

DATE IN 11/09/2014	SUSPENSE	ENGINEER MAM	LOGGED IN 11/05/2014	TYPE NSL	APP NO. PMAm1430947221 PMAm1430946889
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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.

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

Gabe Herrera
 Print or Type Name

Signature

Engineer
 Title

11/04/14
 Date

gherrera@mar-win.com
 e-mail Address

- NSL 718
 - NSP 210
 - Marshall and Winston
 Inc
 14187
 well
 - slick mesa 27
 State #14
 30-025-30587
 Pool
 - Gramkidge
 Bone Springs, NS
 28 435



Emailed

November 4, 2014

State of New Mexico
Oil Conservation Department
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Michael McMillan

Re: **Application for Non-Standard Proration Unit**
Slick Mesa 27 State #1H (Re-Entry)
Section 27, Township 21 South, Range 34 East
Lea County, New Mexico

Dear Mr. McMillan:

Marshall & Winston, Inc. respectfully requests administrative approval for a Non-Standard Proration Unit for the referenced location.

The Slick Mesa 27 State #1H was originally planned to be drilled to a total measured depth of 15,325 ft., which is a 160 acre proration unit:

Surface Location:	660' FSL & 1980' FWL
Bottom Hole Location:	330' FNL & 1980' FWL

Marshall & Winston wasn't able to complete the horizontal portion of the well. We encountered drilling problems three-quarters of the way through the lateral. The bottom hole pressure in the lateral exceeded the pressure that our last casing shoe could handle, therefore making drilling operations unsafe to continue. We were able to reach a total measured depth of 14,198 ft. Our total depth only accounted for 120 acres of the 160 acre proration unit:

Surface Location:	660' FSL & 1980' FWL
Penetration Point:	1076' FSL & 2049' FWL
Bottom Hole Location:	1475' FNL & 1944' FWL

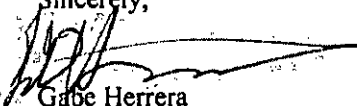
Attached is a Form C-102 showing the correct surface and bottom hole locations. Also attached is a letter from our Vice President of Land informing us that all interest owners have been notified and made aware of this proration unit change.

Marshall & Winston, Inc.
Application for Non-Standard Proration Unit
Slick Mesa 27 State #1H
Page 2

In summary, approval of this application will provide Marshall & Winston, Inc. the opportunity to sell the production from this location.

If you should have any questions, please call me at 432-684-6373.

Sincerely,



Gabe Herrera
Engineer

GH/sr

Enclosures

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-30587	Pool Code 28435	Pool Name GRAMMA RIDGE; BONE SPRING, NE
Property Code	Property Name SLICK MESA STATE 27 STATE	Well Number 1H
OGRID No 14187	Operator Name MARSHALL & WINSTON, INC	Elevation 3700'

Surface Location

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	21-S	34-E		660	SOUTH	1980	WEST	LEA

As-Drilled 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
F	27	21-S	34-E		1475	NORTH	1944	WEST	LEA

Dedicated Acres 120	Joint or Infill	Consolidation Code	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

<p>AS-DRILLED B.H.</p> <p>AS-DRILLED PATH</p> <p>S.L.</p> <p>GRID AZ. = 358°52'11"</p> <p>HORIZ. DIST. = 3146.9' TO AS-DRILLED B.H.</p>	<p>GEODETIC COORDINATES NAD 27 NME AS-DRILLED BOTTOM HOLE LOCATION Y=529621.5 N X=769538.9 E LAT.=32.453010° N LONG.=103.459529° W</p>	<p>OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order hereinafter entered by the division.</p> <p><i>[Signature]</i> 11/05/14 Date</p> <p>Gabe Herrera Printed Name</p> <p>gherrera@mar-win.com E-mail Address</p>
	<p>CORNER COORDINATES TABLE</p> <p>A - Y=531089.7 N, X=768900.7 E B - Y=531103.1 N, X=770218.9 E C - Y=525822.3 N, X=770267.0 E D - Y=525809.4 N, X=768894.7 E</p>	<p>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.</p> <p>JULY 31, 2013 Date of Survey</p> <p><i>[Signature]</i> NEW MEXICO Surveyor</p> <p>3239 Registration Number</p> <p>11/04/14 Date of Survey</p> <p>ESSAYON J. Eidson 12641 Surveyor</p> <p>ESSAYON J. Eidson 3239 Registration Number</p>
	<p>NOTE: AS-DRILLED BOTTOM HOLE PLOTTED FROM DATA FURNISHED BY MARSHALL & WINSTON, INC. 11/4/14</p>	<p>ACK REL WO:13110874 JWSCWO:14.13.1190</p>



November 4, 2014

State of New Mexico
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Michael McMillan

Re: Tract 1 - E/2 W/2 of Section 27,
Township 21 South, Range 34 East,
Lea County, New Mexico

Tract 2 - E/2 SW/4 and SE/4 NW/4
of Section 27, Township 21 South,
Range 34 East, Lea County, New Mexico

Dear Mr. McMillan:

Marshall & Winston, Inc. is the operator of the Slick Mesa 27 State #1H. As originally permitted it was our intent to drill the well with Tract 1 described above being the proration unit. Due to drilling difficulties we were only able to drill the well to cover a 120 acre proration unit being Tract 2 described above.

This is to inform you that all interest owners in the well have been notified. Marshall & Winston, Inc. and all working interest owners, who are all employees of Marshall & Winston, Inc., are aware that Tract 2 is the proration unit for the well.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Kevin Hammit', is written over a horizontal line.

Kevin Hammit
Vice President - Land

KH/ma