

PETRO-ATLAS, INC.
A SUBSIDIARY OF ATLAS CORPORATION
2000 NATIONAL BANK OF TULSA BUILDING
TULSA 3, OKLAHOMA

COPY

REGISTERED -

RETURN RECEIPT REQUESTED

December 12, 1958

**New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico**

Attention: Mr. A. L. RUTTER, JR.

**Re: Application for Exception to Rule 104-C
for an Unorthodox Well Location
HORSESHOE CANYON "B" #2
Horseshoe Gallup Pool
San Juan County, New Mexico**

Gentlemen:

Petro-Atlas, Inc. respectfully submits its application for administrative approval of an unorthodox well location for its Horseshoe Canyon "B" #2, and offers the following in support:

1. Through a surveying error the HORSESHOE CANYON "B" #2 was staked 1746' FHL & 1122' FHL of Section 9, Township 30 North, Range 16 West, San Juan County, New Mexico. This well was completed as an oil well from the Gallup formation on December 3, 1958.
2. The location of the subject well was surveyed and staked August 2, 1958, and at that time it was believed that this well was located 1567' FHL & 953' FHL of Section 9, Township 30 North, Range 16 West.
3. The planned location of Horseshoe Canyon "B" #2 would have been in excess of 600' from the nearest well, and also, 2367' from the closest lease line. Therefore, the planned location would have conformed with the tolerances set out in Rule 104-C.
4. Neither geological or topographic advantages were gained by drilling the well at the location staked in error, rather than at the planned location. Additional expense was incurred in grading the location that was staked in error. In addition, geological evidence indicates that better sand conditions probably would have been encountered at the planned location.
5. A plat showing the location of the subject well, Horseshoe Canyon "B" #2, plus the lease ownership and well locations near or adjacent to this well is attached.
6. Petro-Atlas, Inc. is the owner of the lease, comprising the E/2 NE/4 Section 9-30N-16W, San Juan County, New Mexico, on which Horseshoe Canyon "B" #2 is located. Further, all operators owning interests in the acreage offsetting Horseshoe Canyon "B" #2 are notified by registered mail of this request.

Therefore, Petro-Atlas, Inc. requests that the Secretary of the Commission grant exception to Rule 104-C without notice and hearing and grant administrative approval

for the subject unorthodox location.

Respectfully submitted,

PETRO-ATLAS, INC.

BY *Norman B. Cove*
Norman B. Cove-Engineer

NBC:jp
encl.

A copy of this application is being sent by registered mail,
return receipt requested, to the attached list of owners.

STATE OF OKLAHOMA,)
) ss.
COUNTY OF TULSA,)

NORMAN B. COVE, being first duly sworn, hereby states that he is an Engineer for Petro-Atlas, Inc., the Applicant in the foregoing application; that he has executed said application on behalf of Petro-Atlas, Inc; that he has read said application and to the best of his knowledge, information and belief, all statements of fact therein contained are true and correct; that a copy of this application was duly deposited on December 16th, 1958, in the United States post office as registered mail, with all charges prepaid, addressed to the parties shown on the attached sheet of this application.

Norman B. Cove
NORMAN B. COVE

SUBSCRIBED AND SWORN to before me by the said NORMAN B. COVE this 16th day of December, 1958, to certify which witness my hand and seal of office.

My commission expires:

August 24, 1961

Helen Jeanne Parks
NOTARY PUBLIC

A copy of the foregoing application for the HORSESHOE CANYON "B" #2 was forwarded by registered mail, return receipt requested, to each of the following listed parties:

El Paso Natural Gas Products Company
P. O. Box 1565
Farmington, New Mexico

Mr. Tom Bolack
1010 North Dustin Street
Farmington, New Mexico

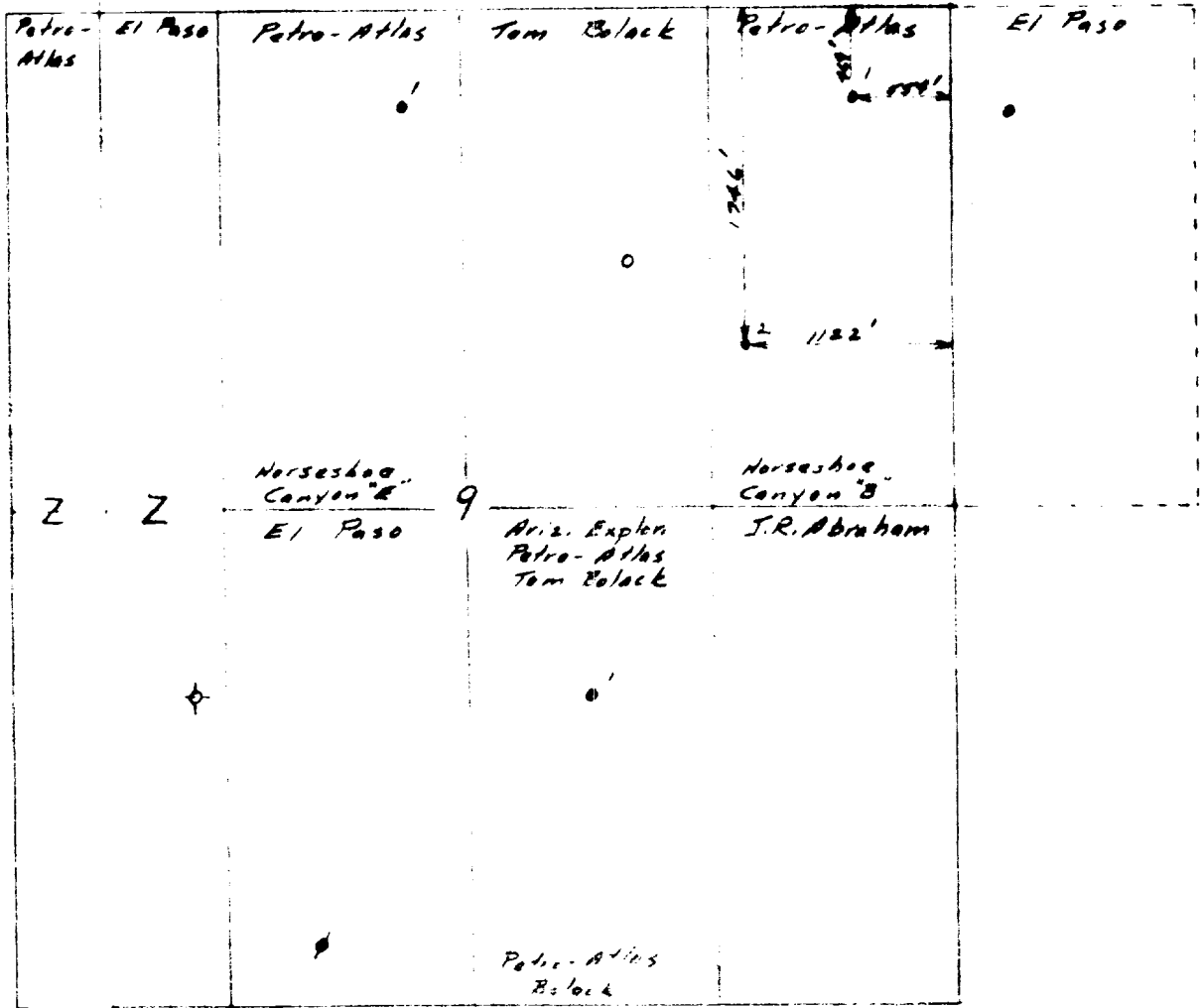
Arizona Explorations, Inc.
418 Meadows Building
Dallas 6, Texas

Mr. J. R. Abraham
c/o Oscar Abraham
First Nat'l Bank Bldg.
Albuquerque, New Mexico

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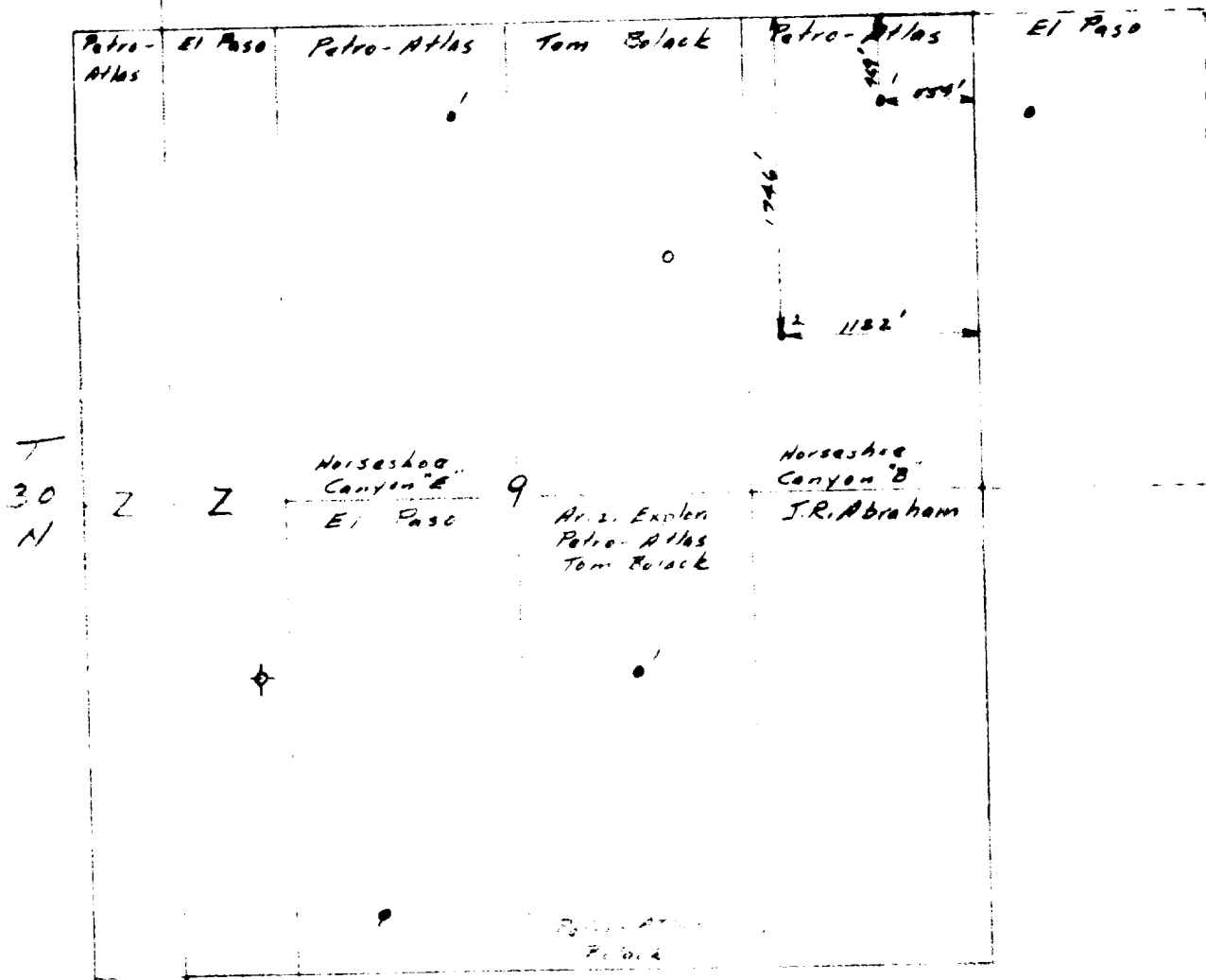
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