

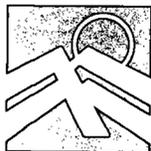
Rec. 2/3/93

VIA FEDERAL EXPRESS

February 2, 1993

Mr. Mike Stogner
New Mexico Oil Conservation
310 Old Santa Fe Trail
Santa Fe, NM 87504

Re: ***Application for Unorthodox Well Location***
Apache "25" Fed. Com. Well No. 2
660' FSL & 1310' FEL (Unit P)
Section 25, Township 22 South, Range 33 East, NMPM
Eddy County, New Mexico



Dear Mr. Stogner:

Mitchell Energy Corporation hereby requests approval of an unorthodox location for the subject well at the location shown above. In compliance with your letter dated January 28, 1993, we have moved the location off the quarter-quarter section line into Unit P. As previously indicated, an unorthodox location is being requested due to potash restrictions. A copy of relevant correspondence for the Bureau of Land Management (BLM) is attached for your review. The Application for Permit to Drill was filed with the BLM on December 17, 1992 and a Sundry Notice has been submitted reflecting the change in location.

A plat showing the ownership of all tracts offsetting the spacing unit for the subject well is attached. A copy of this application is being sent to each of these parties.

If you have any questions, please call me at (713) 377-5818.

Sincerely,

MITCHELL ENERGY CORPORATION

Mark N. Stephenson
Manager
Production-Regulatory Affairs

MNS:mtb
apache2.mns

cc: All parties on Service List - VIA CERTIFIED MAIL

ENC. MITCHELL ENERGY CORPORATION 2001 TIMBERLOCH PLACE
P.O. BOX 4000, THE WOODLANDS, TEXAS 77387-4000 713/377-5500
A subsidiary of Mitchell Energy & Development Corp.

Service List
Application of Mitchell Energy Corporation
for Unorthodox Well Location
Apache "25" Fed. Com. Well No. 2
Eddy County, New Mexico

Plat Tracts 1, 3, 4, & 5

Perry R. Bass, Inc.
Lee M. Bass, Inc.
Sid R. Bass, Inc.
ThruLine, Inc.
Keystone, Inc.
 Bass Enterprises Production Co.
 Attn: Jens Hansen
 201 Main Street
 Ft. Worth, Texas 76102-3105

Plat Tracts 2, 6, & 10

Conoco, Inc.
Attn: Mike Johnson
10 Desta Drive West
Midland, Texas 79705

Plat Tract 1

Arco Oil & Gas Company
P.O. Box 1610
Midland, Texas 79702

Plat Tract 7

Dept. of Energy
Waste Isolation Pilot Project
P.O. Box 2078
Carlsbad, New Mexico 88221

Plat Tract 5

Enron Oil & Gas Company
P.O. Box 2267
Midland, Texas 79702

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Mitchell Energy Corporation

3. Address and Telephone No.

P.O. Box 4000, The Woodlands, TX 77387-4000 (713) 377-5855

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1310' FEL and 660' FSL
Sec. 25, T22S, R30E

5. Lease Designation and Serial No.

NM NM 89052

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

Apache "25" Fed Com #2

9. API Well No.

10. Field and Pool, or Exploratory Area

Wildcat

11. County or Parish, State

Eddy County, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Move Well Location</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

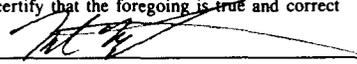
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Well location moved 10' off of quarter/quarter section line per State of New Mexico Regulations.

14. I hereby certify that the foregoing is true and correct

Signed



Mark N. Stephenson

Title Mgr., Prod. Regulatory Affairs

Date

02-02-93

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction 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 Mitchell Energy Corporation			Lease Apache "25" Fed Com		Well No. 2
Unit Letter P	Section 25	Township 22S	Range 30E	County Eddy	
NMPM					

Actual Footage Location of Well:
1310 feet from the East line and 660 feet from the South line

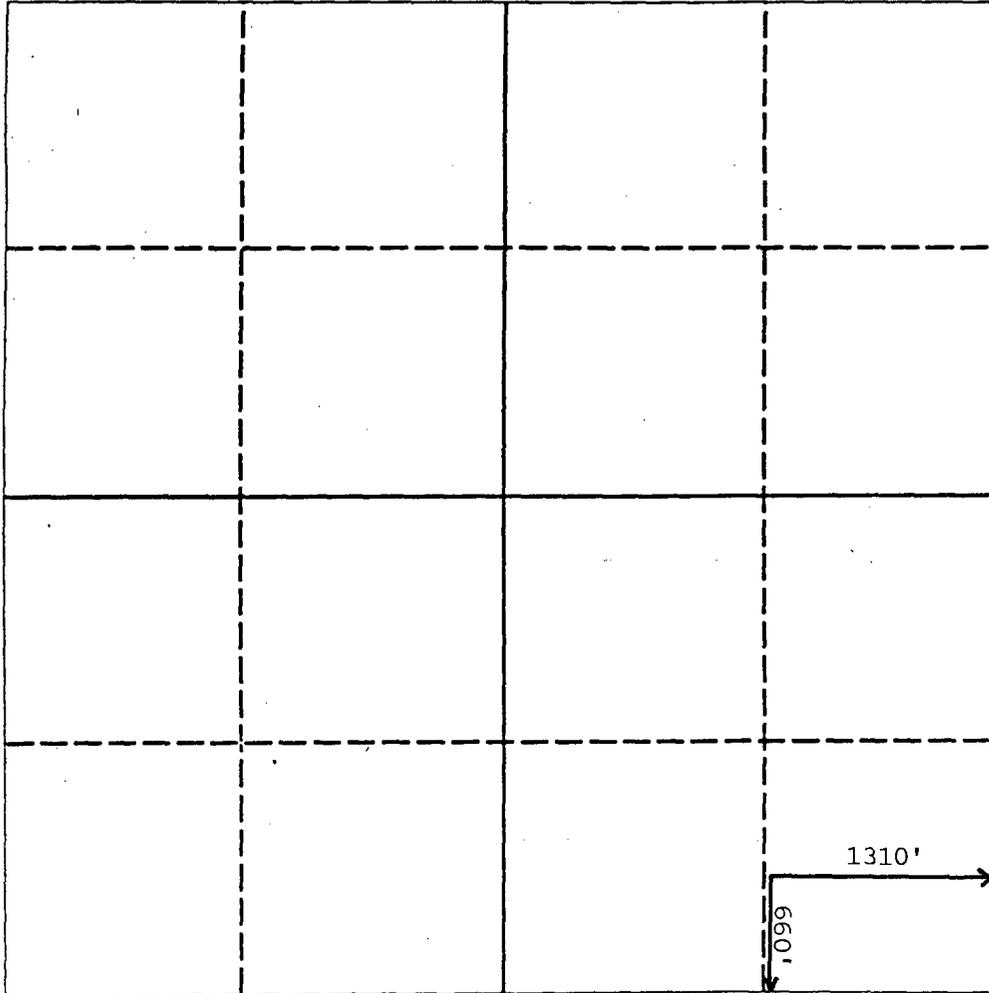
Ground level Elev. 3336	Producing Formation Morrow	Pool Wildcat	Dedicated Acreage: 320 Acres
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- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, 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
[Signature]

Printed Name
Mark N. Stephenson

Position
Mgr., Prod. Reg. Affairs

Company
Mitchell Energy Corporation

Date
02-02-93

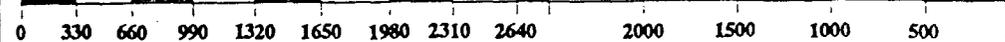
SURVEYOR CERTIFICATION

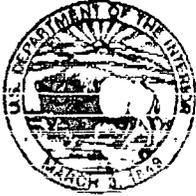
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Signature & Seal of Professional Surveyor

Certificate No.





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office
1474 Rodco Rd.
P.O. Box 27115
Santa Fe, New Mexico 87502-7115



IN REPLY REFER TO:

3160 (921)

NOV 18 1992

Mitchell Energy Corporation
Attention: Mr. Mark N. Stephenson
2001 Timberloch Place
P. O. Box 4000
The Woodlands, TX 77387-4000

Dear Mr. Stephenson:

This letter is in response to your request for additional information supporting the denial of the Application for Permit to Drill (APD) the Apache 25 Federal Well No. 1.

You state that the reasons for denial are incorrect and the BLM 1984 "Potash Map" shows most of section 25 as barren of minable potash reserves. You contend that the nearest mining operations are over a mile away, and you know of no active or planned mining operations in the immediate vicinity of the proposed drill site.

Rationale for the APD denial.

The Carlsbad Resource Area denied the application due to the proximity of the proposed well site to the potash enclave. The proposed drill site is less than one-half mile from the potash enclave. The one-half mile safety zone is applied for gas wells and one-quarter mile for oil wells.

These distances are in the 1986 Secretary's Order under Section E(4) of the order concerning oil and gas drilling in the potash area, which states "Applications for permits to drill vertical test wells for oil and gas at locations that are in the Potash Area but outside of the State of New Mexico's 'Oil-Potash Area' and which do not directly offset an enclave (within one-quarter mile if an oil test well or one-half mile if a gas test well) shall be routinely processed by the authorized officer."

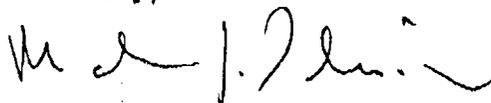
The well location is within one-half mile of the potash enclave therefore, the approval of this APD is not routine. The well location is approximately 1.7 miles from the existing mine workings of Western Ag Minerals Company. Western Ag has normally performed first or second mining on the east side of the mine. They are performing first mining on the east and west sides of the mine. Therefore, we believe that first and second mining operations will continue to advance toward the proposed well location.

We conclude that the drilling of this well will endanger future mining operations, which will result in undue waste of potash.

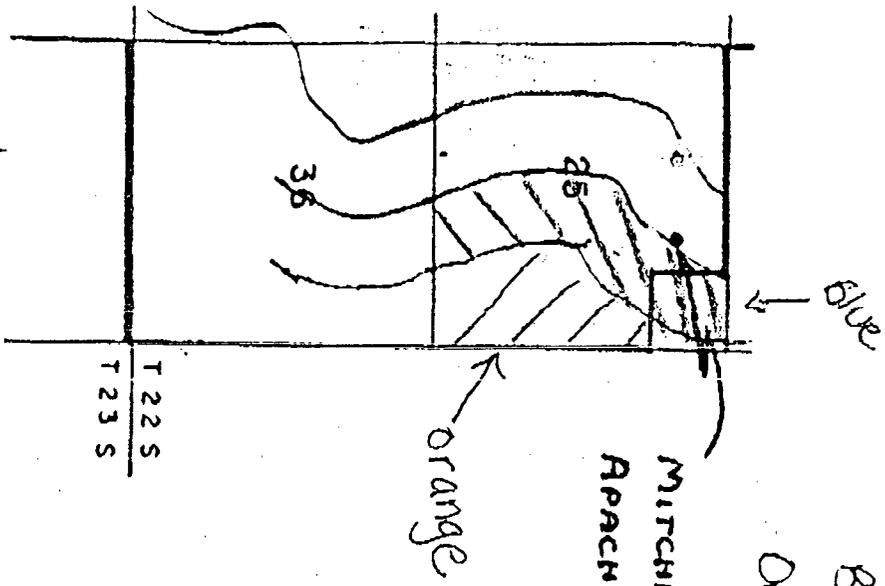
Enclosed, as you requested, is a map of the area in which we believe oil and gas well drilling will not adversely affect potash resources. The areas shown in blue and orange on the map are acceptable for oil well and for oil and/or gas well exploration respectively. This map is based on potash resources. Any new proposed well site must be submitted with a new APD and is subject to a NEPA review.

If you need any additional information, please contact Ray Thompson or Jim Olsen at (505) 438-7500.

Sincerely,

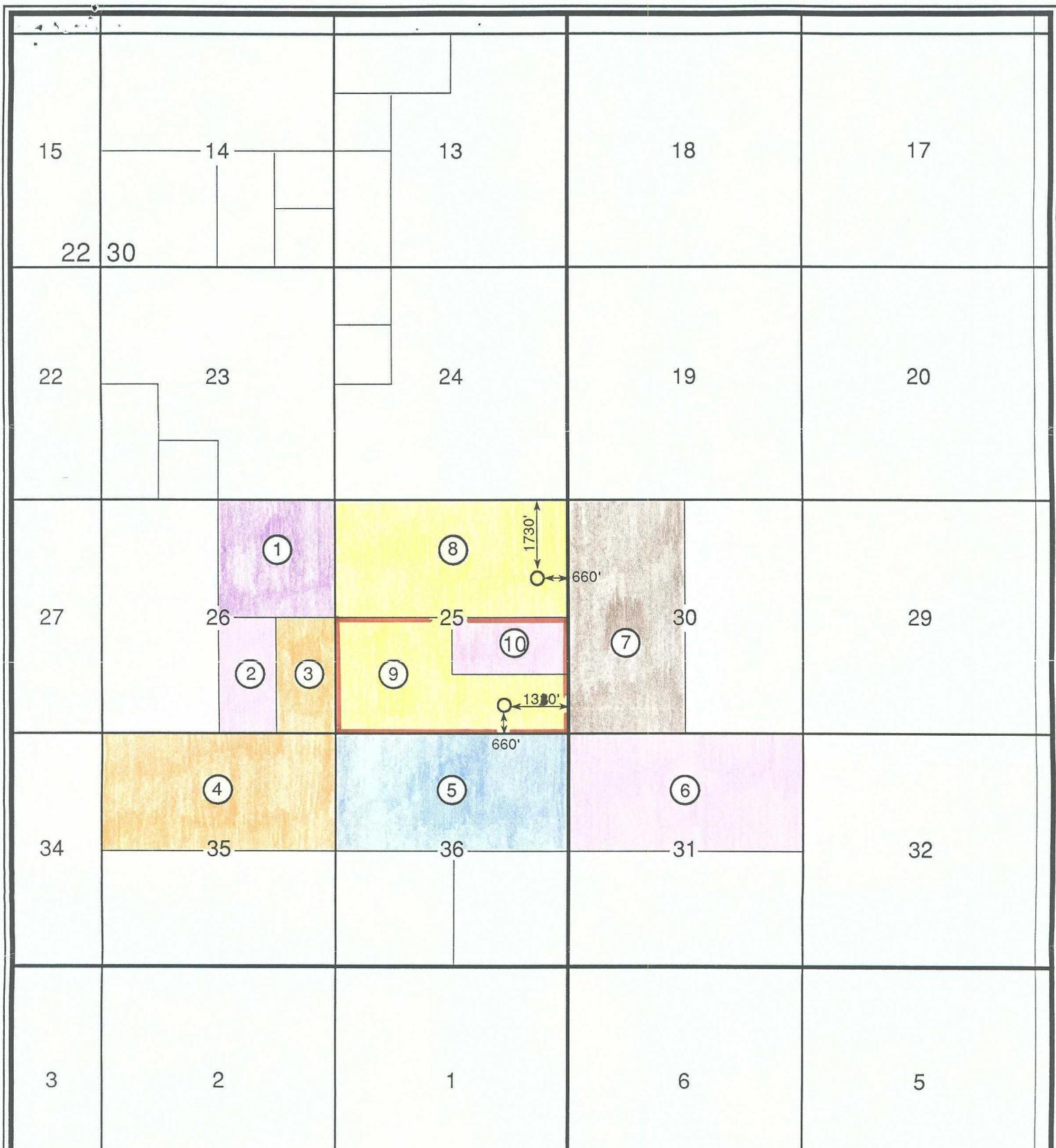

For Larry L. Woodard
State Director

1 Enclosure



MITCHELL ENERGY
 APACHE "25" FEDERAL # 1

Blue — Oil wells
 Orange — Oil and Gas wells



LEGEND

Plat Tracts

- 1,3,4&5 Perry R. Bass Inc. et al
- 1 Arco Oil & Gas Co.
- 2,6&10 Conoco Inc.
- 5 Enron Oil & Gas Co.
- 7 Department of Energy (WIPP)
- 8&9 Mitchell Energy Corp.



Mitchell Energy Corporation
 P.O. BOX 4000 • THE WOODLANDS, TEXAS 77387-4000

Offset Operators for Unorthodox Well Location
 Apache "25" Fed. Com. Well No. 2
 Sec. 25, T22S, R30E
 Eddy County, New Mexico

DATE: 11-12-92

SCALE: 1"=3000'