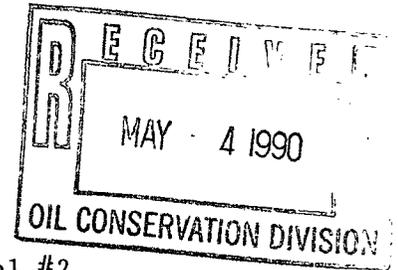


# MERIDIAN OIL

May 3, 1990

Certified Mail

Mr. William LeMay  
New Mexico Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87503



RE: Simms Federal #2  
1120'FSL, 1850'FEL  
Section 15, T-27-N, R-10-W  
Rio Arriba County, New Mexico

Dear Mr. LeMay:

This is a request for administrative approval for a non-standard gas well location in the Basin Fruitland Pool.

Meridian Oil intends to plugback and recomplete the Simms Federal #2 well from the Pictured Cliffs pool to the Basin Fruitland Coal Pool. The current location of this well is 1120'FSL, 1850'FEL, Section 15, T-27-N, R-10-W, Rio Arriba County, New Mexico. The well is considered non-standard due to the NE-SW dedicated pattern established for the Basin Fruitland Coal Pool. To comply with the New Mexico Oil Conservation Division rules, Meridian is submitting the following for your approval of this non-standard location:

1. C-102 plat showing location of the well;
2. Plat showing offset owners/operators;
3. Affidavit of notification of offset owners/operators;
4. Copy of Well Completion Log for original completion.

A copy of this application is being submitted to all offset owners/operators by certified mail with a request that they furnish your Santa Fe office with a Waiver of Objection, and return one copy to this office.

Sincerely yours,

A handwritten signature in cursive script that reads "Peggy Bradford".

Peggy Bradford  
encl.

## WAIVER

\_\_\_\_\_ hereby waives objection to Meridian Oil Inc.'s application for a non-standard location for their Simms Federal #2 as proposed above.

By: \_\_\_\_\_ Date: \_\_\_\_\_

xc: Bayless Drilling Company

Submit to: Appropriate District Office  
 State Leases - 4 copies  
 Fee Leases - 3 copies

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised 1-1-89

**OIL CONSERVATION DIVISION**

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

**DISTRICT I**  
 P.O. Box 1980, Hobbs, NM 88240

**DISTRICT II**  
 P.O. Drawer DD, Artesia, NM 88210

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

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator <b>Southland Royalty Company</b>		Lease <b>Simms Federal (Fee)</b>		Well No. <b>2</b>
Unit Letter <b>0</b>	Section <b>11</b>	Township <b>30 North</b>	Range <b>4 West</b>	County <b>NMEM Rio Arriba</b>
Actual Footage Location of Well: <b>1120</b> feet from the <b>South</b> line and <b>1850</b> feet from the <b>East</b> line				
Ground level Elev. <b>6911'</b>	Producing Formation <b>Fruitland Coal</b>	Pool <b>Basin</b>	Dedicated Acreage: <b>320</b> Acres	

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

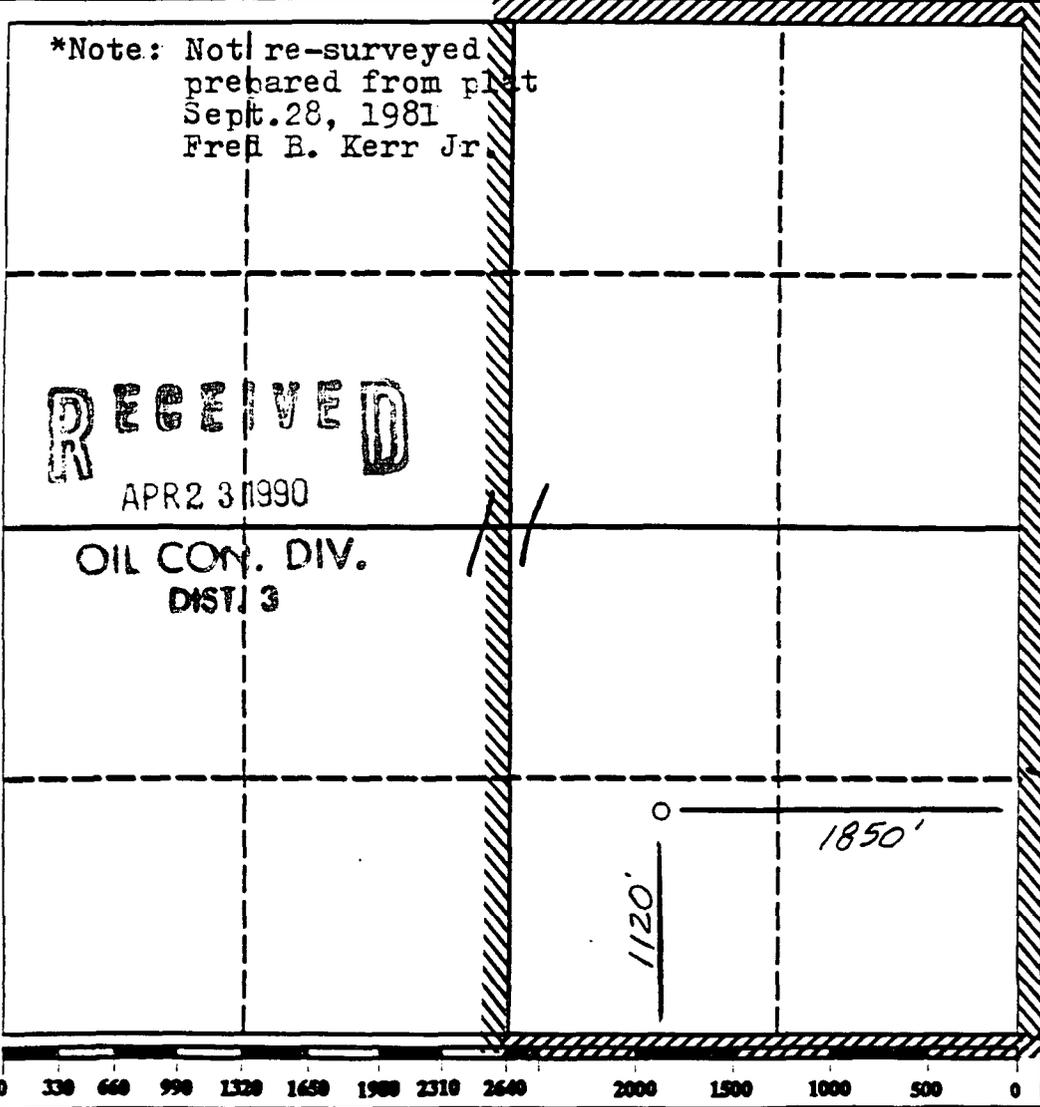
Yes  No If answer is "yes" type of consolidation communitization agreement will be obtained

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, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

\*Note: Not re-surveyed prepared from plat Sept. 28, 1981 Fred B. Kerr Jr

**RECEIVED**  
 APR 23 1990  
 OIL CON. DIV.  
 DIST. 3



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

Signature  
**Peggy Bradfield**

Printed Name  
**Regulatory Affairs**

Position  
**Southland Royalty Co**

Company

Date

**SURVEYOR CERTIFICATION**  
 I hereby certify that the well location shown on this plat was plotted from field notes or 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  
**4-19-90**

Signature

Professional Seal

Certificate No. **6857**

**Neale Edwards**

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

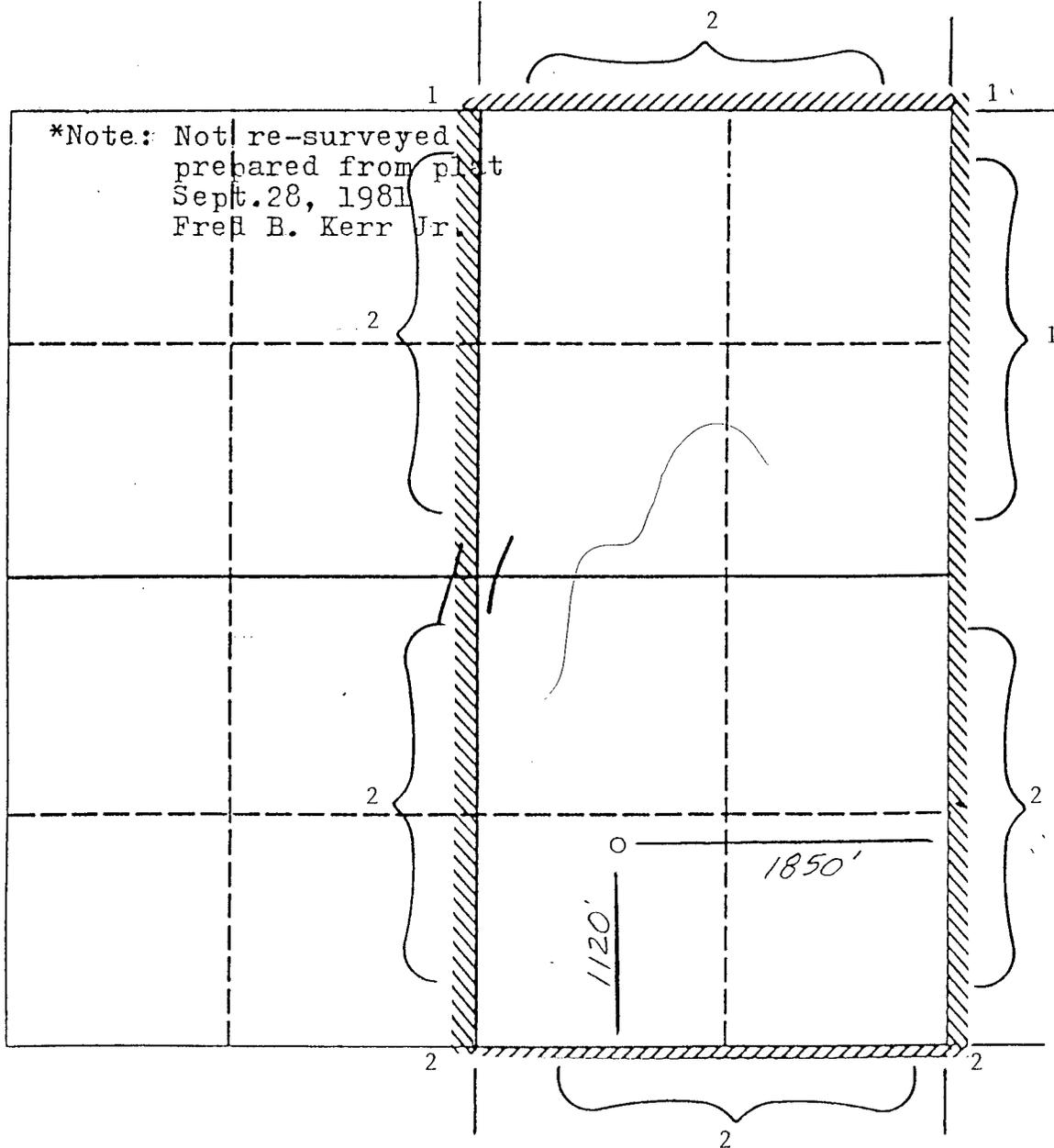
SOUTHLAND ROYALTY CO

Well Name Simms Federal #2

Footage 1120' FSL; 1850' FEL

APPLICATION FOR NON-STANDARD LOCATION

County Rio Arriba State New Mexico Section 11 Township 30N Range 4W



Remarks 1) Southland Royalty Company  
2) Southland Royalty Company and Bayless Drilling Company  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Simms Federal #2  
1120'FSL, 1850'FEL  
Section 15, T-27-N, R-10-W  
Rio Arriba County, New Mexico

I hereby certify that the following offset owners/operators have been mailed notification of our application for administrative approval for non-standard gas well location for the plugback and recompletion of the above well.

Bayless Drilling Company  
P.O. Box 2669  
Farmington, NM 87499



Peggy Bradford  
May 3, 1990

Rio Arriba County  
State of New Mexico

My commission expires August 17, 1992

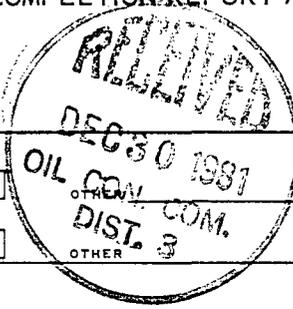
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U.S.G.S.	
LAND OFFICE	
OPERATOR	

Form C-105  
Revised 1-1-65

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease  
State  Fee

5. State Oil & Gas Lease No.



1a. TYPE OF WELL  
OIL WELL  GAS WELL  DRY

b. TYPE OF COMPLETION  
NEW WELL  WORK OVER  DEEPEN  PLUG BACK  DIFF. RESVR.

7. Unit Agreement Name

8. Farm or Lease Name  
*Simms Federal*

9. Well No.  
*2*

10. Field and Pool, or Wildcat  
*E. Blanco Pictured Cliffs Ext.*

2. Name of Operator  
*Southland Royalty Company*

3. Address of Operator  
*P. O. Drawer 570, Farmington, New Mexico 87499-0570*

4. Location of Well  
UNIT LETTER *0* LOCATED *1120* FEET FROM THE *South* LINE AND *1850* FEET FROM  
THE *East* LINE OF SEC. *11* TWP. *30N* RGE. *4W* NMPM

12. County  
*Rio Arriba*

15. Date Spudded *10/26/81* 16. Date T.D. Reached *10/30/81* 17. Date Compl. (Ready to Prod.) *11/23/81* 18. Elevations (DF, RKB, RT, GR, etc.) *6911' GL* 19. Elev. Casinghead

20. Total Depth *4050'* 21. Plug Back T.D. *4007'* 22. If Multiple Compl., How Many  
23. Intervals Drilled By Rotary Tools *0-4050'* Cable Tools

24. Producing interval(s), of this completion - Top, Bottom, Name  
*3689'-3952' (Pictured Cliffs)*

25. Was Directional Survey Made  
*Deviation*

26. Type Electric and Other Logs Run  
*IEL, GR-FDC/CNL, GR-CCL/CBL*

27. Was Well Cored  
*No*

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
<i>8-5/8"</i>	<i>24#</i>	<i>239'</i>	<i>12-1/4"</i>	<i>170 sacks</i>	
<i>4-1/2"</i>	<i>10.5#</i>	<i>4050'</i>	<i>7-7/8"</i>	<i>245 sacks</i>	

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN
<i>----</i>	<i>----</i>	<i>----</i>	<i>----</i>	

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
<i>1-1/2"</i>	<i>3907'</i>	<i>----</i>

31. Perforation Record (Interval, size and number)  
*Pictured Cliffs: Total of 18 holes*  
*3689', 3694', 3702', 3708', 3714', 3720', 3726', 3732', 3737', 3742', 3747', 3752', 3824', 3904', 3915', 3926', 3944', 3952'.*

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
<i>3689'-3952'</i>	<i>Frac'd with 98,600 gals water and 92,000# of 20/40 sand</i>

33. PRODUCTION

Date First Production  
Production Method (*Flowing*)  
Well Status (*Shut-in*)

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas-Oil Ratio
<i>12/02/81</i>	<i>3</i>	<i>3/4"</i>	<i>-----&gt;</i>				
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API (Corr.)	
<i>105</i>	<i>565</i>	<i>-----&gt;</i>		<i>1644</i>			

34. Disposition of Gas (*Sold, used for fuel, vented, etc.*)  
*Sold*

Test Witnessed By  
*Richard Lopez*

35. List of Attachments

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

SIGNED *[Signature]* TITLE *District Prod. Manager* DATE *12/22/81*

**REVISED**

MERIDIAN OIL

OIL CONSERVATION DIVISION

RECEIVED

May 7, 1990

'90 MAY 8 AM 10 21

Certified Mail

Mr. William LeMay  
New Mexico Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87503

RE: Simms Federal #2  
1120'FSL, 1850'FEL  
Section 11, T-30-N, R-04-W  
Rio Arriba County, New Mexico

Dear Mr. LeMay:

This is a request for administrative approval for a non-standard gas well location in the Basin Fruitland Pool.

Meridian Oil intends to plugback and recomplete the Simms Federal #2 well from the Pictured Cliffs pool to the Basin Fruitland Coal Pool. The current location of this well is 1120'FSL, 1850'FEL, Section 11, T-30-N, R-04-W, Rio Arriba County, New Mexico. The well is considered non-standard due to the NE-SW dedicated pattern established for the Basin Fruitland Coal Pool. To comply with the New Mexico Oil Conservation Division rules, Meridian is submitting the following for your approval of this non-standard location:

1. C-102 plat showing location of the well;
2. Plat showing offset owners/operators;
3. Affidavit of notification of offset owners/operators;
4. Copy of Well Completion Log for original completion.

A copy of this application is being submitted to all offset owners/operators by certified mail with a request that they furnish your Santa Fe office with a Waiver of Objection, and return one copy to this office.

Sincerely yours,



Peggy Bradfield  
encl.

WAIVER

\_\_\_\_\_ hereby waives objection to Meridian Oil Inc.'s application for a non-standard location for their Simms Federal #2 as proposed above.

By: \_\_\_\_\_ Date: \_\_\_\_\_

xc: Bayless Drilling Company

Schedule to Appropriations  
 District Office  
 State Leases - 4 copies  
 Fee Leases - 3 copies

State of New Mexico  
 Energy, Minerals and Natural Resources Department

Form C-102  
 Revised 1-1-89

**OIL CONSERVATION DIVISION**  
 P.O. Box 2088  
 Santa Fe, New Mexico 87504-2088

DISTRICT I  
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
 P.O. Denver OD, Aramis, NM 88210

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

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator Southland Royalty Company		Lease Simms Federal (Fee)		Well No. 2
Unit Letter 0	Section 11	Township 30 North	Range 4 West	County NMPM Rio Arriba
Actual Footage Location of Well: 1120 feet from the South line and 1850 feet from the East line				
Ground level Elev. 6911'	Producing Formation Fruitland Coal		Pool Basin	Dedicated Acreage: 320 Acres

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

Yes  No If answer is "yes" type of consolidation: communitization agreement will be obtained

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

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

\*Note: Not re-surveyed prepared from plat Sept. 28, 1981 Fred B. Kerr Jr.

**RECEIVED**  
 APR 23 1990  
 OIL CON. DIV.  
 DIST 3

**OPERATOR CERTIFICATION**

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

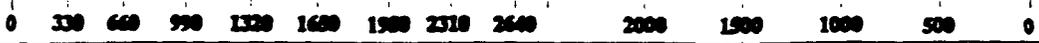
Signature  
 Peggy Bradfield  
 Printed Name  
 Regulatory Affairs  
 Position  
 Southland Royalty Company  
 Date

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes actual surveys made by me or under supervision, and that the same is true and correct to the best of my knowledge and belief.

4-19-90

Date Surveyed  
 Signature of Surveyor  
 Professional Seal  
  
 Neale Edwards



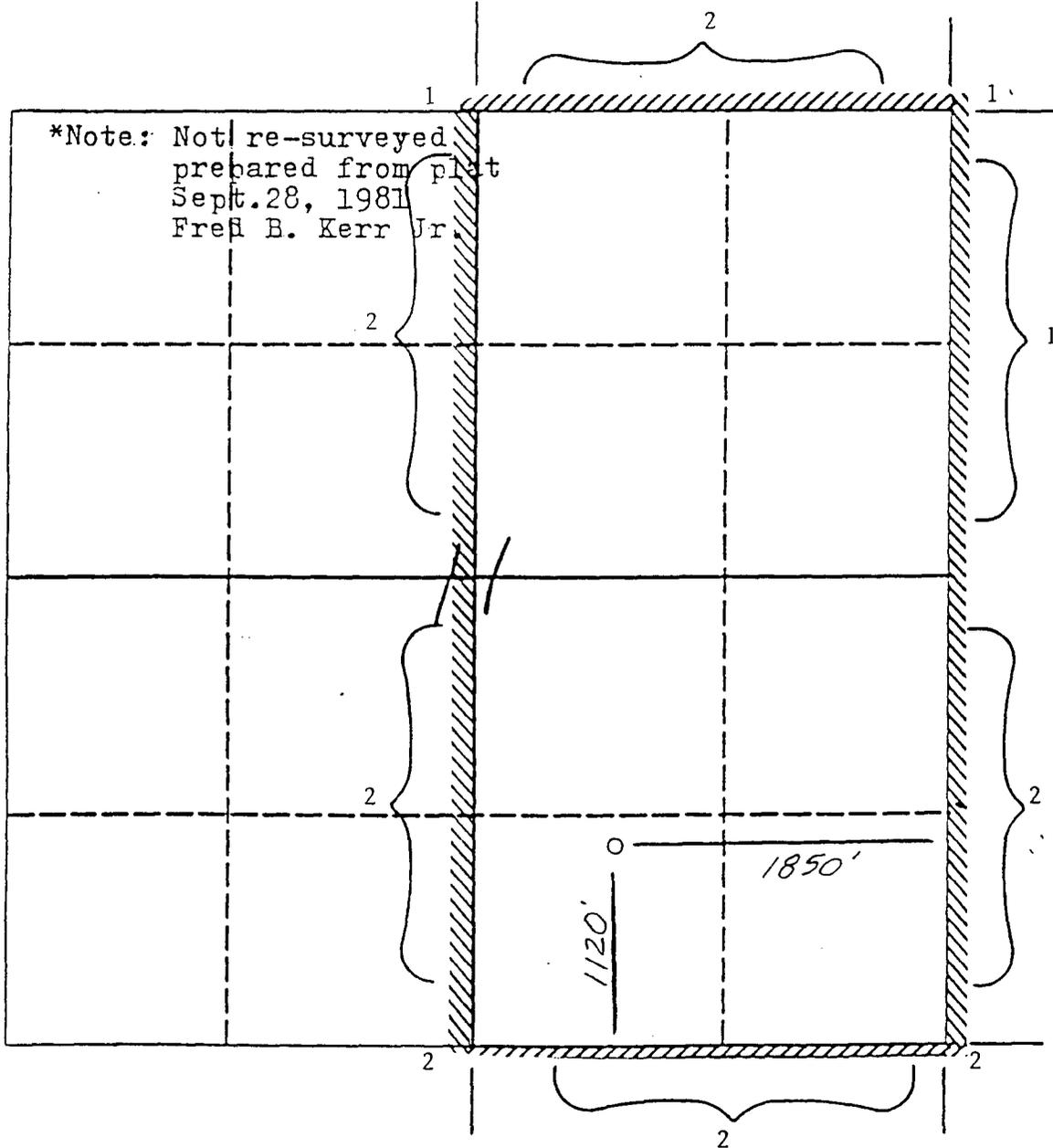
SOUTHLAND ROYALTY CO

Well Name Simms Federal #2

Footage 1120' ESL; 1850' FEL

APPLICATION FOR NON-STANDARD LOCATION

County Rio Arriba State New Mexico Section 11 Township 30N Range 4W



Remarks 1) Southland Royalty Company  
2) Southland Royalty Company and Bayless Drilling Company

Simms Federal #2  
1120'FSL, 1850'FEL  
Section 11, T-30-N, R-04-W  
Rio Arriba County, New Mexico

I hereby certify that the following offset owners/operators have been mailed notification of our application for administrative approval for non-standard gas well location for the plugback and recompletion of the above well.

Bayless Drilling Company  
P.O. Box 2669  
Farmington, NM 87499

  
Peggy Bradfield  
May 7, 1990

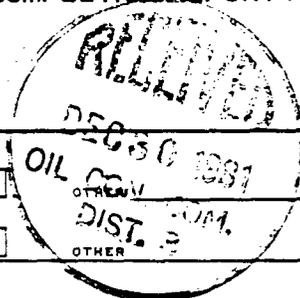
Rio Arriba County  
State of New Mexico

My commission expires August 17, 1992

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LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease  
State  Fee   
5. State Oil & Gas Lease No.



1. TYPE OF WELL  
OIL WELL  GAS WELL  DRY   
2. TYPE OF COMPLETION  
NEW WELL  WORK OVER  DEEPEN  PLUG BACK  DIFF. RESVR.  OTHER

7. Unit Agreement Name

3. Name of Operator  
*Southland Royalty Company*

8. Farm or Lease Name  
*Simms Federal*

4. Address of Operator  
*P. O. Drawer 570, Farmington, New Mexico 87499-0570*

9. Well No.  
*2*

6. Location of Well  
UNIT LETTER *0* LOCATED *1120* FEET FROM THE *South* LINE AND *1850* FEET FROM

10. Field and Pool, or Wildcat  
*E. Blanco Pictured Cliffs Ext.*

THE *East* LINE OF SEC. *11* TWP. *30N* RGE. *4W* NMPM

12. County  
*Rio Arriba*

13. Date Spudded *10/26/81* 16. Date T.D. Reached *10/30/81* 17. Date Compl. (Ready to Prod.) *11/23/81* 18. Elevations (DF, RKB, RT, GR, etc.) *6911' GL* 19. Elev. Casinghead

20. Total Depth *4050'* 21. Plug Back T.D. *4007'* 22. If Multiple Compl., How Many  
23. Intervals Drilled By Rotary Tools *0-4050'* Cable Tools

24. Producing interval(s), of this completion - Top, Bottom, Name  
*3689'-3952' (Pictured Cliffs)* 25. Was Directional Survey Made  
*Deviation*

26. Type Electric and Other Logs Run  
*IEL, GR-FDC/CNL, GR-CCL/CBL* 27. Was Well Cored  
*No*

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
<i>8-5/8"</i>	<i>24#</i>	<i>239'</i>	<i>12-1/4"</i>	<i>170 sacks</i>	
<i>4-1/2"</i>	<i>10.5#</i>	<i>4050'</i>	<i>7-7/8"</i>	<i>245 sacks</i>	

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>		<i>1-1/2"</i>	<i>3907'</i>	<i>---</i>

31. Perforation Record (Interval, size and number)  
*Pictured Cliffs: Total of 18 holes*  
*3689', 3694', 3702', 3708', 3714', 3720', 3726', 3732', 3737', 3742', 3747', 3752', 3824', 3904', 3915', 3926', 3944', 3952'.*

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.  
DEPTH INTERVAL: *3689'-3952'* AMOUNT AND KIND MATERIAL USED: *Frac'd with 98,600 gals water and 92,000# of 20/40 sand*

33. PRODUCTION  
Date First Production: \_\_\_\_\_ Production Method (Flowing, gas lift, pumping - Size and type pump): *Flowing* Well Status (Prod. or Shut-in): *Shut-In*

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas-Oil Ratio
<i>12/02/81</i>	<i>3</i>	<i>3/4"</i>	<i>---</i>				

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API (Corr.)
<i>105</i>	<i>565</i>	<i>---</i>		<i>1644</i>		

34. Disposition of Gas (Sold, used for fuel, vented, etc.): *Sold* Test Witnessed By: *Richard Lopez*

35. List of Attachments

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

SIGNED: *[Signature]* TITLE: *District Prod. Manager* DATE: *12/22/81*

OIL GOLF SECTION DIRECTOR RECEIVED  
ROBERT L. BAYLESS

P. O. BOX 168

FARMINGTON, NM 87499

FAX NO.  
(505) 326-6911

'90 MAY 16 AM 8 41

OFFICE NO.  
(505) 326-2659

May 15, 1990

Meridian Oil Inc.  
**ATTN: Peggy Bradfield**  
3535 E. 30th St.  
Farmington, NM 87401

RE: Simms Federal #2

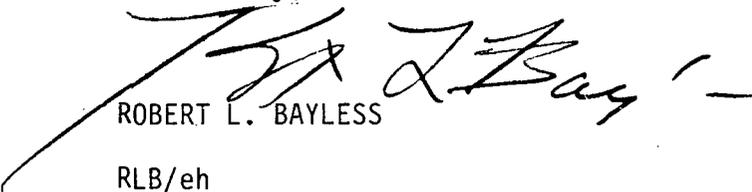
Gentlemen:

Enclosed we are returning your three copies of revised request for administrative approval for a non-standard location on the referenced well.

Please refer to the enclosed copy of our letter dated May 10, 1990, explaining the offset lease is held in the name of Robert L. Bayless, not Bayless Drilling Company. You should be aware that Robert L. Bayless and Bayless Drilling Company are two very separate and distinct entities.

Further, we reiterate that due to current negotiations between Bayless and Meridian we feel it imprudent and disruptive to consider the requested waiver at this time.

Yours truly,

  
ROBERT L. BAYLESS

RLB/eh

Enclosures (4)

xc: NMOCD, ATTN: William LeMay

OIL CONSERVATION DIVISION  
RECEIVED

ROBERT L. BAYLESS

P. O. BOX 168  
FARMINGTON, NM 87499

OFFICE NO.  
(505) 326-2659

FAX NO.  
(505) 326-6911

90 MAY 11 AM 8 35

CERTIFIED MAIL  
RETURN RECEIPT #P-117-124-583

May 10, 1990

New Mexico Oil Conservation Division  
ATTN: Mr. William LeMay  
P.O. Box 2088  
Santa Fe, NM 87503

RE: Meridian Oil Inc.  
Request for Waiver of Objection  
Simms Federal #2  
Rio Arriba County, NM

Gentlemen:

This office is in receipt of the subject Request for Waiver of Objection by letter dated May 3, 1990 and would like to serve notice to you that we cannot consider said request at this time for the following reasons:

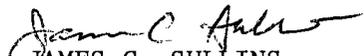
(1) The offset lease which makes the Request for Waiver necessary is and has always been held in the name of Robert L. Bayless, not Bayless Drilling Company;

(2) The correct Section, Township, and Range for the Simms Federal #2 location is Section 11, T30N, R4W, not Section 15, T27N, R10W, as stated in Meridian's letter;

(3) Most importantly, Meridian and Robert L. Bayless are currently negotiating a possible exchange of certain leasehold in this area, including Section 11, T30N, R4W, and therefore we feel it would be imprudent and disruptive to said negotiations to consider the subject Waiver at this time.

It is not the intent of this letter to object or waive objection to Meridian's proposed operation, but only to point out the obvious errors and inappropriate timing of said request and to ask that your office consider withholding approval of Meridian's non-standard location until such time as the above matters have been resolved.

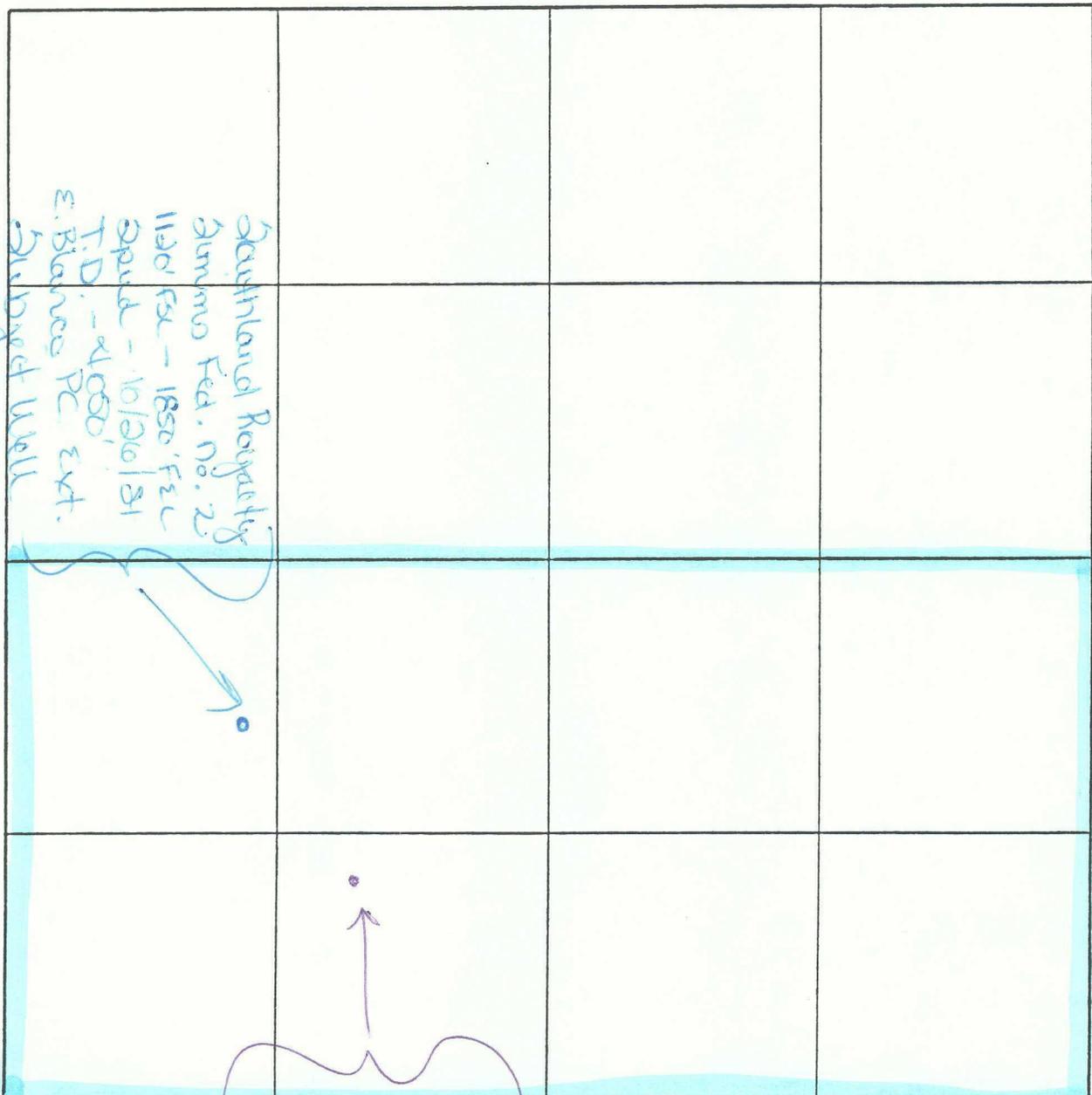
Yours truly,

  
JAMES C. SULLINS  
Land Manager

JCS/eh

xc: Meridian Oil Inc.  
ATTN: Peggy Bradfield

*Corrected by  
Sullins  
5/17/90*



Southland Property  
 Summo Fed. No. 2  
 1120' FSZ - 1850' FSL  
 Spud - 10/20/81  
 T.D. - 41000'  
 E. Blance PC ext.  
 Shaded Well

El Paso Nat. Gas  
 San Juan 3rd No. 25  
 1800' FSZ - 990' FSL  
 Spud - 9/8/58  
 T.D. 4016'  
 Wildcat  
 P. 4th 'D' 12-2-59

1955 OS Survey  
 includes a  
 large parcel of  
 unlogged tract  
 in Section 11  
 therefore  
 1/2 acre  
 containing  
 320, more or  
 less.

SECTION 11

TOWNSHIP 30D

RANGE 4W  
 Rio Arriba County



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

ARREY CARRUTHERS  
 GOVERNOR

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

Date: 5-16-90

Oil Conservation Division  
 P.O. Box 2088  
 Santa Fe, NM 87504-2088

Re: Proposed MC \_\_\_\_\_  
 Proposed DHC \_\_\_\_\_  
 Proposed NSL X \_\_\_\_\_  
 Proposed SWD \_\_\_\_\_  
 Proposed WFX \_\_\_\_\_  
 Proposed PMX \_\_\_\_\_

Gentlemen:

I have examined the application dated 5-8-90

for the Southland Property Co. - SIMMS FEDERAL #2  
 Operator Lease & Well No.

0-11-30W-4W and my recommendations are as follows:  
 Unit, S-T-R

Approve  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Yours truly,

Eric Bush

OIL CONSERVATION DIVISION  
 RECEIVED  
 90 MAY 18 AM 9 10