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		I		- Engir	ABOVE THIS LINE FOR DIVISION USE ONL CONSERVATION Deering Bureau - Icis Drive, Santa Fe, NM	DIVISION	
			ADMI	NISTRAT	VE APPLICAT	ION CHE	CKLIST
	ation A [NSL-N [Dł	cronym a Non-Star HC-Dowr [PC-Po	adard Lo hole Co ol Comm [WFX-Wa [SV]	WHICH REQUIRE F cation] [NSP-N mmingling] [hingling] [OL! aterflood Expan VD-Salt Water D	TRATIVE APPLICATIONS FOR PROCESSING AT THE DIVISIO CON-Standard Proration CTB-Lease Comminglin S - Off-Lease Storage] Ision] [PMX-Pressure Visposal] [IPI-Injection Divery Certification] [N LEVEL IN SANTA Unit] [SD-Simu [g] [PLC-Pool [OLM-Off-Lea Maintenance I n Pressure Incr	ultaneous Dedication] //Lease Commingling] se Measurement] Expansion] ease]
[1]	ТҮРЕ	E OF AP [A]	Locatio		Those Which Apply for [it - Simultaneous Dedica SD		
		Check [B]	Comm		e - Measurement	OLS	OLM
		[C]			Pressure Increase - Enha		
		[D]	Other:	Specify			
[2]	NOTI	FICAT	<u> </u>	*	- Check Those Which A or Overriding Royalty J		Not Apply
		[B]	🗌 o	ffset Operators,	Leaseholders or Surface	e Owner	
		[C]	□ A	pplication is On	e Which Requires Publi	shed Legal Not	ce
		[D]	□ N ∪.s	Otification and/c B. Bureau of Land Manag	or Concurrent Approval Jement - Commissioner of Public Lar	by BLM or SLC)
		[E]	🗌 Fo	or all of the above	ve, Proof of Notification	or Publication	is Attached, and/or,
		[F]	□ w	aivers are Attac	hed		

[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.

Print or Type Name

Title

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
	•		· · · · · · · · · · · · · · · · · · ·		

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



ADMINISTRATIVE APPLICATION CHECKLIST

TH	IS CHECKLIST IS MA	NDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
Applic	ation Acronyms	
	[DHC-Down [PC-Poo [dard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] hole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] of Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] fied Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE OF API [A]	PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication X NSL NSP SD
	Check [B]	One Only for [B] or [C] 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]	NOTIFICATI [A]	ON REQUIRED TO: - Check Those Which Apply, or □ Does Not Apply X Working, Reyalty or Overriding Reyalty 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 ACC	CURATE 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.

Sanior Vetroleum Engr. 11/09/06 Title Date u W. Harris Print or Type Name bharris@wbltd.com

e-mail Address



Oil & Gas Producers Suite 1100 The Summit 300 N. Marienfeld P. O. Box 1714 MIDLAND, TEXAS 79702

(432) 682-7936

November 9, 2006

State of New Mexico

Oil & Gas Conservation Commission 1220 South St Francis Dr. Santa Fe, New Mexico 87505

Re: State #1-18, Sec. 18, T4S, R27E Chaves County, New Mexico

Gentlemen:

Wagner & Brown, Ltd is requesting administrative approval for a non-standard spacing unit pursuant to Subsection D, Paragraph (2), Subparagraph (b) of 19.15.3.104. Enclosed herewith are the following:

1) Application to Drill

2) Plat

3) Notification Statement

4) List of affected persons

- 5) Statement discussing the reasons for the formation of the non-standard spacing unit
- 6) Administrative Application Checklist

Sincerely, WAGNER & BROWN/I arrris. enior Petroleum Engineer

432 Wanta Salsage



NOV 13 2006

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

1625 N. French Dr., Hobbs, NM 88240 Energy Minera District II 1301 W. Grand Avenue, Artesia, NM 88210 District III Oil Cons 1000 Rio Brazos Road, Aztec, NM 87410 1220 So District IV 1220 So 1220 S. St. Francis Dr., Santa Fe, NM 87505 Santa Operator Name and Address WAGNER & BROWN, LTD								ion Di . Franc M 875	al Resou NO vision iODCor 05220 S Sant:	V 13 ZUU servation D . St. Francis a Fe, NM 87	Subm Divisio Drive 7505 ACK	n 🗌 AN		
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New V		Ga			Rot	tary			Sta	te		¹³ Ground Level Elevation 3866		
¹⁶ M	lultiple	70	¹⁷ Proposed Dep	th	Мс	¹⁸ Form			Patte	"Contractor erson U			²⁰ Spud Date 12/01/06	
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		2-3	3/8"	4.7#L	.80	EUE	6750'							
 		+									· · · · ·			
² 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. Drill a 12-1/4" hole, set 8-5/8" casing @ 1500', cement w/724 sacks of cement to surface. Nipple up Shaffer 11" 3000 psi Type E w/(2) 3" openings below the rams, Shaffer 11", 3000 psi Annular w/5000 psi choke manifold, drill 7-7/8" hole to 7000' TD, E-logs will be ran at TD, if shows are indicative of commercial quantities of oil/gas 5-1/2" casing will be ran and cemented.														
			on given above is urther certify the						OIL C	ONSERVA	ATIO	N DIVIS	ION	
	according	to NMOCD	guidelines 💹, a				Аррго	oved by:						
Printed name		77	Harris	an			Title:		<u></u>					
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DISTRICT I

1625 N. Franch Dr., Hobbs, NH 88240

DISTRICT II 811 South First, Artenia, NH 88210

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

DISTRICT IV 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico

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Enorgy, Minerals and Natural Becouroes 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 Pool Code Pool Name	Pool Name							
Property Code Property Name	Well Number							
STATE	#1-18							
OGRID No. Operator Name	Elevation							
WAGNER & BROWN, LTD.	3866							
Surface Location								
UL or lot No. Section Township Range Lot Idn Feet from the North/South line Feet from the E	last/West line County							
. 18 4 S 27 E 2400 NORTH 1980	WEST CHAVES							
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 E	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	N CONSOLIDATED							
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION								
OPERATOR	CERTIFICATION							
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Portes to we have a contained herein is best of my knowledge Acress to Prophylical Acress July 2	ge and belief.							
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Certificate No.	Wilson D. Watson 3959							
	ASSOC. of MIDLAND							



Oil & Gas Producers Suite 1100 The Summit 300 N. Marienfeld P. O. Box 1714 MIDLAND, TEXAS 79702

(432) 682-7936

November 9, 2006

State of New Mexico Oil & Gas Conservation Division 1220 South St Francis Dr Santa Fe, New Mexico 87505

Re: State # 1-18 Sec 18, T4S, R27E, Chaves County, New Mexico

Gentlemen:

This statement is to attest that on this date Wagner & Brown, Ltd sent notification along with copies of the Application to Drill, Plat and letter stating the reason for filing for a Non-Standard location to all affected persons. The list of affected persons is attached.

The documents were sent by Certified Mail, Return Receipt requested.

Sincerely, Wagner & Brown, Ltd farris. Petroleum Engineer

LIST OF AFFECTED PERSONS

RE: State #1-18 - Non-Standard Location Filing Sec 18, T4S, R27E Chaves County, New Mexico

Yates Petroleum Corporation Attn: Mr. Chuck Moran 105 South Fourth St Artesia, New Mexico 88210

Yates Drilling Company 105 South Fourth St Artesia, New Mexico 88210

Myco Industries, Inc 105 South Fourth St Artesia, New Mexico 88210

Abo Petroleum Corporation 105 South Fourth St Artesia, New Mexico 88210

Wagner & Brown, Ltd.

Oil & Gas Producers

Suite 1100 The Summit 300 N. Marienfeld P.O. Box 1714 MIDLAND, TEXAS 79702

October 27, 2006

Wagner & Brown, Ltd. has requested a nonstandard location for the State #1-18 well, which will be drilled 2400 feet from the north line and 1980 feet from the west line of Section 18, Township 4S, Range 27E in Chaves County, New Mexico. The Apache Oil Corporation #1 Nobel Trust was drilled in 1949 in the same section at a location of 1980 feet from the south line and 2100 feet from the west line. This well encountered a sand in the Pennsylvanian section that tested gas at rates of over 4,000,000 cubic feet of gas per day. When a completion was attempted at that time, commercial rates were not achieved. In 1973, Mountain States Petroleum Corporation reentered this well and again attempted a completion. Once again, the completion was noncommercial. It is the belief of Wagner & Brown, Ltd. that the reason these attempts failed to establish commercial production was due to damaging of the sand while completing. It is our intent to take cores from the sand for an analysis of fluid compatibility to make certain the stimulation fluids do not damage the formation. To do this, Wagner & Brown, Ltd. would like to ensure that we obtain a section that is fairly comparable to the sand in the Apache well. In order to achieve this objective, it is necessary to drill reasonably close to the Apache well.

Michael Party Division Exploration Manager

(432) 682-7936

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Catanach, David, EMNRD

e Party [MParty@wbltd.com]
lay, November 17, 2006 2:16 PM
anach, David, EMNRD
d Secretary
bach map
te 1-18 iso.pdf

David

Here is the map. I included a little more so you could see how quick these sand thin up. If you have any question feels free to email or call (432) 686-5971.

Thanks for your help in this matter.

Mike Party

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Oil & Gas Producers Suid 100 Mile Sumplit AM 8 37 300 N. Marienfeld P. O. Box 1714 MIDLAND, TEXAS 79702

(432) 682-7936

November 17, 2006

State of New Mexico Oil & Gas Conservation Commission Attn: Mark Fesmire 1220 South Francis Dr Santa Fe, NM 87505

Re: State 18 Com #1 Sec. 18, T4S, R27E Chaves County, New Mexico

Dear Mark,

Wagner & Brown, Ltd is requesting administrative approval for a non-standard spacing unit pursuant to Subsection D, Paragraph (2), Subparagraph (b) of 19.15.3.104. Enclosed herewith are the following:

1) Application to Drill (Revised)

2) Plat (revised)

3) Waiver from Affected Parties

The enclosed APD & plat has been revised to show the correct name. Please attached these to the documents that were mailed on 11/9/06.

Sincerely,

WAGNER & BROWN, LTD

Manita Salsich

Juanita Salsich, Operations Coordinator

Wagner & Brown, Ltd.

November 16, 2006

New Mexico Oil Conservation Division Attn: Bryan Arrant 1301 W. Grand Ave Artesia, New Mexico 88210

Re: State 18 Com #1 Sec 18, T4S, R27E Chaves County, New Mexico

Gentlemen:

In response to Mr. Arrant's e-mail of this date, enclosed are the following documents:

1) Revised C-102 showing the correct well name;

2) Mud Program for proposed well;

3) Statement regarding NMOCD Rule 118;

4) Amended Form C-101.

Sincerely, WAGNER & BROWN, LTD Bally W Harris. Senior Petroleum Engineer Enors BWH/js

(432) 682-7936

2006 NOV 27 AM

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Wagner & Brown, Ltd.

Oil & Gas Producers Suite 1100 The Summit 300 N. Marienfeld P. O. Box 1714 MIDLAND, TEXAS 79702

(432) 682-7936

November 16, 2006

New Mexico Oil Conservation Division Attn: Bryan Arrant 1301 W. Grand Avenue Artesia, New Mexico

Re: NMOCD Rule 118

Gentlemen:

Wagner & Brown, Ltd. plans to drill a 7,000' test well in Sec. 18, T4S, R27E, Chaves County, New Mexico. This well is expected to T.D. in the Montoya formation with Pennsylvanian sand objective. No hydrogen sulfide gas is expected to be encountered during the drilling of this well. Consequently, no contingency plan for NMOCD Rule 118 is required.

Sincerelv W. Harris Senior Petroleum Engineer

BWH:mlh

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

Submit to appropriate District Of

X AMENDED REPC

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

Wagner & Brown, Ltd								24499 ² OGRID Number				r	
P Ö Box 1714, Midland, TX 79702											³ API	Number	
										30 -			
	rty Code		State	18 Coi	m	Property	Name					⁶ We	II No.
Pennsy	lvani	a San	⁹ Proposed Pool 1 Cl			· · · · · · · · · ·		Mont	ova	¹⁰ Pro	posed Poo	12	<u></u>
⁷ Surface	Locatio	n											
UL or lot no. F	Section 18	Township 4 S	Range 27E	Lot I	dn	Feet from 240		he North/South line North		Feet from the 1980	East/V Wes	Vest line 5t	_{County} Chaves
	Bottom I	Hole Loc	ation If Differen	nt From S	urface	;					.		
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Additiona		Informa											
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NO ¹⁶ M	ultiple	7	¹⁷ Proposed Dep	pth	1	¹⁸ Fon Monto	mation Ya		Patte	"Contractor erson UI	'I	12/	²⁰ Spud Date 01/06
Depth to Grou	ndwater	found		Distance NO	fromr	nearest fres	h water v	well d		Distance fr NO rec	om nearest	surface w	ater d
Pit: Liner:		x 5-	mils thick Clay		olume:_	bbl		Di	illin <u>g Meth</u> esh Water		cv.		
²¹ Propose	ed Casi	ng and	Cement Prog	ram			······						
Hole S			asing Size		, weigh	t/foot	Setting Depth Sac			Sacks of (Sacks of Cement		Estimated TOC
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²³ I hereby cer	tify that th	e informati	on given above is	true and co	mplete	to the		Concelly					
best of my know	owledge an	d belief. I	further certify th	at the driff	ing pit	will be			OIL C	ONSERVA	TION	DIVIS	ION
an (attached)	alternativ	to NMOCI) guidelines 🏝, : proved plan 🛄.	a general p	ermit [_], or	Approv	red by:					
Signature:	A	K		hi	\sum	\sum	Аррю	rcu by.					
Printed name:	Bj	Iy W.	Harris				Title:						<u>.</u>
Title: Ser	nior :	Petro	leum Eng	ineer			Approv	al Date:			Expiratior	Date:	
E-mail Addres													
Date:]]	1/16/	06	Phone: 43	2-682-	-793	36	Condit	ons of A	pproval At	ached			

<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 <u>District II</u> 1301 W. Grand Avenue, Artesia, NM 88210 <u>District III</u> 1000 Rio Brazos Rd., Aztec, NM 87410 <u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM 87505	Energy, Minerals & N OIL CONSER 1220 Sout	T New Mexico Jatural Resources Department VATION DIVISION h St. Francis Dr. Fe, NM 87505	Form C-102 Revised October 12, 2005 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies			
WEL	L LOCATION AND	ACREAGE DEDICATION	PLAT			
¹ API Number	² Pool Code	³ Po	ol Name			

⁴ Property (Code			* Well Number #1–18							
⁷ OGRID	No.			[°] Elevation 3866							
	¹⁰ Surface Location										
UL or lot no.	Section	Township	Range Lot Idn		Feet from the	North/South line	Feet from the	East/We	st line Co	ounty	
	18	4 S	27 E		2400	NORTH	1980	WEST	CHAVES		
			¹¹ Bot	tom Hol	e Location If	Different From	n Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line Co	ounty	
¹² Dedicated Acre	s ¹³ Joint o	r Infill ¹⁴ C	Consolidation	Code ¹⁵ Or	der No.				<u> </u>		

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.

16			¹⁷ OPERATOR CERTIFICATION
			I hereby certify that the information contained 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 a mineral or working interest, or to a
			voluniary proving greement or a comparisory proling order peretofore entered
			by the dustion.
			11-16-06
			Superiore Date
		4	Biplly W. Harris
			Printed Name
		•	Sr. Petroleum Engineer
			¹⁸ 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
			Kefer to original plat
			Submitted 10/12/06
	 		Date of Survey Sept. 1, 2006
			Signature and Seal of Professional Surveyor:
			W.O. NO. W-490-06
			Certificate Number Wilson D. Watson 3959

Wagner & Brown, Ltd.

Oil & Gas Producers Suite 1100 The Summit 300 N. Marienfeld P. O. Box 1714 MIDLAND, TEXAS 79702

(432) 682-7936

WAIVER

November 13, 2006

Re: State Com #18-1, Section 18, Township 4S, Range 27E Chaves County, New Mexico

Waiver of objection to Wagner & Brown, Ltd. drilling the above well on a Non-Standard Spacing Unit.

If you do not have any objections please sign below and return this waiver to the above address.

Yates Petroleum Corporation 105 South Fourth St Artesia, New Mexico 88210

H. Tim Miller

Myco Industries, Inc. 105 South Fourth St Artesia, New Mexico 88210

A Tim Milles

Yates Drilling Company 105 South Fourth St Artesia, New Mexico 88210

H. Tim Milles

Abo Petroleum Corporation 105 South Fourth St Artesia, New Mexico 88210

H. Tim Milles