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

DEPAI
BUR

APPLICATION ... PEN

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; 915/686-5565

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements*) At surface
1850' FNL & 705' FWL
At proposed prod. Zone
1850' FNL & 705' FWL Unit E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

5. LEASE DESIGNATION AND SERIAL NO.
LC-031620 (A)

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
SEMU

8. FARM OR LEASE NAME WELL NO.
#161

9. API WELL NO.
30-025-35776

10. FIELD AND POOL, OR WILDCAT
Cass (Penn) Pool

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 24, 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
		80
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**
	8100'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)	22. APPROX. DATE WORK WILL START*
3536'	11/19/01

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'	665 sxs, circ.
7-7/8"	J-55; 5-1/2"	17#	8100'	1015 sxs, circ.

It is proposed to drill a vertical wellbore in the Cass (Penn) Pool. An NOS was filed 08/17/01
The well will be drilled and equipped according to the following additional attachments:

Carlsbad Controlled Water Basin

1. Well Location & Acreage Dedication Plat (C-102).
2. Proposed Well Plan Outline.
3. Cementing Plan.
4. Blowout Preventer Hookup.
5. Surface Use Plan.
6. Trailer Mounted Rig Layout Drawing.
7. BOP & Choke Manifold Specifications.
8. Surface Owner Communications.
9. H2S Drilling Operations Plan.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

This application includes ROW's for the well pad, access road, powerline and flowline. 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 Linda Guthrie TITLE: Associate Assistant DATE 09/19/01

(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/ JOE G. LARA TITLE Acting FIELD MANAGER DATE NOV 29 2001

*See Instructions On Reverse Side APPROVAL FOR 1 YEAR

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.

RECEIVED
2001 SEP 20 AM 9:04

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
30-025-35776	10450	CASS (Penn) Pool

Property Code	Property Name	Well Number
13492	SEMU	161

OGRID No.	Operator Name	Elevation
005073	CONOCO INC.	3536'

Surface Location

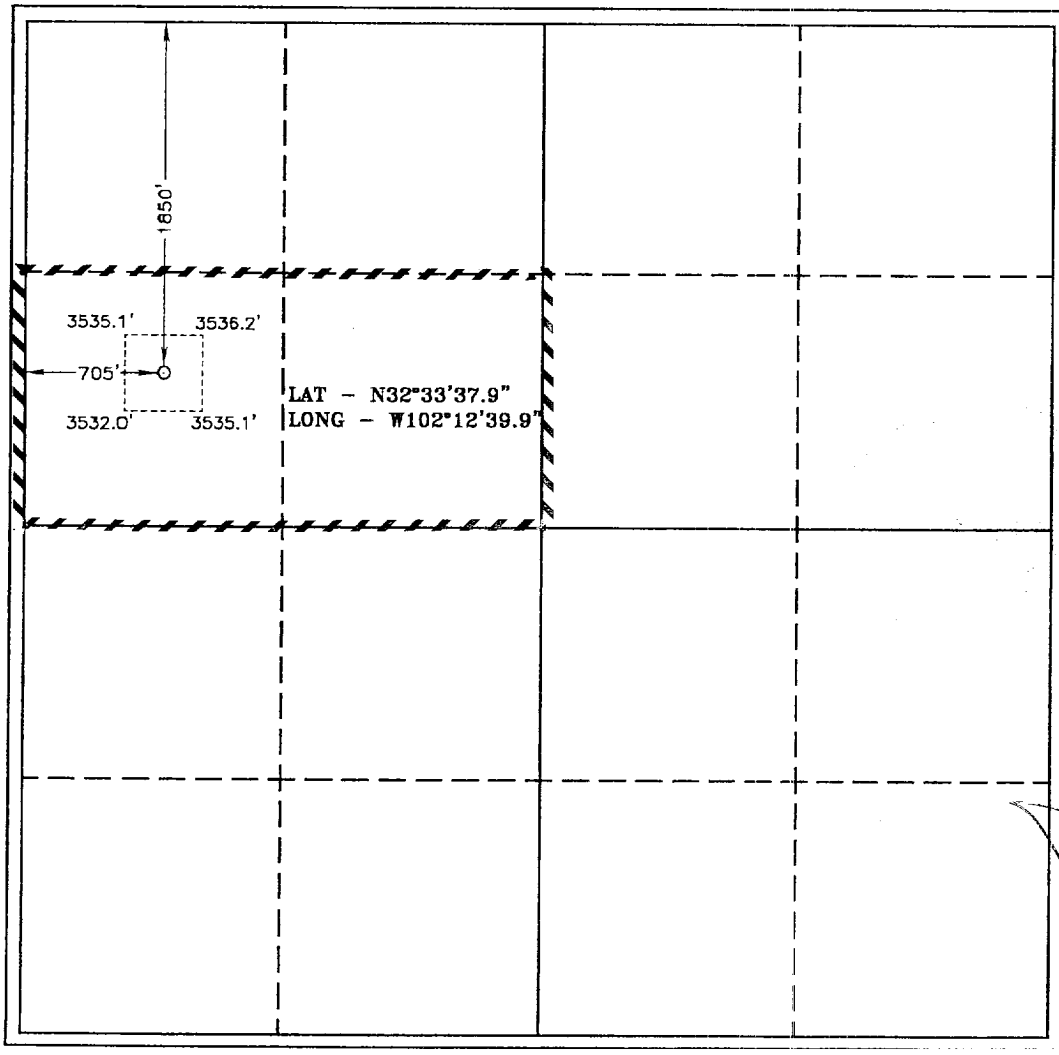
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	24	20 S	37 E		1850	NORTH	705	WEST	LEA

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.
80			

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.

Kay Maddox
Signature

KAY MADDOX
Printed Name

Regulatory Agent
Title

September 10, 2001
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.

August 23, 2001
Date Surveyed

Signature & Seal of Professional Surveyor

W.O. No. 1772

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

PROPOSED ELL PLAN OUTLINE

WELL NAME: SEMU #161
LOCATION: 1,875' FNL and 765' FWL Section 24, T20S, R37E

Ground Level :
Kelly Bushing: 11' AGL

Depth MD	FORMATION TOPS (from GL)	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'	Washouts in Salt Section			8-5/8", 24#, J-55 ST&C @ 1,500' Circulate Cement				3
				7-7/8"				10 Brine	
2000	Base Salt @ 2,550'		Mud Loggers @ 2,600'				Less than 8.4		
	Yates 2,650'		H2S monitor equipment on @ 2,600'						
	7 Rivers 2,910'								
3000	Queen 3,455'								
	Penrose 3,580'								
	Graybura 3,735'								
4000	San Andres 4,000'	Mud loss in San Andres is likely. Possible loss of returns.							
5000	Glorietta 5,220'	Possible differential sticking thru Glorietta Possible lost returns.							8
	Blinebry 5,790'				top tail cmt @ 5,500'				
6000	Tubb 6,310'								
	Drinkard 6,650'								
	Abo 6,945'								
7000			First Log Run: GR-CAL-DLL-MLL-SGR-SONIC FDC-CNL-PE : TD to 2000' Pull GR-CNL-Cal to Surf SGR interval to be chosen					10 ppg Starch	
	Strawn @ 7,800'	Lost of full returns is likely upon drilling into Strawn. Offset data from: SEMU #122 SEMU Penn #6 SEMU #61	Second Log Run: 60 rotary sidewall cores Possible Third Run: FMI imaging log		5-1/2", 17#, J-55 LT&C set @ 8,150' Circulate cement either single or 2 stage				
8000	TD @ 8,100'								19

DATE: 18-Sep-01

Joe Huck, Geologist

APPROVED

Youg Cho, Drilling Engineer

Rob Lowe, Reservoir Engineer

SEMU #161
PROPOSED CASING & CEMENT PLAN

Surface casing size:	8-5/8", 24#, J-55, ST&C	Casing OD:	8.625 in
Surface casing depth:	1,500 ft	Casing ID:	8.097 in
Hole size:	12.25 in	Shoe jt length:	40 ft
Static temperature:	89 deg F	Lead Excess:	101 %
Circulating temperature:	85 deg F	Tail Excess:	106 %

Lead:	465 sx	Cl C + 0.25 pps Cello Flake + 0.005 gps FP-6L + 2% Sodium Metasilicate
Tail:	200 sx	Cl C + 2% CaCl + 0.005 gps FP-6L

Properties		**Lead**	**Tail**
Slurry Weight (ppg)		12.4	14.8
Slurry Yield (cfps)		2.15	1.34
Mix Water (gps)		12.33	6.35
Pump time - 70 BC (HH:MM)		6:25	2:20
Free Water (mls) @ 80 deg F @ 90 deg angle		0	0
Fluid Loss (cc/30 min) @ 1000 psi and 80 deg F		854	900
Compressive Strength (psi)			
12 hrs @	89 deg F	124	1200
24 hrs @	89 deg F	250	2500

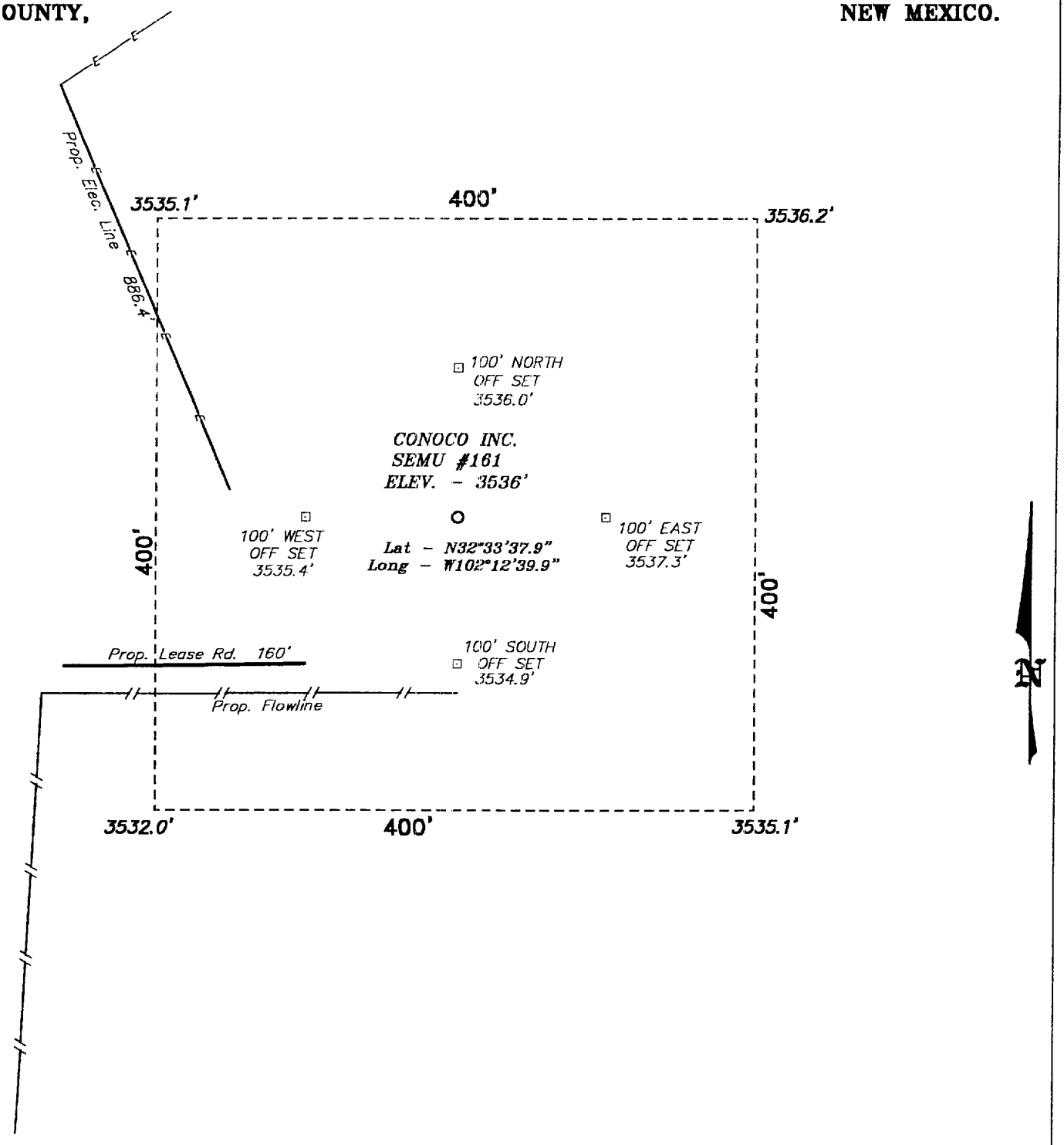
Production casing size:	5-1/2", 17#, J55, LT&C	Casing OD:	5.500 in
Production casing depth:	8,100 ft	Casing ID:	4.892 in
Hole size:	7.875 in	Shoe jt length:	80 ft
Static temperature:	129 deg F	Lead Excess:	51 %
Circulating temperature:	122 deg F	Tail Excess:	51 %

Lead:	555 sx	50:50 Poz:Cl C + 5% bwow NaCl + 0.25 pps Cello Flake + 0.005 gps FP-6L + 10% Bentonite
Tail:	460 sx	15:61:11 Poz:Cl C:CSE + 5% bwow NaCl + 1% FL-62 + 0.005 gps FP-6L

Properties		**Lead**	**Tail**
Slurry Weight (ppg)		11.85	13.60
Slurry Yield (cfps)		2.41	1.49
Mix Water (gps)		13.79	7.31
Pump time - 70 BC (HH:MM)		2:58	2:31
Free Water (mls) @ 80 deg F @ 90 deg angle		1	0
Fluid Loss (cc/30 min) @ 1000 psi and 80 deg F		792	62
Compressive Strength (psi)			
12 hrs @	124 deg F	50	1013
24 hrs @	124 deg F	175	1875

SECTION 24, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,

LEA COUNTY, **NEW MEXICO.**



DIRECTIONS TO WELL LOCATION:

FROM THE JUNCTION OF STATE HWY 18 AND STATE HWY 207, GO NORTH ON HWY 18 FOR APPROX. 1.0 MILE TO A LEASE ROAD; THENCE WEST ON LEASE ROAD APPROX. 0.5 MILE TO THE PROPOSED LEASE ROAD.

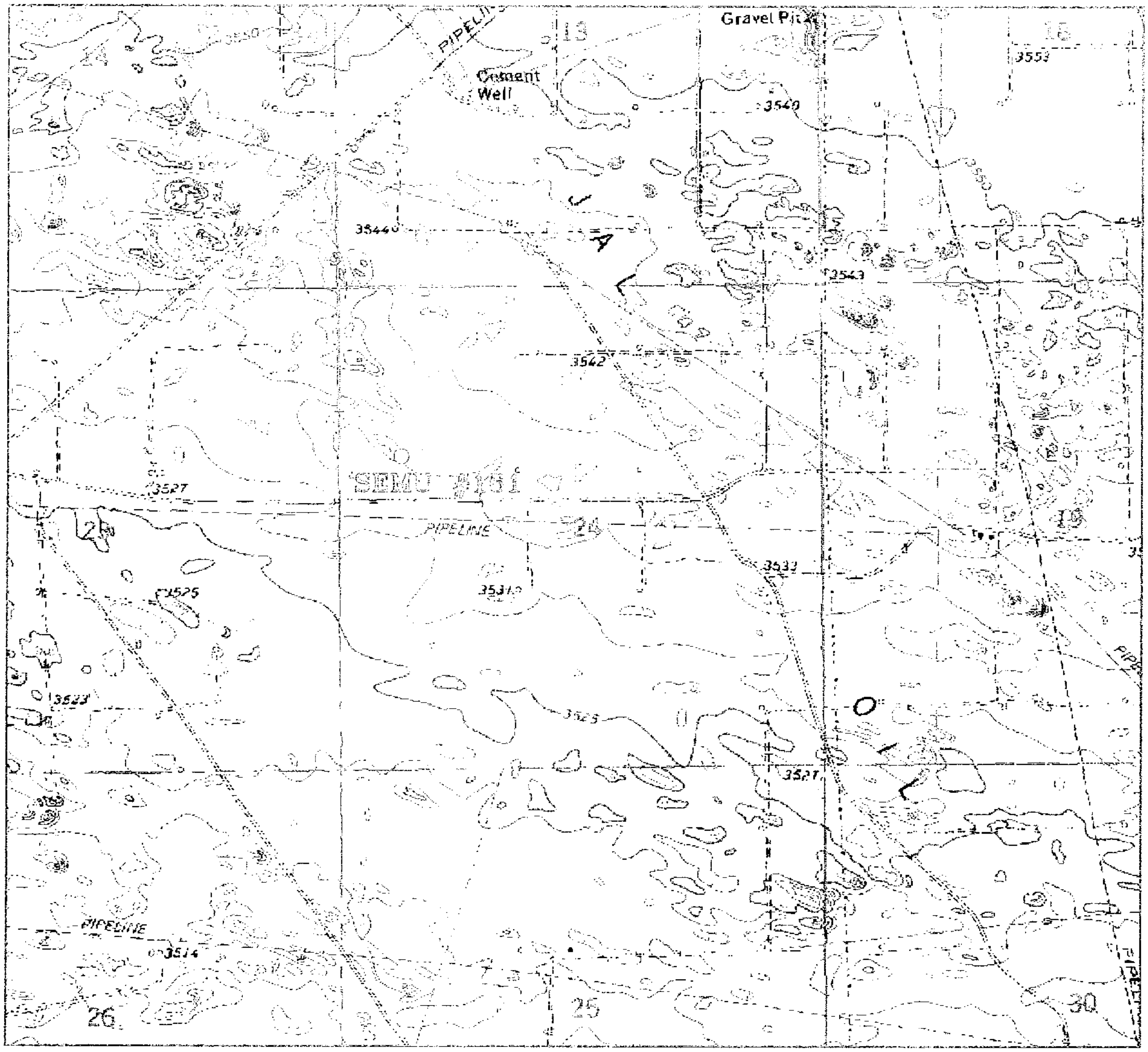
Conoco Inc.

REF: SEMU No. 161 / Well Pad Topo

THE SEMU No. 161 LOCATED 1850' FROM THE NORTH LINE AND 705' FROM THE WEST LINE OF SECTION 24, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

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

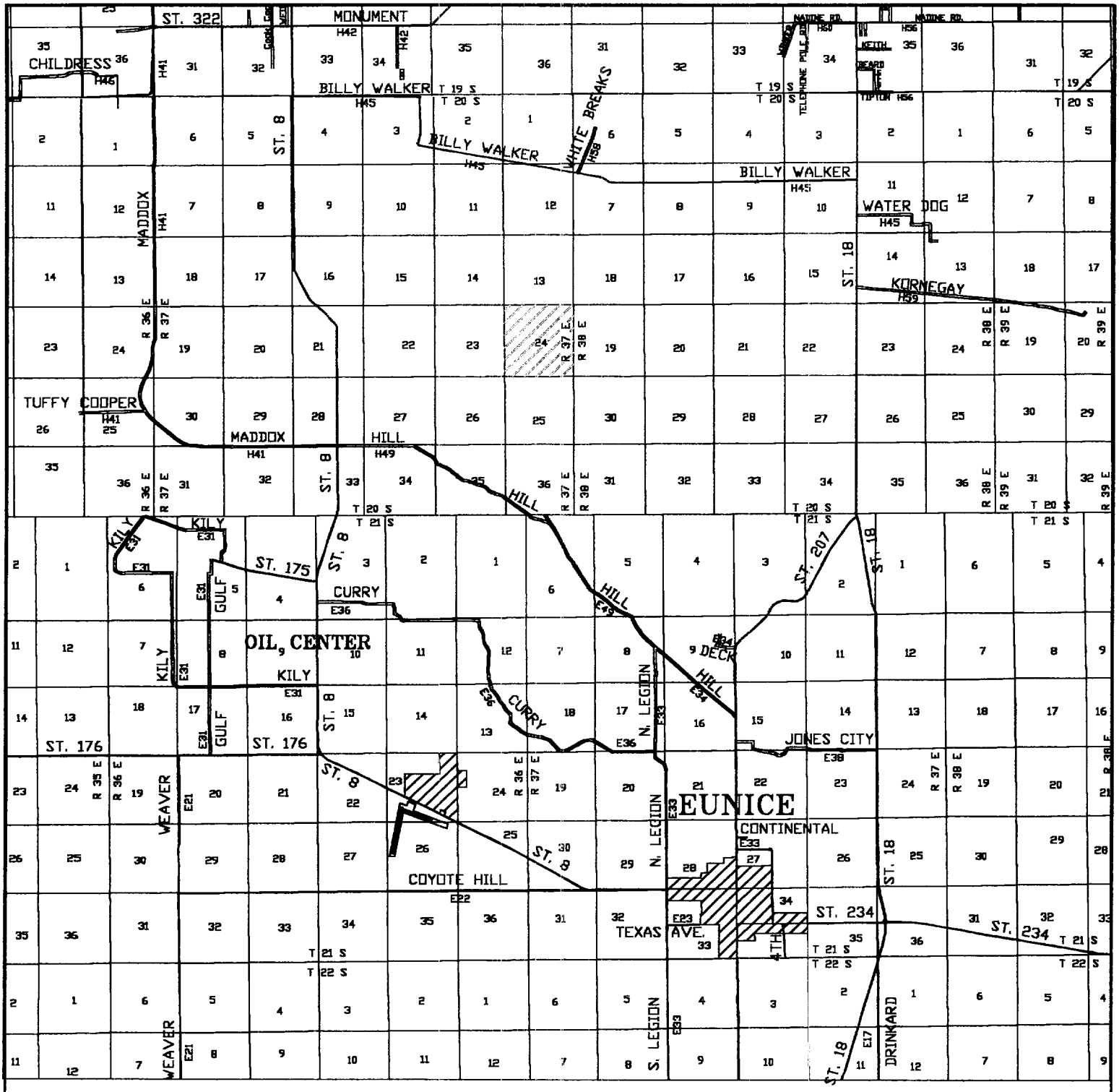
W.O. Number: 1772	Drawn By: **K. GOAD**		
Date: 08-27-2001	Disk: KJG CD#4 - 1772A.DWG	Survey Date: 08-24-2001	Sheet 1 of 1 Sheets



SEMU #161
[illegible] 765' FWL
Section 24, [illegible] South, Range [illegible] East,
[illegible] Lea County, New Mexico.

[illegible]

CONOCO INC.



SEMU #161
Located at 1850' FNL and 705' FWL
Section 24, Township 20 South, Range 37 East,
N.M.P.M., Lea County, New Mexico.

basin surveys
focused on excellence in the oilfield

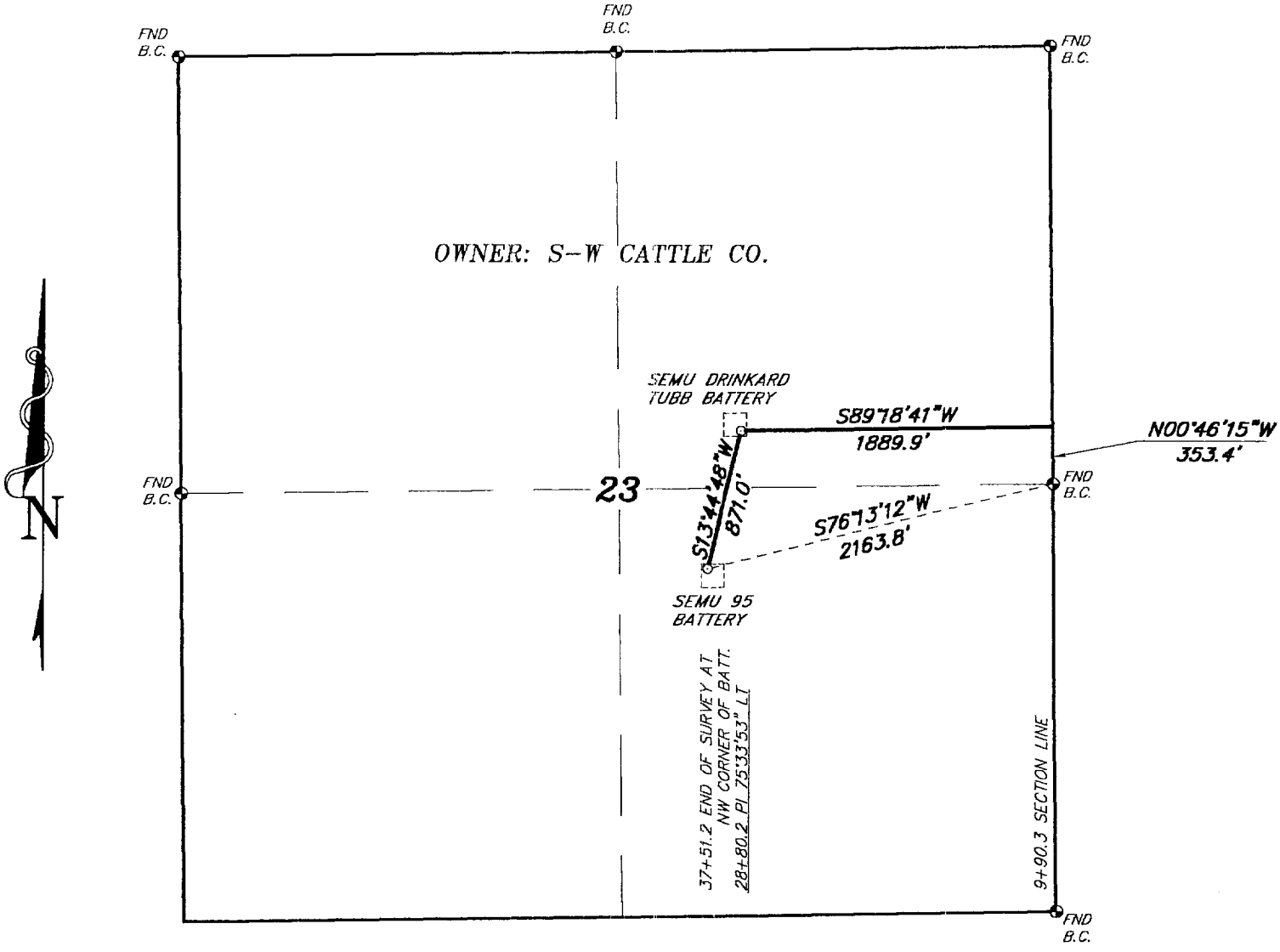
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 – Office
(505) 392-3074 – Fax
basinsurveys.com

W.O. Number:	1772AA – KJG CD#5
Survey Date:	08-24-2001
Scale:	1" = 2 MILES
Date:	08-27-2001

CONOCO INC.

SECTION 23, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,

LEA COUNTY, **NEW MEXICO.**



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 23, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

BEGINNING AT A POINT ON THE EAST SECTION LINE WHICH LIES N.00°46'15"W., 353.4 FEET FROM THE EAST QUARTER CORNER OF SAID SECTION 23; THENCE S.89°18'41"W., 1889.9 FEET; THENCE S.13°44'48"W., 871.0 FEET TO THE END OF THIS LINE WHICH LIES S.76°13'12"W., 2163.8 FEET FROM THE EAST QUARTER CORNER OF SAID SECTION 23. SAID STRIP OF LAND BEING 2760.9 FEET OR 167.33 RODS IN LENGTH.

1000 0 1000 2000 FEET

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES N.M. P.S. No. 7977
TEXAS P.L.S. No. 5074

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

CONOCO INC.

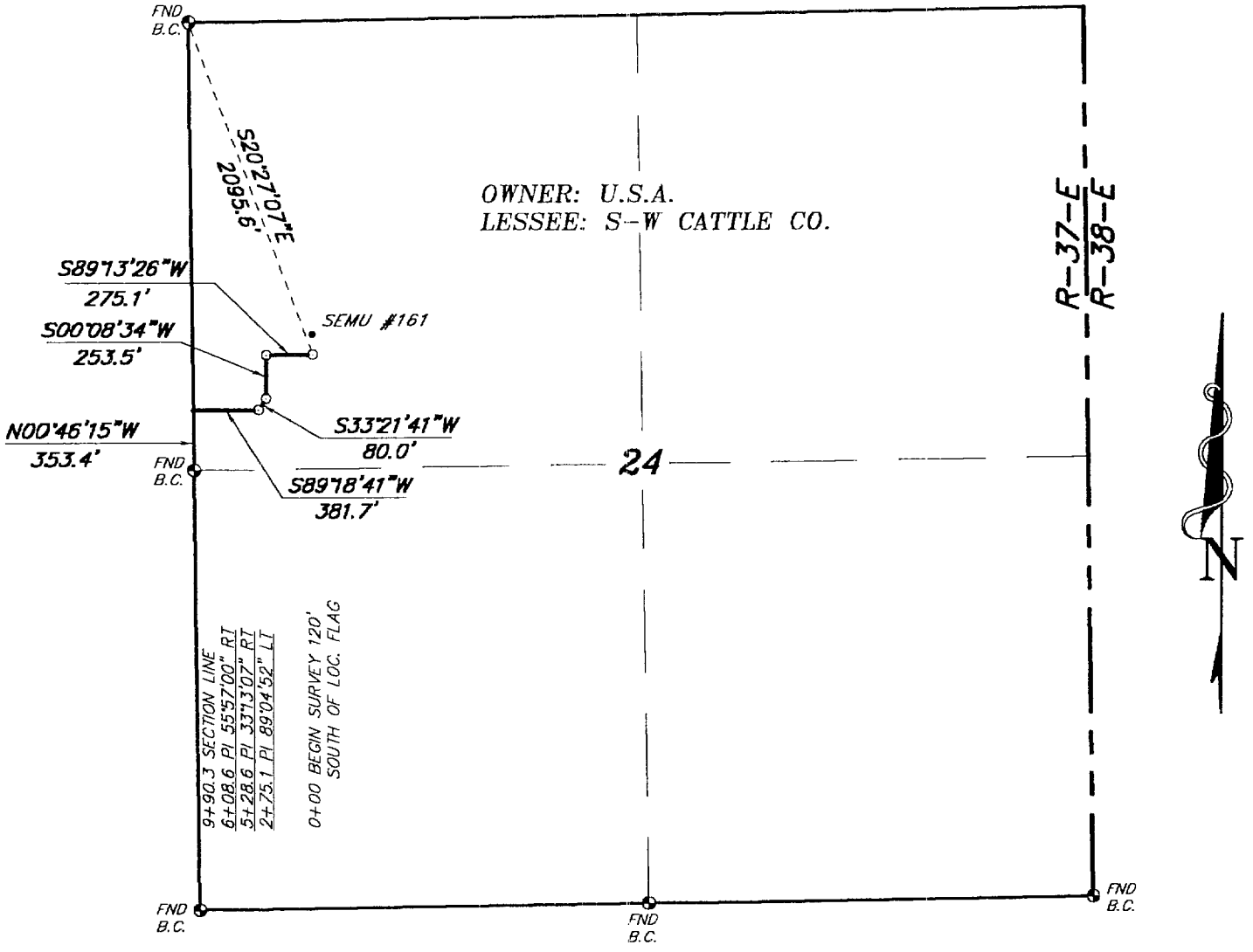
REF: PROP. FLOWLINE TO THE SEMU #161

A FLOWLINE CROSSING FEE LAND IN
SECTION 23, TOWNSHIP 20 SOUTH, RANGE 37 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

W.O. Number: 1772	Drawn By: K. GOAD		
Date: 09-05-2001	Disk: KJG #5 - CON1772B.DWG	Survey Date: 08-30-2001	Sheet 1 of 1 Sheets

SECTION 24, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,

LEA COUNTY, **NEW MEXICO.**



LEGAL DESCRIPTION

A STRIP OF LAND 50.0 FEET WIDE, LOCATED IN SECTION 24, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

990.3 FEET = 60.02 RODS = 0.19 MILES = 1.14 ACRES

1000 0 1000 2000 FEET

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES N.M. P.S. No. 7977
TEXAS P.L.S. No. 5074

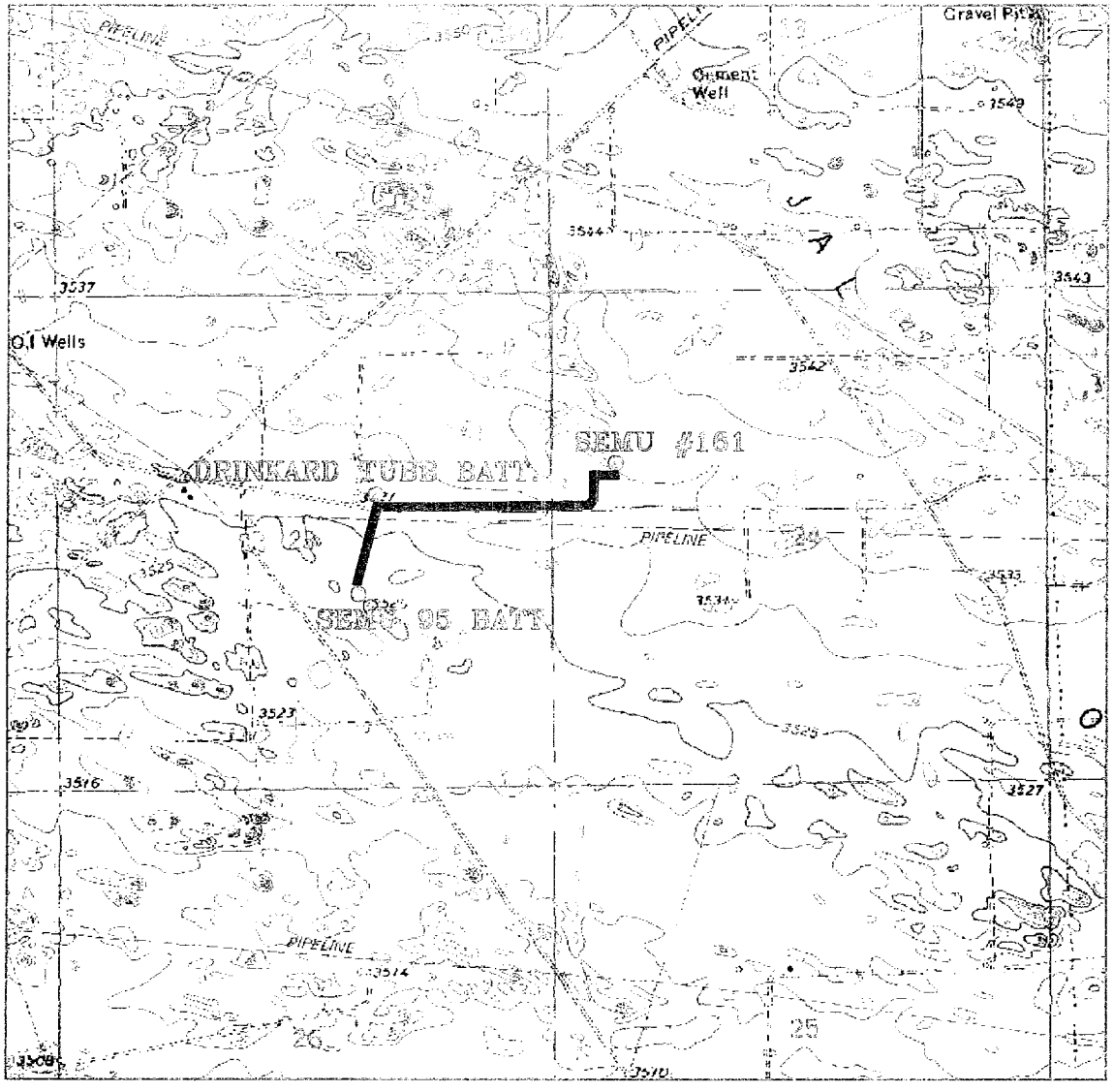
BASIN SURVEYS P.O. BOX 1786—HOBBS, NEW MEXICO

CONOCO INC.

REF: PROP. FLOWLINE TO THE SEMU #161

A FLOWLINE CROSSING USA LAND IN SECTION 24, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

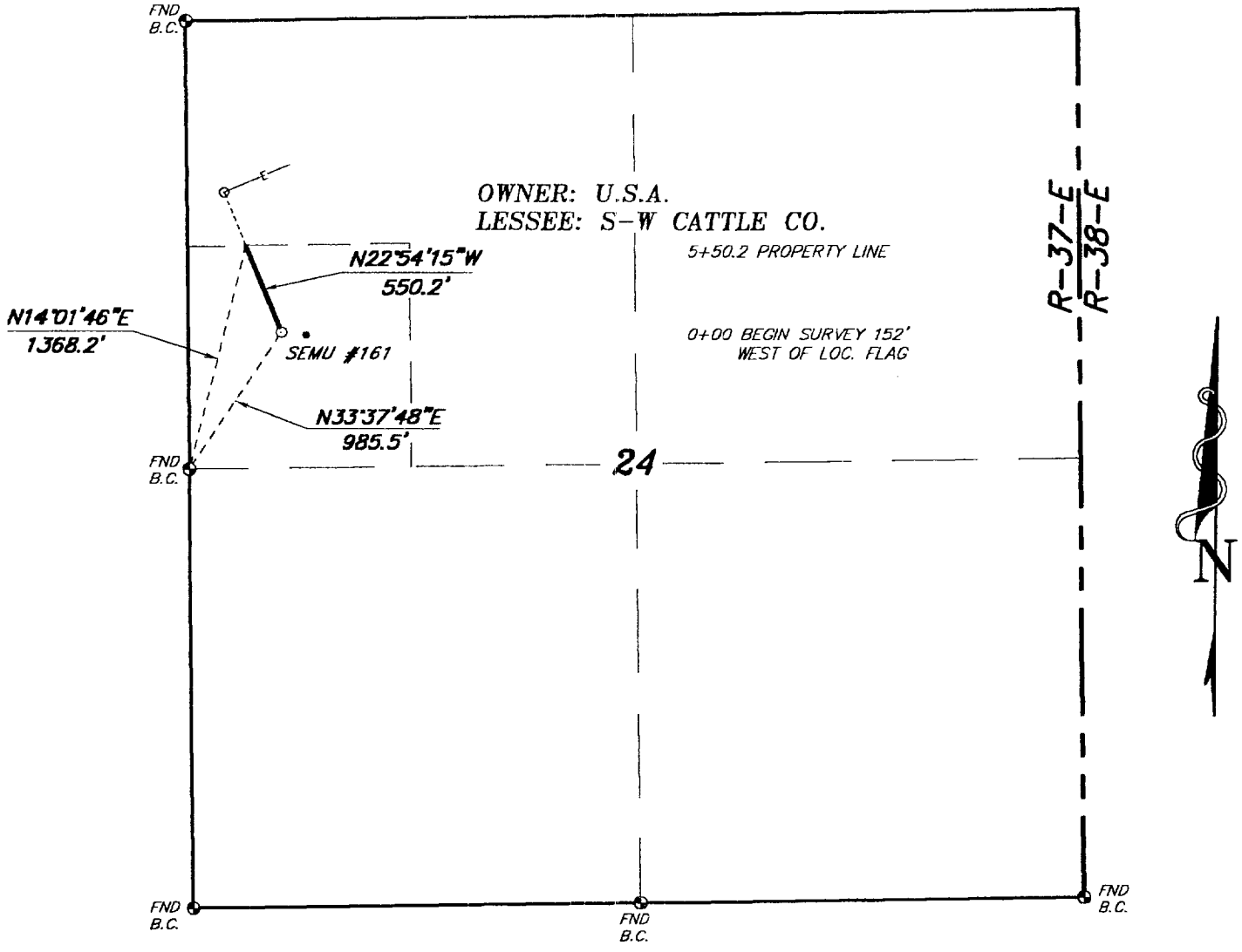
W.O. Number: 1772	Drawn By: K. GOAD		
Date: 09-05-2001	Disk: KJG #5 — CON1772B.DWG	Survey Date: 08-30-2001	Sheet 1 of 1 Sheets



PROPOSED FLOWLINE TO THE SEMU #161
Located at 1980' FNL and 760' FWL
Section 24, Township 20 North, Range 37 East,
N.M.P.M., Lea County, New Mexico.

CONOCO INC.

SECTION 24, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, **NEW MEXICO.**



LEGAL DESCRIPTION

A STRIP OF LAND 50.0 FEET WIDE, LOCATED IN SECTION 24, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

550.2 FEET = 33.35 RODS = 0.10 MILES = 0.63 ACRES

1000 0 1000 2000 FEET

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES N.M. P.S. No. 7977
TEXAS P.L.S. No. 5074

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

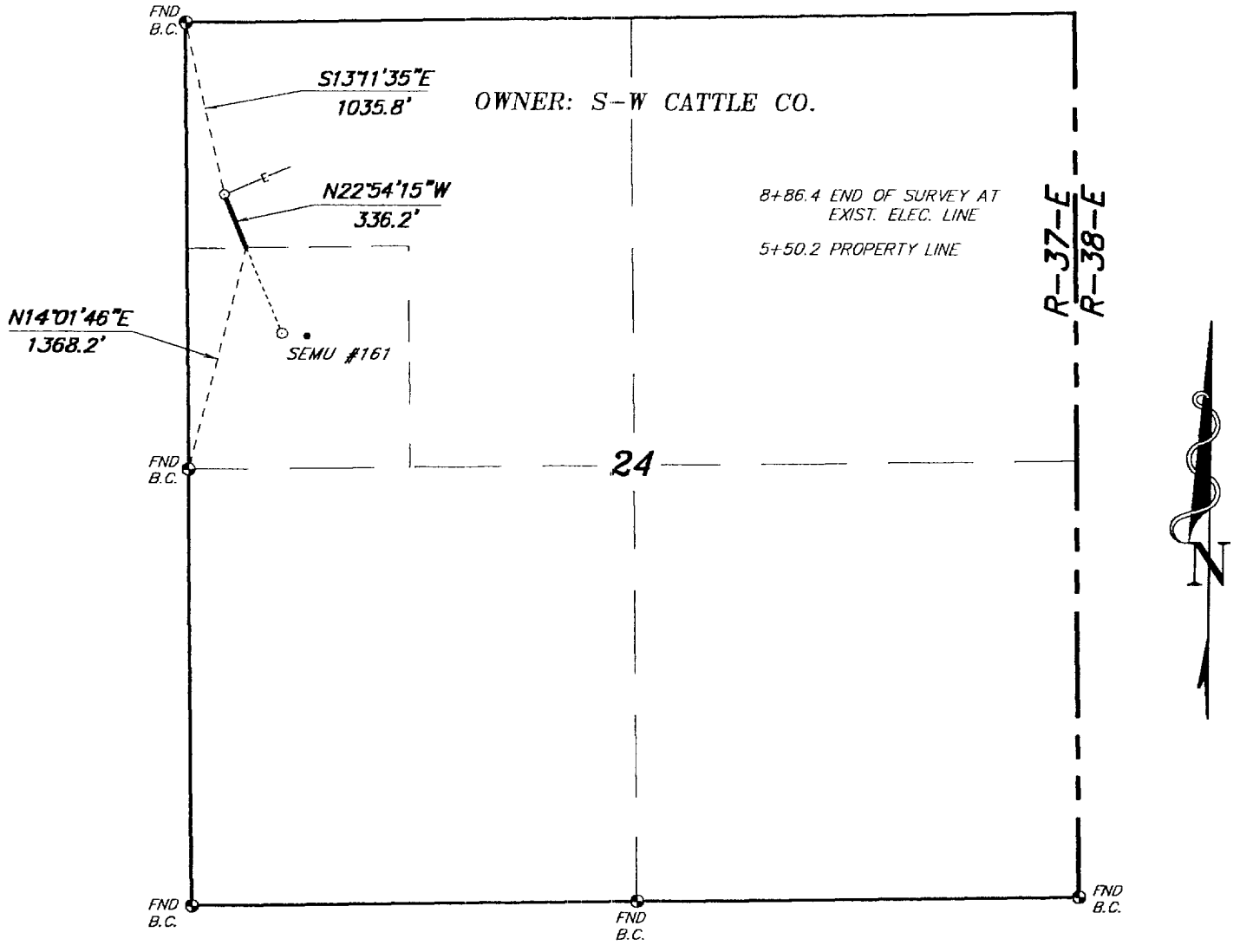
CONOCO INC.

REF: PROP. ELECTRIC LINE TO THE SEMU #161

AN ELECTRIC LINE CROSSING USA LAND IN SECTION 24, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

W.O. Number: 1772	Drawn By: K. GOAD		
Date: 09-05-2001	Disk: KJG #5 – CON1772C.DWG	Survey Date: 08-30-2001	Sheet 1 of 1 Sheets

SECTION 24, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, **NEW MEXICO.**



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 24, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

BEGINNING AT A POINT ON THE SOUTH PROPERTY LINE WHICH LIES N.14°01'46"E., 1368.2 FEET FROM THE WEST QUARTER CORNER OF SAID SECTION 24; THENCE N.22°54'15"W., 336.2 FEET TO THE END OF THIS LINE WHICH LIES S.13°11'35"E., 1035.8 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 24. SAID STRIP OF LAND BEING 336.2 FEET OR 20.38 RODS IN LENGTH.

1000 0 1000 2000 FEET

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES N.M. P.S. No. 7977
TEXAS P.L.S. No. 5074

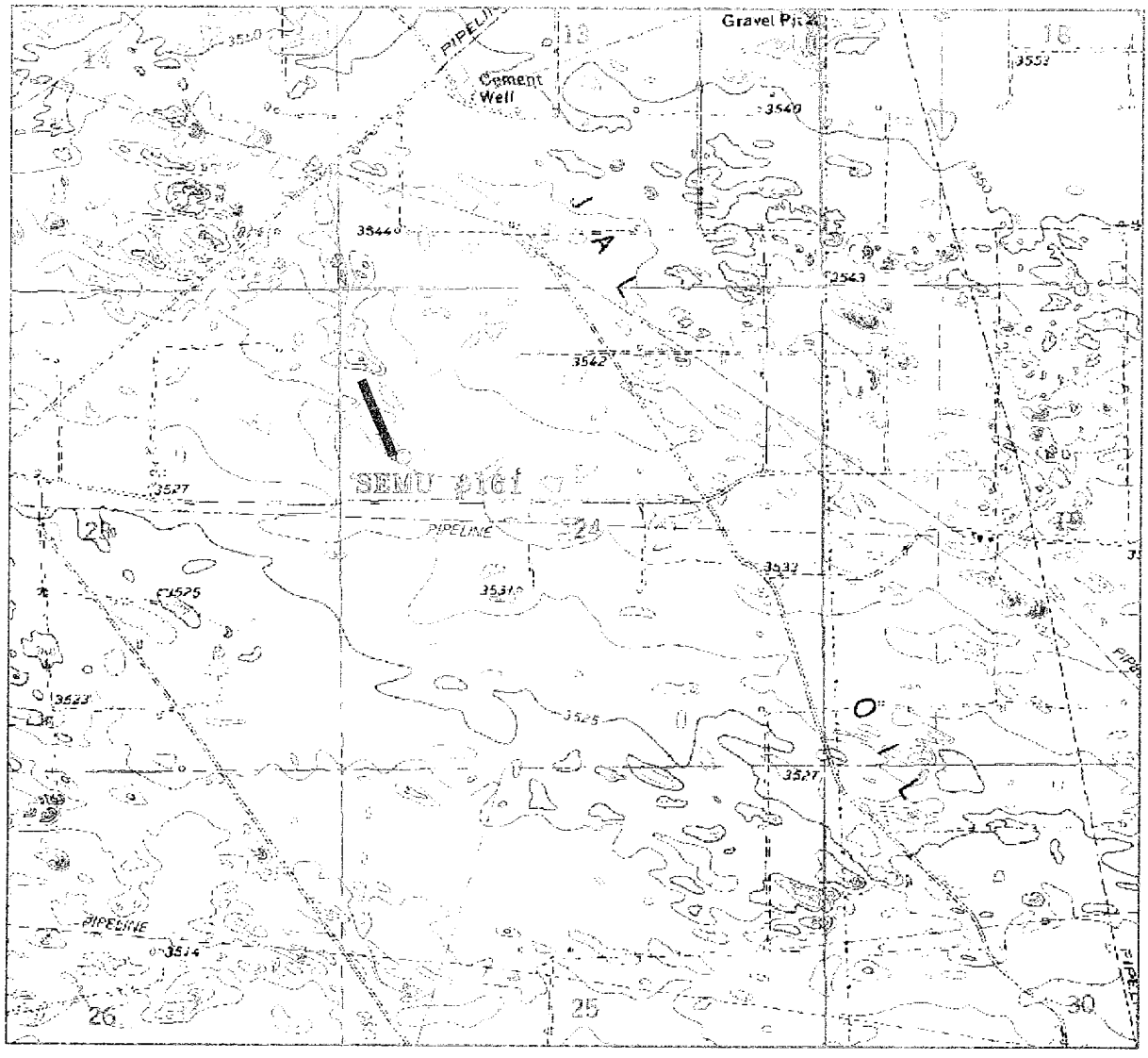
BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

CONOCO INC.

REF: PROP. ELECTRIC LINE TO THE SEMU #161

AN ELECTRIC LINE CROSSING FEE LAND IN SECTION 24, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

W.O. Number: 1772	Drawn By: K. GOAD		
Date: 09-05-2001	Disk: KJG #5 – CON1772C.DWG	Survey Date: 08-30-2001	Sheet 1 of 1 Sheets



PROPOSED ELECTRIC LINE TO THE SEMU #161

Located at 1625' FSL and 700' FWL

Section 24, Township 19 South, Range 37 East,

N.M.P.M., Lea County, New Mexico.

CONOCO INC.

SURFACE USE PLAN
Conoco Inc.

SEMU #161

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 1850' FNL & 705' FWL, Sec. 24, T20S, R37E, Lea County, New Mexico. This is a Cass Penn Pool 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. 160' of 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 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:

Trent Stradley
S & W Cattle Company
PO Box 1799
Hobbs, NM 88241

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:

Ronald G. Crouch
Right of Way Agent
Conoco Inc.
10 Desta Drive Suite 651W
Midland, Texas 79705
(915) 686-5587

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.

Ronald G. Crouch
Right of Way Agent

September 5, 2001

Date

WDI

WELLSITE LAYOUT

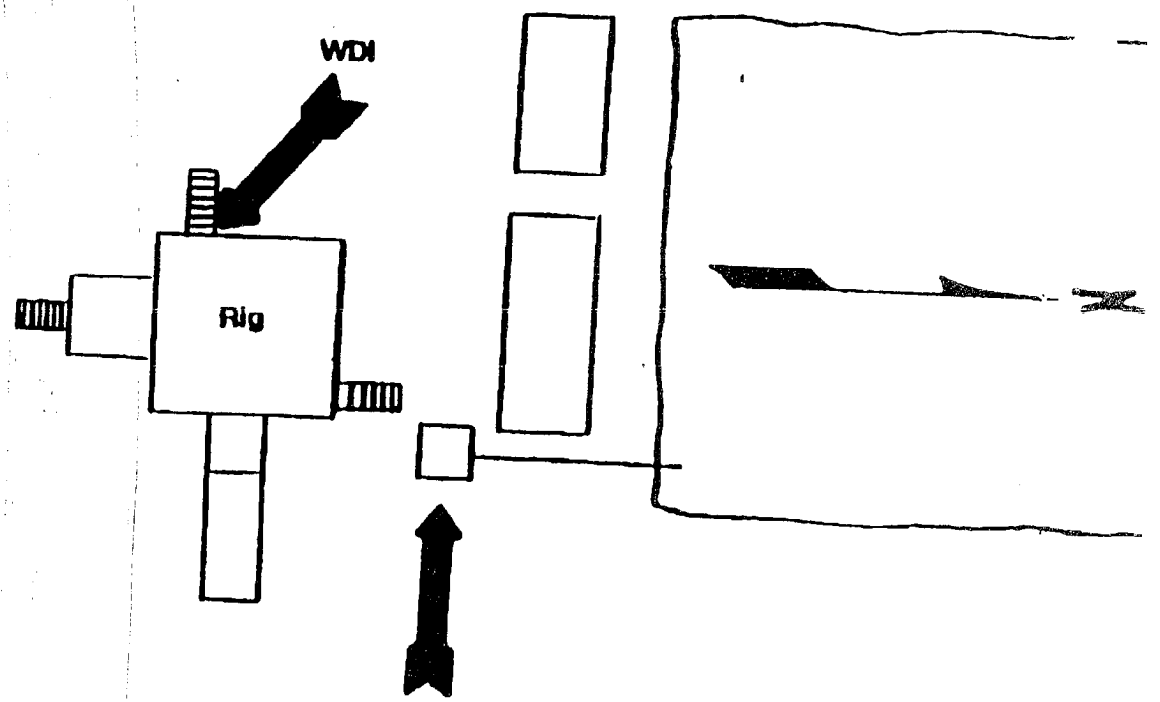
H2S Safety Contractor

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

Conoco Quarters

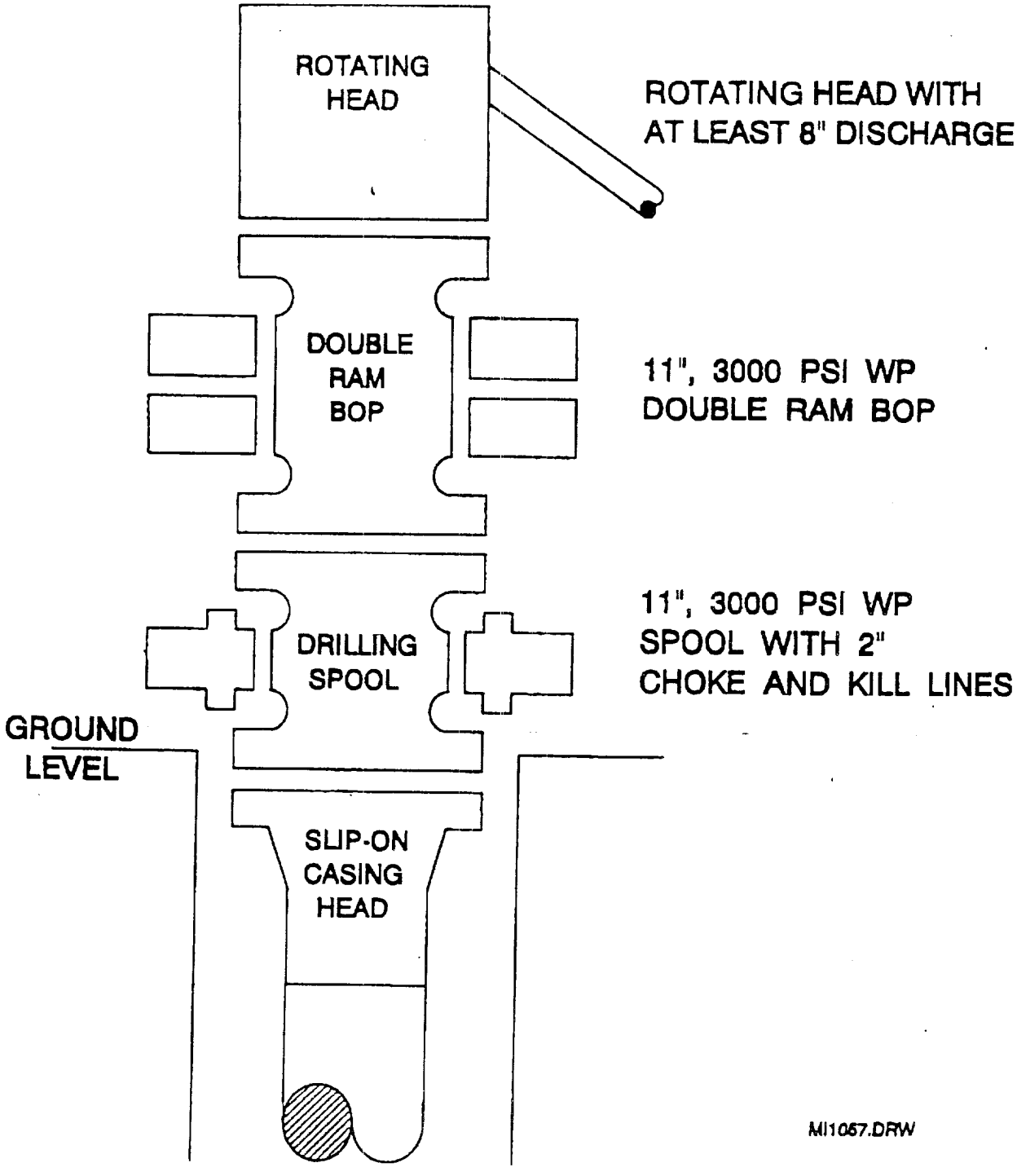
Muster Area No. 1

Contractor Quarters



Muster Area No. 2
WDI

BOP SPECIFICATIONS



TRAILER - MOUNTED RIG LAYOUT

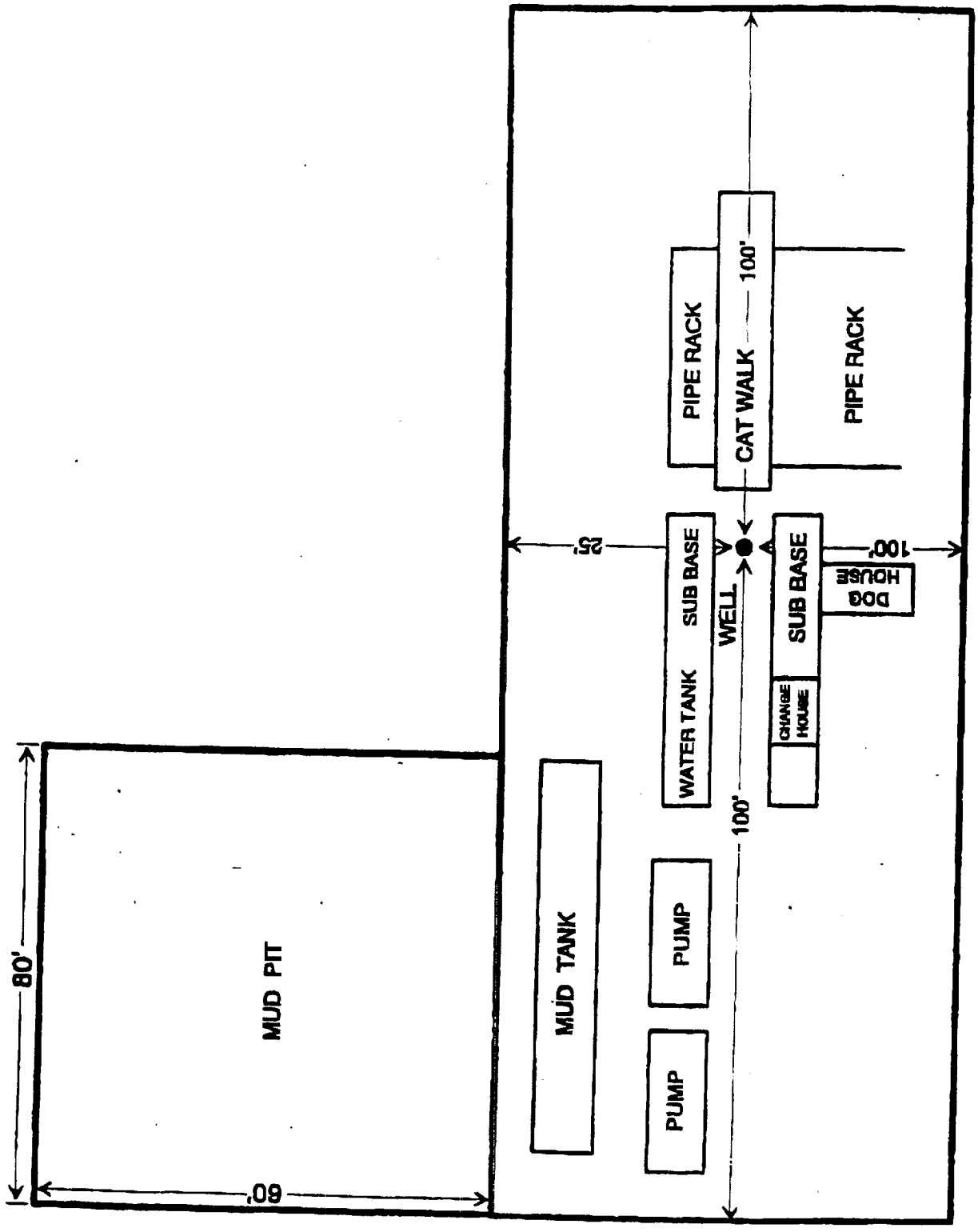
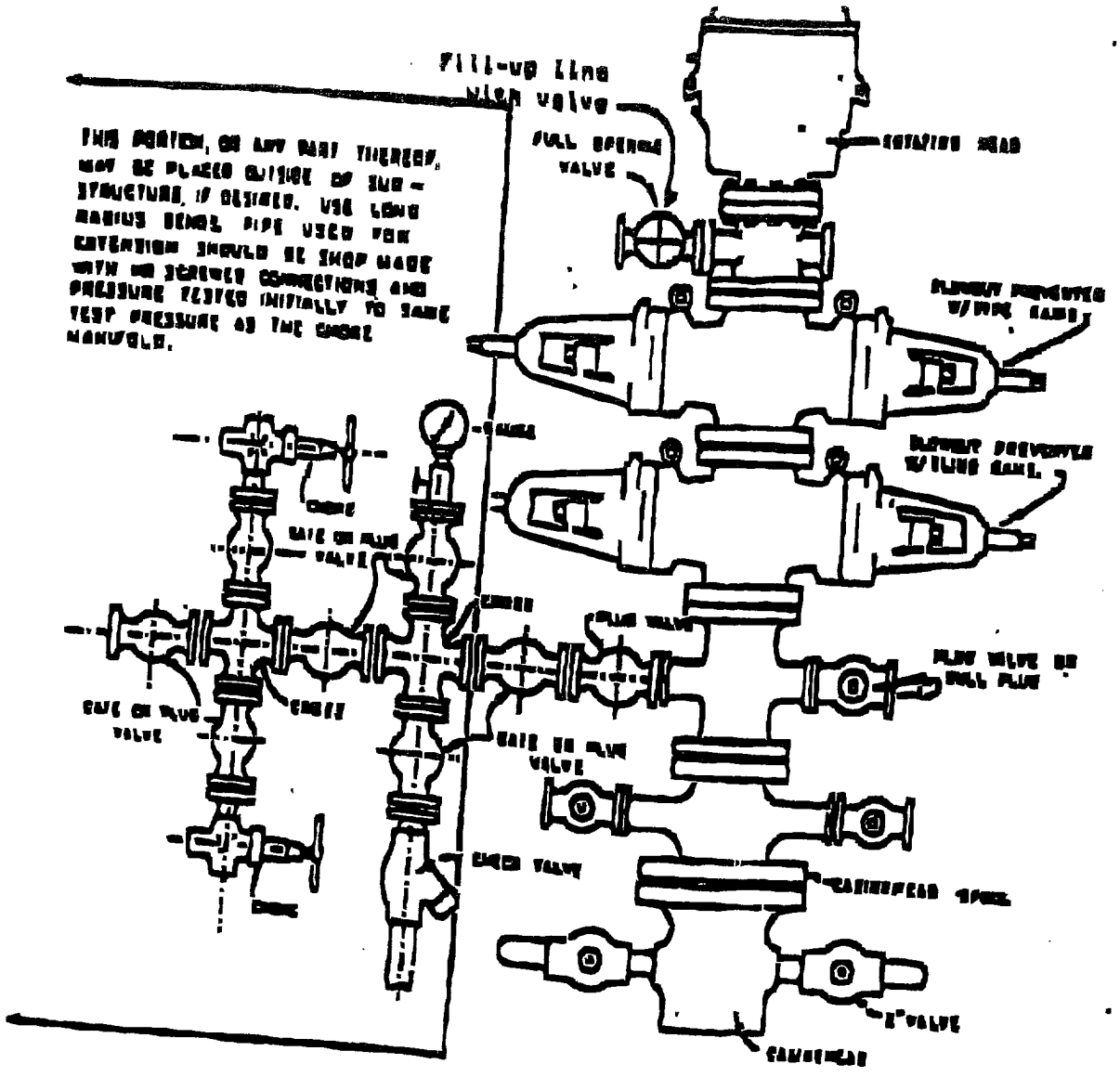


EXHIBIT D

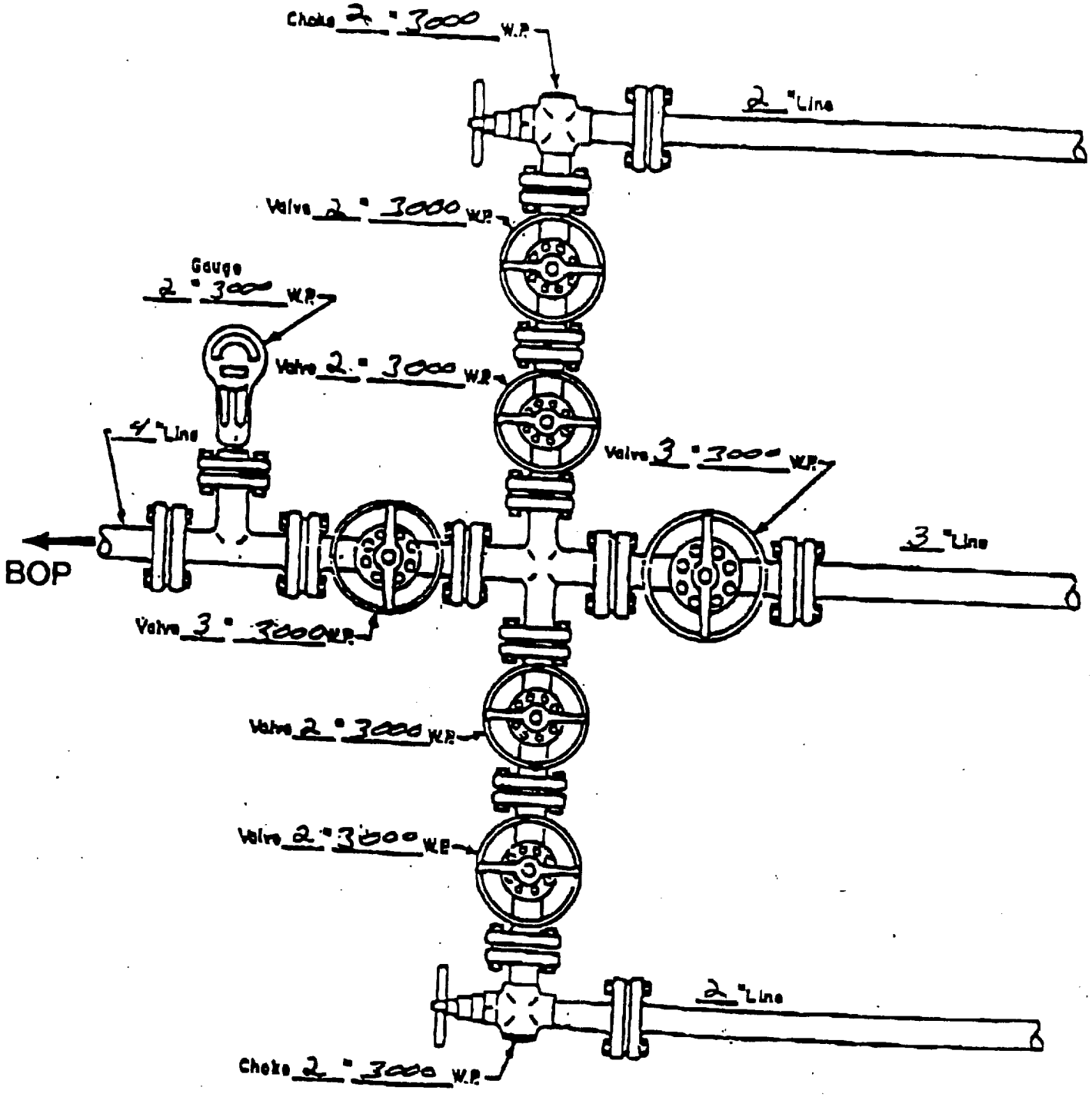


BLOWOUT PREVENTER HOOKUP

Drilling contractors used in the San Juan Basing supply 3000 psi equipment, but cannot provide annular preventors because of substructure 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.

Ronald G. Crouch
Right of Way Agent
Right of Way and Claims

Conoco Inc.
10 Desta Drive, Suite 65`W
Midland, Texas 79705-4500
(915) 686-5587

September 6, 2001

Department of the Interior
Bureau of Land Management
620 East Greene
Carlsbad, New Mexico 88220

Re: Settlement letter for well location and appurtenances
SEMU 161
Section 24, T20S, R37E
Lea County, New Mexico

Dear Mr. Hunt

Conoco Inc. will reach a damage settlement agreement with the surface owner, being S&W Cattle Company before construction begins of the above referenced location and appurtenances.

Please call me at 915-686-5587 if you have any questions concerns.

Sincerely yours,

Ronald G. Crouch
Right of Way Agent