

SIETE OIL & GAS CORPORATION

Petroleum Building Suite 200
P.O. Box 2523 Roswell, New Mexico 88202
Telephone (505) 622-2202

May 12, 1989

*No Well File
on record.*

STATE OF NEW MEXICO
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

ATTENTION: Mike Stogner, Supervisor of Unthodox Locations

RE: WICHITA STATE #1
1514' FSL & 1068' FWL
Section 16: T23S, R25E
Eddy County, New Mexico
Lease No. LG-2987

*Received
5/15/89*

Dear Mike,

Due to topography, Siete Oil and Gas Corporation respectfully requests permission to drill on a non-standard location on the above captioned well. Siete wished the have this approved administratively. Enclosed are two waivers from offset operators and a copy of the letter sent to the South offset operator. As soon as we receive their letter, I will mail it to you.

Thank you for your cooperation. If you have any questions concerning this matter, please do not hesitate to call me @ (505)622-2202.

Sincerely yours,

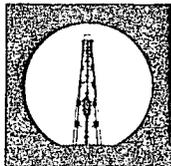
SIETE OIL AND GAS CORPORATION

BY Cathy Batley
Cathy D. Batley
Drilling and Production Dept.

cc:file

*Deming
(320)
5/2*

Received



SIETE OIL & GAS CORPORATION

Petroleum Building Suite 200
P. O. Box 2523 Roswell, New Mexico 88202
Telephone (505) 622-2202

April 7, 1989

Santa Fe Energy
500 West Illinois, 5th Floor
Midland, Texas 79701

Attention: Pat Tower, Senior Landman

RE: Wichita State No. 1
1514' FSL & 1068' FWL
Section 16: T23S, R25E
Eddy County, New Mexico
Lease No. LG-2987

Dear Mr. Tower,

Due to topography, Siete Oil and Gas Corporation respectfully requests permission to drill on a non-standard location on the above captioned well. With your clearance, we plan to commence drilling operations as soon as possible.

Your prompt response on this matter would be greatly appreciated.

Sincerely yours,

SIETE OIL AND GAS CORPORATION

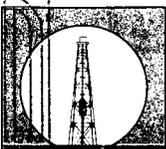
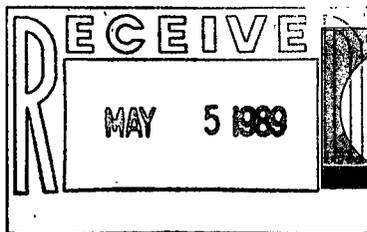
BY

Pat Tower
Senior Landman

BY

Cathy Batley
Cathy Batley
Drilling & Production Secretary

cc:OCD, file



SIETE OIL & GAS CORPORATION

Petroleum Building Suite 200
P.O. Box 2523 Roswell, New Mexico 88202
Telephone (505) 622-2202

COMPLIANCE	
<input type="checkbox"/> MWA	<input type="checkbox"/> TST
<input type="checkbox"/> WDB	<input type="checkbox"/>
<input type="checkbox"/> LLC	<input type="checkbox"/>
<input checked="" type="checkbox"/> WTD	<input type="checkbox"/> Handle
<input type="checkbox"/> JSM	<input type="checkbox"/> FYI
<input type="checkbox"/> JPP	<input type="checkbox"/> Let's Disc.
<input type="checkbox"/> RAS	<input type="checkbox"/> File
<input type="checkbox"/> SDW	<input type="checkbox"/> Prep. Reply
<input type="checkbox"/> KDW	<input type="checkbox"/>
APR 10 '89	

April 7, 1989

Exxon, U.S.A.
P.O. Box 1600
Midland, Texas 79701

Attention: Bill Duncan, Regulatory Affairs

RE: Wichita State No. 1
1514' FSL & 1068' FWL
Section 16: T23S, R25E
Eddy County, New Mexico
Lease No. LG-2987

Dear Mr. Duncan,

Due to topography, Siete Oil and Gas Corporation respectfully requests permission to drill on a non-standard location on the above captioned well. With your clearance, we plan to commence drilling operations as soon as possible.

Your prompt response on this matter would be greatly appreciated.

Sincerely yours,

SIETE OIL AND GAS CORPORATION

BY W.A. Miller
Exxon Corporation

BY Cathy Batley
Cathy Batley
Drilling & Production Secretary

cc:OCD, file

Armstrong
ENERGY CORPORATION

1000 SUNWEST CENTRE

RECEIVED
APR 13 1989
P. O. Box 1973
ROSWELL, NEW MEXICO 88201
505/623-8726

April 12, 1989

U

Siete Oil & Gas Corporation
P. O. Box 2523
Roswell, New Mexico 88202

Attn: Cathy Batley
Drilling & Production Secretary

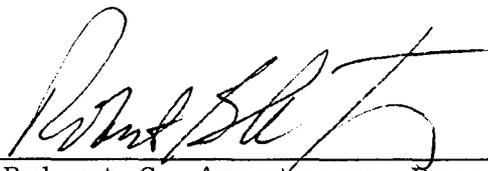
Re: Wichita State No. 1
Eddy County, New Mexico

Dear Ms. Batley:

Enclosed is your letter dated April 7, 1989, which I have executed approving your proposed non-standard location. Our approval is limited to the location as described in your letter of April 7.

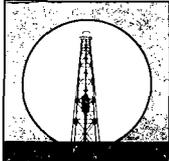
Sincerely,

ARMSTRONG ENERGY CORPORATION

By 
Robert G. Armstrong, President

RGA:lb

Enclosure



SIETE OIL & GAS CORPORATION

Petroleum Building Suite 200
P.O. Box 2523 Roswell, New Mexico 88202
Telephone (505) 622-2202

April 7, 1989

Armstrong Energy
P.O. Box 1973
Roswell, New Mexico 88202-1973



Attention: Robert Armstrong, President

RE: Wichita State No. 1
1514' FSL & 1068' FWL
Section 16: T23S, R25E
Eddy County, New Mexico
Lease No. LG-2987

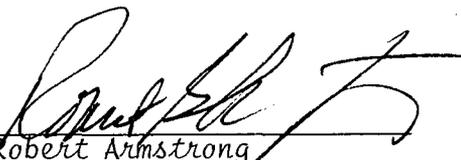
Dear Mr. Armstrong,

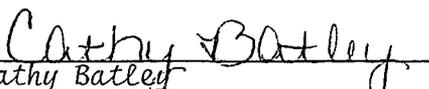
Due to topography, Siete Oil and Gas Corporation respectfully requests permission to drill on a non-standard location on the above captioned well. With your clearance, we plan to commence drilling operations as soon as possible.

Your prompt response on this matter would be greatly appreciated.

Sincerely yours,

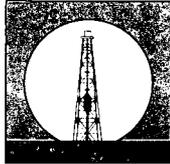
SIETE OIL AND GAS CORPORATION

BY 
Robert Armstrong
President

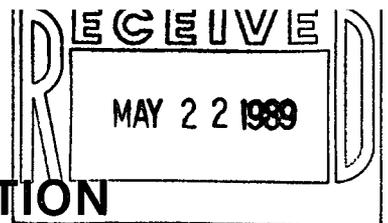
BY 
Cathy Batley
Drilling & Production Secretary

cc:OCD, file

In Production



SIETE OIL & GAS CORPORATION



Petroleum Building Suite 200
P.O. Box 2523 Roswell, New Mexico 88202
Telephone (505) 622-2202

RECEIVED

MAY 24 1989
OIL CONSERVATION DIV.
SANTA FE

April 7, 1989

RECEIVED
APR 10 1989
LAND DEPT.
MIDLAND, TX

Santa Fe Energy
500 West Illinois, 5th Floor
Midland, Texas 79701

Attention: Pat Tower, Senior Landman

RE: Wichita State No. 1
1514' FSL & 1068' FWL
Section 16: T23S, R25E
Eddy County, New Mexico
Lease No. LG-2987

Dear Mr. Tower,

Due to topography, Siete Oil and Gas Corporation respectfully requests permission to drill on a non-standard location on the above captioned well. With your clearance, we plan to commence drilling operations as soon as possible.

Your prompt response on this matter would be greatly appreciated.

Sincerely yours,

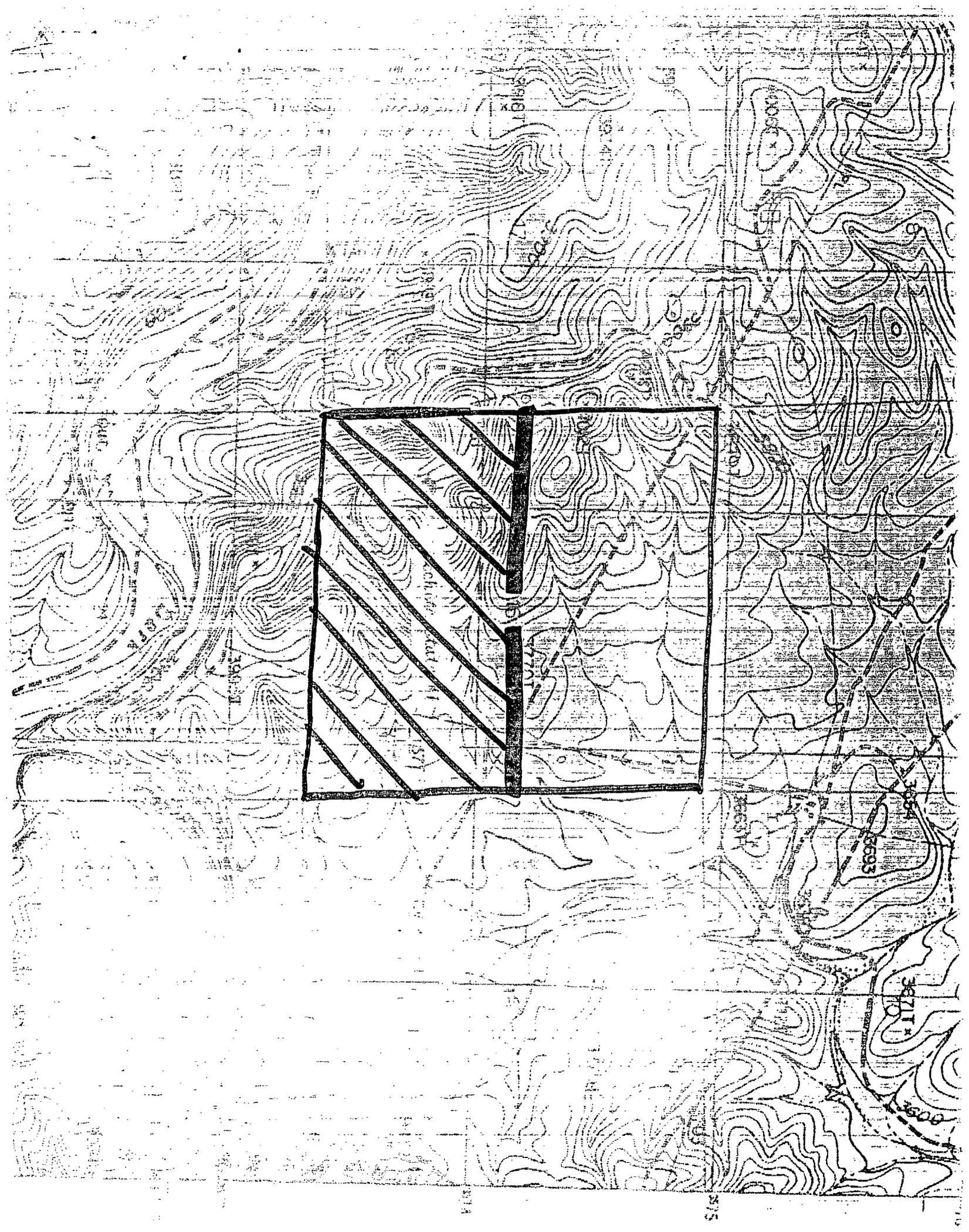
SIETE OIL AND GAS CORPORATION

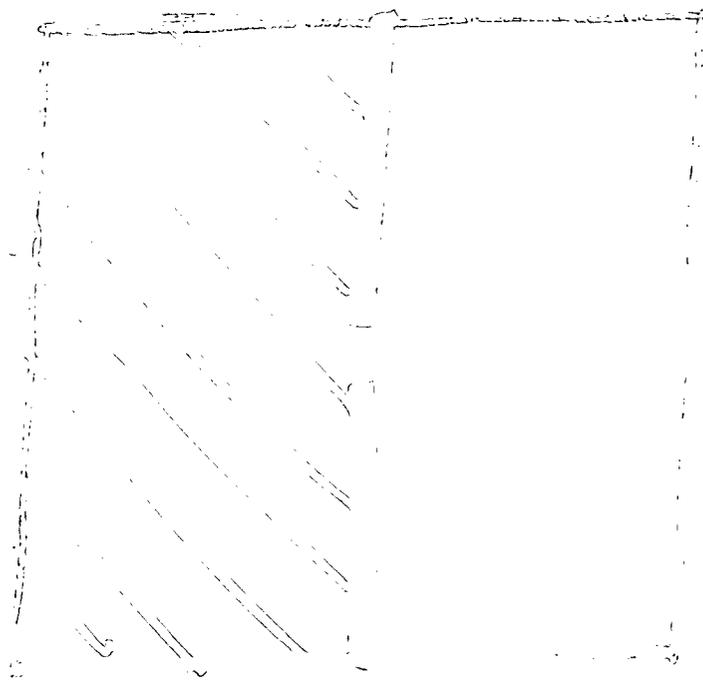
BY *T. S. Parker*
T. S. Parker, Attorney-in-Fact

BY *Cathy Batley*
Cathy Batley
Drilling & Production Secretary

cc:OCD, file

APPROVED





**(ROCK TANK-UPPER MORROW GAS POOL AND
ROCK TANK-LOWER MORROW GAS POOL - Cont'd.)**

(6) That the applicant's request to dedicate a non-standard proration unit comprising the W/2 of Section 7, Township 23 South, Range 25 East, and the E/2 of Section 12, Township 23 South, Range 24 East, NMPM, Eddy County, New Mexico, is hereby denied.

(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

**CERCA-UPPER PENNSYLVANIAN POOL
Lea County, New Mexico**

Order No. R-3452, Adopting Temporary Operating Rules for the Cerca-Upper Pennsylvanian Pool, Lea County, New Mexico, July 12, 1968.

Order No. R-3452-A, June 10, 1969, makes permanent the rules adopted in Order No. R-3452.

Application of the Superior Oil Company for the Creation of a New Pool, Assignment of Discovery Allowable, and the Promulgation of Pool Rules, Lea County, New Mexico.

CASE NO. 3796
Order No. R-3452

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on June 26, 1968, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 12th day of July, 1968, the Commission, a quorum being present, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, The Superior Oil Company, seeks the creation of a new oil pool for Upper Pennsylvanian production in Lea County, New Mexico, and the assignment of an oil discovery allowable in the amount of approximately 52,010 barrels to the discovery well.

(3) That the applicant also seeks the promulgation of special rules for said pool, including a provision for 160-acre proration units.

(4) That the evidence presently available indicates that The Superior Oil Company State D COM Well No. 1, located in Unit G of Section 4, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico, has discovered a separate common

source of supply which should be designated the Cerca-Upper Pennsylvanian Pool; that the vertical limits of said pool should be the Upper Pennsylvanian formation as found in the interval from 10,397 feet to 10,422 feet on the log of the aforesaid Superior Oil Company State D COM Well No. 1; and that the horizontal limits of said pool should be the E/2 Section 4, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico.

(5) That the discovery well for the aforesaid pool, Superior Oil Company State D COM Well No. 1, located in Unit G of Section 4, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico, is entitled to and should receive a bonus oil allowable in the amount of 52,010 barrels, based upon the top perforations in said well at 10,402 feet, to be assigned over a two-year period.

(6) That should subsequent development prove that the subject well has not discovered a separate common source of supply, all bonus discovery allowable remaining unproduced at such time should be cancelled.

(7) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of two few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the Cerca-Upper Pennsylvanian Pool.

(8) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(9) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(10) That this case should be reopened at an examiner hearing in June, 1969, at which time the operators in the subject pool should be prepared to appear and show cause why the Cerca-Upper Pennsylvanian Pool should not be developed on 40-acre or 80-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Upper Pennsylvanian production, is hereby created and designated the Cerca-Upper Pennsylvanian Pool, with vertical limits comprising the Upper Pennsylvanian formation as found in the interval from 10,397 feet to 10,422 feet on the log of the discovery well, Superior Oil Company's State D COM Well No. 1, located in Unit G of Section 4, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico, and horizontal limits comprising the E/2 of said Section 4.

(2) That the aforesaid discovery well is hereby authorized an oil discovery allowable of 52,010 barrels to be assigned to said well at the rate of 72 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that should subsequent development prove that the subject well has not discovered a separate common source of supply, all bonus oil allowable remaining unproduced at such time shall be cancelled.

(3) That temporary Special Rules and Regulations for the Cerca-Upper Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

**(ROCK TANK-UPPER MORROW GAS POOL AND
ROCK TANK-LOWER MORROW GAS POOL - Cont'd.)**

(2) That a new pool in Eddy County, New Mexico, classified as a gas pool for Lower Morrow production, is hereby created and designated the Rock Tank-Lower Morrow Gas Pool, with vertical limits comprising that portion of the Morrow formation from the aforesaid marker to the base of the Morrow formation, and horizontal limits comprising all of said Section 7.

(3) That temporary Special Rules and Regulations for the Rock Tank-Upper Morrow Gas Pool and for the Rock Tank-Lower Morrow Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
ROCK TANK-UPPER MORROW GAS POOL
AND THE
ROCK TANK-LOWER MORROW GAS POOL**

RULE 1. Each well completed or recompleted in the Rock Tank-Upper Morrow Gas Pool or in the Upper Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Upper Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

Each well completed or recompleted in the Rock Tank-Lower Morrow Gas Pool or in the Lower Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Lower Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Rock Tank-Upper Morrow Gas Pool or in the Upper Morrow formation within one mile thereof and any well presently drilling to or completed in the Rock Tank-Lower Morrow Gas Pool or in the Lower Morrow formation within one mile thereof that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before June 30, 1968.

(2) That each well presently drilling to or completed in the Rock Tank-Upper Morrow Gas Pool or in the Upper Morrow formation within one mile thereof and any well presently drilling to or completed in the Rock Tank-Lower Morrow Gas Pool or in the Lower Morrow formation within one mile thereof shall not have more than 320 acres dedicated thereto until a Form C-102 dedicating 640 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in either or both of said pools, at which time the operators in the subject pools may appear and show cause why the Rock Tank-Upper Morrow and/or the Rock Tank-Lower Morrow Gas Pools should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in either or both of said pools shall notify the Commission in writing of such fact, whereupon the Commission shall notify the operator of the time for reopening the case.

(5) That the applicant, Monsanto Company, is hereby authorized to complete its aforesaid Rock Tank Unit Well No. 1 as a dual completion (conventional) to produce gas from the Rock Tank-Upper Morrow Gas Pool through the casing-tubing annulus and from the Rock Tank-Lower Morrow Gas Pool through 2 7/8-inch tubing, with separation of zones by a packer set at approximately 10,200 feet;

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Shut-in Pressure Test Period for the Rock Tank-Lower Morrow Gas Pool.

**ROCK TANK-UPPER MORROW GAS POOL
ROCK TANK-LOWER MORROW GAS POOL
Eddy County, New Mexico**

Order No. R-3428, Adopting Temporary Operating Rules for the Rock Tank-Upper Morrow Gas Pool and Rock Tank-Lower Morrow Gas Pool, Eddy County, New Mexico, June 6, 1968.

Order No. R-3428-A, May 20, 1970, makes permanent the rules adopted in Order No. R-3428.

Application of Monsanto Company for an Unorthodox Gas Well Location, a Non-Standard Proration Unit, a Dual Completion, Creation of Two Gas Pools, and Temporary Special Pool Rules, Eddy County, New Mexico.

CASE NO. 3727
Order No. R-3428

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on February 28, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of June, 1968, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Monsanto Company, seeks approval for the unorthodox gas well location of its Rock Tank Unit Well No. 1, located 660 feet from the North line and 920 feet from the West line of Section 7, Township 23 South, Range 25 East, NMPM, Eddy County, New Mexico, said well to be dedicated to the proposed non-standard proration unit comprising the W/2 of said Section 7 and the E/2 of Section 12, Township 23 South, Range 24 East.

(3) That the applicant also seeks authority to complete the subject well as a dual completion (conventional) to produce gas from the Upper Morrow formation through the casing-tubing annulus and from the Lower Morrow formation through 2 7/8-inch tubing, with separation of zones by a packer set at approximately 10,200 feet.

(4) That the applicant further seeks the creation of Upper Morrow and Lower Morrow gas pools for said well and the promulgation of temporary special rules therefor, including provisions for 640-acre spacing.

(5) That the subject well was drilled as a wildcat oil well at a standard location to test the Devonian formation and was subsequently plugged back and completed in the Upper and Lower zones of the Morrow formation.

(6) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(7) That the said Monsanto Company Rock Tank Unit Well No. 1 has discovered a separate common source of supply which should be designated the Rock Tank-Upper Morrow Gas Pool; that the vertical limits of said pool should be that portion of the Morrow formation above the marker found at 10,155 feet in said discovery well; and that the horizontal limits of said pool should be all of the aforesaid Section 7.

(8) That the said Monsanto Company Rock Tank Unit Well No. 1 has discovered a separate common source of supply which should be designated the Rock Tank-Lower Morrow Gas Pool; that the vertical limits of said pool should be that portion of the Morrow formation from the marker found at 10,155 feet in said discovery well to the base of the Morrow formation; and that the horizontal limits of said pool should be all of the aforesaid Section 7.

(9) That approval of the unorthodox location, dual completion, and promulgation of temporary special rules and regulations providing for 640-acre spacing units for each of the proposed new gas pools will afford the applicant the opportunity to produce its just and equitable share of the gas in the pools, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

(10) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(11) That the special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in either or both of said pools; that during this temporary period all operators in the subject pools should gather all available information relative to drainage and recoverable reserves.

(12) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in either or both of said pools, at which time the operators in the subject pools should appear and show cause why the Rock Tank-Upper Morrow and/or the Rock Tank-Lower Morrow Gas Pools should not be developed on 320-acre spacing units.

(13) That the first operator to obtain a pipeline connection for a well in either or both of said pools should notify the Commission in writing of such fact, whereupon the Commission should notify the operator of the time for reopening this case.

(14) That the establishment of the proposed non-standard unit is unnecessary and would disrupt systematic and orderly development of the properties in the area of the pools and should, therefore, be denied.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Morrow production, is hereby created and designated the Rock Tank-Upper Morrow Gas Pool, with vertical limits comprising that portion of the Morrow formation above the marker found at 10,155 feet in the Monsanto Company Rock Tank Unit Well No. 1, located 660 feet from the North line and 920 feet from the West line of Section 7, Township 23 South, Range 25 East, NMPM, Eddy County, New Mexico, and horizontal limits comprising all of said Section 7.

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.

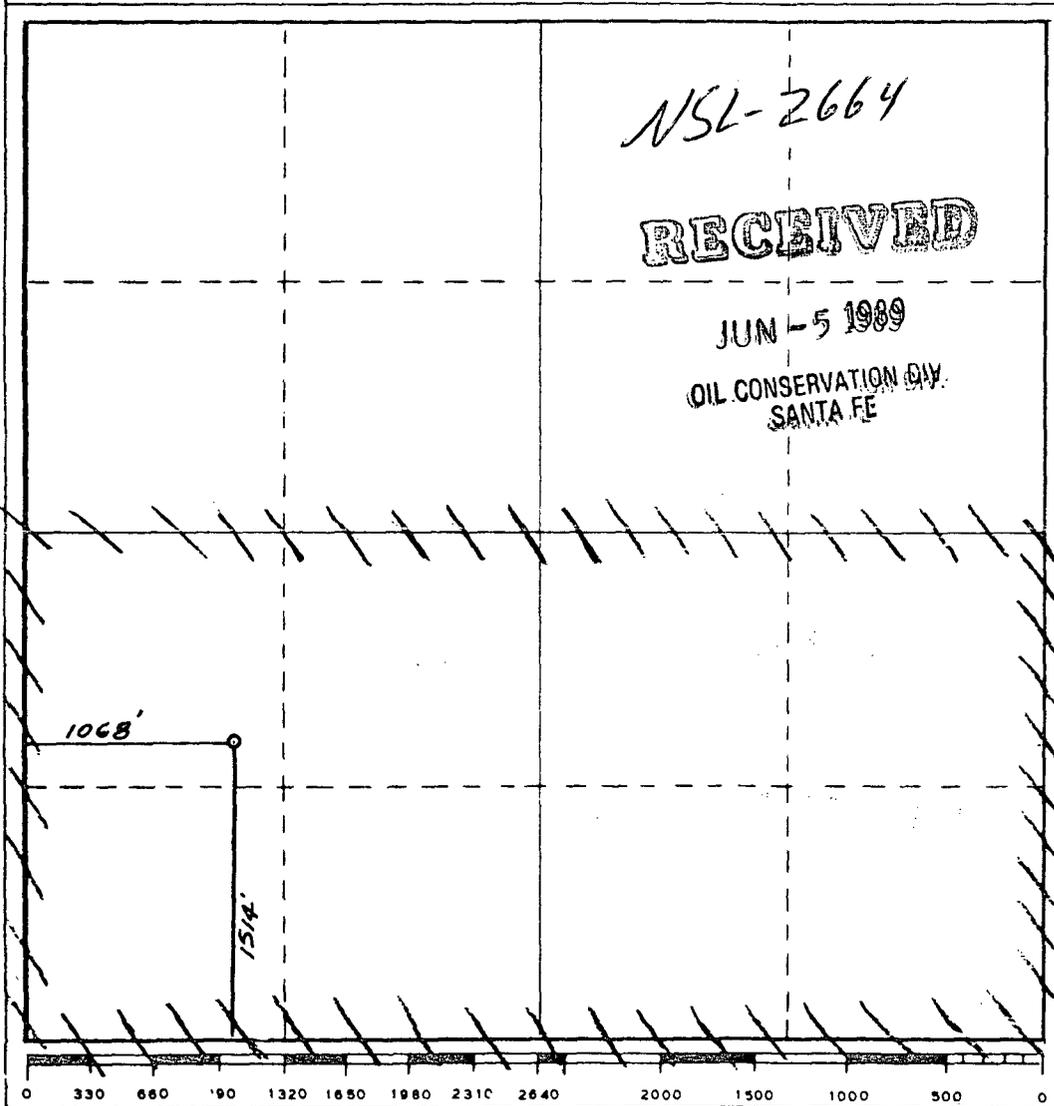
Operator SIETE OIL & GAS CORPORATION		Lease Wichita State			Well No. 1
Unit Letter L	Section 16	Township 23 South	Range 25 East	County Eddy County, N.M.	
Actual Footage Location of Well: 1514 feet from the South line and 1068 feet from the West line					
Ground Level Elev. 3981.	Producing Formation Morrow		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.

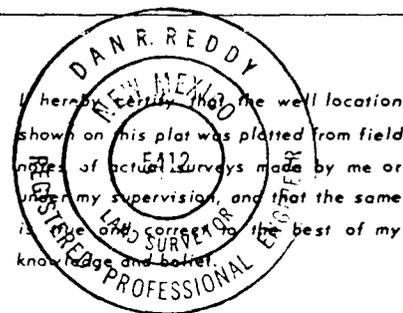
Cathy D. Batley

Name
Drilling & Production Sec.

Position
Siete Oil & Gas Corporation

Company
May 26, 1989

Date



Date Surveyed
February 3, 1989

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy
Certificate No.

NM PE&LS NO. 5412

