

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

January 10, 1994

HAND DELIVERED

JAN 11 1994

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

10900

Re: Federal #27-2 Well
Application of H. L. Brown, Jr. to
Amend Division Order R-9935 to Approve
an Unorthodox Bottomhole Gas Well Location,
Roosevelt County, New Mexico

Dear Mr. LeMay:

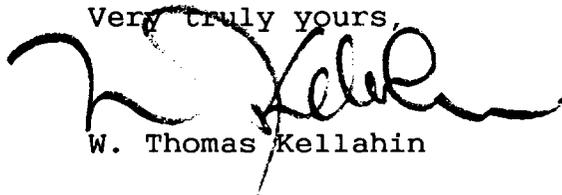
On behalf of H. L. Brown, Jr., please find enclosed our referenced application for his Federal #27-2 Well which we request be set for hearing on the next available Examiner's docket now scheduled for February 3, 1994. Also enclosed is our proposed notice for this case.

By copy of this letter and application, sent certified mail-return receipt, we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

William J. LeMay
January 10, 1994
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Pursuant to the Division's Memorandum 2-90, all interested parties are hereby informed that if they appear in the case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 pm on Friday January 28, 1994, with a copy delivered to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

cc: H. L. Brown, Jr.

JAN 11 1991

SUGGESTED NMOCD NOTIFICATION

CASE 10900 Application of H. L. Brown, Jr. to amend Division Order R-9935 to approve an unorthodox gas well location, Roosevelt County, New Mexico. Applicant seeks to amend Division Order R-9935 which authorized applicant to drill his Federal #27-2 Well at an unorthodox oil well location in the Devonian formation to now authorize applicant to produce said well from the Bluit-Wolfcamp Gas Pool, the top of said Wolfcamp formation in this well being an unorthodox gas well location of 396 feet FWL and 2618 feet FNL (Unit E) Section 27, Township 7 South, Range 37 East, NMPM, Roosevelt County, New Mexico. The W/2 of said Section 27 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 10 miles east of Milnesand, New Mexico.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF H. L. BROWN, JR. TO AMEND DIVISION
ORDER R-9935 TO APPROVE AN UNORTHODOX
BOTTOMHOLE GAS WELL LOCATION,
ROOSEVELT COUNTY, NEW MEXICO

JAN 11 1991

CASE: 10900

A P P L I C A T I O N

Comes now H. L. BROWN, JR., by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division to amend Division Order R-9935 which authorized applicant to drill his Federal #27-2 Well at an unorthodox oil well location in the Devonian formation to now authorize applicant to produce said well from the Bluit-Wolfcamp Gas Pool, the top of said Wolfcamp formation in this well being at an unorthodox subsurface gas well location of 396 feet FWL and 2618 feet FNL (Unit E) Section 27, Township 7 South, Range 37 East, NMPM, Roosevelt County, New Mexico. The W/2 of said Section 27 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 10 miles east of Milnesand, New Mexico.

In support thereof, Applicant states:

1. The Applicant, H. L. Brown, Jr., has the right to drill and operate the W/2 of Section 27, T7S, R37E, NMPM, Roosevelt County, New Mexico.

2. On August 9, 1993, the Division issued Order R-9935 which authorized the Applicant to drill his Federal #27-2 Well at an unorthodox oil well location 330 feet FWL and 2590 feet FSL of said Section 27 and to dedicate the N/2SW/4 of said Section 27 as a standard 80-acre oil spacing and proration unit for production from the North Bluitt Siluro-Devonian Pool.

3. Applicant drilled his Federal #27-2 Well and tested the North Bluitt Siluro-Devonian Pool but was unable to establish economic production in that pool.

4. Applicant recompleted his Federal #27-2 Well to the Bluitt-Wolfcamp Gas Pool and desires to amend Order R-9935 to authorize production from said Wolfcamp formation at an unorthodox location. See Exhibit "A."

5. A directional survey for the Federal #27-2 Well has established that the top of the Wolfcamp formation is at a location 396 feet FWL and 2618 feet FNL of said Section 27 which is an unorthodox gas well location. See Exhibit "B"

7. Approval of the unorthodox well location will provide an opportunity to maximize gas recovery from the Wolfcamp formation thereby recovering gas that otherwise might be left unrecovered.

8. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of any hydrocarbons in the pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

9. The subject well and its proposed spacing unit and all offsetting spacing units towards which the subject well encroaches are owned by the same working interest owners.

10. Pursuant to Division notice rules, a copy of this application is being sent to all interested parties.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

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BY

W. Thomas Kellahin

P. O. Box 2265

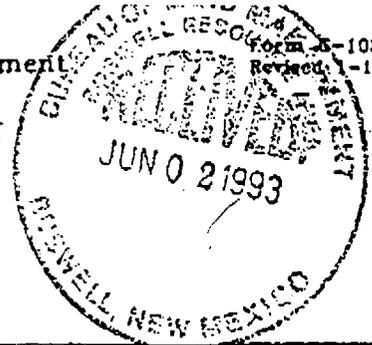
Santa Fe, New Mexico 87504

(505) 982-4285

ATTORNEY FOR APPLICANT

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 Lease - 4 copies
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State of New Mexico
 Energy, Minerals and Natural Resources Department



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

TRACT I
 Box 1980, Hobbs, NM 88240

TRACT II
 Drawer DD, Artesia, NM 88210

TRACT III
 Rio Brazos Rd., Asteo, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator H.L. BROWN, JR.			Lease FEDERAL 27		Well No. 2
Letter L	Section 27	Township 7 SOUTH	Range 37 EAST	County NMPM	Roosevelt
Footage Location of Well:					
2590 feet from the SOUTH line and		330 feet from the WEST line		Dedicated Acreage: 320 Acres	
and Level Elev. 4054.7'		Pool Wolfcamp Siluro-Devonian 12/30/93		320 88 Acres	

Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of form necessary.)

Allowable will be assigned to the well unit all interests have been consolidated (by communization, unitization, forced-pooling, service) or until a non-standard unit, eliminating such interest, has been approved by the Division.

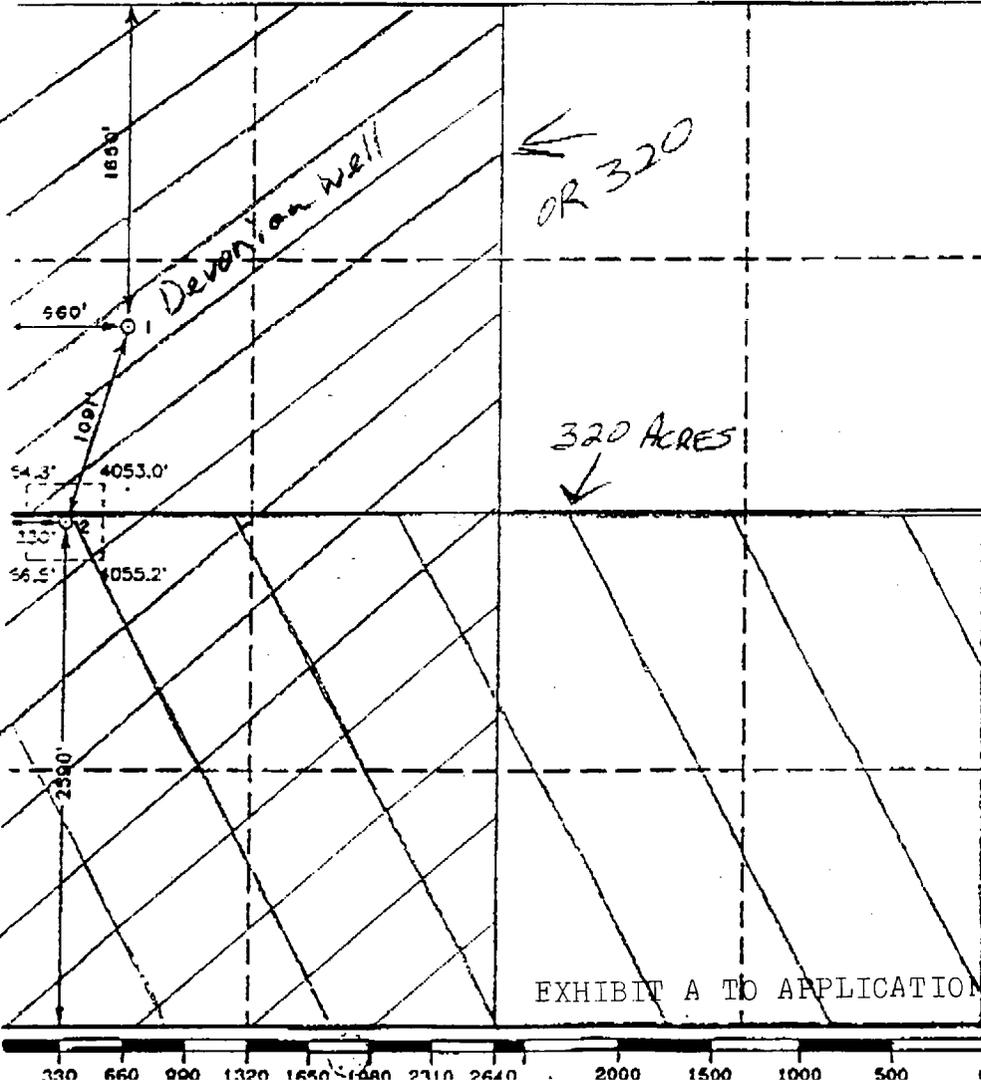


EXHIBIT A TO APPLICATION

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
John T. Gray

Printed Name
 John T. Gray

Position
 Production Engineer

Company
 H. L. Brown, Jr.

Date
 May-28, 1993

SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed
 MAY 22, 1993

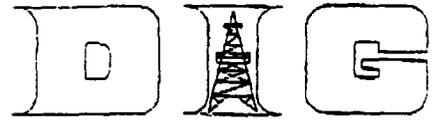
Signature & Seal
 Professional Surveyor

 G. L. JONES
 7277

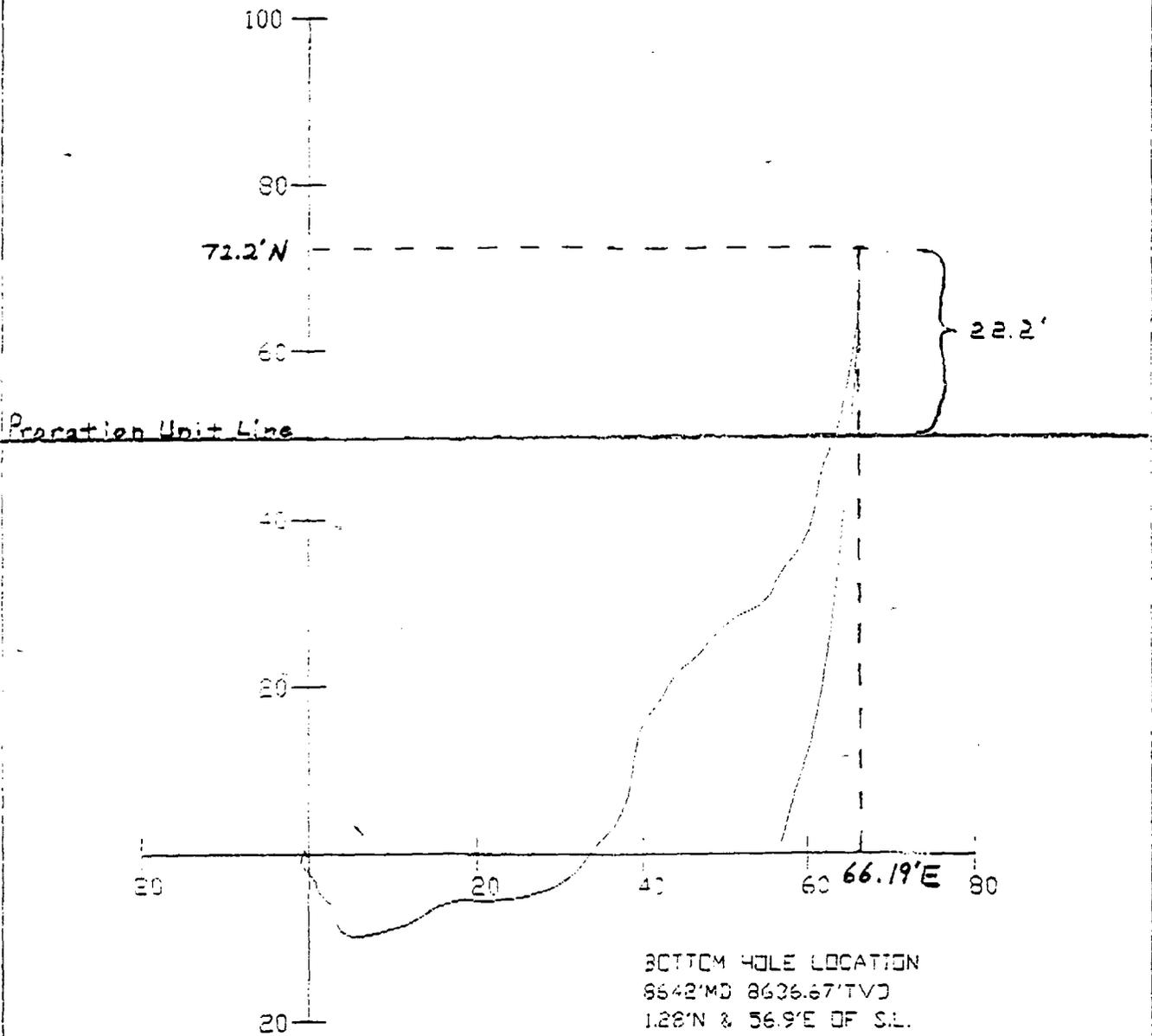
Certificate No. 676
 PROFESSIONAL LAND SURVEYOR
 3239
 GUY L. JONES, 7977

12/30/93

H.L. BROWN
FEDERAL 27 #2
ROOSEVELT COUNTY, N.M.



HORIZONTAL PLAN
SCALE: 20 FEET/DIVISION



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310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

JAN 11 1994

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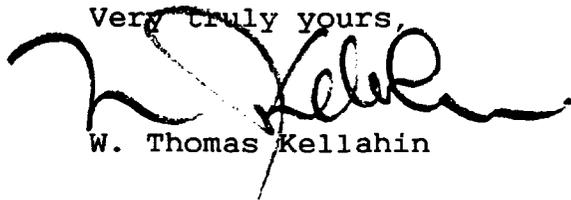
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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

JAN 1 1971

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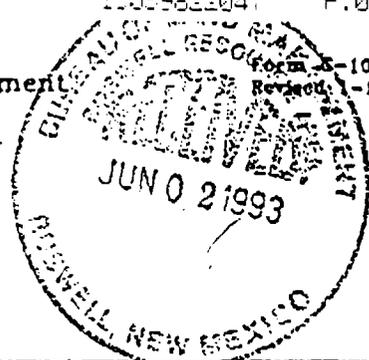
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WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator H.L. BROWN, JR.			Lease FEDERAL 27		Well No. 2
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Footage Location of Well:					
2590 feet from the SOUTH line and		330 feet from the WEST line			
Well Level Elev. 4054.7'	Producing Formation Wolfcamp 800	Pool Siluro-Devonian	Dedicated Acreage: 320 80 Acres		12/30/93

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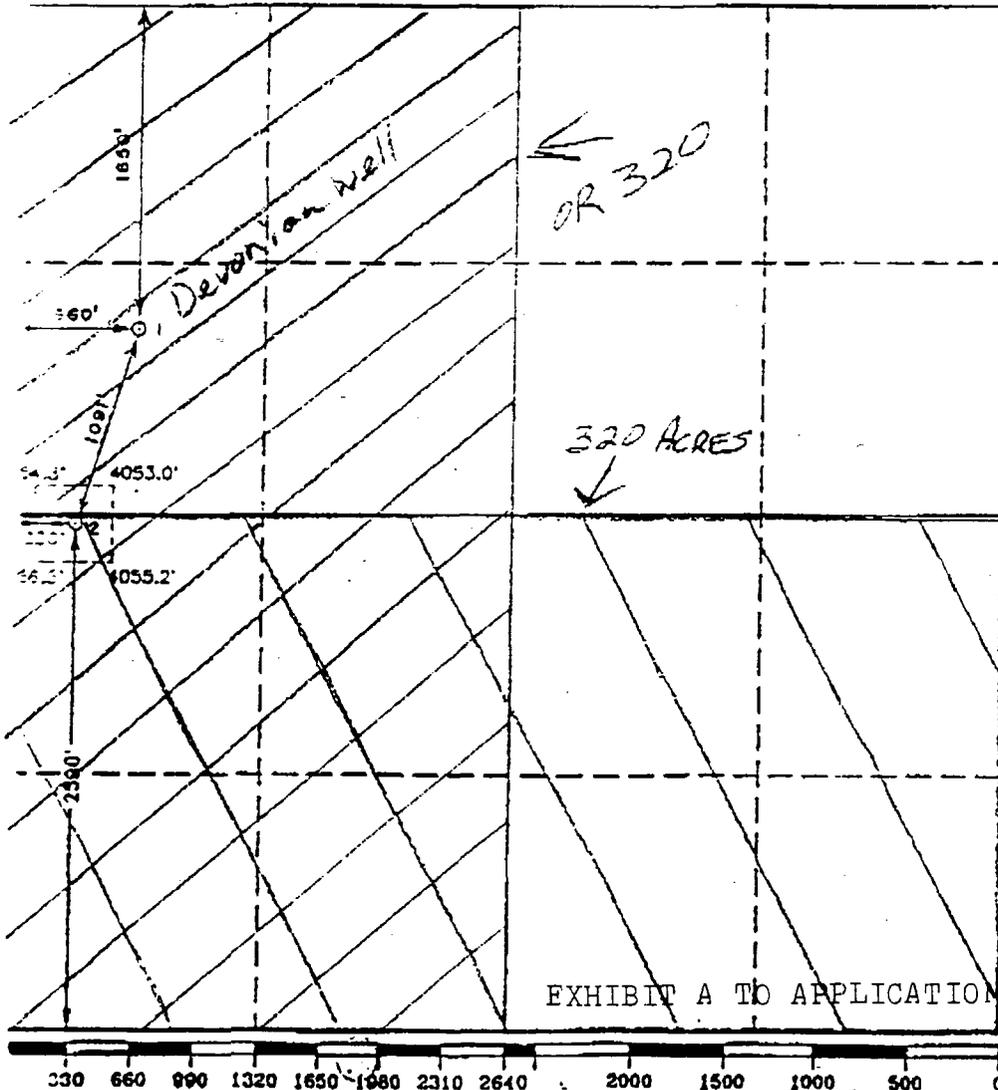


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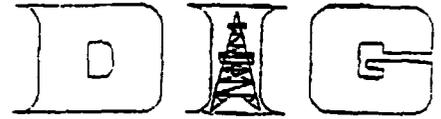
Signature: *John T. Gray*
 Printed Name: **John T. Gray**
 Position: **Production Engineer**
 Company: **H. L. Brown, Jr.**
 Date: **May 28, 1993**

SURVEYOR CERTIFICATION

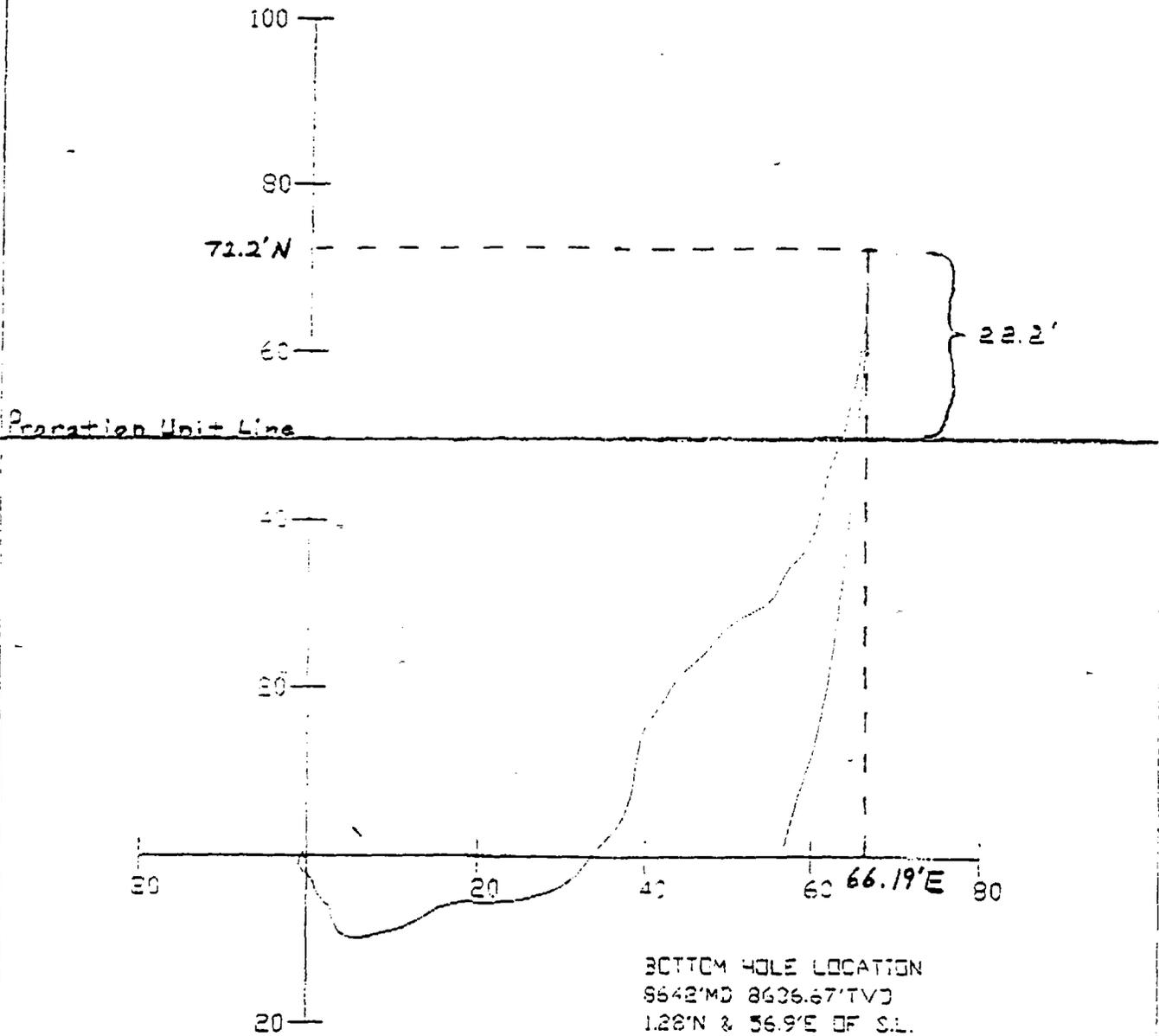
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Date Surveyed: **MAY 22, 1993**
 Signature & Seal of Professional Surveyor: *George Jones*
 Certificate No.: **676**
 State: **NEW MEXICO**
 Registration No.: **7977**
 Name: **GEORGE L. JONES**
 Title: **PROFESSIONAL SURVEYOR**

H.L. BROWN
FEDERAL 27 #2
ROOSEVELT COUNTY, N.M.



HORIZONTAL PLAN
SCALE: 20 FEET/DIVISION



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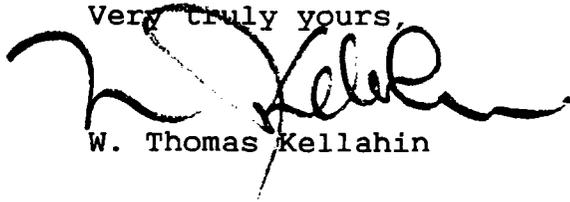
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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

JAN 1 1964

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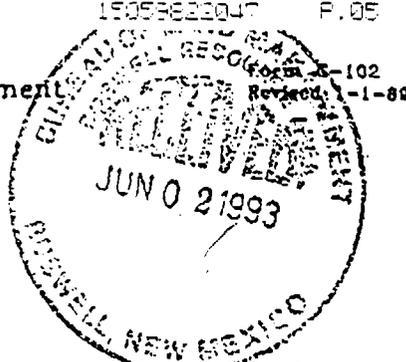
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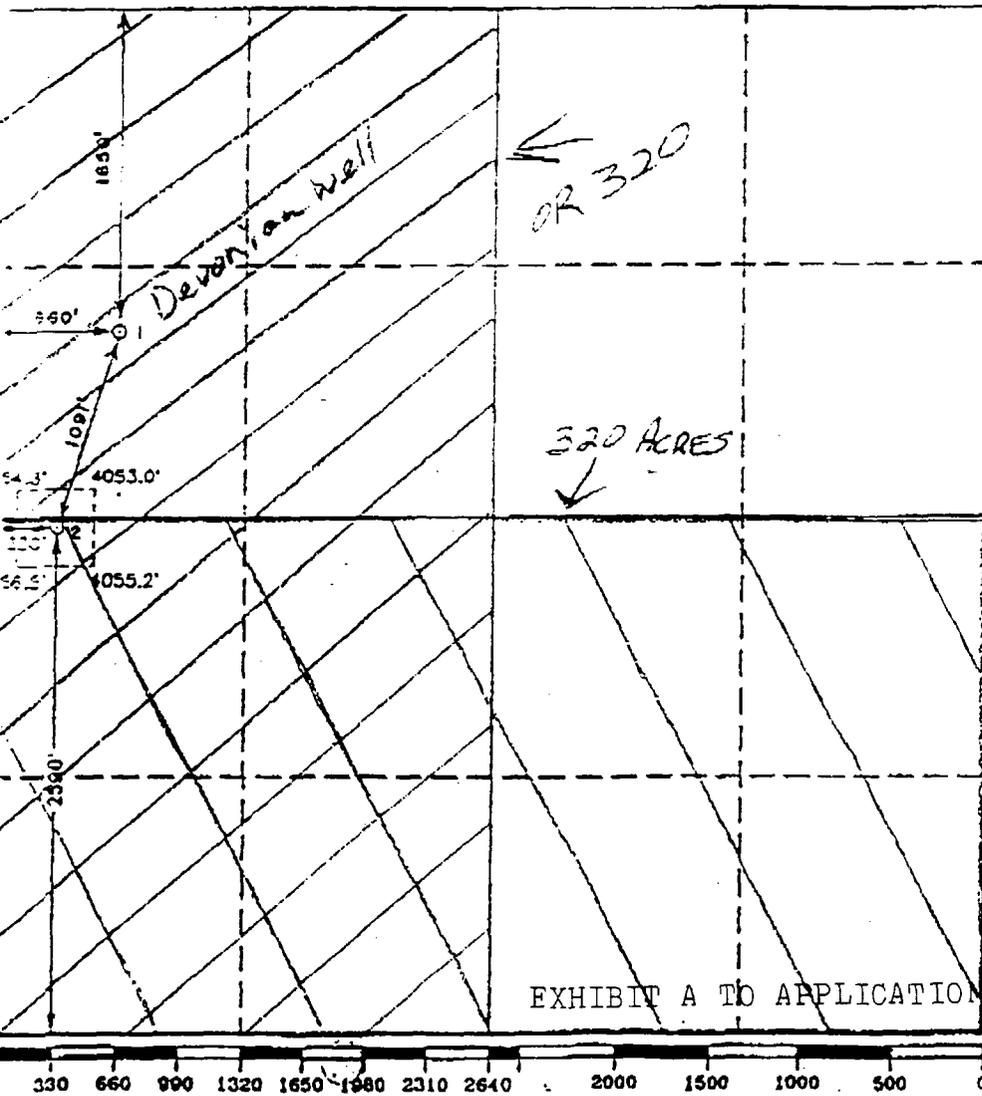
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Signature & Seal: *Robert Jones*

Professional Engineer: **ROBERT JONES**

Certificate No.: **676**

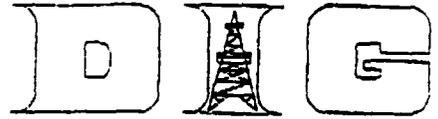
Professional Engineer: **3239**

Date: **04/11/93**

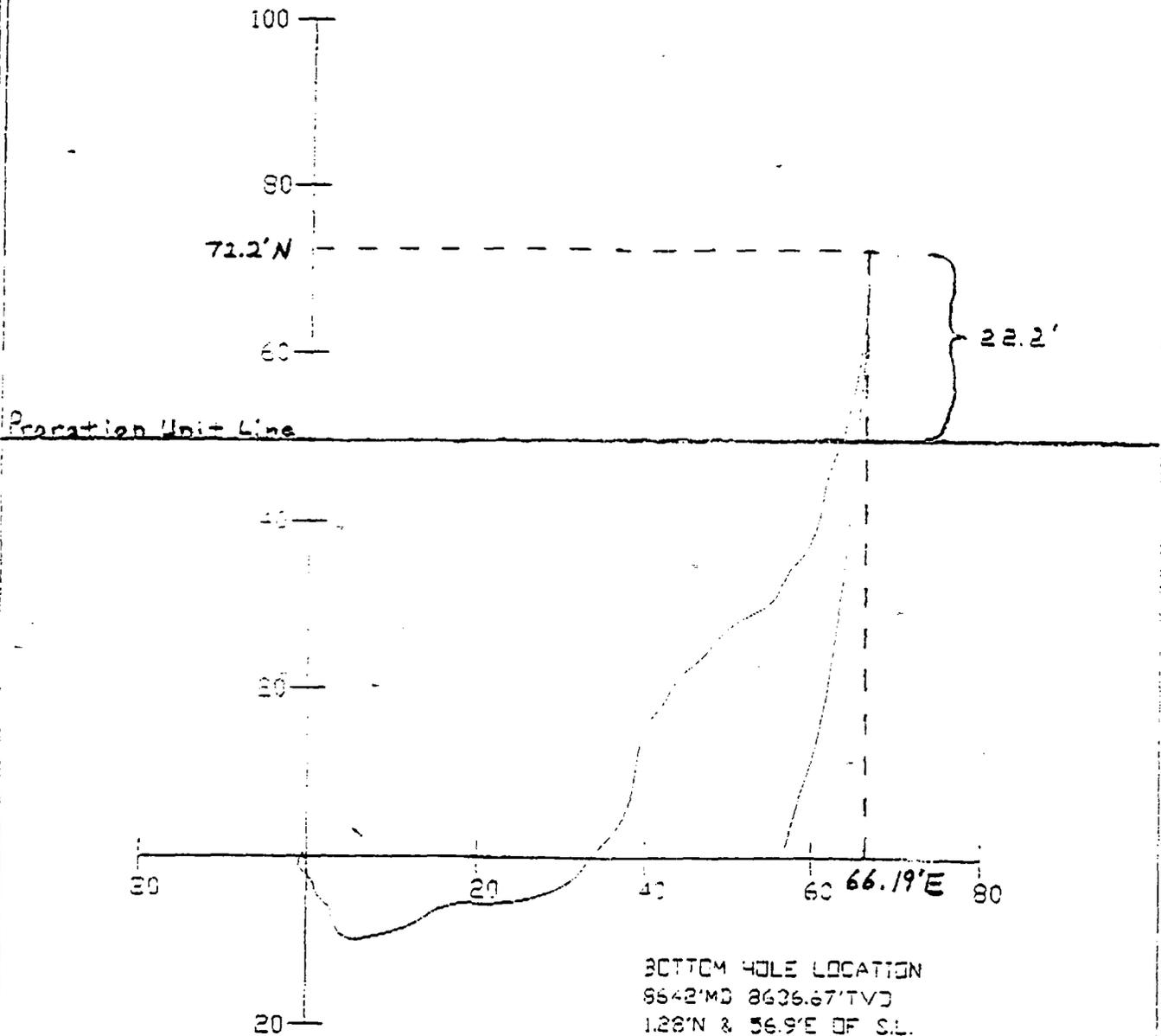
Professional Engineer: **7977**

93-11-0933

H.L. BROWN
FEDERAL 27 #2
ROOSEVELT COUNTY, N.M.



HORIZONTAL PLAN
SCALE: 20 FEET/DIVISION



BOTTOM HOLE LOCATION
8542'MD 8636.67'TVD
1.28'N & 56.9'E OF S.L.

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 3, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 6-94 and 7-94 are tentatively set for February 17, 1994 and March 3, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 10812: (Continued from January 20, 1994, Examiner Hearing.)

Application of Giant Exploration & Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located near the Huerfano Boarding School.

CASE 10888: (Continued from January 20, 1994, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for compulsory pooling and a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin Dakota Pool underlying Lots 1 through 8 (N/2 equivalent) of Section 24, Township 27 North, Range 7 West, being a non-standard 352.07 acre gas spacing and proration unit presently dedicated to a well located 1720 feet from the North line and 1000 feet from the East line (Unit H) of said Section 24. The applicant proposes to drill an infill well at a standard gas well location in Lot 3 (NE/4 NW/4 equivalent) of said Section 24 in which said unit is also to be simultaneously dedicated. Also to be considered will be the cost of drilling and completing said infill well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said infill well. Said area is located approximately 20 miles southeast by east of Blanco, New Mexico.

CASE 10892: Application of Matador Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NW/4 SW/4 or in the alternative, the N/2 SW/4 of Section 5, Township 17 South, Range 37 East, forming either a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Lovington-Drinkard Pool, OR IN THE ALTERNATIVE a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the West Knowles-Drinkard Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard oil well location in Unit L of said Section 5. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 6 miles southeast of Lovington, New Mexico.

CASE 10909: Application of H. L. Brown, Jr. to amend Division Order No. R-9935 to approve an unorthodox gas well location, Roosevelt County, New Mexico. Applicant seeks to amend Division Order No. R-9935, which authorized applicant to drill his Federal #27-2 Well at an unorthodox oil well location in the Devonian formation, to now authorize applicant to produce said well from the Bluit-Wolfcamp Gas Pool, the top of said Wolfcamp formation in this well being an unorthodox gas well location of 2618 feet from the North line and 396 feet from the West line (Unit E), Section 27, Township 7 South, Range 37 East. The W/2 of said Section 27 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 10 miles east of Milnesand, New Mexico.

CASE 10894: (Continued from January 20, 1994, Examiner Hearing.)

Application of Exxon Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant seeks the formation of an 80-acre non-standard gas proration unit comprising the NW/4 NE/4 (Unit B) of Section 34 and the SW/4 SE/4 (Unit O) of Section 27, Township 21 South, Range 37 East, Blinebry Oil and Gas Pool, to be dedicated to its F. F. Hardison "B" Well No. 4 located 660 feet from the North line and 1980 feet from the East line of said Section 34. Said well currently has a 40-acre non-standard gas proration unit authorized by Administrative Order No. NSP-1618. Said unit is located approximately in Eunice, New Mexico.

CASE 10895: (Continued from January 20, 1994, Examiner Hearing.)

Application of Exxon Corporation for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant seeks the formation of a 120-acre non-standard gas proration unit comprising the NW/4 SE/4 (Unit J), the NE/4 SE/4 (Unit I), and the SE/4 SE/4 (Unit P) of Section 27, Township 21 South, Range 37 East, Blinebry Oil and Gas Pool, to be simultaneously dedicated to its F. F. Hardison Well No. 7 located 660 feet from the South and East lines and Well No. 8 located 1980 feet from the South line and 660 feet from the East line, both in said Section 27. Said wells currently have a 120-acre non-standard gas proration unit and simultaneous dedication authorized by Administrative Order No. NSP-1482(SD). Said unit is located approximately in Eunice, New Mexico.

CASE 10886: (Continued from January 20, 1994, Examiner Hearing.)

Application of Exxon Corporation for acreage reorientation and for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to reorient the existing acreage currently dedicated in the Blinebry Gas Pool to its New Mexico "S" State Well No. 12, being the 79.50 acres comprising Lots 1 and 2 (N/2 NE/4 equivalent) of Section 2, Township 22 South, Range 37 East, and its New Mexico "S" State Well No. 14, being the 39.78 acres comprising Lot 3 (NE/4 NW/4 equivalent) of said Section 2, both non-standard units previously approved by Division Administrative Orders NSP-954-A and NSP-1599, respectively. The applicant now proposes to combine Lots 2 and 3 (the NW/4 NE/4 and NE/4 NW/4 equivalents) of said Section 2 to form a non-standard 79.52-acre gas spacing and proration unit in the Blinebry Gas Pool for the No. 14 well located at a standard gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 2 and to dedicate the remaining 39.74 acres comprising Lot 1 (NE/4 NE/4 equivalent) to the No. 12 located 660 feet from the North and East lines (Unit A) of said Section 2. This acreage is located approximately two miles east southeast of Eunice, New Mexico.

CASE 10901: **Application of Amoco Production Company for surface injection pressure increase, Lea County, New Mexico.** Applicant seeks authority to inject water into its South Hobbs Grayburg San Andres Unit Well Nos. 8, 10, 25, 26, 113 and 114, all located in Section 6, Township 19 South, Range 38 East, NMPM, South Hobbs Grayburg-San Andres Unit Pressure Maintenance Project, Lea County, New Mexico, at a surface injection pressure which exceeds formation fracture pressure. Said wells are located at Hobbs, New Mexico.

CASE 10902: **Application of Amoco Production Company for a high angle/horizontal directional drilling pilot project area and special operating rules therefor, San Juan County, New Mexico.** Applicant seeks authority to institute a horizontal directional drilling project in the Blanco-Mesaverde Pool in the S/2 of Section 27, Township 32 North, Range 11 West. Applicant proposes to reenter its Van Hook L.S. Well No. 1 at a surface location 800 feet from the South line and 1090 feet from the West line (Unit M); kicking off from vertical, build angle a medium radius curve and continue drilling in said pool. Applicant further seeks special rules and provisions within the project area including authorization to cross quarter and quarter-quarter section lines and the designation of a prescribed area for the wellbore limiting the horizontal displacement of any drainhole to within 790 feet of the boundary of the project area. Said project area is located approximately 4.5 miles west by northwest of Cedar Hill.

CASE 10903: **Application of Marbob Energy Corporation for abolishment of the Grayburg-Paddock Pool and extension of the vertical limits of the Grayburg-Jackson Pool, Eddy County, New Mexico.** Applicant seeks an order abolishing the Grayburg-Paddock Pool located in portions of Section 18, Township 17 South, Range 30 East, and extending the vertical limits of the Grayburg-Jackson Pool to include the Glorieta Yeso (Paddock) formation under the Unit Area which is located in portions of Township 17 South, Ranges 29 and 30 East. The Burch Keely Unit Area is located 2 miles west of Loco Hills, New Mexico.

CASE 10904: **Application of Marbob Energy Corporation for authorization of unorthodox well locations within its Burch Keely Unit, Eddy County, New Mexico.** Applicant seeks authority to drill producing wells at unorthodox locations within its Burch Keely Unit located in portions of Township 17 South, Ranges 29 and 30 East, provided said locations shall be no closer than 330 feet to the outer boundary of the Unit Area nor closer than 25 feet to any quarter section line or quarter-quarter section line. Said unit area is located 2 miles west of Loco Hills, New Mexico.

CASE 10898: (Continued from January 20, 1994, Examiner Hearing.)

Application of Yates Petroleum Corporation for pool creation and the promulgation of special pool rules, Eddy County, New Mexico. Applicant seeks the creation of a new pool for the production of oil from the Wolfcamp formation underlying the NW/4 of Section 34, Township 18 South, Range 25 East and for the promulgation of special rules and regulations therefor including provisions for 160-acre oil spacing and proration units, designated well location requirements and a limit on the number of wells in a single proration unit. The proposed pool boundary is located approximately 5 1/2 miles west-southwest of Dayton, New Mexico.