

ABOVE THE LINE FOR DIVISION USE ONLY

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



5611

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 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.

Signature	Title	Date
E-mail Address		



**Southwestern Energy
Company**

2350 N. Sam Houston Parkway East
Suite 300
Houston, Texas 77032
(281) 618-4700 FAX: (281) 618-4818

April 2, 2007

Richard Ezeanyim
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Ezeanyim:

Pursuant to Division Rule 104.F.(2), Southwestern Energy Production Company is requesting approval for of an unorthodox oil well location for the following well:

Well: Corral Fly Federal No. 1-H
Location: 2,520' feet FNL & 1,650' feet FEL
Well Unit: SW¼NE¼ of Section 10, Township 25 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico

The well will be drilled to test the Cherry Canyon 4 formation (West Corral Canyon, Delaware Pool). The pool is spaced on 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line and for the subject well an exception to this 330' requirement is requested. A form C-102 is attached as Exhibit A.

The proposed location is based on engineering reasons. The proposed well, Corral Fly Federal #1-H, will be directionally drilled from an unorthodox surface location 2,520 feet from the North Line and 1,650 feet from the East Line of Section 10 to a bottom hole location 200 feet from the North Line and 1,860 feet from the East line.

The well plan consists of drilling a vertical pilot hole to 5,600' MD and run wireline logs to confirm the Cherry Canyon 4 target zone. The well will be plugged back and prepared to the estimated KOP (kick off point) at 4,823' MD/TVD. The hole will be directional drilled utilizing a build-rate of 12°/100' to penetrate the Cherry Canyon 4 Sand at 5,573' MD / 5,300' TVD at 90° of angle. The Cherry Canyon 4 will be intersected at 2,045' FNL and 1694' FEL of Section 10 T25S R29E. The well will continue laterally (90°) for ±2328' of vertical displacement. The proposed BHL will be 200' FNL & 1860' FEL of section 10. The top of the Delaware will be intersected at 3145' MD/TVD at 2,520' FNL and 1,650' FEL of Section 10. A drilling prognosis, directional plot, and proposed survey report are attached as Exhibit B.

Production casing will be run and cemented to TD. The Cherry Canyon 4 Sand will be selectively perforated, with all perforations being placed in accordance of a standard location of Section 10 T25S R29E (greater than 330' from any lease line).

By placing the surface location at 2,520' FNL and 1,650' FEL of Section 10, the maximum amount of reservoir rock in the Cherry Canyon 4 Sand in the producing area can be penetrated and produced.

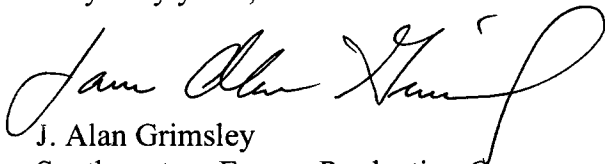
Attachment C is a list of all interest owners that will be affected with the unorthodox surface location as well as interest owners that will be affected by the Bottom hole location. Each interest owner has been provided a copy of this request via certified mail.

Furthermore, Southwestern Energy Production Company has gained 100% access to the mineral interests to the Cherry Canyon formation in the Delaware Mountain Group of Section 10 via farmout agreement with EOG (Lease Serial No. NM-15303). A land plat is attached as Exhibit D.

Your expedited approval of this unorthodox location is requested.

If you have any questions, I can be reached at 281-618-4068 or by email at alan_grimsley@swn.com.

Very truly yours,



J. Alan Grimsley
Southwestern Energy Production Co.

Attachments
CC: District 2

DISTRICT I
1625 N. FRENCH DR., HOBBES, NM 86240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 86210

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name CORRAL FLY FEDERAL	Well Number 1-H
OGRID No.	Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	Elevation 3038'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	10	25-S	29-E		2520	NORTH	1650	EAST	EDDY

Bottom Hole Location If Different From Surface

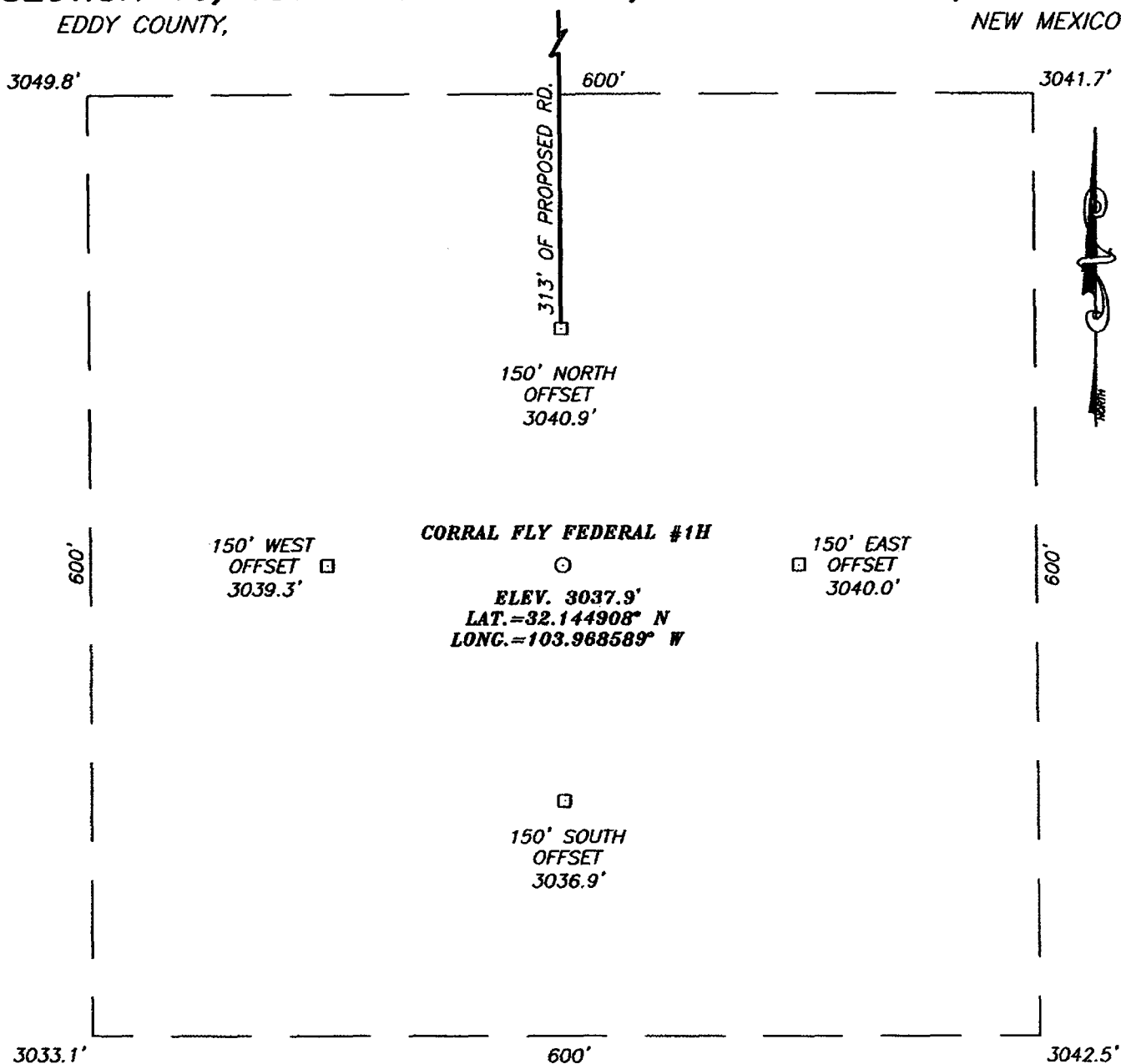
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	10	25-S	29-E		200	NORTH	1860	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

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

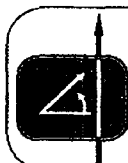
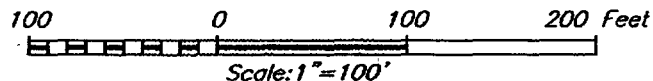
BOTTOM HOLE Y=418948.7 N X=612674.2 E GRID AZ.=354°39'43" HORZ. DIST.=2329.0' 3049.8' 3041.7' 3033.1' 3042.5' GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=416630.4 N X=612890.8 E LAT.=32.144908° N LONG.=103.968589° W	OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>James Alan Grimsley</i> 3/15/07 Signature Date JAMES ALAN GRIMSLEY Printed Name 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. JANUARY 02, 2007 Date Surveyed AR Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 02/15/07 07.11.0151 Certificate No. GARY EIDSON 12841 RONALD J. EIDSON 3239
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SECTION 10, TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND CO. RD. #725 (LONGHORN RD.), GO NORTHEAST ON CO. RD. #725 APPROX. 5.5 MILES. TURN LEFT AND GO NORTH APPROX. 4.2 MILES. VEER RIGHT AND GO NORTHEAST APPROX. 0.9 MILES TO A PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY SOUTH APPROX. 465 FEET TO THIS LOCATION.



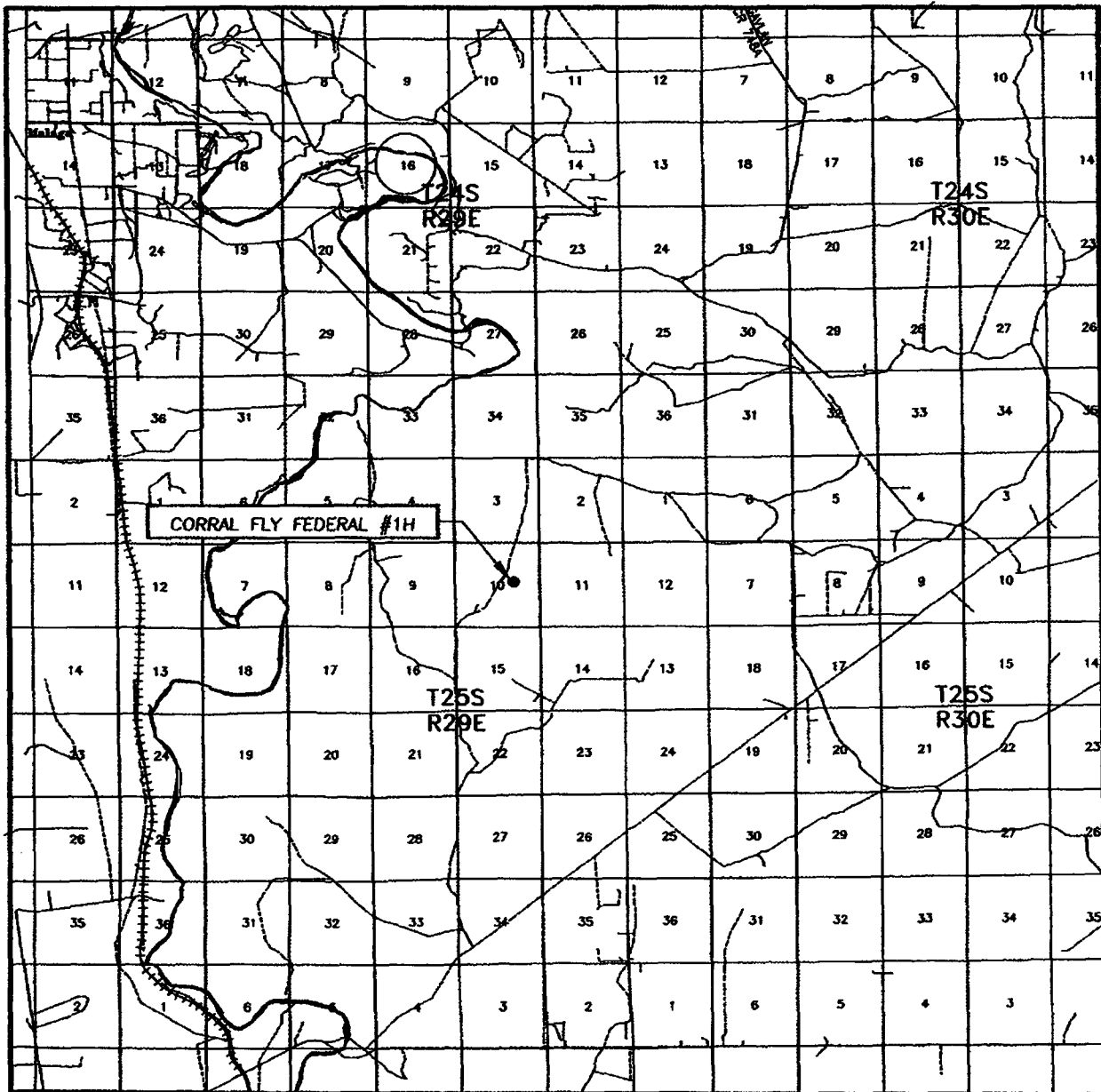
PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 333-3117

SOUTHWESTERN ENERGY PRODUCTION COMPANY

CORRAL FLY FEDERAL #1H
 LOCATED 2520 FEET FROM THE NORTH LINE
 AND 1650 FEET FROM THE EAST LINE OF SECTION 10,
 TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 02/02/07	Sheet 1 of 1 Sheets
W.O. Number: 07.11.0151	Dr By: AR
Date: 02/12/07	Disk: CD#6
07110151	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 10 TWP. 25-S RGE. 29-E

SURVEY N.M.P.M.

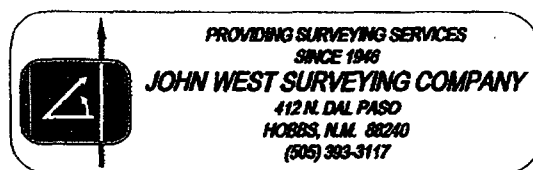
COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 2520' FNL & 1650' FEL

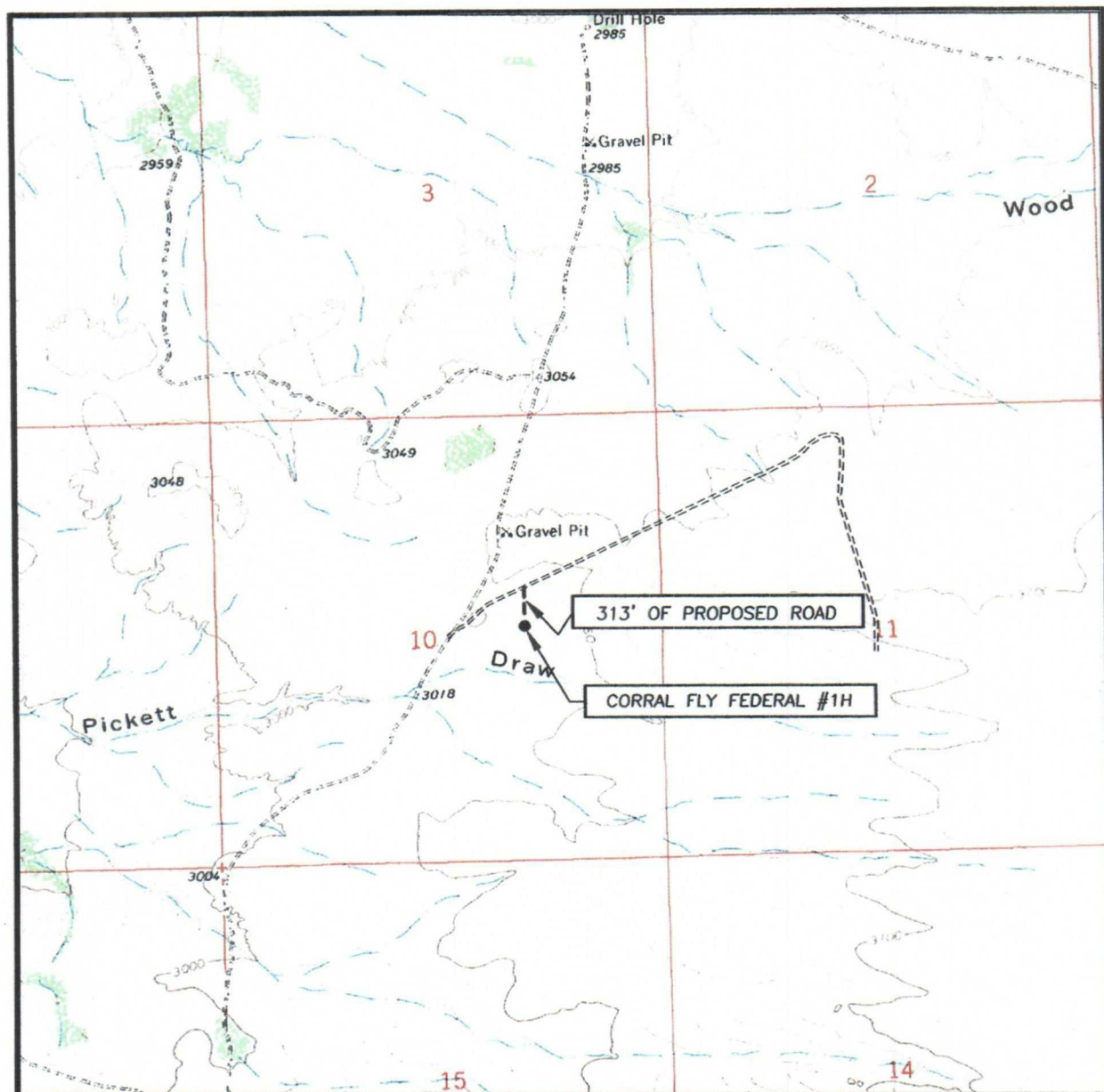
ELEVATION 3038"

OPERATOR SOUTHWESTERN ENERGY PRODUCTION COMPANY

LEASE CORRAL FLY FEDERAL



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
PIERCE CANYON, N.M. - 10'

SEC. 10 TWP. 25-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

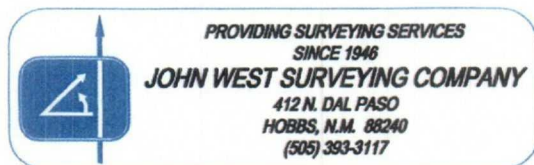
DESCRIPTION 2520' FNL & 1650' FEL

ELEVATION 3038'

OPERATOR SOUTHWESTERN ENERGY
PRODUCTION COMPANY

LEASE CORRAL FLY FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
PIERCE CANYON, N.M.

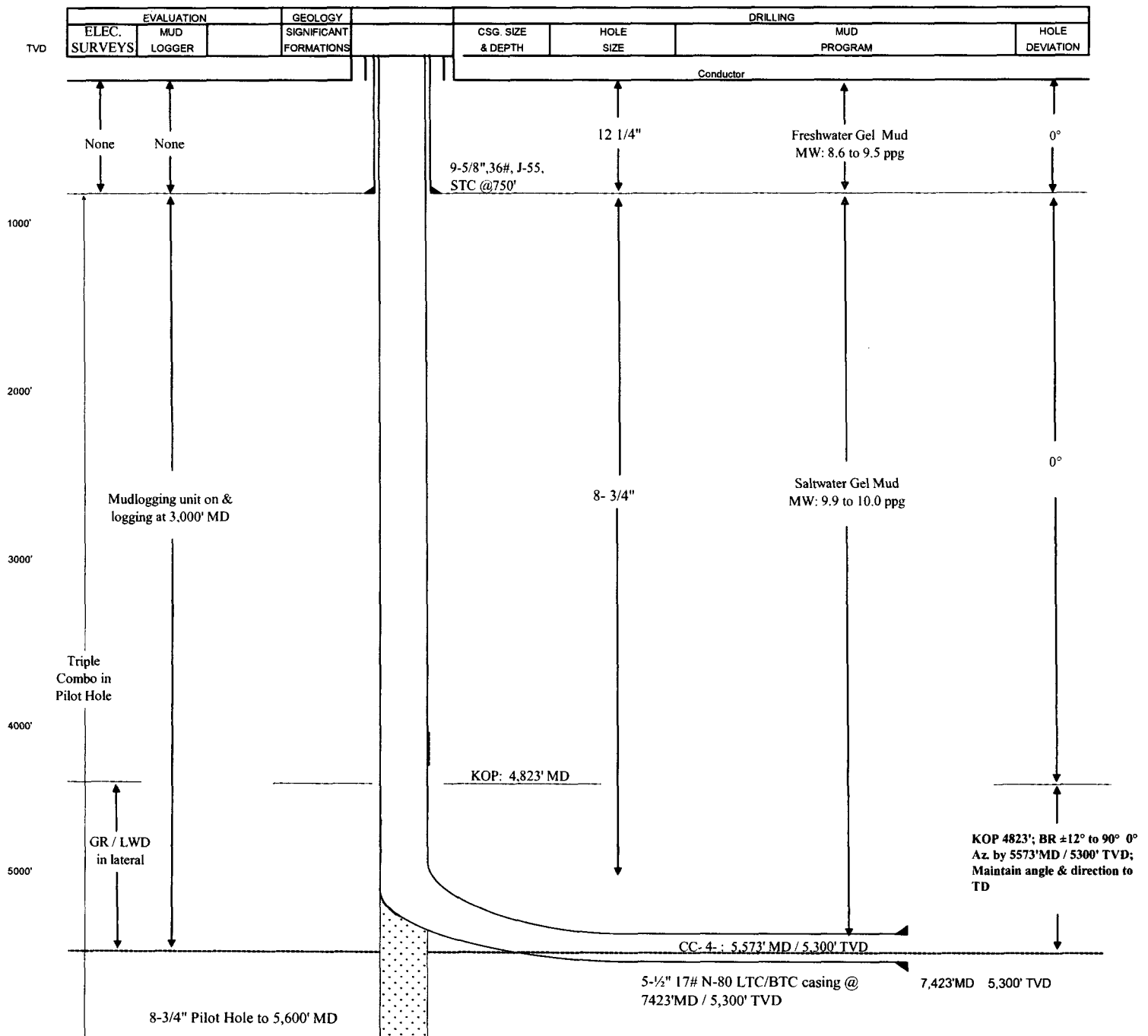




AFE NO.

PROSPECT: Corral Fly

EST. ELEVATION: GL 3038'; RKB $\pm$ 16"

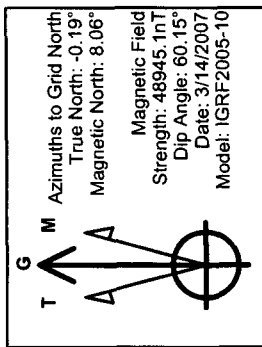
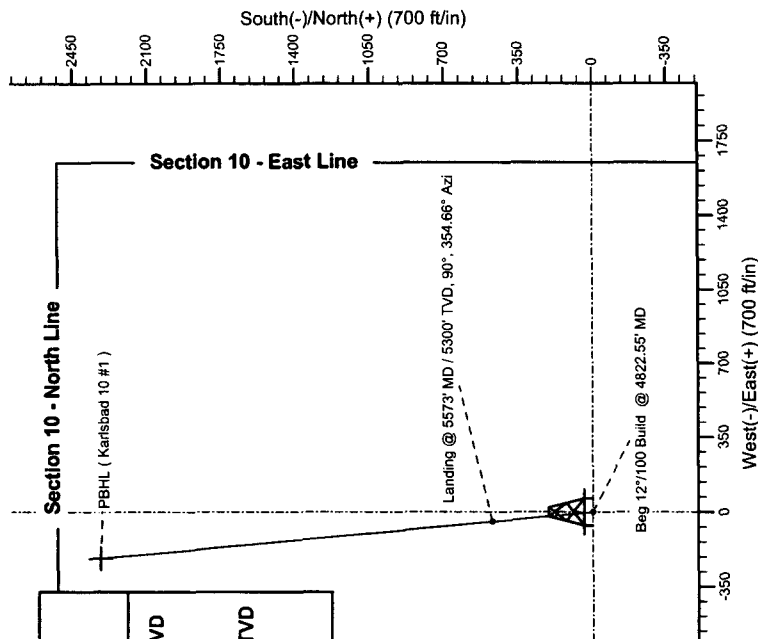
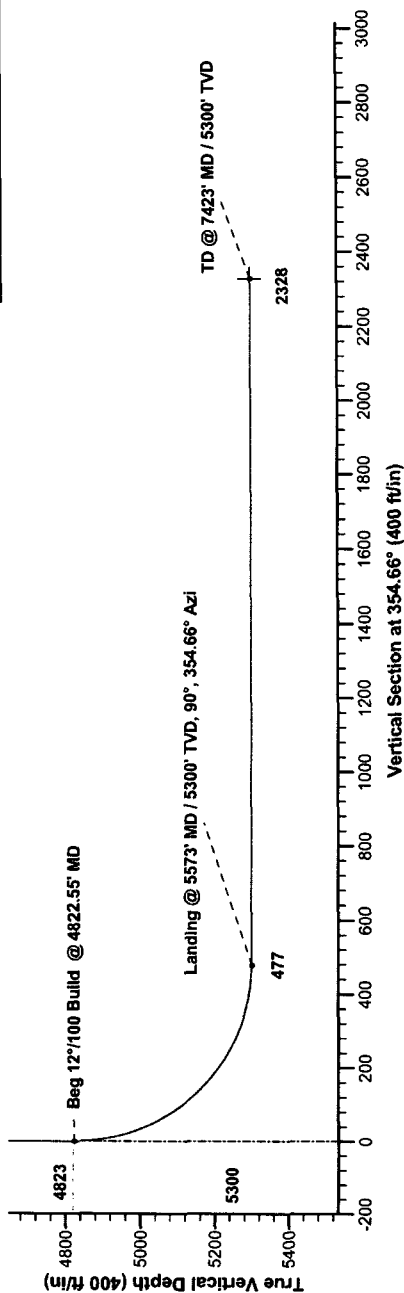




**Southwestern Energy Production Co.
Corral Fly Federal #1H
Corral Fly Section 10 - T25S R29E
Eddy County New Mexico**

TARGET LOCATIONS					
Name	TVD	+N/-S	+E/-W	Northing	Easting
PBHL (Karlsruhe 10 #1)	5300.01	2318.30	-216.60	418948.70	612674.20

Surface Location: -2520.00 FNL -1650.00 FEL y= 416630.40 x= 612890.80	Section 10 (Eddy City NM) @ 0.00 TVD -2640.00 FNL -2640.00 FEL y=416510.40 x=611900.80	PBHL (Karlsruhe 10 #1) @ 5300.01 TVD -201.70 FNL -1866.80 FEL y=418948.70 x=612674.20
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Phil Lyons 3/14/2007

SECTION DETAILS									
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec
1	0.00	0.00	354.66	0.00	0.00	0.00	0.00	0.00	0.00
2	4822.55	0.00	354.66	4822.55	0.00	0.00	0.00	0.00	0.00
3	5572.55	90.00	354.66	5300.01	475.39	-44.42	12.00	354.66	477.46
4	7423.48	90.00	354.66	5300.01	2318.30	-216.60	0.00	0.00	2328.40

Southwestern Energy Production Co.

**Eddy County New Mexico
Corral Fly Section 10 - T25S R29E
Corral Fly Federal #1H
Wellbore #1**

Plan: Plan 2

Standard Planning Report

14 March, 2007

Crescent Directional Drilling

Planning Report

Database:	COMPASS_2003.11_CDDSVR	Local Co-ordinate Reference:	Well Corral Fly Federal #1H
Company:	Southwestern Energy Production Co.	TVD Reference:	ESTIMATED RKB @ 6325.00ft (RIG NOT SPECIFIED)
Project:	Eddy County New Mexico	MD Reference:	ESTIMATED RKB @ 6325.00ft (RIG NOT SPECIFIED)
Site:	Corral Fly Section 10 - T25S R29E	North Reference:	Grid
Well:	Corral Fly Federal #1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan 2		

Project	Eddy County New Mexico		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site	Corral Fly Section 10 - T25S R29E		
Site Position:		Northing:	416,630.40 ft
From:	Map	Easting:	612,890.80 ft
Position Uncertainty:	0.00 ft	Slot Radius:	in
		Latitude:	32° 08' 41.661" N
		Longitude:	103° 58' 06.936" W
		Grid Convergence:	0.19 °

Well	Corral Fly Federal #1H		
Well Position	+N/-S	0.00 ft	Northing: 416,630.40 ft
	+E/-W	0.00 ft	Easting: 612,890.80 ft
Position Uncertainty	0.00 ft	Wellhead Elevation:	ft
		Latitude:	32° 08' 41.661" N
		Longitude:	103° 58' 06.936" W
		Ground Level:	6,300.00 ft

Wellbore	Wellbore #1				
Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2005-10	3/14/2007	8.25	60.15	48,945

Design	Plan 2			
Audit Notes:				
Version:	Phase:	PROTOTYPE	Tie On Depth:	0.00
Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.00	0.00	0.00	354.66

Plan Sections										
Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.00	0.00	354.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4,822.55	0.00	354.66	4,822.55	0.00	0.00	0.00	0.00	0.00	0.00	
5,572.55	90.00	354.66	5,300.01	475.39	-44.42	12.00	12.00	0.00	354.66	
7,423.48	90.00	354.66	5,300.01	2,318.30	-216.60	0.00	0.00	0.00	0.00	PBHL (Karlsbad 10 #

Crescent Directional Drilling

Planning Report

Database:	COMPASS_2003.11_CDDSVR	Local Co-ordinate Reference:	Well Corral Fly Federal #1H
Company:	Southwestern Energy Production Co.	TVD Reference:	ESTIMATED RKB @ 6325.00ft (RIG NOT SPECIFIED)
Project:	Eddy County New Mexico	MD Reference:	ESTIMATED RKB @ 6325.00ft (RIG NOT SPECIFIED)
Site:	Corral Fly Section 10 - T25S R29E	North Reference:	Grid
Well:	Corral Fly Federal #1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan 2		

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0.00	0.00	354.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.00	354.66	100.00	0.00	0.00	0.00	0.00	0.00	0.00
200.00	0.00	354.66	200.00	0.00	0.00	0.00	0.00	0.00	0.00
300.00	0.00	354.66	300.00	0.00	0.00	0.00	0.00	0.00	0.00
400.00	0.00	354.66	400.00	0.00	0.00	0.00	0.00	0.00	0.00
500.00	0.00	354.66	500.00	0.00	0.00	0.00	0.00	0.00	0.00
600.00	0.00	354.66	600.00	0.00	0.00	0.00	0.00	0.00	0.00
700.00	0.00	354.66	700.00	0.00	0.00	0.00	0.00	0.00	0.00
800.00	0.00	354.66	800.00	0.00	0.00	0.00	0.00	0.00	0.00
900.00	0.00	354.66	900.00	0.00	0.00	0.00	0.00	0.00	0.00
1,000.00	0.00	354.66	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00
1,100.00	0.00	354.66	1,100.00	0.00	0.00	0.00	0.00	0.00	0.00
1,200.00	0.00	354.66	1,200.00	0.00	0.00	0.00	0.00	0.00	0.00
1,300.00	0.00	354.66	1,300.00	0.00	0.00	0.00	0.00	0.00	0.00
1,400.00	0.00	354.66	1,400.00	0.00	0.00	0.00	0.00	0.00	0.00
1,500.00	0.00	354.66	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00
1,600.00	0.00	354.66	1,600.00	0.00	0.00	0.00	0.00	0.00	0.00
1,700.00	0.00	354.66	1,700.00	0.00	0.00	0.00	0.00	0.00	0.00
1,800.00	0.00	354.66	1,800.00	0.00	0.00	0.00	0.00	0.00	0.00
1,900.00	0.00	354.66	1,900.00	0.00	0.00	0.00	0.00	0.00	0.00
2,000.00	0.00	354.66	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00
2,100.00	0.00	354.66	2,100.00	0.00	0.00	0.00	0.00	0.00	0.00
2,200.00	0.00	354.66	2,200.00	0.00	0.00	0.00	0.00	0.00	0.00
2,300.00	0.00	354.66	2,300.00	0.00	0.00	0.00	0.00	0.00	0.00
2,400.00	0.00	354.66	2,400.00	0.00	0.00	0.00	0.00	0.00	0.00
2,500.00	0.00	354.66	2,500.00	0.00	0.00	0.00	0.00	0.00	0.00
2,600.00	0.00	354.66	2,600.00	0.00	0.00	0.00	0.00	0.00	0.00
2,700.00	0.00	354.66	2,700.00	0.00	0.00	0.00	0.00	0.00	0.00
2,800.00	0.00	354.66	2,800.00	0.00	0.00	0.00	0.00	0.00	0.00
2,900.00	0.00	354.66	2,900.00	0.00	0.00	0.00	0.00	0.00	0.00
3,000.00	0.00	354.66	3,000.00	0.00	0.00	0.00	0.00	0.00	0.00
3,100.00	0.00	354.66	3,100.00	0.00	0.00	0.00	0.00	0.00	0.00
3,200.00	0.00	354.66	3,200.00	0.00	0.00	0.00	0.00	0.00	0.00
3,300.00	0.00	354.66	3,300.00	0.00	0.00	0.00	0.00	0.00	0.00
3,400.00	0.00	354.66	3,400.00	0.00	0.00	0.00	0.00	0.00	0.00
3,500.00	0.00	354.66	3,500.00	0.00	0.00	0.00	0.00	0.00	0.00
3,600.00	0.00	354.66	3,600.00	0.00	0.00	0.00	0.00	0.00	0.00
3,700.00	0.00	354.66	3,700.00	0.00	0.00	0.00	0.00	0.00	0.00
3,800.00	0.00	354.66	3,800.00	0.00	0.00	0.00	0.00	0.00	0.00
3,900.00	0.00	354.66	3,900.00	0.00	0.00	0.00	0.00	0.00	0.00
4,000.00	0.00	354.66	4,000.00	0.00	0.00	0.00	0.00	0.00	0.00
4,100.00	0.00	354.66	4,100.00	0.00	0.00	0.00	0.00	0.00	0.00
4,200.00	0.00	354.66	4,200.00	0.00	0.00	0.00	0.00	0.00	0.00
4,300.00	0.00	354.66	4,300.00	0.00	0.00	0.00	0.00	0.00	0.00
4,400.00	0.00	354.66	4,400.00	0.00	0.00	0.00	0.00	0.00	0.00
4,500.00	0.00	354.66	4,500.00	0.00	0.00	0.00	0.00	0.00	0.00
4,600.00	0.00	354.66	4,600.00	0.00	0.00	0.00	0.00	0.00	0.00
4,700.00	0.00	354.66	4,700.00	0.00	0.00	0.00	0.00	0.00	0.00
4,800.00	0.00	354.66	4,800.00	0.00	0.00	0.00	0.00	0.00	0.00
4,822.55	0.00	354.66	4,822.55	0.00	0.00	0.00	0.00	0.00	0.00
Beg 12°/100 Build @ 4822.55° MD									
4,900.00	9.29	354.66	4,899.66	6.24	-0.58	6.27	12.00	12.00	0.00

Crescent Directional Drilling

Planning Report

Database:	COMPASS_2003.11_CDDSVR	Local Co-ordinate Reference:	Well Corral Fly Federal #1H
Company:	Southwestern Energy Production Co.	TVD Reference:	ESTIMATED RKB @ 6325.00ft (RIG NOT SPECIFIED)
Project:	Eddy County New Mexico	MD Reference:	ESTIMATED RKB @ 6325.00ft (RIG NOT SPECIFIED)
Site:	Corral Fly Section 10 - T2S5 R29E	North Reference:	Grid
Well:	Corral Fly Federal #1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Plan 2		

5,000.00	21.29	354.66	4,995.94	32.46	-3.03	32.60	12.00	12.00	0.00
5,100.00	33.29	354.66	5,084.65	78.03	-7.29	78.37	12.00	12.00	0.00
5,200.00	45.29	354.66	5,161.90	140.97	-13.17	141.59	12.00	12.00	0.00
5,300.00	57.29	354.66	5,224.31	218.53	-20.42	219.48	12.00	12.00	0.00
5,400.00	69.29	354.66	5,269.17	307.31	-28.71	308.65	12.00	12.00	0.00
5,500.00	81.29	354.66	5,294.51	403.44	-37.69	405.20	12.00	12.00	0.00
5,572.55	90.00	354.66	5,300.01	475.39	-44.42	477.46	12.00	12.00	0.00
Landing @ 5573' MD / 5300' TVD, 90°, 354.66° Azi									
5,600.00	90.00	354.66	5,300.01	502.73	-46.97	504.92	0.00	0.00	0.00
5,700.00	90.00	354.66	5,300.01	602.30	-56.27	604.92	0.00	0.00	0.00
5,800.00	90.00	354.66	5,300.01	701.86	-65.58	704.92	0.00	0.00	0.00
5,900.00	90.00	354.66	5,300.01	801.43	-74.88	804.92	0.00	0.00	0.00
6,000.00	90.00	354.66	5,300.01	901.00	-84.18	904.92	0.00	0.00	0.00
6,100.00	90.00	354.66	5,300.01	1,000.56	-93.48	1,004.92	0.00	0.00	0.00
6,200.00	90.00	354.66	5,300.01	1,100.13	-102.79	1,104.92	0.00	0.00	0.00
6,300.00	90.00	354.66	5,300.01	1,199.69	-112.09	1,204.92	0.00	0.00	0.00
6,400.00	90.00	354.66	5,300.01	1,299.26	-121.39	1,304.92	0.00	0.00	0.00
6,500.00	90.00	354.66	5,300.01	1,398.83	-130.69	1,404.92	0.00	0.00	0.00
6,600.00	90.00	354.66	5,300.01	1,498.39	-140.00	1,504.92	0.00	0.00	0.00
6,700.00	90.00	354.66	5,300.01	1,597.96	-149.30	1,604.92	0.00	0.00	0.00
6,800.00	90.00	354.66	5,300.01	1,697.53	-158.60	1,704.92	0.00	0.00	0.00
6,900.00	90.00	354.66	5,300.01	1,797.09	-167.90	1,804.92	0.00	0.00	0.00
7,000.00	90.00	354.66	5,300.01	1,896.66	-177.21	1,904.92	0.00	0.00	0.00
7,100.00	90.00	354.66	5,300.01	1,996.23	-186.51	2,004.92	0.00	0.00	0.00
7,200.00	90.00	354.66	5,300.01	2,095.79	-195.81	2,104.92	0.00	0.00	0.00
7,300.00	90.00	354.66	5,300.01	2,195.36	-205.11	2,204.92	0.00	0.00	0.00
7,400.00	90.00	354.66	5,300.01	2,294.92	-214.42	2,304.92	0.00	0.00	0.00
7,423.48	90.00	354.66	5,300.01	2,318.30	-216.60	2,328.40	0.00	0.00	0.00
TD @ 7423' MD / 5300' TVD									

Targets

Target Name

- hit/miss target	Dip Angle	Dip Dir.	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
- Shape	(°)	(°)	(ft)	ft	ft	(ft)	(ft)		
Section 10 (Eddy City)	0.00	0.00	0.00	-120.00	-990.00	416,510.40	611,900.80	32° 08' 40.506" N	103° 58' 18.456" W
- plan misses by 997.25ft at 0.00ft MD (0.00 TVD, 0.00 N, 0.00 E)									
- Rectangle (sides W5,280.01 H5,280.01 D0.00)									
PBHL (Karlsbad 10 #1	0.00	0.00	5,300.01	2,318.30	-216.60	418,948.70	612,674.20	32° 09' 04.611" N	103° 58' 09.365" W
- plan misses by 1850.94ft at 5572.54ft MD (5300.01 TVD, 475.39 N, -44.42 E)									
- Point									

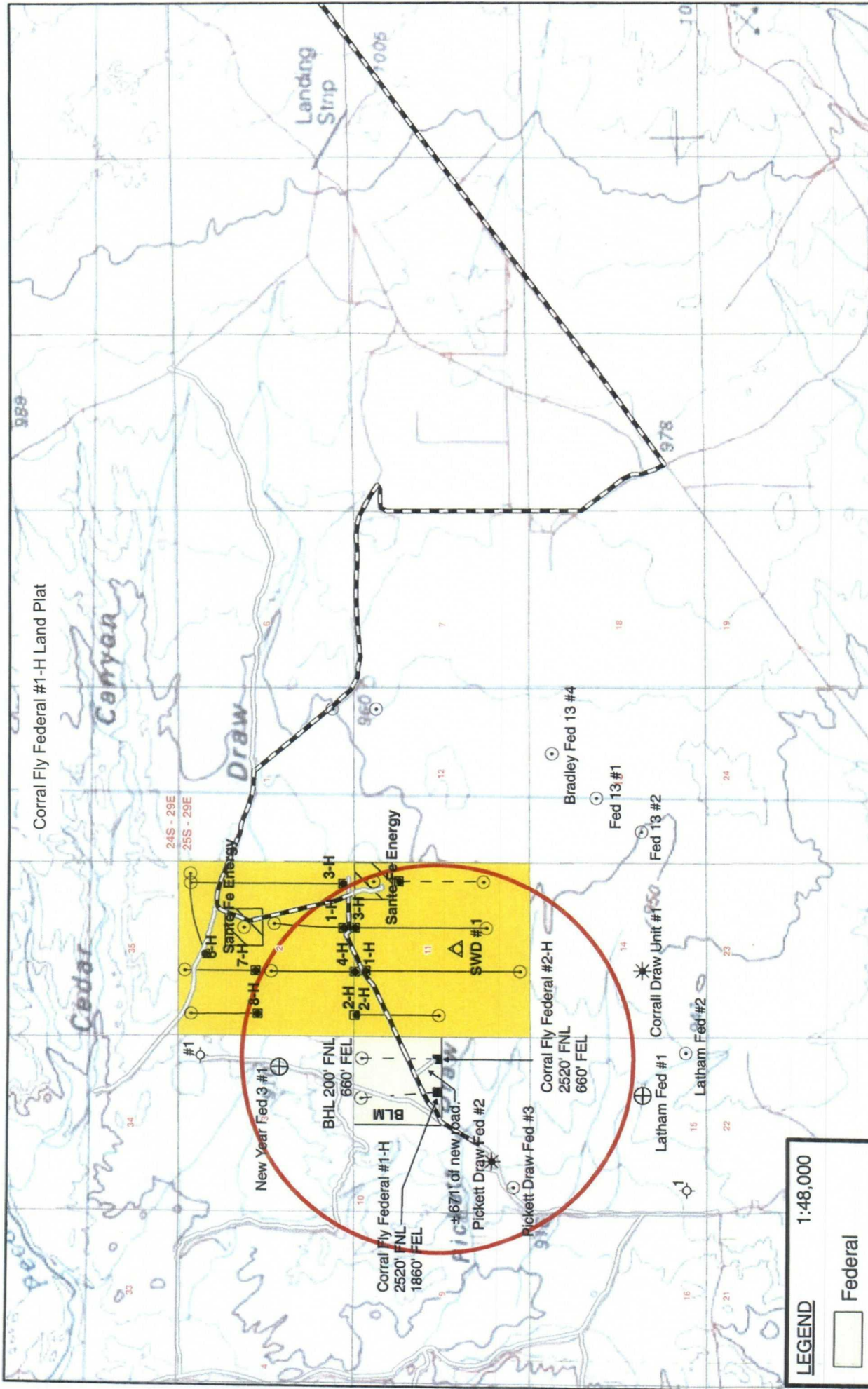
Plan Annotations

Measured Depth	Vertical Depth	Local Coordinates		Comment
(ft)	(ft)	+N/-S (ft)	+E/-W (ft)	
4,822.55	4,822.55	0.00	0.00	Beg 12"/100 Build @ 4822.55' MD
5,572.55	5,300.01	475.39	-44.42	Landing @ 5573' MD / 5300' TVD, 90°, 354.66° Azi
7,423.48	5,300.01	2,318.30	-216.60	TD @ 7423' MD / 5300' TVD

Attachment C
Corral Fly Federal #1-H
Offset Leasehold Notification List

Pogo Producing Company P.O. Box 2504 Houston, Texas 77252	Receipt # 7006 2150 0002 1398 0602
Bettis Brothers, Inc. 500 W. Wall, Suite 312 Midland, Texas 79701	Receipt # 7006 2150 0002 1398 0619
Sonic Oil & Gas, LP P.O. Box 1240 Graham, Texas 76450	Receipt # 7006 2150 0002 1398 0299
Norman D. Stovall, Jr. P.O. Box 10 Graham, Texas 76046	Receipt # 7006 2150 0002 1398 0305
H. M. Bettis, Inc. P.O. Box 1240 Graham, Texas 76046	Receipt # 7006 2150 0002 1398 0312
James R. Quinn 210 E. Abram, Suite 650 Arlington, Texas 76010	Receipt # 7006 2150 0002 1398 0329
The Allar Company P.O. Box 630 Graham, Texas 76046	Receipt # 7006 2150 0002 1398 0336
Eleven Sands Exploration, Inc. RR 8 Box 104 Guthrie, Texas 73044	Receipt # 7006 2150 0002 1398 0343
B.A.G.A.M., Ltd. P.O. Box 37 Graham, Texas 76046	Receipt # 7006 2150 0002 1398 0350
L. E. Opperman 1505 Neely Midland, Texas 79705	Receipt # 7006 3450 0000 6005 7209
XTO Energy, Inc. 810 Houston Street Fort Worth, Texas 76102	Receipt # 7006 3450 0000 6005 7216

Corral Fly Federal #1-H Land Plat



LEGEND 1:48,000

- Federal
- State
- Surface Location
- Bottom Hole Location
- Existing Lease Rd



**SOUTHWESTERN
ENERGY COMPANY**

Corral Fly Federal #1-H

Interp. By:	Date: 02-16-2007
Drafted By: Mike Bailey	Project Path: Z:\GIS\Alan_Grimsley
Projection: New Mexico East - Nad 27	
Scale: 1" = 4,000'	

Catanach, David, EMNRD

From: Alan Grimsley [Alan_Grimsley@SWN.COM]
Sent: Tuesday, April 17, 2007 9:48 AM
To: Catanach, David, EMNRD
Cc: Martha Howard
Subject: RE: Corral Fly Federal No. 1-H

David,

The reason the well is planned to TD at 200' FNL has both operational and reservoir considerations. The additional 130' is only rat-hole to allow the shoe joints and float equipment ($\pm 88'$) to be placed in a non-produced area. We attempt to place our deepest perforation approximately 30' above the float collar. This allows us not to have to drill out cement and float equipment in the shoe track which reduces the risk in completion operations and allows us to complete the maximum amount of lateral. Of course, all perforations are placed in accordance of a standard location which is 330' from any lease line.

Interest Owners in Offsetting Acreage:

Section 3: 640 acres

XTO Energy -- 100% of Section 3

Section 10: S/2 320 acres

Pogo Producing: 50%
Bettis Brothers: 2.3684202%
Sonic Oil & Gas, LP: 5.9210528%
Norman D. Stovall, Jr: 4.7368422%
H.M. Bettis, Inc.: 5.9210528%
James R. Quinn: 0.9473684%
The Allar Company: 20.368421%
Eleven Sand Exploration: 2.3684211%
B.A.G.A.M.: 7.1052633%
L.E. Opperman: 0.2631578%

I hope these answer your question. Please let me know if there is anything else you need me to provide.

Regards,
Alan

Alan Grimsley
Drilling Engineer
Permian Basin/Gulf Coast Team
Office: (281) 618-4068
Fax: (281) 618-4758
Mobile: (713) 492-1657
email: alan_grimsley@swn.com

4/23/2007

From: Catanach, David, EMNRD [mailto:david.catanach@state.nm.us]
Sent: Monday, April 16, 2007 11:20 AM
To: Alan Grimsley
Subject: Corral Fly Federal No. 1-H

Alan,

I currently reviewing your application to drill the horizontal Corral Fly Federal No. 1-H. I have a couple of questions. Can you tell me why it is necessary to terminate the well at an unorthodox well location. I understand you want to maximize the horizontal displacement of the well, however, it seems to me that the well can be terminated at 330 feet from the North line, instead of 200 feet from the North line. Please explain.

Also, please let me know what acreage was involved in your notification, (i.e. the SE/4 of Section 3, SE/4 of Section 10, etc.) and what the interest ownership is in the affected offset acreage.

Thanks,

David Catanach
Engineer

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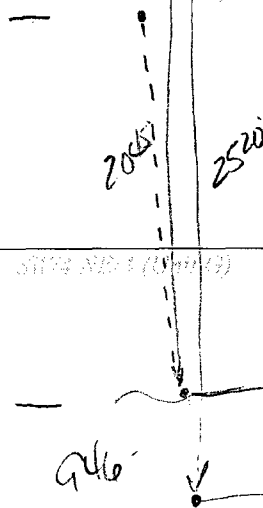
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4/23/2007

Section _____ Township _____ Range _____

NW 1/4 NE 1/4 (Unit D)	NE 1/4 NW 1/4 (Unit C)	NW 1/4 SE 1/4 (Unit B)	NE 1/4 NE 1/4 (Unit A)
SW 1/4 NW 1/4 (Unit E)	SE 1/4 NW 1/4 (Unit F)	SW 1/4 SE 1/4 (Unit G)	SE 1/4 NE 1/4 (Unit H)
NW 1/4 SW 1/4 (Unit I)	NE 1/4 SW 1/4 (Unit J)	NW 1/4 SW 1/4 (Unit K)	NE 1/4 SW 1/4 (Unit L)
SW 1/4 SW 1/4 (Unit M)	SE 1/4 SW 1/4 (Unit N)	NW 1/4 SW 1/4 (Unit O)	SE 1/4 SW 1/4 (Unit P)



746.

County Eddy Pool West Corral Canyon Delaware

TOWNSHIP 25 South RANGE 29 East NMDM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: ^{SW} 1/4 Sec. 14 (R-72419, 12-21-83)

Ext: ^{SE} 1/4 Sec. 15 (R-7285, 1-12-85) Ext: ^{SW} 1/4 Sec. 10, ^W 1/2 Sec. 15 (R-9668, 5-6-93)

Ext: ^{SW} 1/4 Sec. 13, ^{SW} 1/4 Sec. 14 (R-1096, 2-5-95) Ext: ^{NE} 1/4 Sec. 13 (R-11262, 2-22-02)