

DATE IN 6/29/01	SUSPENSE 7/19/01	ENGINEER MS	LOGGED NW	TYPE NSL
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ABOVE THIS LINE FOR DIVISION USE ONLY

118339224

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [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 - Directional Drilling
☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] and [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

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all 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, information or notification is cause to have the application package returned with no action taken.

tstatthem@conchareources.com

Note: Statement must be completed by an individual with supervisory capacity.

TERRI STATHEM

Print or Type Name

Signature

PRODUCTION ANALYST

Title

6-26-01

Date

fax 915-683-1166

**LAND SUMMARY
UNORTHODOX LOCATION APPLICATION**

**SLAMMIN SAMMY #1 WELL
12,000 FOOT STRAWN TEST
TOWNSHIP 17 SOUTH, RANGE 37 EAST, N.M.P.M.
SECTION 24: E/2SW/4
BOTTOM HOLE LOCATION: 1,810' FSL & 1,713' FWL
SURFACE LOCATION: 2,404' FSL & 2,451' FWL
EDDY COUNTY, NEW MEXICO**

The surface and minerals of the entire SW/4 Section 24 described above is owned in fee on an undivided basis, although the surface and minerals have been severed. Fifty-five percent (55%) of the oil and gas rights in and to said SW/4 have been leased to Concho Oil & Gas Corp. and its partners. This 55% is committed to an Operating Agreement dated November 15, 1996 covering the entire SW/4 Section 24, among other lands.

Chesapeake Exploration, L.P. owns the oil and gas rights to the remaining 45% of said SW/4. Chesapeake has approved and executed an AFE proposing the drilling of the captioned well and is currently reviewing the above mentioned Operating Agreement for ratification and adoption as to all the said SW/4 Section 24. A copy of Chesapeake's approved AFE for drilling the Slammin Sammy #1 well is attached hereto.

Also attached hereto is a copy of Form C-102 showing the proposed surface and bottomhole location of the Slammin Sammy #1. The surface location was moved to the outside edge of a circle pivot irrigation system. The 150' standard location window in the NE/4SW/4 Section 24 is also depicted. The proposed bottomhole location is 393 feet east of the west quarter quarter boundary and 490 feet north of the south quarter quarter boundary. The only spacing unit affected by the unorthodox location is the W/2SW/4 of said Section 24, which has the exact same working interest and royalty interest ownership as the E/2SW/4 said Section 24.

In summary, all the working interest owners in the E/2SW/4 spacing unit for the property Slammin Sammy #1 have agreed to join in drilling said well or have elected to non-consent the well pursuant to an effective Operating Agreement. The working interest and royalty interest is common throughout the SW/4. The W/2SW/4 Section 24 is the only unit affected by the unorthodox location and the ownership of the W/2SW/4 and E/2SW/4 Section 24 are identical, as shown on the attached ownership plat. The names and addresses of the working interest owners of the SW/4 of Section 24 are as follows:

Concho Oil & Gas Corp.
110 W. Louisiana, Suite 410
Midland, Texas 79701

Robert O. Anderson
c/o Norwest Investment Management & Trust
P. O. Box 1000
Roswell, New Mexico 88202-1000

Atlantic Richfield Company
P. O. Box 1610
Midland, Texas 79702

Working Interest Owners (Continued):

Crabtree Oil & Gas Company
Three Lincoln Center
5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240-2697

Frank G. Holtemann
P. O. Box 703
Nipomo, California 93444

Larry Hunnicutt
5616 Amistad Road NE
Albuquerque, New Mexico 87111

Linder & Shea Oil & Gas
c/o Delanges, Mitchell & Linder
300 Montgomery Street, Suite 1050
San Francisco, California 94104-1912

Larry A. Mizel
3600 S. Yosemite, Suite 810
Denver, Colorado 80237

Mizel Resources – a Trust
5801 E. 41st Street, Suite 104
Tulsa, Oklahoma 74135

O'Neill Properties, Ltd.
P. O. Box 2840
Midland, Texas 79702

Tierra Oil Company
P. O. Box 700968
San Antonio, Texas 78270-0968

TrinAca Investment Corp.
P. O. Box 2325
Corrales, New Mexico 87048-2325

Twodubyah LLC
P. O. Box 30365
Albuquerque, New Mexico 87190-0365

Chesapeake Exploration, L.P.
P. O. Box 18496
Oklahoma City, Oklahoma 73154-0946

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

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

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

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

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
		SOUTH HUMBLE CITY STRAWN
Property Code	Property Name	Well Number
	SLAMMIN SAMMY	1
OGRID No.	Operator Name	Elevation
	CONCHO OIL & GAS CORP.	3713'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	24	17-S	37-E		2404	SOUTH	2451	WEST	LEA

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
K	24	17-S	37-E		1810	SOUTH	1713	WEST	LEA

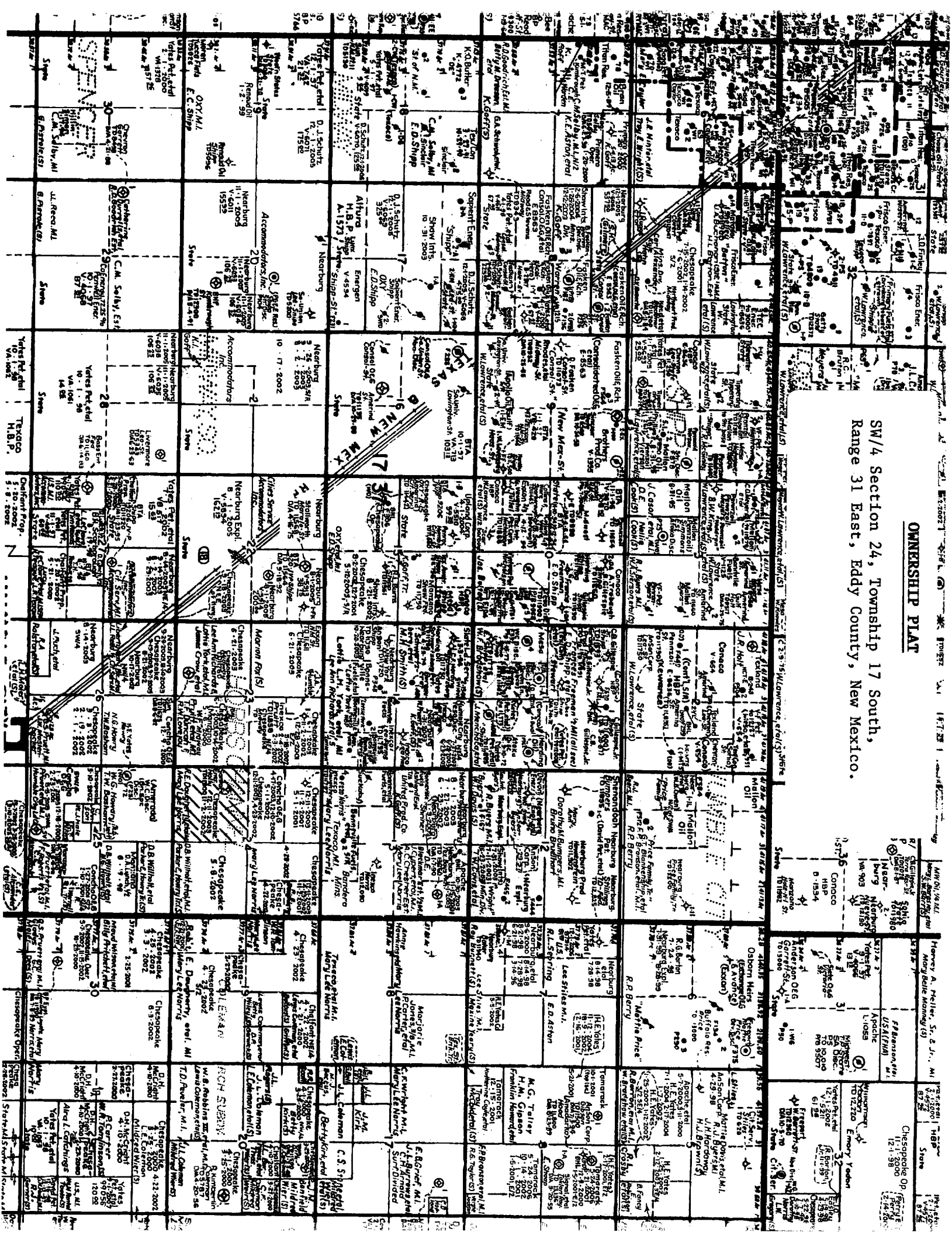
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

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>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>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p>SURVEYOR CERTIFICATION</p> <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>APRIL 19, 2001</p> <p>Date Surveyed _____ AWB</p> <p>Signature & Seal of Professional Surveyor _____</p> <p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641</p>

OWNERSHIP PLAT

SW/4 Section 24, Township 17 South,
Range 31 East, Eddy County, New Mexico.



**CONCHO OIL & GAS CORP.
AUTHORITY FOR EXPENDITURE**

WELL NAME: Slammin Sammy #1	PROSPECT NAME: Humble City
LOCATION: Unit K, Sec 24, T17S, R37E	COUNTY & STATE: Lea, NM
Bottom Hole Location : 1810' FSL & 1713' FWL	OBJECTIVE: D&C 11,600' TVD Strawn well
Surface Location: 2404' FSL & 2451' FWL	12000' MD

INTANGIBLE COSTS	BCP	ACP	TOTAL
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	25,000		25,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	20,000	2,000	22,000
DRILLING/COMPLETION OVERHEAD RATE	2,000	1,000	3,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT			0
DAYWORK-CONTRACT	350,000	18,000	368,000
FUEL & POWER	33,000		33,000
WATER	25,000	3,000	28,000
BITS & REAMERS	50,000	1,000	51,000
MUD & CHEMICALS	30,000		30,000
DRILL STEM TEST	5,000		5,000
CORING & ANALYSIS			0
CEMENT SURFACE	5,000		5,000
CEMENT INTERMEDIATE	15,000		15,000
CEMENT PRODUCTION		15,000	15,000
CASING CREWS & EQUIPMENT	3,000	3,000	6,000
DIRECTIONAL DRILLING SERVICES	75,000		75,000
CONTRACT LABOR	5,000	15,000	20,000
COMPANY SUPERVISION	2,000	2,000	4,000
CONTRACT SUPERVISION	22,000	5,000	27,000
TESTING CASING/TUBING	1,000	2,000	3,000
MUD LOGGING UNIT	15,000		15,000
LOGGING/WIRELINE SERVICES	30,000	2,000	32,000
PERFORATING		5,000	5,000
STIMULATION/TREATING		10,000	10,000
COMPLETION UNIT		15,000	15,000
RENTALS	20,000	10,000	30,000
TRUCKING/FORKLIFT/RIG MOBILIZATION	30,000	2,000	32,000
WELDING SERVICES	2,000	1,000	3,000
FLOAT EQUIPMENT & CENTRALIZERS	2,000	3,000	5,000
MISCELLANEOUS		1,000	1,000
CONTINGENCY	77,000	12,000	89,000
TOTAL INTANGIBLES	846,000	128,000	974,000

TANGIBLE COSTS

SURFACE CASING	7,000		7,000
400' 13 3/8"			
INTERMEDIATE CASING	51,000		51,000
4500' 8 5/8"			
PRODUCTION CASING / LINER		87,000	87,000
12,000' 5 1/2"			
TUBING 11,800' 2 7/8" N-80		41,000	41,000
WELLHEAD EQUIPMENT	8,000	7,000	13,000
PUMPING UNIT		65,000	65,000
RODS		20,000	20,000
PUMPS		3,000	3,000
TANKS		10,000	10,000
FLOWLINES		5,000	5,000
HEATER TREATER/SEPARATOR		7,000	7,000
ELECTRICAL SYSTEM		15,000	15,000
PACKERS/ANCHORS/HANGERS		1,000	1,000
COUPLINGS/FITTINGS/VALVES		8,000	8,000
GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		5,000	5,000
CONTINGENCY	8,500	27,500	34,000
TOTAL TANGIBLES	70,500	303,500	374,000
TOTAL WELL COSTS	916,500	431,500	1,348,000

PLUGGING COST
TOTAL DRY HOLE

CONCHO OIL & GAS CORP.

By: Erick W. Nelson

Date Prepared:

4/24/01

We approve:

45.0 % Before Tanks / 45.0 % After Tanks

Company: CHESAPEAKE EXPLORATION, L.P.

By: J. Mark Lester

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

Printed Name: J. Mark Lester

Title: Jr. VP Exploration

Date: 5/1/01

Concho Oil & Gas, Inc.
Humble City South Field
Lea County, New Mexico

The Humble City South Field is located in the eastern portion of central Lea County, New Mexico. Production in the field is from the Strawn Formation at approximately 11,450 feet. Strawn production trends northwest-southeast along the Pennsylvanian shoreline. In 1981, Inexco Oil Company drilled the Lottie York #1 well in section 14, T-17-S, R-37-E at a location of 990 FSL and 660 FWL. This well was the discovery well for the Strawn reservoir in the Humble City South Field. The Lottie York #1 has cumulated over 1.2 MMBO with 125 MBW and 1.9 BCF casinghead gas.

The Strawn is a middle Pennsylvanian sequence of limestones and shales which overlies shallow marine clastics of the Atoka Formation. Strawn reservoirs produce from carbonate mud mounds composed of fossiliferous wackestone with thicknesses ranging from 20 to 120 feet. These mounds grew by both branching and encrusting organisms forming isolated structural features along the Strawn shelf. These structural mounds are characterized by rapid lateral changes in thickness with reservoirs consisting of thick sequences of porous limestones in one well while a nearby location will contain a thinner section of shales and non-porous carbonates through the equivalent section.

Porosity development within the Strawn mounds occurred during periods of subaerial exposure. Porosity is confined almost exclusively to the fossiliferous wackestones. The vast majority of the porosity is secondary in origin and was created through leaching of the grains and the micrite matrix. Fossil moldic and intragranular porosity types make up the remaining form of porosity. Because the porosity formed by the channeling of fresh waters through the mounds, the Strawn has excellent horizontal and vertical permeability.

Strawn mud mounds were generally formed by the baffling action of various organisms such as crinoids, bryzoans, or phylloid algae. These organisms acted as a barrier which caused a decrease in current velocity and deposition of micrite. Equally important in the formation of these mounds is the action of the encrusting organisms. They acted by binding the loose mud and skeletal fragments together preventing slumping or erosion caused by currents. This allowed the growth of the mounds above the sea floor without collapsing. The development of these mounds was restricted by two major factors, water depth and wave base. Wave energy restricts the growth of mounds because the mud sized particles, which make up the mounds, need to be deposited in an area of low energy where they can accumulate and become bound with the other sediment and not winnowed away. Water depth restricted growth mainly because many of the organisms are light sensitive which led to growth only within the photic zone. Therefore the deeper water mounds tend to be conical with little aerial extent since they generally grew upward searching for light. The shallow water mounds did not have to search for light, so their growth was more lateral, due to amount of light and the fact they could not grow much vertically without experiencing a zone of wave energy.

In the Humble City South area, Strawn mounds appear to have been deposited in a deeper water environment with low wave energy. This resulted in the development of vertically thick mud mounds with less aerial extent. The presence of vertically thick mud mounds enables the use of 3D seismic technology to better detect the location and size of these Strawn reservoirs. Concho Oil & Gas, Inc. has utilized this technology in their participation in the Humble City 3D Shoot to locate isolated structural features in the Strawn Formation. Due to the depositional position of these mounds, with thick vertical sections and little aerial extent, and the water drive nature of the reservoir, it is imperative to locate exploration targets at their highest structural position.

Concho Oil & Gas, Inc. has proposed the Slammin' Sammy well in section 24, T-17-S, R-37-E, at a surface location of 2404 feet from the south line and 2451 feet from the west line, with a bottom hole location of 1810 feet from the south line and 1713 feet from the west line. This location was based upon interpretations from the Humble City 3D Shoot. The Slammin' Sammy location appears to be the most favorable location both structurally and stratigraphically to effectively drain potential reserves from the Strawn Formation. Exhibit 1 is a structure map on the top of the Strawn Formation representing the Slammin' Sammy location to be situated on the top of a structural ridge oriented north-south. Exhibit 2 is the same Strawn depth map overlaying an upper Strawn velocity inversion map indicating presence of porosity. The map demonstrates a thin porosity zone associated with the structural ridge on which the proposed Slammin' Sammy location exists. Exhibit 3 is a west to east arbitrary line through the proposed location showing the loss of both structure and porosity in either direction. The proposed Slammin' Sammy location is interpreted to be in the highest structural position on the Strawn structure map that appears to have porosity development, therefore being the best location to effectively drain the Strawn mound reservoir.

Exhibit 3 Concho

No Strawn Porosity

S. Sammy

Line: 92.0
Trace: 48.0

103.0
65.0



114.0
82.0



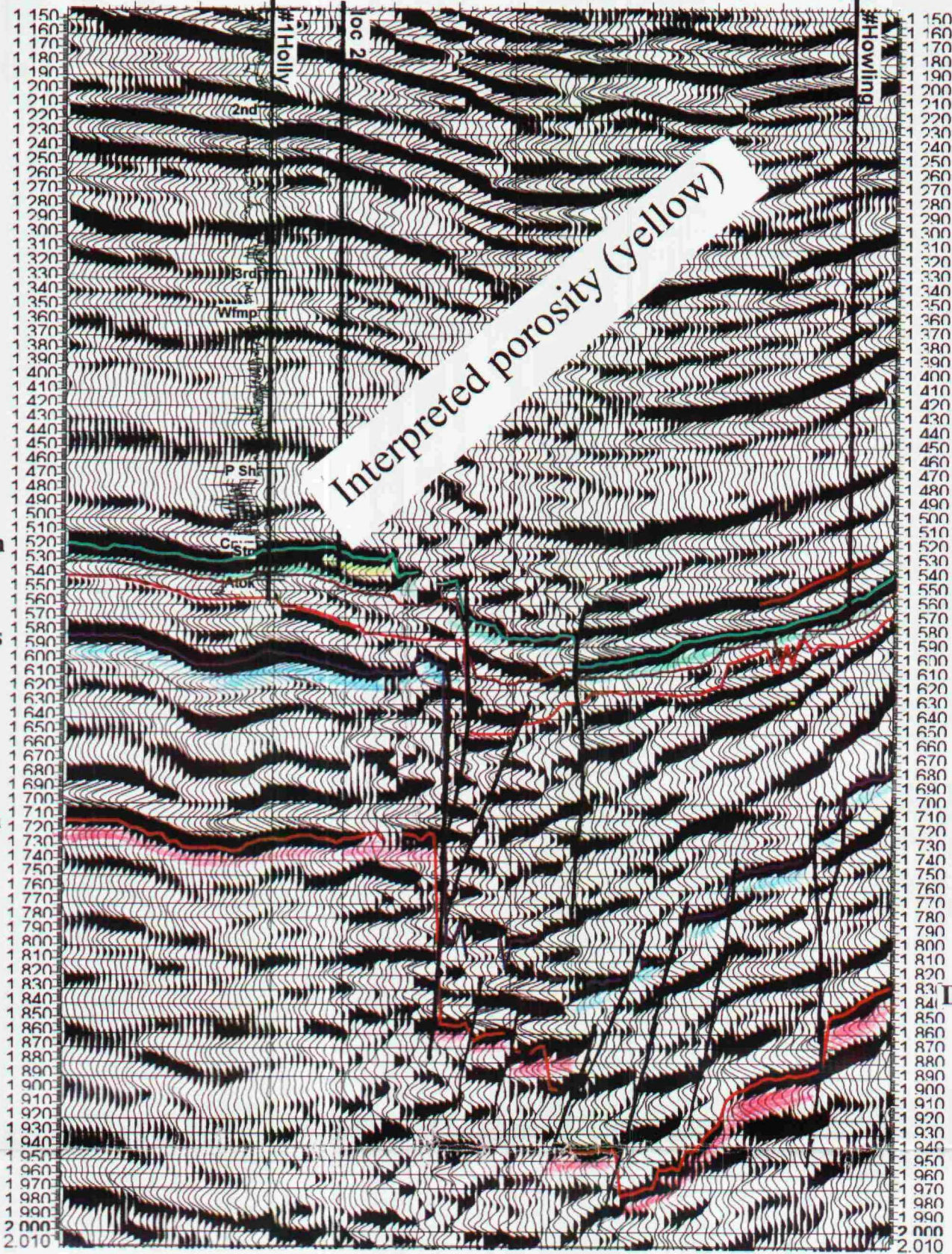
125.0
98.0

126.0
116.0

118.0
134.0



110.0
153.0



Strawn

Miss

Devonian

Strawn

Miss

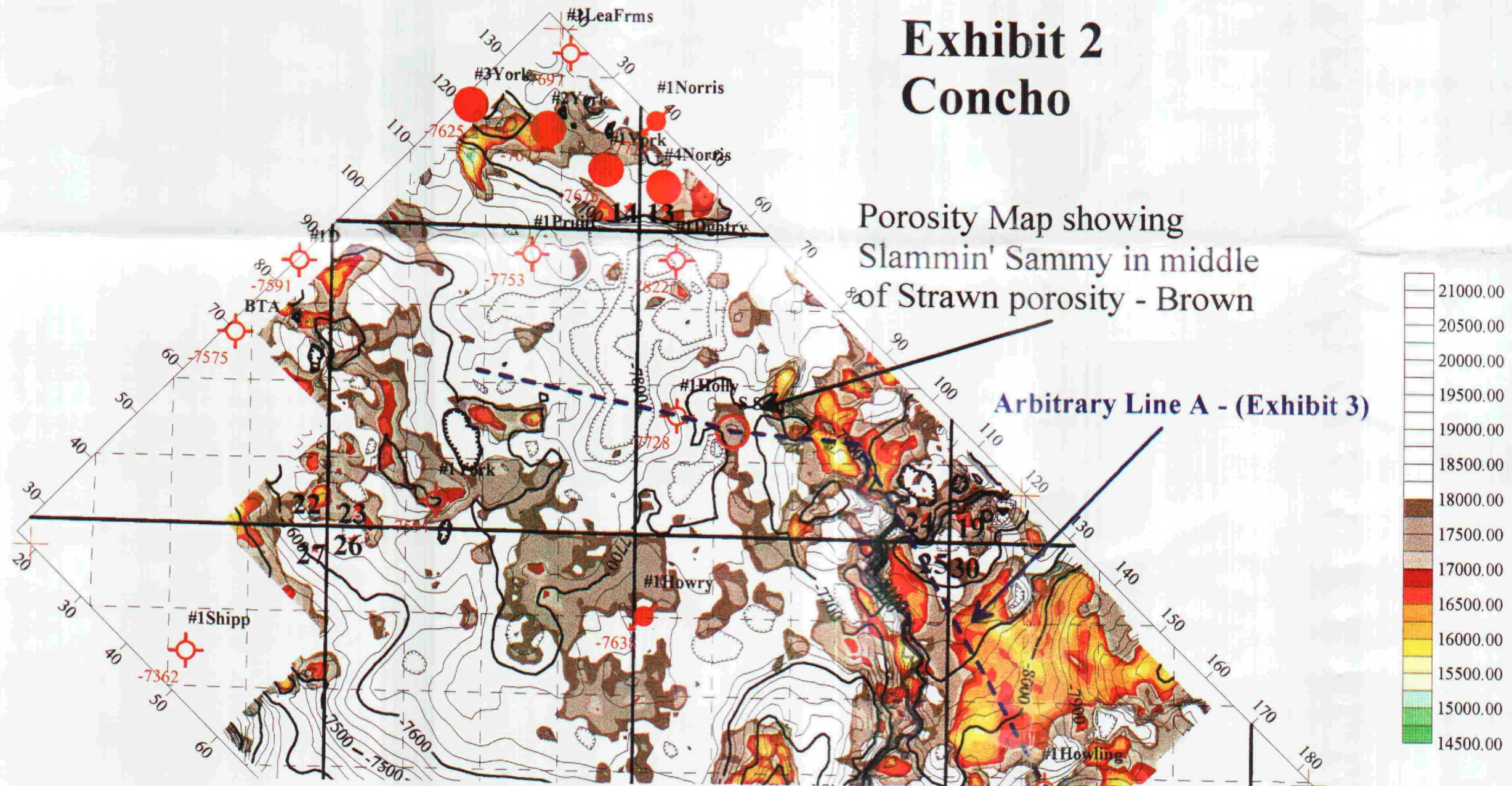
Devonian

Arbitrary Line A, phas_cor_traces

12/08/97 12:27:27

Exhibit 2 Concho

Porosity Map showing
Slammin' Sammy in middle
of Strawn porosity - Brown



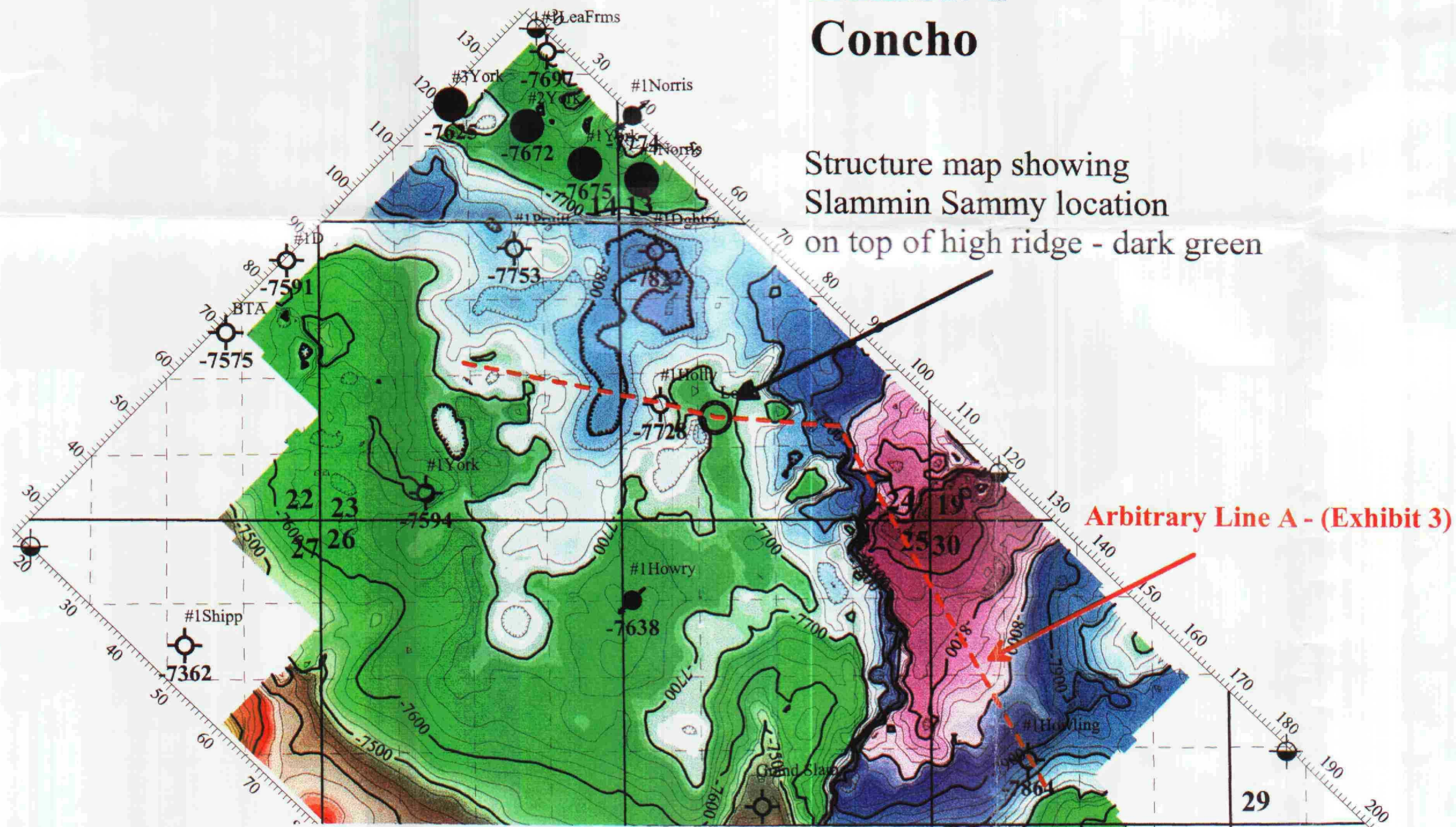
Humble City

Strawn depth over
upper Strawn velocity
from 2ms block inversion
Stn-.001 to stn-.004 Vat mean

Ci=250'/sec
CI=25' 1:1000
Cultreri 12/7/97

Exhibit 1 Concho

Structure map showing
Slammin Sammy location
on top of high ridge - dark green

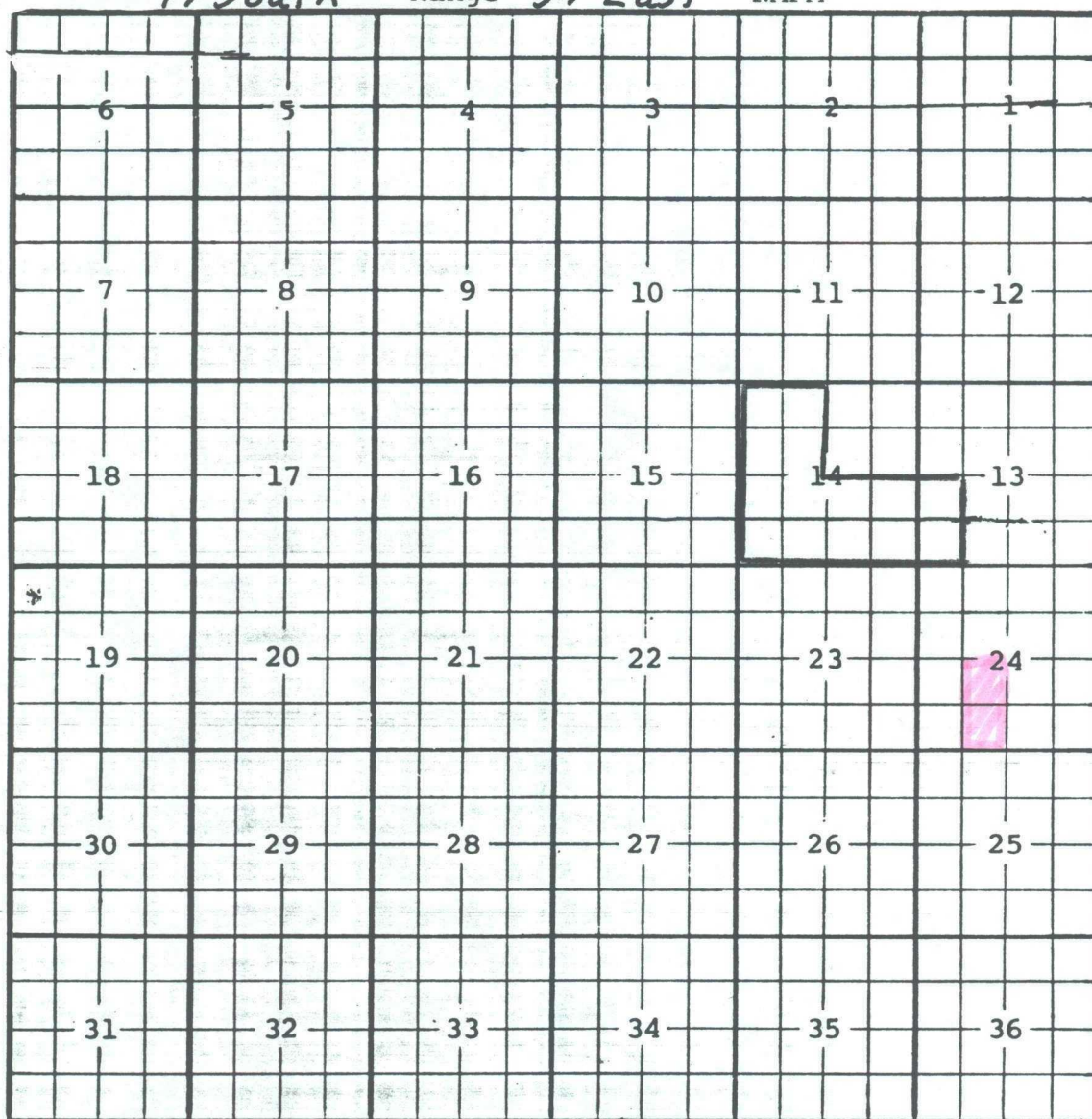


HUMBLE CITY

Strawn Depth 2

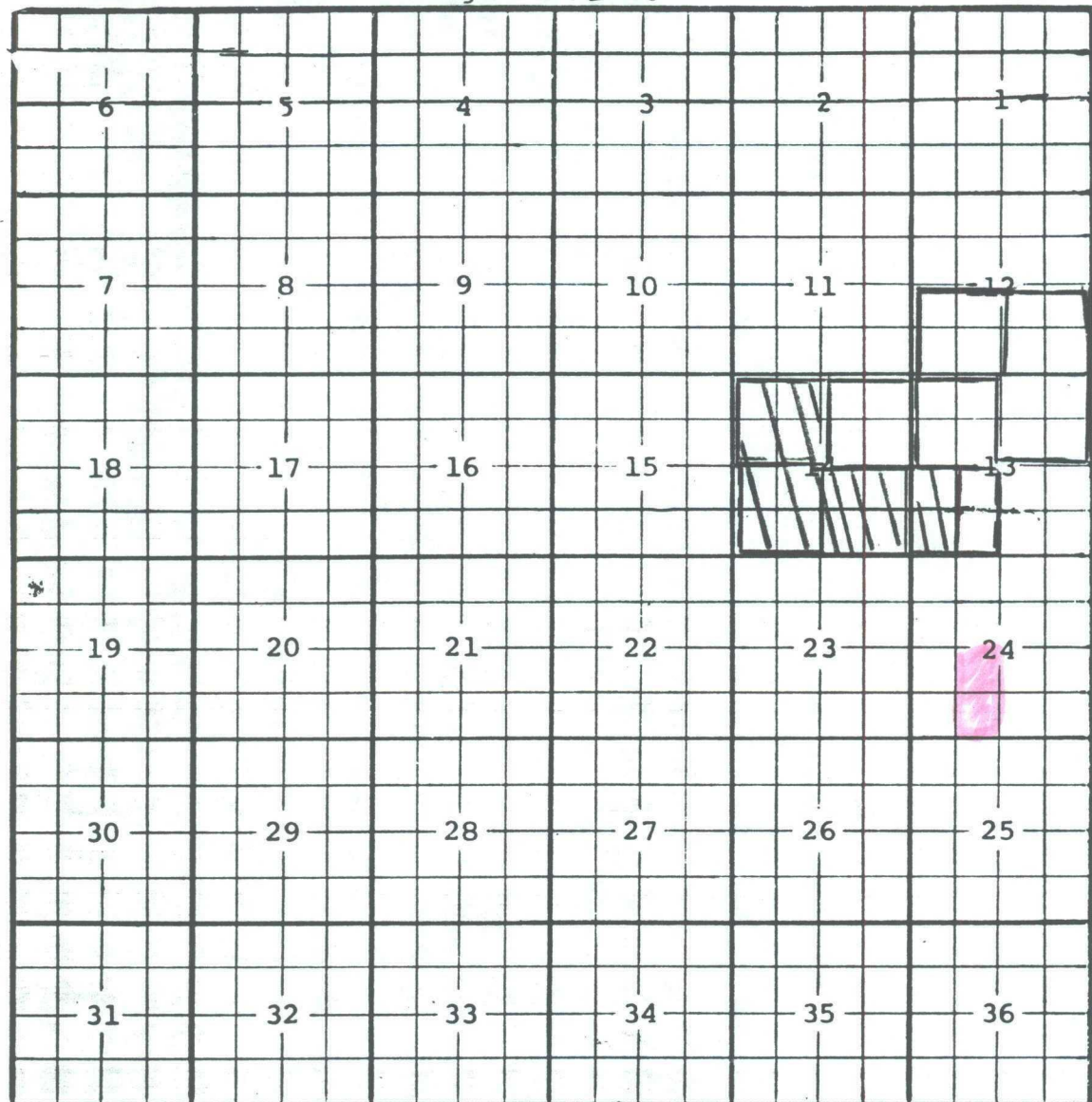
Cultreri 1"=2000'
6/10/98 CI=25'

Strn_dpt2.grd= yts_dtrn.grd - yts_stnph2.grd
Strn_dpt2.srf

County Lea Pool Southwest Humble City-StrawnTOWNSHIP 17 South Range 37 East NMPM

Description: $\frac{W}{2} \frac{SW}{4}$ Sec. 13, $\frac{W}{2}$ and $\frac{SE}{4}$ Sec. 14 (A-10595, 5-8-96)

County Lea Pool South Humble City - Strawn
 TOWNSHIP 17 South Range 37 East NMPM



Desc: SE/4 sec 14 (R-6913, 3-5-82)
Ext: SW/4 Sec. 13 (R-7372, 10-20-83) Ext: NW/4 Sec. 13 (R-8193, 3-21-86)
Ext: NE/4 Sec. 14 (R-8256, 7-8-86) Ext: SE/4 Sec. 12, NE/4 Sec. 13 (R-8299, 9-4-86)
Ext: NW/4 Sec. 14 (R-9194, 6-1-90) Ext: SW/4 Sec. 12 (R-10419, 7-17-95)
Ext: SW/4 Sec. 14 (R-10488, 10-13-95) Delete W/2 SW/4 Sec. 13, W/2 and SE/4 Sec. 14 (R-10595, 5-10-96)

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/30/01 18:20:04
OGOMES -TPXI
PAGE NO: 1

Sec : 24 Twp : 17S Rng : 37E Section Type : NORMAL

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

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/30/01 18:20:09
OGOMES -TPXI
PAGE NO: 2

Sec : 24 Twp : 17S Rng : 37E Section Type : NORMAL

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

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

CMD : ONGARD 07/30/01 18:20:54
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPXI

OGRID Idn : 193407 API Well No: 30 25 35629 APD Status(A/C/P): A
Opr Name, Addr: CONCHO OIL AND GAS CORPORATION Aprvl/Cncl Date : 07-13-2001
110 W LOUISIANA
#410
MIDLAND, TX 79701

Prop Idn: 28314 SLAMMIN SAMMY Well No: 1

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn	: K	24	17S	37E			FTG 2404 F S	FTG 2451 F W
OCD U/L	: K		API County	: 25				

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): P Ground Level Elevation : 3713

State Lease No: Multiple Comp (S/M/C) : S
Prpsd Depth : 11600 Prpsd Frmtn : STRAWN

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

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7473
Order No. R-6913

APPLICATION OF INEXCO OIL
COMPANY FOR POOL CREATION,
SPECIAL POOL RULES, AND A
DISCOVERY ALLOWABLE, LEA
COUNTY, NEW MEXICO.

Also see R-6913-A
R-7211
R-7211-A

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 3, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of March, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Inexco Oil Company, seeks the creation of a new oil pool for Strawn production, the promulgation of special pool rules therefor, including a provision for 160-acre spacing and proration units, and the assignment of 57,150 barrels of oil discovery allowable to the discovery well, applicant's Lottie York Well No. 1, located 990 feet from the South line and 660 feet from the East line of Section 14, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That although said Lottie York Well No. 1 is located within one mile of the Humble City-Strawn Pool, the geological evidence presented at the hearing does appear to indicate that said well is producing from a separate common source of supply, and that as the discovery well for said pool, the Lottie York Well No. 1, completed in the Strawn formation through

perforations from 11,430 feet to 11,462 feet, should be assigned an oil discovery allowable in the amount of 57,150 barrels.

(4) That although applicant has requested special pool rules for the subject pool providing for 160-acre spacing and proration units, there is insufficient evidence presently available to justify such spacing, even on a temporary basis, and said request should be denied.

(5) That there is ample evidence in the record of this case to justify the establishment of 80-acre spacing and proration units on a temporary basis, and such temporary spacing should be adopted for a period of one year.

(6) That such temporary rules will not cause waste nor impair correlative rights and should be approved.

(7) That during the one-year period in which this order is in effect, applicant should gather all available information relative to drainage and recoverable reserves in the subject pool.

(8) That this case should be reopened at an examiner hearing in February, 1983, at which time operators in the subject pool should appear and show cause why the subject pool should not be developed on 40-acre spacing and proration units.

IT IS THEREFORE ORDERED:

(1) That a new pool for Strawn production, classified as an oil pool with vertical limits comprising the Strawn formation of Pennsylvanian age, is hereby created and designated as the South Humble City-Strawn Pool, comprising the following described lands in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 14: SE/4

*mine No. 1
R-16913-A*

14 (2) That the discovery well for said pool, the Inexco Oil Company Lottie York Well No. 1, located in Unit P of said Section 14 is hereby assigned an oil discovery allowable of 57,150 barrels.

(3) That special rules and regulations for the South Humble City-Strawn Pool in Lea County, New Mexico, are hereby promulgated as follows, effective March 1, 1982.

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH HUMBLE CITY-STRAWN POOL

RULE 1. Each well completed or recompleted in the South Humble City-Strawn Pool or in the Strawn formation within one mile of the South Humble City-Strawn Pool, and not nearer to or within the limits of another designated Strawn pool shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the South Humble City-Strawn Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. For good cause shown, the Director may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the South Humble City-Strawn Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 4. Each well drilled in the South Humble City-Strawn Pool shall be located within 150 feet of the center of a governmental quarter-quarter section.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the South Humble City-Strawn Pool shall be assigned an 80-acre depth bracket allowable of 445 barrels per day and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Humble City-Strawn Pool or in the

Strawn formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before April 1, 1982.

(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978 Comp., existing wells in the South Humble City-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Humble City-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

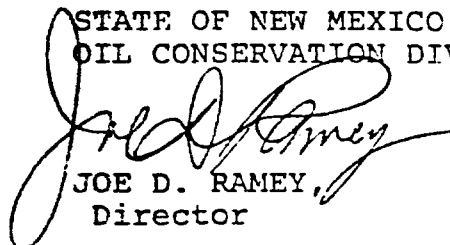
(3) That this case shall be reopened at an examiner hearing in February, 1983, at which time the operators in the subject pool may appear and show cause why the South Humble City-Strawn Pool should not be developed on 40-acre proration units.

(4) That applicant's request for 160-acre spacing and proration units is hereby denied.

(5) That jurisdiction of this cause is 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



JOE D. RAMEY,
Director

S E A L

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 7473
Order No. R-6913-A

APPLICATION OF INEXCO OIL
COMPANY FOR POOL CREATION,
SPECIAL POOL RULES, AND A
DISCOVERY ALLOWABLE, LEA
COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-6913, dated March 5, 1982, does not correctly state the intended order of the Division,

IT IS THEREFORE ORDERED:

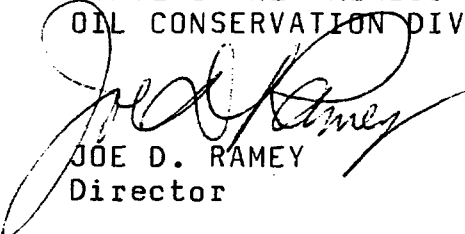
(1) That Ordering Paragraph No. (2) on page 2 of Order No. R-6913 is hereby corrected to read in its entirety as follows:

"(2) That the discovery well for said pool, the Inexco Oil Company Lottie York Well No. 1, located in Unit P of said Section 14 is hereby assigned an oil discovery allowable of 57,150 barrels."

(2) That the corrections set forth in this order be entered nunc pro tunc as of March 5, 1982.

DONE at Santa Fe, New Mexico, on this 14th day of April, 1982.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7473
Order No. R-7211

IN THE MATTER OF CASE 7473 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-6913, WHICH ORDER PROMULGATED
SPECIAL RULES AND REGULATIONS FOR THE
SOUTH HUMBLE CITY-STRAWN POOL, LEA COUNTY,
NEW MEXICO, INCLUDING A PROVISION FOR 80-ACRE
PRORATION UNITS.

*See Also
Order No. R-7211-A
R-6913
R-6913*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 2, 1983, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of February, 1983, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That by Order No. R-6913, dated March 5, 1982, temporary special rules and regulations were promulgated for the South Humble City-Strawn Pool, Lea County, New Mexico, establishing temporary 80-acre spacing units.

(3) That pursuant to the provisions of Order No. R-6913, this case was reopened to allow the operators in the subject pool to appear and show cause why the South Humble City-Strawn Pool should not be developed on 40-acre spacing units.

(4) That at the time of this hearing there was insufficient evidence upon which to make a determination that said special pool rules should either be made permanent or rescinded.

(5) That the temporary Special Rules and Regulations for the South Humble City-Strawn Pool should be continued for an additional six months to permit the operators in said pool to gather additional evidence as to the proper spacing and operation of wells therein.

(6) That this case should be reopened at an Examiner Hearing in September, 1983, at which time the operators in said pool should be permitted to appear and present evidence as to the proper spacing and operation of wells in said pool.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the South Humble City-Strawn Pool, Lea County, New Mexico, promulgated by Order No. R-6913, are hereby continued in full force and effect for an additional six month period.

(2) That this case shall be reopened at an Examiner hearing in September, 1983, at which time the operators in said pool should appear and present evidence as to the proper spacing and operation of wells therein.

(3) That jurisdiction of this cause is 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


JOE D. RAMEY,
Director

S E A L

NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7473
Order No. R-7211-A

IN THE MATTER OF CASE 7473 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-7211, WHICH ORDER ESTABLISHED
SPECIAL RULES AND REGULATIONS FOR THE
SOUTH HUMBLE CITY-STRAWN POOL, LEA COUNTY,
NEW MEXICO, INCLUDING A PROVISION FOR 80-ACRE
PRORATION UNITS.

See Also

Order No R-7211

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 12, 1983, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of October, 1983, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That by Order No. R-6913, dated March 5, 1982, temporary special rules and regulations were promulgated for the South Humble City-Strawn Pool, Lea County, New Mexico, establishing temporary 80-acre spacing units.

(3) That Order No. R-7211, dated February 21, 1982, extended said temporary special rules and regulations for a period of six months.

(4) That pursuant to the provisions of Order No. R-7211, this case was reopened to allow the operators in the subject pool to appear and show cause why the South Humble City-Strawn Pool should not be developed on 40-acre spacing units.

(5) That the evidence establishes that one well in the South Humble City-Strawn Pool can efficiently and economically drain and develop 80 acres.

(6) That the Special Rules and Regulations promulgated by Order No. R-6913 and extended by Order No. R-7211 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool.

(7) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-7211 should be continued in full force and effect until further order of the Division.

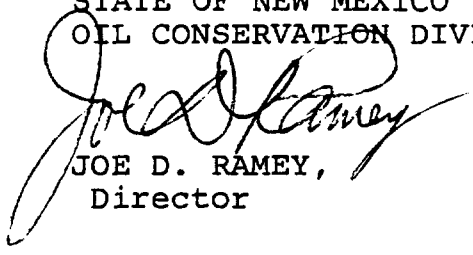
IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the South Humble City-Strawn Pool, Lea County, New Mexico, promulgated by Order No. R-6913, are hereby continued in full force and effect until further order of the Division.

(2) That jurisdiction of this cause is 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


JOE D. RAMEY,
Director

S E A L

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:

NOMENCLATURE
CASE NO. 11493
ORDER NO. R-10595

APPLICATION OF BONNEVILLE FUELS CORPORATION FOR POOL
CONTRACTION, POOL CREATION, AND THE PROMULGATION OF SPECIAL
POOL RULES THEREFOR, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 2, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 10th day of May, 1996 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) By Division Order Nos. R-6913, R-6913-A, R-7211, and R-7211-A, the South Humble City-Strawn Pool was created and designated as an oil pool for the production of oil from the Strawn formation in Lea County, New Mexico. Said orders further provided for 80-acre spacing units with well location requirements such that each well completed or recompleted in the South Humble City-Strawn Pool shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

(3) With amendments to this order the horizontal limits of said pool have been extended since that time and currently comprise the following described area in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 12: S/2
Section 13: NE/4 and W/2
Section 14: All.

(4) The South Humble City-Strawn Pool is further subject to the provisions of Division General Rules 505.A and 506.A for pools with development on 80-acre spacing units each having a top unit depth bracket allowable of 445 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil which results in a casinghead gas allowable of 890 MCF per day.

(5) Division records indicate that there are 10 wells currently completed within the South Humble City-Strawn Pool:

(a) SECTION 12:

1. The Nearburg Producing Company Wright Well No. 1 (API No. 30-025-29580) located 2460' FSL - 760' FEL (Unit I).
2. The Nearburg Producing Company Byers "12" Well No. 1 (API No. 30-025-32845) located 330' FSL - 1300' FWL (Unit M).
3. The Nearburg Producing Company Wright Well No. 2 (API No. 30-025-29999) located 1200' FSL - 760' FEL (Unit P).

(b) SECTION 13:

1. The Bonneville Fuels Corporation Norris Well No. 4 (API No. 30-025-33197) located 710' FSL - 330' FWL (Unit M).
2. The Bonneville Fuels Corporation Norris Well No. 2 (API No. 30-025-28327) located 800' FSL - 2550' FWL (Unit N).

(b) SECTION 14:

1. The Yates Petroleum Corporation Bureaucrat "AGV"

Well No. 1 (API No. 30-025-30767) located 2086' FN & WL (Unit F).

2. The Bonneville Fuels Corporation Lea Farms Well No. 2 (API No. 30-025-29660) located 1800' FNL - 500' FEL (Unit H).
3. The Bonneville Fuels Corporation Lottie York Well No. 2 (API No. 30-025-28111) located 1650' FS & EL (Unit J).
4. The Bonneville Fuels Corporation Lottie York Well No. 3 (API No. 30-025-32933) located 2030' FSL - 2300' FWL (Unit K).
5. The Bonneville Fuels Corporation Lottie York Well No. 1 (API No. 30-025-27552) located 990' FSL - 660' FEL (Unit P).

(6) The applicant in this matter, Bonneville Fuels Corporation ("Bonneville"), seeks the contraction from the horizontal limits of the South Humble City-Strawn Pool by the deletion of the W/2 SW/4 of said Section 13 and the NW/4 and S/2 of said Section 14 and the concomitant creation of a new pool for the production of oil from the Strawn formation within said acreage. The applicant further seeks the promulgation of special rules for the proposed "Southwest Humble City-Strawn" pool including provisions for 80-acre oil spacing and proration units, designated well location requirements, both of which are to be identical to those provisions governing the South Humble City-Strawn Pool, and for a special gas/oil ratio limitation of 8,000 cubic feet of gas per barrel of oil.

(7) Geologic evidence presented by the applicant indicates the presence of two separate porous algal reef mounds within the horizontal limits of the South Humble City-Strawn and that the aforementioned (Yates) Bureaucrat "AGV" Well No. 1, the Bonneville Lottie York Well Nos. 1, 2, and 3, and Norris Well No. 4 are completed within the southwestern most "mound" and the other five remaining wells are completed within the other.

(8) Reservoir engineering evidence indicates and production characteristics verify that wells completed within this southwestern most "mound" are capable of producing casinghead gas at a much higher rate than allowed under the present 2,000 to one GOR limit. Further investigation by the applicant indicates that depletion of this mound by the aforementioned five wells have utilized gas cap expansion, free gas expansion, and

gravitational segregation energy to optimize oil recovery. The requested 8,000 to one GOR limit will serve to enable the operators with completions in this "southwest mound" to adequately drain and fully deplete the remaining reserves in a sound and prudent manner.

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

(10) The applicant at the time of the hearing proposed this new pool be designated the Southwest Humble City-Strawn Pool. Such name is deemed appropriate and should therefore be accepted.

(11) Approval of this application is in the best interest of conservation, will enable the operator to produce his just and fair share of production from the reservoir in a prudent manner, will serve to prevent waste, will afford the applicant the continued opportunity to produce its just and equitable share of the oil in the subject reservoir and will otherwise serve to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The South Humble City-Strawn Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 13:	W/2 SW/4
Section 14:	W/2 and SE/4.

(2) Concomitantly a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production is hereby created and designated the Southwest Humble City-Strawn Pool, with vertical limits comprising the Strawn formation and the horizontal limits comprising that area described in Decretory Paragraph No. (1) above.

(3) All provisions currently governing the South Humble City-Strawn Pool shall remain in full force and effect.

(4) Special Rules and Regulations for the newly created Southwest Humble City-Strawn Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
SOUTHWEST HUMBLE CITY-STRAWN POOL**

RULE 1: Each well completed or recompleted in the Southwest Humble City-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another Strawn oil pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2: The limiting gas/oil ratio for said Southwest Humble City-Strawn Pool shall be 8,000 cubic feet of gas per barrel of oil produced; each proration unit in said pool shall produce only that volume of gas equivalent to 8,000 multiplied by the top unit depth bracket allowable set for the pool (which is 445 barrels of oil per day).

RULE 3: Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the two quarter-quarter sections in the unit.

RULE 4: The Director of the Oil Conservation Division, hereinafter referred to as the "Division Director", may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been duly filed under the provisions of **Rule 104.d(2)** 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.

RULE 5: Each well drilled in the Southwest Humble City-Strawn Pool shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 6: The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been duly filed under the provisions of **Rule 104.F** of said General Rules and Regulations of the Division.

RULE 7: A standard proration unit (79 through 81 acres) shall be subject to an 80-acre depth-bracket allowable of 310 barrels of oil per day.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED THAT:

(5) The locations of all wells presently drilling to or completed in the Southwest Humble City-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well within thirty days from the date of this order.

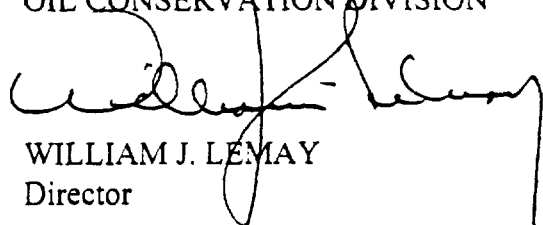
(6) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, existing wells in the Southwest Humble City-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within sixty days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said sixty-day limitation, each well presently drilling to or completed in the Southwest Humble City-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(7) Jurisdiction of this cause is 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

From: Terri Stathem[SMTP:tstathem@conchoresources.com]
Sent: Wednesday, August 01, 2001 3:23 PM
To: 'Stogner, Michael'
Subject: RE: NSL-4618 (BHL)

193407

Michael,

I am not sure if this is a issue but.. this well is operated by Concho Oil & Gas Corp.
(new name).

Thanks,

Terri

-----Original Message-----

From: Stogner, Michael [SMTP:MSTOGNER@state.nm.us]
Sent: Wednesday, August 01, 2001 2:43 PM
To: 'Terri Stathem'
Subject: FW: NSL-4618 (BHL)

e-mail me if this didn't come through and I'll fax you a copy

> -----

> **From:** Stogner, Michael
> **Sent:** Tuesday, July 31, 2001 9:33 AM
> **To:** Valdes, Kathy
> **Cc:** Pitzer, Donna; Peterson, Marie; Williams, Chris
> **Subject:** NSL-4618 (BHL)

>

> draft administrative order attached

>

> <<Concho>>

>

<< File: Concho.doc >>

New Mexico Oil Conservation Division---Enginnering Bureau
Administrative Application Process Documentation

Date Application Received: 6-29-01

Date of Preliminary Review: 7-31-01
(Note: Must be within 10-days of received date)

Results: ✓ Application Complete Application Incomplete

Date Incomplete Letter Sent: NA

Deadline to Submit Requested Information: NA

Phone Call Date: NA
(Note: Only applies if requested data is not submitted within the 7-day deadline)

Phone Log Completed? Yes No

Date Application Processed: 7-31-2001

Date Application Returned:
(Note: Only as a last resort & only after repeated attempts by the Division to obtain the necessary information to process the application)