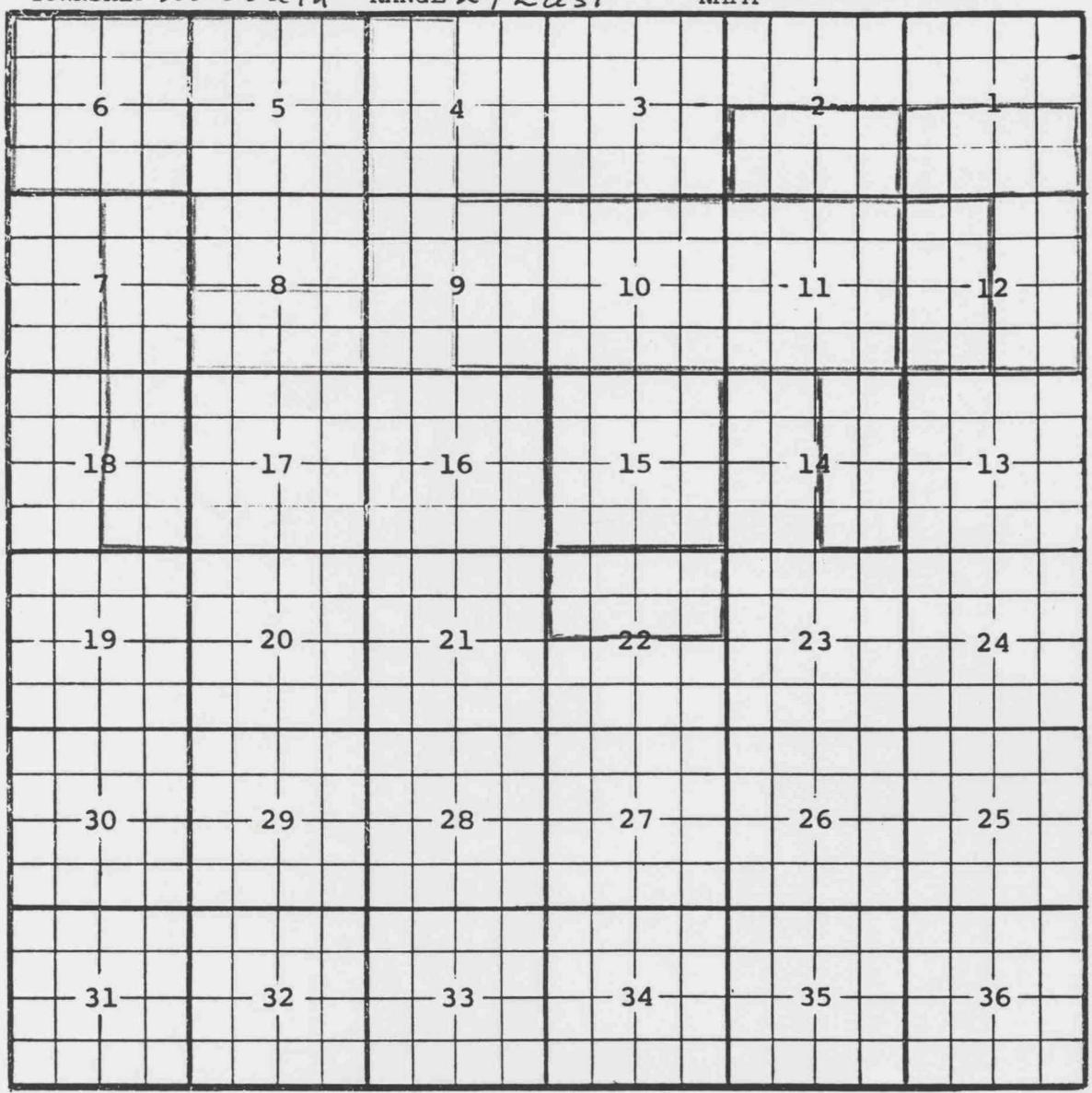


COUNTY Eddy POOL East Burton Flat - Strawn Gas

TOWNSHIP 20 South RANGE 29 East NMFM



Description: 5/2 Sec 8 (R-5252, 9-1-76)
Ext: W/2 Sec 4, W/2 Sec 9 (R-5511, 9-1-77)
Ext: E/2 Sec. 9, All Sec. 10, All Sec. 11 (R-7158, 12-8-82)
Ext: All Sec. 5, All Sec. 6, N/2 Sec. 8 (A-7307, 6-14-83) EXT: W/2 sec 12 (R-8945, 5-31-89) EXT: E/2 sec 7, E/2 sec 18 (R-9017, 11-1-89)
Ext: S/2 Sec. 2 (A-9241, 7-31-90) Ext: E/2 Sec. 14, All Sec. 15 (A-9326, 11-7-90)
EXT: S/2 sec 1 (R-9418, 2-1-91) EXT: N/2 SEC 22 (R-9473, 4-1-91)
Ext: E/2 Sec. 12 (R-9609, 11-7-91)

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

RECEIVED

Operator THE PETROLEUM CORPORATION OF DELAWARE		Lease Superior Federal		Well No. 9
Unit Letter G	Section 1	Township 20 South	Range 29 East	County Eddy County, N.M.
Actual Footage Location of Well: 1830 feet from the North line and 1980 feet from the East line				
Ground Level Elev. 3317.	Producing Formation Morrow	Pool East Burton Flat - Morrow	Dedicated Acreage: 320 Acres	

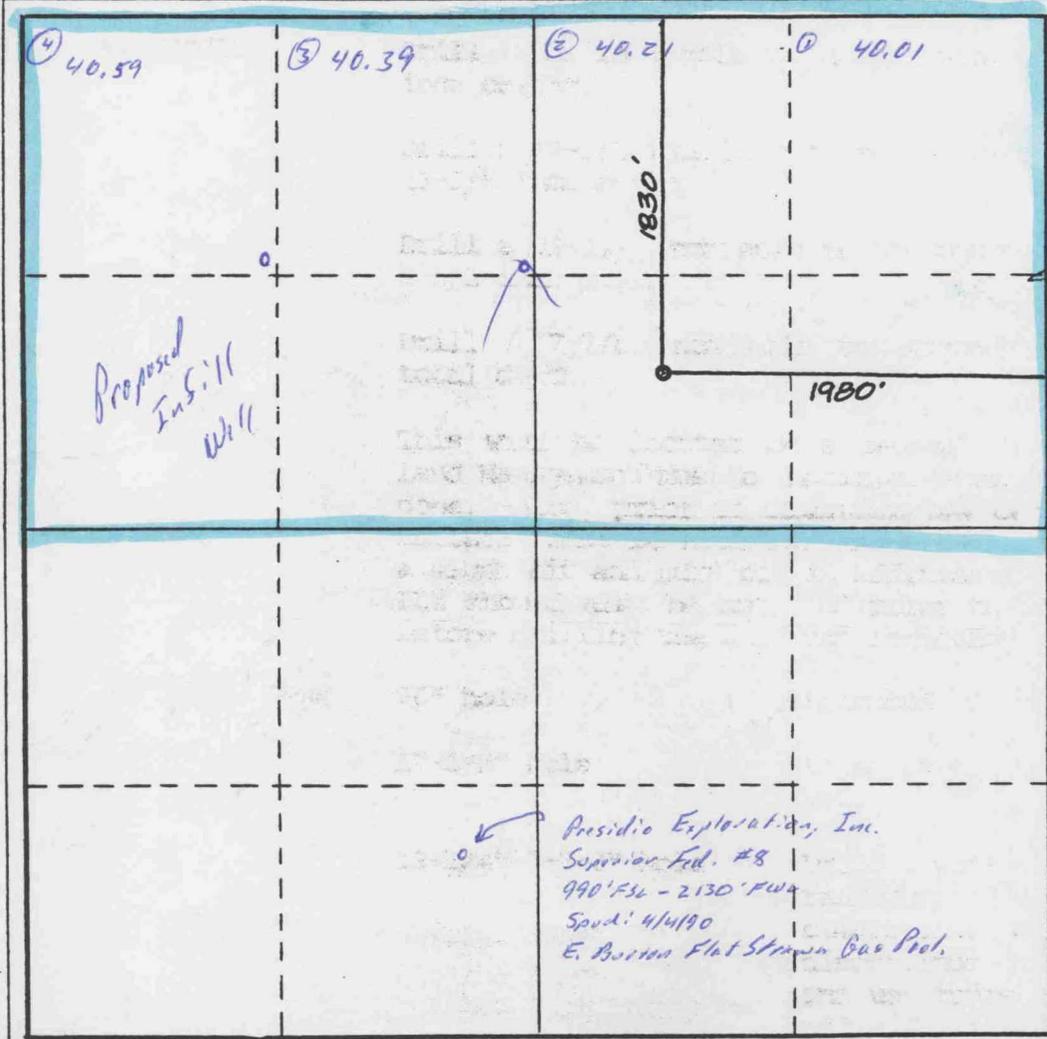
Nov 28 12 00 PM '90
Eddy County, N.M.
CARL JACE
AREA HEADQUARTERS

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 interests of all owners been consolidated by communitization, 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 communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

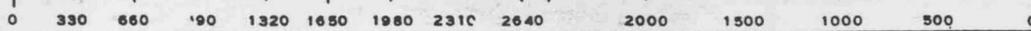
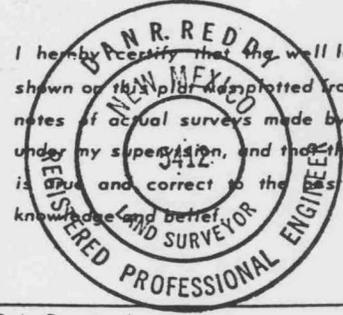
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: David M. Jance
Position: District Operations Engineer
Company: The Petroleum Corporation of Delaware
Date: 11-27-90

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: October 22, 1990
Registered Professional Engineer and/or Land Surveyor

Don R. Reddy
Certificate No. 5412
NM PE&PS NO. 5412



Example

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

EXAMPLE

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10426
ORDER NO. R-9009-A

APPLICATION OF BTA OIL PRODUCERS
FOR SIMULTANEOUS DEDICATION AND TO
AMEND DIVISION ORDER NO. R-9009, LEA
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 19, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

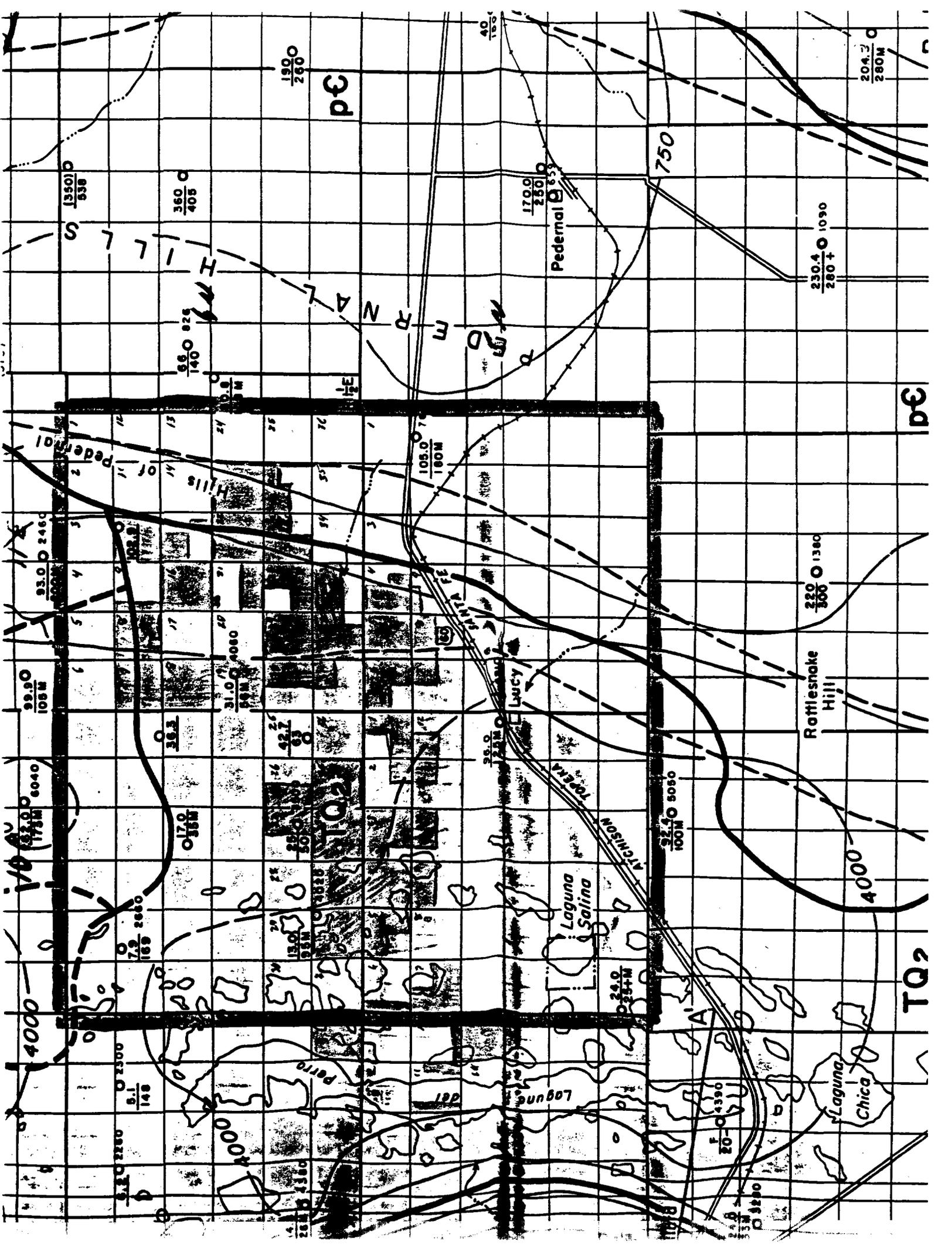
NOW, on this _____ day of February, 1992 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant in this matter, BTA Oil Producers, is currently developing the Antelope Ridge-Atoka Gas Pool underlying Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, in the current manner and in accordance with the provisions of Division Order No. R-9009, dated October 3, 1989:

the N/2 of said Section 34 comprising 320 acres is dedicated to the Maxus "B" 8026 JV-P Well No. 3, located at an unorthodox gas well location 660 feet from the North line and 1650 feet from the East line (Unit B). This well was drilled and completed in the last quarter of 1989. On January 4, 1990 this well began producing gas from the Antelope Ridge-Atoka Gas Pool;



the S/2 of said Section 34, comprising 320 acres, is dedicated to the Maxus "B" 8026 JV-P Well No. 1, located at an unorthodox gas well location 660 feet from the South and East lines (Unit P). This well was drilled in the first quarter of 1987 by Maxus Exploration Company. In September 1987, this well was dually completed in both the Antelope Ridge-Atoka and Antelope Ridge-Morrow Gas Pools. On December 1, 1987, this well began producing from both intervals.

(3) The BTA Oil Producers' Maxus "B" 8026 JV-P Well No. 2, located 990 feet from the South line and 1980 feet from the West line (Unit N) of said Section 34 has been "shut-in" since 11:00 am on January 4, 1990. Said Well No. 2 was originally drilled by Maxus Exploration Company in the first quarter of 1987. In January 1987, this well was completed in the Antelope Ridge-Atoka Gas Pool, and first delivery occurred on February 12, 1988. Said Division Order No. R-9009 contained provisions whereby the No. 2 well would be plugged and abandoned at such time as the No. 3 well was placed on production (January 4, 1990). A reprieve from the plugging requirements was granted BTA Oil Producers by the Division whereby the No. 2 well could be temporarily abandoned and still satisfy the provisions of Decretory Paragraph No. (5) of said Order No. R-9009.

(4) At this time, BTA Oil Producers seeks an exception to Division General Rule 104.C(2) to allow for the simultaneous dedication of the existing 320-acre gas spacing and proration unit within the Antelope Ridge-Atoka Gas Pool, comprising the S/2 of said Section 34 to both the aforementioned Well Nos. 1 and 2. A concurrent request is being sought to amend said Order No. R-9009 whereby the No. 2 well would be allowed to produce Atoka Gas at a restricted flow not to exceed 500 MCF per day in any one month period (15,000 MCF per month).

(5) The Antelope Ridge-Atoka Gas Pool is at this time considered an "unprorated gas pool" and therefore is not governed by the General Rules for the Prorated Gas Pools of New Mexico, as promulgated by Division Order No. R-8170, as amended.

(6) The spacing requirements provided in Division Statewide Rule 104.C(2)(b) would therefore apply in this particular situation. Specifically that which states:

"Unless otherwise provided in special pool rules, each development well for a defined gas pool..., shall be located on a designated drilling tract..."

(7) Two separate memorandums issued by the Division Director on July 22, 1988 and August 3, 1990 set forth officially the Division's interpretation and policy for those instances, such as this case, where an applicant is requesting an additional well on an existing non-prorated gas spacing unit. The Division's conclusions were as follows:

"Application to produce both wells continuously and concurrently will be approved only after notice and hearing and upon compelling evidence that the applicant's correlative rights will be impaired unless both wells are produced.

Requests to produce the wells alternately (one well shut-in while the other produces) may be submitted for administrative handling. The request should set out the length of producing and shut-in cycles for each well (a one month minimum is suggested), the proposed method for ensuring compliance with the proposed producing and shut-in schedules and reasons for the request."

(8) BTA Oil Producers failed in this case to adequately show that its correlative rights would be impaired unless both the Maxus "B" 8026 JV-P Well Nos. 1 and 2 were allowed to produce continuously and concurrently, even at the proposed restricted flow rate for the No. 2 well.

(9) The applicant further indicated at the time of the hearing that both wells producing alternately could recover all of the gas to which BTA is entitled under the Section 34 of said Section 34.

(10) The applicant's request to continuously and concurrently produce Atoka gas from both the Maxus "B" 8026 JV-P Well Nos. 1 and 2 within the 320-acre gas spacing and proration unit comprising the S/2 of said Section 34 should be *denied*; however, nothing contained herein should be construed as prohibiting the applicant from producing Atoka gas from both wells alternately (one well shut-in while the other produces). Such producing/shut-in cycle length should be administratively set by the Division Director, but should not be less than a one month period.

(11) Because both wells will not be permitted to produce simultaneously under this order, the well which is producing at any given time should not be subject to a restricted producing rate.

IT IS THEREFORE ORDERED THAT:

(1) The subject application of BTA Oil Producers for an exception to Division General Rule 104.C(2) and to amend Division Order no. R-9009, dated October 3, 1989, to allow for the simultaneous dedication of the existing 320-acre gas spacing and proration unit within the Antelope Ridge-Atoka Gas Pool, comprising the S/2 of Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, to both its Maxus "B" 8026 JV-P Well Nos. 1 and 2, located respectively in Units P and N of said Section 34, is hereby granted conditional approval;

WHEREBY the applicant is permitted to produce Atoka gas from both wells alternately (one well shut-in while the other produces). Said production/shut-in cycle period for both wells may be established by the Division Director after administrative request by the applicant; however, such period shall not be for less than one month.

(2) The applicant's request to continuously and concurrently produce Antelope Ridge-Atoka Gas Pool production in the S/2 of said Section 34 from both of said wells is hereby *denied*.

(3) The applicant's proposal to restrict gas production from the Maxus "B" 8026 JV-P Well No. 2 at a maximum flow rate not to exceed 500 MCF per day is *dismissed*.

(4) Either well when producing shall be allowed to flow at an unrestricted rate.

(5) Decretory Paragraph No. (5) on page 3 of Division Order No. R-9009, dated October 3, 1989, is hereby placed in abeyance until further notice.

(6) All other provisions of Division Order No. R-9009 shall remain in full force and effect.

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

Case No. 10426
Order No. R-9009-A
Page No. 5

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

HIGHLIGHTS

Oil Conservation Division

William J. LeMay

February 19, 1992

- * Six hearing orders and thirteen administrative orders were signed during the previous week.
- * The Gas Marketing Bureau is working with San Juan Resources, Inc. to organize a Field/Technical Tour of the San Juan Basin to coincide with the Fifth Annual New Mexico Natural Gas Marketing Conference and Trade Fair. The overnight bus tour will depart Santa Fe on Tuesday, May 12th, immediately following the conference. Professional tour guides will comment on various aspects of the trip including geological highlights as we enter the Basin. The tour will include a dinner program and overnight accommodations in Farmington. The next day will include a tour of the Blanco Hub area and associated development. The tour will return to Santa Fe in the late afternoon on Wednesday, February 13th. Cost to participants will range from \$100-120.
- * Preliminary production figures for 1991 show that oil production increased by 1.37% to approximately 69 million barrels. This is the first increase since 1984 when production was over 79 million barrels, and only the third annual increase in the last 22 years. Gas production increased by 3.67% to over 1 trillion cubic feet - the third consecutive increase and the first 1 Tcf year since 1981.
- * Rand Carroll, Gas Marketing Attorney, is attending the California Public Utilities Commission's Capacity Brokering Implementation Hearing (R.88-08-018) this week. New Mexico's witness was scheduled to appear on Tuesday, February 18th. Rand presented our witness as well as prevented any unwarranted or irrelevant cross-examination. Rand will attend the hearings throughout this week and provide cross-examination of other parties' witnesses.
- * This week, the Environmental Bureau is performing discharge plan inspections at service companies and compliance inspections at permitted waste disposal facilities in the Farmington area.
- * On Monday, February 24th, Ron Merrett will be a conference speaker at "Natural Gas Procurement in California", an executive conference in Los Angeles and Bill LeMay will be the speaker at the Albuquerque Petroleum Association luncheon meeting in Albuquerque.
- * The Division has been receiving numerous requests for water injection into the Capitan Reef limestone east of Carlsbad. Also producers have been seeking relief on our requirement to run and cement 4 strings of casing in wells which penetrate the Capitan Reef. In some areas of the reef there are waters that require protection because they contain less than 10,000 parts per million of dissolved solids. Other areas of the reef contain waters which are not protectable but these areas are connected hydrologically. There is joint jurisdiction with the State Engineer's Office. The situation is complex and requires additional study before these issues can be resolved.

1 When the Commission issued Order No. R-7588-A, Uhden's royalty interest
2 was unaffected. In order to affect her interest, a further step was
3 necessary--namely, the pooling of her interest with a similar interest in the 320-acre
4 tract surrounding the Cahn Well. That further step was taken; but it was Amoco,
5 not the Commission, that took it. Amoco took it because Amoco was authorized by
6 the lease with Uhden to take it. As the majority notes, the lease contained a
7 voluntary pooling clause under which Amoco was authorized to pool Uhden's royalty
8 interest with others to form production units of not more than 640 acres.

9 It is true that the Commission's order authorizing 320-acre spacing was a
10 condition precedent to Amoco's pooling of Uhden's interest in forming a 320-acre
11 unit. However, the majority's conclusion that "it was the spacing order, and not the
12 pooling clause which harmed Uhden" does not follow. Probably every zoning and
13 other land-use regulation is a condition precedent to action taken by one landowner
14 consistent with the regulation that may in some way adversely affect another
15 landowner subject to the same regulation. But that does not mean that the regulation
16 causes the adverse effect; if the adversely affected landowner has authorized the
17 landowner taking the action to do so, the mere fact that the action conforms with an
18 applicable land-use regulation does not make the regulation the cause of the
19 adversely affected owner's harm.

20 Had Uhden owned the royalty interest on an undivided one-half interest in the
21 entire 320 acres in the new unit, the Commission's spacing order would have had no
22 effect on her cash flow. She would have continued to receive 6.25% of the proceeds
23 from the single well allowed on the new unit. As it was, she had to share her 6.25%
24 interest with the royalty owners of the other mineral interests pooled to form the new
25 unit, but in return she received the right to receive a share of their royalty interest
26 in the gas subject to their lease.

27 I realize that the trade-off just mentioned is small consolation to Uhden and
28 that in a very real sense, at least in terms of her current cash flow, her rights have

1 MONTGOMERY, Justice (Dissenting).

2 There is much in the majority opinion with which I certainly agree. The lofty
3 principles of due process--of a property owner's entitlement to notice and an
4 opportunity to be heard before she can be deprived of her property rights--are of
5 course thoroughly ingrained in our state and federal constitutional jurisprudence.
6 Likewise, the proposition that the royalty interest of a lessor under an oil and gas
7 lease is a property right accorded constitutional protection under New Mexico law
8 cannot be questioned. My quarrel with the majority opinion boils down to my flat
9 disagreement with this simple statement: "The result of the hearing had the effect
10 of reducing Uhden's royalty interest from 6.25 percent to 3.125 percent of
11 production."

12 The purpose of the hearing before the Commission was to determine the
13 appropriate size of a proration unit in the Cedar Hills-Fruitland Basal Coal Gas Pool
14 in northwestern New Mexico, in which Amoco operated several wells and in which
15 Uhden's mineral interests were located. Under NMSA 1978, Section 70-2-17(B)
16 (Repl. Pamp. 1987), a "proration unit" is defined as "the area that can be efficiently
17 and economically drained and developed by one well"

18 Determining the size of a proration unit has nothing to do with the ownership
19 of property rights in the field in which the unit is located. The area which can be
20 "efficiently and economically drained" by a single well is a function of the physical
21 characteristics of the reservoir into which the well is to be drilled. Prescribing the
22 size of a proration unit is a form of land-use regulation carried out by the
23 Commission that depends entirely on the physical or geologic characteristics of the
24 region and only affects the various property rights within the region in the same way
25 as any other land-use regulation affects property owners within the area regulated.
26 It is, if you will, a form of "rulemaking," performed by the Commission in the
27 discharge of its duties to prevent waste and protect correlative rights. See id.; §§
28 70-2-11, 70-2-12(B)(10).

Sec. 35 Township No. 31 North of Range No. 12 West

<p>Meridian Oil Inc. P.O. Box 4289 Farmington, NM 87499 Rawson Well No. 1 Spud: 6/2/61</p>			* *
			
			

E/2 SE/4

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Date No. 10000-4
Date No. 10000