

1/20/98

2/16/98

MS

KW

NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

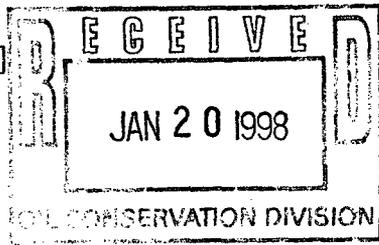
NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau -

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 [] IPI [] EOR [] PPR

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

- [A] [] Working, Royalty or Overriding Royalty Interest Owners [X] Does Not Apply [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 1056 SANTA FE, NM 87504

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

Signature: James Bruce

Title: Attorney for Applicant

Date: 1/20/98

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)

January 20, 1998

Hand Delivered

Michael E. Stogner
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 "28" Well No. 3
1310 feet FSL & 1310 feet FWL
S½ §28, Township 19 South, Range 29 East, NMPM
Eddy County, New Mexico

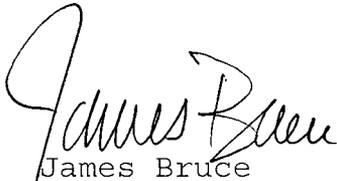
An Application for Permit to Drill, together with a Form C-102, is attached as Exhibit A. The well will be drilled to a depth sufficient to test the Strawn and Morrow formations (West Parkway-Strawn Gas Pool and West Parkway-Morrow Gas Pool), and UMC requests unorthodox location approval for both zones. Well spacing for each pool is 320 acres. Wells in the West Parkway-Strawn Gas Pool must be located no closer than 1980 feet from the end line and 660 feet from the side line of the unit, pursuant to Order No. R-4638. The West Parkway-Morrow Gas Pool is governed by statewide rules. The well is unorthodox due to being too close to the end line of the well unit and to quarter-quarter section lines.

The proposed location is based upon geologic reasons. The Strawn formation is the primary zone of interest. Attached as Exhibit B is an isopach of the Strawn formation. It shows that the proposed location is within the optimum sand thickness in the Strawn (greater than 40 feet), based upon UMC's recently completed Parkway West Unit "28" Well No. 2, in the N½ of Section 28. 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,¹ with the location of the proposed well marked thereon. UMC operates the Parkway West Unit, covering all of Sections 20, 21, 22, 27, 28, and 29, Township 19 South, Range 29 East, 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.

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 printed name.

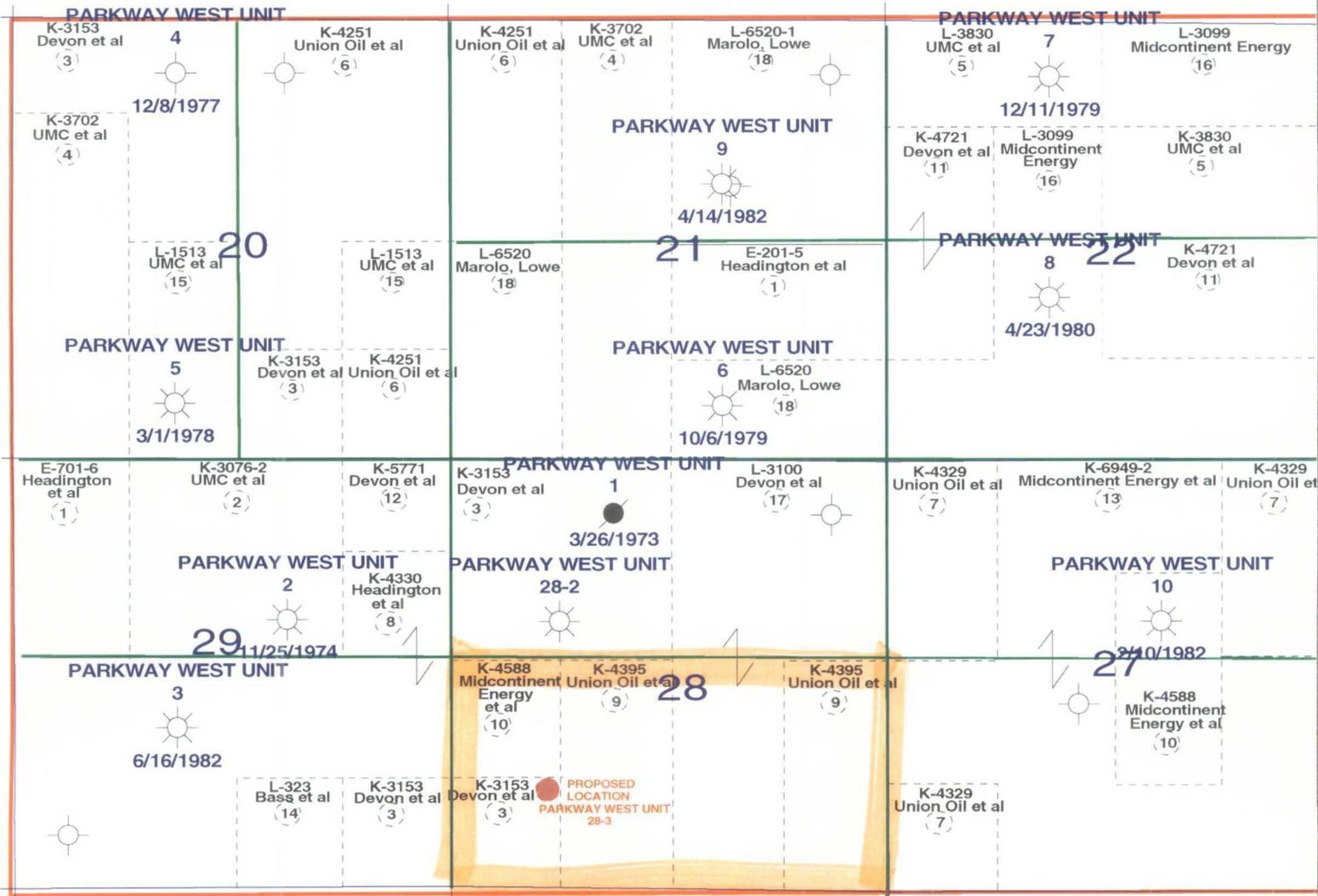
James Bruce

Attorney for UMC
Petroleum Corporation

¹The unit was approved by Division Order No. R-4386.



T19S-R29E



UNIT OUTLINE

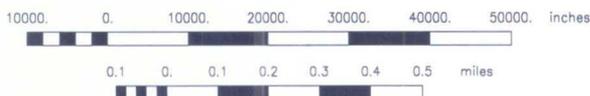
SPACING UNITS

LEASE LINES

(1) TRACT #



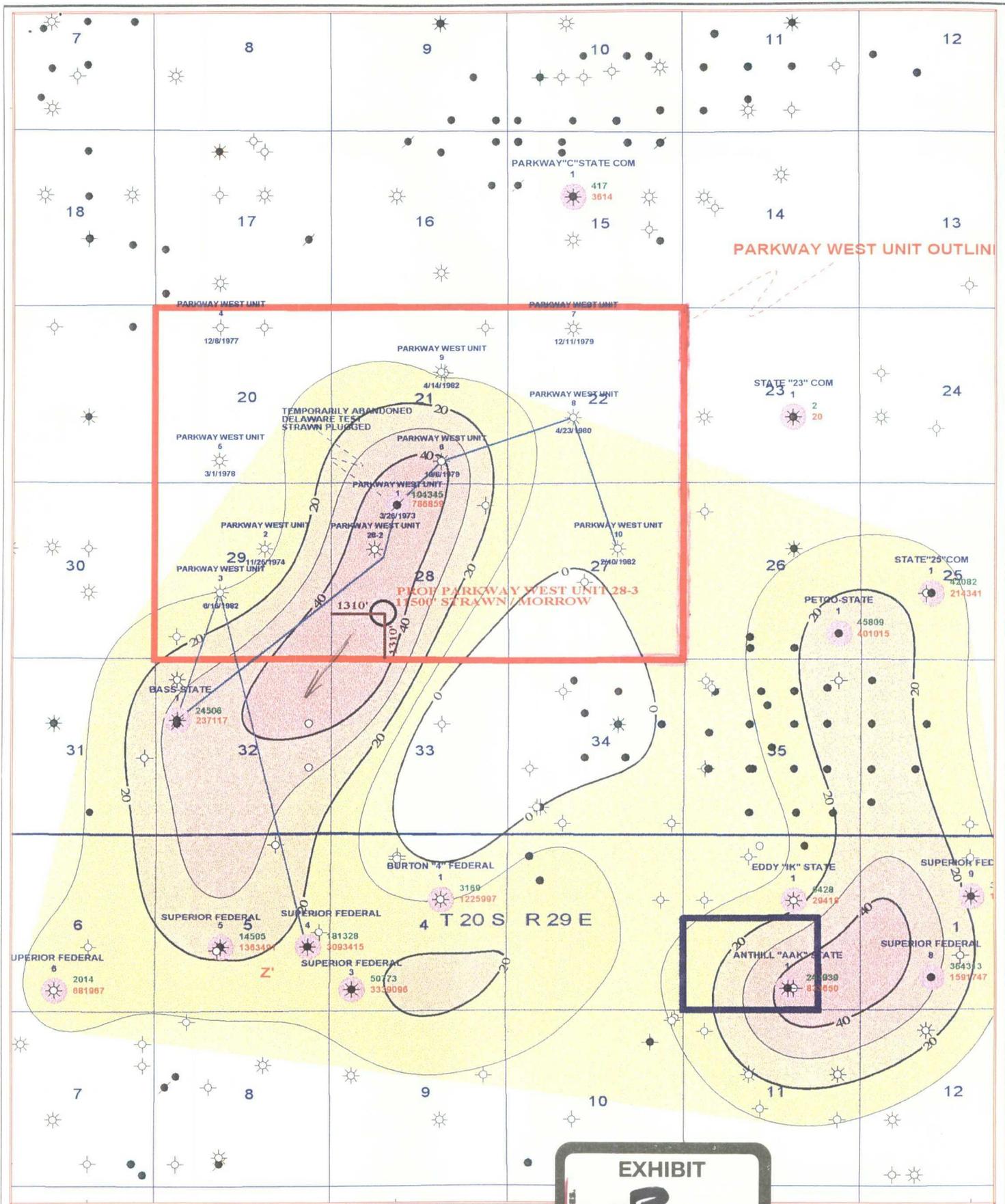
Scale 1:24000.



UMC PETROLEUM CORPORATION

PARKWAY WEST UNIT
 EDDY COUNTY, NEW MEXICO
 EXHIBIT A

LANDMAN	1/12/98	LAND TECH: SCHERFF
KEHL	Scale 1:24000.	PKYLAND.GPF



LEGEND

- ☆ GAS PRODUCER
- OIL PRODUCER
- ⊕ DRILLED AND ABANDONED
- ⊕ PLUGGED AND ABANDONED
- ⊕ TEMPORARILY ABANDONED
- ☆ OIL & GAS PRODUCER



EXHIBIT
B

UMC PETROLEUM CORPORATION

PARKWAY WEST UNIT
EDDY COUNTY, NEW MEXICO
STRAWN NET ISOPACH - ULTIMATE DRAINAGE

DES: EDS	C.L.: 5/9	1/9/98
ENG: CW	Scale: 1:48000	

District I
 PO.Box 1980; Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-101

Revised October 18, 1994

District II
 811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION

Instructions on back
 Submit to Appropriate District Office

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

2040 South Pacheco

State Lease - 6 Copies

District IV
 2040 South Pacheco, Santa Fe, NM 87505

Santa Fe, NM 87505

Fee Lease - 5 Copies



AMENDED REPORT

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

¹ Operator Name and Address. UMC Petroleum Corporation 410 17 th Street, Suite 1400 Denver, Colorado 80202		² OGRID Number 023654
		³ API Number 30 - 0
⁴ Property Code	⁵ Property Name Parkway West Unit 28	⁶ Well No. #3

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
M	28	19S	29E		1310	South	1310	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 Parkway; Morrow, West (82600)					¹⁰ Proposed Pool 2 Strawn				

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3297'
¹⁶ Multiple NO	¹⁷ Proposed Depth 11,500'	¹⁸ Formation Morrow	¹⁹ Contractor Neighbors Drilling	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
17-1/2"	13-3/8"	48#	350'	500	Surface
12-1/4"	8-5/8"	32#	3200'	1500	Surface
7-7/8"	5-1/2"	17#	11,500'	750	8500'

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.

Drill and complete the well to test the Morrow. If Morrow unsuccessful, the Strawn will be tested. If the well is productive the target zones will be completed as per state rules. The surface and intermediate casing string cement jobs will have an 18-hour waiting period after cementing jobs are completed. If the well is uneconomical, it will be plugged and abandoned as per state rules.

BOP Program: Blowout Preventer-12" 3000 psi type "E" double ram. 12" 3000 psi GK, 180 gallon 5 station Koomey Air Electric, 4" 3000 psi manifold.



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

Signature: *Scott M. Webb*

OIL CONSERVATION DIVISION

Approved by:

Printed name: Scott M. Webb

Title:

Title: Regulatory Coordinator

Approval Date:

Expiration Date:

Date: 12/22/97

Phone: (303)573-4721

Conditions of Approval :
 Attached

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 88, Artesia, NM 88211-0719

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

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

AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 82600	Pool Name Parway; Morrow, West
Property Code	Property Name PARKWAY 28	Well Number 3
OGRID No. 023654	Operator Name UMC PETROLEUM CORPORATION	Elevation 3297

Surface Location

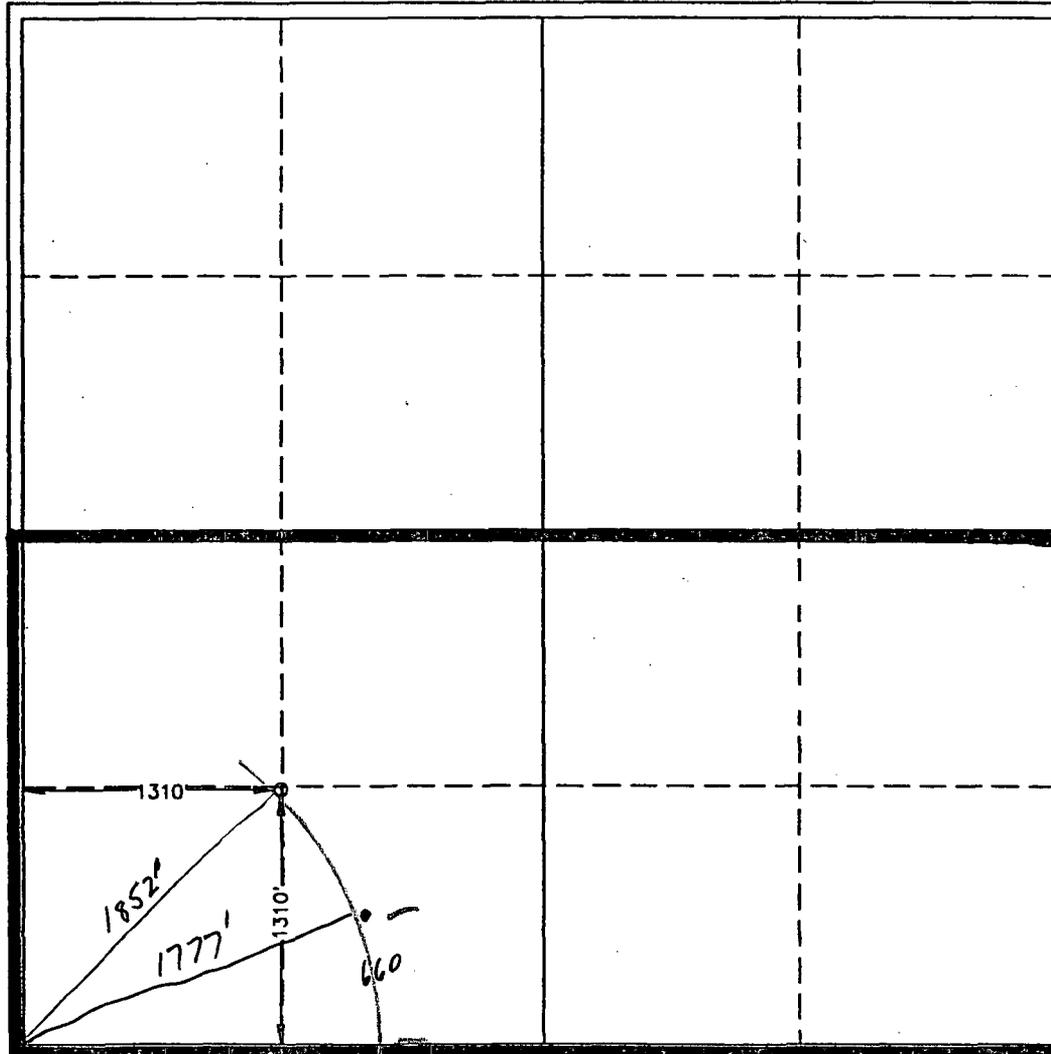
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	28	19 S	29 E		1310	SOUTH	1310	WEST	EDDY

Bottom Hole Location If Different From Surface

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

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

Scott M. Webb
Signature
Scott M. Webb
Printed Name
Regulatory Coordinator
Title
12/22/97
Date

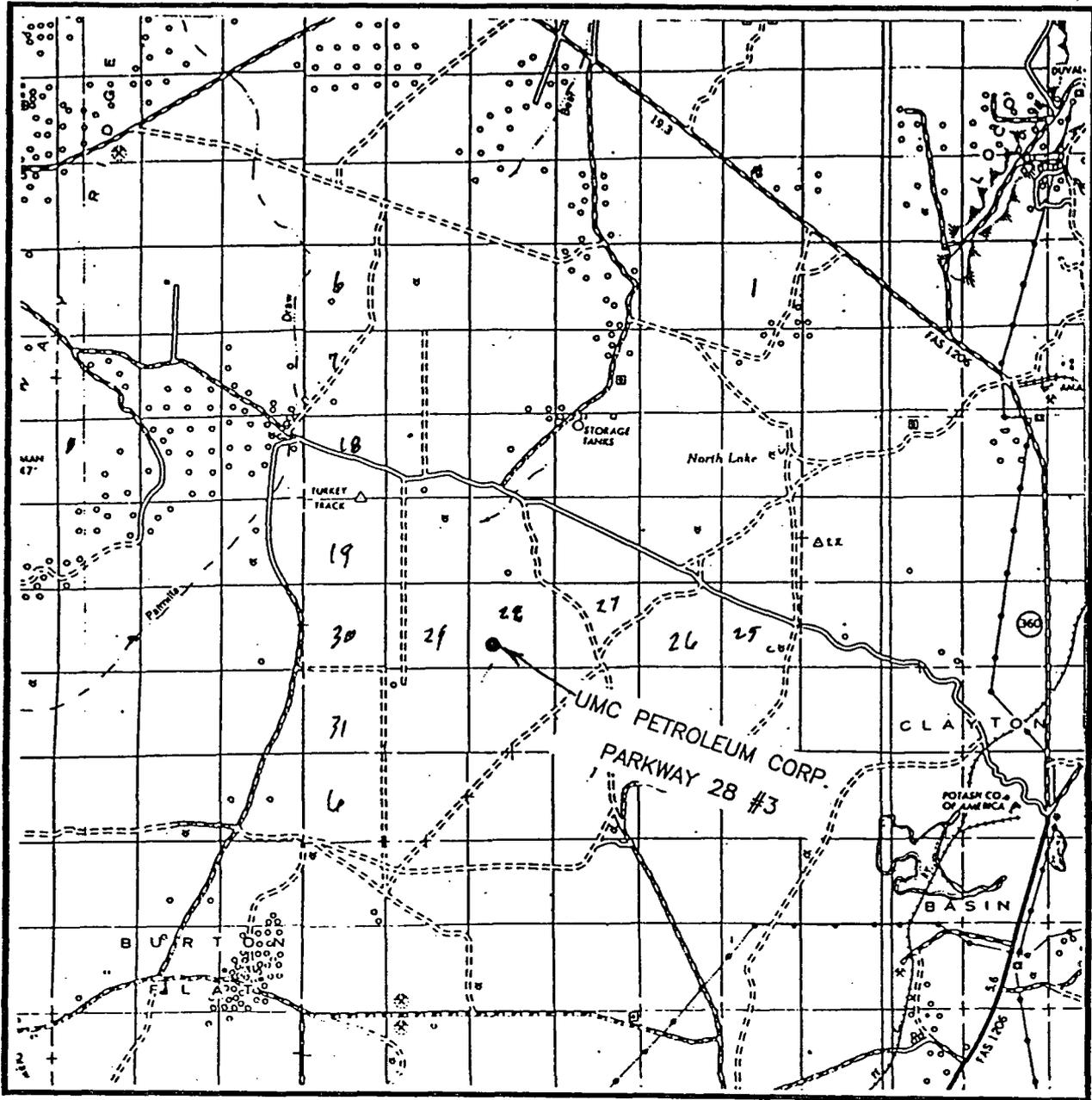
SURVEYOR CERTIFICATION

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.

DECEMBER 16, 1997

Date Surveyed
Signature & Seal of
Professional Surveyor
Professional Surveyor
NEW MEXICO
12-17-97
P.O. Num. 97-1102017
Certificate No. RONALD J. EDSON. 3239
GARY EIDSON. 12841
RONALD MCDONALD. 12185

VICINITY MAP

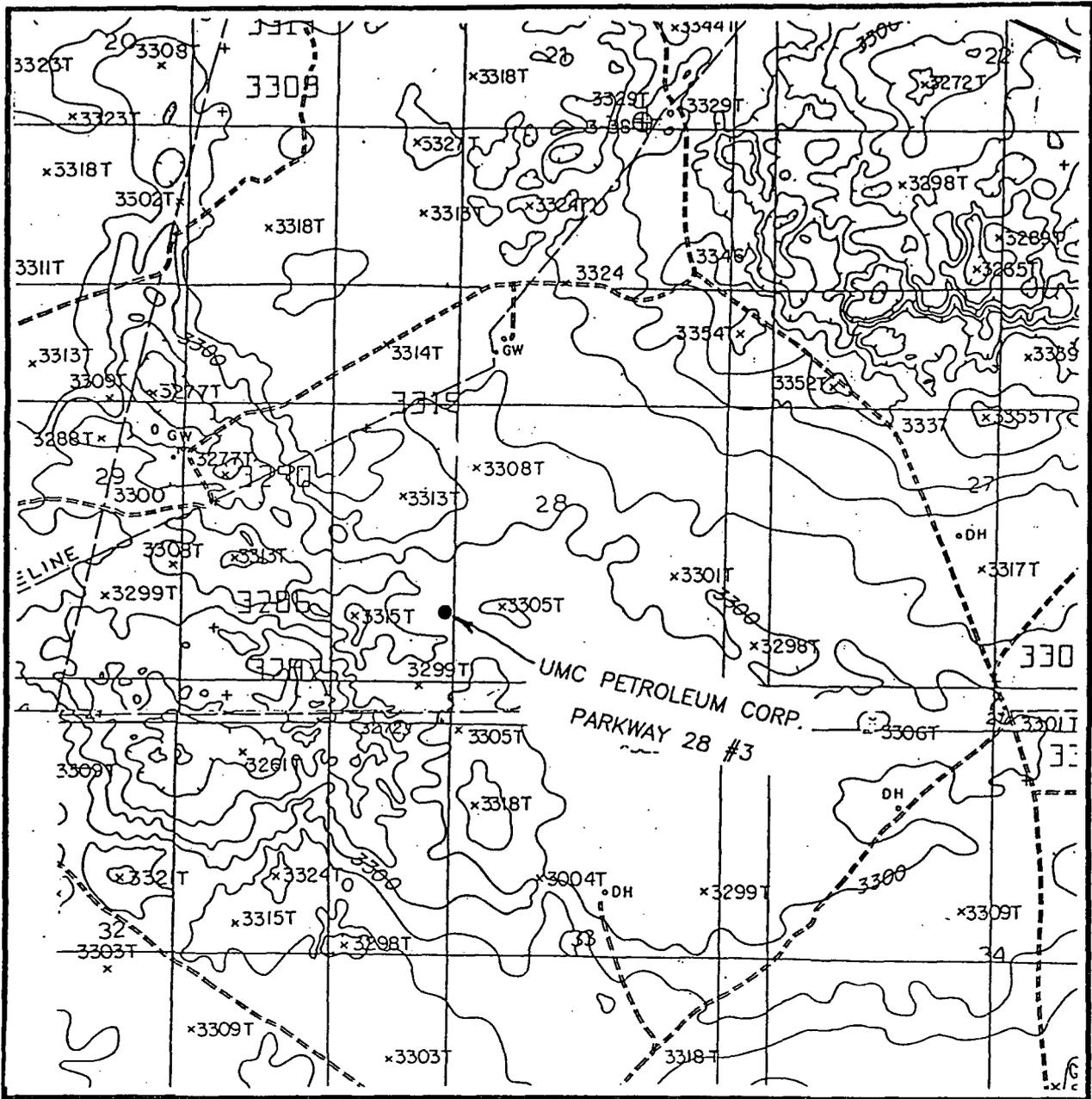


SCALE: 1" = 2 MILES

SEC. 28 TWP. 19-S RGE. 29-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 1310' FSL & 1310' FWL
 ELEVATION 3297'
 OPERATOR UMC PETROLEUM CORP.
 LEASE PARKWAY 28

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 10'

SEC. 28 TWP. 19-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1310' FSL & 1310' FWL

ELEVATION 3297'

OPERATOR UMC PETROLEUM CORP.

LEASE PARKWAY 28

U.S.G.S. TOPOGRAPHIC MAP

ILLINOIS CAMP NE & SE, N.M.

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO**

(505) 393-3117

		00' 75 WT 25	
		00' 50' WT 50'	

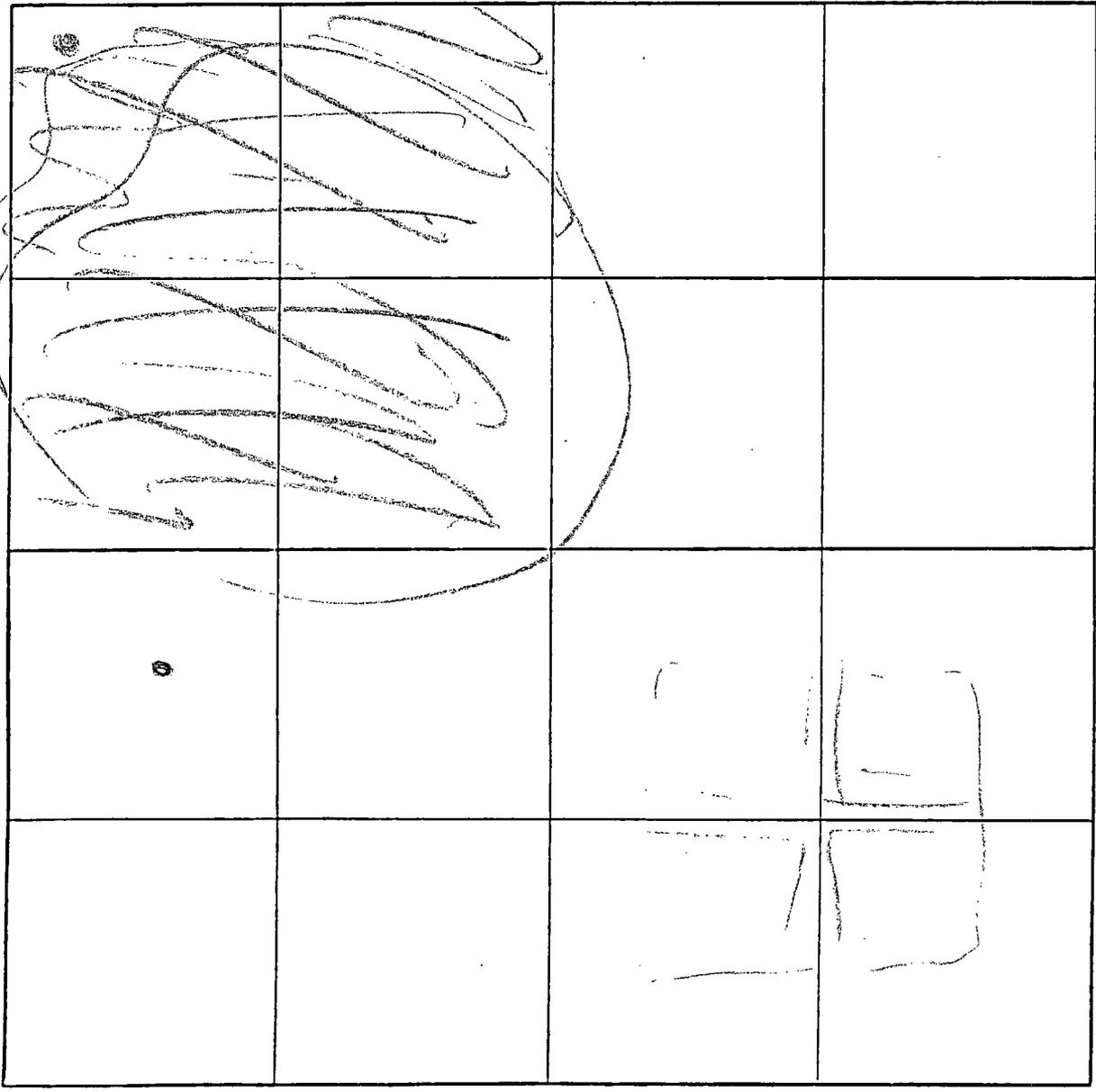
[Handwritten scribbles and lines across the table grid]

SECTION _____

TOWNSHIP _____

RANGE _____

1979
M.H.P.



SECTION _____

TOWNSHIP _____

RANGE _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4976
Order No. R-4638

APPLICATION OF THE PETROLEUM
CORPORATION FOR A DUAL COMPLETION,
CREATION OF TWO GAS POOLS AND
SPECIAL RULES THEREFOR, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 23, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 11th day of October, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, The Petroleum Corporation, seeks authority to complete its Parkway West Unit Well No. 1, located in Unit C of Section 28, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce gas and associated liquid hydrocarbons from the Strawn and Atoka formations through parallel strings of 2 1/16-inch tubing with separation of the zones by means of a packer set at approximately 10,505 feet.
- (3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.
- (4) That approval of the subject application will prevent waste and protect correlative rights.
- (5) That the applicant further seeks the creation of a Strawn pool and an Atoka pool for said well and the promulgation of special pool rules for each.

(6) That while the evidence adduced indicates that each of the subject pools is probably a gas pool, additional information is necessary to determine if they are in fact gas pools or oil pools or whether they may be retrograde condensate reservoirs.

(7) That said Strawn and Atoka Pools should be classified and designated the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool and special rules and regulations should be promulgated therefor.

(8) That the reservoir characteristics of the subject pools indicate that each can be efficiently and economically drained and developed on 320-acre spacing.

(9) That temporary special rules and regulations providing for 320-acre gas well spacing should be promulgated for the subject pools in order to 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, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(10) That the temporary special rules and regulations should provide for the limitation of production from wells in each of the subject pools; that a maximum of no more than 1,500 MCF per day should be produced from each well in the Strawn pool, and that a maximum of no more than 2,000 MCF per day should be produced from each well in the Atoka pool.

(11) That the temporary special rules and regulations should establish proration rules for gas wells in order to prevent waste and protect correlative rights.

(12) That this case should be reopened at an examiner hearing during October, 1974, to permit the operators in said gas pools to appear and present evidence to clearly establish the nature of said reservoirs and proper rates of production for wells therein and special rules therefor.

IT IS THEREFORE ORDERED:

(1) That the applicant, The Petroleum Corporation, is hereby authorized to complete its Parkway West Unit Well No. 1, located in Unit C of Section 28, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce gas and associated liquid hydrocarbons from the Strawn and Atoka formations through parallel strings of 2 1/16-inch tubing with separation of the zones by means of a packer set at approximately 10,505 feet.

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

PROVIDED FURTHER, that the applicant shall conduct a packer leakage test annually on said well and shall file the results thereof with the Commission's Artesia office.

(2) That effective October 1, 1973, the Strawn and Atoka reservoirs in the subject well are hereby classified as gas reservoirs and designated the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool with vertical limits comprising, respectively, the Strawn and Atoka formations and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 28: N/2

(3) That, effective October 1, 1973, Special Rules and Regulations for the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
WEST PARKWAY-STRAWN GAS POOL AND
WEST PARKWAY-ATOKA GAS POOL

RULE 1. Each well completed or recompleted in the West Parkway-Strawn Gas Pool and/or West Parkway-Atoka Gas Pool or in the Strawn and Atoka formations within one mile thereof, and not nearer to or within the limits of another designated Strawn or Atoka pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a) Each gas well shall be located on a standard unit containing 320 acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a standard proration unit for the well under the applicable provisions of Rule 2 above and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the standard proration unit for the well in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 660 feet to the nearest side boundary of the tract nor nearer than 1980 feet to the nearest end boundary of the tract.

RULE 5. A gas well in the West Parkway-Strawn Gas Pool shall be permitted to produce no more than 1,500 MCF of gas per day during the effective period of these pool rules and a gas well in the West Parkway-Atoka Gas Pool shall be permitted to produce no more than 2,000 MCF of gas per day during the effective period of the rules.

RULE 6. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 7.

RULE 7. Gas-liquid ratio tests shall be taken on all wells during the months of March and September of each year. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced

at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The Commission District Supervisor may grant exceptions to the above test requirements where it is demonstrated that wells produce no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 8. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 9. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the amounts set forth in Rule 5 of these rules.

RULE 10. The initial balancing date shall be 7 o'clock a.m. April the first, 1974. Subsequently, the date 7:00 a.m. April the first of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period.

RULE 11. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 12. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 13. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equaling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 14. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 15. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

RULE 16. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 17. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

RULE 18. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 19. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

IT IS FURTHER ORDERED:

- (1) That the locations of all wells presently drilling to

or completed in the West Parkway-Strawn Gas Pool or the West Parkway-Atoka Gas Pool or in the Strawn or Atoka formations within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the appropriate district office of the Commission in writing of the name and location of the well on or before November 1, 1973.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the West Parkway-Strawn Gas Pool and West Parkway-Atoka Gas Pool shall have dedicated thereto 320 acres, in accordance with the foregoing pool rules or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable.

(3) That this cause shall be reopened at an examiner hearing during October, 1974, to permit the operators in said pools to appear and present evidence to clearly establish the nature of said reservoirs, proper rates of production for wells therein, and special rules therefor.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4976 (Reopened)
Order No. R-4638-A

IN THE MATTER OF CASE NO. 4976 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-4638 TO PERMIT ALL OPERATORS
IN THE WEST PARKWAY-STRAWN AND WEST PARKWAY-
ATOKA GAS POOLS IN SECTION 28, TOWNSHIP 19
SOUTH, RANGE 29 EAST, EDDY COUNTY, NEW MEXICO,
TO APPEAR AND PRESENT EVIDENCE TO ESTABLISH
CLEARLY THE NATURE OF THE RESERVOIRS, PROPER
RATES OF PRODUCTION FOR WELLS THEREIN, AND
SPECIAL RULES THEREFOR.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 16, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of November, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That Order No. R-4638, dated October 11, 1973, established the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool, both of which pools comprise the N/2 of Section 28, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico; classified both pools as gas pools; established special rates of production for wells therein and promulgated temporary special pool rules therefor.

(3) That pursuant to Order No. R-4638 this case was reopened at an examiner hearing held on October 16, 1974, to allow all operators in the subject pools to appear and present evidence to establish clearly the nature of the reservoirs, proper rates of production for wells therein, and special rules therefor.

(4) That the evidence adduced at said hearing establishes that both pools are properly classified as gas pools; that the special rates of production specified for wells therein are proper; and that the special pool rules promulgated therefor should be made permanent.

(5) That the continuing classification of the subject pools as gas pools and the continuance of the special pool rules promulgated therefor will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool as promulgated by Order No. R-4638 are hereby continued in full force and effect until further order of the Commission.

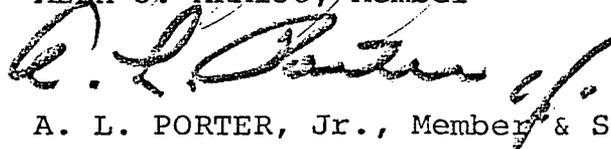
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman


ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary

S E A L

dr/



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 19, 1998

UMC Petroleum Corporation/Ocean Energy, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504-1056

RE: Division Administrative Order NSL-3936

Dear Mr. Bruce:

The subject order, as corrected, see copies attached, authorized UMC Petroleum Corporation to drill its Parkway West Unit "28" Well No. 3 (API No. 30-025-30003) to test both the Undesignated West Parkway-Strawn Gas Pool and the Undesignated West Parkway-Morrow Gas Pool within a standard 320-acre gas spacing and proration unit that comprises the S/2 of Section 28, Township 19 South, Range 29 East, NMPM, Lea County, New Mexico, at an unorthodox gas well location 1310 feet from the South and West lines (Unit M) of said Section 28.

It was recently called to my attention that the required notice to affected [see Division statewide Rule 104.F(3)] offsets was inadequate in this instance. After reviewing this matter further, I concur.

I sincerely apologize for not catching this error prior to the release of said Administrative Order NSL-3936, and truly regret any inconvenience my oversight may cause. However, to correct this oversight please provide notice to the required party(ies) in Section 32, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico.

UMC Petroleum Corporation/Ocean Energy, Inc. shall have 30 days from the date of this letter to responde, after which the provisions of said order shall be terminated and Administrative Order NSL-3936 will be placed in abeyance.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

Michael E. Stogner
Chief Hearing Examiner/Engineer

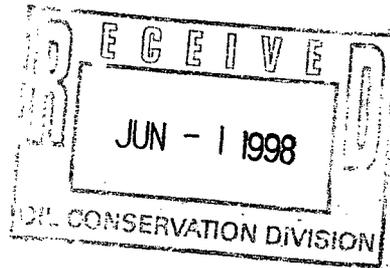
cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
File: NSL-3936

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 29, 1998

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

Re: Administrative Order NSL-3936

Dear Mr. Stogner:

I received your letter of May 19 (copy enclosed). The records reveal that OXY USA Inc. is the only offset, and I have this day notified OXY of the application. A copy of the notice letter is enclosed. Please call if you have any questions.

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 printed name.

James Bruce

Attorney for Ocean Energy, Inc.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87506
(505) 827-7131

May 19, 1998

UMC Petroleum Corporation/Ocean Energy, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504-1056

RE: Division Administrative Order NSL-3936

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Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

Michael E. Stogner
Chief Hearing Examiner/Engineer

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
File: NSL-3936

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ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87501

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

May 29, 1998

Certified Mail
Return Receipt Requested

Richard E. Foppiano
OXY USA Inc.
P.O. Box 50250
Midland, Texas 79710

Re: Application for administrative approval
Parkway West Unit 28 Well No. 3
1310 feet FSL & FWL
S $\frac{1}{4}$ S $\frac{1}{4}$ 28-19S-29E
Eddy County, New Mexico

Dear Mr. ^{Rick}Foppiano:

Ocean Energy, Inc. (formerly UMC Petroleum Corporation) has requested approval of the above unorthodox well location from the Oil Conservation Division. The well will test the Strawn and Morrow formations. OXY is operator of the Morrow well unit covering the E $\frac{1}{4}$ of Section 32, and the Division has requested that Ocean Energy, Inc. notify the offsets. If OXY objects to the location, please notify the Division in writing no later than Thursday, June 18, 1998 (2040 Pacheco Street, Santa Fe, New Mexico 87505; Attention: Michael E. Stogner). Please call me if you have any questions.

Very truly yours,


James Bruce

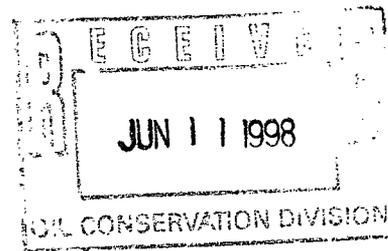
Attorney for Ocean Energy, Inc.

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 10, 1998

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

Re: Administrative Order NSL-3936

Dear Mr. Stogner:

Pursuant to your request, I notified OXY (the only offset operator) of the unorthodox location application. Ocean Energy, Inc. (successor to UMC Petroleum Corporation) has agreed to provide well information to OXY in return for a waiver of objection by OXY. A copy of my letter to OXY, together with the fax confirmation sheet, is attached. As a result, Ocean requests that the above order be affirmed.

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 printed name.

James Bruce

Attorney for Ocean Energy, Inc.

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 8, 1998

Via Fax and U.S. Mail

Richard E. Foppiano
OXY USA Inc.
P.O. Box 50250
Midland, Texas 79710

Re: Application for administrative approval
of an unorthodox gas well location
Parkway West Unit 28 Well No. 3
1310 feet FSL & FWL
S½ S28-19S-29E
Eddy County, New Mexico

Operator: Ocean Energy, Inc. ("Ocean")

Dear Rick:

As we discussed, Ocean accepts OXY's offer to waive objection to the above well location in return for Ocean providing well data (logs, etc.) to OXY. By copy of this letter, I am requesting Ocean to mail the data to you at the above address. Please call me if you have any questions. Best regards.

Very truly yours,



James Bruce

Attorney for Ocean Energy, Inc.

cc: Marcia Kehl

TRANSMISSION VERIFICATION REPORT

TIME : 06/08/1998 10:37
NAME : JAMESBRUCE
FAX : 5059822151
TEL : 5059822043

DATE, TIME	06/08 10:36
FAX NO./NAME	19156855742
DURATION	00:00:37
PAGE(S)	02
RESULT	OK
MODE	STANDARD ECM