

|                 |                     |          |                 |             |                      |
|-----------------|---------------------|----------|-----------------|-------------|----------------------|
| DATE<br>12/3/02 | SUBJECT<br>12/23/02 | ENGINEER | LOGGED IN<br>KW | TYPE<br>NSL | APP NO.<br>233928085 |
|-----------------|---------------------|----------|-----------------|-------------|----------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication  
 NSL  NSP  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
- [D] Other: Specify \_\_\_\_\_
- [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

RECEIVED - 3 PM 2:04  
 DIVISION OF OIL CONSERVATION

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

WILLIAM F. CARR  
 Print or Type Name

*William F. Carr*  
 Signature

ATTORNEY  
 Title

12-3-02  
 Date

wcarr@hollandhart.com  
 e-mail Address

HOLLAND & HART<sup>LLP</sup>  
ATTORNEYS AT LAW

DENVER • ASPEN  
BOULDER • COLORADO SPRINGS  
DENVER TECH CENTER  
BILLINGS • BOISE  
CHEYENNE • JACKSON HOLE  
SALT LAKE CITY • SANTA FE  
WASHINGTON, D.C.

P. O. BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
110 NORTH GUADALUPE, SUITE 1  
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421  
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

December 3, 2002

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application of Cortez Operating Company (formerly known as Home-Stake Oil & Gas Company) for administrative approval of an unorthodox bottomhole well location for its Sarah Johnson Well No. 2 in the Drinkard Oil Pool 1525 feet from the South line and 2340 feet from the East line of Section 22, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Wrotenbery:

Cortez Operating Company ("Cortez"), formerly known as Home-Stake Oil & Gas Company ("Home-Stake") hereby seeks administrative approval pursuant to the provisions of Division Rule 104.F adopted on August 12, 1999, of an unorthodox bottomhole location for its Sarah Johnson Well No. 2 in the Drinkard formation, Drinkard Oil Pool, at a point 1525 feet from the South line and 2340 from the East line of Section 22, Township 22 South Range 37 East, NMPM, Lea County, New Mexico. A standard 40-acre oil spacing and proration unit comprised of the NW/4 SE/4 (Unit J) of Section 22 is dedicated to the well.

This well was drilled by Home-Stake in April, 1999 at an unorthodox location 1600 feet from the South line and 2288 feet from the East line of Section 22. The unorthodox location was approved for a well to be drilled to the Undesignated South McCormack-Silurian Pool by Division Administrative Order NSL-4259 dated April 19, 1999. The well is now operated by Cortez Operating Company that acquired Home-Stake Oil & Gas Company in December, 2000. Cortez is obtaining a rider to its existing bond reflecting its name change and has filed Division Form C-104-B with attached well list with the Division.

Administrative Application for Unorthodox Well Location

December 3, 2002

Page 2

The well was drilled to a depth of approximately 7300 feet, plugged back to 5305 feet and side tracked to a bottomhole location 1363 feet from the South line and 2516 feet from the East line at a total depth of 7475 feet in the Fusselman formation. The well was unsuccessful in the Fusselman formation and was re-completed in the Drinkard formation at a depth of 6350 feet to 6493 feet in July 1999. The bottomhole location in the Drinkard formation is 1525 feet from the South line and 2340 feet from the East line of Section 22. A search of the records by Cortez indicates that although a directional survey was run on the well and was filed with the

Division in July 1999, no application to amend Administrative Order NSL-4259 for the bottomhole location in either the Fusselman or the Drinkard formations was filed by Home- Stake with the Division. None of the people who were employed by Home- Stake and who were responsible for the directional drilling of this well are now employed by Cortez Operating Company.

The bottom hole location in the Drinkard formation, Drinkard Oil Pool, is unorthodox because it is governed by Division Rule 104.B that provides for wells on 40-spacing units to be located no closer than 330 feet to the outer boundary of the quarter-quarter section on which the well is located. The unorthodox well location in the Drinkard is 300 feet from the West line and 205 feet from the South line of the dedicated acreage or 30 feet closer to the West line and 125 feet closer to the South line than permitted by the rules of the Division.

Attached hereto as Exhibit A is a plat that shows the subject area, the 40-acre spacing unit comprised of the NW/4 SW/4 of Section 22 and the surface and unorthodox bottom hole location of the well. The only "Affected Persons" under Rule 1207(2)(a) are John H. Hendrix Corporation, the Division-designated operator of the direct west offsetting tract (NE/4 SW/4 of Section 22) and Lewis B. Burleson, Inc. the Division-designated operator of the Southwest offsetting tract (SE/4 SW/4 of Section 22). Attached to this application as Exhibits B and C are waivers of objection to this location from John H. Hendrix Corporation and Lewis B. Burleson, Inc. The SW/4 SE/4 of Section 22 is one common lease with the 40-acre tract dedicated to the Sarah Johnson Well No. 2 and the ownership (working interest and royalty interests) is identical in both tracts. Accordingly, there are no other "affected persons" to whom notice of this application must be provided.

A copy of Division Form C-104 with attached Halliburton Drilling Systems Survey Report that confirms the downhole location of the wellbore in the Drinkard and Fusselman formations is ready to be filed with the Division's District office in Hobbs as soon as this location is approved. Enclosed for your information as Exhibit D is a copy of this form and attached as Exhibit E is a copy of Division Form C-103 which reflects the recompletion of the well to the Drinkard formation. These forms correct the information previously filed with the Division by Home-Stake and will be filed as soon as the location of the well in the Drinkard formation is approved.

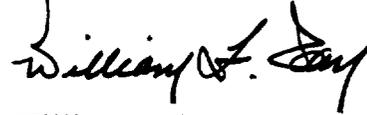
Administrative Application for Unorthodox Well Location

December 3, 2002

Page 3

A draft order approving this application is enclosed for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style with a large initial "W" and a stylized "C".

William F. Carr

Attorney for Cortez Operating Company

Enclosures:

Orientation Plat

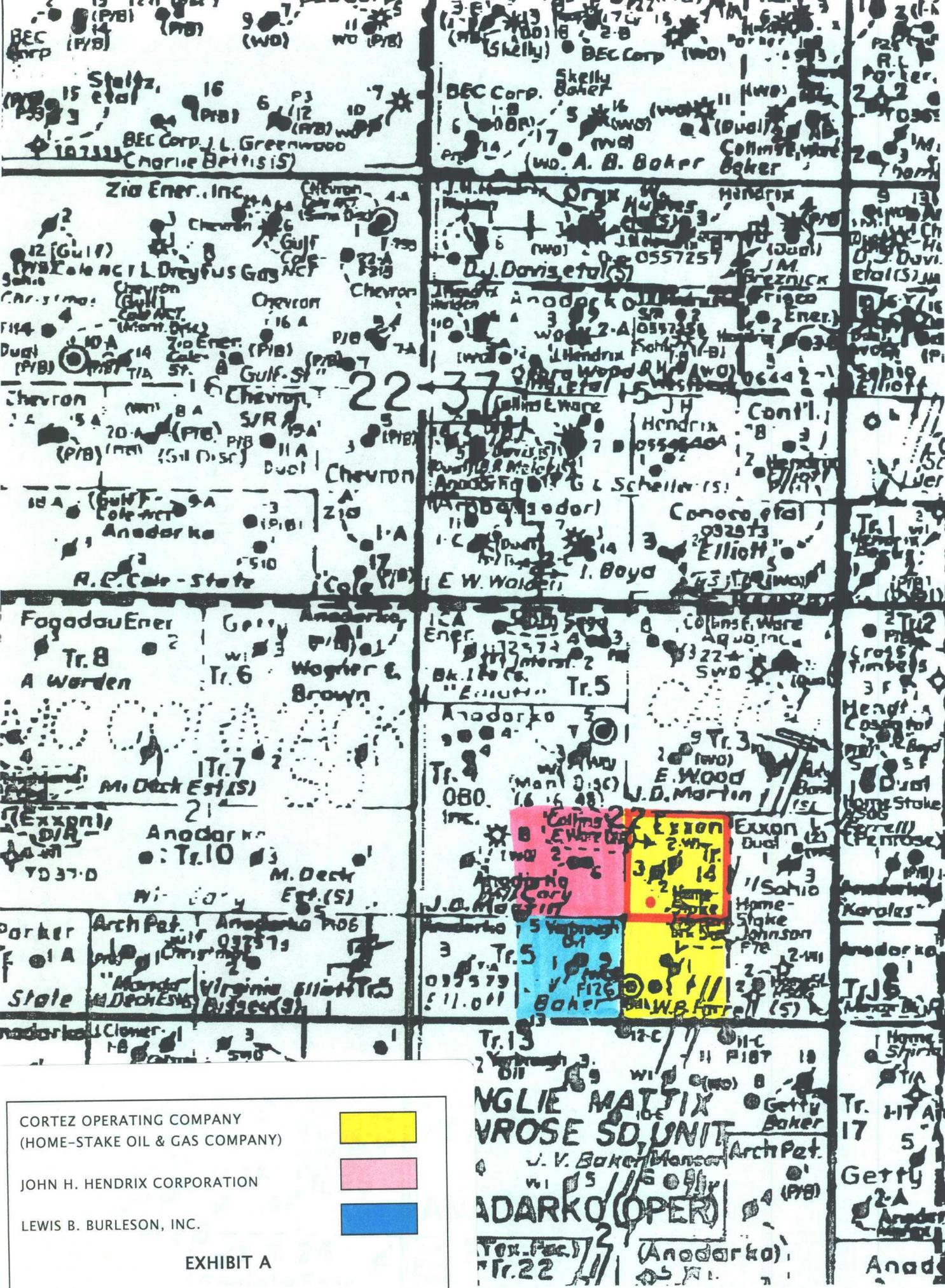
Waiver Letters

Halliburton Report

Division form C-103

Division Form C-104

cc: Mr. Todd Laney  
Cortez Operating Company



CORTEZ OPERATING COMPANY  
(HOME-STAKE OIL & GAS COMPANY)

JOHN H. HENDRIX CORPORATION

LEWIS B. BURLESON, INC.

EXHIBIT A

NGLIE MATJIX  
VROSE SD UNIT  
J. V. Baker/Monsie  
ADARKO (OPER)  
Tr. 22

Tr. 17  
Getty  
Anadarko



RECEIVED  
NOV 27 2002  
BY:

November 20, 2002

John H. Hendrix Corporation  
110 North Marienfeld, Suite 400  
Midland, TX 79701-4412

Re: Home-Stake Oil & Gas Company  
Sarah Johnston Well No. 2-Unorthodox well location  
Section 22, T22S, R37E  
Lea County, New Mexico.

VIA FAX (915) 684-7317  
AND OVERNIGHT MAIL  
PH (915) 684-6631

Gentlemen:

Home-Stake Oil & Gas Company ("HSOG"), now known as Cortez Operating Company ("Cortez"), drilled the Sarah Johnston Well No. 2 to test the Fusselman Formation, South McCormack-Silurian Pool, at a surface location of 1,600 feet from the South line and 2,288 feet from the East line, and at an unorthodox bottomhole location 1,363 feet from the South line and 2,516 feet from the East line of Section 22, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. The well was unsuccessful in the Fusselman and it has been recompleted in the Drinkard formation at a location 1,525 feet from the South line and 2,340 feet from the East line of said Section 22. This well location in the Drinkard formation is unorthodox toward the west and south lines of the dedicated 40-acre spacing unit (NW/4 SE/4) on which it is located. It has been determined, that, John H. Hendrix Corporation ("Hendrix") is an offset operator in the NE/4 SW/4 and is therefore affected by this location.

At this time, Cortez requests that Hendrix waive its objection to this location in the Fusselman and Drinkard formations by signing and dating a copy of this letter in the space below, and returning one executed copy of this letter to Cortez for further handling.

If you have questions concerning this well or application, please contact the undersigned, at (972) 781-6595, ext. 120. Your help in regard to this matter is most appreciated.

Sincerely,

Todd Laney, CPL  
Land Manager

**WAIVER OF OBJECTION:**

John H. Hendrix Corporation, through its undersigned authorized representative, waives objection to the location of the Home-Stake Oil & Gas Company (now known as Cortez Operating Company) Sarah Johnston Well No. 2 in the Fusselman and Drinkard formations.

BY: Ronnie H. Westbrock  
Name: Ronnie H. Westbrock  
Title: Vice President  
Date: 11/25/02

November 20, 2002



RECEIVED  
NOV 27 2002  
BY:

Lewis B. Burleson, Inc.  
200 North Loraine Street, #600  
Midland, TX 79701-4412  
Attention: Mr. Steve Burleson

Re: Home-Stake Oil & Gas Company  
Sarah Johnston Well No. 2-Unorthodox well location  
Section 22, T22S, R37E  
Lea County, New Mexico.

VIA FAX (915) 683-5172  
AND OVERNIGHT MAIL  
PH (915) 683-4747

Gentlemen:

Home-Stake Oil & Gas Company ("HSOG"), now known as Cortez Operating Company ("Cortez"), drilled the Sarah Johnston Well No. 2 to test the Fusselman Formation, South McCormack-Silurian Pool, at a surface location of 1,600 feet from the South line and 2,288 feet from the East line, and at an unorthodox bottomhole location 1,363 feet from the South line and 2,516 feet from the East line of Section 22, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. The well was unsuccessful in the Fusselman and it has been recompleted in the Drinkard formation at a location 1,525 feet from the South line and 2,340 feet from the East line of said Section 22. This well location in the Drinkard formation is unorthodox toward the west and south lines of the dedicated 40-acre spacing unit (NW/4 SE/4) on which it is located. It has been determined, that, Lewis B. Burleson, Inc. ("Burleson") is an offset operator in the SE/4 SW/4 and is therefore affected by this location.

At this time, Cortez requests that Burleson waive its objection to this location in the Fusselman and Drinkard formations by signing and dating a copy of this letter in the space below, and returning one executed copy of this letter to Cortez for further handling.

If you have questions concerning this well or application, please contact the undersigned, at (972) 781-6595, ext. 120. Your help in regard to this matter is most appreciated.

Sincerely,

Todd Laney, CPL  
Land Manager

**WAIVER OF OBJECTION:**

Lewis B. Burleson, Inc., through its undersigned authorized representative, waives objection to the location of the Home-Stake Oil & Gas Company (now known as Cortez Operating Company) Sarah Johnston Well No. 2 in the Fusselman and Drinkard formations.

BY:   
Name: Steven Burleson  
Title: V.P.  
Date: 11/22/02

**CERTIFIED SURVEYS**

**HOME STAKE OIL &  
GAS COMPANY**  
**SARAH JOHNSTON #2**  
**LEA COUNTY, NEW MEXICO**  
**SEC. 22-T22S-R37E**  
Sur: J - 1600/S & 2288/E

BHL: 8 - 363 / S & 2516 / E - ? OK  
APF 30-025-34611

SHOULD BE 1363'

JUNE 10, 1999

DANNA:  
C104 BHL  
to FOR DRINKARD  
ACTUAL BHL IS

**sperry-sun**  
**DRILLING SERVICES**

A HALLIBURTON COMPANY





# sperry-sun

## DRILLING SERVICES

A HALLIBURTON COMPANY

9800 West Reno / Oklahoma City, OK 73127 / 405-324-2222 / 405-324-1009 (Fax)

June 10, 1999

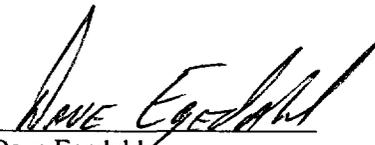
Sent directly to NM OCO  
by Sperry Sun.

Re: Home Stake Oil & Gas Company  
Sarah Johnston #2  
Sec. 22-T22S-R37E  
Lea County, New Mexico

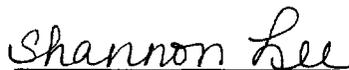
Enclosed please find the original surveys performed on the referenced well by Halliburton/Sperry Sun.

| <u>Name &amp; Title of<br/>Surveyor</u> | <u>Drainhole<br/>Number</u> | <u>Surveyed Depths</u> | <u>Dates Performed</u> | <u>Type of Survey</u> |
|---|-----------------------------|------------------------|------------------------|-----------------------|
| John Strahan<br>Directional Driller     | Sidetrack                   | 5305' - 7375'          | 05/25/99 -<br>06/06/99 | Directional/MWD       |

If any other information is required, please contact the undersigned at the letterhead address and phone number.

  
Dave Egedahl  
Operations Engineer

My Commission Expires: 11-30-99

  
Shannon Lee  
Notary Public



# POST WELL SUMMARY

From May 25, 1999 To June 6, 1999

Job No.:  
Operator: HOMESTAKE OIL & GAS  
Field: LEA COUNTY, NEW MEXICO  
Well: HOMESTK

AFE No.: SEC. 22-T22S-R37E  
Location: LEA COUNTY, NEW MEXICO  
MWD Operator(s): MATT, DON/JASON  
Dir'l Driller(s): JOHN STRAHAN

Company Man: KEN MOZINGO

FOOTAGE DRILLING AVERAGE DRILLING AVERAGE DRILLING  
DRILLED HOURS ROP DAYS FTG/DAY HRS/DAY

2070.00 136.50 15.16 11.58 178.80 11.79

RUN No. BHA No. IN IN OUT OUT DEPTH ANGLE DRILLED HOURS AVERAGE ROP AVERAGE BUILD FLOW ON-BOTTOM MAX. BH TEMP MOTOR SERIAL No.

1 1 5305.00 0.48 5804.00 11.10 499.00 59.50 8.39 2.13 0 1838  
1 2 5804.00 11.10 7375.00 12.10 1571.00 77.00 20.40 0.06 0 1825  
-----  
-----  
65M-047  
HT64136

RUN No. BHA No. BIT SIZE(in) BIT MODEL NOZZLES (/32nd) MOTOR Description\_CAP STAB O.D. DISTANCE CTR TO BIT REASON FOR TRIP

1 1 7-7/8" F47-HPS 12 12 12 6-1/2" SLO-SPEED 5/6  
X 1.50° bend  
1 2 7-7/8" F47-HPS 12 12 12 6-1/2" SLO-SPEED 5/6  
X 1.50° bend  
-----  
-----  
MP - Motor performance  
<undefined>

RUN No. BHA No. SLIDE FTG ROTATE HRS ROTATE HRS SLIDE ROP ROTATE ROP ROTATE HRS COMMENTS

1 1 386.00 113.00 52.75 6.75 7.32 16.74 60.00  
1 2 238.00 1333.00 14.00 63.00 17.00 21.16 101.67  
KICK OFF & BUILD 3 DEG/100 TO 15.3 @ S47W  
FINISH BUILDING ANGLE & HOLD TO TD

F

## Survey Report

Date: 6/10/99  
 Time: 3:42 pm  
 Wellpath ID: HOMESTK  
 Date Created: 5/28/99  
 Last Revision: 6/10/99

*Calculated using the Minimum Curvature Method  
 Computed using PDS VER2.2.6  
 Vertical Section Plane: 224.29 deg.*

Survey Reference: WELLHEAD  
 Vertical Section Reference: WELLHEAD  
 Closure Reference: WELLHEAD  
 TVD Reference: WELLHEAD

HOME STAKE OIL & GAS COMPANY  
 LEA COUNTY, NEW MEXICO  
 McMORMACK; SILURIAN, SOUTH  
 SARAH JOHNSTON #2  
 SEC. 22 - T22S - R37E

### SURVEY

| Measured Depth (ft)                                | Incl (deg.) | Drift Dir. (deg.) | Course Length (ft) | TVD (ft) | Vertical Section (ft) | TOTAL Rectangular Offsets (ft) | DLS (dg/100ft) |  |
|--|-------------|-------------------|--------------------|----------|-----------------------|--------------------------------|----------------|--|
| TIE-IN TO GYRO SURVEY @ 5200' MD                   |             |                   |                    |          |                       |                                |                |  |
| 5200.00  | 0.95        | 50.57             | 0.00               | 5198.60  | -93.57                | 51.30 N 81.41 E                | 0.00           |  |
| 5282.00  | 0.70        | 37.20             | 82.00              | 5280.59  | -94.74                | 52.13 N 82.24 E                | 0.38           |  |
| BHA #1 @ 5305' 6 1/2" SS 5/6 x 1.5° BEND - F47-HPS |             |                   |                    |          |                       |                                |                |  |
| 5313.00  | 0.40        | 30.20             | 31.00              | 5311.59  | -95.03                | 52.38 N 82.41 E                | 0.99           |  |
| 5344.00  | 0.10        | 320.50            | 31.00              | 5342.59  | -95.14                | 52.49 N 82.44 E                | 1.22           |  |
| 5376.00  | 0.70        | 240.90            | 32.00              | 5374.59  | -94.96                | 52.42 N 82.26 E                | 2.15           |  |
| 5407.00  | 1.30        | 219.50            | 31.00              | 5405.58  | -94.43                | 52.05 N 81.87 E                | 2.25           |  |
| 5438.00  | 2.20        | 224.50            | 31.00              | 5436.57  | -93.48                | 51.36 N 81.23 E                | 2.94           |  |
| 5470.00  | 3.20        | 225.60            | 32.00              | 5468.53  | -91.97                | 50.29 N 80.16 E                | 3.13           |  |
| 5501.00  | 4.20        | 223.60            | 31.00              | 5499.47  | -89.97                | 48.87 N 78.76 E                | 3.25           |  |
| 5533.00  | 5.30        | 224.90            | 32.00              | 5531.36  | -87.32                | 46.97 N 76.90 E                | 3.45           |  |
| 5595.00  | 7.40        | 224.90            | 62.00              | 5592.97  | -80.47                | 42.11 N 72.06 E                | 3.39           |  |
| 5658.00  | 9.00        | 230.60            | 63.00              | 5655.33  | -71.51                | 36.11 N 65.39 E                | 2.85           |  |
| 5720.00  | 9.90        | 230.40            | 62.00              | 5716.49  | -61.39                | 29.64 N 57.54 E                | 1.45           |  |
| 5783.00  | 10.40       | 232.20            | 63.00              | 5778.50  | -50.37                | 22.70 N 48.87 E                | 0.94           |  |
| BHA #2 @ 5804' 6 1/2" SS 5/6 X 1.5° BEND - F47-HPS |             |                   |                    |          |                       |                                |                |  |
| 5846.00  | 12.50       | 228.80            | 63.00              | 5840.25  | -37.94                | 14.72 N 39.25 E                | 3.50           |  |
| 5940.00  | 14.60       | 224.10            | 94.00              | 5931.63  | -15.95                | 0.49 S 23.35 E                 | 2.52           |  |
| 6032.00  | 14.80       | 224.20            | 92.00              | 6020.61  | 7.39                  | 17.24 S 7.09 E                 | 0.22           |  |
| 6126.00  | 14.00       | 225.80            | 94.00              | 6111.66  | 30.77                 | 33.77 S 9.44W                  | 0.95           |  |
| 6220.00  | 13.40       | 224.30            | 94.00              | 6202.99  | 53.02                 | 49.50 S 25.20W                 | 0.74           |  |

5

# HALLIBURTON DRILLING SYSTEMS

## Survey Report

| Measured Depth<br>(ft)      | Incl (deg.) | Drift Dir. (deg.) | Course Length (ft) | TVD (ft) | Vertical Section (ft) | TOTAL            |              | DLS (dg/100ft) |
|-----------------------------|-------------|-------------------|--------------------|----------|-----------------------|------------------|--------------|----------------|
|                             |             |                   |                    |          |                       | Rectangular (ft) | Offsets (ft) |                |
| 6314.00                     | 14.60       | 226.80            | 94.00              | 6294.19  | 75.75                 | 65.40 S          | 41.44W       | 1.43           |
| 6409.00                     | 14.30       | 228.00            | 95.00              | 6386.19  | 99.42                 | 81.45 S          | 58.89W       | 0.45           |
| 6471.00                     | 14.40       | 227.60            | 62.00              | 6446.25  | 114.76                | 91.77 S          | 70.27W       | 0.23           |
| <i>6493</i>                 |             |                   |                    |          |                       | <i>95.59 S</i>   | <i>74-41</i> |                |
| 6566.00                     | 13.90       | 228.70            | 95.00              | 6538.37  | 137.93                | 107.27 S         | 87.57W       | 0.60           |
| 6628.00                     | 13.50       | 229.60            | 62.00              | 6598.61  | 152.56                | 116.87 S         | 98.67W       | 0.73           |
| 6691.00                     | 12.90       | 230.00            | 63.00              | 6659.94  | 166.88                | 126.16 S         | 109.66W      | 0.96           |
| 6754.00                     | 12.80       | 223.20            | 63.00              | 6721.37  | 180.86                | 135.77 S         | 119.82W      | 2.40           |
| 6816.00                     | 14.80       | 226.00            | 62.00              | 6781.58  | 195.64                | 146.28 S         | 130.22W      | 3.40           |
| 6910.00                     | 15.10       | 227.10            | 94.00              | 6872.39  | 219.87                | 162.95 S         | 147.83W      | 0.44           |
| 7004.00                     | 14.80       | 229.20            | 94.00              | 6963.21  | 244.06                | 179.13 S         | 165.89W      | 0.66           |
| 7098.00                     | 13.80       | 228.50            | 94.00              | 7054.30  | 267.21                | 194.41 S         | 183.37W      | 1.08           |
| 7161.00                     | 13.40       | 227.00            | 63.00              | 7115.53  | 281.99                | 204.36 S         | 194.34W      | 0.85           |
| 7325.00                     | 12.10       | 225.50            | 164.00             | 7275.49  | 318.16                | 229.37 S         | 220.50W      | 0.82           |
| PROJECTION TO TD @ 7375' MD |             |                   |                    |          |                       |                  |              |                |
| 7375.00                     | 12.10       | 225.50            | 50.00              | 7324.38  | 328.64                | 236.72 S         | 227.97W      | 0.00           |



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera  
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

December 4, 2002

Cortez Operating Company  
c/o Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

Administrative Order NSL-4816

Dear Mr. Carr:

Reference is made to your application received by the New Mexico Oil Conservation Division (Division) on December 3<sup>rd</sup> 2002, for an unorthodox oil well location for Cortez Operating Company's (formerly Home-Stake Oil & Gas Company) Sarah Johnson Well No. 2 in the Drinkard formation, Drinkard Oil Pool.

Said well is deviated in direction with the Drinkard formation within the well bore located 1525 feet from the South line and 2340 feet from the East line (Unit J) of Section 22, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. This well is dedicated to a standard 40-acre oil spacing and proration unit in the Drinkard formation comprising the NW/4 SE/4 of said Section 22.

This well was originally drilled targeting the Silurian formation in the Undesignated South McCormack-Silurian Pool at a non-standard location, approved with Division Order NSL-4259. This well was unsuccessful in the Silurian and plugged back by Home-Stake Oil & Gas Company to a non-standard location within the Drinkard Oil Pool. Said non-standard location being 300 feet from the West line and 205 feet from the South line of the dedicated 40-acre NW/4 SE/4 acreage.

The application has been duly filed under the provisions of Rule 104.F of the Rules and Regulations of the Division and waivers of objection have been received from affected parties to the South and the West.

By authority granted me under the provisions of Rule 104.F(2), as revised, the above-described unorthodox well location is hereby **approved**.

Administrative Division Order NSL-4816  
Cortez Operating Company  
December 4, 2002  
Page 2 of 2

Sincerely,

*Lori Wrotenbery* <sup>wvjj</sup>

Lori Wrotenbery  
Director

LW/wvjj

cc: New Mexico Oil Conservation Division – Hobbs  
Cortez Operating Company, Todd Laney – Plano, Texas

HOLLAND & HART LLP  
ATTORNEYS AT LAW

DENVER • ASPEN  
BOULDER • COLORADO SPRINGS  
DENVER TECH CENTER  
BILLINGS • BOISE  
CHEYENNE • JACKSON HOLE  
SALT LAKE CITY • SANTA FE  
WASHINGTON, D.C.

P.O. BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
110 NORTH GUADALUPE, SUITE 1  
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421  
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

December 3, 2002

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application of Cortez Operating Company (formerly known as Home-Stake Oil & Gas Company) for administrative approval of an unorthodox bottomhole well location for its Sarah Johnson Well No. 2 in the Drinkard Oil Pool 1525 feet from the South line and 2340 feet from the East line of Section 22, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Wrotenbery:

Cortez Operating Company ("Cortez"), formerly known as Home-Stake Oil & Gas Company ("Home-Stake") hereby seeks administrative approval pursuant to the provisions of Division Rule 104.F adopted on August 12, 1999, of an unorthodox bottomhole location for its Sarah Johnson Well No. 2 in the Drinkard formation, Drinkard Oil Pool, at a point 1525 feet from the South line and 2340 from the East line of Section 22, Township 22 South Range 37 East, NMPM, Lea County, New Mexico. A standard 40-acre oil spacing and proration unit comprised of the NW/4 SE/4 (Unit J) of Section 22 is dedicated to the well.

This well was drilled by Home-Stake in April, 1999 at an unorthodox location 1600 feet from the South line and 2288 feet from the East line of Section 22. The unorthodox location was approved for a well to be drilled to the Undesignated South McCormack-Silurian Pool by Division Administrative Order NSL-4259 dated April 19, 1999. The well is now operated by Cortez Operating Company that acquired Home-Stake Oil & Gas Company in December, 2000. Cortez is obtaining a rider to its existing bond reflecting its name change and has filed Division Form C-104-B with attached well list with the Division.

Administrative Application for Unorthodox Well Location

December 3, 2002

Page 2

The well was drilled to a depth of approximately 7300 feet, plugged back to 5305 feet and side tracked to a bottomhole location 1363 feet from the South line and 2516 feet from the East line at a total depth of 7475 feet in the Fusselman formation. The well was unsuccessful in the Fusselman formation and was re-completed in the Drinkard formation at a depth of 6350 feet to 6493 feet in July 1999. The bottomhole location in the Drinkard formation is 1525 feet from the South line and 2340 feet from the East line of Section 22. A search of the records by Cortez indicates that although a directional survey was run on the well and was filed with the

Division in July 1999, no application to amend Administrative Order NSL-4259 for the bottomhole location in either the Fusselman or the Drinkard formations was filed by Home- Stake with the Division. None of the people who were employed by Home-Stake and who were responsible for the directional drilling of this well are now employed by Cortez Operating Company.

The bottom hole location in the Drinkard formation, Drinkard Oil Pool, is unorthodox because it is governed by Division Rule 104.B that provides for wells on 40-spacing units to be located no closer than 330 feet to the outer boundary of the quarter-quarter section on which the well is located. The unorthodox well location in the Drinkard is 300 feet from the West line and 205 feet from the South line of the dedicated acreage or 30 feet closer to the West line and 125 feet closer to the South line than permitted by the rules of the Division.

Attached hereto as Exhibit A is a plat that shows the subject area, the 40-acre spacing unit comprised of the NW/4 SW/4 of Section 22 and the surface and unorthodox bottom hole location of the well. The only "Affected Persons" under Rule 1207(2)(a) are John H. Hendrix Corporation, the Division-designated operator of the direct west offsetting tract (NE/4 SW/4 of Section 22) and Lewis B. Burleson, Inc. the Division-designated operator of the Southwest offsetting tract (SE/4 SW/4 of Section 22). Attached to this application as Exhibits B and C are waivers of objection to this location from John H. Hendrix Corporation and Lewis B. Burleson, Inc. The SW/4 SE/4 of Section 22 is one common lease with the 40-acre tract dedicated to the Sarah Johnson Well No. 2 and the ownership (working interest and royalty interests) is identical in both tracts. Accordingly, there are no other "affected persons" to whom notice of this application must be provided.

A copy of Division Form C-104 with attached Halliburton Drilling Systems Survey Report that confirms the downhole location of the wellbore in the Drinkard and Fusselman formations is ready to be filed with the Division's District office in Hobbs as soon as this location is approved. Enclosed for your information as Exhibit D is a copy of this form and attached as Exhibit E is a copy of Division Form C-103 which reflects the recompletion of the well to the Drinkard formation. These forms correct the information previously filed with the Division by Home-Stake and will be filed as soon as the location of the well in the Drinkard formation is approved.

Administrative Application for Unorthodox Well Location

December 3, 2002

Page 3

A draft order approving this application is enclosed for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style with a large initial "W".

William F. Carr

Attorney for Cortez Operating Company

Enclosures:

Orientation Plat

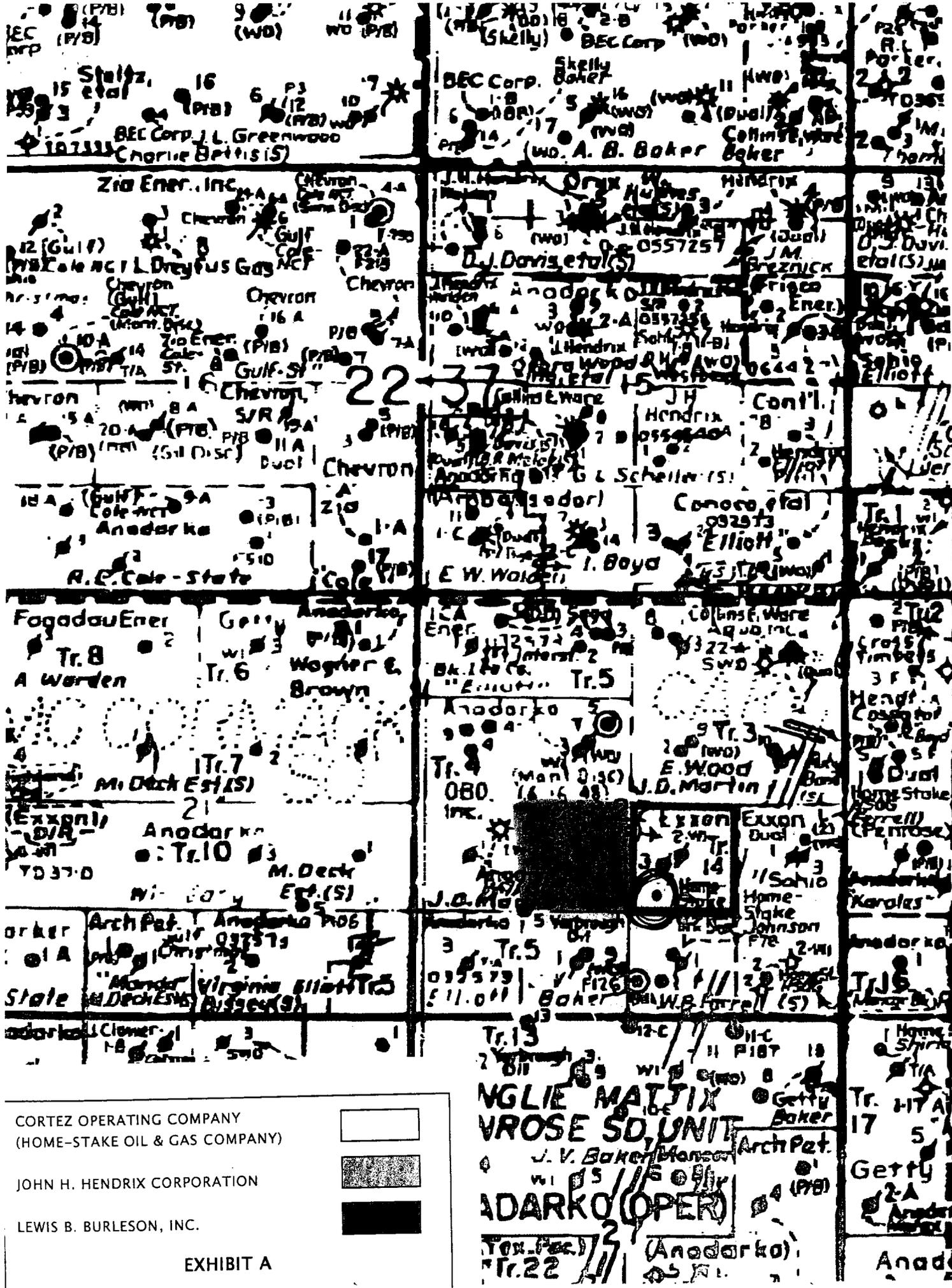
Waiver Letters

Halliburton Report

Division form C-103

Division Form C-104

cc: Mr. Todd Laney  
Cortez Operating Company



CORTEZ OPERATING COMPANY  
(HOME-STAKE OIL & GAS COMPANY)

JOHN H. HENDRIX CORPORATION

LEWIS B. BURLESON, INC.

EXHIBIT A



RECEIVED  
NOV 27 2002  
BY: \_\_\_\_\_

November 20, 2002

John H. Hendrix Corporation  
110 North Marienfeld, Suite 400  
Midland, TX 79701-4412

Re: Home-Stake Oil & Gas Company  
Sarah Johnston Well No. 2-Unorthodox well location  
Section 22, T22S, R37E  
Lea County, New Mexico.

VIA FAX (915) 684-7317  
AND OVERNIGHT MAIL  
PH (915) 684-6631

Gentlemen:

Home-Stake Oil & Gas Company ("HSOG"), now known as Cortez Operating Company ("Cortez"), drilled the Sarah Johnston Well No. 2 to test the Fusselman Formation, South McCormack-Silurian Pool, at a surface location of 1,600 feet from the South line and 2,288 feet from the East line, and at an unorthodox bottomhole location 1,363 feet from the South line and 2,516 feet from the East line of Section 22, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. The well was unsuccessful in the Fusselman and it has been recompleted in the Drinkard formation at a location 1,525 feet from the South line and 2,340 feet from the East line of said Section 22. This well location in the Drinkard formation is unorthodox toward the west and south lines of the dedicated 40-acre spacing unit (NW/4 SE/4) on which it is located. It has been determined, that, John H. Hendrix Corporation ("Hendrix") is an offset operator in the NE/4 SW/4 and is therefore affected by this location.

At this time, Cortez requests that Hendrix waive its objection to this location in the Fusselman and Drinkard formations by signing and dating a copy of this letter in the space below, and returning one executed copy of this letter to Cortez for further handling.

If you have questions concerning this well or application, please contact the undersigned, at (972) 781-6595, ext. 120. Your help in regard to this matter is most appreciated.

Sincerely,

Todd Laney, CPL  
Land Manager

**WAIVER OF OBJECTION:**

John H. Hendrix Corporation, through its undersigned authorized representative, waives objection to the location of the Home-Stake Oil & Gas Company (now known as Cortez Operating Company) Sarah Johnston Well No. 2 in the Fusselman and Drinkard formations.

BY: Rennie H. Nestor  
Name: Rennie H. Nestor  
Title: Vice President  
Date: 11/25/02

District I  
PO Box 1780, Hobbs, NM 88241-2980  
District II  
511 South First, Artesia, NM 88210  
District III  
1000 Rio Bravo Rd., Artesia, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

**OIL CONSERVATION DIVISION**  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-104  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
5 Copies

AMENDED REPORT

**I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT**

|   |  |                        |
|---|--|------------------------|
| Operator name and Address<br>Home-Stake Oil & Gas Company<br>15 E. 5th Street, Suite 2800<br>Tulsa, Ok. 74103 |  | OGRID Number<br>163123 |
| Reason for Filing Code<br>NW  |  |                        |
| API Number<br>30 - 0 25-34611   | Pool Name<br>South McCormack, Silurian | Pool Code<br>45430     |
| Property Code<br>23630  | Property Name<br>Sarah Johnston        | Well Number<br>2       |

THIS WELL HAS BEEN PLACED IN THE PORE DESIGNATED AREA IF YOU DO NOT CONCUR NOTIFY THIS OFFICE

**II. Surface Location**

| Ul or lot no. | Section | Township | Range | Lot Idn | Feet from lbr | North/South Line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| J             | 22      | 22S      | 37E   |         | 1600          | South            | 2288          | East           | Lea    |

**III. Bottom Hole Location**

| Ul, or lot no. | Section                    | Township                       | Range                      | Lot Idn                     | Feet from the                | North/South line | Feet from the | East/West line | County |
|----------------|----------------------------|--------------------------------|----------------------------|-----------------------------|------------------------------|------------------|---------------|----------------|--------|
| D              | 22                         | 22S                            | 37E                        |                             | 363                          | South            | 2516          | East           | Lea    |
| Lea Code<br>P  | Producing Method Code<br>F | Gas Connection Date<br>7/23/99 | C-129 Permit Number<br>N/A | C-129 Effective Date<br>N/A | C-129 Expiration Date<br>N/A |                  |               |                |        |

**III. Oil and Gas Transporters**

| Transporter OGRID | Transporter Name and Address                             | FOD      | O/G | FOD ULSTR Location and Description                           |
|-------------------|--|----------|-----|--|
| 021778            | Sunoco (R&M)<br>1004 N. Big Spring<br>Midland, TX 79701  | 282 3631 | O   | UL '0' Sec 22-T22S-R37E<br>Sarah Johnston #1<br>Tank Battery |
| 009171            | GPM Gas Corporation<br>4044 Penbrook<br>Odessa, TX 79762 | 282 3632 | G   | UL '0' Sec 22-T22S-R37E<br>Sarah Johnston #1<br>Tank Battery |

**IV. Produced Water**

|                 |  |
|-----------------|--|
| FOD<br>282 3633 | FOD ULSTR Location and Description<br>Water Tank-Sarah Johnston #1 Tank Battery<br>UL '0' Sec 22 T22s-R37E |
|-----------------|--|

**V. Well Completion Data**

| Spud Date | Ready Date           | TD        | FBID         | Perforations | DHC, DC, MC |
|-----------|----------------------|-----------|--------------|--------------|-------------|
| 5/6/99    | 7/23/99              | 7475      | 7205         | 6350-6493    | N/A         |
| Hole Size | Casing & Tubing Size | Depth Set | Seals Cement |              |             |
| 17 1/2"   | 13 3/8"              | 397'      | 440 SX       |              |             |
| 11"       | 8 5/8"               | 3400'     | 800SX        |              |             |
| 7 7/8"    | 5 1/2"               | 7472'     | 955/SX       |              |             |
|           | 2 7/8"               | 6305'     | N/A          |              |             |

**VI. Well Test Data**

| Date New Oil | Gas Delivery Date | Test Date | Test Length | Thg. Pressure | Org. Pressure |
|--------------|-------------------|-----------|-------------|---------------|---------------|
| 7/23/99      | 7/23/99           | 7/25/99   | 24 hrs      | 100#          | 0             |
| Choke Size   | Oil               | Water     | Gas         | ACF           | Test Method   |
| 20/64"       | 126 Bbls          | 25 Bbls   | 435 MCF     | -             | F             |

I hereby certify that the rules of the Oil Conservation Division have been compiled with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *[Signature]*  
Printed name: Larry Tarwater  
Title: Production Engineer  
Date: 7-26-99 Phone: (918) 583-0178

**OIL CONSERVATION DIVISION**  
Approved by: ORIGINAL SIGNED BY CHRIS WILLIAMS  
DISTRICT I SUPERVISOR  
Title:  
Approval Date: AUG 26 1999

\* If this is a change of operator fill in the OGRID number and name of the previous operator

|                             |              |       |      |
|-----------------------------|--------------|-------|------|
| Previous Operator Signature | Printed Name | Title | Date |
|-----------------------------|--------------|-------|------|

District I 1625 N. French Dr., Hobbs, NM 88240
District II 1301 W. Grand Ave., Artesia, NM 88210
District III 1000 Rio Brazos Rd., Aztec, NM 87410
District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-025-34611
5. Indicate Type of Lease STATE [ ] FEE [x]
6. State Oil & Gas Lease No. 163123

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [x] Gas Well [ ] Other [ ]
2. Name of Operator Home-Stake Oil & Gas Company
3. Address of Operator 2745 N. Dallas Parkway, Suite 220, Plano, Tx 75093
4. Well Location Unit Letter J : 1600 feet from the South line and 2288 feet from the East line
Section 22 Township 22 South Range 37 East NMPM Lea County
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 3351' GR 3369' KB

7. Lease Name or Unit Agreement Name: Sarah Johnston
8. Well No. 2
9. Pool name or Wildcat McCormack Silurian, South

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data
NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [ ] PLUG AND ABANDON [ ]
TEMPORARILY ABANDON [ ] CHANGE PLANS [x]
PULL OR ALTER CASING [ ] MULTIPLE COMPLETION [ ]
OTHER: [ ]
SUBSEQUENT REPORT OF:
REMEDIAL WORK [ ] ALTERING CASING [ ]
COMMENCE DRILLING OPNS. [ ] PLUG AND ABANDONMENT [ ]
CASING TEST AND CEMENT JOB [ ]
OTHER: Plug Back to Drinkard formation [x]

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

6/23/99 Ran 5-1/2" Baker Model TV CIBP and set at 7225' and cap with 20' of cement.
Perforate 5-1/2" casing in Drinkard zone - 6350' - 6493'. Total 23 holes.

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

SIGNATURE [Signature] TITLE Engineering Tech. DATE 11/26/2002

Type or print name Rebecca E. Foster 972.781.6595 ext 129 Telephone No.
(This space for State use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of approval, if any:

Cortez Operating Company  
c/o Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

*Administrative Order NSL-\_\_\_\_\_*

Dear Mr. Carr:

Reference is made to your application dated December 3, 2002 for an unorthodox gas well location for the Cortez Operating Company (formerly home-Stake Oil 7 Gas Company) Sarah Johnson Well No. 2 in the Drinkard formation, Drinkard Oil Pool, at an unorthodox oil well location 1525 feet from the South line and 2340 feet from the East line (Unit J) of Section 22, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

A 40-acre spacing and proration unit in the Drinkard formation comprising the NW/4 SE/4 of said Section 22 is dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

Sincerely,

Lori Wrotenbery  
Director

cc: Oil Conservation Division - Hobbs  
U. S. Bureau of Land Management - Carlsbad

CMD :  
OG5JLST

ONGARD  
INQUIRE ULSTR PRODUCTION AND AGREEMENT DATA

12/04/02 13:29:19  
OGOWVJ -TPE3  
PAGE NO: 1

Sec : 22 Twp : 22S Rng : 37E UL: J Lot-Idn :  
Acreage : 40.00 Bene Grp : Seismic Permit :  
Lease Number : NO ACT IVE Expr Dte :  
Lessees :  
Comm Agr Names :

000000

Unit Agr Names :  
LANGLIE MATTIX PENROSE SAND UNIT

---

| S | API Num      | Status |
|---|--------------|--------|
|   | 30 025 10416 | A      |
|   | 30 025 34611 | A      |

---

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

CMD :  
OG6CLOG

ONGARD  
C105-WELL COMPLETION OR RECOMP CASING LOG

12/04/02 13:39:29  
OGOWVJ -TPE3

OGRID Identifier : 817 ANADARKO PETROLEUM CORP  
Prop Identifier : 1328 LANGLIE MATTIX PENROSE SAND UNIT  
API Well Identifier : 30 25 10414 Well No : 001  
Surface Locn - UL : N Sec : 22 Twp : 22S Range : 37E Lot Idn :  
Multiple comp (S/M/C): S TVD Depth (Feet) : 99999 MVD Depth (Feet):  
Spud Date : P/A Date :  
Casing/Linear Record:

-----  
S Size Grade Weight Depth(ft) Depth(ft) Hole Size Cement ---- TOC ----  
(inches) (lb/ft) Top-Liner Bot-Liner (inches) (Sacks) (feet) Code  
-----  
99.000 99.0 99999.0 99999.0 99.000 9999 99999 C  
-----

E0043: Record found; Authority denied to MODIFY/ADD

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 TLOG PF11 PF12

CMD :  
OG6CLOG

ONGARD  
C105-WELL COMPLETION OR RECOMP CASING LOG

12/04/02 13:40:25  
OGOWVJ -TPE3

OGRID Identifier : 13300 LEWIS B BURLESON INC  
Prop Identifier : 29249 J V BAKER  
API Well Identifier : 30 25 10415 Well No : 009  
Surface Locn - UL : N Sec : 22 Twp : 22S Range : 37E Lot Idn :  
Multiple comp (S/M/C) : S TVD Depth (Feet) : 6450 MVD Depth (Feet) : 6450  
Spud Date : P/A Date :  
Casing/Linear Record:

| S Size<br>(inches) | Grade Weight<br>(lb/ft) | Depth(ft)<br>Top-Liner | Depth(ft)<br>Bot-Liner | Hole Size<br>(inches) | Cement<br>(Sacks) | TOC<br>(feet) | Code |
|--------------------|-------------------------|------------------------|------------------------|-----------------------|-------------------|---------------|------|
| 13.375             | 44.5                    | 0.0                    | 200.0                  | 17.000                | 200               |               | C    |
| 8.625              | 28.0                    | 0.0                    | 2790.0                 | 11.000                | 1000              |               | C    |
| 5.500              | 14.0                    | 0.0                    | 6450.0                 | 7.875                 | 450               |               | C    |

E0043: Record found; Authority denied to MODIFY/ADD

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 TLOG PF11 PF12

CMD :  
OG6IWCM

ONGARD  
INQUIRE WELL COMPLETIONS

12/04/02 13:40:41  
OGOWVJ -TPE3

API Well No : 30 25 10415 Eff Date : 09-19-2001 WC Status : P  
Pool Idn : 6660 BLINEBRY OIL AND GAS (OIL)  
OGRID Idn : 25504 YARBROUGH OIL LP  
Prop Idn : 16403 J V BAKER

Well No : 009  
GL Elevation: 3352

|           | U/L | Sec | Township | Range | North/South | East/West    | Prop/Act(P/A) |
|-----------|-----|-----|----------|-------|-------------|--------------|---------------|
| B.H. Locn | : N | 22  | 22S      | 37E   | FTG 766 F S | FTG 2086 F W | A             |

Lot Identifier:  
Dedicated Acre:

Lease Type : P

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 |

CMD :  
OG6IWCM

ONGARD  
INQUIRE WELL COMPLETIONS

12/04/02 13:42:35  
OGOWVJ -TPE3

API Well No : 30 25 10407 Eff Date : 03-18-1994 WC Status : A  
Pool Idn : 37240 LANGLIE MATTIX;7 RVRs-Q-GRAYBURG  
OGRID Idn : 817 ANADARKO PETROLEUM CORP  
Prop Idn : 1328 LANGLIE MATTIX PENROSE SAND UNIT

Well No : 002  
GL Elevation: 99999

|           | U/L | Sec | Township | Range | North/South  | East/West    | Prop/Act (P/A) |
|-----------|-----|-----|----------|-------|--------------|--------------|----------------|
| B.H. Locn | : K | 22  | 22S      | 37E   | FTG 1980 F S | FTG 1980 F W | P              |

Lot Identifier:

Dedicated Acre: 40.00

Lease Type : P

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 |

CMD :  
OG6IWCM

ONGARD  
INQUIRE WELL COMPLETIONS

12/04/02 13:44:06  
OGOWVJ -TPE3

API Well No : 30 25 10411 Eff Date : 10-15-1991 WC Status : S  
Pool Idn : 10260 CARY;MONTROYA  
OGRID Idn : 12024 JOHN H HENDRIX CORP  
Prop Idn : 5136 WILL CARY

Well No : 006  
GL Elevation: 3342

|           | U/L | Sec | Township | Range | North/South  | East/West    | Prop/Act (P/A) |
|-----------|-----|-----|----------|-------|--------------|--------------|----------------|
| B.H. Locn | : K | 22  | 22S      | 37E   | FTG 1980 F S | FTG 2130 F W | A              |

Lot Identifier:

Dedicated Acre: 40.00

Lease Type : P

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 |

CMD :  
OG6IWCM

ONGARD  
INQUIRE WELL COMPLETIONS

12/04/02 13:29:51  
OGOWVJ -TPE3

API Well No : 30 25 34611 Eff Date : 12-18-2000 WC Status : P  
Pool Idn : 19190 DRINKARD  
OGRID Idn : 163123 HOME-STAKE OIL & GAS CO (THE)  
Prop Idn : 23630 SARAH JOHNSTON

Well No : 002  
GL Elevation: 3351

|           | U/L | Sec | Township | Range | North/South  | East/West    | Prop/Act(P/A) |
|-----------|-----|-----|----------|-------|--------------|--------------|---------------|
| B.H. Locn | : J | 22  | 22S      | 37E   | FTG 1600 F S | FTG 2288 F E | A             |

Lot Identifier:  
Dedicated Acre: 40.00  
Lease Type : P  
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 |



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON  
Governor  
Betty Rivera  
Cabinet Secretary

Lori Wrotenbery  
Director  
Oil Conservation Division

Oil Conservation Division  
1220 S. Francis Drive  
Santa Fe, NM 87505

RE: Proposed:  
MC \_\_\_\_\_  
DHC \_\_\_\_\_  
NSL   X     BHL    
NSP \_\_\_\_\_  
SWD \_\_\_\_\_  
WFX \_\_\_\_\_  
PMX \_\_\_\_\_

Gentlemen:

I have examined the application for the:

Cortez Operating Co Sarah Johnson # 2-J, 22-225-37e  
Operator Lease & Well No. Unit S-T-R API# 30-025-34611

and my recommendations are as follows:

\_\_\_\_\_  
\_\_\_\_\_  
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Yours very truly,

Chris Williams  
Chris Williams  
Supervisor, District 1