MICHAEL STOGNER	No. of Pages 4 From JUSEPH	J. KELLY	The state of the s
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ELK OIL COMPANY

JOSEPH J. KELLY PRESIDENT

BOX 310 ROSWELL, NEW MEXICO 88202 (505) 623-3190

November 13, 2002

Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Attention:

Michael Stogner

Re:

Bluegill State #1

2310' FNL; 1980' FSL Section 32-T9S-R27E

Chaves County, New Mexico

Gentlemen:

Elk Oil Company respectfully requests administrative approval for a non-standard gas well in the locations as referenced above.

Elk is requesting offset leaseholders to approve said non-standard location. Yates Petroleum is the only leaseholder.

Elk is enclosing the following information.

- (1) State Forms C-101 and C-102.
- (2) Lease map outlining offset leaseholds.

Please approve our request for a non-standard location.

Yours very truly,

ELK OIL COMPANY

Joseph J. Kelly

President

JJK/jgb · Enc.

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State of New Mexico

Energy, Minerale & Natural Resources Department

Revised February 10, 1994

District II

1301 W. Quand Ave., Advaid, NM 88210

1625 N. Frank Dr., Hobbs, NM 68240

OIL CONSERVATION DIVISION

Instructions On Back Submit to Appropriate District Office

District 111

2040 South Pacheco Santa Fe. NM 87504-2088

State Lease - 6 Copies

1000 Ric Berras Rd, Astro, NM 57410

2040 South Pedieco, Santa Fe, NM 87505

AMENDED REPORT

Fee Lease - 5 Copies

Form C-101

FEREN BLUGBACK OR ADD A ZONE

Allender	Oppositor Nassa and Addison ELK OIL COMPANY	2 OGRID Numb 7147	
	3 API Number 30-0		
4 Property Code	5 Peoperty Name		6 2541 No.
	BLUEGILL STATE		1

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8 Proposed Bottom Hole Location If Different From Surface

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11 Work Type Code	12 Well Type Code	13 Cable / Rotery	14 Leute Type Code	15 Ground Level Enverion
N N	G	R	s	3910'
16 Multiple	17 Peoposed Depth	18 Formation	19 Contractor	20 Sprud Data
NO NO	6800'	FUSSELMAN	PATTERSON	11/18/02
110		1. —— — — — — — — — — — — — — — — — — — 		

21 Proposed Casing and Cement Program

ı	Male Sins	Caring Size	Croing weight/foot	Setting Depth	Seeks of Comment	Estimate d TOC
	12 1/4"	8 5/8"	24#	1440'	600 SXS	CIRCULATE
İ	7 7/8"	5 1/2"	15.5#	6800'	600 SXS	4700'

22. Describe the proposed program. If this explanation is to DEEPEN or PLUC BACK gree the data on the property productive 2 one and proposed new productive 2 one.

Describe the blowness provement program, if any. Use additional theory of months.

Propose to drill and test the Fusselman and intermediate formations.

If commercial, production casing will be run and cemented.

We will perforate and stimulate as needed for production.

BOP Program: See attached.

Mud Program: 0-1000' FW / Gel / Paper / LCM; 1000'-4400' Brine;

4400'-6800' Starch / Salt Gei.

23. I hearby entity that the information given above is true and complete to the best	OIL CONSERVATION D	IVISION
of any knowledge and balled. Signature:	Appeaved By:	
LOGEDIA I KELLY	Tetler:	
TEL: PRESIDENT	Apperval Dest;	Espiration Date:
	Conditions of Appearak	
11/12/02 505-623-3190	Attached	

District I 1625 N. French Dr., Hobbs, NM 88240 District II

State of New Mexico Energy, Minerals & Natural Resources

Form C-102 Revised March 17, 1999

SII South First, Astonia, NM SEIIC District III

OIL CONSERVATION DIVISION 2040 South Pacheco

Submit to Appropriate District Office State Lease - 4 Copies

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NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION **OPERATOR CERTIFICATION** o the best of my knowledge and belief ELK OIL COMPANY Joseph J. Kelly 660 1980 President 330 November 12, 2002 SURVEYOR CERTIFICATION STATE OF NEW MEXICO LEASE NO. VA-1953

ELK OIL COMPANY

JOSEPH J. KELLY PRESIDENT BOX 310 ROSWELL, NEW MEXICO 88202 (505) 623-3190

November 15, 2002

Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Attention:

Michael Stogner

Re:

Non-Standard Location

Bluegill State #1

2310' FNL; 1980' FSL Section 32-T9S-R27E

Chaves County, New Mexico

Gentlemen:

Enclosed please find an executed copy of Yates Petroleum's approval of Elk Oil Company's non-standard approval of the above referenced.

If there are any questions, please advise.

Yours very truly,

ELK OIL COMPANY

JJK/jgb

Enc.

ELK OIL COMPANY

JOSEPH J. KELLY PRESIDENT BOX 310 ROSWELL, NEW MEXICO 88202 (505) 623-3190

November 13, 2002

As an offset mineral owner, Yates Petroleum Corporation has no objections to Elk Oil Company's proposed non-standard location for its' Bluegill State #1 well, at a location of 2310' FNL; 1980' FWL of Section 32, Township 9 South, Range 27 East, Chaves County, New Mexico, provided the spacing unit is a stand up 320, being a W/2 dedication.

YATES PETROLEUM CORPORATION

By: Ctrat

Vice-President

Title

11-15-02

Date

P. 01

TRANSACTION REPORT

NOV-18-2002 MON 04:06 PM

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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Covernor **Betty Rivera** Cabinet Secretary

November 18, 2002

Lori Wrotenbery Director Oil Conservation Division

Elk Oil Company Box 310

Roswell, New Mexico 88202 Attention: Joseph J. Kelly

Fax No. (505) 623-5001

Administrative Order NSL-4811

Dear Mr. Kelly:

The New Mexico Oil Conservation Division (NMOCD) received your application on November 15, 2002, (application reference No. pKRV0231829435) requesting an unorthodox gas well location in the Fusselman and Wolfcamp formations for the proposed Bluegill State Well No. 1. This well is to be drilled at a location 2310 feet from the North line and 1980 feet from the West line (Unit F) of Section 32, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico.

The W/2 (320 acres) of Section 32, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico is to be dedicated to this well for all pools based on 320 acre gas spacing and proration units. The primary target of this well is the Foor Ranch-PrePermian (Gas 76730) Pool. The secondary target is the Wolfcamp Gas - which is undiscovered in this area.