

DATE IN 7-20-05	SUSPENSE	ENGINEER Stagner	LOGGED IN 7-22-05	TYPE NSL	APP NO. PSCM0520328678
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION 2005
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



PM 2 48

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 ~~X~~ 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.

WILLIAM F. CARR
 Print or Type Name

William F. Carr
 Signature

ATTORNEY
 Title

7/20/05
 Date

wcarr@hollandhart.com
 e-mail Address



July 1, 2005

HAND-DELIVERED

Mark E. Fesmire, P. E.
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 H. L. Brown Operating, L.L.C. administrative approval of an unorthodox gas well location for its Federal "28" Well No. 3, to be drilled at an unorthodox oil well location 2310 feet from the South line and 660 feet from the East line of Section 28, Township 7 South, Range 37 East, N.M.P.M., Roosevelt County, New Mexico.

Dear Mr. Fesmire:

H. L. Brown Operating, L.L.C. 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 Federal "28" Well No. 3 to drilled at a surface location 2310 feet from the South line and 660 feet from the East line of Section 28, Township 7 South, Range 37 East, N.M.P.M., Roosevelt County, New Mexico. This well will be drilled to a depth of approximately 9,000 feet to test the Devonian formation, North Bluit Siluro-Devonian Pool. Pursuant to the Special Rules and Regulations for this pool, adopted by Division Order No. R-8586, a standard 80-acre spacing and proration unit comprised of the N/2 SE/4 of Section 28 will be dedicated to the well.

This well location in the Devonian formation is unorthodox because the Special Rules and Regulations for the North Bluit Siluro-Devonian Pool provide for wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot. (Rule 4). The proposed unorthodox well location is 330 feet from the northern boundary of the dedicated N/2 SE/4 spacing unit or 180 feet closer than permitted under these rules. The acreage dedication plat for the well (Division Form C-102) is attached as **Exhibit A**. A topographic map showing the proposed well location is attached as **Exhibit B**.



This unorthodox well location is needed for geological reasons. Attached hereto as **Exhibit C** is a seismic structure map that shows that the proposed location for the H. L. Brown Federal "28" Well No. 3. This location is in a position to effectively recover the remaining hydrocarbons in the Devonian formation from this N/2 SE/4 spacing unit for it is structurally high to any standard location in this spacing unit and is needed to efficiently drain the remaining reserves under this acreage.

Attached hereto as **Exhibit D** is a plat that shows the subject area, the 80-acre spacing unit comprised of the N/2 SE/4 of Section 28, the proposed unorthodox location and the adjoining spacing units and wells. The acreage shaded yellow is operated by H. L. Brown and the working interest in all of the shaded acreage is identical. This well encroaches on the N/2 of Section 28, Township 27 South, Range 7 East. NMPM. Since the offsetting tracts are operated by H. L. Brown and the working interest and royalty interest is identical in the dedicated spacing unit and in all offsetting tracts, there are no affected parties to whom notice of this application must be provided pursuant to Division Rule 1207(A).

Enclosed is a proposed administrative order of the Division.

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr".

William F. Carr

Attorney for H. L. Brown, Inc.

Enclosures

cc: Peter Courtney
H. L. Brown Operating, L.L.C.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

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

APJ Number	Pool Code	Pool Name
Property Code	Property Name FEDERAL "28" COM	Well Number 3
OGRID No.	Operator Name H.L. BROWN OPERATING L.L.C.	Elevation 4060'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	28	7 S	37 E		2310	SOUTH	660	EAST	ROOSEVELT

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.: N33°40'42.3"
Long.: W103°09'06.2"

4053.6' 4059.1'

660'

4062.0' 4060.7'

2310'

OPERATOR CERTIFICATION

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

Signature _____

Printed Name _____

Title _____

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.

JUNE 08, 2005

Date Surveyed _____

Signature & Seal _____

Professional Surveyor

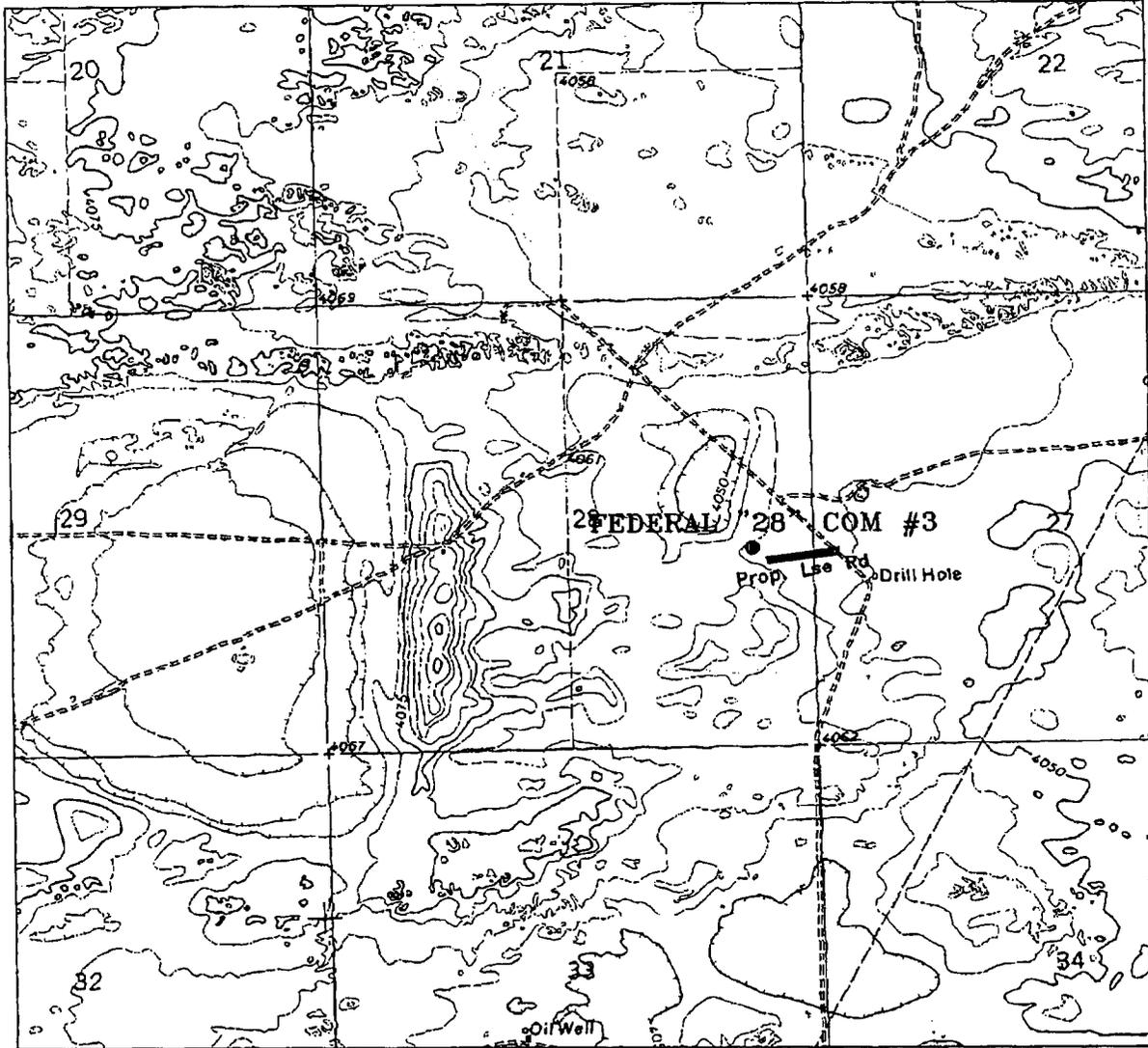
NEW MEXICO

W.O. No. 5486

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

Standard 640-acre Section



FEDERAL "28" COM #3
 Located at 2310' FSL and 660' FEL
 Section 28, Township 7 South, Range 37 East,
 N.M.P.M., Roosevelt County, New Mexico.

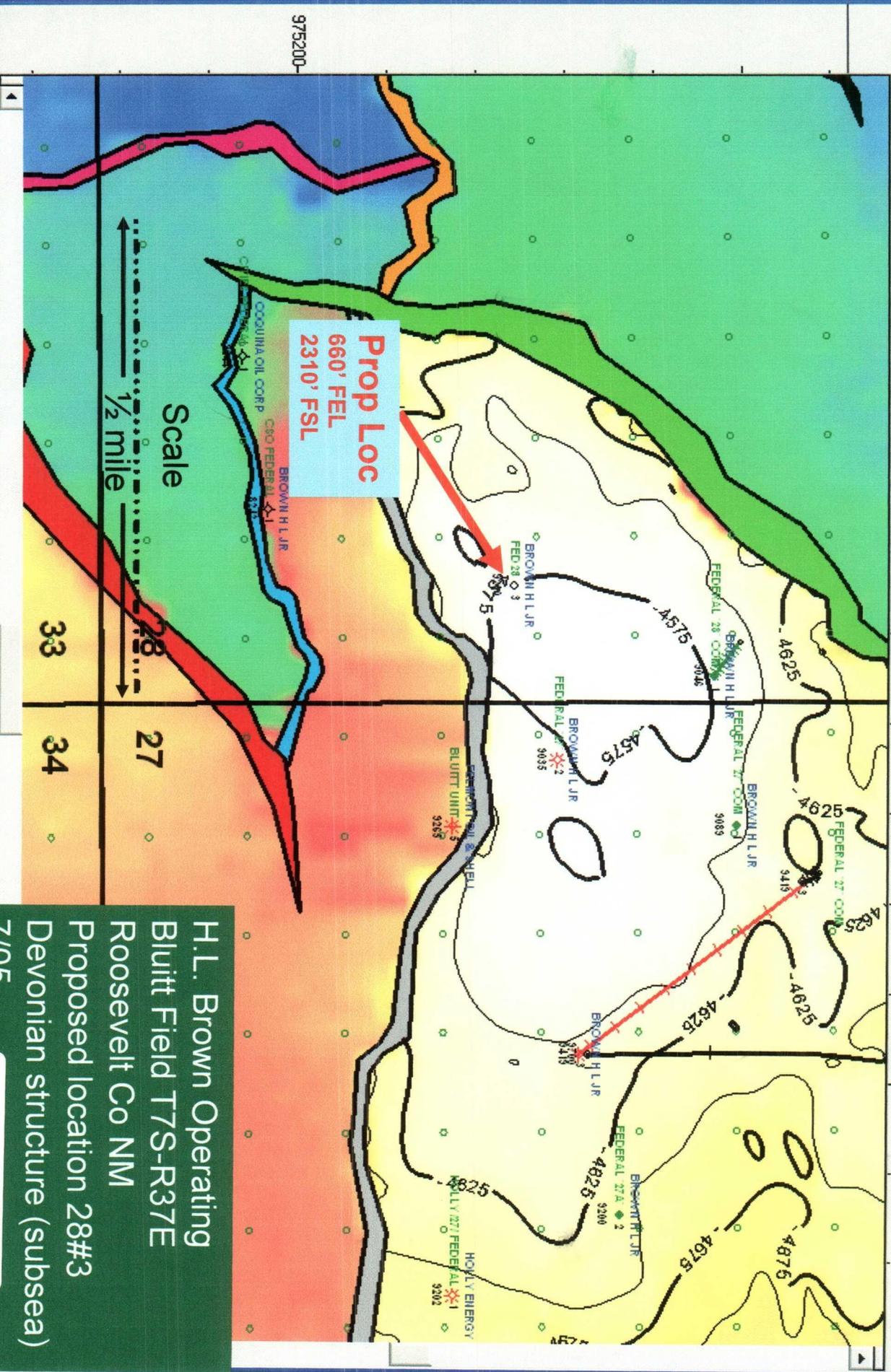
basin surveys
 focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: 5486AA - KJG #1
Survey Date: 06-08-2005
Scale: 1" = 2000'
Date: 06-10-2005

**H.L. BROWN
 OPERATING L.L.C.**

EXHIBIT B



Prop Loc
660' FEL
2310' FSL

Scale
1/2 mile

H.L. Brown Operating
Bluett Field T7S-R37E
Roosevelt Co NM
Proposed location 28#3
Devonian structure (subsea)
7/05

EXHIBIT C

Mack Kizer, etal

J.D. Weaver all sec.

Carla & Douglas Salmon
4-1-98
01539

F.J. Schlicher, etal.

Lowe Partners
4-1-95
83626
41300

Roy Barton, etal
W.A. Yeager Group

R.G. Barton, Jr
C.R. Smith

L.E. Opperman
9-1-93
77122
5400

Mack Kizer, etal(S)

J.D. Weaver(S)

21

22

L.E. Opperman
9-1-93
77122
5400

F.J. Schlicher, etal.
1-6-91

H.L. Brown, Jr.
8-1-95
62249

Griffith E.
Stone Roy. 9/2M.1
Chisos, Ltd.
Wanda McCormick

Betty Hawkins, etal

U.S.
J.D. Weaver(S)

U.S.
Mack Kizer, etal(S)

Sool Ltd. etal
7-1-88
33205

H.L. Brown Jr. 8-1-95
62249

(H.L. Brown, Jr.)
Fed.
Sil Dev. Disc.
F202
"Fed."

H.L. Brown Op.
(Sool Ltd.)
12852

H.L. Brown
Fed.
Federal 28 Com. #1 Unit
Sool Ltd.
54450

H.L. Brown Op.
(Sool Ltd.)

28

27

Proposed Fed. 28-1-90
Federal 28 Com. #3 Unit
CDQUIN
Cities Fed
T09244
DIA 3-30-75

Proposed Fed. 27-4
H.L. Brown
Bluity Fed
(Felmont)
(Bluity Unit)
T09255
(DIA 11-27-57)
Pg 7-22-70

(Holly Ener.)
Holly Fed.
T09202
P/B 4561
5-5-90
SA Disc.

U.S.
P.M. Kizer, etal(S)

Fed.
P.M. Kizer, etal(S)

(Davit)
35540

Future Acquis.
Sool Ltd. etal
021097

(Sool Ltd. etal)
(Felmont)
HBP
0474

Sool Ltd. etal
13740
HBP

Yates Per. etal
9-1-93
77123
2800

Sool Ltd. etal
HBP
0474

Sool Ltd. etal
3-1-85
24495

U.S.

33

34

H.L. Brown, Op.
E.C. George
Fed.
1.3 Mil

1.2 Mil
+ FIB
H.L. Brown Oper.
Fed.

W.L. Beggs (S)

Sool Ltd. etal
13740

U.S.
J.D. Weaver(S)

H.L. Brown Operating L.L.C.
North Bluit Area
Roosevelt Co., New Mexico
Federal 28 Com. #3 Location
Federal 27-4 Location

1"=1,000' 5/05

EXHIBIT C

EXHIBIT D

July __, 2005

H.L.Brown Operating, L.L.C.
c/o Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 88501-2208

Attention: William F. Carr

Administrative Order NSL-_____

Dear Mr. Carr:

Reference is made to the following: (i) your application dated June 30, 2005 on behalf of the operator, H. L. Brown, L.L.C.. ("H. L. Brown"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning H. L. Brown's request for an unorthodox gas well location to be applicable to the Devonian formation, Bluit Siluro-Devonian Pool, that is:

(1) developed on 80-acre spacing; and

(2) governed by the Special Rules and Regulations for the North Bluit Siluro-Devonian Pool which provide for wells on 80-spacing units to be located within 150 feet of the center of a governmental quarter-quarter section or lot. (Rule 4). The proposed unorthodox well location is 330 feet from the northern boundary of the dedicated N/2 SE/4 spacing unit or 180 feet closer than permitted under these rules.

The N/2 SE/4 of Section 28, Township 7 South, Range 37 East, NMPM, Roosevelt County, New Mexico is to be dedicated to this well in order to form a standard 80-acre lay-down spacing and proration unit.

This application has been duly filed under the provisions of the Special Rules and Regulations for the North Bluit Siluro-Devonian Pool.

H. L. Brown's location for the Federal "28" Well No. 3 is structurally high to any standard location in this spacing unit and is in a position to effectively recover the remaining hydrocarbons in the Devonian formation from this N/2 SE/4 spacing unit.

By the authority granted me under the provisions of Rule 5 of the Special Rules and Regulations for the North Bluit Siluro-Devonain Pool, the following described well to be drilled at an unorthodox gas well location within this 80-acre unit is hereby approved:

**Federal "28" Well No. 3
2310' FSL & 660' FEL (Unit G)**

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Mark E. Fesmire
Director

cc: New Mexico Oil Conservation Division – Hobbs
U. S. Bureau of Land Management - Carlsbad