



BAHLBURG EXPLORATION INC.

Post Office Box 866937 · Plano · Texas · 75086-6937 · (214) 867-2575 · Fax (214) 867-6745

Date: 3/3/95

FAX COVER SHEET

Time: _____

Please Deliver To: Mr. Bill Lemay

Company: NEW MEXICO OIL CONSERVATION DIVISION

Department/Location: SANTA FE, NEW MEXICO

Telephone No.: 505/827-7132 Fax No.: 505/827-8177

Total number of pages (including cover sheet): 12

If you do not receive the number of pages shown above, please notify the sending party promptly.

Sending party: Bill Bahlburg (214) 867-2575

Remarks: Proposed re-entry and sidetrack of the Harris No.2
NE/NE Section 12, T16S, R36E, Lea County, New Mexico

Mike - This appears to be OK but can you confirm Bill



Post Office Box 866937 • Plano • Texas • 75086-6937 • (214) 867-2575 • Fax (214) 867-6746

via facsimile
505/827-8177

March 3, 1995

Mr. William J. Lemay
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

*Verbal Approval Granted
Drill at your own risk -
Verification facts by hearing
needed after the fact.*

RE: Proposed Re-entry & Sidetrack
HARRIS NO. 2
797' FEL & 600' FNL
Section 12, T-16-S, R-36-E
Lea County, New Mexico

Case 11248

Dear Mr. Lemay:

Per instruction from Mr. Jerry Sexton in the Hobbs District Office and enclosed Forms C-101 & C-102 along with a survey plat showing offset operators, a borehole trajectory plot and executed Waivers - all related to our proposed re-entry and sidetrack drilling of the referenced well. In partnership with Middle Bay Oil Company, Inc., BEI intends to re-enter the referenced well to a depth of approx. 8500 to 8700 ft. and drill a new borehole in a northerly direction to a point 50 ft. from the north line of Section 12 at a TVD of 11,700 ft. BEI/Middle Bay own leasehold and will operate the lands identified on the enclosed plat.

The proposed BHL location will be unorthodox for both the Lovington NE. Wolfcamp Field rules (330' from 40 ac. unit boundary) and the Lovington NE. Penn. Field rules (510' from 80 ac. unit boundary). The planned sidetrack borehold will be 300' FNL at the Wolfcamp formation and 50' FNL at the Strawn formation. We have received approval from the offset operators to our leasehold through the form of written Waiver of our proposed unorthodox location (enclosed). Our research and records indicate that the mineral ownership of the N/2 NE/4 of Section 12 and the S/2 SE/4 of Section 1, T16S, R36E is identical and we feel correlative rights will be protected.

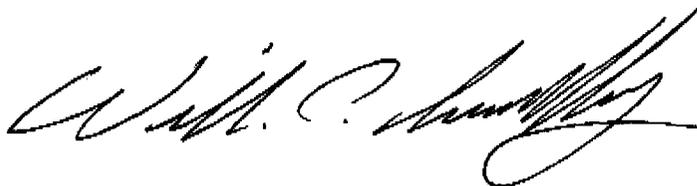
Mr. W. J. Lemay- Harris No. 2
March 3, 1995
Page 2

Due to a contractual arrangement with the drilling contractor and our partners we want to commence re-entry/drilling operations by March 15, 1995. Therefore, we respectfully request your verbal approval to begin these proposed operations subject to a formal NMOCD Application and Hearing for the Location Exception at a later date.

I will call you later today to discuss this matter following your review of the enclosed materials and information.

Very truly yours,

BAHLBURG EXPLORATION, INC.
MIDDLE BAY OIL COMPANY, INC.

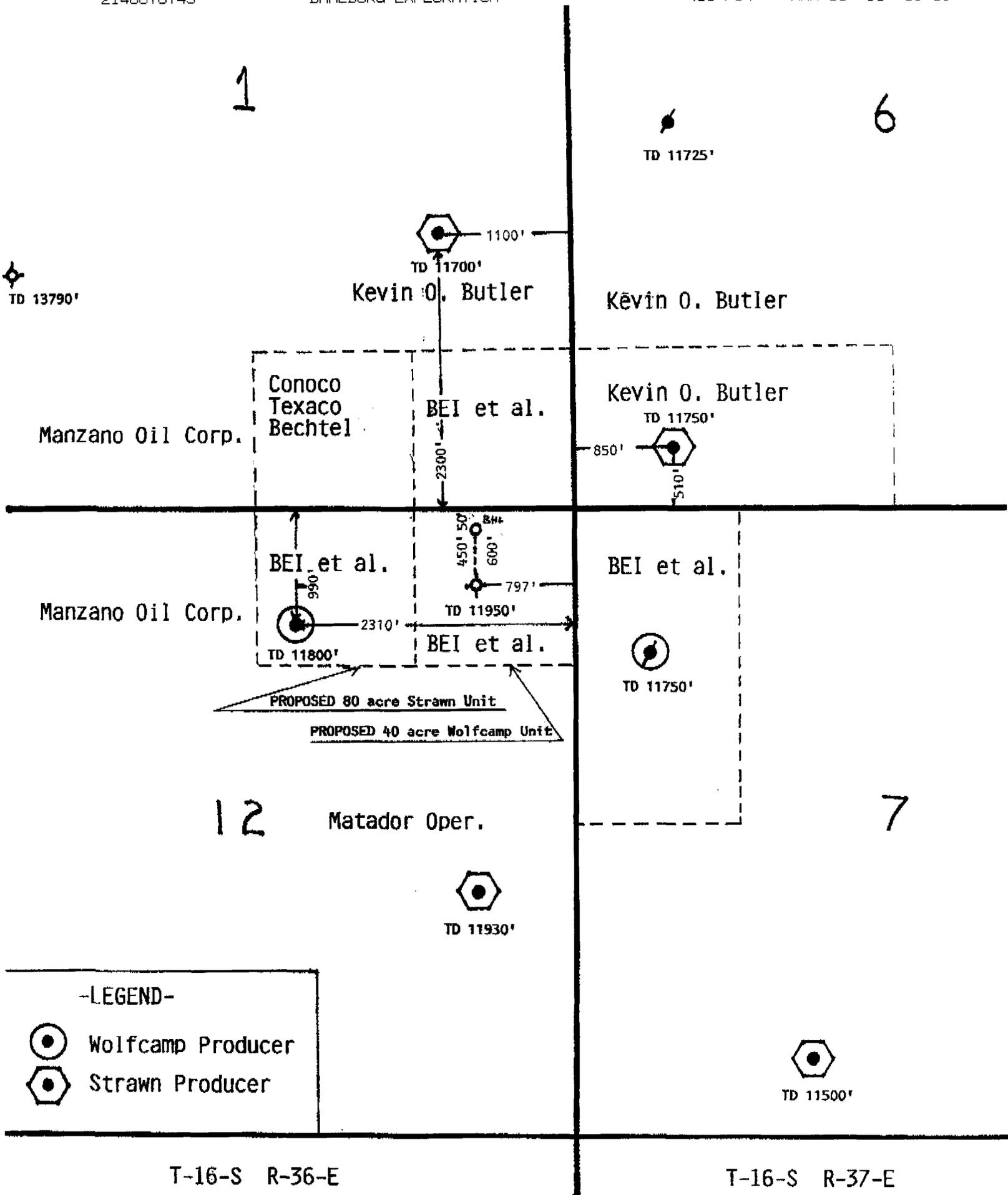


William C. Bahlburg

WCB/ks

cc: Jerry Sexton
NMOCD District I

John Bassett
Middle Bay Oil Co., Inc.



-LEGEND-

-  Wolfcamp Producer
-  Strawn Producer

T-16-S R-36-E

T-16-S R-37-E

LEA COUNTY, NEW MEXICO

BEI/MIDDLE BAY OIL COMPANY, INC.

**LOVINGTON NE. PENN FIELD
and
LOVINGTON NE. WOLFCAMP FIELD
Lea County, New Mexico**

**PROPOSED RE-ENTRY and SIDETRACK
Harris No.2 Well
NE/NE Section 12-16S-36E**

**Surface Loc: 797' FEL and 600' FNL
Proposed BHL at Wolfcamp objective: 797' FEL and 300' FNL
Proposed BHL at Strawn objective: 797' FEL and 50' FNL**

FROM : Middle Bay Oil Co.

PHONE NO. : 433 7802

Mar. 01 1995 01:53PM P1

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address: Middle Bay Oil Company, Inc. 115 S. Dearborn Street Mobile, Alabama 36602		OGRID Number
		API Number 30-025-31522
Property Code	Property Name Kim Harris	Well No. #2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	12	16S	36E		600'	North	797'	East	Lea

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	12	16S	36E		150'	North	797'	East	Lea

Proposed Pool 1 Northeast Lovington Penn	Proposed Pool 2 Northeast Lovington - Wolfcamp
---------------------------------------------	---------------------------------------------------

Work Type Code E	Well Type Code O	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 3,861.6
Multiple N	Proposed Depth 11,541	Formation Penn	Contractor Norton Drilling	Spud Date

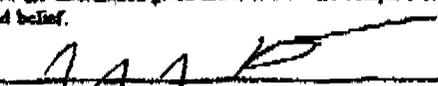
Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
Existing 17 1/2	13 3/8	54 1/2#	413	420	
Existing 11	8 5/8	28#	4,510	1,200	
Proposed 7 7/8	5 1/2	17-20#	11,600	500	600 above top pay

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Plans are to re-enter the wellbore and clean out to \pm 8,500' and set a cement plug. The hole will be kicked off in a Northerly direction building to a maximum 12 degree angle to intersect target #1 (Wolfcamp Reef) at \pm 10,500'. Angle will then drop to \pm 6 degrees to intersect target #2 (Strawn) at \pm 11,700'. Total Northerly displacement is projected to be \pm 450'. Estimated TVD will be 11,700' @ BHL.

BOP Equipment -- 11" 5000# double & 11" 5000# annular

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: 	OIL CONSERVATION DIVISION	
	Approved by:	Title:
Printed name: John J. Bassett	Approval Date:	Expiration Date:
Title: President	Conditions of Approval: Attached <input type="checkbox"/>	
Date: 2-8-95	Phone: (334) 432-7540	

FROM : Middle Bay Oil Co.

PHONE NO. : 433 7802

Mar. 01 1995 01:53PM P2

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APR Number 30-025-31522		Pool Code 40760		Pool Name Northeast Lovington Penn	
Property Code		Property Name Kim Harris			Well Number 2
OGRID No. 142072		Operator Name Middle Bay Oil Company, Inc.			Elevation 3,861-6'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
A	12	16S	36E		600'	North	797'	East	Lea

11 Bottom Hole Location if Different From Surface

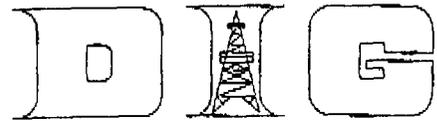
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
A	12	16S	36E		150'	North	797'	East	Lea

12 Dedicated Acres 80	13 Joint or Infill N	14 Consolidation Code 0	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature <u>John J. Bassett</u></p> <p>Printed Name President</p> <p>Title 2/8/95</p> <p>Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>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 belief.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>			
	Certificate Number			

BAHLBURG EXPLORATION
LEA COUNTY PROSPECT



VERTICAL SECTION
SCALE: 500 FEET/DIVISION

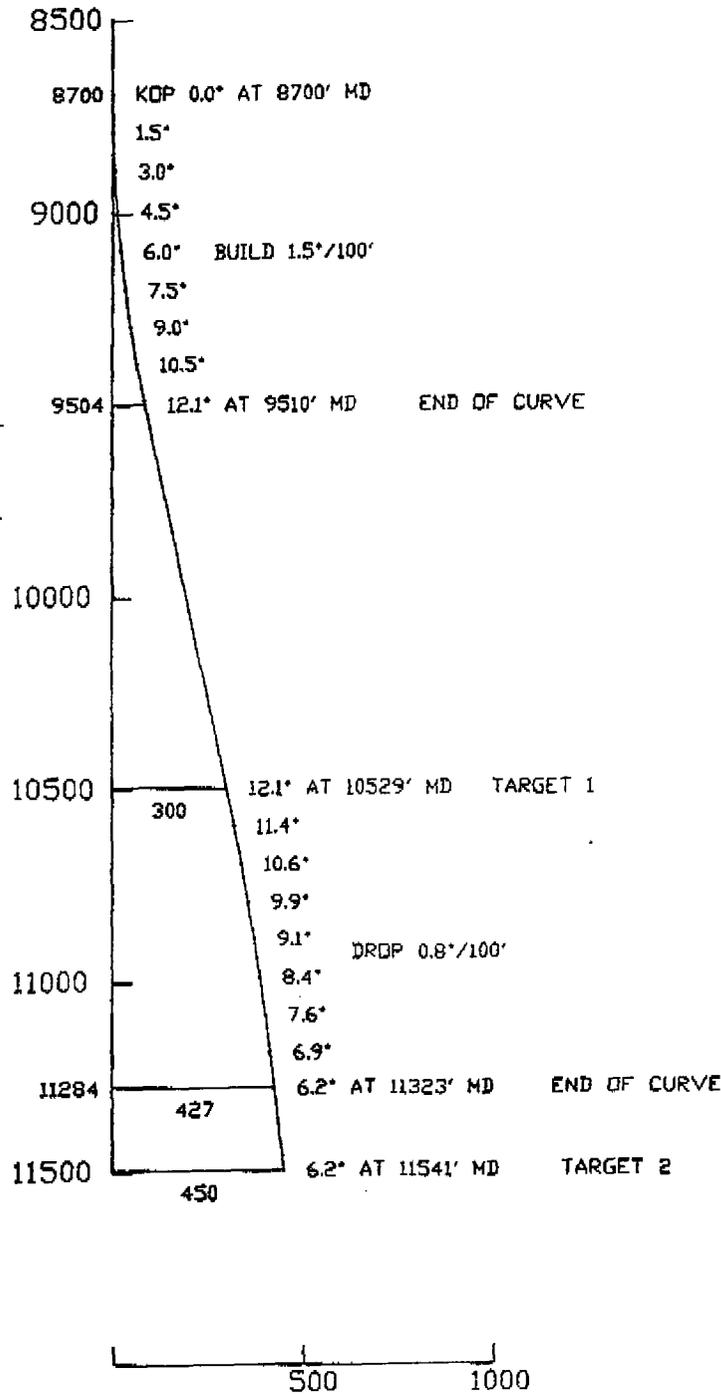


Figure 3. Planned sidetrack borehole trajectory in No.2 Harris well.

BEI

BAHLBURG EXPLORATION INC.

14875 Landmark Boulevard • Suite 216 • Dallas • Texas 75240-6713 • 214/392-0123 • FAX 214/392-0133

July 19, 1994

MATADOR OPERATING CO.
 8340 Meadow Rd., Suite 158
 Dallas, TX 75231
 Attn: Mr. Barry Osborne

RE: **WAIVER**

Unorthodox location
 Harris #2 (re-entry/sidetrack)
 600' FNL & 797' FEL
 Section 12, T16S, R37E, N.M.P.M.
 Lea County, New Mexico

Gentlemen:

Bahlburg Exploration, Inc. is seeking approval from the New Mexico Oil Conservation Division for an unorthodox well location in the NE. Lovington Penn and Wolfcamp pools and the dedication of 80 acres to the proration unit for the subject well. We intend to re-enter the subject wellbore, drill a new sidetrack borehole in a northward direction, and intersect the Strawn formation at a subsurface position approximately 150 to 200 feet from the north boundary of Section 12, T16S, R36E. As an offset operator to the subject well we respectfully request your agreement to waive your right to object or protest to the application of Bahlburg Exploration, Inc. (or its successor) seeking approval of an unorthodox wellbore location and the dedication of 80 acres to the spacing unit for the subject well.

If you agree to waive your right to object and protest to our application seeking approval for an unorthodox well location and 80 acre spacing for the subject well, please so indicate your acceptance and approval by executing this letter in the space provided below and returning one (1) copy to the undersigned at your earliest convenience.

Thank you.

Very truly yours,
 BAHLBURG EXPLORATION, INC.



William C. Bahlburg

This Waiver ACCEPTED and AGREED TO this 18 day of OCTOBER, 1994.

MATADOR OPERATING CO.

By: Title: ENGINEERING MANAGER

RECEIVED JUL 25 1994

BEI

BAHLBURG EXPLORATION INC.

14875 Landmark Boulevard • Suite 216 • Dallas • Texas 75240-6713 • 214/392-0123 • FAX 214/392-0123

July 19, 1994

KEVIN O. BUTLER
P.O. Box 1171
Midland, TX 79702

RE: WAIVER

Unorthodox location
Harris #2 (re-entry/sidetrack)
600' FNL & 797' FEL
Section 12, T16S, R37E, N.M.P.M.
Lea County, New Mexico

Gentlemen:

Bahlburg Exploration, Inc. is seeking approval from the New Mexico Oil Conservation Division for an unorthodox well location in the NE Lovington Penn and Wolfcamp pools and the dedication of 80 acres to the proration unit for the subject well. We intend to re-enter the subject wellbore, drill a new sidetrack borehole in a northward direction, and intersect the Strawn formation at a subsurface position approximately 150 to 200 feet from the north boundary of Section 12, T16S, R36E. As an offset operator to the subject well we respectfully request your agreement to waive your right to object or protest to the application of Bahlburg Exploration, Inc. (or its successor) seeking approval of an unorthodox wellbore location and the dedication of 80 acres to the spacing unit for the subject well.

If you agree to waive your right to object and protest to our application seeking approval for an unorthodox well location and 80 acre spacing for the subject well, please so indicate your acceptance and approval by executing this letter in the space provided below and returning one (1) copy to the undersigned at your earliest convenience.

Thank you.

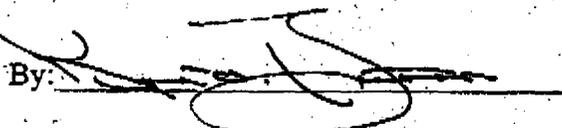
Very truly yours,
BAHLBURG EXPLORATION, INC.



William C. Bahlburg

This Waiver ACCEPTED and AGREED TO this 26 day of July, 1994.

KEVIN O. BUTLER

By: 

Title: GA

BEI

BAHLBURG EXPLORATION INC.

14875 Landmark Boulevard • Suite 216 • Dallas • Texas 75240-6713 • 214/392-0123 • FAX 214/392-0133
July 19, 1994TEXACO, INC.
P.O. Box 2100
Denver, Colorado 80237
Attn: Mr. Ron W. LanningRE: **WAIVER**Unorthodox location
Harris #2 (re-entry/sidetrack)
600' FNL & 797' FEL
Section 12, T16S, R37E, N.M.P.M.
Lea County, New Mexico

11248

Gentlemen:

Bahlburg Exploration, Inc. is seeking approval from the New Mexico Oil Conservation Division for an unorthodox well location in the NE. Lovington Penn and Wolfcamp pools and the dedication of 80 acres to the proration unit for the subject well in the Lovington Penn pool. We intend to re-enter the subject wellbore, drill a new sidetrack borehole in a northward direction, and intersect the Strawn formation at a subsurface position approximately 150 to 200 feet from the north boundary of Section 12, T16S, R36E. As an offset operator to the subject well we respectfully request your agreement to waive your right to object or protest to the application of Bahlburg Exploration, Inc. (or its successor) seeking approval of an unorthodox wellbore location and the dedication of 80 acres to the spacing unit for the subject well.

If you agree to waive your right to object and protest to our application seeking approval for an unorthodox well location and 80 acre spacing for the subject well, please so indicate your acceptance and approval by executing this letter in the space provided below and returning one (1) copy to the undersigned at your earliest convenience.

Thank you.

Very truly yours,
BAHLBURG EXPLORATION, INC.


William C. Bahlburg

This Waiver ACCEPTED and AGREED TO this 21st day of October, 1994.

TEXACO, INC.

By: James A. HeadTitle: Asset Team Manager

BEI

BAHLBURG EXPLORATION INC.

14875 Landmark Boulevard • Suite 216 • Dallas • Texas 75240-6713 • 214/392-0123 • FAX 214/392-0133

July 19, 1994

BECHTEL ENERGY PARTNERS LTD.

P.O. Box 4253

Houston, TX 77210-4253

Attn: Mr. William J. Campbell

RE: WAIVER

Unorthodox location

Harris #2 (re-entry/sidetrack)

600' FNL & 797' FEL

Section 12, T16S, R37E, N.M.P.M.

Lea County, New Mexico

Gentlemen:

Bahlburg Exploration, Inc. is seeking approval from the New Mexico Oil Conservation Division for an unorthodox well location in the NE. Lovington Penn and the dedication of 80 acres to the proration unit for the subject well. We subject wellbore, drill a new sidetrack borehole in a northward direction, a Strawn formation at a subsurface position approximately 150 to 200 feet from the north boundary of Section 12, T16S, R36E. As an offset operator to the subject well we respectfully request your agreement to waive your right to object or protest to the application of Bahlburg Exploration, Inc. (or its successor) seeking approval of an unorthodox wellbore location and the dedication of 80 acres to the spacing unit for the subject well.

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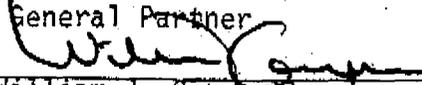
Thank you.

Very truly yours,
BAHLBURG EXPLORATION, INC.


William C. Bahlburg

This Waiver ACCEPTED and AGREED TO this 14th day of October, 1994.

BECHTEL ENERGY PARTNERS LTD.
BY: BECHTEL ENERGY RESOURCES CORPORATION,
Its General Partner

By: 

William J. Campbell

Title: Vice President

July 19, 1994

CONOCO, INC.

10 Desta Dr., Suite 100W

Midland, Texas 79705-4500

Attn: Mr. Mike Johnston

RE: WAIVER

Unorthodox location

Harris #2 (re-entry/sidetrack)

600' FNL & 797' FEL

Section 12, T16S, R37E, N.M.P.M.

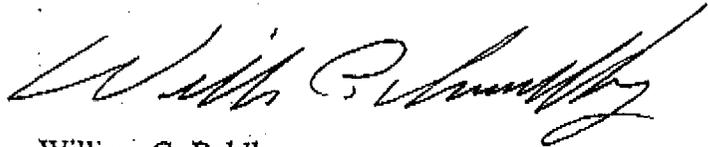
Lea County, New Mexico

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Thank you.

Very truly yours,
BAHLBURG EXPLORATION, INC.

William C. Bahlburg

This Waiver ACCEPTED and AGREED TO this 3RD day of October, 1994.

CONOCO, INC.

By: Title: STAFF LAWYER