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NATURAL RESOURCES-OIL AND GAS LAW

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July 7, 1994

HAND DELIVERED

Mr. Michael E. Stogner  
Chief Hearing Examiner  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

8 1994

Re: Hi-Way State Well No. 1  
Application of Primero Operating Inc.  
for an Unorthodox Oil Well Location,  
Undesignated Devonian Oil Pool,  
Chaves County, New Mexico

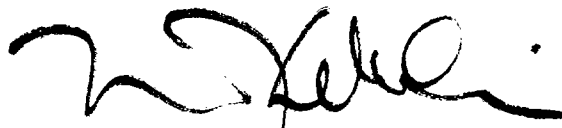
11046

Dear Mr. Stogner:

On behalf of Primero Operating Inc., please find enclosed our application for an unorthodox oil well location for its Hi-Way State Well No. 1 which we request be set for hearing on the next available Examiner's docket now scheduled for August 4, 1994.

Our proposed advertisement to be used for the OCD docket and for the newspaper publication is enclosed.

Very truly yours,



W. Thomas Kellahin

cc: Phelps White (Primero Operating, Inc.)  
cc: NMOC-D-Artesia

\_ 8 1994

**Proposed notification/advertisement for OCD docket**

Case 11046 : Application of Primero Operating, Inc. for an unorthodox oil well location, Chaves County, New Mexico. Applicant seeks approval of an unorthodox oil well location for its Hi-Way State Well No. 1 which currently is being drilled to an unorthodox oil well location 2417 feet from the South line and 2245 feet from the East line (Unit J) of Section 36, Township 10 South, Range 27 East, NMPM, Devonian formation. The NW/4SE/4 of said Section 36 is to be dedicated to said well forming a standard 40 acre oil spacing unit. Said unit is located approximately 13 miles northeast from Bottomless Lake State Park, New Mexico.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION OF  
PRIMERO OPERATING, INC. FOR APPROVAL  
OF AN UNORTHODOX OIL WELL LOCATION,  
CHAVES COUNTY, NEW MEXICO

FILED - 8 1994

CASE: 11046

**APPLICATION**

Comes now PRIMERO OPERATING, INC., by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location for its Hi-Way State Well No. 1 which currently is being drilled at an unorthodox oil well location 2417 feet FSL and 2245 feet FEL (Unit J) Section 36 Township 10 South, Range 27 East, NMPM, Chaves County, New Mexico for possible production from the Devonian formation and to be dedicated to a standard 40 acre oil spacing unit consisting of the NW/4SE/4 of said Section 36.

In support thereof, Applicant states:

1. Applicant, Primero Operating, Inc. has 100% of the working interest in all of Section 36, T10S, R27E, N.M.P.M, Chaves County, New Mexico which constitutes a single State of New Mexico Oil & Gas Lease.
2. Due to the July 1, 1994 expiration of this lease, Primero Operating Inc. has commenced drilling of its Hi-Way State Well No. 1 at an unorthodox oil well location for possible production from the Devonian formation 2417 feet FSL and 2245 feet FEL (Unit J) Section 36,
3. It is crucial to locate any Devonian test on the absolute highest point on structure.

4. The unorthodox well location is based upon a 3-D seismic survey which indicates that the optimum location for a well in Unit J is at a location that is 223 feet from the north boundary of its spacing unit rather than the standard 330 feet. See Exhibit "A"

5. The well is located more than one mile from the current boundaries of any Devonian Oil pool and is subject to the Division general statewide rules including well spacing of 40-acre oil spacing and 330 foot setbacks. Apparently, the closest Devonian oil pool is the Race Track-Devonian Pool located in the NE/4SE/4 of Section 13, T10S, R27E, NMPM.

6. The well only encroaches towards the SW/4NE/4 of Section 36 which has the same ownership as the subject 40-acre spacing unit.

7. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in this portion of the Devonian formation and will otherwise prevent waste and protect correlative rights.

8. In accordance with Division Rule 1207, there are no offsetting parties to whom notification is required.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY

W. Thomas Kellahin

P. O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

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

State of New Mexico  
Geology, 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 <b>Primero Operating</b>			Lease <b>Hi-way State</b>		Well No. <b>1</b>
Unit Letter <b>J</b>	Section <b>36</b>	Township <b>10 South</b>	Range <b>27 East</b>	County <b>Chaves</b>	
Actual Footage Location of Well: <b>2417</b> feet from the <b>South</b> line and <b>2245</b> feet from the <b>East</b> line					
Ground level Elev. <b>3698</b>	Producing Formation <b>Devonian</b>		Pool <b>Wildcat</b>	Dedicated Acreage: <b>40</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

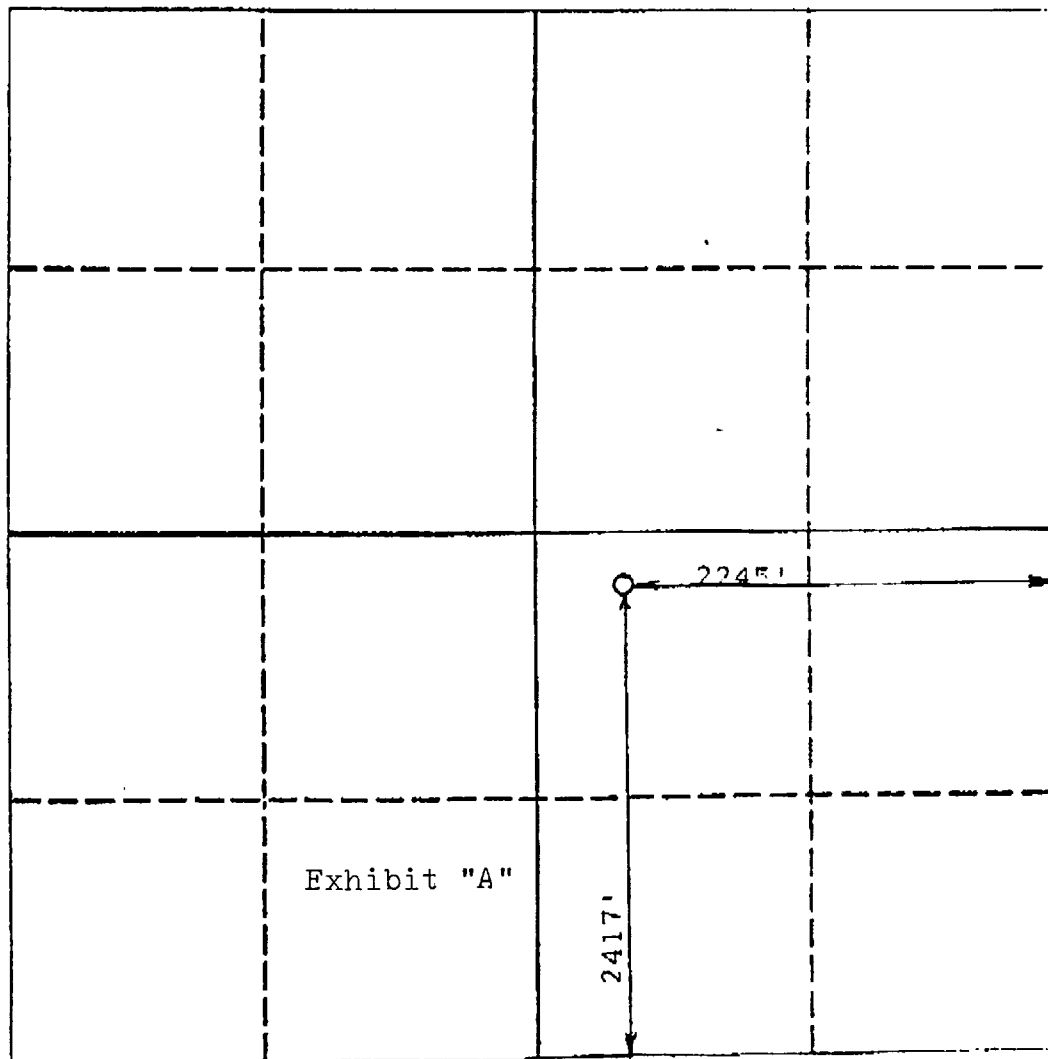
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation

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 communization, unitization, force-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.

Signature

Printed Name

Position

Company

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.

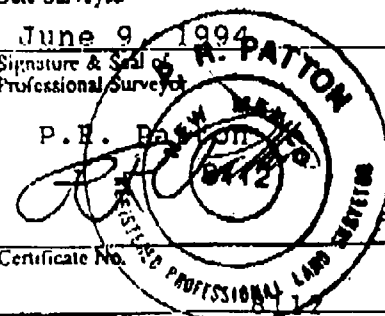
Date Surveyed

June 9, 1994

Signature & Seal of Professional Surveyor

P. E. Patton

Certificate No.



0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0