

DATE IN 4-12-2004	SUSPENSE 5-3-2004	ENGINEER MS	LOGGED IN ms	TYPE NSL	APP NO. PME50-412052196
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
☒ NSL ☐ NSP ☐ 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

- [D] Other: Specify _____

- [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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>William F. Carr</u>	<u>William F. Carr</u>	<u>Manager</u>	<u>4/12/04</u>
Print or Type Name	Signature	Title	Date
		<u>wcarr@hollandhart.com</u>	
		e-mail Address	

RECEIVED

APR 12 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505



April 12, 2004

BY HAND DELIVERY

Ms. Joanna Prukop, Acting Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Great Western Drilling Ltd. for Administrative Approval of an
Unorthodox Well Location for its Coats Com Well No. 1 located in Section 19, Township
18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Prukop:

Great Western Drilling Ltd. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) adopted on August 12, 1999, of an unorthodox well location for its Coats Com Well No. 1 to be drilled at an unorthodox gas well location 990 feet from the North and East lines (Unit A) of Section 19, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. This well is located in the Atoka-Pennsylvanian Gas Pool that is governed by Special Pool Rules and Regulations adopted by Order No. R-8170, dated March 28, 1986, as amended.

This location in the Atoka and Morrow formation is unorthodox because Rule 2(b) of the Special Rules and Regulations for the Atoka-Penn Gas Pool that provide that "Each well completed or re-completed in the Atoka-Pennsylvanian Gas Pool shall be located in the northwest quarter or southeast quarter of the section and shall be located no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line...." A standard 320 acre spacing and proration unit comprised of the E/2 of Section 19 will be dedicated to the well.

The proposed unorthodox well location is located 990 feet from the outer boundary of the quarter section and 330 feet from all interior governmental quarter-quarter section lines. The location is unorthodox because it is in the northeast quarter of this section.

The proposed unorthodox location is required by geologic conditions. Great Western Exhibit A is a Middle Morrow B Sand Gross Isopach map. This map shows that the Coats Com



Well No. 1 intercepts a Morrow sand channel trending northwest to southeast across the northeast quarter of Section 19. A location is the NE/4 is required to intercept this channel and access these reserves.

Attached hereto as Exhibit B is a plat that shows the subject area, the 320-acre spacing unit comprised of the E/2 of Section 19 and the proposed unorthodox location. Also attached hereto as Exhibit C is a list of "affected persons" and their respective addresses to whom notice of this application must be given as required by Division Rule 1207 (A) 2. Notice of this application has been given to all "affected persons" identified on Exhibit "C" hereto. Each affected person has been advised that if they have an objection to this location it must be filed in writing with the Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within 20 days of this letter and that, if no objection is received, the application may be approved.

I enclose in hard copy and have provided by E-mail a proposed administrative order of the Division.

Your attention in this matter is appreciated.

Very truly yours,

William F. Carr
Attorney for Great Western Drilling Ltd.

cc: F. Carter Muire
Senior Landman
Great Western Drilling Ltd.

Great Western Drilling Ltd.
Post Office Box 1659
Midland, Texas 79702

Attention: F. Carter Muire

Administrative Order NSL-_____

Dear Mr. Muire:

Reference is made to your application dated April 12, 2004 for an unorthodox bottomhole well location for a well to be drilled to the Atoka and Morrow formations Atoka-Pennsylvanian Gas Pool, for your proposed Coats Com. Well No. 1. Said well to be drilled at an unorthodox gas well location in the Atoka and Morrow formations At an unorthodox location 990 feet from the North and East lines (Unit A) of Section 19, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

A 320-acre spacing and proration unit in the Atoka and Morrow formations comprising the E/2 of said Section 19 is to be dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

Sincerely,

Joanna Prukop
Acting Director

cc: Oil Conservation Division - Hobbs/Artesia
U. S. Bureau of Land Management - Carlsbad

Exhibit "A"
to Application of Great Western Drilling Ltd. for Administrative Approval of Unorthodox
location for the Coats Com No. 1 Well located in Section 19, T18S-R26E, N.M.P.M.,
Eddy County, New Mexico

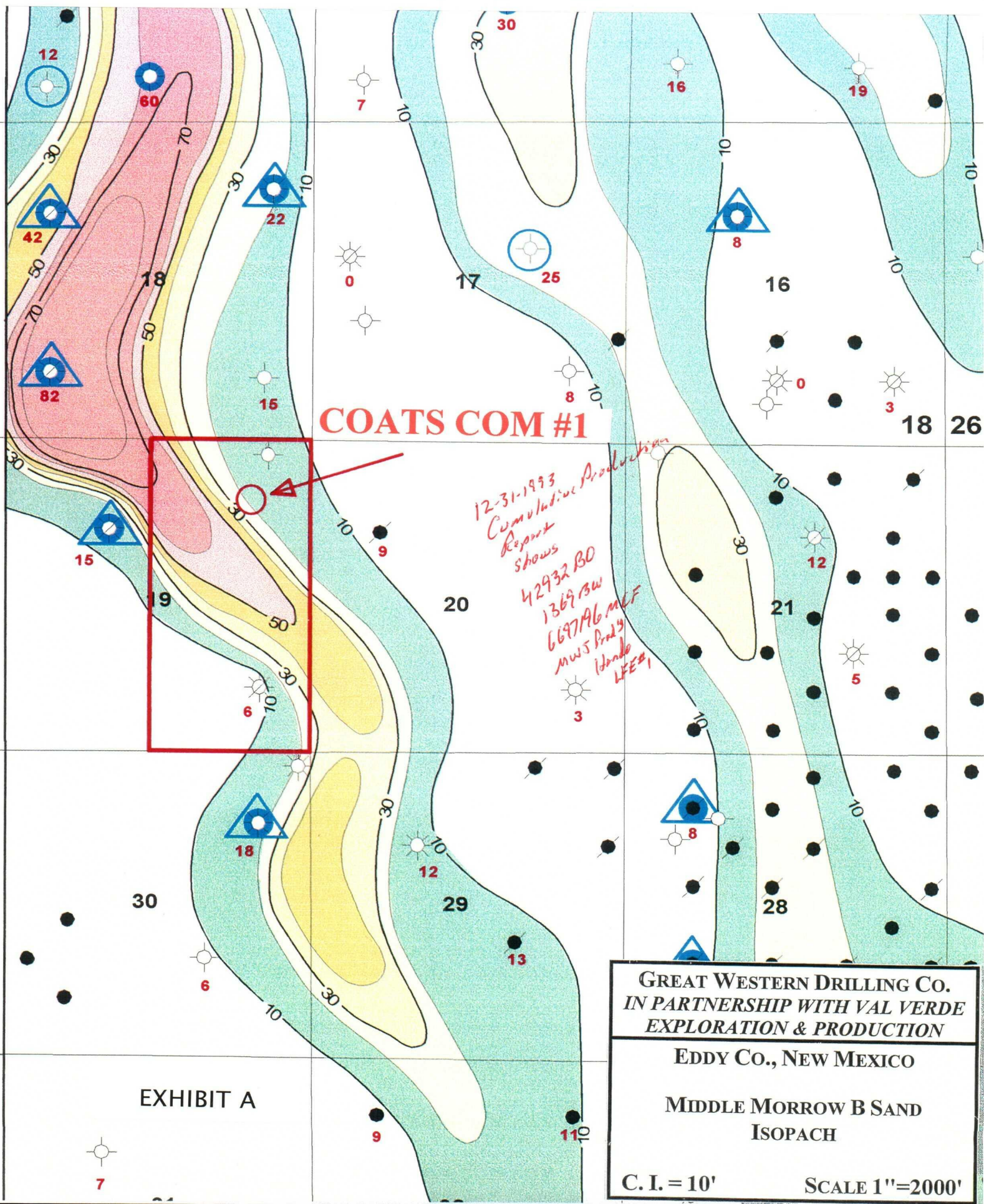




Exhibit "C"
to Application of Great Western Drilling Ltd. for Administrative Approval of Unorthodox
location for the Coats Com No. 1 Well located in Section 19, T18S-R26E, N.M.P.M. Eddy
County, New Mexico

Affected Persons receiving Notice of Unorthodox Location for the Coats Com No. 1 Well are as follows:

Section 20: N/2 (unit acreage designation), T18S-R26E, N.M.P.M. Eddy County, New Mexico.

Read & Stevens, Inc. P. O. Box 1518 Roswell, NM 88202
First Century Oil, Inc., P. O. Box 1518 Roswell, NM 88202
BWB Partners I, P. O. Box 61407 Midland, Texas 79710
Eastland Exploration, Inc., P. O. Drawer 3488, Midland, Texas 79702
Eastland Resources, Inc., P. O. Drawer 3488, Midland, Texas 79702
Fisco, Inc., P. O. Box 3087 Roswell, NM 88202
McBride Oil and Gas Corporation, 400 N. Pennsylvania, Suite No. 1200, Roswell, NM 88201
Earlene C. Tweedy Trust, C/O First National Bank, P. O. Box 1857, Roswell, NM 88202
Western Oil Producers, Inc., 1220 S. Richardson Roswell, NM 88203
Westway Petro, a Texas Joint Venture, 500 S. Akard Street, Box 70 Dallas, Texas 75201-3394
Devon Energy Corporation, 20 N. Broadway, Suite 1500, Oklahoma City, 73102
Devon Energy Partners, 20 N. Broadway, Suite 1500, Oklahoma City, 73102
Concho Oil & Gas Corporation, 550 W. Texas Ave, Suite 1500, Midland, Texas 79701
Chesapeake Operating, Inc., P. O. Box 18496 Oklahoma City, Ok, 73154, Attn: Mr. Jim Ball

Section 20: S/2 (unit acreage designation), T18S-R26E, N.M.P.M. Eddy County, New Mexico.

Yates Petroleum Corporation, 104 S. 4th Street, Artesia, NM 88210

Section 29: N/2 (unit acreage designation), T18S-R26E, N.M.P.M. Eddy County, New Mexico

Brothers Production Company, 303 W. Wall Street, Midland, Texas 79701

Section 30: NE/4 and E/2 NW/4 (240 acre unit acreage designation), T18S-R26E, N.M.P.M. Eddy County, New Mexico, also including all working interest in the N/2 of Section 30, T18S-R26E, N.M.P.M. Eddy County, New Mexico.

Yates Petroleum Corporation, 104 S. 4th Street, Artesia, NM 88210

Section 19: W/2 (unit acreage designation), T18S-R26E, N.M.P.M. Eddy County, New Mexico.

Concho Oil & Gas Corporation, 550 W. Texas Ave, Suite 1500, Midland, Texas 79701
Chesapeake Operating, Inc. P. O. Box 18496 Oklahoma City, Ok, 73154, Attn: Mr. Jim Ball

Exhibit "C" to Application for Unorthodox Well location
Coats Com Well No. 1 by Great Western Drilling Ltd.
Page 2

Section 17: S/2 (unit acreage designation), T18S-R26E, N.M.P.M. Eddy County, New Mexico.

Yates Petroleum Corporation, 104 S. 4th Street, Artesia, NM 88210

Section 18: S/2 (unit acreage designation), T18S-R26E, N.M.P.M. Eddy County, New Mexico.

C. W. Trainer, P. O. Box 754, Midland, Texas 79702-0754

Yates Petroleum Corporation, 104 S. 4th Street, Artesia, NM 88210



April 12, 2004

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

TO AFFECTED WORKING INTEREST OWNERS

Re: Application of Great Western Drilling Ltd. for administrative approval of an unorthodox well location for its Coats Com Well No. 1 to be located 990 feet from the North and East lines of Section 19, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

Dear Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application and attached plat which was filed with the New Mexico Oil Conservation Division on this date by Great Western Drilling Ltd. for administrative approval of an unorthodox well location for its Coats Com Well No. 1, to be drilled to test the Morrow formation at an unorthodox location at a point 990 feet from the North and East lines of Section 19, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

As an owner of an interest that may be affected by the proposed unorthodox well location, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office located at 1220 South Saint Francis Drive (Post Office Box 1220), Santa Fe, New Mexico 87505 within twenty days from this date. If no objection is received within this twenty-day period, this application for unorthodox well location may be approved.

Very truly yours,

William F. Carr
Attorney for Great Western Drilling, Ltd.

WFC:keh
Enclosures