

Shell Western E&P Inc.

An affiliate of Shell Oil Company



P. O. Box 576
Houston, TX 77001

February 2, 1995

AIRBORNE EXPRESS

Mr. Michael E. Stogner
State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Dear Mr. Stogner:

SUBJECT: APPLICATION FOR ADMINISTRATIVE APPROVAL OF
UNORTHODOX LOCATION
VACUUM-UPPER PENNSYLVANIAN POOL
STATE "A" WELL NO. 10
SECTION 31, T17S-R35E
LEA COUNTY, NM

Shell Western respectfully requests administrative approval of an unorthodox location for the State "A" #10 in the Vacuum-Upper Pennsylvanian Pool. The State "A" #10 is currently approved to drill to the Vacuum Wolfcamp Pool at a location 940' FNL & 940' FEL Section 31, T17S, R35E in Lea County, New Mexico. Special pool rules provided in Order No. R-2697-A require the first well drilled on each proration unit in the Vacuum-Upper Pennsylvanian Pool to be located within 200 feet of the center of either the NW/4 or the SE/4 of a governmental quarter section. Surface use restrictions (as shown on the attached plat) in the NW/4 of the quarter section prevented drilling the subject well at an orthodox location. Directional drilling to reach a legal bottom-hole location is not economically feasible.

The following information is enclosed: Form C-102 showing the proposed 80-acre proration unit, topographical plat identifying surface obstructions preventing use of the legal location, list of offset operators, and a land plat map identifying offset operators. The undersigned hereby certifies that all information presented in the enclosed is current and correct.

Shell Western believes approval of this request will be in the interest of conservation, will protect correlative rights, and will allow for a more complete recovery of oil reserves from the subject acreage.

Shell Western is notifying all offset operators of this application by sending a copy of the application package, along with waiver of objection forms, via certified mail. Should you require further information, please call Marcus Winder at (713) 544-3797.

Sincerely,

A. Marcus Winder

for

G. S. Nady
Manager - Asset Administration
Western Asset
Continental Division

cc: Mr. Jerry Sexton
New Mexico Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88241-1980

DISTRICT I
P.O. Box 1990, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Mazon Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
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 30-025-32844	Pool Code 62340 / 62320	Pool Name VACUUM WOLFCAMP / VACUUM UPPER PENN
Property Code 10120	Property Name STATE "A"	Well Number 10
COORD No. 020676	Operator Name SHELL WESTERN E & P INC.	Elevation 3973

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	17 S	35 E		940	NORTH	940	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 80	Joint or Infill Y	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSGND TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>LOT 1 37.50 ACRES</p> <p>LOT 2 37.51 ACRES</p> <p>LOT 3 37.42 ACRES</p> <p>LOT 4 37.42 ACRES</p>			<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>J. Marcus Winkler</i> Signature</p> <p>G. S. NADY Printed Name</p> <p>MGR - ASSET ADMIN. Title</p> <p>1-26-95 Date</p>
			<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JANUARY 19 1995 Date Surveyed</p> <p><i>[Signature]</i> Signature Professional Surveyor</p> <p>No. 94-14-2258 WFO. (L) 94-14-2258</p> <p>6/6 3-2-95</p>
			<p>Professional Surveyor</p>
			<p>JLP</p>

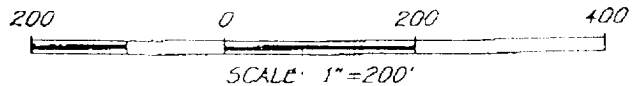
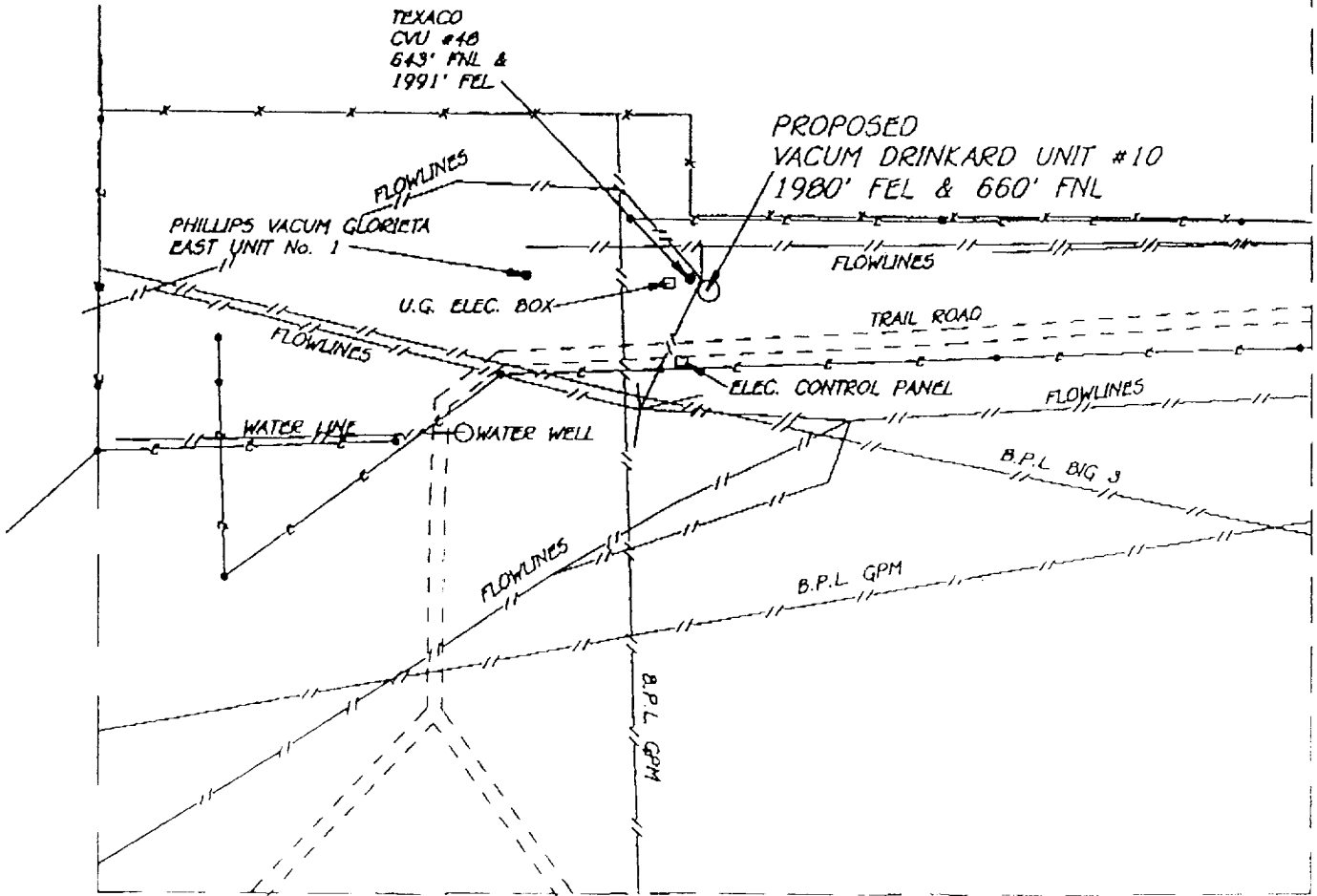
30

NORTH QUARTER CORNER

31

NE. CORNER OF THE
NW/4 NE/4 OF SEC. 31,
T-17-S, R-35-E, N.M.P.M.
LEA COUNTY, NEW MEXICO

GPM LEE GAS PLANT



SHELL WESTERN E & P, INC.

TOPO SURVEY OF THE AREA AROUND THE PROPOSED VACUUM DRINKARD UNIT #10, LOCATED 660 FEET FROM THE NORTH LINE & 1980 FEET FROM THE EAST LINE OF SECTION 31, TOWNSHIP 17 SOUTH, RANGE 35 EAST N.M.P.M., LEA COUNTY, NEW MEXICO.

OFFSET OPERATORS

State "A" #10
Section 31, T17S-R35E
Lea County, New Mexico

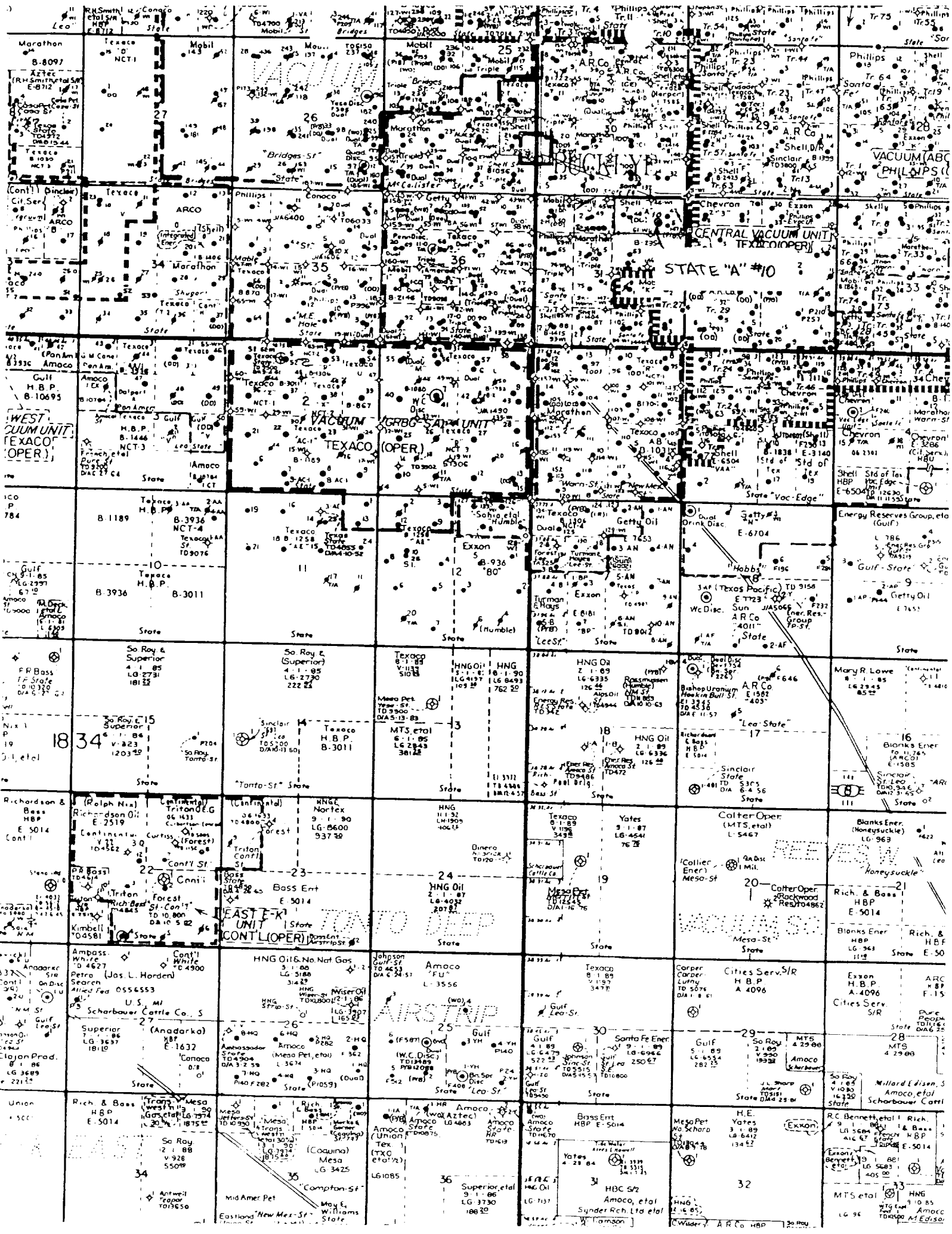
Chevron U.S.A. Inc.
Box 1635
Houston, TX 77251

Marathon Oil Company
Box 552
Midland, TX 79702-0552

Mobil Exploration & Production U.S., Inc.
Box 633
Midland, TX 79702-0633

Phillips Petroleum Company
4001 Penbrook
Odessa, TX 79762

Texaco, Inc.
Box 3109
Midland, TX 79702-3109



Offset Operators:

Please indicate your approval for our request as detailed in the attached package by signing the waiver form below. Please return the signed waiver in the enclosed self-addressed, stamped envelope to the NMOCD in Santa Fe and one copy to Shell Western E&P Inc. (For Shell Western E&P Inc.'s copy, business reply envelopes are enclosed for your convenience.)

Thank you for your cooperation in this matter.

WAIVER TO OBJECTION

SHELL WESTERN E&P INC.

**Application for an
Unorthodox Vacuum-Upper Pennsylvanian Oil Well Location
State "A" #10
Vacuum-Upper Pennsylvanian Pool
NE/4 NE/4 Section 31, T17S, R35E
Lea County, New Mexico**

I/We do hereby waive any objection to Shell Western E&P Inc.'s request for NMOCD Administrative Approval of an unorthodox well location for the State "A" #10 located 940' FNL & 940' FEL Section 31, T17S, R35E in Lea County, NM.

Signed: _____
Title: _____
Company: _____
Date: _____