

ARTHUR R. BROWN

PETROLEUM ADMINISTRATIVE SERVICES

225 W. St. Anne Pl.
~~101 E. Marland Suite 105~~
Hobbs, New Mexico 88240

Office Phone (505) 397-2767
Home Phone (505) 392-5642

June 16, 1989

RECEIVED

Director
Oil Conservation Division
New Mexico Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87501

JUN 20 1989

OIL CONSERVATION DIV.
SANTA FE

Re: Application for Approval of
Unorthodox Oil Well Location

Gentlemen:

Dakota Resources, Inc., 310 W. Wall Suite 415, Midland, Texas 79701, hereby respectfully requests administrative approval of an unorthodox oil well location, because of topography, for well No. 3 Wakan Tanka Federal, Caprock Queen Pool, to be located 1550 feet from the south line and 2310 feet from the west line of Section 27, T.13 S., R.31 E., Chaves County, New Mexico.

This well is a proposed 2800 foot Queen oil test on Federal oil and gas lease NM-080128. The NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 27 is to be dedicated to the well.

Exhibit "A", attached, is a portion of a topographic map (Caudill Ranch Quadrangle) showing the proposed unorthodox well location, the boundary of that portion of the leasehold in Section 27 being developed at the present time, and the location of Dakota's wells Nos. 1 and 2 already completed on the leasehold. This is an area of unconsolidated soil on the west slope of Mescalero Ridge. As a result of ground slope to the west and nearness to the ridge, runoff has cut the area with numerous deep, steep-sided, headward eroding gullies extending in a generally westward direction.

At the preferred regular location, staked 1650 feet from the south line and 2310 feet from the west line of Section 27, the location is on a low, narrow ridge with a deep gully on the north side. There is not sufficient room to construct a well pad at this location without blocking a major drainage. To move the location north or west would require moving several hundred feet to a suitable place for a well pad.

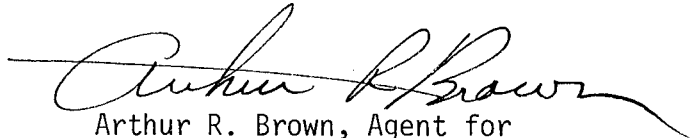
In selecting the best alternate drill site, the well location was moved 100 feet south where there is sufficient room between existing gullies to construct the well pad and drill pits. At this selected drill site,

staked 1550 feet from the south line and 2310 feet from the west line of Section 27, the well location is unorthodox but only because it is less than 1650 feet from the south line of the section. The proposed location does not crowd any offsetting lease operator other than Dakota Resources itself.

Exhibit "B" shows the operator, or ownership, of proration units offsetting the proration unit for which the unorthodox location is sought as well as wells completed thereon. The proposed well site is offset on the east and north by the Rock Queen Unit Area and on other sides as shown.

All operators offsetting the proration unit are being notified by Certified Mail of this application and are being asked to furnish waivers. A list of the names and addresses of such operators or owners, to whom notice is being mailed as of this date, is attached as Exhibit "C".

Sincerely,


Arthur R. Brown, Agent for
DAKOTA RESOURCES, INC.

ARB/bb

6/20/89 - Spoke w/ Brown about their filing - see surface / subsurface minerals.
(Ruben Sanchez BLM Rep)

Spoke w/ Ruben Sanchez @ the BLM - discussed their info.
and see rules. Will send a rule book to them. Wants to
think about and check out this location again will call back.

6/21/89 Ruben Sanchez OK present well-site.

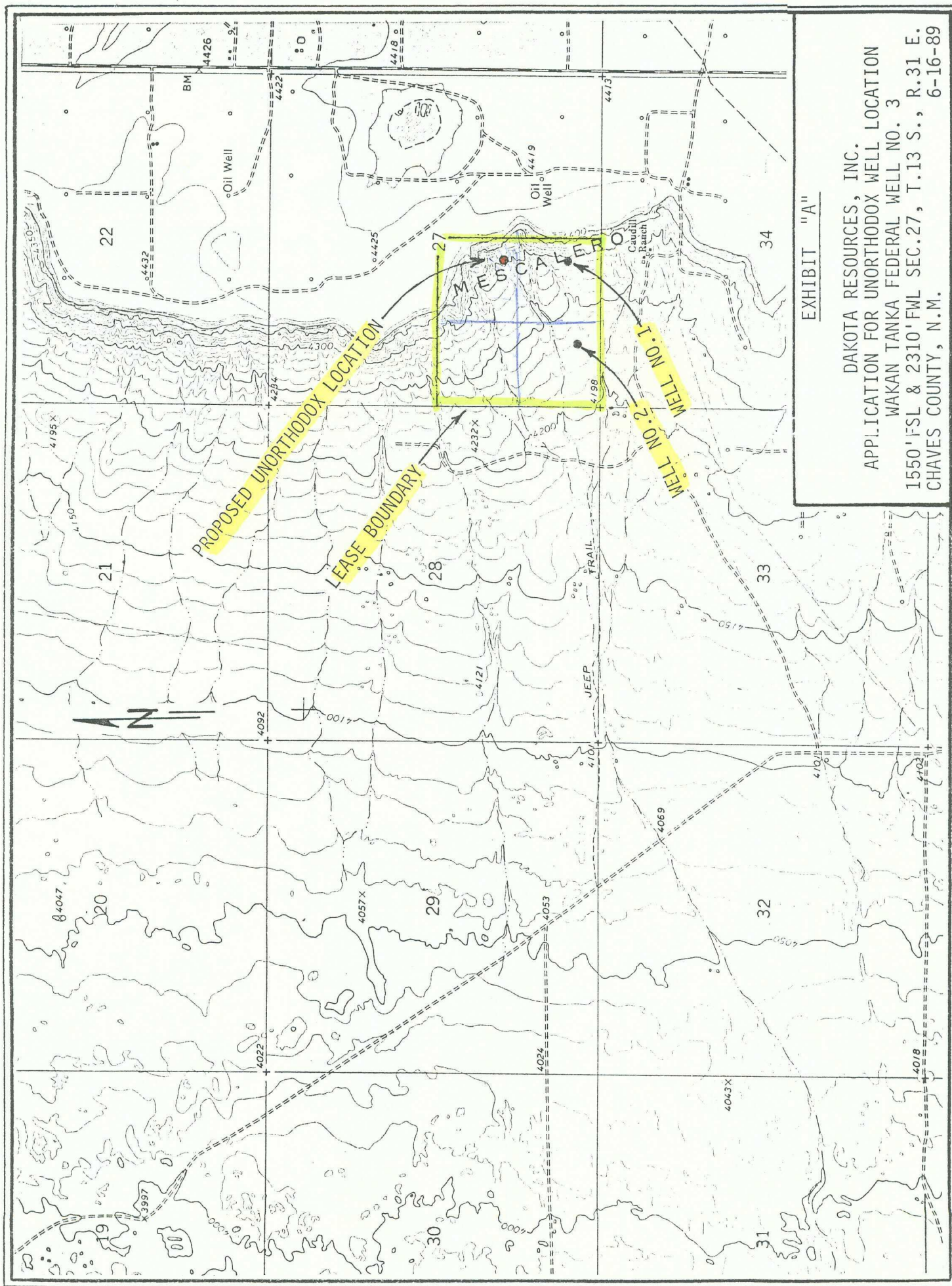
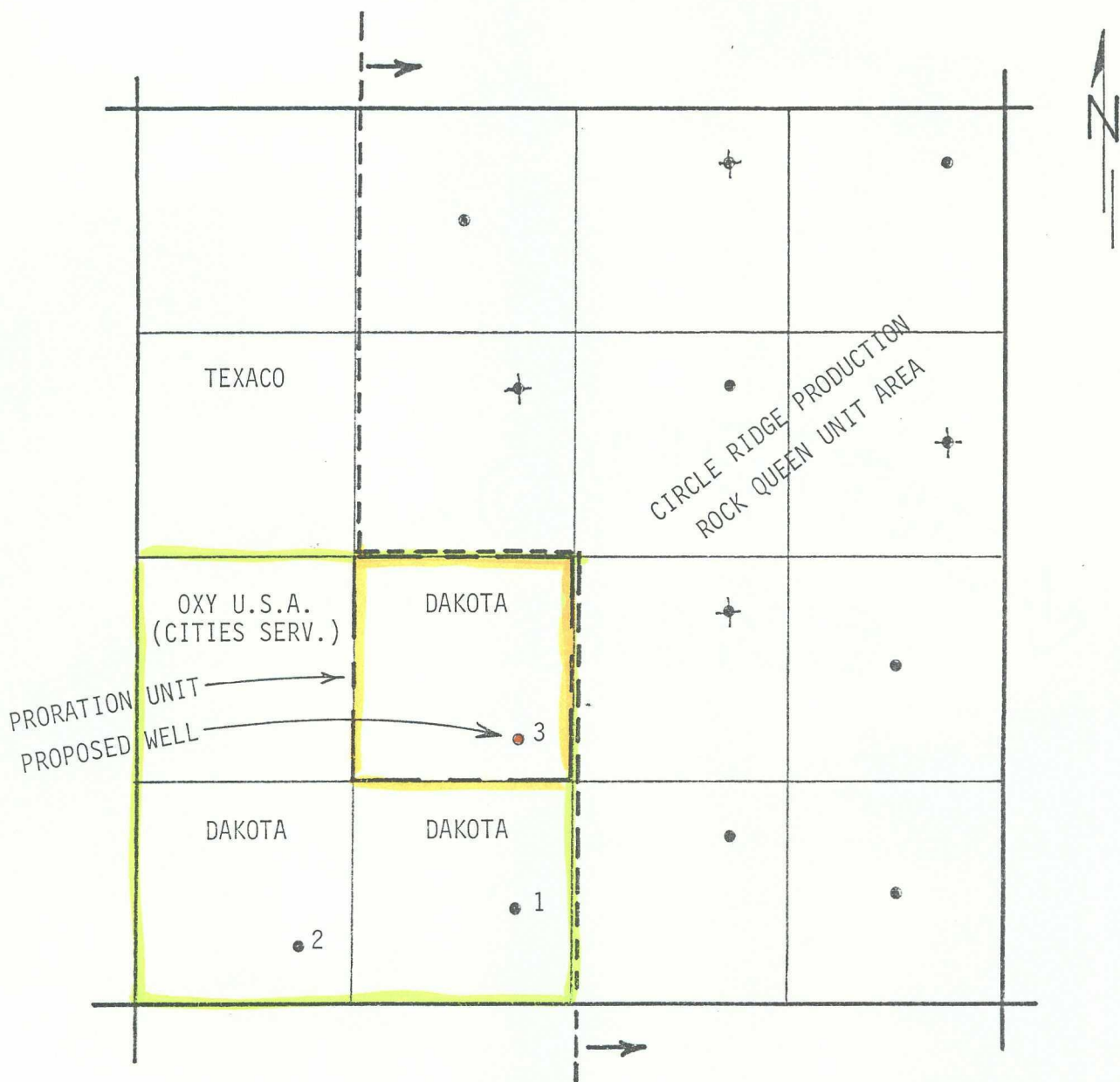


EXHIBIT "A"

DAKOTA RESOURCES, INC.
APPLICATION FOR UNORTHODOX WELL LOCATION
WAKAN TANKA FEDERAL WELL NO. 3
1550' FSL & 2310' FWL SEC. 27, T.13 S., R.31 E.
CHAVES COUNTY, N.M. 6-16-89



SHOWING
SECTION 27, T.13 S., R.31 E.
CHAVES COUNTY, NEW MEXICO

LEGEND:

- Oil Well
- ✦ Plugged Well
- Lease Boundary
- West Boundary Rock Queen Unit Area

EXHIBIT "B"

DAKOTA RESOURCES, INC.
APPLICATION FOR UNORTHODOX WELL LOCATION
WAKAN TANKA FEDERAL WELL NO. 3
1550' FSL & 2310' FWL SEC. 27, T.13 S., R.31 E.
CHAVES COUNTY, N.M. 6-16-89

OPERATORS OFFSETTING NE $\frac{1}{4}$ SW $\frac{1}{4}$ SEC.27, T.13 S., R.31 E.
CHAVES COUNTY, NEW MEXICO

Circle Ridge Production, Inc.
300 E. Northside Drive
Fort Worth, Texas 76106

Texaco Producing, Inc.
P.O. Box 728
Hobbs, New Mexico 88240

OXY U.S.A.
P. O. BOX 1919
Midland, Texas 79702

EXHIBIT "C"

DAKOTA RESOURCES, INC.
APPLICATION FOR UNORTHODOX WELL LOCATION
WAKAN TANKA FEDERAL WELL NO. 3
1550'FSL & 2310'FWL SEC.27, T.13 S., R.31 E.
CHAVES COUNTY, N.M. 6-16-89

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PETROLEUM ADMINISTRATIVE SERVICES

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Hobbs, New Mexico 88240

Office Phone (505) 397-2767
Home Phone (505) 392-5642

June 27, 1989

Director
Oil Conservation Division
New Mexico Energy and Minerals Department
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Michael E. Stogner


Re: Dakota Resources, Inc.
Application for Approval of
Unorthodox Oil Well Location

Gentlemen:

Dakota Resources has filed an application for administrative approval of an unorthodox oil well location, because of topography, for well No. 3 Wakan Tanka Federal, Caprock Queen Pool, to be located 1550 feet from the south line and 2310 feet from the west line of Section 27, T.13 S., R.31 E., Chaves County, New Mexico.

Enclosed is a copy of return receipts from offsetting operators notified by Certified Mail of the filing of this application.

Sincerely,


Arthur R. Brown, Agent for
DAKOTA RESOURCES, INC.

ARB/bb

RECEIVED

JUN 29 1989

OIL CONSERVATION DIV.
SANTA FE

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery
↑(Extra charge)↑ ↑(Extra charge)↑

3. Article Addressed to: <div style="text-align: center;"> Circle Ridge Production, Inc. 300 E. Northside Drive Fort Worth, Texas 76106 </div>	4. Article Number <div style="text-align: center;">P 640 506 120</div> <div style="margin-top: 5px;"> Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail </div> <div style="margin-top: 5px; font-size: small;"> Always obtain signature of addressee or agent and <u>DATE DELIVERED.</u> </div>
5. Signature — Addressee X <i>Diane Freedip</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery <div style="text-align: center;">6-21-89</div>	

PS Form 3811, Mar. 1987 ★ U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery
↑(Extra charge)↑ ↑(Extra charge)↑

3. Article Addressed to: <div style="text-align: center;"> Texaco Producing, Inc. P.O. Box 728 Hobbs, New Mexico 88240 </div>	4. Article Number <div style="text-align: center;">P 640 506 121</div> <div style="margin-top: 5px;"> Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail </div> <div style="margin-top: 5px; font-size: small;"> Always obtain signature of addressee or agent and <u>DATE DELIVERED.</u> </div>
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X <i>S.D. Lynn</i>	
7. Date of Delivery <div style="text-align: center;">6-20-89</div>	

PS Form 3811, Mar. 1987 ★ U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

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1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery
↑(Extra charge)↑ ↑(Extra charge)↑

3. Article Addressed to: <div style="text-align: center;"> OXY U.S.A. P.O. Box 1919 Midland, Texas 79702 </div>	4. Article Number <div style="text-align: center;">P 640 506 122</div> <div style="margin-top: 5px;"> Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail </div> <div style="margin-top: 5px; font-size: small;"> Always obtain signature of addressee or agent and <u>DATE DELIVERED.</u> </div>
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X <i>[Signature]</i>	
7. Date of Delivery <div style="text-align: center;">JUN 22 1989</div>	

PS Form 3811, Mar. 1987 ★ U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

Chaves

POOL

Caprock-Queen

TOWNSHIP

13 - South

RANGE

31-East

NMPM

Description: All Secs. 1, 2, 11, 12, 13, 14; $\frac{E}{2}$ Sec. 15, All Secs. 22, 23, 24, 25, 26, 27; $\frac{E}{2}$ $\frac{A}{2}$ $\frac{W}{2}$ Sec. 33; All Secs. 34, 35, 36, (R-660, 7-14-55)
Ext. $\frac{SE}{4}$ Sec. 3 (R-1652, 5-1-60). - $\frac{SE}{4}$ Sec. 10, (R-2187, 3-1-62).
Ext. $\frac{NW}{2}$ Sec. 3 (R-7667, 9-21-84)
Delete. $\frac{NW}{4}$ and $\frac{SE}{4}$ Sec. 3 (R-7763, 1-8-85)