

|                    |                 |                |                 |             |                             |
|--------------------|-----------------|----------------|-----------------|-------------|-----------------------------|
| DATE IN<br>11-2-05 | SUSPENSE<br>N/A | ENGINEER<br>MS | LOGGED IN<br>ms | TYPE<br>NSL | PME50-<br>APP NO. 531845603 |
|--------------------|-----------------|----------------|-----------------|-------------|-----------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Townsend #2  
H-10-135-38E

## 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 \_\_\_\_\_

2005 NOV 2 PM 4 34

### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or 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

### [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 11-2-05  
 Print or Type Name Signature Title Date  
 o.mundsdry@hollandhart.com  
 e-mail Address



November 2, 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

Re: *Application of Matrix New Mexico Operating Company, LLC for Administrative Approval of an Unorthodox Well Location for its Townsend Well No. 2, 1475 feet from the North line and 780 feet from the East line of Section 10, Township 13 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 Townsend Well No. 2 to be drilled in the Wolfcamp formation at an unorthodox well location 1475 feet from the North line and 780 feet from the East line of Section 10 (Unit H), Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico. The 40 acre Unit H 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 Bronco-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 the nearest side boundary of the dedicated tract. The proposed unorthodox well location is only 155 feet from the north boundary of the spacing unit.

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

HOLLAND & HART LLP



seismic attribute that relates to porosity in the target Wolfcamp reservoir which has been successfully used to delineate the greater Trinity-Wolfcamp and Bronco-Wolfcamp Pools. This exhibit demonstrates that moving to the proposed unorthodox location results in the greatest potential relative amplitude.

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 north offsetting Unit A is common and therefore there are no other affected parties as defined in Rule 1210(A)(2).

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.

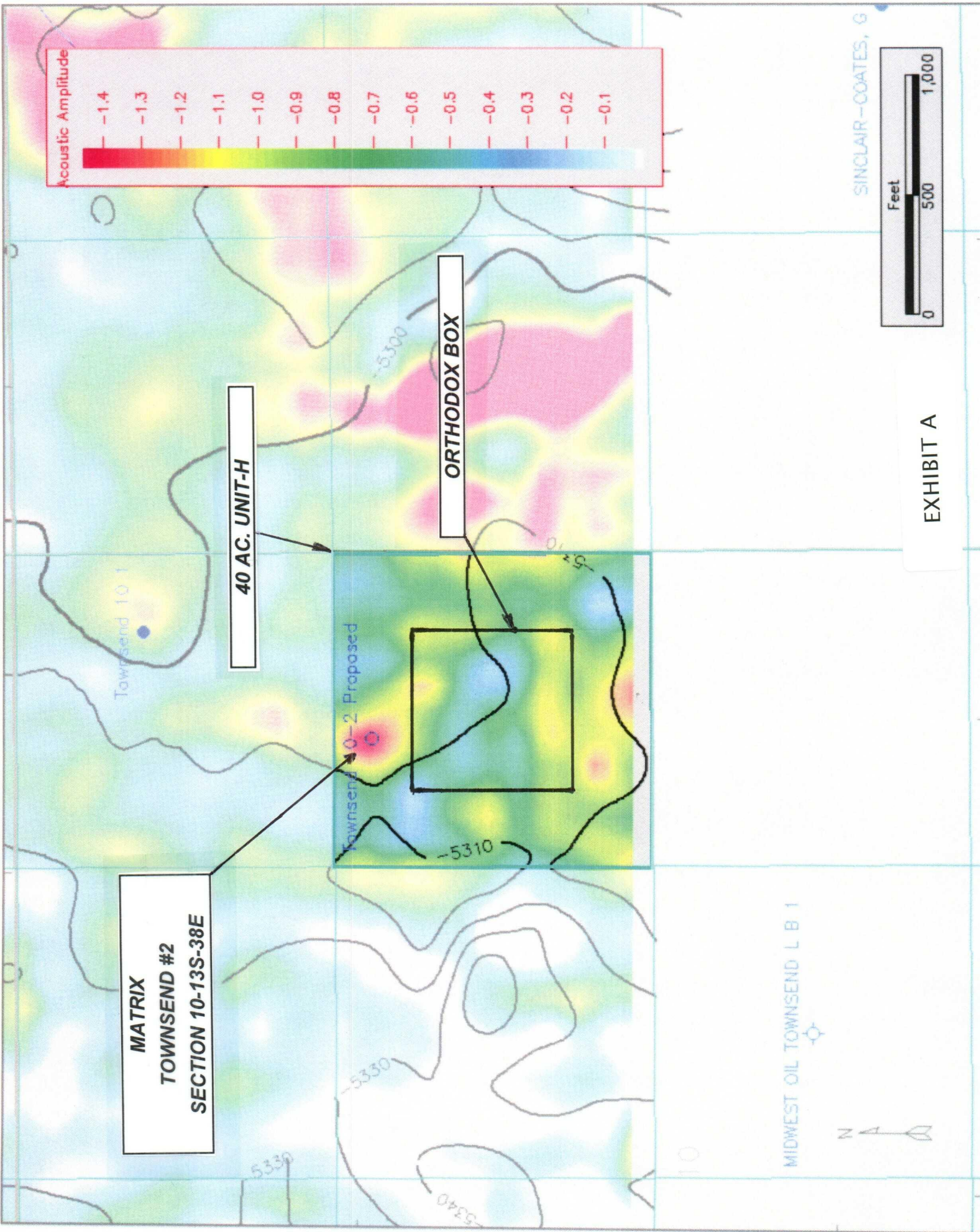
Sincerely,

*Ocean Munds-Dry*

Ocean Munds-Dry  
ATTORNEY FOR MATRIX NEW MEXICO  
OPERATING CO., LLC

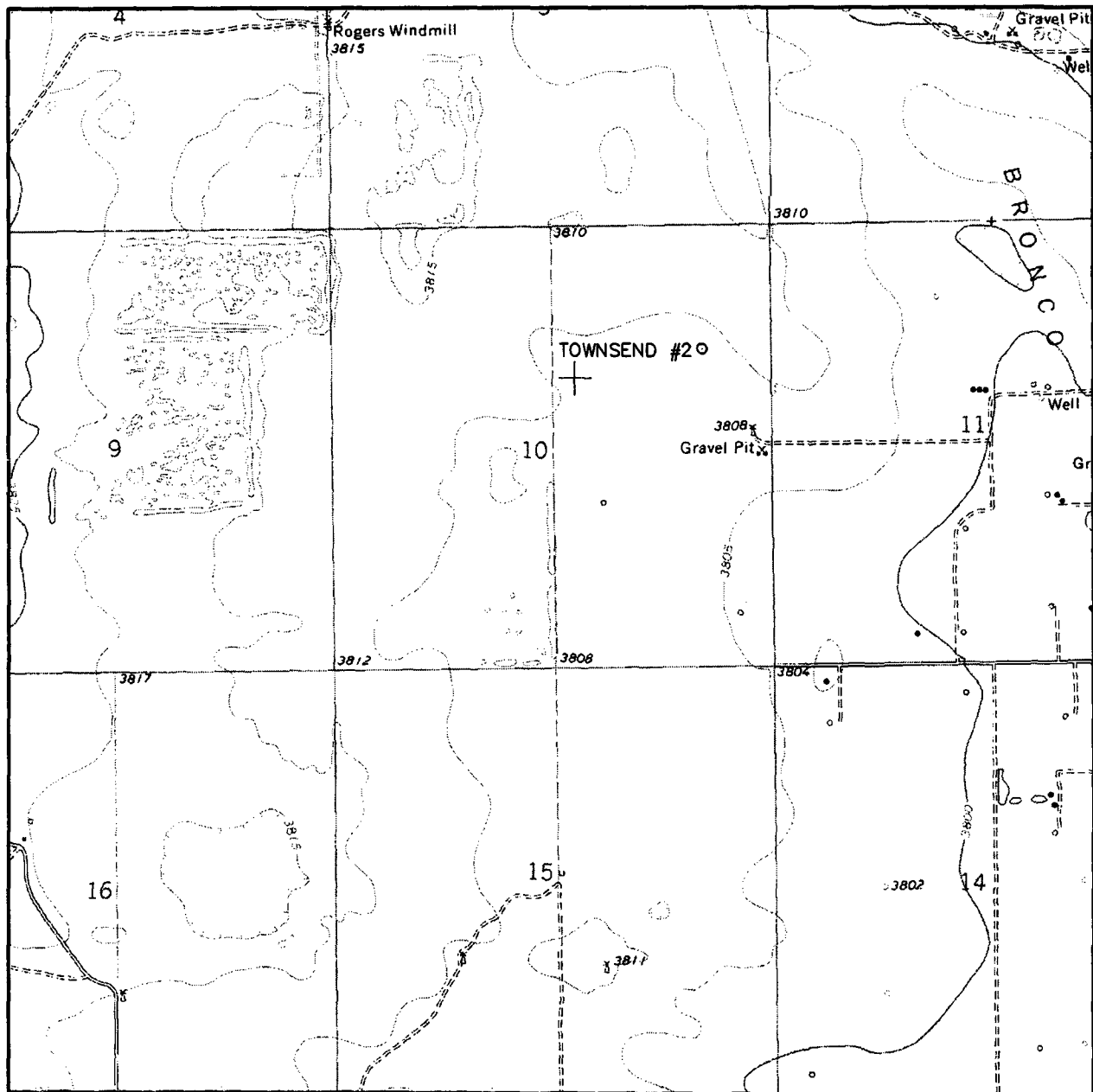
Enclosures

cc: Fred Bryla





# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
PRARIEVIEW NE- 5'

SEC. 10 TWP. 13-S RGE. 38-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1475' FNL & 780' FEL

ELEVATION 3807'

OPERATOR MATRIX NEW MEXICO  
OPERATING COMPANY, LLC

LEASE TOWNSEND

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

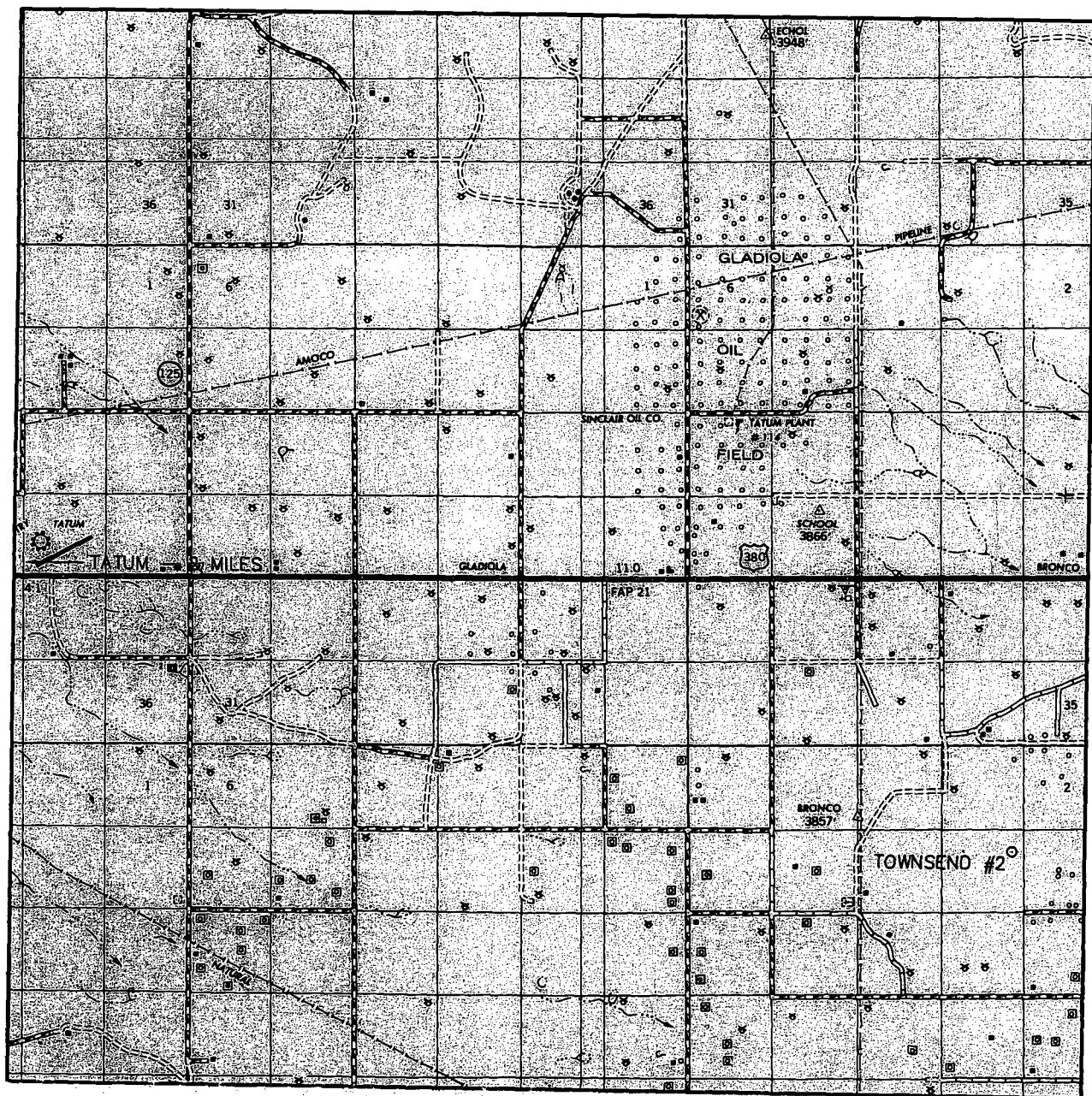


EXHIBIT B

**WEST  
COMPANY**  
of Midland, Inc.

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

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 10 TWP. 13-S RGE. 38-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1475' FNL & 780' FEL

ELEVATION 3807'

OPERATOR MATRIX NEW MEXICO  
OPERATING COMPANY, LLC

LEASE TOWNSEND



EXHIBIT C

**WEST  
COMPANY**  
of Midland, Inc.

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

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

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

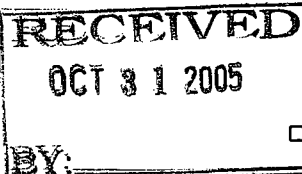
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

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<br>TOWNSEND                                 | Well Number<br>2   |
| OGRID No.     | Operator Name<br>MATRIX NEW MEXICO OPERATING COMPANY, LLC | Elevation<br>3807' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H             | 10      | 13 S     | 38 E  |         | 1475          | NORTH            | 780           | EAST           | 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

|   |  |  |  |  |   |
|---|--|--|--|--|---|
| NOTE:<br>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>Plane Coordinate<br/>X = 883,865.3<br/>Y = 805,954.7</p>  |  |  |  | <b>OPERATOR CERTIFICATION</b><br><br>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.<br><br>_____<br>Signature<br><br>_____<br>Printed Name<br><br>_____<br>Title<br><br>_____<br>Date |
|   | <b>SURVEYOR CERTIFICATION</b><br><br>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.<br><br>October 21, 2005<br><br>Date Surveyed: _____ JMJ<br>Signature & Seal of Professional Surveyor: _____<br><br>W.O. Num. 2005-1015<br><br>Certificate No. MACON McDONALD 12185 |  |  |  |   |
|   | <b>EXHIBIT D</b><br><br>Standard 640-acre Section  |  |  |  |   |

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 October 31, 2005 for an unorthodox well location for a well to be drilled to the Wolfcamp formation for your proposed Townsend Well No. 2. Said well to be drilled 1475 feet from the North line and 780 feet from the East line (Unit H) of Section 10, Township 13 South, Range 38 East, Bronco-Wolfcamp Pool, NMPM, Lea County, New Mexico.

A 40-acre spacing and proration unit in the Wolfcamp formation comprising the SE/4NE/4 of said Section 10, 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



This is a detailed plat map of Section 36, Township 12S, Range 12E. The map is divided into several large blocks, each containing numerous smaller parcels of land. Each parcel is labeled with its owner's name, acreage, and sometimes a survey date or other legal details. Key features include:

- Section 36:** The central focus of the map, showing various land parcels.
- Township 12S, Range 12E:** Indicated by the coordinates at the top right.
- Land Owners:** Names such as Geraldine Hise, M.I., Brigham O.G., and others are prominently displayed across the map.
- Acreage:** Various acreage values are noted throughout the map, ranging from small fractions to larger sections.
- Annotations:** Includes "To Plains 380", "BRONCO SO.", and other descriptive notes.
- Map Details:** Shows roads, boundaries, and specific survey points.

The map is highly detailed, providing a comprehensive view of the land ownership and survey information for this specific section and township/range area.