

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

**ADMINISTRATIVE APPLICATION COVERSHEET**

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

**Application Acronyms:**

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

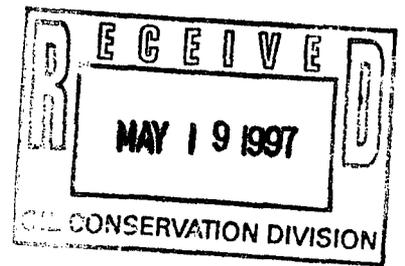
**[1] TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Directional Drilling  
 NSL     NSP     DD     SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC     CTB     PLC     PC     OLS     OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX     PMX     SWD     IPI     EOR     PPR



**[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or  Does Not Apply**

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

**[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

**James Bruce**  
**P.O. Box 1056**  
**Santa Fe, NM 87504**  
 \_\_\_\_\_  
 Print or Type Name

*James Bruce*  
 \_\_\_\_\_  
 Signature

*Attorney for Applicant*  
 \_\_\_\_\_  
 Title

*5/19/97*  
 \_\_\_\_\_  
 Date

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

May 19, 1997

Hand Delivered

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

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), UMC Petroleum Corporation ("UMC") hereby applies for administrative approval of an unorthodox gas well location for the following well:

Parkway West Unit Well No. 28-2  
1980 feet FNL & 1310 feet FWL  
N½ §28, Township 19 South, Range 29 East, NMPM  
Eddy County, New Mexico

The well will be drilled to a depth sufficient to test the Strawn and Morrow formations (West Parkway-Strawn Pool and West Parkway-Morrow Pool), and UMC requests unorthodox location approval for both zones. Well spacing is 320 acres. A Form C-102 for the well is attached as Exhibit A.

The well is being drilled as a replacement well for the Parkway West Unit Well No. 1, which produced from the Strawn formation. The proposed location is based upon geologic reasons. Attached as Exhibit B is an isopach of the Strawn formation. It shows that the proposed location is within the optimum sand thickness, but outside the area previously drained by Unit Well No. 1. The location provides the best chance of successfully encountering potential Strawn pay. Thus, placing the well at its proposed location reduces the risk involved in drilling the well.

Submitted as Exhibit C is a land plat of the Parkway West Unit, approved by Division Order No. R-4386, with the location of the proposed well marked thereon. The well is unorthodox due to being too close to the end line of the well unit and to a quarter-quarter section line. UMC operates the Parkway West Unit, and the well

does not encroach on any interest owner outside the Unit. Since working interest ownership is common in the proposed well and in offsetting acreage, notice is not required to be given to any offset. As a result, UMC requests that the 20 day waiting period be waived.<sup>1</sup>

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the typed name.

James Bruce

Attorney for UMC  
Petroleum Corporation

umc-aag.ugl

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<sup>1</sup>All working interest owners in the unit were notified of the proposed well, by certified mail, on or before April 28, 1997. I am obtaining a copy of the letter, and will submit it later.

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

State of New Mexico

Energy, Minerals and Natural Resources Department

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

DISTRICT II  
P.O. Drawer 80, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

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

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT IV  
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
Property Code	Property Name		Well Number
	PARKWAY WEST UNIT "28"		2
OGRID No.	Operator Name		Elevation
	UMC PETROLEUM CORP.		3315

Surface Location

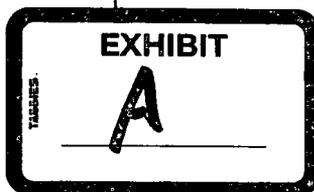
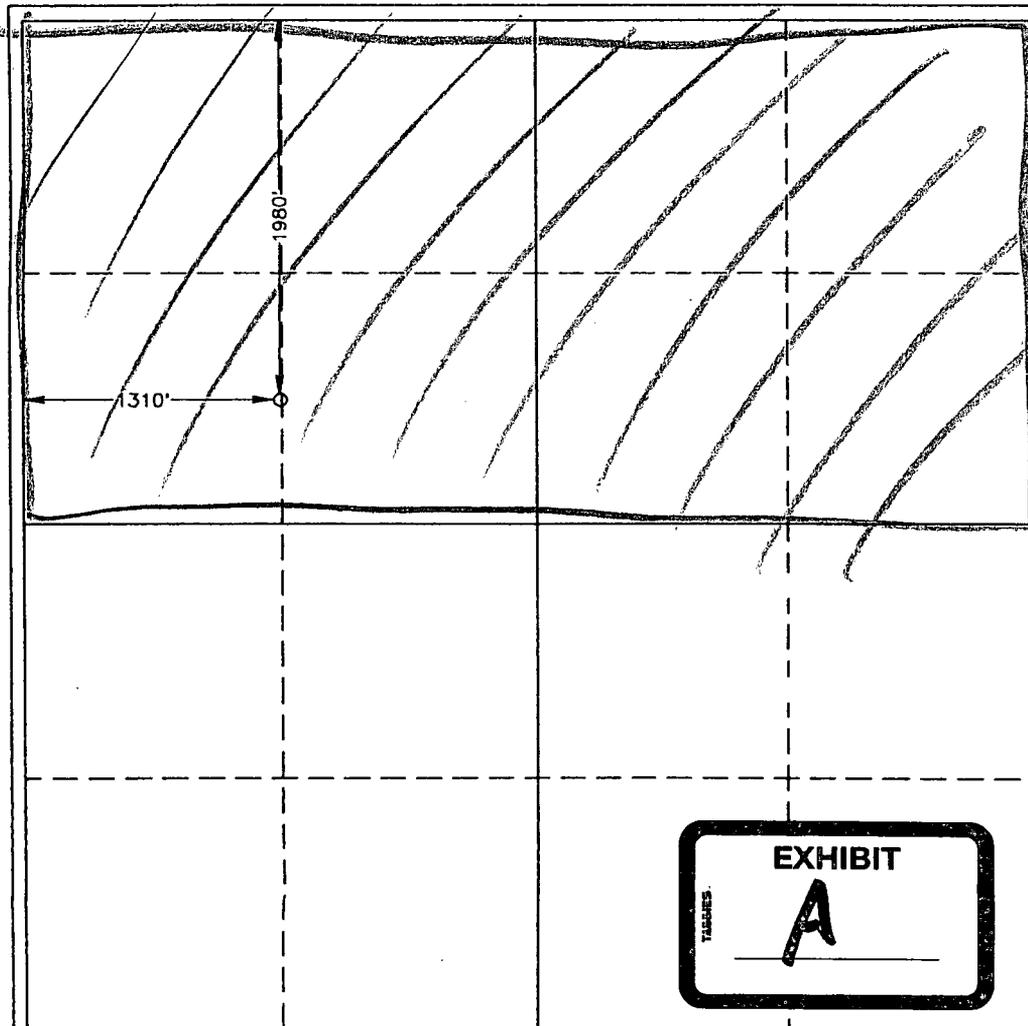
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	28	19 S	29 E		1980	NORTH	1310	WEST	LEA

Bottom Hole Location If Different From Surface

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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



OPERATOR CERTIFICATION

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

Signature

Printed Name

Title

Date

SURVEYOR CERTIFICATION

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

MAY 9, 1997

Date Surveyed: JLP

Signature & Seal of Professional Surveyor

Professional Surveyor

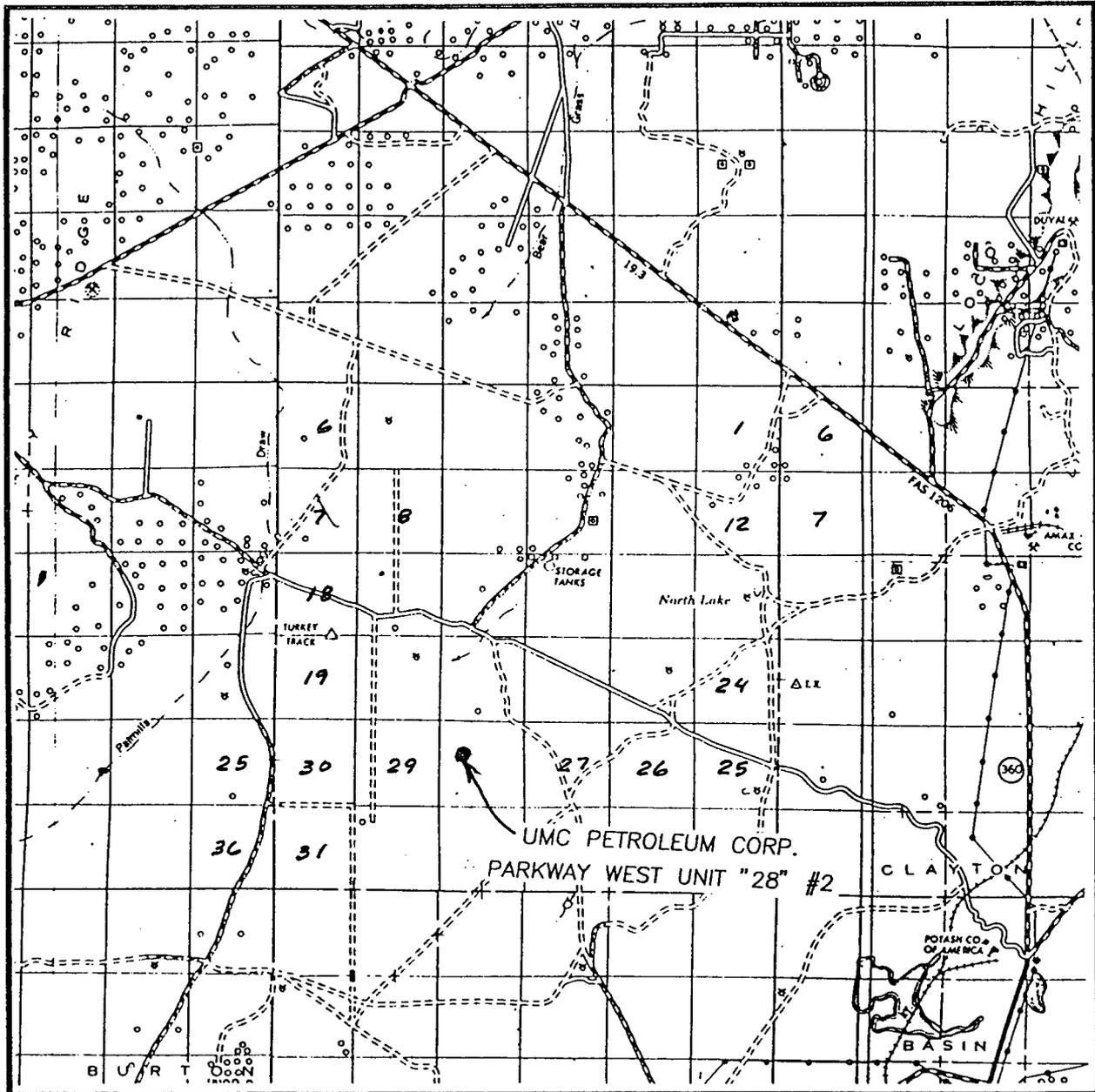
NEW MEXICO

5-12-97

W.O. Num. 87-11-0828

Certificate No. JOHN V. WEST, 676  
EDSON, 3239  
EDSON, 12641

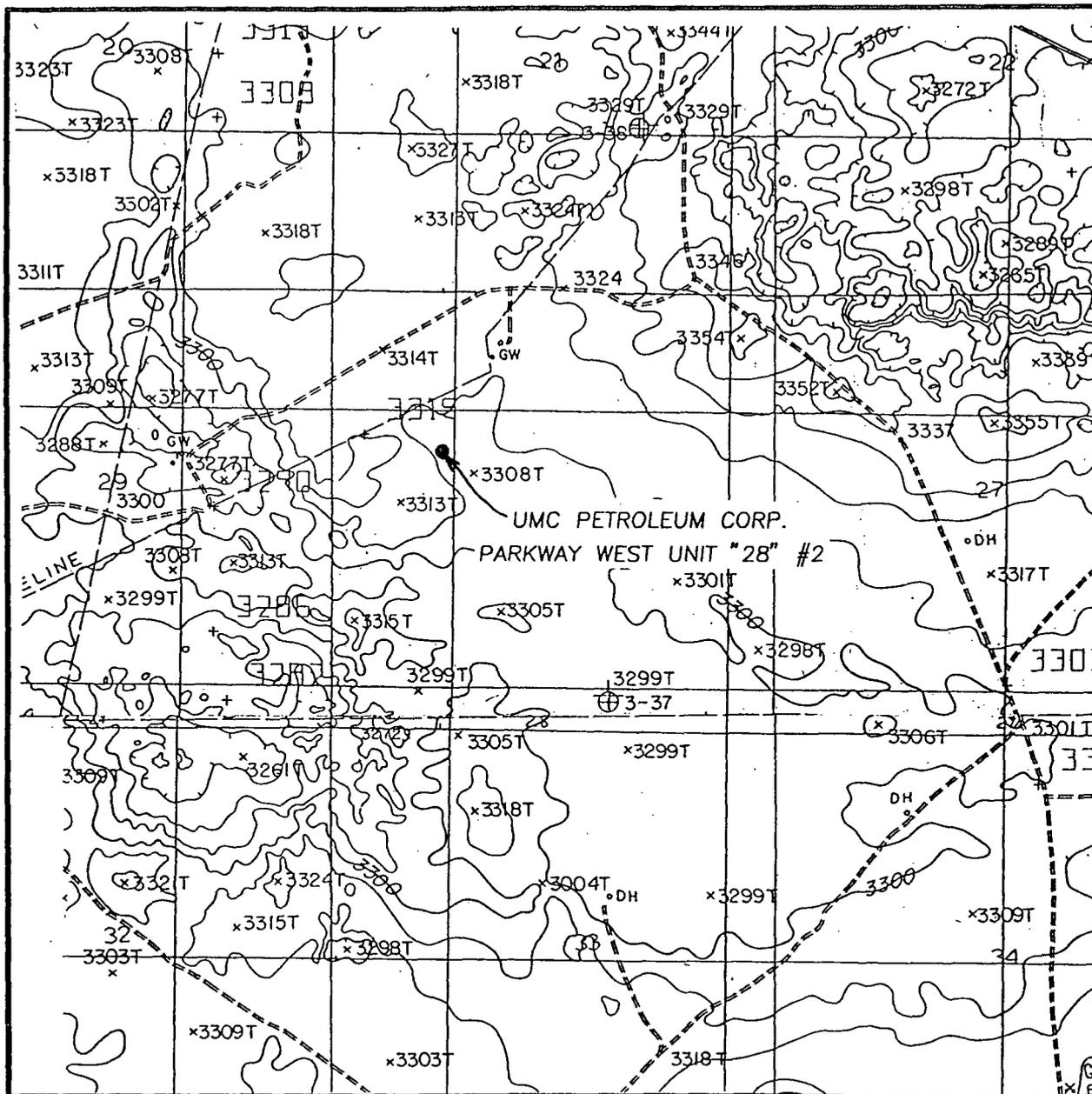
# VICINITY MAP

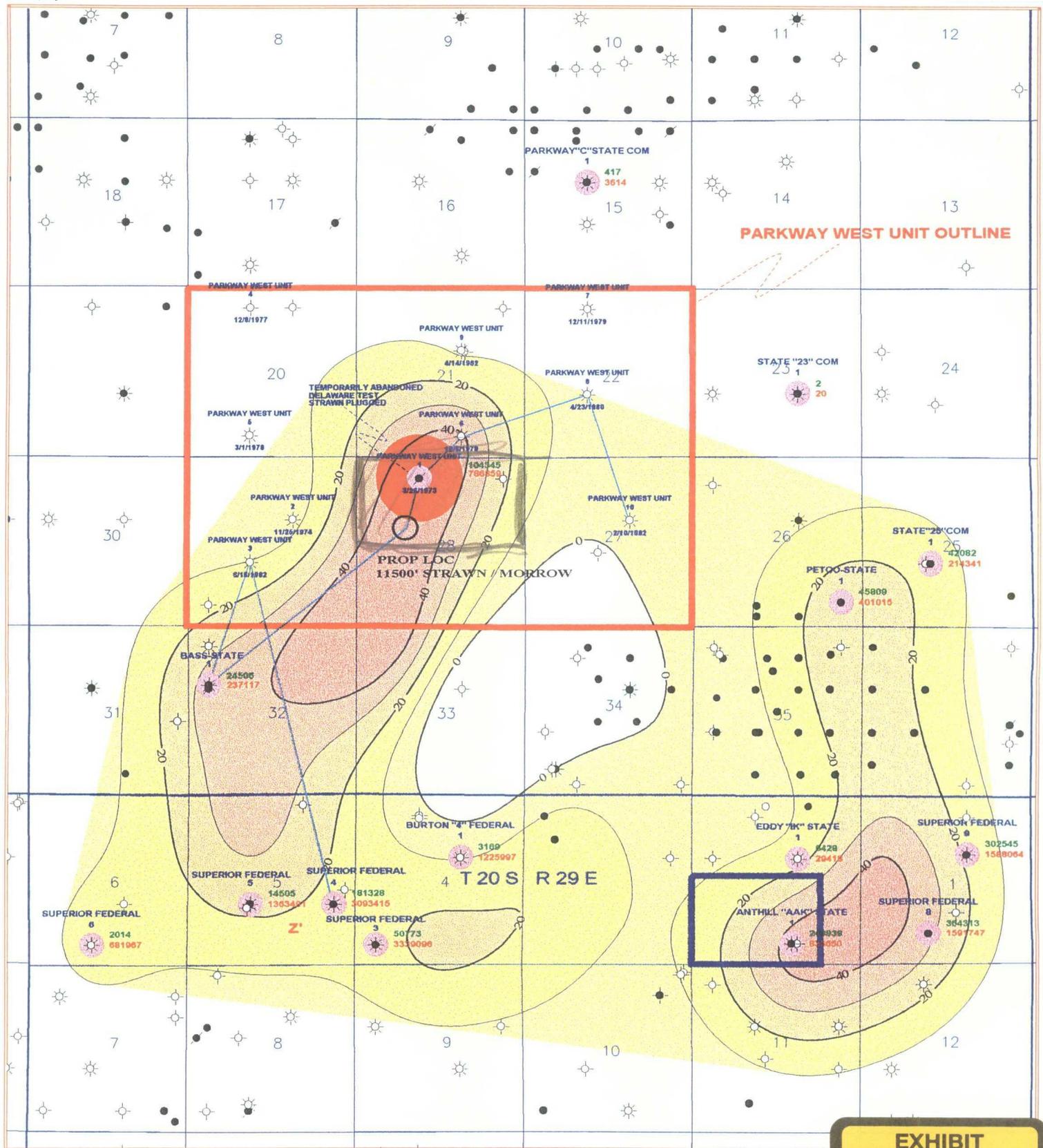


SEC. 28 TWP. 19-S RGE. 29-E  
 SURVEY N.M.P.M.  
 COUNTY EDDY  
 DESCRIPTION 1980' FNL & 1310' FWL  
 ELEVATION 3315'  
 OPERATOR UMC PETROLEUM CORP.  
 LEASE PARKWAY WEST UNIT "28"

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

# LOCATION VERIFICATION MAP





**PARKWAY WEST UNIT OUTLINE**

**PROP LOC 11500' STRAWN / MORROW**

**EXHIBIT**

**B**

**WELL NAME  
WELL NUMBER**



**CUM OIL PRODUCTION (bo)  
CUM GAS PRODUCTION (mmcf)**

**WELL NAME  
WELL NUMBER**



**COMPLETION DATE**

**ULTIMATE  
STRAWN  
DRAINAGE  
RADIUS**

Scale 1:48000.

- LEGEND**
- ☼ GAS PRODUCER
  - OIL PRODUCER
  - ⊕ DRILLED AND ABANDONED
  - ⊖ PLUGGED AND ABANDONED
  - ⊙ TEMPORARILY ABANDONED
  - ⊛ OIL & GAS PRODUCER



UMC PETROLEUM CORPORATION		
PARKWAY WEST UNIT EDDY COUNTY, NEW MEXICO STRAWN NET ISOPACH - ULTIMATE DRAINAGE		
DD: ECG	E. L. - 50'	5/79/1
UMC: DU	Scale 1:48000	



COUNTY Eddy POOL West Parkway-Strawn Gas

TOWNSHIP 19 South RANGE 29 East NMFM

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: 1/2 Sec 28 (R-4638/10-11-73)



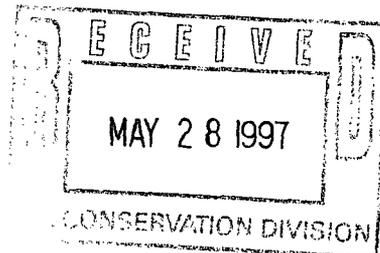
**JAMES BRUCE**  
ATTORNEY AT LAW

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(505) 982-2043  
(505) 982-2151 (FAX)

May 28, 1997



Hand Delivered

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

Re: Application of UMC Petroleum Corporation for  
administrative approval of an unorthodox gas well  
location:

Parkway West Unit Well No. 28-2  
1980 feet FNL & 1310 feet FWL  
N½ §28, Township 19 South, Range 29 East, NMPM  
Eddy County, New Mexico

Dear Mr. Stogner:

Enclosed, regarding the above application, is a copy of the well  
proposal, indicating that all interest owners in the unit have been  
given notice of the proposed well. Please call me if you need  
anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce".

James Bruce

Attorney for UMC  
Petroleum Corporation

UMC Petroleum Corporation

April 21, 1997

**Parkway West Unit Working Interest Owners:**

Ladies and Gentlemen:

Last week you were mailed an AFE for the Drilling of a well designated the Parkway West Unit 28-2. This designation indicates the second well drilled in Section 28 of the Parkway West Unit. The first well drilled was the Parkway West Unit #1 which has been temporarily abandoned for several years.

As you may recall, the Parkway West Unit #1 was drilled and completed as a Strawn Well. After several years of production, the well developed a casing leak, and was rendered incapable of production. There were several attempts to repair the casing and otherwise bring the well back into production; however, they were all unsuccessful.

UMC has evaluated the information from the original well, together with logs and data from the other wells in the field, and feels that there is still considerable production to be derived from the Strawn reservoir of the Parkway West #1. UMC proposes that a new well be drilled to test both the Morrow and the Strawn at a location to the southwest of the existing wellbore. The AFE is based upon unit ownership, since this will be a completely new wellbore. The Morrow is producing at several of the existing wells in the unit, and the Strawn was only producing in the #1 well before it developed problems. Since this is the first well drilled for several years, UMC intends to use current technology to look at the Delaware, Wolfcamp and Bone Springs formations which produce in the general area and were never tested in the original Parkway West wells.

If you have any questions on this new proposal, please feel free to call either myself at (303) 573-4634, or the Engineer for the well, Bob Mowry at (303) 573-4725. UMC expects to begin operations in approximately 30 days, so your prompt election would be greatly appreciated.

Sincerely,



Marcia A. Kehl  
Senior Landman

**UMC Petroleum Corporation**  
**AUTHORIZATION FOR EXPENDITURE**

Prospect: Parkway West Unit	AFE No.: DND714	AFE Date: 04/07/97
Well: Parkway West Unit #28-2	Operator: UMC Petroleum Corp.	
Location: 1320' FWKm 1980' FNL, Sec. 28-19S-29E	Projected Depth/Objective: 11,500' Morrow	
County, State: Eddy, NM	Date to Commence:	
Description: Drill & Complete 11,500' Morrow Test		

INTANGIBLE Costs:	Drilling (BCP)		Completion (ACP)		Total Cost:
	Acct #	Cost Est.	Acct #	Cost Est.	
Footage Contract-11,500' @ \$23.80	152-101	\$273,700	--		\$273,700
Daywork Contract-7 days @ \$5000	152-102	\$35,000	--		\$35,000
Turnkey Contract	152-132		--		\$0
Mobilization	152-130		--		\$0
De-Mobilization	152-131		--		\$0
Other Contract/Daywork Charges	152-103		--		\$0
Completion Rig-10 days @ \$1500	--		152-201	\$15,000	\$15,000
Bonds, Insur.	152-118		--		\$0
Contract Labor	152-125	\$2,000	152-232	\$8,000	\$10,000
Transportation, Hauling	152-105	\$3,000	152-202	\$4,000	\$7,000
Legal Expense, Permits	152-121	\$5,000	--		\$5,000
Location, Roads, ROW	152-104	\$20,000	152-208	\$1,000	\$21,000
Power, Fuel, Water	152-106	\$15,000	152-203	\$1,000	\$16,000
Mud & Chemicals	152-107	\$30,000	152-212		\$30,000
Bits, Stabilizers	152-108		152-211		\$0
Logging-2 OH runs	152-110	\$22,000	152-205	\$4,000	\$26,000
Coring-Delaware	152-120	\$10,000	--		\$10,000
Formation Test, DST's-2 tests	152-112	\$8,000	--		\$8,000
Perforating	--		152-231	\$8,000	\$8,000
Stimulation-5000 gal	--		152-210	\$10,000	\$10,000
Cementing	152-111	\$20,000	152-206	\$15,000	\$35,000
Abandonment	152-133		152-216		\$0
Supervision, Consult. (G&E)	152-115	\$5,000	152-209	\$5,000	\$10,000
Materials, Supplies	152-119		152-219		\$0
Administrative Overhead	152-129	\$5,000	152-229	\$2,300	\$7,300
Damages	152-114	\$5,000	152-230		\$5,000
Equipment Rentals	152-109	\$2,000	152-204	\$5,000	\$7,000
Special Well Services-fluid calip survey archae	152-113	\$5,000	152-207	\$4,000	\$9,000
Mud Logging-30 days	152-117	\$15,000	--		\$15,000
Gravel Pack	--		152-222		\$0
Other (Contingencies, etc.)	152-116	\$15,000	152-227	\$3,000	\$18,000
Pipeline ROW	--		153-401		\$0
Pipeline Construction	--		153-402		\$0
<b>Total INTANGIBLE Costs:</b>		<b>\$493,700</b>		<b>\$85,300</b>	<b>\$579,000</b>

TANGIBLE Costs:	Acct #	Cost Est.	Acct #	Cost Est.	Total Cost:
Surface Casing-13-3/8" @ 350' x \$16	153-101	\$5,600	--		\$5,600
Production Casing-5-1/2" @ 11,500' x \$7.50	--		153-203	\$86,300	\$86,300
Intermediate Casing (Liner)-8-5/8" @ 3200' x \$11	153-102	\$35,200	153-201		\$35,200
Conductor Pipe	153-104		--		\$0
Tbg. Attachments-2-3/8" @ 11,400' x \$3	--		153-205	\$34,200	\$34,200
Wellhead Equipment	153-103	\$5,000	153-207	\$4,000	\$9,000
Offshore Platform Facilities	--		153-218		\$0
Sucker Rods	--		153-208		\$0
Subsurface Pump	--		153-200		\$0
Packer & Subsurface Equip	--		153-206	\$4,000	\$4,000
Pmpng Unit, Engines, Motors	--		153-209		\$0
Compressor Station	--		153-210		\$0
Flow Lines	--		153-211	\$1,000	\$1,000
Tanks- 1-500 bbls, 1-500 bbl fg	--		153-215	\$10,000	\$10,000
Dehydrator	--		153-212		\$0
Oil/Gas Treatment Eqpt	--		153-213	\$12,000	\$12,000
Meters	--		153-216		\$0
Buildings	--		153-214		\$0
Pipeline	--		153-224		\$0
Gravel Pack	--		153-222		\$0
Other installation costs	153-100		153-217		\$0
Other (non-contr. equip., Cont., etc.)	153-119	\$2,000	153-221		\$2,000
Other (contr. equip.)	153-121		153-219	\$5,000	\$5,000
Pipeline/Gas Plant Facility	--		153-403		\$0
<b>Total TANGIBLE Costs:</b>		<b>\$47,800</b>		<b>\$158,500</b>	<b>\$204,300</b>

<b>Total Well Cost:</b>	<b>\$541,500</b>	<b>\$241,800</b>	<b>\$783,300</b>
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**UMC Petroleum Corporation**  
**AUTHORIZATION FOR EXPENDITURE**

Prospect:	Paroway West Unit	Date:	04/07/97
WELL NAME:	Paroway West Unit #26-2	AFE No.:	040714
Location:	1320' PWH/n 1880' PNL, Sec. 28-188-28E	Program:	
County/State:	Eddy, NM	ID:	NM-0008-014
Operator:	UMC Petroleum Corp.	AFE Type:	DD
Description:	Drill & Complete 11,500' Dual Morrow/Strawn Test	By:	BOB MOWRY

Total Well Cost: 8860,500 \* Cost detail breakdown is attached

O.N.	Owner	Interest	Net WWD Cost:	OWNER APPROVAL		
				(Signature)	Title	Date
355076	Perry R. Beas Trustee	0.005208400	\$4,482			
36217	Bowen Family Rev Lvin	0.001310360	\$1,126			
38512	Darby Oil Company	0.005501800	\$4,734			
46671	Devon Energy Corp NV	0.109375000	\$94,117			
34147	Brockie Dilworth	0.001091900	\$940			
38255	Warden Dilworth	0.001091900	\$940			
73946	Marcie Fuller French	0.011793150	\$10,148			
16641	Headington Minerals	0.048875000	\$40,330			
27493	Louis G Hill	0.001837920	\$1,409			
66298	Thomas A Kenny	0.002620700	\$2,255			
65200	Harvey M Krueger	0.002620700	\$2,255			
67277	Nicholas S Lamont	0.057536930	\$49,511			
31294	Gilbert Mackay Estate	0.026208900	\$22,551			
49280	Mallon Oil Company	0.015825000	\$13,446			
80229	Maralo Inc	0.083333400	\$71,708			
40522	Mid-Continent Energy	0.098062000	\$81,792			
45473	Henry Nescarsulmer	0.008651700	\$5,838			
37181	N. American Energy Inv	0.049410680	\$42,518			
61687	Madeline G. Pardue	0.019103500	\$11,276			
25480	RS Roussuck/R Ledema	0.000425300	\$368			
60406	Union Oil Co of CA 2-2	0.104186800	\$89,835			
27609	Howard C Warren	0.000650500	\$732			
99001	UMC Petroleum Corp.	0.356610660	\$308,584			
<b>Total:</b>			<b>1,000,000,000</b>	<b>\$860,500</b>		
UMC et al:			0.356610660	\$308,584	<i>[Signature]</i>	4/16/97
UMC only:			0.356610660	\$308,584	(UMC Petroleum Corporation approval)	(Date)

It is recognized that the amounts as quoted are estimates only, and approval of this authorization shall extend to the actual costs incurred in conducting these operations, whether more or less than herein set out.

"Please sign and return one copy of this page"