



G.P. II ENERGY, INC.

OIL CONSERVATION DIVISION
RECEIVED

P.O. Box 50682

Midland, Texas 79710

51 JUN 10 AM 9 07 (915) 684-4748

June 7, 1991

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

Attention: Michael E. Stogner

RE: Unorthodox Location
G.P. II Energy, Inc.
Coyote Federal #1
990' FSL, 1090' FWL
Sec. 27(M), T-26-S, R-29-E
Eddy County, New Mexico

Dear Sir:

G.P. II Energy requests administrative approval of the above described unorthodox location because of topographic considerations. G.P. II Energy, Inc. has staked the above well at this location because of topographic consideration and at the direct request of the Bureau of Land Management. As shown on the topographic map, the location is adjacent to the Red Bluff Lake and lies within a Class II Visual Resource Management Area (VRM).

Because of the proximity of the lake, we (G.P. II) met November 18, 1990 with representatives of the BLM on site when the above well was staked. Present at that meeting were the Surveyors from John West Surveying, Arthur Brown (G.P. II), George P. Mitchell (G.P. II), Garland Lamb (G.P. II), Barry Hunt (BLM), and Jim Goodbar (BLM). After locating the legal location of 990' FSL and 990' FWL, Mr. Hunt and Mr. Goodbar indicated that it would be necessary to move the location to the east away from the bluff that overlooks the lake. This was done primarily to displace the potential for any spills or contamination as far as possible from natural drainages that incise the bluff and secondarily to reduce the visual impact of the required production facilities.

In addition to moving the location of the well, several additional environmental concerns were discussed and a meeting was held March 28, 1991 at the BLM office in Carlsbad, New Mexico to finalize the requirements for drilling the well. I have enclosed a copy of the letter dated April 12, 1991 that addresses the requirements agreed on by G.P. II, Inc. and the BLM in that meeting. I have also enclosed a list of the participants at that meeting.

June 7, 1991
Unorthodox Location
Oil Conservation Division
Page 2

G.P II, Inc. has requested waivers from offset operators. The notification and waiver request was sent by certified mail.

Thank you for your time and consideration of this matter.

Enclosures in order:

1. Copy of the OCD Form C-101 filed with District II, Artesia, New Mexico.
2. Copy of the OCD Form C-102 filed with District II, Artesia, New Mexico.
3. Plat showing land leased by Red Bluff Power Water Control District in Sec. 27, T-26-S, R-29-E, prepared by John West Engineering.
4. Copy of Ross Ranch Quadrangle (1:24000) showing location of the proposed well and the surrounding topography.
5. Plat showing ownership or operator of leases offsetting the spacing unit.
6. Copy of the letter dated April 12, 1991 outlining the drilling procedures for the Coyote Federal #1.
7. List of participants present at the March 28, 1991 meeting with the BLM in Carlsbad, New Mexico.
8. Copies of letters sent to offset operators notifying them of G.P. II's intent to drill the proposed well at an unorthodox location.

Sincerely,


Joe L. Compton

Form 3160-3
(November 1983)
(formerly 9-331C)

SUBMIT IN TRIPPLICATE*
(Other instructions on
reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1A. TYPE OF WORK
DRILL DEEPEN PLUG BACK

B. TYPE OF WELL
OIL WELL GAS WELL OTHER
SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
GP II ENERGY, INC.

3. ADDRESS OF OPERATOR
P.O. BOX 50682, MIDLAND, TEXAS 79710

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface
990' FSL AND 1090' FWL OF SECTION 27

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
16 AIR MILES SOUTH-SOUTHEAST OF MALAGA, NEW MEXICO

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
(Also to nearest Orig. unit line, if any)
230'

16. NO. OF ACRES IN LEASE
1318.02

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
1291'

19. PROPOSED DEPTH
5300'

20. ROTARY OR CABLE TOOLS
ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
2872.2' GR

22. APPROX. DATE WORK WILL START*
UPON APPROVAL

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24#	350'	SUFFICIENT TO CIRCULATE
7-7/8"	*4-1/2"	9.5#	5200'	500 SACKS
	*OR 5-1/2"	14#	5200'	400 SACKS

* WHETHER PRODUCTION CASING WILL BE 4-1/2" OD OR 5-1/2" OD WILL BE DECIDED PRIOR TO REACHING TOTAL DEPTH.

AFTER SETTING PRODUCTION CASING, PAY ZONE WILL BE PERFORATED AND STIMULATED AS NECESSARY.

SEE ATTACHED FOR: SUPPLEMENTAL DRILLING DATA
BOP SKETCH
SURFACE USE AND OPERATIONS PLAN

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Arthur R. Brown TITLE Agent DATE 6-6-91

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 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

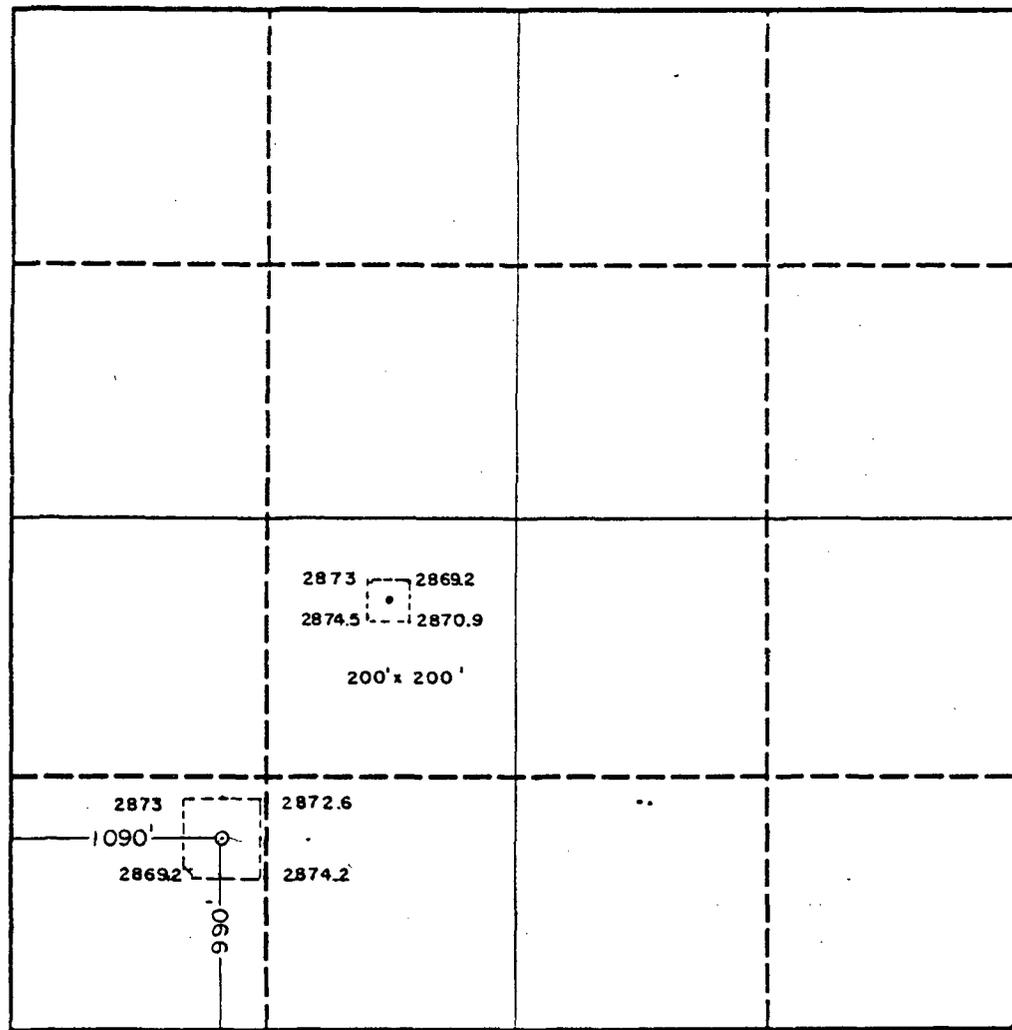
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator G P II ENERGY, INC.		Lease COYOTE FEDERAL		Well No. 1
Unit Letter M	Section 27	Township 26 SOUTH	Range 29 EAST	County EDDY
Actual Footage Location of Well: 990 feet from the SOUTH line and 1090 feet from the WEST line				
Ground level Elev. 2872.2	Producing Formation		Pool	Dedicated Acreage: Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure 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 _____
 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature _____

Printed Name _____

Position _____

Company _____

Date _____

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 knowledge and belief.

Date Surveyed
11-18-90

Signature & Seal of Professional Surveyor

Certificate No. **JOHN W. WEST**
RONALD J. EISSON
NEW MEXICO
JOHN W. WEST

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

SECTION 27, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

21 22

28

22 23

26



27

L 17

28

33

34

L 18

L 1

L 2

L 3

L 4

L 5

L 6

L 7

L 8

L 9

L 10

L 11

L 12

L 13

L 14

L 15

L 16

34 35

26

SUBDIVISION ACREAGE

SW $\frac{1}{4}$ SW $\frac{1}{4}$ 28.767 Ac.

NW $\frac{1}{4}$ SW $\frac{1}{4}$ 9.727 Ac.

LINE NO.	BEARING	DISTANCE
1	N 49°28'08" E	131.84'
2	N 61°28'18" W	188.84'
3	N 01°56'40" W	264.60'
4	N 25°52'50" W	243.64'
5	N 43°46'00" W	312.36'
6	N 17°55'54" W	251.09'
7	N 28°54'27" W	204.51'
8	N 69°19'40" E	283.26'
9	N 51°18'46" W	457.09'
10	N 55°24'10" W	213.51'
11	N 03°41'25" E	271.93'
12	N 23°20'17" E	131.48'
13	N 07°34'18" W	153.25'
14	S 62°05'51" W	206.90'
15	N 73°35'41" W	114.31'
16	S 71°56'31" W	67.92'
17	S 01°58'00" W	2149.80'
18	S 84°24'00" E	1228.10'

NOTE: A drawing was prepared for a tract in Section 27, Township 26 South, Range 29 East, by platting the field notes furnished by Red Bluff Water Power Control District on a section plat made by U.S. General Land Office. The notes were prepared by Mr. M.R. Estes and were approved by the U.S. Bureau of Land Management. Due to an error or errors in the survey or the typed description of the survey, the tract with 18 sides did not close by an error of 320.26 feet. A copy of the plat labeled Exhibit "A" is attached.

The drawing shown on this page is an office attempt to graphically portray what was intended in those original field notes. We have made the last two calls in the description fall on the section lines and have attempted to force a closure that will contain the 38.5 acres. Obviously, we cannot certify that the drawing is correct.

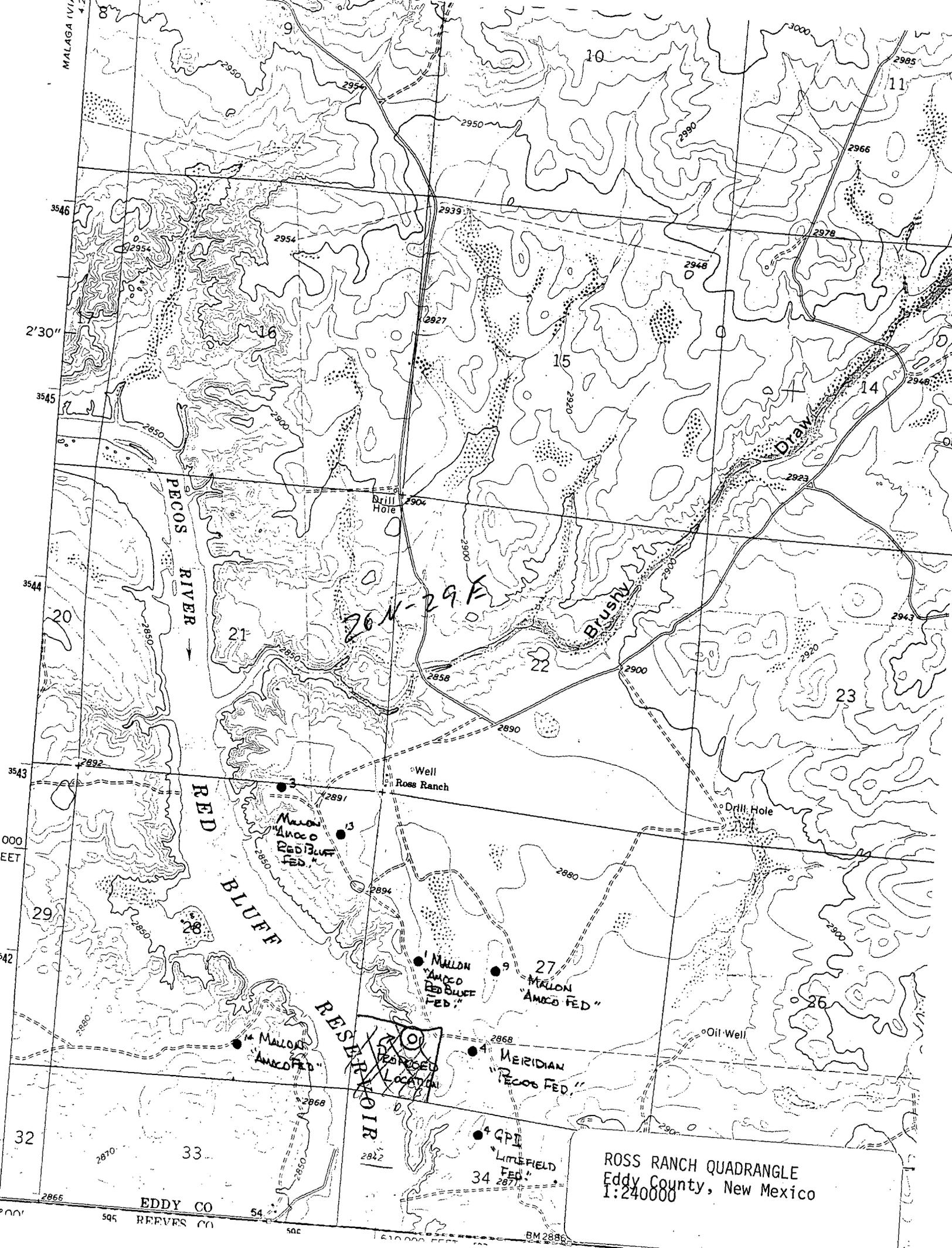
John W. West, N.M. P.E. & L.S. No. 676
 Texas R.P.S. No. 1138

MALLON OIL CO.

Plat showing land leased by B.L.M. to Red Bluff Power Water Control District in Section 27, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

JOHN W. WEST ENGINEERING COMPANY
 CONSULTING ENGINEERS HOBBS, NEW MEXICO

Scale: 1" = 1000' Drawn By: M. Mitchell
 Date: 8/25/88 Ck. Sheet 1 of 1 Sheets

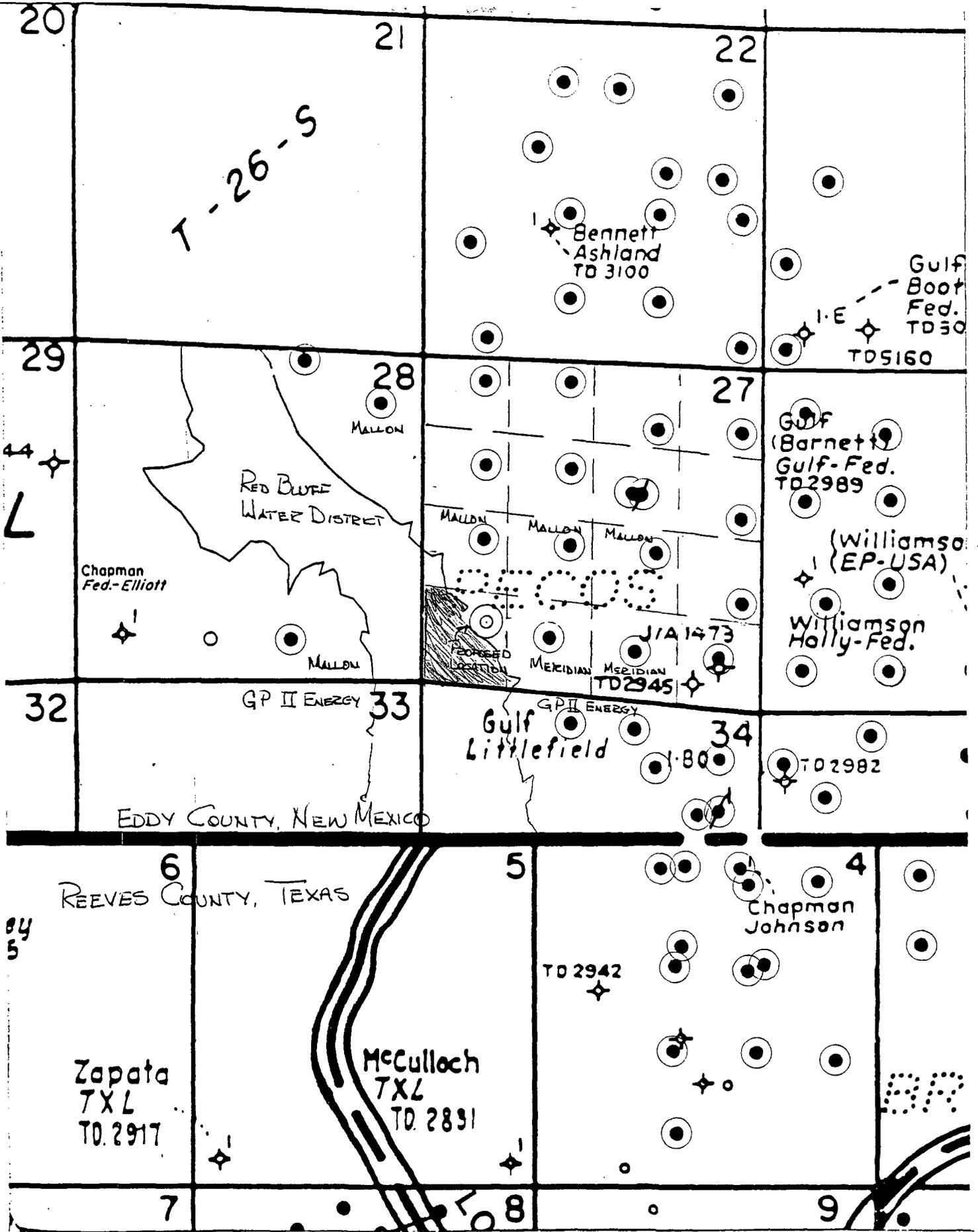


26N-29E

ROSS RANCH QUADRANGLE
Eddy County, New Mexico
1:240000

EDDY CO
REEVES CO

BM 2886



BRUSHY DRAW PROSPECT
 Ownership Map
 Eddy County, New Mexico



G.P. II ENERGY, INC.

P.O. Box 50682

Midland, Texas 79710

(915) 684-4748

**OFFSET OPERATORS
TO
THE PROPOSED SPACING UNIT (M)
SW/4, SW/4, Sec. 27, T26S, R29
Eddy County, New Mexico**

**Mallon Oil Co.
1099 18th St., Suite 2750
Denver, CO 80202-1927**

**Meridian Oil, Inc.
21 Desta Drive
Midland, Texas 79701**

AVALON ENERGY CORPORATION

306 West Wall, Suite 1115 Midland, Texas 79701

(915)686-8964

April 12, 1991

Bureau of Land Management
P.O. Box 1778
Carlsbad, New Mexico 88221

Attn: Tom Hare

RE: Coyote Fed #1
Sec. 27, T-26S, R-29E
Eddy Co., New Mexico

Dear Sir:

In our meeting of March 28, 1991 we reached a tentative agreement with regard to drilling a Cherry Canyon test at a location of 990 FSL & 1090 FWL, Sec. 27, T26S,R29E, Eddy County, New Mexico. Enclosed are drilling pad layouts from Rod-Ric Drilling Co., and Peterson Drilling Co. Both of the plats assume that steel pit circulation systems will be used. In addition to the closed system, we will incorporate the following procedures to protect the immediate area:

1. Construct the pad so that the well head is located at least one foot lower in elevation than the edges of the pad.
2. All dry cuttings and drilling fluid will be removed from the location.
3. The gas-powered engine for the pump will be equipped with a quiet muffler.
4. The tank battery will be located east of the drillsite - away from the natural drainage.
5. Paint all permanent production equipment sandstone or haze gray to reduce the visual impact. The choice of colors will be left to the BLM.
6. We will use the smallest practical pumping unit.
7. Bury all flow lines to the tank battery.
8. Reduce the production pad to the smallest practical size and reclaim the unused pad around the pump.

Page 2
Coyote Federal #1
April 12, 1991

We have not made a final decision as to the drilling contractor. We will notify you if it is other than either of the above and will provide you with a pad layout from the final contractor. It is our intention to minimize the impact of our operation.

In closing, I wish to thank you and your staff for working with us on this matter. We understand your concern and appreciate your time and efforts.

Sincerely,



Garland C. Lamb

Gary Bowers	BLM - Carl Israel	887-6544
Barry Hunt	"	
EDWARD ADCOCK	AVALON ENERGY CORP.	686-8964
Garland Lamb	Avalon Energy Corp	686-8964
George Mitchell	GP II ENERGY, INC.	684-4748
<i>A. R. Brown</i>		382-5642
Jim Goodbar	BLM	
Tom Hare	BLM - Carl Israel	887-6544
John Sherman	BLM	887-6544
George Rueblemann	BLM	" "
Bobbe Young	BLM	" "
Dave Stout	BLM	" "

MEETING AT BLM OFFICES MARCH 28, 1991



G.P. II ENERGY, INC.

P.O. Box 50682

Midland, Texas 79710

(915) 684-4748

June 6, 1991

Mallon Oil Co.
1099 18th. St., Ste. 2750
Denver, CO 80202-1927

Attention: Karen Haynes

RE: Unorthodox Location
G.P. II Energy, Inc.
Coyote Federal #1
990' FSL, 1090 FWL
Sec. 27(M), T-26-S, R-29-E
Eddy County, New Mexico

Dear Ms. Haynes:

Please find attached OCD forms C-101 and C-102 for the above well. Please note that the well is 100' outside a standard location for the spacing unit. The location was moved at the direction of the Bureau of Land Management. As shown on the attached topographic map, the proposed well is adjacent to the Red Bluff Reservoir and lies within a Class II Visual Resource Management Area (VRM).

Mr. Barry Hunt and Mr. Jim Goodbar of the BLM were present at the staking of the location and required that we move the location 100' to the east away from natural drainages that incise the bluff above the lake.

Since Meridian is an offset operator to the spacing unit, G.P. II Energy, Inc. respectfully requests that Meridian waive any objection to the above location by executing below.

Sincerely,

George P. Mitchell

I understand the above request and waive any objection to the proposed location of the above captioned well.

AGREED AND ACCEPTED

This _____ day of _____ 1991

By: _____
MALLON OIL CO.



G.P. II ENERGY, INC.

P.O. Box 50682

Midland, Texas 79710

(915) 684-4748

June 5, 1991

Meridian Oil, Inc.
21 Desta Drive
Midland, Texas 79701

Attention: Connie Malik

RE: Unorthodox Location
G.P. II Energy, Inc.
Coyote Federal #1
990' FSL, 1090 FWL
Sec. 27(M), T-26-S, R-29-E
Eddy County, New Mexico

Dear Ms. Malik:

Please find attached OCD forms C-101 and C-102 for the above well. Please note that the well is 100' outside a standard location for the spacing unit. The location was moved at the direction of the Bureau of Land Management. As shown on the attached topographic map, the proposed well is adjacent to the Red Bluff Reservoir and lies within a Class II Visual Resource Management Area (VRM).

Mr. Barry Hunt and Mr. Jim Goodbar of the BLM were present at the staking of the location and required that we move the location 100' to the east away from natural drainages that incise the bluff above the lake.

Since Meridian is an offset operator to the spacing unit, G.P. II Energy, Inc. respectfully requests that Meridian waive any objection to the above location by executing below.

Sincerely,

George P. Mitchell

I understand the above request and waive any objection to the proposed location of the above captioned well.

AGREED AND ACCEPTED

This _____ day of _____ 1991

By: _____
MERIDIAN OIL, INC.