

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 \_\_\_\_\_

2005 SEP 15 PM 2 20

- [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.

Ocean Munds-Dry Ocean Munds-Dry Attorney 9-15-05  
 Print or Type Name Signature Title Date  
 omundsdry@hollandhart.com  
 e-mail Address



September 15, 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

*- Note: Fetched w/  
Ocean on Thursday  
10-6-2005*

Re: *Application of Matrix New Mexico Operating Company, LLC for Administrative Approval of an Unorthodox Well Location for its Presley 34 Well No. 1, 510 feet from the North line and 1510 feet from the West line of Section 34, Township 12 South, Range 38 East, N.M.P.M., Lea County, New Mexico.*

Dear Mr. Fesmire:

Matrix New Mexico Operating Company, LLC ("Matrix") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Presley 34 Well No. 1 to be drilled in the Wolfcamp formation at an unorthodox well location 510 feet from the North line and 1510 feet from the West line of Section 34 (Unit C), Township 12 South, Range 38 East, N.M.P.M., Lea County, New Mexico. The 40-acre spacing unit of Section 34 will be dedicated to the well.

The well will be drilled to a depth sufficient to test the Wolfcamp formation. This location in the Trinity-Wolfcamp Pool is unorthodox because it is governed by the Division's statewide rules which provide for wells on 40-acre spacing units to be located no closer than 330 feet to any boundary of the dedicated tract. The proposed unorthodox well location is only 190 feet from the west boundary of the quarter section.

This unorthodox location is required by geological conditions in the Wolfcamp formation. Attached hereto as **Exhibit A** is a Relative Amplitude Map of the subject area which shows the proposed unorthodox location and immediate offsetting wells. Relative amplitude is a 3-D seismic attribute that relates to porosity in the target Wolfcamp reservoir which has been successfully used to delineate the greater Trinity-Wolfcamp Pool. This exhibit demonstrates that

HOLLAND & HART<sup>LLP</sup>



moving to the proposed unorthodox location results in the greatest potential relative amplitude and therefore porosity development.

Attached hereto as **Exhibit B** is a Location Verification Map and **Exhibit C** is a Vicinity Map as required by Rule 104.F (3) showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

**Exhibit D** is the C-102 for the well that shows the surveyed location.

The ownership in the west offsetting Unit D is common with Unit C and therefore there are no other affected parties as defined in Rule 1207(A)(5). Chesapeake Permian, LP, the only other working interest owner in both Unit C and D of Section 34 has approved an AFE for the drilling of the subject well at the proposed unorthodox well location.

Also enclosed is a proposed order approving this application.

Due to pending drilling rig commitments, your prompt attention to this matter would be greatly appreciated.

Your attention to this matter is appreciated.

Sincerely,

Ocean Munds-Dry

ATTORNEY FOR MATRIX NEW MEXICO OPERATING CO., LLC

Enclosures

cc: Fred Bryla

Matrix New Mexico Operating Company, LLC  
5725 Commonwealth Boulevard  
Sugarland, Texas 77479

Attention: Fred Bryla

*Administrative Order NSL-\_\_\_\_\_*

Dear Mr. Bryla

Reference is made to your application dated September 15, 2005 for an unorthodox well location for a well to be drilled to the Wolfcamp formation for your proposed Presley 34 Well No. 1 Well. Said well to be drilled 510 feet from the North line and 1510 feet from the West line (Unit C) of Section 34, Township 12 South, Range 38 East, Trinity-Wolfcamp Pool, NMPM, Lea County, New Mexico.

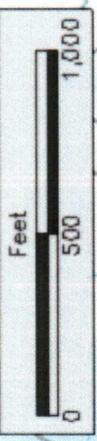
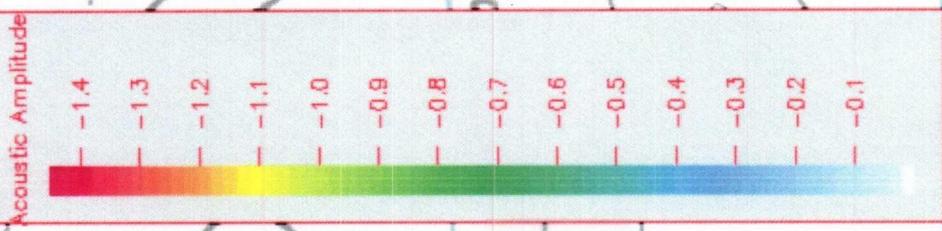
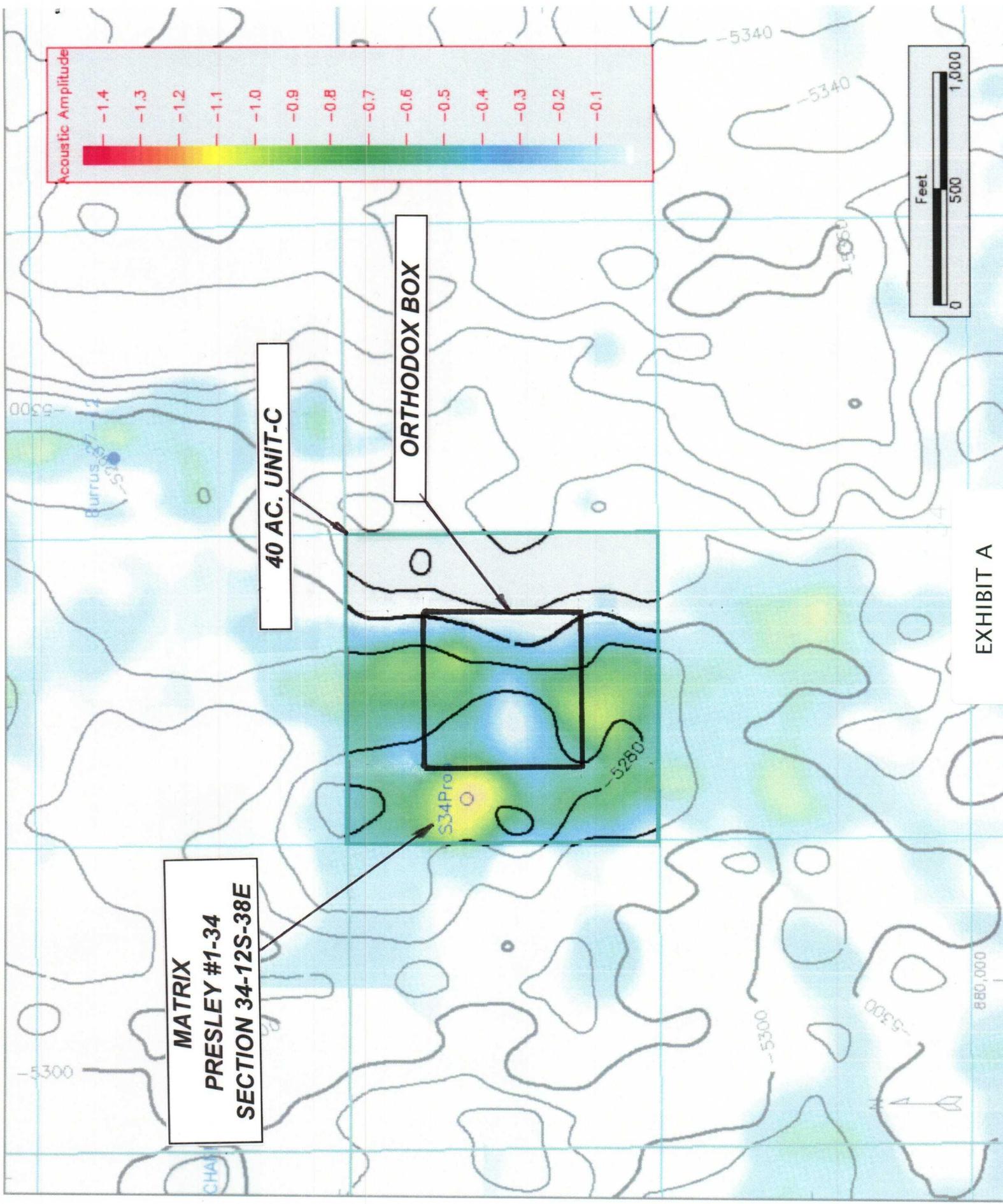
A 40acre spacing and proration unit in the Wolfcamp formation comprising the NE/4NW/4 of said Section 34, is to be dedicated to said well.

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,

Mark E. Fesmire  
Director

cc: Oil Conservation Division - Hobbs/Artesia



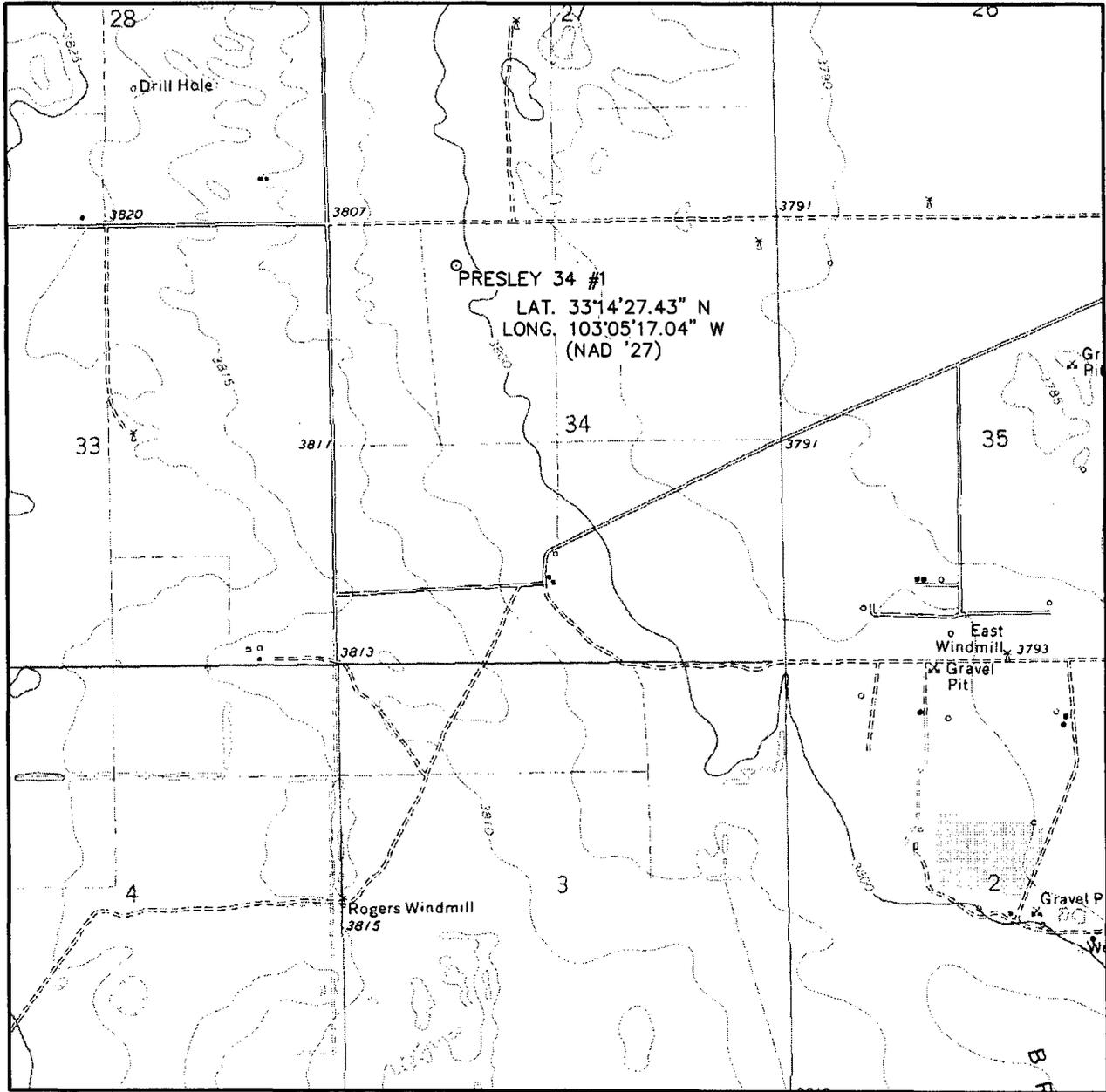
**MATRIX  
PRESLEY #1-34  
SECTION 34-12S-38E**

**40 AC. UNIT-C**

**ORTHODOX BOX**

**EXHIBIT A**

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
PRARIEVIEW NE- 5'

SEC. 34 TWP. 12-S RGE. 38-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 510' FNL & 1510' FWL

ELEVATION 3799'

OPERATOR MATRIX NM OPERATING COMPANY, LLC

LEASE PRESLEY 34

U.S.G.S. TOPOGRAPHIC MAP  
PRARIEVIEW NE, N.M.

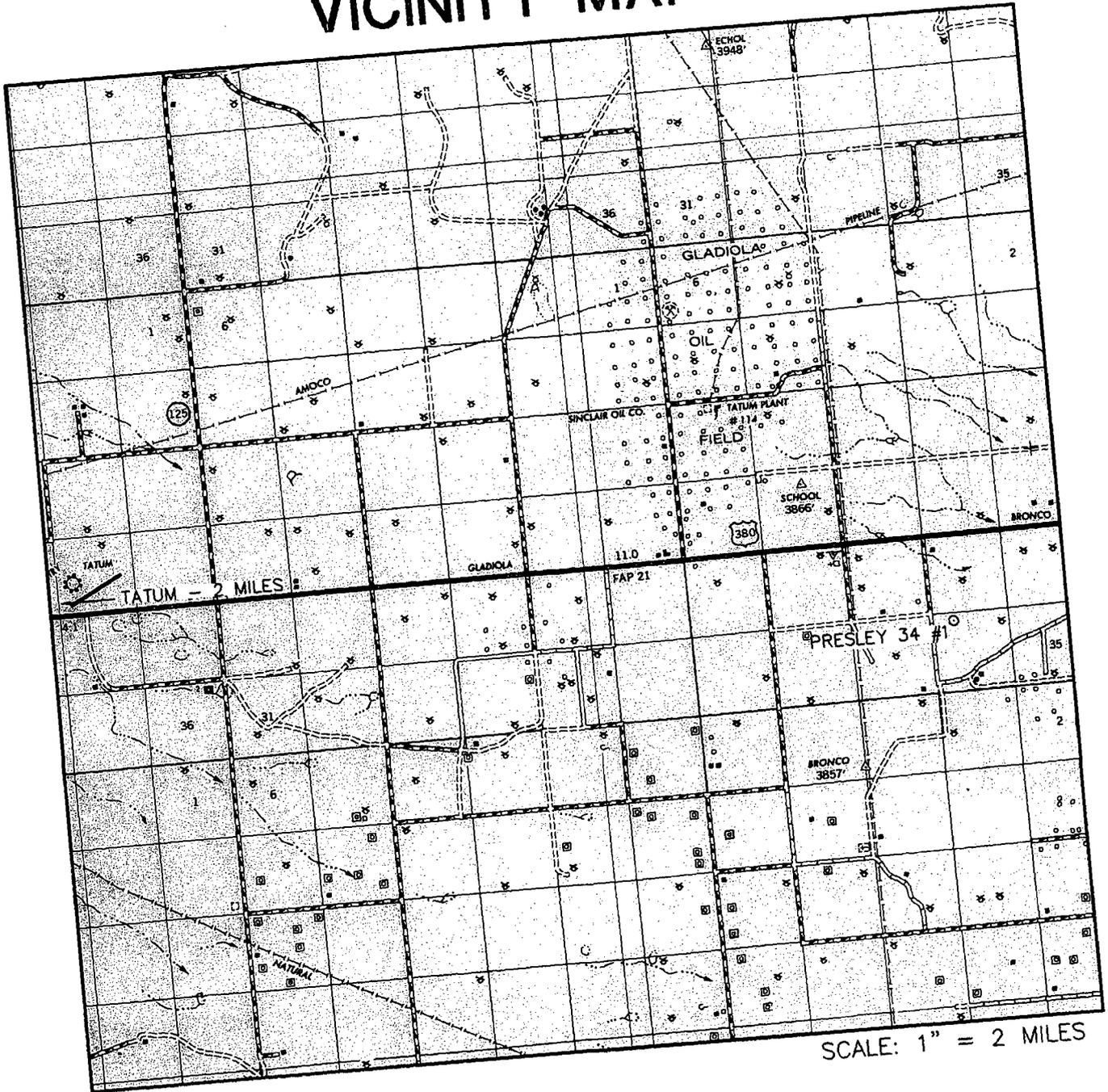
EXHIBIT B



**WEST**  
**COMPANY**  
of Midland, Inc.

110 W. LOUISIANA, STE. 110  
MIDLAND TEXAS, 79701  
(432) 687-0865 - (432) 687-0868 FAX

# VICINITY MAP



SEC. 34 TWP. 12-S RGE. 38-E  
 SURVEY \_\_\_\_\_ N.M.P.M.  
 COUNTY \_\_\_\_\_ LEA  
 DESCRIPTION 510' FNL & 1510' FWL  
 ELEVATION \_\_\_\_\_ 3799'  
 OPERATOR MATRIX NM OPERATING COMPANY, LLC  
 LEASE \_\_\_\_\_ PRESLEY 34

EXHIBIT C



**WEST**  
**COMPANY**  
 of Midland, Inc.

110 W. LOUISIANA, STE. 110  
 MIDLAND TEXAS, 79701  
 (432) 687-0865 - (432) 687-0868 FAX

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

AMENDED REPORT

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

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

|               |   |                    |
|---------------|---|--------------------|
| API Number    | Pool Code   | Pool Name          |
| Property Code | Property Name<br>PRESLEY 34                       | Well Number<br>1   |
| OGRID No.     | Operator Name<br>MATRIX NM OPERATING COMPANY, LLC | Elevation<br>3799' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| C             | 34      | 12 S     | 38 E  |         | 510           | NORTH            | 1510          | WEST           | 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 | 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>Plane Coordinate<br/>X = 880,749.2<br/>Y = 817,445.4</p>  | <p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>  |  |
|  | <p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>September 8, 2005</p> <p>Date Surveyed _____ LVA</p> <p>Signature &amp; Seal of Professional Surveyor<br/></p> |  |
|  | <p>W.O. Num. 2005-0907</p>   |  |
|  | <p>Certificate No. MACON McDONALD 12185</p>  |  |
| <p>NOTE:</p> <p>1) Plane Coordinates shown hereon are Transverse Mercator and Conform to the "New Mexico Coordinate System", New Mexico East Zone North American Datum of 1927. Distances shown hereon are mean horizontal surface values.</p> | <p><b>EXHIBIT D</b></p>  |  |

District I  
1625 N. French Dr., Holybs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101  
May 27, 2004

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to appropriate District Office

AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

|   |                             |                            |
|---|-----------------------------|----------------------------|
| Operator Name and Address<br>Matrix New Mexico Operating Company, LLC<br>508 West Wall #700<br>Midland, Texas 79701 |                             | OGRID Number<br>228971     |
| Property Code<br>35121  | Property Name<br>Presley 34 | API Number<br>30-025-37487 |
| Proposed Pool 1<br>Trinity (Wolfcamp)   |                             | Proposed Pool 2<br>None    |

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| C             | 34      | 12 S     | 38 E  |         | 510           | North            | 1510          | West           | Lea    |

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|   |                        |  |  |                                     |                                |
|---|------------------------|--|--|-------------------------------------|--------------------------------|
| Work Type Code<br>New Well  |                        | Well Type Code<br>Oil                  | Cable/Rotary<br>Rotary   | Lease Type Code<br>Private          | Ground Level Elevation<br>3711 |
| Multiple<br>No  | Proposed Depth<br>9800 | Formation<br>Wolfcamp                  | Contractor<br>Patterson  | Spud Date<br>Approx 10-10-05        |                                |
| Depth to Groundwater  |                        | Distance from nearest fresh water well |  | Distance from nearest surface water |                                |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12_mils thick Clay <input type="checkbox"/> Pit Volume: 2000 bbls |                        |  | Drilling Method:   |                                     |                                |
| Closed-Loop System <input type="checkbox"/>   |                        |  | Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> |                                     |                                |

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 17 1/2"   | 13 3/8"     | 48 #/ft            | 450'          | 350             | surface       |
| 12 1/4"   | 8-5/8"      | 32 #/ft            | 4500'         | 2500            | surface       |
| 7 7/8"    | 5-1/2"      | 17 #/ft            | 9900'         | 1000            | +/-4000       |

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.  
Drill Wolfcamp well to +/-9900'. Circulate cement to surface on 13 3/8" and 8 5/8" casing. Test all significant shows & evaluate /adequate logging program. Abandonment will be performed in accordance w/prudent practices and regulatory requirements. A double ram series 900 BOP and choke manifold will be used from the 8 5/8" casing point to total depth. Production casing will be 5 1/2" and will be run at total depth. Completion will be from perforations in the 5 1/2" casing in the Wolfcamp Formation.

Permit Expires 1 Year From Approval  
Date Unless Drilling Underway

|   |                            |                  |
|---|----------------------------|------------------|
| <p>23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines <input checked="" type="checkbox"/>, a general permit <input type="checkbox"/>, or an (attached) alternative OCD-approved plan <input type="checkbox"/>.</p> <p>Printed name: J. W. Mulloy</p> <p>Title: Agent</p> <p>E-mail Address: jwmulloy@jwmulloyassoc.com</p> <p>Date: 9-20-05</p> | OIL CONSERVATION DIVISION  |                  |
|   | Approved by:               |                  |
|   | Title: PETROLEUM ENGINEER  |                  |
|   | Approval Date: OCT 07 2005 | Expiration Date: |
|   | Phone: 432-687-0323        |                  |

**Conditions of Approval :** Approved to drill but CANNOT PRODUCE until Non-Standard Location is approved in Santa Fe.

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000  
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DISTRICT III  
1000 Rio Brazos Rd., Artec, NM 87410

AMENDED REPORT

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                                   |  |  |
|-----------------------------------|--|--|
| API Number<br><b>30-025-37A87</b> | Pool Code<br><b>59890</b>                                | Pool Name<br><b>TRINITY (WOLFCAMP)</b> |
| Property Code<br><b>35121</b>     | Property Name<br><b>PRESLEY 34</b>                       | Well Number<br><b>1</b>                |
| OGRID No.<br><b>228971</b>        | Operator Name<br><b>MATRIX NM OPERATING COMPANY, LLC</b> | Elevation<br><b>3799'</b>              |

Surface Location

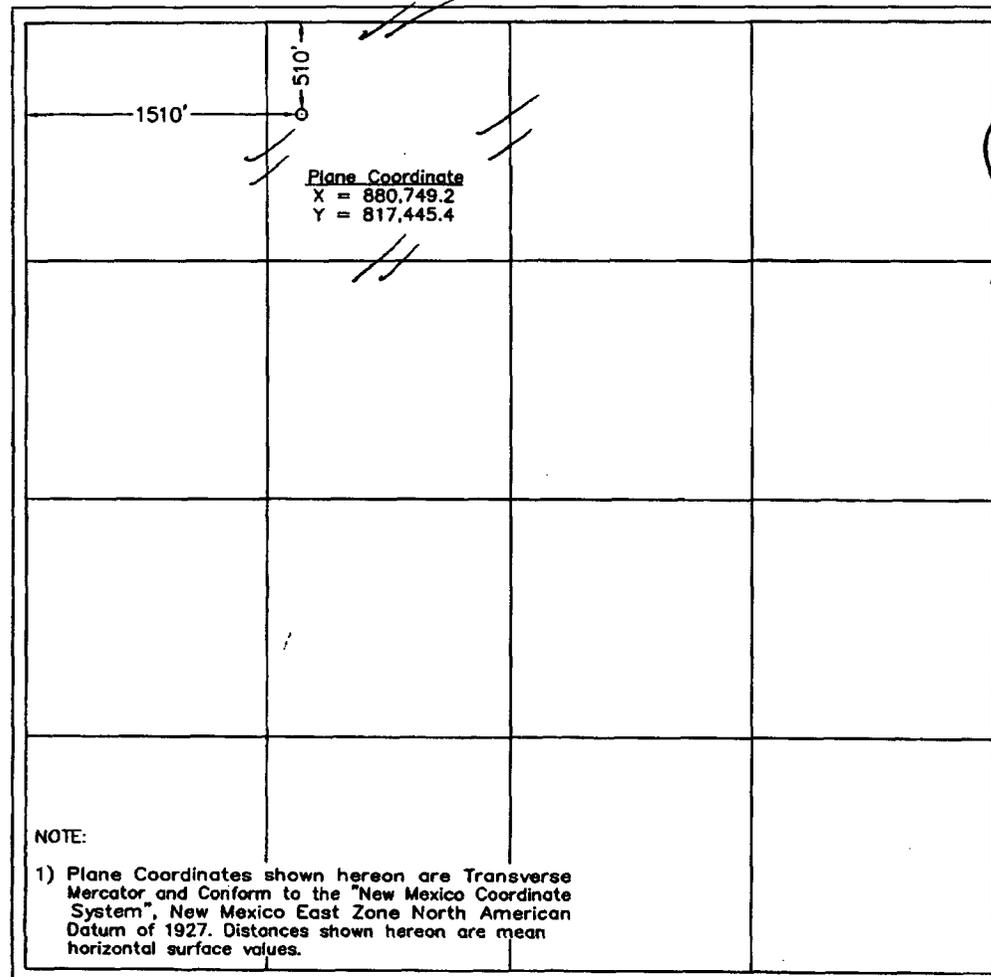
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| C             | 34      | 12 S     | 38 E  |         | 510           | NORTH            | 1510          | WEST           | 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<br><b>40</b> | 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



**OPERATOR CERTIFICATION**

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

Signature: *J.W. Mulloy*  
Printed Name: **J.W. Mulloy**  
Title: **AGENT**  
Date: **9/21/05**

---

**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.

Date Surveyed: **September 8, 2005**

Signature & Seal of Professional Surveyor: *[Signature]* 12185

W.O. Num. **2005-0907**

Certificate No. **MACON McDONALD 12185**

NOTE:  
1) Plane Coordinates shown hereon are Transverse Mercator, and Conform to the "New Mexico Coordinate System", New Mexico East Zone North American Datum of 1927. Distances shown hereon are mean horizontal surface values.



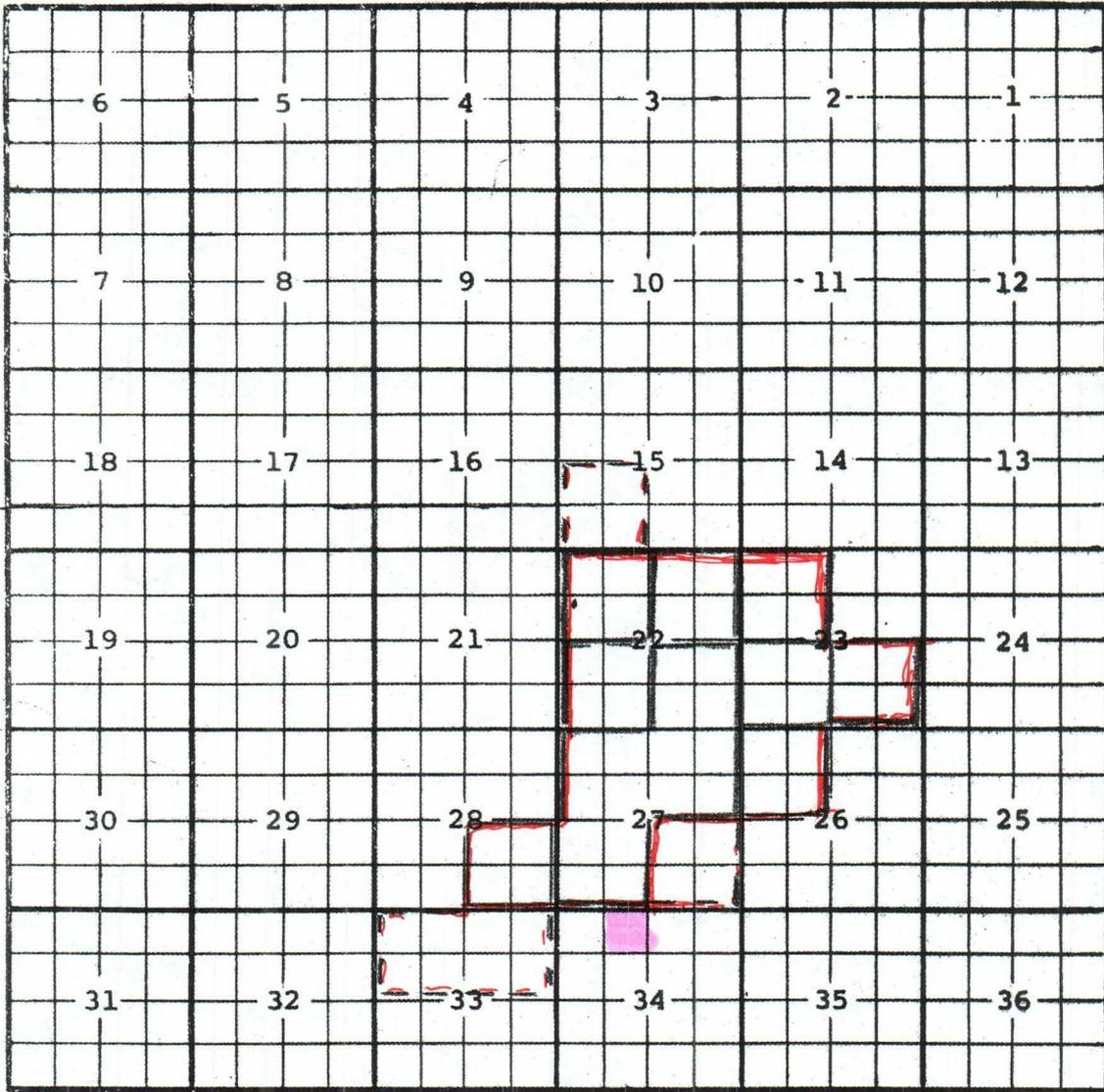
COUNTY *Lea*

POOL *Trinity - Wolfcamp*

TOWNSHIP *12 South*

RANGE *38 East*

NMPM



Description:  $SE/4$  Sec 28 (R-5417, 4-1-77)

Ext:  $SE/4$  Sec. 22,  $N/2$  and  $SW/4$  Sec. 27 (R-11728, 2-20-02)

Ext:  $NE/4$  and  $SW/4$  Sec. 22 (R-12046, 11-3-03) Ext:  $SW/4$  Sec. 23 (R-12063, 11-25-03)

Ext:  $NW/4$  Sec. 26 (R-12141, 5-10-04) Ext:  $SE/4$  and  $NW/4$  Sec. 23 (R-12223, 10-25-04)

Ext:  $NW/4$  Sec. 23 (R-12312, 3-25-05)