

DATE IN 5/10/01	SUPERVISOR 5/20/01	ENGINEER MS	LOGGED IN RV	TYPE NSL	APP NO. 113545344
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☒ Does Not Apply
 [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

01 MAY 10 PM 4:32
OIL CONSERVATION DIV.

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Certification

I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common.

I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

William F. Carr
Print or Type Name

William F. Carr
Signature

Attorney
Title

5/9/01
Date

wcarr@westofpecos.com
e-mail Address

HOLLAND & HART ^{LLP}
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

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TELEPHONE (505) 988-4421
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May 9, 2001

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: Application of Read & Stevens, Inc. for Administrative Approval of an Unorthodox Well Location for its Crystal Federal Well No. 2, to be located 2375 feet from the North line and 660 feet from the East line of Section 4, Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Wrotenbery:

Read & Stevens, Inc., pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1999, hereby seeks administrative approval of an unorthodox well location for its Crystal Federal Well No. 2 to be drilled to a depth of approximately 12,500 feet to test the Morrow formation at an unorthodox well location 2375 feet from the North line and 660 feet from the East line of Section 4, Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. A standard 320-acre spacing and proration unit comprised of the E/2 Section 4 will be dedicated to the well.

This location in the Morrow formation is unorthodox because Rule 104.C.(2) of the General Rules of the Oil Conservation Division provide for wells on 320-spacing and proration units to be located no closer than 660 feet to any governmental quarter section line. The proposed location is unorthodox because it is 265 feet too close to the center line of the section (outer boundary of the quarter section upon which it is located).

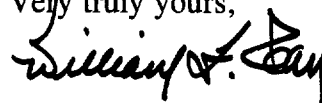
Administrative Application
Read & Stevens, Inc.
May 9, 2001
Page Two

This unorthodox location is required by geological conditions in the Morrow formation. The location was selected based on a 3D seismic survey. Attached as Exhibit A to this application is a log section from the Devon Energy Corporation Elbow Canyon "4" Federal Well No. 1 and an isopach map of the Morrow sand which demonstrate that moving to the proposed well to a standard location in the NE/4 of Section 4 would result in a substantial loss in reservoir thickness. Accordingly, the proposed location is the best location for a second commercial Morrow well in the E/2 of Section 4.

The plat on Exhibit A contains the data required by Rule 104.F (3) for it shows the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units. Read & Stevens, Inc. is the designated operator of the E/2 of Section 4. The proposed well location only encroaches on acreage already in this spacing unit and, accordingly, the ownership of the oil and gas rights in the acreage toward which the well is encroaching is identical to the ownership at the proposed unorthodox location. Therefore, there are no affected parties to whom notice of this application should be provided pursuant to Division Rule 1207 (A)(5).

Your attention to this application is appreciated.

Very truly yours,



William F. Carr
Attorney for Read & Stevens, Inc.

Enclosures

cc: Robert H. Watson
Read & Stevens, Inc.
Post Office Box 1518
Roswell, New Mexico 88202

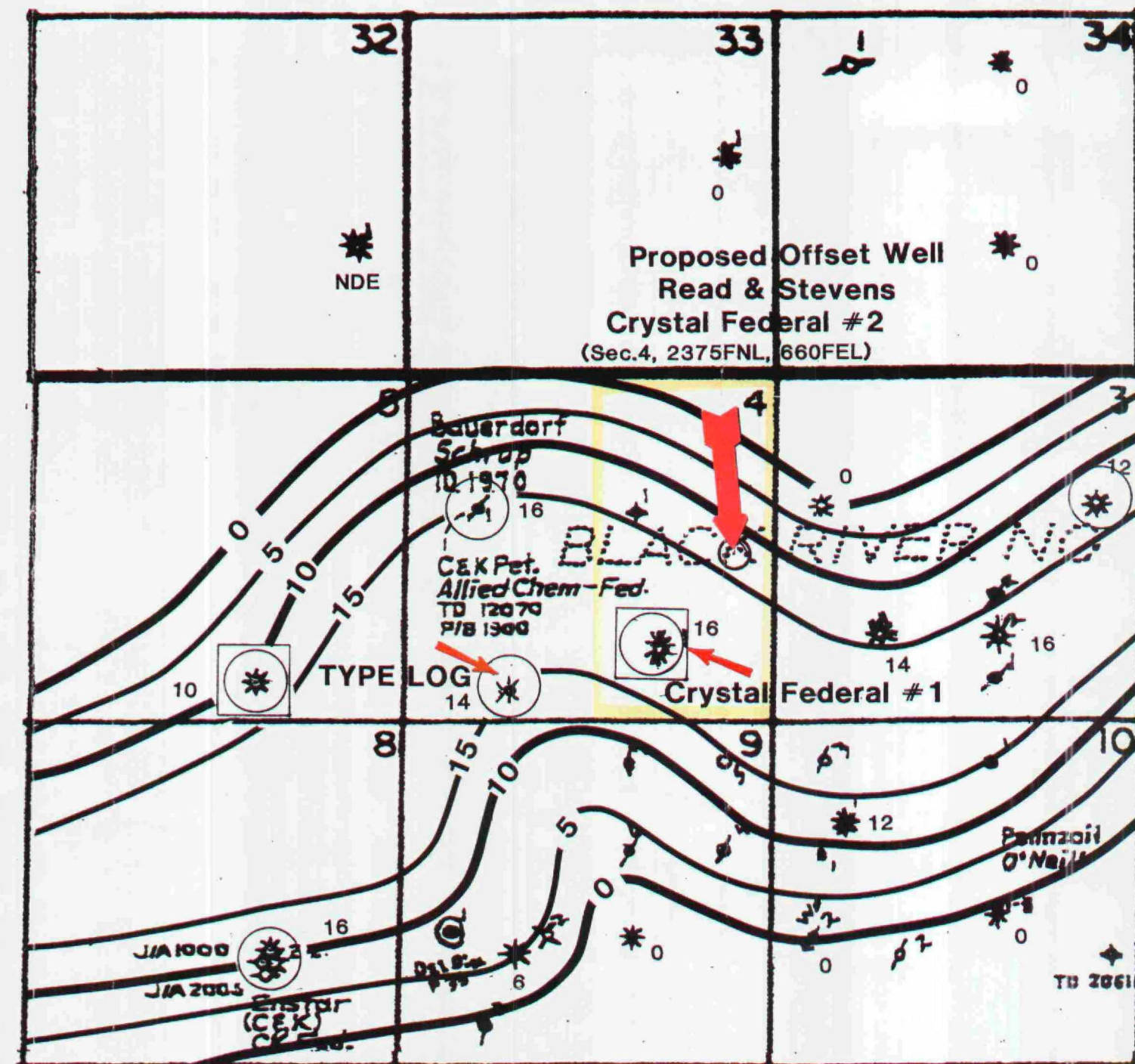
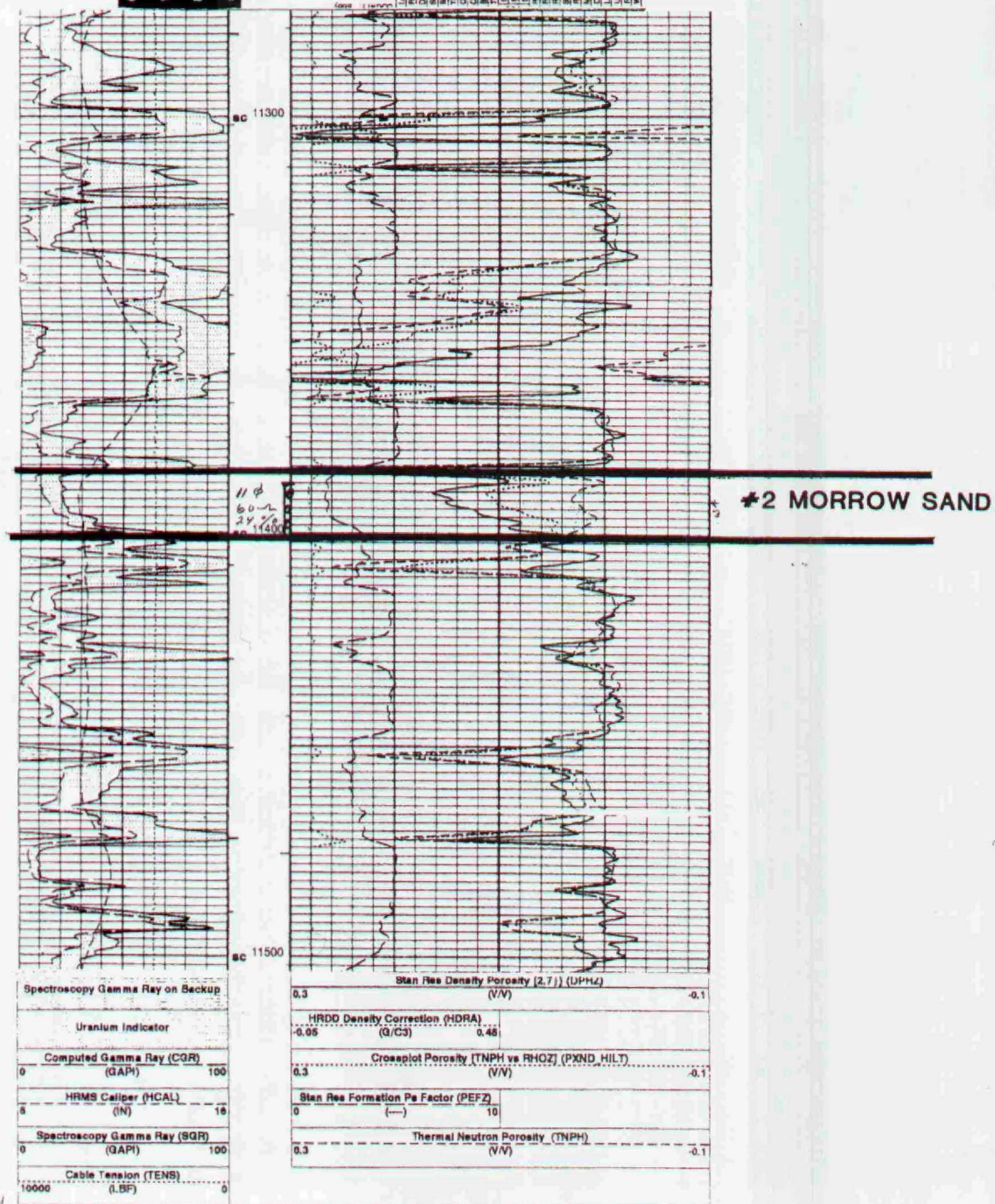
[illegible]

EXHIBIT A

400 PENIN PLAZA SUITE 1000

PHONE (505)622-3770

C. l.: 5'

#2 Sand Producer

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/12/01 15:43:46
OGOMES -TPWE
PAGE NO: 1

Sec : 04 Twp : 24S Rng : 26E Section Type : NORMAL

4 39.64 Federal owned	3 39.40 Federal owned	2 39.16 Federal owned	1 38.92 Federal owned
E 40.00 Federal owned A	F 40.00 Federal owned	G 40.00 Federal owned	H 40.00 Federal owned A

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

79.16
78.92

158.08
16

318.08

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/12/01 15:43:50
OGOMES -TPWE
PAGE NO: 2

Sec : 04 Twp : 24S Rng : 26E Section Type : NORMAL

L 40.00	K 40.00	J 40.00	I 40.00
Federal owned	Federal owned	Federal owned	Federal owned
M 40.00	N 40.00	O 40.00	P 40.00
Federal owned	Federal owned	Federal owned	Federal owned
	A	A	

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12

CMD : ONGARD 06/12/01 15:44:46
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPWE

OGRID Idn : 18917 API Well No: 30 15 31807 APD Status(A/C/P): A
Opr Name, Addr: READ & STEVENS INC Aprvl/Cncl Date : 05-30-2001
PO BOX 1518
ROSWELL,NM 88201

Prop Idn: 15124 CRYSTAL FEDERAL Well No: 2

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
	---	---	-----	-----	-----	-----	-----	-----
Surface Locn : H	4	24S		26E			FTG 2375 F N	FTG 660 F E
OCD U/L : H		API	County	15				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : F
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3375

State Lease No: NM 81910 Multiple Comp (S/M/C) : S
Prpsd Depth : 12000 Prpsd Frmtn : S CARLSBAD MORROW

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 :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

06/12/01 15:45:21
OGOMES -TPWH

API Well No : 30 15 26898 Eff Date : 09-09-1994 WC Status : A
Pool Idn : 73960 CARLSBAD;MORROW, SOUTH (PRO GAS)
OGRID Idn : 18917 READ & STEVENS INC
Prop Idn : 15124 CRYSTAL FEDERAL

Well No : 001
GL Elevation: 3393

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn : O	4	24S	26E	FTG 1150 F S	FTG 1650 F E	A	
Lot Identifier:							
Dedicated Acre: 318.08							
Lease Type : F							
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :							

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 06/12/01 15:46:00
OG6ACRE C102-DEDICATE ACREAGE OGOMES -TPWH
Page No : 1

API Well No : 30 15 26898 Eff Date : 09-09-1994
Pool Idn : 73960 CARLSBAD;MORROW, SOUTH (PRO GAS)
Prop Idn : 15124 CRYSTAL FEDERAL Well No : 001
Spacing Unit : 45046 OCD Order : Simultaneous Dedication:
Sect/Twp/Rng : Acreage : 318.08 Revised C102? (Y/N) :
Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
	G		4	24S	26E	40.00	N	FD		
	H		4	24S	26E	40.00	N	FD		
	I		4	24S	26E	40.00	N	FD		
	J		4	24S	26E	40.00	N	FD		
	O		4	24S	26E	40.00	N	FD		
	P		4	24S	26E	40.00	N	FD		
	A	1	4	24S	26E	38.92	N	FD		
	B	2	4	24S	26E	39.16	N	FD		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 LAND	PF11 NXTSEC	PF12 RECONF

CMD : ONGARD 06/12/01 15:45:34
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPWH
 Page No: 1

OGRID Identifier : 18917 READ & STEVENS INC
 Pool Identifier : 73960 CARLSBAD;MORROW, SOUTH (PRO GAS)
 API Well No : 30 15 26898 Report Period - From : 01 2000 To : 04 2001

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 15 26898	CRYSTAL FEDERAL	01 00 31	24630	288 F
30 15 26898	CRYSTAL FEDERAL	02 00 29	22742	202 F
30 15 26898	CRYSTAL FEDERAL	03 00 31	25193	384 F
30 15 26898	CRYSTAL FEDERAL	04 00 30	23664	340 F
30 15 26898	CRYSTAL FEDERAL	05 00 31	23970	232 F
30 15 26898	CRYSTAL FEDERAL	06 00 30	23205	318 F
30 15 26898	CRYSTAL FEDERAL	07 00 31	23870	352 F

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD : ONGARD 06/12/01 15:45:39
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPWF
 Page No: 2

OGRID Identifier : 18917 READ & STEVENS INC
 Pool Identifier : 73960 CARLSBAD;MORROW, SOUTH (PRO GAS)
 API Well No : 30 15 26898 Report Period - From : 01 2000 To : 04 2001

API Well No	Property Name	Prodn. Days		Production Volumes			Well Stat
		MM/YY	Prod	Gas	Oil	Water	
30 15 26898	CRYSTAL FEDERAL	08 00	29	21807		281	F
30 15 26898	CRYSTAL FEDERAL	09 00	30	22474		280	F
30 15 26898	CRYSTAL FEDERAL	10 00	31	21988		357	F
30 15 26898	CRYSTAL FEDERAL	11 00	30	21936		314	F
30 15 26898	CRYSTAL FEDERAL	12 00	31	22229		304	F
30 15 26898	CRYSTAL FEDERAL	01 01	31	21963		253	F
30 15 26898	CRYSTAL FEDERAL	02 01	28	18834		216	F

Reporting Period Total (Gas, Oil) : 334966 4169

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD : ONGARD 06/12/01 15:45:42
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPWH
Page No: 3

OGRID Identifier : 18917 READ & STEVENS INC
Pool Identifier : 73960 CARLSBAD;MORROW, SOUTH (PRO GAS)
API Well No : 30 15 26898 Report Period - From : 01 2000 To : 04 2001

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 15 26898	CRYSTAL FEDERAL	03 01 31	16461	48 F

Reporting Period Total (Gas, Oil) : 334966 4169

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD : ONGARD 06/12/01 15:44:14
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPWE

API Well No : 30 15 21605 Eff Date : 12-19-1994 WC Status : A
Pool Idn : 73960 CARLSBAD;MORROW, SOUTH (PRO GAS)
OGRID Idn : 21013 SNOW OIL & GAS INC
Prop Idn : 13538 ASPEN FEDERAL

Well No : 001
GL Elevation: 3435

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn : E	4	24S	26E	FTG 1980 F N	FTG 990 F W	P	

Lot Identifier:

Dedicated Acre: 319.04

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

E6317: No more recs. for this api well no.

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 06/12/01 15:44:19
 OG6ACRE C102-DEDICATE ACREAGE OGOMES -TPWE
 Page No : 1

API Well No : 30 15 21605 Eff Date : 09-10-1993
 Pool Idn : 73960 CARLSBAD;MORROW, SOUTH (PRO GAS)
 Prop Idn : 13538 ASPEN FEDERAL Well No : 001
 Spacing Unit : 45486 OCD Order : Simultaneous Dedication:
 Sect/Twp/Rng : Acreage : 319.04 Revised C102? (Y/N) :
 Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
		E	4	24S	26E	40.00	N	FD		
		F	4	24S	26E	40.00	N	FD		
		K	4	24S	26E	40.00	N	FD		
		L	4	24S	26E	40.00	N	FD		
		M	4	24S	26E	40.00	N	FD		
		N	4	24S	26E	40.00	N	FD		
	C	3	4	24S	26E	39.40	N	FD		
	D	4	4	24S	26E	39.64	N	FD		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD : ONGARD 06/12/01 15:45:03
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPWF

API Well No : 30 15 31291 Eff Date : 10-30-2000 WC Status : A
Pool Idn : 73960 CARLSBAD;MORROW, SOUTH (PRO GAS)
OGRID Idn : 21013 SNOW OIL & GAS INC
Prop Idn : 26572 ELBOW CANYON 4 FEDERAL

Well No : 001
GL Elevation: 3439

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn : N	4	24S	26E	FTG	660 F S	FTG 1650 F W	P

Lot Identifier:
Dedicated Acre: 319.04
Lease Type : F
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

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. 10419
Order No. R-9637

APPLICATION OF BTA OIL PRODUCERS
FOR 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 December 5, 1991, and was subsequently reopened on February 6, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 12th day of February, 1992, 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, BTA Oil Producers, seeks approval of an unorthodox gas well location 1150 feet from the South line and 1650 feet from the East line (Unit O) of Section 4, Township 24 South, Range 26 East, NMPM, Undesignated South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
- (3) The applicant proposes to dedicate the S/2 of Section 4 to the subject well forming a standard 320-acre gas spacing and proration unit for said pool.

(4) The subject well is located within one mile of the outer boundary of the South Carlsbad-Morrow Gas Pool which is currently governed by special rules and regulations as contained within Division Order No. R-8170, as amended, which require standard 320-acre gas spacing and proration units with wells to be located no closer than 1980 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 governmental quarter-quarter section line or subdivision inner boundary.

(5) According to applicant's evidence and testimony, the proposed well location is necessitated by a combination of topographic and geologic considerations.

(6) The geologic evidence presented by the applicant indicates that a well drilled at the proposed location should encounter the Morrow formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(7) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the South Carlsbad-Morrow Gas Pool, 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.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, BTA Oil Producers, is hereby authorized to drill a well at an unorthodox gas well location 1150 feet from the South line and 1650 feet from the East line (Unit O) of Section 4, Township 24 South, Range 26 East, NMPM, Undesignated South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.

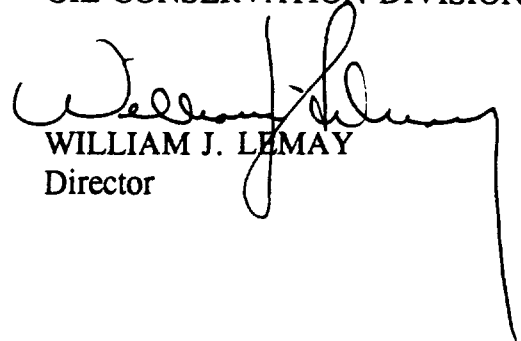
(2) The S/2 of Section 4 shall be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool.

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

CASE NO. 10419
Order No. R-9637
Page -3-

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