

12-27-04 DATE IN	1-18-05 SUSPENSE	ENGINEER <i>Stegner</i>	LOGGED IN <i>Stegner</i>	TYPE <i>NSL</i>	APP NO. <i>436256130</i>
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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

[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.

JAMES BRUCE
 PO BOX 1056
 SANTA FE NM 87504

Print or Type Name

Signature

Title

Date

e-mail Address

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

James Bruce *Attorney for Applicant* *12/27/04*
jamesbruce@aol.com

2004 DEC 27 PM 12 58

Amerada Hess Corporation



Permian Business Asset
P. O. Box 840
100 N. W. 7th Street
Seminole, Texas 79360

December 27, 2004

Hand Delivered

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Michael E. Stogner

Dear Sir:

Pursuant to Division Rule 104.F.(2), Amerada Hess Corporation applies for administrative approval of an unorthodox oil well location for the following well:

Well:	Fred Turner Jr. "C" No. 2
Location:	2280' FNL & 1250' FWL
Well Unit:	SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 17, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico

This well will be drilled to test the Tubb formation (West Nadine-Tubb Pool), Drinkard formation (Skaggs-Drinkard Pool), and Abo formation (Undesignated West Warren-Abo Pool), and applicant requests approval for all three zones. The pools are spaced on 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line. A Form C-102 for the well is attached as Exhibit A. (The Drinkard zone has a 10,000:1 limiting GOR.)

(The well was originally located 1475 feet FNL and 1250 feet FWL, but was moved after a review of logs from a recently drilled north offset well.)

The application is based on geologic and engineering reasons. A map is attached as Exhibit B showing the proposed Turner C #2 location. This map also details recent drilling activity near the proposed location. Earlier this year, Hess drilled the Fred Turner Jr. "B" #6 and Fred Turner Jr. B #7 locations. Both wells were moved east within their spacing units in order to encounter higher net pay. Both wells had initial production at top allowable rates from the Drinkard zone, with behind-pipe potential remaining in the Tubb and Blinbry zones. The proposed Turner C #2 location is expected to initially produce in similar fashion due to higher expected net pay at the wellbore.

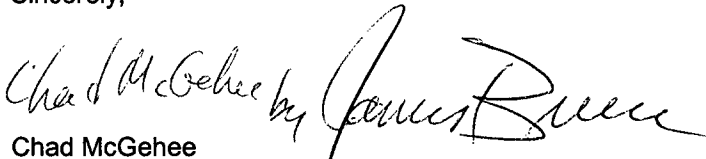
Recompletion of the existing well on the Turner "C" lease is not possible due to mechanical limitations in the existing Turner C #1 wellbore. A liner has been run and cemented to the top of the Blinbry, not allowing fracture stimulation of zones below the liner. In addition, it will be demonstrated in Exhibits C and D that the standard drilling location contains marginal net pay in the zones of interest compared to expected pay at the proposed location.

Exhibit C compares logs from the Turner A #7 (formerly WMU #117), the Turner C #1 (formerly WMU #121) and the Turner B#1. This cross-section shows increasing net pay in the Tubb and Drinkard zones from west to east. Exhibit D highlights a 'fairway' of increased Tubb net pay extending north and south across the eastern edge of the Turner "C" lease and across the Turner "B" lease. This is consistent with the recent completion results on the Turner "B" lease.

Attached as Exhibit E is a land plat, highlighting the proposed lease and well location. The Fred Turner Jr. "C" lease comprises the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 17, Township 20 South, Range 38 East. The proposed location is near the lease boundary for reasons previously stated. The Turner "B" Lease covers the SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$, and E $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 17 (and the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 20). That lease and the Turner "C" Lease have common working interest and royalty interest owners. However, royalty ownership percentages are not equal between the two leases. See Exhibit F. Notice was sent to all royalty owners on December 23, 2004, giving them 20 days to object to this application. See Exhibit G.

Please call me or James Bruce (Attorney for Amerada Hess Corporation) if you need any further information on this matter.

Sincerely,


Chad McGehee
Sr. Petroleum Engineer
Amerada Hess Corporation
(432) 758 - 6707

cc: James Bruce

DISTRICT I
1635 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name TURNER C	Well Number 2
OGRID No.	Operator Name AMERADA HESS CORPORATION	Elevation 3562'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	17	20 S	38 E		2280	NORTH	1250	WEST	LEA

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	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

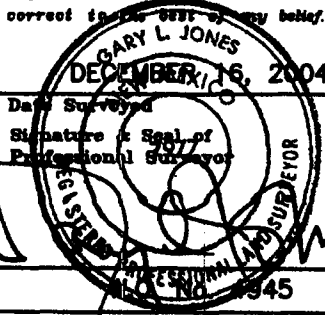
	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well 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.</p> <p></p> <p>Date Surveyed _____</p> <p>Signature & Seal of Professional Surveyor _____</p> <p>Certificate No. Gary L. Jones 7977</p> <p>RARIN SURVEYS</p>
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Exhibit B – Proposed Location of Fred Turner Jr. “C” #2

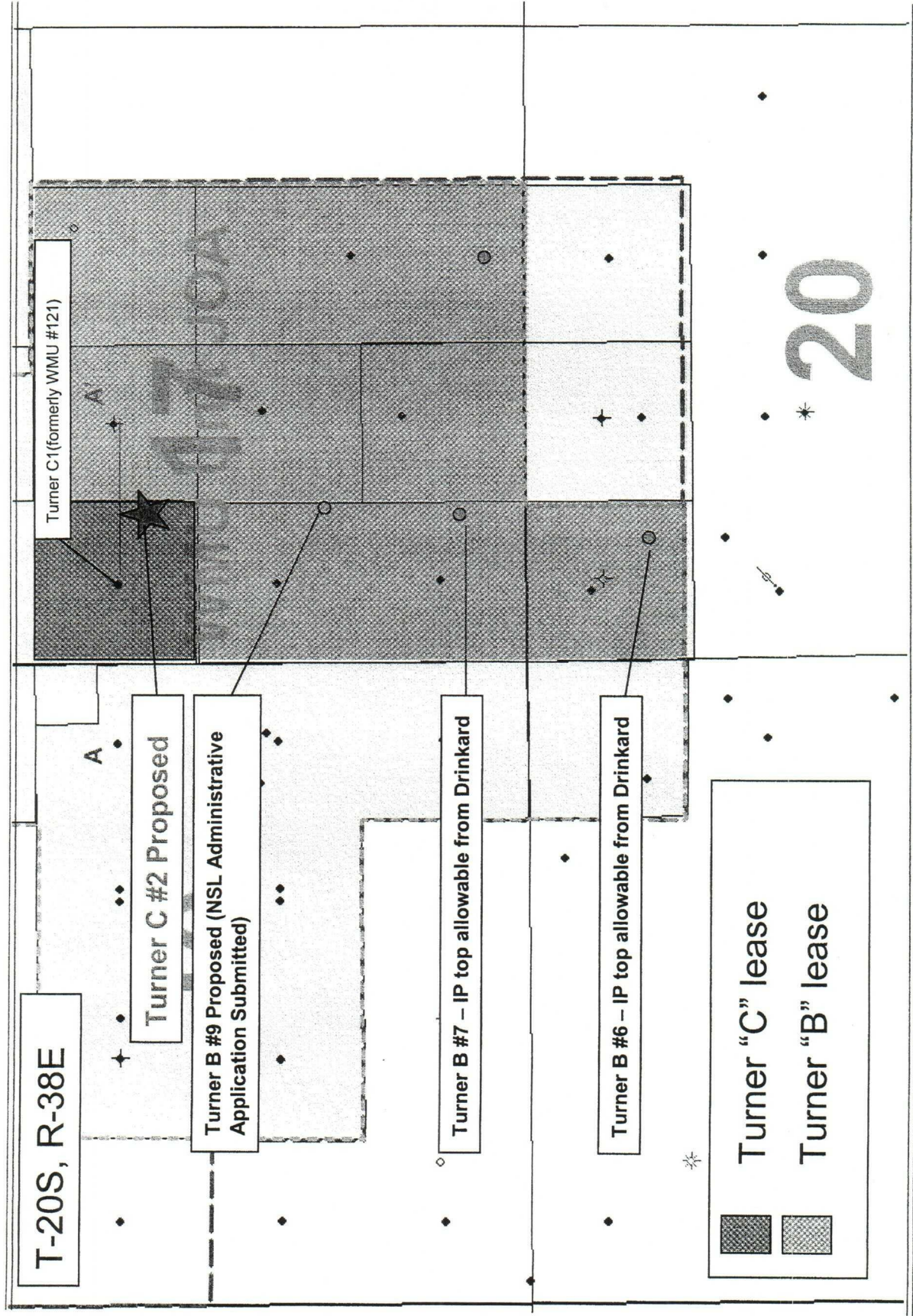


Exhibit C – West to East Cross-section in Tubb and Drinkard

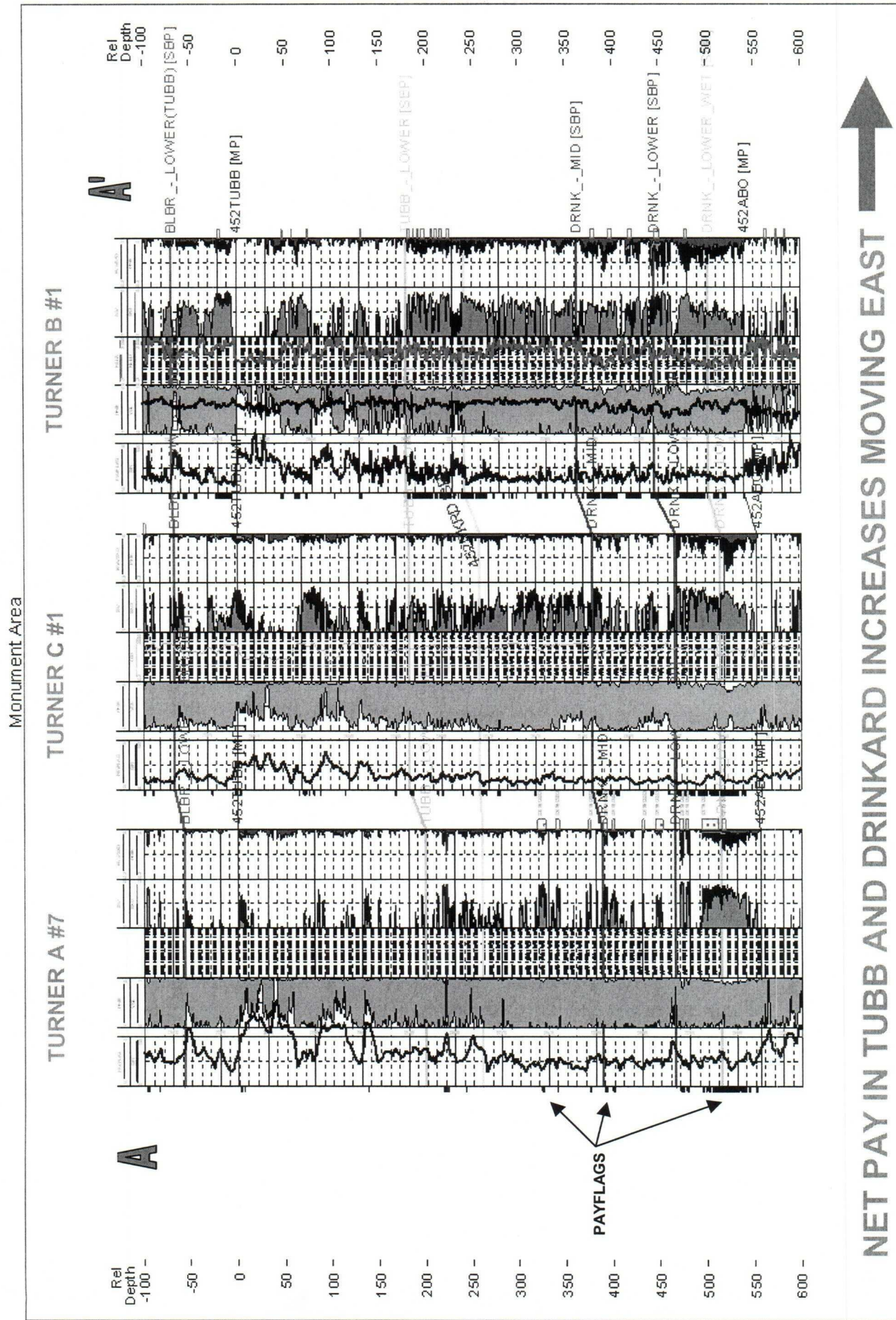
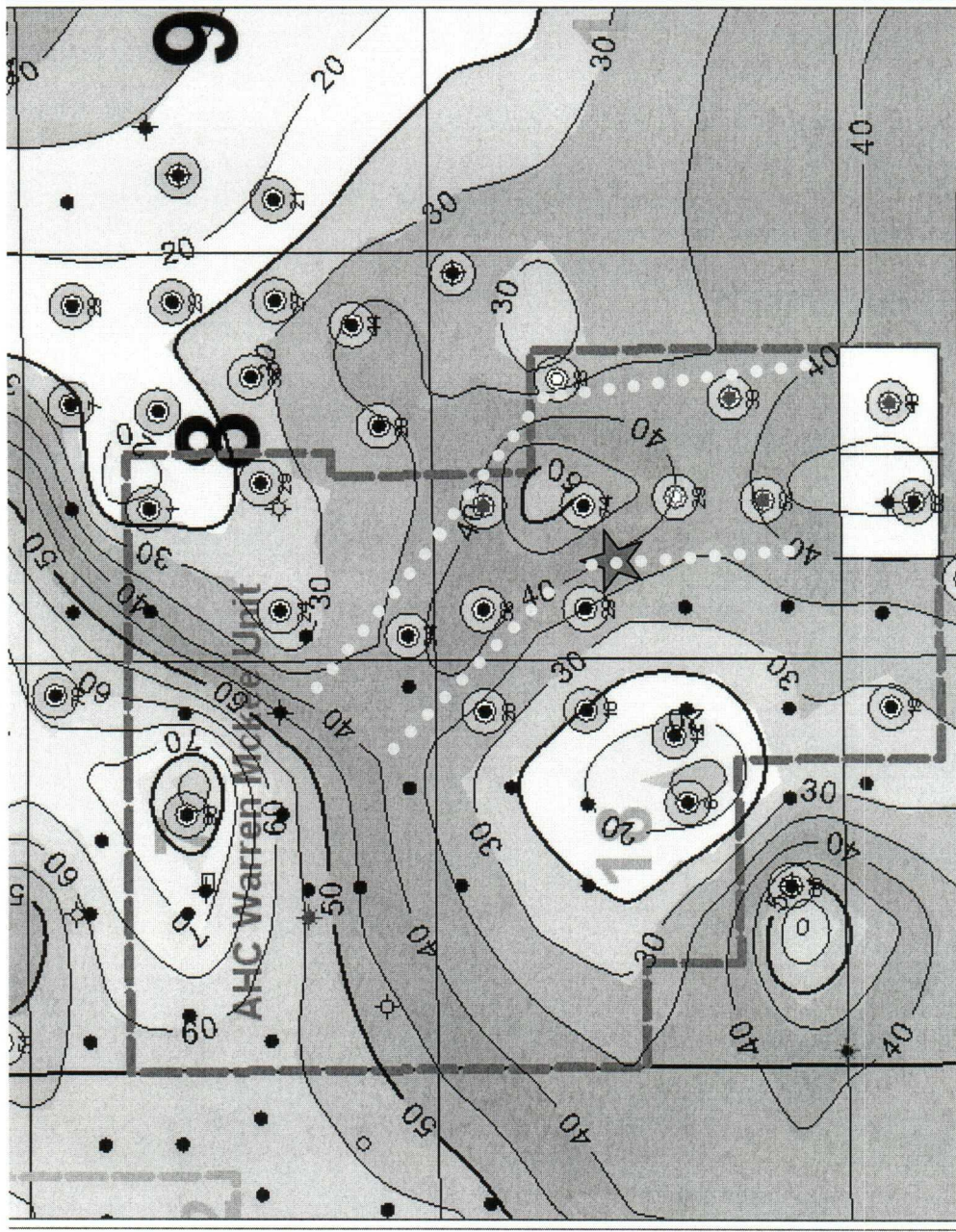


Exhibit D – Map of Tubb Net Pay ‘Fairway’ in Skaggs Field



Comparison of NRI between Turner "B" lease and Turner "C" lease

V10932 Ownership

Fred Turner Jr. "B" Lease NRI

PHILLIP WILLIAM TURNER
MILDRED G TURNER
SARABETH SHERROD BODDY
ROBERT B KIMMEL
JULIETTE & FRED TURNER JR TRST
DONALD E MITCHELL
COBRA PETROLEUM COMPANY
HDS GROUP INC AGENT FOR
JKL CO
JONATHAN D TURNER
ROBERT GRAHAM JOHNSON
EST OF EDWARD TURNER JOHNSON
GENE GRIFFIN WILSON TR DTD 11/14/01
ELIZABETH T LAMB FAMILY TRUST
ESTATE OF GALYN HORNE
ESTATE OF GALYN HORNE

V10946 Ownership

Fred Turner Jr. "B" Lease NRI

0.00537110
0.00878900
0.00488270
0.00244140
0.01171870
0.01279300
0.00244140
0.00585940
0.00585940
0.00390620
0.00426430
0.00426430
0.00426440
0.01279300
0.02255870
0.01279300
0.12500000

0.01467530 AMERADA HESS CORPORATION
0.00802750 AMERADA HESS CORPORATION
0.00402830 PHILLIP WILLIAM TURNER
0.00659180 MILDRED G TURNER
0.00366210 SARABETH SHERROD BODDY
0.00183110 ROBERT B KIMMEL
0.00878910 JULIETTE & FRED TURNER JR TRST
0.00959470 DONALD E MITCHELL
0.00183110 COBRA PETROLEUM COMPANY
0.00439450 HDS GROUP INC AGENT FOR
0.00439450 JKL CO
0.00292970 JONATHAN D TURNER
0.00552500 OXY USA WTP LP
0.00302220 OXY USA WTP LP
0.00319820 ROBERT GRAHAM JOHNSON
0.00319820 EST OF EDWARD TURNER JOHNSON
0.00319830 GENE GRIFFIN WILSON TR DTD 11/14/01
0.00959480 ELIZABETH T LAMB FAMILY TRUST
0.01691890 ESTATE OF GALYN HORNE
0.00959470 ESTATE OF GALYN HORNE
0.12500000

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Amerada Hess Corporation



Permian Business Asset
P. O. Box 840
100 N. W. 7th Street
Seminole, Texas 79360

December 23, 2004

MINERAL INTEREST OWNERS
Fred Turner Jr. "B" and "C" leases

CERTIFIED MAIL

Re: Unorthodox Oil Well Location Application
Fred Turner Jr. "C" #2
2280' FNL and 1250' FWL
Section 17, Township 20 South, Range 38 East

In accordance with the New Mexico Oil Conservation Division, Amerada Hess Corporation (AHC) is providing notification of AHC's application for an Unorthodox Oil Well Location on the Fred Turner Jr. "C" lease. The NMOCD requires that you be notified and given 20 days from receipt to object to this application. Exhibit A of the attached contains a Form C-102 detailing the proposed location.

This well will be drilled to test the Tubb, Drinkard and Abo formations. The application is based on geologic and engineering reasons. A map is attached as Exhibit B showing the proposed Turner C #2 location. This map also details recent drilling activity near the proposed location. Earlier this year, Hess drilled the Fred Turner Jr. "B" #6 and Fred Turner Jr. B #7 locations. Both wells were moved east within their spacing units in order to encounter higher net pay. Both wells had initial production at top allowable rates from the Drinkard zone, with behind-pipe potential remaining in the Tubb and Blinbry zones. The proposed Turner C #2 location is expected to produce in similar fashion due to higher expected net pay at the wellbore.

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Please call Chad McGehee (432-758-6707) or James Bruce, Attorney for Amerada Hess Corporation (505-982-2043) if you need any further information on this matter.

Objections must be filed with the NMOCD Santa Fe Office within 20 days of receipt of notice. However, if you have no objection, AHC respectfully requests that you sign and fax the attached waiver to Carol Moore at (432)758-6768.

Sincerely,

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Chad McGehee
Senior Petroleum Engineer

Attachments

Fred Turner Jr. "C" #2 Unorthodox Oil Well Location Waiver

I, the undersigned, waive the right to object to Amerada Hess' Application for Unorthodox Oil Well Location for the Fred Turner Jr. "C" #2 well.

Signature _____

Name _____

Company _____

Date _____