

NSL

5/22/00

14000 Quail Springs Parkway  
Suite 600  
Oklahoma City, Oklahoma  
73134-2600

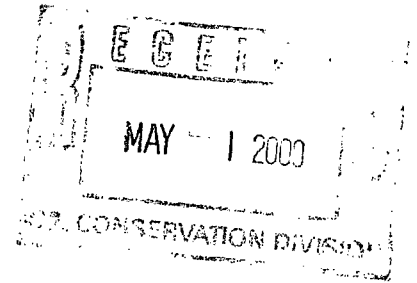
Telephone 405 749-1300  
www.ldng.com

**Louis Dreyfus Natural Gas**

Land Fax 405-749-6662

April 25, 2000

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505



RE: McKittrick Fed Com "29" #1  
1715' FNL & 1160' FWL  
Section 29-22S-26E  
Eddy County, New Mexico

Dear Mr. Stogner:

Your assistance is requested in obtaining administrative approval for an unorthodox location of the existing McKittrick Fed Com "29" #1 well in order to produce from the Carlsbad South (Wolfcamp) formation on 40 acre spacing (SW/4 NW/4). The well was originally drilled to the Morrow in 1997 (Case 11692, Order #R-10755) with Louis Dreyfus Natural Gas Corp. as the operator. We have not yet recompleted the well to the Delaware/Bone Spring formation per Administrative Order NSL-3761-A.

We have given notices to offset owner Concho Resources, Inc., successor to Penwell Energy, even though they own an interest in the well.

If I can furnish any additional information to process this request, please do not hesitate to contact me.

Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.

Joe W. Hammond  
District Landman

JWH/eec

5-15  
Taher w/ Bryan  
confirmed that there  
is Wolfcamp oil  
production.



14000 Quail Springs Parkway  
Suite 600  
Oklahoma City, Oklahoma  
73134-2600

Telephone 405 749-1300  
www.ldng.com

Land Fax 405-749-6662

April 25, 2000

Concho Resources, Inc.  
110 West Louisiana, Suite 410  
Midland, Texas 79701

ATTN: Mike Gray

RE: McKittrick Fed. Com "29" #1  
1715' FNL & 1160' FWL  
Section 29-22S-26E  
Eddy County, New Mexico

Gentlemen:

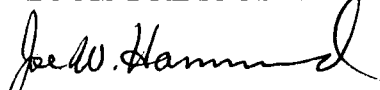
This letter will serve as notice that Louis Dreyfus Natural Gas Corp. has requested Administrative Approval for an unorthodox location for the existing McKittrick Fed. Com "29" #1 well to produce from the Carlsbad South Wolfcamp formation.

The McKittrick Fed. Com "29" #1 existing location encroaches toward the SE/4 NW/4 of Section 29 where Concho owns acreage. Should your company have any objection it must be filed in writing with the OCD at the address given below within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection has been received within the twenty day period.

As you are aware, Concho owns a working interest in the well and elected to participate in the Wolfcamp recompletion. Should you have any questions please do not hesitate to call.

Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.

  
Joe W. Hammond  
District Landman

JWH/eoo

Certified Mail

cc: New Mexico MNRD  
Oil Conservation Division, 2040 S. Pacheco Street  
Santa Fe, New Mexico 87505

Submit To Appropriate District Office  
State Lease - 6 copies  
Fee Lease - 5 copies  
District I  
1625 N. French Dr., Hobbs, NM 87240  
District II  
811 South First, Artesia, NM 87210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-105  
Revised March 25, 1999

WELL API NO. 30-015-29351
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER _____		7. Lease Name or Unit Agreement Name  McKittrick "29" Federal Com	
b. Type of Completion: NEW <input type="checkbox"/> WORK OVER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input checked="" type="checkbox"/> DIFF. RESVR. <input type="checkbox"/> OTHER _____		8. Well No.  22	
2. Name of Operator  Louis Dreyfus Natural Gas Corporation		9. Pool name or Wildcat  Carlsbad South (Wolfcamp)	
3. Address of Operator 14000 Quail Springs Parkway, Suite 600 Oklahoma City, OK 73134			
4. Well Location Unit Letter <u>E</u> <u>1715</u> Feet From The <u>North</u> Line and <u>1160</u> Feet From The <u>West</u> Line Section <u>29</u> Township <u>22S</u> Range <u>26E</u> NMPM <u>Eddy</u> County			
10. Date Spudded 1-25-00	11. Date T.D. Reached 1-26-00	12. Date Compl. (Ready to Prod.) 2-1-00	13. Elevations (DF& RKB, RT, GR, etc.) 3412' GR
14. Elev. Casinghead			
15. Total Depth 11661'	16. Plug Back T.D. 10180'	17. If Multiple Compl. How Many Zones? N	18. Intervals Drilled By NA
19. Producing Interval(s), of this completion - Top, Bottom, Name 9078' - 9126' Wolfcamp			20. Was Directional Survey Made No
21. Type Electric and Other Logs Run No			22. Was Well Cored No

23. CASING RECORD (Report all strings set in well)					
CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
16"	75#	369'	20"	996	-0-
10 3/4"	40.5#	1652'	14 3/4"	1508	-0-
7 5/8"	19.7 & 26.4#	9205'	9 7/8"	1600	-0-
5" liner	18#	8993' - 11661'	6 1/2"	370	
CIBP @ 11530', CIBP @ 11,000', CIBP @ 10,215' w/35' cement on each plug.					

24. LINER RECORD				25. TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET
					2 7/8"	9026'
26. Perforation record (interval, size, and number) 9078' - 9084', 9087' - 9091' 9118' - 9126' 2 SPF 42 holes				27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL 9078' - 9126' AMOUNT AND KIND MATERIAL USED 3,600 gal 15% NEFE Acid with additives & 60 ball Sealers		

28. PRODUCTION							
Date First Production 2-1-00		Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing			Well Status (Prod. or Shut-in) Producing		
Date of Test 2-6	Hours Tested 24	Choke Size 1/4"	Prod'n For Test Period	Oil - Bbl 13	Gas - MCF 59	Water - Bbl. 0	Gas - Oil Ratio 4538
Flow Tubing Press. 330	Casing Pressure NA	Calculated 24-Hour Rate	Oil - Bbl. 13	Gas - MCF 59	Water - Bbl. 0	Oil Gravity - API - (Corr.)	
29. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold						Test Witnessed By	
30. List Attachments None							

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

Signature <u>Carla Christian</u>	Printed Name <u>Carla Christian</u>	Title <u>Regulatory Tech</u>	Date <u>2-21-00</u>
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**District I**

1625 N. French Dr., Hobbs, NM 88240

**District II**

811 South First, Artesia, NM 88210

**District III**

1000 Rio Brazos Rd., Aztec, NM 87410

**District IV**

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural ResourcesOIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-101

Revised March 12, 1999

Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies☐ AMENDED REPORT

## APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address. LOUIS DREYFUS NATURAL GAS CORP. 14000 Quail Springs Parkway, Suite 600 Oklahoma City, OK 73134		<sup>2</sup> OGRID Number 025773
		<sup>3</sup> API Number 30-0 15-29351
<sup>4</sup> Property Code 020209	<sup>5</sup> Property Name McKITTRICK 29 FEDERAL COM.	<sup>6</sup> Well No. 22

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	29	22S	26E		1715'	North	1160'	West	Eddy

<sup>8</sup> Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>9</sup> Proposed Pool 1 Wildcat (Penn)					<sup>10</sup> Proposed Pool 2 Carlsbad Wolfcamp, SE				

<sup>11</sup> Work Type Code P	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary	<sup>14</sup> Lease Type Code P	<sup>15</sup> Ground Level Elevation 3412'
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 10,180' PBTB	<sup>18</sup> Formation Penn/Wolfcamp	<sup>19</sup> Contractor	<sup>20</sup> Spud Date 1/24/00

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
20"	16"	75#	369'	996	Surface
14 3/4"	10 3/4"	40.5#	1652'	1508	Surface
9 7/8"	7 5/8"	19.7 & 26.4#	9205'	1600	Surface
6 1/2"	5" liner	18#	8993'-11661'	370	
CIBP @ 11,530', CIBP @ 11,000', CIBP @ 10,215' w/35' cement on each plug					

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

See attached "Exhibit 6" for BOP plan.

Louis Dreyfus Natural Gas Corp. plans to set a CIBP @ 10,215' w/35' of cement on top of plug. The well is currently producing from the Sheep Draw, Strawn, NE @ a depth of 10,265' - 276'. The producing formation will be plugged back and new perms done in the Penn at a depth of 9,078'-128'. Well will then be tested and evaluated. If successful completion, the well will be turned to production. If completion is not economic, the well will either be plugged back and the Wolfcamp completed at a depth of 8,578'-600' or production from the Penn and Wolfcamp will be commingled. If commingled, Louis Dreyfus will apply for an order allowing commingling.

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name:

Title:

Date:

Phone:

## OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

1/25/00

(405) 749-5287

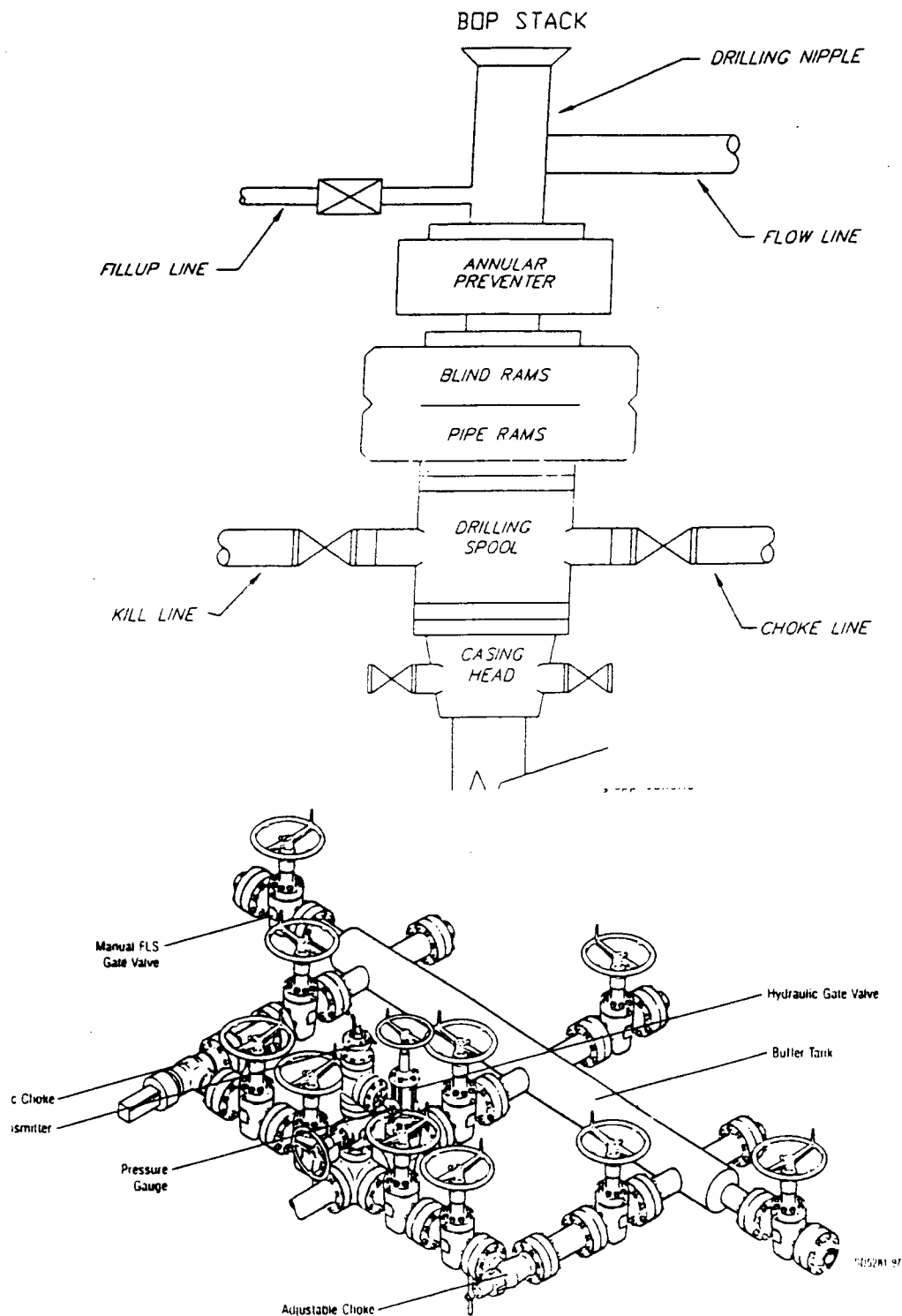
ORIGINAL SIGNED BY TIM W. GUM  
DISTRICT II SUPERVISOR

2-4-00

2-4-01

## Exhibit 6

### TYPICAL 5,000 p.s.i. BLOWOUT PREVENTER & CHOKE MANIFOLD SCHEMATIC



Typical Choke Manifold Designed for Land Drilling Applications

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-29351	<sup>2</sup> Pool Code 96171	<sup>3</sup> Pool Name Carlsbad Wolfcamp, SE/Wildcat Penn
<sup>4</sup> Property Code 020209	<sup>5</sup> Property Name McKITTRICK 29 FEDERAL COM.	<sup>6</sup> Well Number 22
<sup>7</sup> OGRID No. 025773	<sup>8</sup> Operator Name LOUIS DREYFUS NATURAL GAS CORP.	<sup>9</sup> Elevation 3412' GR

<sup>10</sup> Surface Location

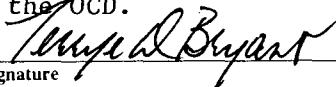
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	29	22S	26E		1715'	North	1160'	West	Eddy

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<sup>16</sup> NM-88114				<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Original C-102, on file with the OCD.  Signature Terrye D. Bryant Printed Name Regulatory Tech. Title 1/25/99 Date
#29-22 NM-97119				<sup>18</sup> 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 belief.  Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-104  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
5 Copies



AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

1 Operator name and Address Louis Dreyfus Natural Gas 14000 Quail Springs Parkway, #600 Oklahoma City, Oklahoma 73134		2 OGRID Number 025773
4 API Number 30-015-29351		5 Pool Name Carlsbad South (Wolfcamp)
7 Property Code 020209	8 Property Name McKittrick "29" Federal Com	9 Well Number 22

II. 10 Surface Location

UL or lot no. E	Section 29	Township 22S	Range 26E	Lot Idn	Feet from the 1715'	North/South line North	Feet from the 1160'	East/West line West	County Eddy
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11 Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Lse Code P	13 Producing Method Code F	14 Gas Connection Date 2-01-00	15 C-129 Permit Number	16 C-129 Effective Date	17 C-129 Expiration Date				

III. Oil and Gas Transporters

18 Transporter OGRID 007057	19 Transporter Name and Address El Paso Natural Gas P.O. Box 1492 El Paso, TX 79978	20 POD 2822989	21 O/G G	22 POD ULSTR Location and Description B NW/4 NE/4 Sec. 29-22S-26E Custody Transfer Meter
138648	Amoco Pipeline 502 N.W. Avenue Levelland, TX 79336		0	E Sec. 29-22S-26E Tank Battery

IV. Produced Water

23 POD 2819670	24 POD ULSTR Location and Description E, Sec. 29-22S-26E Tank Battery
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V. Well Completion Data

25 Spud Date 1-25-00	26 Ready Date 2-1-00	27 TD 11661'	28 PBTD 10180'	29 Perforations 9078-9126 Penn
30 Hole Size 20"	31 Casing & Tubing Size 16"	32 Depth Set 369'	33 Sacks Cement 996 sxs	
14 3/4"	10 3/4"	1652'	1508 sxs	
9 7/8"	7 5/8"	9205'	1600 sxs	
6 1/2"	5" liner	8993' - 11661'	370 sxs	

VI. Well Test Data

34 Date New Oil 2-01-00	35 Gas Delivery Date 2-01-00	36 Test Date 2-6-00	37 Test Length 24 hrs.	38 Tbg. Pressure 330	39 Csg. Pressure N/A
40 Choke Size 1/4"	41 Oil 13	42 Water 0	43 Gas 59	44 AOF	45 Test Method

46 I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Carla Christian*

Printed name:  
Carla Christian

Title:  
Regulatory Technician

Date: 2-21-00 Phone: (405) 749-5263

OIL CONSERVATION DIVISION

Approved by:

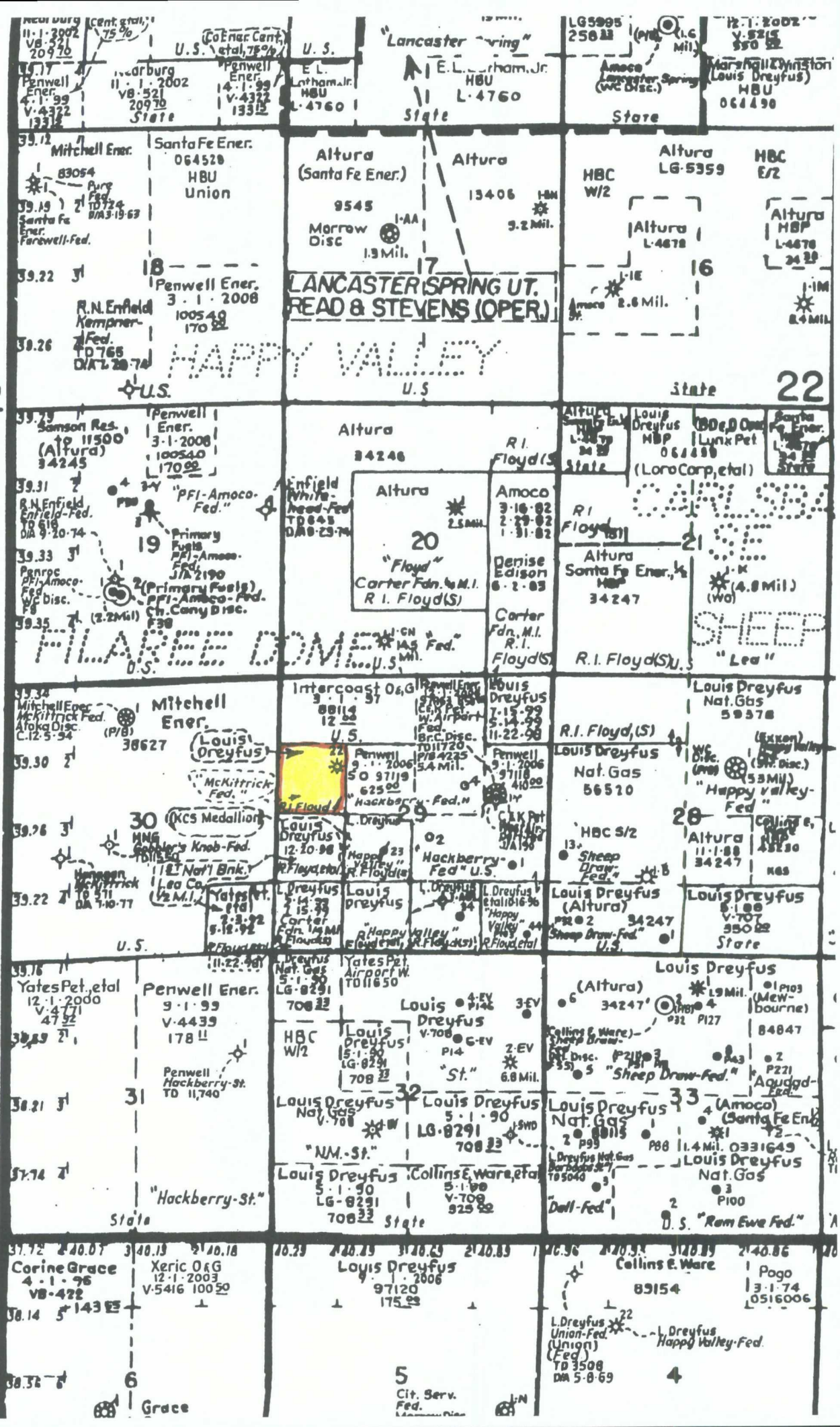
Title:

Approval Date:

47 If this is a change of operator fill in the OGRID number and name of the previous operator

Previous Operator Signature	Printed Name	Title	Date
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District I  
PO Box 1984, Hobbs, NM 88241-1984  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Grande Rd., Amar, NM 87418  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name			
		McKITTRICK FEDERAL COM 29-22			
6 GRID No.		7 Operator Name			
		LOUIS DREYFUS NATURAL GAS			
		8 Well Number			
		22			
		9 Elevation			
		3412.			

10 Surface Location

UT or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
E	29	22-S	26-E		1715	NORTH	1160	WEST	EDDY

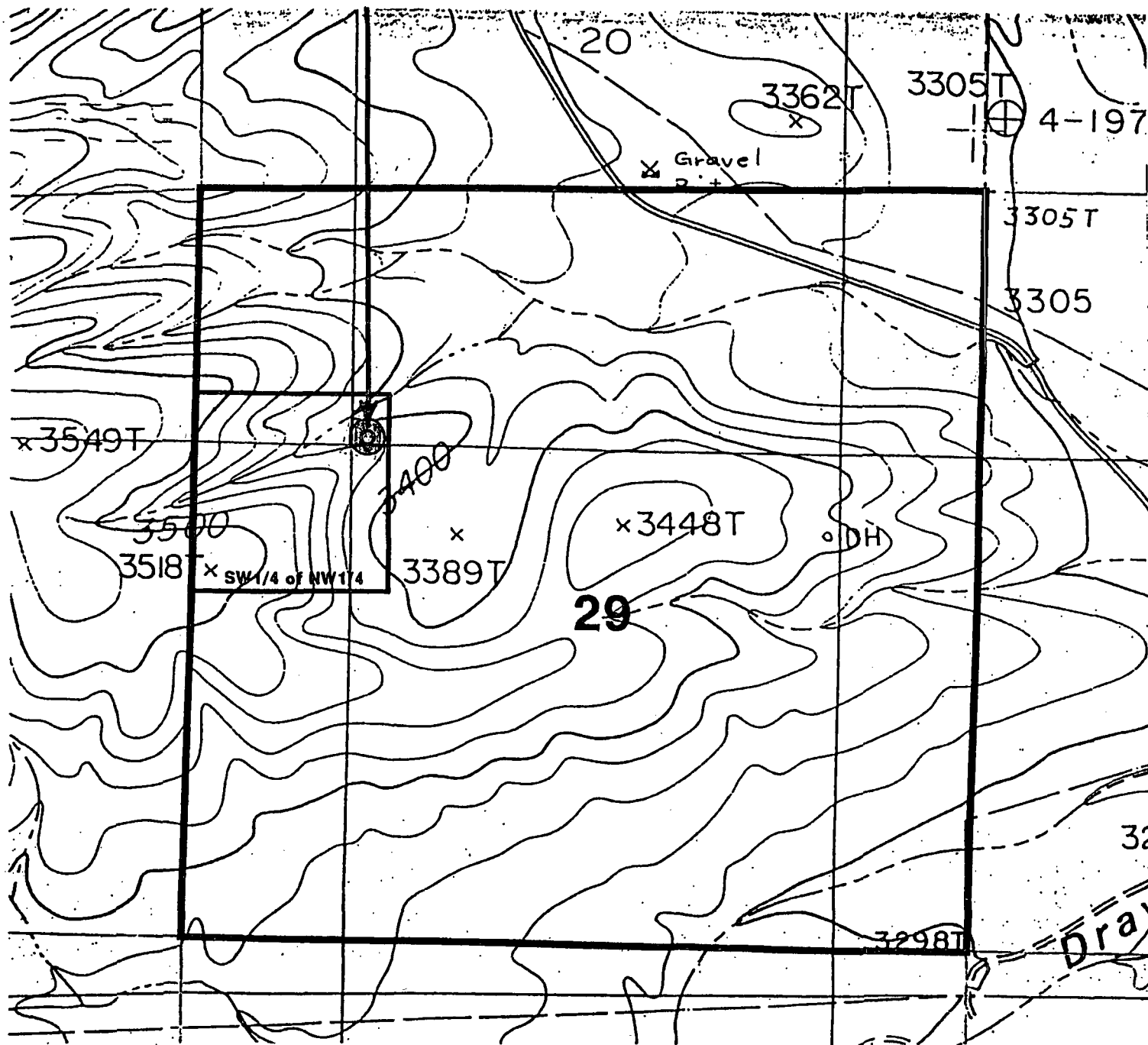
11 Bottom Hole Location If Different From Surface

UT or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
12 Dedicated Acre		13 Joint or Infill		14 Consolidating Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16</p>				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Gene Simer</i></p> <p>Signature</p> <p>Gene Simer</p> <p>Printed Name</p> <p>Production Foreman</p> <p>Title</p> <p>January 14, 1997</p> <p>Date</p>	
				<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was placed 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 belief.</p> <p>JANUARY 9, 1997</p> <p>Date of Survey</p> <p><i>John M. McMillan</i></p> <p>Signature and Title of Professional Surveyor</p> <p>5412</p> <p>REGISTERED LAND SURVEYOR</p> <p>CERTIFICATE NO. 5412</p> <p>NEW MEXICO</p>	

# PROPOSED LOCATION #1



NEW MEXICO  
OIL CONSERVATION DIVISION

EXHIBIT

CASE NO.

N

INTERCOAST OIL & GAS  
McKITTRICK "29" #1 PROSPECT  
Eddy County, New Mexico

SURFACE TOPOGRAPHIC MAP

CONTOUR INTERVAL: 20 FT.

1000 500 0 1000 2000  
Scale in Feet

SECTION 29 TOWNSHIP 22-SOUTH RANGE 26-EAST COUNTY EDDY STATE NEW MEXICO

<p>N/2 NW/4 = 80.00 ACRES</p>		<p><u>WI OWNERSHIP FOR UNIT</u></p> <table> <tr> <th></th><th><u>NMA</u></th><th><u>%</u></th></tr> <tr> <td>LOUIS DREYFUS NATURAL GAS CORP</td><td>158.26</td><td>49.45</td></tr> <tr> <td>INTERCOAST OIL AND GAS CO.</td><td>80.00</td><td>25.00</td></tr> <tr> <td>PENWELL ENERGY, INC.</td><td>40.00</td><td>12.50</td></tr> <tr> <td>SANTA FE ENERGY RESOURCES, INC.</td><td>27.93</td><td>8.73</td></tr> <tr> <td>UNLEASED</td><td>13.81</td><td>4.32</td></tr> <tr> <td></td><td><u>320.00</u></td><td><u>100.00</u></td></tr> </table>		<u>NMA</u>	<u>%</u>	LOUIS DREYFUS NATURAL GAS CORP	158.26	49.45	INTERCOAST OIL AND GAS CO.	80.00	25.00	PENWELL ENERGY, INC.	40.00	12.50	SANTA FE ENERGY RESOURCES, INC.	27.93	8.73	UNLEASED	13.81	4.32		<u>320.00</u>	<u>100.00</u>
	<u>NMA</u>	<u>%</u>																					
LOUIS DREYFUS NATURAL GAS CORP	158.26	49.45																					
INTERCOAST OIL AND GAS CO.	80.00	25.00																					
PENWELL ENERGY, INC.	40.00	12.50																					
SANTA FE ENERGY RESOURCES, INC.	27.93	8.73																					
UNLEASED	13.81	4.32																					
	<u>320.00</u>	<u>100.00</u>																					
<p>SW/4 NW/4 = 40.00 AC</p>	<p>SE/4 NW/4 = 40.00 AC</p>																						
<p>NW/4 SW/4 = 40.00 AC</p>	<p>NE/4 SW/4 = 40.00 AC</p>	<p><u>WI OWNERSHIP BY TRACT</u></p> <ul style="list-style-type: none"> <li>INTERCOAST OIL AND GAS COMPANY 100%</li> <li>PENWELL ENERGY, INC. 100%</li> <li>LOUIS DREYFUS NATURAL GAS CORP. 75.21</li> <li>SANTA FE ENERGY RESOURCES, INC. 13.27</li> <li>OPEN/UNLEASED 11.51</li> <li><u>100.00</u></li> </ul>																					
<p>SW/4 SW/4 = 40.00 AC</p>	<p>SE/4 SW/4 = 40.00 AC</p>	<ul style="list-style-type: none"> <li>LOUIS DREYFUS NATURAL GAS CORP. 85.00</li> <li>SANTA FE ENERGY RESOURCES, INC. 15.00</li> <li><u>100.00</u></li> </ul> <p>NEW MEXICO OIL CONSERVATION DIVISION</p>																					

EXHIBIT 1  
CASE NO. 11692

County Eddy

Pool Southeast Carlshad-Wolfcamp Gas

TOWNSHIP

22 South

Range

26 East

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: 1/2 Sec. 28 (A-9938, 8-12-93)



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

January 26, 1999

Louis Dreyfus Natural Gas Corporation  
14000 Quail Springs Parkway - Suite 600  
Oklahoma City, Oklahoma 73134-2600

Attention: Joe W. Hammond

**Re:** *Application for administrative approval dated January 11, 1999 (received by the Division on January 19, 1999) to recomplete the McKittrick "29" Federal Com. Well No. 22 (API No. 30-015-29351) at an unorthodox oil well location 1715' FNL & 1160' FWL (Unit E) of Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. The SW/4 NW/4 of Section 29 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit: (i) in either the Undesignated Happy Valley-Delaware or Filaree-Delaware Pool; and (ii) for the Bone Spring formation.*

Dear Mr. Hammond:

Your application is incomplete with respect to notice, Division Rule 104.F(3) requires that all affected parties be notified. My review of the record in Case 11692 and the records here in the Santa Fe office of the Division indicate that Penwell Energy, Inc. is the affected party in this instance. They may have been a party to this well when the 320 acres, being the W/2 of Section 29, was communitized for deep gas production, but these shallow oil recompletions are only 160 feet away from a lease that they have 100% of the working interest (if the information found in the Case file is still current).

I am therefore returning this application to you at this time.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad  
Kathy Valdes, NMOCD - Santa Fe  
W. Thomas Kellahin, Legal Counsel for Louis Dreyfus  
Natural Gas Corporation in Case No. 11692 - Santa Fe  
Jim Bruce, Legal Counsel for Intercoast Oil and Gas  
Company in Case No. 11692 - Santa Fe

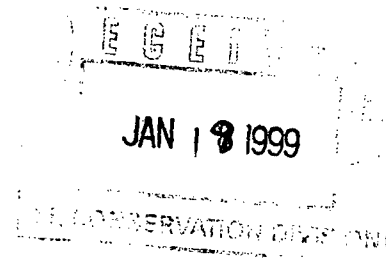
NSL

2/8/99  
14000 Quail Springs Parkway  
Suite 600  
Oklahoma City, Oklahoma  
73134-2600

Telephone 405 749-1300  
www.ldng.com  
Land Fax 405-749-6662

January 11, 1999

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505



RE: McKittrick Fed Com "29" #1 2 2  
1715' FNL & 1160' FWL  
Section 29-22S-26E  
Eddy County, New Mexico

Dear Mr. Stogner:

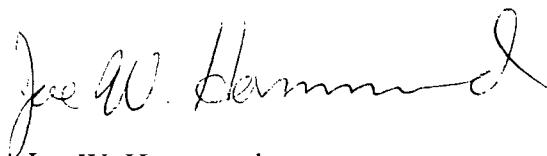
Your assistance is requested in obtaining administrative approval for an unorthodox location of the existing McKittrick Fed Com "29" #1 well in order to produce from the Bone Spring formation on 40 acre spacing (SW/4 NW/4). The well was originally drilled to the Morrow in 1997 (Case 11692, Order #R-10755) with Louis Dreyfus Natural Gas Corp. as the operator.

All offset owners own an interest in the well so no notice is necessary at this time.

If I can furnish any additional information to process this request, please do not hesitate to contact me.

Sincerely,

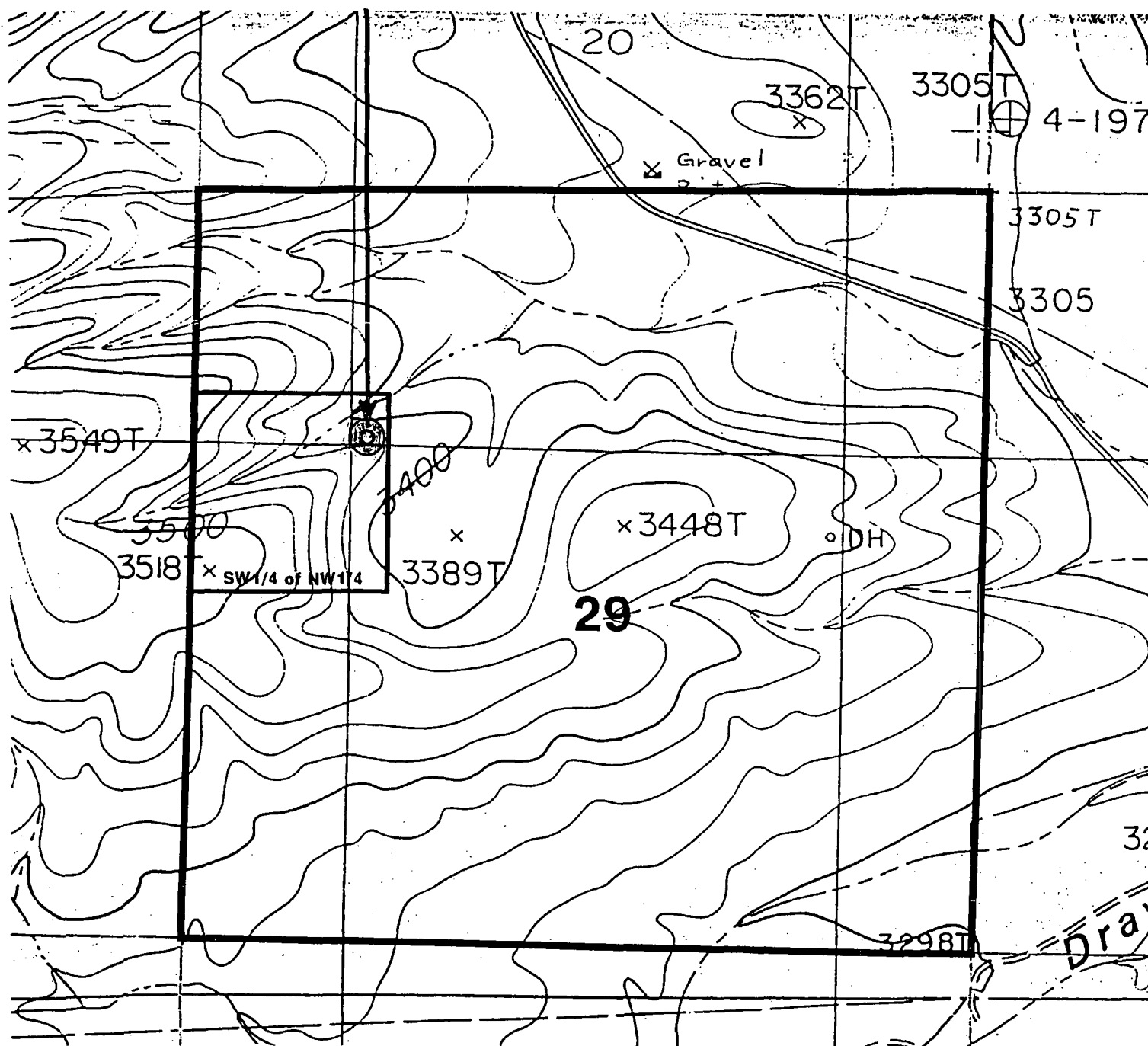
LOUIS DREYFUS NATURAL GAS CORP.



Joe W. Hammond  
District Landman

JWH/eeo

# PROPOSED LOCATION #1



NEW MEXICO  
OIL CONSERVATION DIVISION

EXHIBIT 12

CASE NO. 11692



INTERCOAST OIL & GAS

**McKITTRICK "29" #1 PROSPECT**  
Eddy County, New Mexico

**SURFACE TOPOGRAPHIC MAP**

CONTOUR INTERVAL: 20 FT.





District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Aramis, NM 88211-0719  
District III  
1000 Rio Grande Rd., Artes, NM 87418  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 AFI Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name			6 Well Number
		MCKITTRICK FEDERAL COM 29-22			22
7 OGRID No.		8 Operator Name			9 Elevation
		LOUIS DREYFUS NATURAL GAS			3412.

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	29	22-S	26-E		1715	NORTH	1160	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acre		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	1715'	1160'	17 OPERATOR CERTIFICATION	
			I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
			Signature <u>Gene Simer</u>	
			Printed Name <u>Gene Simer</u> Title <u>Production Foreman</u> Date <u>January 14, 1997</u>	
			18 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 belief.	
			Date of Survey <u>JANUARY 9, 1997</u>	
			Signature and Seal of Registered Professional Engineer <u>5412</u> REGISTERED LAND SURVEYOR NEW MEXICO PROFESSIONAL ENGINEER NEW MEXICO NO. 5412	

**Stogner, Michael**

---

**From:** Joe Hammond[SMTP:hammojw@ldng.com]  
**Sent:** Thursday, January 14, 1999 4:13 PM  
**To:** Stogner, Michael  
**Subject:** Mckittrick Fed Com 29 1

Mr. Stogner, I recently mailed a letter to you requesting administrative approval to produce from the Bone Spring from the subject well. I now need to add the Delaware formation to the application. Please let me know if this email will be sufficient to do so. Thanks



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

January 27, 1997

Louis Dreyfus Natural Gas Corporation  
Attn: Jay M. Gabbard  
14,000 Quail Springs Parkway - Suite 600  
Oklahoma City, Oklahoma 73134

*Administrative Order NSL-3761*

Dear Mr. Gabbard:

Reference is made to your application dated January 22, 1997 for an unorthodox gas well location in the Happy Valley-Morrow Gas Pool for the proposed McKittrick Federal Com "29" Well No. 22 to be drilled 1715 feet from the North line and 1160 feet from the West line (Unit E) of Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico.

The W/2 of said Section 29 being a standard 320-acre gas spacing and proration unit for said pool is to be dedicated to said well.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

William J. LeMay  
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Artesia

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 11692  
Order No. R-10755

APPLICATION OF INTERCOAST OIL AND  
GAS COMPANY FOR COMPULSORY  
POOLING AND AN UNORTHODOX GAS  
WELL LOCATION, EDDY COUNTY, NEW  
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 23, 1997, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 27th day of January, 1997, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, InterCoast Oil and Gas Company, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, and in the following manner:

the W/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320 acres within said vertical extent, which presently includes but is not necessarily limited to the Happy Valley-Morrow Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, Undesignated Sheep Draw-Strawn Gas Pool, Undesignated Northeast Sheep Draw-Strawn Gas Pool and Undesignated Southeast Carlsbad-Wolfcamp Gas Pool; and,

the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools spaced on 160 acres within said vertical extent.

Said units are to be dedicated to the applicant's proposed McKittrick "29" Well No. 1 to be drilled at an unorthodox gas well location 1650 feet from the North line and 510 feet from the West line (Unit E) of Section 29.

(3) At the time of the hearing, the applicant testified that the well location for the proposed McKittrick "29" Well No. 1 has been amended to 1715 feet from the North line and 1160 feet from the West line (Unit E) of Section 29. Inasmuch as the newly proposed location is less unorthodox than the location originally proposed, the Division determined that re-advertisement of this case is not necessary.

(4) The applicant has the right to drill and proposes to drill its McKittrick "29" Well No. 1 at the amended unorthodox location described above.

(5) The proposed well is subject to the requirements of Rule No. 104.C. of the Division General Rules and Regulations which require wells to be located no closer than 1650 feet from the end boundary nor closer than 660 feet from the side boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(6) The evidence and testimony presented by the applicant indicates that the proposed unorthodox location is necessitated by topographic conditions within the NW/4 of Section 29.

(7) The proposed location is unorthodox with respect to the interior quarter-quarter section lines only and does not encroach towards the outer boundary of the spacing unit.

(8) No offset operator and/or interest owner appeared at the hearing in opposition to the proposed unorthodox gas well location.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pools, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

(10) There are interest owners in the proposed proration units who have not agreed to pool their interests.

(11) To avoid the drilling of unnecessary wells, to protect correlative rights, to avoid waste, and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense his just and fair share of the production in any pool completion resulting from this order, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

(12) At the time of the hearing, the applicant testified that as of January 2, 1997, its company name changed from InterCoast Oil and Gas Company to KCS Medallion Resources, Inc. The applicant requested that KCS Medallion Resources, Inc. be named operator of the subject well and units.

(13) KCS Medallion Resources, Inc. (formerly InterCoast Oil and Gas Company), should be designated the operator of the subject well and units.

(14) Any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(15) Any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(16) Any non-consenting working interest owner should be afforded the opportunity to object to the actual well costs but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(17) Following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(18) \$5828.00 per month while drilling and \$546.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(19) All proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(20) Upon the failure of the operator of said pooled units to commence the drilling of the well to which said units are dedicated on or before May 1, 1997, the order pooling said units should become null and void and of no effect whatsoever.

(21) Should all the parties to this forced pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(22) The operator of the well and units shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

**IT IS THEREFORE ORDERED THAT:**

(1) All mineral interests, whatever they may be, from the surface to the base of the Morrow formation underlying the following described acreage in Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, are hereby pooled in the following manner:

the W/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320 acres within said vertical extent, which presently includes but is not necessarily limited to the Happy Valley-Morrow Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, Undesignated Sheep Draw-Strawn Gas Pool, Undesignated Northeast Sheep Draw-Strawn Gas Pool and Undesignated Southeast Carlsbad-Wolfcamp Gas Pool; and,

the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools spaced on 160 acres within said vertical extent.

Said units shall be dedicated to the applicant's proposed McKittrick "29" Well No. 1 to be drilled at an unorthodox gas well location, hereby approved, 1715 feet from the North line and 1160 feet from the West line (Unit E) of Section 29.



PROVIDED HOWEVER THAT, the operator of said units shall commence the drilling of said well on or before the 1st day of May, 1997, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow formation.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 1st day of May, 1997, Ordering Paragraph No. (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division Director for good cause shown.

PROVIDED FURTHER THAT, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Ordering Paragraph No. (1) of this order should not be rescinded.

(2) KCS Medallion Resources Inc. (formerly InterCoast Oil and Gas Company), is hereby designated the operator of the subject well and units.

(3) After the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject units an itemized schedule of estimated well costs.

(4) Within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) The operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, if there is objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) Within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated well costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) The operator is hereby authorized to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) The operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) \$5828.00 per month while drilling and \$546.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) Any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) All proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

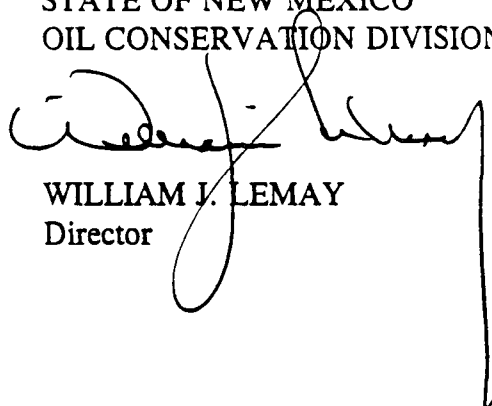
(13) Should all the parties to this forced pooling order reach voluntary agreement subsequent to entry of this order, the forced pooling portion of this order shall thereafter be of no further effect.

(14) The operator of the well and units shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

(15) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

S E A L

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-101  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address. LOUIS DREYFUS NATURAL GAS CORP. 14000 Quail Springs Parkway, Suite 600 Oklahoma City, OK 73134		OGRID Number 025773
Property Name McKittrick 29 Federal Com.		API Number 30-015-29351
Property Code 020209	Well No. 22	

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	29	22S	26E		1715'	North	1160'	West	Eddy

8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Sheep Draw Happy Valley, Strawn, NE GAS	Proposed Pool 1 85205	Proposed Pool 2
--	--------------------------	-----------------

Work Type Code P	Well Type Code G	Cable/Rotary	Lease Type Code P	Ground Level Elevation 3412'
Multiple No	Proposed Depth 10,965' PBTB	Formation Strawn	Contractor	Spud Date 9/10/98

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
20"	16"	75#	369'	996 sx.	Surface
14 3/4"	10 3/4"	40.5#	1652'	1508 sx.	Surface
9 7/8"	7 5/8"	19.70# & 26.40#	9205'	1600 sx.	Surface
6 1/2"	5" liner	18#	8993' - 11661'	370 sx.	
CIBP @ 11530'					

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

- R-10755
- RU DDU and install H2S safety equipment.
  - Kill well with 2% KCl water. Remove tree and install BOP's.
  - Pull tubing and packer.
  - Set CIBP on wire line at 11000' and dump 35' of cement on top of plug.
  - Pressure test casing to 1500 psi.
  - RU lubricator and perforate Strawn with 2 jet holes/foot from 10308' - 10312', (4') and 10265' - 10276' (11').
  - Run retrievable production packer in hole on 2 7/8" and 2 3/8" tubing and set at 10200'.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Terry D. Bryant</i>		OIL CONSERVATION DIVISION Approved by: ORIGINAL SIGNED BY TIM W. GUB, GA Title: DISTRICT II SUPERVISOR	
Printed name: Terry D. Bryant		Approval Date: 8-31-98 Expiration Date: 8-31-99	
Title: Regulatory Technician		Conditions of Approval: Attached <input type="checkbox"/>	
Date: 8/19/98	Phone: (405) 749-5287		

Louis Dreyfus Natural Gas Corp.  
McKittrick 29 Federal Com. Well No. 22  
#22. continued:

8. Nipple up tree and acidize down tubing with 1500 gal. iron control 15% HCl and CO<sub>2</sub>. Use 50 - 7/8" RCN ball sealers. Treat at 2 - 4 BPM. Flush with 2% KCl water.
9. Flow back, test and put on production.

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

## OIL CONSERVATION DIVISION

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

RECEIVED

WELL API NO.  
30-015-29351

5. Indicate Type of Lease  
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A  
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"  
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

OIL WELL ☒ GAS WELL ☐ OTHER ☐

2. Name of Operator

LOUIS DREYFUS NATURAL GAS CORP.

3. Address of Operator

14000 Quail Springs Parkway, Ste. 600, OKC, OK 73134

4. Well Location

Unit Letter E : 1715 Feet From The North Line and 1160 Feet From The West Line

Section 29 Township 22S Range 26E NMPM Eddy County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

3412'

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

### NOTICE OF INTENTION TO:

### SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

REMEDIAL WORK ☐

ALTERING CASING ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

COMMENCE DRILLING OPNS. ☐

PLUG AND ABANDONMENT ☐

PULL OR ALTER CASING ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

OTHER: Ran 7-5/8" casing ☒

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

3/31/97 Ran float shoe (1.30'), 1 jts. 7-5/8" 29.70# P110 LT&C R3 csg., Shoe jts. (42.55'), float collar (1.20'), 13 jts. 7-5/8" 19.70# P110 LT&C R3 csg. (561.17'), 109 jts. 7-5/8" 26.40# P110 LT&C R3 csg. (3945.39'). Shoe @ 9202', float collar 9160'. Dowell cemented w/ 1000 sx 35/65 Poz 6% D10, 1/4#/sx D29, .2% D46 slurry 312 bbls. Displace with 246 bbls. wtr. & 167 bbls. mud - full returns w/ 373 bbls. displace pumped. Lost circulation, slow PR, reached max psi (3000) 18 bbl. short. Did not bump plug - shut down - check floats, floats holding. Left 392' cement in pipe. List psi 1780 psi, est. TOC @ 6608' - Total displ. 431 bbl. Drop bomb, open DV tool. Cement 2nd stage w/400 sx 35/65 Poz, 6% D20, 1/4#/sx D29, 2% D46, slurry 125 bbls. Tail in w/700sx selfstress, 1/4#/sx D29, .2% D46, slurry 188 bbl. Displace w/186 bbls. water. Bumped & pressured plug to 1500 psi & closed DV tool. Floats held, full returns throughout cement job. Circulate 60 bbls. (311 sx) to reserve pit. Cement in place 1st stage 9:15 pm. on 3/30/97. Plug down 2nd stage @ 2:45 a.m. on 3/31/97.

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

SIGNATURE Raylene Smith

TITLE Regulatory Tech.

DATE 4/21/97

(405) 749-

TYPE OR PRINT NAME Raylene Smith

TELEPHONE NO. 5251

(This space for State Use)

Jim W. Burn

District Supervisor

APPROVED BY

TITLE

DATE

4/28/97

REMARKS OF APPROVAL IF ANY:

Submit 3 Copies  
to Appropriate  
District Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

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

OIL CONSERVATION DIVISION

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

APR 24 1997

WELL API NO.  
30-015-29351

5. Indicate Type of Lease  
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A  
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"  
(FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name  
McKittrick 29 Federal Com

1. Type of Well:  
OIL WELL ☒ GAS WELL ☐ OTHER

2. Name of Operator  
LOUIS DREYFUS NATURAL GAS CORP.

8. Well No.  
#22

3. Address of Operator  
14000 Quail Springs Parkway, Ste. 600, OKC, OK 73134

9. Pool name or Wildcat  
Happy Valley, (Morrow)

4. Well Location  
Unit Letter E : 1715 Feet From The North Line and 1160 Feet From The West Line

Section 29 Township 22S Range 26E NMPM Eddy County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)  
3412'

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data  
NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <u>Run 10-3/4" casing.</u>	<input checked="" type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

3/13/97 RU strap shoe & float collar, ran 37 jts. (1654') 10-3/4" J-55 ST&C R3 casing, shoe @ 1652', float @ 1602'. Dowell cemented with 150 sx RFC in a 43 bbl. slurry + 900 sx Class "C", 4% gel, 2% CC in a 280 bbl. slurry. Tail in with 200 sx Class "C" Neat, 2% CC in a 47 bbl. slurry. Calculated TOC @ 667'. Top off with 258 sx Class "C" Neat, 4% CC. Full returns while cementing. Circulate 3 bbls. excess, 13 sx to reserve pit. Cement in place @ 1:00 p.m. 3/13/97. WOC. Cut off 16" csg. and orange peel back to 10-3/4" csg., cut off 10-3/4" csg. & install wellhead test to 1000 psi, test OK.

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

SIGNATURE Raylene Smith

TITLE Regulatory Tech

DATE 4/21/97

(405) 749-

TYPE OR PRINT NAME

Raylene Smith

TELEPHONE NO. 5251

(This space for State Use)

Jim W. Gunn

District Supervisor

APPROVED BY

TITLE

DATE

4/28/97

REMARKS OF APPROVAL IF ANY:



Submit 3 Copies  
to Appropriate  
District Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

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

OIL CONSERVATION DIVISION

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

APR 24 1997

WELL API NO. 30-015-29351
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name McKittrick 29 Federal Com
8. Well No. #22
9. Pool name or Wildcat Happy Valley, (Morrow)
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3412'

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A  
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"  
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER
2. Name of Operator LOUIS DREYFUS NATURAL GAS CORP.
3. Address of Operator 14000 Quail Springs Parkway, Ste. 600, OKC, OK 73134
4. Well Location Unit Letter <u>E</u> : <u>1715</u> Feet From The <u>North</u> Line and <u>1160</u> Feet From The <u>West</u> Line Section <u>29</u> Township <u>22S</u> Range <u>26E</u> NMPM <u>Eddy</u> County
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3412'

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
OTHER: <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
	CASING TEST AND CEMENT JOB <input type="checkbox"/>
	OTHER: Spud and run casing <input checked="" type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

3/2/97 Spud well @ 1:00 p.m.  
3/3/97 Run Texas Pattern guide shoe (.90'), 1 jt. 75# K-55 (16") Butt T&C R3 casing (44.42'),  
baffle plate, 8 jts. 75# K-55 (16") Butt T&C R3 csg. (355.94'). Wash casing down to 369'.  
Cement with 400 sx "C" w/2% CC & 5#/sd Gilsonite in @ 96 bbls. slurry. Displace w/77.5 bbls.  
H2O. Did not bump plug. Over displaced by 2.5 bbls. (shoe jt. 9.8 cap). No returns during  
cement job. Cement in place @ 7:30 pm. 3/3/97. WOC. Top off with 496 sx Class "C" neat  
w/2% CC. Had full returns while cementing, circulate 4 bbls. excess cement to reserve pit.  
WOC.

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

SIGNATURE Raylene Smith TITLE Regulatory Tech. DATE 4/21/97  
TYPE OR PRINT NAME Raylene Smith TELEPHONE NO. (405) 749-5251

(This space for State Use)

APPROVED BY Jim W. Beem TITLE District Supervisor DATE 4/28/97

COMMENTS OF APPROVAL, IF ANY:

District I  
PO Box 200, Hobbs, NM 88241-1980  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-101  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

JAN 23 1997

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address. LOUIS DREYFUS NATURAL GAS CORP. 14000 Quail Springs Prkwy., Ste. 600 Oklahoma City, OK 73134		<sup>2</sup> OGRID Number 025773
<sup>3</sup> Property Code 20209		<sup>4</sup> Property Name McKittrick Federal Com
<sup>5</sup> Well No. 22		

<sup>7</sup> Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	29	22S	26E		1715	North	1160	West	Eddy

<sup>8</sup> Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>9</sup> Proposed Pool 1 Happy Valley (Morrow)					<sup>10</sup> Proposed Pool 2				

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary Rotary	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 3412'
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 11,600'	<sup>18</sup> Formation Morrow	<sup>19</sup> Contractor N/A	<sup>20</sup> Spud Date Upon Approval

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
20"	16"	75	350'	400 Sx C	Surface Circ
14 3/4"	10 3/4"	40.5	1650'	960 Sx C	Surface Circ
9 1/2"	7 5/8"	26.4-29.7	9200'	780 Sx C	1450'
6 1/2"	5"	15	11,600'	320 Sx C	9000'

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Fresh water sand will be protected by setting 16" casing at 350' and circulating cement to surface. First intermediate 10 3/4" casing will be set at 1650' and cement will be circulated to surface. Second intermediate 7 5/8" casing will be set at 9200' and cement circulated to 1450'. A 5" liner will be set from 9000' to 11,600' and cement circulated to 9000'.

Notary N.M.O.C.C. in addition  
time to witness concerning  
the 10 3/4" casing

NSL-3761

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Gene Simer*  
Printed name: Gene Simer  
Title: Production Foreman  
Date: 1-22-97  
Phone: 885-1313

OIL CONSERVATION DIVISION

Approved by: *Jim W. Green* BGA  
Title: *District Supervisor*  
Approval Date: 01-27-97  
Expiration Date: 01-27-98  
Conditions of Approval:  
Attached ☐

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-29351		2 Pool Code 78060		3 Pool Name Happy Valley; Morrow	
4 Property Code B6A		5 Property Name McKITTRICK FEDERAL COM		6 Well Number 22	
7 OGRID No.		8 Operator Name LOUIS DREYFUS NATURAL GAS		9 Elevation 3412.	

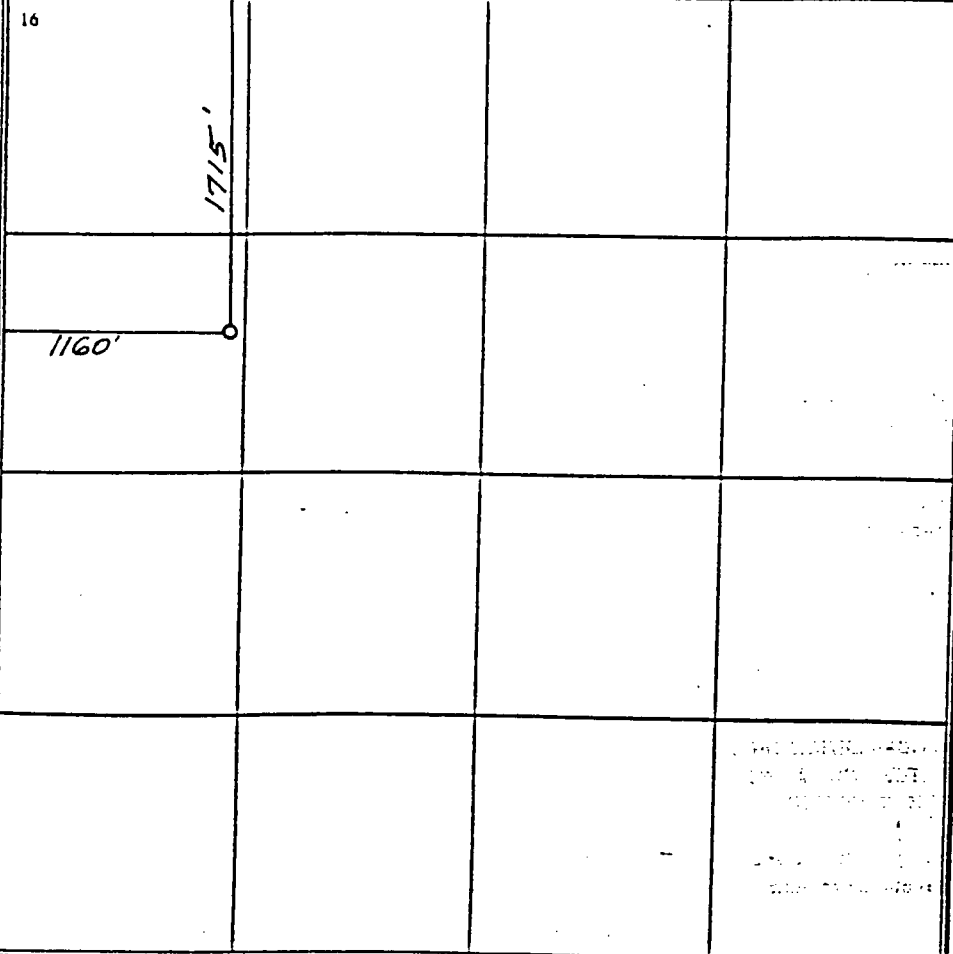
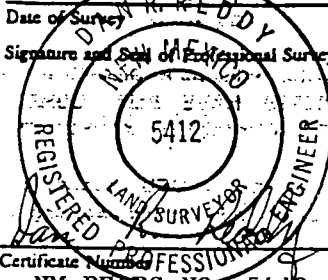
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	29	22-S	26-E		1715	NORTH	1160	WEST	EDDY

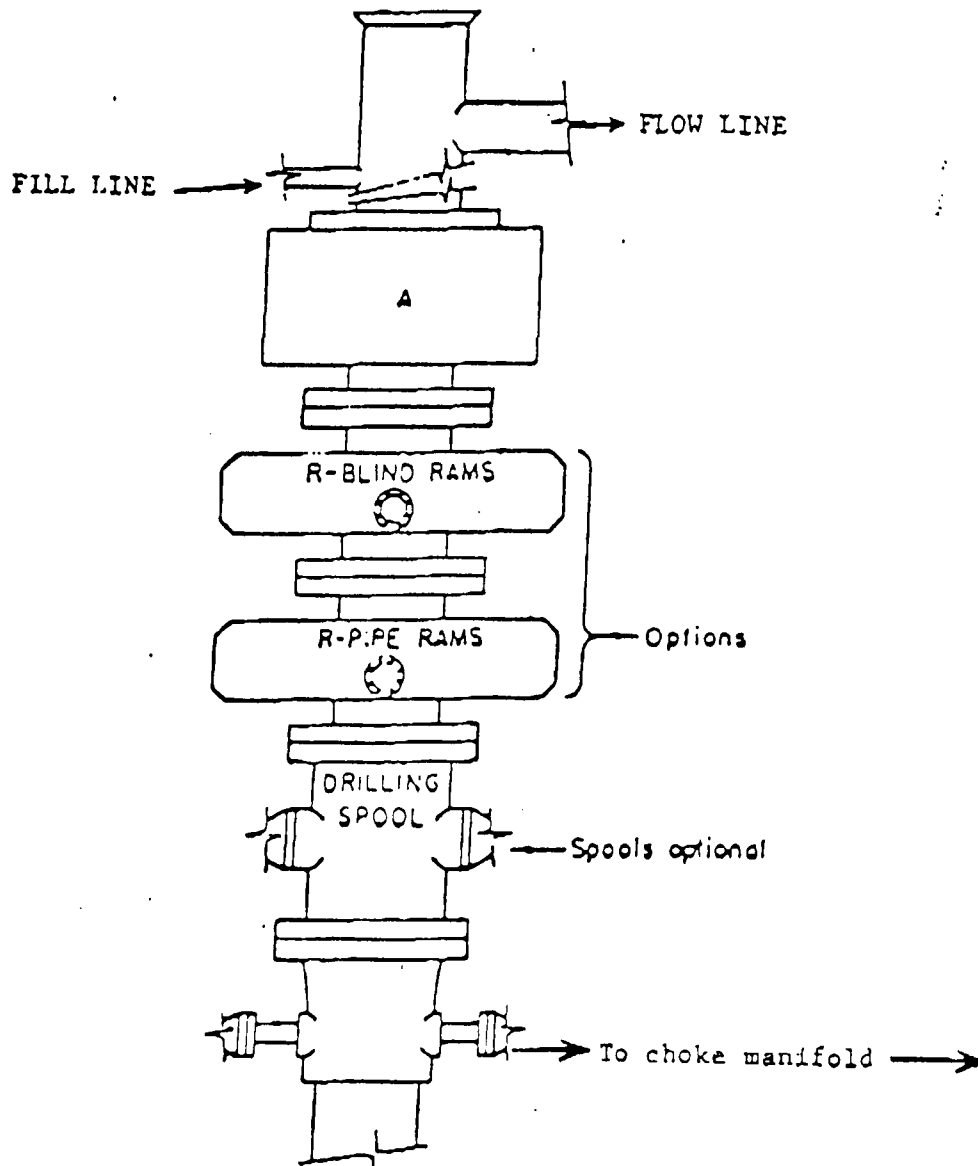
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>16</div> 	<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Gene Simer</i> Signature Gene Simer Printed Name Production Foreman Title January 14, 1997 Date</p>	
	<div>18 SURVEYOR CERTIFICATION</div> <p>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 belief.</p> <p>JANUARY 9, 1997 Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number NM PRS NO. 5412</p>	

BOP Sketch to be Used on  
Louis Dreyfus Natural Gas Corp.  
McKittrick Federal Com. 29-22  
Sec. 29, T-22S, R-26E  
Eddy County, New Mexico



ARRANGEMENT SRRA

900 Series  
3000 PSI WP

**WRS COMPLETION REPORT**COMPLETIONS SEC 29 TWP 22S RGE 26E  
30-T-0019 09/26/97 30-015-29351-0000 PAGE 1

NMEX EDDY \* 1715FNL 1160FWL SEC  
STATE COUNTY FOOTAGE SPOT  
LOUIS DREYFUS NTRL GAS D DG  
OPERATOR WELL CLASS INIT FIN  
22 MCKITTRICK '29' FEDERAL COM  
WELL NO. LEASE NAME  
3412GR HAPPY VALLEY  
OPER ELEV FIELD/POOL/AREA  
API 30-015-29351-0000  
LEASE NO. PERMIT OR WELL I.D. NO.  
03/02/1997 07/05/1997 ROTARY VERT GAS  
SPUD DATE COMP. DATE TYPE TOOL HOLE TYPE STATUS  
11600 MORROW MCVAY DRLG 7  
PROJ. DEPTH PROJ. FORM CONTRACTOR  
DTD 11663 PB 11530 FM/TD MORROW L  
DRILLERS T.D. LOG T.D. PLUG BACK TD OLD T.D. FORM T.D.

**LOCATION DESCRIPTION**

6 MI SW CARLSBAD, NM

**CASING/LINER DATA**

CSG 16 @ 369 W/ 996 SACKS  
CSG 10 3/4 @ 1652 W/ 1508 SACKS  
CSG 7 5/8 @ 9205 W/ 1600 SACKS  
LNR 5 8993-11661 W/ 370S

**TUBING DATA**

TBG 2 7/8 AT 11035 2 3/8 AT 11035

**INITIAL POTENTIAL**

IPF 28 MCFD 10/64CK 24HRS  
MORROW PERF W/ 64/IT 11096-11330 GROSS  
TP 330

GLR DRY, GASGTY NR

FCP: PKR

TYPE	FORMATION	LTH	TOP	DEPTH/SUB	BSE	DEPTH/SUB
LOG	DELWR SD		2140	1272		
LOG	CHER CYN		2492	920		
LOG	BONE SPG		4878	-1466		
LOG	WOLFCAMP		8504	-5092		
LOG	PNNSYLVN		9038	-5626		
LOG	STRAWN		10082	-6670		

CONTINUED IC# 300157004697

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Petroleum Information/  
Dwigths LLCP/D-WRS-GET  
Form No 187

COMPLETIONS SEC 29 TWP 22S RGE 26E  
30-T-0019 09/26/97 30-015-29351-0000 PAGE 2

LOUIS DREYFUS NTRL GAS D DG  
22 MCKITTRICK '29' FEDERAL COM

TYPE	FORMATION	LTH	TOP DEPTH/SUB	BSE DEPTH/SUB
LOG	ATOKA		10632 -7220	
LOG	MORROW		10838 -7426	
LOG	MORROW L		11406 -7994	

SUBSEA MEASUREMENTS FROM GR

PRODUCTION TEST DATA

MORROW L PERF 11575-11584  
PERF 11575-11584  
ACID 11575-11584 1000GALS  
FERCHEK  
NTGN 11575-11584 125000SCF  
BRPG @11530 11575-11584

PTF 28 MCFD 8BW 10/64CK 24HRS  
MORROW PERF W/ 64/IT 11096-11330 GROSS  
PERF 11096-11098 11100-11103 11178-11198 11264-11273  
PERF 11303-11330  
ACID 11096-11330 2000GALS  
7 1/2% FERCHEK  
SWFR 11096-11330 16135GALS 25000LBS SAND  
20/40  
CO2 11096-11330 83TNS  
TP 330

DRILLING PROGRESS DETAILS

LOUIS DREYFUS NTRL GAS  
14000 QUAIL SPRINGS PKWY  
STE 600  
OKLAHOMA CITY, OK  
405-749-1300

01/29 LOC/1997/  
03/03 DRLG AHEAD  
05/01 11663 TD, SI  
08/20 11663 TD, PB 11530, WOPT  
RIG REL 04/17/97  
09/23 11663 TD, PB 11530  
COMP 7/5/97, IPF 28 MCFGPD, (DRY), 10/64  
CK, GAS GTY (NR), FTP 330,  
FCP PKR  
PROD ZONE - MORROW 11096-11330 (GROSS)

CONTINUED

COMPLETIONS                    SEC    29 TWP    22S RGE    26E  
30-T-0019 09/26/97    30-015-29351-0000    PAGE 3

LOUIS DREYFUS NTRL GAS                    D    DG  
22                    MCKITTRICK '29' FEDERAL COM

DRILLING PROGRESS DETAILS

NO CORES OR TESTS RPTD

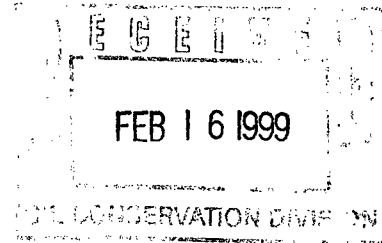




Louis Dreyfus Natural Gas

January 11, 1999

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505



RE: McKittrick Fed Com "29" #1 2~  
1715' FNL & 1160' FWL  
Section 29-22S-26E  
Eddy County, New Mexico

Dear Mr. Stogner:

Referencing your letter of January 26, 1999, please let this serve as an amended request to obtain administrative approval for an unorthodox location of the existing McKittrick Fed Com "29" #1 well in order to produce from the Delaware and/or Bone Spring formations on 40 acre spacing (SW/4 NW/4). The well was originally drilled to the Morrow in 1997 (Case 11692, Order #R-10755) with Louis Dreyfus Natural Gas Corp. as the operator.

We have now given the affected offset party notice to this application. Please note that effective November 1, 1998, Penwell Energy sold its interest in SE New Mexico to Concho Resources, Inc. Both parties have been notified as a precaution. Their objections should be received by your office within twenty days of February 3, 1999 which is their date of receipt of notice.

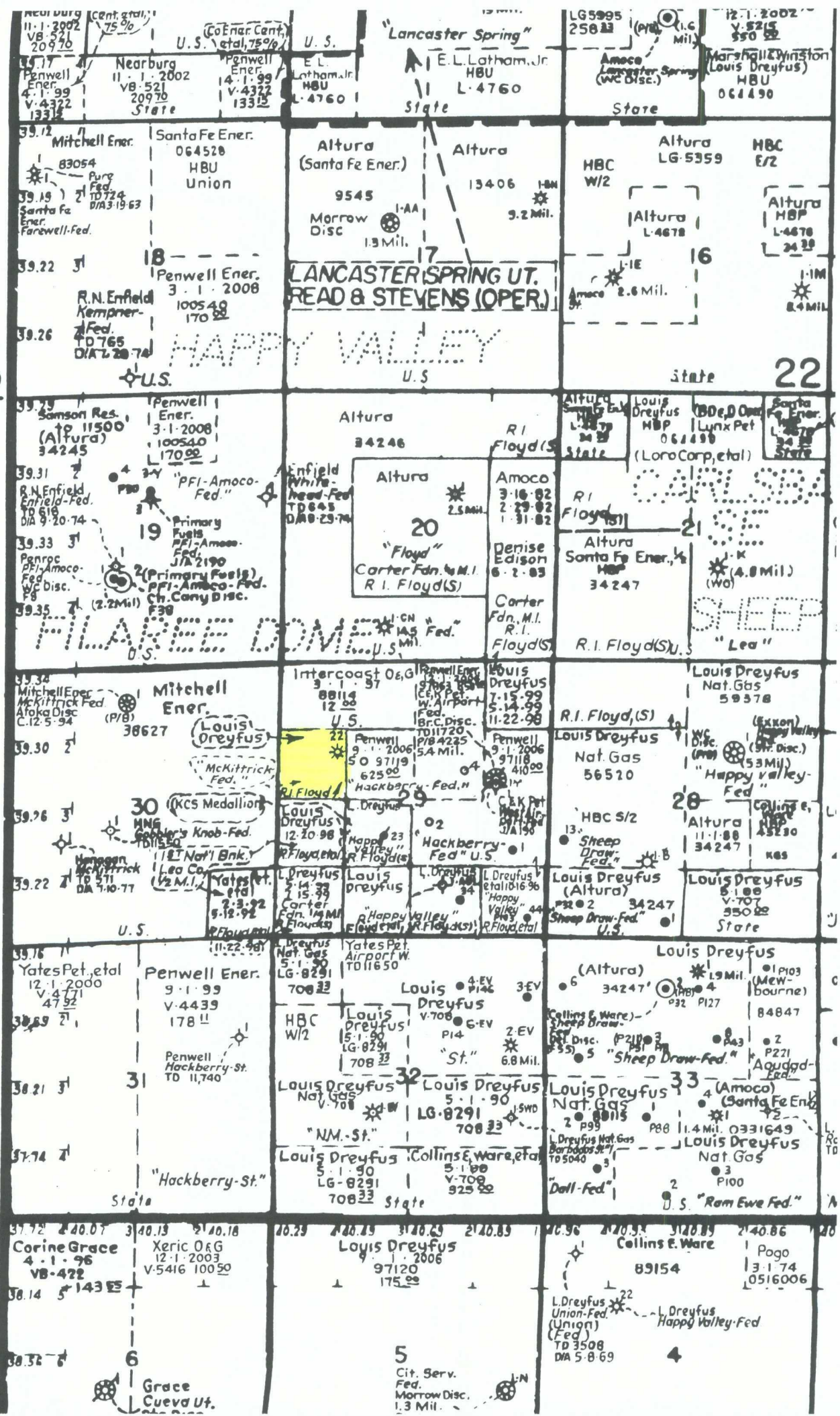
If I can furnish any additional information to process this request, please do not hesitate to contact me.

Sincerely,

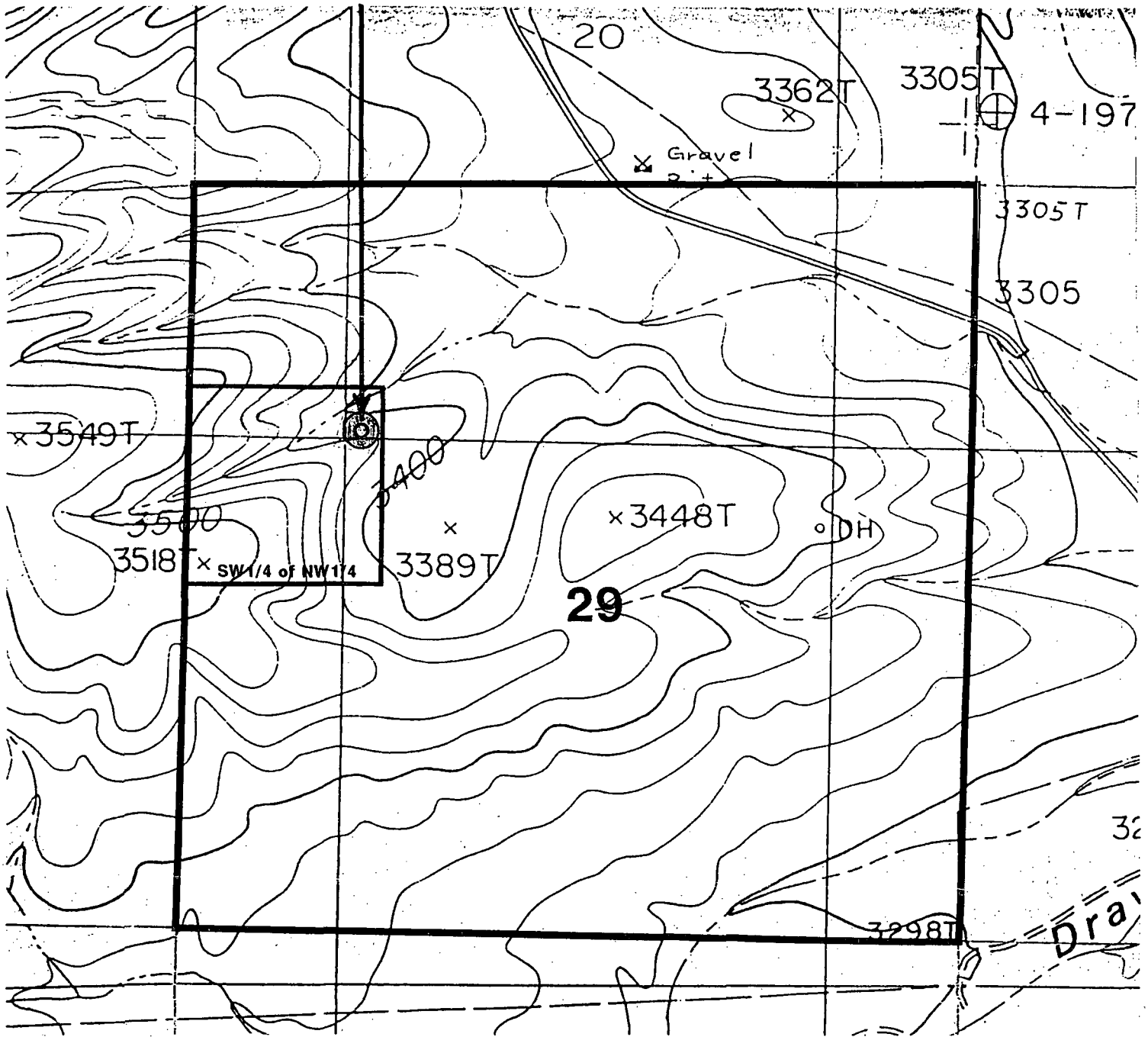
LOUIS DREYFUS NATURAL GAS CORP.

Joe W. Hammond  
District Landman

JWH/eoo



PROPOSED LOCATION #1



NEW MEXICO  
OIL CONSERVATION DIVISION

EXHIBIT

CASE NO.

INTERCOAST OIL & GAS

McKITTRICK "29" #1 PROSPECT

Eddy County, New Mexico

SURFACE TOPOGRAPHIC MAP



















CONTOUR INTERVAL: 20 FT.

1000 500 0 1000 2000

Scale in Feet



SECTION 29 TOWNSHIP 22-SOUTH RANGE 26-EAST COUNTY EDDY STATE NEW MEXICO

N/2 NW/4 = 80.00 ACRES		<table> <tr> <th colspan="3">WI OWNERSHIP FOR UNIT</th></tr> <tr> <th></th><th>NMA</th><th>%</th></tr> <tr> <td>LOUIS DREYFUS NATURAL GAS CORP</td><td>158.26</td><td>49.45</td></tr> <tr> <td>INTERCOAST OIL AND GAS CO.</td><td>80.00</td><td>25.00</td></tr> <tr> <td>PENWELL ENERGY, INC.</td><td>40.00</td><td>12.50</td></tr> <tr> <td>SANTA FE ENERGY RESOURCES, INC.</td><td>27.93</td><td>8.73</td></tr> <tr> <td>UNLEASED</td><td>13.81</td><td>4.32</td></tr> <tr> <td></td><td>320.00</td><td>100.00</td></tr> </table>	WI OWNERSHIP FOR UNIT				NMA	%	LOUIS DREYFUS NATURAL GAS CORP	158.26	49.45	INTERCOAST OIL AND GAS CO.	80.00	25.00	PENWELL ENERGY, INC.	40.00	12.50	SANTA FE ENERGY RESOURCES, INC.	27.93	8.73	UNLEASED	13.81	4.32		320.00	100.00
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SW/4 NW/4 = 40.00 AC	SE/4 NW/4 = 40.00 AC																									
NW/4 SW/4 = 40.00 AC	NE/4 SW/4 = 40.00 AC	<table> <tr> <th colspan="3">WI OWNERSHIP BY TRACT</th></tr> <tr> <td></td><td>INTERCOAST OIL AND GAS COMPANY</td><td>100%</td></tr> <tr> <td></td><td>PENWELL ENERGY, INC.</td><td>100%</td></tr> <tr> <td></td><td>LOUIS DREYFUS NATURAL GAS CORP.</td><td>75.21%</td></tr> <tr> <td></td><td>SANTA FE ENERGY RESOURCES, INC.</td><td>13.27%</td></tr> <tr> <td></td><td>OPEN/UNLEASED</td><td>11.51%</td></tr> <tr> <td></td><td></td><td>100.00%</td></tr> </table>	WI OWNERSHIP BY TRACT				INTERCOAST OIL AND GAS COMPANY	100%		PENWELL ENERGY, INC.	100%		LOUIS DREYFUS NATURAL GAS CORP.	75.21%		SANTA FE ENERGY RESOURCES, INC.	13.27%		OPEN/UNLEASED	11.51%			100.00%			
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	OPEN/UNLEASED	11.51%																								
		100.00%																								
SW/4 SW/4 = 40.00 AC	SE/4 SW/4 = 40.00 AC	<table> <tr> <td></td><td>LOUIS DREYFUS NATURAL GAS CORP.</td><td>85.00%</td></tr> <tr> <td></td><td>SANTA FE ENERGY RESOURCES, INC.</td><td>15.00%</td></tr> <tr> <td></td><td></td><td>100.00%</td></tr> </table>		LOUIS DREYFUS NATURAL GAS CORP.	85.00%		SANTA FE ENERGY RESOURCES, INC.	15.00%			100.00%															
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	SANTA FE ENERGY RESOURCES, INC.	15.00%																								
		100.00%																								

NEW MEXICO  
 OIL CONSERVATION DIVISION

EXHIBIT 1  
 CASE NO. 11692

District I  
PO Box 1988, Hobbs, NM 88241-1988  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Grande Rd., Amos, NM 87418  
District IV  
PO Box 1088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number		* Pool Code		* Pool Name	
* Property Code		* Property Name			* Well Number
		MCKITTRICK FEDERAL COM 29-22			22
* OGRID No.		* Operator Name			* Elevation
		LOUIS DREYFUS NATURAL GAS			3412.

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
E	29	22-S	26-E		1715	NORTH	1160	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
12 Dedicated Acre		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Gene Simer</i></p> <p>Signature _____</p> <p>Gene Simer</p> <p>Printed Name _____</p> <p>Production Foreman</p> <p>Title _____</p> <p>January 14, 1997</p> <p>Date _____</p>
					<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was placed 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 belief.</p> <p>JANUARY 9 1997</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor</p> <p></p> <p>REGISTERED LAND SURVEYOR</p> <p>PROFESSIONAL</p> <p>NEW MEXICO</p> <p>5412</p>

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Penwell Energy, Inc.  
1100 Arco Building  
600 N. Marienfeld  
Midland, Texas 79701

4a. Article Number

2269951800

4b. Service Type

- ☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

2-3-99 SR

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X Brenda Ortiz

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Concho Resources, Inc.  
110 West Louisiana, Suite 410  
Midland, Texas 79701

4a. Article Number

2269951299

4b. Service Type

- ☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

2-3-99

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X [Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

February 1, 1999

FIELD(1)

FIELD(2)

FIELD(3)

ATTN: FIELD(4)

RE: McKittrick Fed. Com "29" #1  
1715' FNL & 1160' FWL  
Section 29-22S-26E  
Eddy County, New Mexico

Gentlemen:

This letter will serve as notice that Louis Dreyfus Natural Gas Corp. has requested Administrative Approval for an unorthodox location for the existing McKittrick Fed. Com "29" #1 well. A proposal to recomplete to the Bone Spring/Delaware formation will be forwarded to Concho (as successor in interest to Penwell Energy, Inc.) as a working interest owner in the McKittrick wellbore upon OCD approval of this application.

The McKittrick Fed. Com "29" #1 well encroaches toward the SE/4NW/4 of Section 29 where Concho owns acreage. Should your company have any objection it must be filed in writing with the OCD at the address given below within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection has been received within the twenty day period.

Attached are copies of our initial request letter, the OCD response and location plats for your review. Should you have any questions please do not hesitate to call.

Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.

Joe W. Hammond  
District Landman

JWH/eeo  
Certified Mail

cc: New Mexico MNRD  
Oil Conservation Division, 2040 S. Pacheco Street  
Santa Fe, New Mexico 87505

Concho Resources, Inc.  
110 West Louisiana, Suite 410  
Midland, Texas 79701  
Attn: Van Rodgers

Penwell Energy, Inc.  
1100 Arco Building  
600 N. Marienfeld  
Midland, Texas 79701  
Attn: Mark Wheeler



February 1, 1999

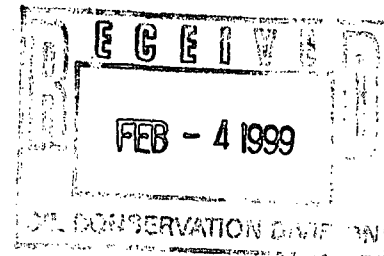
FIELD(1)

FIELD(2)

FIELD(3)

ATTN: FIELD(4)

RE: McKittrick Fed. Com "29" #<sup>22</sup>1  
1715' FNL & 1160' FWL  
Section 29-22S-26E  
Eddy County, New Mexico



*Surfence Total 2-24-99*

Gentlemen:

This letter will serve as notice that Louis Dreyfus Natural Gas Corp. has requested Administrative Approval for an unorthodox location for the existing McKittrick Fed. Com "29" #<sup>22</sup>1 well. A proposal to recomplete to the Bone Spring/Delaware formation will be forwarded to Concho (as successor in interest to Penwell Energy, Inc.) as a working interest owner in the McKittrick wellbore upon OCD approval of this application.

The McKittrick Fed. Com "29" #<sup>22</sup>1 well encroaches toward the SE/4NW/4 of Section 29 where Concho owns acreage. Should your company have any objection it must be filed in writing with the OCD at the address given below within twenty (20) days from the date of this notice. The Division Director may approve the unorthodox location if no objection has been received within the twenty day period.

Attached are copies of our initial request letter, the OCD response and location plats for your review. Should you have any questions please do not hesitate to call.

Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.

Joe W. Hammond  
District Landman

JWH/eo

Certified Mail

cc: New Mexico MNRD  
Oil Conservation Division, 2040 S. Pacheco Street  
Santa Fe, New Mexico 87505

Concho Resources, Inc.  
110 West Louisiana, Suite 410  
Midland, Texas 79701  
Attn: Van Rodgers

Penwell Energy, Inc.  
1100 Arco Building  
600 N. Marienfeld  
Midland, Texas 79701  
Attn: Mark Wheeler



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

January 26, 1999

Louis Dreyfus Natural Gas Corporation  
14000 Quail Springs Parkway - Suite 600  
Oklahoma City, Oklahoma 73134-2600

Attention: Joe W. Hammond

**Re:** *Application for administrative approval dated January 11, 1999 (received by the Division on January 19, 1999) to recomplete the McKittrick "29" Federal Com. Well No. 22 (API No. 30-015-29351) at an unorthodox oil well location 1715' FNL & 1160' FWL (Unit E) of Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. The SW/4 NW/4 of Section 29 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit: (i) in either the Undesignated Happy Valley-Delaware or Filaree-Delaware Pool; and (ii) for the Bone Spring formation.*

Dear Mr. Hammond:

Your application is incomplete with respect to notice, Division Rule 104.F(3) requires that all affected parties be notified. My review of the record in Case 11692 and the records here in the Santa Fe office of the Division indicate that Penwell Energy, Inc. is the affected party in this instance. They may have been a party to this well when the 320 acres, being the W/2 of Section 29, was communitized for deep gas production, but these shallow oil recompletions are only 160 feet away from a lease that they have 100% of the working interest (if the information found in the Case file is still current).

I am therefore returning this application to you at this time.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad  
Kathy Valdes, NMOCD - Santa Fe  
W. Thomas Kellahin, Legal Counsel for Louis Dreyfus  
Natural Gas Corporation in Case No. 11692 - Santa Fe  
Jim Bruce, Legal Counsel for Intercoast Oil and Gas  
Company in Case No. 11692 - Santa Fe



Louis Dreyfus Natural Gas

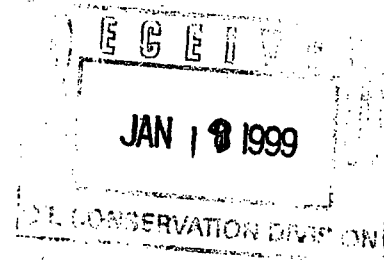
NSL

2/8/99  
14000 Quail Springs Parkway  
Suite 600  
Oklahoma City, Oklahoma  
73134-2600

Telephone 405 749-1300  
www.ldng.com  
Land Fax 405-749-6662

January 11, 1999

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505



RE: McKittrick Fed Com "29" #1 22  
1715' FNL & 1160' FWL  
Section 29-22S-26E  
Eddy County, New Mexico

Dear Mr. Stogner:

Your assistance is requested in obtaining administrative approval for an unorthodox location of the existing McKittrick Fed Com "29" #1 well in order to produce from the Bone Spring formation on 40 acre spacing (SW/4 NW/4). The well was originally drilled to the Morrow in 1997 (Case 11692, Order #R-10755) with Louis Dreyfus Natural Gas Corp. as the operator.

All offset owners own an interest in the well so no notice is necessary at this time.

If I can furnish any additional information to process this request, please do not hesitate to contact me.

Sincerely,

LOUIS DREYFUS NATURAL GAS CORP.

Joe W. Hammond  
District Landman

JWH/eeo

[illegible]

EXHIBIT 12

CASE NO. 11692



A horizontal scale bar labeled "Scale in Feet". The bar has markings at 1000, 500, 0, 1000, and 2000. The 0 mark is in the center, with 500 to its left and 1000 to its right. Further left is 1000, and further right is 2000. The total length of the bar represents 2000 feet.

SECTION 29 TOWNSHIP 22-SOUTH RANGE 26-EAST COUNTY EDDY STATE NEW MEXICO

N/2 NW/4 = 80.00 ACRES		<p>WI OWNERSHIP FOR UNIT</p> <table> <tr> <th></th><th>NMA</th><th>%</th></tr> <tr> <td>LOUIS DREYFUS NATURAL GAS CORP</td><td>158.26</td><td>49.45</td></tr> <tr> <td>INTERCOAST OIL AND GAS CO.</td><td>80.00</td><td>25.00</td></tr> <tr> <td>PENWELL ENERGY, INC.</td><td>40.00</td><td>12.50</td></tr> <tr> <td>SANTA FE ENERGY RESOURCES, INC.</td><td>27.93</td><td>8.73</td></tr> <tr> <td>UNLEASED</td><td>13.81</td><td>4.32</td></tr> <tr> <td></td><td><u>320.00</u></td><td><u>100.00</u></td></tr> </table>		NMA	%	LOUIS DREYFUS NATURAL GAS CORP	158.26	49.45	INTERCOAST OIL AND GAS CO.	80.00	25.00	PENWELL ENERGY, INC.	40.00	12.50	SANTA FE ENERGY RESOURCES, INC.	27.93	8.73	UNLEASED	13.81	4.32		<u>320.00</u>	<u>100.00</u>
	NMA	%																					
LOUIS DREYFUS NATURAL GAS CORP	158.26	49.45																					
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UNLEASED	13.81	4.32																					
	<u>320.00</u>	<u>100.00</u>																					
SW/4 NW/4 = 40.00 AC	SE/4 NW/4 = 40.00 AC																						
NW/4 SW/4 = 40.00 AC	NE/4 SW/4 = 40.00 AC	<p>WI OWNERSHIP BY TRACT</p> <ul style="list-style-type: none"> <li>INTERCOAST OIL AND GAS COMPANY 100%</li> <li>PENWELL ENERGY, INC. 100%</li> <li>LOUIS DREYFUS NATURAL GAS CORP. 75.21</li> <li>SANTA FE ENERGY RESOURCES, INC. 13.27</li> <li>OPEN/UNLEASED 11.51</li> <li><u>100.00</u></li> </ul>																					
SW/4 SW/4 = 40.00 AC	SE/4 SW/4 = 40.00 AC	<ul style="list-style-type: none"> <li>LOUIS DREYFUS NATURAL GAS CORP. 85.00</li> <li>SANTA FE ENERGY RESOURCES, INC. 15.00</li> <li><u>100.00</u></li> </ul> <p>NEW MEXICO OIL CONSERVATION DIVISION</p>																					

EXHIBIT 1  
CASE NO. 11692

District I  
PO Box 1988, Hobbs, NM 88241-1988  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Grande Rd., Alamogordo, NM 87416  
District IV  
PO Box 1088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* AFI Number		* Pool Code		* Pool Name	
* Property Code		* Property Name			* Well Number
		McKITTRICK FEDERAL COM 29-22			22
* OGRID No.		* Operator Name			* Elevation
		LOUIS DREYFUS NATURAL GAS			3412.

18 Surface Location

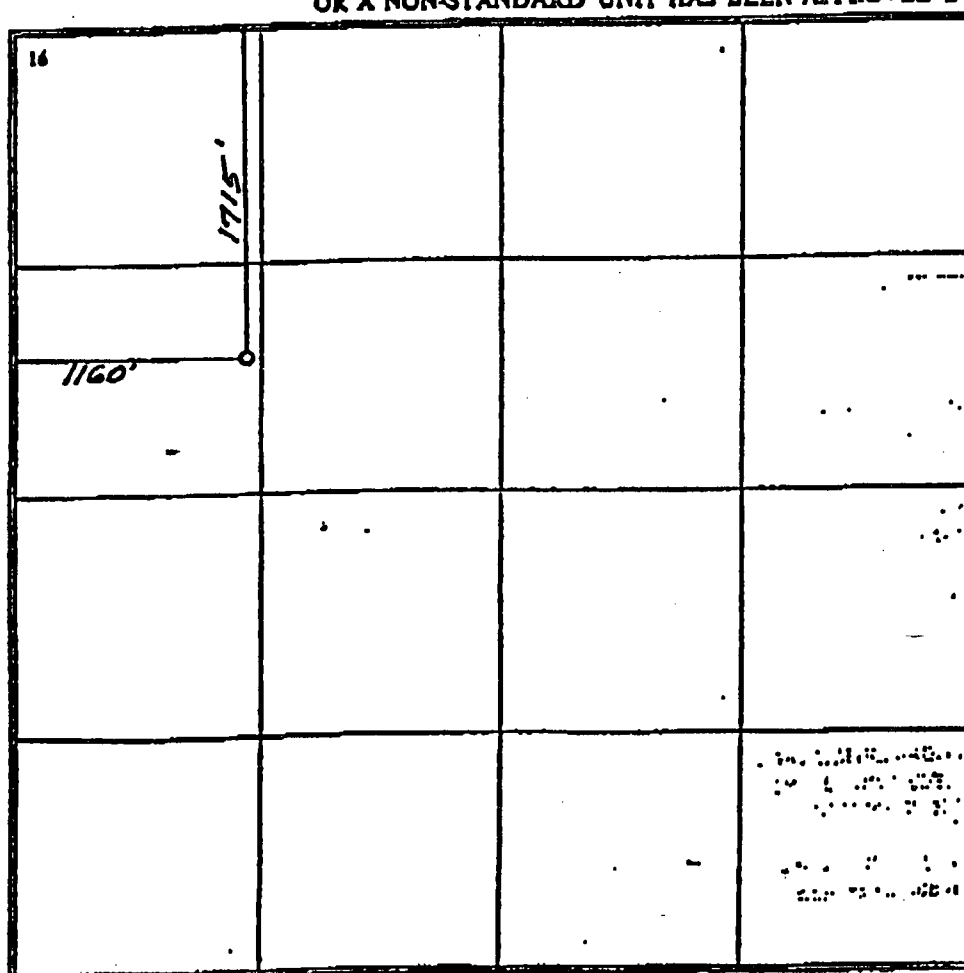
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
E	29	22-S	26-E		1715	NORTH	1160	WEST	EDDY

19 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County

20 Dedicated Acres	21 Joint or Infill	22 Consolidation Code	23 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	16	

17 OPERATOR CERTIFICATION

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

*Gene Simer*

Signature

Gene Simer

Printed Name

Production Foreman

Title

January 14, 1997

Date

18 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 belief.

JANUARY 9 1997

Date of Survey

*Gene Simer*

Signature

NEW MEXICO

REGISTERED LAND SURVEYOR

5412

CERTIFICATE NUMBER

5412



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

February 24, 1999

Louis Dreyfus Natural Gas Corporation  
14000 Quail Springs Parkway - Suite 600  
Oklahoma City, Oklahoma 73134-2600  
Attention: Joe W. Hammond

Telefax No. (405) 749-6662

*Administrative Order NSL-3761-A*

Dear Mr. Hammond:

Reference is made to: (i) your original application dated January 11, 1999; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated January 26, 1999 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer, withdrawing this application as incomplete; (iii) your re-submittal of a completed application on February 4, 1999; and (iv) the Division's records in Santa Fe, which include the files for Division Case No. 11692 and Division Administrative Order NSL-3761: all concerning Louis Dreyfus Natural Gas Corporation's request to recomplete its McKittrick "29" Federal Com. Well No. 22 (**API No. 30-015-29351**), located at an unorthodox oil well location 1715 feet from the North line and 1160 feet from the West line (Unit E) of Section 29, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, into the Delaware and Bone Spring formations. The SW/4 NW/4 of Section 29 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit: (i) in either the Undesignated Happy Valley-Delaware or Filaree-Delaware Pool; and (ii) for the Bone Spring formation.

It is our understanding that the McKittrick "29" Federal Com. Well No. 22 was drilled in early 1997 to a total depth of 11,663 feet at a previously approved unorthodox gas well location within a standard 320-acre gas spacing and proration unit comprising the W/2 of Section 29 in order to test the deeper (Wolfcamp through Morrow intervals) gas bearing intervals (see Division Order No. R-10755, issued in Case No. 11692 dated January 27, 1997, and Division Administrative Order NSL-3761, dated January 27, 1997).

Pursuant to Division **Rules 104.B.(1)(b)** and **104.C.(1)** this location is also considered to be unorthodox for both the Delaware and Bone Spring intervals.

This application has been duly filed under the provisions of Division **Rule 104.F**; therefore, by the authority granted me under the provisions of Division **Rule 104.F(2)**, the above-described unorthodox oil well location is hereby approved.



Administrative Order NSL-3761-A  
Louis Dreyfus Natural Gas Corporation  
February 24, 1999  
Page 2

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Both Division Order No. R-10755 and Division Administrative Order NSL-3761 shall be placed in abeyance until further notice.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery".

Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad  
File: NSL-3761  
Case No. 11692

CMD : ONGARD 01/26/99 12:59:31  
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPSX

OGRID Idn : 147380 API Well No: 30 15 30557 APD Status(A/C/P): A  
Opr Name, Addr: PENWELL ENERGY INC Aprvl/Cncl Date : 01-14-1999  
1100 ARCO BLDG  
600 N MARIENFELD  
MIDLAND, TX 79701

Prop Idn: 20473 HACKBERRY 29 FEDERAL Well No: 5

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn : F	29	22S	26E				FTG 1880 F N	FTG 1650 F W
OCD U/L : F			API County :	15				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : F  
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3391

State Lease No: Multiple Comp (Y/N) : N  
Prpsd Depth : 5000 Prpsd Frmtn : DELAWARE

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

SECTION PLAT

Scale: 1 inch = 660 feet  
Printed in U.S.A.

SECTION 29 TOWNSHIP 22-SOUTH RANGE 26-EAST COUNTY EDDY STATE NEW MEXICO

N/2 NW/4 = 80.00 ACRES		WI OWNERSHIP FOR UNIT	
		NMA	%
		LOUIS DREYFUS NATURAL GAS CORP	158.26 49.45
		INTERCOAST OIL AND GAS CO.	80.00 25.00
		PENWELL ENERGY, INC.	40.00 12.50
		SANTA FE ENERGY RESOURCES, INC.	27.93 8.73
		UNLEASED	13.81 4.32
			320.00 100.00
SW/4 NW/4 = 40.00 AC	SE/4 NW/4 = 40.00 AC		
29		WI OWNERSHIP BY TRACT	
		INTERCOAST OIL AND GAS COMPANY	100%
		PENWELL ENERGY, INC.	100%
		LOUIS DREYFUS NATURAL GAS CORP.	75.21
		SANTA FE ENERGY RESOURCES, INC.	13.27
		OPEN/UNLEASED	11.51
			100.00
SW/4 SW/4 = 40.00 AC	SE/4 SW/4 = 40.00 AC		
		LOUIS DREYFUS NATURAL GAS CORP.	85.00
		SANTA FE ENERGY RESOURCES, INC.	15.00
			100.00
		NEW MEXICO	
		OIL CONSERVATION DIVISION	

EXHIBIT 1  
CASE NO. 11692

- (i) Affected parties in this instance shall be defined as those parties who own interests in the applicable half quarter section (80-acre spacing), quarter section (160-acre spacing), half section (320-acre spacing), or section (640-acre spacing) in which the non-standard spacing unit is situated and which acreage is not included in said non-standard spacing unit;
- (ii) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed non-standard spacing unit;
- (iii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed non-standard spacing unit; and
- (iv) in the absence of an operator or lessee, then to all owners of record of unleased mineral interests. [5-25-64...2-1-96]

(d) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Subpart (c) above by certified or registered mail-return receipt in accordance with Rule 1207(6) (a) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the non-standard spacing unit upon receipt of waivers from all said parties or if no said party has entered an objection to the non-standard spacing unit within 20 days after the Director has received the application. [5-25-64...2-1-96]

(e) The Division Director may set any application for administrative approval for a non-standard spacing unit for public hearing. [5-25-64...2-1-96]

(3) Number of Wells Per Spacing Unit in Non-Prorated Gas Pools:  
Unless otherwise permitted by special pool rules or authorized after notice and hearing, only one (1) well per spacing unit is permitted in non-prorated pools. [5-25-64...2-1-96]

104.E. Form C-102, "Well Location and Acreage Dedication Plat", for any well shall designate the exact legal subdivision allotted to the well and Form C-101, "Application for Permit to Drill, Deepen, or Plug Back", will not be approved by the Division without such proper designation of acreage. [12-29-52...2-1-96]

#### 104.F. UNORTHODOX LOCATIONS

(1) Well locations for producing wells and/or injection wells which are unorthodox based on the well location requirements of Rule 104.C(1) (a) above and which are necessary to permit the completion of an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that any such unorthodox location within such project is no closer than the required minimum orthodox distance to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Such locations shall only require such prior approval as is necessary for an orthodox location. [1-1-50...2-1-96]

(2) The Division Director shall have authority to grant an exception to the well location requirements of Sections 104.B and 104.C above or to the well location requirements of special pool rules without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions, archaeological conditions, topographical conditions, or the recompletion of a well previously drilled to a deeper horizon provided said well was drilled at an orthodox or approved unorthodox location for such original horizon. [1-1-82...2-1-96]

(3) Applications for administrative approval of unorthodox locations pursuant to Rule 104.F(2), above, shall be accompanied by a plat showing the subject spacing unit, its proposed unorthodox well location, the diagonal and adjoining spacing units and/or leases (whichever is applicable) and wells; and a list of affected parties. If the proposed unorthodox location is based upon topography or archaeology, the plat shall also show and describe the existing topographical or archaeological conditions. If the proposed unorthodox location is based upon geology, the application shall include appropriate geologic exhibits and a discussion of the geologic conditions which result in the necessity for the unorthodox location. [2-9-66...2-1-96]

(a) Adjoining and diagonal spacing units shall be defined as those immediately adjacent existing spacing units in the same pool(s) as the proposed unorthodox well and towards which the unorthodox well location encroaches. [2-9-66...2-1-96]

(b) Affected parties shall be defined as those parties who own interests in leases or operate wells on adjoining or diagonal spacing units and include:

- (i) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed well;
- (ii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed well; and
- (iii) in the absence of an operator or lessee, all owners of record of unleased mineral interests in the same pool(s) as the proposed well. [2-9-66...2-1-96]

(4) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Rule 104.F(3) above by certified or registered mail-return receipt in accordance with Rule 1207(A) (5) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties or if no said party has entered an objection to the unorthodox location within 20 days after the Director has received the application. [2-9-66...2-1-96]

(5) The Division Director may set any application for administrative approval of an unorthodox location for public hearing, and may require that a directional survey be run in the unorthodox well to establish the actual location of the producing interval(s). [1-1-82...2-1-96]

104.G. Whenever an exception is granted, the Division may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location. [1-1-50...2-1-96]

104.H. If the drilling tract is within an allocated oil pool or is



COUNTY EDDYPOOL FILAREE DOME - DELAWARETOWNSHIP 225RANGE 26E

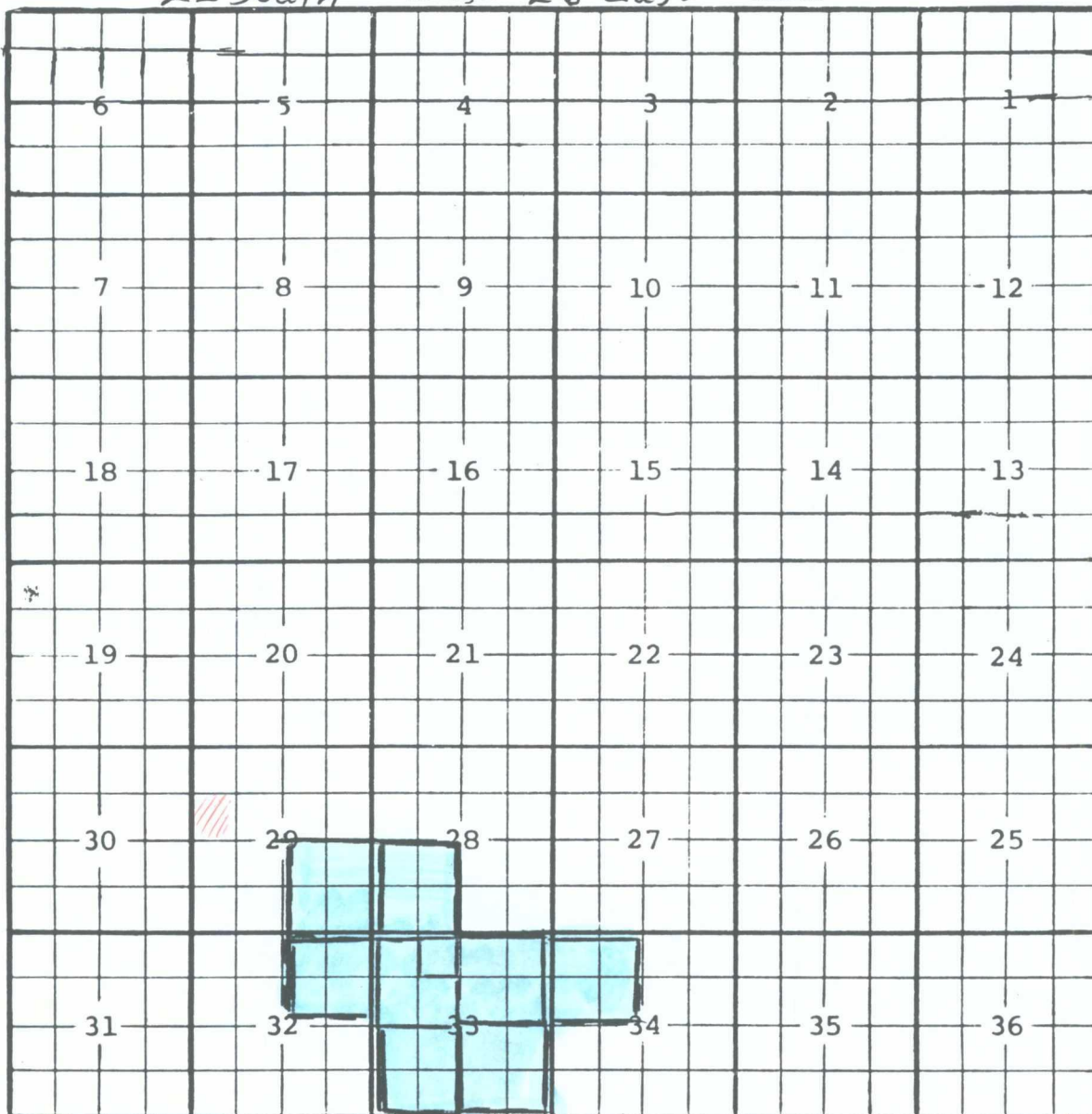
NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

DESCRIPTION: <sup>SW</sup> $\frac{1}{4}$  SEC 19 (R-8747, 9/19/88) EXT: N $\frac{1}{2}$  SEC 19 (R-8827, 12-22-88)

County Eddy Pool Happy Valley - Delaware

TOWNSHIP 22 South Range 26 East NMPM



Descriptions: NE $\frac{1}{4}$ NW $\frac{1}{4}$  Sec. 33 (R-9837, 1-27-93)

Ext: NW $\frac{1}{4}$ NW $\frac{1}{4}$  and  $\frac{1}{2}$ NW $\frac{1}{4}$  Sec. 33 (R-9963, 9-20-93)

Ext: SW $\frac{1}{4}$  Sec. 28, NE $\frac{1}{4}$  Sec. 33 (R-10124, 5-31-94) Ext: SW $\frac{1}{4}$  Sec. 33 (R-10343, 4-24-95)

Ext: NE $\frac{1}{4}$  Sec. 32 (R-10591, 5-8-96) Ext: SE $\frac{1}{4}$  Sec. 29 (R-10642, 8-19-96)

Ext: SE $\frac{1}{4}$  Sec. 33, NW $\frac{1}{4}$  Sec. 34 (R-10787, 4-9-97)

SECTION 29 TOWNSHIP 22-SOUTH RANGE 26-EAST COUNTY EDDY STATE NEW MEXICO

N/2 NW/4 = 80.00 ACRES		WI OWNERSHIP FOR UNIT	
			<div><div>NMA</div><div>%</div></div>
		LOUIS DREYFUS NATURAL GAS CORP	158.26 49.45
		INTERCOAST OIL AND GAS CO.	80.00 25.00
		PENWELL ENERGY, INC.	40.00 12.50
		SANTA FE ENERGY RESOURCES, INC.	27.93 8.73
		UNLEASED	13.81 4.32
			<div>320.00100.00</div>

SW/4 NW/4 = 40.00 AC	SE/4 NW/4 = 40.00 AC		

NEW MEXICO  
 OIL CONSERVATION DIVISION

EXHIBIT 1  
 CASE NO. 11692

CMD : ONGARD 01/26/99 12:59:31  
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPSX

OGRID Idn : 147380 API Well No: 30 15 30557 APD Status(A/C/P): A  
Opr Name, Addr: PENWELL ENERGY INC Aprvl/Cncl Date : 01-14-1999  
1100 ARCO BLDG  
600 N MARIENFELD  
MIDLAND, TX 79701

Prop Idn: 20473 HACKBERRY 29 FEDERAL Well No: 5

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
	---	---	-----	-----	-----	-----	-----	-----
Surface Locn :	F	29	22S	26E			FTG 1880 F N	FTG 1650 F W
OCD U/L :	F		API County :	15				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : F  
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3391

State Lease No: Multiple Comp (Y/N) : N  
Prpsd Depth : 5000 Prpsd Frmtn : DELAWARE

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12



CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION01/26/99 12:59:13  
OGOMES -TPSX  
PAGE NO: 1

Sec : 29 Twp : 22S Rng : 26E Section Type : NORMAL

D 40.00  Federal owned	C 40.00  Federal owned	B 40.00  Federal owned	A 40.00  Fee owned
E 40.00  Fee owned  A	F 40.00  Federal owned  A	G 40.00  Federal owned  A	H 40.00  Federal owned

PF01 HELP  
PF07 BKWDPF02  
PF08 FWDPF03 EXIT  
PF09 PRINTPF04 GoTo  
PF10 SDIVPF05  
PF11PF06  
PF12

# CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana  
Midland, Texas 79701

(915) 683-7443  
FAX 683-7441

MAY - 8 2000

CONCHO RESOURCES INC.  
NATURAL GAS CONSERVATION DIVISION

May 2, 2000

VIA FAX (405) 749-6662

Louis Dreyfus Natural Gas  
Corporation  
14000 Quail Springs Parkway  
East, Suite 600  
Oklahoma City, OK 73134-2600

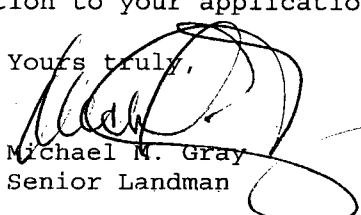
ATTENTION: Mr. Joe W. Hammond

Re: McKittrick Fed Com "29" #1  
1715' FNL and 1160' FWL  
Section 29-22S-26E  
Eddy County, New Mexico

Gentlemen:

Please refer to your letter of April 25, 2000, and your application for unorthodox location for a Wolfcamp completion attempt in the captioned well. Concho Resources Inc. hereby waives objection to your application.

Yours truly,

  
Michael M. Gray  
Senior Landman

MMG/lhc