

BILL SELTZER

214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

April 12, 1991

Mr. William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: Application of Collins & Ware, Inc. for Administrative
Approval of an Unorthodox Location for its Conastoga State
#1 located 660 FSL and 990 FEL of Section 14, T-8-S, R-27-E,
Chaves County, New Mexico.

Dear Mr. LeMay:

Collins & Ware, Inc. hereby request administrative approval of an unorthodox gas well location for its Conastoga State #1. The proposed location will be in the Montoya Formation of an undesignated gas field at a point 660' FSL and 990' FEL of Section 14, Township 8 South, Range 27 East, N.M.P.M., Chaves County, New Mexico. This unorthodox location is requested in order to efficiently drain the Montoya gas reserves in the proration unit consisting of the South-half (S/2) of said Section 14, in the best interest of conservation and the prevention of waste.

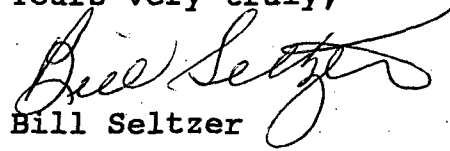
Collins & Ware, Inc. is the operator of the tract offsetting this spacing unit to the north, BHP Petroleum (Americas), Inc. operates the properties to the south and southeast of this unit, Elk Oil Co. operates the tracts to the southwest and northeast, Yates Petroleum Corp. operates the tract to the west and northwest and Hanlad Oil Corp. operates the tract to the east of this proposed spacing unit.

Attached to this application are letters by which BHP Petroleum (Americas), Inc., Elk Oil Co., Hanland Oil Corp. and Yates Petroleum Corp. waive objection to this location.

Attached hereto please find a land plat showing the acreage which is the subject of this application indicating the dedicated acreage and identifying the ownership of the offsetting leases and wells completed thereon.

Your consideration of this administrative application is appreciated.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Bill Seltzer", written in dark ink.

Bill Seltzer

BS/kp
Atchs.

cc: Collins & Ware, Inc.
600 W. Illinois, Suite 701
Midland, Texas 79701


Collins & Ware, Inc.
Conastoga State #1
660' FSL, 990' FEL
Section 14, T-8-S, R-27-E
Chaves County, New Mexico

Geology

Drilling at the proposed location should encounter the primary objective Montoya Dolomite at a depth of approximately 6370'. Total depth is estimated at 6440'.

In Chaves County, the Montoya formation has proven to be commercially productive from north-south trending faulted anticlinal traps. The BHP Petroleum Inc. #1 Puffer State located approximately 4/10 mile southeast at 660' FNL and 990' FWL, Section 24, T-8-S, R-27-E was a recent successful Montoya test. Subsurface information from that and other offset wellbores define a faulted anticline that is bounded on the east by a north-south oriented fault and on the north by a NW-SE oriented cross-fault (Structure Map). The BHP well is near the crest of the structure and it is anticipated that the proposed location will lie along structural strike. Both the Rault Petroleum Corp. #1 Hanlad State located 660' FSL, 770' FWL, Section 13, T-8-S, R-27-E and the #1 Union State, 1980' FNL, 1980' FWL, Section 24, T-8-S, R-27-E, were situated on the downthrown side of these faults (Structure Map). Based upon log interpretations, the Rault Petroleum Corp. #1 Amoco State located approximately 1/2 mile southwest at 1980' FNL, 1980' FEL, Section 23, T-8-S, R-27-E, falls downdip and calculates wet within the Montoya formation.

The proposed proration unit for the Conastoga State #1 is the S/2 of Section 14, T-8-S, R-27-E. The structural position at the proposed location will allow the well to efficiently drain the Montoya gas reserves under the S/2 of Section 14, T-8-S, R-27-E and, therefore, is in the best interests of conservation and prevention of waste.


Herbert E. Ware, III
Geologist
Collins & Ware, Inc.

Exhibits: Montoya Structure Map
Structural Cross-Section A-A'

WAIVER

The undersigned party has no objections to Collins & Ware, Inc.'s application to drill a 6500' Montoya test at an unorthodox location in Chaves County, New Mexico, to-wit:

660 FSL and 990 FEL of
Section 14, T-8-S, R-27-E
Chaves County, New Mexico

BHP Petroleum (American) Inc.

By: Randall Davis

Attorney-in-Fact

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Section 14, T-8-S, R-27-E
Chaves County, New Mexico 48Ho

Elk Oil Co.

By:  _____

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Section 14, T-8-S, R-27-E
Chaves County, New Mexico

Hanlad Oil Co.

By: Ray Willis F.P.