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|---|---|---|--|--|
| <p>Mins RN Ainsworth, (S)</p> | <p>Tennessee Gas 2 St Sunray MC DIA 212 61 State</p> | <p>Vera McClung, et al Jim Bilbrey, etal RN Ainsworth all sec.</p> | <p>Mary Hayes M.I. J.C. Ainsworth, et al</p> | <p>J.D. Weaver L.F. Opperman 77122 5499</p> |
| <p>ynberg 1-95 1771</p> | <p>F.J. Schlicher, et al 4-1-98 70906 H.L. Brown (92235)</p> | <p>H.L. Brown, Jr 5-10-91 R.G. Barton, Jr C.R. Smith RN Ainsworth, (S)</p> | <p>F.J. Schlicher, etal. L.E. Opperman 77122 5499</p> | <p>Low Partners 4-1-95 83626 41300 L.C. Harr 8-1-9 62249</p> |
| <p>U.S. RN Ainsworth (S) L Luning 7-1-95 66718 RN Ainsworth (S)</p> | <p>L.L. Opperman 9-1-93 77122 5499 U.S. RN Ainsworth, (S)</p> | <p>F.J. Schlicher, et al. 1-6-91 Richard Griffith, 9/32 MI. Fina Karl Cox (S)</p> | <p>F.J. Schlicher, et al. 4-18-93 4-7-93 3-4-91 H.L. Brown, Jr. 5-16-91 3-1-91 8-2-92 Betty Hawkins, et al RN Ainsworth</p> | <p>H.L. Brown, Jr 8-1-95 62249 U.S. RN Ainsworth</p> |
| <p>Felmont HBP 021097 HA Lacik</p> | <p>H.L. Brown, Jr. 1-88 33285 H.L. Brown Fed. H.L. Brown, Jr. 54450</p> | <p>H.L. Brown, Jr. 8-1-95 5-1-A 62249 H.L. Brown, Jr. 544-19 H.L. Brown, Jr. 544-19</p> | <p>H.L. Brown, Jr. 8-52 H.L. Brown, Jr. 8-52</p> | <p>H.L. Brown HBP 12852 U.S. J.D. Weaver</p> |
| <p>Felmont HBP 021097 S. Perkir (S)</p> | <p>Alton Perkins U.S. "Fed."</p> | <p>Coquina C. ties - Fed H.L. Brown, Jr. CSO - Fed "Fed."</p> | <p>(Holly Ener) Molly Fed SWO "Fed." A E Perkins U.S.</p> | <p>H.L. Brown HBP 12852 Porter Earnes U.S.</p> |
| <p>WTG Exp. 2-17-69 06-5111 HBC</p> | <p>(Felmont) H.L. Brown Jr 021097</p> | <p>H.L. Brown, Jr. (Felmont) HBP 0474</p> | <p>Orest West, et al 9-1-75 0557843 H.L. Brown, Jr. etal 11BP 0474 H.L. Brown, Jr. 3-1-85 24495 1.2 Mil + FIB (H.L. Brown, Jr.) 13740 U.S. J-K Brown</p> | <p>Yates Pet., et al 9-1-93 77123 2800 Belmor th 11-5-84 9-14-84 4-13-84 RN Ains- worth Flora Christenson Belmor th 11-5-84 9-14-84 4-13-84 Joe Brown, et al Flora Christenson et al</p> |
| <p>HA Lacik HBP 021097 H.L. Brown, Jr. 28054 Shell Saunders</p> | <p>H.L. Brown, Jr. 21513 "Fed." HA Lacik (Felmont)</p> | <p>H.L. Brown, Jr. (Felmont) HBP 0474 H.L. Brown, Jr. 21513</p> | <p>23018 3.5 Mil H.L. Brown, Jr., et al "Fed." U.S.</p> | <p>Gen'l Hydrocarbon 8-3-86 J.M. A.A. Evelyn Hilliard RN Ainsworth Yates Pet., et al 8-1-92 VB-139 2344</p> |

BEFORE EXAMINER R. CATANACH
OIL CONSERVATION DIVISION
Evelyn Hilliard
RN Ainsworth
EXHIBIT 3
CASE NO. 1076
8-1-92
VB-139
2344

- | LEASE # | DESCRIPTION |
|---------------------------|--|
| 1. FEDERAL LEASE #54450 | T7S-R37E, SECTION 28: SE/4 NE/4, E/2 SE/4 ROOSEVELT COUNTY, NEW MEXICO |
| 2. FEDERAL LEASE #33285 | T7S-R37E, SECTION 28: W/2 E/2, W/2 ROOSEVELT COUNTY, NEW MEXICO |
| 3. FEDERAL LEASE #NM-5449 | T7S-R37E, SECTION 27: S/2 NW/4 AND SW/4 ROOSEVELT COUNTY, NEW MEXICO |
| 4. FEDERAL LEASE #12852 | T7S-R37E, SECTION 27: N/2 NW/4, E/2 ROOSEVELT COUNTY, NEW MEXICO |
| 5. FEDERAL LEASE #69680 | T7S-R37E, SECTION 28: NE/4 NE/4 ROOSEVELT COUNTY, NEW MEXICO |

H. L. BROWN, JR.
BLUITT "21" AREA
ROOSEVELT CO., NEW MEXICO

Exhibits 1 through 4
Complete Set

NOTE: ALL WORKING INTEREST OWNED IDENTICAL IN ALL LEASES.

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 10769
Order No. R-9935**

**APPLICATION OF H. L. BROWN FOR
AN UNORTHODOX OIL WELL LOCATION,
ROOSEVELT COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 15, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of August, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, H. L. Brown, seeks authority to drill its Federal "27" Well No. 2 at an unorthodox oil well location 2590 feet from the South line and 330 feet from the West line (Unit L) of Section 27, Township 7 South, Range 37 East, NMPM, Roosevelt County, New Mexico, to test the North Bluit Siluro-Devonian Pool.

(3) The applicant proposes to dedicate the N/2 SW/4 to the subject well forming a standard 80-acre oil spacing and proration unit for said pool.

(4) The subject well is located within one mile of the outer boundary of the North Bluit Siluro-Devonian Pool and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-8586 which require 80-acre oil spacing and proration units with wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot.

(5) In support of its application, the applicant presented geologic evidence and testimony based upon well control and geophysical data.

(6) Applicant's geologic evidence indicates that the subject reservoir is bounded on the north and south by faults. The fault located in the southern portion of the reservoir traverses the NW/4 SW/4 of Section 27 just north of a standard well location within said quarter-quarter section.

(7) The geologic evidence further indicates that a well at the proposed unorthodox location should penetrate the subject reservoir at a location safely north of the fault and at a structurally higher position above the oil-water contact in the reservoir than would be encountered by drilling at a standard well location thereon.

(8) Applicant testified that a well at the proposed location should ultimately recover approximately 150-160 MBO, and due to its up-structure location, should recover a significant amount of oil which will not otherwise be recovered by existing wells in the reservoir.

(9) The affected offset acreage to the north, being the S/2 NW/4 of Section 27, is operated by the applicant and the interest ownership between said acreage and the proposed proration unit is identical.

(10) The affected offset acreage to the west, being the SE/4 NE/4 and the E/2 SE/4 of Section 28, is operated by the applicant. The only difference in ownership between said acreage and the proposed proration unit is the overriding royalty interest.

(11) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(12) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected 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.

(13) Due to the well's close proximity to the outer boundary of the proposed proration unit, the applicant should be required to conduct an accurate wellbore survey from the surface to total depth to determine its actual position and course.

(14) Subsequent to conducting said wellbore survey, should it be determined that the well's producing interval is located in a proration unit other than the proposed proration unit, the operator should be required to meet any subsequent applicable Division requirements prior to producing the well.

(15) The applicant should submit copies of the directional survey to both the Santa Fe and Hobbs offices of the Division.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, H. L. Brown, is hereby authorized to drill its Federal "27" Well No. 2 at an unorthodox oil well location 2590 feet from the South line and 330 feet from the West line (Unit L) of Section 27, Township 7 South, Range 37 East, NMPM, North Bluit Siluro-Devonian Pool, Roosevelt County, New Mexico.

(2) The N/2 SW/4 of Section 27 shall be dedicated to the above-described well forming a standard 80-acre oil spacing and proration unit for said pool.

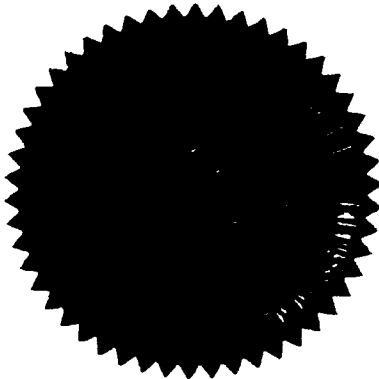
(3) Subsequent to completion of drilling operations, the applicant shall conduct an accurate wellbore survey from the surface to total depth to determine its actual position and course.

(4) Subsequent to conducting said wellbore survey, should it be determined that the well's producing interval is located in a proration unit other than the proposed proration unit, the operator shall be required to meet any subsequent applicable Division requirements prior to producing the well.

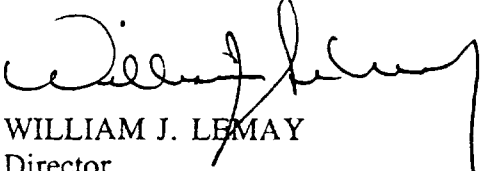
(5) The applicant shall submit copies of the directional survey to both the Santa Fe and Hobbs offices of the Division.

(6) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

MORITCO (CITIES) TURNER

H. L. BROWN, JR.
NORTH BLUITT FIELD
ROOSEVELT CO., NEW MEXICO
STRUCTURE MAP
TOP WOLFCAMP
CONTOUR INTERVAL = 50 FEET
J. W. 1-94 1"=2000'

BEFORE EXAMINER
Oil Conservation Division
Brown Exhibit No. 1
Case No. 10900

