



PLANTATION PETROLEUM COMPANIES

PLANTATION PETROLEUM HOLDINGS III, LLC; PLANTATION OPERATING, LLC

2203 Timberloch Place, Ste. 229
The Woodlands, TX 77380
Tel: (281) 296-7222
Fax: (281) 298-2333

*PPC 50 -
611856090*

2006 APR 20 AM 8 32

April 13, 2006

FEDERAL EXPRESS

Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, NM 87505

**RE: State "E" Com No. 5 - Proposed Drilling to Eumont Gas Pool
1780' FSL & 660' FEL
SE/4, Unit I, Sec 16, T-21S, R-36E
Lea County, New Mexico
Administrative Application for Simultaneous Dedication,
Standard Location, in Existing Non-Standard Proration Unit
Administrative Order SD-89-2, Division Order No. R-520**

Dear Mr. Stogner,

Please find enclosed is a copy of previously approved Administrative Order No. **SD-89-2** to simultaneously dedicate two Eumont wells, to the subject existing 160 acre Eumont (Gas) proration unit, the **State "E" Com No. 2 & 4** in the NSP approved June 5, 1989. This NSP was previously approved Division Order No. **R-520** dated August 12, 1954 corresponding to the 160 acre **State "E" Com Lease** (Gas) non-standard proration unit, consisting of SE/4 Section 16, T-21S, R-36E Lea County, New Mexico,

We hereby ask your approval to drill corresponding to the new drilling application for the **State "E" Com No. 5**. Approval of the simultaneous dedication application will prevent waste, by allowing for the optimal recovery of remaining gas reserves while protecting our mineral rights, (including gas reserves from tighter Eumont strata, within the Eumont interval).

Also, please find enclosed an original of the new C-101 and C-102 corresponding to the new drilling application for the **State "E" Com No. 5**. along with the C-144 and BOP diagram.

Notice of this administrative application has been sent by Federal Express to the applicable diagonal and adjacent offset Eumont operators, as well as, the NMOCD in Hobbs, NM.

We thank you for your thoughtful review of this matter as we expect a drilling rig in the next few weeks.

Very truly yours,

PLANTATION OPERATING, LLC


John Allred, P.E.
Engineer

cc:

Chris Williams
District Supervisor – District 1
1625 N. French Drive
Hobbs, New Mexico 88240

Donna Mull
APD Permitting – District 1
1625 N. French Drive
Hobbs, New Mexico 88240

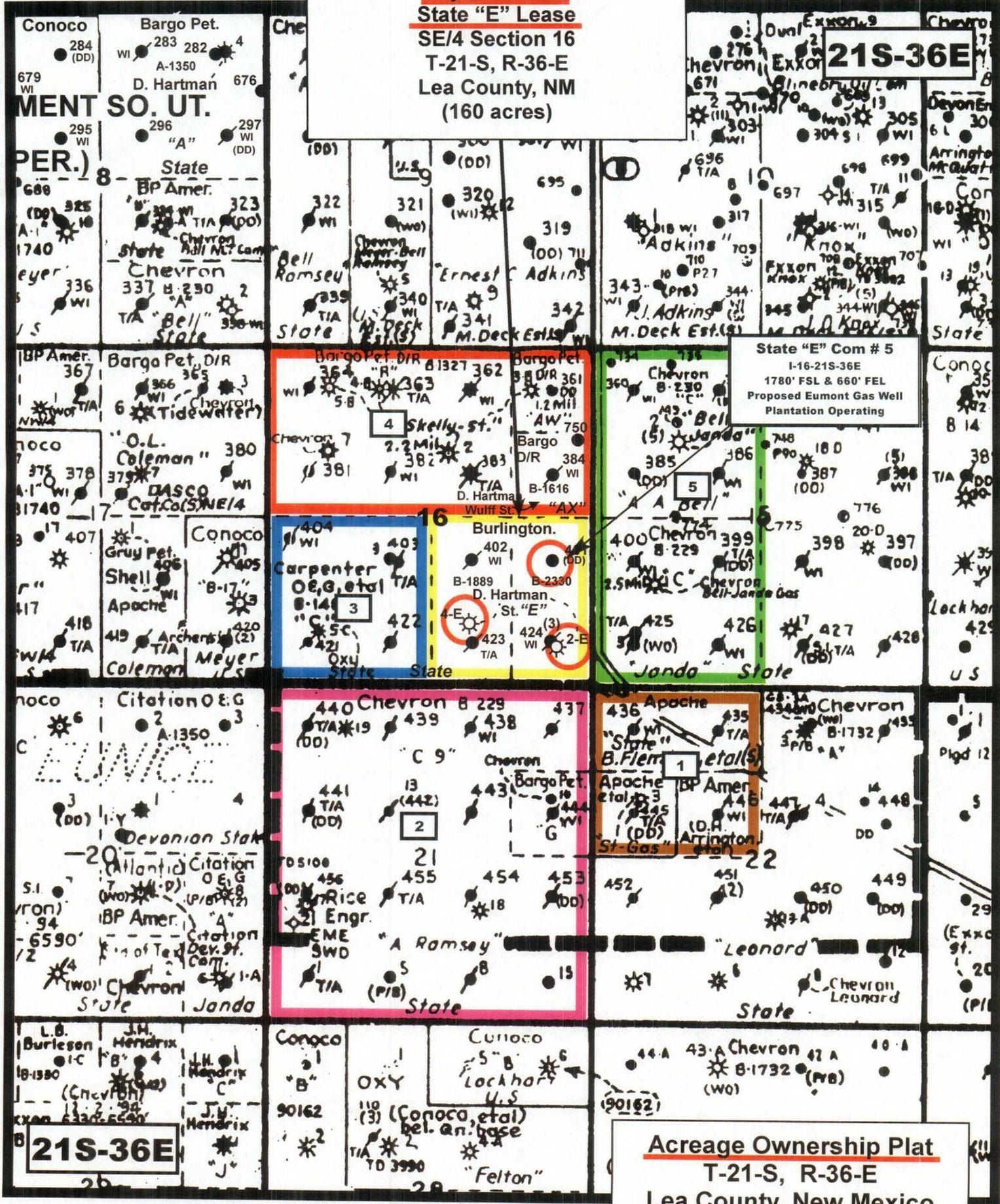
Occidental Permian, Ltd.
420 Goings Ln,
Hobbs, NM 88240-0058

ConocoPhillips
4001 Penbrook St.
Odessa, TX 79762

OXY USA WTP, LP
6 Desta Drive, Suite 6000
Midland, TX 79705

Doyle Hartman
State "E" Lease
SE/4 Section 16
T-21-S, R-36-E
Lea County, NM
(160 acres)

21S-36E



Acreage Ownership Plat
T-21-S, R-36-E
Lea County, New Mexico
Scale: 1" = 2000'

LIST OF OFFSET EUMONT (GAS) OPERATORS

**Plantation Operating, LLC
State "E" Com No. 5
SE/4, Unit I, Section 16, T-21S, R-36E
Lea County, New Mexico**

Tract No.	Operator	Lease and Well Name (s)	Gas Well Locations	Unit Description	No. of Acres
1 (Brown)	Occidental Permian, Ltd.	State "T" Com No. 2	C-22-21S-36E	NW/4, Section 22 T-21-S, R-36-E	160
2 (Pink)	ConocoPhillips	Arnott Ramsey NCT-C Com No. 13	F-21-21S-36E	All Section 21 T-21-S, R-36-E	640
3 (Blue)	OXY USA WTP LP	State "C" No. 3	K-16-21S-36E	SW/4, Section 16 T-21S, R-36-E	160
4 (Orange)	ConocoPhillips	Skelly B State Com No. 7	E-16-21S-36E	N/2, Section 16 T-21-S, R-36-E	320
5 (Green)	ConocoPhillips	R. R. Bell NCT-C Com No. 5	E-15-21S-36E	W/2, Section 15 T-21-S, R-36-E	320

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Plantation Operating, LLC 2203 Timberloch Place, Suite 229, The Woodlands, Texas 77380		² OGRID Number 237788
		³ API Number 30 - 025-
³ Property Code 302128	⁵ Property Name State "E" Com	⁶ Well No. 5
⁹ Proposed Pool 1 Eumont Gas (Yates-7Rivers-Queen)		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	16	21S	36E		1780'	South	660'	East	Lea

⁸ Proposed 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

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3603'
¹⁶ Multiple No	¹⁷ Proposed Depth 3800'	¹⁸ Formation Yates - 7 Rivers-Queen	¹⁹ Contractor To Be Determined	²⁰ Spud Date ASAP
Depth to Groundwater 195'		Distance from nearest fresh water well > 1,000'		Distance from nearest surface water > 1,000'
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/>		Pit Volume: 8900 bbls		Drilling Method: Drilling
Closed-Loop System <input type="checkbox"/>		Fresh Water <input type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>		

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	450'	350	Surface
7 7/8"	5 1/2"	17#	3800'	900	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Before drilling out from surface pipe, the well will be equipped with a 3000-psi 10-inch Series-900 double-ram hydraulic BOP and Hydril and surface pipe and BOP system will be tested to a minimum pressure of 1500 psig. Cement volumes may be adjusted to insure that the cement behind both the 8-5/8" and 5-1/2" casing strings will be circulated in sufficient volumes to the surface.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved by:	
Printed name: Donald P. Dotson, P.E. 	Title:	
Title: COO	Approval Date:	Expiration Date:
E-mail Address: ddotson@plantationpetro.com		
Date: 4/12/2006	Phone: 281-296-7222	Conditions of Approval Attached <input type="checkbox"/>

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name STATE "E" COM	Well Number 5
OGRID No.	Operator Name PLANTATION OPERATING, LLC	Elevation 3603'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	16	21-S	36-E		1780	SOUTH	660	EAST	LEA

Bottom Hole Location If Different From Surface

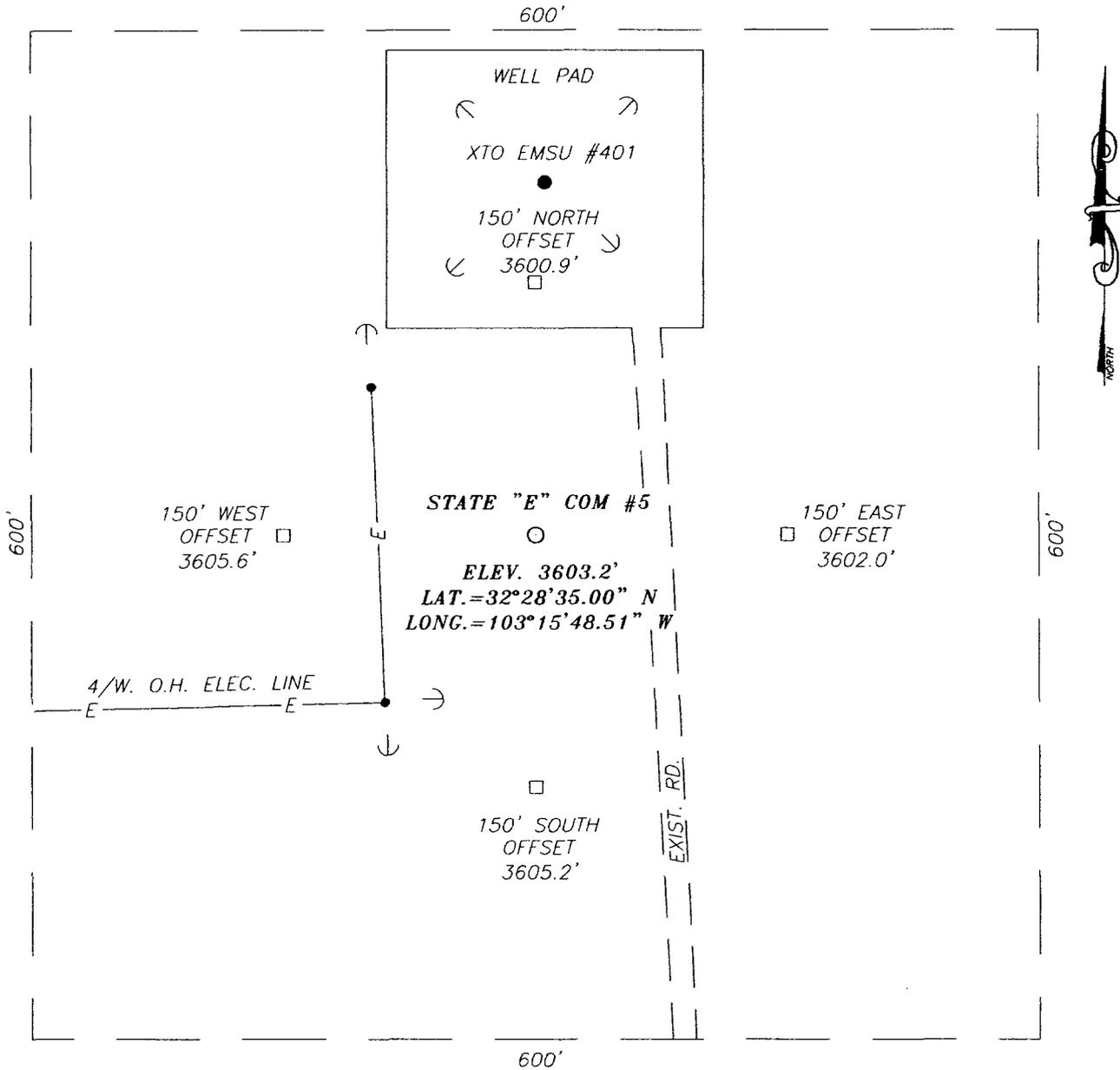
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	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

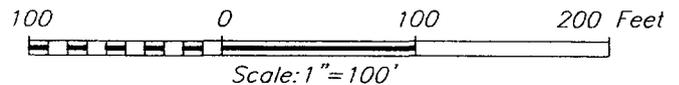
	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>John Allred</i> 4/13/06 Signature Date</p> <p>JOHN ALLRED Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MARCH 07, 2006</p> <p>Date Surveyed MR</p> <p>Signature & Seal of Professional Surveyor </p> <p>Gary H. Edson 3/14/06 06.11.0457</p>
	<p>Certificate No. GARY EDSON 12641</p>
	<p>Professional Surveyor Seal: GARY H. EDSON, STATE OF NEW MEXICO, No. 06.11.0457</p>

SECTION 16, TOWNSHIP 21 SOUTH, RANGE 36 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM INTERSECTION OF ST. HWY. 8 AND ST. HWY. 176, GO NORTH ON ST. HWY. 8 APPROX. 0.2 MILES. TURN LEFT AND GO WEST APPROX. 0.1 MILES. TURN RIGHT AND GO NORTH APPROX. 0.13 MILES. THIS LOCATION IS APPROX. 70 FEET WEST.



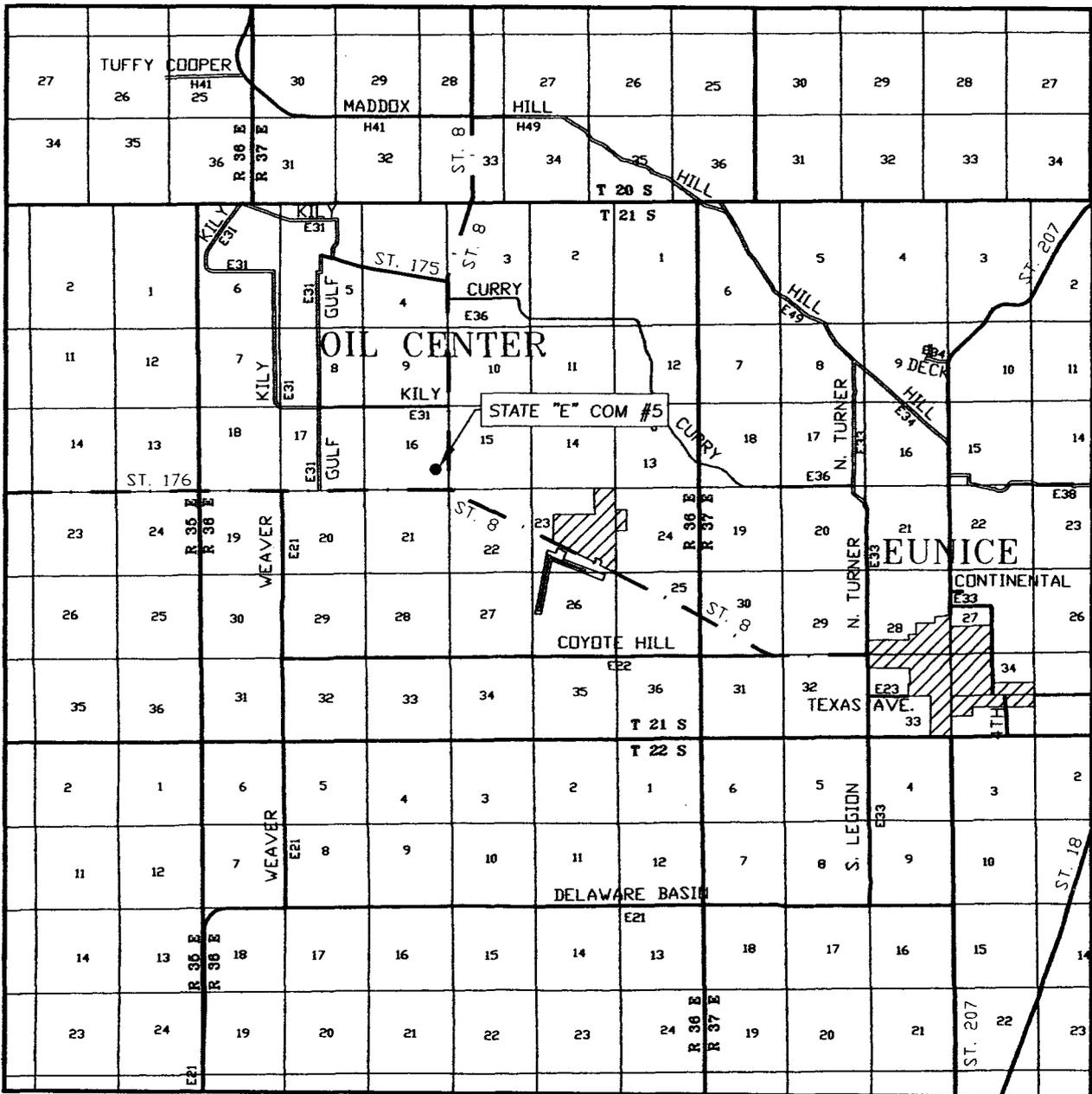
PLANTATION OPERATING, LLC

STATE "E" COM #5
 LOCATED 1780 FEET FROM THE SOUTH LINE
 AND 660 FEET FROM THE EAST LINE OF SECTION 16,
 TOWNSHIP 21 SOUTH, RANGE 36 EAST, N.M.P.M., LEA
 COUNTY, NEW MEXICO.

Survey Date: 03/07/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.0457	Dr By: M.R. Rev 1:N/A
Date: 03/10/06	Disk: CD#1 06110457 Scale: 1" = 100'

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 16 TWP. 21-S RGE. 36-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1780' FSL & 660' FEL

ELEVATION 3603'

OPERATOR PLANTATION OPERATING, LLC

LEASE STATE "E" COM



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
June 1, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes No

Type of action: Registration of a pit or below-grade tank Closure of a pit or below-grade tank

Operator: Plantation Operating, LLC Telephone: 281-296-7222 e-mail address: ddotson@plantationpetro.com
Address: 2203 Timberloch Place, Suite 229, The Woodlands, Texas 77380
Facility or well name: State "E" Com #5 API #: 30-025- U/L or Qtr/Qtr I Sec 16 T 21S R 36E
County: Lea Latitude 32° 28' 35.00" N Longitude 103° 15' 48.51" W NAD: 1927 1983
Surface Owner: Federal State Private Indian

Pit	Below-grade tank	
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>.12</u> mil Clay <input type="checkbox"/> Pit Volume <u>8,900</u> bbl	Volume: <u> </u> bbl Type of fluid: <u> </u> Construction material: <u> </u> Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not.	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) <u>141'</u>	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) <u>0</u> (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No <u> </u> No	(20 points) (0 points) <u>0</u>
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points) <u>0</u>
	Ranking Score (Total Points)	<u>0</u>

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite offsite If offsite, name of facility . (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No Yes If yes, show depth below ground surface ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

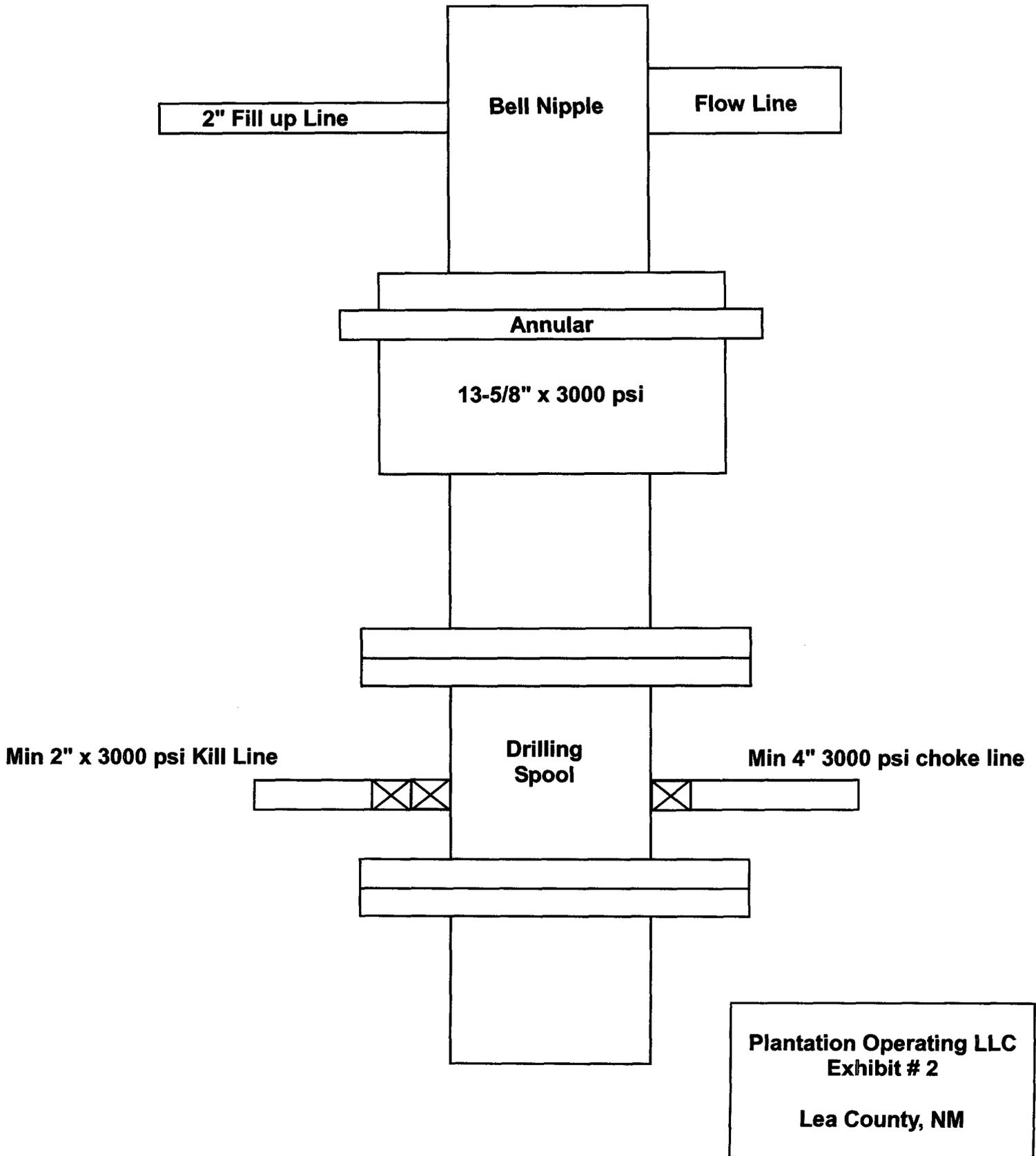
Date: 4/12/2006
Printed Name/Title Donald P. Dotson / COO Signature 

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Printed Name/Title Signature Date:

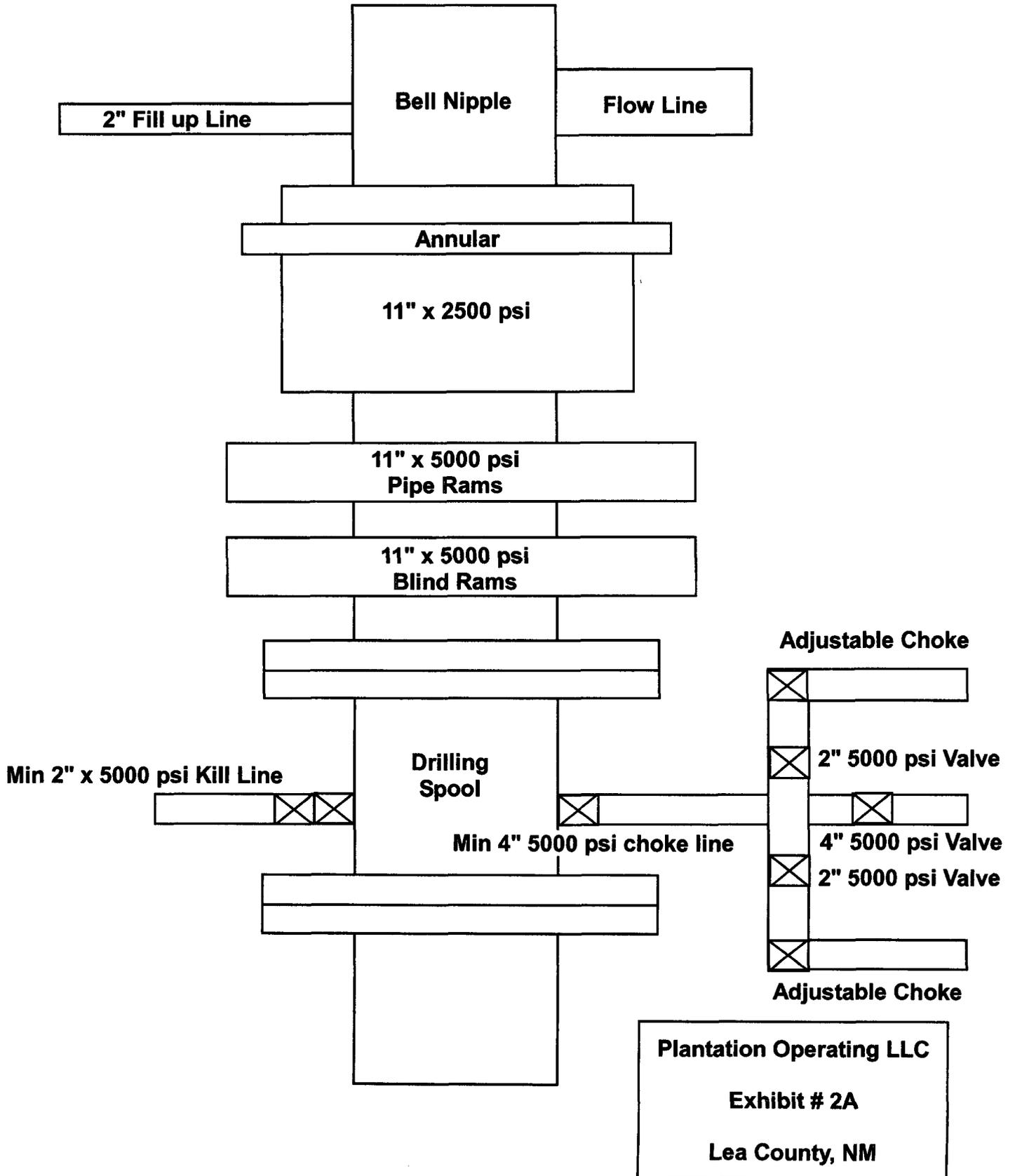
Plantation Operating, LLC

BOP Schematic for 12-1/4" Hole



Plantation Operating, LLC

BOP Schematic for 8-3/4 or- 7-7/8" Hole



520917 State E Com #2
890697
LH

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

June 5, 1989

Doyle Hartman
P.O. Box 10426
Midland, TX 79702

Attention: Michelle Wilcox
Administrative Assistant

Administrative Order SD-89-2

Dear Ms. Wilcox:

Per your application dated May 9, 1989, Doyle Hartman is hereby authorized to simultaneously dedicate a previously approved 160-acre non-standard gas spacing and proration unit (Division Order No. R-520) comprising the SE/4 of Section 16, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to your proposed State "E" Com Well No. 4 to be drilled at a standard gas well location 990 feet from the South line and 1960 feet from the East line (Unit O) of said Section 16 and to the existing State "E" Com Well No. 2 located at a standard gas well location 660 feet from the South and East lines (Unit P) of said Section 16.

Further, you are hereby permitted to produce the allowable assigned the subject proration unit from both wells in any proportion.

Sincerely,

William J. LeMay
Director

cc: Oil Conservation Division - Hobbs
NM Oil and Gas Engineering Committee - Hobbs
NM State Land Office - Santa Fe

DOYLE HARTMAN
OIL OPERATOR
RECEIVED

JUN 12 1989

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

May 9, 1989

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Victor T. Lyons
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: State "E" Com No. 4
SE/4 Section 16
T-21-S, R-36-E
Lea County, New Mexico
1. Simultaneous Dedication
2. Notice of Section 103
Infill Application

Gentlemen:

We are in the process of filing Forms C-101 and C-102 with the Oil Conservation Division District I Office for permission to drill our newly proposed State "E" Com No. 4 well as an infill Eumont (Gas) well at a standard Eumont (Gas) location consisting of 990' FSL and 1960' FEL (O) Section 16, T-21-S, R-36-E, Lea County, New Mexico.

We hereby request administrative approval to simultaneously dedicate our newly proposed State "E" Com No. 4 well (O-16-21S-36E) along with the previously existing State "E" Com No. 2 (P-16-21S-36E) to the existing 160-acre non-standard Eumont (Gas) proration unit consisting of SE/4 Section 16, T-21-S, R-36-E, Lea County, New Mexico (standard P.U. = 640 acres).

Furthermore, if the proposed well is completed as a commercial producer and in compliance with the Natural Gas Policy Act of 1978, an application will be submitted to the New Mexico Oil Conservation Division to obtain administrative approval for the well as a Section 103 infill well.

Three copies of a color-coded land map outlining the subject 160-acre Eumont (Gas) proration unit as well as the location of the original State "E" Com No. 2 well and the proposed location of our State "E" Com No. 4 infill well are enclosed for your review. Supplementing the enclosed color-coded land plat is a companion table describing by tract number and color all Eumont (gas) proration units (including the operator of the Eumont gas rights) that offset the proposed State "E" Com No. 4 infill well.

Complete copies of this application have also been sent by certified mail to

New Mexico Oil Conservation Division
May 9, 1989
Page 2

all offsetting parties owning Eumont (Gas) rights as described on the enclosed plat and table. The following is a list of the offsetting Eumont (Gas) Operators:

Amoco Production Company
Post Office Box 3092
Houston, Texas 77253

Attention: Proration

Chevron USA Inc.
Post Office Box 1150
Midland, Texas 79702

Attention: Mr. Alan W. Bohlrig
Division Proration Engineer

OXY USA Inc.
Post Office Box 50250
Midland, Texas 79710

Texaco Producing Inc.
Post Office Box 3109
Midland, Texas 79702

Attention: R. S. Cornelius
Assistant Engineering Manager

Thank you for your consideration in this matter.

Very truly yours,

DOYLE HARTMAN

Michelle Wilcox

Michelle Wilcox
Administrative Assistant

MW/lr
Enclosure

cc: New Mexico Oil Conservation Division
District I Office
Post Office Box 1980
Hobbs, New Mexico 88240

Attention: Mr. Jerry Sexton

New Mexico Oil Conservation Division
May 9, 1989
Page 3

Mr. J. E. Gallegos
Gallegos Law Firm
300 Paseo de Peralta
Suite 100
Santa Fe, New Mexico 87501

Mr. Daniel S. Nutter
105 E. Alicante
Santa Fe, New Mexico 87501

Mr. William P. Aycock
1207 W. Wall
Midland, Texas 79701

Mr. Harold Swain
Doyle Hartman, Oil Operator
Post Office Drawer M
Jal, New Mexico 88252

Mr. Joe Hugo
Post Office Box 1073
Pinedale, Wyoming 82941

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

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

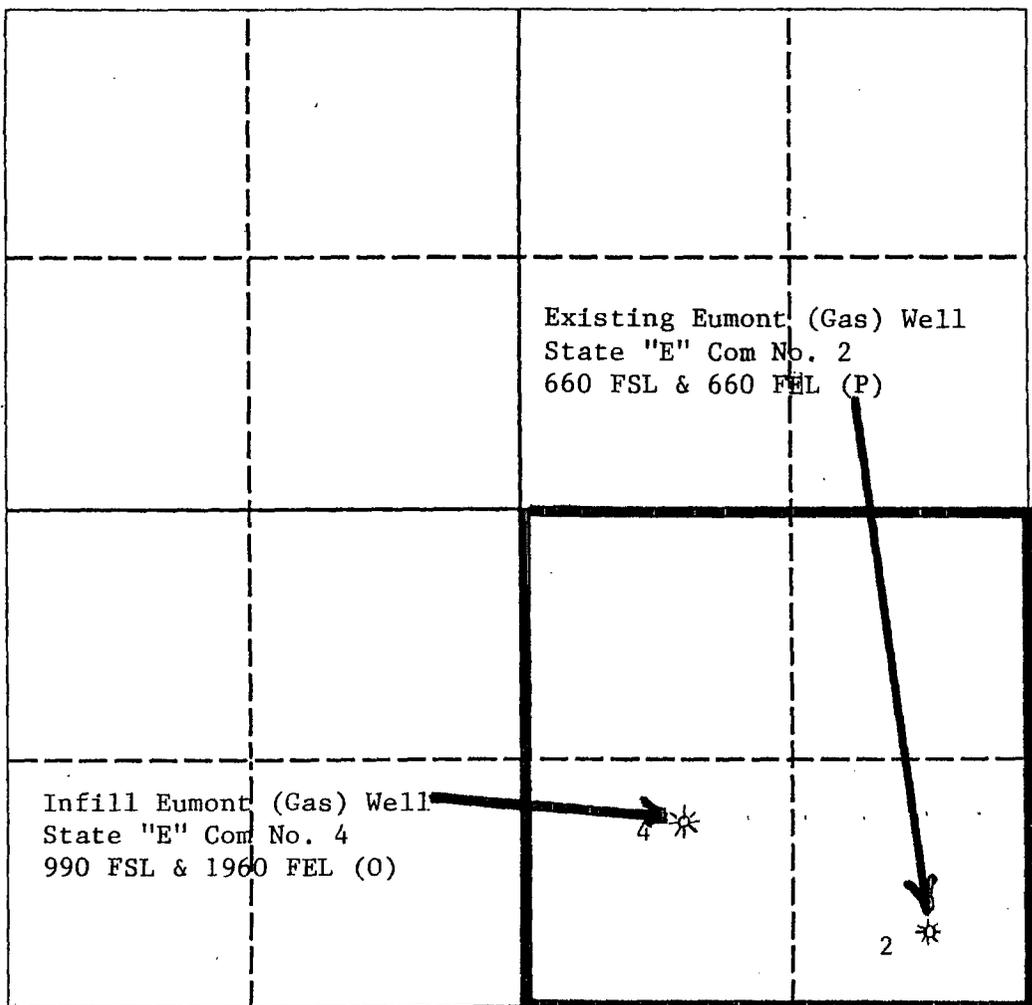
DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

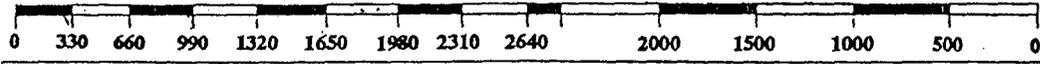
Operator Doyle Hartman		Lease State "E" Com		Well No. 2
Unit Letter P	Section 16	Township 21-S	Range 36-E	County NMPM Lea
Actual Footage Location of Well: 660 feet from the South line and 660 feet from the West line				
Ground level Elev. 3616 G.L.	Producing Formation Yates-7 Rivers-Queen	Pool Eumont (Gas)	Dedicated Acreage: 160 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Communitization Agreement dated 2-4-54 between Commissioner
 Yes No If answer is "yes" type of consolidation of Public Lands and Tide Water Assoc. Oil Co
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
Michelle Wilcox
 Signature
 Michelle Wilcox
 Printed Name
 Administrative Assistant
 Position
 Doyle Hartman
 Company
 May 9, 1989
 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 knowledge and belief.
 Date Surveyed
 Signature & Seal of Professional Surveyor
 Certificate No.



NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

NOTICE OF INTENTION TO DRILL

Notice must be given to the Oil Conservation Commission or its proper agent and approval obtained before drilling begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in triplicate. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission.

Hobbs, New Mexico 4/7/36

Place Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico.

Gentlemen:

You are hereby notified that it is our intention to commence the drilling of a well to be known as

Tide Water Oil Company. State E Well No. 2 in Sec 1

Company of Operator Lease
of Sec. 16, T. 21, R. 36, N. M. P. M., Eunice Field, Lea County.

The well is 660 feet (N.) (~~SW~~ of the South line and 660 feet
(~~SW~~ (W.) of the East line of Sec 16-21-36

(Give location from section or other legal subdivision lines. Cross out wrong directions.)

If state land the oil and gas lease is No. B-2330 Assignment No.

If patented land the owner is

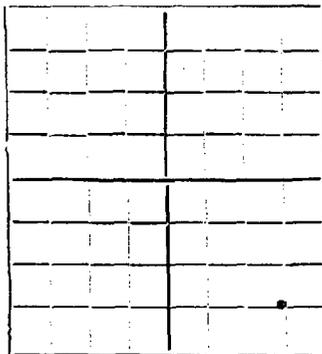
Address

If government land the permittee is

Address

The lessee is Tide Water Oil Company

Address Box 731, Tulsa, Okla



AREA 640 ACRES
LOCATE WELL CORRECTLY

We propose to drill well with drilling equipment as follows: Rotary

The status of a bond for this well in conformance with Rule 39 of the General Rules and Regulations of the Commission is as follows: Tide Water carries blanket bond of \$10,000 with US Fidelity & Guaranty Co. as security

We propose to use the following strings of casing and to land or cement them as indicated:

Size of Hole	Size of Casing	Weight Per Foot	New or Second Hand	Depth	Landed or Cemented	Sacks Cement
18"	12 1/2	50	SH	275	Cemented	250
11-3/4"	9-5/8" OD	36	New	1500'	"	450
8-3/4"	6-5/8" OD	24	New	3750'	"	400

If changes in the above plan become advisable we will notify you before cementing or landing casing. We estimate that the first productive oil or gas sand should occur at a depth of about 3900' feet.

Additional information:

12 1/2" Casing (Surface) will be set at about 275' and cemented to the top
9-5/8" OD Casing will be set at top of salt and 150% cement used to cement
6-5/8" OD Casing will be set at top of pay and 150% cement used to top
to fill up to base of salt

DUPLICATE

Approved APR 8 1936, 19

Sincerely yours,

Subject to special regulations for drilling and casing in this area.

Tide Water Oil Company
Company of Operator

By F. Schneider - S. J.

Position Prod. Sup't

Send communication regarding well to

Name F. Schneider

Address Drawer EK Hobbs, N.M.

OIL CONSERVATION COMMISSION,

By [Signature]

Title [Signature]

ICR

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 673
Order No. R-520-A

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF THE
OIL CONSERVATION COMMISSION, AND/OR
PROMULGATING RULES AND REGULATIONS,
RELATING TO GAS POOL DELINEATION, GAS
PRORATION, AND OTHER RELATED MATTERS,
AFFECTING OR CONCERNING THE JALCO, LANGMAT,
~~EUMONT~~, AND ARROW GAS POOLS, LEA COUNTY,
NEW MEXICO.

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that ~~Order No. R-520, dated August 12, 1954~~
and heretofore entered in the records of the Commission on August 16, 1954, does not
correctly and accurately state the order of the Commission in certain particulars due
to inadvertence and clerical error,

IT IS THEREFORE ORDERED:

1. That Order No. R-520, as the same appears in the records of the Com-
mission, and the original of said Order, be amended in the following respects and
particulars:

(a) At page 4, (10), paragraph 2, line 3 of the order entered in the Com-
mission's records on August 16, 1954, and at page 4, line 4 of the original signed order,
the word "duplicate" is ordered stricken and the word "quadruplicate" is substituted
therefor.

(b) At pages 7, 14, and 19 in GAS PRORATION, RULE 5 (b), #5 of the
order entered on August 16, 1954, and at pages 6, 12, and 16 of the original signed
order, pertaining to the Jalmat, Eumont and Arrow Gas Pools, respectively, the
words "quarter sections" are ordered stricken, and the word "section" is substituted
therefor.

(c) At page 28 of the order entered August 16, 1954, and at page 23 of the original signed order, the following words, namely, "Horizontal Limits of the Arrow Gas Pool" are ordered inserted beneath the words 'Exhibit "C" '.

IT IS FURTHER ORDERED: That the corrections and changes set forth in this order be entered nunc pro tunc in the original order as of August 12, 1954, and in the records of the Commission as of August 16, 1954, the date of entry of said original order.

DONE at Santa Fe, New Mexico, on this 31st day of August, 1954.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

SEAL

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 673
Order No. R-520

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF THE
OIL CONSERVATION COMMISSION, AND/OR
PROMULGATING RULES AND REGULATIONS,
RELATING TO GAS POOL DELINEATION, GAS
PRORATION, AND OTHER RELATED MATTERS,
AFFECTING OR CONCERNING THE JALCO,
LANGMAT, EUMONT, AND ARROW GAS POOLS,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. , on March 17, 1954, April 15, 1954, May 10, 1954, and May 11, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 12th. day of August, 1954, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That under date of February 17, 1953, the Commission issued its Order No. R-264 creating the Jalco, Langmat, Arrow, and Eumont Gas Pools. That Order R-264 defined the vertical and horizontal limits of the Langmat, Jalco, Eumont and Arrow gas pools and that by subsequent orders the Commission extended the horizontal limits of the Jalco and Eumont Gas Pools and extended the vertical limits of the Eumont Gas Pool.

(3) That under date of September 28, 1953, the Commission issued its Orders Nos. R-368, R-369, R-370 and R-371 and under date of November 10, 1953, the Commission issued its Orders Nos. R-368-A, R-369-A, R-370-A and R-371-A, providing rules, definitions and procedures to be followed in prorating gas in the Jalco,

Entered August 16, 1954 - J.R.

Order No. R-520

Langmat, Eumont and Arrow gas pools; and by subsequent orders issued after due notice and hearing, the Commission allocated production of gas in said pools commencing January 1, 1954.

(4) That the Eumont and Arrow Gas Pools are separate gas reservoirs and should be defined vertically and horizontally as set forth in this order; that the Jalco and Langmat Gas Pools are in fact one common gas reservoir, and said reservoir should be designated the "Jalmat Gas Pool" and delineated as set forth in this order.

(5) That the producing capacity of the gas wells in the Jalmat, Eumont and Arrow Gas Pools is greater than the market demand for gas from each of such pools.

(6) That for the prevention of waste it is necessary to allocate and prorate the gas production among the gas wells in the Jalmat, Eumont and Arrow Gas Pools in accordance with provisions of this order.

(7) That the protection and proper recognition of correlative rights as such rights are defined by Section 26 (h) Chapter 168, New Mexico Session Laws of 1949, require that the gas production from the Jalmat, Eumont and Arrow gas pools be prorated in accordance with the terms and provisions of this order.

(8) That the Rules and Regulations hereinafter set forth in this order are in all respects in the interests of conservation and provide for the allocation of the allowable production among the gas wells in the Jalmat, Eumont and Arrow gas pools upon a reasonable basis and give appropriate recognition to correlative rights.

(9) That one gas well in the Jalmat, Eumont and Arrow Gas Pools can efficiently drain 640 acres.

(10) That for the prevention of waste, a limiting gas-oil ratio of 10,000 should be assigned to the units in the following pools, namely: Cooper-Jal Oil Pool, Langille-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool, Rhodes Oil Pool, Jalmat Gas Pool, Arrow Gas Pool and Eumont Gas Pool.

(11) To prevent waste, the vertical limits of the following oil pools namely: Eunice-Monument Oil Pool, Arrowhead Oil Pool, South Eunice Oil Pool, Langille-Mattix Oil Pool, Cooper-Jal Oil Pool, Rhodes Oil Pool, Eaves Oil Pool, Hardy Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, should be redefined as provided hereinafter in this order so that the vertical limits of the said oil pools will not conflict with the vertical limits of overlying gas pools.

(12) That the horizontal limits of the oil pools named in Finding No. 1, should be defined as hereinafter set forth in this order.

(13) That the Falby-Yates Oil Pool should be abolished.

(14) That in the interests of conservation, the special rules hereinafter set forth governing the production of oil from wells completed within the vertical and horizontal limits of the Jalmat, Eumont and Arrow gas pools should be adopted.

(15) That for the prevention of waste and the protection of correlative rights, the special rules contained in this order should be adopted to govern the production of oil from wells completed or recompleted in such a manner that the bore hole of the well is open in both the upper gas pools and the underlying oil pools.

(16) That for the prevention of waste a "no-flare" rule should be adopted to prohibit the flaring, venting, or wasting of casinghead gas or any other type of gas in any of the gas or oil pools referred to and affected by this order.

IT IS THEREFORE ORDERED:

(1) That the ~~Jalmat Gas Pool~~ be and the same hereby is created. The vertical limits of the ~~Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 100 feet above the base of the Seven Rivers formation,~~ thereby including all of the Yates formation. The horizontal limits of the Jalmat Gas Pool shall be the area as described in Exhibit "A" attached hereto and made a part hereof.

(2) That the vertical limits of the ~~Eumont Gas Pool~~, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Eumont Gas Pool shall be the area as described in Exhibit "B" attached hereto and made a part hereof.

(3) That the vertical limits of the Arrow Gas Pool, heretofore created, shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations. The horizontal limits of the Arrow Gas Pool shall be the area as described in Exhibit "C" attached hereto and made a part hereof.

(4) That the vertical limits of the Eunice-Monument Oil Pool, heretofore created, shall include all of the Grayburg and San Andres formations. The horizontal limits of the Eunice-Monument Oil Pool shall be the area as described in Exhibit "D" attached hereto and made a part hereof.

(5) That the vertical limits of the Arrowhead Oil Pool shall include all of the Grayburg formation.

(6) That the vertical limits of the following oil pools, heretofore created, defined and described shall extend from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation.

**Cooper-Jal Oil Pool
South Eunice Oil Pool
Langlie-Mattix Oil Pool**

(7) That the horizontal limits of the Cooper-Jal Oil Pool shall be the area as described in Exhibit "E" attached hereto and made a part hereof.

(8) That the horizontal limits of the Langlie-Mattix Oil Pool shall be the area as described in Exhibit "F" attached hereto and made a part hereof.

(9) That the horizontal limits of the South Eunice Oil Pool shall be the area as described in Exhibit "G" attached hereto and made a part hereof.

(10) That no gas, either dry gas or casinghead gas, shall be flared or vented in the following pools unless specifically authorized by order of the Commission after notice and hearing:

**Eunice-Monument Oil Pool
South Eunice Oil Pool
Hardy Oil Pool
Penrose-Skelly Oil Pool
Cooper-Jal Oil Pool
Arrowhead Oil Pool
Langlie-Mattix Oil Pool
Rhodes Oil Pool
Leonard Oil Pool
South Leonard Oil Pool
Eaves Oil Pool
Arrow Gas Pool
Eumont Gas Pool
Jalmat Gas Pool**

This rule shall become effective November 1, 1954. Any operator desiring to obtain exception from the provisions of this rule shall apply for hearing prior to September 15, 1954. All operators shall file Form C-110, in duplicate, designating thereon the disposition of all dry gas or casinghead gas from each well in each pool listed above. Within 15 days after completion of any oil or gas well within the boundaries of the above listed pools, the operator shall file Form C-110 designating the disposition of gas from the well.

Failure to comply with the provisions of this rule within the prescribed time limits will result in the suspension of any further allowable. Extraction plant's processing any gas from any of the above designated pools shall comply with the "no-flare" provisions of this rule, provided however, that the restriction may be lifted when mechanical difficulties arise or when the gas flared is of no commercial value.

(11) That oil wells producing from the following named pools shall be allowed to produce a volume of gas each day not exceeding the daily normal unit oil allowable multiplied by 10,000; provided however, that such well shall not be allowed to produce oil in excess of the normal unit allowable as ordered by the Commission under the provisions of Rule 505: Cooper-Jal Oil Pool, Langlie-Mattix Oil Pool, South Eunice Oil Pool, Penrose-Skelly Oil Pool, Leonard Oil Pool, South Leonard Oil Pool, Hardy Oil Pool and Rhodes Oil Pool.

(12) That the Falby-Yates Oil Pool as heretofore created, defined and described shall be abolished and all oil wells presently producing from the Falby-Yates Oil Pool shall be governed by the applicable rules of the Jalmat Gas Pool.

(13) That that portion of the Rhodes Storage Area lying within the defined limits of the Jalmat Gas Pool shall be exempted from the applicable provisions of the Jalmat Gas Pool Rules. The Rhodes Storage Area shall include the following described area:

TOWNSHIP 26 South, RANGE 37 East, NMPM
Sec. 4: W/2 NW/4, SE/4 SE/4, W/2 SE/4, SW/4;
Sec. 5: All
Sec. 6: NE/4 NW/4, NE/4, SE/4 SE/4, N/2 SE/4
Sec. 7: NE/4 NE/4
Sec. 8: N/2, N/2 S/2, SE/4 SW/4, S/2 SE/4
Sec. 9: All
Sec. 10: W/2 NW/4, SE/4 NW/4, S/2
Secs. 15 & 16: All
Sec. 17: E/2 NW/4, E/2
Sec. 20: E/2
Secs. 21:
and 22: All
Sec. 23: SW/4 NW/4, SW/4
Secs. 26, 27, & 28: All
Sec. 29: E/2 NE/4

That special pool rules applicable to the Jalmat Gas Pool be, and the same hereby are promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR
THE JALMAT GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts.

RULE 1. Any well drilled a distance of one mile or more outside the boundary of the Jalmat Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile outside the boundary of the Jalmat Gas Pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the Jalmat Gas Pool.

RULE 2. Each well drilled or recompleted within the Jalmat Gas Pool on a standard proration unit after the effective date of this rule shall be drilled not closer than 1980 feet to any boundary line of the tract nor closer than 330 feet to a quarter-quarter section line or subdivision inner boundary line. Any well drilled to and producing from the Jalmat Gas Pool prior to the effective date of this order at a location conforming to the spacing requirements effective at the time said well was drilled shall be considered to be located in conformance with this rule.

RULE 3. The Secretary of the Commission shall have authority to grant exception to the requirements of Rule 2 without notice and hearing where application has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all operators within a 1980-foot radius of the subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all operators within such radius, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary of the Commission shall wait at least 20 days before approving any such unorthodox location, and shall approve such unorthodox location only in the absence of objection of any offset operators. In the event an operator objects to the unorthodox location the Commission shall consider the matter only after proper notice and hearing.

RULE 4. The provisions of Statewide Rule 104, Paragraph (k), shall not apply to the Jalmat Gas Pool located in Lea County, New Mexico.

GAS PRORATION

RULE 5. (a) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the Jalmat Gas Pool, a standard proration unit shall consist of between 632 and 648 contiguous surface acres substantially in the form of a square which shall be a legal subdivision (section) of the U. S. Public Land Surveys with a well located at least 1980 feet from the nearest property lines; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission, or under the provision of Paragraph (b) of this Rule.

The allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 640 acres. Any gas proration unit containing between 632 and 648 acres shall be considered to contain 640 acres for the purpose of computing allowables.

In establishing a non-standard gas proration unit the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration; provided, however, that any well drilled to and producing from the Jalmat Gas Pool, as defined herein, prior to the effective date of this order at a location conforming

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Order No. R-520

to the acreage contained in all gas proration units assigned to non-marginal wells in the Jalmat Gas Pool.

RULE 7. At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Jalmat Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 8. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental" nomination, showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Jalmat Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable, and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowables for the ensuing proration month, and (e) a tabulation of the acreage assigned each well together with a tabulation of the acreage factor assigned each well. For the purpose of allocation a proration unit of 640 acres shall be assigned an acreage factor of 4.00; a proration unit of 160 acres a factor of 1.00, etc.

"Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Jalmat Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Jalmat Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Proration Manager in writing (Box 2045, Hobbs, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the