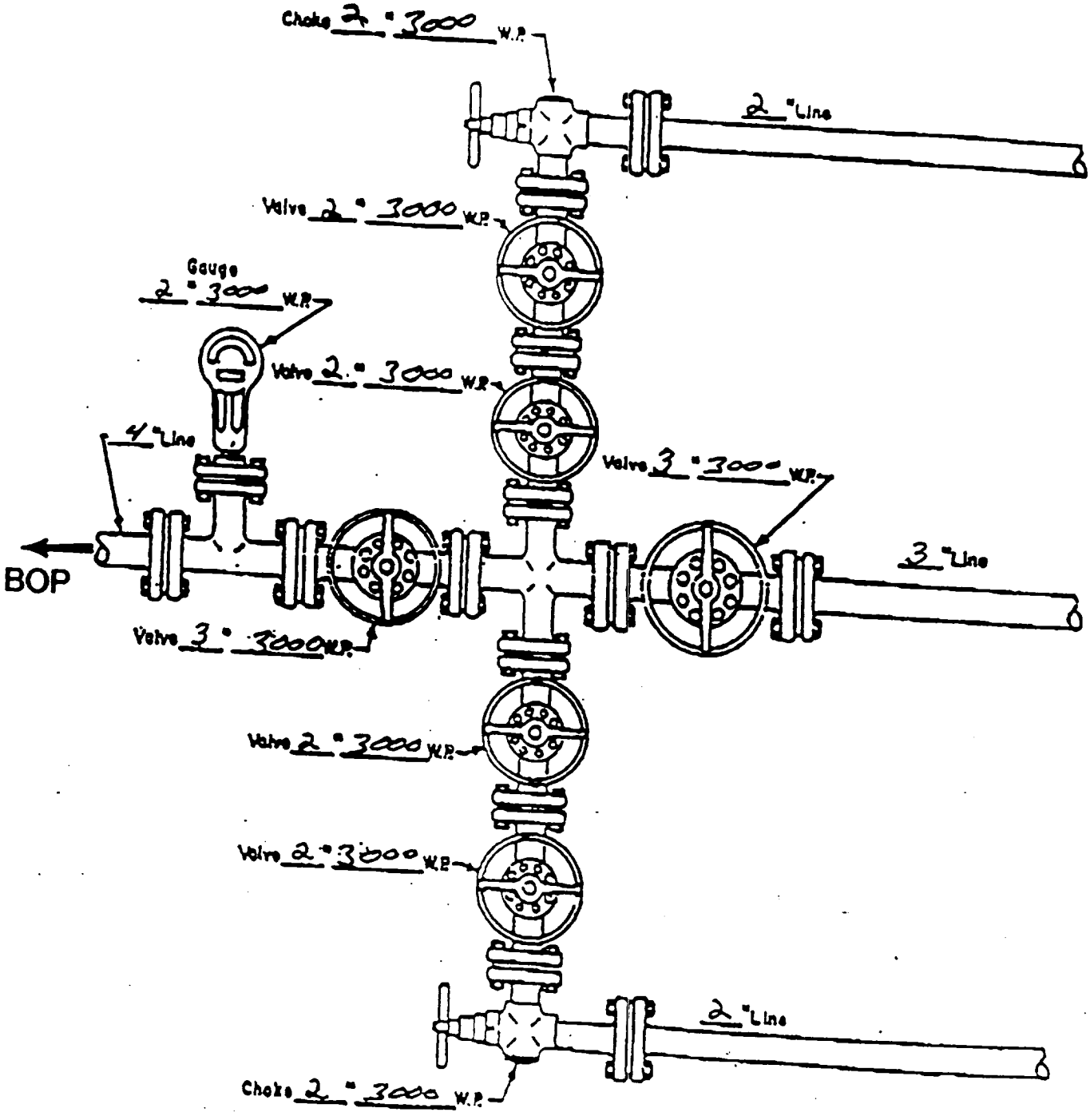


BLOWOUT PREVENTER HOOKUP

Drilling contractors used in the San Juan Basing supply 3000 psi equipment, but cannot provide annular preventors because of sub-structure limitations. Maximum anticipated surface pressures for this well will not exceed the working pressure of the proposed BOP system. Please see the attached BOP diagram details 2000 psi equipment according to Onshore Order No. 2 even though the equipment will test to 3000 psi. The 2000 psi system allows deletion of the annular preventor and fulfills your requirements (note diagram No. 1). In addition, the following equipment will comprise the 2000 psi system:

1. Two rams with one blind and one pipe ram.
2. Kill line (2 inch maximum).
3. One kill line valve.
4. One choke line valve.
5. Two chokes (reference diagram No. 1).
6. Upper kelly cock valve with handle.
7. Safety valve and subs to fit all drill strings in use.
8. Two-inch minimum choke line.
9. Pressure gauge on choke manifold.
10. Fill-up line above the upper most preventor.
11. Rotating head.

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

B. Communication

The rig contractor will be required to have two-way communication capability. Conoco will have either land-line, satellite phone, microwave phone, or mobile (cellular) telephone capabilities.

C. Mud Program

The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight, safe drilling practices, and the use of H2S scavengers when appropriate will minimize hazards when penetrating H2S bearing zones.

D. Drill Stem Tests

Any planned drill stem test will be cancelled if H2S is detected prior to such test. In the event that H2S is detected during testing, the test will be terminated immediately.

Mike L. Mankin
Sr. Right of Way Agent
Right of Way and Claims

Conoco Inc.
10 Desta Drive, Suite 649W
Midland, Texas 79705-4500
(915) 686-5794

February 21, 2000

Bureau of Land Management
620 E. Greene
Carlsbad, New Mexico 88220

Attn: Mr. Barry Hunt

Re: **Settlement Letter for Appurtenances**
SEMU #148
Section 26, T20S, R37E
Lea County, New Mexico

Dear Mr. Hunt,

Conoco Inc. has made settlement with the surface owner for the construction of the above referenced location and appurtenances.

If you have any questions or concerns, please contact me at 915-686-5794.

Sincerely,

Mike L. Mankin

Cc: File