

3/11/98

3/31/98

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NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

## ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

## Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
 [DD-Directional Drilling] [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 - Directional Drilling

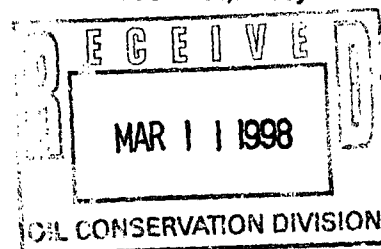
☒ NSL ☐ NSP ☐ DD ☐ SD

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
[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☒ Does Not Apply[A] ☐ Working, Royalty or Overriding Royalty Interest Owners[B] ☐ Offset Operators, Leaseholders or Surface Owner[C] ☐ Application is One Which Requires Published Legal Notice[D] ☐ Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,[F] ☐ Waivers are Attached

## [3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE  
 P.O. BOX 1056  
 SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

*James Bruce*  
 Signature

*Attorney for Applicant*  
 Title

3/11/98

Date

Print or Type Name

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

March 11, 1998

**Hand Delivered**

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Floyd Operating Company ("Floyd") applies for administrative approval of an unorthodox oil well location for the following well:

Kennann Well No. 1  
2180 feet FNL & 1280 feet FEL  
SE $\frac{1}{4}$ NE $\frac{1}{4}$  S29, Township 21 South, Range 37 East, NMPM  
Lea County, New Mexico

Attached as Exhibit A is a Form C-102 for the well. The well will be drilled to a depth sufficient to test the Fusselman formation (Undesignated McCormack (Silurian) Pool). The pool is subject to statewide spacing and well location rules.

The proposed location is based upon geological reasons. Attached as Exhibit B is a structure map on top of the Fusselman formation, based on seismic and well control. Section 29 is highlighted in green, and the S $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 29 is highlighted in orange. The proposed location is interpreted to be at the highest structural position in the S $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 29, and provides the best chance to successfully encounter potential Fusselman pay. The further west the well is located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$  spacing unit, the higher the chance it will be a commercially viable well. Thus, placing the well at its proposed location reduces the risk involved in drilling the well.

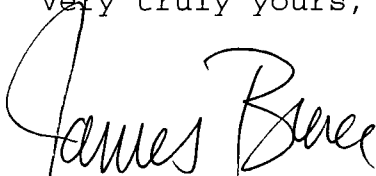
Submitted as Exhibit C is a land plat of the subject area. The entire S $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 29 (highlighted in yellow) is covered by one fee lease, and working, royalty, and overriding royalty interest ownership is uniform throughout the S $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 29

below the base of the Tubb formation.

Since interest ownership is common in the proposed well unit and in the offsetting unit (the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 29), notice is not required to be given to any offset owner. **As a result, Floyd requests that the 20 day waiting period be waived.**

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for Floyd  
Operating Company

## DISTRICT I

P.O. Box 1840, Hobbs, NM 88241-1840

## DISTRICT II

P.O. Drawer 88, Lordsburg, NM 88311-0088

## DISTRICT III

1000 Rio Brazos Rd., Artes, NM 87410

## DISTRICT IV

P.O. Box 8088, Santa Fe, NM 87504-2088

## State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1984

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Foot Code 45410	Pool Name McCormack (Silurian)
Property Code	Property Name EOC Kennam	Well Number 1
COORD No. 007943	Operator Name Floyd Operating Company	Elevation 3466

## Surface Location

Ul. or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	29	21 S	37 E		2180	NORTH	1280	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.

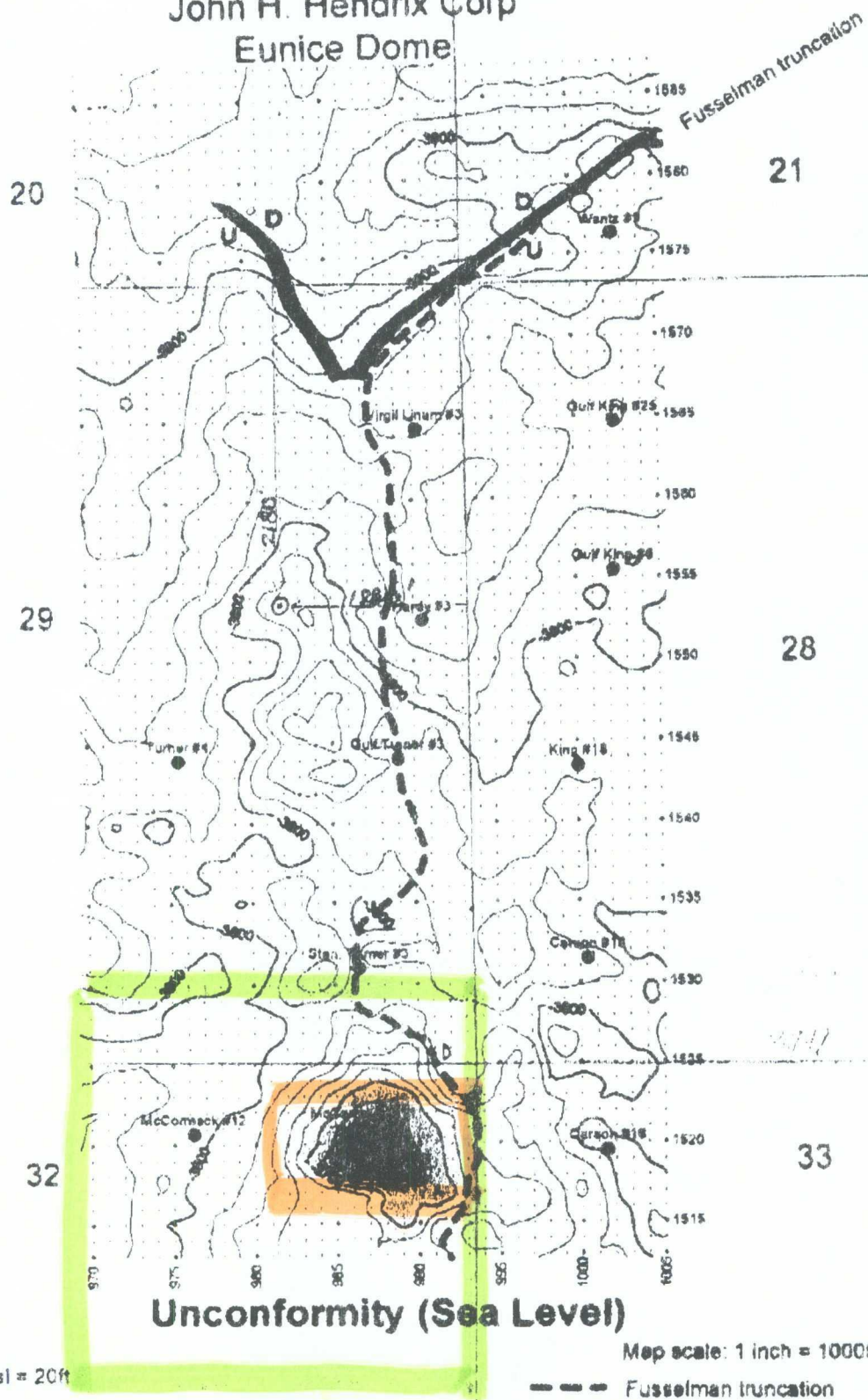
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.   Signature Leah D. Moon Printed Name Production Administrator Title Date
	<b>SURVEYOR CERTIFICATION</b>  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.  NOVEMBER 3, 1997 Date Surveyed Signature  Printed Name Ronald E. Edison Title Certified Professional Surveyor
	Date Surveyed Signature  Printed Name Ronald E. Edison Title Certified Professional Surveyor
	Date Surveyed Signature  Printed Name Ronald E. Edison Title Certified Professional Surveyor

EXHIBIT

A

# John H. Hendrix Corp Eunice Dome



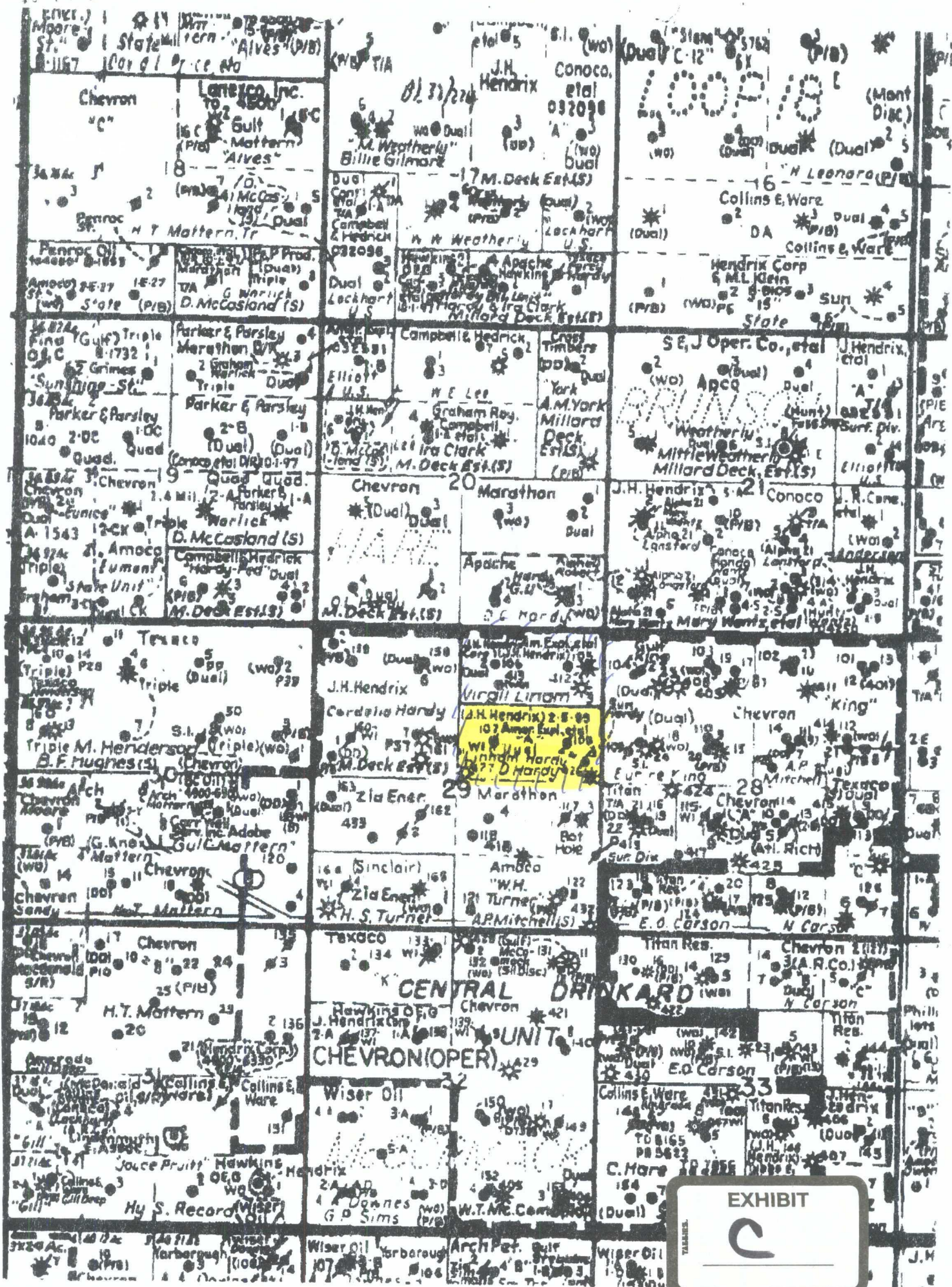
Production Administrator  
Date: 02/23/98 Telephone: (713)222-6275

Approval Date:

Expiration Date:









**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

March 11, 1998

**Hand Delivered**

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Floyd Operating Company ("Floyd") applies for administrative approval of an unorthodox oil well location for the following well:

Kennann Well No. 1  
2180 feet FNL & 1280 feet FEL  
SE~~1~~/~~4~~NE~~1~~/~~4~~ S29, Township 21 South, Range 37 East, NMPM  
Lea County, New Mexico

Attached as Exhibit A is a Form C-102 for the well. The well will be drilled to a depth sufficient to test the Fusselman formation (Undesignated McCormack (Silurian) Pool). The pool is subject to statewide spacing and well location rules.

The proposed location is based upon geological reasons. Attached as Exhibit B is a structure map on top of the Fusselman formation, based on seismic and well control. Section 29 is highlighted in green, and the S~~1~~/~~4~~NE~~1~~/~~4~~ of Section 29 is highlighted in orange. The proposed location is interpreted to be at the highest structural position in the S~~1~~/~~4~~NE~~1~~/~~4~~ of Section 29, and provides the best chance to successfully encounter potential Fusselman pay. The further west the well is located in the SE~~1~~/~~4~~NE~~1~~/~~4~~ spacing unit, the higher the chance it will be a commercially viable well. Thus, placing the well at its proposed location reduces the risk involved in drilling the well.

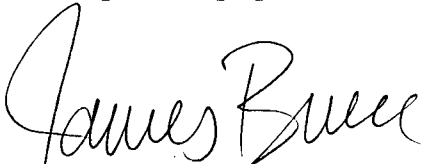
Submitted as Exhibit C is a land plat of the subject area. The entire S~~1~~/~~4~~NE~~1~~/~~4~~ of Section 29 (highlighted in yellow) is covered by one fee lease, and working, royalty, and overriding royalty interest ownership is uniform throughout the S~~1~~/~~4~~NE~~1~~/~~4~~ of Section 29

below the base of the Tubb formation.

Since interest ownership is common in the proposed well unit and in the offsetting unit (the SW<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub> of Section 29), notice is not required to be given to any offset owner. **As a result, Floyd requests that the 20 day waiting period be waived.**

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for Floyd  
Operating Company



## DISTRICT I

P.O. Box 1060, Hobbs, NM 88241-1060

## State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## DISTRICT II

P.O. Drawer DD, Azusa, NM 88211-0710

## DISTRICT III

1000 Rio Grande Rd., Aztec, NM 87410

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## DISTRICT IV

P.O. Box 8068, Santa Fe, NM 87504-2008

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 45410	Pool Name McCormack (Silurian)
Property Code	Property Name FOC Kennam	Well Number 1
OGRU No. 007943	Operator Name Floyd Operating Company	Elevation 3466

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	29	21 S	37 E		2180	NORTH	1280	EAST	LEA

## Bottom Hole Location If Different From Surface

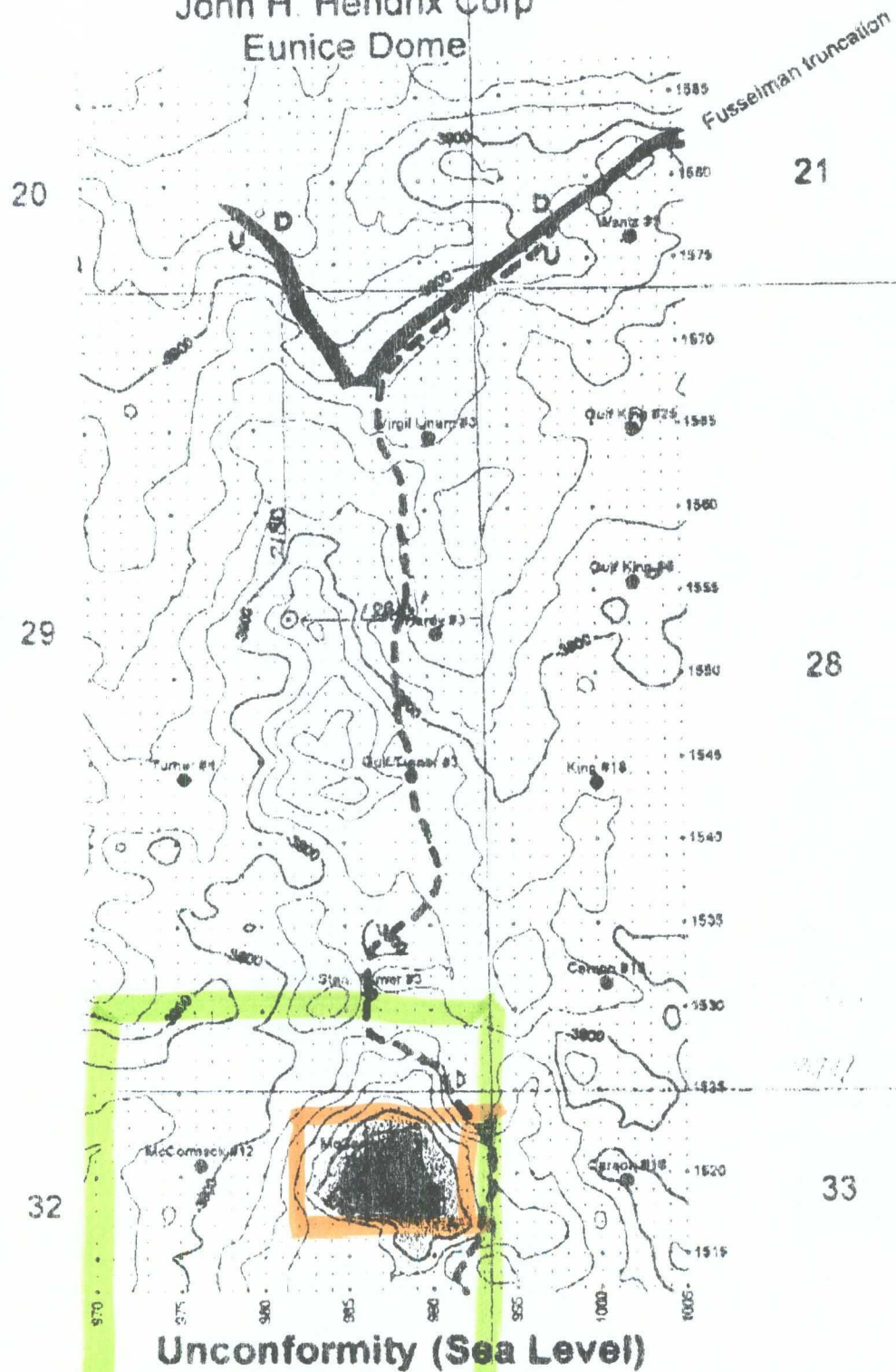
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  <i>Leah D. Moon</i> Signature Leah D. Moon Printed Name Production Administrator Title Date
	<b>SURVEYOR CERTIFICATION</b>  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.  NOVEMBER 3, 1997 Date Surveyed Signature <i>Edison</i> Professional Surveyor NEW MEXICO EXO. No. 97-1830 Certificate No. ROMAN EDISON, 3239 EDISON, 18641 PROFESSIONAL SURVEYOR, McDONALD, 72163
	<b>EXHIBIT</b> <b>A</b>

# John H. Hendrix Corp Eunice Dome



Contour interval = 20ft

Map scale: 1 inch = 1000ft

--- Fusselman truncation

Production Administrator  
Date: 02/23/98 Telephone: (713)222-6275

Approval Date:

Expiration Date:

EXHIBIT

B

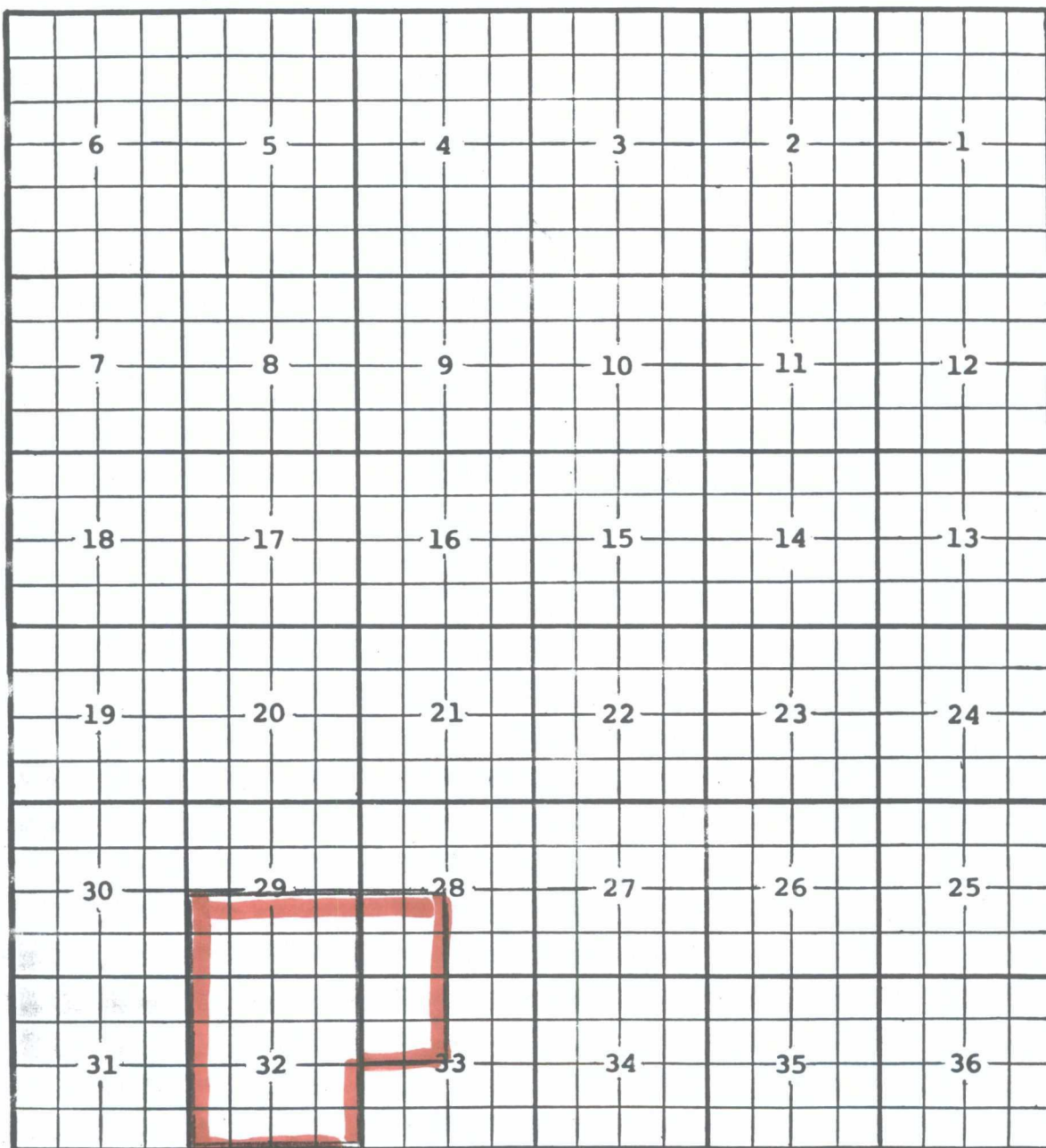






COUNTY LeaPOOL McCormack-SilurianTOWNSHIP 21 SouthRANGE 37 East

NMPM



Description:  $\frac{S}{2}$  Sec. 29; All Sec. 32 (850, 1-1-50)

Ext:  $\frac{SW}{4}$  Sec. 28;  $\frac{NW}{4}$  Sec. 33 (R-174, 12-31-51)





NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

March 12, 1998

Floyd Operating Company  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87504

Re: *Administrative application on behalf of Floyd Operating Company of an unorthodox oil well location in the Undesignated McCormack-Silurian Pool for its proposed FOC Kennan Well No. 1 to be drilled 2180 feet from the North line and 1280 feet from the East line (Unit H) of Section 29, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, in which the SE/4 NE/4 of said Section 29 is to be dedicated to said well in order to form a standard 40-acre oil spacing and proration unit for said pool.*

Dear Mr. Bruce:

Subsequent to my initial review of the subject application I feel it necessary the appropriate operator(s)/leasehold interest owner(s) of the corresponding deep rights in both the NW/4 NE/4 (Unit B) and the NW/4 SE/4 (Unit J) of said Section 29 be notified of this application. Please reference Division General Rule 104.F(3).

I have attached a copy of this well's C-102 which illustrates my reasoning for this request.

Should you have any questions or comments concerning this matter, please contact me in Santa Fe at (505) 827-8185. Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner  
Chief Hearing Officer/Engineer

## DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

## DISTRICT II

P.O. Drawer 88, Lordsburg, NM 88311-0088

## DISTRICT III

1000 Rio Grande Rd., Aztec, NM 87410

## DISTRICT IV

P.O. Box 8045, Santa Fe, NM 87504-2045

## State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1984

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 45410	Pool Name McCormack (Silurian)
Property Code	Property Name FOC Kennam	Well Number 1
COPTS No. 007943	Operator Name Floyd Operating Company	Elevation 3466

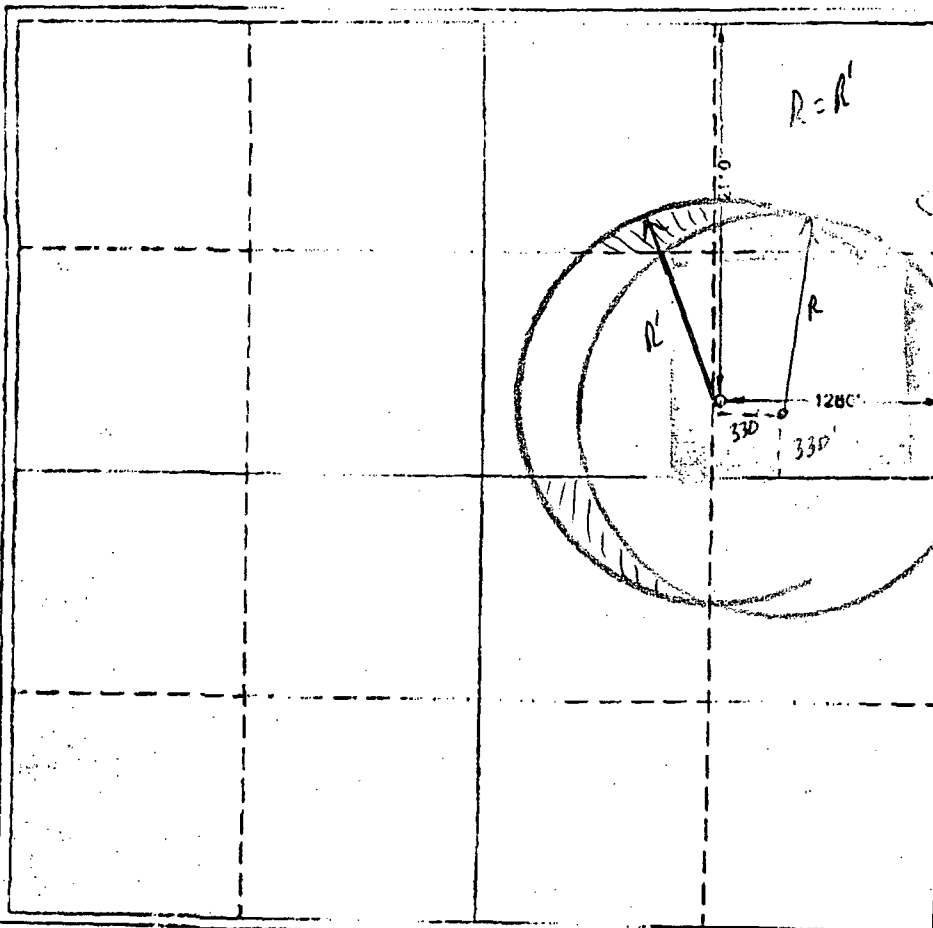
## Surface Location

Ul. or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	29	21 S	37 E		2180	NORTH	1280	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



## OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Leah D. Moon*  
Signature

Leah D. Moon  
Printed Name

Production Administrator  
Title

Date

## SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

NOVEMBER 3, 1997

Date Surveyed JLP

Signature *D. E. J. J. J.*

Professional Surveyor

NEW MEXICO

12-10-97

EXPO. No. 87-121830

Certificate No. RONALD E. J. J. J. 3739

PROFESSIONAL SURVEYOR EIDSON, 12041

McDONALD, 17100

EXHIBIT

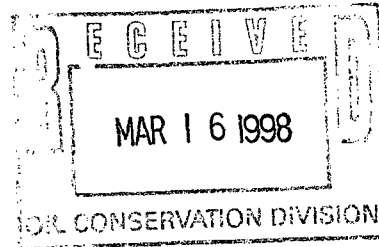
A

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)



March 13, 1998

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Kennann Well No. 1  
2180 feet FNL & 1280 feet FEL  
SE $\frac{1}{4}$ NE $\frac{1}{4}$  §29, Township 21 South, Range 37 East, NMPM  
Lea County, New Mexico

Dear Mr. Stogner:

Regarding the administrative application of Floyd Operating Company for approval of an unorthodox oil well location for the above well, enclosed is a copy of the notice letter sent to Marathon Oil Company, the south offset. The NE $\frac{1}{4}$  of Section 29 is covered by a working interest unit, under which working interest ownership is common. Therefore, no interest owners in the N $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 29 need be notified of this application.

Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce".

James Bruce

Attorney for Floyd  
Operating Company

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

March 13, 1998

**Certified Mail**  
**Return Receipt Requested**

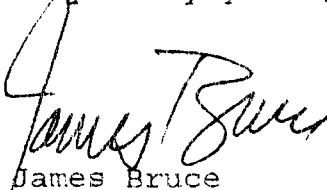
Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702

Re: Floyd Operating Company  
Kennann Well No. 1  
2180 feet FNL & 1280 feet FEL  
SE¼NE¼ §29, Township 21 South, Range 37 East, NMPM  
Lea County, New Mexico

Dear Sirs:

Floyd Operating Company has applied to the New Mexico Oil Conservation Division for administrative approval of an unorthodox oil well location for the above well, which will test the Fusselman formation. Floyd's records indicate that Marathon is an offset operator to the south of the proposed location. If you object to the location, please notify the Division in writing no later than April 2, 1998 (2040 South Pacheco Street, Santa Fe, New Mexico 87505, Attention: Michael E. Stogner).

Very truly yours,



James Bruce

Attorney for Floyd  
Operating Company





# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

October 17, 2005

**Mark Fesmire**

Director

Oil Conservation Division

John H. Hendrix Corporation  
P. O. Box 3040  
Midland, Texas 79702-3040

Telefax No. (432) 684-7317

Attention: **Ronnie H. Westbrook**  
Vice President

*Administrative Order NSL-3988-A*

Dear Mr. Westbrook:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-524248218*) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 29, 2005; and (ii) the Division's records in Hobbs and Santa Fe, including the files on Division Administrative Orders NSL-3988, NSL-97, and NSP-1306: all concerning John H. Hendrix Corporation's ("Hendrix") request for exceptions to the gas well location requirements to both the:

(a) "Special Rules and Regulations for the Blinbry Oil and Gas Pool," as promulgated by Division Order No. R-8170, as amended; and

(b) "Special Rules and Regulations for the Tubb Oil and Gas Pool," as promulgated by Division Order No. R-8170, as amended.

Your application has been duly filed under the provisions of: (i) Division Rules 104.F, 605.B, and 1210.A (2) [formerly Rule 1207.A (2)]; and (ii) the special pool rules governing both the Blinbry Oil and Gas Pool (72480) and the Tubb Oil and Gas Pool (86440).

By Division Administrative Order NSL-3988, dated April 6, 1998, Floyd Operating Company received authorization to drill and complete its FOC Kennann Well No. 1 (~~API No. 30-025-34355~~) in the McCormack-Silurian Pool (45410) within a standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 (Unit H) of Section 29, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, at an unorthodox oil well location 2180 feet from the North line and 1280 feet from the East line of Section 29.

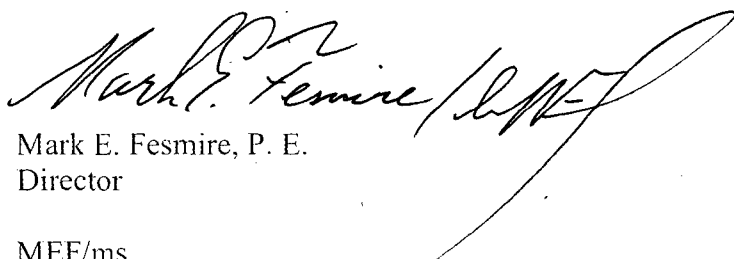
It is the Division's understanding that the deeper Silurian oil production within this well has been shut-in since May, 2004 due to an uneconomical rate of production and that Hendrix now intends to re-complete this well up-hole into the gas bearing Tubb and Blinebry intervals; however, pursuant to Rule 2 (b) 1 of the special pool rules for both pools, this location is also considered to be unorthodox.

Blinebry and Tubb gas production from the above-described FOC Kennann Well No. 1 is to be included within the existing standard 160-acre gas spacing and proration unit comprising the NE/4 of Section 29, which production is currently dedicated to Hendrix's Linam Hardy Gas Com. Well No. 1 (**API No. 30-025-06859**), located at an unorthodox gas well location in both the Blinebry Oil and Gas Pool (approved by Division Administrative Order NSL-97, dated April 25, 1957) and the Tubb Oil and Gas Pool (approved by letter dated February 8, 1954) 990 feet from the North line and 330 feet from the East line (Unit A) of Section 29.

By the authority granted me under the provisions of Division Rules 104.F (2) and 605.B (2), and the applicable provisions of the special pool rules governing both the Blinebry Oil and Gas Pool and Tubb Oil and Gas Pool, the above-described unorthodox infill gas well location of Hendrix's above-described FOC Kennann Well No. 1 is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.  
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs  
Files: NSL-97

---

NSL-3988  
NSP-1306