



**Southwestern Energy  
Production Company**

A subsidiary of Southwestern Energy Company

JAN 28 2008  
OCD-ARTESIA

2350 N. Sam Houston Parkway East  
Suite 300  
Houston, Texas 77032  
(281) 618-4700 FAX: (281) 618-4757

VIA FEDERAL EXPRESS OVERNIGHT

January 24, 2008

Director's Office  
New Mexico Energy, Minerals and Natural  
Resources Department  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Ladies and Gentlemen:

SUBJECT: SOUTHWESTERN – KARLSBAD CORRAL 2 STATE 8-H  
API NO. 30-015-35113  
CORRAL CANYON; DELAWARE, NORTHWEST 96464  
SEC. 2-T25S-R29E  
EDDY COUNTY, NEW MEXICO

Southwestern requests approval of a non-standard or unorthodox location on the "as-drilled" bottom-hole or Terminus Point for the subject well referenced above. On August 24, 2006, the 8-H well was permitted with a BHL of 351' FNSL and 661' FWSL. The well was spud on September 16, 2006, reached a TMD of 7700' on October 13, 2006 and rig release on October 15, 2006. With the 7700' TMD being 196' FNSL and the last perforation within the drainhole at 7541' MD would show that Southwestern has not perforated the Delaware within the 330' of the north section line.

Notice of this request has been mailed to offset operators of record to the north of Sec. 2-T25S-R29E. For that documentation copies are sent herein.

Should you have questions, please reach me direct through 281-618-4887 or Martha.howard@SWN.com.

Respectfully,

SOUTHWESTERN ENERGY PRODUCTION COMPANY

Martha C. Howard  
Staff Regulatory Analyst

MCH

✓ CC: Bryan Arrant  
Artesia, NM

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name KARLSBAD CORRAL 2	Well Number #8-H
OGRID No.	Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	Elevation 3018'

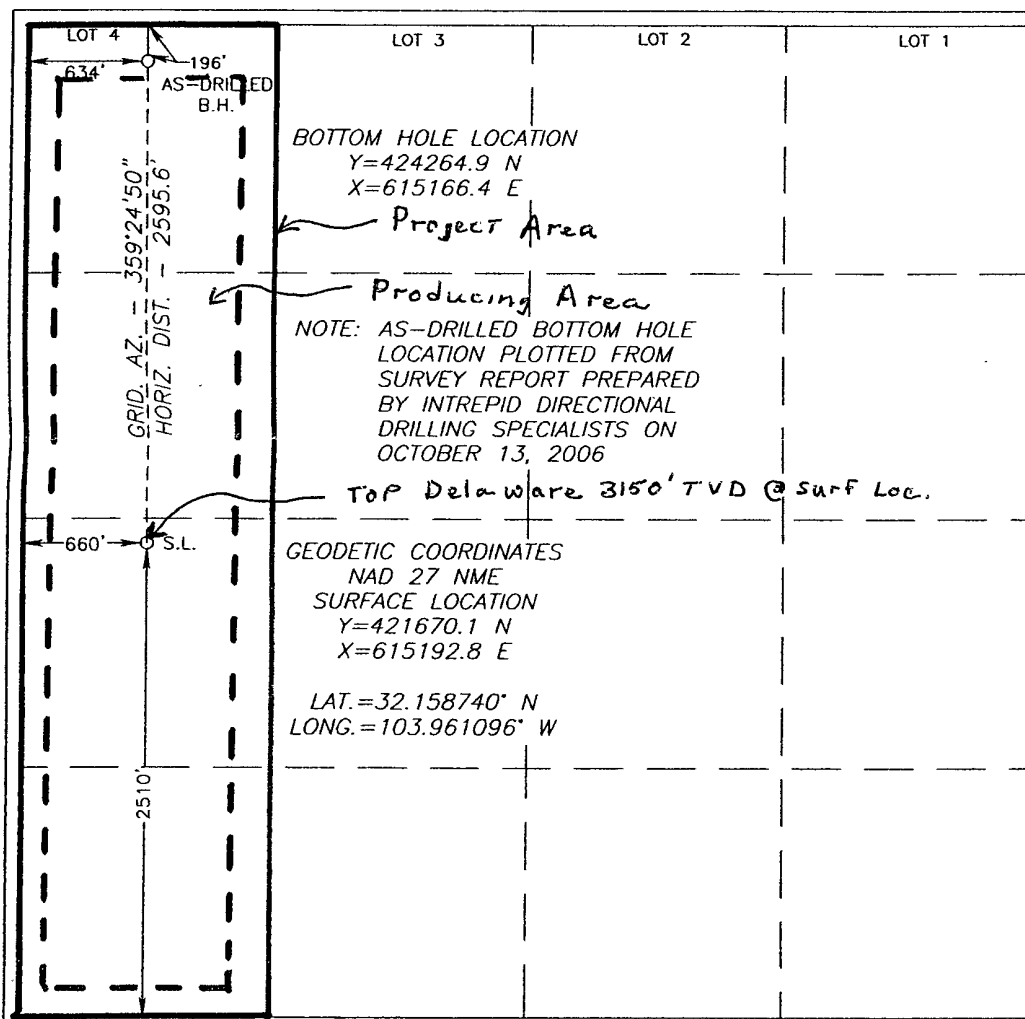
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	2	25-S	29-E		2510	SOUTH	660	WEST	EDDY

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
4	2	25-S	29-E		196	NORTH	634	WEST	EDDY
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*James T. Lowe* 12-19-2007  
Signature Date  
James T. Lowe  
Printed Name

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 belief.

OCTOBER 15, 2006

Date Surveyed LA  
Signature & Seal of Professional Surveyor  
*Ronald E. Eidson* 12/12/07  
07.13.1810  
Certificate No. RONALD EIDSON 3239

DISTRICT I  
1625 N. FRENCH DR., HOBBES, NM 88240

DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name KARLSBAD CORRAL 2	Well Number 5H
OGRID No.	Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	Elevation 3035'

Surface Location

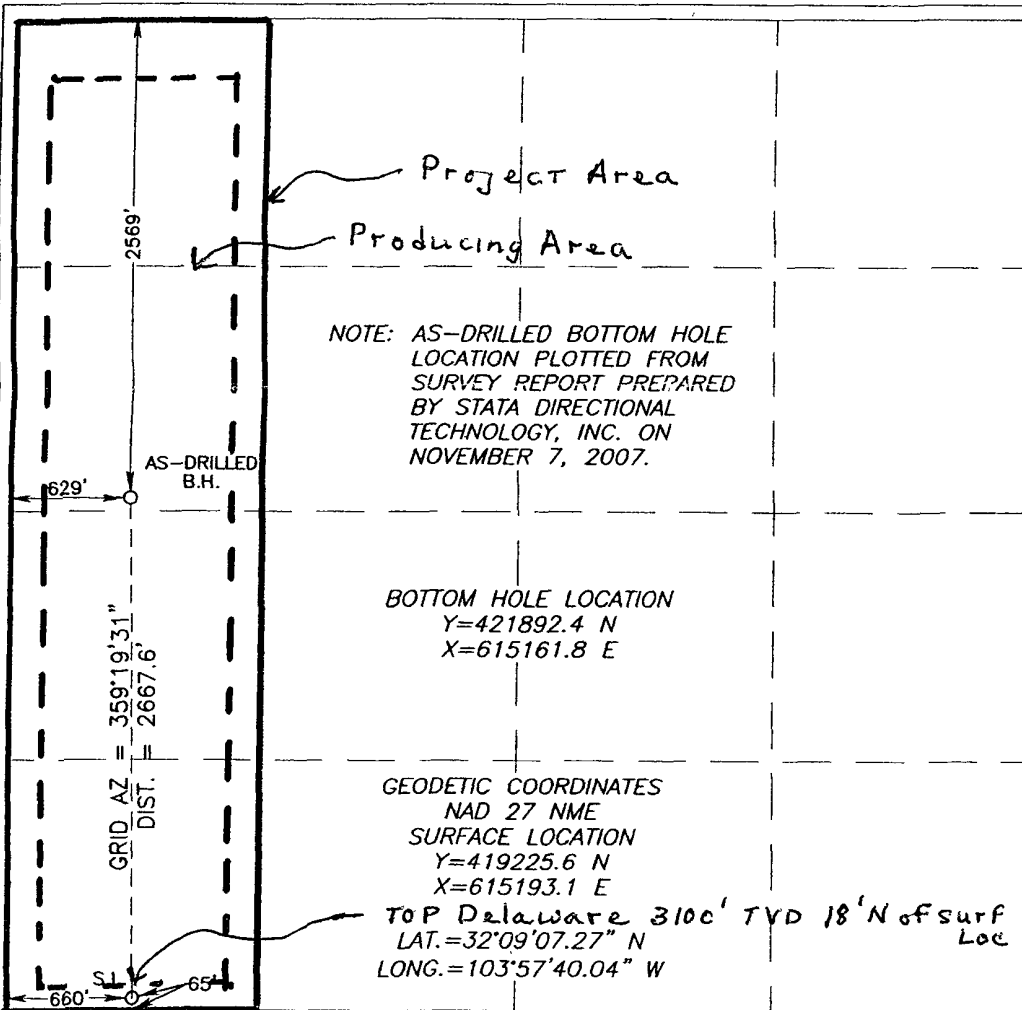
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	25-S	29-E		65	SOUTH	660	WEST	EDDY

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
E	2	25-S	29-E		2569	NORTH	629	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
-----------------	-----------------	--------------------	-----------

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



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*James T. Lowe* 12-19-2007  
Signature Date  
James T. Lowe  
Printed Name

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 belief.

OCTOBER 30, 2007

Date Surveyed LA  
Signature & Seal of Professional Surveyor

*Ronald J. Eidson* 12/17/07  
07.13.1809  
Certificate No. GARY G. EIDSON 12641  
RONALD J. EIDSON 3239



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**December 20, 2005**

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

**Southwestern Energy Production Company**  
**2350 N. Sam Houston Parkway East – Suite 300**  
**Houston, Texas 77032**

**Attention: J. Alan Grimsley**  
*Alan\_Grimsley@SWN.COM*

**Administrative Order NSL-5316 (BHL)**  
**(Non-Standard Subsurface Location/Producing Area)**

Dear Mr. Grimsley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on December 7 2005 (*administrative application reference No. pMES0-535442924*); and (ii) the Division's records in Santa Fe, including the file on Division Administrative Orders NSL-5275 (BHL) and NSL-5303 (BHL): all concerning Southwestern Energy Production Company's ("SwEPC") proposed development of the Cherry Canyon "4" Sand formation within a portion of the Karlsbad Corral "2" State Lease (*New Mexico State Land Office Lease No. V-03361-0001*) underlying the W/2 SW/4 of Section 2, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico, utilizing horizontal drainhole drilling techniques.

**The Division Director Finds That:**

- (1) The subject application has been duly filed under the provisions of Division Rules 104.F, 111.A (13), 111.C (2), and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].
- (2) By Order No. R-10591, issued in Case No. 11530 on May 8, 1996 and made effective on June 1, 1996, the Division created and defined the Northwest Corral Canyon-Delaware Pool (96464) for the production of oil from the Delaware formation; the horizontal limits for this pool comprises the following described lands in Eddy County, New Mexico (see Division Cases No. 11530 and 13540:

**TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM**

Section 2:	E/2
Section 11:	N/2 and SW/4;

- (3) Currently, the Northwest Corral Canyon-Delaware Pool and that area within one-mile of the pool boundaries [see *Division Rule 104.A (2) (a)*] are subject to the statewide rules and regulations, as promulgated by Rule 104.B (1), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;

Oil Conservation Division \* 1220 South St. Francis Drive \* Santa Fe, New Mexico 87505  
Phone: (505) 476-3440 \* Fax (505) 476-3462 \* <http://www.emnrd.state.nm.us>

- (4) It is the Division's understanding that SwEPC intends to drill its Karlsbad Corral "2" (State) Well No. 5-H from a surface location 65 feet from the South line and 660 feet from the West line (Unit M) of Section 2, vertically to an approximate measured depth (MD) of 4,838 feet; kick-off to the north and build angle at a rate of 12 degrees per 100 feet until a 90 degree, more or less, deviation off of vertical is achieved at an approximate measured depth of 5,608 feet (MD), or 5,317 feet (TVD); and continue to drill horizontally for an approximate distance of 2,000 feet to a bottomhole location, or end-point, within the Cherry Canyon "4" Sand unit of the Delaware Mountain Group at a targeted subsurface location approximately 2563 feet from the South line and 660 feet from the West line (Unit L) of Section 2;
- (5) The top of the Undesignated Northwest Corral Canyon-Delaware Pool should be intercepted at an approximate depth of 3,200 feet;
- (6) The proposed 80-acre "Project Area", pursuant to Division Rules 111.A (9) and C (3), will be established by combining two standard 40-acre oil spacing and proration units within the Undesignated Northwest Corral Canyon-Delaware Pool comprising the NW<sup>1</sup>/<sub>4</sub> SW<sup>1</sup>/<sub>4</sub> (Unit L) and the SW<sup>1</sup>/<sub>4</sub> SW<sup>1</sup>/<sub>4</sub> (Unit M) of Section 2;
- (7) The path way of the proposed wellbore vertically from the entry point into the Delaware formation to the kick-off depth, the curved portion, and portions at both ends of the drainhole will be unorthodox pursuant to Division Rules 104.B (1) and 111.A (13);
- (8) It appearing the applicant has satisfied all of the appropriate requirements prescribed in Rules 111.C (2) and 104.F, the subject application should be approved, further, the aforementioned horizontal drainhole and 80-acre project area should continue operating under the provisions contained within this order and all other applicable provisions of Division Rule 111;
- (9) The applicant has satisfied all of the appropriate requirements prescribed in Rules 111.C (2) and 104.F; therefore the subject application based on SwEPC's proposed directional drilling plan should be approved; and
- (10) The subject 80-acre oil spacing and proration unit/project area is to be governed by the provisions contained within this order and all other applicable provisions of Division Rules 111 and 505.

**It Is Therefore Ordered That:**

(1) Southwestern Energy Production Company ("SwEPC") is hereby authorized to directionally drill its Karlsbad Corral "2" (State) Well No. 5-H from a surface location 65 feet from the South line and 660 feet from the West line (Unit M) of Section 2, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico, vertically to an approximate measured depth (MD) of 4,838 feet; kick-off to the north and build angle at a rate of 12 degrees per 100 feet until a 90 degree, more or less, deviation off of vertical is achieved at an approximate measured depth of 5,608 feet (MD), or 5,317 feet (TVD); and continue to drill horizontally for an approximate distance of 2,000 feet to a bottomhole location, or end-point, within the Cherry Canyon "4" Sand unit of the Delaware Mountain Group at a targeted subsurface location approximately 2563 feet from the South line and 660 feet from the West line (Unit L) of Section 2.

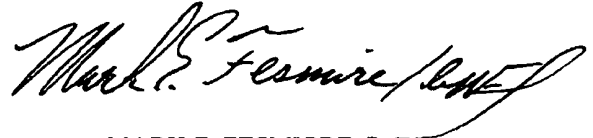
(2) Further, an 80-acre Project Area comprising the W/2 SW/4 of Section 2 shall be established by combining the NW/4 SW/4 (Unit L) and the SW/4 SW4 (Unit M) of Section 2.

(3) The operator shall comply with all applicable requirements and conditions set forth in Division Rules 111 and 505.

(4) Jurisdiction of this cause is 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



MARK E. FESMIORÉ, P. E.  
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia  
New Mexico State Land Office – Santa Fe  
File: NSL-5275 (BHL)  
NSL-5303 (BHL)



**Southwestern Energy  
Production Company**

A subsidiary of Southwestern Energy Company

2350 N. Sam Houston Parkway East  
Suite 300  
Houston, Texas 77032  
(281) 618-4700 FAX: (281) 618-4757

VIA US CERTIFIED MAIL RETURN RECEIPT

7006 3450 0000 6005 8800

January 24, 2008

OXY USA WTP Limited Partnership  
P. O. Box 50250  
Midland, Texas 79710-0250

Ladies and Gentlemen:

SUBJECT: SOUTHWESTERN -KARLSBAD CORRAL 2 STATE 8-H  
API NO. 30-015-35113  
CORRAL CANYON; DELAWARE, NORTHWEST 96464  
SEC. 2-T25S-R29E  
EDDY COUNTY, NEW MEXICO

As required under Title 19, Chapter 15, Rule 104 of the New Mexico Administrative Code, sent under this cover, is your copy, as an offset operator, of Southwestern's request for an administrative approval of a non-standard or unorthodox location. Please be advised, if you have objections, they must be filed in writing within 20 days of the date this application is received in the Santa Fe office of the New Mexico Energy, Minerals and Natural Resources Department.

Should you have questions, please reach me direct through 281-618-4887 or [Martha\\_howard@SWN.com](mailto:Martha_howard@SWN.com).

Respectfully,

SOUTHWESTERN ENERGY PRODUCTION COMPANY

A handwritten signature in cursive script that reads "Martha C. Howard".

Martha C. Howard  
Staff Regulatory Analyst

MCH

Enclosure



**Southwestern Energy  
Production Company**

A subsidiary of Southwestern Energy Company

2350 N. Sam Houston Parkway East  
Suite 300  
Houston, Texas 77032  
(281) 618-4700 FAX: (281) 618-4757

VIA US CERTIFIED MAIL RETURN RECEIPT  
7006 3450 0000 6005 8794

January 24, 2008

Kristi Green  
Mewbourne Oil Company  
P. O. Box 5270  
Hobbs, NM 88240

Dear Ms. Green:

SUBJECT: SOUTHWESTERN -KARLSBAD CORRAL 2 STATE 8-H  
API NO. 30-015-35113  
CORRAL CANYON; DELAWARE, NORTHWEST 96464  
SEC. 2-T25S-R29E  
EDDY COUNTY, NEW MEXICO

As required under Title 19, Chapter 15, Rule 104 of the New Mexico Administrative Code, sent under this cover, is your copy, as an offset operator, of Southwestern's request for an administrative approval of a non-standard or unorthodox location. Please be advised, if you have objections, they must be filed in writing within 20 days of the date this application is received in the Santa Fe office of the New Mexico Energy, Minerals and Natural Resources Department.

Should you have questions, please reach me direct through 281-618-4887 or [Martha\\_howard@SWN.com](mailto:Martha_howard@SWN.com).

Respectfully,

SOUTHWESTERN ENERGY PRODUCTION COMPANY

A handwritten signature in cursive script that reads "Martha C. Howard".

Martha C. Howard  
Staff Regulatory Analyst

MCH

Enclosure