

**Stogner, Michael, EMNRD**

**From:** Stogner, Michael, EMNRD  
**To:** John Thompson  
**Cc:**  
**Subject:** RE: 30-043-20989  
**Attachments:**

**Sent:** Wed 6/28/2006 9:58 AM

RE: Romero Federal "34" Well No. 1

I've reviewed this application and find it incomplete in as much as:

- (1) there was no support information provided to support your geological conclusions/claims;
  - (2) also, for varification, does Western Exploration, Inc. own 100% of the working interest in the two affected offsetting 40-acre tracts to the east (Unit N of Sec. 34) and southeast (Unit C of Sec. 3-T22S-R1W)?
- Once you provide me with sufficient geological information and ownership varification I will move to approve this application. Thanks.

**From:** John Thompson [mailto:john@walsheng.net]  
**Sent:** Tue 6/27/2006 4:24 PM  
**To:** Stogner, Michael, EMNRD  
**Subject:** Re: 30-043-20989

Mr. Stogner,

Sorry for the confusion, Gwen was actually calling and asking about the Romero Federal 34-1 for Westerly Exploration which my brother Paul submitted. Regarding the Regina Ranch Federal 32-1, I will get the required info to you as soon as possible.

Hope all is well,

John Thompson

----- Original Message -----

**From:** Stogner, Michael, EMNRD  
**To:** John C. Thompson  
**Cc:** Hayden, Steven, EMNRD  
**Sent:** Tuesday, June 27, 2006 3:24 PM  
**Subject:** 30-043-20989

**Re:** Western Exploration, Inc.'s Regina Ranch Federal "32" Well No. 1 (*API No. 30-043-20989*) recently drilled at an unorthodox gas well location 435' FSL & 990' FWL (Unit M) of Sec. 32-T23N-R1W, South Blanco-Pictured Cliffs Pool (72439), Sandoval County, NM.

**Mr. John C. Thompson:** I received a telephone voice-mail message yesterday afternoon from "Gwyn" asking about the status of your application (*administrative application reference No. pTDS0-616731470*) filed on June 15, 2006. I reviewed this application and find it incomplete or insufficient as to notice. You state that "Western is the only offset operator" and that the "proposed non-standard location would not affect any other operators." Since this existing well is 225 feet closer to the offsetting acreage to the south in the NW/4 equivalent of Sec. 5-T22N-R1W, Sandoval County, NM, where there are no producing wells at all, the appropriate mineral interests are due notice pursuant to Division Rule 1210.A (2), which reads in its entirety:

*"(2) Unorthodox well locations.*

*(a) "Affected persons" are the following persons owning interests in the adjoining spacing units:*

***(i) the division-designated operator;***

***(ii) in the absence of an operator, any lessee whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he files the application; and***

***(iii) in the absence of an operator or lessee, any mineral interest owner whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he filed the application.***

***(b) In the event the proposed unorthodox well's operator is also the operator of an existing, adjoining spacing unit, and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit.***

***(c) If the proposed location is unorthodox by being located closer to the spacing unit's outer boundary than 19.15.3.104 NMAC or applicable special pool rules permit, the applicant shall notify the affected persons in the adjoining spacing units towards which the unorthodox location encroaches.***

***(d) If the proposed location is unorthodox by being located in a different quarter-quarter section or quarter section than special pool orders provide, the applicant shall notify all affected persons".***

Please either submit proof of notice or provide me a land plat showing the extent of the Regina Ranch Federal Lease and a statement that the area comprising both the SW/4 of Sec. 32-T23N-R1W and the NW/4 of Sec. 5-T22N-R1W have identical working and overriding royalty interests.

Since Gwyn was not specific as to which pending applications see was seeking information on, I will move on the others as time allows. With the increased number of filings of late, I can only advise operators to drill wells at standard locations, otherwise expect longer processing times in the future. Thank you.

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July 1, 2006

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
Engineering Bureau  
1220 South St. Francis Drive  
Santa Fe, NM 87505

2006 JUL 5 AM 9 18

Re: Additional Data for Non-standard Location Application  
Submitted June 2, 2006 By Paul C. Thompson for Westerly Exploration, Inc.

**Westerly Exploration, Inc**  
**Romero Federal 34 # 1**  
**405' FSL & 1255' FWL**  
**Section 34, T23N, R1W, Unt Ltr M**  
**Sandoval County, NM**

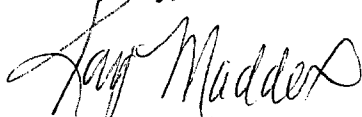
Dear Mr. Stogner,

Westerly Exploration, Inc is submitting additional documentation as per your request via email Wednesday June 28. Please find enclosed a land lease map showing that Westerly Exploration does own 100% working interest in the two affected offsetting 40-acre tracts. The 79.89 acre lease in yellow is a single contiguous lease in which Westerly owns 100% working interest and identical override interests.

Attached is a snapshot of the time structure map on the top of the Gallup depicting a N/S trending fault. It is Westerly's intent to drill as close to the fault as possible in order to encounter commercial quantities of productive oil. Fracturing of the Mancos Shale caused by proximity to the fault is thought to be necessary for the success of the project. The well was originally spotted at a legal location to the east. However, due to a deep ravine and a retention dam (shown on the attached landsat map) the BLM requested that Westerly move westward to the current location of 405' FSL & 1255' FWL. The well is only 65' from the east line of the SW/4 of the SW/4 of Section 34, encroaching toward the SE/4 of the SW/4 Unit Ltr N 40 acre tract which Westerly owns.

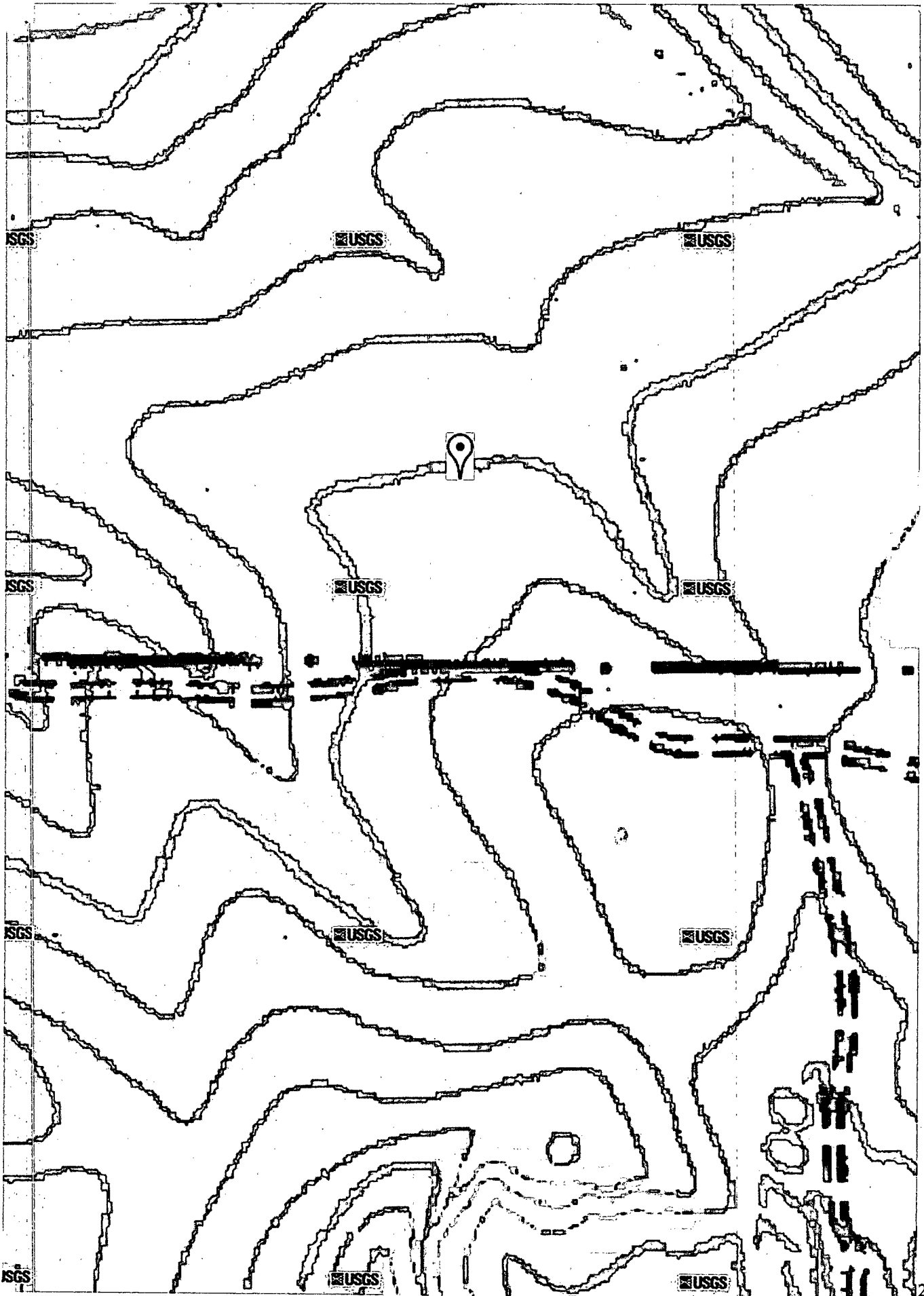
Westerly respectfully requests that an administrative non-standard location order be granted for this well based on the topographic and geologic information attached. There are no affected parties and no correlative rights will be violated.

Sincerely,

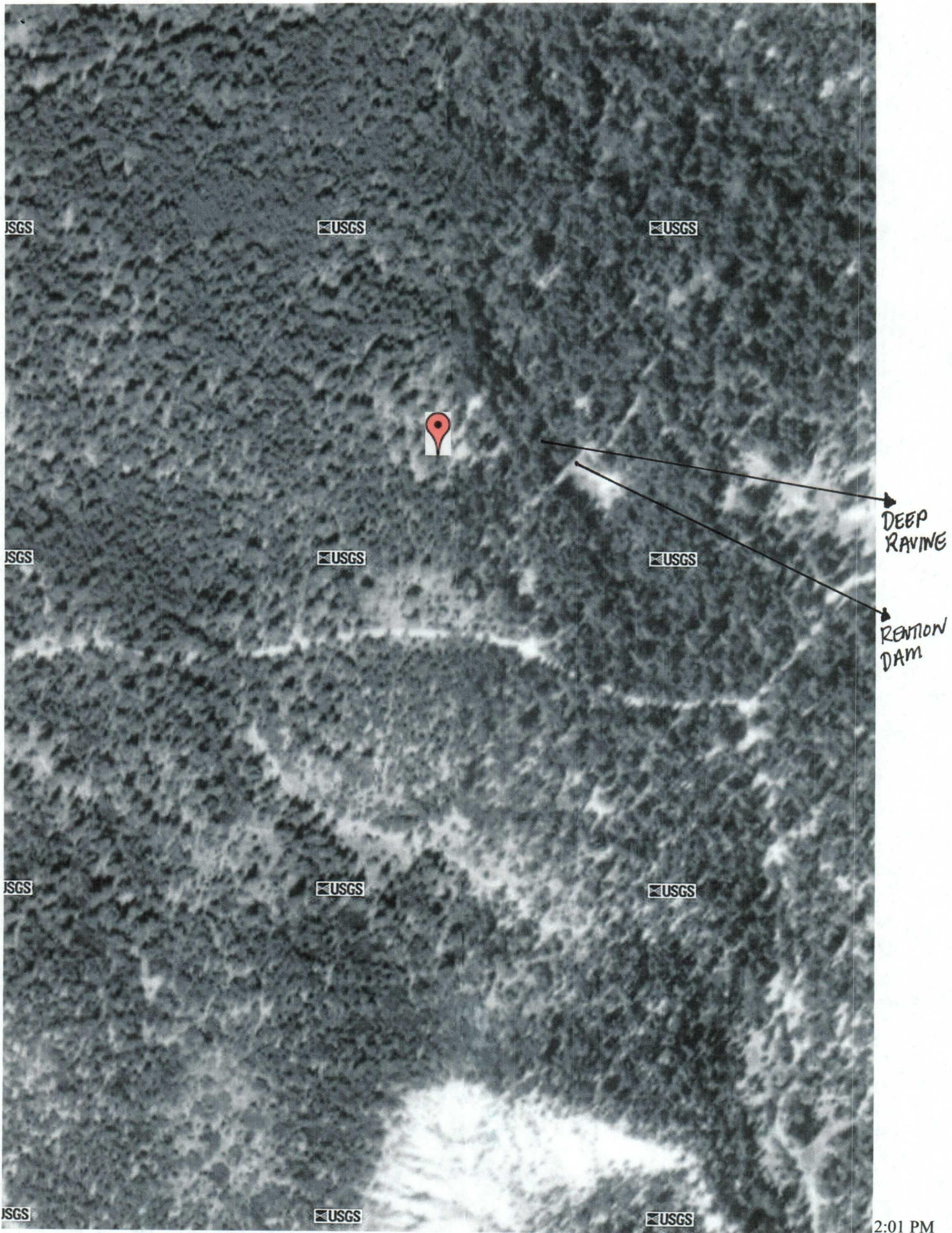


Kay Maddox - Regulatory Agent  
(432) 638-8475  
Cyquest5@yahoo.com



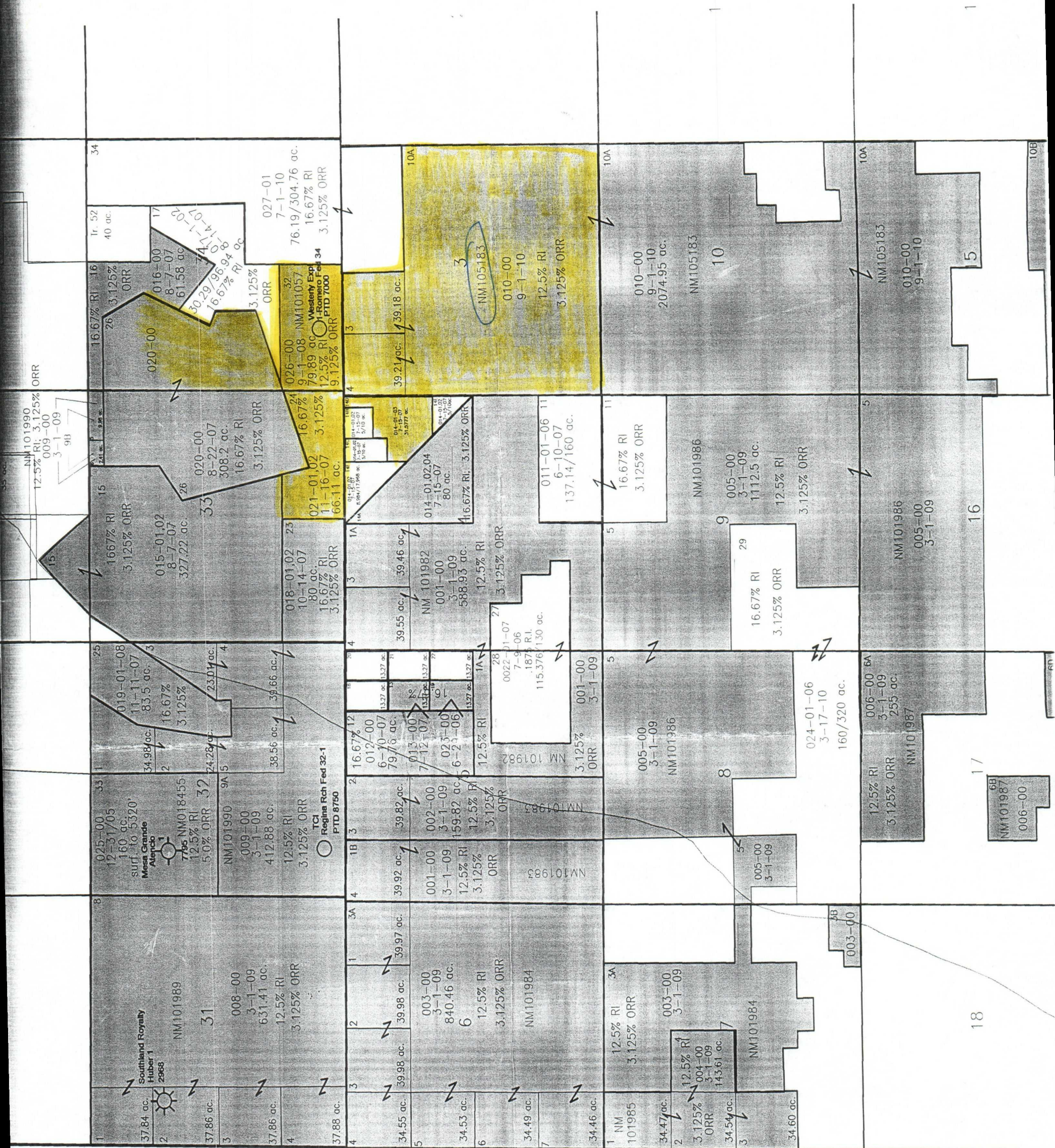








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**Stogner, Michael, EMNRD**

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**From:** kay maddox [kay.maddox@yahoo.com]  
**To:** Stogner, Michael, EMNRD  
**Cc:**  
**Subject:** Romero Federal 34 #1 - Westerly Exploration  
**Attachments:**

**Sent:** Thu 7/6/2006 3:30 PM

Hi Mr. Stogner - I see that you are still keeping the industry straight! I am writing to ask if you now have everything you need for Westerly Exploration's application for NSL for the Romero Federal 34 #1 submitted by Paul Thompson. I sent you the geological data and lease information that you requested. Westerly has a rig coming in two weeks - I know that is not your problem they just wanted me to make sure that you now have everything that you need from them. Hope that you did something fun during your time off!

Kay M.

Do you Yahoo!?  
Next-gen email? Have it all with the all-new Yahoo! Mail Beta.