

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVER SHEET

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]

OIL CONSERVATION DIV.
2 JUL 1 PM 2:32

[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 (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

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

William F. Carr
Print or Type Name

William F. Carr
Signature

Attorney
Title

July 17, 1998
Date

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

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E-MAIL: ccbspa@ix.netcom.com

July 17, 1998

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

50 JUL 17 PM 2:32
OIL CONSERVATION DIV.

Re: *Application of Union Oil Company of California for Administrative Approval of an Unorthodox Well Location for its Federal "17" Well No. 2 located 1980 feet from the South and West lines of Section 17, Township 8 South, Range 38 East, NMPM, and for an 80-acre Non-Standard Gas Spacing Unit for said well comprised of the N/2 SW/4 of said Section 17, Roosevelt County, New Mexico*

Dear Ms. Wrotenbery:

Union Oil Company of California, pursuant to the provisions of Rule 2 (c) of the General Rules and Regulations for the Associated Oil and Gas Pools of New Mexico adopted on January 17, 1977 [Order No. 5353] and Rule 104 C (2) (c) and 104 F (2)-(4), hereby seeks administrative approval of:

- A. an unorthodox well location in the Bluit-San Andres Associated Pool for its Federal "17" Well No. 2, located 1980 feet from the South and West lines of Section 17, Township 8 South, Range 38 East, NMPM, Roosevelt County, New Mexico. This location is unorthodox because it is governed by Rule 2(b) of the Special Rules and Regulations for the Bluit-San Andres Associated Pool which requires gas wells to be located not closer than 990 feet to the quarter section line; and

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
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- B. an 80-acre non-standard gas spacing or proration unit comprised of the N/2 SW/4 of said Section 17.

This well was originally drilled as an oil well in the Bluit-San Andres Associated Pool at a standard location on a standard 80-acre oil spacing and proration unit. The well currently has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons and therefore has become a gas well as defined by Rule 5 (a) of the General Rules and Regulations for Associated Oil and Gas Pools. Union Oil Company of California seeks approval of the same well location and dedicated spacing unit for this gas well as was previously approved for the well when it was classified as an oil well.

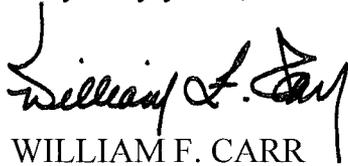
Attached hereto as Exhibit A is a copy of Division Form C-102 which shows the unorthodox gas well location and the 80-acre non-standard gas spacing unit. A standard spacing unit for this well would be the W/2 of said Section 17. Also attached hereto as Exhibit B is a plat which shows all diagonal and adjoining leases, and the operators of these tracts. the San Andres wells located thereon and all parties affected by this application.

Exhibit C lists all operators of proration or spacing units offsetting the proposed non-standard unit for which the unorthodox well location is sought or the mineral owners of unleased tracts. A copy of this application, including a copy of the plat described above has been sent to these affected parties by certified mail-return receipt requested in accordance with Rule 2 of the General Rules and Regulations for the Associated Pools of New Mexico and Rule 104 D (2) (c) (d) and 104 F (4) . Each of the affected parties was advised that if they have an objection to the proposed non-standard spacing or proration unit it must be filed in writing with the Division's Santa Fe office within twenty days from the date the application was filed. They were also advised that if no objections were received by the Division within twenty days after the application was received by the Division, the Division Director could approve the application.

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
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Your attention to this matter is appreciated.

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

WFC:mlh

cc: Charlotte Beeson

EXHIBIT A

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

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, 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-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-041-20274	Pool Code 06880	Pool Name Bluitt San Andres (Associated)
Property Code 011457	Property Name Federal "17"	
Well Number 02		Elevation 3982
GRID No. 023710	Operator Name Union Oil Company of California	

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
K	17	8-S	38-E		1980	south	1980	west	Roosevelt

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
Dedicated Acres 80.00		Joint or Infill		Consolidation Code		Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div style="border: 1px solid black; width: 100%; height: 100%; position: relative;"> <div style="position: absolute; top: 10px; left: 10px; font-size: small;">16</div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%);"> </div> </div>	<p>OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p style="font-size: large; font-family: cursive;">Charlotte Beeson</p> <p>Signature Charlotte Beeson Printed Name Regulatory Clerk Title 02-24-98 Date</p> <hr/> <p>SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Date of Survey Signature and Seal of Professional Surveyer:</p> <hr/> <p>Certificate Number</p>
---	---

T 8 S

<p>PLAINS PETROLEUM</p>	<p>PLAINS PETROLEUM OPERATING CO.</p>	<p>COLLINS OIL & GAS LTD.</p>	<p>COLLINS OIL & GAS LTD.</p>
<p>PLAINS PETROLEUM</p>	<p>OPEN</p>	<p>COLLINS OIL & GAS LTD.</p>	<p>COLLINS OIL & GAS LTD.</p>
<p>OPEN</p>	<p>United States</p>	<p>UNION OIL CO.</p>	<p>UNION OIL CO.</p>
<p>UNION OIL CO.</p>	<p>UNION OIL CO.</p>	<p>UNION OIL CO.</p>	<p>UNION OIL CO.</p>
<p>MURPHY OPER. CO.</p>	<p>UNION OIL CO.</p>	<p>ENRON OIL & GAS COMPANY</p>	<p>UNION OIL CO.</p>
<p>R.H. MINTOSH L. MINTOSH</p>	<p>MEADOW OIL & GAS PROP.</p>	<p>ENRON OIL & GAS COMPANY</p>	<p>YATES PETROLEUM CORPORATION</p>
<p>R.H. MINTOSH L. MINTOSH</p>	<p>MEADOW OIL & GAS PROP.</p>	<p>ENRON OIL & GAS COMPANY</p>	<p>YATES PETROLEUM CORPORATION</p>

OTRES SERVICE DE COMPANY
OXY USA, INC.

OXY USA, INC.
OTRES SERVICE COMPANY
STATE OF NEW MEXICO

EXHIBIT B

R-38-E

Co. Clark Postales 505 356-8562

EXHIBIT C

AFFECTED PARTIES

Application of Union Oil Company of California for
administrative approval of an unorthodox well location
Federal "17" Well No. 2
1980 feet from the South and West lines
N/2 SW/4, Section 17, Township 8 South, Range 38 East, NMPM
Roosevelt County, New Mexico

NW/4 Section 17:

Theola Sams
P. O. Box 174
Petersburg, Texas 79250

Donald Marshall Markham and
La Donna Rieger Markham
Trustees of the Donald Marshall
Markham Family Trust
under trust agreement dated April 12, 1995
Post Office Box 241
Center Point, Texas 78010-0241

Clarence Richard Markham and
Joyce Stanley Markham
Trustees of the Clarence Richard Markham Family Trust
under trust agreement dated April 12, 1995
3110-38th Street
Lubbock, Texas 79413

C. B. Markham and Bessie Markham
Co-Trustees of the C. B. Markham Estate Trust
5090 Coors Road, SW, Space 36
Albuquerque, New Mexico 87106

Bill J. Markham and Rosemarie Markham
Co-Trustees of the Bill J. Markham Estate Trust
6524 East Julep
Mesa, Arizona 85205

Pete Proctor
c/o C. Gene Samberson, Esq.
Heidel, Samberson, Newell & Cox
Post Office Drawer 1599
Lovington, NM 88260

Mannon Markham McMullen
1500 Broadway, Suite 1212
Lubbock, Texas 79401

Roderick Allen Markham
1500 Broadway, Suite 1212
Lubbock, Texas 79401

Gae Ratcliff and Bill J. Markham
Co-Trustees of the Gae Markham Estate Tr.
under trust agreement dated June 4, 1987
2248 Demaret
Mesa, Arizona 85205

Albert David White, Jr.
202 Sweetwater Cove Blvd.
North Longwood, Florida 32779

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

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E-MAIL: ccbspa@ix.netcom.com

July 17, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

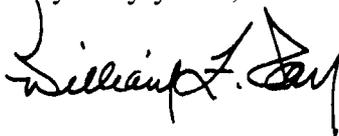
Re: *Application of Union Oil Company of California., for administrative approval of an unorthodox well location for its Federal "17" Well No. 2, located 1980 feet from the South and West lines of Section 17, Township 8 South, Range 38 East, NMPM, Roosevelt County, New Mexico and for an 80-acre non-standard gas spacing and proration unit comprised of the N/2 SW/4 of said Section 17*

Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the Oil Conservation Division on this date by Union Oil Company of California for administrative approval of an unorthodox well location for its proposed Federal "17" Well No. 2, to be located 1980 feet from the South and West lines of Section 17, Township 8 South, Range 38 East, NMPM, Roosevelt County, New Mexico. Union also seeks approval of a non-standard gas spacing and proration unit comprised of the N/2 SW/4 of said Section 17.

As the owner of an interest which will be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office within twenty days from the date this notice was sent to you. If no objection is received within twenty days after the Division Director receives this application, the unorthodox location may be approved.

Very truly yours,



WILLIAM F. CARR

enc.

cc: Ms. Charlotte Beeson