

OIL CONSERVATION DIVISION
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October 11, 1989

Michael E. Stogner
Chief hearing Officer/Engineer
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Letter Dated 10/6/89
Case No. 9706
Order No. R-8989

Dear Mr. Stogner:

Pursuant to our telephone conversation today, please be advised we have reached agreement with the Gas Company of New Mexico regarding the replacement of their pipeline and will therefore be able to drill the location approved by the above referenced order. Accordingly, please disregard my earlier letter dated October 6, 1989 requesting approval for a substitute location.

We apologize for any inconvenience caused in this matter.

Sincerely,

BAHLBURG EXPLORATION



William C. Bahlburg

WCB/md



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

October 10, 1989

Bahlburg Exploration
14875 Landmark Blvd.
Suite 216
Dallas, TX 75240

Attention: William C. Bahlburg

RE: Case No. 9706, Order No. R-8989

Dear Mr. Bahlburg:

Per your request for an amendment to the subject order which authorized an unorthodox oil well location to test the Undesignated King Devonian Pool 900 feet from the South line and 50 feet from the West line (Unit M) of Section 25, Township 13 South, Range 37 East, NMPM, Lea County, New Mexico, this matter has been set for hearing on the November 1, 1989 docket with special instructions to call this matter and if there are no objections then this amendment will be taken under advisement and an order will be subsequently issued.

If you should require anything further for this well, you may contact the Director of the Division and discuss the matter with him.

Sincerely,

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

Michael E. Stogner
Chief Hearing Officer/Engineer

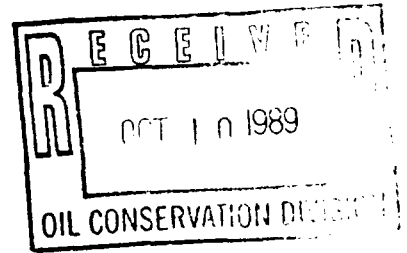
cc: William J. LeMay
Oil Conservation Division - Hobbs
Case File No. 9706✓

BAHLBURG EXPLORATION

via UPS Next Day Air

October 6, 1989

Michael E. Stogner
Chief hearing Officer/Engineer
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504



RE: Case No. 9706
Order No. R-8989

Dear Mr. Stogner:

By the above referenced Order dated August 31, 1989 Bahlburg Exploration was given approval to drill an unorthodox well location 900 ft. from the South Line and 50 ft. from the West Line of Section 25, Township 13 South, Range 37 East, NMPM, to test the Undesignated King-Devonian Pool, Lea County, New Mexico. At the time this application was submitted to the Examiner for consideration Bahlburg Exploration was unaware of the existence of two (2) separate underground pipelines in the immediate vicinity of the proposed location. Our knowledge of the location conditions extended only to observable surface features.

On October 5, 1989 the approved unorthodox location was surveyed and staked by a registered engineer and land surveyor. A survey of all underground pipelines in the vicinity of the location was conducted. The results of that survey indicate the existence of a gas pipeline 93 ft. from the West Line of section 25 and oriented in a N-S direction. In addition, a NE-SW oriented gas line (now abandoned) was also discovered in the area. Please refer to the attached plat for the location of these lines.

The close proximity of the N-S pipeline (93 ft. FWL) to the approved unorthodox well location (50 ft. FWL) necessitates moving the surface location eastward to a point allowing sufficient area in which to build the well location pad and pits. We believe a location 210 ft. from the West Line of Section 25 is as close as possible without causing any risk of damage to the existing gas line 93 ft. from the West Line.

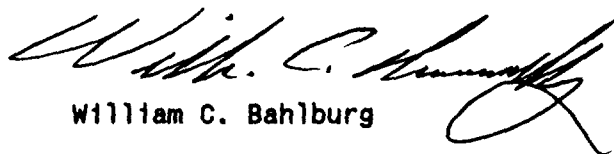
Therefore, we respectfully request your approval to drill the well contemplated in the above referenced Order at a new location 900 ft. from the South Line and 210 ft. from the West Line of Section 25, Township 13 South, Range 37 East. As presented at the Hearing concerning our Application for the Unorthodox Location, we have substantial geologic and geophysical information that indicates this well should be as close to the West Lease Line as possible in order to develop our lease in the Devonian pool without being subjected to unwarranted risk and probable failure. This request for approval to drill a less unorthodox location 210 ft. FWL is made because of location conditions beyond our control.

Mr. M.E. Stogner
October 6, 1989
Page 2

We would appreciate your earliest advice as we must commence operations on the proposed well prior to October 16, 1989 in order to preserve the leasehold.

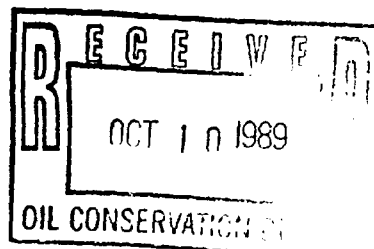
Sincerely,

BAHLBURG EXPLORATION


William C. Bahlburg

WCB/md

Attachment



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 Arriba Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Manzano Oil Company			Lease Lowe A		Well No. 1
Unit Letter M	Section 25	Township 13 South	Range 37 East	County NMPM	Lea

Actual Footage Location of Well:
 900 feet from the South line and 210 feet from the West line
 Ground level Elev. _____ Producing Formation _____ Pool _____ Dedicated Acreage: _____ Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hectare marks on this 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 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, 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 _____

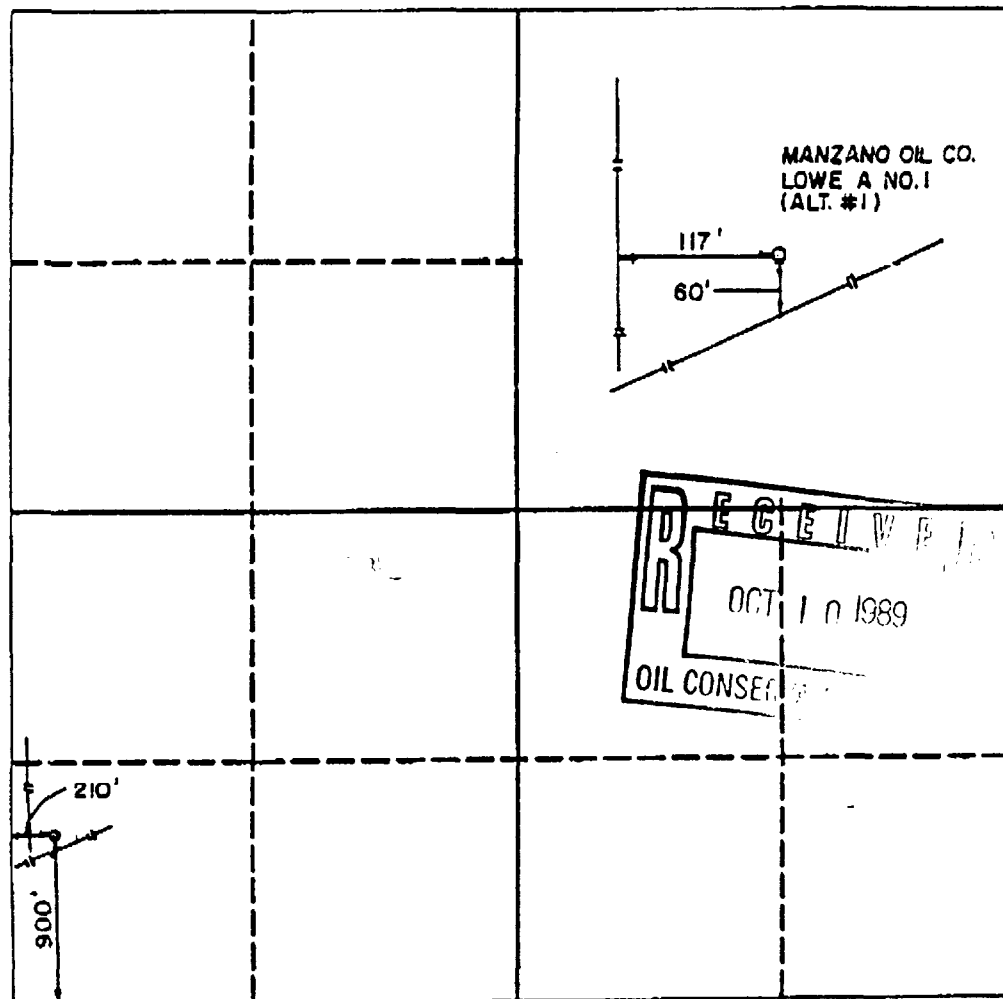
SURVEYOR CERTIFICATION

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 _____

October 5, 1989

Signature & Seal of Professional Surveyor



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

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

CASE NO. 9706
ORDER NO. R-8989

APPLICATION OF BAHLBURG EXPLORATION
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 9, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of August, 1989, 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, Bahlburg Exploration, seeks approval of an unorthodox oil well location 900 feet from the South line and 50 feet from the West line (Unit M) of Section 25, Township 13 South, Range 37 East, NMPM, to test the Undesignated King-Devonian Pool, Lea County, New Mexico.
- (3) The SW/4 SW/4 of said Section 25 is to be dedicated to the well forming a 40-acre oil spacing and proration unit for said pool.
- (4) The geologic evidence presented at the hearing established that the Devonian formation produces in this area as a result of entrapment within a complex faulted structural closure.
- (5) The position of the critical faults at the proposed location has been determined by seismic data and well control.

Case No. 9706
Order No. R-8989
Page No. 2

(6) A well drilled in the proposed location will better enable the applicant to penetrate the potentially productive upthrown Devonian reservoir, thereby enabling the applicant to produce his share of the reserves underlying the proration unit.

(7) The offset operator immediately to the west in Section 26 to which the proposed location is unorthodox, BTA Oil Producers, has agreed to the proposed location.

(8) No offset operator objected to the proposed unorthodox location.

(9) Due to the well's close proximity to the outer boundary of the proposed proration unit the applicant should be required to conduct an accurate wellbore survey from the surface to total depth to determine its actual position and course.

(10) Subsequent to conducting said wellbore survey, should it be determined that the well's producing interval is located in a proration unit other than the above-described acreage, the operator should be required to meet any subsequent applicable Division requirements prior to producing the well.

(11) Approval of the subject application, along with the above-described provisions, will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Bahlburg Exploration for an unorthodox oil well location to test the Undesignated King-Devonian Pool is hereby approved for a well to be located 900 feet from the South line and 50 feet from the West line (Unit M) of Section 25, Township 13 South, Range 37 East, NMPM, Lea County, New Mexico. The SW/4 SW/4 of said Section 25 shall be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit for said pool.

PROVIDED HOWEVER THAT, upon completion of drilling operations the applicant shall conduct an accurate wellbore survey from the surface to total depth in order to determine its actual position and course.

Case No. 9706
Order No. R-8989
Page No. 3

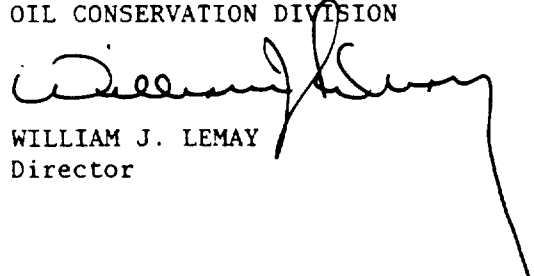
(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said directional surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said directional surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) Should it be determined from said directional survey that the subject well's producing interval is located in a proration unit other than the above-described acreage dedication for either an oil or gas well for this particular location, the applicant shall be required to meet any subsequent Division approvals prior to producing the well.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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