

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD
Check One Only for [B] or [C]
[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
[D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ~~X~~ Does Not Apply
[A] ☐ Working, Royalty or Overriding Royalty Interest Owners
[B] ☐ Offset Operators, Leaseholders or Surface Owner
[C] ☐ Application is One Which Requires Published Legal Notice
[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

2005 SEP 15 PM 2 20

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ocean Munds-Dry Ocean Munds-Dry Attorney 9-15-05
Print or Type Name Signature Title Date
omundsdry@hollandhart.com
e-mail Address



September 15, 2005

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

*- Note: Fetched w/
Ocean on Thursday
10-6-2005*

Re: *Application of Matrix New Mexico Operating Company, LLC for Administrative Approval of an Unorthodox Well Location for its Presley 34 Well No. 1, 510 feet from the North line and 1510 feet from the West line of Section 34, Township 12 South, Range 38 East, N.M.P.M., Lea County, New Mexico.*

Dear Mr. Fesmire:

Matrix New Mexico Operating Company, LLC ("Matrix") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Presley 34 Well No. 1 to be drilled in the Wolfcamp formation at an unorthodox well location 510 feet from the North line and 1510 feet from the West line of Section 34 (Unit C), Township 12 South, Range 38 East, N.M.P.M., Lea County, New Mexico. The 40-acre spacing unit of Section 34 will be dedicated to the well.

The well will be drilled to a depth sufficient to test the Wolfcamp formation. This location in the Trinity-Wolfcamp Pool is unorthodox because it is governed by the Division's statewide rules which provide for wells on 40-acre spacing units to be located no closer than 330 feet to any boundary of the dedicated tract. The proposed unorthodox well location is only 190 feet from the west boundary of the quarter section.

This unorthodox location is required by geological conditions in the Wolfcamp formation. Attached hereto as **Exhibit A** is a Relative Amplitude Map of the subject area which shows the proposed unorthodox location and immediate offsetting wells. Relative amplitude is a 3-D seismic attribute that relates to porosity in the target Wolfcamp reservoir which has been successfully used to delineate the greater Trinity-Wolfcamp Pool. This exhibit demonstrates that

HOLLAND & HART^{LLP}



moving to the proposed unorthodox location results in the greatest potential relative amplitude and therefore porosity development.

Attached hereto as **Exhibit B** is a Location Verification Map and **Exhibit C** is a Vicinity Map as required by Rule 104.F (3) showing the subject spacing unit, the proposed unorthodox well location, the offsetting wells and the diagonal and adjoining spacing units.

Exhibit D is the C-102 for the well that shows the surveyed location.

The ownership in the west offsetting Unit D is common with Unit C and therefore there are no other affected parties as defined in Rule 1207(A)(5). Chesapeake Permian, LP, the only other working interest owner in both Unit C and D of Section 34 has approved an AFE for the drilling of the subject well at the proposed unorthodox well location.

Also enclosed is a proposed order approving this application.

Due to pending drilling rig commitments, your prompt attention to this matter would be greatly appreciated.

Your attention to this matter is appreciated.

Sincerely,

Ocean Munds-Dry

ATTORNEY FOR MATRIX NEW MEXICO OPERATING CO., LLC

Enclosures

cc: Fred Bryla

Matrix New Mexico Operating Company, LLC
5725 Commonwealth Boulevard
Sugarland, Texas 77479

Attention: Fred Bryla

Administrative Order NSL-_____

Dear Mr. Bryla

Reference is made to your application dated September 15, 2005 for an unorthodox well location for a well to be drilled to the Wolfcamp formation for your proposed Presley 34 Well No. 1 Well. Said well to be drilled 510 feet from the North line and 1510 feet from the West line (Unit C) of Section 34, Township 12 South, Range 38 East, Trinity-Wolfcamp Pool, NMPM, Lea County, New Mexico.

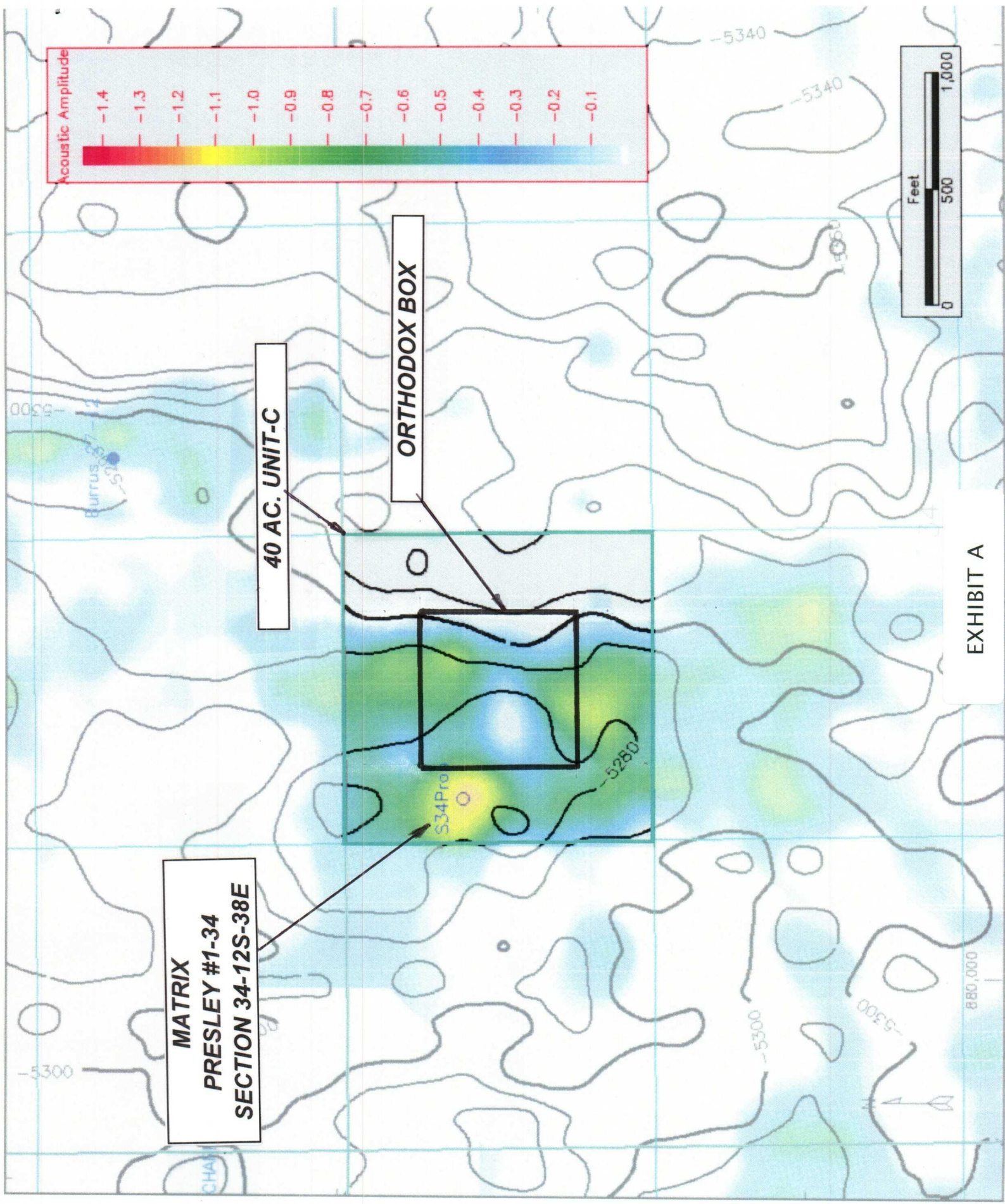
A 40acre spacing and proration unit in the Wolfcamp formation comprising the NE/4NW/4 of said Section 34, is to be dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

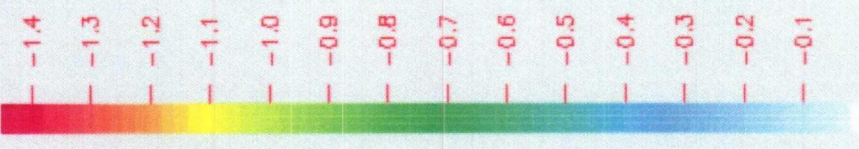
Sincerely,

Mark E. Fesmire
Director

cc: Oil Conservation Division - Hobbs/Artesia



Acoustic Amplitude



Feet

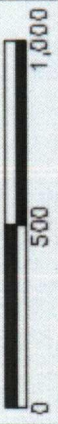
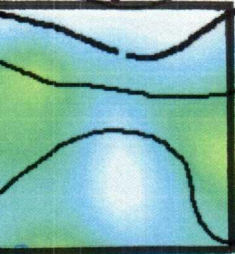


EXHIBIT A

40 AC. UNIT-C

ORTHODOX BOX

MATRIX
PRESLEY #1-34
SECTION 34-12S-38E



S34Pro

-5300

-5300

-5340

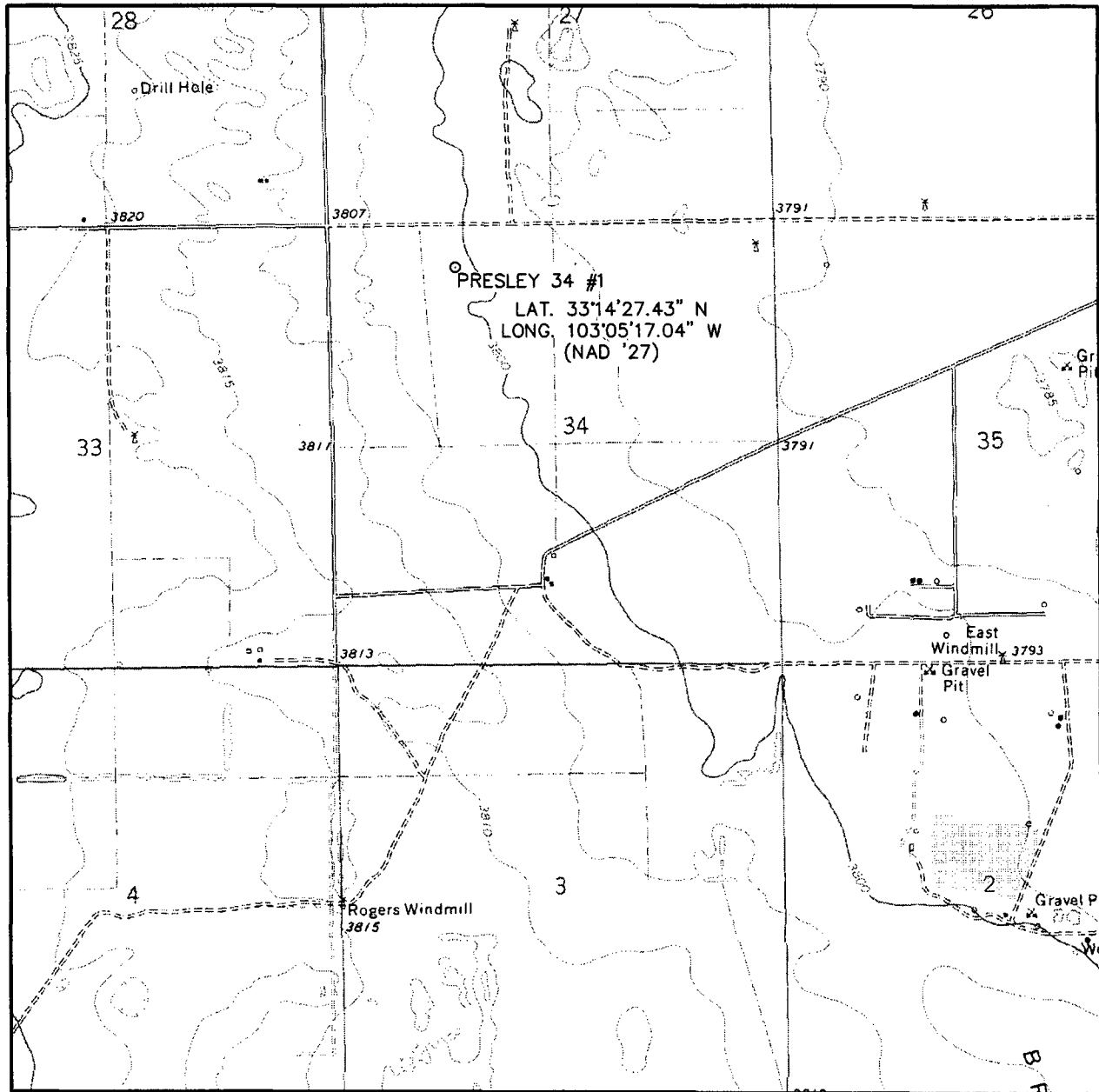
-5340

-5300

-5280

880,000

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
PRARIEVIEW NE- 5'

SEC. 34 TWP. 12-S RGE. 38-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 510' FNL & 1510' FWL

ELEVATION 3799'

OPERATOR MATRIX NM OPERATING COMPANY, LLC

LEASE PRESLEY 34

U.S.G.S. TOPOGRAPHIC MAP
PRARIEVIEW NE, N.M.

EXHIBIT B



WEST
COMPANY
of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

[illegible]

EXHIBIT C

SEC. 34 TWP. 12-S RGE. 38-E
SURVEY _____ N.M.P.M. _____
COUNTY _____ LEA _____
DESCRIPTION 510' FNL & 1510' FWL
ELEVATION _____ 3799' _____
OPERATOR MATRIX NM OPERATING COMPANY, LLC
LEASE _____ PRESLEY 34 _____



**WEST
COMPANY**
of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FA

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name PRESLEY 34	Well Number 1
OGRID No.	Operator Name MATRIX NM OPERATING COMPANY, LLC	Elevation 3799'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	34	12 S	38 E		510	NORTH	1510	WEST	LEA

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
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

<p>Plane Coordinate X = 880,749.2 Y = 817,445.4</p>	OPERATOR CERTIFICATION <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature _____ Printed Name _____ Title _____ Date _____	
	SURVEYOR CERTIFICATION <i>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.</i> September 8, 2005 Date Surveyed _____ LVA Signature & Seal of Professional Surveyor _____ W.O. Num. 2005-0907 Certificate No. MACON McDONALD 12185	
<p>NOTE:</p> <p>1) Plane Coordinates shown hereon are Transverse Mercator and Conform to the "New Mexico Coordinate System", New Mexico East Zone North American Datum of 1927. Distances shown hereon are mean horizontal surface values.</p>		

EXHIBIT D

District I
1625 N. French Dr., Holybs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

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

Operator Name and Address Matrix New Mexico Operating Company, LLC 508 West Wall #700 Midland, Texas 79701		OGRID Number 228971	API Number 025-37487
Property Code 35121	Property Name Presley 34	Well No. 1	
Proposed Pool 1 Trinity (Wolfcamp)		Proposed Pool 2 None	

7 Surface Location									
UL or lot no. C	Section 34	Township 12 S	Range 38 E	Lot Idn	Feet from the 510	North/South line North	Feet from the 1510	East/West line West	County Lea

8 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

11 Work Type Code New Well		12 Well Type Code Oil	13 Cable/Rotary Rotary	14 Lease Type Code Private	15 Ground Level Elevation 3711
16 Multiple No	17 Proposed Depth 9800	18 Formation Wolfcamp	19 Contractor Patterson	20 Spud Date Approx 10-10-05	
Depth to Groundwater 100'		Distance from nearest fresh water well 1/4 mile		Distance from nearest surface water None	
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12_mils thick Clay <input type="checkbox"/> Pit Volume: 2000 bbls Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>					
Closed-Loop System <input type="checkbox"/>					

21 Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48 #/ft	450'	350	surface
12 1/4"	8-5/8"	32 #/ft	4500'	2500	surface
7 7/8"	5-1/2"	17 #/ft	9900	1000	+/-4000

22 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.
Drill Wolfcamp well to +/-9900'. Circulate cement to surface on 13 3/8" and 8 5/8" casing. Test all significant shows & evaluate /adequate logging program. Abandonment will be performed in accordance w/prudent practices and regulatory requirements. A double ram series 900 BOP and choke manifold will be used from the 8 5/8" casing point to total depth. Production casing will be 5 1/2" and will be run at total depth. Completion will be from perforations in the 5 1/2" casing in the Wolfcamp Formation.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved by:	
	Title: PETROLEUM ENGINEER	
	Approval Date: OCT 07 2005	Expiration Date:
Printed name: J. W. Mulloy		
Title: Agent		
E-mail Address: jwmulloy@jwmulloyassoc.com		
Date: 9-20-05	Phone: 432-687-0323	

Conditions of Approval : Approved to drill
but CANNOT PRODUCE until Non-Standard
Location is approved in Santa Fe.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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1000 Rio Brazos Rd., Aztec, NM 87410

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2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 3D-025-37487	Pool Code 59890	Pool Name TRINITY (WOLF CAMP)
Property Code 35121	Property Name PRESLEY 34	Well Number 1
OGRID No. 228971	Operator Name MATRIX NM OPERATING COMPANY, LLC	Elevation 3799'

Surface Location

UL or lot No. C	Section 34	Township 12 S	Range 38 E	Lot Idn	Feet from the 510	North/South line NORTH	Feet from the 1510	East/West line WEST	County LEA
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Bottom Hole Location If Different From Surface

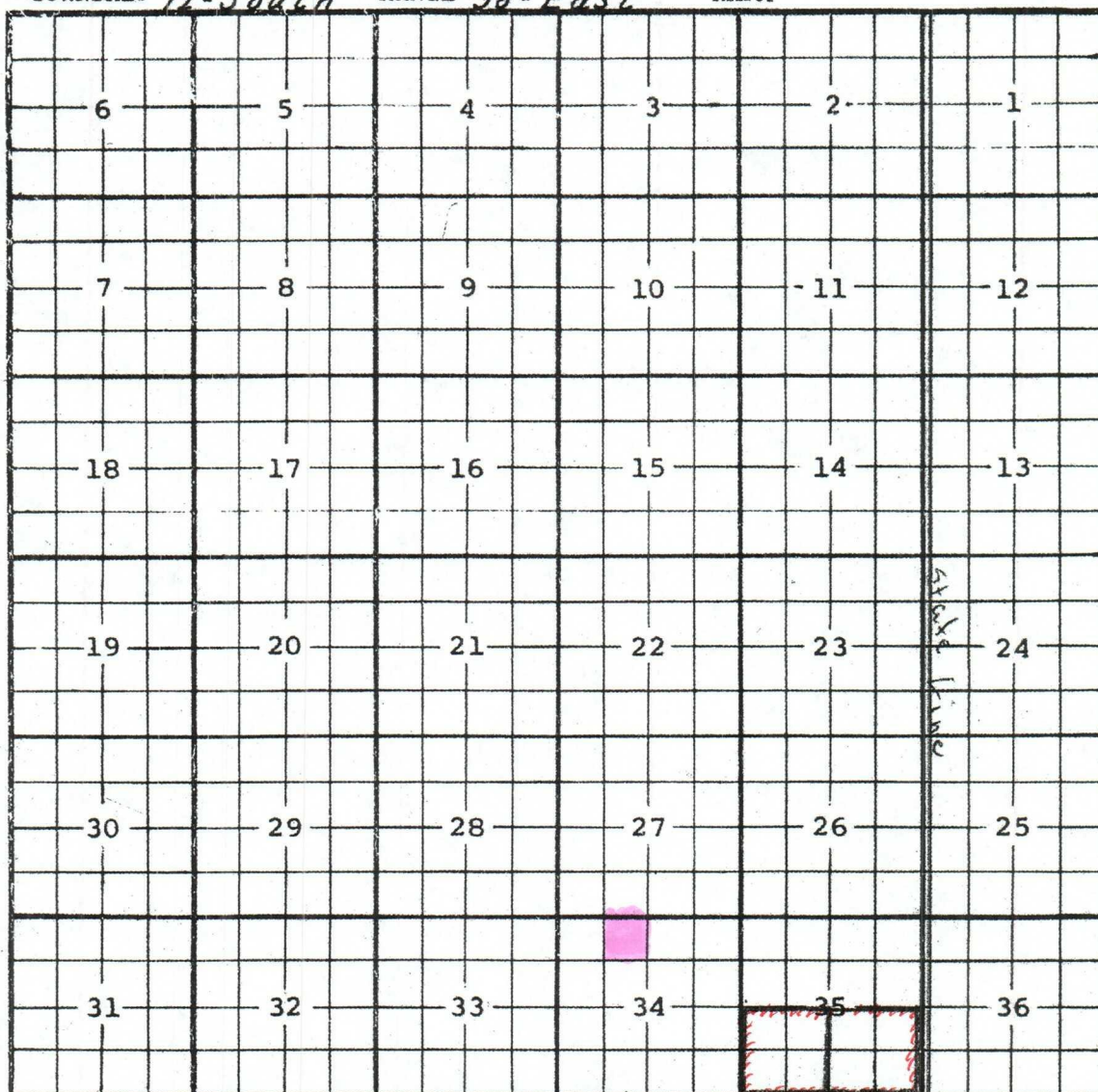
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 4D	Joint or Infill	Consolidation Code	Order No.						

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<p>Plane Coordinate X = 880,749.2 Y = 817,445.4</p>	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature J.W. Mulloy Printed Name AGENT Title 9/21/05 Date	
	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. September 8, 2005 Date Surveyed Signature & Seal of Professional Surveyor W.O. Num. 2005-0907 Certificate No. MACON McDONALD 12185	
	LVA	
	NOTE: 1) Plane Coordinates shown hereon are Transverse Mercator and Conform to the "New Mexico Coordinate System", New Mexico East Zone North American Datum of 1927. Distances shown hereon are mean horizontal surface values.	

COUNTY LeaPOOL Bronco-WolfcampTOWNSHIP 12-SouthRANGE 38-East

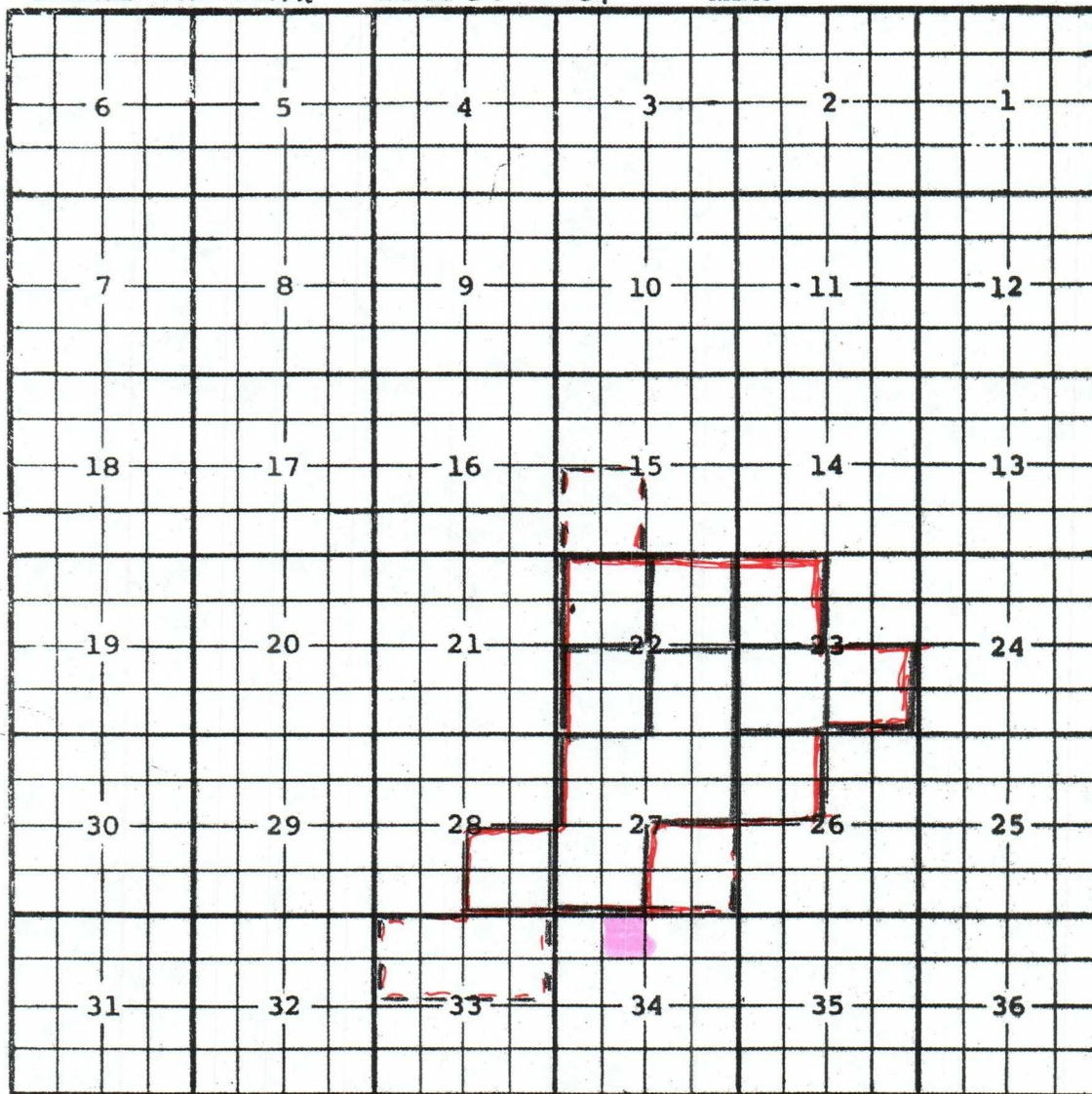
NMFM



Ext: $\frac{SW}{4}$ Sec. 35, (R-1238, 9-1-58) - $\frac{SE}{4}$ Sec. 35 (R-2870, 3-1-65)

COUNTY LeaPOOL Trinity - WolfcampTOWNSHIP 12 SouthRANGE 38 East

NMPM

Description: $\frac{SE}{4}$ Sec 28 (R-5417, 4-1-77)Ext: $\frac{SE}{4}$ Sec. 23, $\frac{N}{2}$ and $\frac{SW}{4}$ Sec. 22 (R-11728, 2-20-02)Ext: $\frac{NE}{4}$ and $\frac{SW}{4}$ Sec. 22 (R-12046, 11-3-03) Ext: $\frac{SW}{4}$ Sec. 23 (R-12063, 11-25-05)Ext: $\frac{NW}{4}$ Sec. 26 (R-12141, 5-10-04) Ext: $\frac{SE}{4}$ and $\frac{NW}{4}$ Sec. 23 (R-12223, 10-25-04)Ext: $\frac{NW}{4}$ Sec. 23 (R-12312, 3-25-05)