

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
ANTHONY F. MEDEIROS  
PAUL R. OWEN  

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JACK M. CAMPBELL  
OF COUNSEL

19

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SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: ccbspa@ix.netcom.com

August 19, 1997

**HAND-DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: *Application of David Petroleum Corp. for Administrative Approval of an Unorthodox Well Location for its Conoco State Well No. 1 to be drilled 1250 feet from the South line and 1200 feet from the East line of Section 36, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico*

Dear Mr. LeMay:

David Petroleum Corp. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Conoco State Well No. 1 to be drilled at an unorthodox well location 1250 feet from the South line and 1200 feet from the East line Section 36, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico. A standard spacing unit comprised of the E/2 SE/4 of said Section 36 will be dedicated to the well.

The well will be drilled to a depth sufficient to test the Strawn formation, Shipp-Strawn Pool which is governed by Special Pool Rules and Regulations (Order No. R-8062-A) that provide for 80-acre spacing units (Rule 2) with wells to be drilled within 150 feet of the center of a governmental quarter-quarter Section (Rule 4).

This location in the Strawn formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 40-spacing units to be located no closer than 330 feet to the outer boundary of the dedicated tract.

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
August 19, 1997  
Page 2

This unorthodox location is required by geological conditions in the Strawn formation. Attached hereto as Exhibit A is a Strawn Isopach Map of Section 36 which shows that this proposed well location is at the top of a small anomaly and that drilling at a standard location results in the well being located where it would be unable to produce the Strawn reserves under this tract.


Attached hereto as Exhibit B is a plat as required by Rule 104.F (3) showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

The proposed location is unorthodox because it has been moved from the nearest standard locations toward the center of the SE/4 of Section 36. The ownership in the SE/4 of Said Section 36 is common and this acreage is operated by David Petroleum Corporation. Attached hereto as Exhibit C is a list of the parties in said Section 36 who could be affected by this application. Attached to Exhibit C is a waiver letter from each affected party. Even though all affected parties have executed waiver letters, we have provided notice of this application to all of the parties on Exhibit C in accordance with Rule 104.F(4).

Also enclosed is a draft of a proposed order approving this application.

Your attention to this matter is appreciated.

Very truly yours,

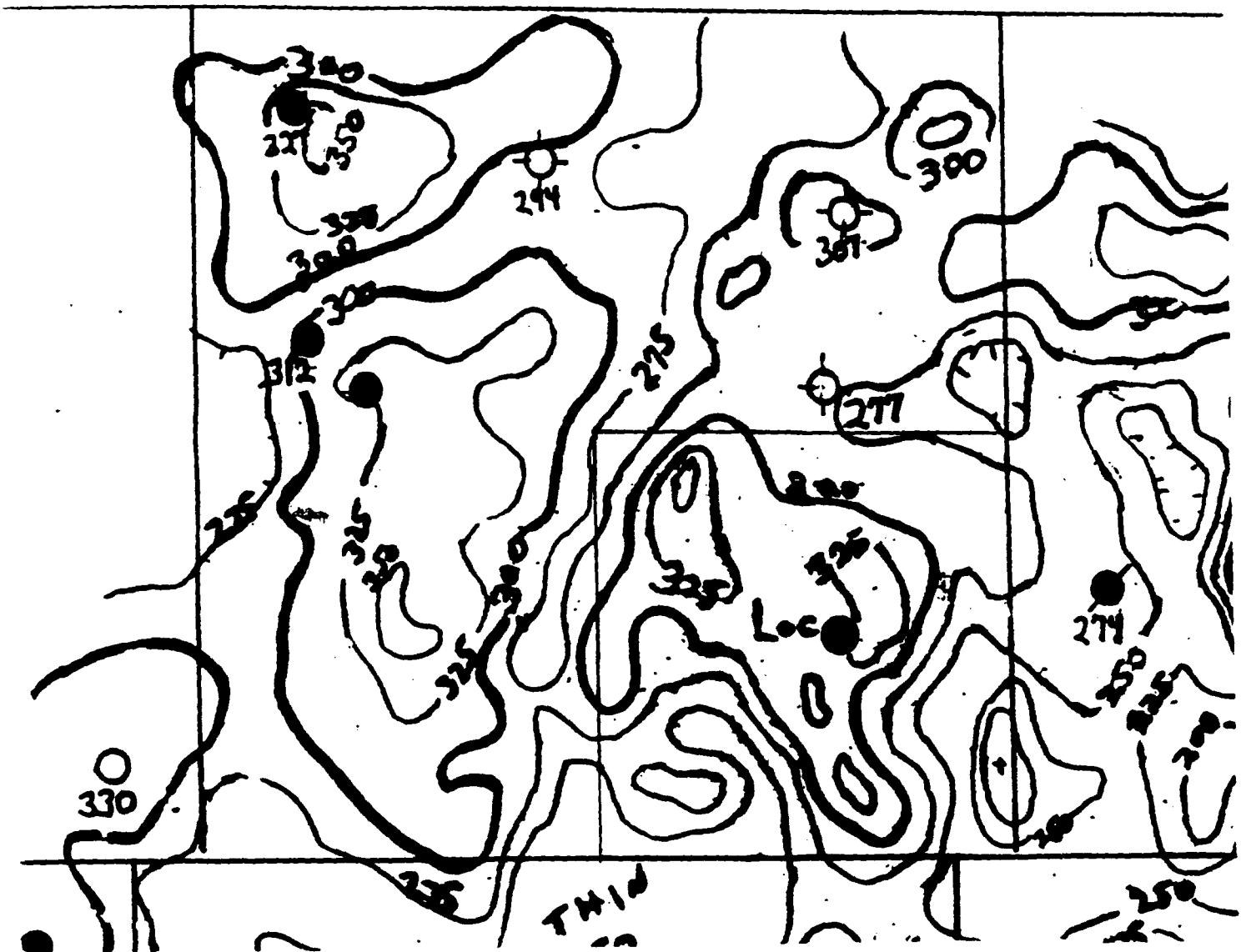
  
WILLIAM F. CARR  
Attorney for David Petroleum Corp.  
Enclosures

cc: Oil Conservation Division  
District I  
Box 1980  
Hobbs, New Mexico 88240

Mr. Bill Owen

# STRAWN - ATOKA ISOPACH

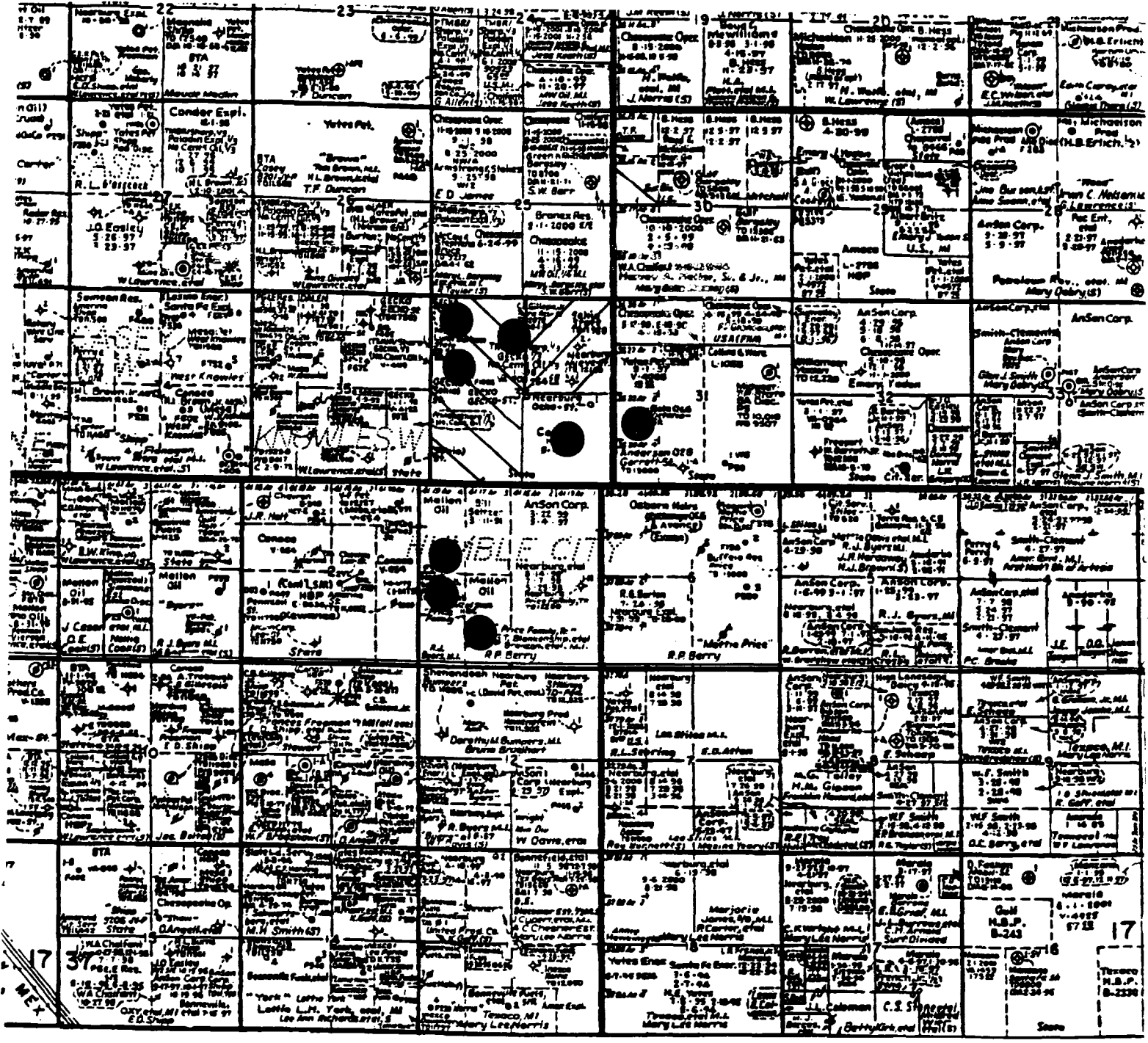
CONTOUR INTERVAL 25'



Section 36

Township 16 South, Range 37 East

Lea County, New Mexico



Conoco State #1 Well

Offsetting Strawn Wells

AFFECTED PARTIES

Application of David Petroleum Corp., for  
administrative approval of an unorthodox well location  
Conoco State Well No. 1  
1250 feet from the South line and 1200 feet from the East line  
Section 36, Township 16 South, Range 37 East, N.M.P.M.  
Lea County, New Mexico

Section 36, Township 16 South, Range 37 East, NMPM

NE/4:

Nearburg Exploration Company, L.L.C.  
3300 North A Street, Building 2, Suite 120  
Midland, Texas 79705

W/2 :

GECKO Booty 1994 Limited Partnership  
2121 San Jacinto, Suite 2950, LB 50  
Dallas, Texas 75201

TMBR/ Sharp Drilling, Inc.  
Post Office Drawer 10970  
Midland, Texas 79702-7970

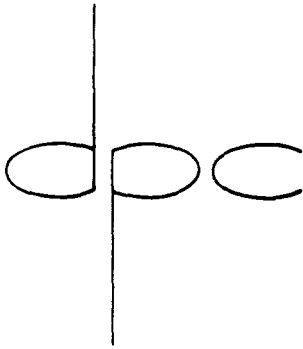
Walsh & Watts, Inc.  
500 W. Seventh, Suite 1007  
Ft. Worth, Texas 76102-4782

Rachel Lyman  
Post Office Box 3726  
Midland, Texas 79702-3726

F. Howard Walsh, Jr.  
500 W. Seventh, Suite 1007  
Ft. Worth, Texas 76102-4782

Working Interest Owners  
Sec. 36: T-16-S, R-37-E  
Lea County, New Mexico

<u>OWNER</u>	<u>%WI/NRI</u>	<u>FAX #</u>
GECKO Booty 1994 I Limited Partnership 2121 San Jacinto, Suite 2950, LB 50 Dallas, TX 75201 Attn: Susan Draper	33.3333334% 29.16667%	972-473-6465
Nearburg Exploration Company, L.L.C. 3300 North A Street, Bldg. 2, #120 Midland, TX 79705 Attn: Robert G. Shelton	33.3333333% 29.16667%	915-686-7806
TMBR/Sharp Drilling, Inc. P. O. Drawer 10970 Midland, TX 79702-7970 Attn: Debbie Wallace	13.3333333% 11.66667%	915-699-5828
Walsh & Watts, Inc. 500 W. Seventh, Suite 1007 Ft. Worth, TX 76102-4782	11.9999999% 10.50000%	817-338-4844
Rachel Lyman P. O. Box 3726 Midland, TX 79702-3726	6.6666667% 5.83333%	915-682-0534
F. Howard Walsh, Jr. 500 W. Seventh, Suite 1007 Ft. Worth, TX 76102-4782	1.3333334% 1.16666%	817-338-4844



August 1, 1997

**VIA FACSIMILE 915-686-8235**  
**AND CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Nearburg Exploration Company, L.L.C.  
3300 North A Street, Building 2, Suite 120  
Midland, TX 79705

Attention: Robert G. Shelton

Re: Application of David Petroleum Corp.  
for Unorthodox Location,  
Strawn Test Well  
Lea County, New Mexico

Dear Bob:

This letter is to advise you that David Petroleum Corp. (DPC) has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location of a Strawn test well which David proposes to drill 1250' from the south line and 1200 feet from the east line of Section 36: T-16-S, R-37-E, NMPM, Lea County, NM.

This application has been set for hearing before a Division Examiner August 7, 1997. You are not required to attend this hearing, but as an owner of an interest that may be affected by the Order entered in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. If you do not object to this application, please so indicate by signing the waiver provided below and return a copy of this letter to me in the enclosed envelope and by facsimile.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 pm on the Friday before a scheduled hearing.

Sincerely,

Bill Owen  
Land Manager

cc: William F. Carr  
Attorney for DPC

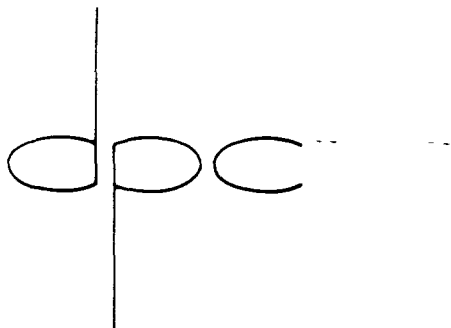
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**WAIVER OF OBJECTION:**

**NEARBURG EXPLORATION COMPANY, L.L.C.**

By Robert G. Shelton  
Title Attorney  
Date 8/1/97

**DAVID PETROLEUM CORP.**  
EDWARD N. DAVID, VICE PRESIDENT  
Professional Landman  
Off. 505/622-8850  
Fax: 505/623-1801  
Res. 505/624-0558  
116 West First  
Roswell, New Mexico 88201



July 15, 1997

**VIA FACSIMILE 915-699-5828**  
**AND CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

TMBR/Sharp Drilling, Inc.  
P. O. Drawer 10970  
Midland, TX 79702

Attention: Debbie Wallace

Re: Application of David Petroleum Corp.  
for Unorthodox Location,  
Strawn Test Well  
Lea County, New Mexico

Dear Ms. Wallace:

This letter is to advise you that David Petroleum Corp. (DPC) has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location of a Strawn test well which David proposes to drill 1250' from the south line and 1200 feet from the east line of Section 36: T-16-S, R-37-E, NMPM, Lea County, NM.

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Sincerely,

Bill Owen  
Land Manager

cc: William F. Carr  
Attorney for DPC

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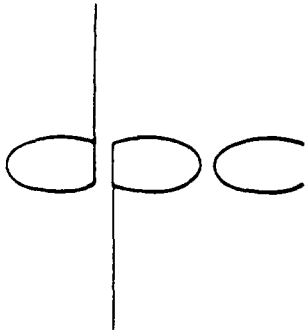
**WAIVER OF OBJECTION:**

**TMBR/SHARP DRILLING, INC.**

By Thomas C. Brown  
Title Chairman of the Board  
Date 7/17/97

**DAVID PETROLEUM CORP.**  
EDWARD K. DAVID, PRESIDENT  
Certified Petroleum Geologist  
Off. 505/622-8850  
Fax: 505/623-1801  
Res. 505/622-5267  
116 West First  
Roswell, New Mexico 88201





July 15, 1997

**VIA FACSIMILE 972-473-6465  
AND CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

GECKO Booty 1994 I Limited Partnership  
2121 San Jacinto, Suite 2950, LB 50  
Dallas, Texas 75201

Attention: Susan Draper

Re: Application of David Petroleum Corp.  
for Unorthodox Location,  
Strawn Test Well  
Lea County, New Mexico

Dear Ms. Draper:

This letter is to advise you that David Petroleum Corp. (DPC) has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location of a Strawn test well which David proposes to drill 1250' from the south line and 1200 feet from the east line of Section 36: T-16-S, R-37-E, NMPM, Lea County, NM.

This application has been set for hearing before a Division Examiner August 7, 1997. You are not required to attend this hearing, but as an owner of an interest that may be affected by the Order entered in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. If you do not object to this application, please so indicate by signing the waiver provided below and return a copy of this letter to me in the enclosed envelope and by facsimile.

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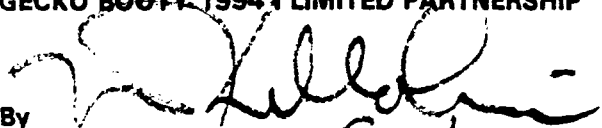
Sincerely,

  
Bill Owen  
Land Manager

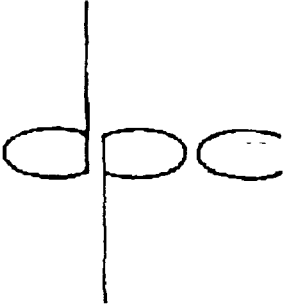
cc: William F. Carr  
Attorney for DPC

**WAIVER OF OBJECTION:**

**GECKO BOOTY 1994 I LIMITED PARTNERSHIP**

By   
Title Attorney for Gecko  
Date August 8/19/97

**DAVID PETROLEUM CORP.**  
EDWARD K. DAVID, PRESIDENT  
Certified Petroleum Geologist  
Off. 505/622-8850  
Fax: 505/623-1801  
Res. 505/622-5257  
116 West First  
Roswell, New Mexico 88201



RECEIVED  
JUL 21 1997

July 15, 1997

VIA FACSIMILE 817-538-4844  
AND CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Walsh & Watts, Inc.  
500 W. Seventh, Suite 1007  
Ft. Worth, TX 76102-4782

Attention: F. Howard Walsh, Jr.

Re: Application of David Petroleum Corp.  
for Unorthodox Location,  
Strawn Test Well  
Lea County, New Mexico

Dear Mr. Walsh:

This letter is to advise you that David Petroleum Corp. (DPC) has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location of a Strawn test well which David proposes to drill 1250' from the south line and 1200 feet from the east line of Section 36: T-16-S, R-37-E, NMPM, Lea County, NM.

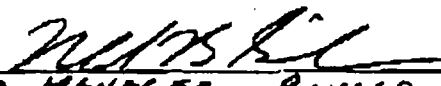
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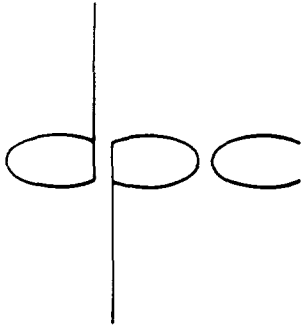
Sincerely,  
  
Bill Owen  
Land Manager

cc: William F. Carr  
Attorney for DPC

**WAIVER OF OBJECTION:**  
**WALSH & WATTS, INC.**

By   
Title MANAGER, RONALD B. SNIDER  
Date 8/4/97

DAVID PETROLEUM CORP.  
EDWARD K. DAVID, PRESIDENT  
Certified Petroleum Geologist  
OIL: 505/622-8850  
Fax: 505/622-1881  
Res: 505/622-5267  
118 West First  
Roswell, New Mexico 88201



July 15, 1997

**VIA FACSIMILE 915-682-0534**  
**AND CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Ms. Rachel Lyman  
P. O. Box 3726  
Midland, TX 79702-3726

Re: Application of David Petroleum Corp.  
for Unorthodox Location,  
Strawn Test Well  
Lea County, New Mexico

Dear Ms. Lyman:

This letter is to advise you that David Petroleum Corp. (DPC) has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location of a Strawn test well which David proposes to drill 1250' from the south line and 1200 feet from the east line of Section 36: T-16-S, R-37-E, NMPM, Lea County, NM.

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Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 pm on the Friday before a scheduled hearing.

Sincerely,  
  
Bill Owen  
Land Manager

cc: William F. Carr  
Attorney for DPC

**WAIVER OF OBJECTION:**

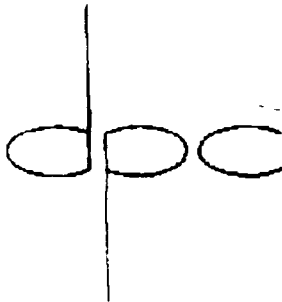
BY

  
Rachel Lyman

Date

7/16/97

**DAVID PETROLEUM CORP.**  
EDWARD K. DAVID, PRESIDENT  
Certified Petroleum Geologist  
Off. 505/622-8850  
Fax: 505/623-1801  
Res. 505/622-5267  
116 West First  
Roswell, New Mexico 88201



July 15, 1997

VIA FACSIMILE 817-338-4844  
AND CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Howard Walsh, Jr.  
500 W. Seventh, Suite 1007  
Ft. Worth, TX 76102-4782

Re: Application of David Petroleum Corp.  
for Unorthodox Location,  
Strawn Test Well  
Lea County, New Mexico

Dear Mr. Walsh:

This letter is to advise you that David Petroleum Corp. (DPC) has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving an unorthodox location of a Strawn test well which David proposes to drill 1250' from the south line and 1200 feet from the east line of Section 36: T-16-S, R-37-E, NMPM, Lea County, NM.

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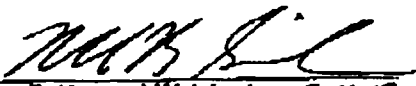
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Sincerely,

  
Bill Owen  
Land Manager

cc: William F. Carr  
Attorney for DPC

**WAIVER OF OBJECTION:**

By   
F. Howard Walsh, Jr. BY: RONALD B. SNIDER

Date 8/4/97

DAVID PETROLEUM CORP.  
EDWARD K. DAVID, PRESIDENT  
Certified Petroleum Geologist  
Off. 505/622-8850  
Fax 505/623-1001  
Res. 505/622-5267  
115 West First  
Roswell, New Mexico 88201

(DATE)

**DRAFT ADMINISTRATIVE ORDER**

David Petroleum Corp.  
116 West First  
Roswell, New Mexico 88201

Attention: Bill Owen

*Administrative Order NSL-\_\_\_\_\_*

Dear Mr. Owen:

Reference is made to your application dated August 18, 1997 for an unorthodox well location for the Shipp-Strawn Pool for the proposed Conoco State Well No. 1. Said well to be drilled 1250 feet from the South line and 1200 feet from the East line (Unit P) of Section 36, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.

A standard 80-acre oil spacing and proration unit in the Shipp-Strawn Pool comprising the E/2 SE/4 of said Section 36 is to be dedicated to the well.

By authority granted me under the provisions Rule 104.F(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 New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox oil well location is hereby approved.

Sincerely,

William J. LeMay  
Director

cc: Oil Conservation Division - Hobbs  
U. S. Bureau of Land Management - Carlsbad