

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

October 31, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Maralex Resources, Inc.
518 17th Street
Suite 1030
Denver, CO 80202

Attention: A.M. O'Hare

Administrative Order NSL-2921

Dear Mr. O'Hare:

Reference is made to your application dated October 5, 1990 for a non-standard coal gas well location for your Marron W.N. Federal Well No. 8 to be located 1762 feet from the North line and 730 feet from the East line (Unit G) of Section 23, Township 27 North, Range 8 West, NMPM, Basin Fruitland Coal (Gas) Pool, San Juan County, New Mexico. The E/2 of said Section 23 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool as promulgated by Division Order No. R-8768, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington

RECEIVED
NOV 06 1990
OIL CON. DIV.
DIST. 3



Attn: E. Busch 10/11/90

October 5, 1990

518 17th St., Suite 1030
Denver, Colorado 80202
(303) 571-4220

State of New Mexico
Energy, Minerals and Natural Resources Dept.
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attn: William J. Lemay

RECEIVED
OCT 12 1990
OIL CON. DIV.
DIST. 3

Re: Unorthodox Location
Marron W.N. Federal No. 8
NE Sec. 23, T27N, R8W
San Juan County, NM

Gentlemen:

Maralex Resources, Inc. (Maralex) hereby submits the following application in triplicate for an unorthodox location for the subject well. ARCO Oil and Gas has previously submitted a permit application (see Attachment No. 1) for the subject well with the Bureau of Land Management.

The proposed well is located 730' from the east line and 1762' from the north line of Section 23. Attachment No. 2 is a completed C-102. A suitable location for the well could not be found in the northeast quarter of Section 23 due to the topography, existing well locations, and a pipeline. Directional drilling of the well is not feasible due to the shallow total depth and the distance from a legal location to the surface location required due to the above mentioned causes.

Topographic obstructions, as shown on Attachment No. 3 include the wash in the bottom of Smith Canyon. Although there are two existing wells within the orthodox location window, there is not sufficient room on the existing pads for another drilling location.

Attachment No. 4 shows existing wells in the area and all offset operators. To the best of our knowledge, the information on this map is current and correct. None of the offsetting wells are currently producing from the Basin Fruitland Coal pool.

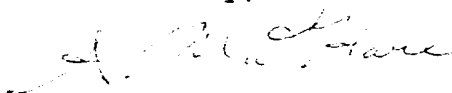
By copy of this letter sent through certified mail, the offset operators are being notified of this application for

unorthodox location. They are being requested to return to the NMOC D an executed waiver of objections to the unorthodox location that is provided at the end of this letter. Maralex will submit to the NMOC D the return receipt cards signifying receipt by the offset operators of this notification as soon as they are returned to us.

By virtue of our purchase of ARCO's operating rights to the Fruitland Formation in all of Township 27 North, Range 8 West, San Juan County, New Mexico, Maralex is now the operator of the shallow rights designated under ARCO on Attachment No. 4.

Please call me at (303) 571-4220 at your earliest convenience if any additional information is required for processing of this application.

Sincerely,



A. M. O'Hare, P.E.
President
Maralex Resources, Inc.

cc: Meridian Oil, Inc., Certified
Great Lakes Chemical, Certified
Western Oil & Minerals Ltd., Certified
Bureau of Land Management,
Farmington Resource Area

If you have no objection to the proposed unorthodox location, please sign the waiver below and forward to the NMOC D in the envelop provided.

WE HEREBY WAIVE OUR RIGHT TO OBJECT TO THE UNORTHODOX LOCATION PROPOSED IN THIS APPLICATION BY MARALEX RESOURCES, INC.

Company Name

BY: _____

Date: _____

Attachments

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. SF - 078478	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME NONE	
SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. UNIT AGREEMENT NAME -----	
2. NAME OF OPERATOR ARCO Oil and Gas Company, a Division of Atlantic Richfield Co.		8. FARM OR LEASE NAME Marron W.N Federal	
3. ADDRESS OF OPERATOR P.O. Box 1610, Midland, Texas 79702		9. WELL NO. #8	
4. LOCATION OF WELL (Report clearly and in accordance with any State requirements.) At surface 1762' FNL & 730' FEL (Unit letter G) At proposed Prod. zone Approximately the same		10. FIELD AND POOL, OR WILDCAT Basin-Fruitland Coal Gas	
13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE approximately 21 miles SE of Blanco, New Mexico		11. SEC., T., M., OR BLK. AND SURVEY OR AREA Sec 23, T27N-R8W	
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. line, if any) 730'		12. COUNTY San Juan	
16. NO. OF ACRES IN LEASE 2560		13. STATE NM	
17. NO. OF ACRES ASSIGNED TO THIS WELL 320, E/2		18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 161'	
19. PROPOSED DEPTH 2318'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether GR or KB) 5988.0' GR		22. APPROX. DATE WORK WILL START Spud 11/90	

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT ^{ft³}
12-1/4"	8-5/8"	24#	500'	384 cuft/325 SX
7-7/8"	5-1/2"	15.5#	2318'	502 cuft/313 SX

It is proposed to drill a 12-1/4" hole to 500' using fresh water spud mud. After setting surface casing, the shoe will be drilled out with a 7-7/8" bit, continuing to TD. A low solids, fresh water gel/polymer mud system will be utilized. A water loss of less than 20cc will be maintained and a mud weight of 9.5 ppg will be used to balance the 1600 psi Fruitland pore pressure. At TD, open-hole logs consisting of GR/CAL/FDC will be run and 5-1/2" production casing will be set and cemented to surface.

Pursuant to the "Onshore Oil and Gas Order #1" attachments are as follows:

1. Certified Location Plat
2. Drilling Plan with attachments
3. Surface Use Plan with attachments

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 *Ken W. Gosnell* TITLE *Regulatory Coordinator* DATE *9-14-90*
(This space for Federal or State Use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

***See Instructions On Reverse Side**

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator ARCO Oil and Gas Company			Lease Merron W.N. Federal		Well No. 8
Unit Letter G	Section 23	Township 27 North	Range 8 West	County NMPM	San Juan

Actual Footage Location of Well:
1762 feet from the North line and 730 feet from the East line

Ground level Elev. 5988	Producing Formation Fruitland	Pool Basin-Fruitland Coal Gas	Dedicated Acreage: E/2 320 Acres
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- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest 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 allowance will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, encompassing such interest, has been approved by the Division.

OPERATOR CERTIFICATION

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

Signature
Ken W. Gosnell

Printed Name
Ken W. Gosnell

Position
Regional Coordinator

Company
ARCO Oil & Gas Co.

Date
9-10-90

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 knowledge and belief.

Date Surveyed
August 20, 1990

Signature & Seal of Professional Surveyor
Edgar L. Risenhoover

Carroll County, New Mexico
Edgar L. Risenhoover

anyon

GN 3 1/2

Canyon

Smith

One Mile

Jaquez

Canyon

CAÑON

Cuerva

LARGO

Canyon

FRESNO CANYON QUADRANGLE
NEW MEXICO
7.5 MINUTE SERIES (TOPOGRAPH)

ARCO Marron W.N FED #8

Exhibit 4B

Existing Wells

Attachment NO. 4

