



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenberg

Director

Oil Conservation Division

Oil Conservation Division
1220 S. Francis Drive
Santa Fe, NM 87505

NSL-4787(SD)

RE: Proposed:

MC _____
DHC _____
NSL X _____
NSP _____
SWD _____
WFX _____
PMX _____

Meyer B 4 #33

Section 4, T-21-S, R-36-E, Lot # 10

3430' FNL & 1750' FEL

Pool: Oil Center Blinbry

API # 30-025-35884

Lea County, NM

Meyer B 4 #32

Section 4, T-21-S, R-36-E, Lot # 24

990' FSL & 660' FEL

Pool: Oil Center Blinbry

API # 30-025-34270

Lea County, NM

Gentlemen:

I have examined the application for the:

Conoco Inc

Operator

Lease & Well No. Unit

S-T-R

and my recommendations are as follows:

Yours very truly,

Chris Williams

Supervisor, District 1



Mid-Continent Region
Exploration/Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

September 17, 2002

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87504

RE: Administrative Application for Nonstandard location Exceptions

Meyer B 4 #33

Section 4, T-21-S, R-36-E, Lot # 10
3430' FNL & 1750' FEL
Pool: Oil Center Blinebry
API # 30-025-35884
Lea County, NM

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Pool: Oil Center Blinebry
API # 30-025-34270
Lea County, NM

Meyer B 4 #34

Section 4, T-21-S, R-36-E, Lot # 16
3520' FSL & 660' FEL
Pool: Oil Center Blinebry
API # 30-025-35885
Lea County, NM

Dear Mr. Stogner,

The Meyer B 4 #33 & 34 were drilled and permitted in 2002 as Wildcat Strawn wells. The Meyer B 4 #33 was completed in the Strawn as a marginal well, tested 12 BOPD on August 26, 2002. A new pool creation request was sent to the district office September 4, 2002 to have this pool designated as the Oil Center Strawn pool. The Strawn production is currently shut-in waiting on permission to come uphole and perforate the Tubb & Drinkard (Hardy Tubb Drinkard pool), and the Blinebry (Oil Center Blinebry). Conoco feels that production from all three zones will be marginal and after establishing a stabilized rate formalizing an accurate decline curve, Conoco will seek administrative approval to downhole trimmingle all three zones; Strawn, Tubb/Drinkard and the Blinebry. The Meyer B 4 #33 is in violation of the Oil Center Blinebry pool rule # 4a (see attached) that states that:

"In township 21 South, all wells on an 80 acre proration unit shall be located in either the NE/4 or SW/4 of a governmental quarter-section; or, in irregular governmental sections, on an odd numbered lot."

The Meyer B 4 #33 is located in an even numbered Lot - Lot # 10. The Meyer B4 #33 well will be simultaneously dedicated to the same 80 acres as the currently producing Meyer B 4 #19 - please see attached C-102. The electric logs (Fig. 2) indicate that the #33 well contains over 32' of net pay, which carries a risked estimated ultimate recovery of over 43 MBO and 235 MMCFG within the Blinebry reservoir.



Based on the marginal uneconomic Strawn production of the Meyer B 4 #33 well, the Meyer B 4 #34 was not drilled to the Strawn and was TD'd in the Drinkard. After evaluating the logs, Conoco perforated the Blinebry, test date 8/23/02. The well is currently producing from the Oil Center Blinebry Pool. The electric logs (Fig. 3) indicate that the #34 well contains over 93' of net pay within the Blinebry, which carry a risked estimated ultimate recovery of over 31 MBO and 108 MMCFG within the Blinebry reservoir. This well is located in Lot #16 and is also in violation of the Oil Center Blinebry pool rule # 4a thereby making it a nonstandard location. The Meyer B 4 #34 well will be simultaneously dedicated to the same 80 acres as Conoco's currently producing Meyer B 4 #24 well. Please see attached C-102.

Upon evaluation of this area – it was determined that another well, the Meyer B 4 #32 well also requires a non-standard location order. This well was drilled as a Hardy Tubb Drinkard producer in February, 1998. The well was recompleted to the Blinebry and downhole commingled with the Hardy Tubb Drinkard production in March, 1999, DHC Order # 2011. Completion report accepted March 2000. The well is located in Lot # 24, also in violation of the Oil Center Blinebry pool rule #4a. . The Meyer B 4 #32 is 40-acres south of the Meyer B 4 #21 which has historically produced from the Oil Center Blinebry. The Meyer B 4 #32 well is simultaneously dedicated to the Meyer B 4 #21. Please see attached C-102. The oil and gas declines of the Meyer B 4 #21 are shown in Figure #4. The oil and gas rates of the Meyer B 4 #21 have continued to produce on historic declines and shows no effects of interference from the Meyer B4 #32 for three and a half years. Therefore, the Meyer B4 #32 production has been incremental and is necessary to drain the oil reserves in the southern 40-acres of this proration unit.

Structure is interpreted to be the dominant control on Blinebry reservoir development in the Meyer B4 area. In the Meyer B4 area, all wells completed in the Blinebry reservoir above –2375 TVDSS (Blinebry Marker) have produced oil and gas (red contour in Fig. 1). The Meyer B4 #32, 33 & #34 wells encounters the Blinebry Marker at – 2299, –2307 and –2300, respectively.

Conoco operates & leases the E/2 & E/2W/2 of Section 4, T-21-S, R-36-E. The wells are standard footages from the Section lines therefore there is no encroachment and no notification is required. The offset even # Unit letter 40 acres acreage is operated by Conoco. The working interest owners are BP & Chevron and they have signed the well AFE and are in agreement with the Blinebry completions.

Conoco respectfully requests that the Oil Conservation Division of New Mexico approve the three nonstandard locations for the Oil Center Blinebry in the Meyer B 4 #32, Meyer B 4 #33 and the Meyer B 4 #34. If you have additional questions please call me at (915) 686-5798.

Sincerely,

Kay Maddox
Regulatory Agent - Conoco

