

NSL

5/22/00

14000 Quail Springs Parkway
Suite 600
Oklahoma City, Oklahoma
73134-2600

Telephone 405 749-1300
www.ldng.com

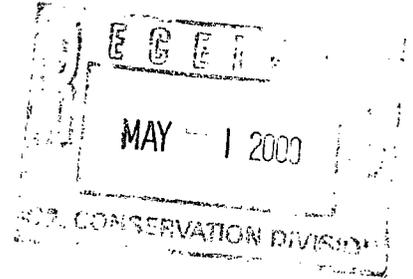


Louis Dreyfus Natural Gas

Land Fax 405-749-6662

April 25, 2000

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



RE: McKittrick Fed Com "29" #1
1715' FNL & 1160' FWL
Section 29-22S-26E
Eddy County, New Mexico

Dear Mr. Stogner:

Your assistance is requested in obtaining administrative approval for an unorthodox location of the existing McKittrick Fed Com "29" #1 well in order to produce from the Carlsbad South (Wolfcamp) formation on 40 acre spacing (SW/4 NW/4). The well was originally drilled to the Morrow in 1997 (Case 11692, Order #R-10755) with Louis Dreyfus Natural Gas Corp. as the operator. We have not yet recompleted the well to the Delaware/Bone Spring formation per Administrative Order NSL-3761-A.

We have given notices to offset owner Concho Resources, Inc., successor to Penwell Energy, even though they own an interest in the well.

If I can furnish any additional information to process this request, please do not hesitate to contact me.

Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.

Joe W. Hammond
District Landman

JWH/eoo

5-15
Talked w/ Bryan
conferred that this
is Wolfcamp oil
production.

14000 Quail Springs Parkway
Suite 600
Oklahoma City, Oklahoma
73134-2600

Telephone 405 749-1300
www.ldng.com

Land Fax 405-749-6662

 Louis Dreyfus Natural Gas

April 25, 2000

Concho Resources, Inc.
110 West Louisiana, Suite 410
Midland, Texas 79701

ATTN: Mike Gray

RE: McKittrick Fed. Com "29" #1
1715' FNL & 1160' FWL
Section 29-22S-26E
Eddy County, New Mexico

Gentlemen:

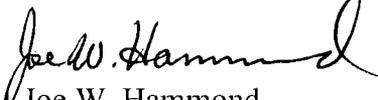
This letter will serve as notice that Louis Dreyfus Natural Gas Corp. has requested Administrative Approval for an unorthodox location for the existing McKittrick Fed. Com "29" #1 well to produce from the Carlsbad South Wolfcamp formation.

The McKittrick Fed. Com "29" #1 existing location encroaches toward the SE/4 NW/4 of Section 29 where Concho owns acreage. Should your company have any objection it must be filed in writing with the OCD at the address given below within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection has been received within the twenty day period.

As you are aware, Concho owns a working interest in the well and elected to participate in the Wolfcamp recompletion. Should you have any questions please do not hesitate to call.

Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.



Joe W. Hammond
District Landman

JWH/eoo

Certified Mail

cc: New Mexico MNRD
Oil Conservation Division, 2040 S. Pacheco Street
Santa Fe, New Mexico 87505

Submit To Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies
District I
 1625 N. French Dr., Hobbs, NM 87240
District II
 811 South First, Artesia, NM 87210
District III
 1000 Rio Brazos Rd., Aztec, NM 87410
District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-105
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

WELL API NO. 30-015-29351
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER _____	7. Lease Name or Unit Agreement Name McKittrick "29" Federal Com
b. Type of Completion: NEW WELL <input type="checkbox"/> WORK OVER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input checked="" type="checkbox"/> DIFF. RESVR. <input type="checkbox"/> OTHER _____	8. Well No. 22
2. Name of Operator Louis Dreyfus Natural Gas Corporation	9. Pool name or Wildcat Carlsbad South (Wolfcamp)
3. Address of Operator 14000 Quail Springs Parkway, Suite 600 Oklahoma City, OK 73134	

4. Well Location
 Unit Letter E : 1715 Feet From The North Line and 1160 Feet From The West Line
 Section 29 Township 22S Range 26E NMPM Eddy County

10. Date Spudded 1-25-00	11. Date T.D. Reached 1-26-00	12. Date Compl. (Ready to Prod.) 2-1-00	13. Elevations (DF& RKB, RT, GR, etc.) 3412' GR	14. Elev. Casinghead
-----------------------------	----------------------------------	--	--	----------------------

15. Total Depth 11661'	16. Plug Back T.D. 10180'	17. If Multiple Compl. How Many Zones? N	18. Intervals Drilled By NA	Rotary Tools NA	Cable Tools
---------------------------	------------------------------	---	--------------------------------	--------------------	-------------

19. Producing Interval(s), of this completion - Top, Bottom, Name 9078' - 9126' Wolfcamp	20. Was Directional Survey Made No
---	---------------------------------------

21. Type Electric and Other Logs Run No	22. Was Well Cored No
--	--------------------------

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
16"	75#	369'	20"	996	-0-
10 3/4"	40.5#	1652'	14 3/4"	1508	-0-
7 5/8"	19.7 & 26.4#	9205'	9 7/8"	1600	-0-
5" liner	18#	8993' - 11661'	6 1/2"	370	
CIBP @ 11530', CIBP @ 11,000', CIBP @ 10,215' w/35' cement on each plug.					

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2 7/8"	9026'	9026'

26. Perforation record (interval, size, and number) 9078' - 9084', 9087' - 9091' 9118' - 9126' 2 SPF 42 holes	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.	
	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
	9078' - 9126'	3,600 gal 15% NEFE Acid with additives & 60 ball Sealers

28. PRODUCTION

Date First Production 2-1-00		Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing			Well Status (Prod. or Shut-in) Producing		
Date of Test 2-6	Hours Tested 24	Choke Size 1/4"	Prod'n For Test Period	Oil - Bbl 13	Gas - MCF 59	Water - Bbl. 0	Gas - Oil Ratio 4538
Flow Tubing Press. 330	Casing Pressure NA	Calculated 24-Hour Rate	Oil - Bbl. 13	Gas - MCF 59	Water - Bbl. 0	Oil Gravity - API - (Corr.)	

29. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold	Test Witnessed By
--	-------------------

30. List Attachments
None

31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief

Signature Carla Christian Printed Name Carla Christian Title Regulatory Tech Date 2-21-00

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised March 12, 1999

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. LOUIS DREYFUS NATURAL GAS CORP. 14000 Quail Springs Parkway, Suite 600 Oklahoma City, OK 73134		² OGRID Number 025773
		³ API Number 30-0 15-29351
⁴ Property Code 020209	⁵ Property Name MCKITTRICK 29 FEDERAL COM.	⁶ Well No. 22

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
E	29	22S	26E		1715'	North	1160'	West	Eddy

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 Wildcat (Penn)					¹⁰ Proposed Pool 2 Carlsbad Wolfcamp, SE				

¹¹ Work Type Code P	¹² Well Type Code G	¹³ Cable/Rotary	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3412'
¹⁶ Multiple No	¹⁷ Proposed Depth 10,180' PBTB	¹⁸ Formation Penn/Wolfcamp	¹⁹ Contractor	²⁰ Spud Date 1/24/00

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
20"	16"	75#	369'	996	Surface
14 3/4"	10 3/4"	40.5#	1652'	1508	Surface
9 7/8"	7 5/8"	19.7 & 26.4#	9205'	1600	Surface
6 1/2"	5" liner	18#	8993'-11661'	370	
CIBP @ 11,530', CIBP @ 11,000', CIBP @ 10,215' w/35' cement on each plug					

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.

See attached "Exhibit 6" for BOP plan.
Louis Dreyfus Natural Gas Corp. plans to set a CIBP @ 10,215' w/35' of cement on top of plug. The well is currently producing from the Sheep Draw, Strawn, NE @ a depth of 10,265' - 276'. The producing formation will be plugged back and new perms done in the Penn at a depth of 9,078'-128'. Well will then be tested and evaluated. If successful completion, the well will be turned to production. If completion is not economic, the well will either be plugged back and the Wolfcamp completed at a depth of 8,578'-600' or production from the Penn and Wolfcamp will be commingled. If commingled, Louis Dreyfus will apply for an order allowing commingling.

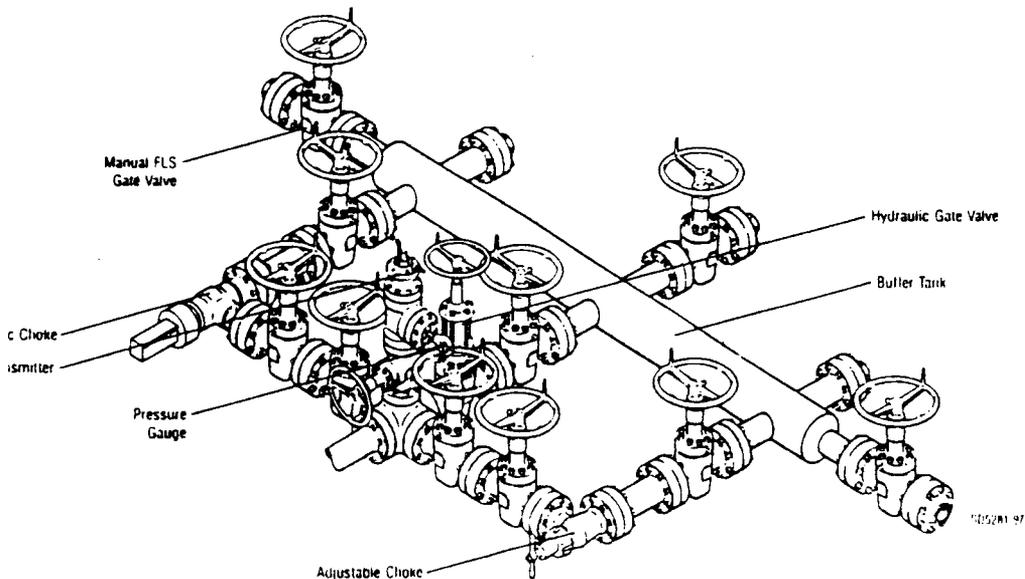
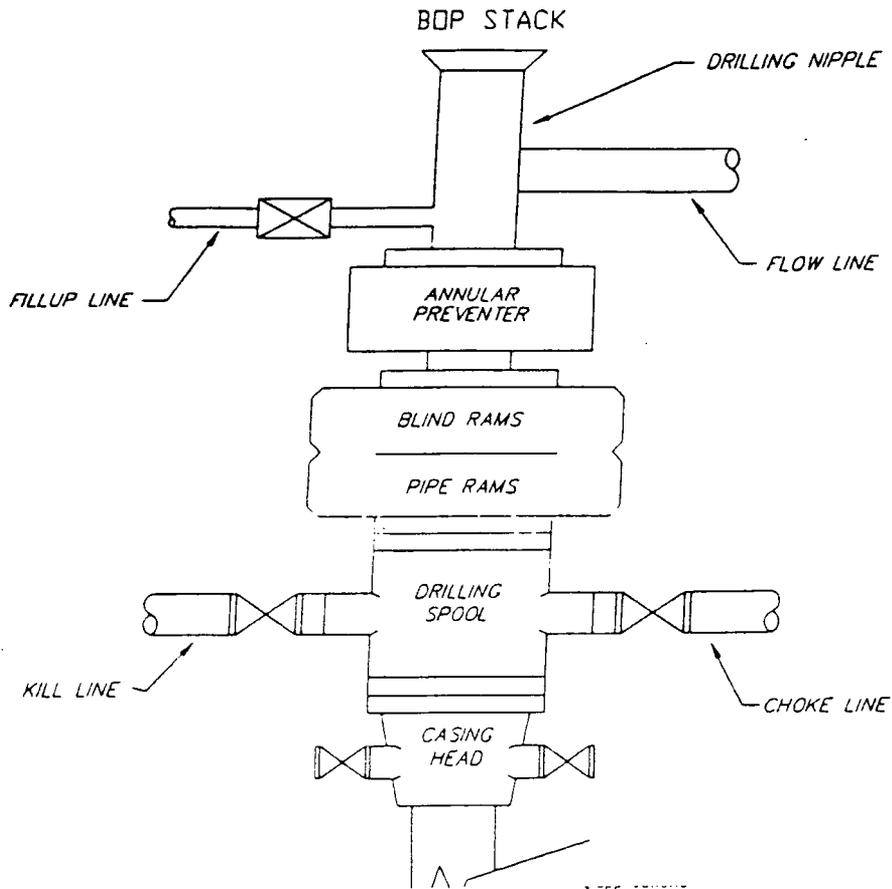
²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Terry D. Bryant*
Printed name: Terry D. Bryant
Title: Regulatory Technician
Date: 1/25/00
Phone: (405) 749-5287

OIL CONSERVATION DIVISION
Approved by: ORIGINAL SIGNED BY TIM W. GUM
Title: DISTRICT II SUPERVISOR
Approval Date: 2-4-00
Expiration Date: 2-4-01
Conditions of Approval :
Attached

Exhibit 6

TYPICAL 5,000 p.s.i. BLOWOUT PREVENTER & CHOKE MANIFOLD SCHEMATIC



Typical Choke Manifold Designed for Land Drilling Applications

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 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 30-015-29351		² Pool Code 96171		³ Pool Name Carlsbad Wolfcamp, SE/Wildcat Penn	
⁴ Property Code 020209		⁵ Property Name McKITTRICK 29 FEDERAL COM.			⁶ Well Number 22
⁷ OGRID No. 025773		⁸ Operator Name LOUIS DREYFUS NATURAL GAS CORP.			⁹ Elevation 3412' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	29	22S	26E		1715'	North	1160'	West	Eddy

¹¹ 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 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

¹⁶ NM-88114				¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> Original C-102, on file with the OCD.  Signature Terrye D. Bryant Printed Name Regulatory Tech. Title 1/25/99 Date
#01-22 *	NM-97119			
				¹⁸ 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> Date of Survey Signature and Seal of Professional Surveyer: Certificate Number

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1600 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-104
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
5 Copies

AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

1 Operator name and Address Louis Dreyfus Natural Gas 14000 Quail Springs Parkway, #600 Oklahoma City, Oklahoma 73134		2 OGRID Number 025773
4 API Number 30-015-29351		5 Pool Name Carlsbad South (Wolfcamp)
7 Property Code 020209		8 Property Name McKittrick "29" Federal Com
		6 Pool Code
		9 Well Number 22
3 Reason for Filing Code RC, Eff. 2-01-00		

II. 10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	29	22S	26E		1715'	North	1160'	West	Eddy

11 Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Lse Code P	13 Producing Method Code F	14 Gas Connection Date 2-01-00		15 C-129 Permit Number	16 C-129 Effective Date		17 C-129 Expiration Date		

III. Oil and Gas Transporters

18 Transporter OGRID	19 Transporter Name and Address	20 POD	21 O/G	22 POD ULSTR Location and Description
007057	El Paso Natural Gas P.O. Box 1492 El Paso, TX 79978	2822989	G	B NW/4 NE/4 Sec. 29-22S-26E Custody Transfer Meter
138648	Amoco Pipeline 502 N.W. Avenue Levelland, TX 79336		0	E Sec. 29-22S-26E Tank Battery

IV. Produced Water

23 POD	24 POD ULSTR Location and Description
2819670	E, Sec. 29-22S-26E Tank Battery

V. Well Completion Data

25 Spud Date	26 Ready Date	27 TD	28 PBTD	29 Perforations
1-25-00	2-1-00	11661'	10180'	9078-9126 Penn
30 Hole Size	31 Casing & Tubing Size	32 Depth Set	33 Sacks Cement	
20"	16"	369'	996 sxs	
14 3/4"	10 3/4"	1652'	1508 sxs	
9 7/8"	7 5/8"	9205'	1600 sxs	
6 1/2"	5" liner	8993' - 11661'	370 sxs	

VI. Well Test Data

34 Date New Oil	35 Gas Delivery Date	36 Test Date	37 Test Length	38 Tbg. Pressure	39 Csg. Pressure
2-01-00	2-01-00	2-6-00	24 hrs.	330	N/A
40 Choke Size	41 Oil	42 Water	43 Gas	44 AOF	45 Test Method
1/4"	13	0	59		

46 I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Carla Christian*

Printed name: Carla Christian

Title: Regulatory Technician

Date: 2-21-00 Phone: (405) 749-5263

OIL CONSERVATION DIVISION

Approved by:

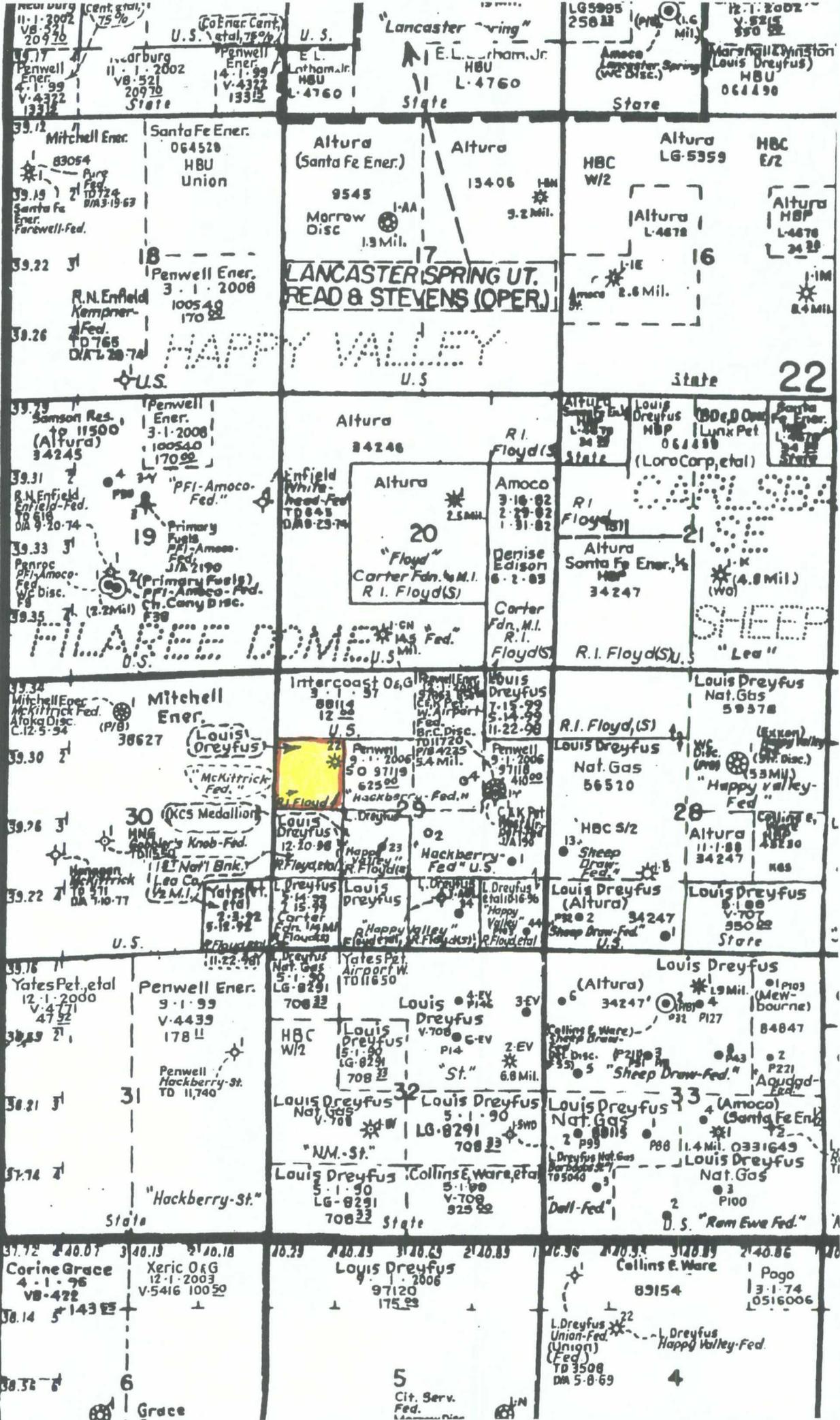
Title:

Approval Date:

47 If this is a change of operator fill in the OGRID number and name of the previous operator

Previous Operator Signature	Printed Name	Title	Date

T
22
S



Grace

5
Cit. Serv.
Fed.

L. Dreyfus
Union-Fed.
(Union)
(Fed)
TG 9508
DA 5-8-69

Dreyfus
Happy Valley-Fed.

4

Collins E. Ware
85154
Pogo
13-1-74
0516006

Louis Dreyfus
97120
17523

Corine Grace
4-1-76
VB-422
143E

38.14 5

38.38 8

Xeric O&G
12-1-2003
V-5416 10050

20.29 240.29 3140.29 2140.83
Louis Dreyfus
97120
17523

20.96 240.96 3140.96 2140.86
Collins E. Ware
85154
Pogo
13-1-74
0516006

L. Dreyfus
Union-Fed.
(Union)
(Fed)
TG 9508
DA 5-8-69

4

Louis Dreyfus
97120
17523

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Grande Rd., Amar, NM 87418
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 10, 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		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name			6 Well Number
		McKITTRICK FEDERAL COM 29-22			22
7 OGRID No.		8 Operator Name			9 Elevation
		LOUIS DREYFUS NATURAL GAS			34 12.

10 Surface Location

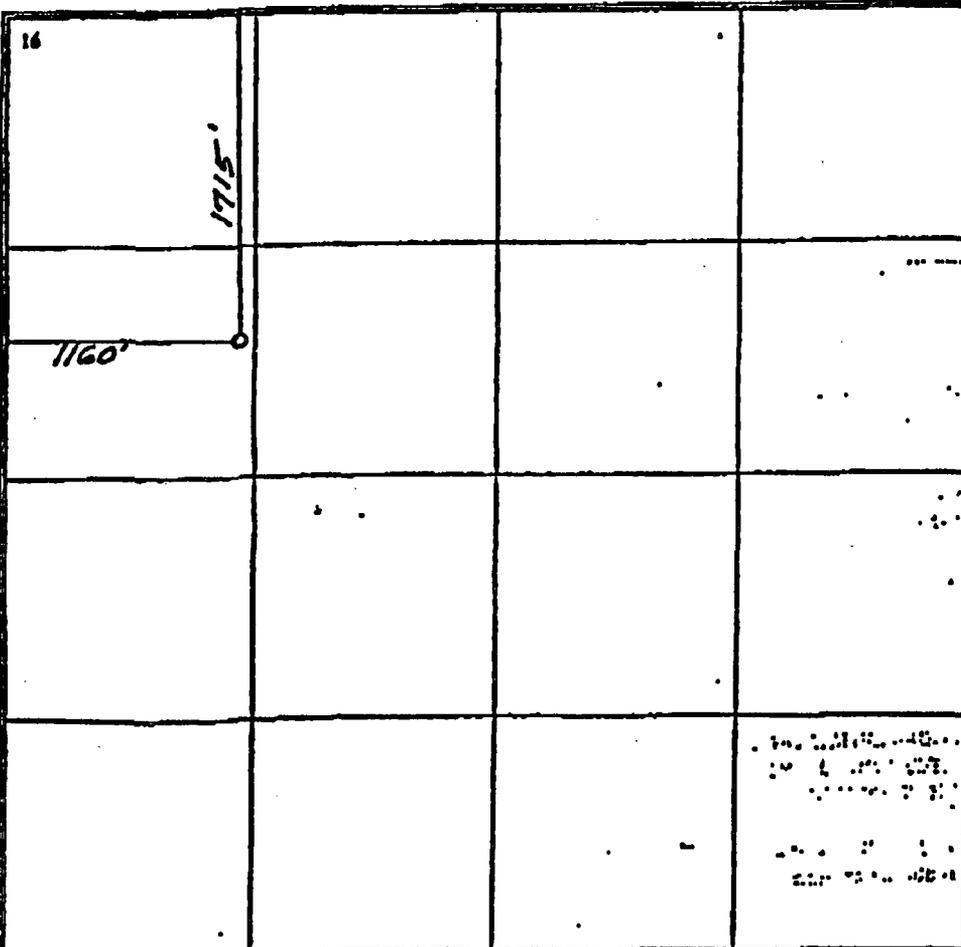
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
E	29	22-S	26-E		1715	NORTH	1160	WEST	EDDY

11 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	13 Joint or Infill	14 Consolidating Code	15 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



17 OPERATOR CERTIFICATION

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

Gene Simer
Signature

Gene Simer
Printed Name

Production Foreman
Title

January 14, 1997
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was placed 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.

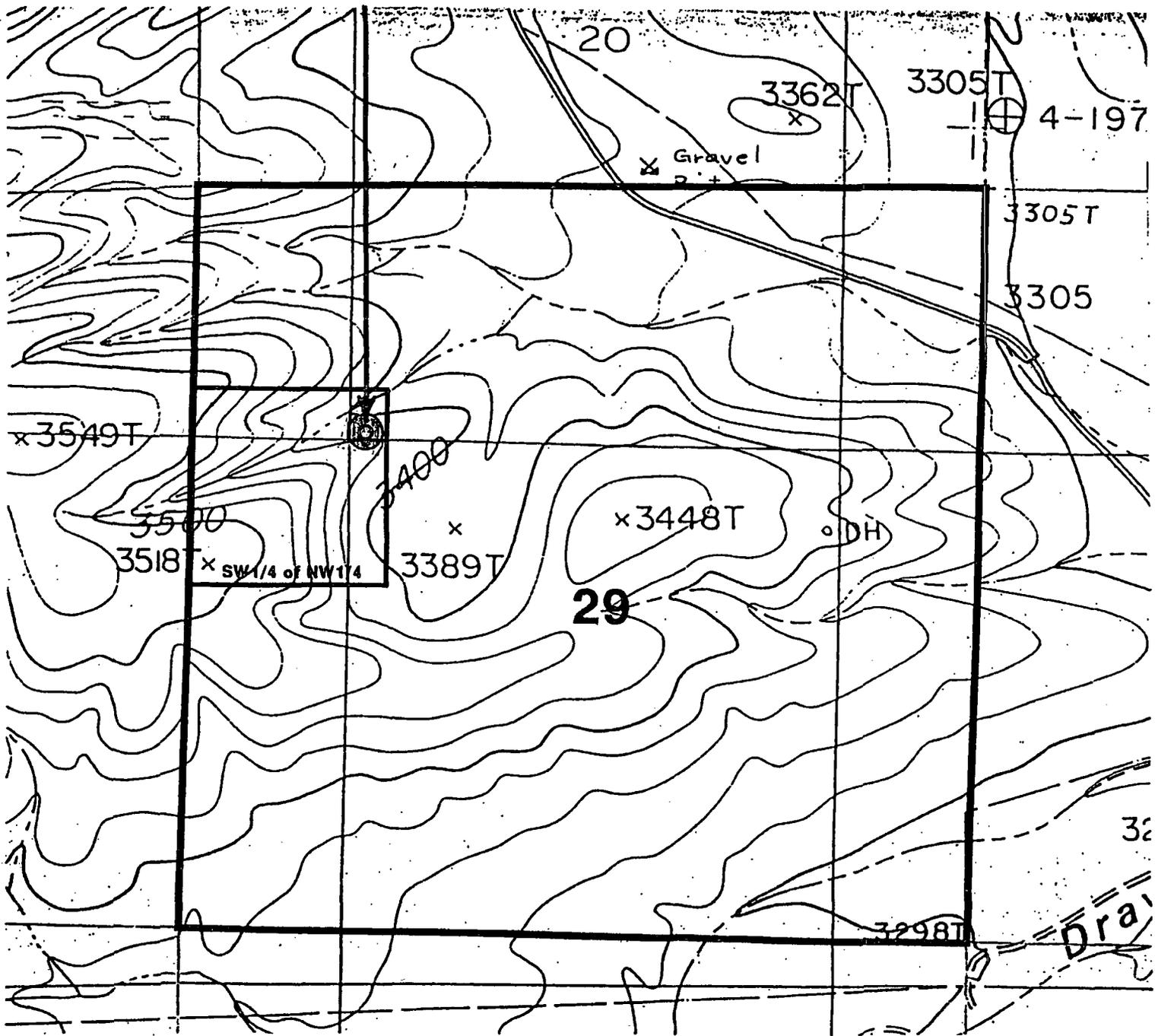
JANUARY 9, 1997
Date of Survey

John M. McElroy
Signature of Registered Professional Surveyor

5412
Registration Number

REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO

PROPOSED LOCATION #1



NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT *12*

CASE NO. *11692*



INTERCOAST OIL & GAS
McKITTRICK "29" #1 PROSPECT Eddy County, New Mexico
SURFACE TOPOGRAPHIC MAP CONTOUR INTERVAL: 20 FT.
1000 500 0 1000 2000 Scale in Feet

SECTION 29 TOWNSHIP 22-SOUTH RANGE 26-EAST COUNTY EDDY STATE NEW MEXICO

<p>N/2 NW/4 = 80.00 ACRES</p>			<p style="text-align: center;"><u>WI OWNERSHIP FOR UNIT</u></p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;"><u>NMA</u></th> <th style="text-align: right;"><u>%</u></th> </tr> </thead> <tbody> <tr> <td>LOUIS DREYFUS NATURAL GAS CORP</td> <td style="text-align: right;">158.26</td> <td style="text-align: right;">49.45</td> </tr> <tr> <td>INTERCOAST OIL AND GAS CO.</td> <td style="text-align: right;">80.00</td> <td style="text-align: right;">25.00</td> </tr> <tr> <td>PENWELL ENERGY, INC.</td> <td style="text-align: right;">40.00</td> <td style="text-align: right;">12.50</td> </tr> <tr> <td>SANTA FE ENERGY RESOURCES, INC.</td> <td style="text-align: right;">27.93</td> <td style="text-align: right;">8.73</td> </tr> <tr> <td>UNLEASED</td> <td style="text-align: right;">13.81</td> <td style="text-align: right;">4.32</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>320.00</u></td> <td style="text-align: right;"><u>100.00</u></td> </tr> </tbody> </table>		<u>NMA</u>	<u>%</u>	LOUIS DREYFUS NATURAL GAS CORP	158.26	49.45	INTERCOAST OIL AND GAS CO.	80.00	25.00	PENWELL ENERGY, INC.	40.00	12.50	SANTA FE ENERGY RESOURCES, INC.	27.93	8.73	UNLEASED	13.81	4.32		<u>320.00</u>	<u>100.00</u>
	<u>NMA</u>	<u>%</u>																						
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UNLEASED	13.81	4.32																						
	<u>320.00</u>	<u>100.00</u>																						
<p>SW/4 NW/4 = 40.00 AC</p>	<p>SE/4 NW/4 = 40.00 AC</p>																							
<p>NW/4 SW/4 = 40.00 AC</p>	<p>NE/4 SW/4 = 40.00 AC</p>	<p style="text-align: center;"><u>WI OWNERSHIP BY TRACT</u></p>	<table border="0"> <tbody> <tr> <td>■ INTERCOAST OIL AND GAS COMPANY</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>■ PENWELL ENERGY, INC.</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>■ LOUIS DREYFUS NATURAL GAS CORP.</td> <td style="text-align: right;">75.21</td> </tr> <tr> <td>■ SANTA FE ENERGY RESOURCES, INC.</td> <td style="text-align: right;">13.27</td> </tr> <tr> <td>■ OPEN/UNLEASED</td> <td style="text-align: right;">11.51</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>100.00</u></td> </tr> </tbody> </table>	■ INTERCOAST OIL AND GAS COMPANY	100%	■ PENWELL ENERGY, INC.	100%	■ LOUIS DREYFUS NATURAL GAS CORP.	75.21	■ SANTA FE ENERGY RESOURCES, INC.	13.27	■ OPEN/UNLEASED	11.51		<u>100.00</u>									
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■ OPEN/UNLEASED	11.51																							
	<u>100.00</u>																							
<p>SW/4 SW/4 = 40.00 AC</p>	<p>SE/4 SW/4 = 40.00 AC</p>		<table border="0"> <tbody> <tr> <td>■ LOUIS DREYFUS NATURAL GAS CORP.</td> <td style="text-align: right;">85.00</td> </tr> <tr> <td>■ SANTA FE ENERGY RESOURCES, INC.</td> <td style="text-align: right;">15.00</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>100.00</u></td> </tr> </tbody> </table>	■ LOUIS DREYFUS NATURAL GAS CORP.	85.00	■ SANTA FE ENERGY RESOURCES, INC.	15.00		<u>100.00</u>															
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■ SANTA FE ENERGY RESOURCES, INC.	15.00																							
	<u>100.00</u>																							

NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 1

CASE NO. 11692

County Eddy Pool Southeast Carlshad-Wolfcamp Gas

TOWNSHIP 22 South Range 26 East NMPM

	6	5	4	3	2	1
	7	8	9	10	11	12
	18	17	16	15	14	13
*	19	20	21	22	23	24
	30	29	28	27	26	25
	31	32	33	34	35	36

Description: $\frac{1}{2}$ Sec. 28 (A-9938, 8-17-93)



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 26, 1999

Louis Dreyfus Natural Gas Corporation
14000 Quail Springs Parkway - Suite 600
Oklahoma City, Oklahoma 73134-2600

Attention: Joe W. Hammond

Re: *Application for administrative approval dated January 11, 1999 (received by the Division on January 19, 1999) to recomplate the McKittrick "29" Federal Com. Well No. 22 (API No. 30-015-29351) at an unorthodox oil well location 1715' FNL & 1160' FWL (Unit E) of Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. The SW/4 NW/4 of Section 29 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit: (i) in either the Undesignated Happy Valley-Delaware or Filaree-Delaware Pool; and (ii) for the Bone Spring formation.*

Dear Mr. Hammond:

Your application is incomplete with respect to notice, Division Rule 104.F(3) requires that all affected parties be notified. My review of the record in Case 11692 and the records here in the Santa Fe office of the Division indicate that Penwell Energy, Inc. is the affected party in this instance. They may have been a party to this well when the 320 acres, being the W/2 of Section 29, was communitized for deep gas production, but these shallow oil recompletions are only 160 feet away from a lease that they have 100% of the working interest (if the information found in the Case file is still current).

I am therefore returning this application to you at this time.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
Kathy Valdes, NMOCD - Santa Fe
W. Thomas Kellahin, Legal Counsel for Louis Dreyfus
Natural Gas Corporation in Case No. 11692 - Santa Fe
Jim Bruce, Legal Counsel for Intercoast Oil and Gas
Company in Case No. 11692 - Santa Fe

NSL

2/8/99
14000 Quail Springs Parkway
Suite 600
Oklahoma City, Oklahoma
73134-2600

Telephone 405 749-1300
www.ldng.com
Land Fax 405-749-6662



January 11, 1999

RECEIVED
JAN 19 1999
OIL CONSERVATION DIVISION

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: McKittrick Fed Com "29" #1 2 2
1715' FNL & 1160' FWL
Section 29-22S-26E
Eddy County, New Mexico

Dear Mr. Stogner:

Your assistance is requested in obtaining administrative approval for an unorthodox location of the existing McKittrick Fed Com "29" #1 well in order to produce from the Bone Spring formation on 40 acre spacing (SW/4 NW/4). The well was originally drilled to the Morrow in 1997 (Case 11692, Order #R-10755) with Louis Dreyfus Natural Gas Corp. as the operator.

All offset owners own an interest in the well so no notice is necessary at this time.

If I can furnish any additional information to process this request, please do not hesitate to contact me.

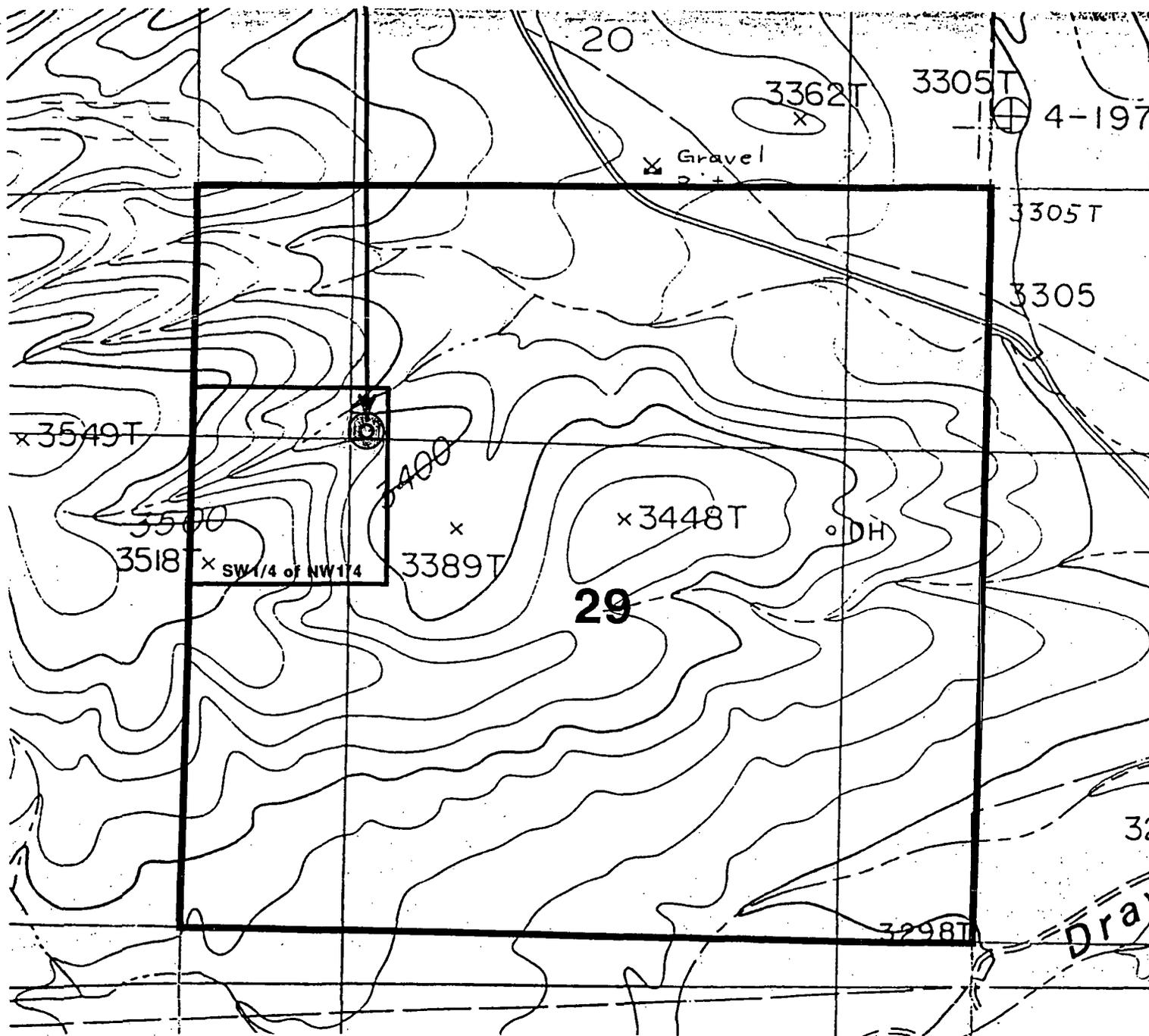
Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.

Joe W. Hammond
District Landman

JWH/eoo

PROPOSED LOCATION #1



NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 12

CASE NO. 11692



INTERCOAST OIL & GAS
McKITTRICK "29" #1 PROSPECT Eddy County, New Mexico
SURFACE TOPOGRAPHIC MAP
CONTOUR INTERVAL: 20 FT.
1000 500 0 1000 2000 Scale in Feet

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Grande Rd., Alamosa, NM 87418
 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 10, 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 AFI Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name			6 Well Number
		MCKITTRICK FEDERAL COM 29-22			22
7 OGRID No.		8 Operator Name			9 Elevation
		LOUIS DREYFUS NATURAL GAS			3412.

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	29	22-S	26-E		1715	NORTH	1160	WEST	EDDY

11 Bottom Hole Location If Different From Surface

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

12 Dedicated Acre	13 Joint or Infill	14 Consolidation Code	15 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

16 	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Gene Simer</i> Signature Gene Simer Printed Name Production Foreman Title January 14, 1997 Date
	18 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 belief. JANUARY 9 1997 Date of Survey Signature and Seal of Registered Surveyor REGISTERED PROFESSIONAL ENGINEER 5412 NM REG. NO. 5412

Stogner, Michael

From: Joe Hammond[SMTP:hammojw@dng.com]
Sent: Thursday, January 14, 1999 4:13 PM
To: Stogner, Michael
Subject: Mckittrick Fed Com 29 1

Mr. Stogner, I recently mailed a letter to you requesting administrative approval to produce from the Bone Spring from the subject well. I now need to add the Delaware formation to the application. Please let me know if this email will be sufficient to do so. Thanks



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 27, 1997

Louis Dreyfus Natural Gas Corporation
Attn: Jay M. Gabbard
14,000 Quail Springs Parkway - Suite 600
Oklahoma City, Oklahoma 73134

Administrative Order NSL-3761

Dear Mr. Gabbard:

Reference is made to your application dated January 22, 1997 for an unorthodox gas well location in the Happy Valley-Morrow Gas Pool for the proposed McKittrick Federal Com "29" Well No. 22 to be drilled 1715 feet from the North line and 1160 feet from the West line (Unit E) of Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico.

The W/2 of said Section 29 being a standard 320-acre gas spacing and proration unit for said pool is to be dedicated to said well.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Artesia

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 11692
Order No. R-10755

APPLICATION OF INTERCOAST OIL AND
GAS COMPANY FOR COMPULSORY
POOLING AND AN UNORTHODOX GAS
WELL LOCATION, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 23, 1997, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 27th day of January, 1997, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, InterCoast Oil and Gas Company, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, and in the following manner:

the W/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320 acres within said vertical extent, which presently includes but is not necessarily limited to the Happy Valley-Morrow Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, Undesignated Sheep Draw-Strawn Gas Pool, Undesignated Northeast Sheep Draw-Strawn Gas Pool and Undesignated Southeast Carlsbad-Wolfcamp Gas Pool; and,

the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools spaced on 160 acres within said vertical extent.

Said units are to be dedicated to the applicant's proposed McKittrick "29" Well No. 1 to be drilled at an unorthodox gas well location 1650 feet from the North line and 510 feet from the West line (Unit E) of Section 29.

(3) At the time of the hearing, the applicant testified that the well location for the proposed McKittrick "29" Well No. 1 has been amended to 1715 feet from the North line and 1160 feet from the West line (Unit E) of Section 29. Inasmuch as the newly proposed location is less unorthodox than the location originally proposed, the Division determined that re-advertisement of this case is not necessary.

(4) The applicant has the right to drill and proposes to drill its McKittrick "29" Well No. 1 at the amended unorthodox location described above.

(5) The proposed well is subject to the requirements of Rule No. 104.C. of the Division General Rules and Regulations which require wells to be located no closer than 1650 feet from the end boundary nor closer than 660 feet from the side boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(6) The evidence and testimony presented by the applicant indicates that the proposed unorthodox location is necessitated by topographic conditions within the NW/4 of Section 29.

(7) The proposed location is unorthodox with respect to the interior quarter-quarter section lines only and does not encroach towards the outer boundary of the spacing unit.

(8) No offset operator and/or interest owner appeared at the hearing in opposition to the proposed unorthodox gas well location.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pools, 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.

(10) There are interest owners in the proposed proration units who have not agreed to pool their interests.

(11) To avoid the drilling of unnecessary wells, to protect correlative rights, to avoid waste, and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense his just and fair share of the production in any pool completion resulting from this order, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

(12) At the time of the hearing, the applicant testified that as of January 2, 1997, its company name changed from InterCoast Oil and Gas Company to KCS Medallion Resources, Inc. The applicant requested that KCS Medallion Resources, Inc. be named operator of the subject well and units.

(13) KCS Medallion Resources, Inc. (formerly InterCoast Oil and Gas Company), should be designated the operator of the subject well and units.

(14) Any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(15) Any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(16) Any non-consenting working interest owner should be afforded the opportunity to object to the actual well costs but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(17) Following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(18) \$5828.00 per month while drilling and \$546.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(19) All proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(20) Upon the failure of the operator of said pooled units to commence the drilling of the well to which said units are dedicated on or before May 1, 1997, the order pooling said units should become null and void and of no effect whatsoever.

(21) Should all the parties to this forced pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(22) The operator of the well and units shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, from the surface to the base of the Morrow formation underlying the following described acreage in Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, are hereby pooled in the following manner:

the W/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320 acres within said vertical extent, which presently includes but is not necessarily limited to the Happy Valley-Morrow Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, Undesignated Sheep Draw-Strawn Gas Pool, Undesignated Northeast Sheep Draw-Strawn Gas Pool and Undesignated Southeast Carlsbad-Wolfcamp Gas Pool; and,

the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools spaced on 160 acres within said vertical extent.

Said units shall be dedicated to the applicant's proposed McKittrick "29" Well No. 1 to be drilled at an unorthodox gas well location, hereby approved, 1715 feet from the North line and 1160 feet from the West line (Unit E) of Section 29.

PROVIDED HOWEVER THAT, the operator of said units shall commence the drilling of said well on or before the 1st day of May, 1997, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow formation.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 1st day of May, 1997, Ordering Paragraph No. (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division Director for good cause shown.

PROVIDED FURTHER THAT, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Ordering Paragraph No. (1) of this order should not be rescinded.

(2) KCS Medallion Resources Inc. (formerly InterCoast Oil and Gas Company), is hereby designated the operator of the subject well and units.

(3) After the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject units an itemized schedule of estimated well costs.

(4) Within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) The operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, if there is objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) Within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated well costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) The operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) The operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) \$5828.00 per month while drilling and \$546.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) Any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) All proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

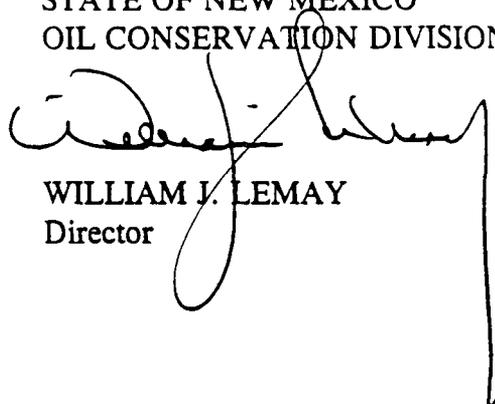
(13) Should all the parties to this forced pooling order reach voluntary agreement subsequent to entry of this order, the forced pooling portion of this order shall thereafter be of no further effect.

(14) The operator of the well and units shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

(15) Jurisdiction is hereby 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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

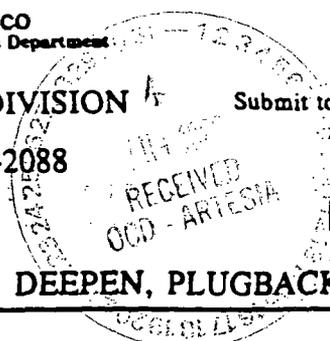
58

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-101
Revised February 10, 1994
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

Operator Name and Address. LOUIS DREYFUS NATURAL GAS CORP. 14000 Quail Springs Parkway, Suite 600 Oklahoma City, OK 73134		OGRID Number 025773
		API Number 30-015-29351
Property Code 020209	Property Name McKittrick 29 Federal Com.	Well No. 22

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
E	29	22S	26E		1715'	North	1160'	West	Eddy

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

Proposed Pool 1 Sheep Draw, NE GAS	Proposed Pool 2
---------------------------------------	-----------------

Work Type Code P	Well Type Code G	Cable/Rotary	Lease Type Code P	Ground Level Elevation 3412'
Multiple No	Proposed Depth 10,965' PBD	Formation Strawn	Contractor	Spud Date 9/10/98

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
20"	16"	75#	369'	996 sx.	Surface
14 3/4"	10 3/4"	40.5#	1652'	1508 sx.	Surface
9 7/8"	7 5/8"	19.70# & 26.40#	9205'	1600 sx.	Surface
6 1/2"	5" liner	18#	8993' - 11661'	370 sx.	
CIBP @ 11530'					

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.

- RU DDU and install H2S safety equipment.
- Kill well with 2% KCl water. Remove tree and install BOP's.
- Pull tubing and packer.
- Set CIBP on wire line at 11000' and dump 35' of cement on top of plug.
- Pressure test casing to 1500 psi.
- RU lubricator and perforate Strawn with 2 jet holes/foot from 10308' - 10312', (4') and 10265' - 10276' (11').
- Run retrievable production packer in hole on 2 7/8" and 2 3/8" tubing and set at 10200'

R-10755

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Terry D. Bryant</i>	Printed name: Terrye D. Bryant	Approved by: ORIGINAL SIGNED BY TIM W. GUB, GA	Title: DISTRICT II SUPERVISOR
Title: Regulatory Technician	Date: 8/19/98	Approval Date: 8-31-98	Expiration Date: 8-31-99
Phone: (405) 749-5287	Conditions of Approval: Attached <input type="checkbox"/>		

Louis Dreyfus Natural Gas Corp.
McKittrick 29 Federal Com. Well No. 22
#22. continued:

8. Nipple up tree and acidize down tubing with 1500 gal. iron control 15% HCl and CO₂. Use 50 - 7/8" RCN ball sealers. Treat at 2 - 4 BPM. Flush with 2% KCl water.
9. Flow back, test and put on production.

51

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

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

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

RECEIVED

WELL API NO.
30-015-29351
5. Indicate Type of Lease STATE FEE
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name
McKittrick 29 Federal Com

1. Type of Well:
OIL WELL GAS WELL OTHER

8. Well No. #22

2. Name of Operator
LOUIS DREYFUS NATURAL GAS CORP.

9. Pool name or Wildcat
Happy Valley, (Morrow)

3. Address of Operator
14000 Quail Springs Parkway, Ste. 600, OKC, OK 73134

4. Well Location
Unit Letter E : 1715 Feet From The North Line and 1160 Feet From The West Line

Section 29 Township 22S Range 26E NMPM Eddy County
10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3412'

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK PLUG AND ABANDON
TEMPORARILY ABANDON CHANGE PLANS
PULL OR ALTER CASING
OTHER:
SUBSEQUENT REPORT OF: REMEDIAL WORK ALTERING CASING
COMMENCE DRILLING OPNS. PLUG AND ABANDONMENT
CASING TEST AND CEMENT JOB
OTHER: Ran 7-5/8" casing

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.
3/31/97 Ran float shoe (1.30'), 1 jt. 7-5/8" 29.70# P110 LT&C R3 csg., Shoe jts. (42.55'), float collar (1.20'), 13 jts. 7-5/8" 19.70# P110 LT&C R3 csg. (561.17'), 109 jts. 7-5/8" 26.40# P110 LT&C R3 csg. (3945.39'). Shoe @ 9202', float collar 9160'. Dowell cemented w/ 1000 sx 35/65 Poz 6% D10, 1/4#/sx D29, .2% D46 slurry 312 bbls. Displace with 246 bbls. wtr. & 167 bbls. mud - full returns w/ 373 bbls. displace pumped. Lost circulation, slow PR, reached max psi (3000) 18 bbl. short. Did not bump plug - shut down - check floats, floats holding. Left 392' cement in pipe. List psi 1780 psi, est. TOC @ 6608' - Total displ. 431 bbl. Drop bomb, open DV tool. Cement 2nd stage w/400 sx 35/65 Poz, 6% D20, 1/4#/sx D29, 2% D46, slurry 125 bbls. Tail in w/700sx selfstress, 1/4#/sx D29, .2% D46, slurry 188 bbl. Displace w/186 bbls. water. Bumped & pressured plug to 1500 psi & closed DV tool. Floats held, full returns throughout cement job. Circulate 60 bbls. (311 sx) to reserve pit. Cement in place 1st stage 9:15 pm. on 3/30/97. Plug down 2nd stage @ 2:45 a.m. on 3/31/97.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE Raylene Smith TITLE Regulatory Tech. DATE 4/21/97
TYPE OR PRINT NAME Raylene Smith TELEPHONE NO. (405) 749-5251

(This space for State Use)
APPROVED BY Jim W. Burn TITLE District Supervisor DATE 4/28/97
REASON FOR APPROVAL IF ANY:

SF

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

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

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

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

APR 24 1997

WELL API NO. 30-015-29351

5. Indicate Type of Lease STATE [] FEE [X]

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE 'APPLICATION FOR PERMIT' (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name McKittrick 29 Federal Com

1. Type of Well: OIL WELL [X] GAS WELL [] OTHER []

8. Well No. #22

2. Name of Operator LOUIS DREYFUS NATURAL GAS CORP.

9. Pool name or Wildcat Happy Valley, (Morrow)

3. Address of Operator 14000 Quail Springs Parkway, Ste. 600, OKC, OK 73134

4. Well Location Unit Letter E : 1715 Feet From The North Line and 1160 Feet From The West Line

Section 29 Township 22S Range 26E NMPM Eddy County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3412'

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data. NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [] PLUG AND ABANDON [] TEMPORARILY ABANDON [] CHANGE PLANS [] PULL OR ALTER CASING [] OTHER: [] SUBSEQUENT REPORT OF: REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT [] CASING TEST AND CEMENT JOB [] OTHER: Run 10-3/4" casing. [X]

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

3/13/97 RU strap shoe & float collar, ran 37 jts. (1654') 10-3/4" J-55 ST&C R3 casing, shoe @ 1652', float @ 1602'. Dowell cemented with 150 sx RFC in a 43 bbl. slurry + 900 sx Class "C", 4% gel, 2% CC in a 280 bbl. slurry. Tail in with 200 sx Class "C" Neat, 2% CC in a 47 bbl. slurry. Calculated TOC @ 667'. Top off with 258 sx Class "C" Neat, 4% CC. Full returns while cementing. Circulate 3 bbls. excess, 13 sx to reserve pit. Cement in place @ 1:00 p.m. 3/13/97. WOC. Cut off 16" csg. and orange peel back to 10-3/4" csg., cut off 10-3/4" csg. & install wellhead test to 1000 psi, test OK.

7 hrs.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE Raylene Smith TITLE Regulatory Tech DATE 4/21/97 TELEPHONE NO. (405) 749-5251

(This space for State Use) APPROVED BY Jim W. Gunn TITLE District Supervisor DATE 4/28/97

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

SK

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 API NO.
30-015-29351

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.

APR 24 1997

SUNDRY NOTICES AND REPORTS ON WELLS:
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name
McKittrick 29 Federal Com

1. Type of Well:
OIL WELL GAS WELL OTHER

8. Well No. #22

2. Name of Operator
LOUIS DREYFUS NATURAL GAS CORP.

3. Address of Operator
14000 Quail Springs Parkway, Ste. 600, OKC, OK 73134

9. Pool name or Wildcat
Happy Valley, (Morrow)

4. Well Location
Unit Letter E : 1715 Feet From The North Line and 1160 Feet From The West Line
Section 29 Township 22S Range 26E NMPM Eddy County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3412'

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: Spud and run casing <input checked="" type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

3/2/97 Spud well @ 1:00 p.m.
3/3/97 Run Texas Pattern guide shoe (.90'), 1 jt. 75# K-55 (16") Butt T&C R3 casing (44.42'), baffle plate, 8 jts. 75# K-55 (16") Butt T&C R3 csg. (355.94'). Wash casing down to 369'. Cement with 400 sx "C" w/2% CC & 5#/sd Gilsonite in @ 96 bbls. slurry. Displace w/77.5 bbls. H2O. Did not bump plug. Over displaced by 2.5 bbls. (shoe it. 9.8 cap). No returns during cement job. Cement in place @ 7:30 pm. 3/3/97. WOC. Top off with 496 sx Class "C" neat w/2% CC. Had full returns while cementing, circulate 4 bbls. excess cement to reserve pit. WOC.

? hwr

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

SIGNATURE Raylene Smith TITLE Regulatory Tech. DATE 4/21/97
TYPE OR PRINT NAME Raylene Smith TELEPHONE NO. (405) 749-5251

(This space for State Use)
APPROVED BY Jim W. Beem TITLE District Supervisor DATE 4/28/97

CONDITIONS OF APPROVAL, IF ANY:

District I
 PO Box 200, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-101
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

RECEIVED
 OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505
 JAN 23 1997

AMENDED REPORT

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

¹ Operator Name and Address. LOUIS DREYFUS NATURAL GAS CORP. 14000 Quail Springs Prkwy., Ste. 600 Oklahoma City, OK 73134		² OGRID Number 025773
⁴ Property Code 20209		³ API Number 30-015-29351
⁵ Property Name McKittrick Federal Com	⁶ Well No. 22	

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
E	29	22S	26E		1715	North	1160	West	Eddy

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 Happy Valley (Morrow)					¹⁰ Proposed Pool 2 78060				

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3412'
¹⁶ Multiple No	¹⁷ Proposed Depth 11,600'	¹⁸ Formation Morrow	¹⁹ Contractor N/A	²⁰ Spud Date Upon Approval

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
20"	16"	75	350'	400 Sx C	Surface Circ
14 3/4"	10 3/4"	40.5	1650'	960 Sx C	Surface Circ
9 1/2"	7 5/8"	26.4-29.7	9200'	780 Sx C	1450'
6 1/2"	5"	15	11,600'	320 Sx C	9000'

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.

Fresh water sand will be protected by setting 16" casing at 350' and circulating cement to surface. First intermediate 10 3/4" casing will be set at 1650' and cement will be circulated to surface. Second intermediate 7 5/8" casing will be set at 9200' and cement circulated to 1450'. A 5" liner will be set from 9000' to 11,600' and cement circulated to 9000'.

**Musty N.M.O.C.C. in addition
 time to witness concerning
 the 10 3/4" casing**

NSL-3761

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
 Signature: *Gene Simer*
 Printed name: Gene Simer
 Title: Production Foreman
 Date: 1-22-97
 Phone: 885-1313

OIL CONSERVATION DIVISION	
Approved by:	<i>Jim W. Green</i> BGA
Title:	<i>District Supervisor</i>
Approval Date:	01-27-97
Expiration Date:	01-27-98
Conditions of Approval: <input type="checkbox"/> Attached <input type="checkbox"/>	

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 10, 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 30-015-29351		2 Pool Code 78060		3 Pool Name Happy Valley; Marrow	
4 Property Code 06A		5 Property Name McKITTRICK FEDERAL COM		6 Well Number 22	
7 OGRID No.		8 Operator Name LOUIS DREYFUS NATURAL GAS		9 Elevation 3412.	

10 Surface Location

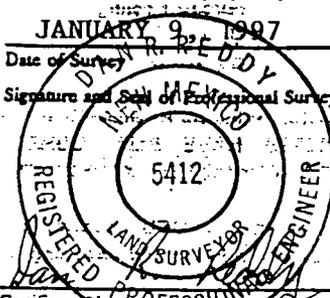
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	29	22-S	26-E		1715	NORTH	1160	WEST	EDDY

11 Bottom Hole Location If Different From Surface

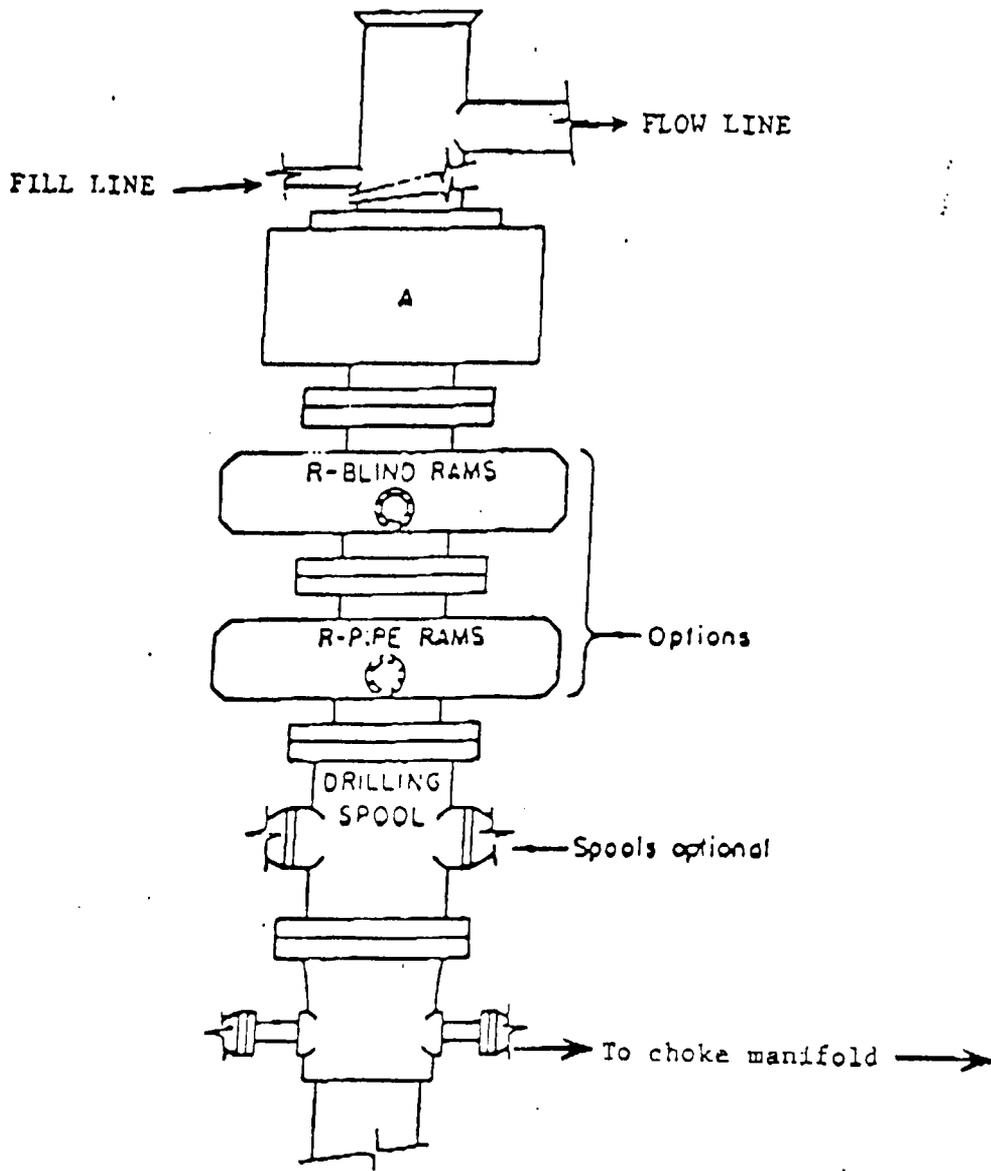
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 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

16 1715' 1160'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief		
	Signature: <i>Gene Simer</i> Printed Name: Gene Simer Title: Production Foreman Date: January 14, 1997		
18 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 belief.			
Date of Survey: JANUARY 9, 1997 Signature and Seal of Professional Surveyor:  Certificate Number: PROFESSIONAL NM PRS NO. 5412			

BOP Sketch to be Used on
Louis Dreyfus Natural Gas Corp.
McKittrick Federal Com. 29-22
Sec. 29, T-22S, R-26E
Eddy County, New Mexico



ARRANGEMENT SRRA

900 Series
3000 PSI WP

WRS COMPLETION REPORT

COMPLETIONS SEC 29 TWP 22S RGE 26E
 30-T-0019 09/26/97 30-015-29351-0000 PAGE 1

NMEX EDDY * 1715FNL 1160FWL SEC
 STATE COUNTY FOOTAGE SPOT
 LOUIS DREYFUS NTRL GAS D DG
 OPERATOR WELL CLASS INIT FIN
 22 MCKITTRICK '29' FEDERAL COM
 WELL NO. LEASE NAME
 3412GR HAPPY VALLEY
 OPER ELEV FIELD/POOL/AREA
 API 30-015-29351-0000
 LEASE NO. PERMIT OR WELL I.D. NO.
 03/02/1997 07/05/1997 ROTARY VERT GAS
 SPUD DATE COMP. DATE TYPE TOOL HOLE TYPE STATUS
 11600 MORROW MCVAY DRLG 7
 PROJ. DEPTH PROJ. FORM CONTRACTOR
 DTD 11663 PB 11530 FM/TD MORROW L
 DRILLERS T.D. LOG T.D. PLUG BACK TD OLD T.D. FORM T.D.

LOCATION DESCRIPTION

6 MI SW CARLSBAD, NM

CASING/LINER DATA

CSG 16 @ 369 w/ 996 SACKS
 CSG 10 3/4 @ 1652 w/ 1508 SACKS
 CSG 7 5/8 @ 9205 w/ 1600 SACKS
 LNR 5 8993-11661 w/ 370S

TUBING DATA

TBG 2 7/8 AT 11035 2 3/8 AT 11035

INITIAL POTENTIAL

IPF 28 MCFD 10/64CK 24HRS
 MORROW PERF w/ 64/IT 11096-11330 GROSS
 TP 330

GLR DRY, GASGTY NR

FCP: PKR

TYPE	FORMATION	LTH	TOP DEPTH/SUB	BSE DEPTH/SUB
LOG	DELWR SD		2140 1272	
LOG	CHER CYN		2492 920	
LOG	BONE SPG		4878 -1466	
LOG	WOLFCAMP		8504 -5092	
LOG	PNNSYLVN		9038 -5626	
LOG	STRAWN		10082 -6670	

CONTINUED IC# 300157004697

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Petroleum Information /
 Dwigths LLC

P/D-WRS-GET
 Form No 187

COMPLETIONS SEC 29 TWP 22S RGE 26E
30-T-0019 09/26/97 30-015-29351-0000 PAGE 2

LOUIS DREYFUS NTRL GAS D DG
22 MCKITTRICK '29' FEDERAL COM

TYPE	FORMATION	LTH	TOP DEPTH/SUB	BSE DEPTH/SUB
LOG	ATOKA		10632 -7220	
LOG	MORROW		10838 -7426	
LOG	MORROW L		11406 -7994	

SUBSEA MEASUREMENTS FROM GR

PRODUCTION TEST DATA

MORROW L PERF 11575-11584
PERF 11575-11584
ACID 11575-11584 1000GALS
FERCHEK
NTGN 11575-11584 125000SCF
BRPG @11530 11575-11584

PTF 28 MCFD 8BW 10/64CK 24HRS
MORROW PERF W/ 64/IT 11096-11330 GROSS
PERF 11096-11098 11100-11103 11178-11198 11264-11273
PERF 11303-11330
ACID 11096-11330 2000GALS
7 1/2% FERCHEK
SWFR 11096-11330 16135GALS 25000LBS SAND
20/40
CO2 11096-11330 83TNS
TP 330

DRILLING PROGRESS DETAILS

LOUIS DREYFUS NTRL GAS
14000 QUAIL SPRINGS PKWY
STE 600
OKLAHOMA CITY, OK
405-749-1300

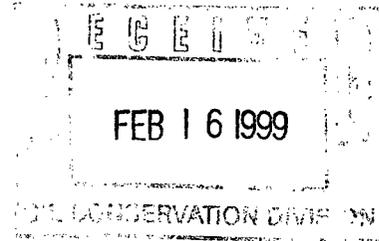
01/29 LOC/1997/
03/03 DRLG AHEAD
05/01 11663 TD, SI
08/20 11663 TD, PB 11530, WOPT
RIG REL 04/17/97
09/23 11663 TD, PB 11530
COMP 7/5/97, IPF 28 MCFGPD, (DRY), 10/64
CK, GAS GTY (NR), FTP 330,
FCP PKR
PROD ZONE - MORROW 11096-11330 (GROSS)

CONTINUED



January 11, 1999

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



RE: McKittrick Fed Com "29" #1 2~
1715' FNL & 1160' FWL
Section 29-22S-26E
Eddy County, New Mexico

Dear Mr. Stogner:

Referencing your letter of January 26, 1999, please let this serve as an amended request to obtain administrative approval for an unorthodox location of the existing McKittrick Fed Com "29" #1 well in order to produce from the Delaware and/or Bone Spring formations on 40 acre spacing (SW/4 NW/4). The well was originally drilled to the Morrow in 1997 (Case 11692, Order #R-10755) with Louis Dreyfus Natural Gas Corp. as the operator.

We have now given the affected offset party notice to this application. Please note that effective November 1, 1998, Penwell Energy sold its interest in SE New Mexico to Concho Resources, Inc. Both parties have been notified as a precaution. Their objections should be received by your office within twenty days of February 3, 1999 which is their date of receipt of notice.

If I can furnish any additional information to process this request, please do not hesitate to contact me.

Sincerely,

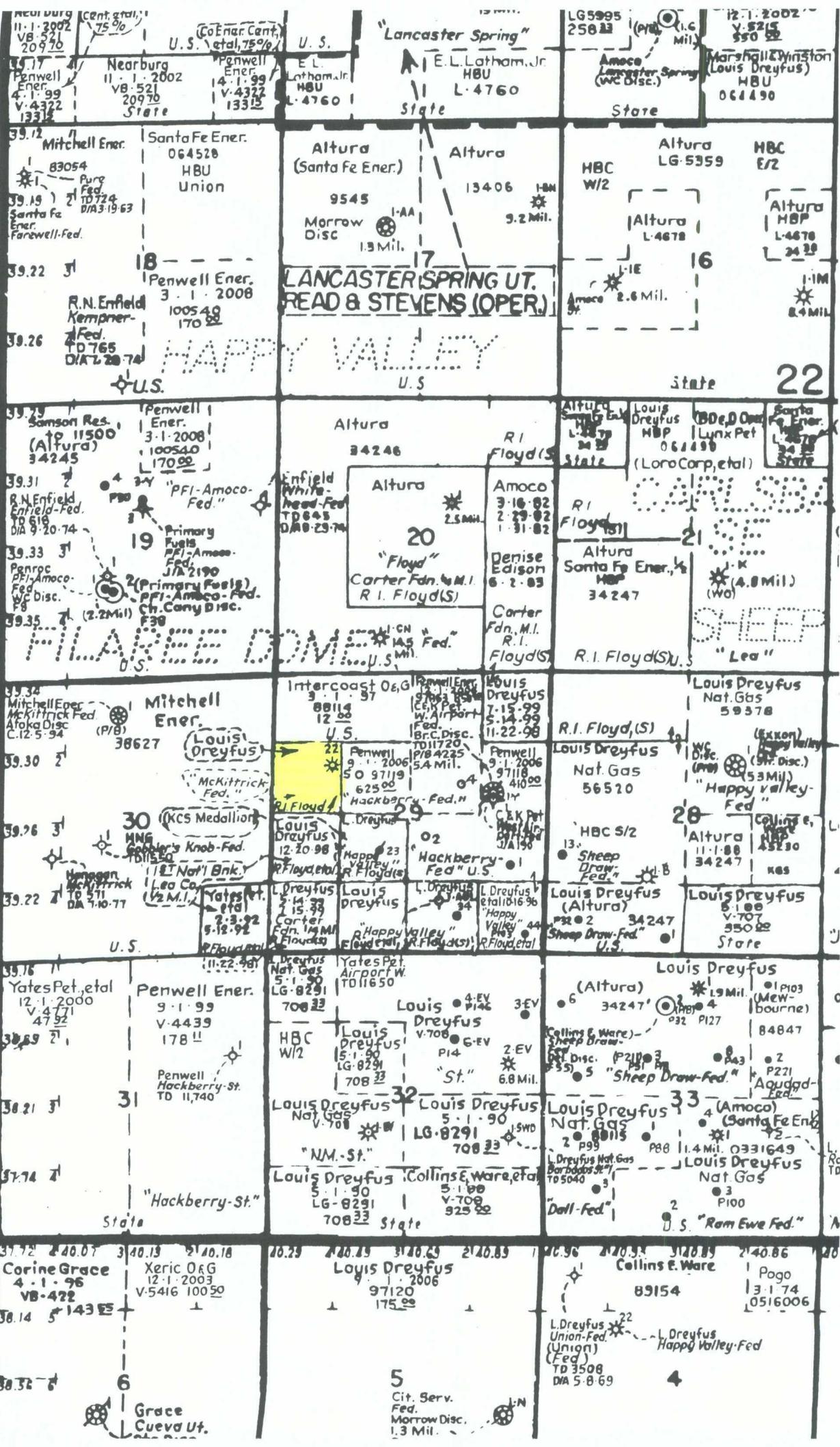
LOUIS DREYFUS NATURAL GAS CORP.

A handwritten signature in black ink that reads "Joe W. Hammond".

Joe W. Hammond
District Landman

JWH/eoo

T
22
S



LANCASTER SPRING UT.
READ & STEVENS (OPER.)

HAPPY VALLEY

FLARE DOME

SHEEP DRAW

Happy Valley Fed.

Collins E. Ware

Ram Ewe Fed.

Happy Valley Fed.

Corine Grace
4.1.96
VB-422

Grace Cueva Ut.

Louis Dreyfus
97120
175.00

Cit. Serv. Fed. Morrow Disc. 1.3 Mil.

Collins E. Ware
89154

L. Dreyfus Union-Fed (Union) (Fed) TD 3508 DA 5.8.69

L. Dreyfus Happy Valley-Fed

Pogo
13.1.74
0516006

Yates Pet. etal
12.1.2000
V.4771
47.92

Penwell Ener.
9.1.99
V.4439
178.11

Penwell Hackberry-St.
TD 11,740

Louis Dreyfus
V.708
P14
"St." 6.8 Mil.

Louis Dreyfus
(Altura)
34247
1.9 Mil.

Collins E. Ware
Sheep Draw
P210
P211
P212
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Louis Dreyfus
Nat. Gas
V.708
P14
"St." 6.8 Mil.

Louis Dreyfus
Nat. Gas
V.708
P14
"St." 6.8 Mil.

Louis Dreyfus
Nat. Gas
V.708
P14
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Louis Dreyfus
Nat. Gas
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"St." 6.8 Mil.

Louis Dreyfus
Nat. Gas
V.708
P14
"St." 6.8 Mil.

Mitchell Ener.
McKittrick Fed.
Atoka Disc.
C.12.5.94

Louis Dreyfus
McKittrick Fed.

MNG
Carter's Knob-Fed.
(12 Nat'l Bnk.)
Leo Co.
(1/2 Mil.)
Yates etal
2.3.92
5.12.92
P. Floyd etal
(11.22.98)

Yates Pet. etal
5.1.90
LG-8291
708.33

Penwell Ener.
9.1.99
V.4439
178.11

Penwell Hackberry-St.
TD 11,740

Intercoast O&G
88114
12.00
U.S.

Penwell
9.1.2006
50 97119
625.00
"Hackberry-Fed.N"

Louis Dreyfus
12.20.98
R. Floyd etal

Louis Dreyfus
5.14.99
15.33
Carter Fdn. 1/2 Mil.
R. Floyd etal

Louis Dreyfus
5.1.90
LG-8291
708.33

Louis Dreyfus
V.708
P14
"St." 6.8 Mil.

Louis Dreyfus
Nat. Gas
59378

Louis Dreyfus
Nat. Gas
56520

HBC S/2
Sheep Draw-Fed.

Louis Dreyfus
(Altura)
34247
U.S.

Louis Dreyfus
Nat. Gas
V.708
P14
"St." 6.8 Mil.

Louis Dreyfus
Nat. Gas
V.708
P14
"St." 6.8 Mil.

Louis Dreyfus
Nat. Gas
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Louis Dreyfus
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Louis Dreyfus
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Louis Dreyfus
Nat. Gas
V.708
P14
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Louis Dreyfus
Nat. Gas
V.708
P14
"St." 6.8 Mil.

Louis Dreyfus
Nat. Gas
V.708
P14
"St." 6.8 Mil.

Louis Dreyfus
Nat. Gas
V.708
P14
"St." 6.8 Mil.

Nearburg
11.1.2002
VB-521
209.70

Penwell Ener.
4.1.99
V.4322
133.12

Penwell Ener.
11.1.2002
VB-521
209.70
State

Mitchell Ener.
83054
Purg Fed.
10.7.24
D/A 3-19-63
Santa Fe Ener.
Farewell-Fed.

Penwell Ener.
3.1.2008
100540
170.22

R.N. Enfield
Kempner-Fed.
TD 765
D/A 7.28.74

Penwell Ener.
3.1.2008
100540
170.22

Samson Res.
11500
(Altura)
34245

R.N. Enfield
Enfield-Fed.
TD 618
D/A 9-20-74

Penwell Ener.
3.1.2008
100540
170.22

E.L. Latham, Jr.
HBU
L.4760

E.L. Latham, Jr.
HBU
L.4760

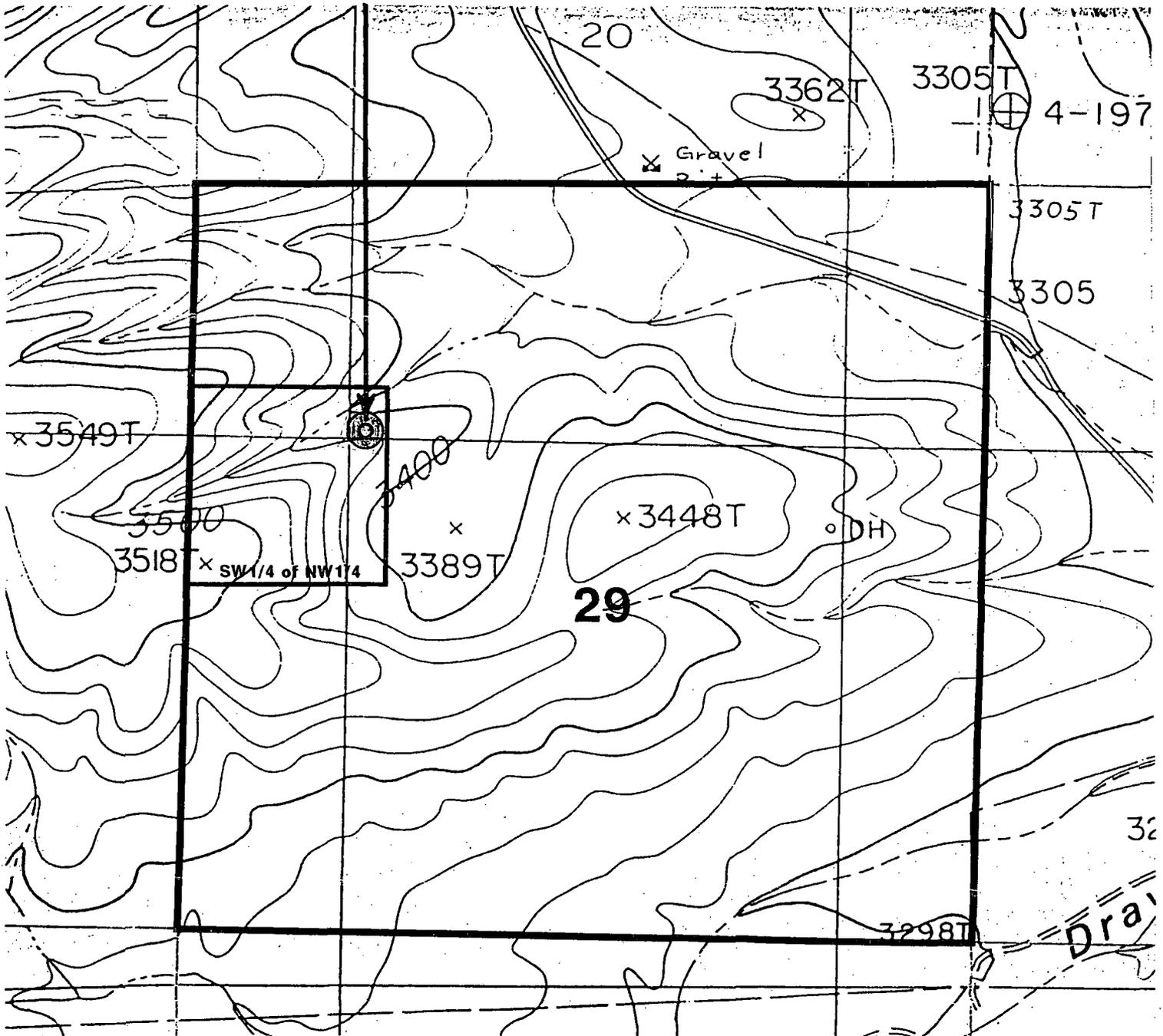
Altura
(Santa Fe Ener.)
9545
Morrow Disc
1.3 Mil.

Altura
13406
9.2 Mil.

Amoco
Lancaster Spring
(WC Disc.)

12.1.2002
V.5215
550.52
Marshall
Louis Dreyfus
HBU
064490

PROPOSED LOCATION #1



NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 12

CASE NO. 11692



INTERCOAST OIL & GAS 22
McKITTRICK "29" #1 PROSPECT Eddy County, New Mexico
SURFACE TOPOGRAPHIC MAP
CONTOUR INTERVAL: 20 FT.
1000 500 0 1000 2000 Scale in Feet

SECTION 29 TOWNSHIP 22-SOUTH RANGE 26-EAST COUNTY EDDY STATE NEW MEXICO

<p>N/2 NW/4 = 80.00 ACRES</p>		<p style="text-align: center;"><u>WI OWNERSHIP FOR UNIT</u></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><u>NMA</u></th> <th style="text-align: right;"><u>%</u></th> </tr> </thead> <tbody> <tr> <td>LOUIS DREYFUS NATURAL GAS CORP</td> <td style="text-align: right;">158.26</td> <td style="text-align: right;">49.45</td> </tr> <tr> <td>INTERCOAST OIL AND GAS CO.</td> <td style="text-align: right;">80.00</td> <td style="text-align: right;">25.00</td> </tr> <tr> <td>PENWELL ENERGY, INC.</td> <td style="text-align: right;">40.00</td> <td style="text-align: right;">12.50</td> </tr> <tr> <td>SANTA FE ENERGY RESOURCES, INC.</td> <td style="text-align: right;">27.93</td> <td style="text-align: right;">8.73</td> </tr> <tr> <td>UNLEASED</td> <td style="text-align: right;">13.81</td> <td style="text-align: right;">4.32</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">320.00</td> <td style="text-align: right; border-top: 1px solid black;">100.00</td> </tr> </tbody> </table>		<u>NMA</u>	<u>%</u>	LOUIS DREYFUS NATURAL GAS CORP	158.26	49.45	INTERCOAST OIL AND GAS CO.	80.00	25.00	PENWELL ENERGY, INC.	40.00	12.50	SANTA FE ENERGY RESOURCES, INC.	27.93	8.73	UNLEASED	13.81	4.32		320.00	100.00
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<p>SW/4 SW/4 = 40.00 AC</p>	<p>SE/4 SW/4 = 40.00 AC</p>	<ul style="list-style-type: none"> LOUIS DREYFUS NATURAL GAS CORP. 85.00% SANTA FE ENERGY RESOURCES, INC. 15.00% <li style="border-top: 1px solid black; padding-top: 5px;"> 100.00% 																					

29

NEW MEXICO
 OIL CONSERVATION DIVISION

EXHIBIT 1
 CASE NO. 11692

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Bravo Rd., Amos, NM 87418
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 10, 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 AFI Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name			6 Well Number
		MCKITTRICK FEDERAL COM 29-22			22
7 OGRID No.		8 Operator Name			9 Elevation
		LOUIS DREYFUS NATURAL GAS			3412.

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South Line	Feet from the	East/West Line	County
E	29	22-S	26-E		1715	NORTH	1160	WEST	EDDY

11 Bottom Hole Location If Different From Surface

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

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 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

<p>16</p>	<p>17 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>Gene Simer</i></p> <p>Signature Gene Simer Production Foreman Title January 14, 1997 Date</p>	
	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was placed 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>JANUARY 9 1997 Date of Survey</p> <p>REGISTERED LAND SURVEYOR 5412 PROFESSIONAL ENGINEER NM REG. NO. 5412</p>	
	<p>19</p>	
	<p>20</p>	

Is your RETURN ADDRESS completed on the reverse side? SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.	I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
	3. Article Addressed to: Penwell Energy, Inc. 1100 Arco Building 600 N. Marienfeld Midland, Texas 79701
5. Received By: (Print Name)	8. Addressee's Address (Only if requested and fee is paid)
6. Signature: (Addressee or Agent) X Brenda Ortiz	

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side? SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.	I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
	3. Article Addressed to: Concho Resources, Inc. 110 West Louisiana, Suite 410 Midland, Texas 79701
5. Received By: (Print Name)	8. Addressee's Address (Only if requested and fee is paid)
6. Signature: (Addressee or Agent) X [Signature]	

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

February 1, 1999

FIELD(1)

FIELD(2)

FIELD(3)

ATTN: FIELD(4)

RE: McKittrick Fed. Com "29" #1
1715' FNL & 1160' FWL
Section 29-22S-26E
Eddy County, New Mexico

Gentlemen:

This letter will serve as notice that Louis Dreyfus Natural Gas Corp. has requested Administrative Approval for an unorthodox location for the existing McKittrick Fed. Com "29" #1 well. A proposal to recomplete to the Bone Spring/Delaware formation will be forwarded to Concho (as successor in interest to Penwell Energy, Inc.) as a working interest owner in the Mckittrick wellbore upon OCD approval of this application.

The McKittrick Fed. Com "29" #1 well encroaches toward the SE/4NW/4 of Section 29 where Concho owns acreage. Should your company have any objection it must be filed in writing with the OCD at the address given below within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection has been received within the twenty day period.

Attached are copies of our initial request letter, the OCD response and location plats for your review. Should you have any questions please do not hesitate to call.

Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.

Joe W. Hammond
District Landman

JWH/eeo

Certified Mail

cc: New Mexico MNRD
Oil Conservation Division, 2040 S. Pacheco Street
Santa Fe, New Mexico 87505

Concho Resources, Inc.
110 West Louisiana, Suite 410
Midland, Texas 79701
Attn: Van Rodgers

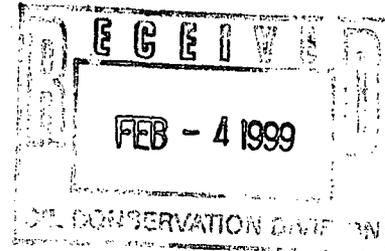
Penwell Energy, Inc.
1100 Arco Building
600 N. Marienfeld
Midland, Texas 79701
Attn: Mark Wheeler

February 1, 1999

FIELD(1)
FIELD(2)
FIELD(3)

ATTN: FIELD(4)

RE: McKittrick Fed. Com "29" #²² 22
1715' FNL & 1160' FWL
Section 29-22S-26E
Eddy County, New Mexico



Surfence Date 2-24-99

Gentlemen:

This letter will serve as notice that Louis Dreyfus Natural Gas Corp. has requested Administrative Approval for an unorthodox location for the existing McKittrick Fed. Com "29" #²² 1 well. A proposal to recomplete to the Bone Spring/Delaware formation will be forwarded to Concho (as successor in interest to Penwell Energy, Inc.) as a working interest owner in the Mckittrick wellbore upon OCD approval of this application.

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Joe W. Hammond
District Landman

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Santa Fe, New Mexico 87505

Concho Resources, Inc.
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Attn: Van Rodgers

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Midland, Texas 79701
Attn: Mark Wheeler



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 26, 1999

Louis Dreyfus Natural Gas Corporation
14000 Quail Springs Parkway - Suite 600
Oklahoma City, Oklahoma 73134-2600

Attention: Joe W. Hammond

Re: *Application for administrative approval dated January 11, 1999 (received by the Division on January 19, 1999) to recomplete the McKittrick "29" Federal Com. Well No. 22 (API No. 30-015-29351) at an unorthodox oil well location 1715' FNL & 1160' FWL (Unit E) of Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. The SW/4 NW/4 of Section 29 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit: (i) in either the Undesignated Happy Valley-Delaware or Filaree-Delaware Pool; and (ii) for the Bone Spring formation.*

Dear Mr. Hammond:

Your application is incomplete with respect to notice, Division Rule 104.F(3) requires that all affected parties be notified. My review of the record in Case 11692 and the records here in the Santa Fe office of the Division indicate that Penwell Energy, Inc. is the affected party in this instance. They may have been a party to this well when the 320 acres, being the W/2 of Section 29, was communitized for deep gas production, but these shallow oil recompletions are only 160 feet away from a lease that they have 100% of the working interest (if the information found in the Case file is still current).

I am therefore returning this application to you at this time.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
Kathy Valdes, NMOCD - Santa Fe
W. Thomas Kellahin, Legal Counsel for Louis Dreyfus
Natural Gas Corporation in Case No. 11692 - Santa Fe
Jim Bruce, Legal Counsel for Intercoast Oil and Gas
Company in Case No. 11692 - Santa Fe

NSL

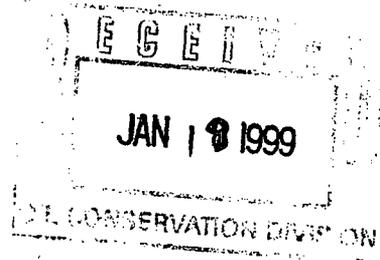
2/8/99

14000 Quail Springs Parkway
Suite 600
Oklahoma City, Oklahoma
73134-2600

Telephone 405 749-1300
www.ldng.com
Land Fax 405-749-6662

 Louis Dreyfus Natural Gas

January 11, 1999



Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: McKittrick Fed Com "29" #1 22
1715' FNL & 1160' FWL
Section 29-22S-26E
Eddy County, New Mexico

Dear Mr. Stogner:

Your assistance is requested in obtaining administrative approval for an unorthodox location of the existing McKittrick Fed Com "29" #1 well in order to produce from the Bone Spring formation on 40 acre spacing (SW/4 NW/4). The well was originally drilled to the Morrow in 1997 (Case 11692, Order #R-10755) with Louis Dreyfus Natural Gas Corp. as the operator.

All offset owners own an interest in the well so no notice is necessary at this time.

If I can furnish any additional information to process this request, please do not hesitate to contact me.

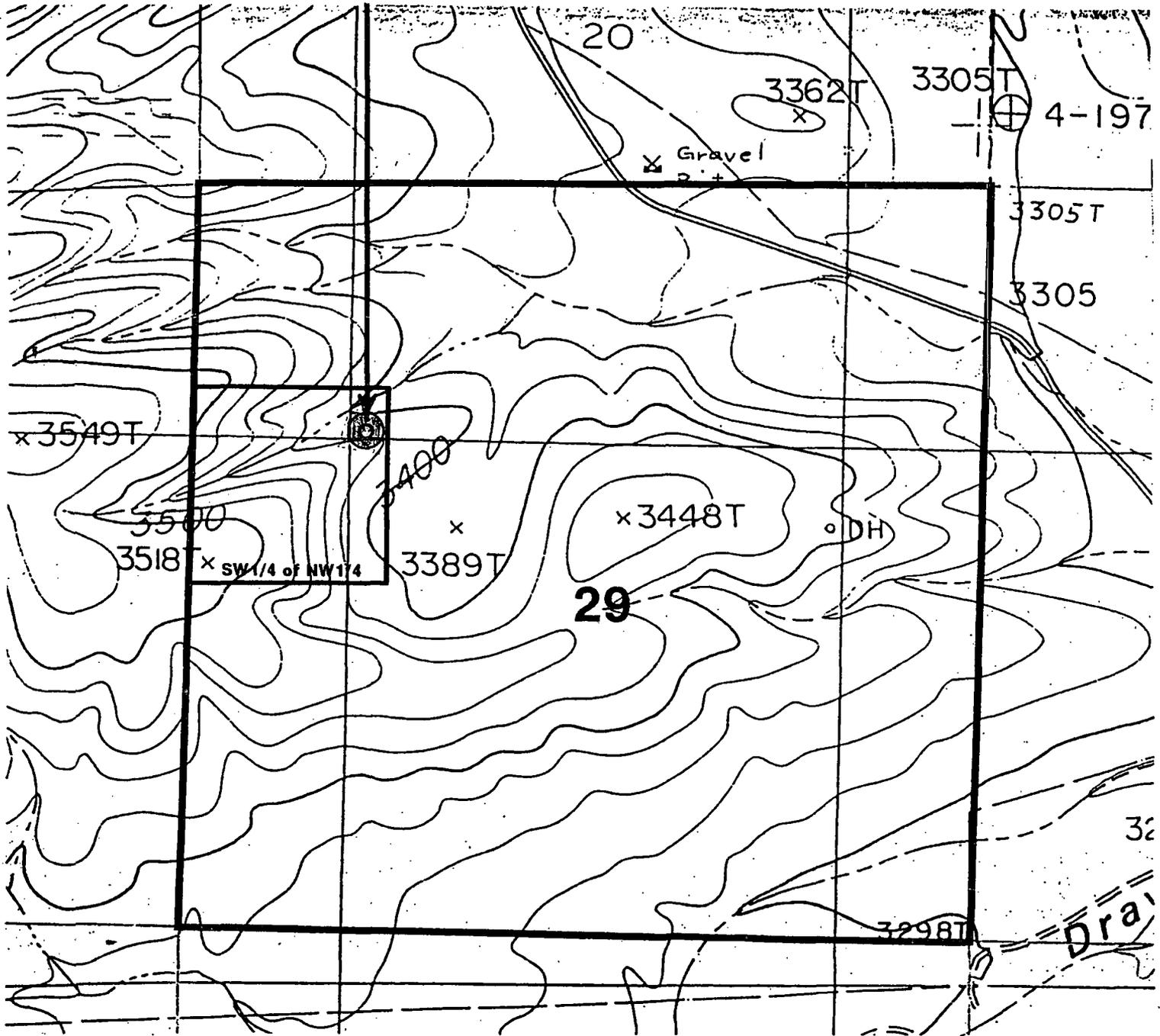
Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.

Joe W. Hammond
District Landman

JWH/eoo

PROPOSED LOCATION #1



NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 12

CASE NO. 11692



INTERCOAST OIL & GAS
McKITTRICK "29" #1 PROSPECT Eddy County, New Mexico
SURFACE TOPOGRAPHIC MAP
CONTOUR INTERVAL: 20 FT.
1000 500 0 1000 2000 Scale in Feet

SECTION 29 TOWNSHIP 22-SOUTH RANGE 26-EAST COUNTY EDDY STATE NEW MEXICO

<p>N/2 NW/4 = 80.00 ACRES</p>			<p style="text-align: center;"><u>WI OWNERSHIP FOR UNIT</u></p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;"><u>NMA</u></th> <th style="text-align: right;"><u>%</u></th> </tr> </thead> <tbody> <tr> <td>LOUIS DREYFUS NATURAL GAS CORP</td> <td style="text-align: right;">158.26</td> <td style="text-align: right;">49.45</td> </tr> <tr> <td>INTERCOAST OIL AND GAS CO.</td> <td style="text-align: right;">80.00</td> <td style="text-align: right;">25.00</td> </tr> <tr> <td>PENWELL ENERGY, INC.</td> <td style="text-align: right;">40.00</td> <td style="text-align: right;">12.50</td> </tr> <tr> <td>SANTA FE ENERGY RESOURCES, INC.</td> <td style="text-align: right;">27.93</td> <td style="text-align: right;">8.73</td> </tr> <tr> <td>UNLEASED</td> <td style="text-align: right;">13.81</td> <td style="text-align: right;">4.32</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>320.00</u></td> <td style="text-align: right;"><u>100.00</u></td> </tr> </tbody> </table>		<u>NMA</u>	<u>%</u>	LOUIS DREYFUS NATURAL GAS CORP	158.26	49.45	INTERCOAST OIL AND GAS CO.	80.00	25.00	PENWELL ENERGY, INC.	40.00	12.50	SANTA FE ENERGY RESOURCES, INC.	27.93	8.73	UNLEASED	13.81	4.32		<u>320.00</u>	<u>100.00</u>
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NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 1

CASE NO. 11692

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Grande Rd., Alamosa, NM 87416
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 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 AFI Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name			6 Well Number
		McKITTRICK FEDERAL COM 29-22			22
7 OGRID No.		8 Operator Name			9 Elevation
		LOUIS DREYFUS NATURAL GAS			3412.

10 Surface Location

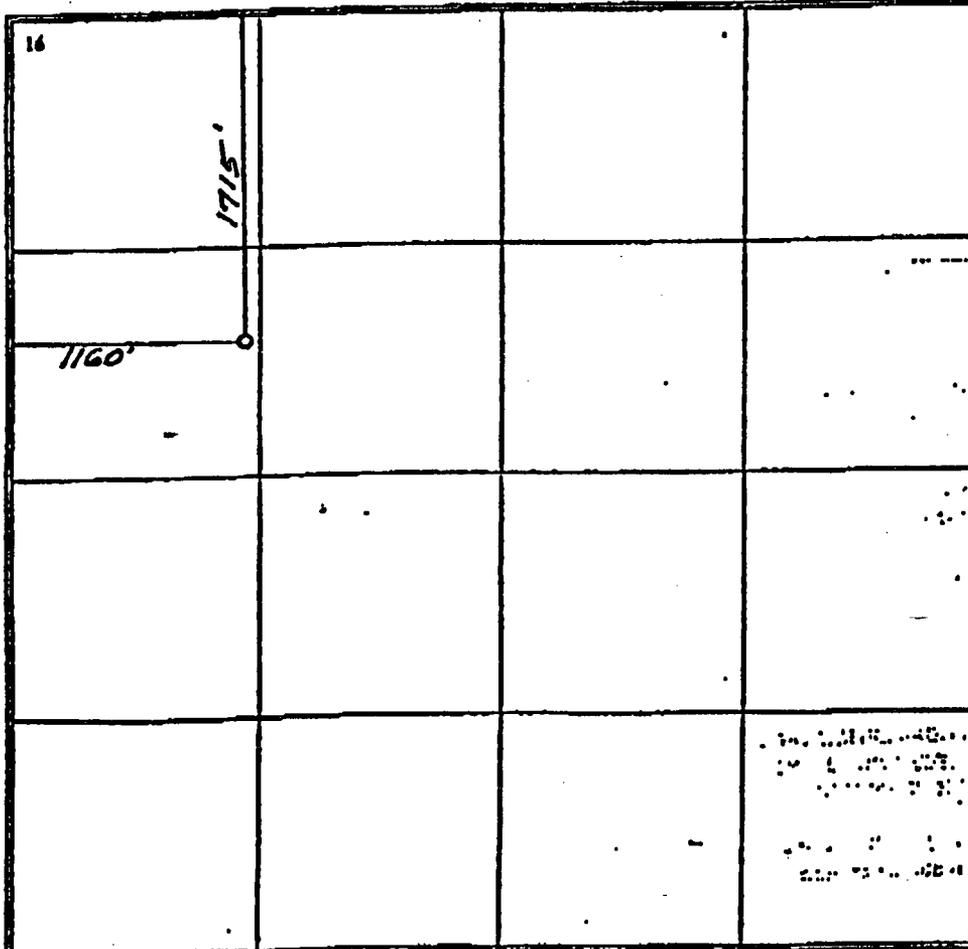
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E	29	22-S	26-E		1715	NORTH	1160	WEST	EDDY

11 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 Acre	13 Joint or In/In	14 Consolidation Code	15 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



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

Gene Simer
Signature
Gene Simer
Printed Name
Production Foreman
Title
January 14, 1997
Date

18 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 belief.

JANUARY 9 1997
Date of Survey
Signature of Registered Professional Surveyor
5412
REGISTERED LAND SURVEYOR
PROFESSIONAL ENGINEER
NEW MEXICO
NM REG. NO. 5412



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 24, 1999

Louis Dreyfus Natural Gas Corporation
14000 Quail Springs Parkway - Suite 600
Oklahoma City, Oklahoma 73134-2600
Attention: Joe W. Hammond

Telefax No. (405) 749-6662

Administrative Order NSL-3761-A

Dear Mr. Hammond:

Reference is made to: (i) your original application dated January 11, 1999; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated January 26, 1999 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer, withdrawing this application as incomplete; (iii) your re-submittal of a completed application on February 4, 1999; and (iv) the Division's records in Santa Fe, which include the files for Division Case No. 11692 and Division Administrative Order NSL-3761: all concerning Louis Dreyfus Natural Gas Corporation's request to recomplete its McKittrick "29" Federal Com. Well No. 22 (**API No. 30-015-29351**), located at an unorthodox oil well location 1715 feet from the North line and 1160 feet from the West line (Unit E) of Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, into the Delaware and Bone Spring formations. The SW/4 NW/4 of Section 29 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit: (i) in either the Undesignated Happy Valley-Delaware or Filaree-Delaware Pool; and (ii) for the Bone Spring formation.

It is our understanding that the McKittrick "29" Federal Com. Well No. 22 was drilled in early 1997 to a total depth of 11,663 feet at a previously approved unorthodox gas well location within a standard 320-acre gas spacing and proration unit comprising the W/2 of Section 29 in order to test the deeper (Wolfcamp through Morrow intervals) gas bearing intervals (see Division Order No. R-10755, issued in Case No. 11692 dated January 27, 1997, and Division Administrative Order NSL-3761, dated January 27, 1997).

Pursuant to Division **Rules 104.B.(1)(b)** and **104.C.(1)** this location is also considered to be unorthodox for both the Delaware and Bone Spring intervals.

This application has been duly filed under the provisions of Division **Rule 104.F**; therefore, by the authority granted me under the provisions of Division **Rule 104.F(2)**, the above-described unorthodox oil well location is hereby approved.

Administrative Order NSL-3761-A
Louis Dreyfus Natural Gas Corporation
February 24, 1999
Page 2

Both Division Order No. R-10755 and Division Administrative Order NSL-3761 shall be placed in abeyance until further notice.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery". The signature is written in black ink and is positioned above the printed name and title.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-3761
Case No. 11692

CMD : ONGARD 01/26/99 12:59:31
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPSX

OGRID Idn : 147380 API Well No: 30 15 30557 APD Status(A/C/P): A
Opr Name, Addr: PENWELL ENERGY INC Aprvl/Cncl Date : 01-14-1999
1100 ARCO BLDG
600 N MARIENFELD
MIDLAND, TX 79701

Prop Idn: 20473 HACKBERRY 29 FEDERAL Well No: 5

U/L Sec Township Range Lot Idn North/South East/West

Surface Locn : F 29 22S 26E FTG 1880 F N FTG 1650 F W
OCD U/L : F API County : 15

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : F
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3391

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 5000 Prpsd Frmtn : DELAWARE

E0009: Enter data to modify record

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 PRINT PF10 C102 PF11 HISTORY PF12

SECTION 29 TOWNSHIP 22-SOUTH RANGE 26-EAST COUNTY EDDY STATE NEW MEXICO

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NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 1
CASE NO. 11692

- (i) Affected parties in this instance shall be defined as those parties who own interests in the applicable half quarter section (80-acre spacing), quarter section (160-acre spacing), half section (320-acre spacing), or section (640-acre spacing) in which the non-standard spacing unit is situated and which acreage is not included in said non-standard spacing unit;
- (ii) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed non-standard spacing unit;
- (iii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed non-standard spacing unit; and
- (iv) in the absence of an operator or lessee, then to all owners of record of unleased mineral interests. [5-25-64...2-1-96]
- (d) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Subpart (c) above by certified or registered mail-return receipt in accordance with Rule 1207(6) (a) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the non-standard spacing unit upon receipt of waivers from all said parties or if no said party has entered an objection to the non-standard spacing unit within 20 days after the Director has received the application. [5-25-64...2-1-96]
- (e) The Division Director may set any application for administrative approval for a non-standard spacing unit for public hearing. [5-25-64...2-1-96]

(3) **Number of Wells Per Spacing Unit in Non-Prorated Gas Pools:** Unless otherwise permitted by special pool rules or authorized after notice and hearing, only one (1) well per spacing unit is permitted in non-prorated pools. [5-25-64...2-1-96]

104.E. Form C-102, "Well Location and Acreage Dedication Plat", for any well shall designate the exact legal subdivision allotted to the well and Form C-101, "Application for Permit to Drill, Deepen, or Plug Back", will not be approved by the Division without such proper designation of acreage. [12-29-52...2-1-96]

104.F. UNORTHODOX LOCATIONS

(1) Well locations for producing wells and/or injection wells which are unorthodox based on the well location requirements of Rule 104.C(1)(a) above and which are necessary to permit the completion of an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that any such unorthodox location within such project is no closer than the required minimum orthodox distance to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Such locations shall only require such prior approval as is necessary for an orthodox location. [1-1-50...2-1-96]

(2) The Division Director shall have authority to grant an exception to the well location requirements of Sections 104.B and 104.C above or to the well location requirements of special pool rules without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions, archaeological conditions, topographical conditions, or the recompletion of a well previously drilled to a deeper horizon provided said well was drilled at an orthodox or approved unorthodox location for such original horizon. [1-1-82...2-1-96]

(3) Applications for administrative approval of unorthodox locations pursuant to Rule 104.F(2), above, shall be accompanied by a plat showing the subject spacing unit, its proposed unorthodox well location, the diagonal and adjoining spacing units and/or leases (whichever is applicable) and wells, and a list of affected parties. If the proposed unorthodox location is based upon topography or archaeology, the plat shall also show and describe the existing topographical or archaeological conditions. If the proposed unorthodox location is based upon geology, the application shall include appropriate geologic exhibits and a discussion of the geologic conditions which result in the necessity for the unorthodox location. [2-9-66...2-1-96]

- (a) Adjoining and diagonal spacing units shall be defined as those immediately adjacent existing spacing units in the same pool(s) as the proposed unorthodox well and towards which the unorthodox well location encroaches. [2-9-66...2-1-96]
- (b) Affected parties shall be defined as those parties who own interests in leases or operate wells on adjoining or diagonal spacing units and include:
 - (i) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed well;
 - (ii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed well; and
 - (iii) in the absence of an operator or lessee, all owners of record of unleased mineral interests in the same pool(s) as the proposed well. [2-9-66...2-1-96]

(4) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Rule 104.F(3) above by certified or registered mail-return receipt in accordance with Rule 1207(A) (5) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties or if no said party has entered an objection to the unorthodox location within 20 days after the Director has received the application. [2-9-66...2-1-96]

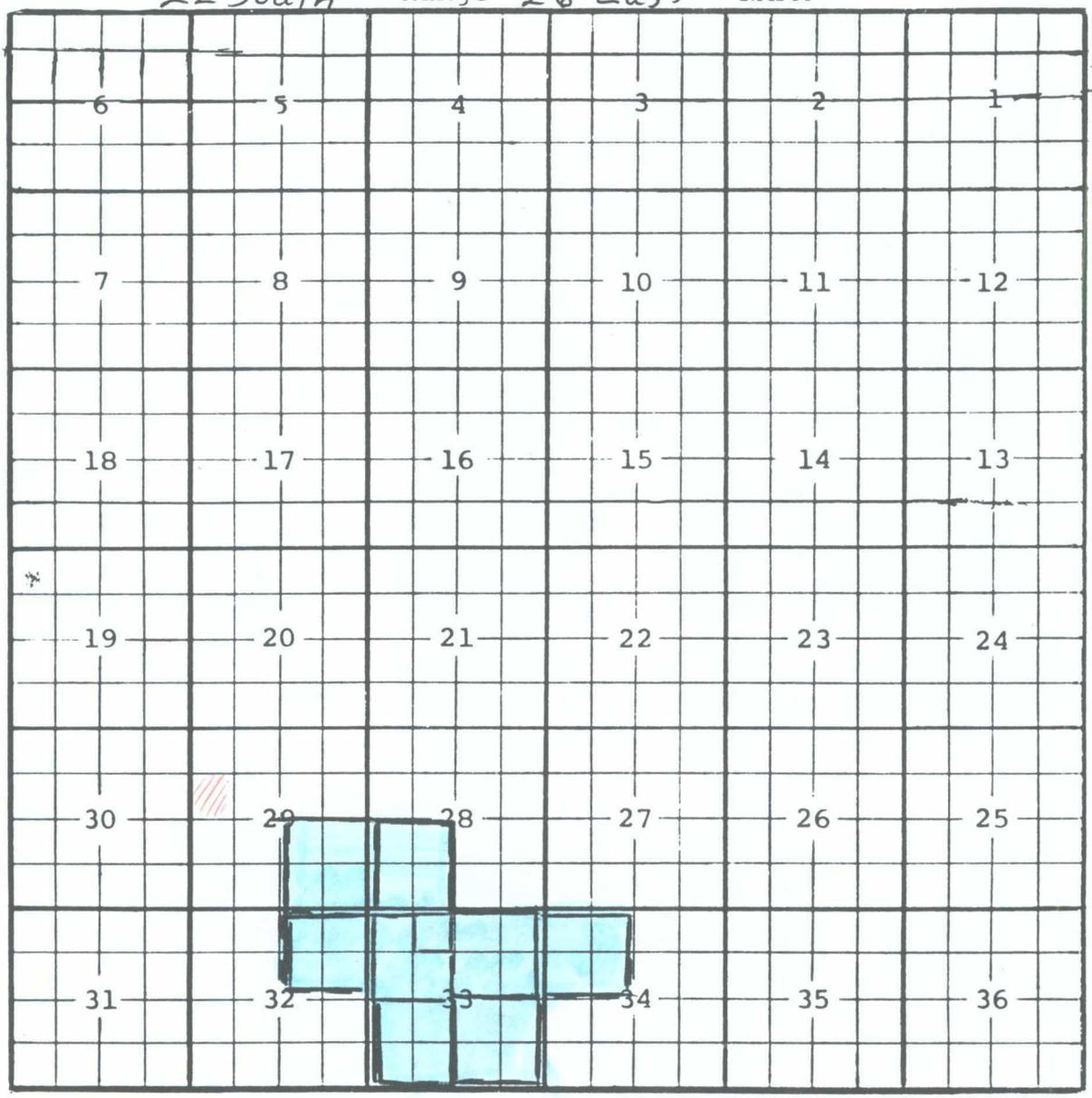
(5) The Division Director may set any application for administrative approval of an unorthodox location for public hearing, and may require that a directional survey be run in the unorthodox well to establish the actual location of the producing interval(s). [1-1-82...2-1-96]

104.G. Whenever an exception is granted, the Division may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location. [1-1-50...2-1-96]

104.H. If the drilling tract is within an allocated oil pool or is

County Eddy Pool Happy Valley - Delaware

TOWNSHIP 22 South Range 26 East NMPM



Descriptions: $\frac{NE}{4} \frac{NW}{4}$ Sec. 33 (R-9837, 1-27-93)
Ext: $\frac{NW}{4} \frac{NW}{4}$ and $\frac{S}{2} \frac{NW}{4}$ Sec. 33 (R-9963, 9-20-93)
Ext: $\frac{SW}{4}$ Sec. 28, $\frac{NE}{4}$ Sec. 33 (R-10124, 5-31-94) Ext: $\frac{SW}{4}$ Sec. 33 (R-10343, 4-24-95)
Ext: $\frac{NE}{4}$ Sec. 32 (R-10591, 5-8-96) Ext: $\frac{SE}{4}$ Sec. 29 (R-10642, 8-19-96)
Ext: $\frac{SE}{4}$ Sec. 33, $\frac{NW}{4}$ Sec. 34 (R-10787, 4-9-97)

SECTION 29 TOWNSHIP 22-SOUTH RANGE 26-EAST COUNTY EDDY STATE NEW MEXICO

<p>N/2 NW/4 = 80.00 ACRES</p>			<p style="text-align: center;"><u>WI OWNERSHIP FOR UNIT</u></p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;"><u>NMA</u></th> <th style="text-align: right;"><u>%</u></th> </tr> </thead> <tbody> <tr> <td>LOUIS DREYFUS NATURAL GAS CORP</td> <td style="text-align: right;">158.26</td> <td style="text-align: right;">49.45</td> </tr> <tr> <td>INTERCOAST OIL AND GAS CO.</td> <td style="text-align: right;">80.00</td> <td style="text-align: right;">25.00</td> </tr> <tr> <td>PENWELL ENERGY, INC.</td> <td style="text-align: right;">40.00</td> <td style="text-align: right;">12.50</td> </tr> <tr> <td>SANTA FE ENERGY RESOURCES, INC.</td> <td style="text-align: right;">27.93</td> <td style="text-align: right;">8.73</td> </tr> <tr> <td>UNLEASED</td> <td style="text-align: right;">13.81</td> <td style="text-align: right;">4.32</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">320.00</td> <td style="text-align: right; border-top: 1px solid black;">100.00</td> </tr> </tbody> </table>		<u>NMA</u>	<u>%</u>	LOUIS DREYFUS NATURAL GAS CORP	158.26	49.45	INTERCOAST OIL AND GAS CO.	80.00	25.00	PENWELL ENERGY, INC.	40.00	12.50	SANTA FE ENERGY RESOURCES, INC.	27.93	8.73	UNLEASED	13.81	4.32		320.00	100.00
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NEW MEXICO
 OIL CONSERVATION DIVISION

EXHIBIT 1
 CASE NO. 11692

CMD : ONGARD 01/26/99 12:59:31
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPSX

OGRID Idn : 147380 API Well No: 30 15 30557 APD Status(A/C/P): A
Opr Name, Addr: PENWELL ENERGY INC Aprvl/Cncl Date : 01-14-1999
1100 ARCO BLDG
600 N MARIENFELD
MIDLAND, TX 79701

Prop Idn: 20473 HACKBERRY 29 FEDERAL Well No: 5

	U/L	Sec	Township	Range	Lot Idn	North/South	East/West
	---	---	-----	-----	-----	-----	-----
Surface Locn	: F	29	22S	26E		FTG 1880 F N	FTG 1650 F W
OCD U/L	: F		API County	: 15			

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : F
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3391

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 5000 Prpsd Frmtn : DELAWARE

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

01/26/99 12:59:13
OGOMES -TPSX
PAGE NO: 1

Sec : 29 Twp : 22S Rng : 26E Section Type : NORMAL

D 40.00 Federal owned	C 40.00 Federal owned	B 40.00 Federal owned	A 40.00 Fee owned
E 40.00 Fee owned	F 40.00 Federal owned	G 40.00 Federal owned	H 40.00 Federal owned
A	A	A	

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

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

RECEIVED
MAY - 8 2000
WATER CONSERVATION DIVISION

May 2, 2000

VIA FAX (405) 749-6662

Louis Dreyfus Natural Gas
Corporation
14000 Quail Springs Parkway
East, Suite 600
Oklahoma City, OK 73134-2600

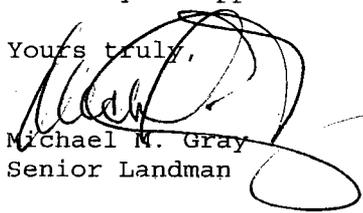
ATTENTION: Mr. Joe W. Hammond

Re: McKittrick Fed Com "29" #1
1715' FNL and 1160' FWL
Section 29-22S-26E
Eddy County, New Mexico

Gentlemen:

Please refer to your letter of April 25, 2000, and your application for unorthodox location for a Wolfcamp completion attempt in the captioned well. Concho Resources Inc. hereby waives objection to your application.

Yours truly,


Michael M. Gray
Senior Landman

MMG/lhc