

*Release Immediately
when in.*

By DCC



April 24, 1986

*NSL-2263
RULE-104(I)*

Mr. Ernie Bush
Aztec District Office
Energy & Minerals Department
Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

*Wildcat Gulch
40 Acres dec
Ded - NW 1/4 NE 1/4 Sect 16*

RE: Non-Standard Location For Topographic Reasons:
Gila #2 Hogan State, Sec. 16, T18N, R12W, McKinley County, NM

Dear Ernie: *699 FNL & 1568 FEL Section 16,*

Per our telephone conversation this day, I submit the enclosed documentation of our request for a non-standard location for topographic reasons for the referenced well:

1. A portion of U.S.G.S. Topographic Quadrangle, Becenti Lake, showing the well location, marked Exhibit "A".
2. A reproduction of an aerial photograph (scale 1 : 24,000) showing the drainage for which the location was moved, marked Exhibit "B".
3. Copies of NMOCD C-101 and 102, approved by your office, marked Exhibits "C" and "D".
4. Copy of letter from Petroleum Development Corporation, offsetting operator, stating no objection to the non-standard location, marked Exhibit "E".

When operations commenced to prepare a location at the intended location (700 FNL, 1650 FEL), the ground was found to be marshy as the intended drill-site fell at the low point of a shallow wash, clearly visible in Exhibit "B". It was therefore decided to move the location due East 82' (uphill) to a geologically acceptable location, but where the disturbance of a natural watercourse and the resultant construction costs would be avoided.

Thank you for your favorable consideration of our request. If you require any further information, please call me.

Yours sincerely,

Jacek J. Gawron

Copy to: Mr. David Catanach



GILA EXPLORATION INC.
HOGAN STATE #2
699 FNL 1568 FEL
S.16 T.18N. R.12W.

EXHIBIT "B"
NON STANDARD LOCATION

DRAINAGE
FOR WHICH
LOCATION WAS
MOVED



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-101
Revised 10-1-73

5A. Indicate Type of Lease
STATE XX FEE ☐
1. State Oil & Gas Lease No.
LG-3702-1

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Well: DRILL ☒ DEEPEN ☐ PLUG BACK ☐
Type of Well: DRILL
Well No.: 81 Well ☐ Single ☒ Multiple ☐
Name of Operator: Gila Exploration, Inc.

7. Unit Agreement Name
8. Form of Lease Name
Hogan State
9. Well No.
2

Address of Operator:
839 Paseo de Peralta, Suite J, Santa Fe, N.M.

10. Field and Pool or Block
Wildcat Gallup

Section of Well: UNIT LETTER B LOCATED 1650 FEET FROM THE East LINE
1650 FEET FROM THE North LINE OF SEC. 16 TWP. 18N RGP. 12W

11. County
McKinley

19. Proposed Depth
1160'
19A. Formation
Gallup
19B. Rotary or C.R.
Rotary

21A. Kind & Status Plug Bond
6436 6436' G.L.
21B. Drilling Contractor
Chesney Drilling
22. Approx. Date Work will start
As soon as possible

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	9 5/8"	29.30#	80'	30	surface
8 3/4"	6 5/8"	17.00#	1150'	350	surface

Will drill with fresh water mud to $\pm 80'$ and set surface pipe and cement to surface.
Will drill 8 3/4" hole to $\pm 1160'$ to test Gallup.
If nonproducing well, will plug according to NMOCD regulations.
Adequate B.O.P. equipment will be installed after setting surface casing.

APPROVAL EXPIRES 10-9-86
UNLESS DRILLING IS COMMENCED.
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

RECEIVED
MAR 27 1986
OIL CON. DIV.
DIST. 3

SOLE SPACE DESCRIBE PROPOSED PROGRAM IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCE.

FOR CEMENT, SEE THE INFORMATION SPONSOR'S TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

M. Gu Title Engineer Date 3-25-86

Ernie Burch Title GEOLOGIST DISTRICT #3 Date 4-9-86

DATE OF APPROVAL: APR 09 1986

EXHIBIT "C"
NON STANDARD LOCATION

OIL CONSERVATION DIVISION

P. O. BOX 2088

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-79

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

Operator Gila Exploration, Inc.		Lease Hogan State		Well No. 2	
Unit Letter 8	Section 16	Township 18N	Range 12W	County McKinley	
Actual Footage Location of Well: 699 feet from the north line and 1568 feet from the east line					
Ground Level Elev. 5435	Producing Formation Gallup		Pool Wildcat	Dedicated Acreage: 40 Acres	

1 Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

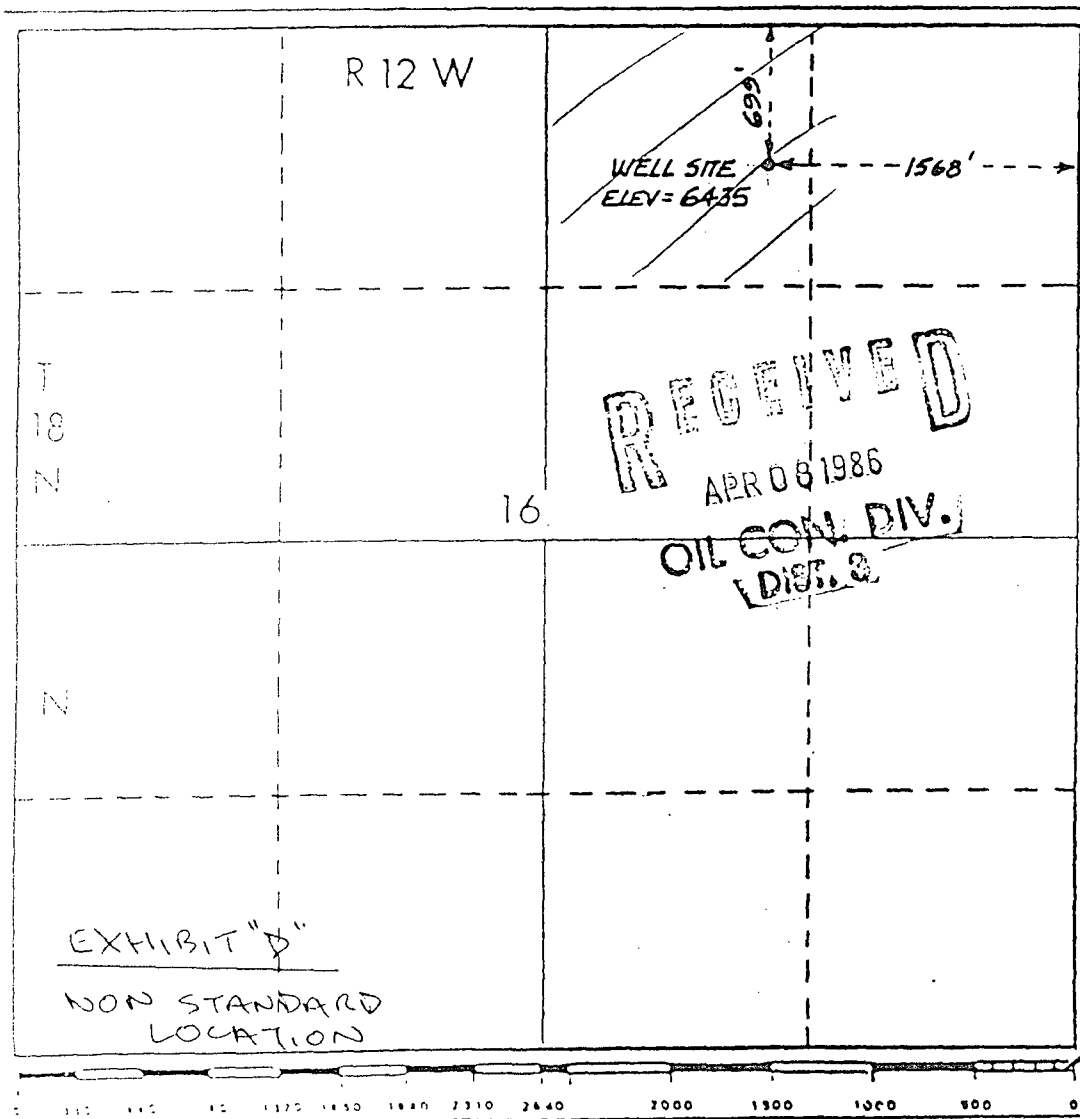
2 If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

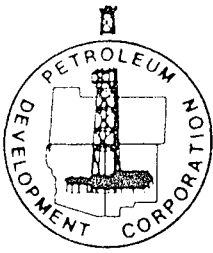
3 If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation N/A

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 Division

	CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Name <u>Jacek J. Gawron</u> Position <u>Vice-President</u> Company <u>Gila Exploration, Inc.</u> Date <u>4-1-86</u> 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 <u>3/28/86</u> Registered Professional Engineer and/or Land Surveyor <u>[Signature]</u> Certificate No. <u>#7014 N.M.P.L.S.</u>
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PETROLEUM DEVELOPMENT CORPORATION

9720-B CANDELARIA, NE
ALBUQUERQUE, NEW MEXICO 87112
TELEPHONE (505) 293-4044


April 4, 1986

State of New Mexico
Oil Conservation Division
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Petroleum Development Corporation (Pedco) is the principal owner of state lease #3702-1. Pedco has no objection to the drilling of the Hogan State #2 located 699' FNL, 1568' FEL, Section 16, T18N, R12W, McKinley County, New Mexico, drilled by Gila Exploration, Inc.

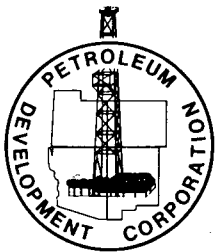
Sincerely,


J.E. Johnson
President

JCJ:kc

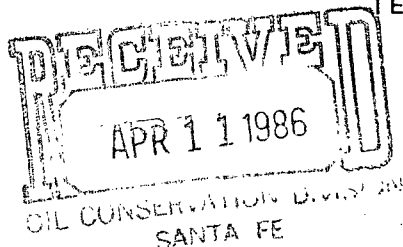
EXHIBIT "E"

NON STANDARD LOCATION



PETROLEUM DEVELOPMENT CORPORATION

9720-B CANDELARIA, NE
ALBUQUERQUE, NEW MEXICO 87112
TELEPHONE (505) 293-4044




April 4, 1986

State of New Mexico
Oil Conservation Division
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87501

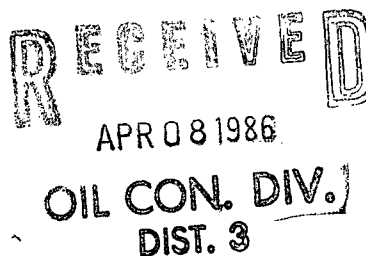
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Sincerely,


J.C. Johnson
President

JCJ:kc





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION

BOX 2088

SANTA FE, NEW MEXICO 87501

DATE

4-28-86

OIL CONSERVATION DIVISION
SANTA FE

RE: Proposed MC

Proposed DHC

Proposed NSL ☒

Proposed SWD

Proposed WFX

Proposed PMX

Gentlemen:

I have examined the application dated 4-28-86

for the Gila Exploration Hogan State #2 B-16-18N-12W
Operator Lease and Well No. Unit, B-16-18N-12W

and my recommendations are as follows:

Approve if and when they plug back the
Hogan State #1

Yours truly,

Jim Busch