

WILSON & ELLIOTT

OIL AND GAS EXPLORATION

3907 CRESTGATE
MIDLAND, TEXAS 79707

OIL CONSERVATION DIVISION
RECEIVED

'91 APR 10 AM 8 52

-LAND-

ROGER T. ELLIOTT
OFFICE: 915/687-0127
HOME: 915/694-0069

-GEOLOGY-

TODD M. WILSON
915/684-3937

April 4, 1991

Mr. David R. Catanach
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Will be placed in the Daniel Rudge

RE: Request for Administrative Approval
for Unorthodox Drillsite
N/2 of Section 13, T20S-R33E,
Lea County, New Mexico

Operator
Dear Mr. Catanach:

As we discussed, Collins & Ware, Inc., as Operator, plans to drill at a location 990' FNL and 1750' FEL of Section 13, T20S-R33E, Lea County, New Mexico, as a 13,850-foot Morrow test. Because of surface stipulations imposed on us by the Bureau of Land Management, we are required to drill our well at the aforementioned location. Mr. Shannon Shaw, BLM, Carlsbad, N.M. office, advised us that he has also talked with you concerning the circumstances involved in our request.

You advised that, because of the BLM imposed surface stipulation and our drillsite location was not encroaching the offsetting leasehold owners to the east significantly, the NMOCD could administratively approve our unorthodox drillsite location.

Please find enclosed our Application for the captioned and accompanying documentation, and Applicant certifies that the information, to the best of its knowledge, is current and correct.

At the earliest possible date, please send us your written approval (order) granting us our unorthodox drillsite location.

Thank you for your cooperation and prompt response to our request.

Very truly yours,

Roger T. Elliott
Roger T. Elliott
Landman

RTE/sh

Enclosure

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION :
OF COLLINS & WARE, INC., FOR AN :
UNORTHODOX GAS WELL LOCATION : CASE NO.
LEA COUNTY, NEW MEXICO :
_____ :

APPLICATION

COMES NOW Collins & Ware, Inc., and in support hereof, respectfully states:

1. Applicant is the operator of the following lands in Lea County, New Mexico:

Township 20 South, Range 33 East, N.M.P.M.

Section 13: N/2

containing 320 acres, more or less,

and proposes to drill its Big Jake Six Shooter Federal "13" No. 1 Well, at a point located 990 feet from the north line and 1,750 feet from the east line (Unit B) of said Section 13, to a depth sufficient to test all formations from the base of the Yates formation down to and including the base of the Morrow formation, at approximately 13,850 feet.

2. Applicant's preferred location of 660 feet from the north line and 1,980 feet from the east line, an orthodox location, falls within Noranda Exploration, Inc.'s (potash lessee), "LMR" (Life of Mine Reserves), the Bureau of Land Management, Carlsbad and Roswell offices, has imposed on Applicant surface stipulations, based upon topography, requiring Applicant to drill its well within a 100-foot radius of pre-existing well bores in the aforementioned lands in order to prevent waste of potential mineable potash ore.

3. Applicant seeks an exception to the well location requirements of Oil Conservation Division Rule 104 B.I.(a), pursuant to Division Rule 104F(I), for administrative approval to drill the aforementioned well 990 feet from the north line and 1,750 feet from the east line of said Section 13.

4. Applicant seeks approval for this location to test all formations from the base of the Yates formation down to and including the base of the Morrow formation.

5. A standard 320-acre proration unit comprising the N/2 of said Section 13 should be dedicated to such well or such lesser portion thereof as is reasonably shown to be productive of oil and gas.

6. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, avoid loss of potential mineable potash ore, and will otherwise prevent waste and protect correlative rights.

7. In support of this Application, Applicant submits the following:

- A. Notice of Staking to Drill with topographic map attached.
- B. Form C-102 showing the well location, proration unit, leases within the unit.
- C. Exhibit "A", Land Plat/Drafted Land Plat, showing offset working interest owners. No producing well in the Morrow formation is located in Section 18, T20S-R34E, Lea County, N.M.
- D. Exhibit "B", copy of Federal takeoff covering Section 18, T20S-R34E, Lea County, N.M., describing lessees and owners of operating rights therein.
- E. Exhibit "C", copy of Noranda Exploration, Inc.'s, "LMR" plat.
- F. Waiver of Objection letter dated August 27, 1990, from Noranda Exploration, Inc., and a copy of Courtesy Letter to Noranda dated March 8, 1991.

G. Waiver Letters dated March 15, 1991, from the offsetting working interest owners located in Section 18, T20S-R34E, Lea County, N.M.:

(1)	Oxy U.S.A. Inc.	-	98.00%
(2)	Doyle Hartman	-	.75%
(3)	John H. Hendrix	-	.50%
(4)	Michael Klein	-	.50%
(5)	James Davidson	-	.25%

WHEREFORE, Applicant requests:

A. That this Application of Administrative Approval of Unorthodox Location, based upon topographic imposed requirement by the Bureau of Land Management, be given as required by law.

B. That upon the Division entering its order granting Applicant permission to drill its Big Jake Six Shooter Federal "13" No. 1 Well at a point 990 feet from the north line and 1,750 feet from the east line (Unit B) of Section 13, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and to dedicate the N/2 of Section 13 to said well for production from all formations which may be developed on 320-acre spacing.

C. And for such other and further relief as may be just in the premises.

COLLINS & WARE, INC.

By: 

Roger T. Elliott dba WILSON & ELLIOTT,
Oil & Gas Exploration

Address: 3907 Crestgate
Midland, Texas 79707

NOTICE OF STAKING

(Not to be used in place of Application for Permit to Drill Form 3160-3)

1. Oil Well _____ Gas Well <u>XX</u> Other _____ (Specify)		6. Lease Number LC-065447	
2. Name of Operator: COLLINS & WARE, INC. 600 W. ILLINOIS, SUITE 701 MIDLAND, TEXAS 79701		7. If Indian, Allottee or Tribe Name	
3. Name of Specific Contact Person: JIM O'BRIANT, AGENT O'BRIANT ENGINEERING		8. Unit Agreement Name	
4. Address & Phone No. of XXXXXXX Agent P.O. BOX 10487, MIDLAND, TEXAS 79702 (915) 683-5511		9. Farm or Lease Name SIX-SHOOTER "13" FEDERAL	
5. Surface Location of Well 990'FNL & 1750'FEL OF SECTION 13, T.20 S., R.33 E., LEA COUNTY, NEW MEXICO Attach: a) Sketch showing road entry into pad, pad dimensions, and reserve pit. b) Topographical or other acceptable map showing location, access road, and lease boundaries.		10. Well No. 1	
		11. Field or Wildcat Name UNDESIGNATED QUAIL RIDGE MORROW	
		12. Sec., T., R., M., or Blk and Survey or Area SEC.13, T.20 S., R.33 E.	
15. Formation Objective(s) MORROW	16. Estimated Well Depth 14,000'	13. County, Parish or Borough LEA	14. State NEW MEXICO

17. Additional Information (as appropriate; must include surface owner's name, address, and telephone number).

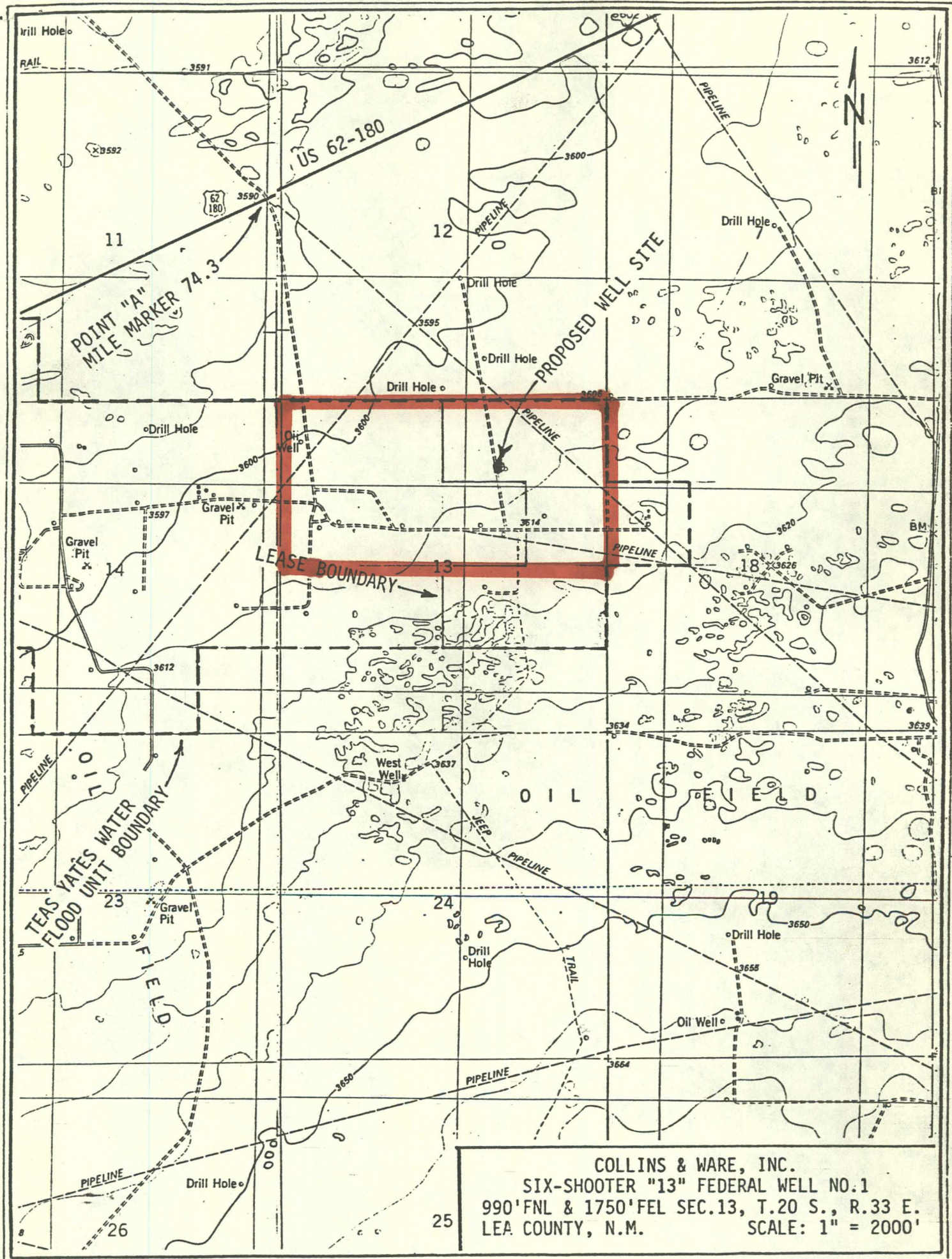
18. Signed Arthur R. Brown Title Agent Date 4-1-91

Note: Upon receipt of this Notice, the Bureau of Land Management (BLM) will schedule the date of the onsite predrill inspection and notify you accordingly. The location must be staked and access road must be flagged prior to the onsite.

Operators must consider the following prior to the onsite:

- a) H2S Potential
- b) Cultural Resources (Archeology)
- c) Federal Right of Way or Special Use Permit

[illegible]



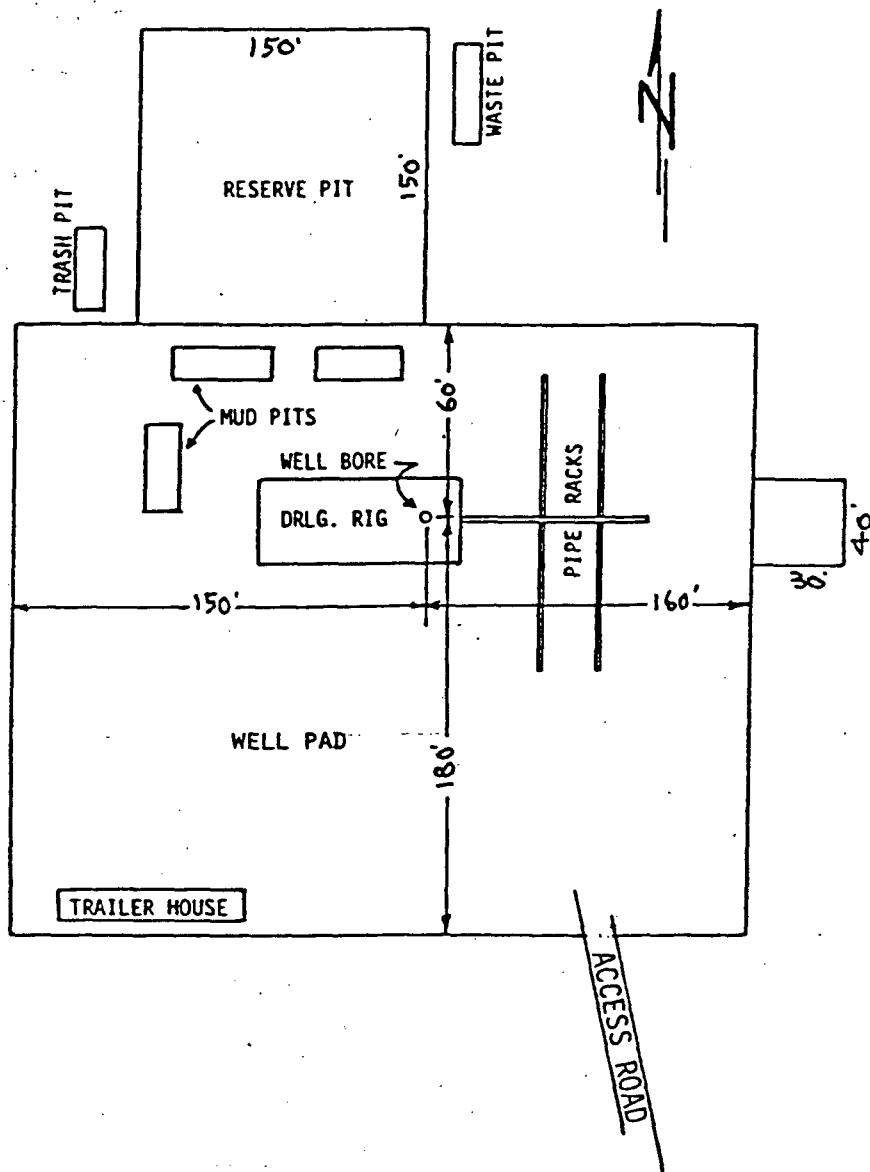
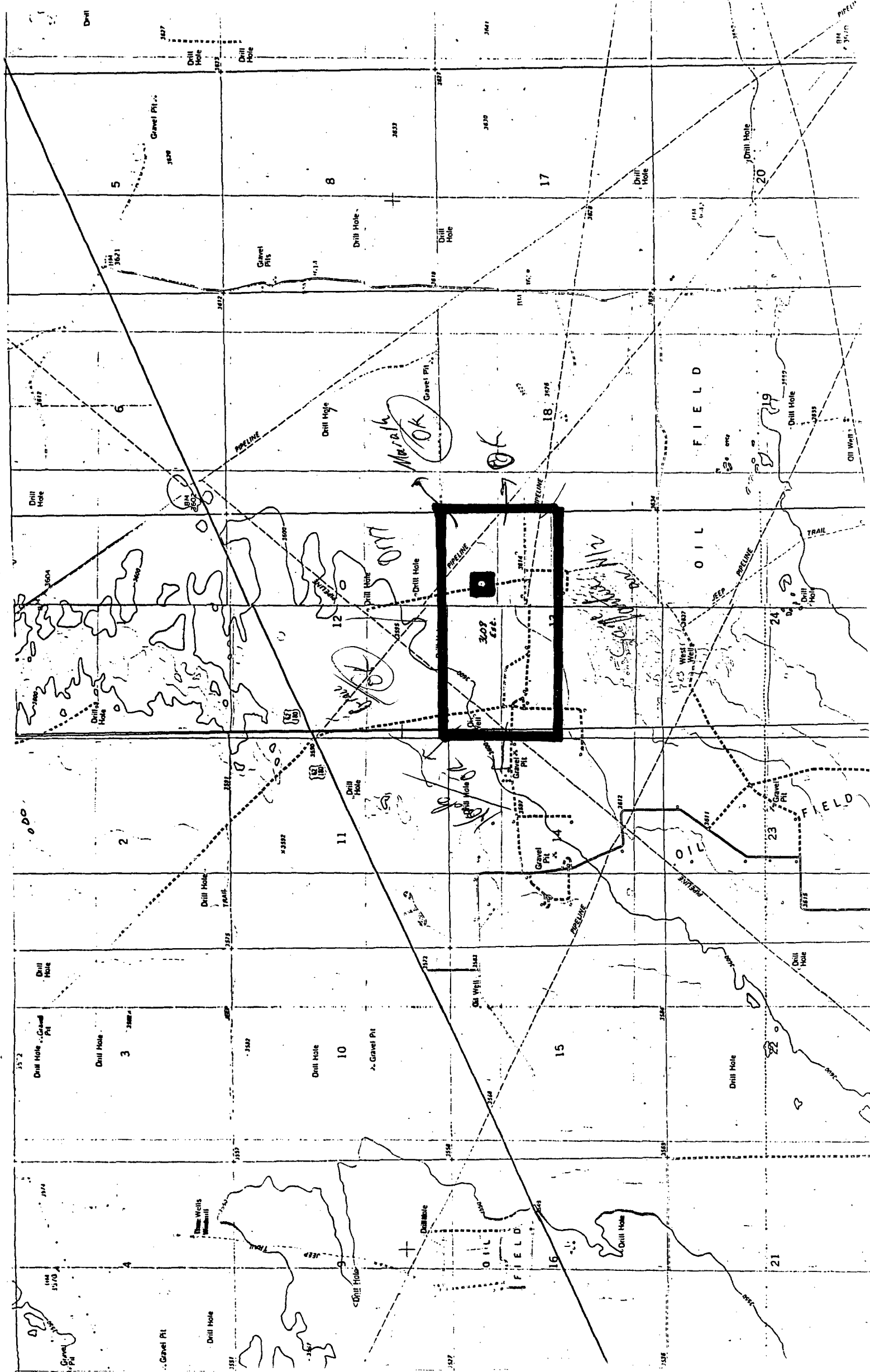


EXHIBIT "C"

COLLINS & WARE, INC.
SIX-SHOOTER "13" FEDERAL WELL NO.1

DRILLING RIG LAYOUT
SCALE: None



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 Bratos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator COLLINS & WARE, INC.			Lease Six Shooter Federal "13"		Well No. 1
Unit Letter B	Section 13	Township 20 South	Range 33 East	County NMPM Lea	
Actual Footage Location of Well: 990 feet from the North line and 1,750 feet from the East line					
Ground level Elev.	Producing Formation Morrow		Pool Quail Ridge		Dedicated Acreage: 320 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 interest 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 interest, has been approved by the Division.

TRACT A		TRACT B
	SEE ATTACHED SCHEDULE FOR LEASEHOLD OWNERSHIP	
TRACT D		TRACT C

990'

1750'

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

OPERATOR CERTIFICATION

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

Signature

Roger T. Elliott

Printed Name

Roger T. Elliott

Position

Landman for

Company

COLLINS & WARE, INC.

Date

April 4, 1991

SURVEYOR CERTIFICATION

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

Signature & Seal of
Professional Surveyor

Certificate No.

LEASEHOLD OWNERSHIP
N/2 of SECTION 13, T20S-R33E, N.M.P.M.
LEA COUNTY, NEW MEXICO

TRACT A:

Percent
Interest
In Lease

LC 064975
Section 13: N/2 NW/4, SE/4 NW/4,
below 3459'

Scope Energy Resources	50.00
Anadarko Petroleum Corp.	25.00
Collins & Ware, Inc.	20.20
Todd M. Wilson	1.60
Roger T. Elliott	1.60
Scott E. Wilson	.80
Richard Barr	.80
	<u>100.00%</u>

TRACT B:

LC 065447
Section 13: N/2 NE/4, SE/4 NE/4,
below 3640'

Scope Energy Resources	50.00
Anadarko Petroleum Corp.	25.00
Collins & Ware, Inc.	20.20
Todd M. Wilson	1.60
Roger T. Elliott	1.60
Scott E. Wilson	.80
Richard Barr	.80
	<u>100.00%</u>

TRACT C:

LC 065447-A (out of LC 065447)
Section 13: SW/4 NE/4, below 3582'

Scope Energy Resources	50.00
Anadarko Petroleum Corp.	25.00
Collins & Ware, Inc.	20.20
Todd M. Wilson	1.60
Roger T. Elliott	1.60
Scott E. Wilson	.80
Richard Barr	.80
	<u>100.00%</u>

Tract D:

LC 070311
Section 13: SW/4 NW/4, below 4,000'

Hondo Oil & Gas Company	38.55320
Grace Petroleum Corporation	29.19665
A. W. Dugan	9.28040
Scope Energy Resources	2.96560
Anadarko Petroleum Corp.	1.13640
Culbertson Management Trust	.56820
Roger T. Elliott	.28410
Todd M. Wilson	.28410
Barbara Hart	.01450
Ellwood Oil Company	11.86250
William W. Saunders	5.52245
Carol Day	.02890
Betty Hayes	.17320
Judy Flick	.01440
Fred T. Newcomb	.01440
Grace M. Eads	.01440
Glenna Anderson	.08660
	<u>100.00000%</u>

TOWNSHIP 20 SOUTH

RANGE 33 EAST

SECTION 13: N/2 UNIT

13

TD 3554

PROPOSED DRILLSITE
1750 FEL 990 FNL

TOWNSHIP 20 SOUTH

Matthea's

RANGE 34 EAST

SECTION 18: N/2 and SW/4

18

NM 13276 (out of LC 029512-B) HBP
OXY USA Inc. 98%
Doyle Hartman .75%
John H. Hendrix Corp. .5%
Michael Klein .5%
James Davidson .25%

TD 3556

TD 3545

24

Citrus
McDonald

2.4

19

LEA COUNTY, NEW MEXICO

SCALE: 1" = 1000'

Exhibit "A"

Exhibit "B"

FEDERAL ABSTRACT COMPANY

P. O. BOX 2288

SANTA FE, NEW MEXICO 87501

RED - STATE LAND

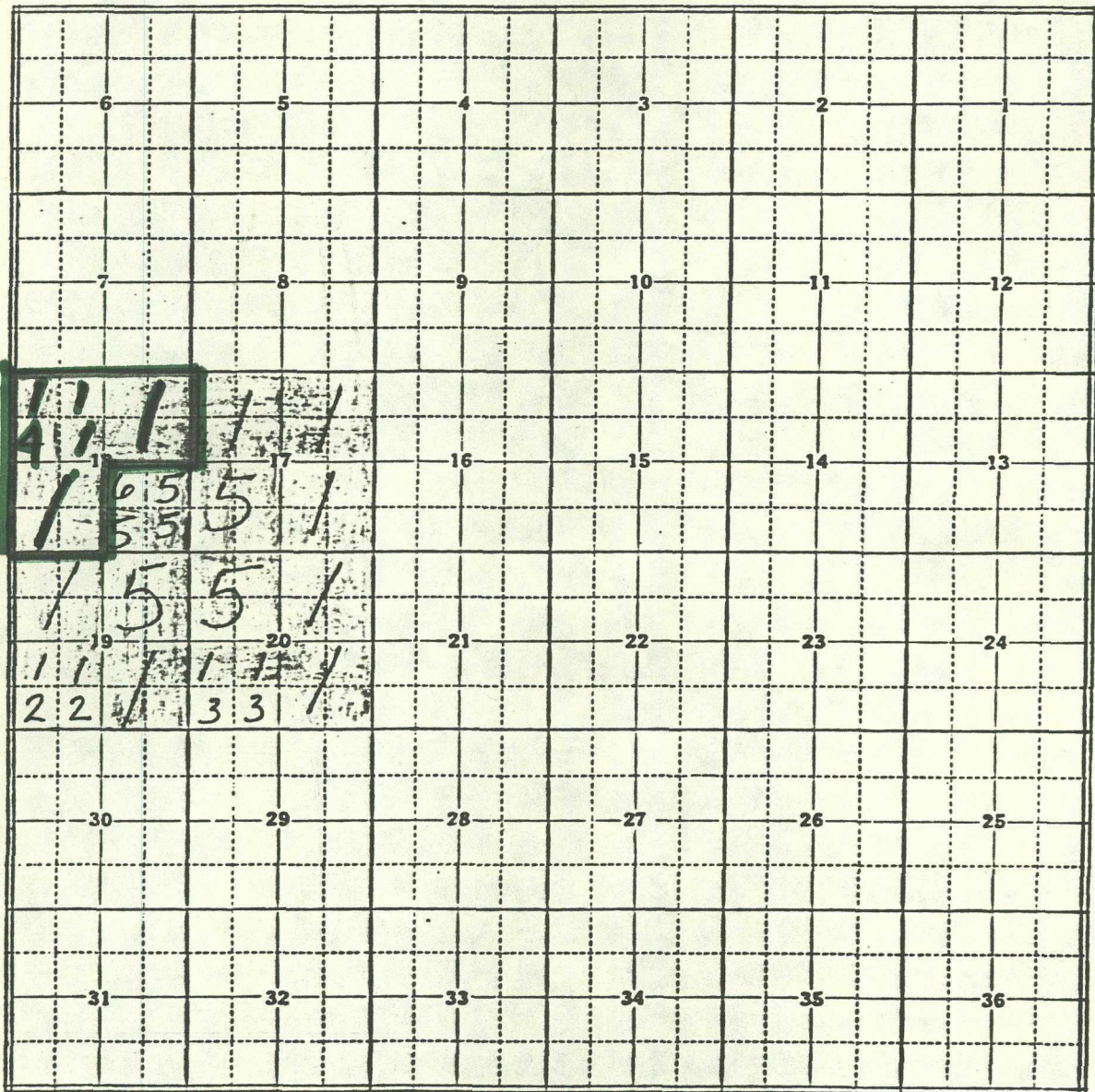
BLUE - FEE LAND

TWP. 20 S. RGE 34 E. N.M.P.M.

Lea

COUNTY

DATE 2/14/90



NO OREI
5% OREI
Ponly
NO OREI
-7.5% OREI

1. NM 13276 (out of LC 029512-B) Lease issued 11/1/59, held by production Lessees: OXY USA Inc. 98%, Box 300, Tulsa, OK 74102

Doyle Hartman 2%, P.O. Box 10426, Midland, TX 79702

Operating Rights: sec. 18-SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ to 3706':

Walter Krug, 308 N. Colorado St., Ste. #4, Midland, TX 79701

below 3706':

lessees all

Sec. 18-S $\frac{1}{2}$ NE $\frac{1}{4}$ to 3633':

Walter Krug

Below 3633':

lessees all

sec. 18- lots 1,3,4, NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, sec. 17-N $\frac{1}{2}$, SE $\frac{1}{4}$, sec. 19- lots 1 thru 3, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$, sec. 20-E $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{4}$:

lessees all

sec. 19- SW $\frac{1}{4}$ SE $\frac{1}{4}$ to 3600':

Harvard & LeMay Exploration Ltd. Series 1979-A 12%

Arrowhead Energy Dev. Program 1979 6.8%, P.O. Box 936, Roswell, NM 88201

Prudential-Bache Energy Income Prod. Partnership VP-18 18.75%, 109 Northpark Blvd., P.O. Box 3134, Covington, LA 70434

Viking Oil & Gas Explor. Co. 5%, P.O. Box 936, Roswell, NM 88201

Harvard & LeMay Explor. Co. 21.2%

W.T. Wynn 2%, 1603 W. Dengar, Midland, TX 79701

Fred G. Yates Inc. 2.1%, P.O. Box 1933, Roswell, NM continued

1. continued

~~Operating~~ Operating Rights: George M. Yates 2.1%

Spiral Inc. 2.1%

Harvey E. Yates Co. 14.568531%

Yates Energy Corp. 7.131469%, 1010 Sunwest Centre,
Roswell, NM 88201

Thermal Exploration Inc. 6.25%, 815 Mercer St.,
Seattle, WA 98111

from 3600' to 3628':

Doyle Hartman 2%

Harvey E. Yates Co. 14.27716%

Arrowhead Energy 6.664%

Eastern Star Oil & Gas Co. 24.5%, Box 1267, Minneapolis
MN 55440

Viking Oil & Gas Exploration Co. 4.9%

Harvard & LeMay Exploration Co. 20.776%

W.T. Wynn 1.96%

Fred G. Yates Inc. 2.058%

George M. Yates 2.058%

Spiral, Inc. 2.058%

Yates Energy Corp. 6.98884%

Harvard & LeMay Explor. Ltd. Series 1979-A 11.76%

below 3628':

lessees all

Overriding Royalty: Reversionary interest of 25% of 2% record title
at payout- Texas Pacific Oil Co. Inc., 1700 One
Main Place, Dallas, TX 75250

sec. 18-SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ to 3706'- 1/16 of 8/8- lessees

sec. 18-S $\frac{1}{2}$ NE $\frac{1}{4}$ to 3633': 1/16 of 8/8- lessees

sec. 19-SW $\frac{1}{4}$ SE $\frac{1}{4}$ to 3628'- 1/8 of 98%- OXY USA Inc.

sec. 19-SW $\frac{1}{4}$ SE $\frac{1}{4}$ to 3600'- 1/8 of 2%- Texas Pacific
Oil Co. Inc.

Oil Payment of \$1,000,000 payable out of 15%- The
Prudential Insurance Co. of America

Oil Payment of \$5,088,000- The Prudential Insurance
Co. of America

Production payment of \$216,000,000- The University
of Texas Foundation No. 1, Inc. (dated 11/1/63)

Royalty Schedule: "D"

2. NM 0550543

Lease issued 5/1/64, held by production

Lessee: Texaco Producing Inc., Box 3109, Midland, TX 79702

Operating Rights: lessee all

Overriding Royalty: 5% R.E. Boyle and Sweetie J. Boyle, 1202 W.
Cuthbert, Midland, TX 79704

*note: there is an unapproved assignment of record title from Texaco
Producing Inc. to Hunter Midkiff, P.O. Box 322, Midland, TX
79702 (100%) dated 5/9/89, filed 6/26/89.

Royalty Schedule: 12 $\frac{1}{2}$ %

3. LC 063783 (out of LC 029512-B) Renewal lease issued 5/1/80

Lessee: Texaco Producing Inc., Box 3109, Midland, TX 79702

Operating Rights: lessee all

Overriding Royalty: Production payment of \$500 per acre out of 5%-

JoAnna Wills Light, executrix under the last will
& testament of Mary E. Wills, deceased, and Neil H.

Wills, successor in interest of Mary E. Wills, deceased

✓ 25%, Box 529, Carlsbad, NM

✓ George D. Riggs and wife, Edith, 25%, P.O. Box 30,
Carlsbad, NM

✓ Sally Saunders Toles 1/12, Box 1144, Roswell, NM

✓ Sue Saunders Graham 1/12, P.O. Box 172, Salt Lake
City, UT

✓ Elyse Saunders Patterson 1/12, 6444 Indian Lane,
Prairie Village, KS

✓ Robert J. Leonard, individually, and as executor under
the will of Mabel Leonard, deceased 1/8

✓ Emmett D. White, Ralph Shugart & 1st Nat. Bank of
Roswell, Trustees under the will of Harry Leonard,
deceased, 1/16, P.O. Box 872, Roswell, NM

continued

3. continued
 Overriding Royalty: Elks Nat. Foundation, Shattuck School, Boy's Clubs of America, New Mexico Boy's Ranch, Inc. and Regents of University of New Mexico 1/16
 Royalty Schedule: "D"
4. LC 029512-B Exchange lease issued 11/1/59, held by production
 Lessees: ~~OXY USA Inc. 98%~~
~~Doyle Hartman 2%~~
 Operating Rights: ~~to 3147'~~:
 lessees all
 from 3147' to 3376':
 Fina Oil & Chemical Co. 49%, Box 2159, Dallas, TX 75221
 Petrofina Delaware Inc. 49%, " "
 Doyle Hartman 2%
 below 3376':
~~lessees all~~
 Overriding Royalty: Oil Payment of \$1,000,000 payable out of 15%-
 The Prudential Insurance Co. of America
 Oil Payment of \$5,088,000- The Prudential Insurance Co. of America
 Prod. payment of \$216,000,000- The University of Texas Foundation #1, Inc.
 Royalty Schedule: "D"
5. LC 029512-A Exchange lease issued 2/1/51, held by production
 Lessees as to sec. 18-SE $\frac{1}{4}$ SE $\frac{1}{4}$: OXY USA Inc. 76.67%
 E.A. Culbertson 16.66%, Box 1071, Midland, TX 79701
 Doyle Hartman 6.67%
 Lessees as to sec. 17-SW $\frac{1}{4}$, sec. 18-NE $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, sec. 19-NE $\frac{1}{4}$, sec. 20-NW $\frac{1}{4}$:
 OXY USA Inc. 88%
 E.A. Culbertson 10%
 Doyle Hartman 2%
 Operating Rights: sec. 18-SE $\frac{1}{4}$ SE $\frac{1}{4}$ to 3700':
 Walter Krug 93.33%, P.O. Box 1960, Midland, TX 79702
 Doyle Hartman 6.67%
 below 3700':
 lessees all
 sec. 20-N $\frac{1}{2}$ NW $\frac{1}{4}$ to 3706':
 Walter Krug 100%
 from 3706' to 3800':
 Walter Krug 10%
 OXY USA Inc. 88%
 Doyle Hartman 2%
 below 3800':
 lessees all
 sec. 19-E $\frac{1}{2}$ NE $\frac{1}{4}$ to 3665':
 Walter Krug 90%
 E.A. Culbertson 10%
 below 3665':
 lessees all
 sec. 17-W $\frac{1}{2}$ SW $\frac{1}{4}$ to 3676':
 Walter Krug 90%
 E.A. Culbertson 10%
 below 3676':
 lessees all
 sec. 17-E $\frac{1}{2}$ SW $\frac{1}{4}$, sec. 18-NE $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 19-W $\frac{1}{2}$ NE $\frac{1}{4}$,
 sec. 20-S $\frac{1}{2}$ NW $\frac{1}{4}$:
 lessees all
 Overriding Royalty: 7 $\frac{1}{2}$ % originally reserved by George G. Jewett and M.J. McDonald- we are unable to determine current ownership
 N $\frac{1}{2}$ NW $\frac{1}{4}$ sec. 20- to 3706'- after \$88,000 is recovered, 5% in the proportions of OXY USA Inc. 97.778%, Texas Pacific Oil Co. Inc. 2.222%
 E $\frac{1}{2}$ NE $\frac{1}{4}$ sec. 19- to 3665', sec. 17-W $\frac{1}{2}$ SW $\frac{1}{4}$ to 3676'- 1/16 of 8/8 in the proportions of OXY USA Inc. 97.778%, Texas Pacific Oil Co. 2.222%
 Oil Payment of \$1,000,000 payable out of 15%-
 The Prudential Insurance Co. of America
 Oil Payment of \$5,088,000- The Prudential Insurance Co. of America
 Production payment of \$216,000,000 The University of TX Foundation #1 Inc.

Noranda Exploration, Inc.
12640 W Cedar Dr., P.O. Box 15638
Denver, Colorado 80215

NORANDA

FAXED

DATE 8/27
TO Mr. Elliott

Tel.: (303) 988-6456
FAX: (303) 987-1298
Telex: 45-4375

August 27, 1990

Roger Elliott
RIO PECOS CORPORATION
110 West Louisiana, Suite 210
Midland, TX 79701

Dear Mr. Elliott:

Noranda Exploration Inc. has no objection to granting Rio Pecos permission to drill within the Potash Areas. This permission is valid for one year and maybe renewable upon request. We would request that you furnish us with a brief descriptive log and the thickness of the potash formations, if encountered.

Yours truly,

NORANDA EXPLORATION, INC.



C. Stewart Wallis
Manager, West U.S. Division

(416) 982-7419

Frank Condon

Toronto

FAX: (416) 982-7420

CSW/cmr

WILSON & ELLIOTT

OIL AND GAS EXPLORATION

3907 CRESTGATE

MIDLAND, TEXAS 79707

-LAND-

ROGER T. ELLIOTT
OFFICE: 915/687-0127
HOME: 915/694-0069

March 8, 1991

-GEOLOGY-

TODD M. WILSON
915/684-3937

Mr. Stewart Wallis
Manager, West U.S. Division
Noranda Exploration, Inc.
P. O. Box 15638
Denver, Colorado 80215

RE: Proposed Oil and Gas Tests
Lea County, New Mexico

Dear Mr. Wallis:

This letter is written to update you regarding our drilling plans located within Section 13, T20S, R33E, Lea County, New Mexico. On August 27, 1990, you granted us a waiver allowing us to drill oil and gas wells within numerous sections where Noranda Exploration, Inc. owns potash leases. Please find attached copies of our waiver letters. After we secured our waiver letter to drill, we met with Tom Hare, Shannon Shaw and Gary Johnson, Bureau of Land Management, Carlsbad Office, for their input concerning drilling restrictions that they might require. During our meeting it was determined by the BLM that in order to prevent waste of potential mineable potash ore the BLM would require us, or our assigns, to drill within a 100-foot radius of pre-existing well bores. In addition, the BLM would require a special cementing procedure to insure the elimination of any potential problem of contamination of the ore body.

After our meeting in Carlsbad, Tom Hare conferred with Joe Lara and Armando Lopez, BLM, District Office, Roswell, New Mexico concerning our agreement to drill within the 100-foot radius of pre-existing well bores and to comply with their cementing program. The Roswell District Office agreed with their Carlsbad Office to the restrictions.

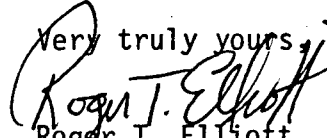
As you are aware, Section 13, T20S, R33E, Lea County, New Mexico, has several wells already drilled through the ore body. By drilling within the 100-foot radius we will be able to produce our natural resources and prevent waste of your potential resource.

We will notify you when we commence our drilling operations and pursuant to your instructions we will inform you of any potash ore we encounter on our well bore.

Mr. Stewart Wallis
Noranda Exploration, Inc.
Page -2-
March 8, 1991

We thank you for granting us our waiver letter allowing us to drill on your potash leases. Your support and cooperation in this matter is greatly appreciated. If you have any questions, please so not hesitate to call me at (915) 687-0127.

Very truly yours,


Roger T. Elliott
Vice President

cc:

Mr. Frank Condon
Noranda Exploration, Inc.

Tom Hare/Shannon Shaw
Bureau of Land Management,
Carlsbad Office



OXY USA INC.

Box 50250, Midland, TX 79710

March 27, 1991

Wilson & Elliott
Oil & Gas Exploration
3907 Crestgate
Midland, Texas 79705

Attention: Mr. Roger T. Elliott

Re: Application for Unorthodox Location
Drilling Permit
N/2 Sec. 13-20S-33E
Lea County, New Mexico

Gentlemen:

Pursuant to your request of March 15, 1991, enclosed are two (2) fully executed copies of Waiver of Objection Letter thus indicating OXY has no opposition to the granting of a permit to drill by Collins & Ware at an unorthodox location in the above referenced location.

If you should need anything further, please advise.

Very truly yours,

OXY USA Inc.

A handwritten signature in cursive script, appearing to read "Gooding", is written over the typed name.

Michael D. Gooding
Landman

MDG/fvm
Enclosures

WILSON & ELLIOTT

OIL AND GAS EXPLORATION

3907 CRESTGATE

MIDLAND, TEXAS 79707

~~-LAND-~~

ROGER T. ELLIOTT

OFFICE: 915/687-0127

HOME: 915/694-0069

~~-GEOLOGY-~~

TODD M. WILSON

915/684-3937

Mr. Michael Stogner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Application for Unorthodox Location
Drilling Permit
N/2 of Section 13, T20S-R33E,
Lea County, New Mexico

Dear Mr. Stogner:

Oxy U.S.A. Inc., as an offset owner of operating rights, has been advised of Collins & Ware's intent to drill at a location 990' FNL and 1750' FEL of Section 13, T20S-R33E, Lea County, New Mexico.

This letter is to advise that Oxy U.S.A. Inc. has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

COLLINS & WARE, INC.

By: 

Title: Vice-President

WILSON & ELLIOTT

By: 

Todd M. Wilson

By: 

Roger T. Elliott

NAME: OXY U.S.A. INC.

By: 

P. N. McGee

Date: Manager Land - Western Region

WILSON & ELLIOTT

OIL AND GAS EXPLORATION

3907 CRESTGATE

MIDLAND, TEXAS 79707

~~LAND~~

ROGER T. ELLIOTT

OFFICE: 915/687-0127

HOME: 915/694-0069

~~GEOLOGY~~

TODD M. WILSON

915/684-3937

Mr. Michael Stogner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Application for Unorthodox Location
Drilling Permit
N/2 of Section 13, T20S-R33E,
Lea County, New Mexico

Dear Mr. Stogner:

DOYLE HARTMAN, as an offset owner of operating rights, has been advised of Collins & Ware's intent to drill at a location 990' FNL and 1750' FEL of Section 13, T20S-R33E, Lea County, New Mexico.

This letter is to advise that DOYLE HARTMAN has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

COLLINS & WARE, INC.

By: W. D. Smith

Title: Vice-President

WILSON & ELLIOTT

By: Todd M. Wilson

Todd M. Wilson

By: Roger T. Elliott

Roger T. Elliott

NAME: DOYLE HARTMAN

By: Doyle Hartman

Date: April 3, 1991

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WILSON & ELLIOTT

OIL AND GAS EXPLORATION

3907 CRESTGATE

MIDLAND, TEXAS 79707

~~-LAND-~~

✓
ROGER T. ELLIOTT

OFFICE: 915/687-0127

HOME: 915/694-0069

~~-GEOLOGY-~~

TODD M. WILSON

915/684-3937

Mr. Michael Stogner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Application for Unorthodox Location
Drilling Permit
N/2 of Section 13, T20S-R33E,
Lea County, New Mexico

Dear Mr. Stogner:

JAMES DAVIDSON, as an offset owner of operating rights, has been advised of Collins & Ware's intent to drill at a location 990' FNL and 1750' FEL of Section 13, T20S-R33E, Lea County, New Mexico.

This letter is to advise that JAMES DAVIDSON has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

COLLINS & WARE, INC.

By: 

Title: Vice-President

WILSON & ELLIOTT

By: 

Todd M. Wilson

By: 

Roger T. Elliott

NAME: JAMES DAVIDSON

By: 

Date: 4/4/91

WILSON & ELLIOTT

OIL AND GAS EXPLORATION

3907 CRESTGATE

MIDLAND, TEXAS 79707

~~LAND~~

ROGER T. ELLIOTT
OFFICE: 915/687-0127
HOME: 915/694-0069

~~GEOLOGY~~

TODD M. WILSON
915/684-3937

Mr. Michael Stogner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Application for Unorthodox Location
Drilling Permit
N/2 of Section 13, T20S-R33E,
Lea County, New Mexico

Dear Mr. Stogner:

JOHN H. HENDRIX CORPORATION, as an offset owner of operating rights, has been advised of Collins & Ware's intent to drill at a location 990' FNL and 1750' FEL of Section 13, T20S-R33E, Lea County, New Mexico.

This letter is to advise that JOHN H. HENDRIX CORPORATION has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

COLLINS & WARE, INC.

By: *W. Brent Smith*

Title: *Vice-President*

WILSON & ELLIOTT

By: *Todd M. Wilson*

Todd M. Wilson

By: *Roger T. Elliott*

Roger T. Elliott

NAME: JOHN H. HENDRIX CORPORATION

By: *Donna H. Woodcock*

Date: *3/18/91*

WILSON & ELLIOTT

OIL AND GAS EXPLORATION

3907 CRESTGATE

MIDLAND, TEXAS 79707

~~-LAND-~~

ROGER T. ELLIOTT
OFFICE: 915/687-0127
HOME: 915/694-0069

~~-GEOLOGY-~~

TODD M. WILSON
915/684-3937

Mr. Michael Stogner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Application for Unorthodox Location
Drilling Permit
N/2 of Section 13, T20S-R33E,
Lea County, New Mexico

Dear Mr. Stogner:

MICHAEL KLEIN, as an offset owner of operating rights, has been advised of Collins & Ware's intent to drill at a location 990' FNL and 1750' FEL of Section 13, T20S-R33E, Lea County, New Mexico.

This letter is to advise that MICHAEL KLEIN has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

COLLINS & WARE, INC.

By: 

Title: Vice President

WILSON & ELLIOTT

By: 

Todd M. Wilson

By: 

Roger T. Elliott

NAME: MICHAEL KLEIN

By: 

Date: March 25, 1991