

DATE IN 4/3/00	RESPONSE 4/24/00	ENGINEER MS	LOGGED RV	TYPE NSL
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ATTN: THIS FORM FOR DIVISION USE ONLY

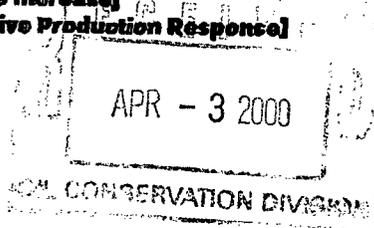
NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [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 - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] and [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

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Robert D. Snyder *Robert D. Snyder* Vice President 3/29/2000
 Print or Type Name Signature Title Date

March 24, 2000

Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, New Mexico 87505

Attn: Michael E. Stogner

Re: Request for a Non-Standard Drilling Location,
NW/4 Section 14, T-20-S, R-28-E, Eddy County, New Mexico

Dear Mr. Stogner:

Enclosed are four copies of the State Form C-102, a structure map on the Yates marker, a well location and acreage dedication plat, a map of obstruction near our location and a locator map. This Non-Standard location is requested by E.G.L. Resources, Inc. for several reasons. First, a standard location, 2,310 FNL and 2,310 FWL, is directly under a powerline. A location slightly North and West is crowding an old well, the Carper 1-A, which had severe drilling problems at 400 feet and is a dry hole in the Yates formation. Second, locations due West are blocked by a compressor station and associated structures. Therefore, a Non-Standard location, 2,570 FNL and 2,425 FWL, is staked to avoid obstructions and increase the probability of a commercial Yates gas well.

As indicated on our structure map, the Yates dips steeply North and West of Non-Standard location. It is critically important to penetrate the Yates reservoirs above the + 2,425 foot contour to expect commercial gas production in the Russell lower Yates Gas reservoir. Therefore, E.G.L. Resources, Inc. is requesting a Non-Standard location to drill a 900 foot Yates well in the NW/4 of Section 14, T-20-S, R-28-E to avoid obstructions and increase the probability of making a commercial gas well.

Please let me know if there is anything else needed for processing this request. Your consideration in this matter is appreciated.

Very truly yours,


W. Wesley Perry
President

WWP/ca
030200c.wp

DISTRICT I
1626 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-30802	Pool Code 96889	Pool Name Russell Yates, lower
Property Code	Property Name OXY YATES "14" FEDERAL	Well Number 11
OGRID No. 173413	Operator Name EGL RESOURCES	Elevation 3242'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	14	20 S	28 E		2570	NORTH	2425	WEST	EDDY

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	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LAT - N 32°34'25.7"
LONG - W 104°08'55.8"

OPERATOR CERTIFICATION

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

Robert D. Snyder
Signature

Robert D. Snyder
Printed Name

Vice President
Title

3/28/2000
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 belief.

March 01, 2000
Date Surveyed

GARY L. JONES
Signature & Seal
Professional Surveyor

7977

W.O. No. 04/7977

Certificate No. GARY L. JONES 7977

BASIN SURVEYS

E.G.L. Resources, Inc.

214 West Texas Avenue, Suite 900, Midland, Texas 79701 telephone (915) 687-6360 fax (915) 682-5852

March 24, 2000

Oxy USA
6 Desta Drive
Midland, Texas 79705

Attn: Kent Wooley

Re: Requested Waiver for a Non-Standard Drilling Location,
Section 14, T-20-S, R-28-E, Eddy County, New Mexico

Dear Mr. Wooley:

Enclosed is a complete copy of our State Form C-102 application indicating our proposed Non-Standard drilling location in the referenced Section. This location is requested by E.G.L. Resources, Inc. because of obstructions and a desire to position a well in a favorable structural position.

For Oxy's approval, I am enclosing a waiver of Oxy's opposition to E.G.L.'s Non-Standard location for a Yates test. Your consideration in this matter is appreciated.

Very truly yours,


W. Wesley Perry
President

WWP/ca

March 24, 2000

Oxy USA hereby waives their right to oppose a Non-Standard location for a 900 foot Yates test by E.G.L. Resources, Inc., as proposed on their C-102 dated March 24, 2000, Section 14, T-20-S, R-28-E, Eddy County, New Mexico.

Agreed and Accepted this 29th day of March, 2000.

By: 

Title: Landman Advisor