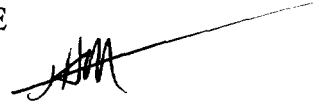


March 19, 1991

VIA FEDERAL EXPRESS

Oil Conservation Division  
Hobbs District Office  
1000 W. Broadway  
Hobbs, NM 88240

Re: REQUEST FOR DISCOVERY ALLOWABLE  
Geronimo Federal Well No. 1  
Geronimo-Delaware Pool  
Lea County, New Mexico



Gentlemen:



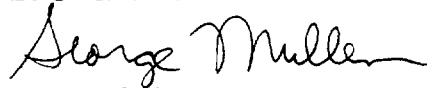
Mitchell Energy Corporation is hereby requesting that we be granted a discovery allowable for our Geronimo Federal Well No. 1 which is included in the Geronimo-Delaware Pool. To aid you in processing this request, I have enclosed the following information:

- Form C-109 (2 originals)
- Compensated Neutron-Litho Density Log (2 copies)
- Lease/production Map (2 originals)
- Structure Map (2 originals)
- Cross-Section A-A' (2 originals)
- Certificate of Service

Should you require additional information or if I can be any further help, kindly advise.

Very truly yours,

MITCHELL ENERGY CORPORATION

  
George Mullen  
Regulatory Affairs Specialist

GM:mtb  
3GFEDERLLT

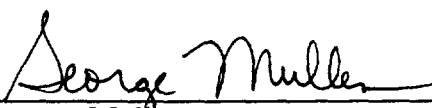
cc: Oil Conservation Division - Santa Fe (originals of all enc.-Certified Mail-RRR)  
Manzano Oil Corporation (Certified Mail-RRR)  
UNOCAL (Certified Mail-RRR)  
Yates Petroleum (Certified Mail-RRR)  
Grace Petroleum (Certified Mail-RRR)  
Kaiser-Francis (Certified Mail-RRR)  
H.E. Yates Company (Certified Mail-RRR)  
Wallen Production Company (Certified Mail-RRR)

enc.

MITCHELL ENERGY CORPORATION 2001 TIMBERLOCH PLACE  
P.O. BOX 4000, THE WOODLANDS, TEXAS 77387-4000 713/377-5500  
A subsidiary of Mitchell Energy & Development Corp.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of Mitchell Energy Corporation's Application for Discovery Allowable (Form C-109) for the Geronimo Federal Well No. 1 has been mailed "Certified-Return Receipt Requested" to each operator owning leases within one mile of the Geronimo Federal Well No. 1 on this 19th day of March, 1991.

  
George Mullen  
Regulatory Affairs Specialist

APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 509. If discovery is claimed for more than one zone, separate forms must be filed for each.

Operator <b>Mitchell Energy Corp</b>		Address <b>P. O. Box 4000, The Woodlands, TX 77387</b>	
Lease Name <b>Geronimo Federal</b>		Well No. <b>1</b>	County <b>Lea</b>
Well Location Unit Letter <b>D</b> ; <b>660</b> Feet from The <b>North</b> Line and <b>660</b> Feet From the <b>West</b> Line of Section <b>31</b> , Township <b>19S</b> , Range <b>33E</b> , NMPM			
Suggested Pool Names (List in order of preference) 1. <b>Geronimo</b> 2. 3.			
Name of Producing Formation <b>Delaware</b>	Perforations <b>7586-97', 7610-22', 7656-66'</b>		Date of Filing Form C-104 <b>11/16/90</b>
Was "All Inuit of Discovery" Previously Filed For This Well in this Pool? <b>Yes</b>	If Yes, Give Date of Filing <b>12/13/90</b>	Date Well was Spudded <b>10/25/89</b>	Date Compl. Ready to Prod. <b>10/30/90</b>
Total Depth <b>10,564'</b>	Plugged back Depth <b>9,220'</b>	Depth Casing Shoe <b>10,562'</b>	Tubing Depth <b>7,471'</b>
Elevation (Gr., DF, RKB, RT, etc.) <b>3595' KB</b>			
Oil Well Potential (Text to be taken only after all load oil has been recovered) <b>298</b> Bbls. Oil Per Day Based On <b>298</b> Bbls In <b>24</b> Hours; <b>317</b> Bbls Water Per Day Based On <b>317</b> Bbls In <b>24</b> Hours; Gas Production During Test: <b>160</b> MCF; Gas-Oil Ratio: <b>537</b> Method Of Producing: <b>flowing</b> Chk. Size: <b>open</b>			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name	Name of Producing Formation	Top of Pay	Bottom of Pay	Currently Producing?
<b>Gem</b>	<b>Bone Spring</b>	<b>9254</b>	<b>10,002</b>	<b>No</b>
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool <b>same wellbore</b>		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool <b>1588'</b>		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production from this pay or formation only):

Pool Name	Top of Pay	Bottom of Pay	Currently Producing?
<b>Gem</b>	<b>7906'</b>	<b>7948'</b>	<b>Yes</b>
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool <b>8050' southeast</b>			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? <b>No</b>	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County
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Is the Subject Well Multiple Completion? <b>No</b>	Is Discovery Allowable Requested for other Zone(s)? <b>No</b>	If Yes, Name all Such Formations
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LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
<b>Manzano Oil Corp</b>	<b>P. O. Box 571, Roswell, NM 88201</b>
<b>UNOCAL</b>	<b>1004 N. Big Spring, Suite 300, Midland, TX 79701</b>
<b>Yates Petroleum</b>	<b>105 S. 4th, Artesia, NM 88210</b>
<b>Grace Petroleum</b>	<b>6501 N. Broadway, Oklahoma City, OK 73116</b>
<b>Kaiser-Francis</b>	<b>P. O. Box 21468, Tulsa, OK 74136</b>
<b>H.E. Yates Company</b>	<b>P. O. Box 1933, Roswell, NM 88202</b>
<b>Wallen Production Company</b>	<b>P. O. Box 1960, Midland, TX 79701</b>

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Division of such intent in writing within ten days after receiving a copy of this application.

Remarks:  
Affidavit of Discovery filed was form C-123 requesting creation of a new pool. Application for Discovery Allowable was not made at that time. Effective March 1, 1991 the Geronimo - Delaware Pool was approved.

CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Division have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

*Dan L. Puffly*

District Engineer

3/8/91

Position

Date