

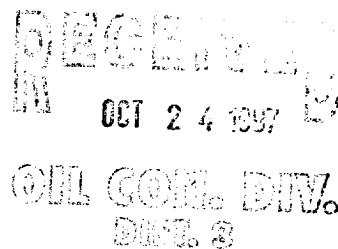


NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

October 21, 1997

Thompson Engineering and Production Corporation  
c/o Walsh Engineering & Production Corporation  
7415 East Main  
Farmington, New Mexico 87402  
Attention: Paul C. Thompson



*Administrative Order NSL-3886*

Dear Mr. Thompson:

Reference is made to your application dated October 8, 1997 for a non-standard Basin-Fruitland coal gas well location for your existing J. W. Goddard Well No. 3 (API No. 30-045-05937), which was drilled in 1958 to a total depth of 5,229 feet, and is located 2100 feet from the South line and 1980 feet from the West line (Unit K) of Section 11, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico.

It is our understanding that this well is to be recompleted uphole into the Basin-Fruitland Coal (Gas) Pool, which pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, is off-pattern and unorthodox. Further, the W/2 of said Section 11 is to be dedicated to the well to form a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of said Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

William J. LeMay  
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec  
US Bureau of Land Management - Farmington

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892

October 8, 1997

Mr. William J. LeMay  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, NM 87504-2088

Re: Unorthodox Location  
Thompson Engineering and Production Corp.  
J.W. Goddard #3  
2100' FSL, 1980' FWL  
Section 11, T26N R12W  
San Juan County, NM  
Basin Fruitland Coal

RECEIVED  
OCT 10 1997  
OIL CON. DIV.  
DIST. 3

Dear Mr. LeMay,

This is a request on behalf of Thompson Engineering and Production Corp. for administrative approval for a non-standard location in the Basin Fruitland Coal pool for the referenced well.

Thompson plans to recompleate this abandoned Gallup well and complete it through the existing casing in the Basin Fruitland Coal pool. The existing Fruitland Sand perfs will also be squeezed with cement prior to the Fruitland Coal completion. This location was a legal location for a Gallup test but does not meet the minimum set back requirements for Fruitland Coal wells.

Utilizing this existing location will reduce the surface disturbance since the pad is already built and the pipeline facilities are close by. The surface is Navajo Tribal Trust Land.

Attached is a plat indicating the offset Fruitland Coal operators and existing Fruitland Coal wells (Exhibit 1) and a list of offset operators and their addresses (Exhibit 2).

The offset Fruitland Coal operators are being notified of this application by certified return receipt mail. Copies of these letters are enclosed as Exhibit 3.



Thank you for your consideration and approval of this application. If you have any questions please do not hesitate to call upon me.

Sincerely,

A handwritten signature in cursive script, reading "Paul C. Thompson". The signature is written in black ink and is positioned above the typed name.

Paul C. Thompson, P.E.  
President,  
Thompson Engineering

cc: Chris Coleman  
NMOCD Aztec NM  
BLM Farmington NM

District I  
PO Box 1900, Hobbs, NM 88241-1900  
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

API Number 30-045-5937		Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 007046	Property Name J.W. Goddard		Well Number 3
OGRID No. 037581	Operator Name THOMPSON ENGR. & PROD. CORP.		Elevation 6059' GR

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
K	11	26N	12W		2100	South	1980	West	San Juan

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

12 Deduct : Acres 320	13 Joint or Infill N	14 Consolidation Code	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

<p>16</p>	<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><i>Paul C. Thompson</i> Signature Paul C. Thompson Printed Name President Title 10/8/97 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>Original on File Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p>	

EXHIBIT 2

Thompson Engineering  
J.W. Goddard #3  
2100' FSL & 1980' FWL  
Sec. 11, T26N, R12W  
San Juan County, New Mexico

The following offset Fruitland Coal Operators have received written notice of the off-pattern Fruitland Coal well.

Mr. T. Greg Merrion  
Merrion Oil and Gas  
P.O. Box 840  
Farmington, NM 87499

Mr. J. K. Edwards  
J. K. Edwards and Associates  
1401 17th Street Suite 1400  
Denver, CO 80202

Mr. Al Nicol  
Pendragon Energy Partners  
621 17th Street Suite 750  
Denver, CO 80293

I certify that copies of the Application for a non-standard Fruitland Coal well has been mailed to the above Operators.

  
Paul C. Thompson

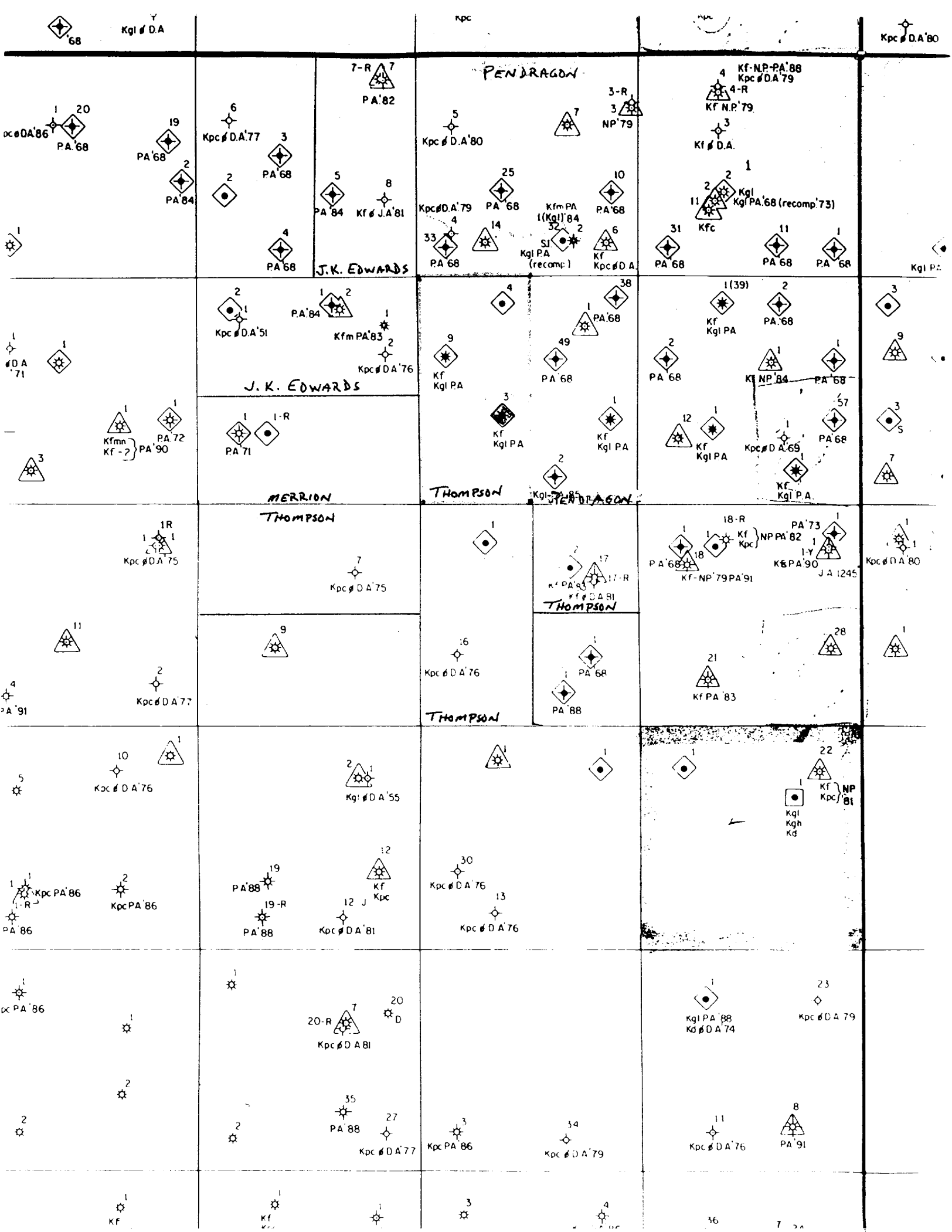
San Juan County            )  
                                  ) ss  
State of New Mexico        )

The following instrument was acknowledged before me this 8th day of October 1997 by Paul C. Thompson.

  
Notary Public

My Commission Expires:

July 31, 2001





**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892

CERTIFIED- RETURN RECEIPT

October 8, 1997

Mr. Al Nicol  
Pendragon Energy Partners  
621 17th Street Suite 750  
Denver, CO 80293

Re: Non-Standard Location  
Thompson Engineering  
J.W. Goddard #3  
2100' FSL, 1980' FWL  
Section 11, T26N R12W  
San Juan County, NM  
Basin Fruitland Coal

Dear Mr. Nicol,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCDC rules.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. If you have no objection to the proposal, please so indicate by signing in the space provided below and returning a copy to this office.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

  
Paul C. Thompson, P.E.

I do not object to the proposed non-standard Fruitland Coal completion in the J.W. Goddard #3 wellbore.

Signed:  PRESIDENT

Date: 10/8/97



**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

7415 East Main  
Farmington, New Mexico 87403  
(505) 327-4892

CERTIFIED- RETURN RECEIPT

October 8, 1997

Mr. J. K. Edwards,  
J. K. Edwards and Associates, Inc.  
1401 17th Street Suite 1400  
Denver, CO 80202

Re: Non-Standard Location  
Thompson Engineering  
J.W. Goddard #3  
2100' FSL, 1980' FWL  
Section 11, T26N R12W  
San Juan County, NM  
Basin Fruitland Coal

Dear Mr. Edwards,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. If you have no objection to the proposal, please so indicate by signing in the space provided below and returning a copy to this office.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

*Paul C. Thompson*  
Paul C. Thompson, P.E.

I do not object to the proposed non-standard Fruitland Coal completion in the J.W. Goddard #3 wellbore.

Signed: *J. K. Edwards*

Date: 10/9/97




**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

 Petroleum Engineering Consulting  
 Lease Management  
 Contract Pumping

 7415 East Main  
 Farmington, New Mexico 87402  
 (505) 327-4892

CERTIFIED- RETURN RECEIPT

October 8, 1997

 Mr. T. Greg Merrion  
 Merrion Oil and Gas  
 P.O. Box 840  
 Farmington, NM 87499

 Re: Non-Standard Location  
 Thompson Engineering  
 J.W. Goddard #3  
 2100' FSL, 1980' FWL  
 Section 11, T26N R12W  
 San Juan County, NM  
 Basin Fruitland Coal

Post-It brand fax transmittal memo 7671		# of pages ▶ 1
To <i>Paul Thompson</i>	From <i>T. Greg Merrion</i>	
Co.	Co.	
Dept.	Phone #	
Fax #	Fax #	

Dear Mr. Merrion,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. If you have no objection to the proposal, please so indicate by signing in the space provided below and returning a copy to this office.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

*Paul C. Thompson*  
 Paul C. Thompson, P.E.

I do not object to the proposed non-standard Fruitland Coal completion in the J.W. Goddard #3 wellbore.

Signed: *T. Greg Merrion*Date: 10-9-97