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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

April 22, 1987

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393 6161

Samedan Oil Corporation
10 Desta Drive Suite 240 East
Midland, TX 79705

Attn: Vertis Diamond

Re: Hughes Federal #3-N
Section 17, T23S, R37E
Jalmat Gas

Gentlemen:

This will confirm conversation between your Vertis Diamond and Evelyn Downs of the OCD that the recompletion of the above-referenced well from the Langlie Mattix Pool to the Jalmat Gas Pool cannot be approved until you have obtain approval of an unorthodox location and a non-standard proration unit. Since this is a recompletion there should not be a problem.

Please make your application to Santa Fe for the above exceptions and furnish this office with a copy of your application.

Also, please submit a Form C-102, acreage dedication plat outlining the acreage to be dedicated to the Jalmat completion.

When the unorthodox location and the non-standard proration unit have been approved and the acreage dedication plat has been received, we will approve your C-104 for an allowable assignment.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Jerry Sexton

Supervisor, District I

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<i>Samedan</i>	EXHIBIT NO. <u>2</u>
CASE NO.	<u>9204</u>

ed

P.S. In view of your second conversation with Evelyn Downs the following situation may exist. If you plan to dedicate the SE/4 SW/4 and the S/2SE/4 & NE/4 SE/4 for your 160 acre proration unit the location will be ok. However, the non-standard proration unit will not all lie within one quarter section and cannot be approved administratively.

WF

SAMEDAN OIL CORPORATION
10 DESTA DRIVE
SUITE 240 EAST
MIDLAND, TEXAS 79705
(915) 688-3660

April 28, 1987

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Hughes Federal #3-N
Section 17, T-23-S,
R-37-E, Jalmat Gas,
Lea County

Samedan Oil Corporation requests approval of the recompletion of the above well from the Langlie Mattix Pool into the Jalmat Gas Pool. Acreage held requires approval of a non-standard proration unit.

Back in the 70's, Samedan turned this 160 acre lease over to Getty to be put into their Hughes Federal Queen unit. A contingency in the agreement called for Samedan to have the option to "take-over" these wells should Getty ever decide to abandon the lease. All surface and down-hole equipment would revert to Samedan, as would plugging responsibilities.

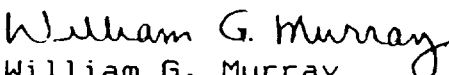
A delay in an assignment by the BLM coincided with the drop in oil prices, causing a further delay in Samedan's recompletion. On December 15th, 1986, the New Mexico Oil and Gas Conservation Commission sent correspondence indicating the above well failed a pressure annulus test. Work to return the well to production or be plugged was required to be completed by February 28th, 1987.

Samedan has successfully made repairs and recompleted the well into the Jalmat Gas Pool and at this time requests the approval of a non-standard proration unit.

All operators owning interests in the quarter section in which the non-standard proration unit is situated and which acreage is not included within the non-standard proration unit have been sent, by registered mail, copies of this request and a waiver request to be submitted directly to the New Mexico Oil Conservation Commission. A list of such operators is attached.

Should you have any questions, please contact this office.

Yours truly,


William G. Murray
Division Production
Superintendent

WGM/rk

cc: Hobbs/Oil Conservation Commission

All distances must be from the outer boundaries of the Section.

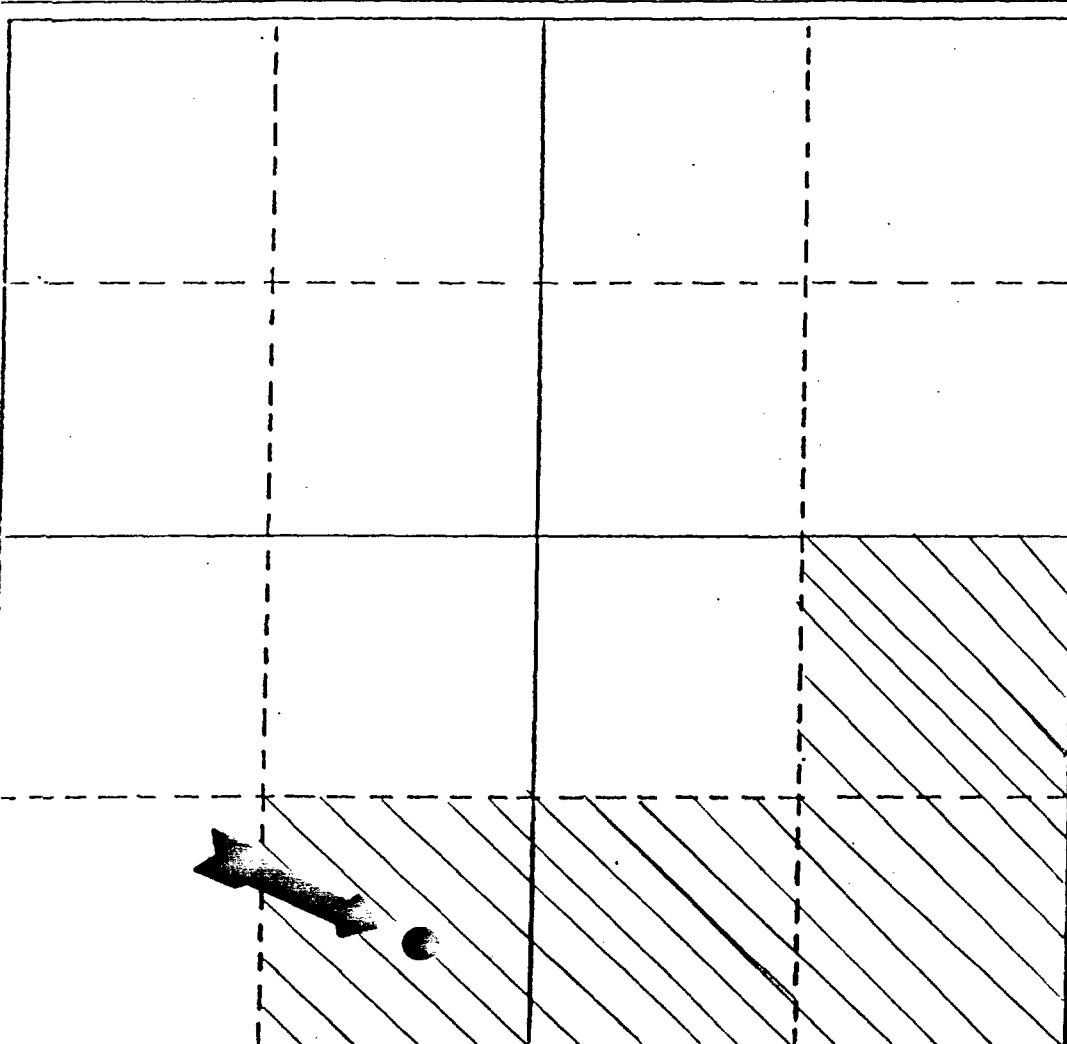
Operator Samedan Oil Corporation		Lease Hughes Federal		Well No. #3
Unit Letter N	Section 17	Township 23-S	Range 37-E	County Lea
Actual Footage Location of Well:				
660	feet from the South	line and	2080	feet from the West line
Ground Level Elev.	Producing Formation Jalmat	Pool	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

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

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

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

Vertis Diamond

Name
Vertis Diamond
Position
Division Production Clerk
Company
Samedan Oil Corporation

Date
April 27, 1987

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

Registered Professional Engineer and/or Land Surveyor

Certificate No.

Operators in S/2 of Section 17
T-23-S, R-37-E
Lea County, New Mexico

Samedan Oil Corporation
10 Desta Drive, Suite 240-East
Midland, Texas 79705

Texaco, Inc.
Box 728
Broadmoor Bldg
Hobbs, New Mexico 88240

****WAIVER****

New Mexico Oil & Gas Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Hughes Federal #3-N
Jalmat Gas
Section 17, T-23-S, R-37-E
Lea County, New Mexico

Gentlemen:

This is to advise that the undersigned has been given due notice that Samedan Oil Corporation has requested approval of a non-standard proration unit on the above well.

We hereby waive any objection to the granting of this request.

Executed this _____ day of _____, 1987

Company _____

By _____

Title _____

SAMEDAN OIL CORPORATION
10 DESTA DRIVE
SUITE 240 EAST
MIDLAND, TEXAS 79705
(915) 688-3660

April 28, 1987

Texaco, Inc.
Box 728
Broadmoor Bldg
Hobbs, New Mexico 88240

Re: Hughes Federal #3-N
Jalmat Gas Pool
Section 17, T-23-S, R-37-E
Lea County, New Mexico

Dear Sir:

Attached is a copy of a request submitted by Samedan Oil Corporation for a non-standard proration unit for the above captioned well. At your convenience, please review and if acceptable, sign the enclosed waiver.

Should you have any questions on this matter, please contact this office.

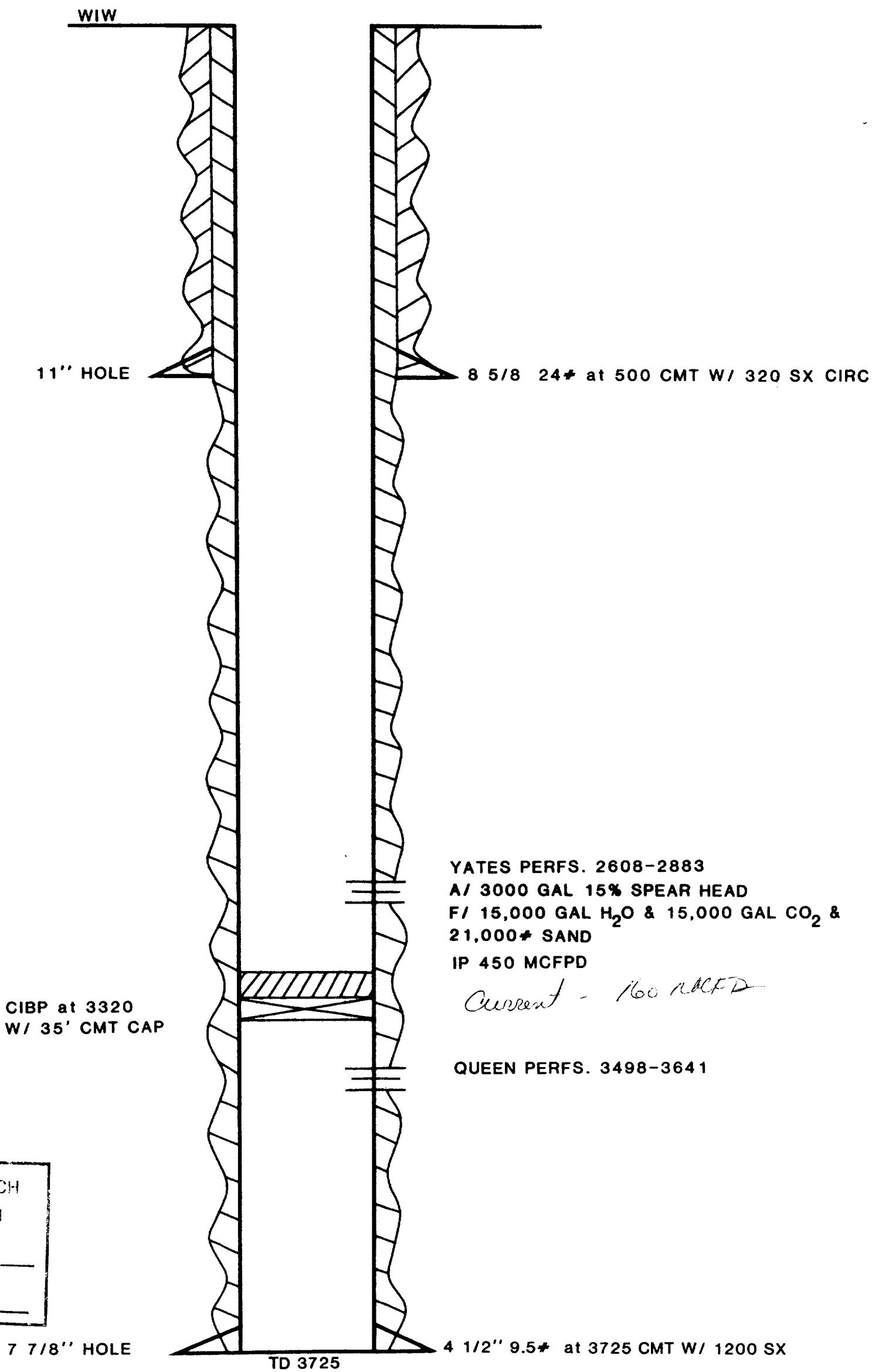
Yours truly,

William G. Murray
William G. Murray
Division Production
Superintendent

WGM/rk

SAMEDAN OIL CORPORATION
HUGHES FEDERAL #3
660 FSL & 2080 FWL
SEC. 17 T-23-S R-37-E
LEA CO., NEW MEXICO
SPUD 12-15-75

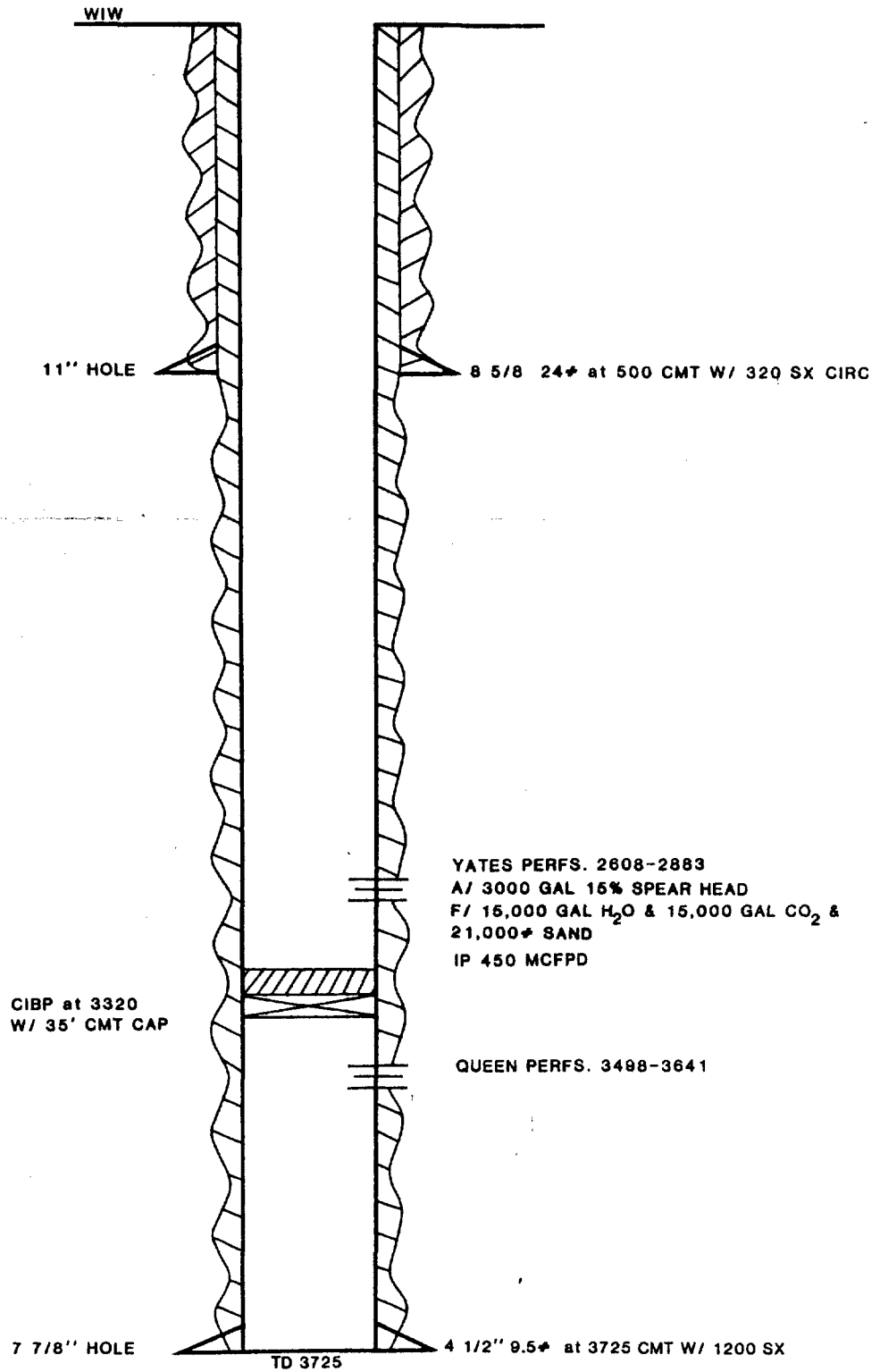
CURRENT STATUS: PRODUCING (YATES)



BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
Samedan EXHIBIT NO. 3
CASE NO. 9204

SAMEDAN OIL CORPORATION
HUGHES FEDERAL #3
660 FSL & 2080 FWL
SEC. 17 T-23-S R-37-E
LEA CO., NEW MEXICO
SPUD 12-15-75

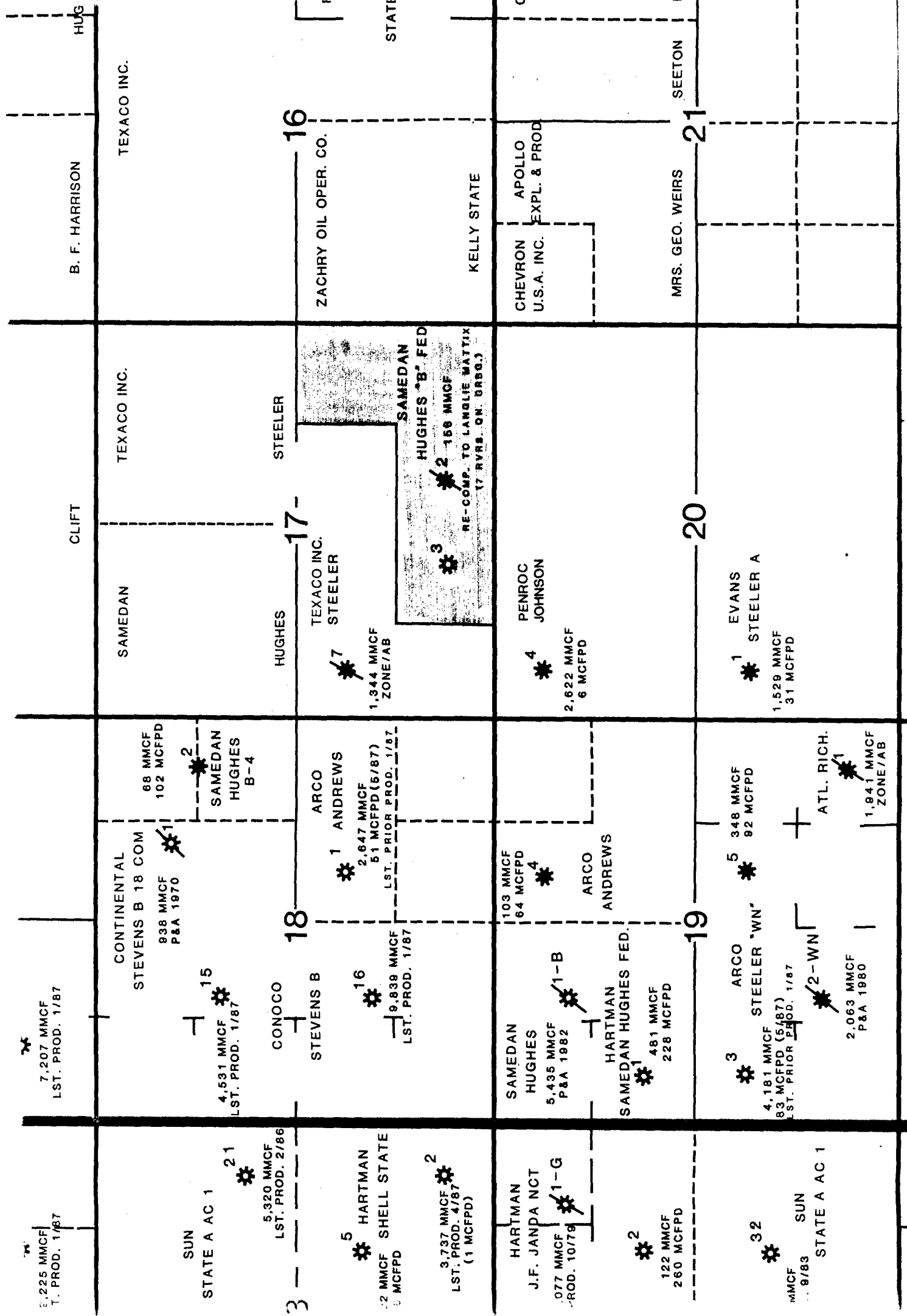
CURRENT STATUS: PRODUCING (YATES)



BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

EXHIBIT NO. _____

CASE NO: _____



BEFORE EXAMINER CATANACH
 OIL CONSERVATION DIVISION

EXHIBIT NO. _____

CASE NO. _____