

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

New Mexico Oil Co

1525 N. French Blvd
Hobbs, NM 88201
Serial No. 557686FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		6. If Indian, Allottee or Tribe Name
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. If Unit or CA Agreement, Name and No.
2. Name of Operator CONOCO INC.		8. Lease Name and Well No. SEMU #168
3a. Address 10 DESTA DR., ROOM 607W MIDLAND, TX 79705		9. API Well No. 30-025-35925
3b. Phone No. (include area code) 915/686-5565 915/686-6503 Fax		10. Field and Pool, or Exploratory Weir Drinkard
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 2300 FSL, 1800 FEL At proposed prod. zone J		11. Sec., T., R., M., or Blk. and Survey or Area Section 14, T20S, R37E
14. Distance in miles and direction from nearest town or post office*		12. County or Parish Lea
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		13. State NM
16. No. of Acres in Lease		17. Spacing Unit dedicated to this well 40.00
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.		20. BLM/BIA Bond No. on file
19. Proposed Depth 7060' 7200'		21. Elevations (Show whether DF, KB, RT, GL, etc. 3548'
22. Approximate date work will start		23. Estimated duration
24. Attachments Lea County Controlled Water Basin		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature (Electronic Submission) <i>Kim Southall</i>	Name (Printed/Typed) Kim Southall	Date 4/23/02
Title AUTHORIZED SIGNATURE		
Approved by (Signature) /s/ JOE G. LARA	Name (Printed/Typed) /s/ JOE G. LARA	Date MAY 30 2002
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Additional Operator Remarks (see next page)

DECLARED WATER BASIN
CEMENT BEHIND THE 8-1/8"
CASING MUST BE CIRCULATEDAPPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

** DRAFT ** DRAFT ** DRAFT ** DRAFT ** DRAFT ** DRAFT ** DRAFT ** DRAFT **

OPER. OGRID NO. 5073
PROPERTY NO. 13492
POOL CODE 63840
EFF. DATE 6-3-02
API NO. 30-025-35925*KMP*

Conoco Inc. proposes to drill a vertical wellbore to the Weir Drinkard pool. This well will be drilled and equipped in accordance to the attachments submitted herewith.

Thank you.

DISTRICT I
1825 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

Form C-102
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-35925	Pool Code 63840	Pool Name Weir Drinkard
Property Code 13492	Property Name SEMU	Well Number 168
OGRID No. 005073	Operator Name CONOCO INC.	Elevation 3548'

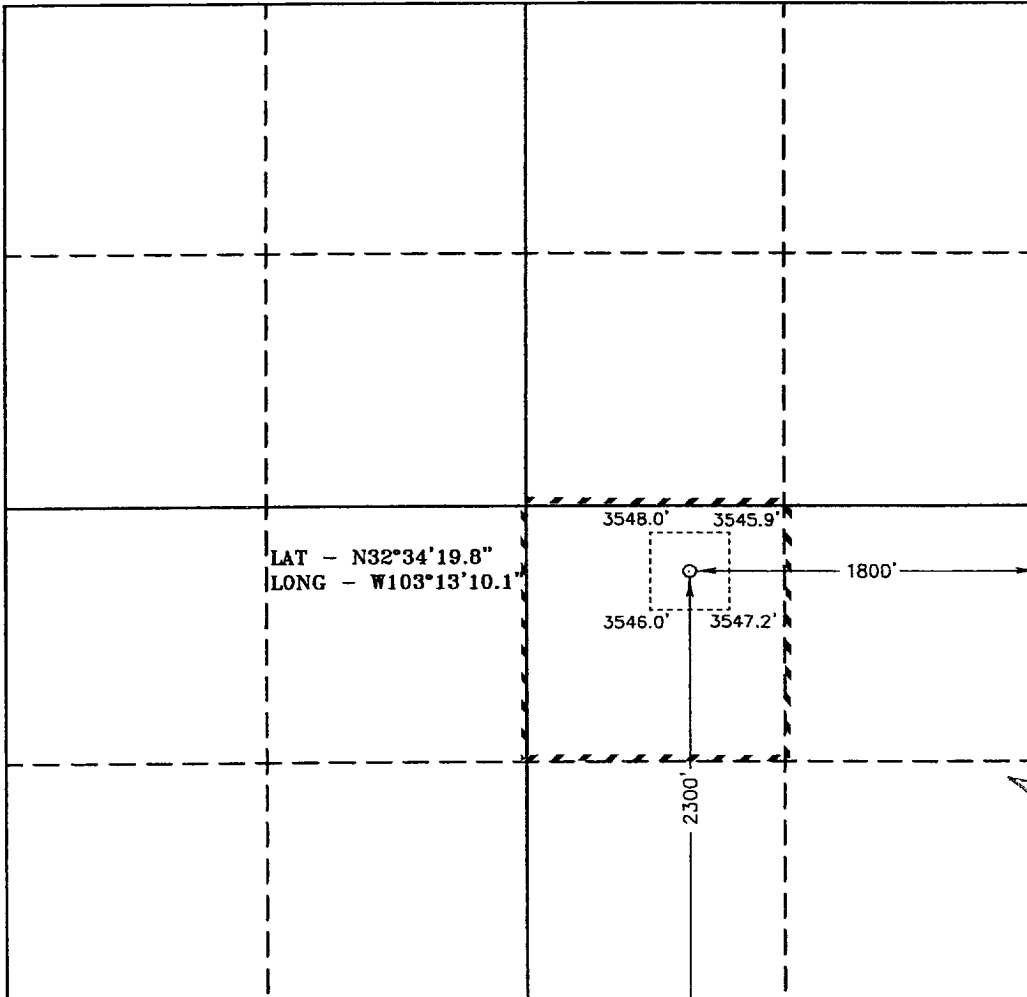

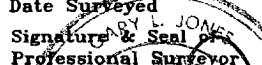
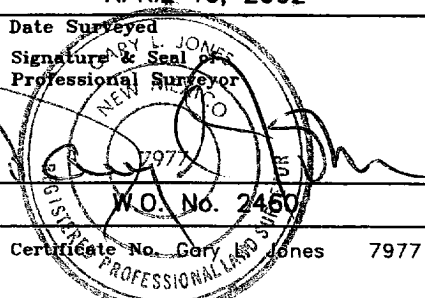
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	14	20 S	37 E		2300	SOUTH	1800	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 40		Joint or Infill	Consolidation Code		Order No.				

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.  Signature KAY MADDUX Printed Name Regulatory Agent Title April 22, 2002 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 supervision, and that the same is true and correct to the best of my belief. APRIL 16, 2002 Date Surveyed  Signature & Seal of Professional Surveyor  W.O. No. 2450 Certificate No. Gary Jones 7977 BASIN-SURVEYS

WELL NAME
LOCATION

SEMU #160
2300' FSL & 1800' FEL, Sec 14, T20S, R37E, Lea County, NM

Ground Level: 5507' EST
Kelly Bushing: 11' AGI

Depth MD	FORMATION TOPS (from GL)	DRILLING PROBLEMS	TYPE OF FORMATION EVALUATION	HOLE SIZE	CASING PROGRAM	FRAC GRAD	VI. 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 @ 1,409'				8-5/8", 24#, J-55 ST&C @ 1.395				3
		Washouts in Salt Section		7-7/8"	Circulate Cement			10 Brine	
2000							Less than 8.4		
	Base Salt @ 2,539'		Mud Loggers @ 2,600'						
	Yates 2,669'		H2S monitor equipment on @ 2,600'						
3000	7 Rivers 2,924'								
	Queen 3,484'								
	Penrose 3,614'								
	Grayburg 3,759'								
4000	San Andres 3,909'								
		Mud loss in San Andres is likely. Possible loss of returns.							
5000									8
	Glorietta 5,214'	Possible differential sticking thru Glorietta							
		Possible lost returns.							
6000	Blaine 5,774'	Differential sticking in Blaine							
	Tubb 6,324'								15
	Drinkard 6,549'								
7000	Abo 6,959'		First Log Run: PEX_HALS_BHC SONIC TD - 2500' Pull GR-CNL-Cal to Surf NGT - TD - 5600'					10 ppq Starch Gel	
	TD 7,060								
		Lost of full returns is likely upon drilling into Strawn.	Second Log Run: 30-60 rotary sidewall cores	5-1/2", 17#, L-80					
		Offset data from: SEMU #61 SEMU #160	Possible Third Run: FMI Imaging log	Circulate cement either single or 2 stage					22
8000									

DATE

23-Apr-02

Ron Keas, Geoscientist

APPROVED

YP Ortez, Drilling Engineer

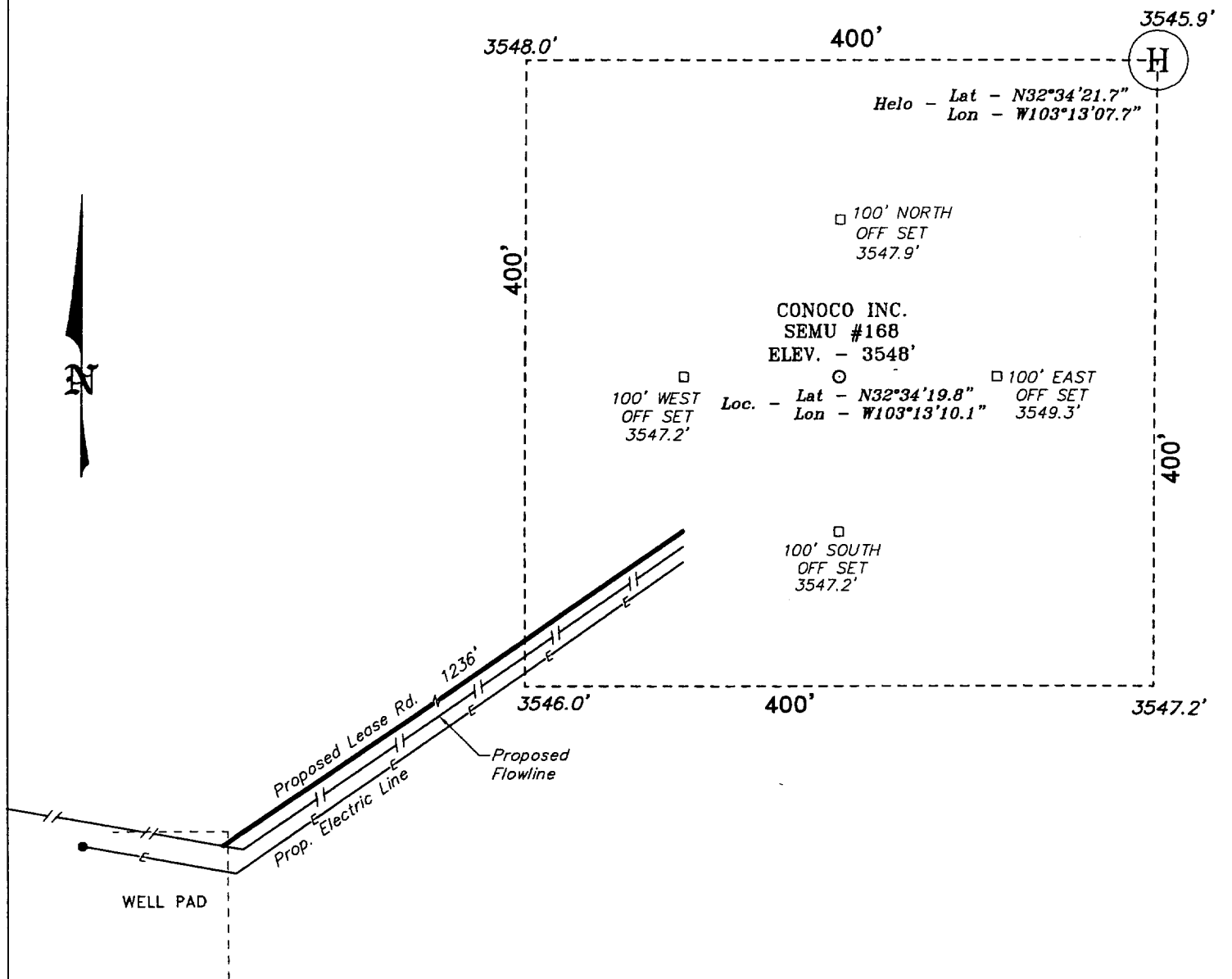
Rob Lowe, Reservoir Engineer

SEMU #168
PROPOSED CASING CEMENT PLAN

Surface casing size:	8-5/8", 24#, J-55, ST&C	Casing OD:	8.625 in
Surface casing depth:	1,395 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:	400 sx	CI C + 0.25 pps Cello Flake + 0.005 gps FP-6L + 2% Sodium Metasilicate	
Tail:	200 sx	CI 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:	7,060 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:	475 sx	50:50 Poz:CI C + 5% bwow NaCl + 0.25 pps Cello Flake + 0.005 gps FP-6L + 10% Bentonite	
Tail:	400 sx	15:61:11 Poz:CI C:CSE + 5% bwow NaCl + 1% FL-62 + 0.005 gps FP-6L	
Properties		Lead	Tail
Slurry Weight (ppg)		11.85	13.6
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 14, 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. 1.5 MILES TO A LEASE ROAD; THENCE WEST ON LEASE ROAD FOR APPROX. 4.0 MILES; THENCE NORTHERLY FOR APPROX. 1.75 MILE; THENCE WEST AND NORTHWEST FOR APPROX. 2.5 MILE; THENCE EAST FOR APPROX. 0.5 MILE TO AN EXISTING WELL LOCATION AND PROPOSED LEASE ROAD.

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

W.O. Number: 2460 Drawn By: K. GOAD

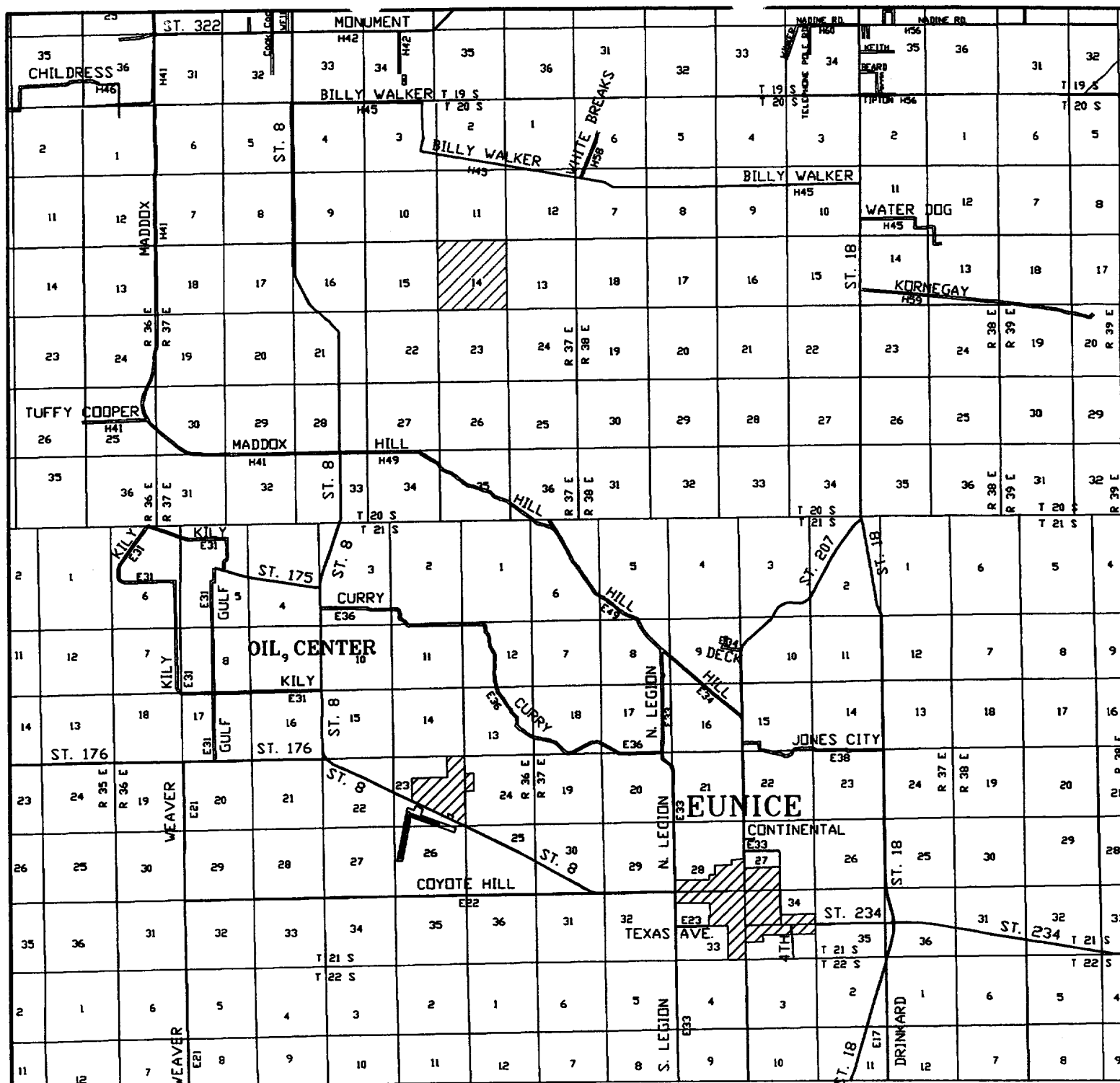
Date: 04-18-2002 Disk: KJG CD#6 - 2460A.DWG

Conoco Inc.

REF: SEMU No. 168 / Well Pad Topo

THE SEMU No. 168 LOCATED 2300' FROM THE
SOUTH LINE AND 1800' FROM THE EAST LINE OF
SECTION 14, TOWNSHIP 20 SOUTH, RANGE 37 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 04-16-2002 Sheet 1 of 1 Sheets



SEMU #168

Located at 2300' FSL and 1800' FEL
 Section 14, Township 20 South, Range 37 East,
 N.M.P.M., Lea County, New Mexico.

basin
surveys

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 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: 2460AA - KJG CD#5

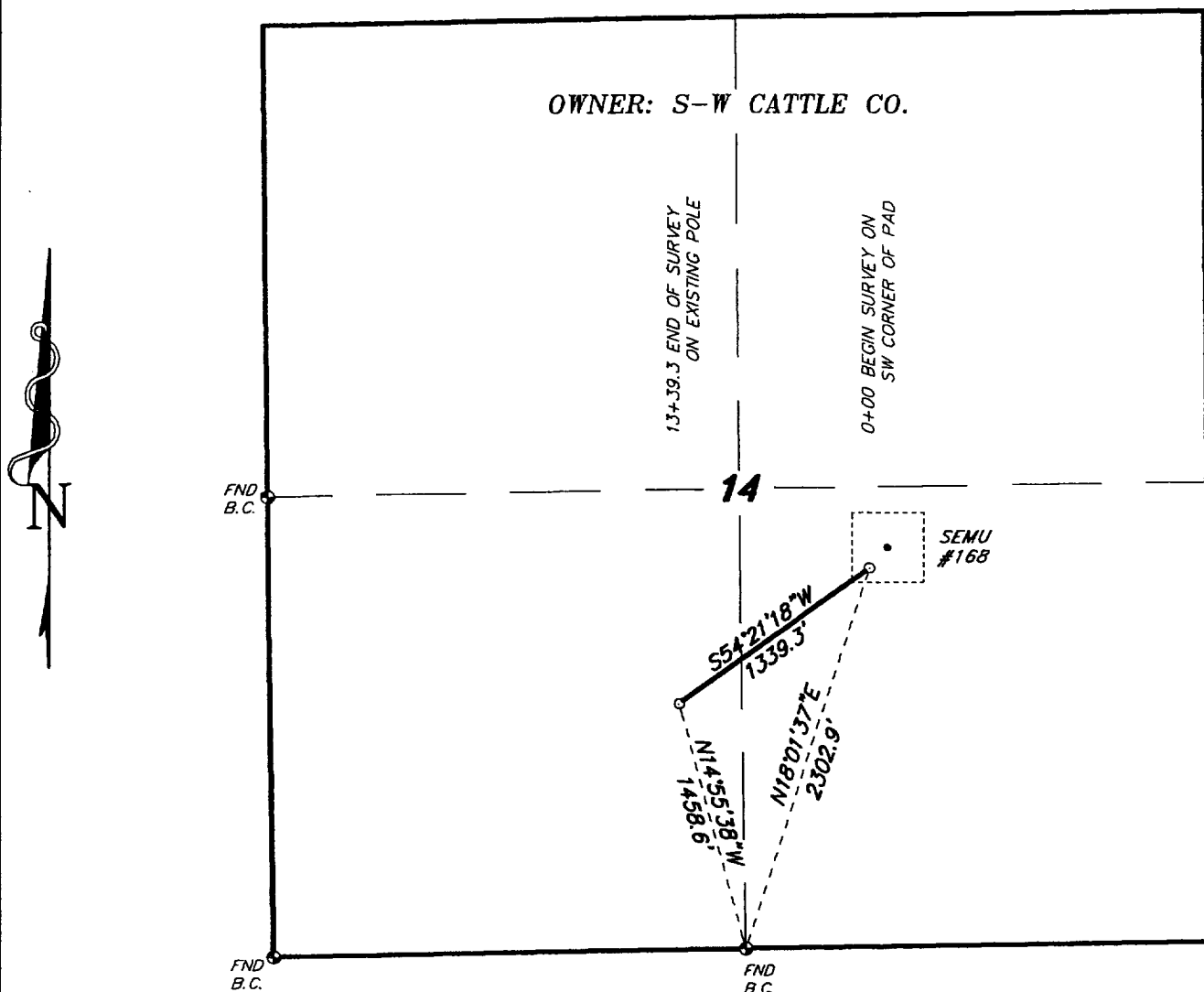
Survey Date: 04-16-2002

Scale: 1" = 2 MILES

Date: 04-18-2002

CONOCO INC.

SECTION 14, TOWNSHIP 20 SOUTH, RANGE 3. EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 14, 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 WHICH LIES N.18°01'37"E., 2302.9 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 14; THENCE S.54°21'18"W., 1339.3 FEET TO THE END OF THIS LINE WHICH LIES N.14°55'38"W., 1458.6 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 14. SAID STRIP OF LAND BEING 1339.3 FEET OR 81.17 RODS IN LENGTH.

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.
TEXAS P.L.S.

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

W.O. Number: 2460

Drawn By: K. GOAD

Date: 04-18-2002

Disk: KJG #5 - CON2460D.DWG

1000 0 1000 2000 FEET



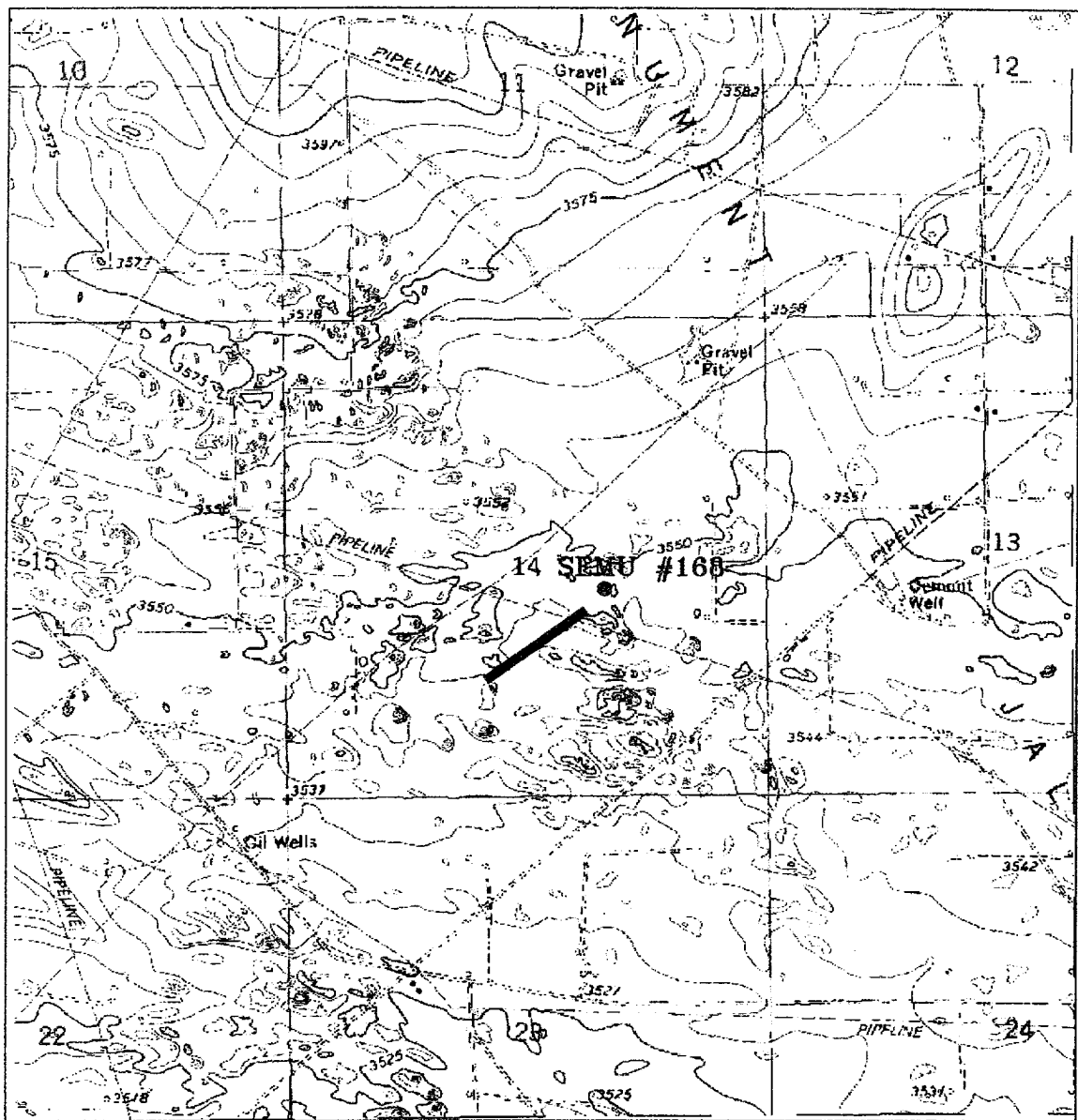
CONOCO INC.

REF: PROP. ELECTRIC LINE TO THE SEMU #168

AN ELECTRIC LINE CROSSING FEE LAND IN
SECTION 14, TOWNSHIP 20 SOUTH, RANGE 37 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 04-16-2002

Sheet 1 of 1 Sheets



PROPOSED ELECTRIC LINE TO THE SEMU #168
 Located at 2300' FSL and 1800' FEL
 Section 14, Township 20 South, Range 37 East,
 N.M.P.M., Lea County, New Mexico.



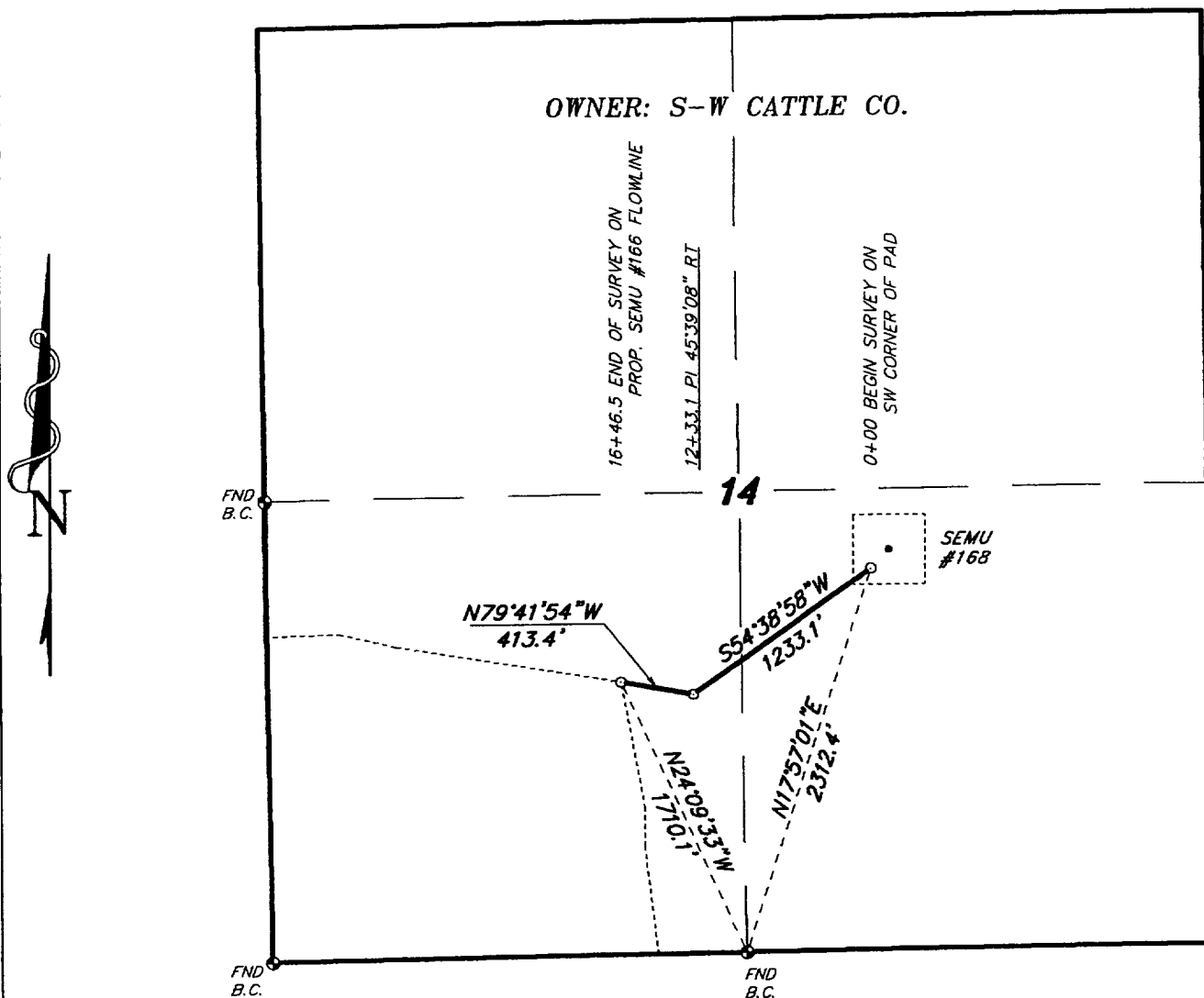
P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 392-7319 - Office
 (505) 392-7074 - Fax
Leasim@leasim.com

N.O. Number: 2460DD - KJO CD#3
 Survey Date: 04-18-2002
 Scale: 1" = 2000'
 Date: 04-18-2002

CONOCO INC.

Leasim is a subsidiary
 of the Leasim Group

SECTION 14, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



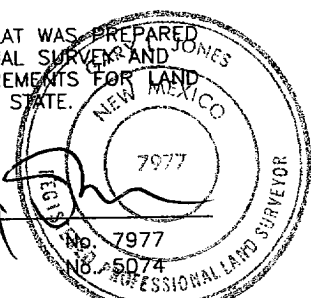
LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 14, 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.

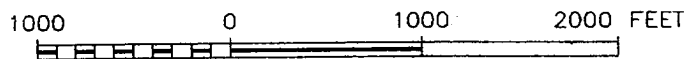
BEGINNING AT A POINT WHICH LIES N.17°57'01\"E., 2312.4 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 14; THENCE S.54°38'58\"W., 1233.1 FEET; THENCE N.79°41'54\"W., 413.4 FEET TO THE END OF THIS LINE WHICH LIES N.24°09'33\"W., 1710.1 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 14. SAID STRIP OF LAND BEING 1646.5 FEET OR 99.79 RODS IN LENGTH.

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.
TEXAS P.L.S.



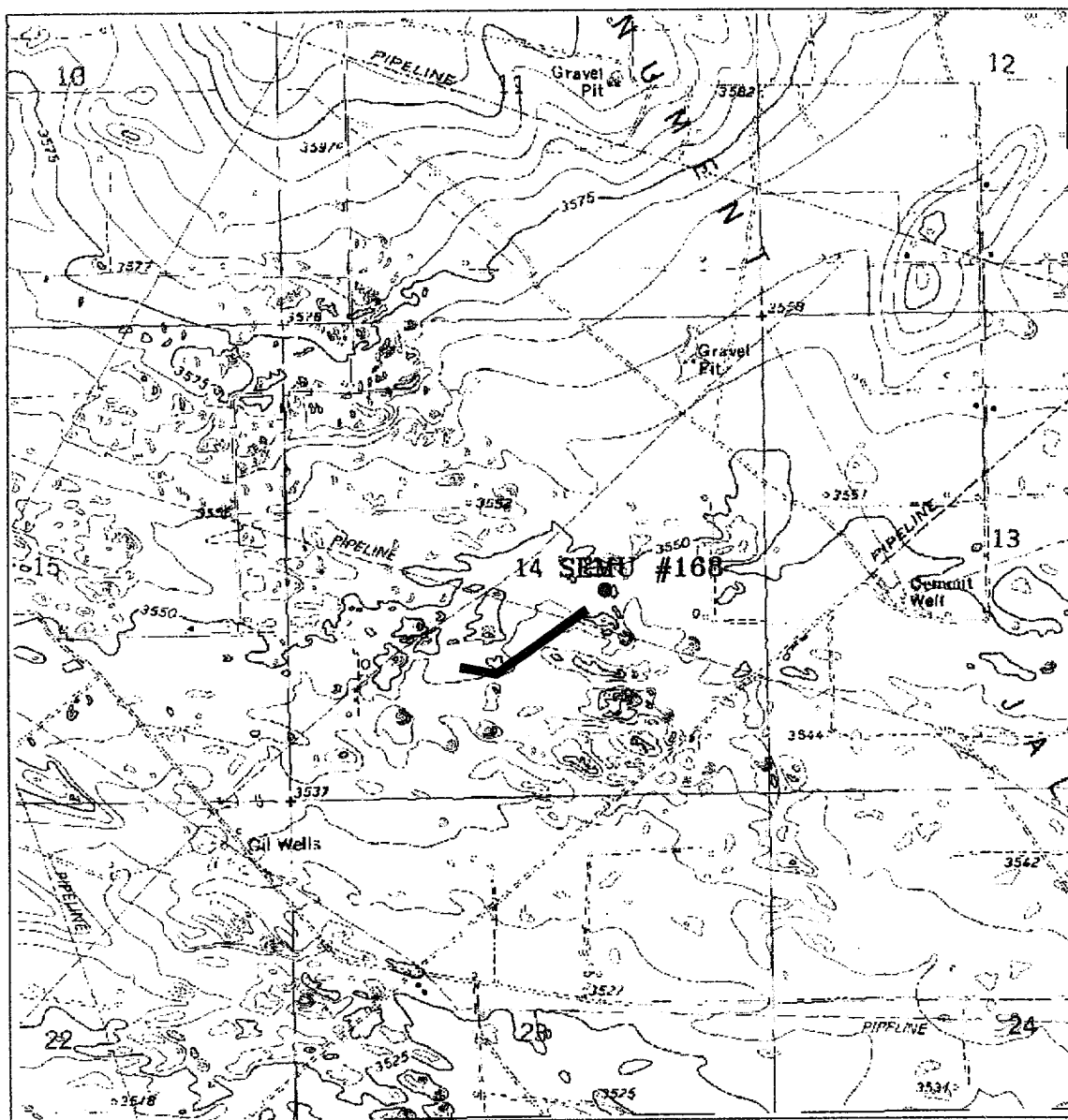
BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO



CONOCO INC.

REF: PROP. FLOWLINE TO THE SEMU #168

A FLOWLINE CROSSING FEE LAND IN
SECTION 14, TOWNSHIP 20 SOUTH, RANGE 37 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.



PROPOSED FLOWLINE TO THE SEMU #168

Located at 2300' FSL and 1800' FEL
 Section 14, Township 20 South, Range 37 East,
 N.M.P.M., Lea County, New Mexico.



P.O. Box 1735
 1120 W. West County Rd.
 Hobbs, New Mexico 88241
 (505) 592-7313 - Office
 (505) 392-3074 - Fax
 bushsurvey@aol.com

W.O. Number: 246000 - XJB CD45

Survey Date: 04-18-2002

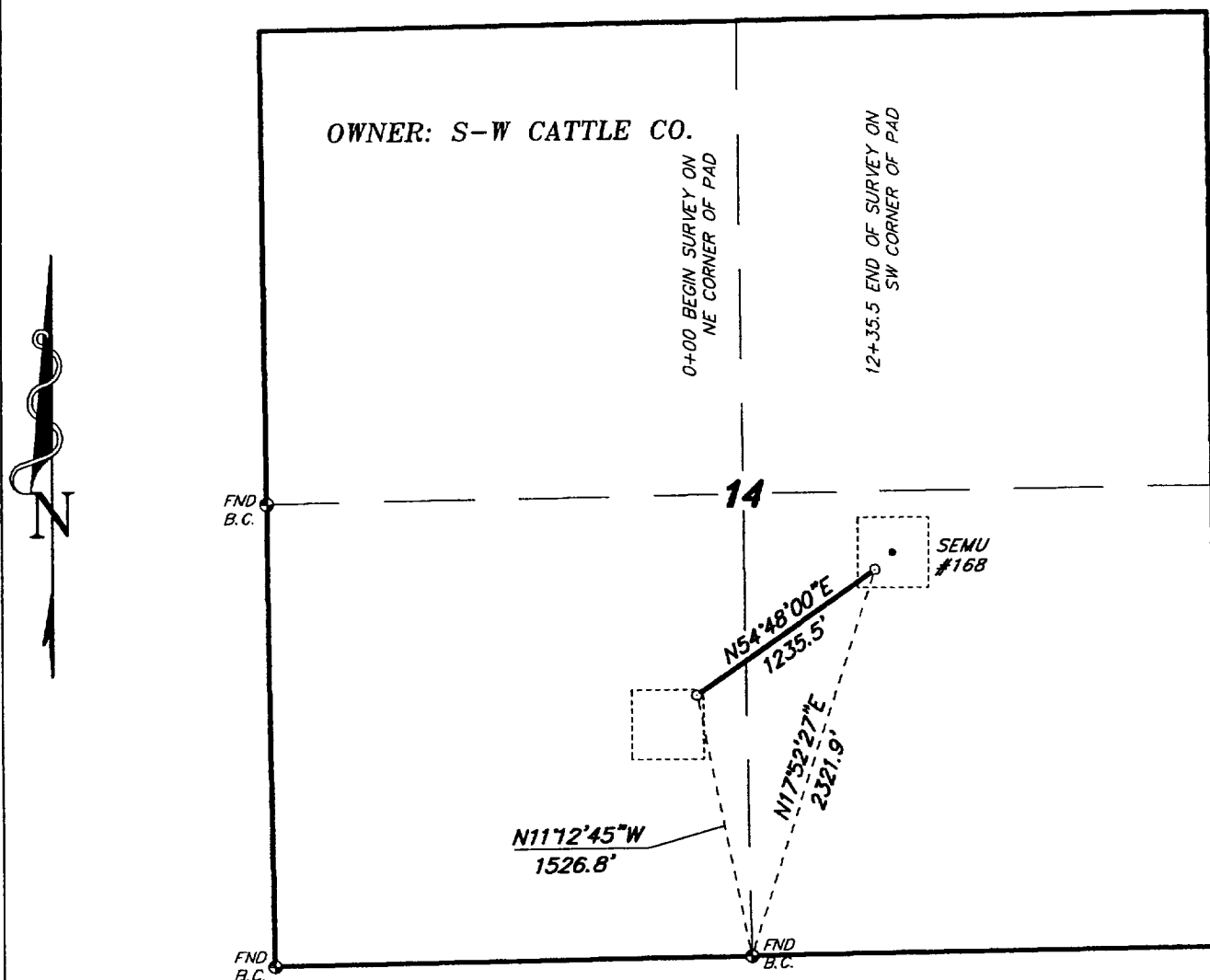
Scale: 1" = 2000'

Date: 04-18-2002

CONOCO INC.

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 in the oilfield

SECTION 14, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO



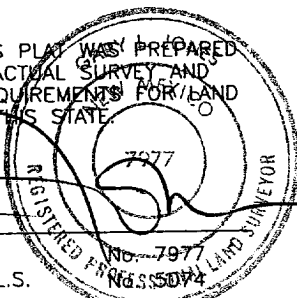
LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 14, 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 WHICH LIES N.11°12'45\"W., 1526.8 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 14 THENCE N.54°48'00\"E., 1235.5 FEET TO THE END OF THIS LINE WHICH LIES N.17°52'27\"E., 2321.9 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 14. SAID STRIP OF LAND BEING 1235.5 FEET OR 74.88 RODS IN LENGTH.

I HEREBY CERTIFY THAT THIS PLAN 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.
TEXAS P.L.S.



1000 0 1000



CONOCO INC.

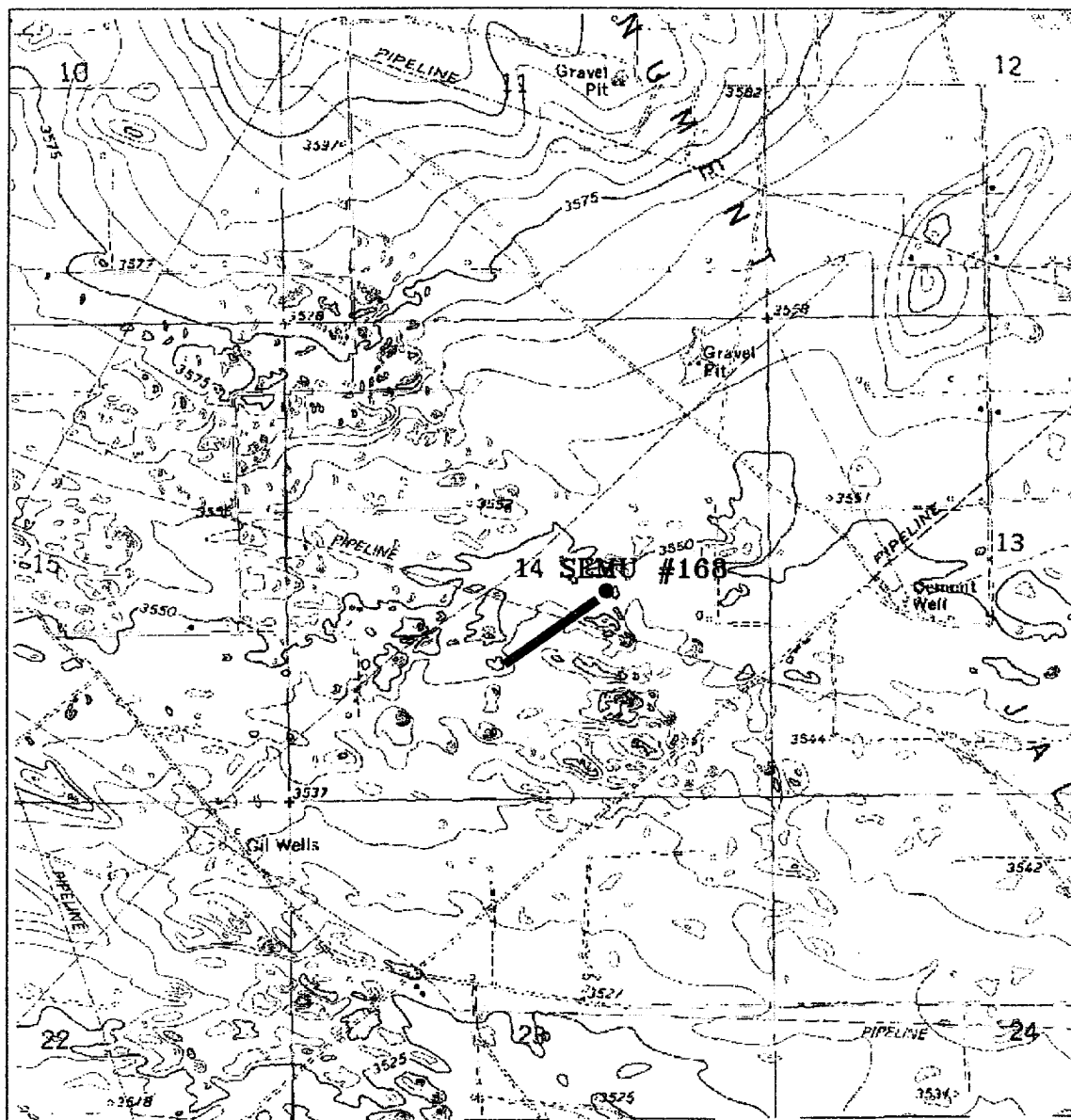
REF: PROP. LEASE ROAD TO THE SEMU #168

A LEASE ROAD CROSSING FEE LAND
SECTION 14, TOWNSHIP 20 SOUTH, RANGE
N.M.P.M., LEA COUNTY, NEW MEXICO

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

W.O. Number: 2460 Drawn By: K. GOAD
Date: 04-18-2002 Disk: KJG #5 - CON2460B.DWG

Survey Date: 04-16-2002 Sheet 1 of



PROPOSED LEASE ROAD TO THE SEMU #168
 Located at 2300' FSL and 1800' FEL
 Section 14, Township 20 South, Range 37 East,
 N.M.P.M., Lea County, New Mexico.



Specialized assistance
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7318 - Office
 (505) 392-3074 - Fax
basin@energy.com

W.O. Number: 2460BB - KJC 0075

Survey Date: 04-16-2002

Scale: 1" = 2000'

Date: 04-18-2002

CONOCO INC.

**SURFACE USE PLAN
Conoco Inc.**

SEMU #168

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 2300' FSL & 1800' FEL, Sec. 14, T20S, R37E, Lea County, New Mexico. This is a Weir Drinkard 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. 1235.5' 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
Ronald G. Crouch
Right of Way Agent *RGC*

4/23/02
Date

WELL SITE LAYOUT

H2S Safety Contractor

Conoco Quarters

Muster Area No. 1

Contractor Quarters

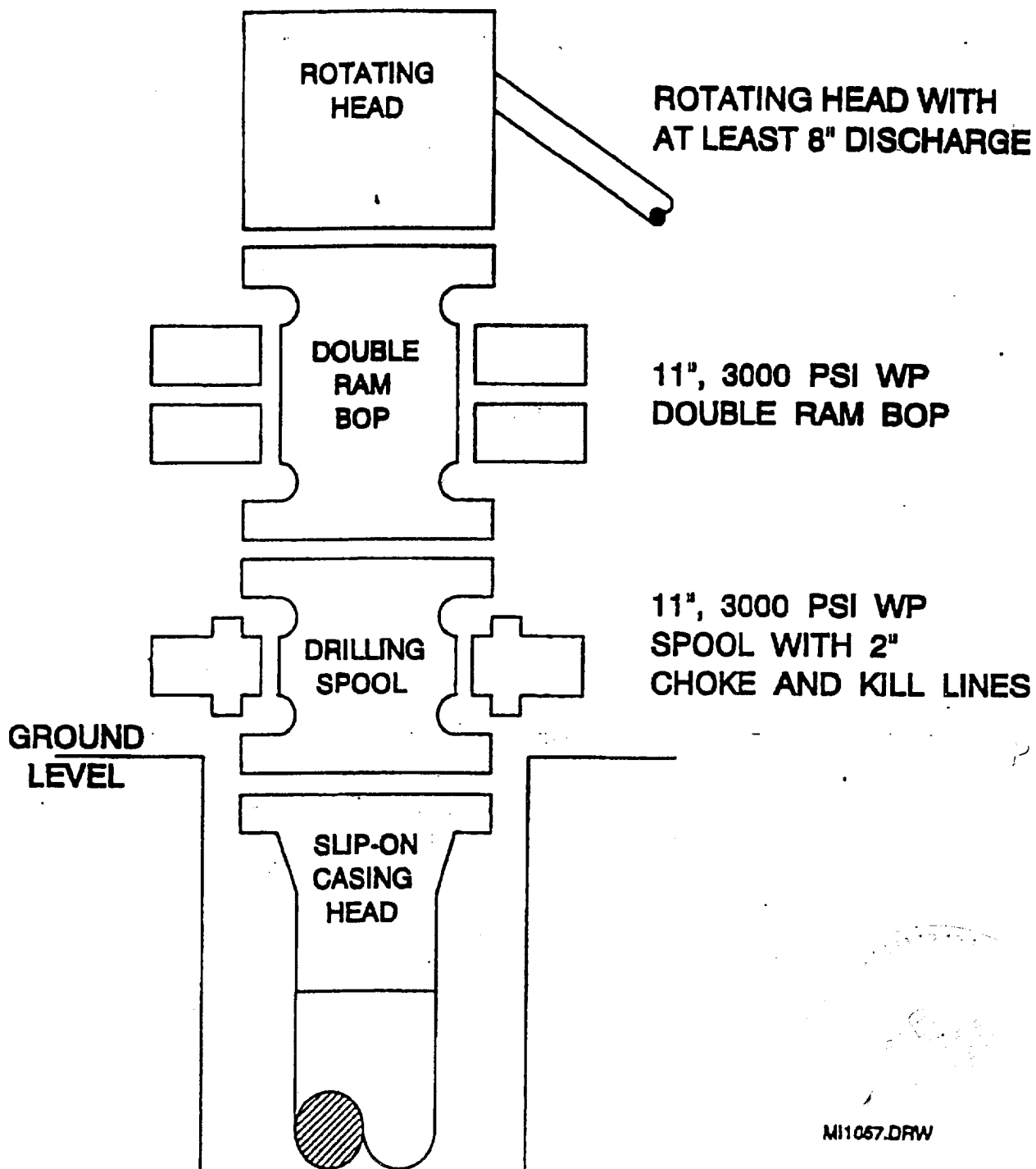
Muster Area No. 2

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

WDI

Rig

Choke Manifold



MI1057.DRW

TRAILER - MOUNTED F.G. LAYOUT

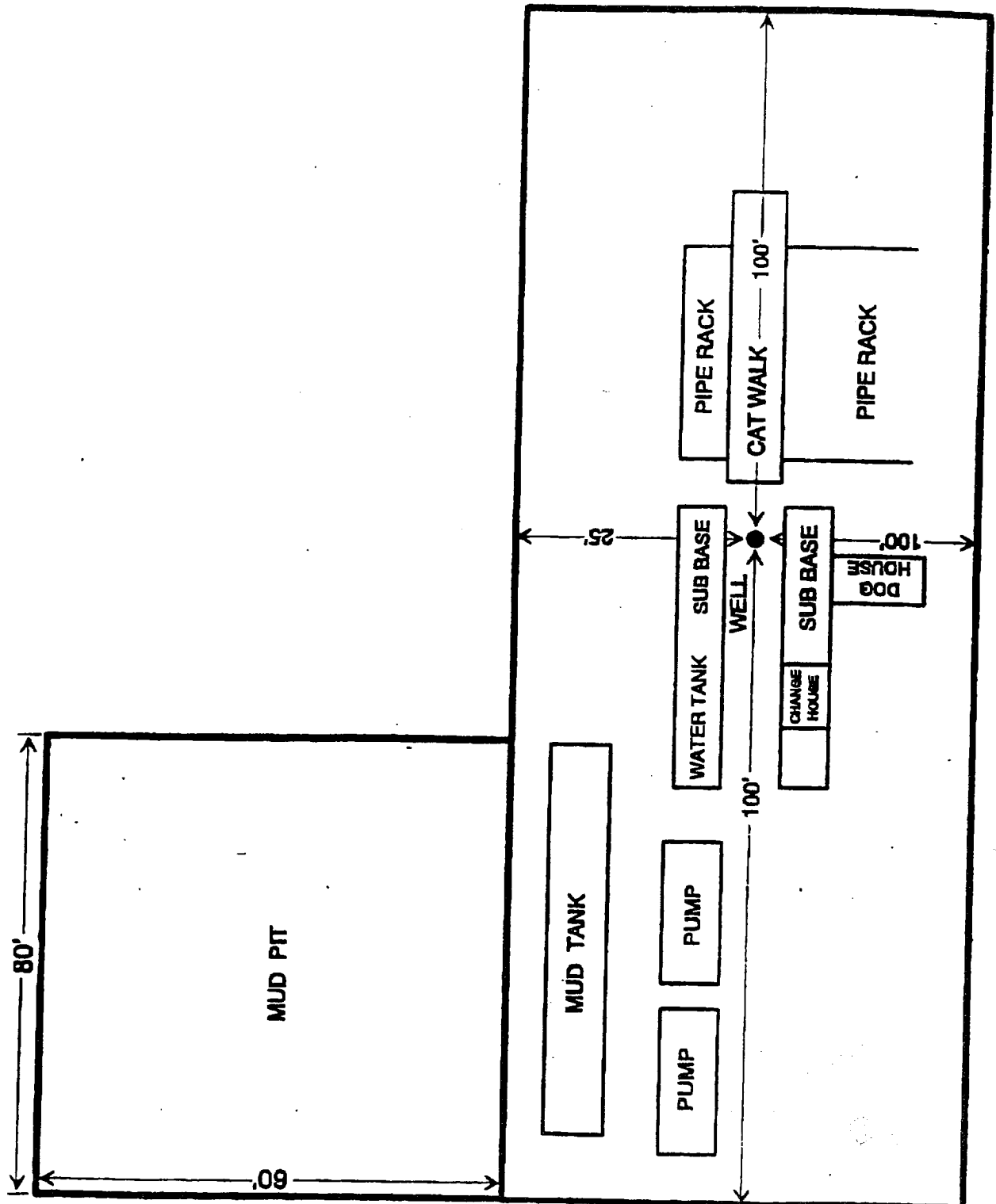
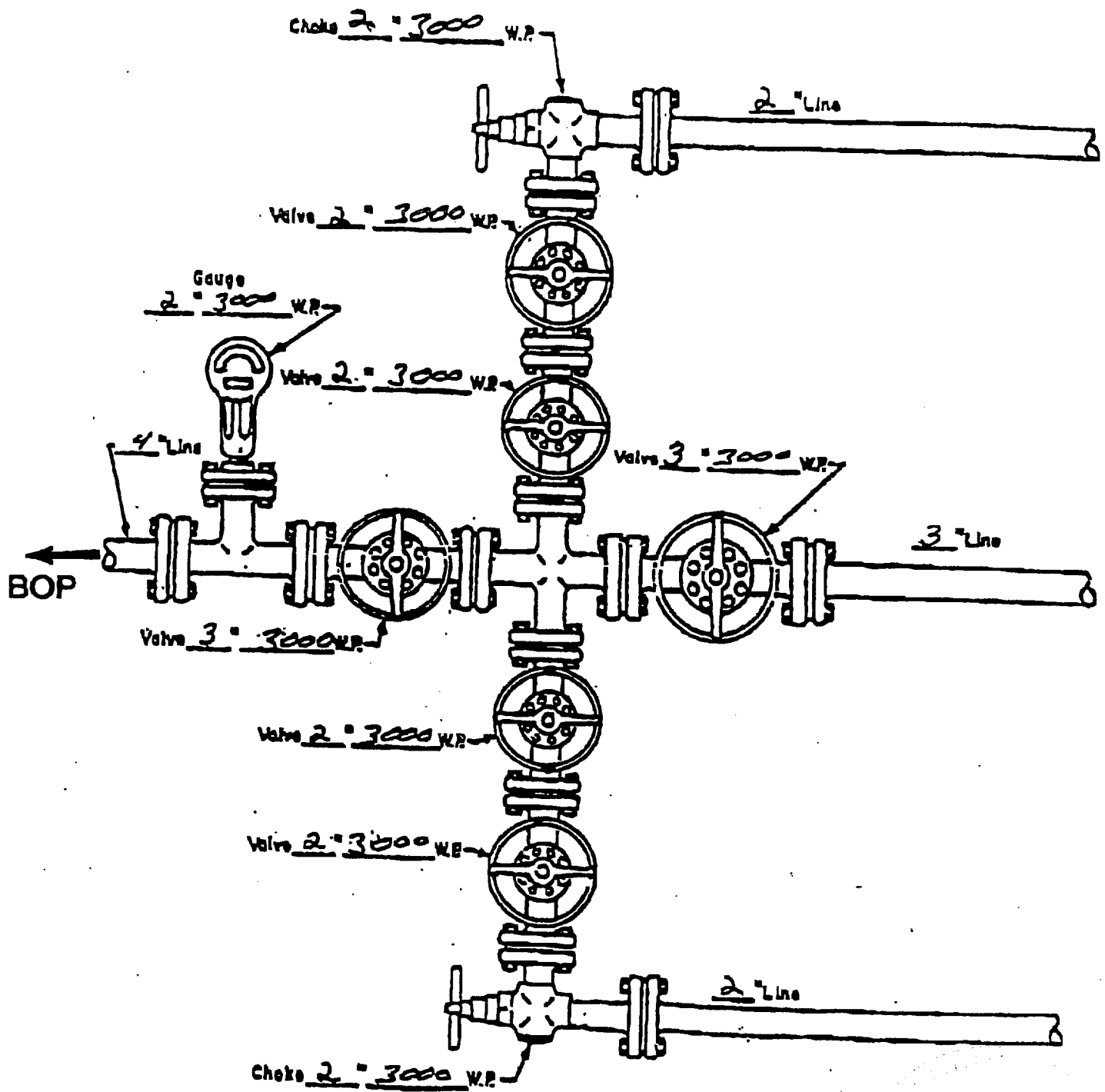


EXHIBIT D

CHOKER 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 605W
Midland, Texas 79705-4500
(915) 686-5587

April 23, 2002

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

Re: Settlement letter for well location and appurtenances
SEMU 168
Section 14, T20S, R37E
Lea County, New Mexico

Dear Mr. Peterson:

Conoco Inc. has reached a damage settlement agreement with the surface owner, being Trent Stradley, 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