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OIL CONSERVATION DIVISION

Midland Division  
Exploration Production

RECEIVED

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, TX 79705-4500  
(915) 686-5400

1995 DEC 7 AM 8 52

November 30, 1995

Mr. William J. LeMay  
State of New Mexico  
Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87504

*NSU - CONO. 3*

**Re: Application to**

- (1) Approve an Unorthodox Gas Well Location for Conoco's Proposed State J-2 Well No. 17, located at 1340' FSL & 990' FEL, Sec. 2, T-22S, R-36E, Lea County, for Relief from Topographical and other Surface Obstructions, and**
- (2) Simultaneously Dedicate Wells No. 7, 12, 14, 15, 16, & 17 to the existing 480 NSPU established by Division Order R-5759**

Dear Mr. LeMay:

EXHIBIT A shows (a) the 480-acre NSPU, previously established for dedication to Eumont gas production from Conoco's State J-2 Wells No. 7, 12, 14, 15, and 16, (b) the proposed Well No. 17, and (c) the offset operators to this NSPU.

EXHIBIT B is the C-102 survey plat for the proposed No. 17 located at 1340' FSL & 990' FEL. This location is standard to both the South and East boundaries of the proration unit and does not encroach upon any offset operator. However, due to topographical and other surface obstructions, it was necessary to stake this well at a location that is non-standard with respect to the inner quarter-quarter line. It is located just 10 feet North of the Unit P quarter-quarter section.

EXHIBIT C is a topographic plat showing (a) the Southern most standard location and (b) the proposed non-standard location. The Southern most standard location was located near the bottom of a wash and would have required too much cut and fill. The proposed non-standard location moved out of the wash, avoiding this problem.

EXHIBIT D is a drawing of the surface obstructions in Units I and P of the SE/4 of Section 2. The Southern most standard location which was disallowed because of topography was also crowded on the North side by existing pipelines. Moving North, the first usable location which avoided surface obstructions and provided sufficient pad area was found at the proposed location at 1340' FSL.

EXHIBIT E is a list of all offset owners surrounding this 480-acre NSPU who have been notified of this application by certified mail. Copies of the certified mail receipts are also attached as EXHIBIT F.

This well, in the SE/4 of the section, is needed to efficiently complete drainage of this 480-acre NSPU. This location is non-standard only to an inner quarter-quarter line and will not affect the correlative rights of any offset operator.

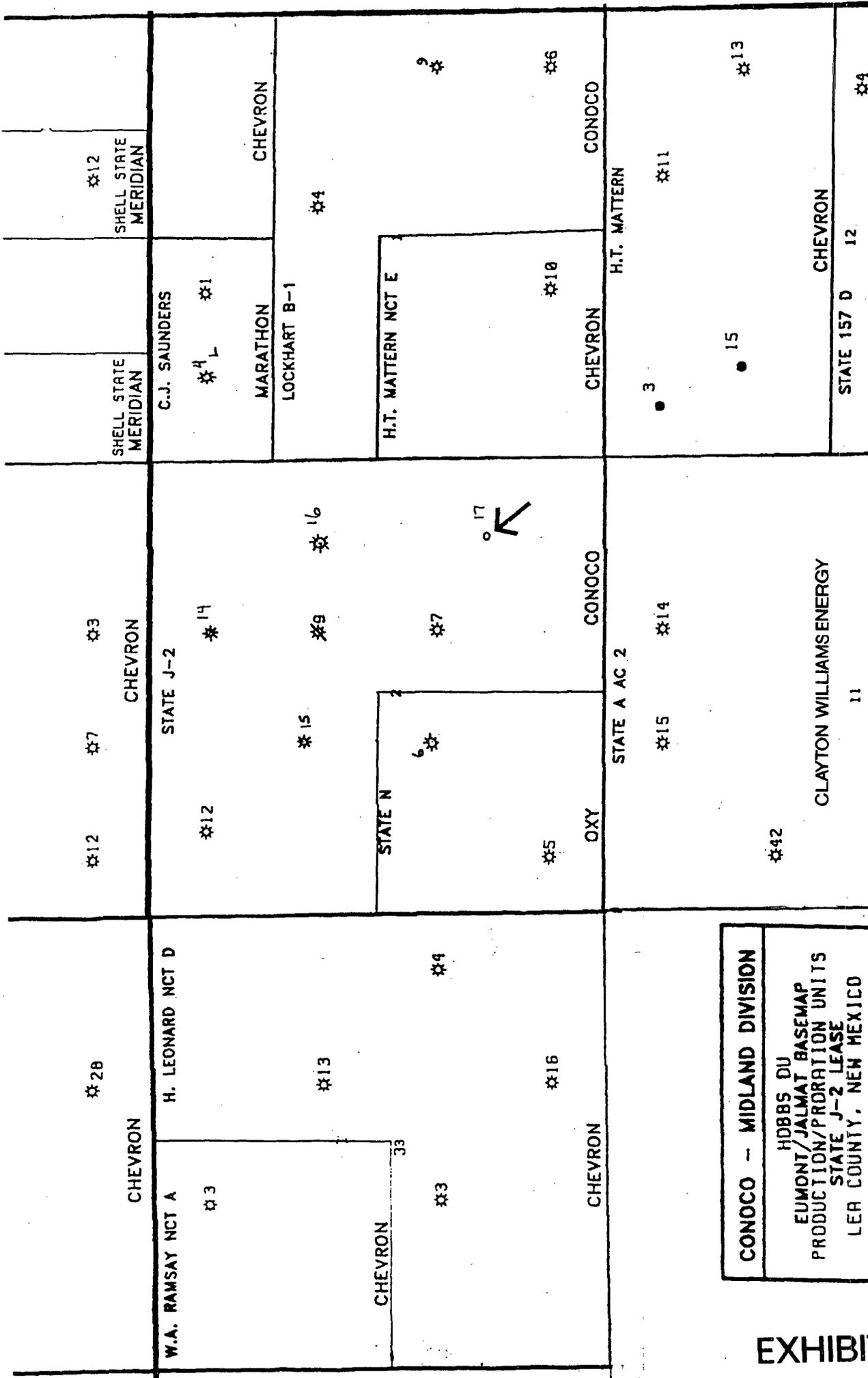
If there are further questions concerning this application please contact me at (915) 686-6548. Thank you.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jerry W. Hoover".

Jerry W. Hoover  
Sr. Conservation Coordinator

cc: Carlsbad BLM Resource Area Office



**CONOCO - MIDLAND DIVISION**  
 HDBBS DU  
 EUMONT/JALMAT BASEMAP  
 PRODUCTION/PRORATION UNITS  
 STATE J-2 LEASE  
 LER COUNTY, NEW MEXICO

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Artec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-102  
 Revised February 21, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-025-		*Pool Code 76480	*Pool Name Eumont Yates 7-Rivers Queen Gas
*Property Code 003059	*Property Name STATE J-2		*Well Number 17
*GRID No. 005073	*Operator Name CONOCO, INC.		*Elevation 3509'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	2	22-S	36-E		1340	SOUTH	990	EAST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 480	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. R-5759
--------------------------------------	-------------------------------	----------------------------------	-----------------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

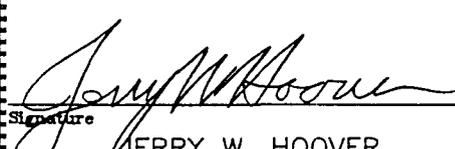
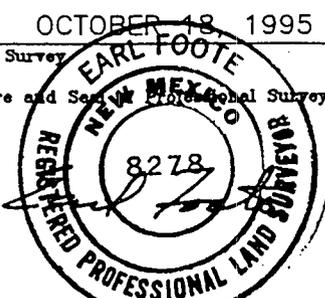
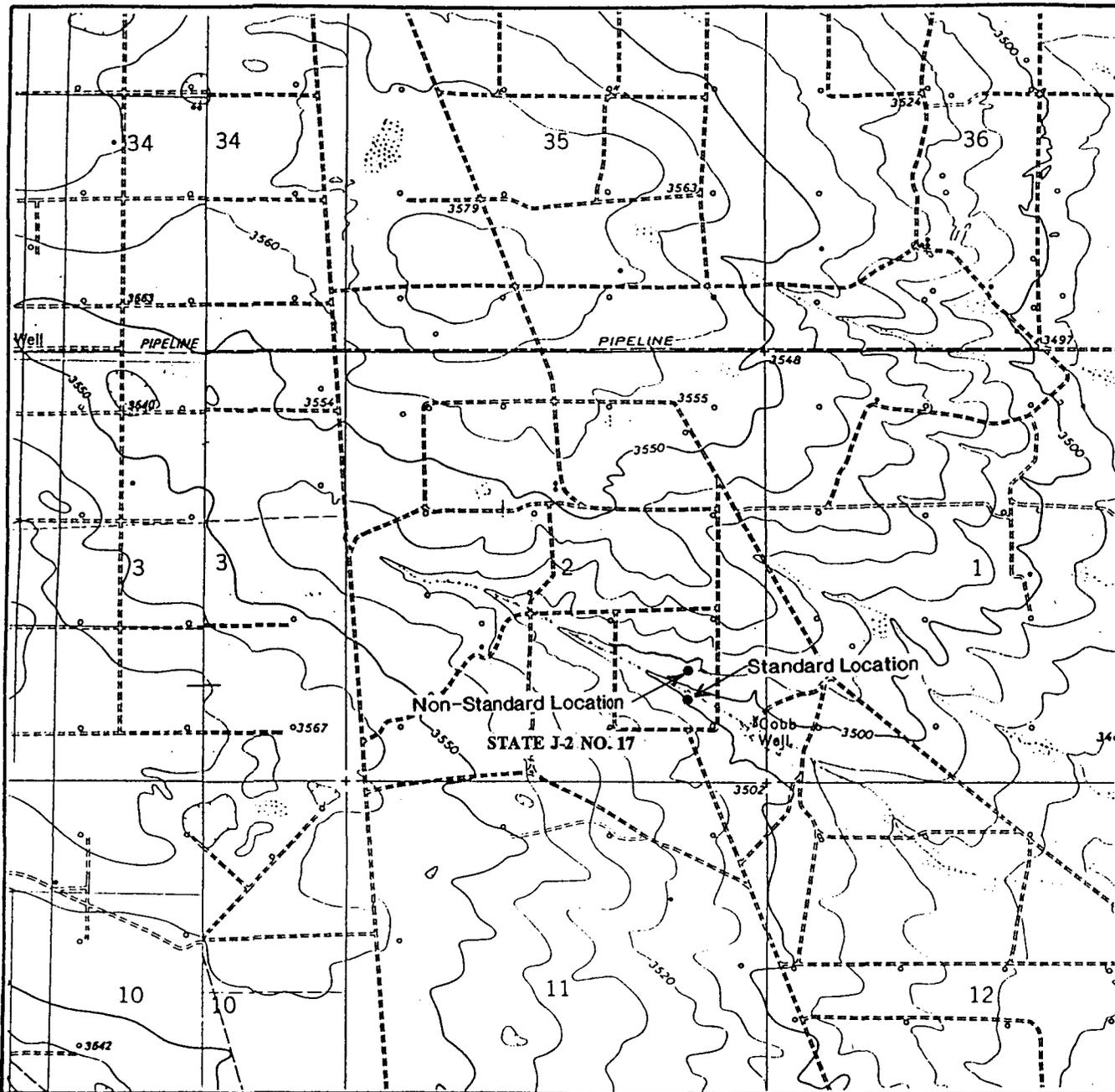
<sup>12</sup> State "J-2" Will No. 12 660' EAL - 990' FWL NSL Approved by R-5759	<sup>14</sup> State "J-2" #14 910' EAL - 1980' FEL NSL No. _____ Spud: 3/7/94	<sup>15</sup> State "J-2" Will No. 15 1780' EAL - 2080' FWL NSL No. _____ Spud: 3-14-94 860' 1	<sup>16</sup> State "J-2" Will No. 16 2200' EAL - 990' FEL Standard Location 330' 440'	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature JERRY W. HOOVER Printed Name SR. CONSERVATION COORDINATOR Title 11/30/95 Date
				<sup>18</sup> 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 best of my belief. OCTOBER 18, 1995 Date of Survey  Signature and Seal of Professional Land Surveyor: Certificate Number 8278
Chevron USA Inc. Arrowhead Grayburg Unit Will No. 156 1980' EAL Formerly the	<sup>7</sup> State "J-2" Will No. 7 1980' EAL NSL Approved by Order No. R-5759	17 990'	1340' 1340'	
Conoco Inc. J-2 Will No. 9 Eumont has disconnected on 4/12/88 Will transferred to Chevron for the Arrowhead Grayburg Unit in Texas 1991 30-025-08748				

EXHIBIT B

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'  
 CONTOUR INTERVAL 10'  
 WTC 44266

SEC. 2 TWP. 22-S RGE. 36-E

SURVEY N.M.P.M.

COUNTY LEA STATE NM

DESCRIPTION 1340' FSL & 990' FEL

ELEVATION 3509'

OPERATOR CONOCO, INC.

LEASE STATE J-2 NO. 17

U.S.G.S. TOPO. MAP EUNICE, N.M.

**WEST TEXAS CONSULTANTS, INC.**

ENGINEERS-PLANNERS-SURVEYORS

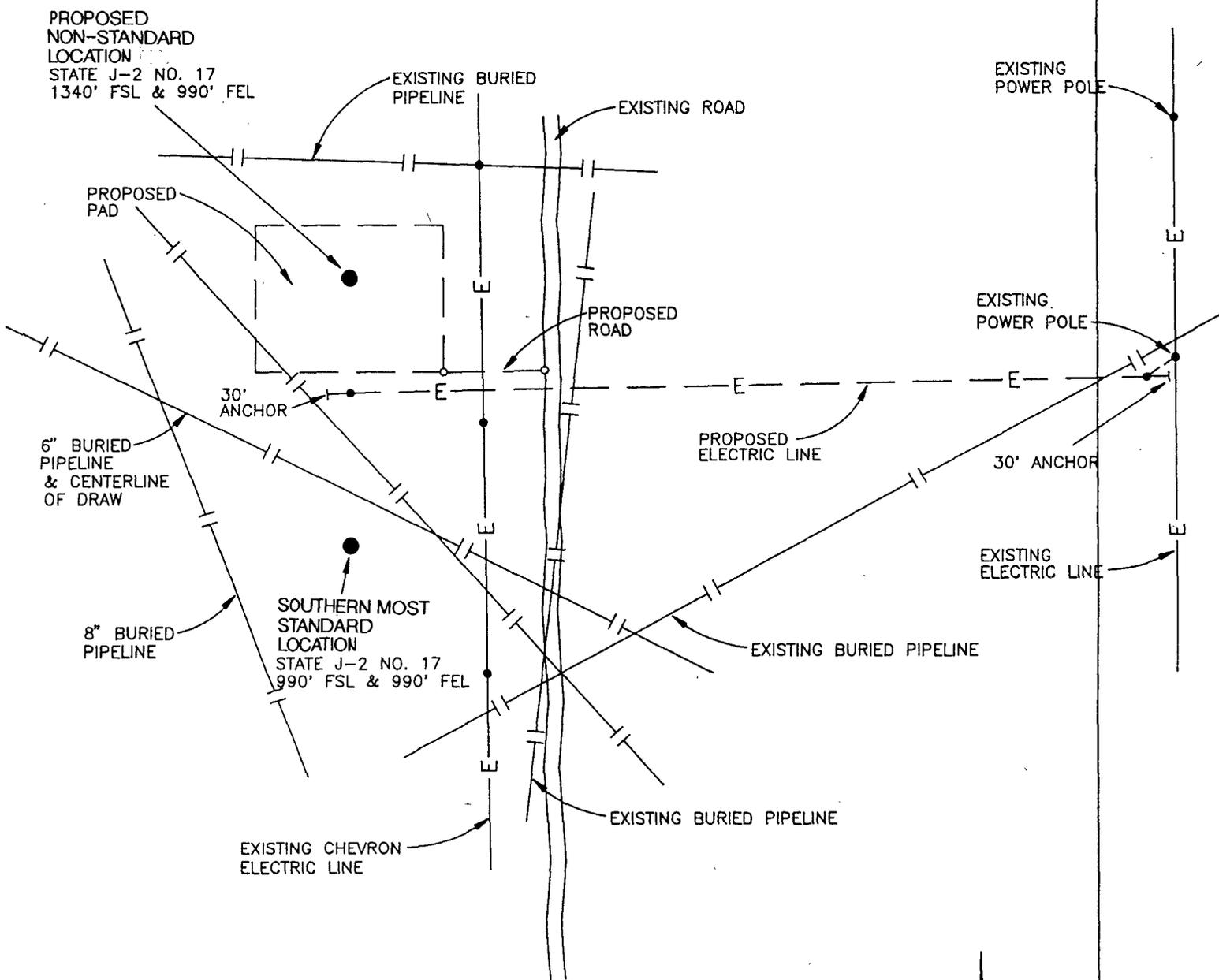
MIDLAND, TEXAS

915-685-3800

**EXHIBIT C**

# STATE LAND

2



PIPELINES, ELECTRIC LINES AND OTHER OBSTRUCTIONS  
AFFECTING THE 990 FEET FROM THE SOUTH LINE  
AND THE 990 FEET FROM THE EAST LINE POSITIONING  
OF PROPOSED CONOCO, INC WELL STATE J-2 NO. 17  
IN SECTION 2, T-22-S, R-36-E, N.M.P.M.  
LEA COUNTY, NEW MEXICO

SCALE: 1" = 200'

WEST TEXAS CONSULTANTS, INC.  
ENGINEERS - PLANNERS - SURVEYORS  
201 W. INDUSTRIAL AVE.  
MELAND, TEXAS

**OFFSET OPERATORS**

**STATE J-2 LEASE**

**Chevron USA Inc.  
P.O. Box 1150  
Midland, Tx. 79702**

**Meridian Oil Inc.  
21 Desta Dr.  
Midland, Tx. 79701**

**Marathon Oil Company  
P.O. Box 552  
Midland, Tx. 79702**

**Oxy USA Inc.  
P.O. Box 50250  
Midland, Tx. 79710**

**Clayton Williams Energy Inc.  
6 Desta Drive  
3000 Claydesta Bank Bldg.  
Midland, Tx. 79705**

Z 740 461 376



**Receipt for Certified Mail**

No Insurance Coverage Provided

Oxy USA Inc.  
P.O. Box 50250  
Midland, Tx. 79710

PS Form 3800, March 1993

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	12/1/95

Z 740 461 375



**Receipt for Certified Mail**

No Insurance Coverage Provided

Meridian  
21 Desta Drive  
Midland, Tx. 79701

PS Form 3800, March 1993

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	12/1/95

Z 740 461 374



**Receipt for Certified Mail**

No Insurance Coverage Provided  
Not for International Mail

Chevron USA, Inc.  
P.O. Box 1150  
Midland, Tx. 79702

PS Form 3800, March 1993

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	12/1/95

Z 740 461 378



**Receipt for Certified Mail**

No Insurance Coverage Provided

Clayton Williams Energy Inc.  
6 Desta Dr.  
3000 Claydesta Bank Bldg.  
Midland, Tx. 79705

PS Form 3800, March 1993

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	12/1/95

Z 740 461 377



**Receipt for Certified Mail**

No Insurance Coverage Provided

Marathon Oil Co.  
P.O. Box 552  
Midland, Tx. 79702

PS Form 3800, March 1993

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	12/1/95

## OIL CONSERVATION DIVISION

December 28, 1995

*Kellahin and Kellahin*  
 Attn: *W. Thomas Kellahin*  
 P. O. Box 2265  
 Santa Fe, New Mexico 87504

*Conoco, Inc.*  
 Attn: *Jerry W. Hoover*  
 10 Desta Drive - Suite 100W  
 Midland, Texas 79705-4500

*Administrative Application For an Unorthodox Gas Well  
 Location and Simultaneous Dedication:  
 State "J-2" Well No. 17 to be drilled at an unorthodox  
 Eumont gas well location 1340' FSL & 990' FEL (Unit 1)  
 of Section 2, Township 22 South, Range 36 East, NMPM,  
 Eumont Gas Pool, Lea County, New Mexico.*

*Dear Messrs. Hoover and Kellahin:*

*The subject application, see copy attached, was received by the Division on December 7, 1995, in preparing an order I was unable to site the Division's previous approvals for the State "J-2" Well Nos. 14 and 15 in Units "B" and "E", respectively, both of which were drilled at unorthodox (external) gas well locations. Please submit copies of both orders so that I may process this filing in a timely manner. Thank you for your cooperation.*

*Should either of you have any further questions or comments concerning this matter, please call me in Santa Fe at (505) 827-8185.*

*Sincerely,*



*Michael E. Stogner*  
 Chief Hearing Officer/Engineer

cc: *Oil Conservation Division - Hobbs*  
*William J. LeMay, Director - OCD, Santa Fe*  
*U. S. Bureau of Land Management - Carlsbad*



OIL CONSERVATION DIVISION

Midland Division  
Exploration Production

RECEIVED

NOV 30 1995

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, TX 79705-4500  
(915) 686-5400

November 30, 1995

Mr. William J. LeMay  
State of New Mexico  
Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87504

**Re: Application to**

- (1) Approve an Unorthodox Gas Well Location for Conoco's Proposed State J-2 Well No. 17, located at 1340' FSL & 990' FEL, Sec. 2, T-22S, R-36E, Lea County, for Relief from Topographical and other Surface Obstructions, and**
- (2) Simultaneously Dedicate Wells No. 7, 12, 14, 15, 16, & 17 to the existing 480 NSPU established by Division Order R-5759**

Dear Mr. LeMay:

EXHIBIT A shows (a) the 480-acre NSPU, previously established for dedication to Eumont gas production from Conoco's State J-2 Wells No. 7, 12, 14, 15, and 16, (b) the proposed Well No. 17, and (c) the offset operators to this NSPU.

EXHIBIT B is the C-102 survey plat for the proposed No. 17 located at 1340' FSL & 990' FEL. This location is standard to both the South and East boundaries of the proration unit and does not encroach upon any offset operator. However, due to topographical and other surface obstructions, it was necessary to stake this well at a location that is non-standard with respect to the inner quarter-quarter line. It is located just 10 feet North of the Unit P quarter-quarter section.

EXHIBIT C is a topographic plat showing (a) the Southern most standard location and (b) the proposed non-standard location. The Southern most standard location was located near the bottom of a wash and would have required too much cut and fill. The proposed non-standard location moved out of the wash, avoiding this problem.

EXHIBIT D is a drawing of the surface obstructions in Units I and P of the SE/4 of Section 2. The Southern most standard location which was disallowed because of topography was also crowded on the North side by existing pipelines. Moving North, the first usable location which avoided surface obstructions and provided sufficient pad area was found at the proposed location at 1340' FSL.

EXHIBIT E is a list of all offset owners surrounding this 480-acre NSPU who have been notified of this application by certified mail. Copies of the certified mail receipts are also attached as EXHIBIT F.

This well, in the SE/4 of the section, is needed to efficiently complete drainage of this 480-acre NSPU. This location is non-standard only to an inner quarter-quarter line and will not affect the correlative rights of any offset operator.

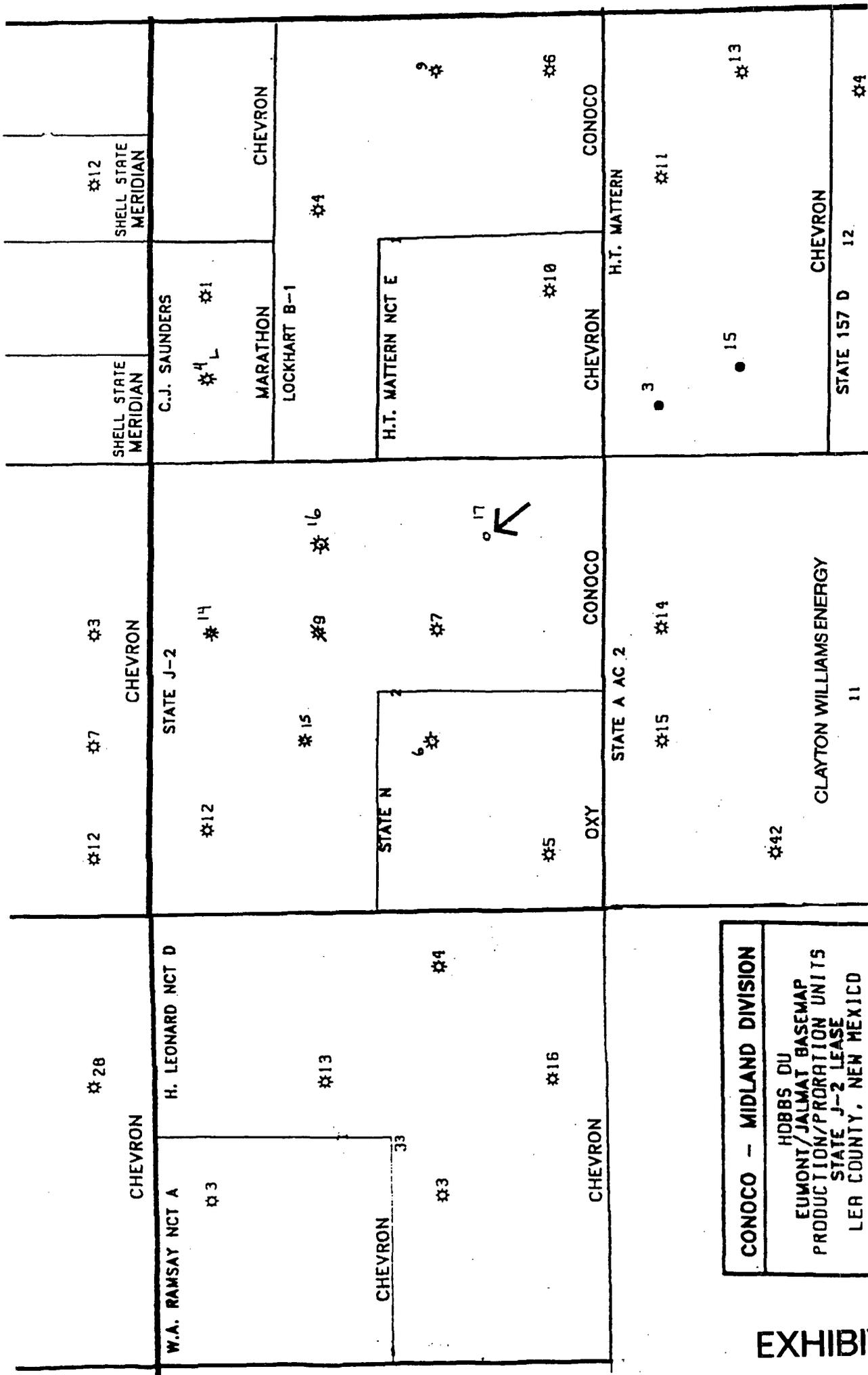
If there are further questions concerning this application please contact me at (915) 686-6548. Thank you.

Very truly yours,

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Jerry W. Hoover  
Sr. Conservation Coordinator

cc: Carlsbad BLM Resource Area Office



**CONOCO - MIDLAND DIVISION**  
 HOBBS DU  
 EUMONT/JALMAT BASEMAP  
 PRODUCTION/PRORATION UNITS  
 STATE J-2 LEASE  
 LER COUNTY, NEW MEXICO

**EXHIBIT A**

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Artesia, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-025-		*Pool Code 76480	*Pool Name Eumont Yates 7-Rivers Queen Gas
*Property Code 003059	*Property Name STATE J-2		*Well Number 17
*GRID No. 005073	*Operator Name CONOCO, INC.		*Elevation 3509'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	2	22-S	36-E		1340	SOUTH	990	EAST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 480	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. R-5759
--------------------------------------	-------------------------------	----------------------------------	-----------------------------------

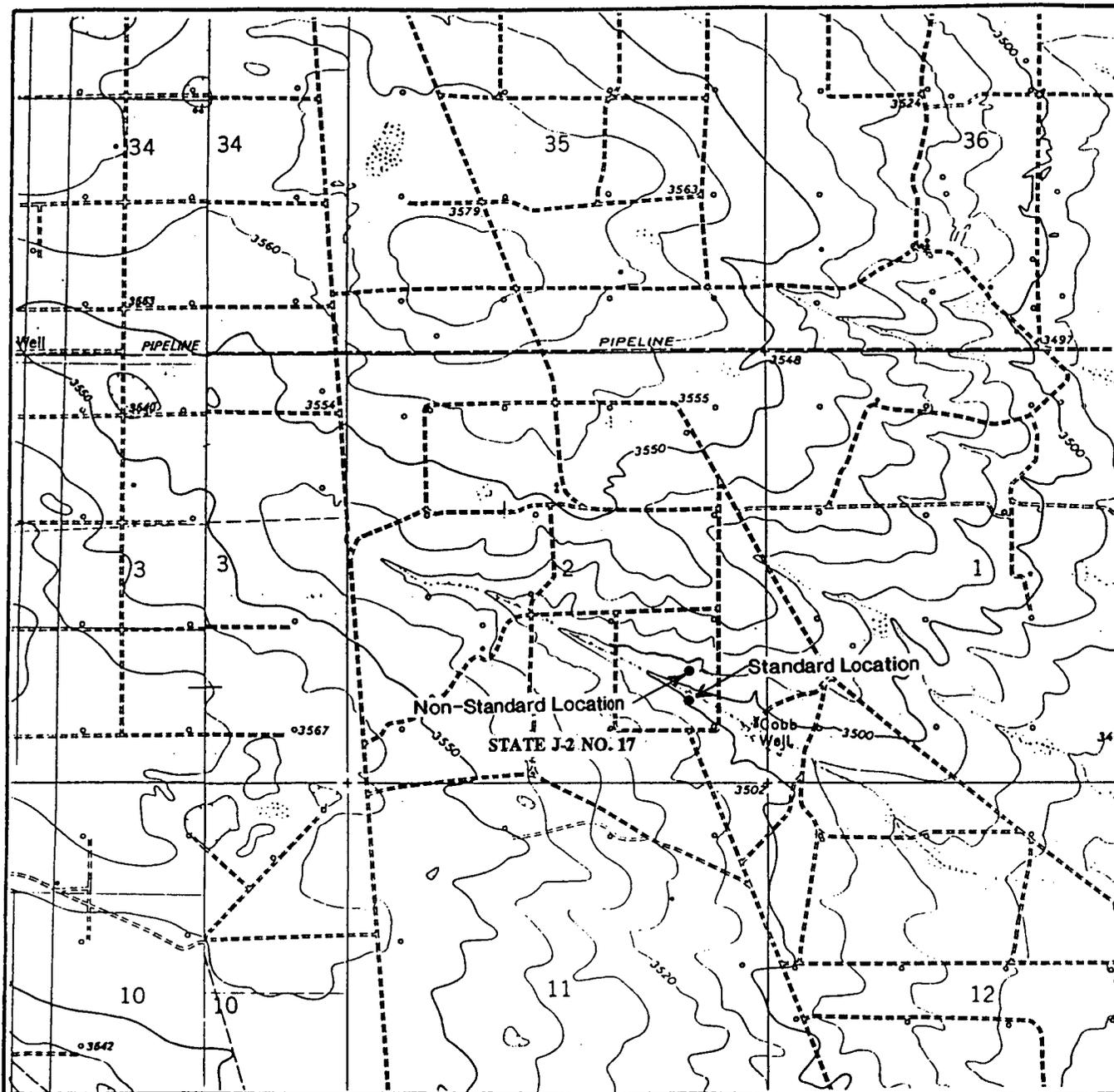
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>State "J-2" Will. No. 12 600' EAL - 450' EAL NSL Approved by R-5759</p>	<p>State "J-2" #14 410' EAL - 1480' EAL NSL No. _____ Spud: 3/17/94</p>	<p>State "J-2" Will. No. 15 1780' EAL - 2080' EAL NSL No. _____ Spud: 3-14-94</p>	<p>State "J-2" Will. No. 10 2200' EAL - 990' EAL Standard Unit 1160'</p>	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Jerry W. Hoover</i> Signature JERRY W. HOOVER Printed Name SR. CONSERVATION COORDINATOR Title 11/30/95 Date</p>	
				<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>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 best of my belief.</p> <p>OCTOBER 18, 1995 Date of Survey EARL FOOTE Signature and Seal of Professional Surveyor 8278 Certificate Number</p>	
<p>Chevron USA Inc. Broadhead Crayburg Unit Will. No. 156 1980' EAL Formerly the</p>	<p>State "J-2" Will. No. 7 1980' EAL NSL Approved by Order No. R-5759</p>	<p>17 990'</p>			
<p>Conoco Inc. "J-2" Will. No. 9 Eumont has discontinued on 4/12/85 Will transferred to Chevron for the Broadhead Crayburg Unit in Jan 1991</p>	<p>1340'</p>				

30-025-08748

EXHIBIT B

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'  
 CONTOUR INTERVAL 10'  
 WTC 44266

SEC. 2 TWP. 22-S RGE. 36-E  
 SURVEY N.M.P.M.  
 COUNTY LEA STATE NM  
 DESCRIPTION 1340' FSL & 990' FEL  
 ELEVATION 3509'  
 OPERATOR CONOCO, INC.  
 LEASE STATE J-2 NO. 17  
 U.S.G.S. TOPO. MAP EUNICE, N.M.

**WEST TEXAS CONSULTANTS, INC.**

ENGINEERS-PLANNERS-SURVEYORS

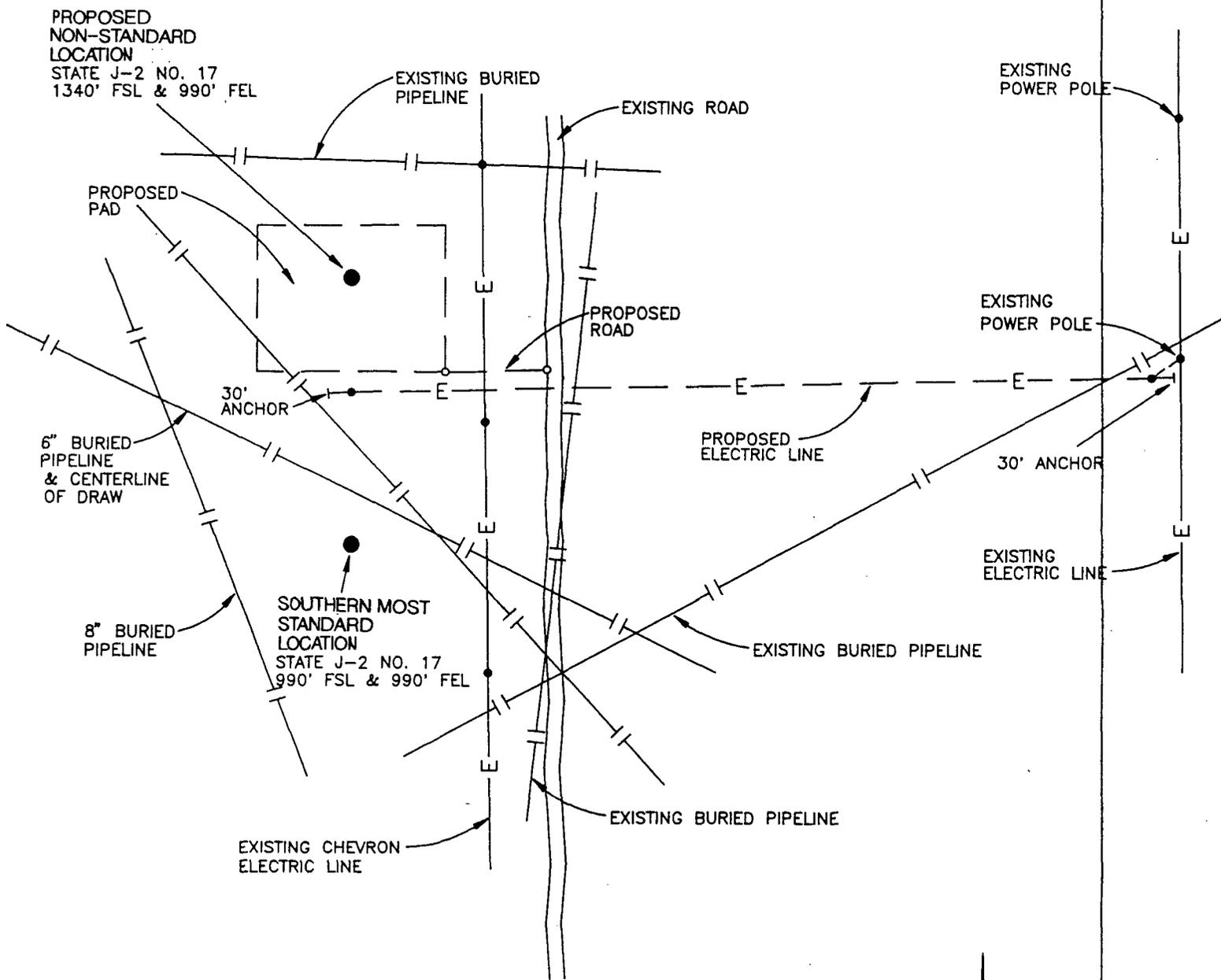
MIDLAND, TEXAS

915-685-3800

**EXHIBIT C**

# STATE LAND

2



PIPELINES, ELECTRIC LINES AND OTHER OBSTRUCTIONS AFFECTING THE 990 FEET FROM THE SOUTH LINE AND THE 990 FEET FROM THE EAST LINE POSITIONING OF PROPOSED CONOCO, INC WELL STATE J-2 NO. 17 IN SECTION 2, T-22-S, R-36-E, N.M.P.M. LEA COUNTY, NEW MEXICO

SCALE: 1" = 200'

WEST TEXAS CONSULTANTS, INC.  
ENGINEERS - PLANNERS - SURVEYORS  
301 N. WHEATMAN, AVE.  
MIDLAND, TEXAS

**OFFSET OPERATORS**

**STATE J-2 LEASE**

Chevron USA Inc.  
P.O. Box 1150  
Midland, Tx. 79702

Meridian Oil Inc.  
21 Desta Dr.  
Midland, Tx. 79701

Marathon Oil Company  
P.O. Box 552  
Midland, Tx. 79702

Oxy USA Inc.  
P.O. Box 50250  
Midland, Tx. 79710

Clayton Williams Energy Inc.  
6 Desta Drive  
3000 Claydesta Bank Bldg.  
Midland, Tx. 79705

Z 740 461 376



**Receipt for Certified Mail**

No Insurance Coverage Provided

Oxy USA Inc.  
P.O. Box 50250  
Midland, Tx. 79710

PS Form 3800, March 1993

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	12/1/95

Z 740 461 375



**Receipt for Certified Mail**

No Insurance Coverage Provided

Meridian  
21 Desta Drive  
Midland, Tx. 79701

PS Form 3800, March 1993

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	12/1/95

Z 740 461 374



**Receipt for Certified Mail**

No Insurance Coverage Provided  
No Insurance Coverage Provided for International Mail

Chevron USA, Inc.  
P.O. Box 1150  
Midland, Tx. 79702

PS Form 3800, March 1993

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	12/1/95

Z 740 461 378



**Receipt for Certified Mail**

No Insurance Coverage Provided

Clayton Williams Energy Inc.  
6 Desta Dr.  
3000 Claydesta Bank Bldg.  
Midland, Tx. 79705

PS Form 3800, March 1993

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	12/1/95

Z 740 461 377



**Receipt for Certified Mail**

No Insurance Coverage Provided

Marathon Oil Co.  
P.O. Box 552  
Midland, Tx. 79702

PS Form 3800, March 1993

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	12/1/95



Midland Division  
Exploration Production

OIL CONSERVATION DIVISION  
RECEIVED

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, TX 79705-4500  
(915) 686-5400

January 12, 1996

'96 JAN 16 AM 8 52

Mr. Michael Stogner  
Chief Hearing Officer/Engineer  
Oil Conservation Division  
2040 S. Pacheco  
Santa Fe NM 87504

**Re: Administrative Application For an Unorthodox Gas Well  
Location and Simultaneous Dedication:  
State "J-2" Well No. 17 to be drilled at an unorthodox  
Eumont gas well location 1340' FSL & 990' FEL (Unit I)  
of Section 2, Township 22 South, Range 36 East, NMPM,  
Eumont Gas Pool, Lea County, New Mexico.**

Dear Mr. Stogner:

As to your questions about our State "J-2" Well Nos. 14 and 15 in your December 28, 1995 letter concerning the above application, you are correct that Well Nos. 14 and 15 were not approved as unorthodox locations. However, this was not done as an oversight or any intent to contradict Division rules.

The attached C-102 shows the locations and footages from the proration unit boundary for Well Nos. 14, 15, and 17. This is an unusual "L"-shaped 480-acre unit and presented some confusion to us in evaluating the set-back requirements for the Eumont Pool Rules. Before we submitted the APD's for these two state wells to the Hobbs District Office we sought the advise of Jerry Sexton as to his judgement of the locations for Well Nos. 14 and 15.

Mr. Sexton assured us that in other similar cases his office applied the Eumont Pool set-back footages based on either 320-acre leg of the "L"-shaped unit. In this case he suggested that we evaluated these locations as if they were within a 320-acre lay-down unit in the N/2 of the section. Under that assumption the set-back requirements would be 990' from the end lines (East and West) and 660' from the side lines (North and South).

Therefore, we filed both of these APD's with the Hobbs Office as standard locations based on Mr. Sexton's judgement and advise. After receipt of your recent letter, I called Mr. Sexton concerning our earlier conversation and understanding. He reaffirmed that we had correctly followed his suggestion in declaring these locations to be standard. He also said he would be glad to discuss this case with you.

I trust that this additional background will adequately explain why you did not locate approvals for these two wells as unorthodox locations. If I can be of further help or if you have additional concerns, please call me at (915) 686-6548 and I will be glad to assist you in reconciling this case. Thank you for your consideration of this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jerry W. Hoover". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Jerry W. Hoover  
Sr. Conservation Coordinator

cc: Jerry Sexton, Hobbs District Office

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number 30-025-		2 Pool Code 76480		3 Pool Name Eumont Yates 7-Rivers Queen Gas	
4 Property Code 003059		5 Property Name STATE J-2			6 Well Number 17
7 OGRID No. 005073		8 Operator Name CONOCO, INC.			9 Elevation 3509'

<sup>10</sup> Surface Location

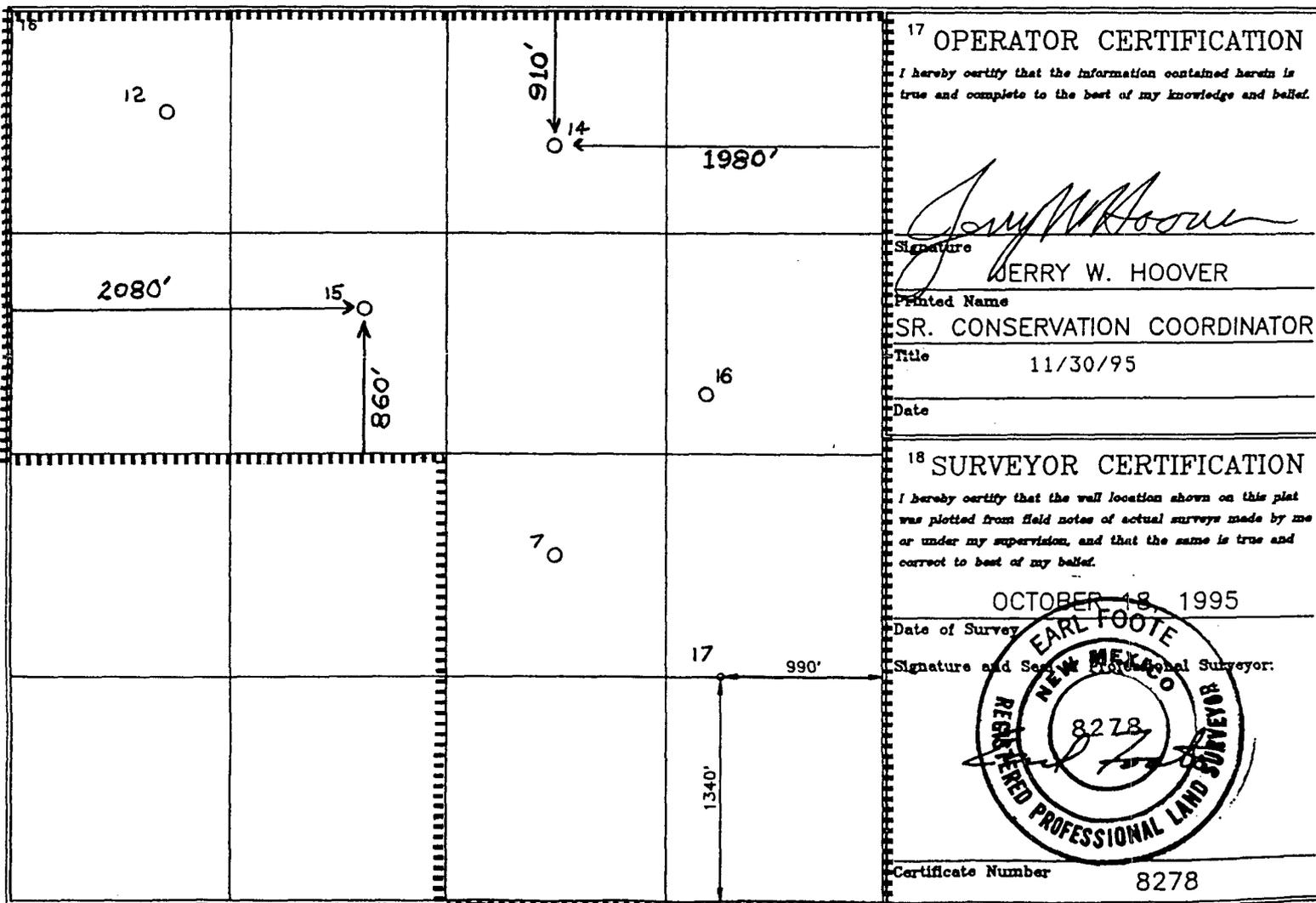
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	2	22-S	36-E		1340	SOUTH	990	EAST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 480	13 Joint or Infill	14 Consolidation Code	15 Order No. R-5759
---------------------------	--------------------	-----------------------	------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



<sup>17</sup> OPERATOR CERTIFICATION  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Jerry W. Hoover*  
Signature  
JERRY W. HOOVER  
Printed Name  
SR. CONSERVATION COORDINATOR  
Title  
11/30/95  
Date

<sup>18</sup> 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 best of my belief.

OCTOBER 18, 1995  
Date of Survey  
EARL FOOTE  
Signature and Seal of Professional Surveyor:  
8278  
Certificate Number 8278

OIL CONSERVATION DIVISION

December 28, 1995

Kellahin and Kellahin  
Attn: W. Thomas Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504

Conoco, Inc.  
Attn: Jerry W. Hoover  
10 Desta Drive - Suite 100W  
Midland, Texas 79705-4500

*Administrative Application For an Unorthodox Gas Well  
Location and Simultaneous Dedication:  
State "J-2" Well No. 17 to be drilled at an unorthodox  
Eumont gas well location 1340' FSL & 990' FEL (Unit I)  
of Section 2, Township 22 South, Range 36 East, NMPM,  
Eumont Gas Pool, Lea County, New Mexico.*

Dear Messrs. Hoover and Kellahin:

The subject application, see copy attached, was received by the Division on December 7, 1995, in preparing an order I was unable to site the Division's previous approvals for the State "J-2" Well Nos. 14 and 15 in Units "B" and "E", respectively, both of which were drilled at unorthodox (external) gas well locations. Please submit copies of both orders so that I may process this filing in a timely manner. Thank you for your cooperation.

Should either of you have any further questions or comments concerning this matter, please call me in Santa Fe at (505) 827-8185.

Sincerely,



Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Hobbs  
William J. LeMay, Director - OCD, Santa Fe  
U. S. Bureau of Land Management - Carlsbad

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6260  
Order No. R-5759

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR A NON-STANDARD GAS  
PRORATION UNIT AND SIMULTANEOUS  
DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 21, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 29th day of June, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Continental Oil Company, seeks approval of a 480-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 2, Township 22 South, Range 36 East, NMPM, to be simultaneously dedicated to its State J-2 Wells Nos. 7, 9 and 12, located in Units J, G, and D, respectively, of said Section 2.
- (3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Eumont Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid wells.
- (4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Eumont Gas Pool, 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 will otherwise prevent waste and protect correlative rights.

(5) That Division Order No. R-5190, which previously approved the above-described proration unit and dedicated same to the State J-2 Wells Nos. 9 and 12 only, should be superseded.

IT IS THEREFORE ORDERED:

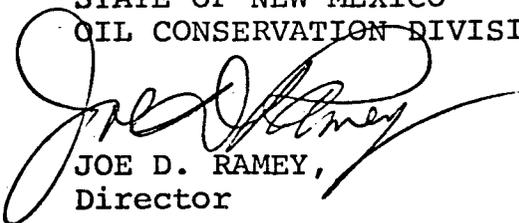
(1) That a 480-acre non-standard gas proration unit in the Eumont Gas Pool comprising the N/2 and SE/4 of Section 2, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to its State J-2 Wells Nos. 7, 9 and 12, located in Units J, G and D, respectively, of said Section 2.

(2) That Division Order No. R-5190 is hereby superseded.

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

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY,  
Director

S E A L

dr/

Sec : 02 Twp : 22S Rng : 36E Section Type : NORMAL

4 40.16 CS B01534 09/38 CONOCO INC U P	3 40.16 CS B01534 09/38 CONOCO INC U A	2 40.16 CS B01534 09/38 CONOCO INC U A P	1 40.16 CS B01534 09/38 CONOCO INC U A
E 40.00 CS B01534 09/38 CONOCO INC U A	F 40.00 CS B01534 09/38 CONOCO INC U A P	G 40.00 CS B01534 09/38 CONOCO INC U A	H 40.00 CS B01534 09/38 CONOCO INC U A A

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06  
PF07 BKWD      PF08 FWD          PF09 PRINT      PF10 SDIV      PF11              PF12

80.16

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80.16

Sec : 02 Twp : 22S Rng : 36E Section Type : NORMAL

L	K	J	I
40.00	40.00	40.00	40.00
CS	CS	CS	CS
B01484 8 11/42	B01484 8 11/42	B01534 09/38	B01534 09/38
OXY USA INC	OXY USA INC	CONOCO INC	CONOCO INC
U	U	U	U
A	A A	A A	A

M	N	O	P
40.00	40.00	40.00	40.00
CS	CS	CS	CS
B01484 8 11/42	B01484 8 11/42	B01534 09/38	B01534 09/38
OXY USA INC	OXY USA INC	CONOCO INC	CONOCO INC
U	U	U	U
A A	A A	A	A

PF01 HELP    PF02    PF03 EXIT    PF04 GoTo    PF05    PF06  
PF07 BKWD    PF08 FWD    PF09 PRINT    PF10 SDIV    PF11    PF12

160  
160.64  
320.64

2  
16  
4  
64

CMD :  
OG6IWCM

ONGARD  
INQUIRE WELL COMPLETIONS

01/18/96 11:12:31  
OGOMES -EMDY

API Well No : 30 25 8748 Eff Date : 01-01-1900 WC Status : A  
Pool Idn : 3040 ARROWHEAD;GRAYBURG  
OGRID Idn : 4323 CHEVRON U S A INC  
Prop Idn : 2571 ARROWHEAD GRAYBURG UNIT

Well No : 156  
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: G	2	22S	36E	FTG 999 F S	FTG 999 F E	P

Lot Identifier:

Dedicated Acre:

Lease Type : S

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

12/6/95

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

GOVERNOR

OIL CONSERVATION DIVISION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC	_____	
DHC	_____	
NSL	<u>  X  </u>	SD
NSP	_____	
SWD	_____	
WFX	_____	
PMX	_____	

Gentlemen:

I have examined the application for the:

<u>Conoco Inc</u>	<u>State J-2</u>	<u>#17-I</u>	<u>2-22s-3be</u>
Operator	Lease & Well No.	Unit	S-T-R

and my recommendations are as follows:

*OK*

Yours very truly,

*Jerry Sexton*  
 Jerry Sexton  
 Supervisor, District 1

/ed