

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

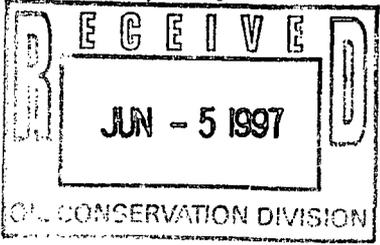
THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

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 [x] 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 [x] IPI [] EOR [] PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or [x] 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.

James Bruce P.O. Box 1086 Santa Fe, NM 87504

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

James Bruce Signature

Attorney for Applicant 6/5/97 Title Date

Print or Type Name

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)

June 5, 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 oil well location for the following well:

Rainier St. Well No. 1
1300 feet FNL & 2310 feet FEL
NW $\frac{1}{4}$ NE $\frac{1}{4}$ §28, Township 10 South, Range 37 East, NMPM
Lea County, New Mexico

The well will be drilled to a depth sufficient to test the Devonian formation (North Echol-Devonian Pool). Well spacing is 40 acres. A Form C-102 for the well is attached as Exhibit A.

The proposed location is based upon geological and geophysical reasons. Attached as Exhibit B is a structure map on top of the Siluro-Devonian formation, based upon UMC's current interpretation of a 3D seismic survey. It shows that the proposed location is the structurally highest point in the prospect. Thus, the location provides the best chance to successfully encounter economical Siluro-Devonian pay. If the well is moved further south, there is a high risk of crossing the fault; if the well is moved to the north, it will not be at the highest structural position. 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 subject area, with the location of the proposed well marked thereon. The W $\frac{1}{2}$ NE $\frac{1}{4}$ and E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 28 are subject to state leases V-4334 and V-4335, respectively. UMC owns 100% of the working interest in the leases, which have the same royalty rate (1/6th). Since working and

royalty interest ownership is common in the proposed well unit 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.

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 black ink and is positioned above the printed name.

James Bruce

Attorney for UMC
Petroleum Corporation

cc: L. Smith

umc-aag.u01

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

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

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

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

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

OIL CONSERVATION DIVISION

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------|--------------------------------------|-------------------|
| API Number | Pool Code | Pool Name |
| Property Code | Property Name RAINIER STATE | Well Number 1 |
| OGRID No. | Operator Name UMC PETROLEUM CORP. | Elevation 3944 |

Surface Location

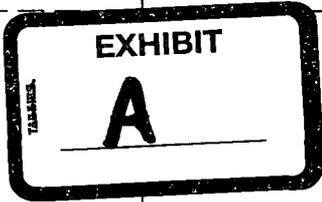
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| B | 28 | 10 S | 37 E | | 1300 | NORTH | 2310 | EAST | LEA |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|-----------------|------------------|--------------------|----------------|--------|
| | | | | | Dedicated Acres | Joint or Infill | Consolidation Code | Order No. | |

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

| | |
|--|--|
| | <p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> |
| | <p>SURVEYOR CERTIFICATION</p> <p><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></p> <p>MAY 12, 1997</p> <p>Date Surveyed J. EIDSON JLP</p> <p>Signature & Seal of Professional Surveyor </p> <p>W.O. Num. 97-110807</p> <p>Certificate No. JOHN W. WEST, 676 RONALD J. EIDSON, 3239 GARY G. EIDSON, 12641</p> |



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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1984
Submit to Appropriate District Office
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P.O. Drawer DD, Artesia, NM 88211-0719

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

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1000 Rio Brazos Rd., Aztec, NM 87410

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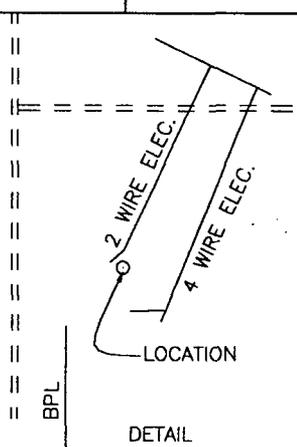
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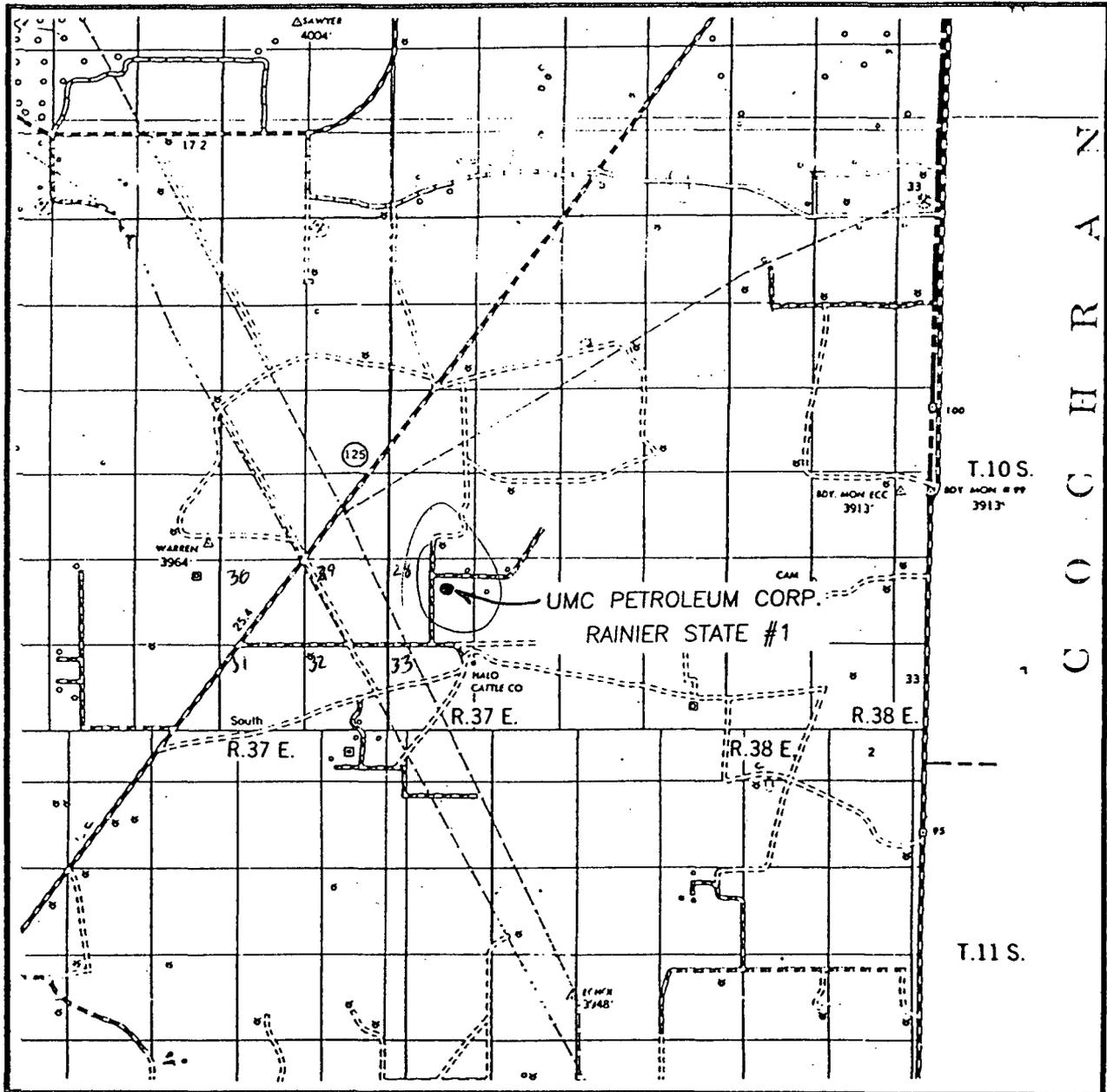
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|-----------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| | | | |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

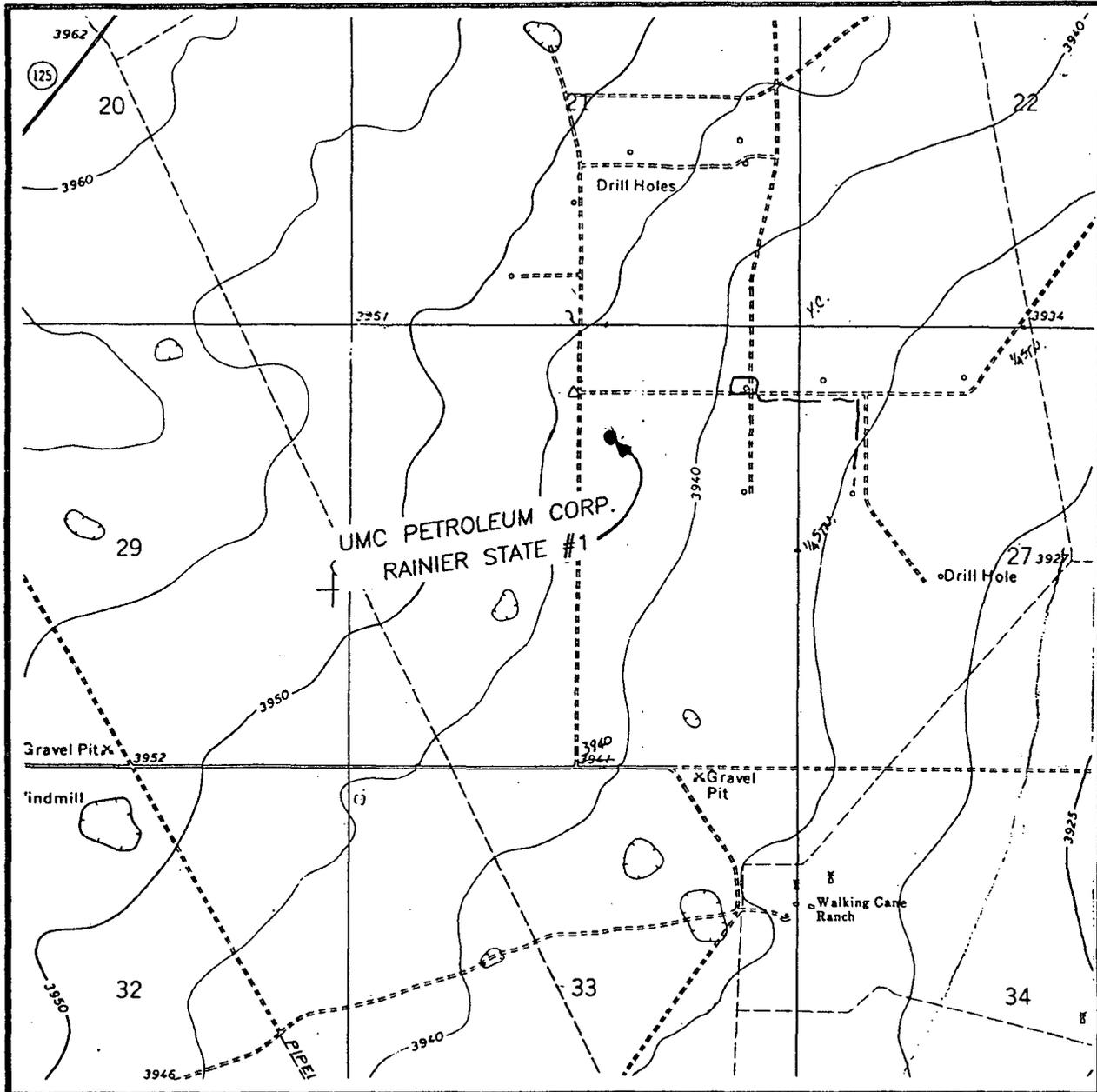


SCALE: 1" = 2 MILES

SEC. 28 TWP. 10-S RGE. 37-E
 SURVEY N.M.P.M.
 COUNTY LEA
 DESCRIPTION 1300' FNL & 2310' FEL
 ELEVATION 3944'
 OPERATOR UMC PETROLEUM CORP.
 LEASE RAINIER STATE

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 5'

SEC. 28 TWP. 10-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1300' FNL & 2310' FEL

ELEVATION 3944'

OPERATOR UMC PETROLEUM CORP.

LEASE RAINIER STATE

U.S.G.S. TOPOGRAPHIC MAP

WALKING CANE RANCH, N.M.

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO**

(505) 393-3117

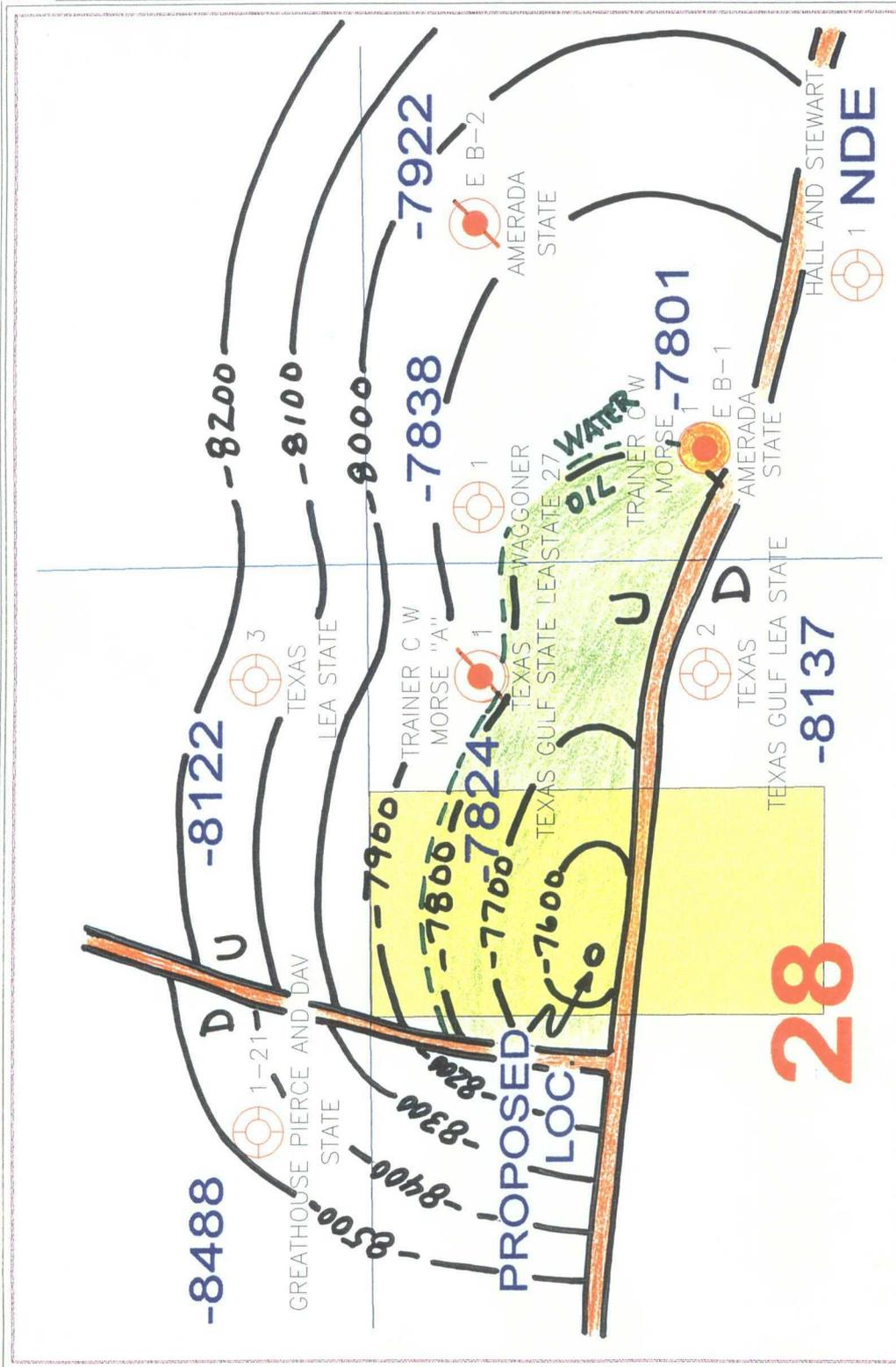
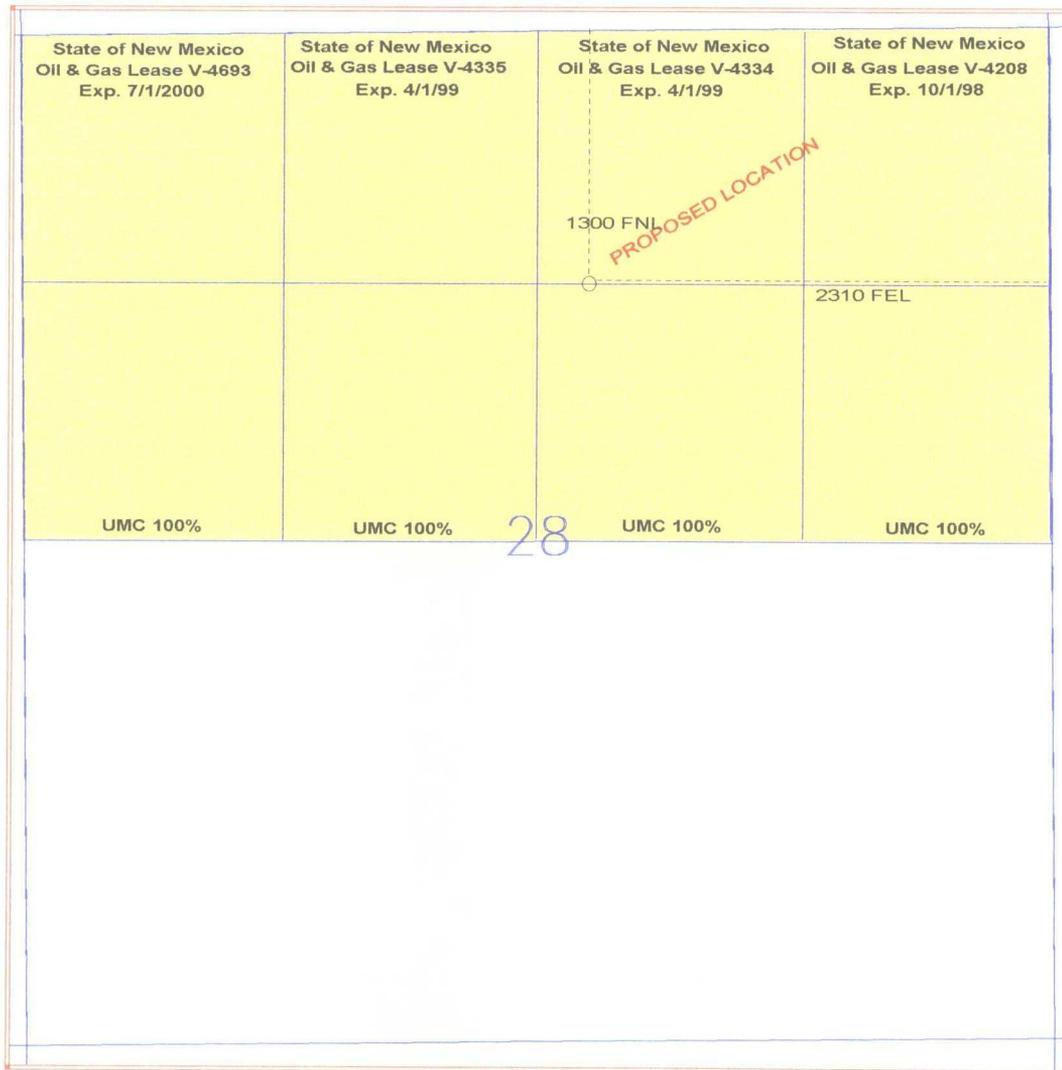


Exhibit "B"

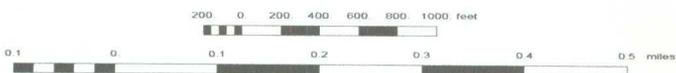
| | |
|--|------------------|
| UMC Petroleum Corporation | |
| SEC. 28, T-10-S R-37-E, LEA CO, NM Rainier State #1 - Unorthodox Loc Plat Structure - Top of Siluro-Devonian | |
| johm | CONTOUR INT-100' |
| jmrcn:grf | Scale 1:12000. |
| | 5/7/97 |
| | Structure |



R37E



Scale 1:12000.



UMC PETROLEUM CORPORATION

RAINIER STATE #1
EXHIBIT C
LEA COUNTY, NEW MEXICO

LANDMAN

6/3/97

LAND TECH. SCHERFF

SMITH

Scale 1:12000.

RAINER.GPF

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/01/97 12:33:37
OGOMES -EMFX
PAGE NO: 1

Sec : 28 Twp : 10S Rng : 37E Section Type : NORMAL

| D | C | B | A |
|-------------------|-------------------|-------------------|-------------------|
| 40.00 | 40.00 | 40.00 | 40.00 |
| SDSV | SDSV | SDSV | SDSV |
| V04693 07/00 | V04335 04/99 | V04334 04/99 | V04208 10/98 |
| YATES PETROLEUM C | YATES PETROLEUM C | YATES PETROLEUM C | YATES PETROLEUM C |
| | | | A |
| E | F | G | H |
| 40.00 | 40.00 | 40.00 | 40.00 |
| SDSV | SDSV | SDSV | SDSV |
| V04693 07/00 | V04335 04/99 | V04334 04/99 | V04208 10/98 |
| YATES PETROLEUM C | YATES PETROLEUM C | YATES PETROLEUM C | YATES PETROLEUM C |

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

