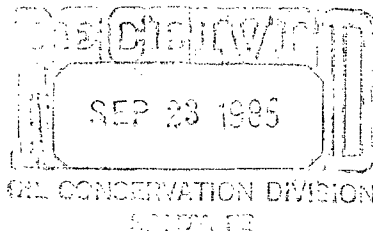


Release 11-21-85  
OK from RLS

B4 DRC



Grace Petroleum Corporation  
Subsidiary of W. R. Grace & Co.

Midland District Office

Phone (915) 683-4793

Mailing Address:

P. O. Drawer 2358

Midland, Texas 79702

September 18, 1985

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501  
Attn: Richard L. Stamets - Director

NSL-2191  
RULE-104 F(Z)

South Salt Lake Atoka Gas Pool  
320 Acre std. W/2 Section 25, T-20-S, R-32-E

Re: Request for Administrative Approval  
Exception to Spacing Requirements  
Rule 104 B.I(a) for Wildcat Wells  
Lea County, New Mexico  
~~Felmont Federal No. 2~~  
W/2, Sec. 25, T-20-S, R-32-E

Gentlemen:

R-5221  
Grace Petroleum Corporation respectfully requests administrative approval for an exception to spacing requirements of Rule 104 B.I(a). Grace Petroleum Corporation proposes to plug back and recompleate their directionally drilled Felmont Federal No. 2 well in the Atoka formation from 13360'-13370'. The bottom-hole unorthodox location @ 13370' is 1194' FSL and 1659' FWE of Sec. 25, T-20-S, R-32-E, Lea County, New Mexico. The end line distance of 1194' for the proposed 320 acre standard proration unit (w/2 of Sec. 25) does not meet the 1980' requirement. The distance to the nearest Qtr.-Qtr. section line is 124', an exception to the 330' requirement in Rule 104 B.I(a).

As shown on the attached plat, Grace Petroleum Corporation directionally drilled the Felmont Federal No. 2 and completed the well in the Morrow. A non-standard 320 acre gas unit consisting of the SW/4 of Sec. 25 and the NW/4 of Sec. 36 was approved 2-14-79 by Order No. R-5521-A, Case No. 6448 for the Morrow formation. Bottom hole location was 1364' FSL and 4037' FEL of Sec. 25. Directional drilling was done from Texaco's Audie Richards No. 1 pad @ a surface location of 660' FSL & 760' FEL of Sec. 25. The well was directionally drilled to meet Potash restrictions for the area. A standard 320 acre proration unit is proposed for the Atoka completion, utilizing the NW/4 of Sec. 25 that is also half of the Morrow proration unit for Grace's Felmont Federal No. 1.

Remarks: This well was originally <sup>directionally</sup> drilled from a surface location of 660 FSL and 760 FEL of Section 25 to the Morrow formation at a bottomhole unorthodox location of 1364 FSL and 4037 FWE of Section 25. This original unorthodox bottomhole location was approved by Division Order R-5521. Also approval by R-5521 was a non-standard proration unit consisting of the SW/4 of Section 25 and the NW/4 of Section 36. This proration unit will be terminated and the new standard proration unit as described above will be dedicated to the well.

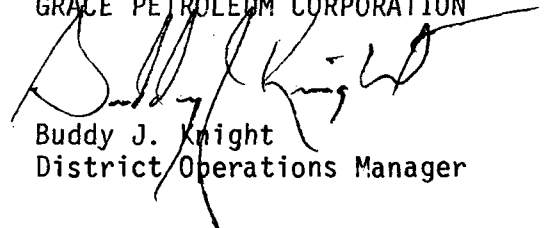
Page -2-  
September 18, 1985

The Morrow formation in Felmont Federal No. 2 is no longer commercial. A successful Atoka completion would increase recovery and prevent waste.

Owners of offset leases (list attached) are shown on the attached plat and are being notified by certified mail with copies of this request. Completed wells on offset leases are also shown on the attached plat.

Yours very truly,

GRACE PETROLEUM CORPORATION

A handwritten signature in black ink, appearing to read "Buddy J. Knight", is written over the typed name and title.

Buddy J. Knight  
District Operations Manager

DWR/pr

xc: State of N.M.-OCD - Orig & 2  
DWR-RF  
Well File  
Offset Operators - List attached

OWNERSHIP OF OFFSET LEASES  
FELMONT FEDERAL NO. 2  
LEA COUNTY, NEW MEXICO

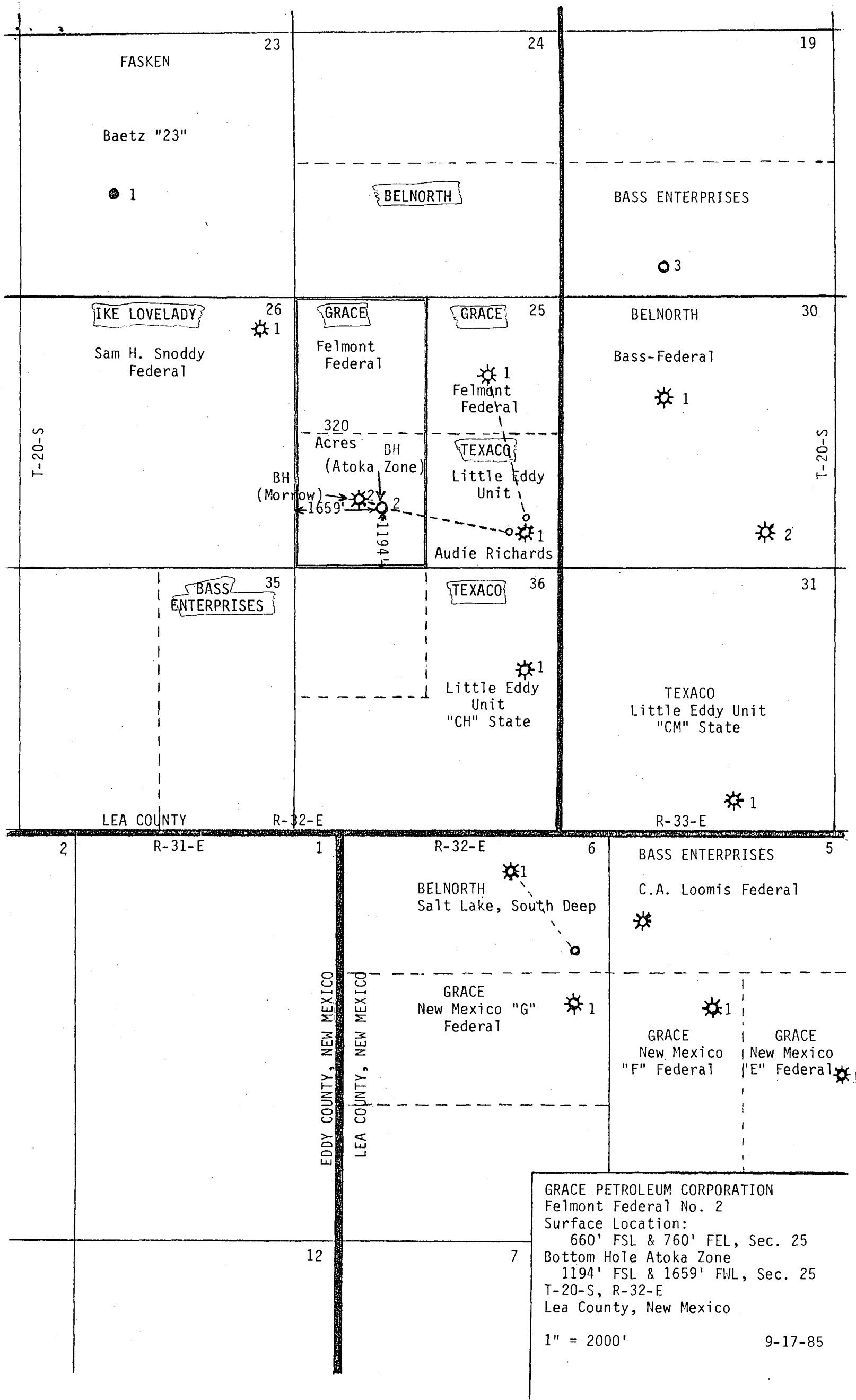
Belnorth Petroleum Corporation  
One Petroleum Center  
3300 North "A" St.  
Building 6  
Midland, Texas 79705

Lovelady, Ike, Inc.  
Box 2666  
Midland, Texas 79702

Bass Enterprises Production Company  
Box 2760  
Midland, Texas 79702

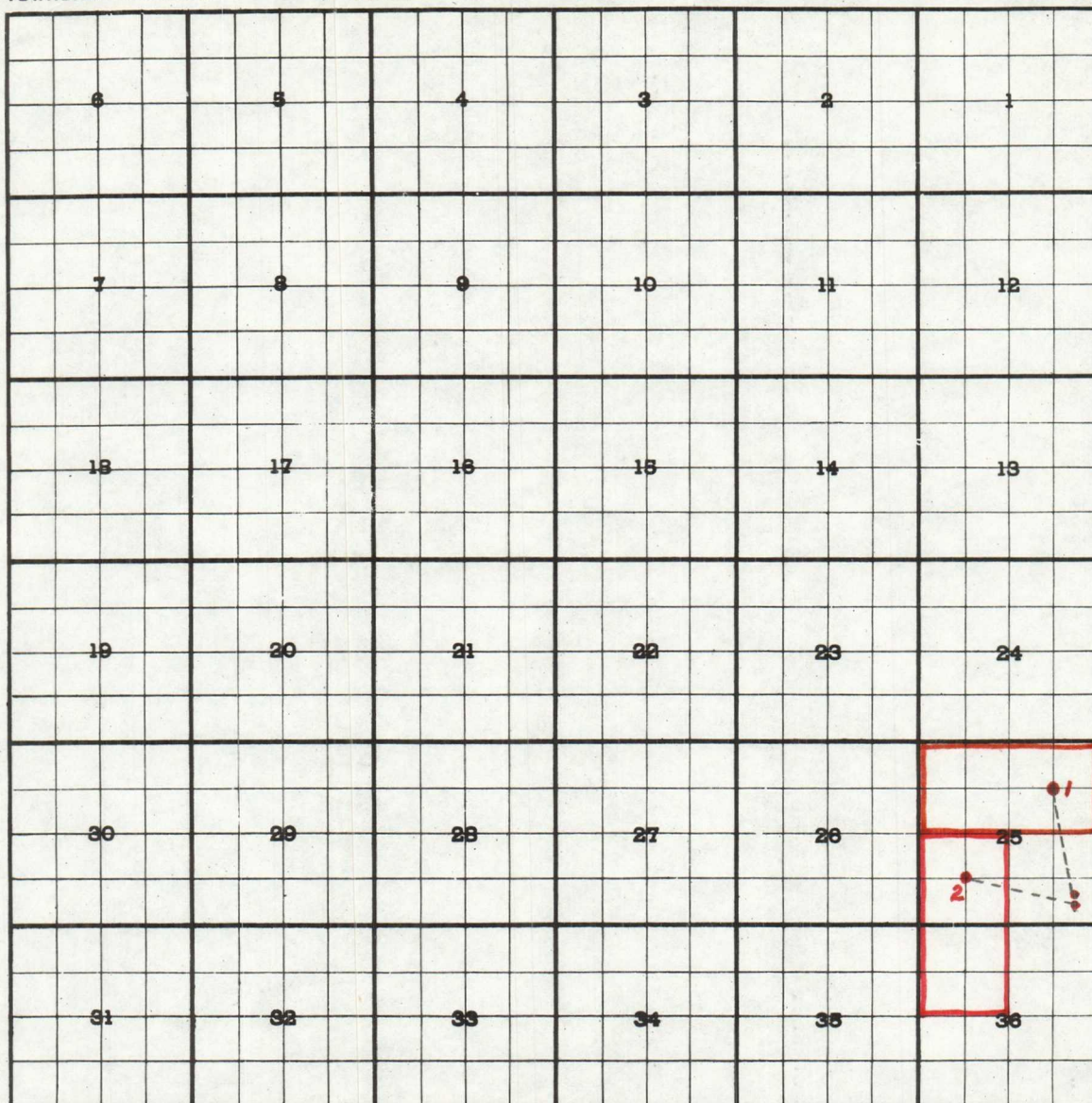
Texaco, Inc.  
Box 3109  
Midland, Texas 79702

Fasken, David  
608 First National Bank Building  
Midland, Texas 79701



County \_\_\_\_\_ Pool \_\_\_\_\_

TOWNSHIP \_\_\_\_\_ South, RANGE \_\_\_\_\_ East, NEW MEXICO PRINCIPAL MERIDIAN



14,000' Morrow Gas Wells.

Bottomhole Location 1194 FSL

1659 FWL

Prepared for reference only by D. Catant