

Ezeanyim, Richard, EMNRD

From: Ocean Munds-Dry [Omundsdry@hollandhart.com]

Sent: Tuesday, July 17, 2007 1:26 PM

To: Ezeanyim, Richard, EMNRD

Subject: PAR Minerals application

Importance: High

Hi Richard: Today I sent over an application for an unorthodox well location on behalf of PAR Minerals Corp. They urgently request expedited approval of their application. There is no notice required and we included a waiver letter. It is a situation where in the course of drilling the well they encountered a fault line and now seek to sidetrack the well to a non-standard bottomhole location. As they were in the middle of drilling, the rig is obviously on-site and they are trying to avoid having the rig sit idle for several days (or longer) given rig costs these days. They are currently setting the plugs and are ready to cut a window in the casing. If there is anyway possible that this application could be processed ASAP, it would be much-appreciated. Or if it looks like the application may take awhile to process, PAR would even appreciate a verbal approval in the interim.

I will call you this afternoon to discuss. Thanks!
Ocean

Ocean Munds-Dry

Holland & Hart LLP

110 N. Guadalupe Suite 1

Santa Fe, NM 87501

Phone (505) 988-4421

Fax (866) 851-8340

E-mail: Omundsdry@hollandhart.com



CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

This inbound email has been scanned by the MessageLabs Email Security System.

7/17/2007

DATE IN 7/17/07	SUSPENSE	ENGINEER WVS	LOGGED IN	TYPE NSL 5667	APP NO. 0719931066
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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

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

RECEIVED
 2007 JUL 17 PM 2 30

[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 Monds - Dry Ocean Monds - Dry Attorney 7-17-07
 Print or Type Name Signature Title Date
 omondsdry@hollandhart.com
 e-mail Address

July 17, 2007

VIA HAND DELIVERY

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

(B#L) A/18/24S/38E/LEA
COUNTY

(OGRD 26500)

Re: Application of PAR Minerals Corporation, for administrative approval of an unorthodox well location for its Fowler Federal Well No. 1, to be drilled to the Ellenburger formation at a surface location 330 feet from the North line and 1650 feet from the East line and a bottomhole location 330 feet from the North line and 1280 feet from the East line of Section 18, Township 24 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

PAR Minerals Corporation ("APR") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) and Rule 111(B), of an unorthodox well location in the Fowler-Ellenburger East Pool for its Fowler Federal Well No. 1 to be drilled from a surface location 330 feet from the North line and 1650 feet from the East line (Unit B) and a bottomhole location 330 feet from the North line and 1280 feet from the East line (Unit A) of Section 18, Township 18 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

This proposed location in the Ellenburger formation is unorthodox because it is governed by statewide rules which provides for wells on 40-acre spacing units to be located 330 feet from any boundary of the spacing unit. The proposed bottomhole well location is only 40 feet from the western boundary of the proposed spacing unit. A standard 40-acre spacing unit and proration unit comprised of the NE/4 NE/4 of Section 18 will be dedicated to the well.



The non-standard location is required by geologic conditions. The well was originally proposed at the same surface and bottomhole location in Unit B of Section 18 as shown on **Exhibit A** (APD and original C-102). However, in drilling the well, PAR has encountered a fault line and the well may have just missed the objective reservoir, as shown on attached **Exhibit B**. Therefore PAR proposes to sidetrack the well by kicking off at a depth of 10,500 feet to the newly proposed bottomhole location. See **Exhibit C** (Approved BLM Sundry Notices).

PAR is the operator in both Units A and B of Section 18. However, EOG also operates an Abo well in Unit A. Therefore, PAR has obtained a waiver of objection from EOG which is attached as **Exhibit D**. Pursuant to Division Rule 1210(A)(2), there are no other affected parties to notify as PAR is the operator in the offsetting spacing unit and ownership is common.

PAR would appreciate your expedited consideration of this application. As noted above, PAR has a rig on location and will be on stand-by until this application is approved.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry
ATTORNEY FOR
PAR MINERALS CORP.

cc: Darrell Garrett
OCD - Hobbs

OPERATOR'S COPY

Form 3160-3
(February 2005)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No.

NM 90558

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

FOWLER FEDERAL # 1

9. API Well No.

30-025-

10. Field and Pool, or Exploratory

FOWLER ELLENBURGER EAST

11. Sec., T. R. M. or Blk. and Survey or Area

SEC 18 T24S R38E

12. County or Parish

LEA

13. State

NM

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator
PAR Minerals Corporation

OSRD = 215256

3a. Address 509 Market St, Ste 300
Shreveport, LA 71101

3b. Phone No. (include area code)
(318) 221-6156

4. Location of Well (Report location clearly and in accordance with any State requirements.)

At surface 330 FNL 1650 FEL UNIT LETER B

At proposed prod. zone 330 FNL 1650 FEL

14. Distance in miles and direction from nearest town or post office*
6 miles NE fro Jal, NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

330 FT

16. No. of acres in lease

320

17. Spacing Unit dedicated to this well

40

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

1000 FT

19. Proposed Depth

12000

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
GL 3195'

22. Approximate date work will start*

as soon as Approved

23. Estimated duration

2 wks

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the
SUPO must be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification

6. Such other site specific information and/or plans as may be required by the
BLM.

25. Signature

Eddie W Seay

Name (Printed/Typed)

Eddie W Seay

Agent

Date

3/26/07

Title

Approved by (Signature)

J. Stovall

Name (Printed/Typed)

/s/ James Stovall

Date

3/15/07

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to
conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United
States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

CAPTAIN CONTROLLED WATER BASIN

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

SEE ATTACHED FOR
CONDITIONS OF APPROVAL



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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name			⁶ Well Number
		Fowler Federal			1
⁷ GRID No. 21 5256		⁸ Operator Name			⁹ Elevation
		PAR Minerals Corporation			3195'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	18	24 S	38 E		330	North	1650	East	Lea

¹¹Bottom 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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

16				<div><p>SHL 330' BAL 1650'</p><p>Fowler Federal No. 1 Elev. 3195' NAD 27 NM E N= 447267 E= 882657</p></div>	¹⁷OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Printed Name Title and E-mail Address Date	
					¹⁸SURVEYOR CERTIFICATION <i>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.</i> 12-07-2006 Date of Survey Signature and Seal of Professional Surveyor	
					<div><p>Michael L. Stanford</p><p>REGISTERED PROFESSIONAL LAND SURVEYOR</p><p>10324</p></div>	
					Certificate Number 10324	

9 Miles NE of Jal, New Mexico.

File No. A-3263.DWG

JUL-16-2007 MON 12:49 PM PAR MINERALS

FAX NO. 3182216188

P. 02

Form 3160-5
(September 2001)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3117-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
PAR Minerals Corporation3a. Address 509 Market St., Suite 300
Shreveport, LA 711013b. Phone No. (include area code)
318-221-6156

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Surface - 330 FNL, & 1650 FNL

At Proposed Prod. zone: 330' FNL & 1280' FEL

FORM APPROVED
OM B No. 1004-0135
Expires January 31, 2004

5. Lease Serial No.

NM 90558

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and/or No.

8. Well Name and No.

Fowler Federal #1

9. API Well No.

30-025-38408

10. Field and Pool or Exploratory Area

Fowler Ellenburger East

11. County or Parish, State

LEA County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandon	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Kick off at 10,500' - proposed BHL: 330' FNL & 1280' FEL of

Section 18, T24S, R38E.

ENTERED
IN AFMSS

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
Jack LaGrone

Title Operations Manager

Signature

Date July 16, 2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title in those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Office

Date

JUL 16 2007

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 12, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations or to any matter within its jurisdiction.

(Instructions on page 2)

FREDERICK WRIGHT
PETROLEUM ENGINEER

EXHIBIT

C

JUL-16-2007 MON 12:49 PM PAR MINERALS

FAX NO. 3182216188

P. 03

Form 3160-6
(September 2001)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3161-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE. Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☐ Gas Well ☒ Other2. Name of Operator
PAR Minerals Corporation3a. Address 509 Market St., Suite 100
Shreveport, LA 71101 3b. Phone No. (include area code)
318-221-61564. Location of Well (Forces, Sec., T., R., M., or Survey Description)
Surface: 330' FNL & 1650' FEL
BHL: 330' FNL & 1650' FELFORM APPROVED
OMB No. 1004-0135
Expires January 31, 20045. Lease Serial No.
NM 90558

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
Fowler Federal No. 19. API Well No.
30-025-3840810. Field and Pool, or Exploratory Area
Fowler Ellenburger East11. County or Parish, State
LEA County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly give all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notice shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Set 220' cement plug from TD @ 11,595 - 11,375'. Set 300' "kick off" plug from 10,800' to kick off depth of 10,500'.

SEE ATTACHED FOR
CONDITIONS OF APPROVALENTERED
IN AFMSS14. I hereby certify that the foregoing is true and correct.
Name (Printed/Typed)

Jack LaGrone

Title Operations Manager

Signature

Date July 16, 2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

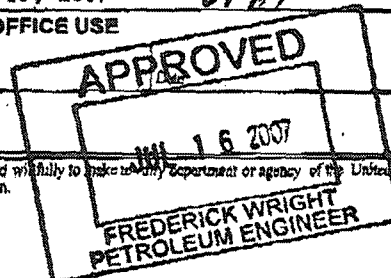
Title

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would enable the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1201 make it a crime for any person knowingly and willfully to make any statement or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)



SUNDRY NOTICE SPECIAL STIPULATIONS

1. Approval is granted for changes in the COA for the casing settings and casing to read as follows:
2. Class H cement must be used for all plugs below 8000'.
3. The rest of the proposal in this sundry is accepted as presented, with the proposed TD remaining 12000'.

Engineering
can be reached at 505-701-2779 for any variances that might be necessary.

F Wright 7/17/07

July 16, 2007

EOG Resources Inc.
Attn: Mr. Doug Hurlbut
P. O. Box 2267
Midland, Texas 79702

Via Fed-Ex

Re: **Fowler Federal #1**
Sfc. Loc. 330' FNL and 1650' FEL
Section 18, T-24-S, R-38-E
Lea County, New Mexico

Dear Mr. Hurlbut,

PAR Minerals Corporation ("PAR") will be submitting an application to the New Mexico Oil Conservation Division for an unorthodox well location for its Fowler Federal #1 well to be drilled with a bottom 333 feet from the north line and 1280 feet from the east line of Section 18, Township 24 South, Range 38 East, N.M.P.M., Eddy County, New Mexico. PAR has dedicated a standard 40-acre spacing unit in the NE/4 NE/4 of said Section 18 to this well. Statewide rules provide that this well be located no closer than 330 feet to any boundary of such unit. Therefore, this well is encroaching approximately 290 feet on the west boundary of the unit.

Division Rules provide a 20-day notice period before an application will be approved unless the applicant obtains waivers from affected parties. The Fowler Federal #1, an Ellenberger formation test, was initially drilled at the above captioned surface location. Geological interpretations indicate the well may have slightly missed the objective reservoir and a sidetrack attempt is merited while the rig is still on location. We therefore urgently request your waiver of objection to PAR's application. We respectfully request that you sign this letter and either return by e-mail or overnight delivery as soon as possible.

Thank you for your consideration of this matter. Should you wish to discuss please feel free to contact me at the phone number on the letterhead.

Respectfully,

Darrell R. Garrett, J.D.
Vice President, Land

✓ EOG Resources, Inc. agrees to waive objection to PAR Minerals Corporation's application for an unorthodox well location of the Fowler Federal #1 Well.

By: *Steve E. Hurlbut* *VICE PRESIDENT & GENERAL MGR.*
Name & Title

Date: *7/17/07* *DWH*
QC

