

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]

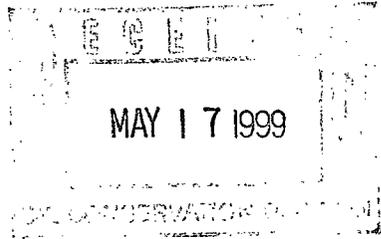
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

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

Check One Only for [B] and [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



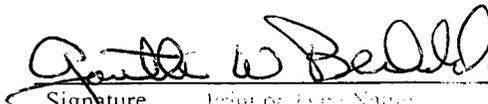
[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [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 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.

Garth W. Berkeland  Sr. Landman 5/13/99
 Print or Type Name Signature Title Date



May 13, 1999

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ms. Lori Wrotenberry
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

Re: Non-Standard Location
Federal A No. 3E
1000' FEL & 1000' FSL
Section 26, T30N-R13W
San Juan County, New Mexico
Fruitland Coal Formation

Dear Ms. Wrotenberry:

This is a request for administrative approval for an unorthodox location from the Fruitland Coal in the referenced well pursuant to Rule 104.F.

I have attached for your review, an acreage plat outlining the dedicated acreage and offset operators. I have also included a short discussion of the history of the well.

The offset operators are being notified of this application by certified return-receipt mail. Copies of these letters are enclosed.

Thank you for your consideration and approval of this application. If you have any questions or concerns, please call me at 303-672-6938.

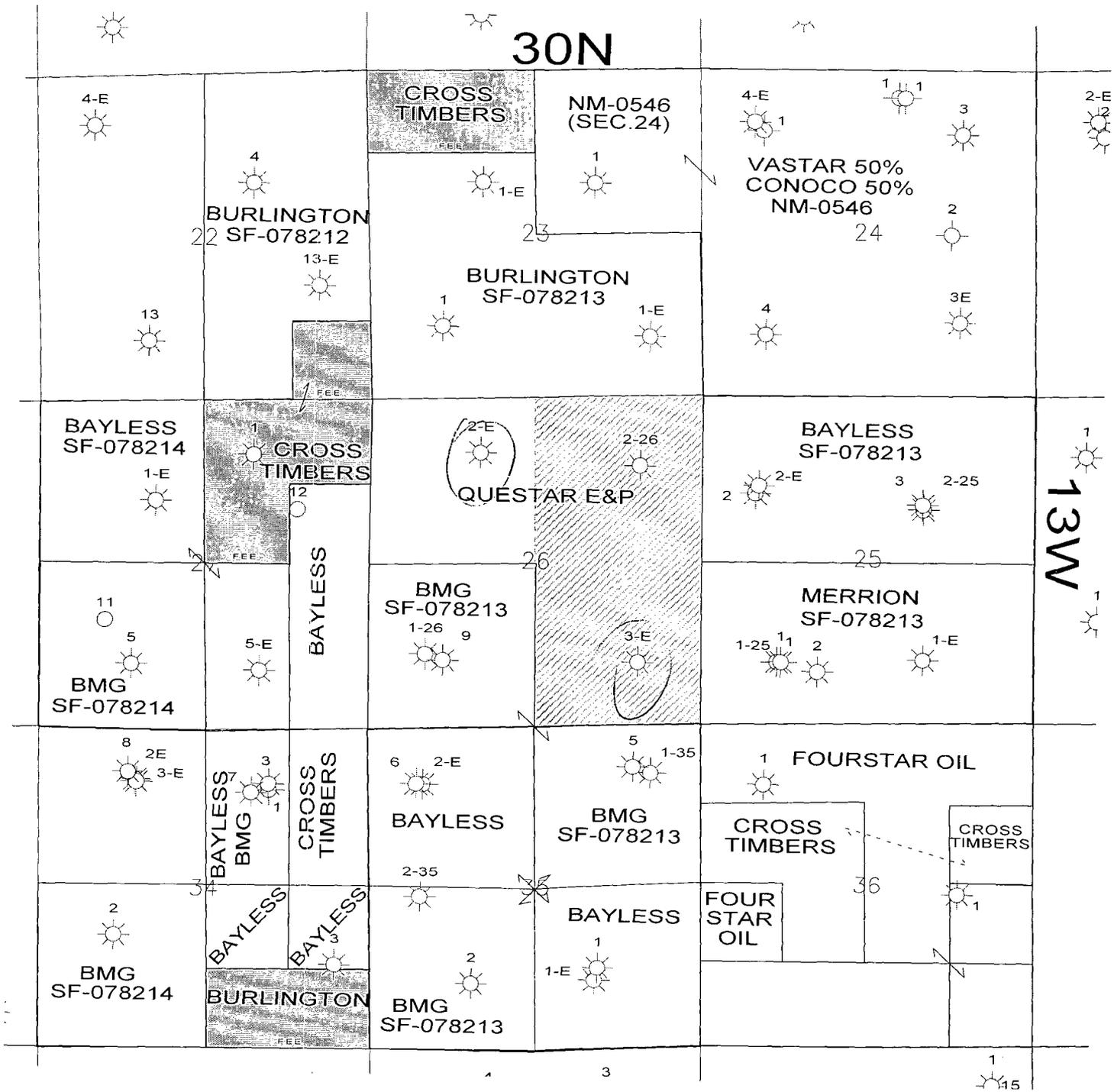
Sincerely yours,

Garth W. Berkland
Senior Landman

GWB:jcm
Enclosure

30N

13W



Questar Exploration and Production Federal A No. 3E

There are currently two Dakota wells drilled in the E/2 of Section 26, T30N-R13W, San Juan County, New Mexico. The Federal A No. 3 is located in the NE/4, and the Federal A No. 3E is located in the SE/4. Both wells are operated by Questar Exploration and Production (formerly Universal Resources).

Questar has recompleted the Federal A No. 3E to the Fruitland Coal formation, which is a non-standard location, for the following reasons:

- 1) Wellbore integrity - The Federal A No. 3E was drilled 20 years later than the Federal A No. 3 and should have better casing integrity.
- 2) Formation isolation - Calculated volumes of cement that were pumped during the primary cementing job place the cement above and below the Fruitland Coal formation.
- 3) Existing wells - A Pictured Cliff well produces in the SW/4 of Section 26, and an orthodox location would place the second Fruitland Coal well at or near this existing well. While the two formations do not compete for the same reserves, it is believed there is a possibility this could occur if a Fruitland Coal well was drilled in a close proximity and both wells are hydraulically fractured.

Questar Exploration and Production

Federal A No. 3E
1000' FEL & 1000' FSL
Section 26, T30N-R13W
San Juan County, New Mexico
Fruitland Coal Formation

The following offset operators have received written notice of the non-standard location pursuant to Rule 10.F:

Benson-Martin-Greer Drilling Corp.
Burlington Resources Oil & Gas Co.
Robert L. Bayless Producer LLC
Vastar Resources, Inc.

Conoco, Inc.
Merrion Oil & Gas Corp.
Cross Timbers Oil Co.
Four Star Oil & Gas Company

I certify that copies of this application have been mailed to the above operators.

Garth W. Berkland

STATE OF COLORADO)
)ss.
COUNTY OF DENVER)

This foregoing instrument was acknowledged before me this 13th day of May, 1999, by Garth W. Berkland

WITNESS my hand and official seal.

My Commission Expires:
2-26-02

Bette Ann Mrsso
Notary Public



May 13, 1999

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Adjacent Operators
(See Attached Notification List)

Re: Non-Standard Location
Federal A No. 3E
1000' FEL & 1000' FSL
Section 26, T30N-R13W
San Juan County, New Mexico
Fruitland Coal Formation

To Whom It May Concern:

Enclosed you will find a copy of the above-referenced application that has been submitted to the New Mexico Oil Conservation Division (NMOCD) for administrative approval. As operator of the adjoining and diagonal spacing unit, you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning this application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico within 20 days from the receipt of this notice. If you have no objection to this proposal, no action is required on your part.

Thank you for your consideration in this matter. Please contact me at 303-672-6938.

Sincerely yours,

Garth W. Berkeland
Senior Landman

GWB:jcm
Enclosure

**Federal A No. 3E Well
San Juan County, New Mexico
Notification List**

Benson-Martin-Greer Drilling Corp.
405-1/2 W. Broadway
Farmington, New Mexico 87499

Burlington Resources Oil & Gas Co.
Box 4289
Farmington, New Mexico 87499

Robert L. Bayless Producer LLC
P. O. Box 168
Farmington, New Mexico 87499

Vastar Resources, Inc.
15375 Memorial Drive
Houston, Texas 77079

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705

Merrion Oil & Gas Corp.
610 Reilly Avenue
Farmington, New Mexico 87401

Cross Timbers Oil Co.
810 Houston Street, Suite 2000
Ft. Worth, Texas 76102

Four Star Oil & Gas Company
P. O. Box 2100
Denver, CO 80201

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT --" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Universal Resources Corporation

3. Address and Telephone No.

1331 17th Street, Suite 800, Denver, CO 80202 (303)672-6916

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SE/4SE/4, Sec. 26, Township 30 North, Range 13 West

5. Lease Designation and Serial No.

SF-078213

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Federal A #3E

9. API Well No.

30-045-23890

10. Field and Pool, or Exploratory Area

Fulcher Kutz Basin PK

11. County or Parish, State

San Juan, NM

RECEIVED
NOV 30 1998
OIL CON. DIV.
DIST. 3

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

TYPE OF ACTION

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other _____
- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

It is proposed to temporarily abandon the Dakota production in the subject well by setting a plug and recompleting to the Fruitland Coal formation. Subject to BLM approval, it is anticipated this work will begin in December, 1998. After the Fruitland Coal has been adequately tested, it is proposed to pull the RBP, run a packer to isolate the zones, and dual produce the Dakota and Fruitland Coal formations.

A procedure and wellbore diagram is attached for reference.

RECEIVED
NOV 16 PM 1:26

14. I hereby certify that the foregoing is true and correct

Signed

Mary O'Brien

Title

Operations Engineer

Date

11/12/98

(This space for Federal or State office use)

Approved by

/s/ Duane W. Spencer

Title

Date

NOV 23 1998

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make any department or agency of the United State any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

* See Instructions on Reverse Side

HOLD C-104 FOR Plot of USL
NMOCD

FRUITLAND COAL RECOMPLETION PROCEDURE

FEDERAL A NO. 3-E SE/4SE/4 SEC. 26, T30N-R13W SAN JUAN COUNTY, NEW MEXICO

CURRENT STATUS

Total Depth: 6570' KB
Casing: 4 1/2" 10.5# K-55 ST&C set @ 6570' KB. DV TOOL @ 4480'.
PBTD: 6510'
Cement top: +/-1800'
Tubing Depth: 1 1/2" Dakota string @ +/- 6250' KB.
Producing Formation: Dakota
Dakota Perforations: 6246' (top) - 6403' (bottom)

All personnel on location will be on Questar's Approved Vendor List and will comply with Questar's environmental and safety policies.

Procedure:

1. Install and/or test anchors to 25,000#. MIRUSU. Blow well down. If necessary, kill well with 2% KCL water. NDWH. NUBOP.
2. TOH with 1 1/2" Dakota tubing and lay down.
3. Set a RBP @ +/- 2000' in 4 1/2" csg. Dump 3 sx sand on top of plug.
4. Load hole with 2% KCL water and pressure test 4 1/2" casing and plug to 2000 psig.
5. Run a cement bond log to verify top-of-cement. If cement over Fruitland Coal has sufficient bond and has good isolation from other hydrocarbon and fresh water aquifers, proceed with step 6. If poor bond or isolation, squeeze cement to provide a minimum of 200' isolation above and below Fruitland Coal formation.
6. Perforate Fruitland Coal interval from 1670' to 1700' with 4 jspf, 90 degree phasing, large hole and premium charges.
7. Rig up Dowell and frac following an approved pumping schedule.
8. Flow back after frac. When well logs off and dies, TIH with 1 1/2" tubing and tag fill. If necessary, clean out sand to top of plug. Swab well to kick-off.
9. RD MOSU. Return well to production producing from the Fruitland Coal formation.
10. When well cleans up and rates stabilize, pull plug and RIH with packer and Dakota tubing. Set packer to isolate zones, and dually produce Dakota and Fruitland Coal formations.

FEDERAL A #3E

SESE Sec. 26-T30N-R13W
San Juan County, New Mexico

Drawn 11/12/98

Schematic - not drawn to scale

8-5/8" SURFACE CASING:

Length:

8-5/8", 24#, K-55, ST&C
Cemented w/ 180 sx Class "B" + 2% CaCl. Circulate to surface.

DV TOOL:

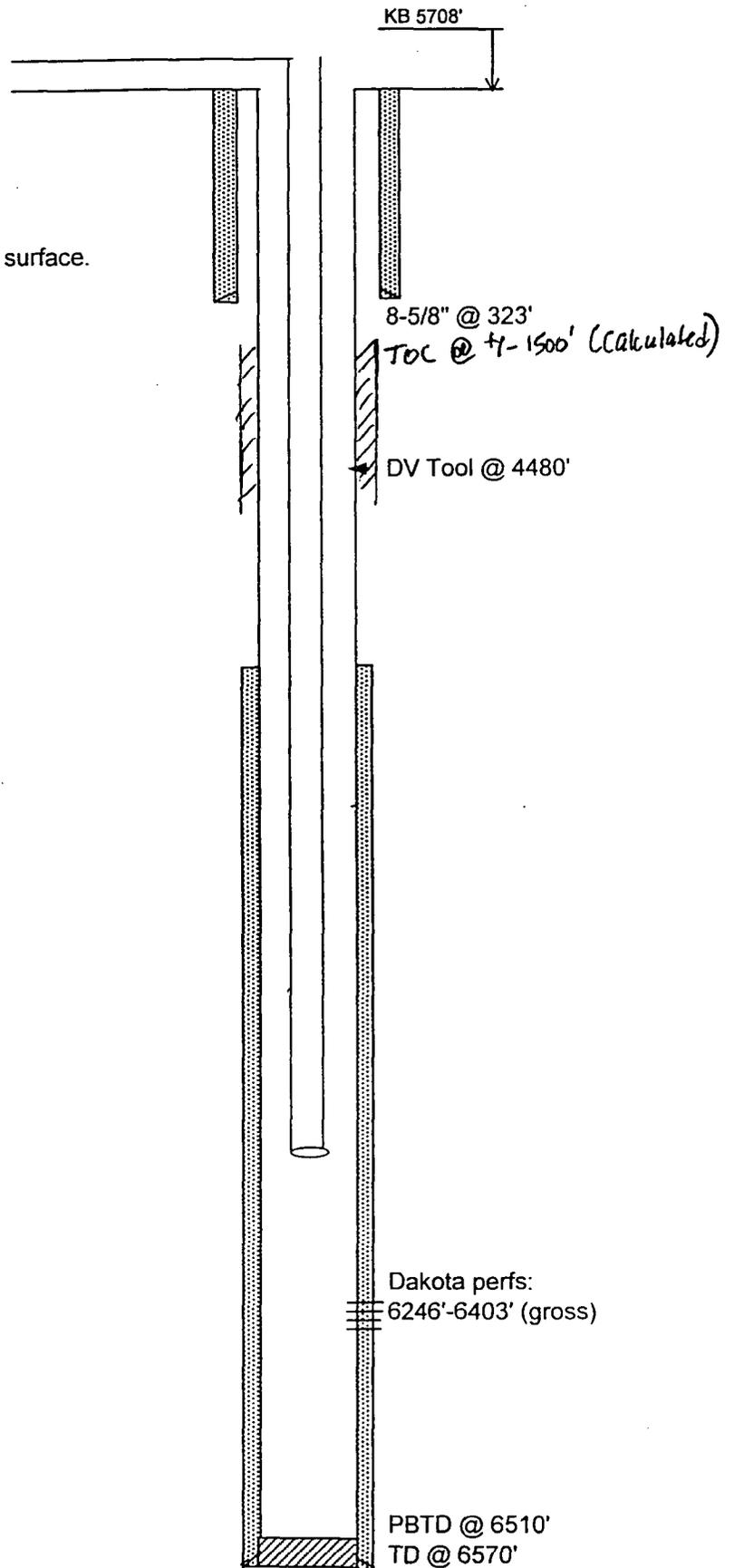
Cemented w/ 350 sx 65-35 + 320 sx 50/50 POZ

4-1/2" PRODUCTION CASING:

4-1/2", 10.5#, K-55 ST&C
Cemented w/ 200 sx Class "B" + 160 sx 50/50 POZ

TUBING REPORT:

197 jts. 1-1/2", 3.9#, 10R EUE J-55



KB 5708'

8-5/8" @ 323'
TOC @ 41-1500' (calculated)

DV Tool @ 4480'

Dakota perms:
6246'-6403' (gross)

PBTD @ 6510'
TD @ 6570'

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

05/18/99 07:17:29
OGOMES -TPFE
PAGE NO: 1

Sec : 26 Twp : 30N Rng : 13W Section Type : NORMAL

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

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

05/18/99 07:17:36
OGOMES -TPFE
PAGE NO: 2

Sec : 26 Twp : 30N Rng : 13W Section Type : NORMAL

L 40.00 Federal owned	K 40.00 Federal owned	J 40.00 Federal owned	I 40.00 Federal owned
M 40.00 Federal owned A A	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned A

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD : ONGARD 05/18/99 07:18:42
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPFE

API Well No : 30 45 23890 Eff Date : 05-01-1994 WC Status : A
Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)
OGRID Idn : 23846 UNIVERSAL RESOURCES CORP
Prop Idn : 15477 FEDERAL A

Well No : 003E
GL Elevation: 5696

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: P	26	30N	13W	FTG 1000 F S	FTG 1000 F E	P

Lot Identifier:
Dedicated Acre: 320.00
Lease Type : F
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

E6317: No more recs. for this api well no.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD : ONGARD 05/18/99 07:18:57
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPFE

API Well No : 30 45 23865 Eff Date : 05-01-1994 WC Status : A
Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)
OGRID Idn : 23846 UNIVERSAL RESOURCES CORP
Prop Idn : 15477 FEDERAL A

Well No : 002E
GL Elevation: 5765

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: C	26	30N	13W	FTG 890 F N	FTG 1730 F W	P

Lot Identifier:
Dedicated Acre: 320.00
Lease Type : F
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC