

NSL - 724  
104 F

**EXXON COMPANY, U.S.A.**  
POST OFFICE BOX 1600 - MIDLAND, TEXAS 79701

**RECEIVED**  
SEP - 2 1975  
OIL CONSERVATION COMM.  
Santa Fe

August 28, 1975

MIDCONTINENT PRODUCTION DIVISION  
SOUTHWESTERN EXPLORATION DIVISION  
W. R. WARDROUP  
DIVISION DRILLING MANAGER

Request for Exception to  
N.M.O.C.C. Rule 103BI(a) to  
Drill Laguna Grande Unit (Federal),  
Well No. 1  
Eddy County, New Mexico

Mr. Jim Knauff  
United States Geological Survey  
210 Carper Building  
Artesia, NM 88210

Mr. J. D. Ramey, Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Mr. W. A. Gressett  
Drawer DD  
Artesia, NM 88210

Gentlemen:

1380' FSL & 990' FSL 28-235-29E

Attached are eight copies of Form 9-331-C, Application to Drill, with attachments for Laguna Grande Unit (Federal), Well No. 1, a wildcat to be drilled in Eddy County, New Mexico.

Rule 103BI(a) of the New Mexico Oil Conservation Commission Rules requires that a wildcat gas well which is projected to a formation of Pennsylvanian age or older be drilled not closer than 1,980' to the nearest end boundary and no closer than 330' to any quarter-quarter section line. This well is located 1,380' to the nearest end boundary and 60' to the nearest quarter-quarter section line and requires an exception to Rule 103BI(a). This exception is necessary due to Federal regulations governing the drilling of wells near the Potash area. Also attached is a plat showing the offset leases to the proration unit. Offsetting the proration unit for this well is a Federal lease which is open and Amoco. Amoco's lease is a part of the Laguna Grande Unit which is in the process of being executed.

By copy of this letter, we are notifying Amoco of our application to drill this irregular location. If the offset operator has no objection to this location, we are requesting that they execute the attached waiver and forward a copy to the U.S.G.S., Artesia, New Mexico, and New Mexico Oil Conservation Commission, Artesia, New Mexico, and return one copy to this office.

We respectfully request that administrative approval be given to drill this irregular location.

Very truly yours,

*W. R. Wardroup*  
W. R. Wardroup

MK/sf  
A DIVISION OF EXXON CORPORATION  
Attachments

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK  
 DRILL                       DEEPEN                       PLUG BACK

b. TYPE OF WELL  
 OIL WELL                       GAS WELL                       OTHER                       SINGLE ZONE                       MULTIPLE ZONE

2. NAME OF OPERATOR  
 Exxon Corporation

3. ADDRESS OF OPERATOR  
 Box 1600, Midland, TX 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*  
 At surface 1,380' FSL & 990' FEL  
 At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 6 miles east of Loving, New Mexico

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)  
 990'  
 60'

16. NO. OF ACRES IN LEASE  
 7,680 (Tot. Drlg. Ut.)

17. NO. OF ACRES ASSIGNED TO THIS WELL  
 320

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH  
 14,000'

20. ROTARY OR CABLE TOOLS  
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 Later

22. APPROX. DATE WORK WILL START\*  
 October 15, 1975

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2	13 3/8	54.5	700'	*600 SX
12 1/4	10 3/4	40.5 - 51.0	3,100'	*700 SX
9 1/2	7 5/8	29.7 - 33.7	10,900'	600 SX
6 1/2	5	18.0	14,000'	500 SX

\*Cement to surface  
 HOWCO method of cementing to be used

See "Development Plan for Surface Use", "Plan for Equipment", "Blowout Preventer Equipment" and "Rig Layout" attached.

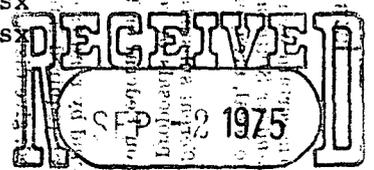
IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer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

24. SIGNED Melba Knippling TITLE Proration Specialist DATE 8-28-75  
 (This space for Federal or State office use)

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

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
 CONDITIONS OF APPROVAL, IF ANY:

5. LEASE DESIGNATION AND SERIAL NO.  
 NM 23177  
 6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
 ---  
 7. UNIT AGREEMENT NAME  
 Laguna Grande Unit (Pending)  
 8. FARM OR LEASE NAME  
 Laguna Grande Unit (Federal)  
 9. WELL NO.  
 1  
 10. FIELD AND POOL, OR WILDCAT  
 Wildcat  
 11. SEC., T., R. M., OR BLK. AND SURVEY OR AREA  
 Sec. 28, T-23-S, R-29-E  
 12. COUNTY OR PARISH  
 Eddy  
 13. STATE  
 New Mex.



Exxon Lse.No. \_\_\_\_\_  
 State Lse.No. \_\_\_\_\_  
 Federal Lse.No. NM-23177

NEW MEXICO OIL CONSERVATION COMMISSION  
 WELL LOCATION AND ACREAGE DEDICATION PLAT

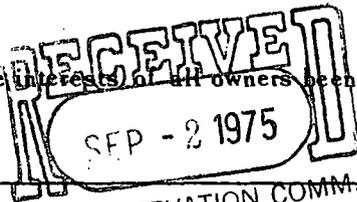
Form C-102  
 Supersedes C-128  
 Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator Exxon Corporation		Lease Laguna Grande Unit (Federal)		Well No. 1
Unit Letter I	Section 28	Township 23 South	Range 29 East	County Eddy
Actual Footage Location of Well: 1380 feet from the South line and 990 feet from the East line				
Ground Level Elev:	Producing Formation Pennsylvanian W. C.	Pool Wildcat	Dedicated Acreage: 320 Acres	

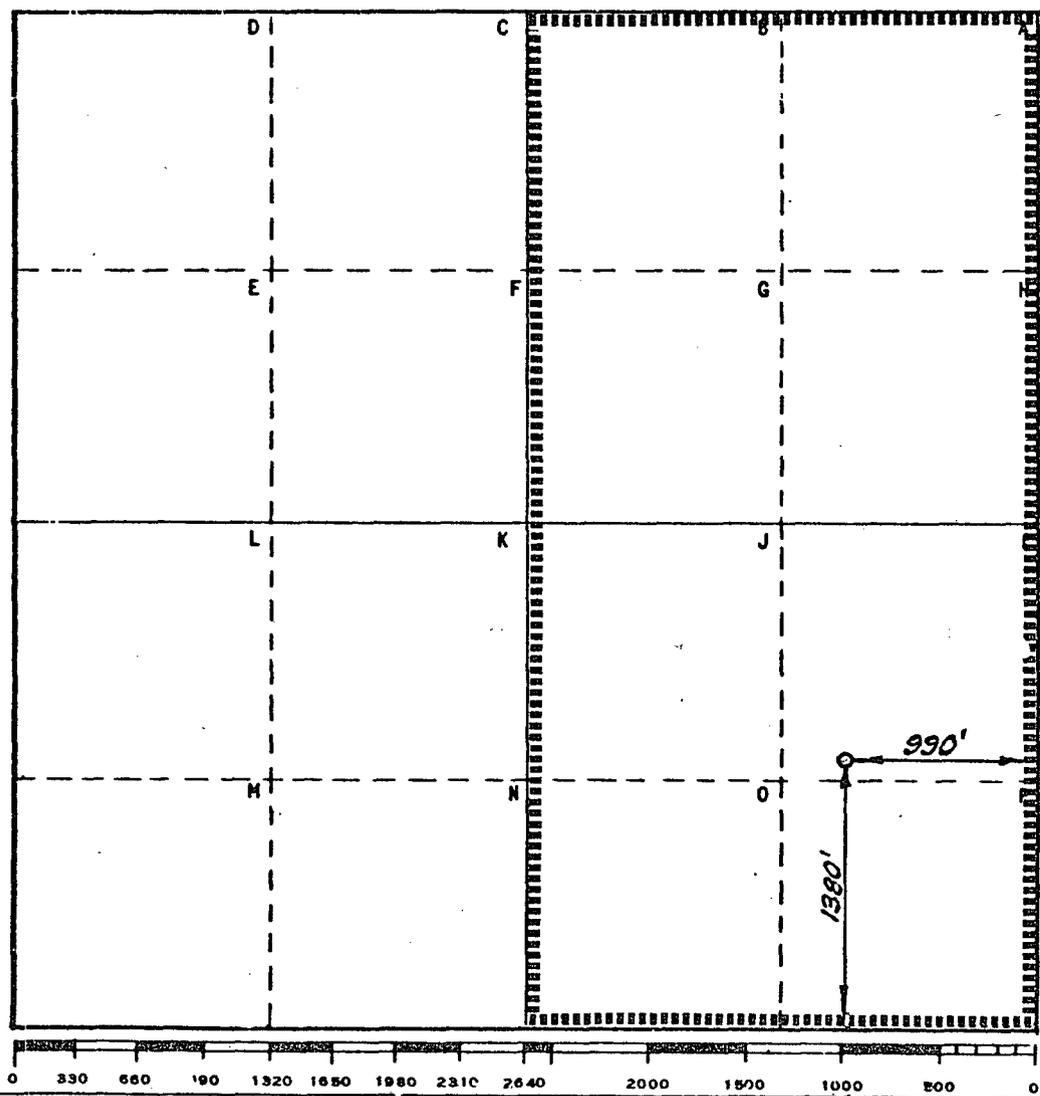
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation \_\_\_\_\_



If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



**CERTIFICATION**

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

Name  
*Melba Kripling*

Position  
Proration Specialist

Company Exxon Corporation  
Box 1600 Midland, Texas

Date  
August 20, 1975

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 knowledge and belief.

Date Surveyed  
August 13, 1975

Registered Professional Engineer and/or Land Surveyor  
*H. S. Westorf*

Certificate No.  
1382

6 Miles East of Loving, New Mexico

C.E. Sec. File No. A-6870

PLAN FOR EQUIPMENT

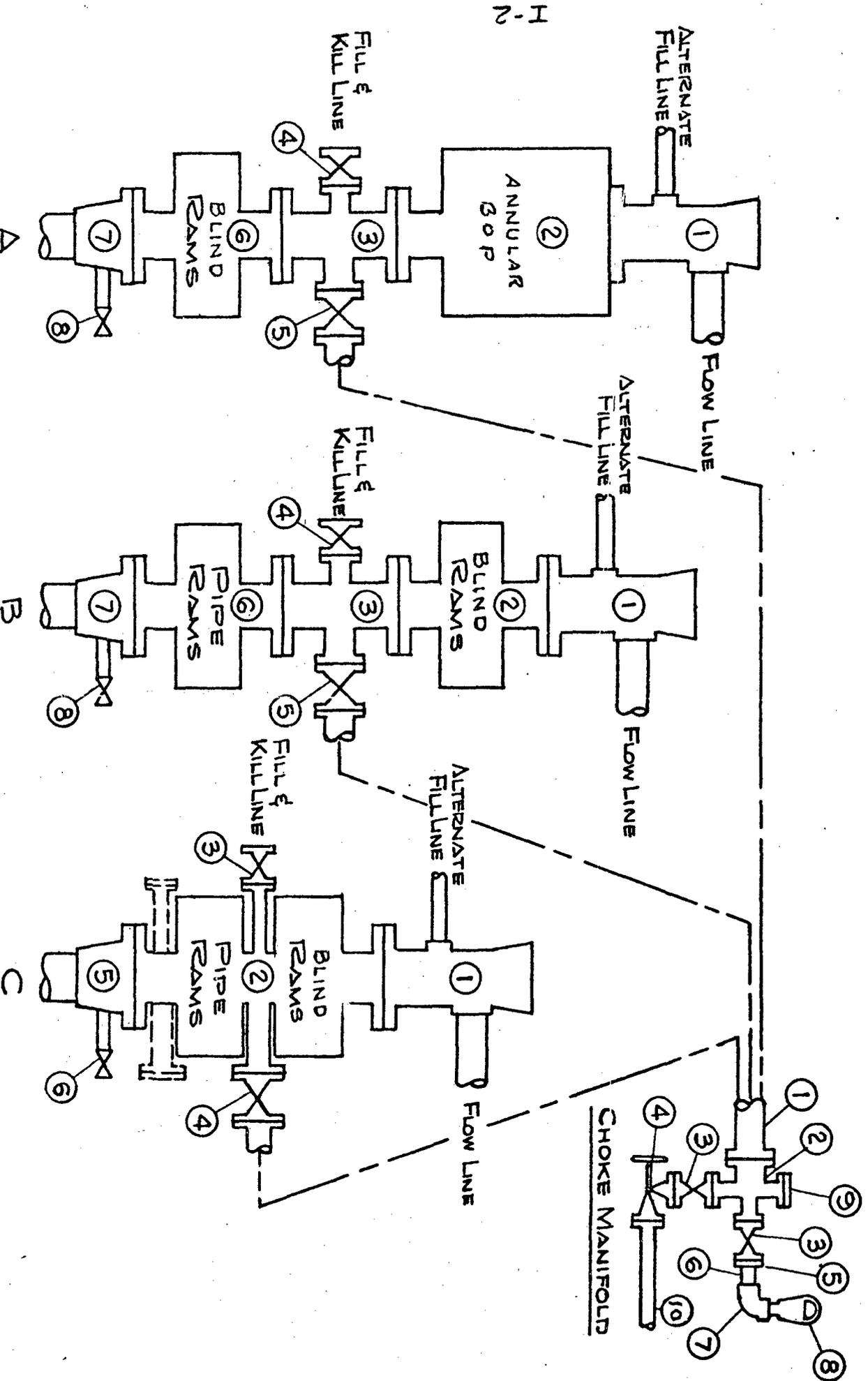
Laguna Grande Unit (Federal) Well No. 1

1. Surface casing: 700' of new 13 3/8" 54.5 ppf J-55 STC
2. Casinghead: 13 3/8" STC X 12" 3000 psi flange
3. Intermediate casing:
  - a. 3100' of new 10 3/4" 40.5, 45.5 and 51.0 ppf J-55 STC
  - b. 10,900' of new 7 5/8" 29.7 and 33.7 ppf S-95 and RS-95 LTC
4. Blowout Preventers:
  - a. On surface casing: 2000 psi bag type or 2 ram type (one set each of pipe and blind rams). 2000 psi fill and kill connections and choke manifold.
  - b. On first intermediate casing: 2-10" 3000 psi: ram type, (one set each of pipe and blind rams). 10" 3000 psi bag type and a rotating head. 3000 psi fill and kill connections and choke manifold.
  - c. On second intermediate: 3-10" 5000 psi ram type, (2 sets of pipe rams, 1 set of blind rams). 10" 5000 psi bag type and a rotating head. 5000 psi fill and kill connections and choke manifold.
5. Auxiliary Equipment
  - a. Upper and lower kelly cocks
  - b. Profile in drill string just above drill collars to accept back pressure valve if valve is needed.
  - c. Safety valve on floor ready to use if needed.
  - d. Pit volume totalizer with alarm system.
  - e. Flow rate indicator in flowline with alarm system
  - f. Trip tank
6. Approximate Bottomhole pressure at 14000': 8300 psi (11.5 ppg)
7. Drilling Fluid:

0-700'	Spud Mud
700-3300'	Brine Water
3300-10900'	Brine Water
10900-TD	Fresh Water Mud

MIDLAND DRILLING ORGANIZATION

BLOWOUT PREVENTER SPECIFICATION  
TYPE I



H-2

REV. 9/15/73

BLOWOUT PREVENTER SPECIFICATION  
EQUIPMENT DESCRIPTION

TYPE I

BOP stack "A", "B" or "C" acceptable. All equipment should be at least API 2000 psi W.P. or higher unless otherwise specified.

BOP STACK "A"

1. Bell Nipple with flow line and fill connection.
2. Hydril or Shaffer bag type preventer.
3. Flanged spool with one 4-inch and one 2-inch (minimum) outlet.
4. 2-inch (minimum) flanged plug or gate valve.
5. 4-inch flanged pressure operated gate valve or manual operated plug or gate valve.
6. Ram type pressure operated blowout preventer with blind rams.
7. Screw type casing head (furnished by Exxon) with flange adapter (furnished by contractor).
8. Plug or gate valve (furnished by Exxon).

BOP STACK "B"

1. Bell nipple with flow line and fill connection.
2. Ram type pressure operated blowout preventer with blind rams.
3. Flanged spool with one 4-inch and one 2-inch (minimum) outlet.
4. 2-inch (minimum) flanged plug or gate valve.
5. 4-inch flanged pressure operated gate valve or manual operated plug or gate valve.
6. Ram type pressure operated blowout preventer with pipe rams.
7. Screw type casing head (furnished by Exxon) with flange adapter (furnished by contractor).
8. Plug or gate valve (furnished by Exxon).

BOP STACK "C"

1. Bell nipple with flow line and fill connection.
2. Double pressure operated ram type preventer with blind rams in the top and pipe rams in the bottom with one 4-inch and one 2-inch (minimum) side outlets.
3. 2-inch (minimum) flanged plug or gate valve.
4. 4-inch flanged pressure operated gate valve or manual operated plug or gate valve.
5. Screw type casing head (furnished by Exxon) with flange adapter (furnished by contractor).
6. Plug or gate valve (furnished by Exxon).

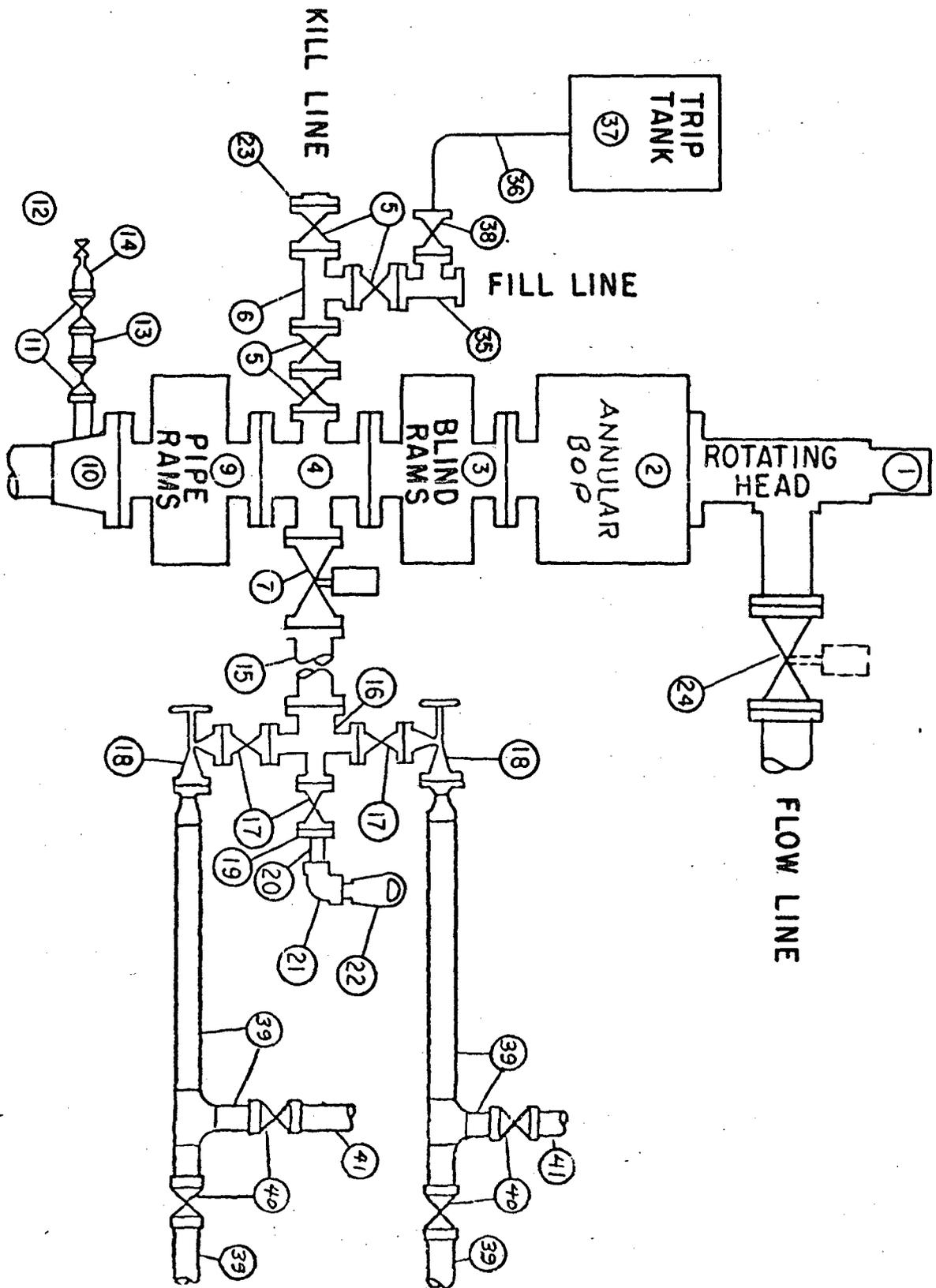
CHOKE MANIFOLD

1. 4-inch flanged spacer spool.
2. 4-inch X 2-inch X 2-inch X 2-inch flanged cross.
3. 2-inch flanged plug or gate valve.
4. 2-inch flanged adjustable choke.
5. 2-inch threaded flange.
6. 2-inch X H nipple.
7. 2-inch forged steel Ell.
8. Cameron (or equal,) threaded pressure gage.
9. Blind flange.
10. 2-1/2-inch pipe, 300' to pit, anchored.

NOTES:

1. Replacement pipe rams and blind rams shall be on location at all times.
2. Only type U, QRC, E and LWS ram type preventers acceptable.

MIDLAND DRILLING ORGANIZATION  
 BLOWOUT PREVENTER SPECIFICATION  
 TYPE II - B



BLOWOUT PREVENTER SPECIFICATION  
EQUIPMENT DESCRIPTION

TYPE II-B

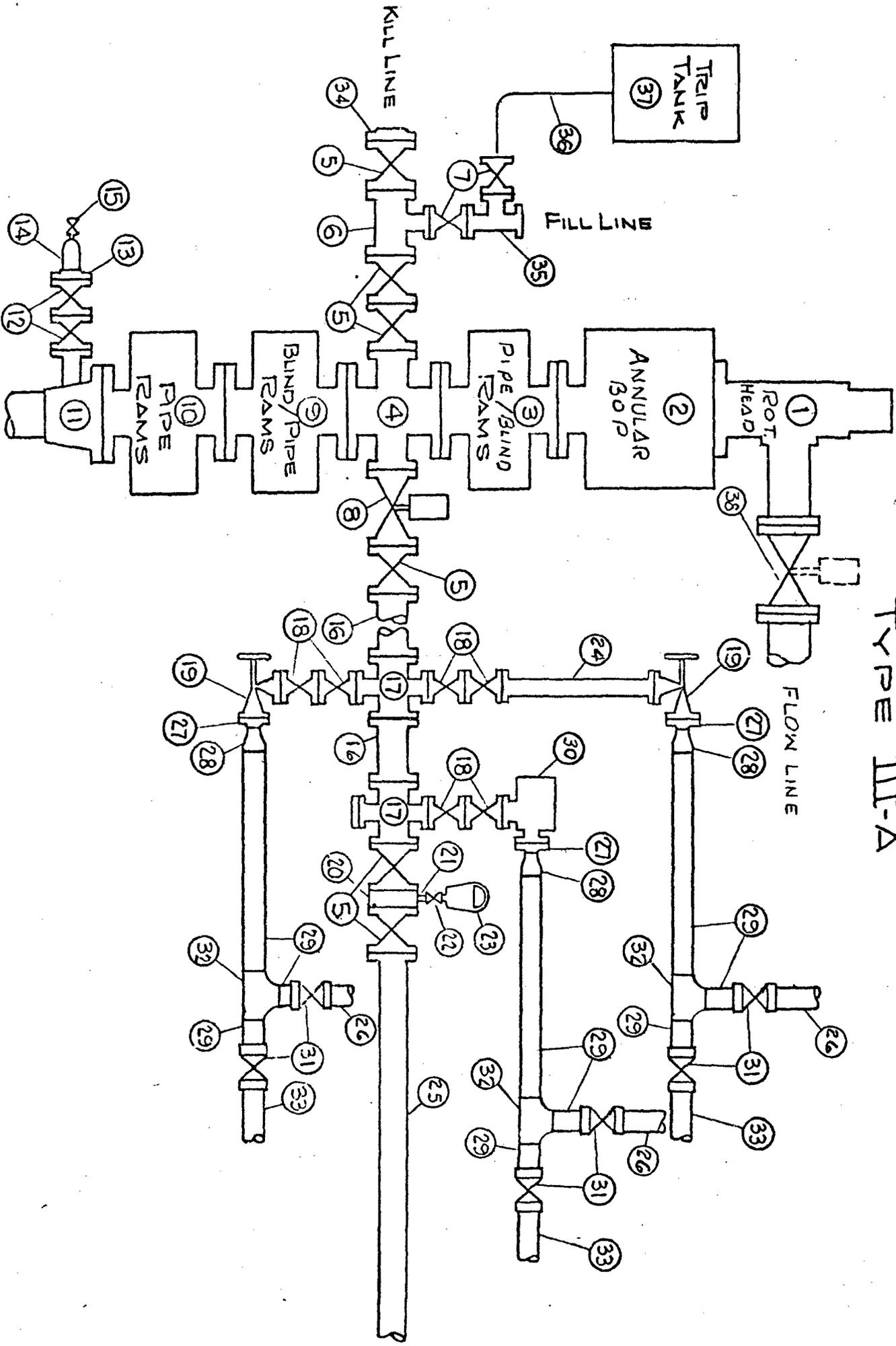
All equipment should be at least 3000 psi WP or higher unless otherwise specified.

1. Rotating BOP.
2. Hydril or Shaffer bag type preventer.
3. Ram type pressure operated blowout preventer with blind rams.
4. Flanged spool with one 4-inch and one 2-inch (minimum) outlet.
5. 2-inch (minimum) flanged plug or gate valve.
6. 2-inch by 2-inch by 2-inch (minimum) flanged tee.
7. 4-inch pressure operated gate valve.
8. 4-inch flanged gate or plug valve.
9. Ram type pressure operated blowout preventer with pipe rams.
10. Flanged type casing head with one side outlet (furnished by Exxon).
11. 2-inch threaded (or flanged) plug or gate valve (furnished by Exxon).  
Flanged on 5000# WP, threaded on 3000# WP or less.
12. Needle valve (furnished by Exxon).
13. 2-inch nipple (furnished by Exxon).
14. Tapped bull plug (furnished by Exxon).
15. 4-inch flanged spacer spool.
16. 4-inch by 2-inch by 2-inch by 2-inch flanged cross.
17. 2-inch flanged plug or gate valve.
18. 2-inch flanged adjustable choke.
19. 2-inch threaded flange.
20. 2-inch XXH nipple.
21. 2-inch forged steel 90° Ell.
22. Cameron (or equal.) threaded pressure gage.
23. Threaded flange.
24. 6-inch manual or pressure operated gate valve.
35. 2-inch flanged tee.
36. 3-inch (minimum) hose. (Furnished by Exxon).
37. Trip tank. (Furnished by Exxon).
38. 2-inch flanged plug or gate valve.
39. 2-1/2-inch pipe, 300' to pit, anchored.
40. 2-1/2-inch SE valve.
41. 2-1/2-inch line to steel pit or separator.

NOTES:

1. Items 3, 4 and 9 may be replaced with double ram type preventer with side outlets between the rams.
2. The two valves next to the stack on the fill and kill line to be closed unless drill string is being pulled.
3. Kill line is for emergency use only. This connection shall not be used for filling.
4. Replacement pipe rams and blind rams shall be on location at all times.
5. Only type U, LWS and QRC ram type preventers with secondary seals are acceptable for 5000 psi WP and higher BOP stacks.
6. Type E ram-type BOP's with factory modified side outlets may be used on 3000 psi and lower WP BOP stacks.

# BLOWOUT PREVENTER SPECIFICATION TYPE III-A



BLOWOUT PREVENTER SPECIFICATION  
EQUIPMENT DESCRIPTION

TYPE III-A

All equipment shall be at least 5,000 psi WP or higher unless otherwise specified.

1. Rotating type BOP, 3,000 psi minimum WP.
2. Hydril or Shaffer bag type preventer.
3. Ram type pressure operated preventer with pipe rams. Use large size pipe rams when drilling with a tapered string. Use blind rams when drilling with a tapered string and formation is overbalanced.
4. Flanged spool with two 4-inch side outlets.
5. 4-inch flanged plug or gate valve.
6. 4-inch flanged tee.
7. 4-inch flanged plug or gate valve.
8. 4-inch flanged pressure operated gate valve.
9. Ram type pressure operated preventer with blind rams. Use small size pipe rams when drilling with a tapered drill string.
10. Ram type pressure operated preventer with pipe rams. Use large size pipe rams when drilling with tapered string.
11. Flanged type casing head (furnished by Exxon).
12. 2-inch flanged plug or gate valves (furnished by Exxon).
13. 2-inch threaded flange (furnished by Exxon).
14. 2-inch tapped bull plug (furnished by Exxon).
15. Needle valve (furnished by Exxon).
16. 4-inch flanged spacer spool.
17. 4-inch by 2-inch flanged cross.
18. 2-inch flanged plug or gate valve.
19. 2-inch flanged adjustable choke. Replace with flanged 2-inch tee if a remote controlled choke is installed downstream.
20. 4-inch x 4-inch spacer flange w/1-inch tap.
21. 1-inch x 4-inch XXH nipple.
22. 1-inch valve.
23. Cameron (or equal.) 0-6000 psi gage.
24. 2-inch flanged spacer spool.
25. 6-inch or 4-inch pipe, 300' to pit, anchored.
26. 2-1/2-inch line to separator.
27. 2-inch weld neck flange.
28. 2-1/2-inch x 2-inch sch. 80 concentric weld reducer.
29. 2-1/2-inch pipe.
30. Pressure operated adjustable choke (furnished by Exxon).
31. 2-1/2-inch S.E. gate valve.
32. 2-1/2-inch tee.
33. 2-1/2-inch pipe, 300' to pit, anchored.
34. 2-inch threaded flange (EUE) or weld neck flange w/Weco Fig. 1502 2" 15,000 psi free flow buttress weld wing union.
35. 4-inch flanged tee.
36. 3-inch (minimum) hose. (Furnished by Exxon).
37. Trip tank. (Furnished by Exxon).
38. 6-inch 3,000 psi minimum WP manual or pressure operated gate valve.

NOTES:

1. Items 9 and 10 may be replaced with double ram type preventer. Any side outlets shall be double valved or blind flanged.
2. Only type U, LWS and QRC ram type preventers with secondary seals are acceptable.
3. The two valves next to the stack on the kill and fill line to be closed unless string is being pulled.
4. Kill line is for emergency use only. This connection shall not be used for filling.
5. Replacement rams for each size drill pipe in use and blind rams shall be on location at all times.

DEVELOPMENT PLAN FOR SURFACE USE ON LAGUNA GRANDE UNIT (FEDERAL)  
WELL NO. 1

Attached is a segment of a map in Eddy County, New Mexico showing the location of the proposed Wildcat well. Also attached are the following listed items as requested by the U.S.G.S.

1. Existing roads. (See area map)
2. Planned access to the location. (See area map - approx. 3,500' of 12' wide caliche road.)
3. Offsetting Pool wells. (None)
4. Lateral roads to other wells. (None)
5. Location of tank battery and flow line will be furnished at a later date.
6. Water will be hauled from off the lease to furnish water for drilling.
7. The drilling contractor will be required to comply with OSHA requirements. There will be a separate burn pit for trash and junk disposal.
8. No camps are involved.
9. No airstrips are involved.
10. A sketch of the location layout is attached showing the position of the rig, pipe rack and reserve pit, as well as the size of the location.
11. The location will be restored to the satisfaction of the Bureau of Land Management.
12. This area consists of poor pasture land, gravel hills and greasewood. The drilling of this well will not adversely affect the environment.

MK/  
8-28-75

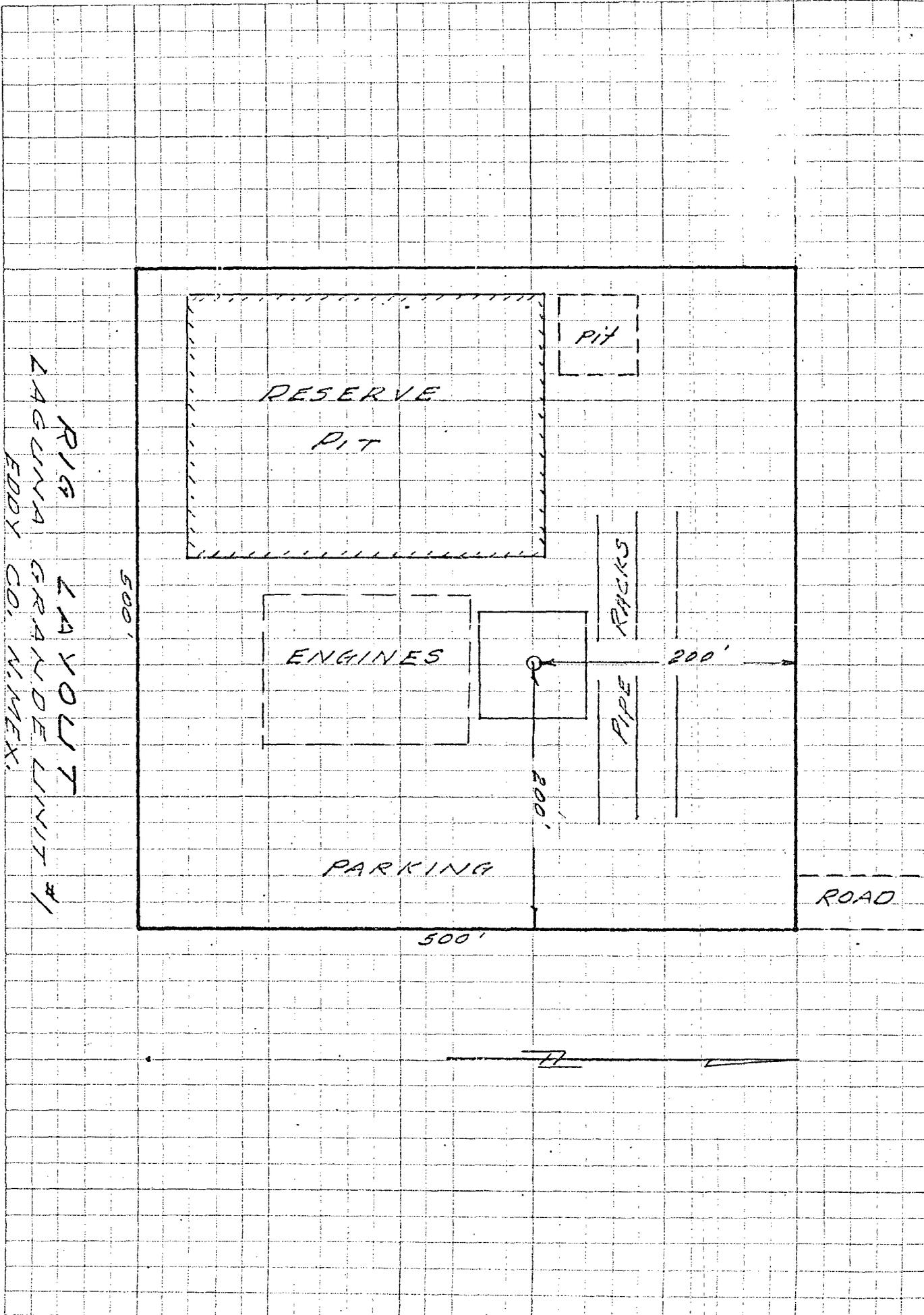
SUBJECT

PREPARED BY

DATE

DEPARTMENT

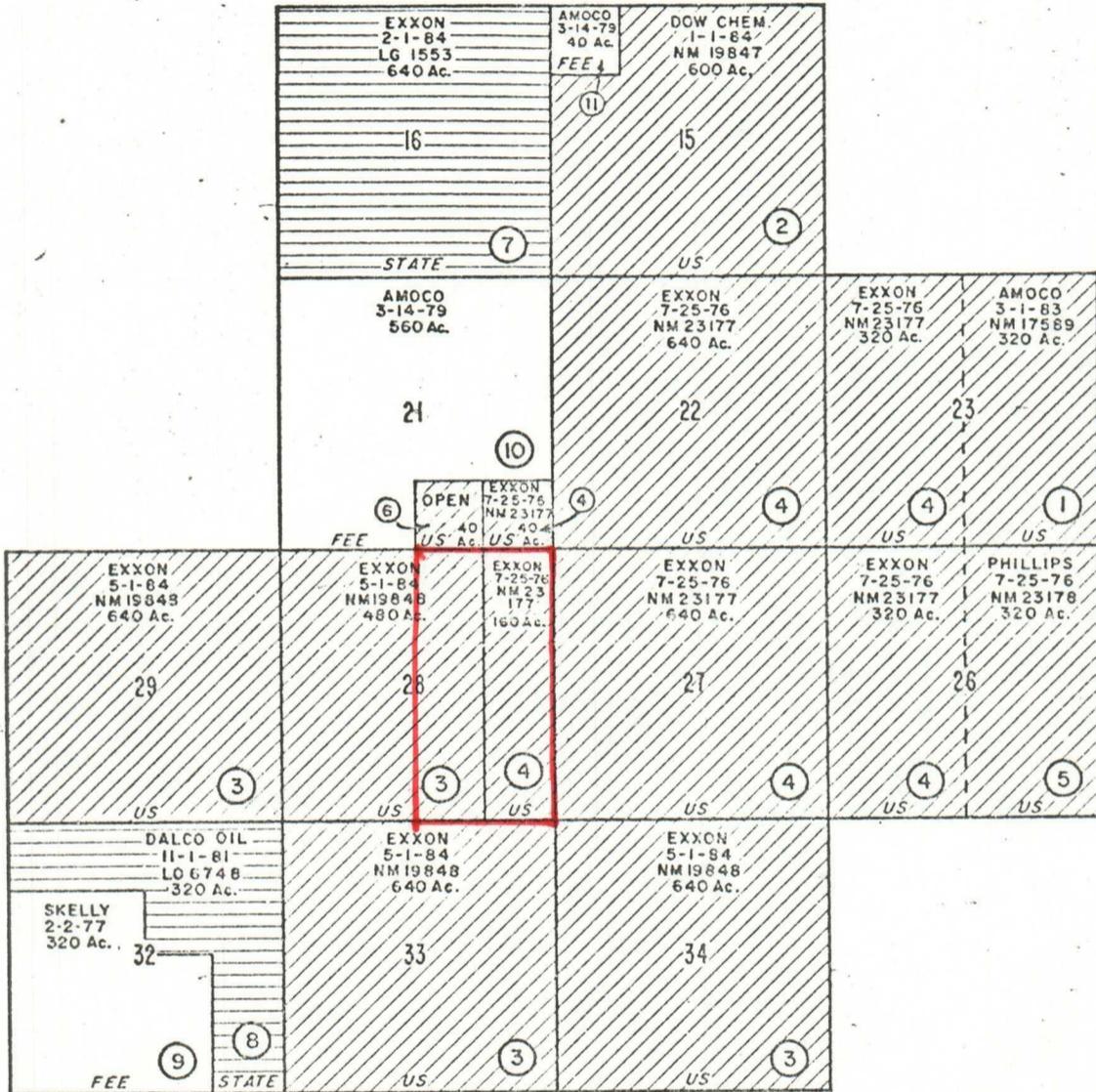
PAGE



# LAGUNA GRANDE UNIT AREA

EDDY COUNTY, NEW MEXICO  
T23S - R29E

## EXHIBIT A



USA	5800	ACRES
STATE	960	ACRES
FEE	920	ACRES
UNIT AREA	<u>7680</u>	ACRES



TRACT ⑧

Federal Lease Numbers

17589  
19847  
19848  
23177  
23178

WAIVER

United States Geological Survey  
210 Carper Building  
Artesia, New Mexico 88210

New Mexico Oil Conservation Commission  
Drawer DD  
Artesia, New Mexico 88210

Gentlemen:

This is to advise that the undersigned has been given due notice that Exxon Corporation has made application for a Rule 103BI(a) exception for Laguna Grande Unit (Federal), Well No. 1, Eddy County, New Mexico. We hereby waive any objection to the granting of this application for the above well which will be located:

Laguna Grande Unit (Federal), Well No. 1, to be located 1,380' FSL and 990' FEL of Section 28, T23S, R29E, Eddy County, New Mexico.

Executed this \_\_\_\_\_ day of \_\_\_\_\_ 1975.

\_\_\_\_\_  
Company

\_\_\_\_\_  
By



**AREA MAP**  
EXXON'S LAGUNA GRANDE UNIT  
(FEDERAL) NO. 1  
SECTION 28, T-23-S, R-29-E  
EDDY CO., NEW MEXICO  
SCALE - 1" = 1 MILE

ROAD TO BE BUILT  
APPROX. 3500 LONG  
12 WIDE

LAGUNA GRANDE UNIT  
(FEDERAL) NO. 1

UNIMPROVED  
ROAD

CALICHE ROAD

49 MILES TO JAL  
HWY. 128

R-28-E  
T-23-S

T-22-S  
R-28-E

T-23-S  
R-29-E

R-29-E  
T-29-S

T-22-S  
R-30-E

T-23-S  
R-30-E

**SENDER: Be sure to follow instructions on other side**

**PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)**

*(Additional charges required for these services)*

Show address  
where delivered

Deliver ONLY  
to addressee

**RECEIPT**

*Received the numbered article described below*

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE *(Must always be filled in)*

CERTIFIED NO.

413641

1

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

INSURED NO.

2

*Okatilla*

DATE DELIVERED

SHOW WHERE DELIVERED *(Only if requested, and include ZIP Code)*

SEP - 2 1975

3

**EXXON** COMPANY, U.S.A.  
POST OFFICE BOX 1600 • MIDLAND, TEXAS 79701

PRODUCTION DEPARTMENT  
MIDCONTINENT DIVISION

*Santa Fe*

RECEIVED  
SEP 16 1975

OIL CONSERVATION COMM.  
Santa Fe

September 12, 1975

Exception to N.M.O.C.C. Rule  
103 B I (a) to Drill Laguna  
Grande Unit (Federal), Well  
No. 1, Eddy County, New Mexico

Mr. W. A. Gressett  
New Mexico Oil Conservation Commission  
Drawer DD  
Artesia, New Mexico 88210

Dear Mr. Gressett:

Attached is proof that Amoco Production Company, Box 68, Hobbs, New Mexico 88240, was notified by certified mail of our request for an exception to N.M.O.C.C. Rule 103 B I (a) to drill Laguna Grande Unit (Federal), Well No. 1.

Very truly yours,)

*Melba Knipling*

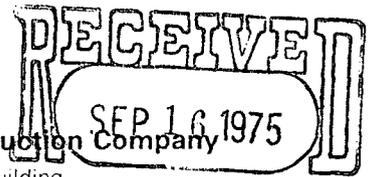
Melba Knipling  
Proration Specialist

MK/

RECEIVED

SEP 15 1975

O. C. C.  
ARTESIA, OFFICE



Amoco Production Company  
500 Jefferson Building  
P.O. Box 3092 Houston, Texas 77001  
OIL CONSERVATION COMM.  
Santa Fe

E. E. Morris  
Division Engineer

September 11, 1975

RECEIVED

SEP 15 1975

File: DRC-986.51NM-3391

O. C. C.  
ARTESIA, OFFICE

Re: Non-Standard Location Waiver  
Laguna Grande Unit (Federal) Well No. 1  
Eddy County, New Mexico

Mr. Jim Knauff  
United States Geological Survey  
210 Carper Building  
Artesia, NM 88210

Mr. W. A. Gressett ✓  
New Mexico Conservation Commission  
Drawer DD  
Artesia, NM 88210

Gentlemen:

Exxon Company, U.S.A. has made application for a permit to drill the Laguna Grande (Federal) Well No. 1 at a location in Eddy County described as: 1380' FSL and 990' FEL of Section 28, T28S, R29E.

The location will be irregular in that Rule 103BI(a) requires that a wildcat gas well projected to a formation of the Pennsylvania age or older be no closer than 1980' to the nearest end boundary and no closer than 330' to any quarter-quarter section line. The proposed well site does not meet these criteria.

As an offset operator, Amoco Production Company has no objection to this application and hereby waives notice and hearing.

Yours very truly,

cc: Exxon Company, U.S. A.  
Box 1600  
Midland, TX 79701

EHW:as

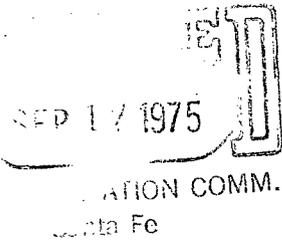


NSL-724

**Amoco Production Company**

500 Jefferson Building  
P.O. Box 3092  
Houston, Texas 77001

E. E. Morris  
Division Engineer



September 11, 1975

File: DRC-986.51NM-3391

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Laguna Grande Unit (Federal) Well No. 1  
Eddy County, New Mexico

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Gentlemen:

Exxon Company, U.S.A. has made application for a permit to drill the Laguna Grande (Federal) Well No. 1 at a location in Eddy County described as: 1380' FSL and 990' FEL of Section 28, T28S, R29E.

The location will be irregular in that Rule 103BI(a) requires that a wildcat gas well projected to a formation of the Pennsylvania age or older be no closer than 1980' to the nearest end boundary and no closer than 330' to any quarter-quarter section line. The proposed well site does not meet these criteria.

As an offset operator, Amoco Production Company has no objection to this application and hereby waives notice and hearing.

Yours very truly,

cc: Exxon Company, U.S. A.  
Box 1600  
Midland, TX 79701

EHW:as