



*Release Immediately
no offsets*

By DEC

Southern Union Exploration Company
Suite 400
Texas Federal Building
1217 Main Street
Dallas, Texas 75202
214/742-6051

NSL - 2011

RULE - (5) R-2421

*Dedicated Average - 80 acres
w/2 SE 1/4 Section 8, 17, 34*

March 19, 1985

*660 FSL & 1980 FEL
8 - 17, 34*

Mr. David Catanach
Oil Conservation Commission
P.O. Box 2088
Santa Fe, NM 87501

RE: Gallagher "8" State #3
Sec. 8, T17S, R34E
Lea County, NM

Dear Mr. Catanach,

Southern Union Exploration Company (SX) respectfully requests the administrative approval of an unorthodox location for the subject well in the North Vacuum (Abo) Field. The subject well was drilled and completed in 1977 as a Morrow gas well in the North Vacuum Atoka Morrow Field at a standard location.

The Morrow zone was recently stimulated with poor results. SX feels that since the Morrow is no longer economical, that testing the Abo would be the best alternative for this well. In order to be able to produce from the Abo, it is necessary that SX request an unorthodox location. This is due to the North Vacuum (Abo) field rules stating that the discovery well must be drilled in either the NW or SE quarter of the quarter section.

Enclosed please find a Form C-102 for the well and a plat showing all offsetting acreage to the proration unit. As can be seen, SX owns all offsetting acreage to the proration unit in the depth range which includes the Abo (8900'). There are offsetting wells on the Lea "A" State Lease in Section 8. These wells are currently operated by Lynx Petroleum; however, Lynx only has rights down to 4821'.

If there are any questions or problems, please feel free to contact me.

Sincerely,

David W. Stevens

David W. Stevens
Drilling & Production Engineer

DWS:bz

Enclosures

All distances must be from the outer boundaries of the Section.

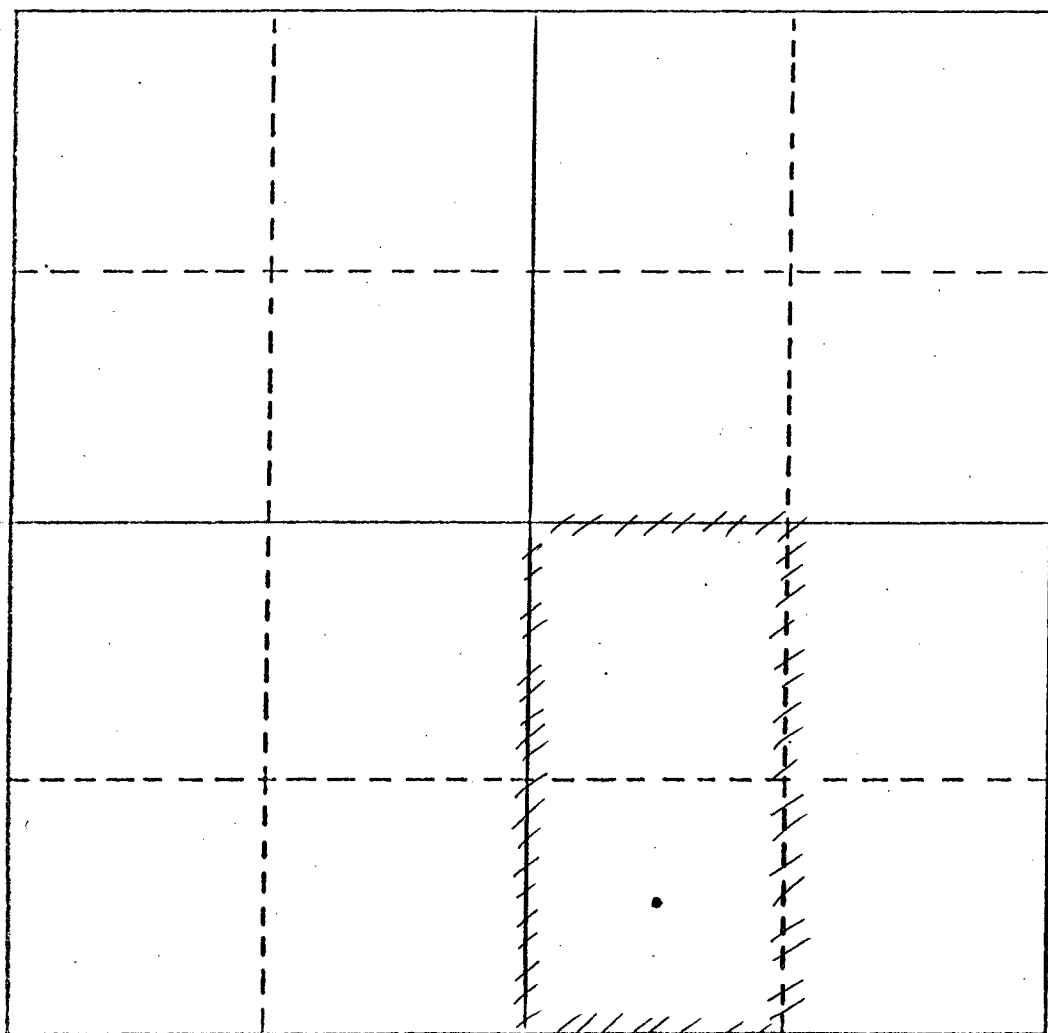
Operator Southern Union Exploration Company			Lease Gallagher "8" State		Well No. 3
Unit Letter 0	Section 8	Township 17S	Range 34E	County Lea	
Actual Footage Location of Well: 660 feet from the South line and 1980 feet from the East line					
Ground Level Elev. 4095.5	Producing Formation Abo		Pool North Vacuum (Abo)		Dedicated Acreage 80 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests 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 allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

David W. Stevens

Name

David W. Stevens

Position

Drilling & Production Engineer

Company

Southern Union Exploration Co.

Date

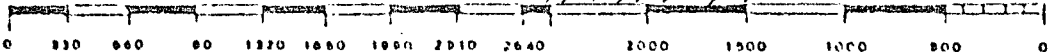
March 19, 1985

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

Registered Professional Engineer
and/or Land Surveyor

Certificate No.



SOUTHERN UNION EXPLORATION COMPANY (SX)

ACREAGE OFFSETTING UNORTHODOX LOCATION

