

ABOVE THIS LINE 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:**

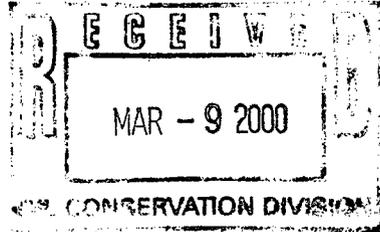
- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [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] 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



**[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 further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

**JAMES BRUCE**  
P.O. BOX 1056  
SANTA FE, NM 87504

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

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**JAMES BRUCE**

ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

March 9, 2000

**Hand Delivered**

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rules 104.C and 104.F, Kerr-McGee Oil & Gas Onshore LLC ("Kerr-McGee") applies for administrative approval of an unorthodox gas well location for the following well:

West Indian Basin Unit Well No. 5  
680 feet FNL & 1690 feet FEL  
Section 20, Township 21 South, Range 23 East, NMPM  
Eddy County, New Mexico

The well is in the Indian Basin-Upper Pennsylvanian Gas Pool (the "Pool"). Rules for the Pool require 640 acre spacing, with wells to be no closer than 1650 feet to the section line nor closer than 330 feet to a quarter-quarter section line. An APD (BLM Form 3160-3) and Form C-102 for the well are submitted as Exhibit A.

The proposed location is based upon geologic and engineering reasons. Attached as Exhibit B is a plat of the West Indian Basin Unit, outlining the unit's boundaries and the spacing unit for the proposed well. The West Indian Basin Unit Well No. 2, located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 20, was drilled and completed in the Pool in 1963. The well began producing water in the 1990s, and the well was sidetracked in 1993. (See Division Administrative Order DD-90.) However, sidetracking was unsuccessful, and the well was TA'd in March 1996. Kerr-McGee believes there are remaining reserves which can be economically recovered from a well at the proposed location, but desires to move away from the No. 2 well. In addition, the proposed well is located a reasonable distance from the recently drilled West Indian Basin Unit Well No. 1Y, in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 17, minimizing drainage considerations.

Attached as Exhibit C is a topographic map. The well is favorably situated on a flat area, and near an existing road, thus minimizing surface disturbance.

Referring to Exhibit B, offsetting Section 17 is part of the West Indian Basin Unit. All working, royalty, and overriding royalty interests are committed to the unit, and thus the location does not adversely affect any interest owner in the unit. The only potentially affected offset operator is Marathon Oil Company ("Marathon"), in Section 21<sup>1/4</sup> Marathon's waiver letter is marked Exhibit D. As a result, Marathon was not notified of this application.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,



James Bruce

Attorney for Kerr-McGee  
Oil & Gas Onshore LLC

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

SUBMIT IN TRIPLICATE\*  
(Other instructions on  
reverse side)

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

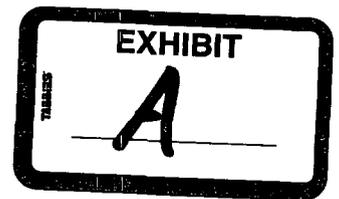
**APPLICATION FOR PERMIT TO DRILL OR DEEPEN**

1a. TYPE OF WORK <b>DRILL</b> <input checked="" type="checkbox"/> <b>DEEPEEN</b> <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM 07106
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR KERR-McGEE OIL & GAS ONSHORE LLC		7. UNIT AGREEMENT NAME WEST INDIAN BASIN UNIT
3. ADDRESS AND TELEPHONE NO. P.O. Box 809004, Dallas, TX 75380-9004      (972) 715-4520		8. FARM OR LEASE NAME, WELL NO. WEST INDAIN BASIN # 5 UNIT
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. *) At surface 680' FNL & 1690' FEL		9. API WELL NO.
At proposed prod. zone 680' FNL & 1690' FEL		10. FIELD AND POOL, OR WILDCAT INDIAN BASIN UPPER PENN
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 35 MILES NW OF CARLSBAD		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA SEC. 20, T 21S, R 23E
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg unit line, if any)      660'	16. NO. OF ACRES IN LEASE 640	12. COUNTY OR PARISH EDDY
17. NO. OF ACRES ASSIGNED TO THIS WELL 640'	13. STATE TX	18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
19. PROPOSED DEPTH 7800'	20. ROTARY OR CABLE TOOLS ROTARY	21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4000' GR
22. APPROX. DATE WORK WILL START* 02/15/00		

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
18 1/2"	16"	84 #	+/- 40'	GROUTED TO SURFACE
14 3/4"	9 5/8"	36#	1300'	1500 SXS TO SURF
8 3/4"	7 "	23 & 26#	7800'	360 SXS TO 4600' (WILL RUN TEMP SUR)

SEE ATTACHED.



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *Stephen...* TITLE TECHNICAL ANALYST DATE 02-01-00

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0718

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name WEST INDIAN BASIN UNIT	Well Number 5
OGRID No.	Operator Name KERR-MC GEE CORPORATION	Elevation 4000

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	20	21 S	23 E		680	NORTH	1690	EAST	EDDY

Bottom Hole Location If Different From Surface

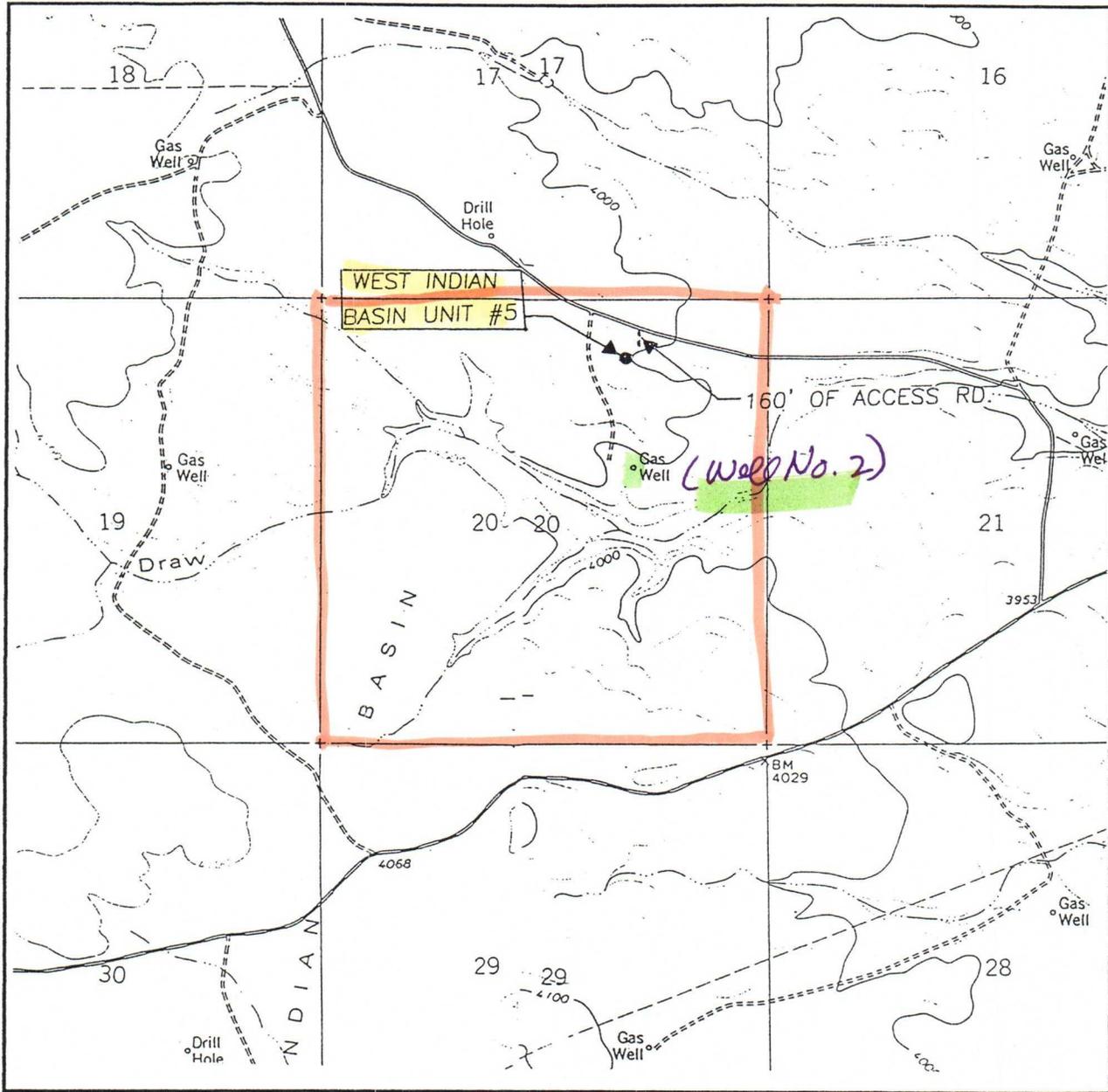
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill	Consolidation Code		Order No.				

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

<p>SEE DETAIL</p> <p>DETAIL</p>	<p><b>OPERATOR CERTIFICATION</b></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>Stephen Fore</i> Signature</p> <p>Stephen Fore Printed Name</p> <p>Technical Analyst Title</p> <p>2-9-00 Date</p>
	<p><b>SURVEYOR CERTIFICATION</b></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>FEBRUARY 2, 2000</p> <p>Date Surveyed LMP</p> <p>Signature &amp; Seal of Professional Surveyor <i>Ronald J. Eidson</i> Professional Surveyor</p> <p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12841 MACON-McDONALD 12185</p>



# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
 MARTHA CREEK, N.M. - 20'  
 CRAWLEY DRAW, N.M. - 20'

SEC. 20 TWP. 21-S RGE. 23-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 680' FNL & 1690' FEL

ELEVATION 4000

OPERATOR KERR-MC GEE CORPORATION

LEASE WEST INDIAN BASIN UNIT

U.S.G.S. TOPOGRAPHIC MAP  
 MARTHA CREEK, N.M.  
 CRAWLEY DRAW, N.M.

JOHN WEST SURVEYING  
 HOBBS, NEW MEXICO  
 (505 393-3117)





**KERR-McGEE OIL & GAS ONSHORE LLC**

P.O. BOX 809004 • DALLAS, TEXAS 75380-9004 • PH (972) 715-4000  
14311 WELCH ROAD • DALLAS, TEXAS 75244-3934 • FAX (972) 715-4069

February 15, 2000

**Sent Via Fax at 915/687-8431 &  
Certified Return Receipt Requested**

Mr. John Kloosterman  
Marathon Oil Company  
PO Box 552  
Midland, Texas 79702

RE: **Replacement Letter**  
Request for Waiver of Objection  
to Unorthodox Well Location  
West Indian Basin Unit Well No. 5,  
680' FNL & 1690' FEL of Section 20,  
T21S-R23E, N.M.P.M.,  
Eddy County, New Mexico

Gentlemen:

Kerr-McGee Oil & Gas Onshore LLC requests offset working interest owner's approval of a non-standard Indian Basin, Upper Pennsylvanian Gas Pool location for the West Indian Basin Unit Well No. 5 to be located 680' FNL & 1690' FEL of Section 20, T21S, R23E, N.M.P.M., Eddy County, New Mexico. Pool rules for the Indian Basin, Upper Pennsylvanian Gas Pool require wells to be spaced no closer than 1650' from the outer boundaries nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary. The proration unit for the proposed well will be a previously approved 640 acre standard proration unit consisting of Section 20, T21S, R23E, Eddy County, New Mexico.

Should you have no objection to this request for waiver, please sign and date this letter in the space provided below and return it to my attention at the address on this letterhead. Also, we would appreciate being furnished a copy via fax at 972/715-4012.

Thank you, and if you should have any questions, please feel free to call me at 972/715-4608.



Marathon Oil Company  
February 15, 2000  
Page 2

Sincerely,  
Kerr-McGee Oil & Gas Onshore LLC



Steve Foerster  
Landman

**Marathon Oil Company waives objection to Kerr-McGee Oil & Gas Onshore LLC's request to drill the West Indian Basin Unit Well No. 5 at a non-standard location in the Indian Basin, Upper Pennsylvanian Gas Pool at a at a location 680' FNL & 1690' FEL of Section 20, T21S, R23E, N.M.P.M., Eddy County, New Mexico.**

**Marathon Oil Company**

By: \_\_\_\_\_

Title \_\_\_\_\_

Date: \_\_\_\_\_

*[Handwritten signature]*  
*Manager, Indian Basin Asset Team*  
*2-17-00*