1625 N. French Drive
Hobbs, NM 88240

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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 Drive, Ste, 649W, Midland, TX 79705

4. LOCATION OF WELL (Report location clearly and in accordance with any S
At surface
1980' FNL & 760' FWL E
At proposed prod. Zone
1980' FNL & 760' FWL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR P

OPER. OGRID NO. 5073
PROPERTY NO. 13492
POOL CODE 96893
EFF. DATE 9-14-00
API NO. 30-025-35169

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.
#149

9. API WELL NO.
30-025-35169

10. FIELD AND POOL, OR WILDCAT
North Hardy Strawn

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 30, T20S, R38E

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**	**20. ROTARY OR CABLE TOOLS**
	8000'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3519'

22. APPROX. DATE WORK WILL START*
08-15-2000

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# WITNESS	1500'	657 sxs., circ
7-7/8"	J-55, 5-1/2"	17#	8000'	985 sxs, circ.

It is proposed to drill a vertical wellbore as a Strawn producer. An NOS was filed 5/8/00. The well will be drilled and equipped according to the following additional attachments:

CAPITAN CONTROLLED WATER BASIN

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 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 JoAnn Johnson TITLE Sr. Property Analyst DATE 7/17/00
(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 _____ TITLE Acting Assistant Field Manager, Lands And Minerals DATE SEP 1 8 2000

APPROVAL 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.

GWW

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
30-025-35169	96893	North Hardy Strawn

Property Code	Property Name	Well Number
13492	SEMU	149

OGRID No.	Operator Name	Elevation
005073	CONOCO INC.	3519

Surface Location

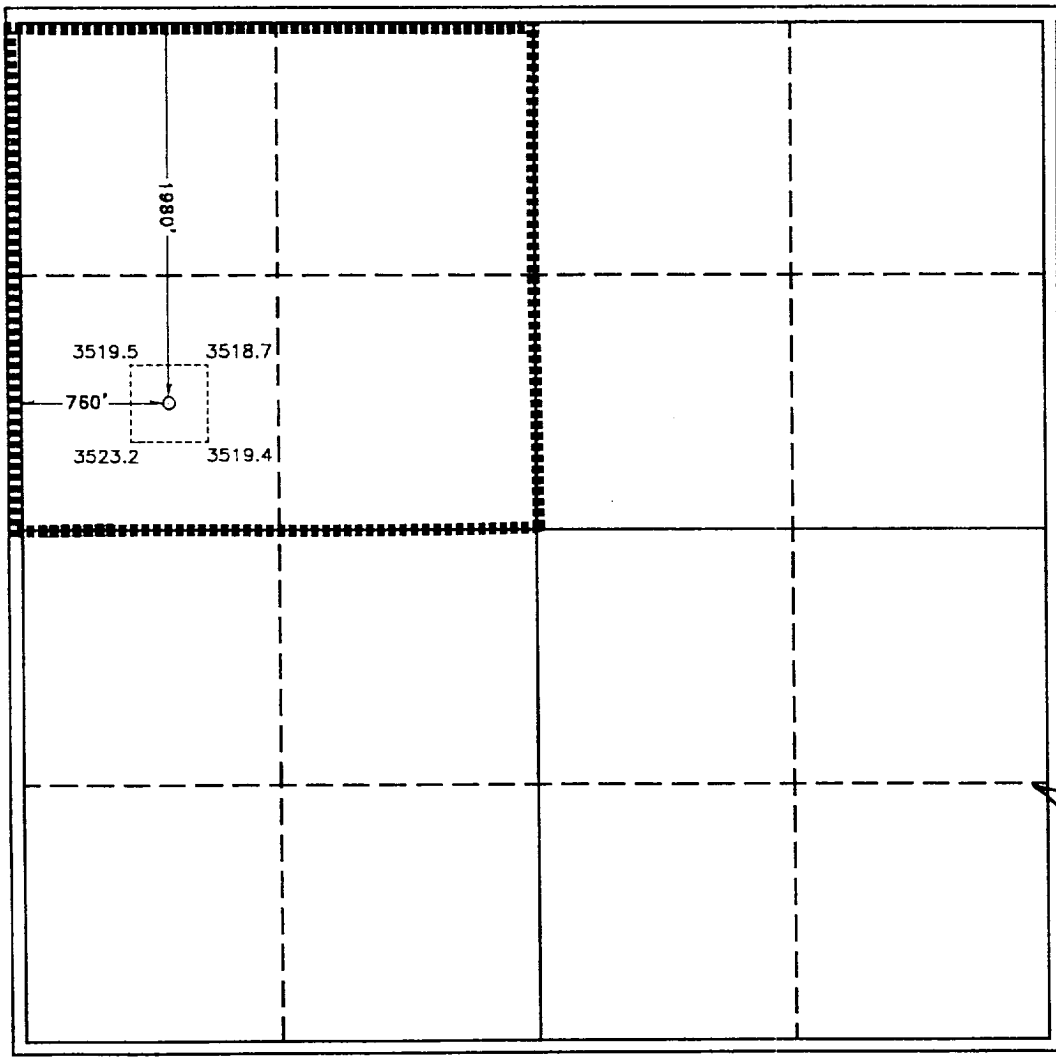
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	30	20 S	38 E		1980	NORTH	760	WEST	LEA

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.

JoAnn Johnson
Signature

JoAnn Johnson
Printed Name

Sr. Propert Analyst
Title

July 15, 2000
Date

SURVEYOR CERTIFICATION

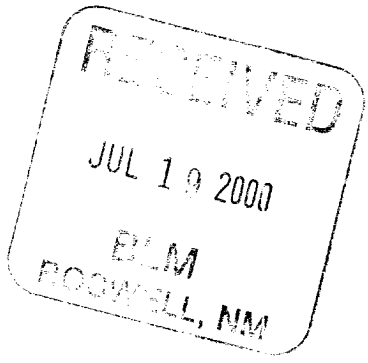
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

JUNE 28, 2000
Date Surveyed

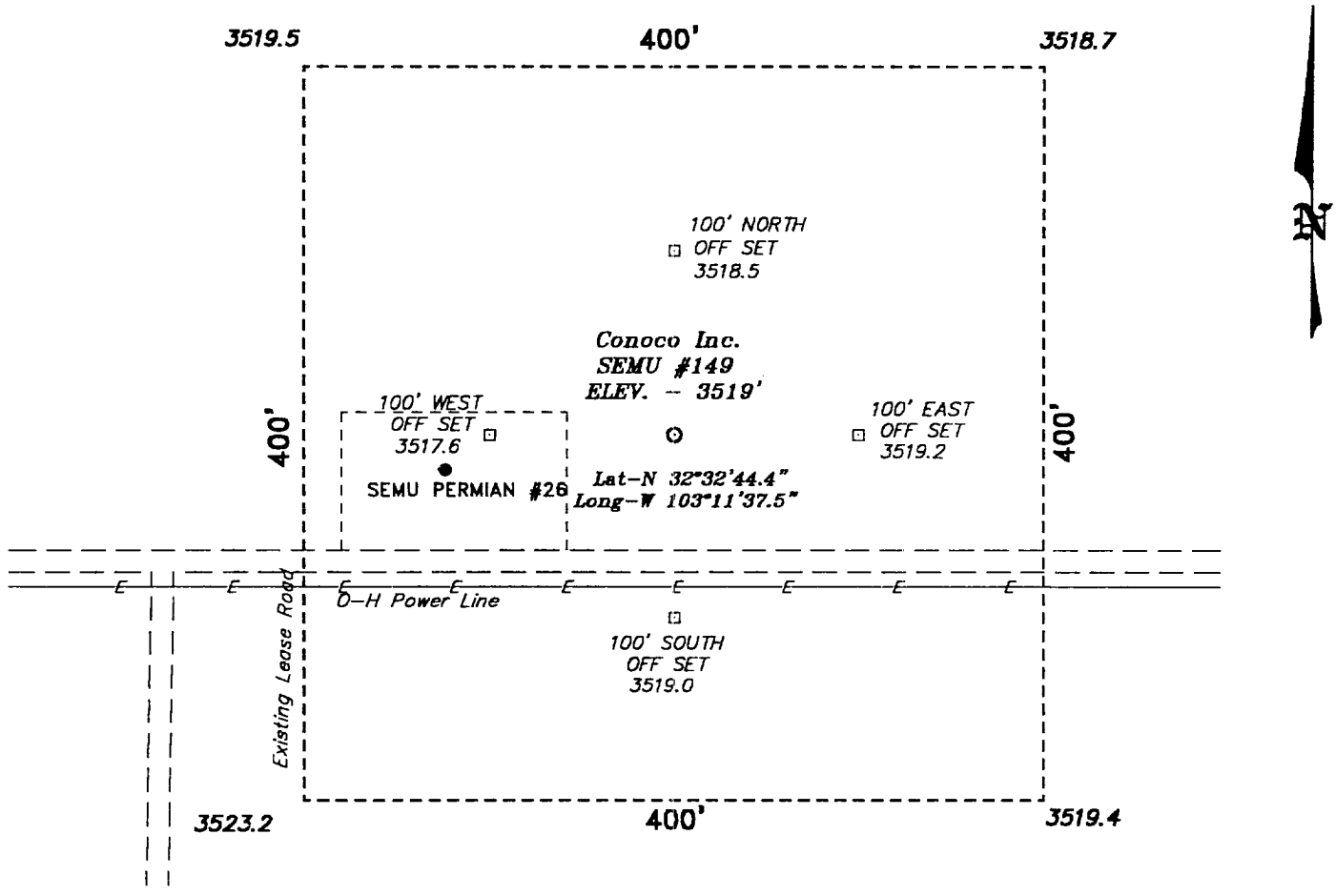
Signature & Seal of Professional Surveyor
GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 0088

Certificate No. Gary L. Jones 7977


RECEIVED
JUL 19 2000
BLM
ROSWELL, NM

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



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.

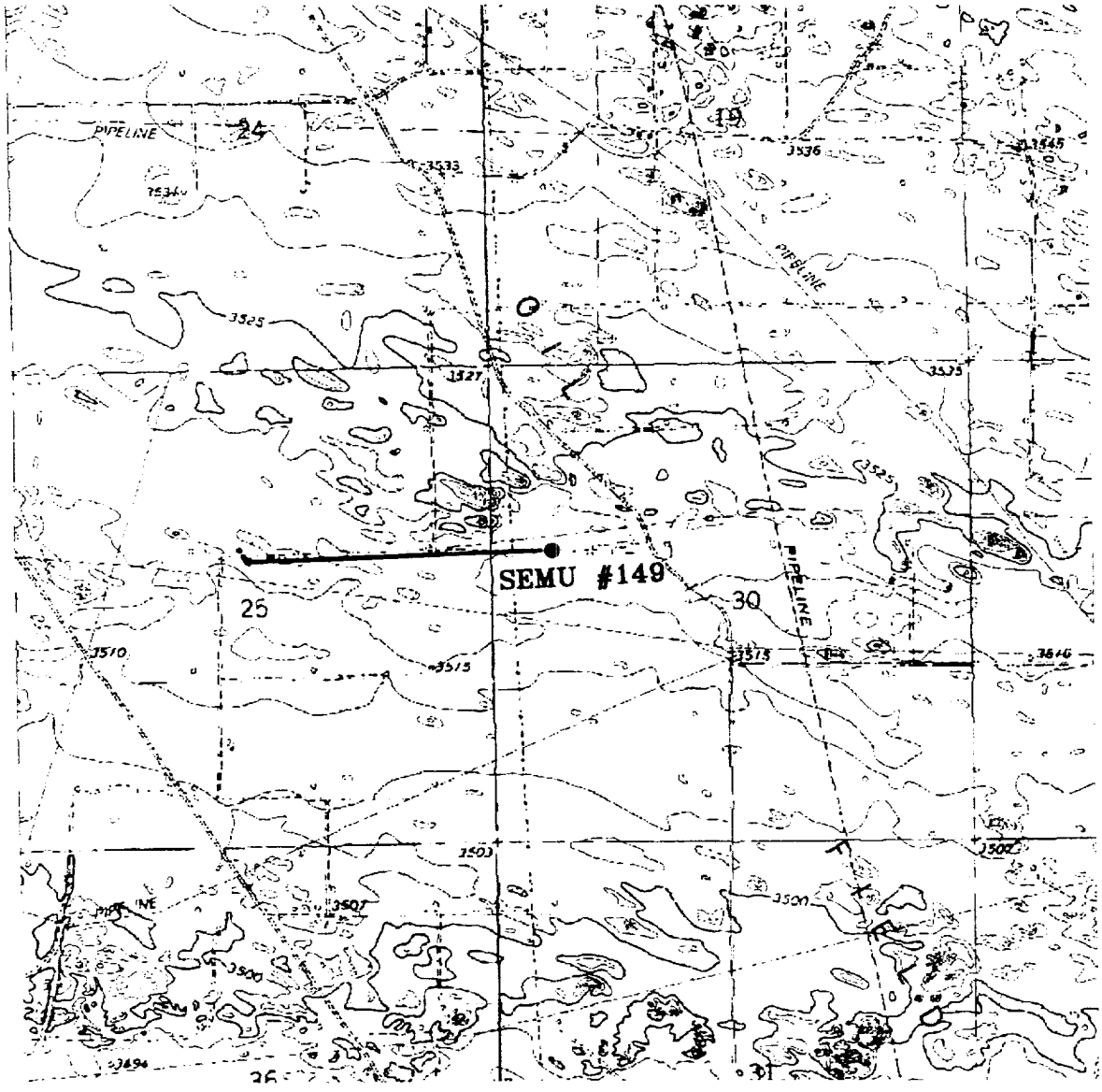
REF: SEMU No. 149 / Well Pad Topo

THE SEMU No. 149 LOCATED 1980' FROM THE NORTH LINE AND 760' 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: 0381	Drawn By: G. SHOULTS		
Date: 05-16-2000	Disk: GWS # 1 - 0269A.DWG	Survey Date: 6-28-2000	Sheet 1 of 1 Sheets

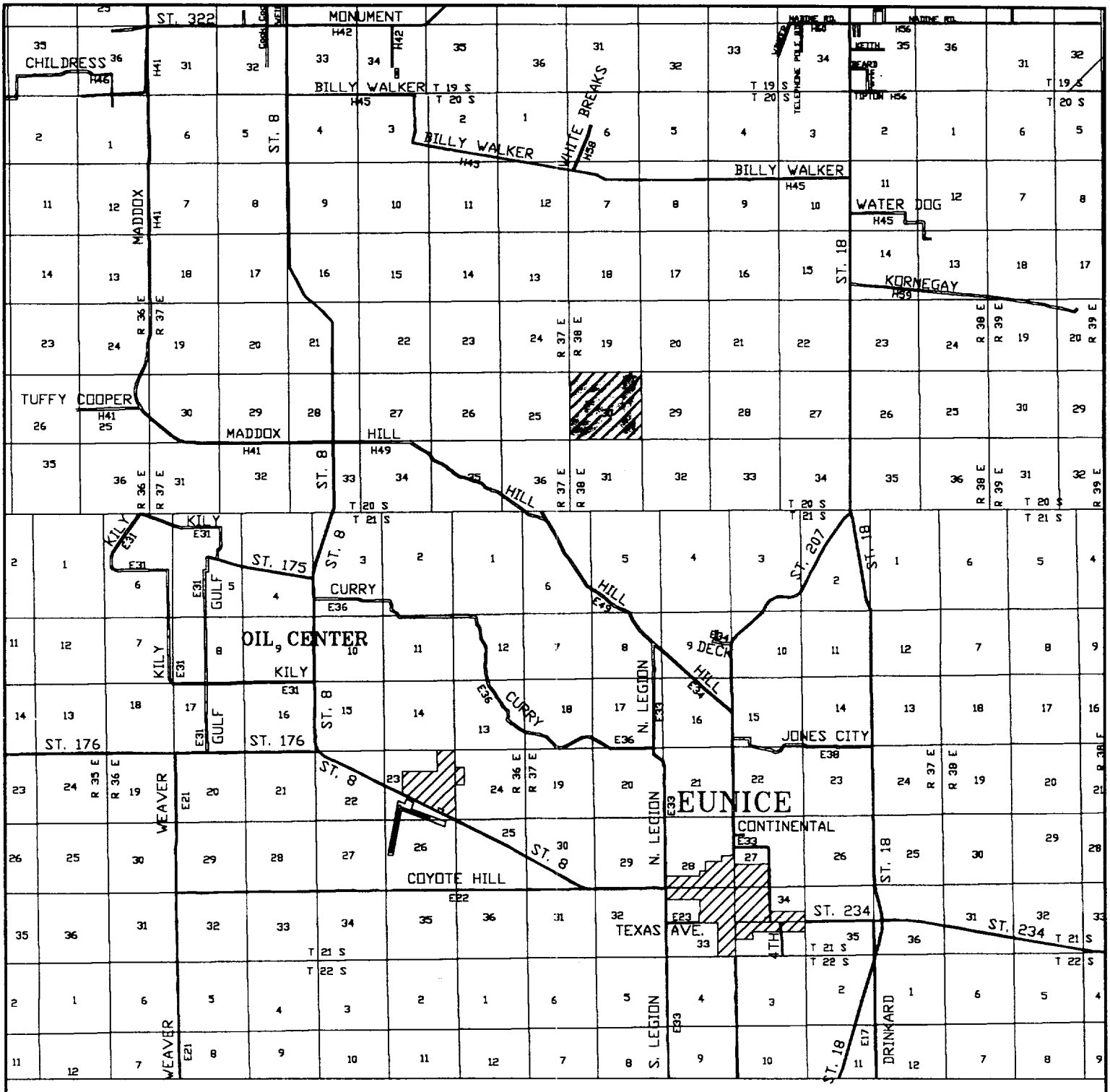
FLOWLINE - 3300' ALONG ROADWAY
POWERLINE - ON LOCATION (EXISTING)
ACCESS ROAD - FROM EXISTING LEASE ROAD



SEMU #149
Located at 1980' FNL and 760' 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: 0381	CONOCO INC.
Survey Date: 06-28-2000	
Scale: 1" = 2000'	
Date: 05-16-2000	



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Hobbs, New Mexico 88241
(505) 393-7316 – Office
(505) 392-3074 – Fax
basinsurveys.com

W.O. Number: 0270AA – GWS#1
Survey Date: 06-28-2000
Scale: 1" = 2 MILES
Date: 07-06-2000

CONOCO INC.

PROPOSED WELL PLAN OUTLINE

WELL NAME: SEMU #149
LOCATION: 1,980' FNL & 760' FWL Sec 30, T20S, R38E

Ground Level : 3,519'
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					8-5/8", 24#, J-55 ST&C @ 1,500'				
	Top Salt @ 1,400'	Washouts in Salt Section		7-7/8"	Circulate Cement			10 Brine	3
2000							Less than 8.4		
	Base Salt @ 2,550'								
	Yates 2,660'		Mud Loggers F/ 2,650' to TD						
	7 Rivers 2,910'		H2S Monitor on at 2,650'						
3000		Possible gas or water flow							
	Queen 3,485'								
	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'								
7000								10 ppg Starch Gel	
	Strawn @ 7,530'		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'- 8,000' Circulate Cement				
	TD @ 8,000'								17

DATE: 17-Jul-00

Joe Huck, Geologist

APPROVED

David Delao, Drilling Engineer

Joe Miller, Reservoir Engineer

Proposal No: 180253672C

Conoco
SEMU #149

SEC. 30, T20S, R38E
Lea County, New Mexico
July 12, 2000

Well Recommendation

Prepared for:
Mr. David Delao
Drilling Engineer

Prepared by:
Rocky Chambers
Region Engineer
Midland, Texas
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 #149
Job Description: 8 5/8" Surface
Date: July 12, 2000

Proposal No: 180253672C

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 #149
Job Description: 8 5/8" Surface
Date: July 12, 2000

Proposal No: 180253672C

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	8,000	8,000

SUSPENDED PIPES

DIAMETER (in)		WEIGHT (lbs/ft)	DEPTH(ft)	
O.D.	I.D.		MEASURED	TRUE VERTICAL
5.500	4.892	17	8,000	8,000

Float Collar set @	7,960 ft
Mud Density	8.40 ppg
Est. Static Temp.	128 ° F
Est. Circ. Temp.	122 ° 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
2,400 ft	x	0.1733 cf/ft	with	50 % excess	=	623.7 cf
40 ft	x	0.1305 cf/ft	with	0 % excess	=	5.2 cf (inside pipe)
				TOTAL SLURRY VOLUME	=	1983.3 cf
					=	354 bbls

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	/	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	629	/	1.49	= 422 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 185.1 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

SURFACE USE PLAN
Conoco Inc.

SEMU #149

The following is required information concerning the possible affect 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' FNL & 760' FWL, Sec. 30, T20S, R38E, Lea County, New Mexico.

   B. Directions to the location are listed on the well pad plat attached.

   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 Management Agency.
   C. Culverts as required by Surface Management Agency.
   D. Gates, cattleguards, or fences as required 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 and flowline as shown on attached plats.

5. Water Supply

   Fresh water will be obtained from commercial sources and trucked to location by the described directions to the location.

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 South to avoid venting across the road. 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 surface ownership is Dallas McCasland.

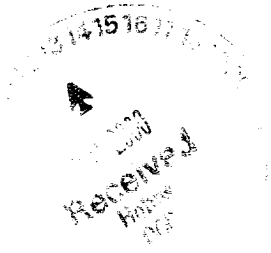
12. Archeological Clearance

The archeological survey has been requested and will be furnished 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 JF

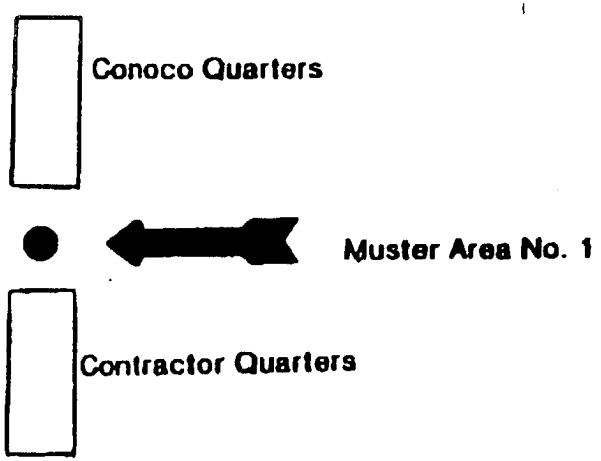
Mike L. Mankin
Sr. Right-of-Way Agent

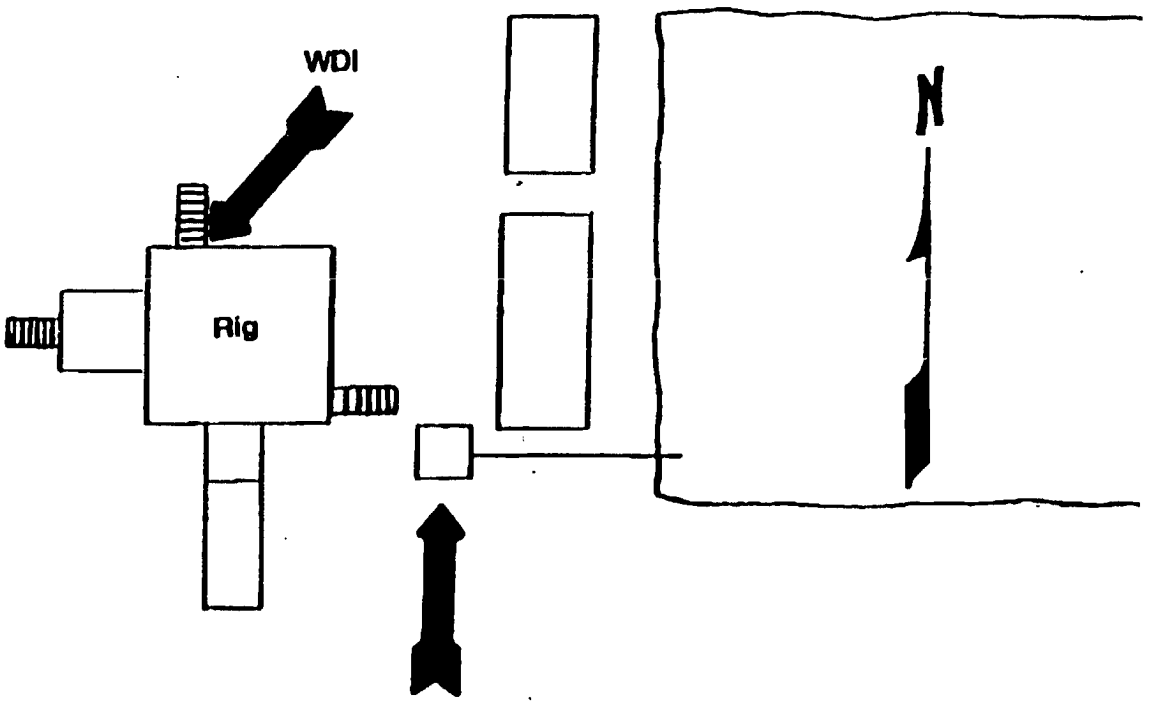
7-11-00

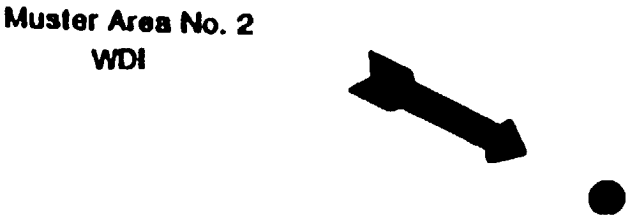
Date

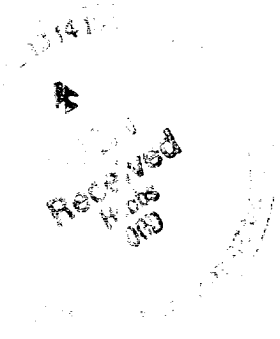
WELLSITE LAYOUT

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





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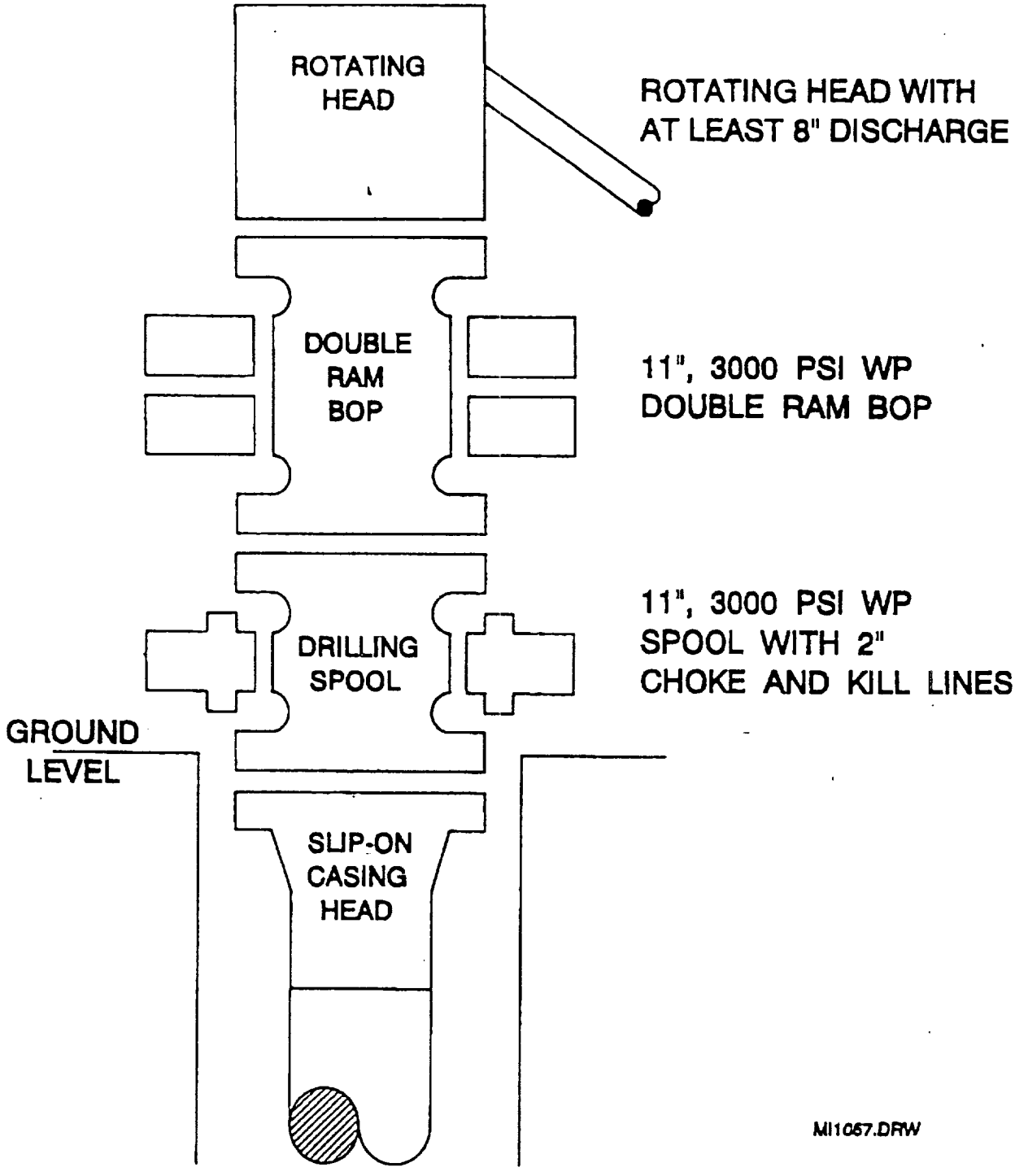
Reads
OHD

BOP SPECIFICATIONS



TRAILER - MOUNTED RIG LAYOUT

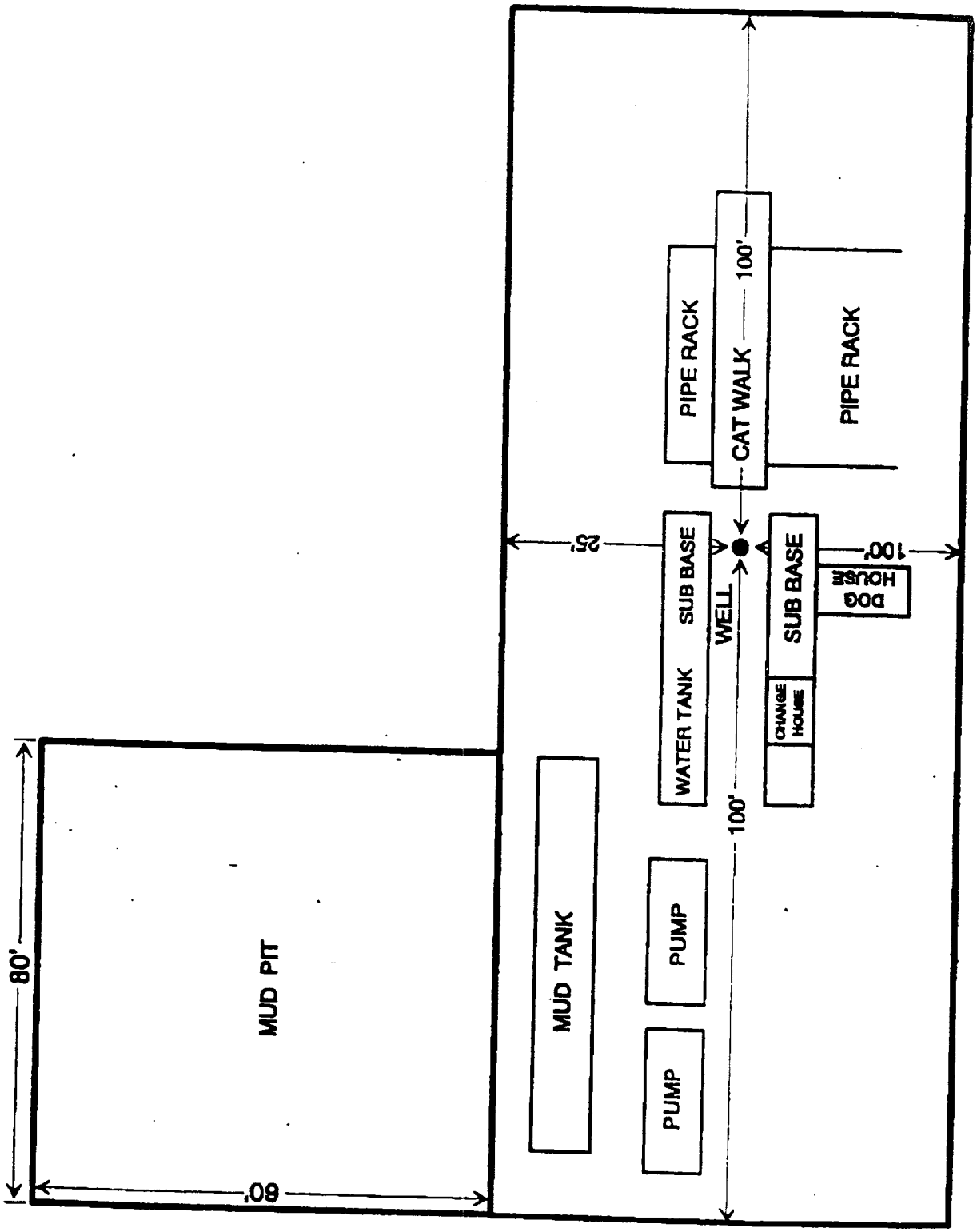
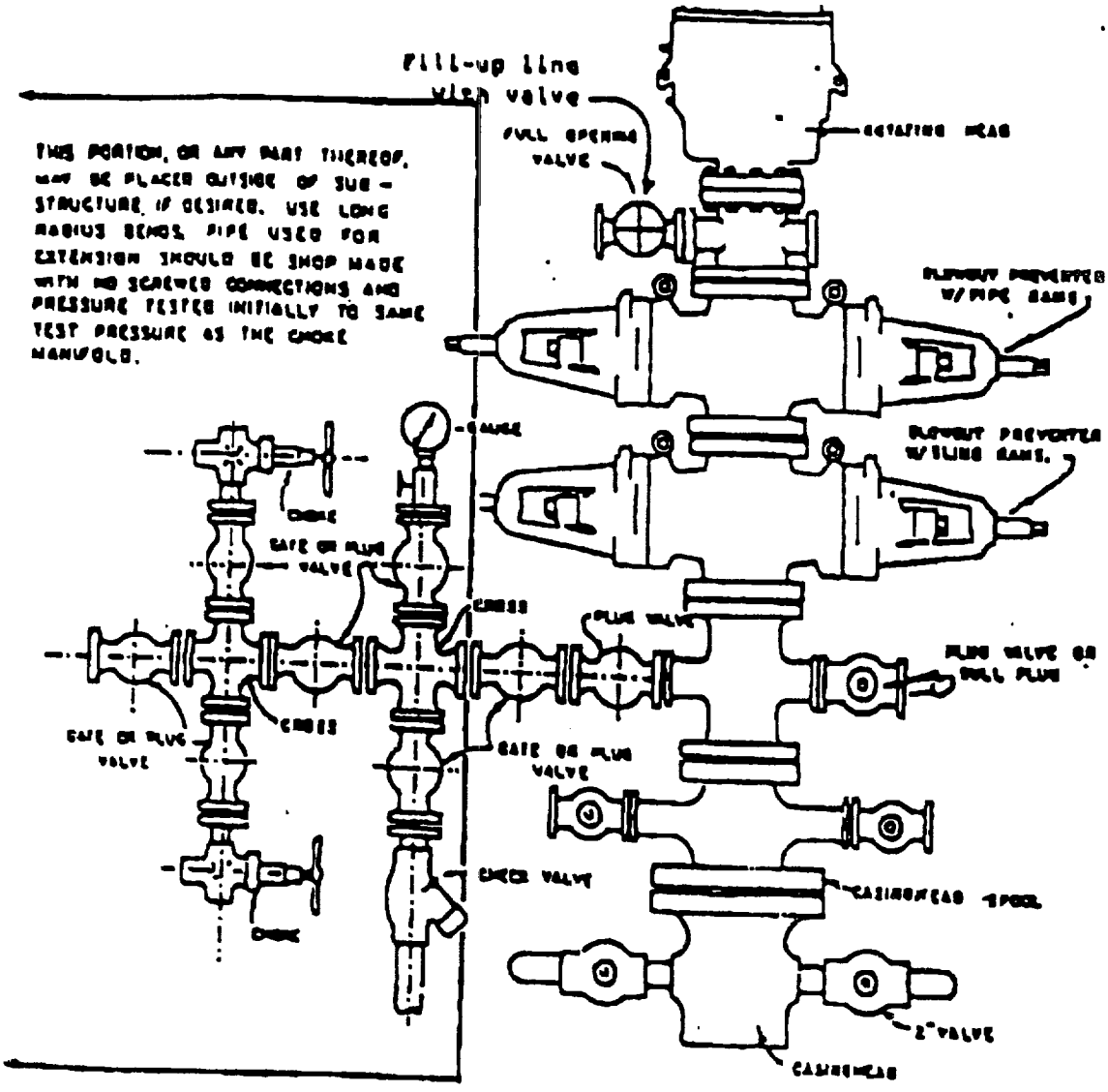


EXHIBIT D


SEP 2000
Received
Hobbs
OCD



THIS POSITION, OR ANY PART THEREOF, MAY BE PLACED OUTSIDE OF SUB-STRUCTURE IF DESIRED. USE LONG RADIUS BENDS. PIPE USED FOR EXTENSION SHOULD BE SHOP MADE WITH NO SCREWED CONNECTIONS AND PRESSURE TESTED INITIALLY TO SAME TEST PRESSURE AS THE CHOKE MANIFOLD.

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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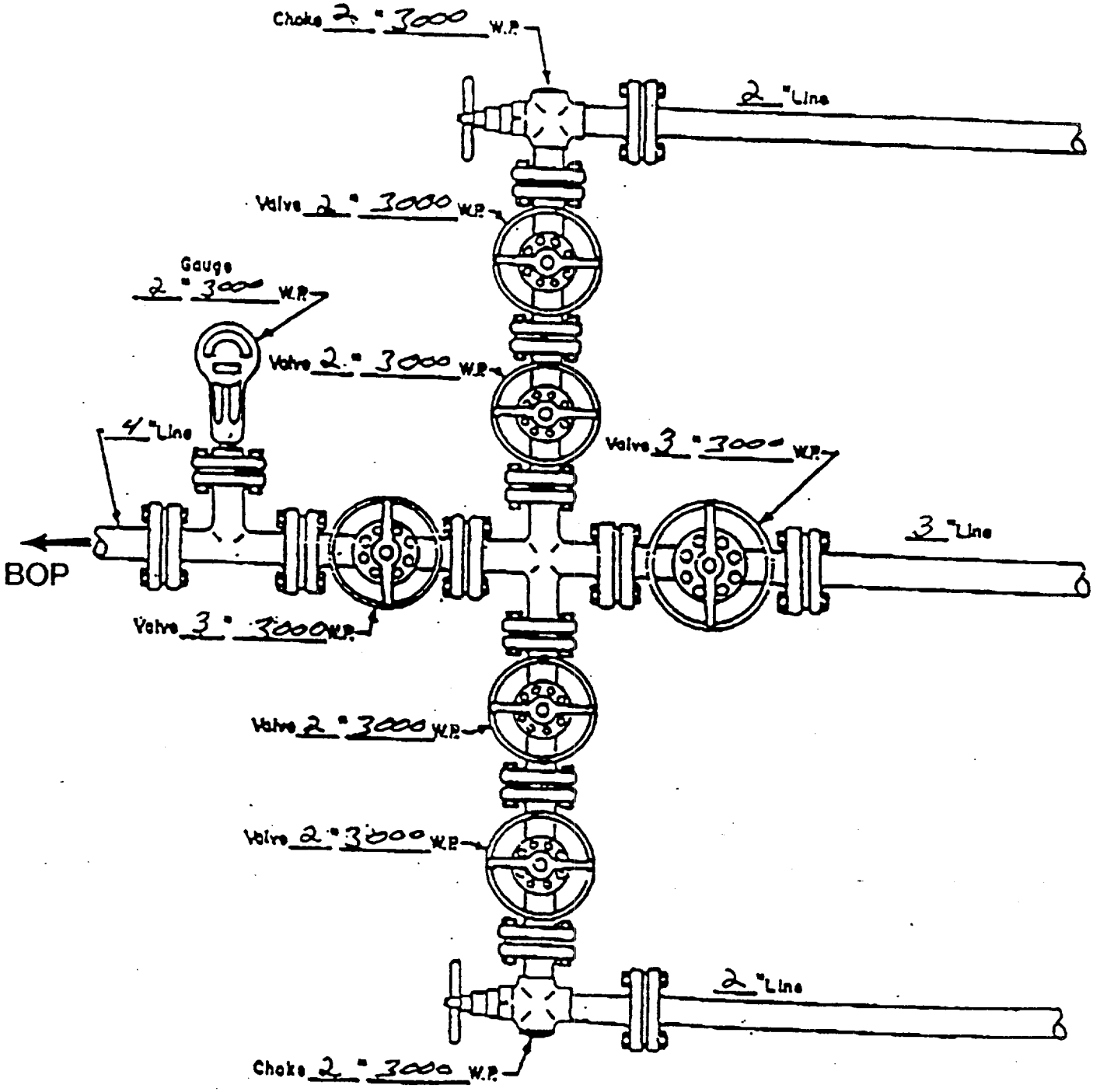
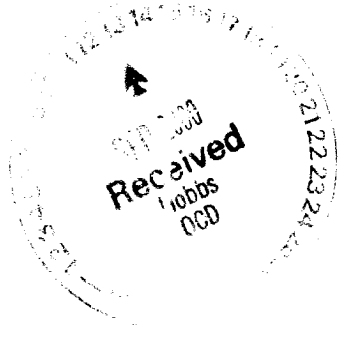
CHOKE MANIFOLD DIAGRAM



MANIFOLD
3000 #W.P

☒ Manual
☐ 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:

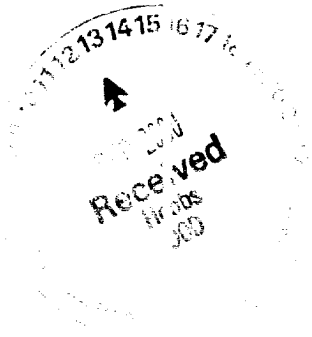
A. Wind direction indicators placed near rig floor/mud return lines and at points along the perimeter of the location to allow visibility of at least one indicator from any point on location.
B. Automatic H2S detection alarm equipment (both audio and visual).
C. Clearly visible warning signs. Signs will 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

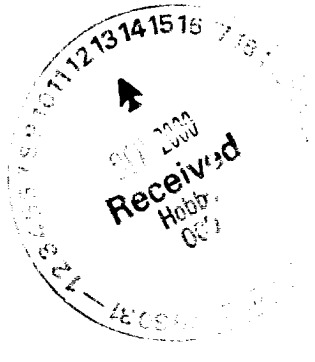
The rig contractor will be required to have two-way communication capability. Conoco will have either land-line, satellite phone, microwave phone, or mobile (cellular) telephone capabilities.

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 149
Section 30, T20S, R38E, NMPM
Lea County, New Mexico

Dear Mr. Hunt;

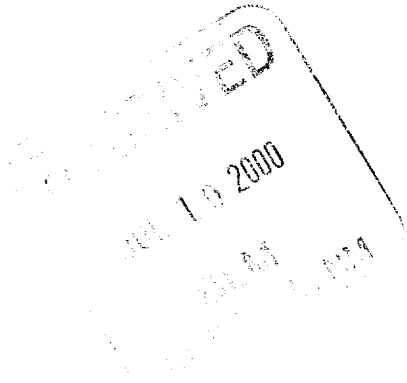
Conoco Inc. has made a conscientious and diligent effort to reach a damage settlement agreement for the above referenced with the fee surface owner, Robert McCasland. Mr. McCasland has not returned telephone calls or responded to an offer letter, a copy of which is enclosed for your review.

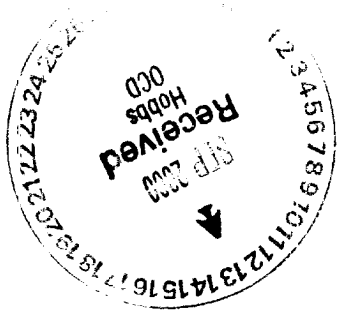
We plan on beginning construction on or about August 15, 2000 and will rely upon our nationwide bond for actual damages, if any, that might result from our operations. We will strictly adhere to the stipulations set forth in the approved APD and will continue to negotiate with Mr. McCasland in an attempt 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.





ABOVE DATE DOES NOT
INDICATE WHEN
CONFIDENTIAL LOGS
WILL BE RELEASED

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 SEMU #150

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, Lea 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]

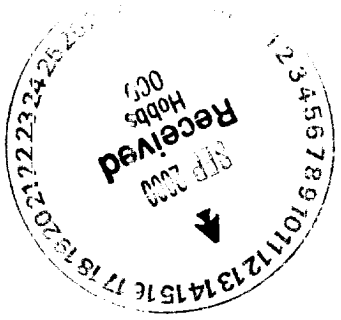
SEMU #150

1980' FSL and 1980' FWL, 30-T20S-R38E, Lea 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



ELF 3/5/09

ABOVE DATE DOES NOT
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CONFIDENTIAL LOGS
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