

OIL CONSERVATION DIVISION
RECEIVED

PERMIAN RESOURCES, INC.
INCORPORATED

September 12, 1996

State of New Mexico
Oil Conservation Commission

Santa Fe, NM

RE: USM Lease, Section 27, T-9-S, R-37-E (B,G)
TP Lease, Section 27, T-9-S, R-37-E (C, F)

ATTN: David Catanach

Dear Mr. Catanach:

As directed by the Oil Conservation Office in Hobbs, I am directing this letter to you. It has come to our attention that the above captioned leases need to be simultaneously dedicated. These wells were originally filed on 40 acres tracts but now need to be filed on 80 acres tracts. Additionally, the wells are marginal producers and cannot stand any costs of surveying, etc.

Thank you for your consideration in this matter.

Sincerely,



Robert Marshall

c:\winword\ocd-tp.doc

P. O. BOX 590 • MIDLAND, TEXAS 79702-0590
PHONE: (915) 685-0113 • FAX: (915) 685-3621

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PL

Form C-102
Superseded C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

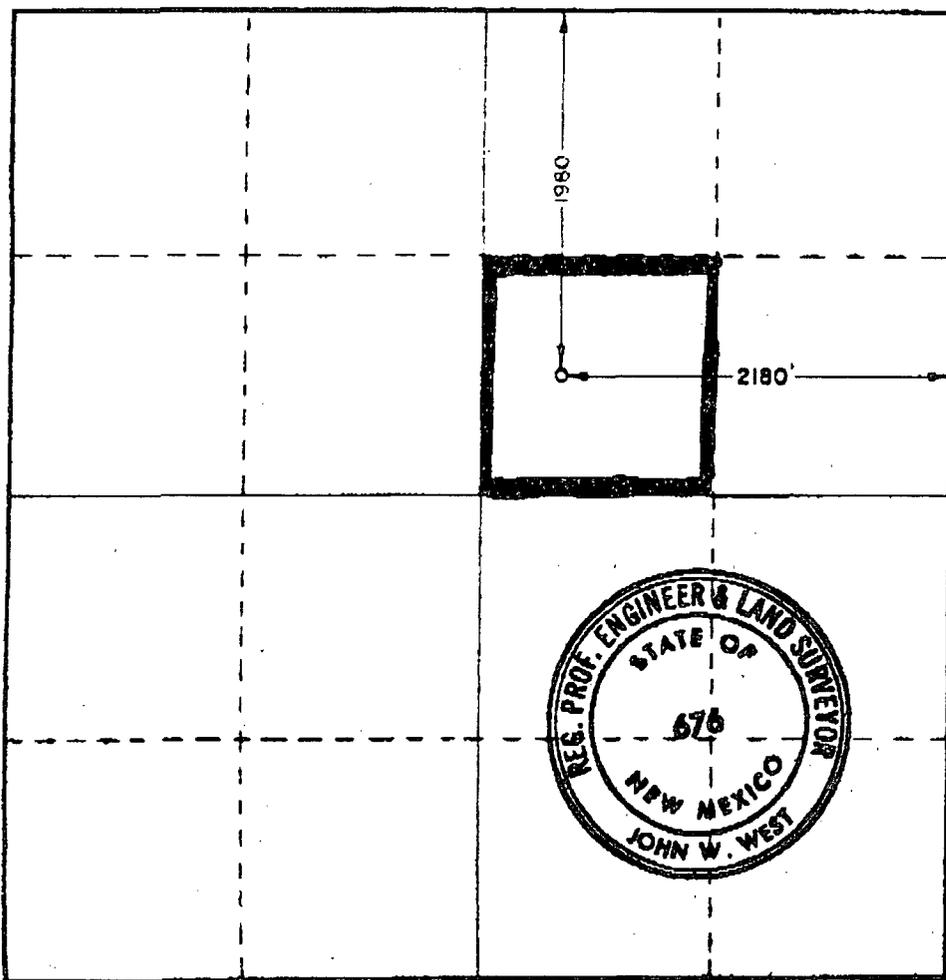
Operator John L. Cox		Lessee U S M			Well No. 4
Unit Letter G	Section 27	Township 9 South	Range 37 East	County Leo	
Actual Footage Location of Well: 1980 feet from the North line and 2180 feet from the East line					
Ground Level Elev. 3965.1	Producing Formation San Andres	Pool West Sawyer (San Andres)		Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Martha Wittenbach
Name

Martha Wittenbach
Position

Production Clerk
Company

John L. Cox
Date

August 12, 1974

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 knowledge and belief.

Date Surveyed

August 9, 1974

Registered Professional Engineer and/or Land Surveyor

John W. West
Certificate No.

676



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 11-65

All distances must be from the outer boundaries of the Section.

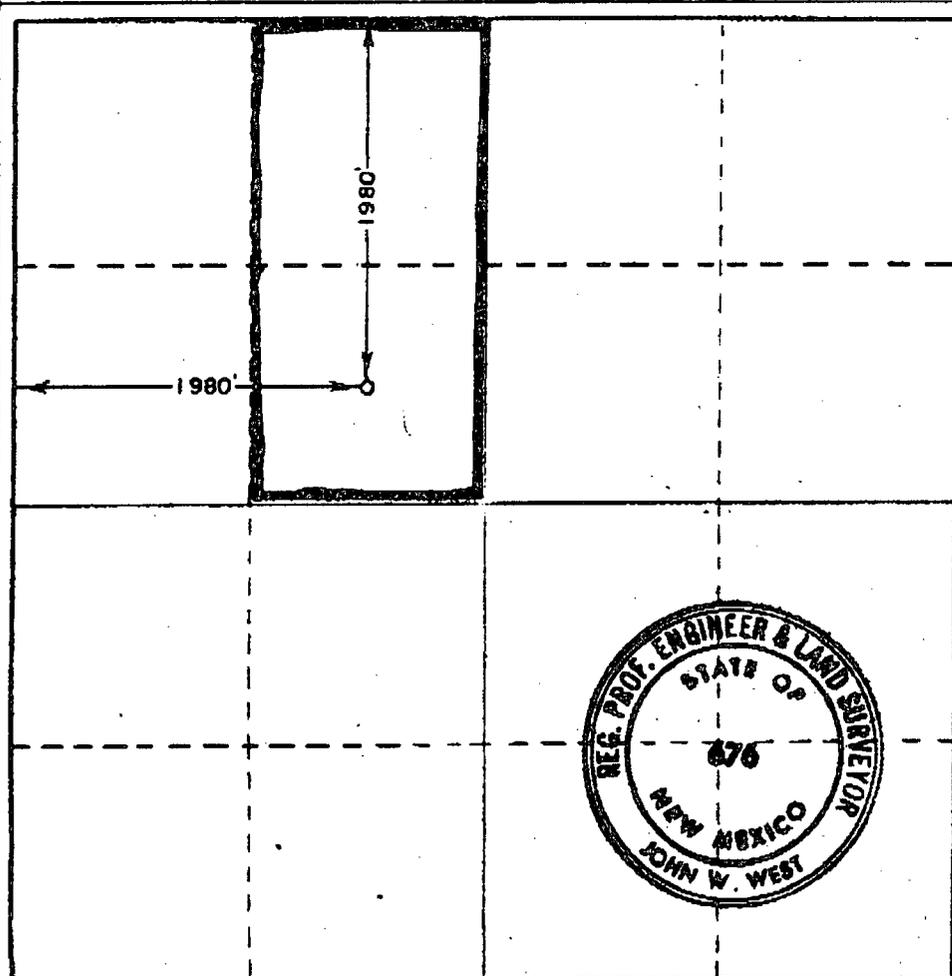
Operator JOHN L. COX		Lease T P		Well No. 1
Unit Letter F	Section 27	Township 9 South	Range 37 East	County Lea
Actual Footage Location of Well: 1980 feet from the North line and 1980 feet from the West line				
Ground Level Elev. 3967.5	Producing Formation San Andres	Pool Sawyer San Andres West	Dedicated Acreage: 80 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

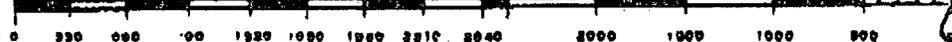
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name *Earl C. Stov*
 Position **Agent**
 Company **John L. Cox**
 Date **10/4/72**

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 knowledge and belief.

Date Surveyed **September 27, 1972**
 Registered Professional Engineer and/or Land Surveyor

John W. West
 Certificate No. **676**



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-192
Supersedes O-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

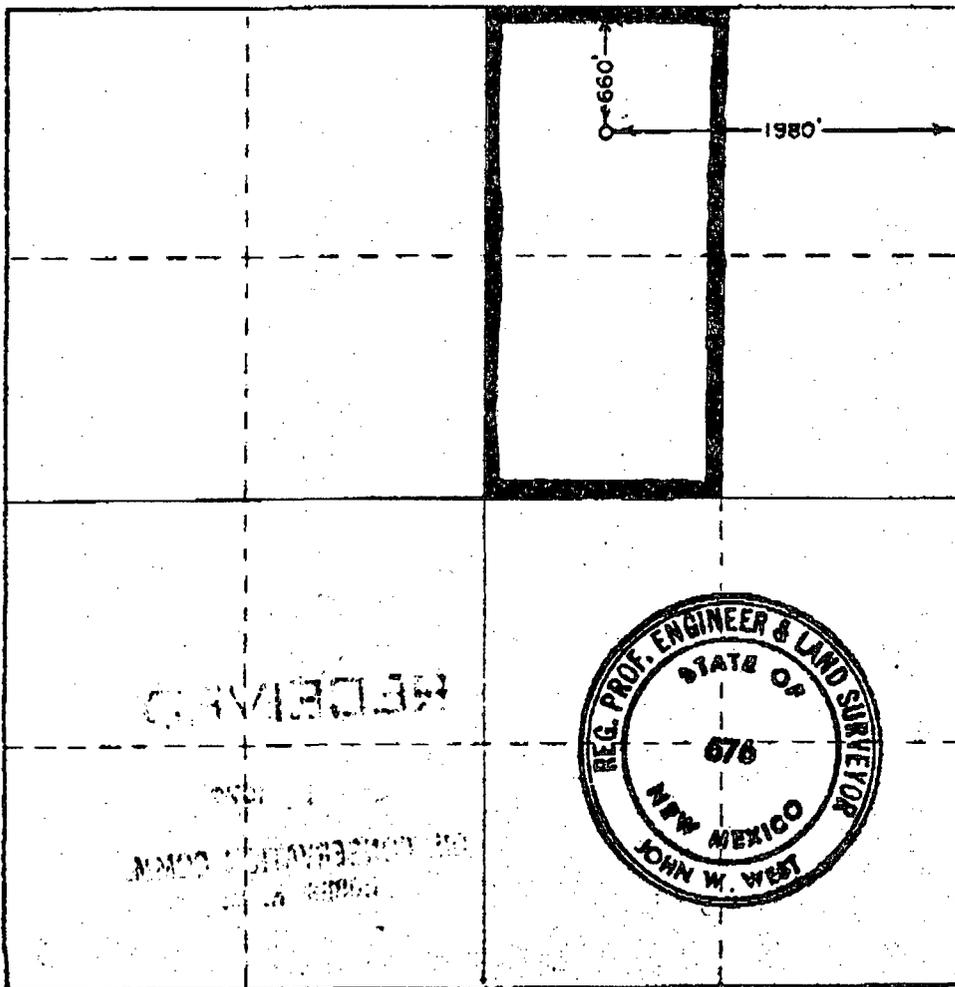
Operator JOHN L. COX		Lessee U S M		Well No. 1
Map Letter B	Section 27	Township 9 South	Range 37 East	County Lea
Actual Footage Location of Well: 660 feet from the North line and 1980 feet from the East line				
Ground Level Elev. 3965.9	Producing Formation San Andres	Pool Sawyer San Andres West	Dedicated Acreage 80 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Monte H. Hethcock

Name
Production Clerk
Position
JOHN L. COX
Company
December 5, 1972
Date

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 knowledge and belief.

Date Surveyed
September 28, 1972
Registered Professional Engineer and/or Land Surveyor
<i>John W. West</i>
Certificate No. 676



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PL

Form C-102
Supersedes C-129
Effective 1-1-85

All distances must be from the outer boundaries of the Section.

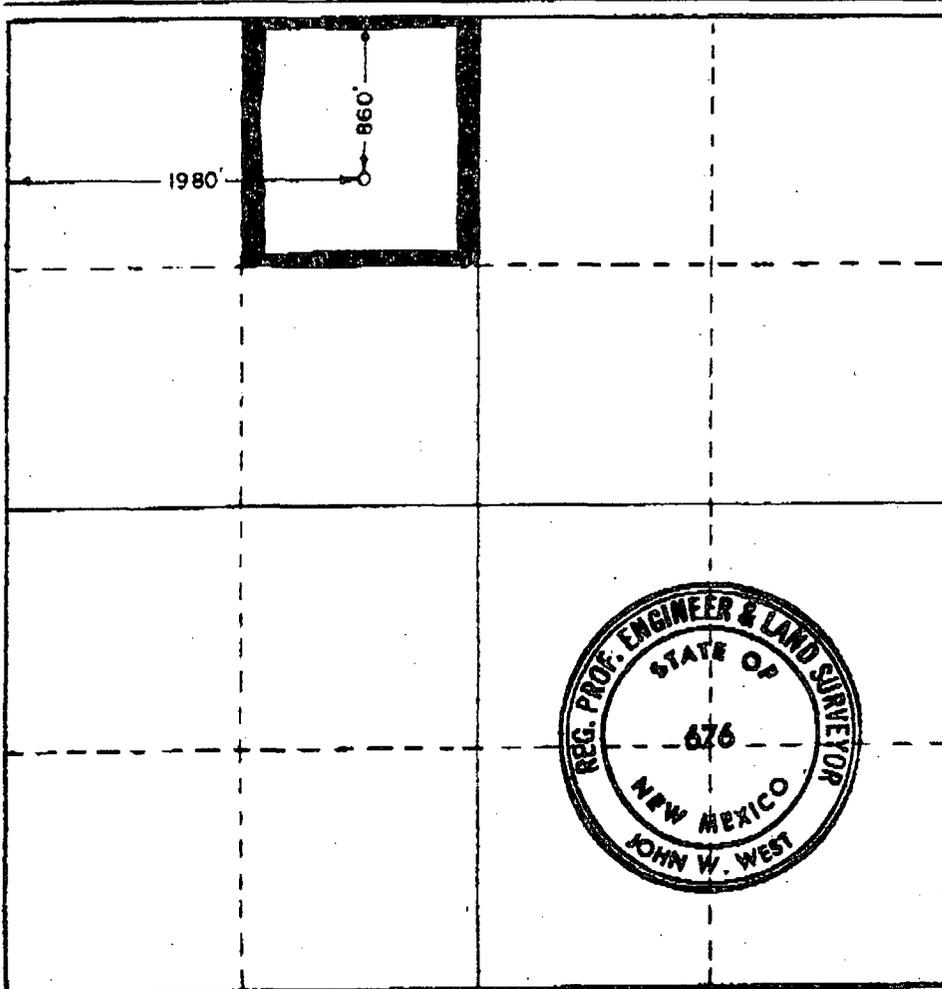
Operator John L. Cox		Lease T P Federal		Well No. 2
Unit Letter C	Section 27	Township 9 South	Range 37 East	County Lea
Actual Footage Location of Well: 860 feet from the North line and 1980 feet from the West line				
Ground Level Elev. 3967.8	Producing Formation San Andres	Pool West Sawyer (San Andres)	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Martha Wittenbach
Name **Martha Wittenbach**

Position
Production Clerk

John L. Cox

Company
August 12, 1974

Date

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 knowledge and belief.

Date Surveyed
August 9, 1974

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. **676**

WEST SAWYER-SAN ANDRES POOL
Lea County, New Mexico

Order No. R-3850, Adopting Temporary Operating Rules for the West Sawyer-San Andres Pool, Lea County, New Mexico, October 14, 1969.

Order No. R-3850-A, October 6, 1970, extends to October 6, 1971 the rules adopted in Order No. R-3850.

Order No. R-3850-B, October 5, 1971, makes permanent the rules adopted in Order No. R-3850.

Application of Coastal States Gas Producing Company for Special Pool Rules, Lea County, New Mexico.

CASE NO. 4222
Order No. R-3850

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on October 8, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 14th day of October, 1969, 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, Coastal States Gas Producing Company, seeks the promulgation of special rules and regulations for the West Sawyer-San Andres Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.

(3) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the West Sawyer-San Andres Pool.

(4) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(5) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to es-

tablish the area that can be efficiently and economically drained and developed by one well and to determine whether or not the subject pool is in fact an associated reservoir.

(6) That this case should be reopened at an examiner hearing in October, 1970, at which time the operators in the subject pool should be prepared to appear and show cause why the West Sawyer-San Andres Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

That temporary Special Rules and Regulations for the West Sawyer-San Andres Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
WEST SAWYER-SAN ANDRES POOL

RULE 1. Each well completed or recompleted in the West Sawyer-San Andres Pool or in the San Andres formation within one mile thereof, and not nearer to or within the limits of another designated San Andres oil pool, shall be spaced, drilled, operated, and produced in accordance with the special rules and regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

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 comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. The first well drilled on every standard or non-standard unit in the West Sawyer-San Andres Pool shall be drilled in the NW/4 or the SE/4 of a governmental quarter section. All wells shall be located within 200 feet of the center of a governmental quarter-quarter section.

RULE 5. The Secretary-Director may grant an exception to the footage requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon, provided the well will be located no nearer than 330 feet to the outer boundary of the unit. All operators offsetting the proposed location shall be notified of the application by registered or certified

(WEST SAWYER-SAN ANDRES POOL - Cont'd.)

mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.00 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the West Sawyer-San Andres Pool or in the San Andres formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before November 1, 1969.

(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 Sawyer-San Andres Pool shall have dedicated thereto 80 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 80 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. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the West Sawyer-San Andres Pool or in the San Andres formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in October, 1970, at which time the operators in the subject pool may appear and show cause why the West Sawyer-San Andres Pool should not be developed on 40-acre spacing units and present evidence as to whether or not the subject pool is in fact an associated reservoir.

(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.

EAST PADUCA-DELAWARE POOL
(No Pit Order Exemption)
Lea County, New Mexico

Order No. R-3534, Granting an Exception to Order No. R-3221, No Pit Order, for the East Paduca-Delaware Pool in Lea County, New Mexico, November 18, 1968.

Application of Joseph I. O'Neill, Jr., for an Exception to Order No. R-3221, as Amended, Lea County, New Mexico.

CASE NO. 3891
Order No. R-3534

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on October 16, 1968, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 18th day of November, 1968, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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, Joseph I. O'Neill, Jr., is the owner and operator of the Joseph I. O'Neill, Jr., Federal "O" Lease comprising the E/2 SE/4 of Section 14, Township 25 South Range 32 East, NMPM, East Paduca-Delaware Pool, Lea County New Mexico.

(3) That effective January 1, 1969, Order (3) of Commission Order No. R-3221, dated May 1, 1967, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake depression, draw, streambed, or arroyo, or in any watercourse or in any other place or in any manner which will constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(4) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.