

# BEI

OIL CONSERVATION DIVISION  
RECEIVED

BAHLBURG EXPLORATION INC.

Post Office Box 866937 · Plano, Texas 75086-6937 · (214) 867-2575 · Fax (214) 867-6745

via facsimile & US Mail  
505/827-8177

May 30, 1995

Case 11318

Mr. William J. Lemay  
STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

RE: Application for Unorthodox Well Location  
LOWE NO. 2  
2540' FSL & 100' FWL  
Section 25, T-13-S, R-37-E, N.M.P.M.  
Lea County, New Mexico

Dear Mr. Lemay:

Per instruction from Mr. Jerry Sexton in the Hobbs District Office please find enclosed Form C-102 along with an acreage plat showing leasehold ownership and an executed Waiver - all related to our proposed unorthodox well location for the drilling of the Lowe No.2 test well. Bahlburg Exploration, Inc. ("BEI") intends to properly permit and drill the referenced well to a depth of approx. 12,500 ft. in order to test the Devonian formation.

The proposed well location will be unorthodox for all the King Field pools including the Wolfcamp, Penn. and Devonian formations. We plan to monitor the deviation of this well while drilling through the use of directional survey tools and to run a certified borehole directional survey after reaching total depth. If necessary, we will perform remedial operations during the drilling of this well to ensure that the borehole does not drift off of our lease in Section 25. We have received approval from BTA Oil Producers, the offset owner of the leasehold in the S/2 NE/4 and SE/4 of Section 26, through the form of written Waiver of our proposed unorthodox location (enclosed). Our title research and records indicate that the mineral ownership of the S/2 NW/4 and SW/4 of Section 25 and the S/2 NE/4 and SE/4 of Section 26, T13S, R37E is identical and we feel correlative rights will be protected.

Mr. W. J. Lemay- Lowe No. 2

May 30, 1995

Page 2

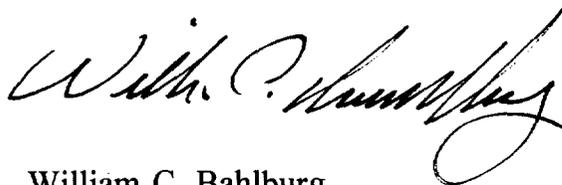
Bahlburg Exploration, Inc. and its partners own leasehold or contractual rights to leasehold under all acreage included in the E/2 of Section 26 and W/2 of Section 25, T13S, R37E, Lea County, New Mexico. More specifically, BEI is the owner of leasehold in the SW/4 and S/2 NW/4 of Section 25 and has contractual rights to all leasehold owned by BTA Oil Producers in the SE/4 and S/2 NE/4 of Section 26 through a Seismic Option Farmout Agreement. Under the Farmout Agreement with BTA, BEI is required to commence drilling the above referenced well on or before July 1, 1995. Due to delays in acquiring and interpreting our recent 3-D seismic survey over the area we have been unable to select a drillsite location for our proposed test well until a few days ago. Based on the recently acquired 3-D seismic data we believe that the above proposed location will allow us to prudently develop the identified structure by preventing the drilling of unnecessary wells.

Due to our contractual obligations under the BTA Farmout we will need to commence drilling the subject well in approximately 30 days. Therefore, we respectfully request your verbal approval to begin this proposed drilling operation subject to a formal NMOCD Application and Hearing for the Unorthodox Well Location.

If you should need any additional information or have questions regarding this request, please let me know.

Very truly yours,

BAHLBURG EXPLORATION, INC.



William C. Bahlburg

WCB/ks

cc: Jerry Sexton  
NMOCD District I

C. Robert Crawford  
BTA Oil Producers



May 5, 1995

Mr. C. Robert Crawford  
BTA Oil Producers  
104 S. Pecos  
Midland, TX 79701

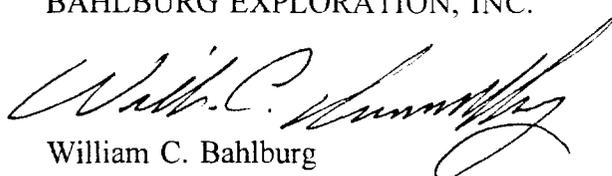
RE: WAIVER  
Unorthodox Well Locations  
W/2 Sec. 25 and E/2 Sec. 26  
T-13-S, R-37-E, N.M.P.M.  
Lea County, New Mexico

Dear Bob:

Bahlburg Exploration, Inc. plans to seek approval from the New Mexico Oil Conservation Division for one or more unorthodox well locations in the King Field Devonian and Wolfcamp pools. As we have discussed, our recent 3-D seismic survey over the referenced acreage has identified a structure which lies directly under the section line between sections 25 and 26, T13S, R37E. We intend to drill one or more well locations which would most likely be closer than the minimum 330 ft. distance from the section line. This seems to be the only prudent approach to testing and developing the identified structure. As an offset leasehold owner to any such unorthodox well location we respectfully request your agreement to waive your right to object or protest to the application(s) of Bahlburg Exploration, Inc. (or designated successor operator) seeking approval of such unorthodox wellbore locations for any wells drilled on the referenced lands.

If you agree to waive your right to object and protest to our application seeking approval for an unorthodox well location(s) for any wells drilled on the referenced lands, please so indicate your acceptance and approval by executing this letter in the space provided below and returning one (1) copy to the undersigned at your earliest convenience.

Very truly yours,  
BAHLBURG EXPLORATION, INC.



William C. Bahlburg

This Waiver ACCEPTED and AGREED TO this 22nd day of May, 1994.

BTA OIL PRODUCERS

By: Pete W. [Signature]

Title: EXPLOITATION MGR.

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

Form C-102  
 Revised February 10, 1994

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

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 King Wolfcamp, Penn & Devonian	
Property Code	Property Name Lowe			Well Number 2	
OGRID No. 122762	Operator Name Bahlburg Exploration, Inc.			Elevation	

<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
L	25	13S	37E		2540'	South	100'	West	Lea

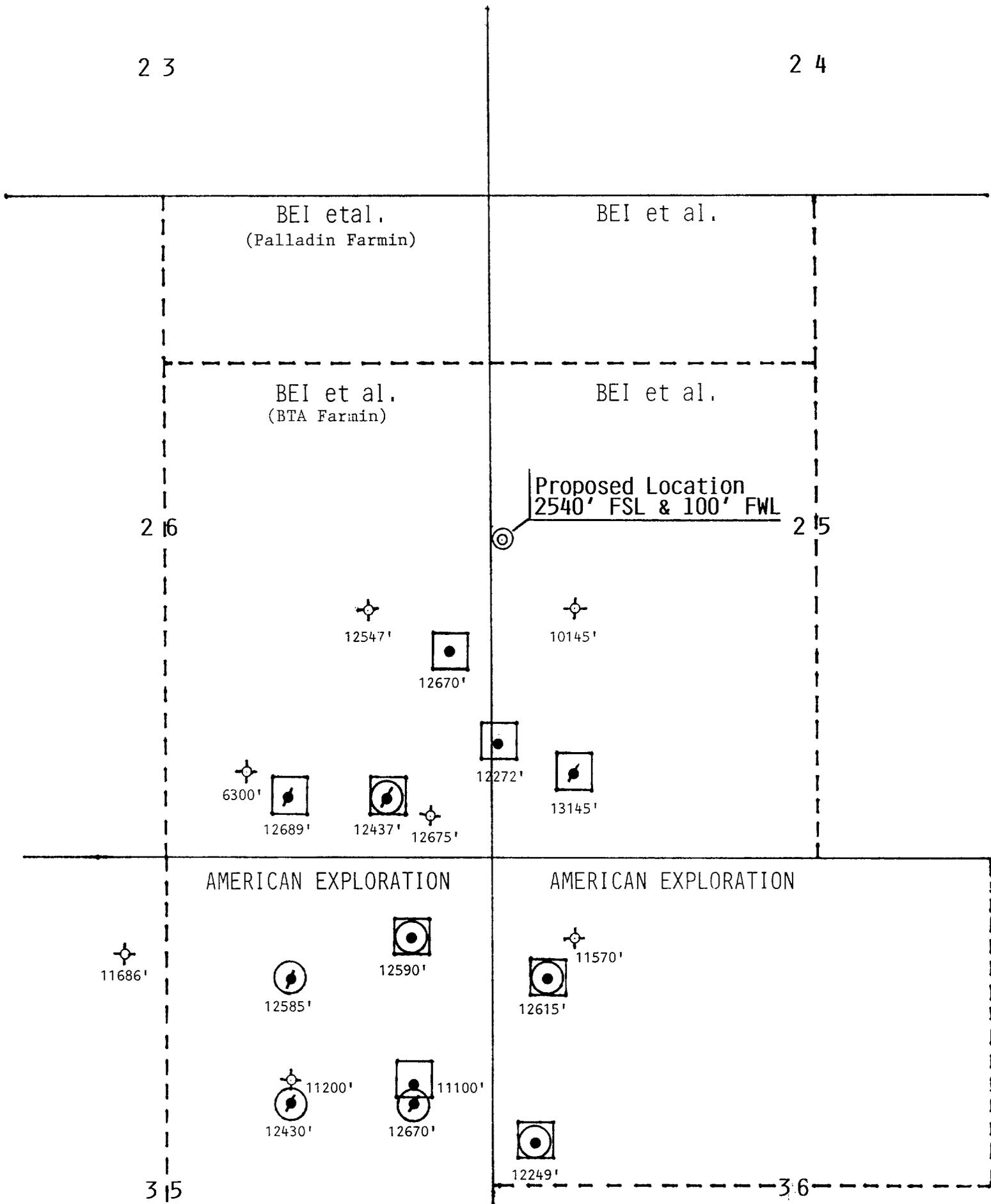
<sup>11</sup> Bottom Hole Location If Different From Surface

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	<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

<p>16</p> <p>No. 2 Lowe Proposed Location</p> <p>40 ac. unit</p> <p>2540'</p> <p>100' FWL</p>	<p><sup>17</sup> 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>William C. Bahlburg</i>        Signature        William C. Bahlburg        Printed Name        President        Title        May 30, 1995        Date</p>
	<p><sup>18</sup> 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>Date of Survey</p> <p>Signature and Seal of Professional Surveyer:</p> <p>Certificate Number</p>



Legend

-  Wolfcamp Producer
-  Devonian Producer

Scale: 1"=1000'

**BAHLBURG EXPLORATION, INC.**

**APPLICATION FOR UNORTHODOX WELL LOCATION**

**Low No. 2**  
 2540 ft. FSL and 100 ft. FWL  
 Section 25, T-13-S, R-37-E  
 Lea County, New Mexico