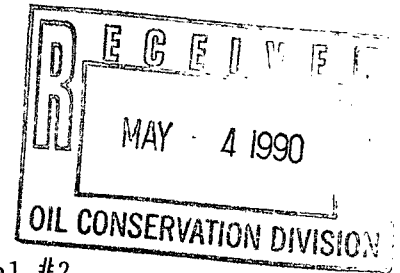


# MERIDIAN OIL

May 3, 1990

Certified Mail

Mr. William LeMay  
New Mexico Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87503



RE: Simms Federal #2  
1120'FSL, 1850'FEL  
Section 15, T-27-N, R-10-W  
Rio Arriba County, New Mexico

Dear Mr. LeMay:

This is a request for administrative approval for a non-standard gas well location in the Basin Fruitland Pool.

Meridian Oil intends to plugback and recomplete the Simms Federal #2 well from the Pictured Cliffs pool to the Basin Fruitland Coal Pool. The current location of this well is 1120'FSL, 1850'FEL, Section 15, T-27-N, R-10-W, Rio Arriba County, New Mexico. The well is considered non-standard due to the NE-SW dedicated pattern established for the Basin Fruitland Coal Pool. To comply with the New Mexico Oil Conservation Division rules, Meridian is submitting the following for your approval of this non-standard location:

1. C-102 plat showing location of the well;
2. Plat showing offset owners/operators;
3. Affidavit of notification of offset owners/operators;
4. Copy of Well Completion Log for original completion.

A copy of this application is being submitted to all offset owners/operators by certified mail with a request that they furnish your Santa Fe office with a Waiver of Objection, and return one copy to this office.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Peggy Bradfield".

Peggy Bradfield  
encl.

## WAIVER

\_\_\_\_\_ hereby waives objection to Meridian Oil Inc.'s application for a non-standard location for their Simms Federal #2 as proposed above.

By: \_\_\_\_\_ Date: \_\_\_\_\_

xc: Bayless Drilling Company

Submit to: Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Southland Royalty Company			Lease Simms Federal (Fee)		Well No. 2
Unit Letter 0	Section 11	Township 30 North	Range 4 West	County NMMN Rio Arriba	
Actual Footage Location of Well: 1120 feet from the South line and 1850 feet from the East line					
Ground level Elev. 6911'	Producing Formation Fruitland Coal		Pool Basin	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or machine 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 interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes

☐ No

If answer is "yes" type of consolidation

communitization agreement will be  
obtained

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 interest, has been approved by the Division.

\*Note: Not re-surveyed  
prepared from plat  
Sept. 28, 1981  
Fred B. Kerr Jr

RECEIVED

APR 23 1990

OIL CON. DIV.  
DIST. 3

OPERATOR CERTIFICATION

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

Signature

Peggy Bradfield

Printed Name

Regulatory Affairs

Position

Southland Royalty Co

Company

Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown  
on this plat was plotted from field notes or  
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. 4-19-90

Date Surveyed

Signature  
Professional Surveyor



Certificate No.

Neale Edwards

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

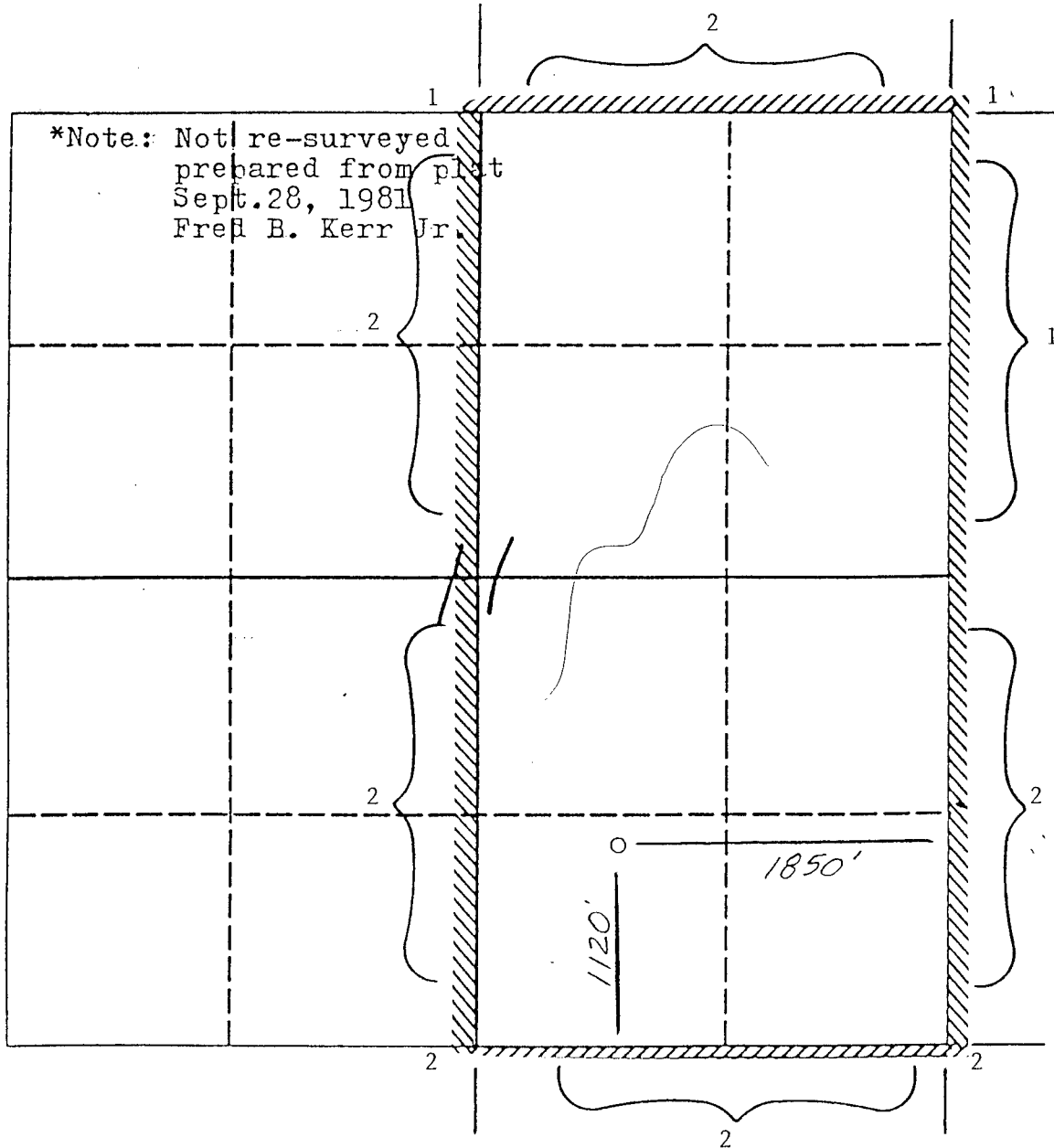
SOUTHLAND ROYALTY CO

Well Name Simms Federal #2

Footage 1120' FSL; 1850' FEL

APPLICATION FOR NON-STANDARD LOCATION

County Rio Arriba State New Mexico Section 11 Township 30N Range 4W

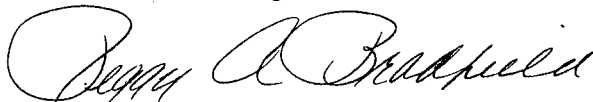


Remarks 1) Southland Royalty Company  
2) Southland Royalty Company and Bayless Drilling Company  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Simms Federal #2  
1120'FSL, 1850'FEL  
Section 15, T-27-N, R-10-W  
Rio Arriba County, New Mexico

I hereby certify that the following offset owners/operators have been mailed notification of our application for administrative approval for non-standard gas well location for the plugback and recompletion of the above well.

Bayless Drilling Company  
P.O. Box 2669  
Farmington, NM 87499

A handwritten signature in cursive script, reading "Peggy A. Bradfield".

Peggy Bradfield  
May 3, 1990

Rio Arriba County  
State of New Mexico

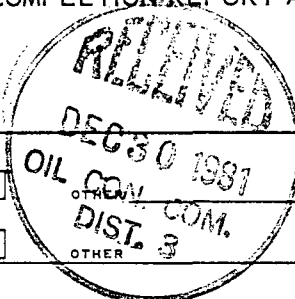
My commission expires August 17, 1992

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

Form C-105  
Revised 1-1-65

# NEW MEXICO OIL CONSERVATION COMMISSION WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease  
State ☐ Fee ☒  
5. State Oil & Gas Lease No.



1a. TYPE OF WELL  
OIL WELL ☐ GAS WELL ☒ DRY ☐  
b. TYPE OF COMPLETION  
NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ OTHER ☐

7. Unit Agreement Name  
8. Farm or Lease Name  
*Simms Federal*  
9. Well No.  
*2*

2. Name of Operator  
*Southland Royalty Company*  
3. Address of Operator  
*P. O. Drawer 570, Farmington, New Mexico 87499-0570*  
4. Location of Well

10. Field and Pool, or Wildcat  
*E. Blanco Pictured Cliffs Ext.*

UNIT LETTER *0* LOCATED *1120* FEET FROM THE *South* LINE AND *1850* FEET FROM  
THE *East* LINE OF SEC. *11* TWP. *30N* RGE. *4W* NMPM

12. County  
*Rio Arriba*

15. Date Spudded *10/26/81* 16. Date T.D. Reached *10/30/81* 17. Date Compl. (Ready to Prod.) *11/23/81* 18. Elevations (DF, RKB, RT, GR, etc.) *6911' GL* 19. Elev. Casinghead

20. Total Depth *4050'* 21. Plug Back T.D. *4007'* 22. If Multiple Compl., How Many  
23. Intervals Drilled By Rotary Tools *0-4050'* Cable Tools

24. Producing interval(s), of this completion - Top, Bottom, Name  
*3689'-3952' (Pictured Cliffs)*  
25. Was Directional Survey Made  
*Deviation*

26. Type Electric and Other Logs Run  
*IEL, GR-FDC/CNL, GR-CCL/CBL*  
27. Was Well Cored  
*No*

28. CASING RECORD (Report all strings set in well)					
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
<i>8-5/8"</i>	<i>24#</i>	<i>239'</i>	<i>12-1/4"</i>	<i>170 sacks</i>	
<i>4-1/2"</i>	<i>10.5#</i>	<i>4050'</i>	<i>7-7/8"</i>	<i>245 sacks</i>	

29. LINER RECORD					30. TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
<i>----</i>	<i>----</i>	<i>----</i>	<i>----</i>		<i>1-1/2"</i>	<i>3907'</i>	<i>----</i>

31. Perforation Record (Interval, size and number)  
*Pictured Cliffs: Total of 18 holes*  
*3689', 3694', 3702', 3708', 3714', 3720', 3726', 3732', 3737', 3742', 3747', 3752', 3824', 3904', 3915', 3926', 3944', 3952'.*  
32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.  
DEPTH INTERVAL  
*3689'-3952'*  
AMOUNT AND KIND MATERIAL USED  
*Frac'd with 98,600 gals water and 92,000# of 20/40 sand*

33. PRODUCTION  
Date First Production  
Production Method (Flowing, gas lift, pumping - Size and type pump)  
*Flowing*  
Well Status (Prod. or Shut-in)  
*Shut-In*  
Date of Test *12/02/81* Hours Tested *3* Choke Size *3/4"* Prod'n. For Test Period  
Oil - Bbl. Gas - MCF Water - Bbl. Gas - Oil Ratio  
Flow Tubing Press. *105* Casing Pressure *565* Calculated 24-Hour Rate  
Oil - Bbl. Gas - MCF Water - Bbl. Oil Gravity - API (Corr.)  
*1644*

34. Disposition of Gas (Sold, used for fuel, vented, etc.)  
*Sold*  
Test Witnessed By  
*Richard Lopez*

35. List of Attachments

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.  
SIGNED *[Signature]* TITLE *District Prod. Manager* DATE *12/22/81*

MERIDIAN OIL

OIL CONSERVATION DIVISION

RECEIVED

May 7, 1990

'90 MAY 8 AM 10 21

Certified Mail

Mr. William LeMay  
New Mexico Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87503

RE: Simms Federal #2  
1120'FSL, 1850'FEL  
Section 11, T-30-N, R-04-W  
Rio Arriba County, New Mexico

Dear Mr. LeMay:

This is a request for administrative approval for a non-standard gas well location in the Basin Fruitland Pool.

Meridian Oil intends to plugback and recomplete the Simms Federal #2 well from the Pictured Cliffs pool to the Basin Fruitland Coal Pool. The current location of this well is 1120'FSL, 1850'FEL, Section 11, T-30-N, R-04-W, Rio Arriba County, New Mexico. The well is considered non-standard due to the NE-SW dedicated pattern established for the Basin Fruitland Coal Pool. To comply with the New Mexico Oil Conservation Division rules, Meridian is submitting the following for your approval of this non-standard location:

1. C-102 plat showing location of the well;
2. Plat showing offset owners/operators;
3. Affidavit of notification of offset owners/operators;
4. Copy of Well Completion Log for original completion.

A copy of this application is being submitted to all offset owners/operators by certified mail with a request that they furnish your Santa Fe office with a Waiver of Objection, and return one copy to this office.

Sincerely yours,



Peggy Bradfield  
encl.

WAIVER

\_\_\_\_\_ hereby waives objection to Meridian Oil Inc.'s application for a non-standard location for their Simms Federal #2 as proposed above.

By: \_\_\_\_\_ Date: \_\_\_\_\_

xc: Bayless Drilling Company

Submit to Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer 00, Aramis, NM 88210

DISTRICT III  
1000 Rio Arriba Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Southland Royalty Company		Lease Simms Federal (Fee)		Well No. 2
Unit Letter 0	Section 11	Township 30 North	Range 4 West	County NMPM Rio Arriba
Actual Footage Location of Well: 1120 feet from the South line and 1850 feet from the East line				
Ground level Elev. 6911'	Producing Formation Fruitland Coal	Pool Basin	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or ink on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?  
☐ Yes ☐ No If answer is "yes" type of consolidation: communitization agreement will be obtained  
If answer is "no" list the owners and their descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)  
No acreage will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

\*Note: Not re-surveyed  
prepared from plat  
Sept. 28, 1981  
Fred B. Kerr Jr.

RECEIVED

APR 23 1990

OIL CON. DIV.  
DIST. 3

OPERATOR CERTIFICATION

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

Signature  
Peggy Bradfield  
Printed Name  
Regulatory Affairs  
Position  
Southland Royalty  
Company

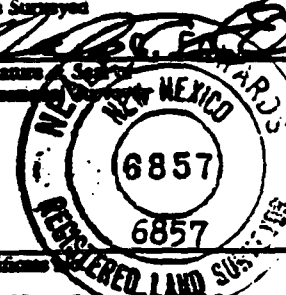
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes actual surveys made by me or under supervision, and that the same is true and correct to the best of my knowledge and belief.  
4-19-90

Date Surveyed

Signature of Surveyor  
Professional Surveyor



Neale Edwards

0 320 640 960 1280 1600 1920 2240 2560 2880 3200 3520 3840 4160 4480 4800 5120 5440 5760 6080 6400 6720 7040 7360 7680 8000 8320 8640 8960 9280 9600 9920 10240 10560 10880 11200 11520 11840 12160 12480 12800 13120 13440 13760 14080 14400 14720 15040 15360 15680 16000 16320 16640 16960 17280 17600 17920 18240 18560 18880 19200 19520 19840 20160 20480 20800 21120 21440 21760 22080 22400 22720 23040 23360 23680 24000 24320 24640 24960 25280 25600 25920 26240 26560 26880 27200 27520 27840 28160 28480 28800 29120 29440 29760 30080 30400 30720 31040 31360 31680 32000 32320 32640 32960 33280 33600 33920 34240 34560 34880 35200 35520 35840 36160 36480 36800 37120 37440 37760 38080 38400 38720 39040 39360 39680 40000 40320 40640 40960 41280 41600 41920 42240 42560 42880 43200 43520 43840 44160 44480 44800 45120 45440 45760 46080 46400 46720 47040 47360 47680 48000 48320 48640 48960 49280 49600 49920 50240 50560 50880 51200 51520 51840 52160 52480 52800 53120 53440 53760 54080 54400 54720 55040 55360 55680 56000 56320 56640 56960 57280 57600 57920 58240 58560 58880 59200 59520 59840 60160 60480 60800 61120 61440 61760 62080 62400 62720 63040 63360 63680 64000 64320 64640 64960 65280 65600 65920 66240 66560 66880 67200 67520 67840 68160 68480 68800 69120 69440 69760 70080 70400 70720 71040 71360 71680 72000 72320 72640 72960 73280 73600 73920 74240 74560 74880 75200 75520 75840 76160 76480 76800 77120 77440 77760 78080 78400 78720 79040 79360 79680 80000 80320 80640 80960 81280 81600 81920 82240 82560 82880 83200 83520 83840 84160 84480 84800 85120 85440 85760 86080 86400 86720 87040 87360 87680 88000 88320 88640 88960 89280 89600 89920 90240 90560 90880 91200 91520 91840 92160 92480 92800 93120 93440 93760 94080 94400 94720 95040 95360 95680 96000 96320 96640 96960 97280 97600 97920 98240 98560 98880 99200 99520 99840 100160 100480 100800 101120 101440 101760 102080 102400 102720 103040 103360 103680 104000 104320 104640 104960 105280 105600 105920 106240 106560 106880 107200 107520 107840 108160 108480 108800 109120 109440 109760 110080 110400 110720 111040 111360 111680 112000 112320 112640 112960 113280 113600 113920 114240 114560 114880 115200 115520 115840 116160 116480 116800 117120 117440 117760 118080 118400 118720 119040 119360 119680 120000 120320 120640 120960 121280 121600 121920 122240 122560 122880 123200 123520 123840 124160 124480 124800 125120 125440 125760 126080 126400 126720 127040 127360 127680 128000 128320 128640 128960 129280 129600 129920 130240 130560 130880 131200 131520 131840 132160 132480 132800 133120 133440 133760 134080 134400 134720 135040 135360 135680 136000 136320 136640 136960 137280 137600 137920 138240 138560 138880 139200 139520 139840 140160 140480 140800 141120 141440 141760 142080 142400 142720 143040 143360 143680 144000 144320 144640 144960 145280 145600 145920 146240 146560 146880 147200 147520 147840 148160 148480 148800 149120 149440 149760 150080 150400 150720 151040 151360 151680 152000 152320 152640 152960 153280 153600 153920 154240 154560 154880 155200 155520 155840 156160 156480 156800 157120 157440 157760 158080 158400 158720 159040 159360 159680 160000 160320 160640 160960 161280 161600 161920 162240 162560 162880 163200 163520 163840 164160 164480 164800 165120 165440 165760 166080 166400 166720 167040 167360 167680 168000 168320 168640 168960 169280 169600 169920 170240 170560 170880 171200 171520 171840 172160 172480 172800 173120 173440 173760 174080 174400 174720 175040 175360 175680 176000 176320 176640 176960 177280 177600 177920 178240 178560 178880 179200 179520 179840 180160 180480 180800 181120 181440 181760 182080 182400 182720 183040 183360 183680 184000 184320 184640 184960 185280 185600 185920 186240 186560 186880 187200 187520 187840 188160 188480 188800 189120 189440 189760 190080 190400 190720 191040 191360 191680 192000 192320 192640 192960 193280 193600 193920 194240 194560 194880 195200 195520 195840 196160 196480 196800 197120 197440 197760 198080 198400 198720 199040 199360 199680 200000

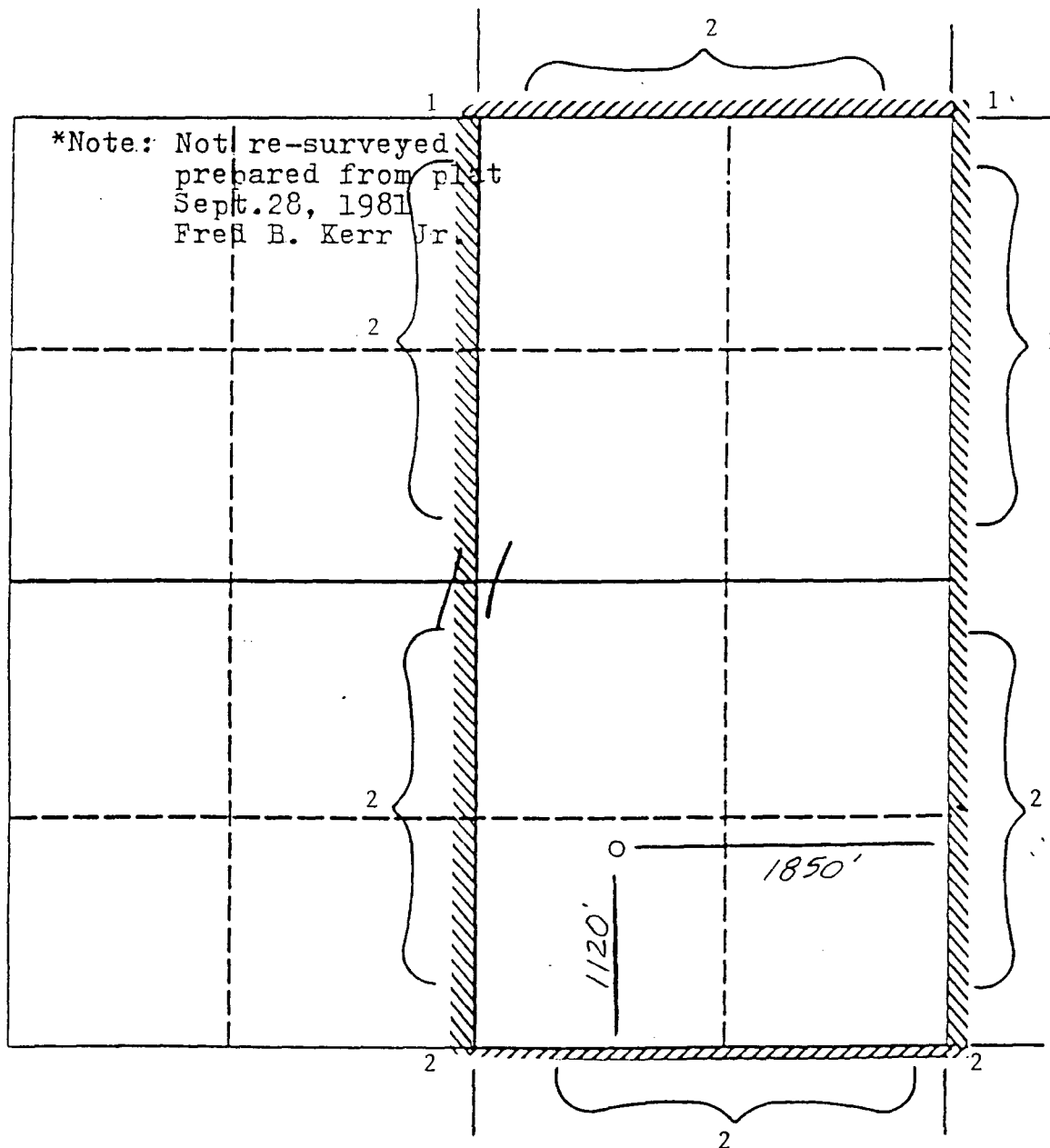
SOUTHLAND ROYALTY CO

Well Name Simms Federal #2

Footage 1120' ESL; 1850' FEL

APPLICATION FOR NON-STANDARD LOCATION

County Rio Arriba State New Mexico Section 11 Township 30N Range 4W

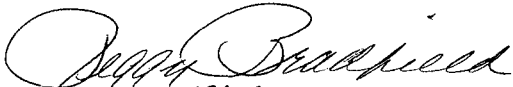


Remarks 1) Southland Royalty Company  
2) Southland Royalty Company and Bayless Drilling Company  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Simms Federal #2  
1120'FSL, 1850'FEL  
Section 11, T-30-N, R-04-W  
Rio Arriba County, New Mexico

I hereby certify that the following offset owners/operators have been mailed notification of our application for administrative approval for non-standard gas well location for the plugback and recompletion of the above well.

Bayless Drilling Company  
P.O. Box 2669  
Farmington, NM 87499

  
Peggy Bradfield  
May 7, 1990

Rio Arriba County  
State of New Mexico

My commission expires August 17, 1992

NO. OF COPIES RECEIVED	
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SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

Form C-105  
Revised 1-1-65

# NEW MEXICO OIL CONSERVATION COMMISSION WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease  
State ☐ Fee ☒  
5. State Oil & Gas Lease No.

1. TYPE OF WELL  
OIL WELL ☐ GAS WELL ☒ DRY ☐  
2. TYPE OF COMPLETION  
NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ OTHER ☐

7. Unit Agreement Name  
8. Farm or Lease Name  
*Simms Federal*

3. Name of Operator  
*Southland Royalty Company*

9. Well No.  
*2*

4. Address of Operator  
*P. O. Drawer 570, Farmington, New Mexico 87499-0570*

10. Field and Pool, or Wildcat  
*E. Blanche Pictured Cliffs Ext.*

6. Location of Well  
UNIT LETTER *0* LOCATED *1120* FEET FROM THE *South* LINE AND *1850* FEET FROM

12. County  
*Rio Arriba*

THE *East* LINE OF SEC. *11* TWP. *30N* RGE. *4W* NMPM

13. Date Spudded *10/26/81* 16. Date T.D. Reached *10/30/81* 17. Date Compl. (Ready to Prod.) *11/23/81* 18. Elevations (DF, RKB, RT, GR, etc.) *6911' GL* 19. Elev. Casinghead

20. Total Depth *4050'* 21. Plug Back T.D. *4007'* 22. If Multiple Compl., How Many  
23. Intervals Drilled By Rotary Tools *0-4050'* Cable Tools

24. Producing interval(s), of this completion — Top, Bottom, Name  
*3689'-3952' (Pictured Cliffs)*  
25. Was Directional Survey Made  
*Deviation*

26. Type Electric and Other Logs Run  
*IEL, GR-FDC/CNL, GR-CCL/CBL*  
27. Was Well Cored  
*No*

## 28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8-5/8"	24#	239'	12-1/4"	170 sacks	
4-1/2"	10.5#	4050'	7-7/8"	245 sacks	

29. LINER RECORD				30. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
----	----	----	----		1-1/2"	3907'	----

31. Perforation Record (Interval, size and number)  
*Pictured Cliffs: Total of 18 holes*  
*3689', 3694', 3702', 3708', 3714', 3720', 3726', 3732', 3737', 3742', 3747', 3752', 3824', 3904', 3915', 3926', 3944', 3952'.*

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.  
DEPTH INTERVAL  
*3689'-3952'*  
AMOUNT AND KIND MATERIAL USED  
*Frac'd with 98,600 gals water and 92,000# of 20/40 sand*

## 33. PRODUCTION

Date First Production  
Production Method (Flowing, gas lift, pumping — Size and type pump)  
*Flowing*  
Well Status (Prod. or Shut-in)  
*Shut-In*

Date of Test <i>12/02/81</i>	Hours Tested <i>3</i>	Choke Size <i>3/4"</i>	Prod'n. For Test Period Oil — Bbl. Gas — MCF Water — Bbl. Gas — Oil Ratio
Flow Tubing Press. <i>105</i>	Casing Pressure <i>565</i>	Calculated 24-Hour Rate Oil — Bbl. Gas — MCF Water — Bbl. Oil Gravity — API (Corr.)	<i>1644</i>

34. Disposition of Gas (Sold, used for fuel, vented, etc.)  
*Sold*  
Test Witnessed By  
*Richard Lopez*

## 35. List of Attachments

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

SIGNED *[Signature]* TITLE *District Prod. Manager* DATE *12/22/81*

OIL GOLF  
RECEIVED

ROBERT L. BAYLESS

P. O. BOX 168

FARMINGTON, NM 87499

FAX NO.  
(505) 326-6911

OFFICE NO.  
(505) 326-2659

'90 MAY 16 AM 8 41

May 15, 1990

Meridian Oil Inc.  
**ATTN: Peggy Bradfield**  
3535 E. 30th St.  
Farmington, NM 87401

RE: Simms Federal #2

Gentlemen:

Enclosed we are returning your three copies of revised request for administrative approval for a non-standard location on the referenced well.

Please refer to the enclosed copy of our letter dated May 10, 1990, explaining the offset lease is held in the name of Robert L. Bayless, not Bayless Drilling Company. You should be aware that Robert L. Bayless and Bayless Drilling Company are two very separate and distinct entities.

Further, we reiterate that due to current negotiations between Bayless and Meridian we feel it imprudent and disruptive to consider the requested waiver at this time.

Yours truly,

  
ROBERT L. BAYLESS

RLB/eh

Enclosures (4)

xc: NMOCD, ATTN: William LeMay

OIL CONSERVATION DIVISION  
RECEIVED

ROBERT L. BAYLESS

P. O. BOX 168  
FARMINGTON, NM 87499

FAX NO.  
(505) 326-6911

90 MAY 11 AM 8 35

OFFICE NO.  
(505) 326-2659

CERTIFIED MAIL  
RETURN RECEIPT #P-117-124-583

May 10, 1990

New Mexico Oil Conservation Division  
ATTN: Mr. William LeMay  
P.O. Box 2088  
Santa Fe, NM 87503

RE: Meridian Oil Inc.  
Request for Waiver of Objection  
Simms Federal #2  
Rio Arriba County, NM

Gentlemen:

This office is in receipt of the subject Request for Waiver of Objection by letter dated May 3, 1990 and would like to serve notice to you that we cannot consider said request at this time for the following reasons:

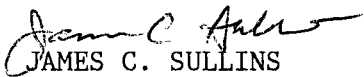
(1) The offset lease which makes the Request for Waiver necessary is and has always been held in the name of Robert L. Bayless, not Bayless Drilling Company;

(2) The correct Section, Township, and Range for the Simms Federal #2 location is Section 11, T30N, R4W, not Section 15, T27N, R10W, as stated in Meridian's letter;

(3) Most importantly, Meridian and Robert L. Bayless are currently negotiating a possible exchange of certain leasehold in this area, including Section 11, T30N, R4W, and therefore we feel it would be imprudent and disruptive to said negotiations to consider the subject Waiver at this time.

It is not the intent of this letter to object or waive objection to Meridian's proposed operation, but only to point out the obvious errors and inappropriate timing of said request and to ask that your office consider withholding approval of Meridian's non-standard location until such time as the above matters have been resolved.

Yours truly,

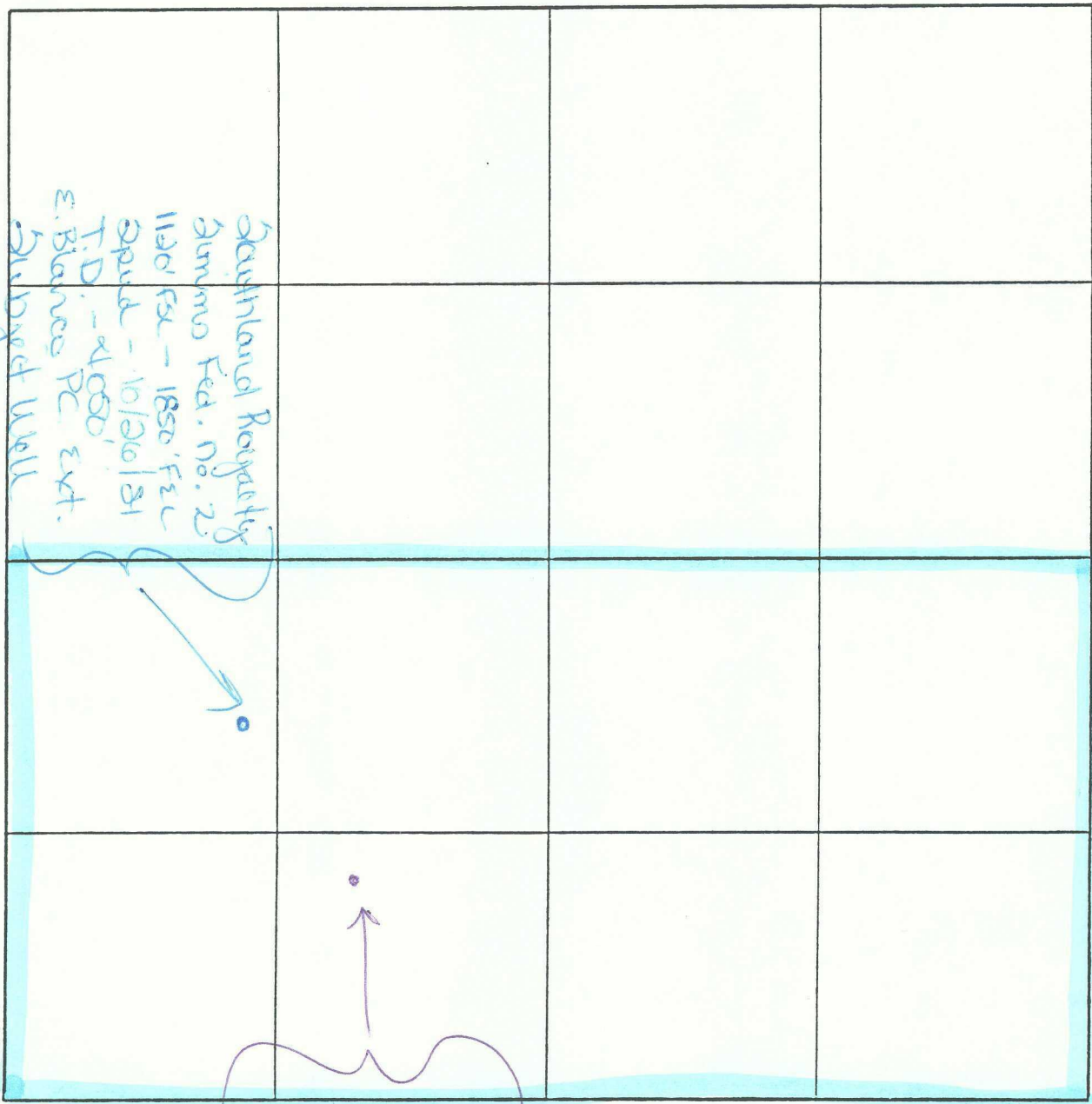
  
JAMES C. SULLINS  
Land Manager

JCS/eh

xc: Meridian Oil Inc.  
ATTN: Peggy Bradfield

*Corrected by  
Sullins  
5/11/90*

1955 OS Survey  
 indicates a  
 large amount of  
 uncollected trout  
 in Section 11  
 therefore  
 E/2 quadrant  
 containing  
 320, more or  
 less.



El Paso Nat. Gas  
 San Juan 3rd No. 25  
 1800' FS2 - 990' FS1  
 Spud - 9/8/58  
 T.D. 4016'  
 Wildcat  
 P. 4th D 12-2-59

Southland Royalty  
 Sumner Fed. No. 2  
 1100' FS2 - 1850' FS1  
 Spud - 10/20/31  
 T.D. - 4000'  
 E. Blance PC ext.  
 Shaded Well

SECTION 11 TOWNSHIP 30N RANGE 4W  
 Rio Arriba County



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

ARREY CARRUTHERS  
GOVERNOR

1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6170

Date: 5-16-90

Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

Re: Proposed MC \_\_\_\_\_  
Proposed DHC \_\_\_\_\_  
Proposed NSL X \_\_\_\_\_  
Proposed SWD \_\_\_\_\_  
Proposed WFX \_\_\_\_\_  
Proposed PMX \_\_\_\_\_

Gentlemen:

I have examined the application dated 5-8-90  
for the Southland Property Co. - SIMMS FEDERAL #2  
Operator Lease & Well No.

Q-11-30W-4W and my recommendations are as follows:  
Unit, S-T-R

Approve  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Yours truly,

Eric Bush

OIL CONSERVATION DIVISION  
RECEIVED  
90 MAY 18 AM 9 10