

NSP 6/29/00

Joe Melton Drilling Co., Inc.
P.O. Box 4203
Midland, Texas 79701

June 7, 2000

Re: Administrative Application to Reconfigure
Existing Non-Standard Gas Proration Unit
New Mexico State "G" Lease
Section 26, T21S, R36E, Lea Co., New Mexico

Ms. Lori Wrotenberry, Director
New Mexico Oil Conservation Division
2040 Pacheco
Santa Fe, New Mexico 87505

Dear Ms. Wrotenberry:

Joe Melton Drilling Co., Inc. (Melton) received Administrative Approval to form a non-standard 480-acre gas spacing and proration unit ("GPU") on the above referenced lease by issuance of Division Administrative Order NSP-1701-C (L) (SD) dated February 11, 2000. This existing "GPU" is shown on the attached plat labeled Exhibit 1. Melton has successfully reentered well # 14 within this "GPU" and established production from the Seven Rivers / Queen interval. Initial potential tests indicate that this well has a GOR of less than 100,000 to 1 and should be classified as an oil well in the Eumont Gas Pool. Melton requests that the 40 acres surrounding this well (SE/4 of NW/4 Section 26) be removed from the aforementioned 480 acre "GPU" and designated as a standard 40 acre oil spacing and proration unit in the Eumont Gas Pool. This proposed reconfiguration is shown on the plat labeled exhibit 2.

As a result of taking this 40 acre tract out of the existing 480 acre "GPU" the W/2 of the NW/4 of section 26 is isolated from the rest of the "GPU" and thus cannot remain within the old "GPU". Melton has submitted application to reenter the # 13 well in the NW/4 of NW/4 of section 26 and will either form a standard 40 acre oil proration unit or form an 80 acre Non-Standard Gas Proration Unit pending results of this reentry.

Finally, by removing the aforementioned 40 acre tract around the # 14 well and the 80 acre tract (W/2 of the NW/4) due to it's isolation from the rest of the old "GPU" a new 360 acre Non-Standard Gas Spacing and Proration Unit would be formed from the remaining acreage.

After the review of this request is complete, your administrative approval of the above mentioned 40 acre standard oil proration unit (for the # 14 well) and the reconfiguration of the existing Non-Standard Gas Proration Unit due to the removal of the 40 acres surrounding the # 14 well would be appreciated. If you have any questions concerning this request please call Mark Hawkins at (915) 687-6500.

Sincerely

Joe Melton
Joe Melton

EXHIBIT 1

District I
1625 N. French Dr., Hobbs, NM 88240

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

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 76980		³ Pool Name EUMONT YATES 7 RIVERS QUEEN (PRO GAS)	
⁴ Property Code		⁵ Property Name NEW MEXICO "G" STATE		⁶ Well Number	
⁷ OGRID No.		⁸ Operator Name JOE MELTON DRILLING CO., INC.		⁹ Elevation	

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	26	21 S	36 E						

¹¹ 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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

	¹⁷ OPERATOR CERTIFICATION	
	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
	Signature _____	
	Title _____	
Date _____		¹⁸ SURVEYOR CERTIFICATION
		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.
Date of Survey _____		Signature and Seal of Professional Surveyer: _____
Certificate Number _____		

EXISTING 480 ACRE NON-STANDARD GAS PRORATION UNIT
DIVISION ADMINISTRATIVE ORDER NSP-1701-C(L)(SD) 2/11/2000

OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number (see plat below)	2 Pool Code 76480	3 Pool Name EUMONT YATES 7 RVRS QN (PRO GAS)
4 Property Code 004194	5 Property Name NEW MEXICO "G" STATE	6 Well Number
7 OGRD No. 007673	8 Operator Name Exxon Corporation	9 Elevation

¹⁰Surface Location

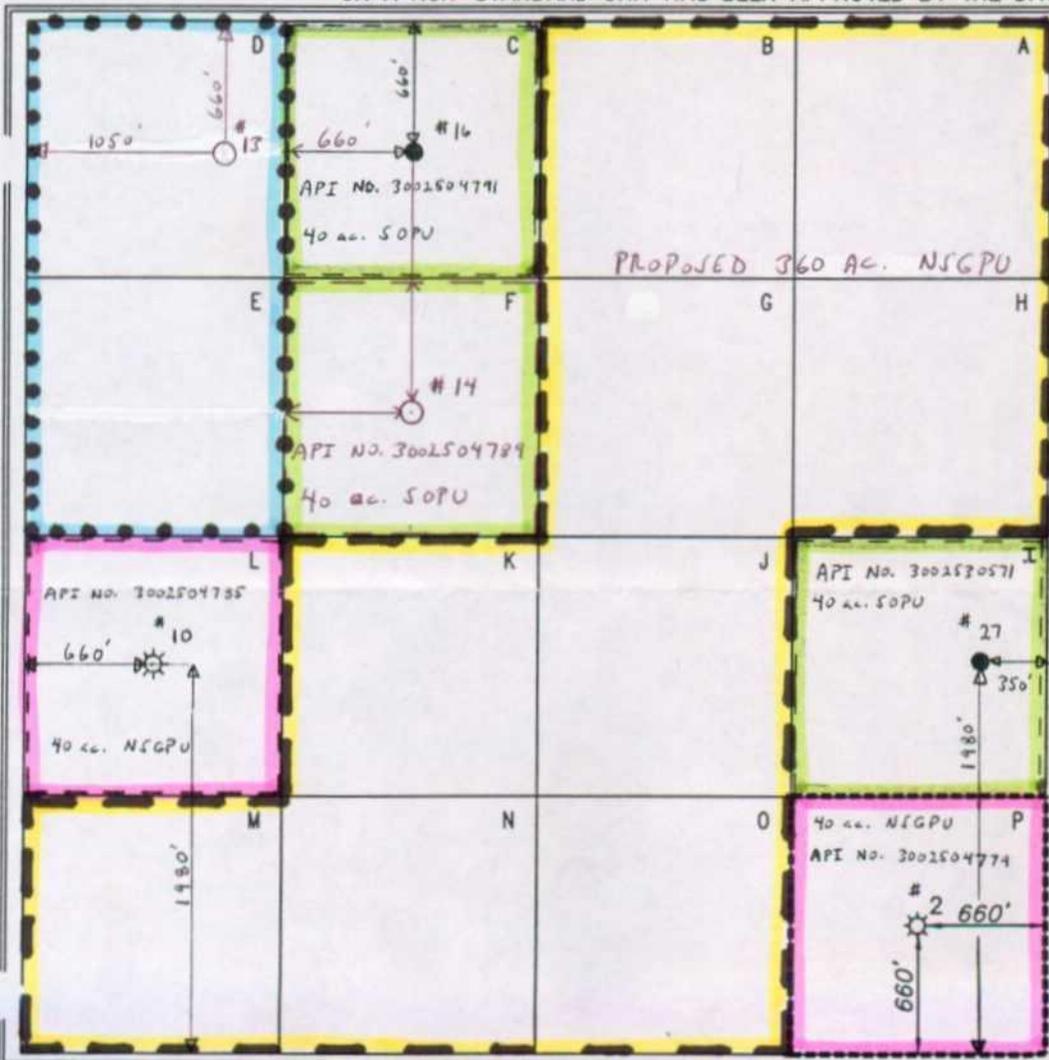
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹¹Bottom 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

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 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



17 OPERATOR CERTIFICATION

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

Signature _____

Printed Name _____

Title _____

Date _____

18 SURVEYOR CERTIFICATION

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.

6-23-42

Date of Survey _____

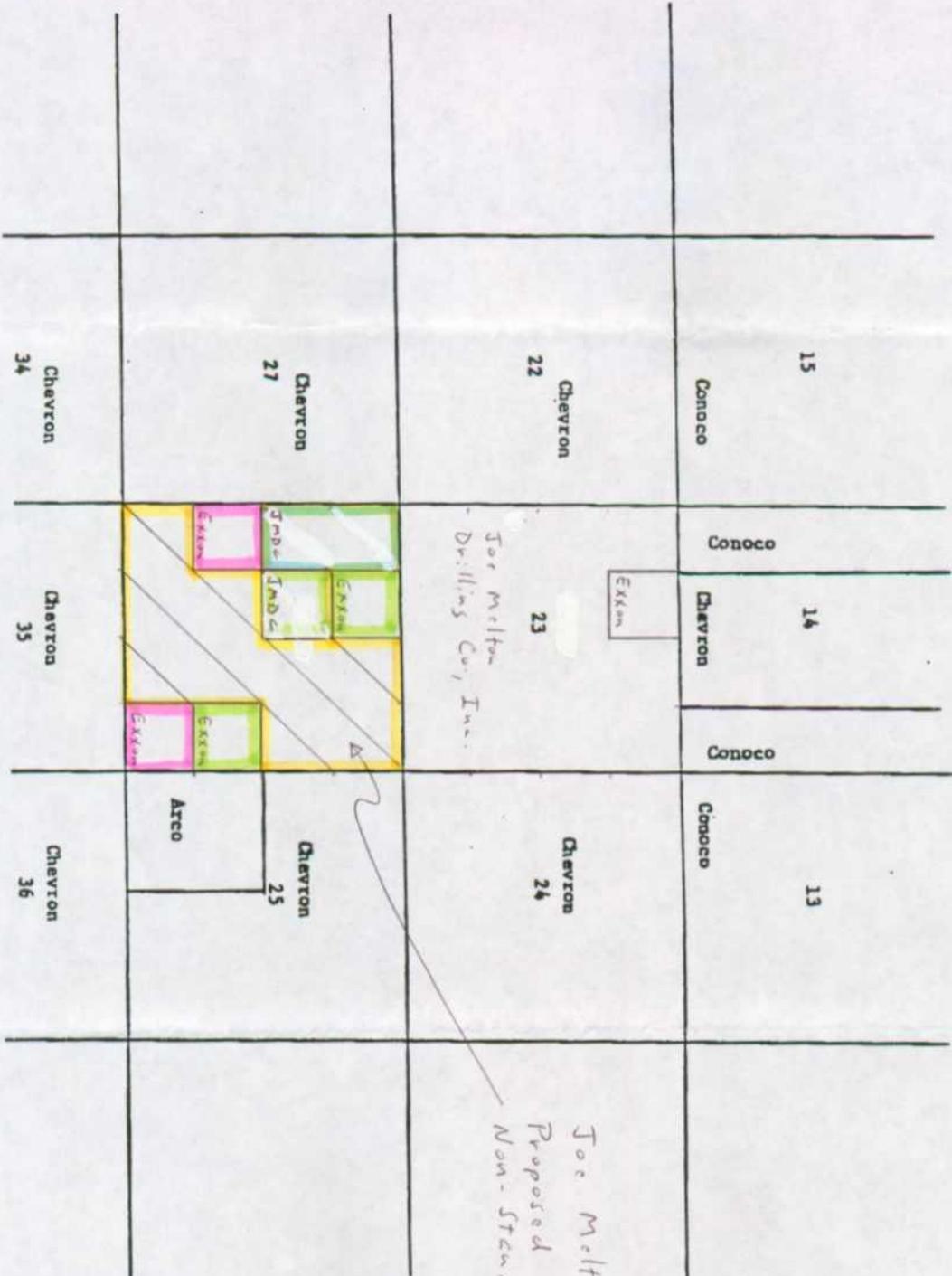
Signature and Seal of Professional Surveyor _____

Certificate Number _____

PROPOSED UNIT CONFIGURATION FOR SECTION 26, T21S-R76E

NSGPU: NON-STANDARD GAS PROBATION UNIT
SOPU: STANDARD OIL PROBATION UNIT

Offset Operators - New Mexico State "G" Lease
 Sections 23 and 26, T-21-S, R-36-E, Lea County, New Mexico



Joe Molton Drilling Co., Inc.
 Proposed 360 acre
 Non-Standard Gas Production Unit

Joe Melton Drilling Co., Inc.
P.O. Box 4203
Midland, Texas 79704

June 7, 2000

Re: Administrative Application to Reconfigure
Existing Non-Standard Gas Proration Unit
New Mexico State "G" Lease
Section 26, T21S, R36E, Lea Co., New Mexico

Dear Offset Operators:

Joe Melton Drilling Co., Inc. (Melton) received Administrative Approval to form a non-standard 480-acre gas spacing and proration unit ("GPU") on the above referenced lease by issuance of Division Administrative Order NSP-1701-C (L) (SD) dated February 11, 2000. This existing "GPU" is shown on the attached plat labeled Exhibit 1. Melton has successfully reentered well # 14 within this "GPU" and established production from the Seven Rivers / Queen interval. Initial potential tests indicate that this well has a GOR of less than 100,000 to 1 and should be classified as an oil well in the Eumont Gas Pool. Melton has requested that the 40 acres surrounding this well (SE/4 of NW/4 Section 26) be removed from the aforementioned 480 acre "GPU" and designated as a standard 40 acre oil spacing and proration unit in the Eumont Gas Pool. This proposed reconfiguration is shown on the plat labeled Exhibit 2.

As a result of taking this 40 acre tract out of the existing 480 acre "GPU" the W/2 of the NW/4 of section 26 is isolated from the rest of the "GPU" and thus cannot remain within the old "GPU". Melton has submitted application to reenter the # 13 well in the NW/4 of NW/4 of section 26 and will either form a standard 40 acre oil proration unit or form an 80 acre Non-Standard Gas Proration Unit pending results of this reentry.

Finally, by removing the aforementioned 40 acre tract around the # 14 well and the 80 acre tract (W/2 of the NW/4) due to it's isolation from the rest of the old "GPU" a new 360 acre Non-Standard Gas Spacing and Proration Unit would be formed from the remaining acreage.

Offset Operator notification is required per Oil Conservation Division Rule 104.D(2). You are allowed twenty (20) days in which to protest this application. Correspondence regarding this issue should be sent to the Santa Fe office of the NMOCD. If you have any questions concerning this matter please call Mark Hawkins at (915) 687-6500.

Sincerely,

Joe M.L. Melton
President

Z 100 640 140

US Postal Service

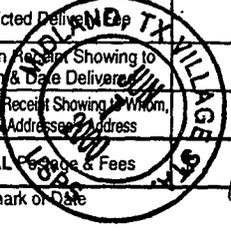
Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Arco Permian	
Street & Number	
P.O. Box 1610 Attn:Land Dept.	
Post Office, State, & ZIP Code	
Midland, Texas 79702	
Postage	\$.33
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	1.73
Postmark or Date	

PS Form 3800, April 1995



Z 100 640 142

US Postal Service

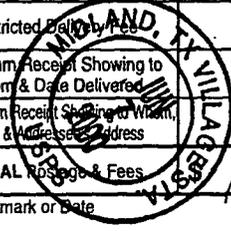
Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Exxon Company USA	
Street & Number	
P.O. Box 4258 Attn: Land Dept.	
Post Office, State, & ZIP Code	
Houston, Texas 77210-4358	
Postage	\$.33
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	1.73
Postmark or Date	

PS Form 3800, April 1995



Z 100 640 139

US Postal Service

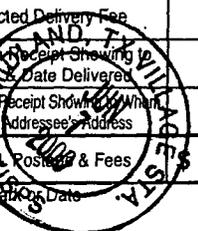
Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Conoco, Inc.	
Street & Number	
Attn: Land Department 10 Desta Dr. West, Suite 100W	
Post Office, State, & ZIP Code	
Midland, Texas 79705	
Postage	\$.33
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	1.73
Postmark or Date	

PS Form 3800, April 1995



Z 100 640 141

US Postal Service

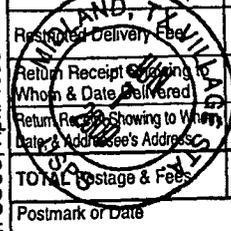
Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Chevron USA Inc.	
Street & Number	
Attn: Land Department P.O. Box 1150	
Post Office, State, & ZIP Code	
Midland, Texas 79702-1150	
Postage	\$.33
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	1.73
Postmark or Date	

PS Form 3800, April 1995



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-101
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address. Joe Melton Drilling Co., Inc. P.O. Box 4203 Midland, Texas 79704		OGRID Number 011916
		API Number 30 - 0 2504787
Property Code 25208	Property Name New Mexico State "G" Lease	Well No. 12

7 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	26	21S	36E		1980	South	1980	West	Lea

8 Proposed 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

Proposed Pool 1 Eumont Yates Seven Rivers Queen	Proposed Pool 2
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Work Type Code E	Well Type Code G	Cable/Rotary Rotary	Lease Type Code S	Ground Level Elevation 3533'
Multiple No	Proposed Depth 3900'	Formation Queen Sands	Contractor Pool Company	Spud Date 1/15/00

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8-5/8"	24#	324'	200	Surface
6-3/4"	4-1/2"	9.5#	3900'	1450	

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill out cement plugs to PBTD of 3865' Set 1 BP @ 3800'.
 Perforate 4-1/2" casing. Queen from 3600-3780'
 Acidize w/1500 gals .15% NE Acid and Frac w/100,000# 20-40 sand,
 20,000 gal. 50 quality foam

Permit Expires 1 Year From Approval
 Date Unless Drilling Underway
 Re-entry

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

Signature: <i>Karen Allen</i>	OIL CONSERVATION DIVISION	
Printed name: Karen Allen	Approved by: <i>Chris Williams</i>	
Title: Secretary	Title: DISTRICT 1 SUPERVISOR	
	Approval Date: JAN 27 2006	Expiration Date:

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
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 3002504787		2 Pool Code 76480		3 Pool Name Eumont Yates Seven Rivers Queen	
4 Property Code 25208		5 Property Name New Mexico State "G" Lease			6 Well Number 12
7 OGRID No. 011916		8 Operator Name Joe Melton Drilling Co., Inc.			9 Elevation 3533'

10 Surface Location

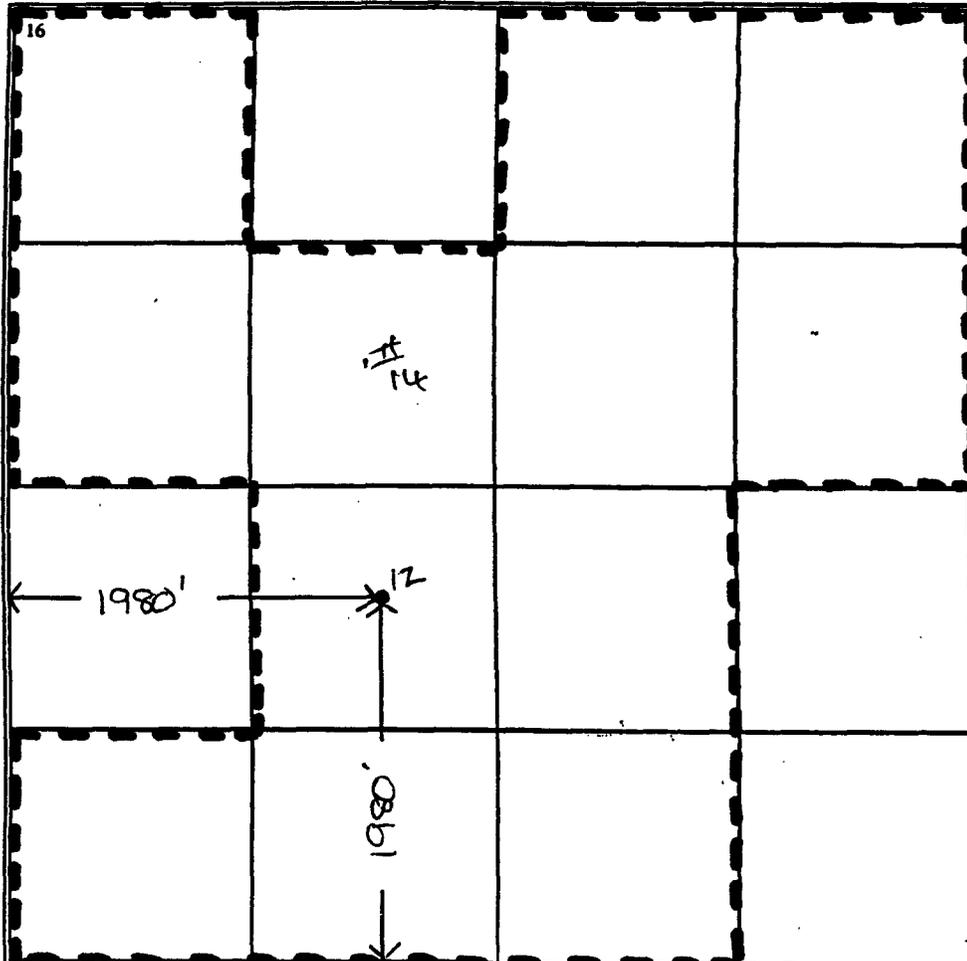
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	26	21S	36E		1980	South	1980	West	Lea

11 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

12 Dedicated Acres 480*	13 Joint or Infill N	14 Consolidation Code	15 Order No.
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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



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

Karen Allen
 Signature
 Karen Allen
 Printed Name
 Secretary
 Title
 1/3/00
 Date

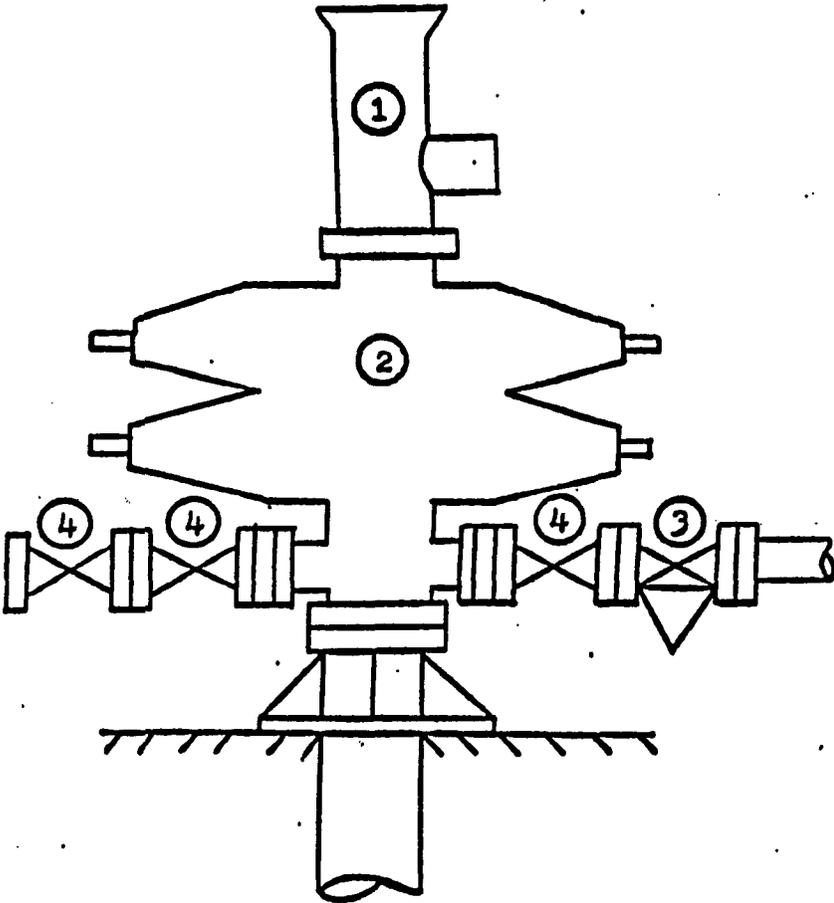
18 SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
 Signature and Seal of Professional Surveyor:
 Certificate Number

* 480 acre Non Standard Gas Production Unit Pending Before NMOC

Blowout Preventer Schematic

- ① Bell Nipple Fill Up & Flow Line
- ② 6" - 900 Series Cameron Double-Hydraulic BOP (by contractor)
- ③ 2" - 3000 # Hydraulic Gates (by contractor)
- ④ 2" - 3000 # Manual Gates (by contractor)



OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number (see plat below)		2 Pool Code 76480		3 Pool Name EUMONT YATES 7 RVRS QN (PRO GAS)	
4 Property Code 004194		5 Property Name NEW MEXICO "G" STATE			6 Well Number
7 OGRD No. 007673		8 Operator Name Exxon Corporation			9 Elevation

10 Surface Location

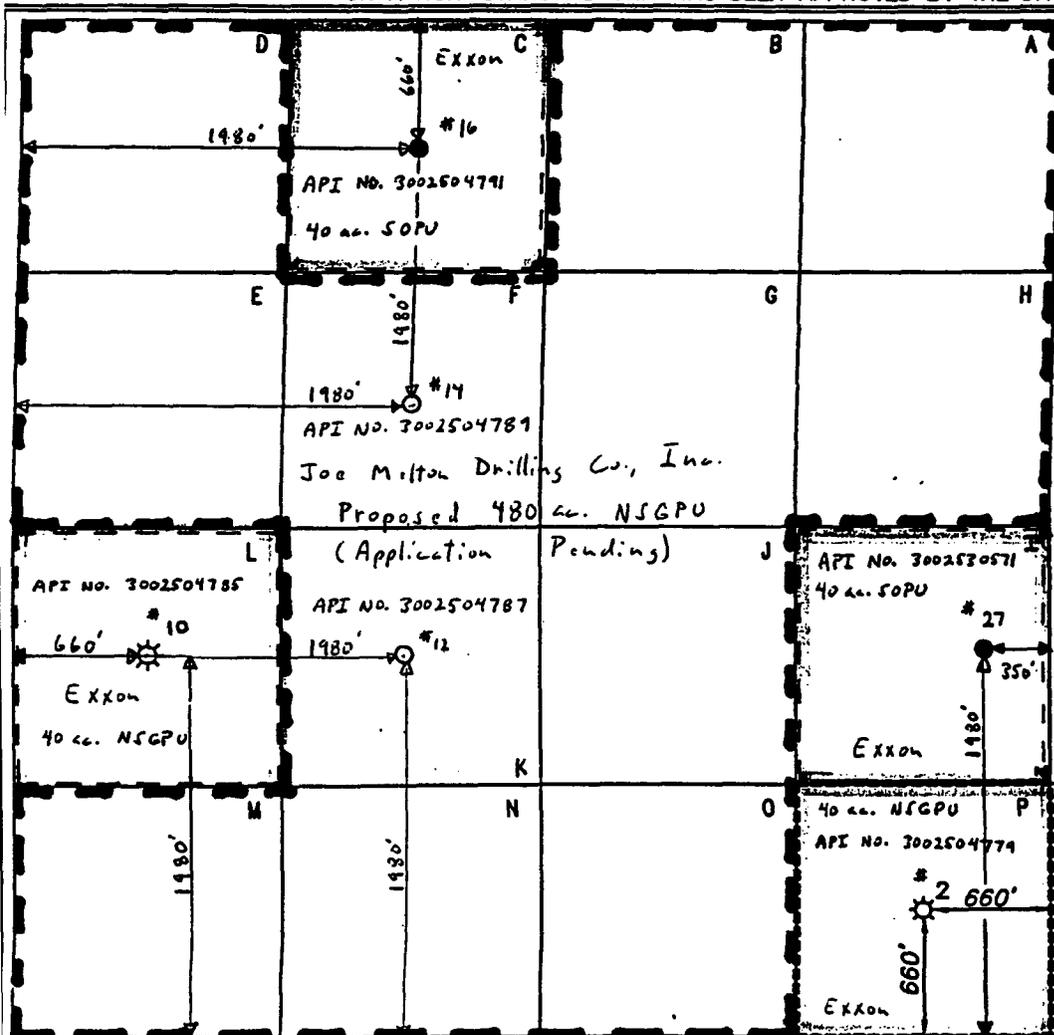
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNIT. ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

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

Signature: *Karen Allen*
Printed Name: Karen Allen
Title: Secretary
Date: 1/3/00

18 SURVEYOR CERTIFICATION

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.

Date of Survey: 6-23-42
Signature and Seal of Professional Surveyor:
Certificate Number:

EXISTING UNIT CONFIGURATION FOR SECTION 26, T21S-R36E

NSGPU: NON-STANDARD GAS PRODUCTION UNIT
SOPU: STANDARD OIL PRODUCTION UNIT