

AMERICAN TRADING AND PRODUCTION CORPORATION

WESTERN UNITED LIFE BUILDING
POST OFFICE DRAWER 992
MIDLAND, TEXAS 79702

915 / 684-4463

January 21, 1982

WEST TEXAS / NEW MEXICO DISTRICT

Division Director of the New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501
Attn: Mr. Richard L. Stamets

NSC-1482
Ru 6104 F
3-2-82

Re: Application for Administrative
Approval of Unorthodox Location;
American Trading and Production
Corporation's Talco Unit, Well
No. 3 (Proposed), Talco (Strawn)
Gas Pool, Lea County, New Mexico

Dear Mr. Stamets:

and Morrow fm

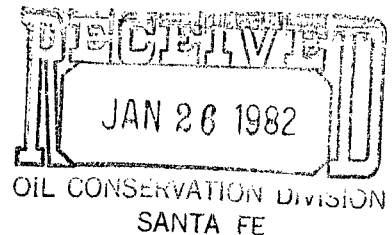
American Trading and Production Corporation is the operator of the Talco Unit in Lea County, New Mexico, consisting of Sections 1, 2, 11, 12, 13, 14, 24, and E/2 of 10, T-26-S, R-35-E. Only one well, the No. 1 Talco Unit, is completed within the unitized property in the Talco (Strawn) Gas Pool. Well No. 1 is located 660' FEL and 1980' FNL of Section 11. Well No. 2, located 660' FSL and 1980' FWL of Section 2, is now drilling and the intended completion interval is the Strawn. For reasons outlined in the attached Geological Recommendations, we have selected an unorthodox location for a 320 acre proration unit for Well No. 3 in the S/2 of Section 12 at 990' FWL and 1650' FSL.

An administrative approval for the unorthodox location of Well No. 3 is respectfully requested. In support of this request, a plat is attached that shows the Talco Unit boundaries, all off-setting lease ownership, the locations of Wells No. 1, 2, and 3, and the 320 acre proration unit for Well No. 3. Only two operators have acreage off-setting the proposed proration unit for Well No. 3. By copy of this letter application, we have notified BTA Oil Producer and HNG Oil Company by registered mail this date of our intent and, as per copy of our transmittal letter, we have requested waivers for the unorthodox location.

Very truly yours,

Roy C. Gould

Roy C. Gould
Production Manager



RCG/JLM/jra

Attachments

Rec'd
3-3-82
PR

GEOLOGICAL RECOMMENDATIONS

The location of Talco Unit No. 3 well in Section 12, T-26-S, R-35-E, Lea County, New Mexico, was selected as a compromise between (1) proximity to proven production at the Strawn level, (2) satisfying legal requirements for well location on 320 acre gas proration units, and (3) maintaining sufficient clearance from the fault plane as indicated on the enclosed Strawn structure map.

The proposed location of Well No. 3 is approximately 2300' from Well No. 1, a successful Strawn gas producer, so that the risk of drilling for a Strawn completion is relatively low. Distances from the nearest side and end boundaries of the proposed 320 acre gas proration unit (south half of Section 12) are such as to make the well location unorthodox, but the distances are within the tolerances for administrative approval.

The primary objective of the proposed Talco Unit No. 3 is the Strawn; however, we plan to drill an additional 2000' of depth to 16,200' in order to test the Morrow formation. It is urgent that the test of the Morrow be maintained on the west side of the indicated fault traversing north-south through Section 12. Our seismic control is not definitive as to the fault location; therefore, it is not known whether the fault plane is vertical or dips east or west. The proposed location should test the Morrow on the west side of the fault. In view of the above reasons, it is recommended that the proposed Talco Unit No. 3 be located 990' FWL and 1650' FSL of Section 12.

Deane Kilbourne

Deane Kilbourne
District Geologist/Delaware Basin
American Trading & Production Corporation

jra



AMERICAN TRADING AND PRODUCTION CORPORATION

WESTERN UNITED LIFE BUILDING
POST OFFICE DRAWER 992
MIDLAND, TEXAS 79702

915 / 684-4463

January 21, 1982

WEST TEXAS / NEW MEXICO DISTRICT

BTA Oil Producers
104 South Pecos
Midland, Texas 79701

HNG Oil Company
P. O. Box 2267
Midland, Texas 79702

Re: Request for Waiver on Unorthodox
Location; Section 12, T-26-S,
R-35-E, Lea County, New Mexico

Gentlemen:

As per enclosed copy of our application for administrative approval of an unorthodox location in the above referenced Section, you are hereby notified of such as an offsetting operator. The proposed permitted depth is 16,200' and the planned objective is the Strawn with a test of the Morrow.

Provided you have no objection to the referenced application, please furnish us, or the Oil Conservation Division of the Energy and Minerals Department at Santa Fe, a waiver stating that you have no objection to the location of Talco Unit No. 3. The location has already been staked and archaeologically cleared by an archaeological consultant and by the Bureau of Land Management. Inasmuch as we plan to use the same drilling rig currently on Well No. 2 to drill Well No. 3, we would appreciate your prompt response.

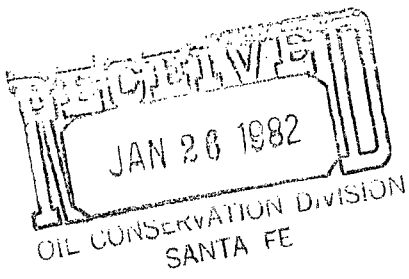
Very truly yours,

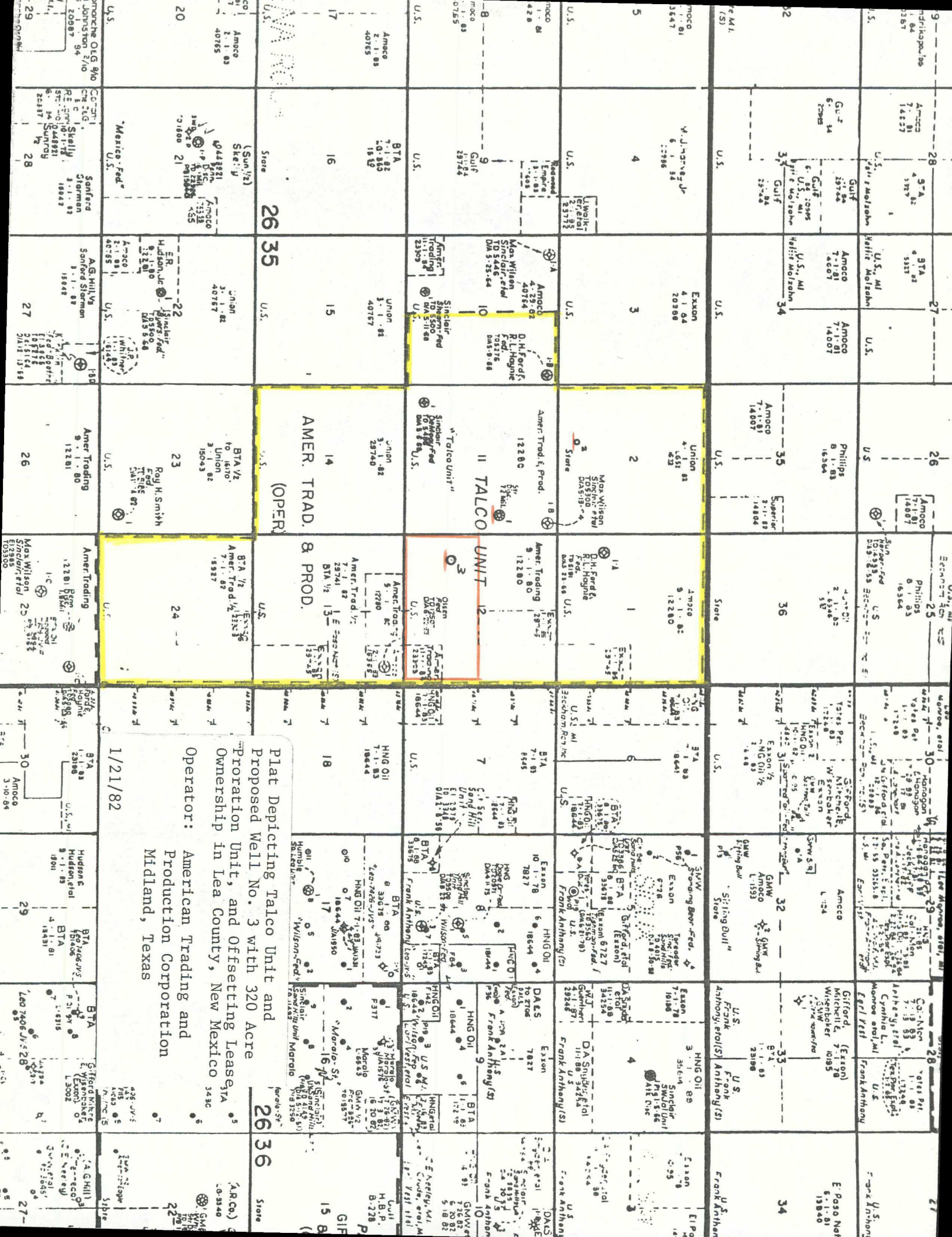


Roy C. Gould
Production Manager

RCG/JLM/jra

Attachments

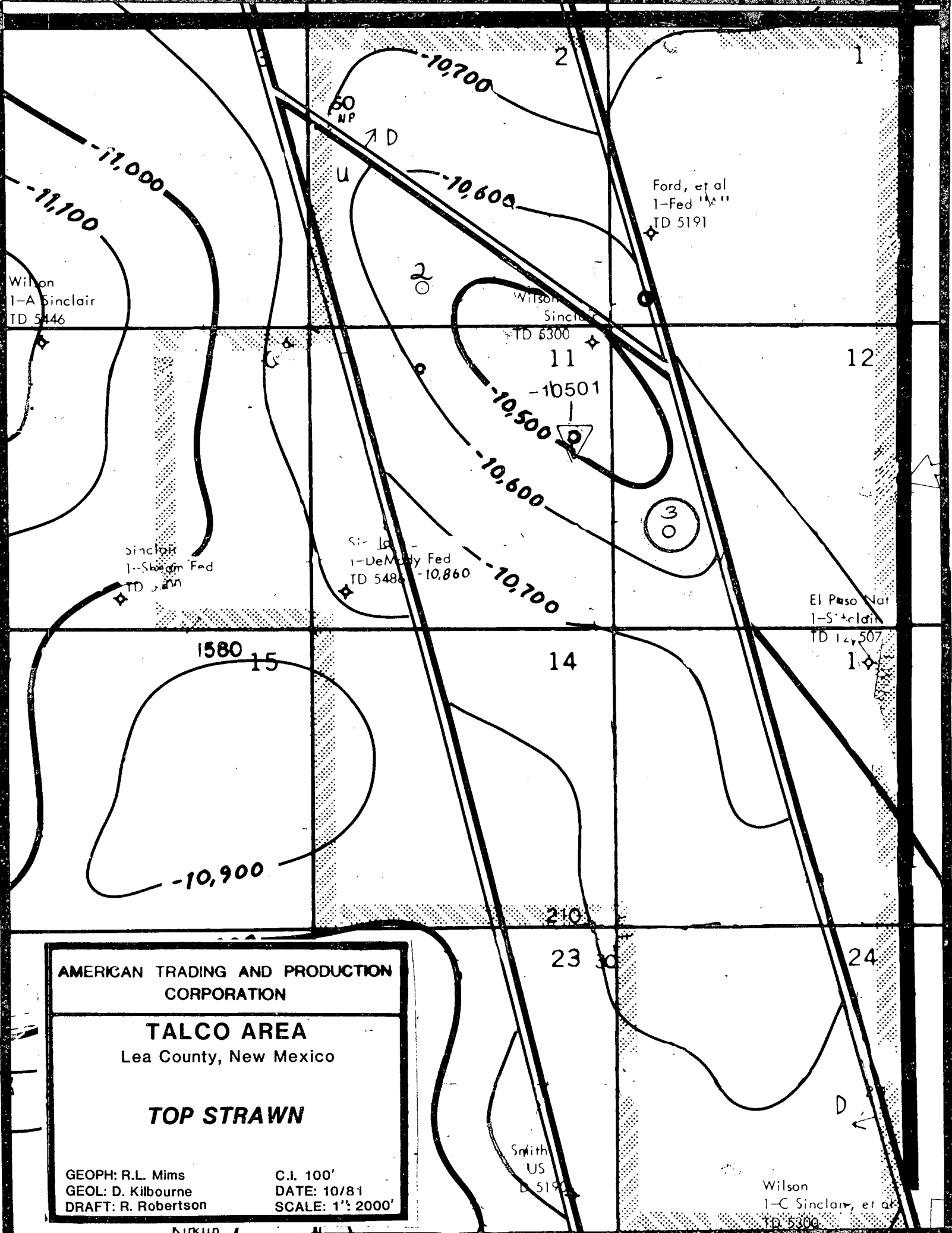




Plat Depicting Talco Unit and Proposed Well No. 3 with 320 Acre Proration Unit, and Offsetting Leasehold Ownership in Lea County, New Mexico

Operator: American Trading and Production Corporation Midland, Texas

1/21/82



AMERICAN TRADING AND PRODUCTION
CORPORATION

TALCO AREA
Lea County, New Mexico

TOP STRAWN

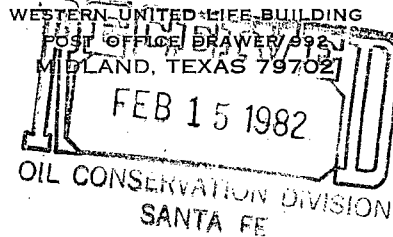
GEOPH: R.L. Mims
GEOL: D. Kilbourne
DRAFT: R. Robertson

C.I. 100'
DATE: 10/81
SCALE: 1" = 2000'

AMERICAN TRADING AND PRODUCTION CORPORATION

915 / 684.4463

1482



WEST TEXAS / NEW MEXICO DISTRICT

February 10, 1982

Division Director of the New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501
Attn: Mr. Richard L. Stamets

Re: HNG Oil Company Letter Waiver
for Unorthodox Location;
American Trading and Production
Corporation's Talco Unit, Well
No. 3 (Proposed), Talco (Strawn)
Gas Pool, Lea County, New Mexico

Dear Mr. Stamets:

As per our application for administrative approval of
unorthodox location dated January 21, 1982, for the above
referenced well, enclosed herewith please find a letter waiver
from HNG Oil Company.

Very truly yours,

ATAPCO

A handwritten signature in cursive script, reading "Roy C. Gould".

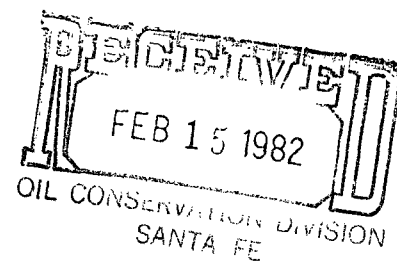
Roy C. Gould
Production Manager

RCG/JLM/jrt

Enclosure



P. O. BOX 2267, MIDLAND, TEXAS 79702 (915) 683-4871



February 9, 1982

American Trading and Production Co.
P. O. Drawer 992
Midland, Texas 79702

Attention: Mr. Roy C. Gould, Production Manager

Gentlemen:

As an offset Operator to your location located in Section 12, T-26-S, R-35-E; Lea County, New Mexico, HNG Oil Company waives any objection to your unorthodox location request.

Best regards,

HNG Oil Company

A handwritten signature in cursive script, reading "Tom Pickering".

Tom Pickering

TP: wh

1482

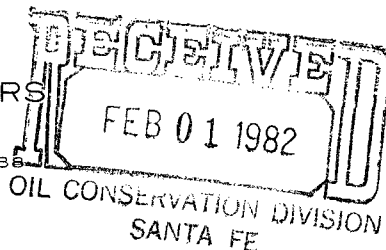


BTA OIL PRODUCERS

104 SOUTH PECOS

MIDLAND, TEXAS 79701-9988

AC 915-682-3753



PARTNERS
CARLTON BEAL
CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL

January 28, 1982

Re: Application for Administrative Approval of an Unorthodox Location;
American Trading and Production Corporation's Talco Unit, Well No. 3,
Talco (Strawn) Gas Pool, Lea County, New Mexico

STATE OF NEW MEXICO
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Richard L. Stamets

Dear Mr. Stamets

I have been advised by American Trading and Production Corporation of their application for an unorthodox location for the referenced well. Please be advised that the undersigned representative hereby waives any objection to the application.

BTA OIL PRODUCERS

By:

BOB K. NEWLAND

BKN/dh

cc: American Trading and Production Corp.
P. O. Drawer 992
Midland, Texas 79702

STATE OF NEW MEXICO
Energy and Minerals Department
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240