

Exploration Division
403 Wall Towers West
Midland, Texas 79701
Phone (915) 682-3711



C. F. Keller
Exploration Manager

January 26, 1978

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. D. S. Nutter, Chief Engineer

Re: #1 Diamond Mound Federal, 9000' Morrow Test
1980' FSL & 660' FWL Section 1, 16S, 27E,
Eddy County, New Mexico

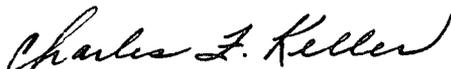
Gentlemen:

Please accept this letter as our waiver of any objections to Mesa Petroleum Co.'s proposed non-standard drilling unit comprised of Lots 13 and 14 and the SW 160 acres of Section 1, 16S, 27E, Eddy County, New Mexico. Northern is the operator of the #1 Vandagriff Federal, a shut-in gas well located 2560' FNL & 1980' FWL of said Section 1. We are also working interest partners with Mesa in the captioned well.

Please advise if anything further is needed in this regard.

Very truly yours,

NORTHERN NATURAL GAS COMPANY



Charles F. Keller
Authorized Agent

SC

xc: Mesa Petroleum Co.
1000 Vaughn Building
Midland, Texas 79701

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Mesa Petroleum Co

3. ADDRESS OF OPERATOR
 1000 Vaughn Building - Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
 At surface
 1980' FSL & 660' FWL
 At proposed prod. zone
 Same as above

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 8½ miles SE of Lake Arthur

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660'

16. NO. OF ACRES IN LEASE 1099.56

17. NO. OF ACRES ASSIGNED TO THIS WELL 240

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2985'

19. PROPOSED DEPTH 9000'

20. ROTARY OR CABLE TOOLS
 Rotary (Warton Drilling Co.)

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 GR 3597'

22. APPROX. DATE WORK WILL START*
 February 1, 1978

5. LEASE DESIGNATION AND SERIAL NO.
 NM 8436-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Diamond Mound Federal

9. WELL NO.
 1

10. FIELD AND POOL, OR WILDCAT
 Undesignated Atoka-Morrow

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec 1, T16S, R27E

12. COUNTY OR PARISH 13. STATE
 Eddy New Mexico

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17½"	13-3/8"	48#	350	400 sx - Circ to surface
11"	8-5/8"	24#	1700	400 sx - Circ to surface
7-7/8"	4-1/2"	11.6#	9000	Sufficient to cover all pay

Propose to drill 17½" hole to approximately 350' without BOPs. After cementing 13-3/8" casing and nipling up 12" API 3000 psi BOPs, will drill 11" hole to approximately 1700' using brine as drilling fluid. Will cement 8-5/8" casing to surface, then drill 7-7/8" hole to total depth using same BOP arrangement as before (hydraulic ram, blind and annular bag). Maximum mud weight should not exceed 9.2 PPG based upon offset well data. See attached reports for other details.

Operator's gas is dedicated to Northern Natural Gas Company.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Debbie Harrison TITLE Agent DATE Jan. 20, 1978

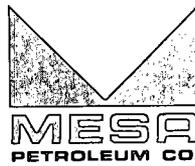
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side



January 26, 1978

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: D. S. Nutter, Chief Engineer

Re: #1 Diamond Mound Federal, 9000' Morrow Test
1980' FSL & 660' FWL Section 1-16S-27E
Eddy County, New Mexico
Mesa OP 05-NM-0947-4

NSP-1084
NSP immediate
Rule 104 D 2

Gentlemen:

With reference to our pending application for permit to drill and telephone conversation with Mr. Nutter this date, this is to formally state in writing our telephoned request for approval of a non-standard drilling unit. Our pending application dated January 20, 1978 designates a 240 acre drilling unit comprised of Lots 13 & 14 and SW $\frac{1}{4}$ of the captioned section. We received a call today from Mr. James A. Knauf, USGS District Engineer in Artesia, advising that the permit cannot be approved until (1) the well name is changed (originally filed as #2 Vandagriff Federal) and (2) approval is obtained from your office for the non-standard drilling unit. The new well name, as shown in the caption of this letter, is #1 Diamond Mound Federal.

We respectfully ask for administrative approval of our proposed designation of acreage for the captioned well's drilling unit as soon as possible. Please be advised that Mesa Petroleum Co., owner of an undivided interest, is the administrator of the leases covering all Section 1 and the offset Sections 2, 11 and 12, T-16-S, R-27-E. In support of our request for administrative approval, we are enclosing a letter from Northern Natural Gas Company, operator of the #1 Vandagriff Federal well offsetting our proposed location, waiving any objection to the proposed non-standard drilling unit. Also, as a matter of interest, Northern Natural will be our partner in drilling the captioned well.

~~We will greatly appreciate expeditious handling of this matter, including a phone call to Mr. Knauf advising of your approval as soon as possible. We have contracted for a drilling rig to move onto this location during the first week of February, 1978. Please advise if there are any questions.~~

Very truly yours,

Robert H. Northington
Robert H. Northington

RHN:wp
Enclosure

Copies: James A. Knauf
Northern Natural Gas Company
Olen F. Featherstone

