

BILL SELTZER

214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

August 6, 1991

Re: T-24-S, R-29-E
Section 7: N/2
Eddy County, New Mexico

TO THE ATTACHED LIST
OF OFFSET OPERATORS

Gentlemen:

I am representing Collins & Ware, Inc. of Midland, Texas.

Collins & Ware, Inc. propose to drill an Atoka test to be located 660 FNL and 1980 FWL of Section 7, T-24-S, R-29-E, Eddy County, New Mexico, immediately.

Upon staking the above location the BLM inspector in Carlsbad, New Mexico, disapproved the 660 FNL and 1980 FWL location as it falls in the Harroun Lake (attached plat of lake and approved location).

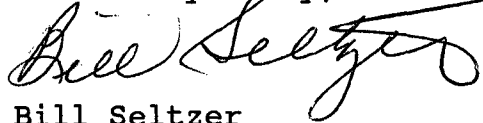
The BLM advised they would approve a location of 200 FNL and 1980 FWL of Section 7. This location is an unorthodox location and we must have approval of the Oil Conservation Division, Santa Fe, New Mexico.

We are requesting the OCD, State of New Mexico, for an administrative approval of an unorthodox gas well, location to be located 200 FNL and 1980 FWL of Section 7, T-24-S, R-29-E.

We request each of you to execute the attached Waiver and return same in the enclosed envelop.

Your immediate attention will be appreciated.

Yours very truly,



Bill Seltzer

BS/kp
Atchs.

LIST OF OFFSET OPERATORS

Santa Fe Energy Co.
550 W. Texas, Suite 1330
Midland, Texas 79701
Attn: Mr. Larry Murphy

Texaco Inc.
P.O. Box 2100
Denver, CO 80201
Attn: Mr. David Sleeper

Eastland Exploration, Inc.
110 N. Marienfeld, Suite 560
Midland, Texas 79701

Hallwood Petroleum, Inc.
Stanford Place #3
4582 S. Ulster Street
Parkway #1700
Denver, CO 80237
Attn: Ms. Robin Benko

Enron Oil & Gas Co.
P.O. Box 2267
Midland, Texas 79702
Attn: Mr. Frank Estep

WAIVER

The undersigned party has no objection to Collins & Ware, Inc.'s application to drill a 12,300' Atoka Test at an unorthodox location in Eddy County, New Mexico, to-wit:

200' FNL and 1980' FWL of Section 7,
T-24-S, R-29-E, Eddy County, New Mexico

Printed Name: _____
Title: _____

P 046 665 775

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to Robin Benko Hallwood Pet. Inc.	
Street and No. Stanford Place #3	
City, State and ZIP Code 4582 S. Ulster St Denver, CO 80237	
Postage	\$.52
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	1.00
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.52
Postmark or Date 8/6/91	

P 046 665 759

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to Frank Estep	
Street and No. Enron Oil & Gas Co.	
P.O. Box 2267 Midland, TX 79702	
Postage	\$.52
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	1.00
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.52
Postmark or Date 8/6/91	

P 046 665 778

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to Larry Murphy	
Street and No. Santa Fe Energy Co.	
550 W. Texas, Suite 1330 Midland, TX 79701	
Postage	\$.52
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	1.00
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.52
Postmark or Date 8/6/91	

P 046 665 776

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to Eastland Exp. Inc.	
Street and No. 110 N. Marienfeld, Suite 560	
City, State and ZIP Code Midland, TX 79701	
Postage	\$.52
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	1.00
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.52
Postmark or Date 8/6/91	

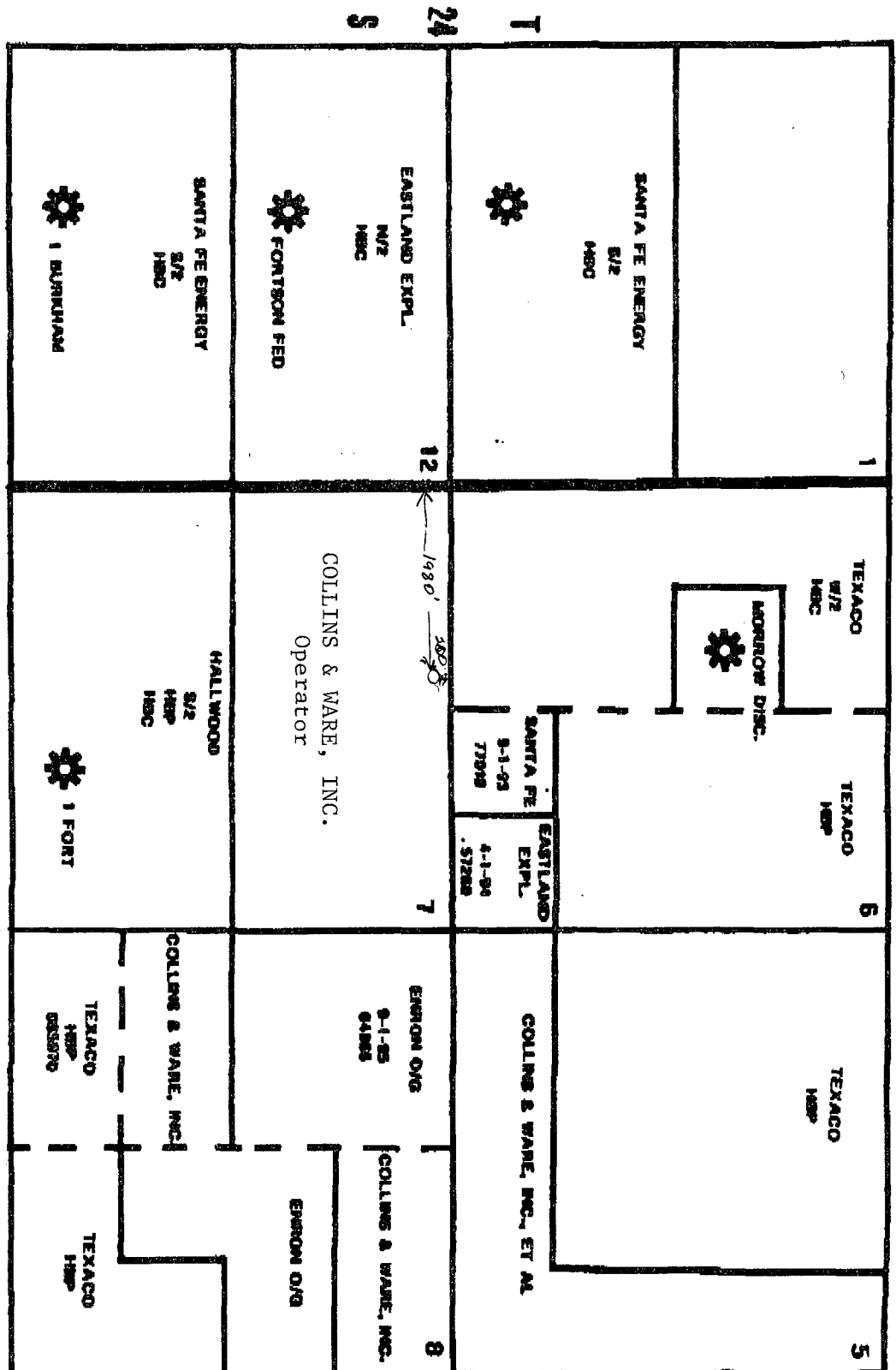
P 046 665 777

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to David Sleeper	
Street and No. Texaco Inc.	
P.O. Box 2100 Denver, CO 80201	
Postage	\$.52
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	1.00
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.52
Postmark or Date 8/6/91	



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

August 13, 1991

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

Collins & Ware, Inc.
c/o Bill Seltzer
214 West Texas
Suite 507
Midland, Texas 77970

*RE: Unorthodox Gas Well Location Application
Fort "7" Well No. 1, 534' FNL - 1414' FWL (Unit C)
Section 7, T-24-S, R-29-E, NMPM, Malaga Atoka
Gas Pool, Eddy County, New Mexico.*

Dear Mr. Seltzer:

In reviewing the subject applications, it would appear that there exist drillable locations in NE/4 of said Section 7, your filing did not adequately cover the possibility of drilling in the corresponding quarter section. Also, your application failed to address the possibility of drilling directionally to a standard bottom-hole location in the NW/4 of the section.

Should geological reasons be a factor in this unorthodox location, please submit additional data pursuant to Division General Rule 104.F.III.

I have attached a copy of NMOCDC Memorandum 1-90 dated March 21, 1990 which outlines the procedures for administrative approval of unorthodox locations.

Should you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal line extending to the right.

MICHAEL E. STOGNER
Chief Hearing Officer/Engineer

MES/jc



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

No. 1-90

MEMORANDUM

TO: All Operators

FROM: William J. LeMay, Director *WJL*

SUBJECT: Administrative Applications for Unorthodox Locations

DATE: March 21, 1990

Division Memorandum No. 3-89, dated March 24, 1989, advised the industry that the OCD would no longer automatically approve unopposed unorthodox location applications. Unorthodox locations can be approved administratively in accordance with the Rules and Regulations or applicable special pool rules if surface conditions truly prevent the use of a legal location and if directional drilling to a legal location is not feasible.

Topographic conditions which will be considered to justify an unorthodox location include such traditional factors as terrain features (steep slopes, arroyos, etc.) which make drilling impractical. In addition, approval may be given to avoid archeological sites which may not be disturbed without substantial mitigation, incompatible surface uses such as buildings, recreation areas, etc. Applications should fully document the reason an unorthodox location is required.

The attached guidelines state the minimum information which should be submitted with applications for administrative approval of unorthodox locations. Failure to provide the necessary information will probably result in processing delays.

If the surface of the proration unit or proposed drill site is controlled by a Federal Surface Management Agency, a copy of the application must be sent to the appropriate agency office.

If there are legal locations within the proration unit which are drillable, but the operator chooses not to drill those locations for geological reasons the application cannot be approved administratively and a hearing will be required.

NEW MEXICO OIL CONSERVATION DIVISION

SUBMITTAL GUIDELINES FOR ADMINISTRATIVE APPROVAL OF NON-STANDARD LOCATION APPLICATIONS

- I. If the well is located on Federal or Indian Lands, the Federal Surface Management Agency must be notified and an on-site inspection conducted prior to filing the application. If an Application for Permit to drill or a Notice of Staking has been prepared, a copy must be submitted.
- II. Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III. Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.
 - A. This information may be shown on the topo map if it does not impair the readability of the map.
 - B. The operator should certify that the information is current and correct.
- IV. Original or clear copy of topographic map, preferably 7.5 minute quad, showing contours and other mapped features impacting the location, with the following information marked thereon (In order to be able to adequately show all of the necessary surface conditions it may be necessary to enlarge the relevant portion of the topo map to provide room for detail):
 - A. The proposed well location and proration unit;
 - B. An outline of the orthodox drilling windows as provided in the applicable rules for the subject application;
 - C. The location of any wells to any formation within the area of the proration unit and a statement as to whether an existing pad can be used to drill the proposed well;
- V. An enlargement of the topo map showing the subject area with the applicable additional information:
 - A. Terrain features not shown on the map which make an orthodox location unusable;
 - B. Proposed access roads and pipelines if they affect the location selection;
 - C. The location of any surface uses which prevent use of a legal location;

- D. The location of any archeological sites identified in the archeological survey;
 - E. The location and nature of any other surface conditions which prevent the use of an orthodox location.
- VI. If archeological sites are a reason for the unorthodox location request, a copy of the archeological survey, or a summary, identifying sites which cannot be disturbed or which must have any disturbance mitigated. In addition, the location of such areas should be marked on the enlarged topo so they can be clearly identified.
- VII. A narrative report of any on-site inspection of the potential locations. If such on-site has resulted in elimination of legal locations due to surface conditions, such information should also be noted on the enlarged topo.
- VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible.
- IX. An affidavit that notice has been sent to all parties entitled thereto, under the Divisions Rules and Regulations with return receipt cards showing date of receipt of notice.

BILL SELTZER

OIL CONSERVATION DIVISION

RECEIVED

214 WEST TEXAS, SUITE 507

MIDLAND, TEXAS 79701

'91 AUG 27 AM 9 09

August 23, 1991

Mr. Michael E. Stogner
Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Collins & Ware, Inc. - Administrative
Approval for unorthodox location
T-24-S, R-29-E
Section 7: N/2
Eddy County, New Mexico
Location: 1414' FWL and 534' FNL

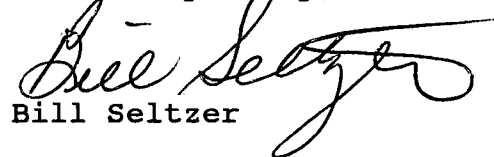
Dear Mr. Stogner:

Pursuant to our conversation of Thursday morning, August 22, 1991, Santa Fe, New Mexico. I am enclosing the following regarding the above.

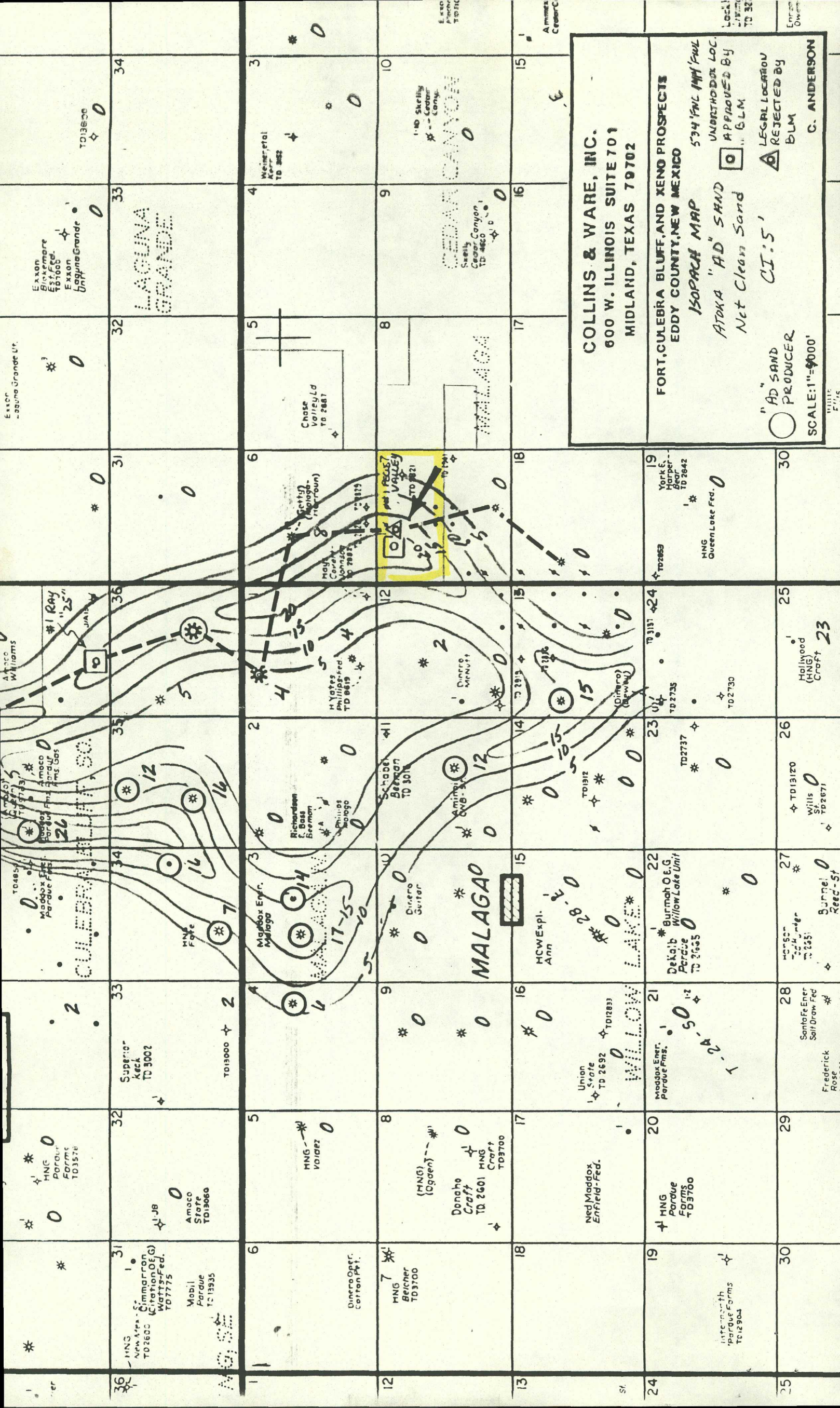
1. Isopach Map
Atoka "AD" Sand
2. Structure Map
Top of Atoka

If you need additional information do not hesitate to call.

Yours very truly,


Bill Seltzer

BS/kp
Enclosures



COLLINS & WARE, INC.
600 W. ILLINOIS SUITE 701
MIDLAND, TEXAS 79702

FORT, CULEBRA BLUFF, AND XENO PROSPECTS
EDDY COUNTY, NEW MEXICO

ISOPACH MAP
534 FNL 1111 FNL

UNBATHED LOC.
APPROVED BY
BLM

LEGAL LOCATION
REJECTED BY
BLM

C. ANDERSON

AD SAND
PRODUCER
SCALE: 1" = 1000'

OIL CONSERVATION DIVISION
RECEIVED

'91 SEP 9 AM 9 12

BILL SELTZER214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

September 4, 1991

Re: T-24-S, R-29-E
Section 7
Eddy County, New Mexico
Administrative Order
NSL-30427Mr. Michael Stogner
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Dear Mr. Stogner:

In order to complete your file on the above enclosed please find original Waiver from Hallwood Petroleum Inc.

Thank you for your assistance.

Yours very truly,


Bill SeltzerBS/kp
Enclosure

WAIVER

The undersigned party has no objection to Collins & Ware, Inc.'s application to drill a 12,300' Atoka Test at an unorthodox location in Eddy County, New Mexico, to-wit:

534' FNL and 1414' FWL of Section 7,
T-24-S, R-29-E, Eddy County, New Mexico

HALLWOOD PETROLEUM, INC.

Robin Benko
Printed Name: Robin Benko
Title: Landman - Western District