

DATE IN <u>2/9/06</u>	SUSPENSE	ENGINEER <u>MIKE</u>	LOGGED IN <u>2/10/06</u>	TYPE <u>NSL</u>	APP NO. <u>PTD50604140167</u>
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ABOVE THIS LINE FOR DIMSION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS
WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]

[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]

[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]

[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]

[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]

[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ocean Munds-Dry
Print or Type Name

Signature Ocean Munde Bay

Attorney
Title

2-9-06
Date

omundsdry@hollandhart.com
e-mail Address



February 9, 2006

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of H. L. Brown Operating, L.L.C. for an amended administrative order of an unorthodox gas well location for its Federal "27" Well No. 4, to be drilled at an unorthodox oil well location 2540 feet from the South line and 1640 feet from the West line of Section 27, Township 7 South, Range 37 East, N.M.P.M., Roosevelt County, New Mexico.

Dear Mr. Fesmire:

H. L. Brown Operating, L.L.C. ("H.L. Brown") hereby seeks an amended administrative order pursuant to the provisions of Division Rule 104 F (2)-(4) adopted on August 12, 1999, of an unorthodox well location for its Federal "27" Well No. 4 to be drilled at a surface location 2540 feet from the South line and 1640 feet from the West line of Section 27, Township 7 South, Range 37 East, N.M.P.M., Roosevelt County, New Mexico. This well will be drilled to a depth of approximately 9,000 feet to test the Devonian formation, North Bluit Siluro-Devonian Pool. Pursuant to the Special Rules and Regulations for this pool, adopted by Division Order No. R-8586, a standard 80-acre spacing and proration unit comprised of the N/2 SW/4 of Section 27 will be dedicated to the well.

Administrative Order NSL-5245 granted an unorthodox well location for this well on July 28, 2005 at a location 2415 feet from the South line and 287 feet from the West line of said Section 27. A copy of this order is attached as **Exhibit A**. H.L. Brown now requests that the Division amend its order to allow it to drill the Federal "27" Well No.4 2540 feet from the South line and 1640 feet from the West line of Section 27.

HOLLAND & HART LLP



a governmental quarter-quarter section or lot. (Rule 4). The proposed unorthodox well location is 100 feet from the northern boundary of the dedicated N/2 SW/4 spacing unit. This unorthodox location is required by geologic conditions in the Devonian formation. Attached hereto as **Exhibit B** is a Top of Lower Devonian Structure map that shows the proposed unorthodox location and immediate offsetting wells. This exhibit demonstrates that H. L. Brown's location for the Federal "27" Well No. 4 is in a position to effectively recover hydrocarbons from this N/2 SW/4 spacing unit.

The acreage dedication plat for the well (Division Form C-102) is attached hereto as **Exhibit C**.

Attached hereto as **Exhibit D** is a topographical map showing the proposed location.

Exhibit E is a plat that shows the subject area, the 80-acre spacing unit comprised of the N/2 SW/4 of Section 27, the proposed unorthodox location and the adjoining spacing units and wells. This well encroaches on the N/2 of Section 27 and the E/2 of Section 28, Township 27 South, Range 7 East, NMPM. Since the offsetting tracts are operated by H. L. Brown and the working interest and royalty interest are identical in the dedicated spacing unit and in all offsetting tracts, there are no affected parties to whom notice of this application must be provided pursuant to Division Rule 1207(A).

Enclosed is a proposed administrative order of the Division.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry

Ocean Munds-Dry

ATTORNEY FOR H. L. BROWN OPERATING, L.L.C.

Enclosures

cc: Peter Courtney
H. L. Brown Operating, L.L.C.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 28, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

H. L. Brown Operating, L.L.C.
c/o **Holland & Hart, LLP**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: **William F. Carr**

Administrative Order NSL-5245

Dear Mr. Carr:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on July 6, 2005 (administrative application reference No. pSEM0-518828400) on behalf of the operator, H. L. Brown Operating, L.L.C. ("HLB"); and (ii) the Division's records in Santa Fe, including the files in Division Cases No. 9270, 10769, and 10900: all concerning HLB's request for an exception to the well location requirements (Rule 4) provided within the "*Special Rules and Regulations for the North Bluit Siluro-Devonian Pool*," as promulgated by Division Order No. R-8586, as amended, for its proposed Federal "27" Well No. 4 to be drilled 2415 feet from the South line and 287 feet from the West line (Unit L) of Section 27, Township 7 South, Range 37 East, NMPM, Undesignated North Bluit Siluro-Devonian Pool (6910), Roosevelt County, New Mexico.

The N/2 SW/4 (Units K and L) of Section 27 is to be dedicated to this well in order to form a standard 80-acre lay-down oil spacing and proration unit for this pool (as provided for by Rule 2 of the special pool rules).

This application has been duly filed under the provisions of: (i) Rule 5 of the special pool rules governing the North Bluit Siluro-Devonian Pool; and (ii) Division Rules 104.F and 1207.A (2).

It is the Division's understanding that HLB is seeking this location exception for both topographical and geological reasons. This well will also serve as a replacement well to HLB's earlier Federal "27" Com. Well No. 2 (API No. 30-041-20871), drilled at an unorthodox oil well location within this 80-acre unit 2590 feet from the South line and 330 feet from the West line (also in Unit L) of Section 27, which well was the subject of Division Orders No. R-9935, issued in Case No. 10769, and R-9935-A, issued in Case No. 10900.

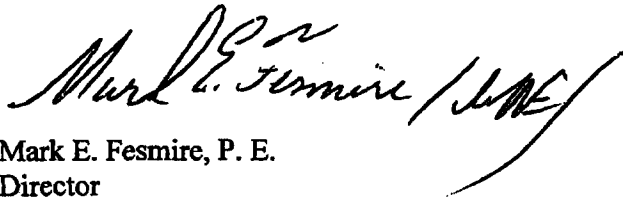
H. L. Brown Operating, L.L.C.
July 28, 2005
Page 2

Division Administrative Order NSL-5245

By the authority granted me under the provisions of the applicable rules governing the North Bluit Siluro-Devonian Pool and Division Rule 104.F (2), the above-described unorthodox oil well location is hereby approved.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this pool.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark E. Fesmire", followed by a large, stylized flourish or checkmark.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
U. S. Bureau of Land Management – Roswell
File: Case No. 9270
Case No. 10769
Case No. 10900



Cum 2.1 BO, 520
MMCFG @11-05,
38m/d, EUR 791
MMCFG

EXHIBIT B

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 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name FEDERAL "27"	Well Number 4
OGRID No.	Operator Name H.L. BROWN OPERATING L.L.C.	Elevation 4052'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	27	7 S	37 E		2540	SOUTH	1640	WEST	ROOSEVELT

Bottom Hole Location If Different From Surface

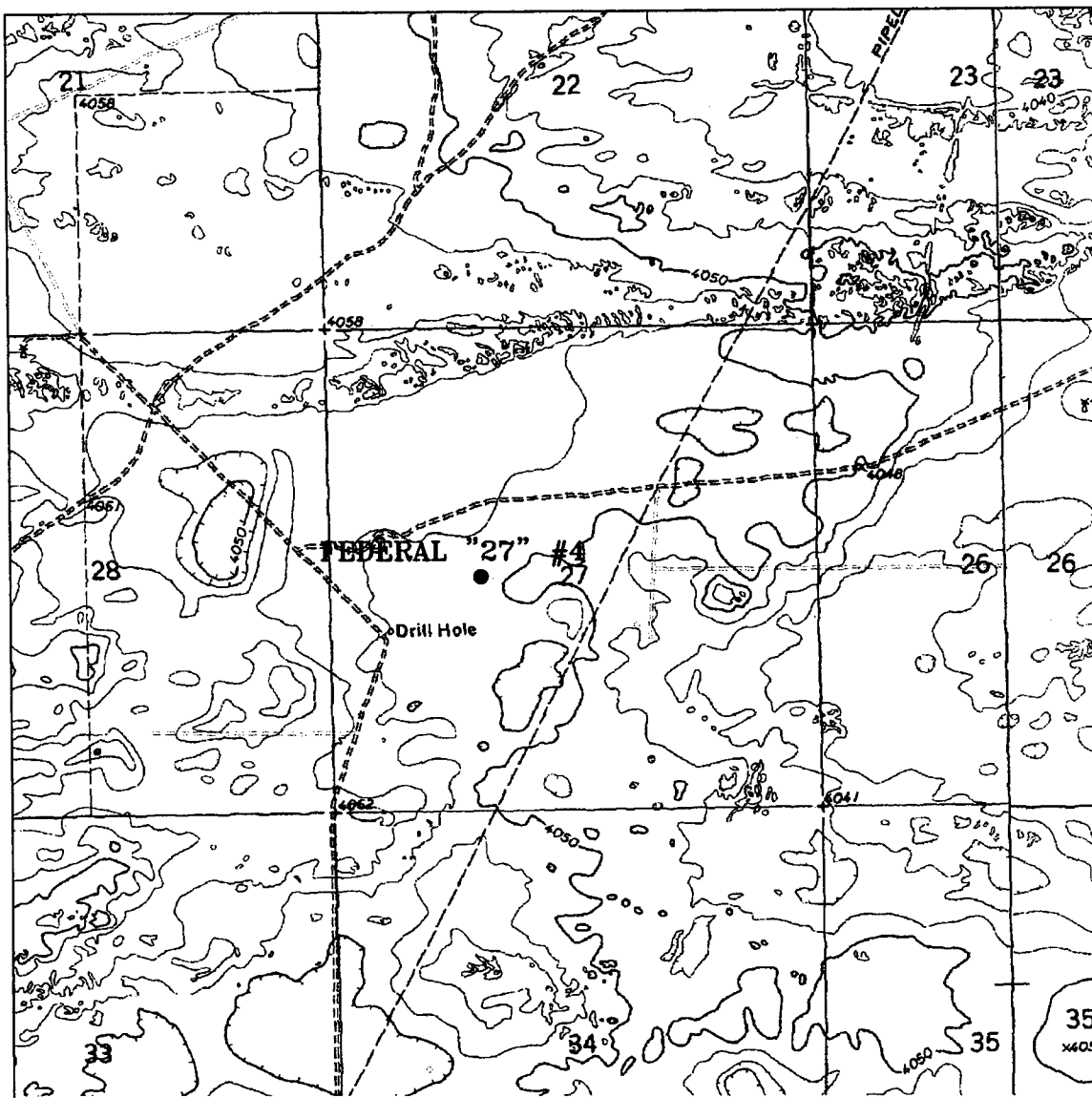
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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

<p>Lat.: N33°40'44.6" Long.: W103°08'39.0"</p>	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature _____ Printed Name _____ Title _____ 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. JANUARY 18, 2006 Date Surveyed _____ Signature _____ Seal of Professional Surveyor Certificate No. Gary Jones 7977 BASIN SURVEYS

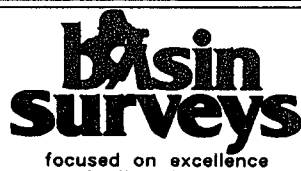
EXHIBIT C



FEDERAL "27" #4

Located at 2540' FSL and 1640' FWL
 Section 27, Township 7 South, Range 37 East,
 N.M.P.M., Roosevelt County, New Mexico.

EXHIBIT D



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: 6154AA - KJG #1

Survey Date: 01-18-2006

Scale: 1" = 2000'

Date: 01-19-2006

**H.L. BROWN
 OPERATING L.L.C.**

Mack Kizer, etal

3

J.D. Weaver etal sec.

Charles Douglas
Salmon
4-1-98
01539

Roy Barton, etal
W A Yeager Group

R G Barton, Jr
C.R Smith

Lowe Partners
4-1-98
83626
41399

L.E. Opperman
9-1-93
77122
5499

Mack
Kizer
etal(S)

J.D.
Weaver(S)

L.E. Opperman
9-1-93
77122
5499

F.J.
Schlicher, etal.
1-6-91

H.L Brown, Jr.
8-1-95
62249

U.S.
Mack
Kizer, etal(S)

Griffith E,
Stone Roy. 9/24/1
Chisas, Ltd.
Wanda McCormick

Betty
Hawkins, etal

U.S.
J.D.
Weaver(S)

Sool Ltd. etal
7-1-88
33205

H.L. Brown
Jr. 8-1-95
62249

(H.L. Brown, Jr.)
Fed.
Sil Dev. Disc.
F202 (wo)
"Fed."

H.L. Brown Op
Sool Ltd.
12852

H.L. Brown
Op.
Sool Ltd.
54450

H.L.
Brown Op.
(Sool Ltd.)

28

Proposed
Federal 28 Com. #1 Unit
C.D. Quina
Cities Fed
T09244
DIA 3-30-75

H.L. Brown
Bluff Fed
(Felmont)
(Bluff Unit)
T09244
(DIA 11-27-57)
Pg 7-22-70

(Holly Ener.)
Holly Fed.
T09202
P/B 4361
5-90
SA Disc

U.S.
P.M. Kizer, etal(S)

Fed.
P.M.
Kizer, etal(S) U.S.

Future Acquis. (Sool Ltd. etal)
Sool Ltd. etal (Felmont)
HBP
0474
021097

Sool Ltd. etal
13740
HBP
0557843

Yates Pet. etal
9-1-93
77123
2800

Sool Ltd. etal
HBP
0474

U.S.

33

H.L.
Brown, Op.
E.C. George
Fed.
1-3 Mil

1-2 Mil.
+ F18
Sool Ltd.
etal
13740

W.L.
Beggs
(S)

H.L. Brown Operating L.L.C.
North Bluff Area
Roosevelt Co., New Mexico
Federal 28 Com. #3 Location
Federal 27-4 Location

1"=1,000' S/O5

EXHIBIT C

etal
J.D.
Weaver(S)

U.S.
J.D. Weaver(S)

Brown
Fed.

EXHIBIT E