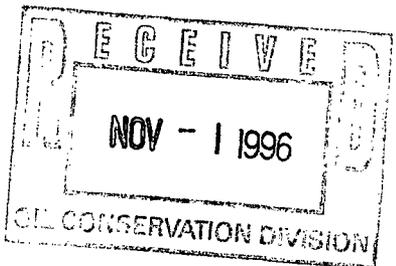


NSL 11/21/96



Shell Western E&P Inc.
An affiliate of Shell Oil Company



NSL
(no objection to notify)

P. O. Box 576
Houston, TX 77001

October 29, 1996

Mr. Michael E. Stogner
State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe NM 87505

RE: Application for Administrative Approval of an
Unorthodox well location
Ellenburger - Wildcat & McKee - Wildcat
State P.C. Com well #1
Section 32, Township 20 South, Range 35 East
Lea County, New Mexico

Dear Mr. Stogner:

Shell Western E&P Inc. (SWEPI) is permitting the captioned well to drill to a total depth of 12,300' to test the Ellenburger and McKee formations. Both these formations are classified as Wildcat in Section 32-T20S-R35E. Due to surface constraints and geological considerations, we have staked our location 1000' FSL and 2370' FEL of Section 32. Our location is 60' west and 10' north of being situated in an orthodox position with regard to the statewide field rules.

Enclosed please find Forms C-101 and C-102, a topographic survey from John W. West Engineering Company, and vicinity, location and drill pad plats. You will note on the topographic survey that the western portion of the area where a well location would be "orthodox" under statewide rules contains five buried pipelines. Chevron has required that SWEPI keep the rig substructure off their pipelines because of the weight load. That is why we are unable to move the well location any closer to the south and east from its present point. Also our Exploration group's interpretation is that we are moving structurally updip as we move to the west so geological considerations are prohibiting us from drilling in the eastern portion of the "orthodox" area.

Therefore, SWEPI requests administrative approval for an unorthodox gas well location for the State P.C. Com well #1 as shown on the attached C-102. Also note that our set-backs to the outer boundaries are regular. It is only the set-back to the interior quarter quarter section line that is irregular. Due to the above, we request that you waive the notification and 20-day waiting period for this administrative approval.

Page 2
Mr. Michael E. Stogner
October 29, 1996

If you have any questions or need additional information, do not hesitate to contact the undersigned at 713-544-4589.

Thank you for your consideration in this matter.

Yours very truly,

A handwritten signature in black ink, appearing to read 'J. Dethrow', written over a horizontal line.

Jeff A. Dethrow CPL
Contract Landman
Western Asset Administration
Continental Division

encl

cc w/ encl: Mr. Jerry Sexton
State of New Mexico
Oil Conservation District
P.O. Box 1980
Hobbs NM 88241-1980

District I
PO Box 1960, Hobbs, NM 88241-1960
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

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator name and Address		² OGRID Number
Shell Western E&P Inc. P.O. Box 576 Houston, TX 77001		020676
		³ API Number
		30-0
⁴ Property Code	⁵ Property Name	⁶ Well Number
	STATE P.C. COM	1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
0	32	T20S	R37E		1000	SOUTH	2370	EAST	LEA

⁸ Proposed 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
⁹ Proposed Pool 1					¹⁰ Proposed Pool 2				
ELLENBURGER - WILDCAT					MCKEE - WILDCAT				

¹¹ Work Type Code	¹² Well Type Code	¹³ Cable/Rotary	¹⁴ Lease Type Code	¹⁵ Ground Level Elevation
N	G	R	S	3529' GL
¹⁶ Multiple	¹⁷ Proposed Depth	¹⁸ Formations	¹⁹ Contractor	²⁰ Spud Date
N	12,300'	ELLENBURGER/ MCKEE	NORTON	11/21/96

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
24"	20"	CONDR	40'	60	SURF
17-1/2"	13-3/8"	48#	1230'	900	SURF
12-1/4"	9-5/8"	36"	5300'	1000	SURF
8-3/4"	7"	26#&29#	11000'	1300	4300'f/SFC
6-1/8"	5"	18#	12300'	75	11000

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary

BOP Program 2000# Ram Preventer.
Expected spud 11/21/96

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief

Signature:

Printed name: Jeff A. Dethrow CPL

Title: Contract Landman

Date: 11/01/96

Phone: (713) 544-4589

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached

DISTRICT I
P.O. Box 1990, Hobbs, NM 88241-1990

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 86211-0710

OIL CONSERVATION DIVISION

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

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name ELLENBURGER - WILDCAT
Property Code	Property Name STATE P. C. COM	Well Number 1
OGRID No. 020676	Operator Name SHELL WESTERN E. & P. INC.	Elevation 3529'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	32	20 S	37 E		1000	SOUTH	2370	EAST	LEA

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
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
320									

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>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>[Signature]</i> Signature</p> <p>JEFF A DETHROW CPL Printed Name</p> <p>CONTRACT LANDMAN Title</p> <p>OCTOBER 30, 1996 Date</p>			
				<p>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 the best of my belief.</p> <p>OCTOBER 3, 1996 Date Surveyed</p> <p>RES</p> <p><i>[Signature]</i> Signature & Seal of Professional Surveyor</p> <p>W.O. Num. 96-15-1221</p> <p>Certificate No. JOHN W. WEST 576 RONALD S. EIDSON 3239 BARRY EIDSON 12641</p>			
ARCO	SHELL	SHELL	SHELL				
ARCO	SHELL	SHELL	SHELL				

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 Rio Brazos Ed., Artec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name MCKEE - WILDCAT
Property Code	Property Name STATE P. C. COM	Well Number 1
OGRID No. 020676	Operator Name SHELL WESTERN E. & P. INC.	Elevation 3529'

Surface Location

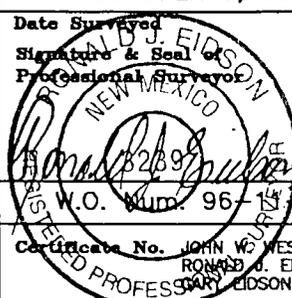
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	32	20 S	37 E		1000	SOUTH	2370	EAST	LEA

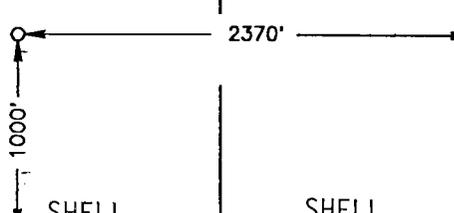
Bottom Hole Location If Different From Surface

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

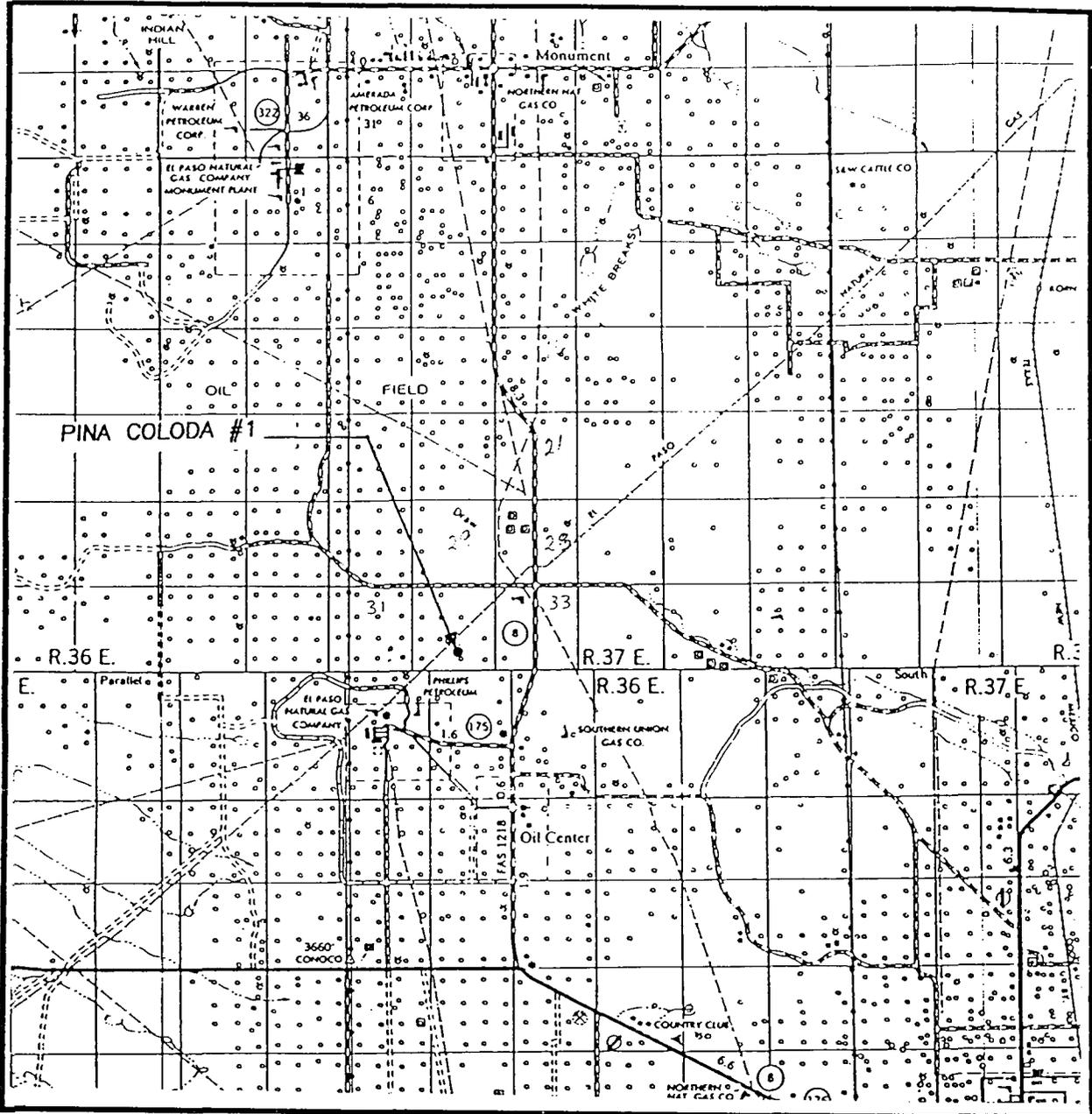
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

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

				OPERATOR CERTIFICATION	
				<i>I hereby certify the the information contained herein, is true and complete to the best of my knowledge and belief.</i>	
				 Signature	
				JEFF A DETHROW CPL Printed Name CONTRACT LANDMAN Title OCTOBER 30, 1996 Date	
				SURVEYOR CERTIFICATION	
				<i>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 belief.</i>	
				OCTOBER 3, 1996 Date Surveyed	
				RES Signature & Seal of Professional Surveyor  W.O. Num. 96-14-1221	
ARCO	SHELL	SHELL	SHELL		
ARCO	SHELL	SHELL	SHELL		



VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 32 TWP. 20-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1000' FSL & 2370' FEL

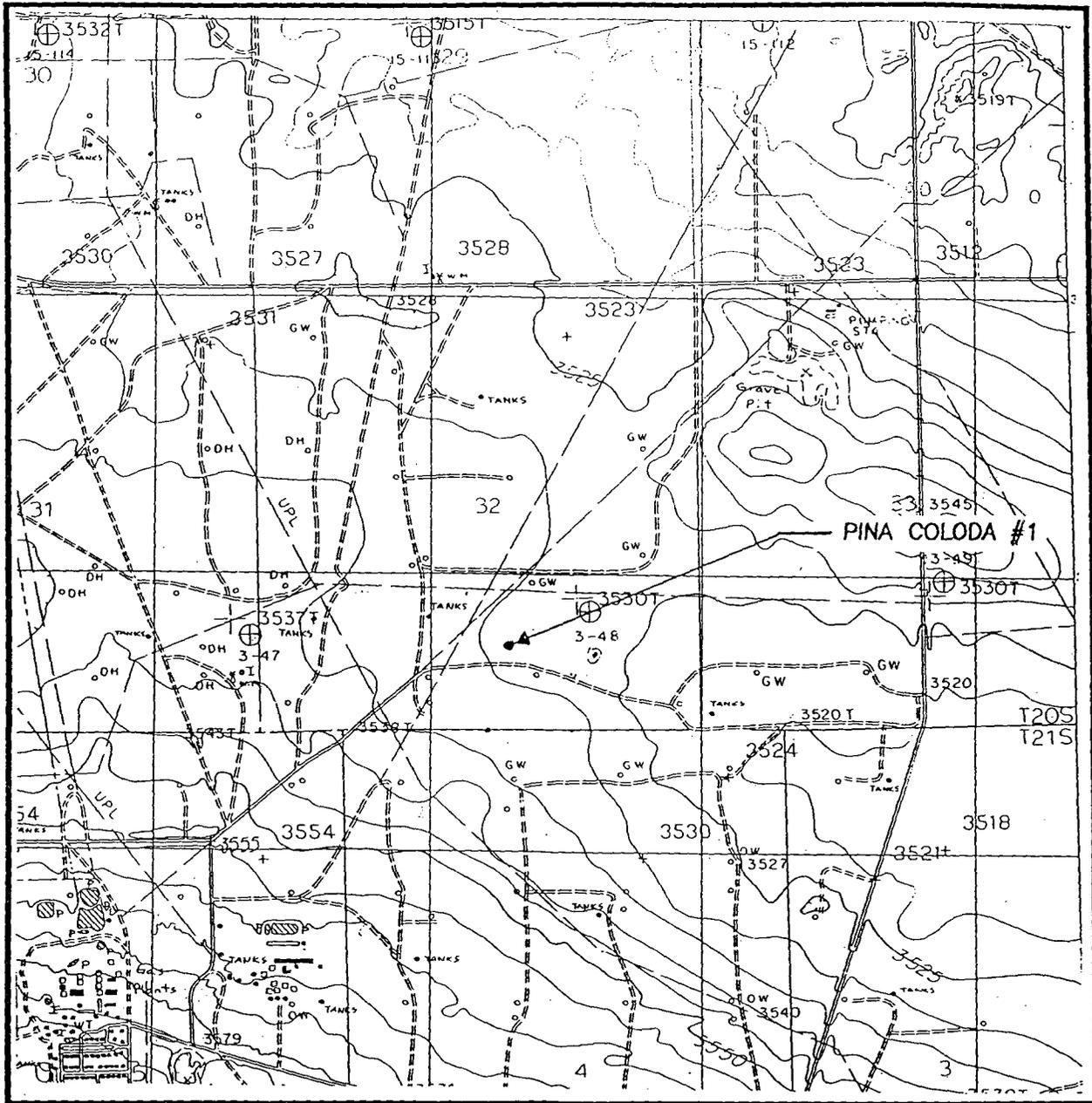
ELEVATION 3529'

OPERATOR SHELL WESTERN E. & P. INC.

LEASE PINA COLODA

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117**

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MONUMENT SOUTH - 5'

SEC. 32 TWP. 20-S RGE. 37-E

SURVEY _____ N.M.P.M.

COUNTY _____ LEA

DESCRIPTION 1000' FSL & 2370' FEL

ELEVATION _____ 3529'

OPERATOR SHELL WESTERN E. & P. INC.

LEASE _____ PINA COLODA

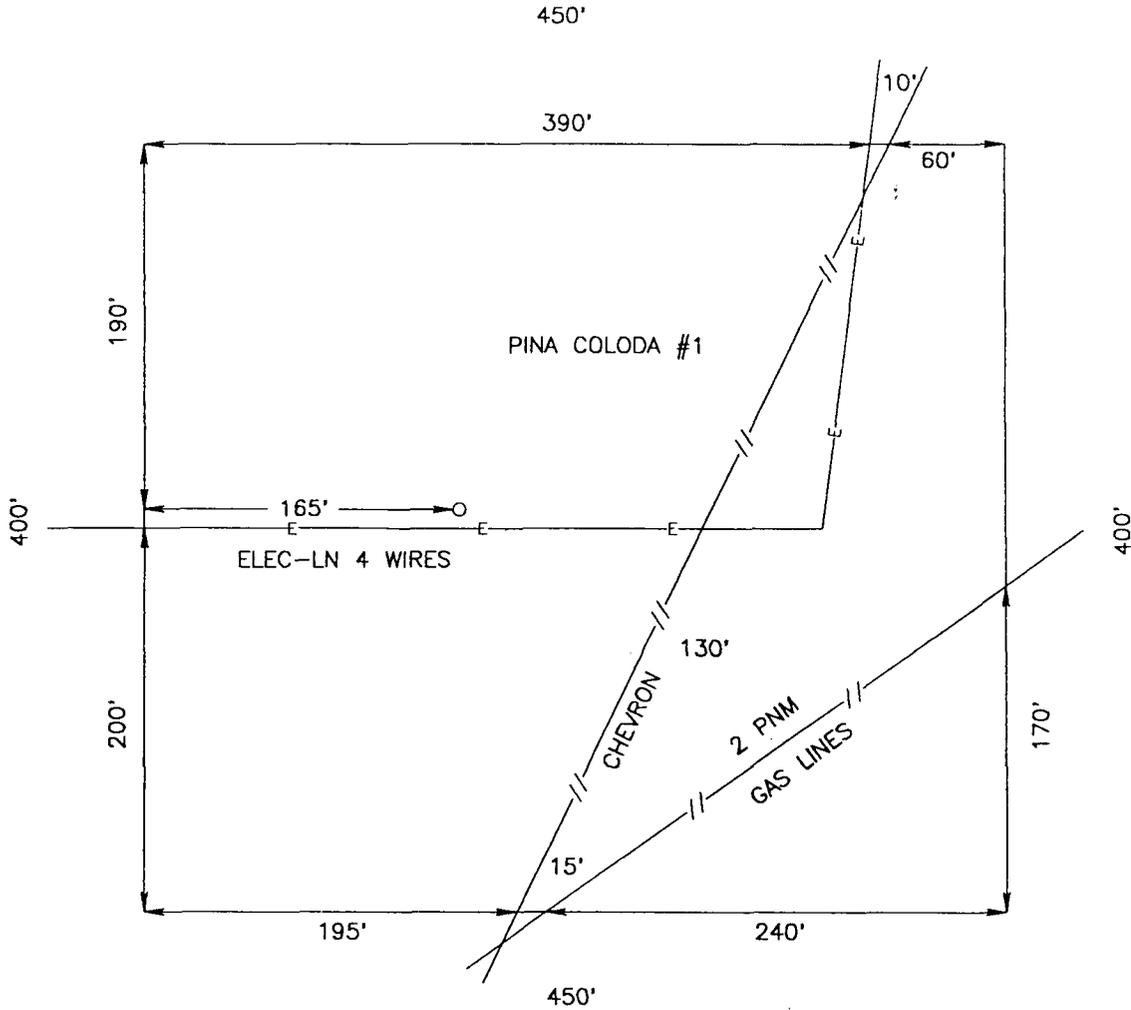
U.S.G.S. TOPOGRAPHIC MAP

MONUMENT SOUTH, N. MEX.

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO**

(505) 393-3117

**SECTION 32, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO**

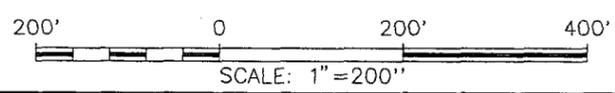
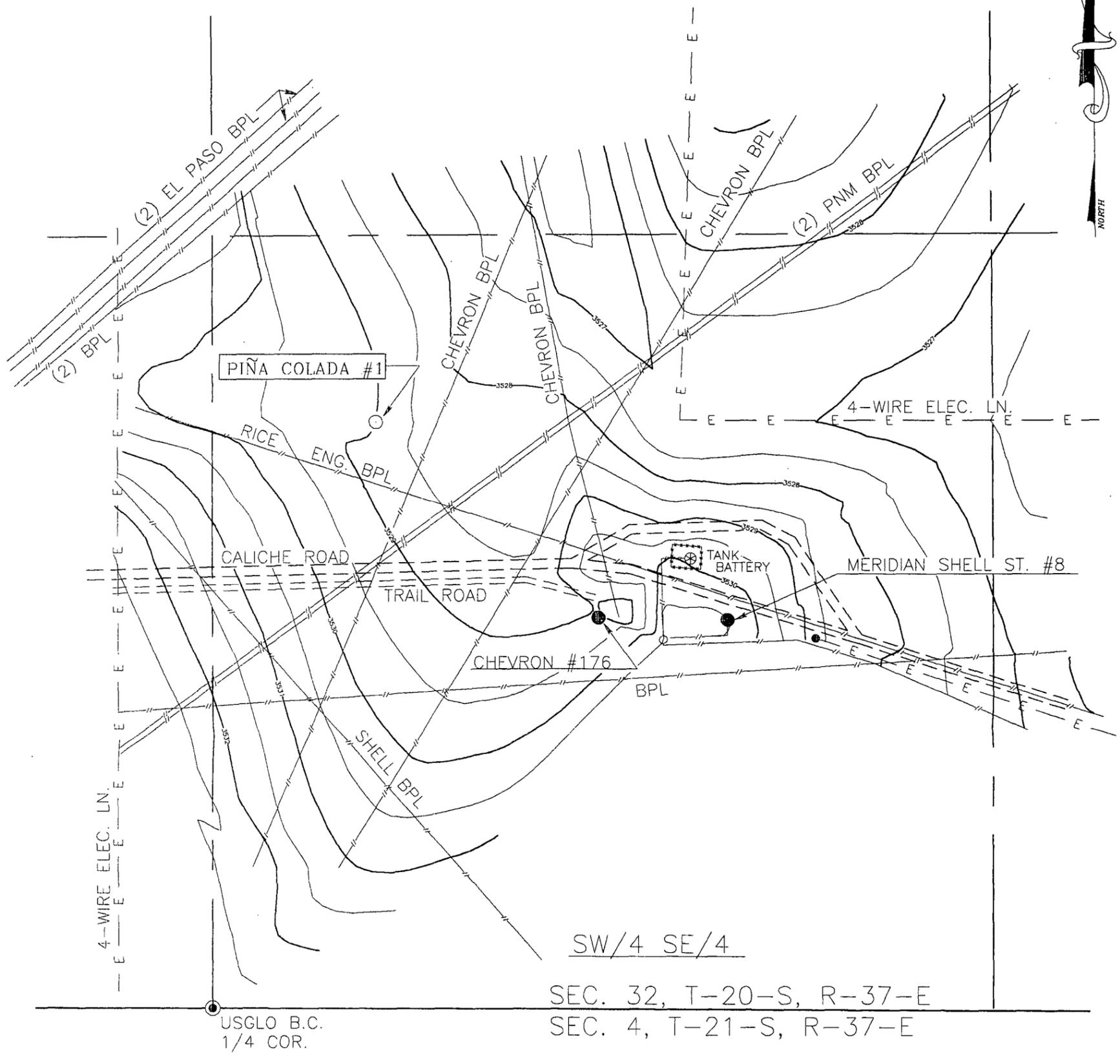


SHELL WESTERN E & P, INC.

THE PINA COLODA NO. 1 IS LOCATED 1000 FEET FROM THE SOUTH LINE AND 2370 FEET FROM THE EAST LINE OF SECTION 32, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 10-03-1996	Sheet 1 of 1 Sheets
W.O. Number: 96-11-1221	Drawn By: RES
Date: 10-04-96 96111221	BS-14 Scale: 1"=100'

SECTION 32, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

John W. West 10-28-96
 JOHN W. WEST, N.M. E.L. & P.S. No. 676
 TEXAS P.L.S. No. 1138
 RONALD J. EIDSON, N.M. E.L. & P.S. No. 3239
 TEXAS P.L.S. No. 1883
 GARY G. EIDSON, N.M. E.L. & P.S. No. 12641
 TEXAS P.L.S. No. 4735

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

SHELL WESTERN E & P INC.	
TOPOGRAPHIC SURVEY FOR THE PINA COLADA #1 1000 FSL, 2370 FEL, SECTION 32, TOWNSHIP 20 SOUTH RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.	
Survey Date: 10-22-96	Sheet 1 of 1 Sheets
W.O. Number: 96-11-1355	Drawn By: CDG
Date: 10-24-96	Disk: SHELL2
SWEP1355	Scale: 1"=200'