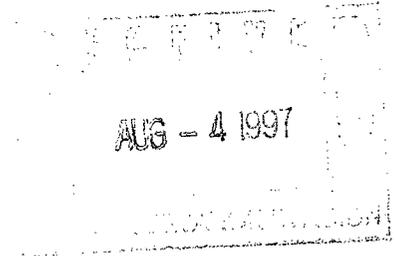




NSL 8/25/97

Mid-Continent Region
Exploration/Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400



July 22, 1997

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504

RE: Application for Approval of an Unorthodox Fruitland Coal and Chacra Location for the Federal No. 21 Well, located at 315' FNL & 720' FWL, Sec. 9, T-27N, R-8W, caused by Recompletion from a deeper horizon

Dear Mr. Stogner:

This well was originally drilled by Mesa Petroleum as a potential Dakota completion under the name of Federal No. 16-E. This unorthodox drilling location for the Basin Dakota Pool was approved by Administrative Order NSL-1141 (ATTACHMENT 1) following the receipt of waivers from offset operators. Letters to the offset operators stated "the reason for this unorthodox location is because of terrain difficulties."

When the well was cased and tested, the Dakota was found to be nonproductive. Then the Dakota perforations were squeezed and the Chacra formation perforated as the initial producing completion in this well as documented by ATTACHMENT 2. With this completion the well name was changed to the current Federal No. 21.

Since neither Mesa's well file (which Conoco inherited on purchase) nor the NMOCD's files contain a subsequent application to extend approval for the unorthodox location to the Chacra, it is assumed that approval of the Chacra formation as a non-standard location was not secured by Mesa and needs to be included in this application. Although the Chacra is basically depleted and production is down to less than 20 mcf/gpd, a downhole commingling application has also been filed to recover these remaining Chacra reserves through a subtraction method allocation.

It is now desired to recomplete the well to the Fruitland Coal under the same name. This location for the Fruitland Coal recompletion will be unorthodox (a) because of the 315' distance from the north line, which was previously approved for the drilling of the well to the Dakota, and (b) because it is not in the SW/4 of the section as stipulated by Rule 7 of the Basin Fruitland Coal special pool rules.

ATTACHMENT 3 is a map showing (a) all Fruitland Coal completions in the surrounding sections, (b) the proposed Federal No. 21 recompletion, (c) the W/2 spacing unit, and (d) the names of the offset operators. Note that there are no completions to the Southeast of the Federal No. 21 location indicating that it is on the edge of current FC development and does not warrant the step-out drilling of a new well at an orthodox location in the SW/4 of Section 9, as required by Rule 7. The only economical way to access any remaining reserves in the W/2 of Section 9 would be through the recompletion of an existing well.

ATTACHMENT 4 is a map showing (a) all Chacra completions in the surrounding sections, (b) the Federal No. 21 proposed downhole commingled well, (c) the W/2 spacing unit, and (d) the names of the offset operators.

Therefore, it is requested that an unorthodox location for the recompletion of the Federal No. 21 to the Fruitland Coal be approved both (a) for the footage exception, as previously approved for the Dakota, and (b) for the unorthodox quarter-section location for the first Fruitland Coal well in the west half of Section 9 be granted. It is also requested that an unorthodox location for the current Chacra completion be approved for the footage exception.

A copy of this application has been sent to offset operators as shown on the map by certified mail and copies of the certified mail receipts are included as ATTACHMENT 5. If there are any further questions concerning this application please call me at (915) 686-6548.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jerry W. Hoover". The signature is written in dark ink and is positioned above the typed name and title.

Jerry W. Hoover
Sr. Conservation Coordinator

cc: Oil Conservation Division - Aztec

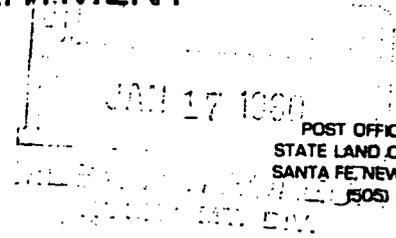


STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

January 14, 1980



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mesa Petroleum Co.
2800 Lincoln Center Building
1660 Lincoln Street
Denver, Colorado 80264

Attention: Mr. Jed W. Lemmons
Division Land Manager

Administrative Order NSL-1141

Gentlemen:

Reference is made to your application for a non-standard location for your Federal Well No. 16-E to be located 315 feet from the North line and 720 feet from the West line of Section 9, Township 27 North, Range 8 West, NMPM, Basin Dakota Pool, San Juan County, New Mexico.

By authority granted me under the provisions of Rule 3 of Order No. R-1670-V, the above-described unorthodox location is hereby approved.

Sincerely,

JOE D. RAMEY,
Director

JDR/RLS/dr

cc: Oil Conservation Division - Aztec
Oil & Gas Engineering Committee - Hobbs
U. S. Geological Survey - Farmington

ATTACHMENT 1

REC'D.

NA-849-3E
Form Approved.
Budget Bureau No. 42-R1424
Edna

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
SEP 10 1981
CENTRAL RECORDS

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use Form 9-331-C for such proposals.)

1. oil well gas well other

2. NAME OF OPERATOR
Mesa Petroleum Co.

3. ADDRESS OF OPERATOR
1660 Lincoln St., #2800 Denver CO 80264

4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.)
AT SURFACE: 315' FNL & 720' FWL
AT TOP PROD. INTERVAL:
AT TOTAL DEPTH: same

16. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

REQUEST FOR APPROVAL TO:

- TEST WATER SHUT-OFF
- FRACTURE TREAT
- SHOOT OR ACIDIZE
- REPAIR WELL
- PULL OR ALTER CASING
- MULTIPLE COMPLETE
- CHANGE ZONES
- ABANDON*
- (other) Name Change

SUBSEQUENT REPORT OF:

-
-
-
-
-
-
-
-

RECEIVED
AUG 20 1981
U. S. GEOLOGICAL SURVEY
FARMINGTON, N. M.

5. LEASE
NM 029144

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Federal

9. WELL NO.
16E

10. FIELD OR WILDCAT NAME
Undesignated Chacra

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 9-T27N-R8W

12. COUNTY OR PARISH | 13. STATE
San Juan | New Mexico

14. API NO.

15. ELEVATIONS (SHOW DF, KDB, AND WD)
6727' GL

(NOTE: Report results of multiple completion or zone change on Form 9-330.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

This well was originally approved as a Basin Dakota gas well. However, once the well was cased and tested, the Dakota was found to be nonproductive. Therefore the Dakota perforations were squeezed with 150 sacks Neat cement, and the well was reperfored in the Chacra formation to test for productivity. The Chacra was tested and found to be economically productive, therefore the well was completed as a Chacra gas well. This necessitates changing the well name from the Federal 16E to the Federal #21.

9/10/81: TLS Carnes C. James
Div. Yoakam
Gen. Rec. D & M
Accounting M-C-P

Edna - case # - 0002-000-0

Subsurface Safety Valve: Manu. and Type _____ Set @ _____ Ft.

18. I hereby certify that the foregoing is true and correct

SIGNED John W. Benton TITLE Drig. Engineer DATE August 24, 1981

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

ACCEPTED FOR RECORD

AUG 31 1981

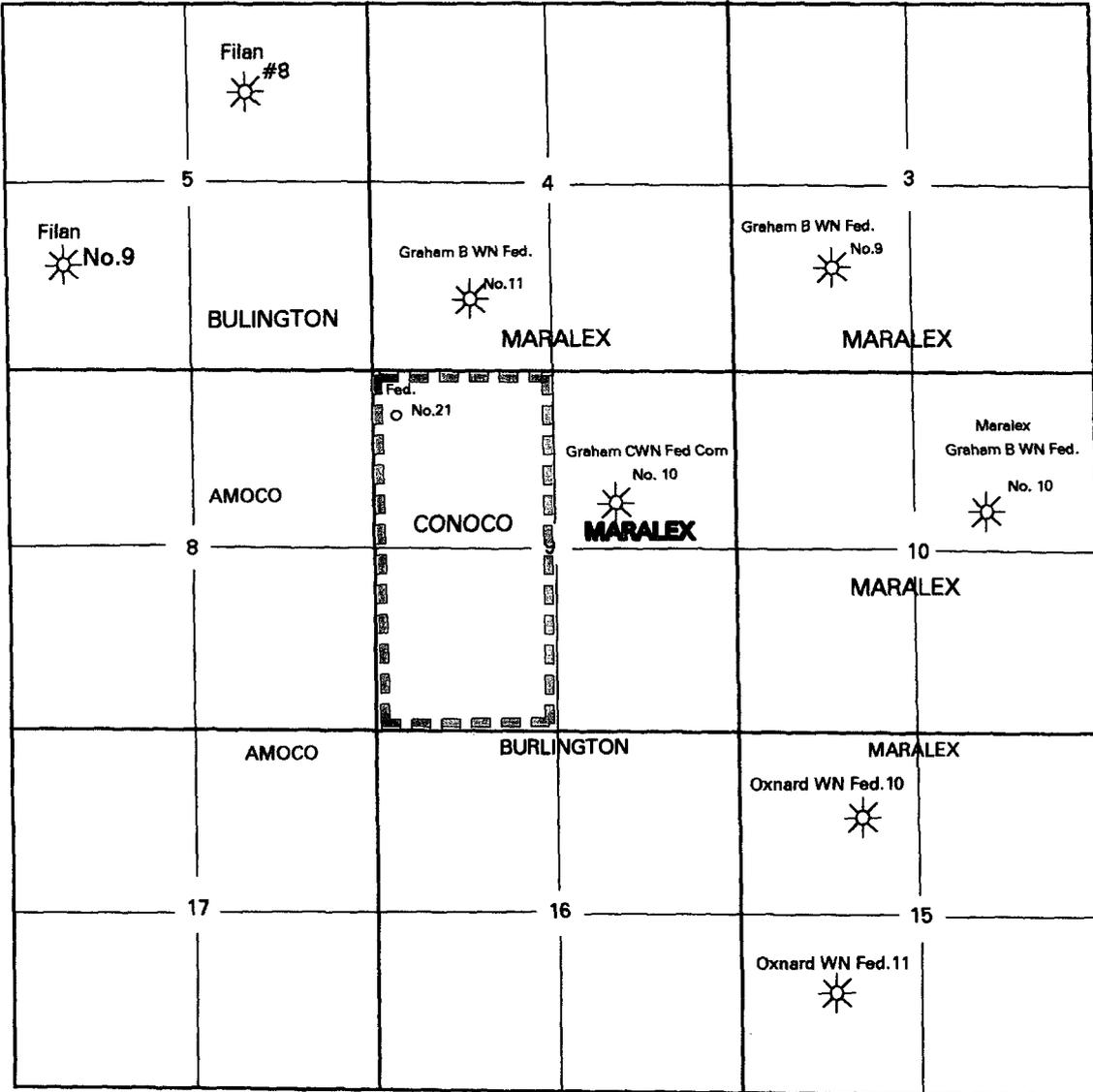
*See Instructions on Reverse Side

ATTACHMENT 2

OPERATOR

FARMINGTON DISTRICT
BY Dean Elliott

R 7 W



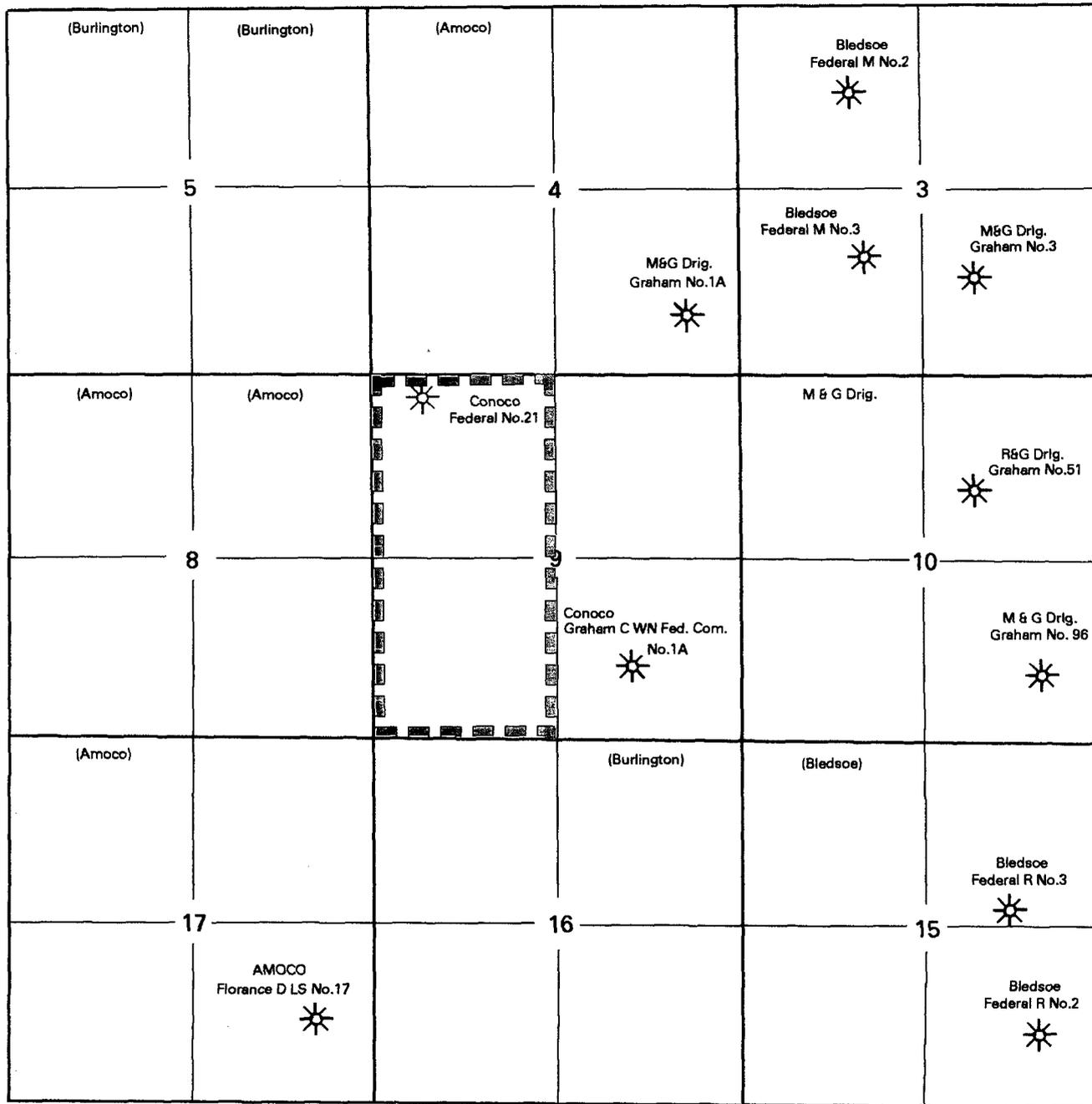
T
27
N

CONOCO

Fruitland Producers & Offset Operators
Unorthodox Fruitland Location

ATTACHMENT 3

R 8 W



T
27
N

Conoco Federal 21 NSL

Chacra Producers & Offset Operators

ATTACHMENT 4

Z 740 467 187



Receipt for Certified Mail
No Insurance Coverage Provided
Do not use for International Mail

Burlington Resources
P.O. Box 4289
Farmington, NM 87499

PS Form 3800, March 1993

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	8/1/97

Z 740 467 188



Receipt for Certified Mail
No Insurance Coverage Provided

Amoco Production Co.
P.O. Box 800
Denver, CO 80201

PS Form 3800, March 1993

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	8/1/97

Z 740 467 189



Receipt for Certified Mail
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

PS Form 3800, March 1993

Sent to	Maralex Resources	
Street and No.	621 17th St. 1125	
P.O., State and ZIP Code	Denver, CO 80293	
Postage	\$	
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, and Addressee's Address		
TOTAL Postage & Fees	\$	
Postmark or Date	8/1/97	