

Stogner, Michael, EMNRD

From: John Thompson [john@walsheng.net]
To: Stogner, Michael, EMNRD
Cc:
Subject: Re: 30-043-20989
Attachments:

Sent: Tue 6/27/2006 4:24 PM

Mr. Stogner,

Sorry for the confusion, Gwen was actually calling and asking about the Romero Federal 34-1 for Westerly Exploration which my brother Paul submitted. Regarding the Regina Ranch Federal 32-1, I will get the required info to you as soon as possible.

Hope all is well,

John Thompson

----- Original Message -----

From: Stogner, Michael, EMNRD
To: John C. Thompson
Cc: Hayden, Steven, EMNRD
Sent: Tuesday, June 27, 2006 3:24 PM
Subject: 30-043-20989

Re: Western Exploration, Inc.'s Regina Ranch Federal "32" Well No. 1 (*API No. 30-043-20989*) recently drilled at an unorthodox gas well location 435' FSL & 990' FWL (Unit M) of Sec. 32-T23N-R1W, South Blanco-Pictured Cliffs Pool (*72439*), Sandoval County, NM.

Mr. John C. Thompson: I received a telephone voice-mail message yesterday afternoon from "Gwyn" asking about the status of your application (*administrative application reference No. pTDS0-616731470*) filed on June 15, 2006. I reviewed this application and find it incomplete or insufficient as to notice. You state that "Western is the only offset operator" and that the "proposed non-standard location would not affect any other operators." Since this existing well is 225 feet closer to the offsetting acreage to the south in the NW/4 equivalent of Sec. 5-T22N-R1W, Sandoval County, NM, where there are no producing wells at all, the appropriate mineral interests are due notice pursuant to Division Rule 1210.A (2), which reads in its entirety:

"(2) Unorthodox well locations.

(a) "Affected persons" are the following persons owning interests in the adjoining spacing units:

(i) the division-designated operator;

(ii) in the absence of an operator, any lessee whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he files the application; and

(iii) in the absence of an operator or lessee, any mineral interest owner whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date he filed the application.

(b) In the event the proposed unorthodox well's operator is also the operator of an existing, adjoining spacing unit, and ownership is not

common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit.

(c) If the proposed location is unorthodox by being located closer to the spacing unit's outer boundary than 19.15.3.104 NMAC or applicable special pool rules permit, the applicant shall notify the affected persons in the adjoining spacing units towards which the unorthodox location encroaches.

(d) If the proposed location is unorthodox by being located in a different quarter-quarter section or quarter section than special pool orders provide, the applicant shall notify all affected persons".

Please either submit proof of notice or provide me a land plat showing the extent of the Regina Ranch Federal Lease and a statement that the area comprising both the SW/4 of Sec. 32-T23N-R1W and the NW/4 of Sec. 5-T22N-R1W have identical working and overriding royalty interests.

Since Gwyn was not specific as to which pending applications see was seeking information on, I will move on the others as time allows. With the increased number of filings of late, I can only advise operators to drill wells at standard locations, otherwise expect longer processing times in the future. Thank you.

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July 1, 2006

Mr. Michael Stogner
New Mexico Oil Conservation Division
Engineering Bureau
1220 South St. Francis Drive
Santa Fe, NM 87505

2006 JUL 5 AM 9 18

Re: Additional Data for Non-standard Location Application
Submitted June 7, 2006 By John Thompson for Westerly Exploration, Inc.

**Westerly Exploration, Inc
Regina Ranch 32-1
435' FSL & 990 FWL
Section 32, T23N, R1W, Unit Ltr M
Sandoval County, NM
South Pictured Cliffs Pool (72439)
Administrative Application Reference # pTD SO-616731470**

Dear Mr. Stogner,

Westerly Exploration, Inc is submitting additional documentation as per your request via email Wednesday June 28. Please find enclosed a land lease map showing that Westerly Exploration does own 100% working interest in the SW/4 of Sec 32-T23N-R1W and the NW/4 of Sec 5 T22N-R1W and the override and royalty interests are the same. Westerly owns all acreage outlined in yellow.

Westerly respectfully requests that an administrative non-standard location order be granted for this well based on the land lease map attached showing that there are no affected parties, no correlative rights will be violated, and the operator would be utilizing an existing wellbore to access commercial oil reserves.

Sincerely,



Kay Maddox - Regulatory Agent
(432) 638-8475
Cyquest5@yahoo.com

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