New Mexico Oil Conservation Div... District I
1625 N. French Drive
Hobbs, NM 88240

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: LC-031695A
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
7. UNIT AGREEMENT NAME: SEMU
8. FARM OR LEASE NAME WELL NO.: #150
9. API WELL NO: 30-025-35115
10. FIELD AND POOL, OR WILDCAT: North Hardy Tubb Drinkard Pool
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 30, T20S, R38E
12. COUNTY OR PARISH: Lea
13. STATE: NM

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 Drive, Suite 649W, Midland, TX 79705; 915/686-5515

4. LOCATION OF WELL (Report location clearly and in accordance with any
At surface: 1980' FSL & 1980' FWL
At proposed prod. Zone: 1980' FSL & 1980' FWL

OPER. OGRID NO. 5073
PROPERTY NO. 13492
POOL CODE 96356
EFF. DATE 8-7-00
API NO. 30-025-35115

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR

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: 7900'	20. ROTARY OR CABLE TOOLS: Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3515'		22. APPROX. DATE WORK WILL START*: 7/22/00

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#	1500'	657 sxs, circ.
7-7/8"	J-55; 5-1/2"	17.0#	7900'	968 sxs, circ.

WITNESS

It is proposed to drill a vertical wellbore as a Tubb producer. An NOS was filed 05/08/00. The Strawn zone estimated at 7550' to 7850' will be evaluated using standard open hole logs and possible cores. Since there is no acreage dedicated to this well for Strawn production the interval will not be completed or tested. Casing will be run and cemented through the Strawn but will not be perforated. The well will be drilled and equipped according to the following additional attachments:

CAPITAN CONTROLLED WATER BASIN

1. Well Location & 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 ATTACHED

APD/ROW

This application includes ROW 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 portion 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.

25.
SIGNED Rhonda Johnson TITLE Sr. Property Analyst DATE 6/28//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 would entitle the applicant to conduct operations theron.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /S/LARRY D. BRAY TITLE Assistant Field Manager, Lands And Minerals DATE _____

APPROVED FOR 1 YEAR

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crive 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.

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
30-025-35115	96356	North Hardy Tubb Drinkard

Property Code	Property Name	Well Number
013492	SEMU	150

OGRID No.	Operator Name	Elevation
005073	CONOCO INC.	3515'

Surface Location

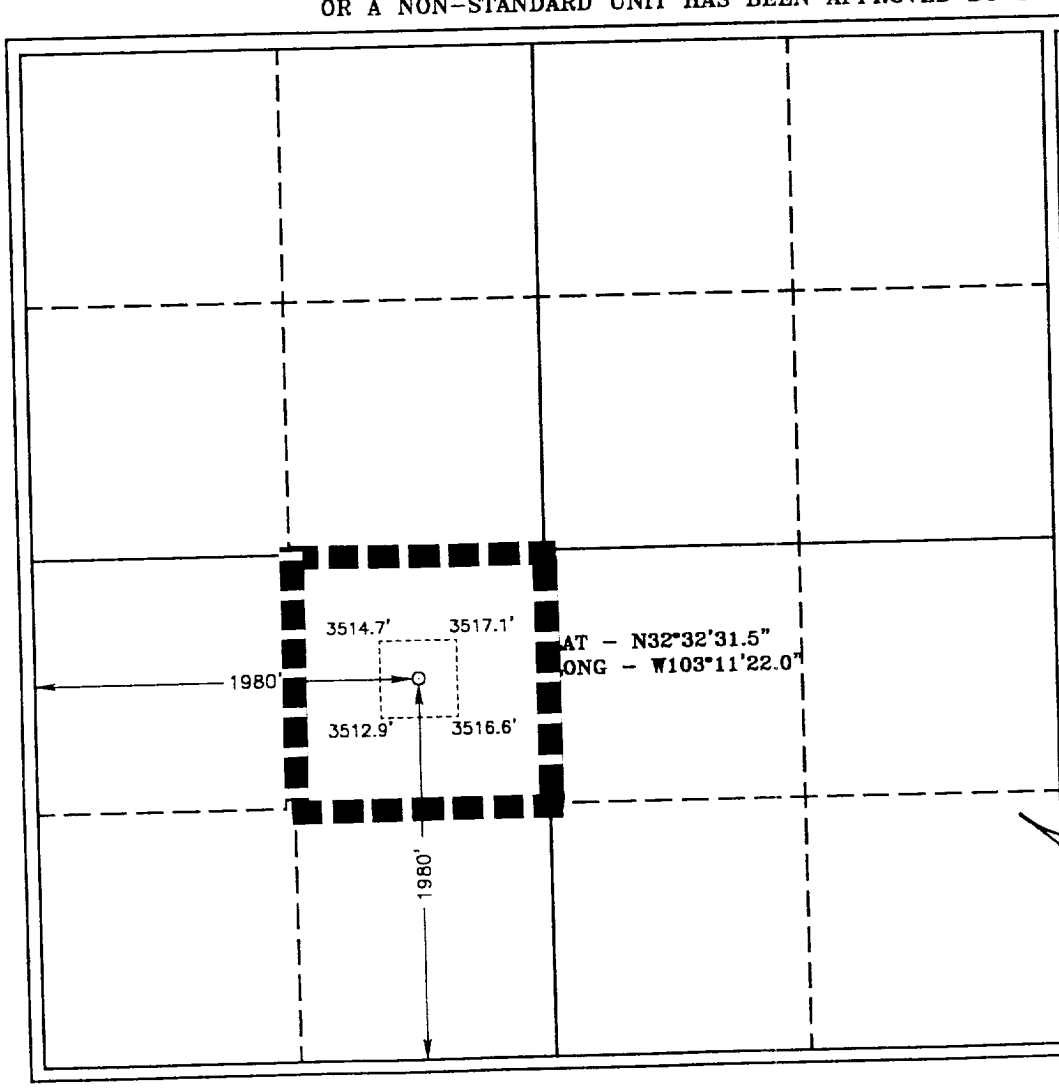
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	30	20 S	38 E		1980	SOUTH	1980	WEST	LEA

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.
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

7-5-00
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.

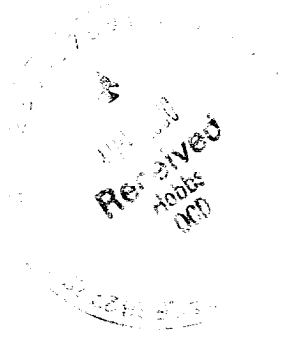
May 12, 2000
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 02698

Certificate No. Gary L. Jones 7977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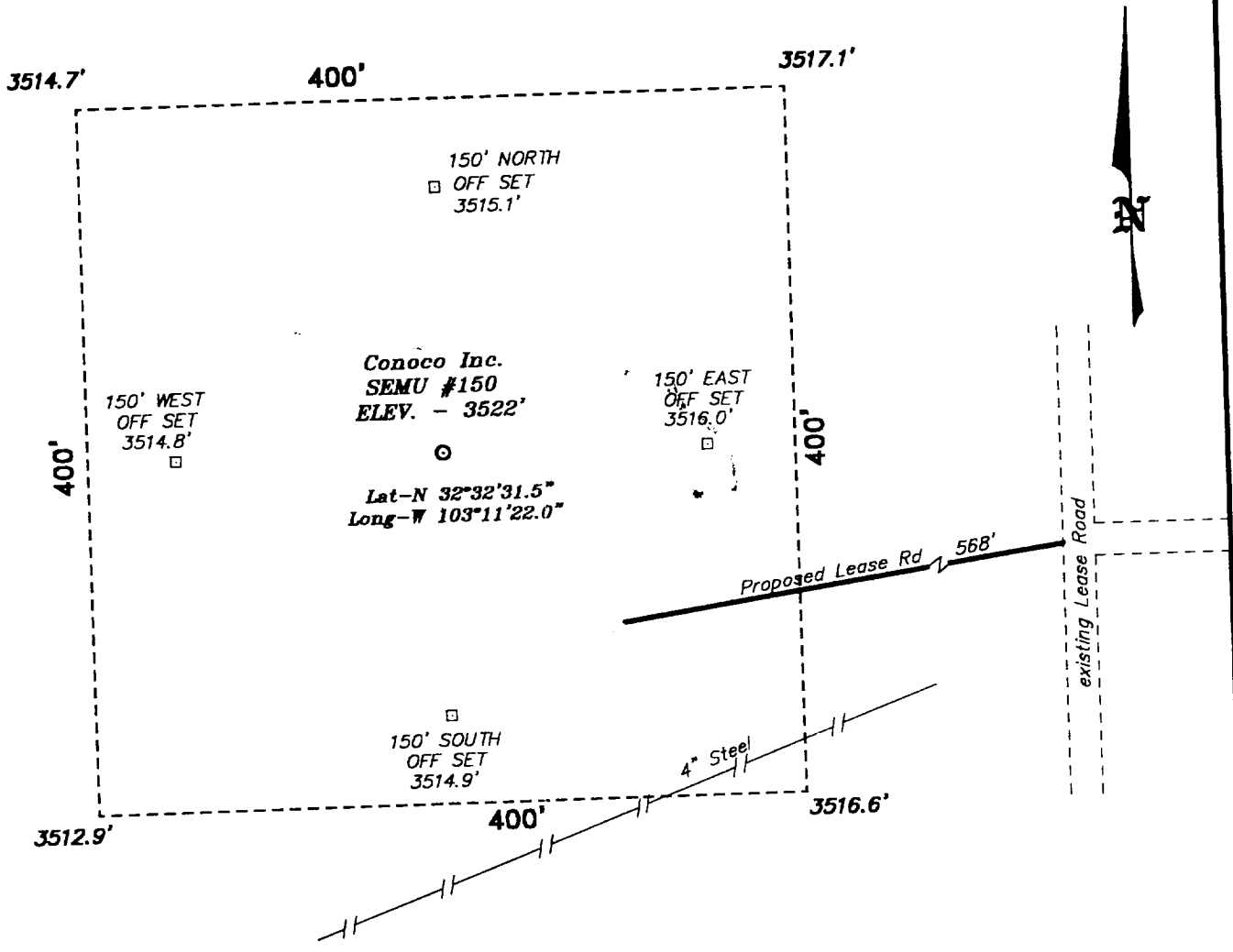
(NCD)

SECTION 30, TOWNSHIP 20 SOUTH, RANGE 38 EAST, N.M.P.M., NEW MEXICO.
LEA COUNTY,



100 0 100 200 FEET

SCALE: 1" = 100'

DIRECTIONS TO WELL LOCATION:

FROM JUNCTION NORTH LOOP 18 AND STATE HWY. 18, GO GO SOUTHWEST ON LOOP 18 APPROX. 2.5 MILES TO COUNTY ROAD C-34; THENCE NORTHWEST ON C-34 APPROX. 3.5 MILES TO A POINT WHICH LIES 2 MILES SOUTH OF THE PROPOSED WELL LOCATION.

Conoco Inc.

REF: SEMU No. 150 / Well Pad Topo

THE SEMU No. 150 LOCATED 1980' FROM THE NORTH LINE AND 1980' FROM THE WEST LINE OF SECTION 30, TOWNSHIP 20 SOUTH, RANGE 38 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 0270	Drawn By: K. GOAD	Survey Date: 05-12-2000	Sheet 1 of 1 Sheets
Date: 05-16-2000	Disk: KJG #122 - 0270A.DWG		

PROPOSED WELL PLAN OUTLINE

WELL NAME: SEMU #150
LOCATION: 1980' FSL & 1980' FWL Sec 30, T20S, R38E

Ground Level: 3515'
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", 24#, J-55 ST&C @ 1,500' Circulate Cement				3
		Washouts in Salt Section		7-7/8"				10 Brine	
2000	Base Salt @ 2,550'						Less than 8.4		
	Yates 2,660'		Mud Loggers F/ 2,650' to TD						
	7 Rivers 2,910'		H2S Monitor on at 2,650'						
3000	Queen 3,485'	Possible gas or water flow							
	Penrose 3,605'								
	Grayburg 3,760'								
4000	San Andres 3,990'	Lost Returns in San Andres							7
5000	Glorietta 5,260'	Possible differential sticking thru Glorietta & Paddock							
	Blinebry Mkr 5,825'								
6000	Tubb 6,310'								
	Drinkard 6,675'								
	Abo 6,950'							10 ppg Starch Gel	
7000	Strawn 7,590'		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		5-1/2", 17.0#, J-55 LT&C f/0'-7,900' Circulate Cement				
	TD @ 7,900'								17

DATE: 28-Jun-00

Al Gomez, Geologist

APPROVED

David Delao, Drilling Engineer

Joe Miller, Reservoir Engineer

Proposal No: 180253671C

Conoco
SEMU #150

SEC. 30,T20S, R38E
Lea County, New Mexico
June 28, 2000

Well Recommendation

Prepared for:
Mr. David Delao
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
Fax: (915) 683-1443

Operator Name: Conoco
Well Name: SEMU #150
Job Description: 8 5/8" Surface
Date: June 28, 2000

Proposal No: 180253671C

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 #150
Job Description: 8 5/8" Surface
Date: June 28, 2000

Proposal No: 180253671C

FLUID SPECIFICATIONS

FLUID	VOLUME CU-FT		VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Lead Slurry	990	/	2.15	= 462 sacks Class C Cement + 0.25 lbs/sack Cello Flake + 0.005 gps FP-6L + 2% bwoc Sodium Metasilicate + 109.4% 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 @ 8.4 ppg

CEMENT PROPERTIES

	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	12.40	14.80
Slurry Yield (cf/sack)	2.15	1.34
Amount of Mix Water (gps)	12.33	6.35
Amount of Mix Fluid (gps)	12.33	6.35
Estimated Pumping Time - 70 BC (HH:MM)	6:25	2:20
Free Water (mls) @ 80 ° F @ 90 ° angle	0.0	0.0
COMPRESSIVE STRENGTH		
12 hrs @ 89 ° F (psi)	124	1200
24 hrs @ 89 ° F (psi)	250	2000

RHEOLOGIES

FLUID		TEMP	600	300	200	100	6	3
Lead Slurry	@	80 ° F	46	39	35	30	24	14

WELL DATA

ANNULAR GEOMETRY

ANNULAR I.D. (in)	DEPTH(ft)	
	MEASURED	TRUE VERTICAL
8.097 CASING	1,500	1,500
7.875 HOLE	7,900	7,900

SUSPENDED PIPES

DIAMETER (in)		WEIGHT (lbs/ft)	DEPTH(ft)	
O.D.	I.D.		MEASURED	TRUE VERTICAL
5.500	4.892	17	7,900	7,900

Float Collar set @	7,860 ft
Mud Density	8.40 ppg
Est. Static Temp.	127 ° F
Est. Circ. Temp.	121 ° 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	=	1066.7 cf
2,300 ft	x	0.1733 cf/ft	with	50 % excess	=	598.9 cf
40 ft	x	0.1305 cf/ft	with	0 % excess	=	5.2 cf (inside pipe)
				TOTAL SLURRY VOLUME	=	1959.7 cf
					=	349 bbls


Received

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	1356	/	2.41	= 563 sacks (50:50) Poz (Fly Ash):Class C Cement + 5% bwow Sodium Chloride + 0.25 lbs/sack Cello Flake + 0.005 gps FP-6L + 10% bwoc Bentonite + 136.9% Fresh Water
Tail Slurry	604	/	1.49	= 405 sacks (15:61:11) Poz (Fly Ash):Class C Cement:CSE + 5% bwow Sodium Chloride + 1% bwoc FL-62 + 0.005 gps FP-6L + 70% Fresh Water

Displacement 182.7 bbls Water @ 8.4 ppg

CEMENT PROPERTIES

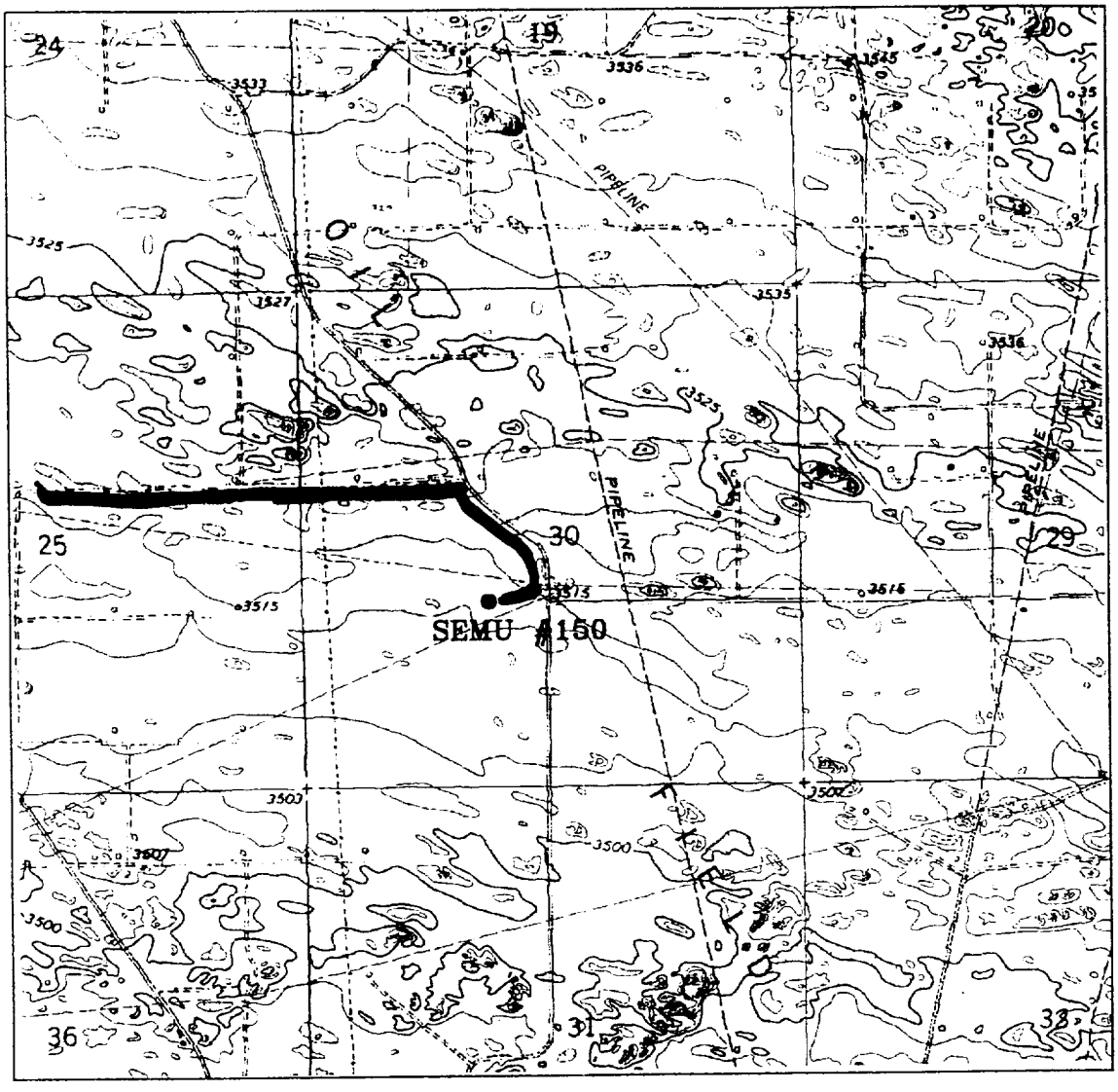
	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	11.85	13.60
Slurry Yield (cf/sack)	2.41	1.49
Amount of Mix Water (gps)	13.79	7.31
Amount of Mix Fluid (gps)	13.79	7.31
Estimated Pumping Time - 70 BC (HH:MM)	2:58	2:31
Free Water (mls) @ 80 ° F @ 90 ° angle	1.0	0.0
Fluid Loss (cc/30min) at 1000 psi and 80 ° F	792.0	62.0
COMPRESSIVE STRENGTH		
12 hrs @ 124 ° F (psi)	50	1013
24 hrs @ 124 ° F (psi)	175	1877

RHEOLOGIES

FLUID		TEMP	600	300	200	100	6	3
Lead Slurry	@	80 ° F	104	101	96	81	39	31
Tail Slurry	@	80 ° F	210	150	110	60	7	4


Received

FLOWLINE 6400' ALONG ROADWAY



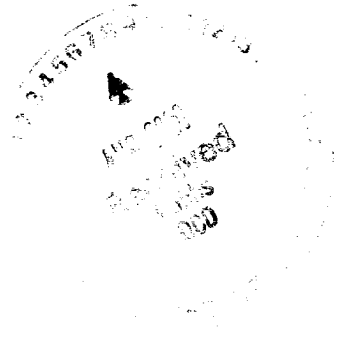
SEMU #150
Located at 1980' FSL and 1980' FWL
Section 30, Township 20 South, Range 38 East,
N.M.P.M., Lea County, New Mexico.

basin surveys
focused on excellence in the oilfield

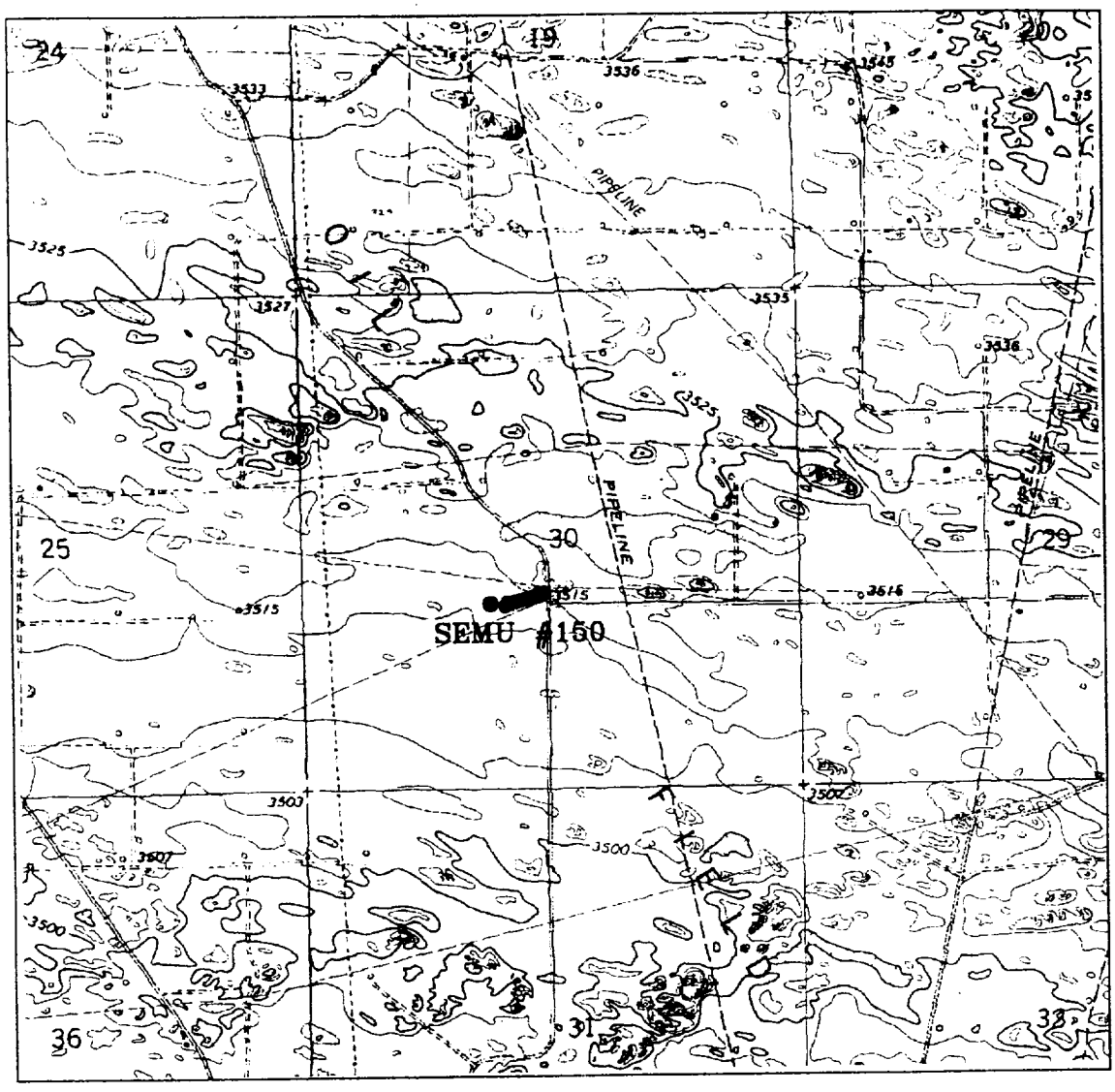
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	0269AA - KJG #122
Survey Date:	05-12-2000
Scale:	1" = 2000'
Date:	05-16-2000

CONOCO INC.



POWERLINE 568'



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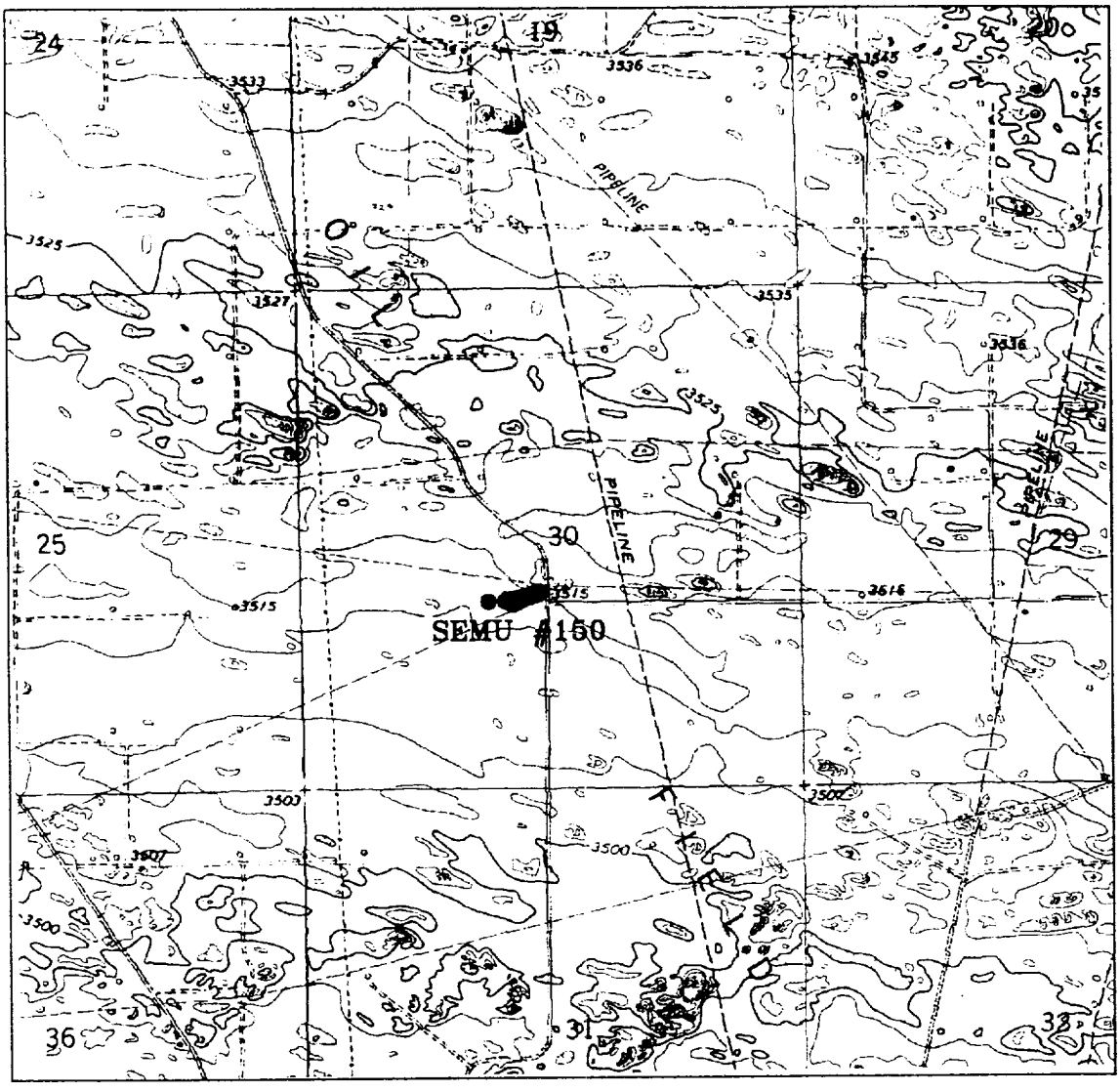
CONOCO INC.

Access Road 565'



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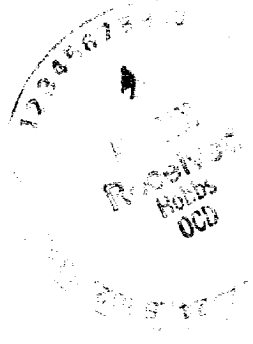


SURFACE USE PLAN
Conoco Inc.

SEMU #150

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 on this plan.

1. Existing Roads

   A. The proposed well site is 1980' FSL & 1980' FWL, Sec. 30, T20S, R38E, Lea County, New Mexico. This is a North Hardy Tubb Drinkard well.

   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. 568' for new access road will be required.
   B. Turnouts as specified by surface management agency.
   C. Culverts as specified by surface management agency.
   D. Gates, cattleguards, or fences as specified by surface management agency.

3. Topographic Map and Well Location

   A 7.5" quadrangle topo map was filed with the NOS.

4. Additional Rights-of-Way

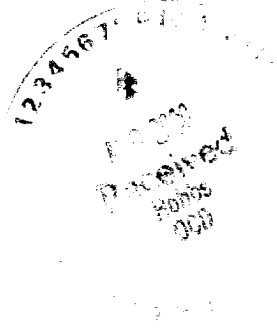
   Electric line, access road and flowline as shown on attached plats.

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 Dallas McCasland.

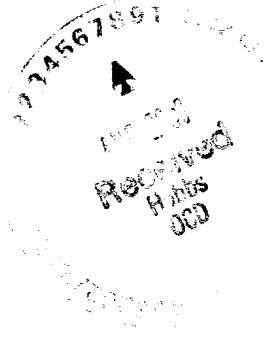
12. Archeological Clearance

An archeological survey has been conducted and clearance recommended under report No. DWAS-00-43JN.

13. Operator's Representative and Certification

The person who can be contacted concerning compliance of this Surface Use Plan is:

Mike L. Mankin
Right of Way Agent
Conoco Inc.
10 Desta Drive Suite 649W
Midland, Texas 79705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Hobbs
OCD

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 gg

Mike L. Mankin
Right of Way Agent

7-5-00

Date

TRAILER - MOUNTED RIG LAYOUT

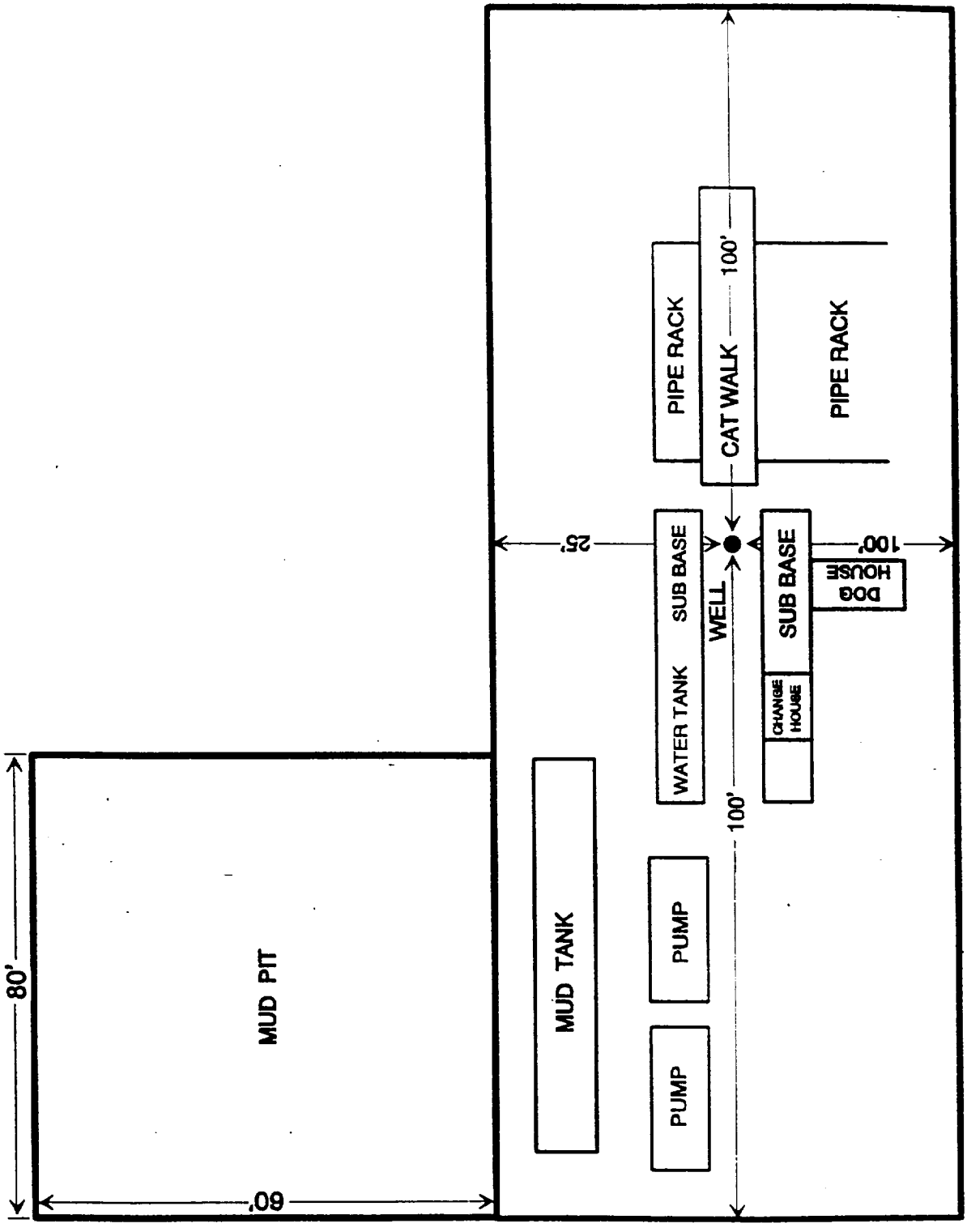
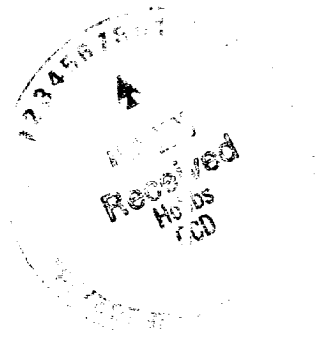


EXHIBIT D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WELLSITE LAYOUT

WDI

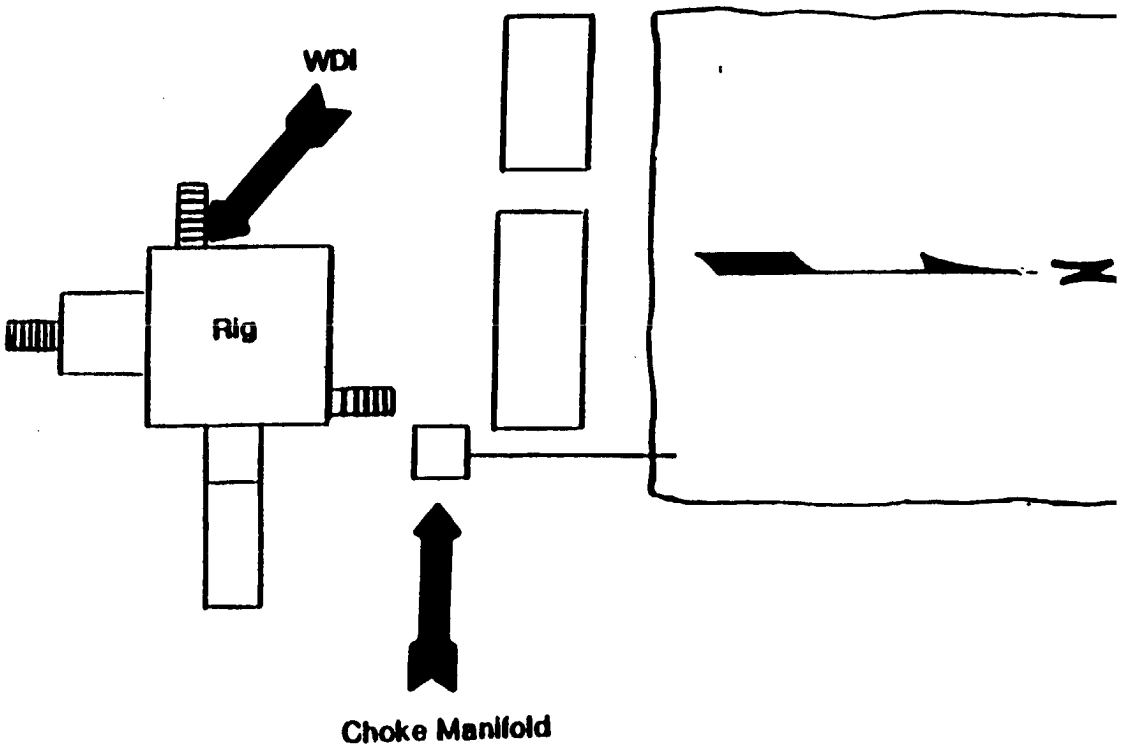
H2S Safety Contractor

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

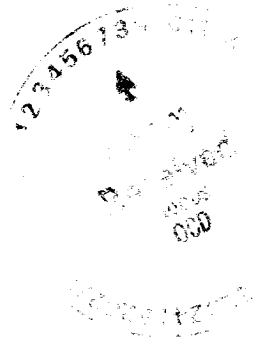
Conoco Quarters

Muster Area No. 1

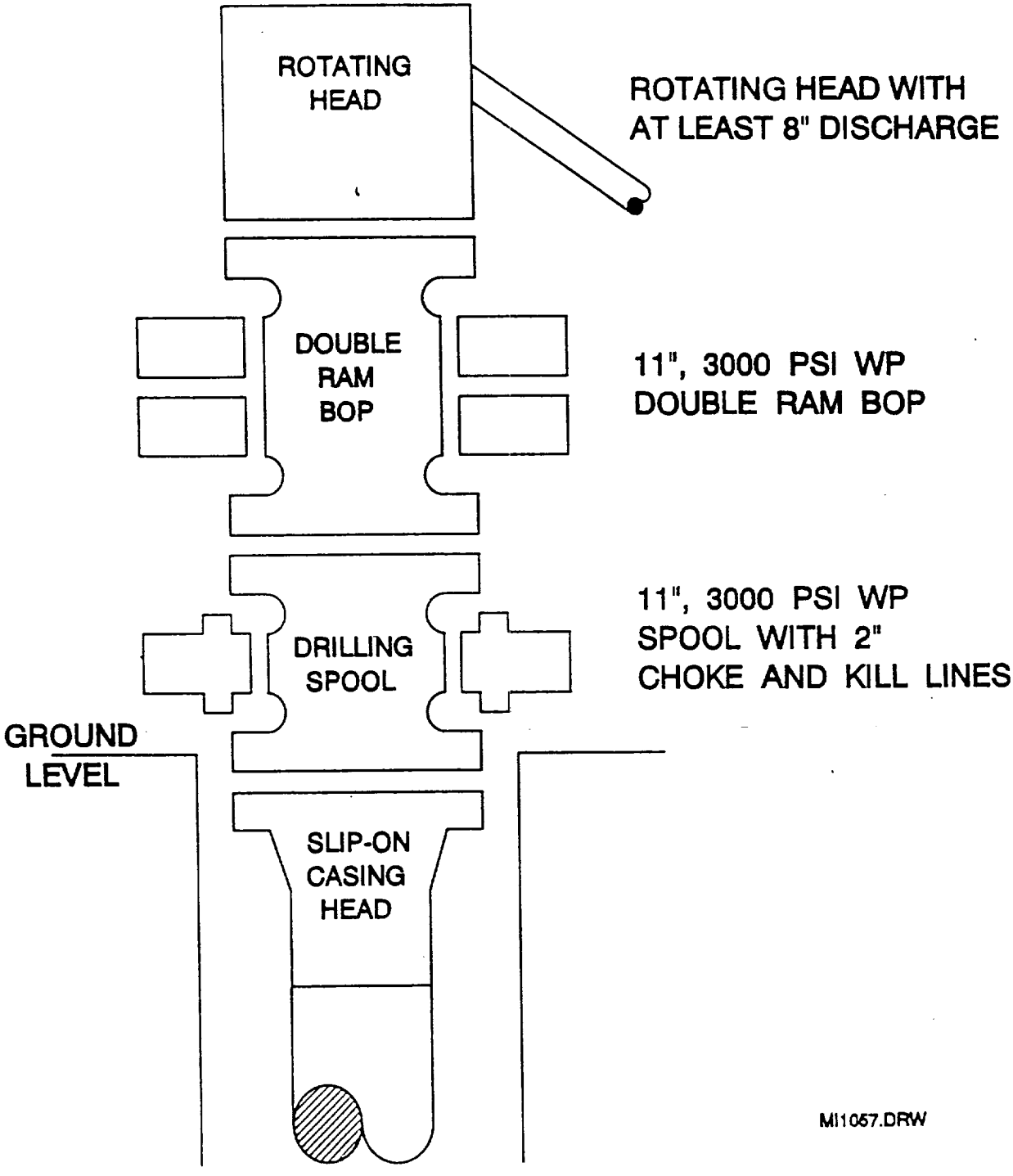
Contractor Quarters

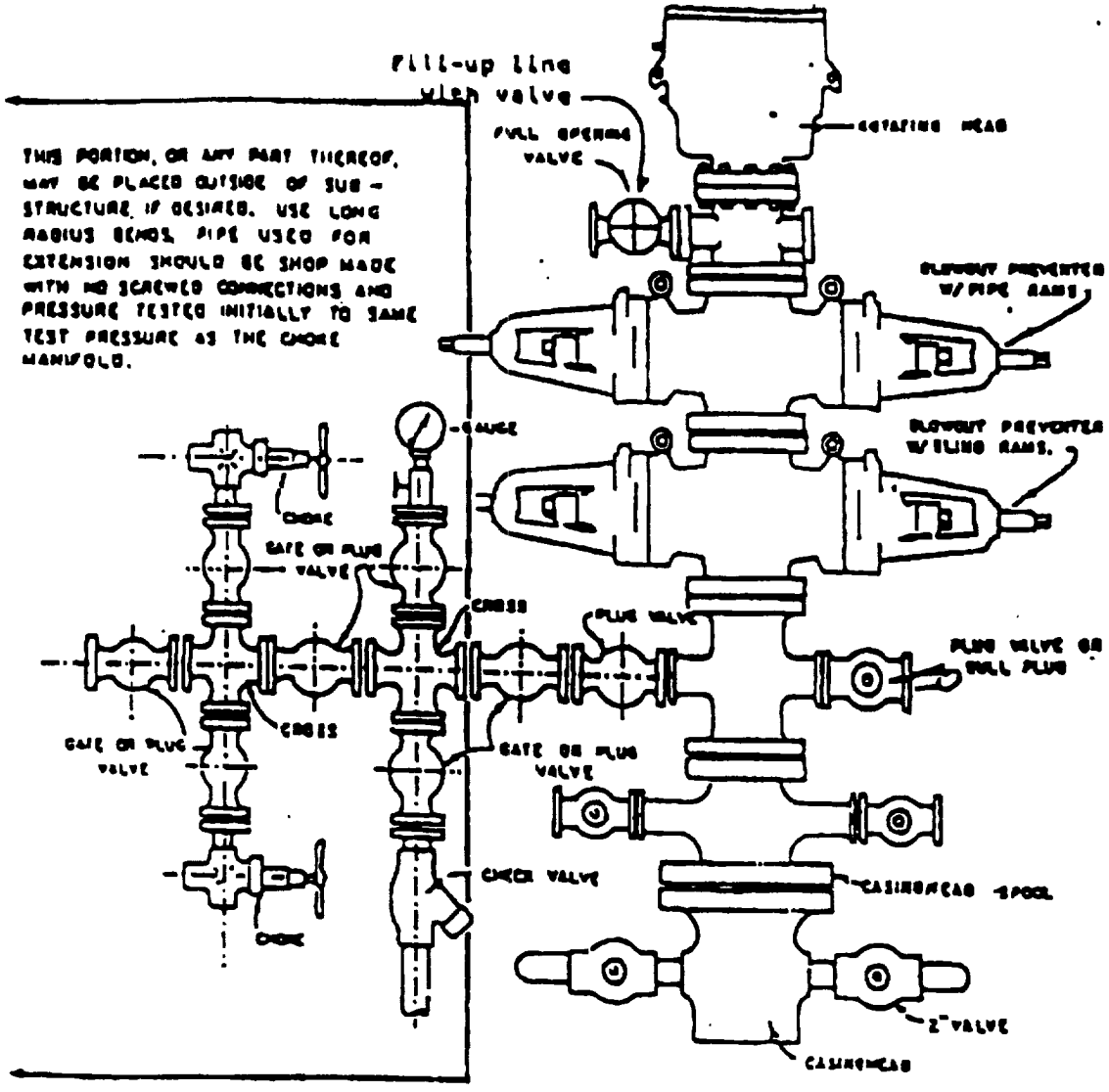


Muster Area No. 2
WDI



BOP SPECIFICATIONS

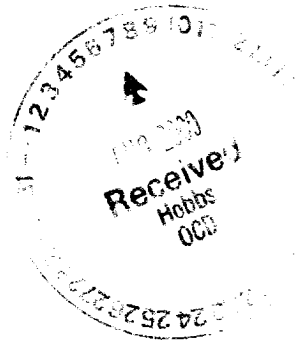




BLOWOUT PREVENTER HOOKUP

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.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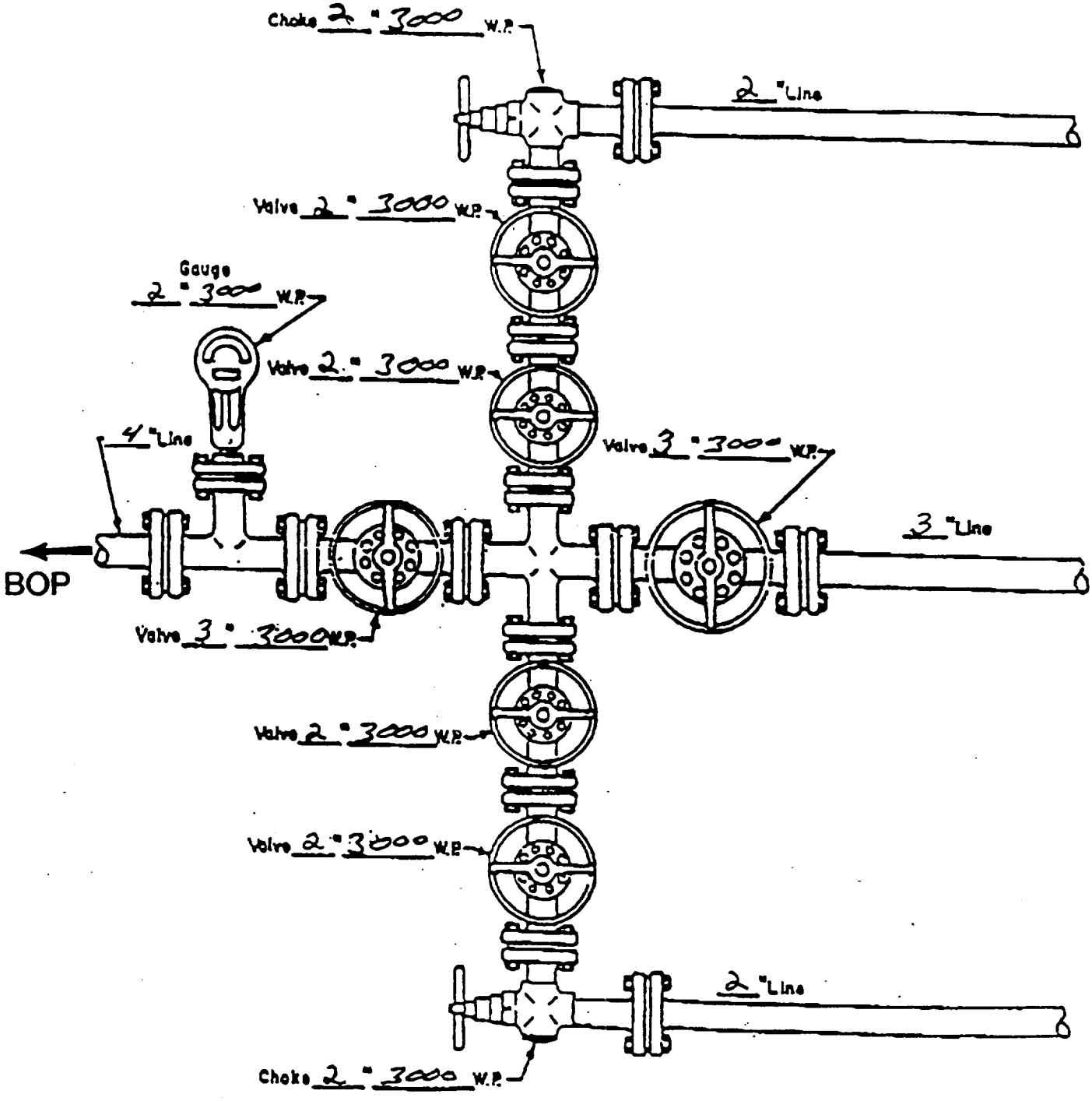
CHOKE MANIFOLD DIAGRAM



MANIFOLD
3000 #W.P

☒ Manuel
☐ Hydraulic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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


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B. Communication

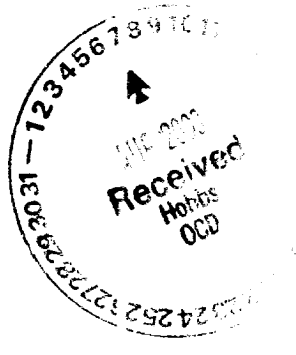
The rig contractor will be required to have two-way communication capability. Conoco will have either land-line, satellite phone, microwave phone, or mobile (cellular) telephone capabilities.

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.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Terry L. Manning
Contract Agent
Right of Way and Claims

Conoco Inc.
10 Desta Drive, Suite 649W
Midland, Texas 79705-4500
(915) 686-6548

June 27, 2000

Department of the Interior
Bureau of Land Management
620 E. Greene
Carlsbad, New Mexico 88220
Attn: Barry Hunt

RE: Settlement Letter for Well Location and Appurtenances
SEMU 150
Section 30, T20S, R38E, NMPM
Lea County, New Mexico

Dear Mr. Hunt;

Conoco Inc. has made a conscientious and diligent effort to reach a damage settlement agreement for the above referenced with the fee surface owner, Robert McCasland. Mr. McCasland has not returned telephone calls or responded to an offer letter, a copy of which is enclosed for your review.

We plan on beginning construction on or about October 1, 2000 and will rely upon our nationwide bond for actual damages, if any, that might result from our operations. We will strictly adhere to the stipulations set forth in the approved APD and will continue to negotiate with Mr. McCasland in an attempt to reach a mutual agreement for damages.

If you have any questions or concerns, please contact me at 915-686-6548.

Sincerely yours,

Terry L. Manning
Consulting Landman/Conoco Inc.


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Terry L. Manning
Contract Agent
Right of Way and Claims

Conoco Inc.
10 Desta Drive, Suite 648W
Midland, Texas 79705-4500
(915) 686-6548

June 19, 2000

Robert McCasland
P.O. Box 206
Eunice, New Mexico 88231

RE: Damage Payments for the SEMU #149 and the [redacted]

Dear Mr. McCasland:

Conoco Inc. plans to drill the above referenced wells during the third fiscal quarter of this year. The damage payments, based on the recent history of like payments made to you by Conoco Inc., are outlined as follows:

SEMU #149

2230' FNL and 660' FWL, 30-T20S-R38E, Lease County, NM
Location = [redacted]
Flowline = [redacted] (42.42 rods @ [redacted] per rod). Please note that the flowline will be adjacent and parallel to an existing lease road. No additional surface damage will be involved in the installation of the powerline or access road due to the location of this well. See attached plat.
TOTAL = [redacted]

[redacted]

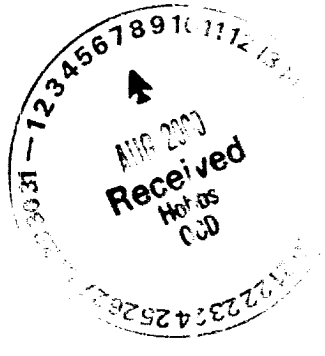
1980' FSL and 1980' FWL, 30-T20S-R38E, Lease County, NM
Location = [redacted]
Powerline [redacted] (34.42 rods @ [redacted])
Road = [redacted] (34.42 rods @ [redacted])
Flowline = [redacted] (224.24 rods @ [redacted]) Please note that the flowline will be adjacent and parallel to an existing lease road.
See attached plat.
TOTAL = [redacted]

Please contact me at 915-686-6548 in order that we might further discuss these matters.

Remaining sincerely yours,

Terry L. Manning

COPY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Desert West
ARCHAEOLOGICAL SERVICES, INC.

June 20, 2000

Mr. Terry Manning
CONOCO INC.
10 Desta Drive, Ste. 100 W
Midland, TX 79705-4500

Dear Mr. Manning:

Enclosed please find your copy of Desert West Archaeological Services, Inc. (DWAS) archaeological survey report for CONOCO INC.'s proposed SEMU Well No. 150 (1980' FSL; 1980' FWL) with associated power line, access road and flow line in Section 30, T20S, R38E and Section 25, T20S, R37E, NMPM, Lea County, New Mexico. This survey was conducted to evaluate any potential effect that CONOCO INC.'s proposed SEMU Well No. 150 (1980' FSL; 1980' FWL) with associated power line, access road and flow line might have on historic properties.

No cultural properties were encountered during this survey. Therefore, we are recommending that archaeological clearance be granted for this undertaking of CONOCO INC.'s proposed SEMU Well No. 150 (1980' FSL; 1980' FWL) with associated power line, access road and flow line as presently staked. No further archaeological work should be required unless cultural properties are discovered during construction.

An archaeologist at the Bureau of Land Management will review this report and decide whether or not CONOCO INC. should proceed with this undertaking. Someone should advise you of that decision in that agency.

We appreciate the opportunity to serve you. If you have any questions, or feel that we might be of additional service, please call our office.

Sincerely,

Arita Slate

Enclosure

Xc: Bureau of Land Management, Carlsbad Field Office, Carlsbad, NM (2)

P.O. Box 645 · Carlsbad, NM 88221 · Phone (505) 887-7646 · Fax (505) 887-2264


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APPENDIX B.

TITLE PAGE/ABSTRACT/ NEGATIVE SITE REPORT CARLSBAD FIELD OFFICE

BLM/ RDO 1/95

1. BLM Report No.	2. (ACCEPTED) (REJECTED)	3. NMCRIS No. 70953
4. Title of Report (Project Title): Archaeological survey of Conoco Inc.'s proposed SEMU No. 150 with associated power line, access road and flow line in Section 30, T20S, R38E, and Section 25, T20S, R37E, NMPM, Lea, NM.		5. Project Date(s) 06-20-2000 6. Report Date - 06-20-2000
7. Consultant Name & Address: Direct Charge: David Wilcox Name: Desert West Archaeological Services Address: P.O. Box 645, Carlsbad, NM 88220 Authors Name: David Wilcox Field personnel names – David Wilcox Phone (505) 887-7646		8. Permit No. 123-2920-99-U NM99-077 9. Consultant Report No. DWAS 00-43JN
10. Sponsor Name and Address: Indiv. Responsible: Mr. Terry Manning Name: Conoco Inc. Address: 10 Desta Drive, Suite 100W, Midland, TX 79705-4500 Phone (915) 686-6548		11. For BLM Use only. 12 ACREAGE: Total No. of acres surveyed – 4.99 Per Surface - Ownership: Private Surface with Federal Minerals

13. Location & Area: (Maps Attached if negative survey)

a. State – NM
b. County – Lea
c. BLM Field Office: Carlsbad
d. Nearest City or town: Eunice, New Mexico
e. Location: Section 30, T20S, R38E, and Section 25, T20S, R37E (Access Road/Flow Line/Power Line – (Section 30 ONLY) se/4, ne/4, sw/4)
Well Pad footages: SECTION 30 – 1980' FSL; 1980' FWL [ne/4, sw/4]
f. 7.5 ' Map Name(s) and Code Numbers(s): Hobbs SW, NM (1969, Photo Revised 1979 [32103-E2]).
g. Area: Block: Impact: within the staked area
Surveyed: 400' x 400'
Linear: Impact: 575' x 50'
Surveyed: 575' x 100'


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14. a. Records Search:

Location: BLM and ARMS
Date: 06-20-2000
Conducted by: David Wilcox and Ms. Tiffany Sullivan (BLM-CFO Archaeologist)
List by LA# All sites within .25 miles of the project:
(Those sites within 500' are to be shown on the project map)

According to these records, there are nine previous projects in the area (91-250, 94-750, an ENMU Conoco Line, 97-411, and five other linear projects that I can not read the numbers off the copy) that bisect, parallel or encroach this proposed project's area.

b. Description of undertaking:

Class III pedestrian survey of Conoco Inc.'s proposed SEMU No. 150 with associated power line, access road and flow line in Section 30, T20S, R38E, and Section 25, T20S, R37E, NMPM, Lea, NM. The proposed access road and power line start at an existing lease road and power line to the east of the proposed well pad's southeastern staked corner. The proposed flow line also parallels the same survey corridor as the power line and access road; however, it then continues north and then west from the power line and access road's corridor. The flow line travels the western and southern perimeter of an existing lease road. This staked corridor that the flow line follows has been previously surveyed. Ms. Sullivan stated that it did not have to be surveyed. Therefore, only the east-west tangent of the access road and power line's corridor that the flow line follows was surveyed along with the proposed pad.

c. Environmental Setting (NRCS soil designation; vegetative community; etc.)

Vegetation – Assorted grasses, mesquite, yucca, shin oak, common sunflower and prickly pear cactus.

Topography – The project lies on an undulating dunal plain of low relief with no associated deflation basins. The area has a heavy vegetation cover, and is quite stabilized. The surveyed area crosses a buried pipeline (steel) corridor.

Soils – Pyote-Maljamar-Kermit association: Gently undulating and rolling, deep, sandy soils.

d. Field Methods:

Transect Intervals: straight and zigzag transects, spaced not greater than 15 meters apart
Crew Size: 1
Time in Field: 1 hour total
Collections: no

Cultural Resource Findings: n/a

16. Management Summary (Recommendations):

Archaeological clearance for Conoco Inc.'s proposed SEMU No. 150 with associated power line, access road and flow line in Section 30, T20S, R38E, and Section 25, T20S, R37E, NMPM, Lea, NM is recommended as staked.

I maintain that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist [redacted] [redacted]
Signature Date

Figure 1. Topographic map of USGS 7.5' Series Hobbs SW, NM (1969, Photo Revised 1979) showing the project area in Section 30, T20S, R38E, and Section 25, T20S, R37E.


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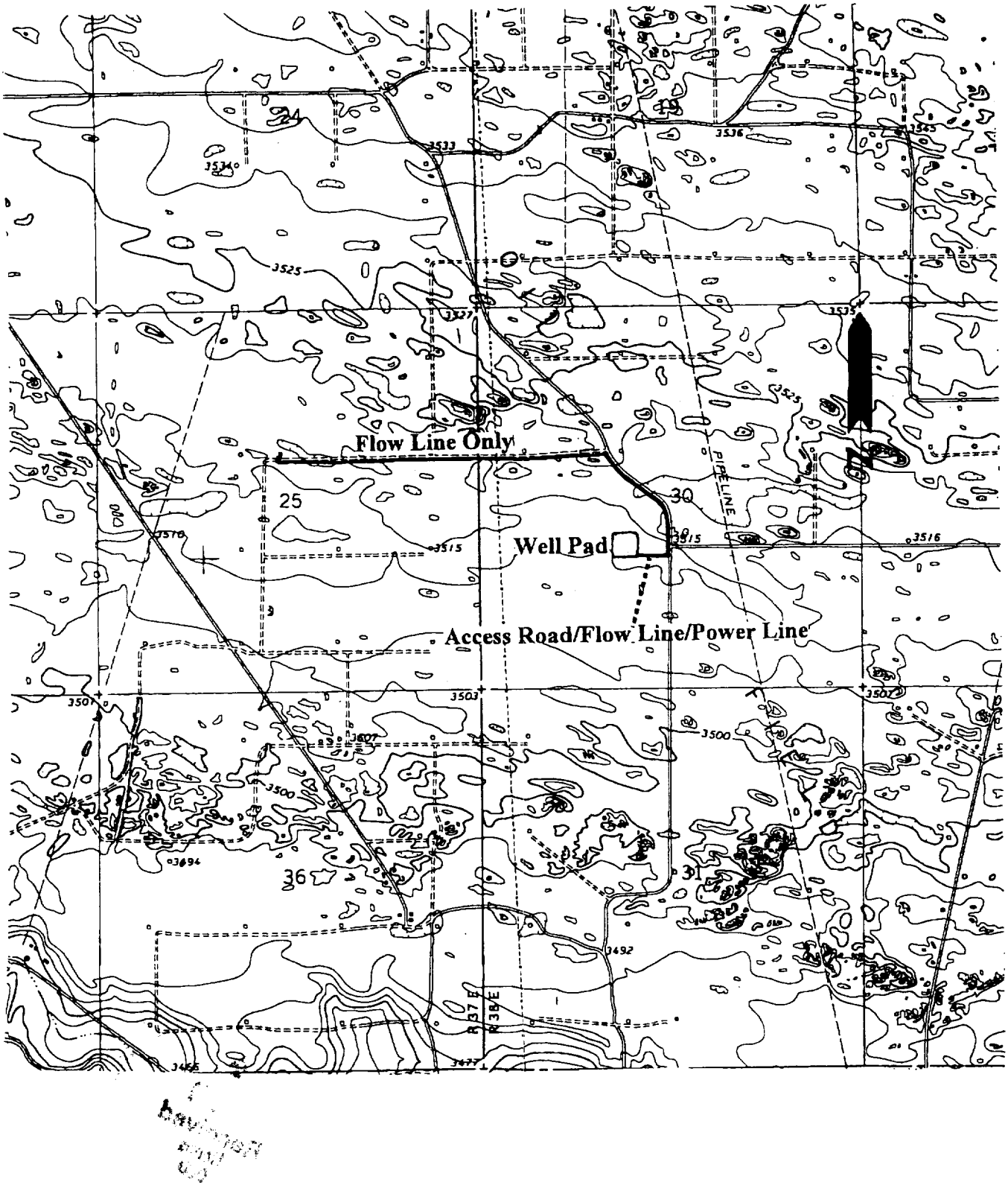

Figure 1. CONOCO INC.'s proposed SEMU Well No. 150 (1980' FSL, 1980' FWL) with associated power line, access road and flow line in Section 30, T20S, R38E, and Section 25, T20S, R37E, NMPM, Lea County, NM. Map Reference: USGS 7.5' series, Hobbs SW, NM (1969, Photo Revised 1979)

ELF 12/02/11

ABOVE DATE DOES NOT
INDICATE WHEN
CONFIDENTIAL LOGS
WILL BE RELEASED