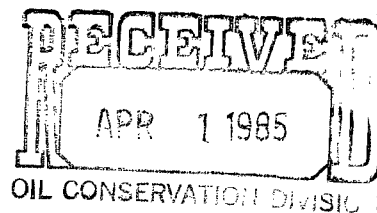


*Release
Immediately
offset waivers in.*

TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992
March 27, 1985



Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. David Catanach

EXPRESS MAIL

Re: Application for Unorthodox Location
Request for Administrative Approval
'Delta Fee "B" #1 Well'

Dedicated →

E/2 Section 14

T-22-S, R-27-E

Eddy County, New Mexico

Gentlemen:

*East Carlsbad Wolfcamp Pool
320 - Acres*

TXO Production Corp. has recently submitted Form C-101 to the Oil Conservation Division for the Delta Fee "B" #1 well. The location for this well is 990' FNL and 1980' FEL Section 14, T-22-S, R-27-E, Eddy County, New Mexico.

If TXO successfully completes the Delta Fee "B" #1 as a Strawn (gas) or a Wolfcamp (gas) well, the proration unit will be the E/2 Section 14 (please see attached plat).

Form C-101 was submitted without the requisite waivers of objection from the offset operators and/or mineral owners. However, we have recently been able to acquire waivers from all of the offset operators and/or mineral owners, and these waivers are attached for your review.

If you refer to the attached plat, you will note the names of the offset operators and/or mineral owners listed at the bottom of the plat, along with the applicable offsetting acreage to our proration unit.

It is hoped that the attached waivers, etc. will allow the Oil Conservation Division to approve our unorthodox location for the Delta Fee "B" #1. Thank you very much for your assistance and cooperation, and please call me collect at (915) 682-7992 should you have any questions.

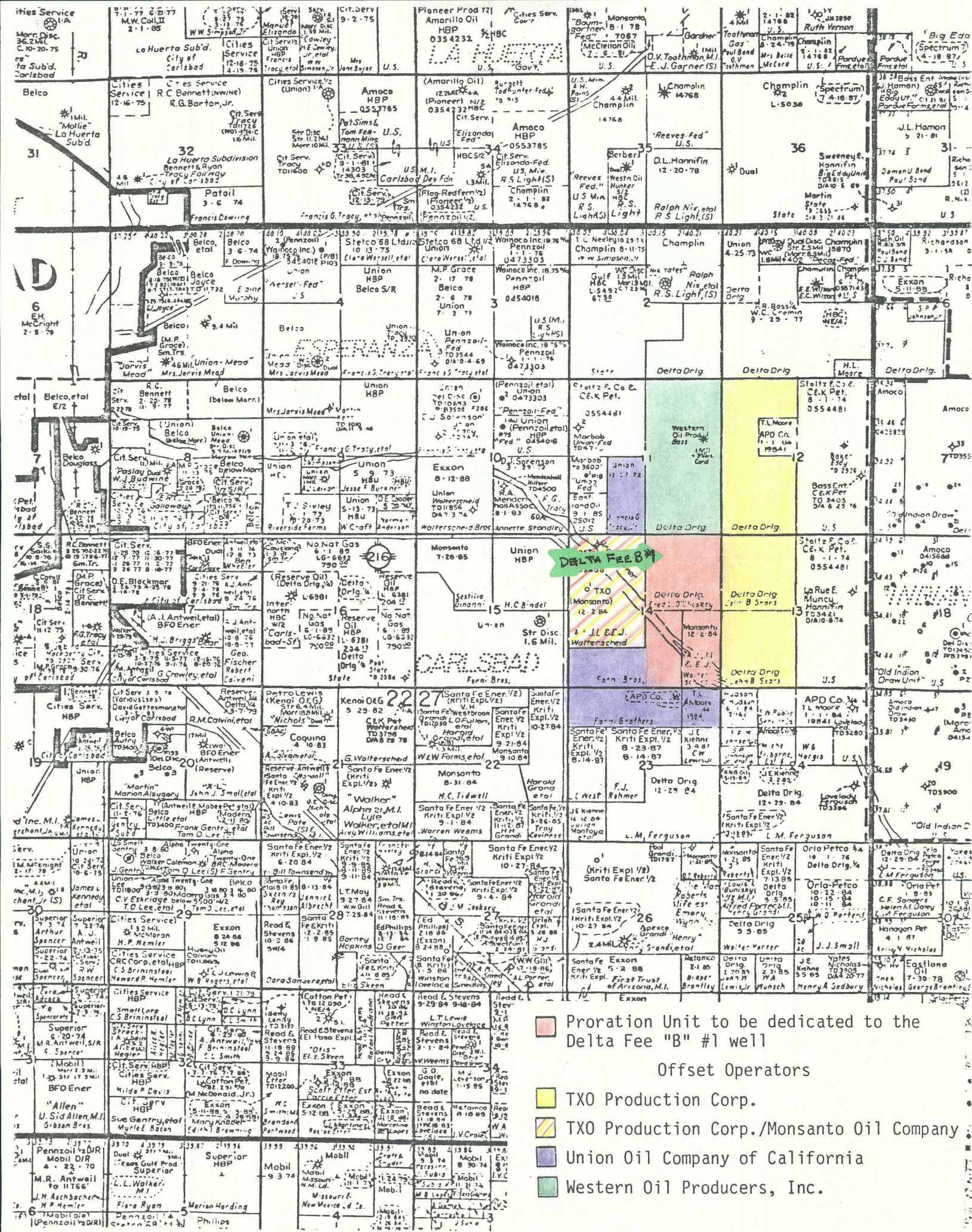
Sincerely,

Jeff Bourgeois
Jeff Bourgeois
Landman

JB/dp
Attachments

cc: Oil Conservation Division
324 W. Main Street
Artesia, New Mexico 88210
Attn: Mr. Les Clements

Mr. Arthur Brown
101 East Marland, Suite 105
Hobbs, New Mexico 88240



New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Unorthodox Drilling
Permit
East Carlsbad Wolfcamp Pool
Delta Fee "B" #1 Well E/2
Section 14, T-22-S, R-27-E
Eddy County, New Mexico

Gentlemen:

Union Oil Company of California, as an offset operator or offset owner of operating rights, has been advised of the intention of TXO Production Corp. to drill the referenced 10,700' Strawn and Wolfcamp Test at a location 1980' FEL and 990' FNL of Section 14, T-22-S, R-27-E, Eddy County, New Mexico. We understand that this location is closer to the lease lines than the rules specify for the East Carlsbad Wolfcamp Gas Pool, as well as Statewide Rules.

This is to advise that Union Oil Company of California has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

Very truly yours,

UNION OIL COMPANY OF CALIFORNIA

By: *St. Thompson*

Title: *DISTR OPS MGR*

Date: *3.25.85*

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Unorthodox Drilling
Permit
East Carlsbad Wolfcamp Pool
Delta Fee "B" #1 Well E/2
Section 14, T-22-S, R-27-E
Eddy County, New Mexico
Case No. 8509

Gentlemen:

Monsanto Oil Company, as an offset operator or offset owner of operating rights, has been advised of the intention of TXO Production Corp. to drill the referenced 10,700' Strawn and Wolfcamp Test at a location 1980' FEL and 990' FNL of Section 14, T-22-S, R-27-E, Eddy County, New Mexico. We understand that this location is closer to the lease lines than the rules specify for the East Carlsbad Wolfcamp Gas Pool, as well as Statewide Rules.

This is to advise that Monsanto Oil Company has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

Very truly yours,

MONSANTO OIL COMPANY

By: 

Title: Regional Exploration Manager

Date: March 20, 1985

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Unorthodox Drilling
Permit
East Carlsbad Wolfcamp Pool
Delta Fee "B" #1 Well E/2
Section 14, T-22-S, R-27-E
Eddy County, New Mexico

Gentlemen:

Western Oil Producers, Inc. as an offset operator or offset owner of operating rights, has been advised of the intention of TXO Production Corp. to drill the referenced 10,700' Strawn and Wolfcamp Test at a location 1980' FEL and 990' FNL of Section 14, T-22-S, R-27-E, Eddy County, New Mexico. We understand that this location is closer to the lease lines than the rules specify for the East Carlsbad Wolfcamp Gas Pool, as well as Statewide Rules.

This is to advise that Western Oil Producers, Inc. has no objection to the granting of a permit to drill at this location and hereby waives objection and notice of hearing on this application.

Very truly yours,

WESTERN OIL PRODUCERS, INC.

By: 

Kenneth D. Reynolds

Title: Vice President

Date: 2/28/85

TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992

April 4, 1985

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: David Catanach

RE: Administrative Approval of
Unorthodox Location
TXO Delta Fee "B" #1
990' FNL & 1980' FEL,
Section 14, T-22-S, R-27-E
Eddy County, New Mexico

Gentlemen:

The TXO Delta Fee "B" #1 is proposed as a development well with the Lower Wolfcamp as the primary objective. The wolfcamp production in the area comes from carbonate developments trending SW-NE. The two zones known to be productive (see plats-Net Porosity Isopach "B" Zone and Net Porosity Isopach "C" Zone) follow this SW-NE alignment.

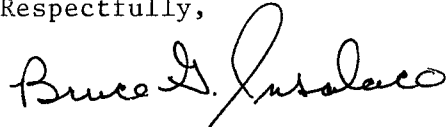
Two geologic concerns prompted the moving of the Delta Fee "B" #1 to the proposed unorthodox location. First, trying to encounter the optimum amount of effective porosity (pay) in the two zones as observed in the closest offsets being the TXO Walterscheid #1, the Union of California Forni #1, and the Western Oil Producers Bass #1. Secondly, to achieve a structural position in a transition zone, but higher than what appears as the "wet" portion of the "B" porosity zone in the Bass #1 well. (See Structure Map of top of Wolfcamp)

The Strawn has not been found productive in the immediate area and is considered to be a Wildcat horizon. The thinning of the Lowest Wolfcamp porosity observed in the Walterscheid #1 (see cross section) suggests that the Delta Fee "B" #1 may encounter a Strawn "buildup" with structural closure. This can be compared to the Santa Fe Henry #1 (see plat-Gross Strawn Isopach). The two offsets, the Union of California Forni #1 and Western Oil Bass #1, did not appear to have the "buildup" or closure and both tested water. Testing of the Strawn can be accomplished by drilling an additional 600' from the base of the Wolfcamp. Therefore, in an effort to conserve costs, it is proposed that the Delta Fee "B" #1 be drilled to a depth of 10,700' to test the Strawn in what is believed to be a sound Wolfcamp location.

New Mexico Oil Conservation Division
April 4, 1985
Page 2.

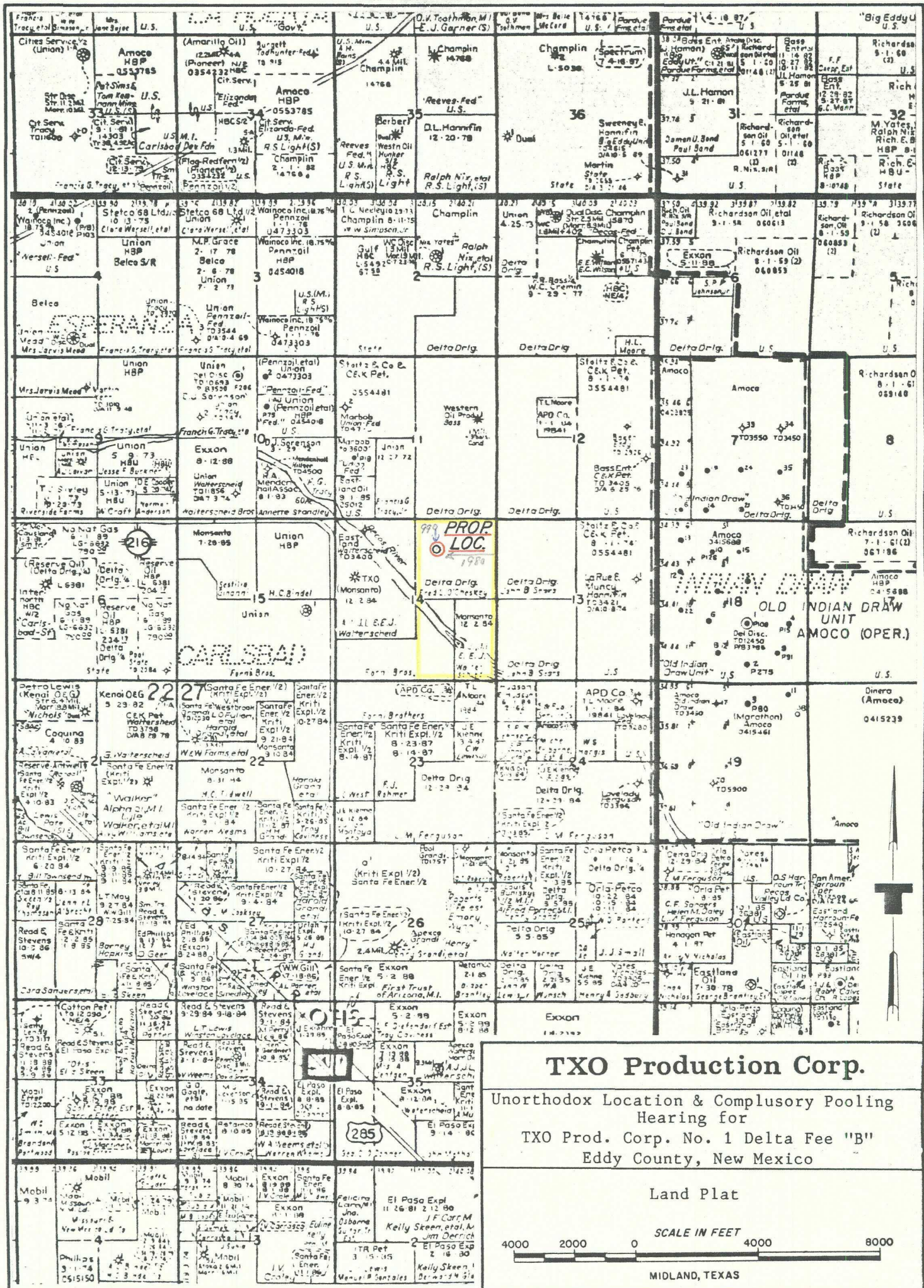
Based on the above, we respectfully request the unorthodox location of 990' FNL and 1980' FEL, Section 14, T-22-S, R-27-E, Eddy County, New Mexico. Included for your review are a Land Plat, a Production Map, a Structure Map contoured on top of the Wolfcamp, a Net Porosity Isopach of the Lower Wolfcamp "B" Zone, a Net Porosity Isopach of the Lower Wolfcamp "C" Zone, a Structure Map contoured on top of the Strawn, a Gross Strawn Horizon Isopach, and a Stratigraphic Cross Section of the Wolfcamp and Strawn Horizons.

Respectfully,

A handwritten signature in dark ink, reading "Bruce G. Insalaco". The signature is fluid and cursive, with the first name "Bruce" and last name "Insalaco" clearly legible.

Bruce G. Insalaco
Geologist

BGI/dlt
Enclosures



TXO Production Corp.

Unorthodox Location & Compulsory Pooling
Hearing for
TXO Prod. Corp. No. 1 Delta Fee "B"
Eddy County, New Mexico

Land Plat

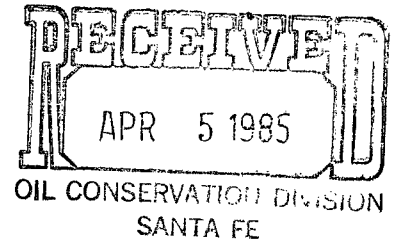
SCALE IN FEET

4000 2000 0 4000 8000

MIDLAND, TEXAS

TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992

March 4, 1985



New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attn: Mr. David Catanach


Re: Application for Unorthodox Location
Request for administrative approval
Delta Fee "B" #1 well
E/2 Section 14, T-22-S, R-27-E
Eddy County, New Mexico

Gentlemen:

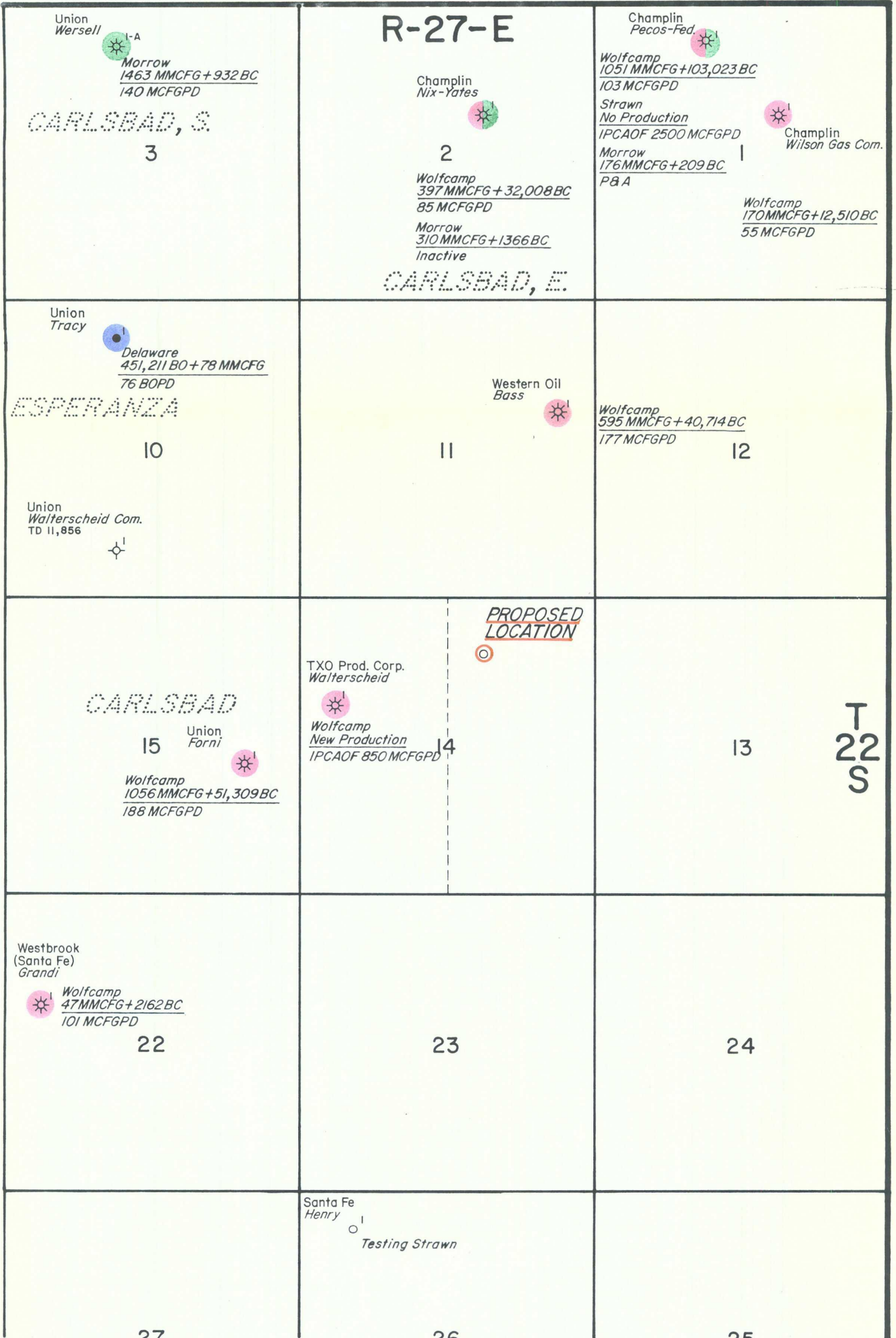
As per your request, enclosed please find a letter from TXO's geologist, along with attachments, explaining the geological circumstances surrounding TXO's request for approval of the above referenced unorthodox well location.

TXO respectfully requests, that after review of the enclosed materials along with the previously submitted waivers of objection from all offset operators to this tract, that the NMOCD grant approval to our unorthodox location for Delta Fee "B" #1 well. Thank you very much for your assistance and cooperation and please feel free to call me collect at (915) 682-7992 should you have any questions.

Very truly yours,


Jeff Bourgeois
Landman

JB/sf
Enclosure



Producing Formation
Cumulative Production to 10-1-84
Average Daily Rate for 9-84

- DELAWARE PRODUCER
- WOLFCAMP PRODUCER
- MORROW PRODUCER

Note: Wells that did not penetrate Wolfcamp fm. are not shown.

TXO Production Corp.

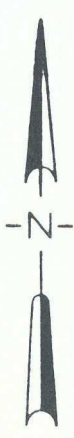
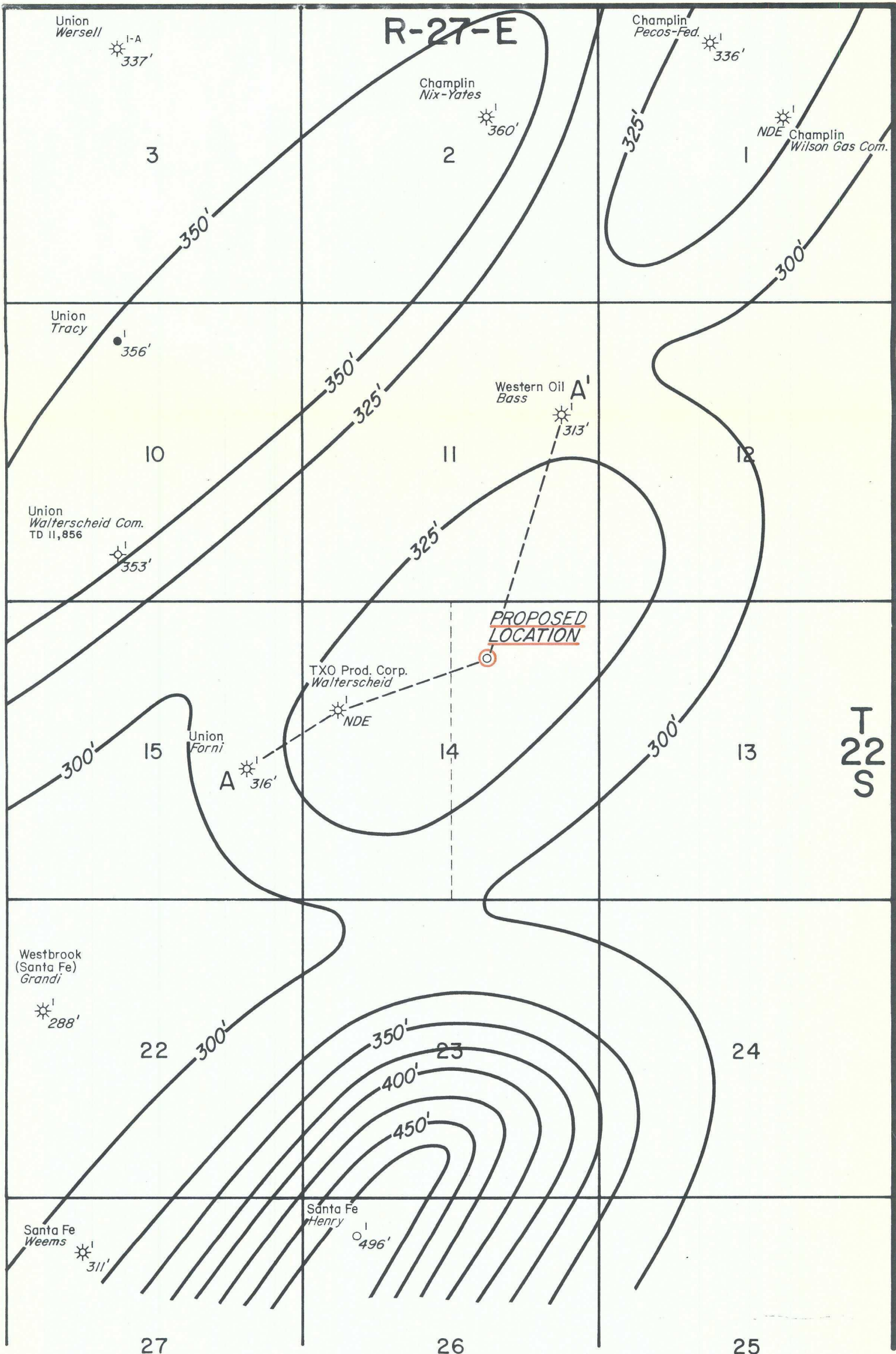
CARLSBAD, EAST FIELD
EDDY COUNTY, NEW MEXICO

UNORTHODOX LOCATION AND
COMPULSORY POOLING HEARING
FOR TXO PROD. CORP. NO. 1 DELTA FEE "B"

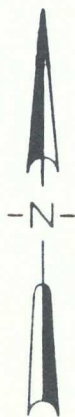
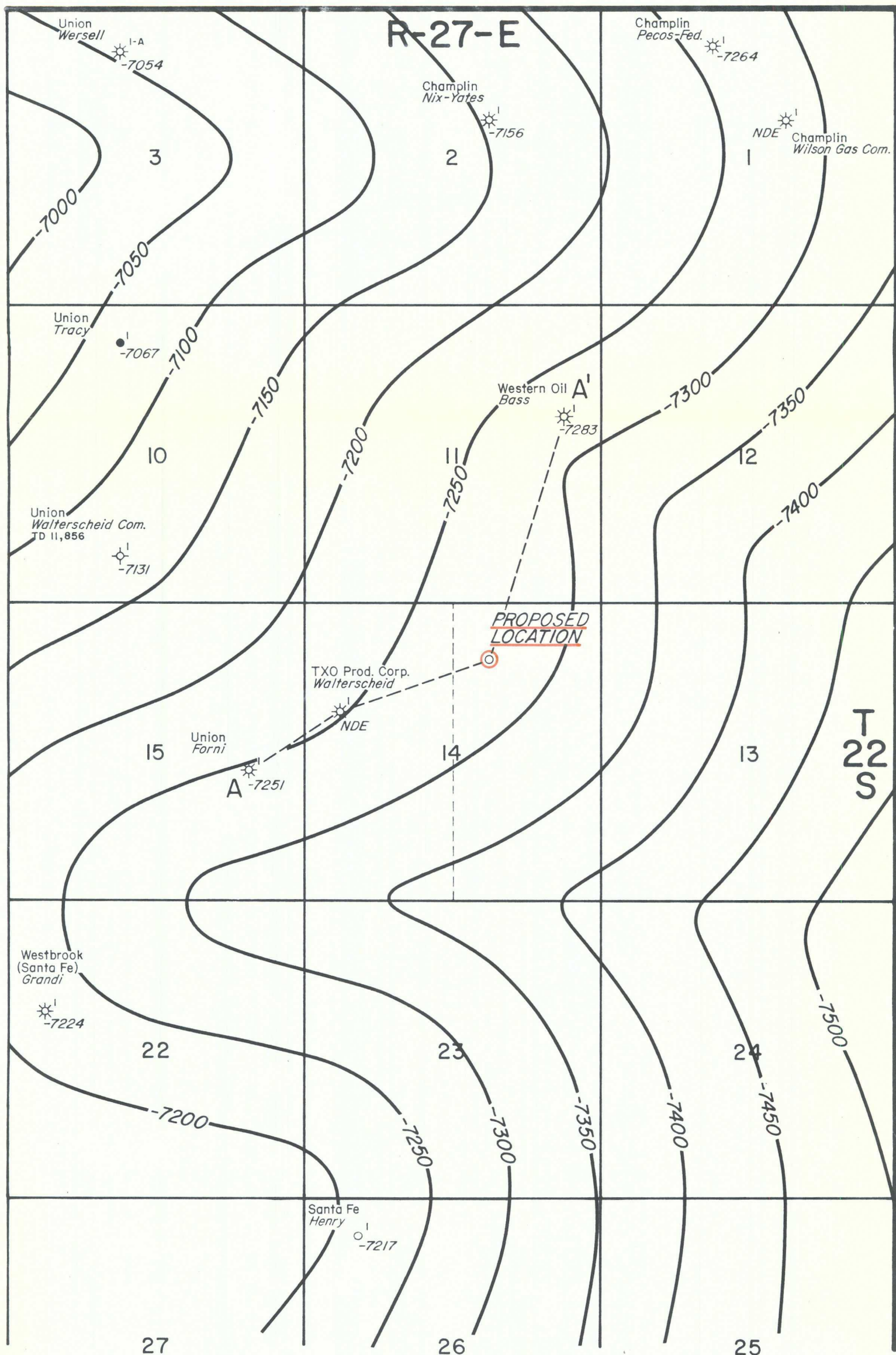
PRODUCTION MAP

B. Insalaco

SCALE: 1"=2000'



| |
|--|
| TXO Production Corp. |
| CARLSBAD, EAST FIELD |
| EDDY COUNTY, NEW MEXICO |
| UNORTHODOX LOCATION AND COMPULSORY POOLING HEARING FOR TXO PROD. CORP. NO. 1 DELTA FEE "B" |
| ISOPACH MAP |
| GROSS STRAWN HORIZON |
| C.I. = 25' |



TXO Production Corp.

CARLSBAD, EAST FIELD

EDDY COUNTY, NEW MEXICO

UNORTHODOX LOCATION AND
COMPULSORY POOLING HEARING
FOR TXO PROD. CORP. NO. 1 DELTA FEE "B"

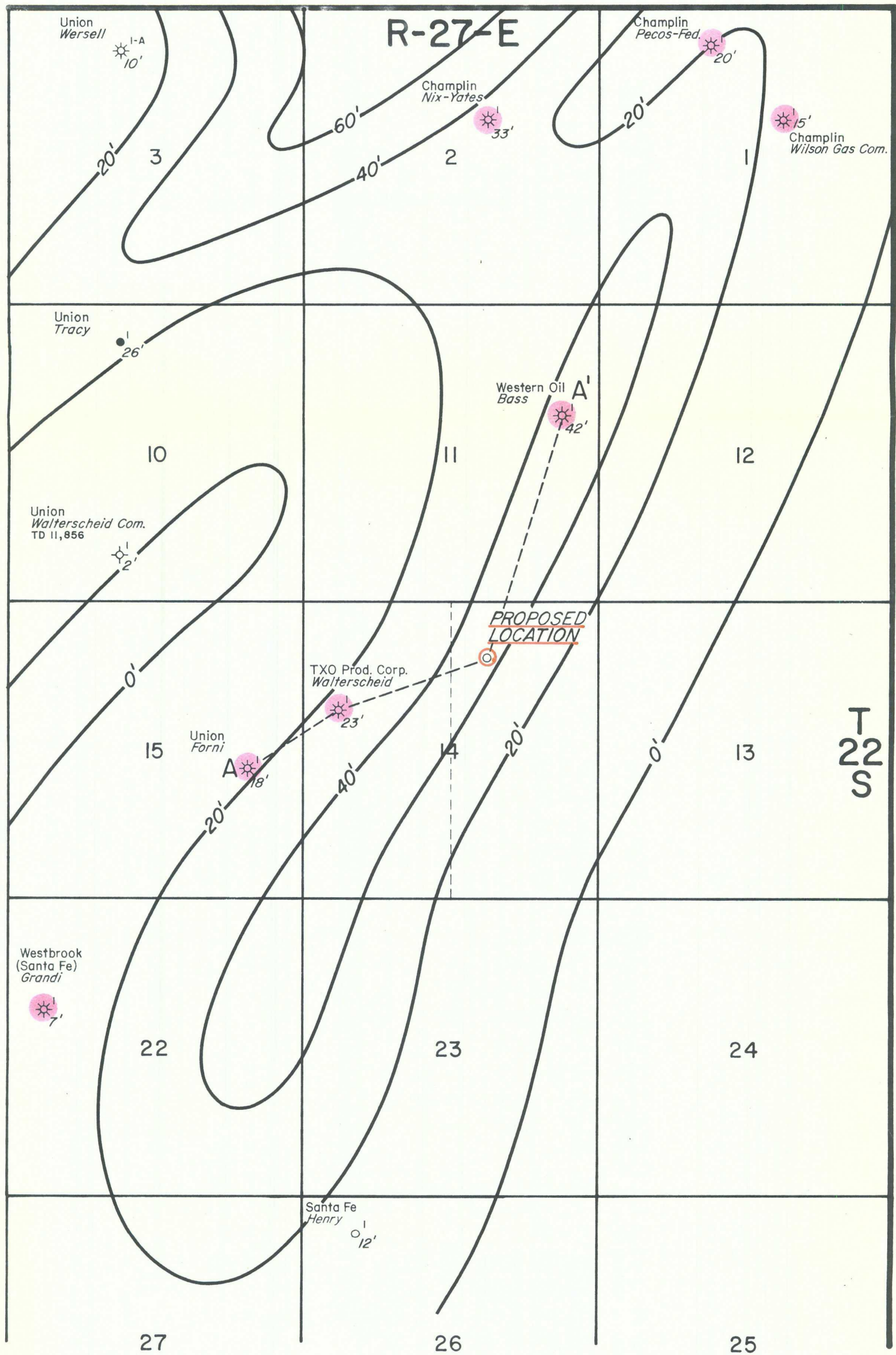
STRUCTURE MAP

TOP OF STRAWN

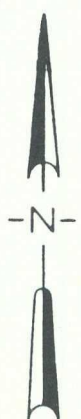
C.I.=50'

B. Insalaco

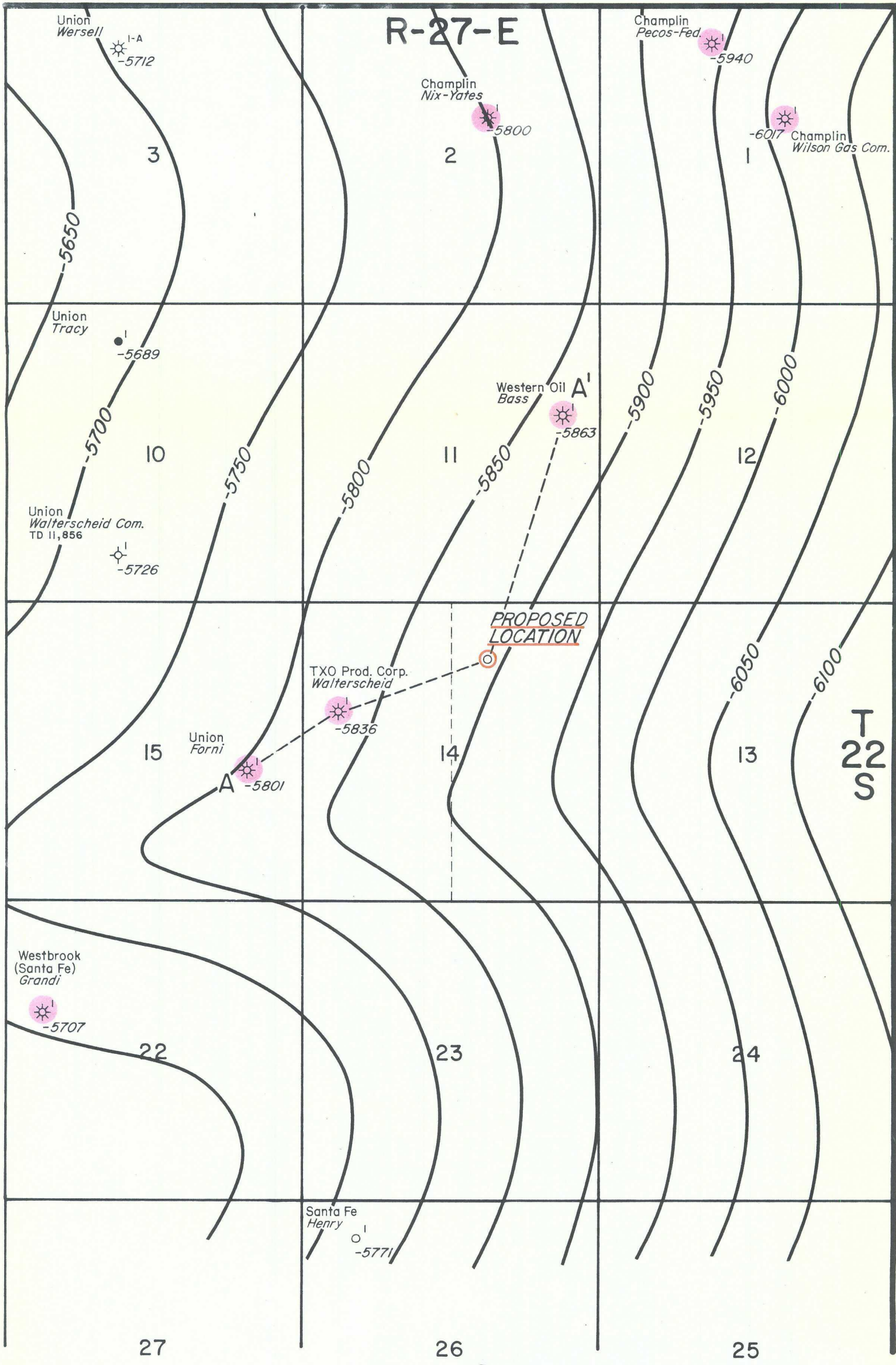
SCALE: 1" = 2000'



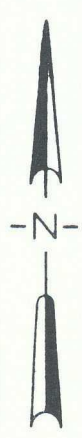
 WOLFCAMP PRODUCER



| | |
|--|-------------------------------|
| TXO Production Corp. | |
| CARLSBAD, EAST FIELD | |
| EDDY COUNTY, NEW MEXICO | |
| UNORTHODOX LOCATION AND COMPULSORY POOLING HEARING FOR TXO PROD. CORP. NO. 1 DELTA FEE "B" | |
| <u>ISOPACH MAP</u> | |
| NET POROSITY OF LOWER WOLFCAMP "C" ZONE | |
| POROSITY $\geq 3\%$ | GAMMA RAY ≤ 40 API UNITS |
| B. Insalaco | C.I. = 20' |
| SCALE: 1" = 2000' | |



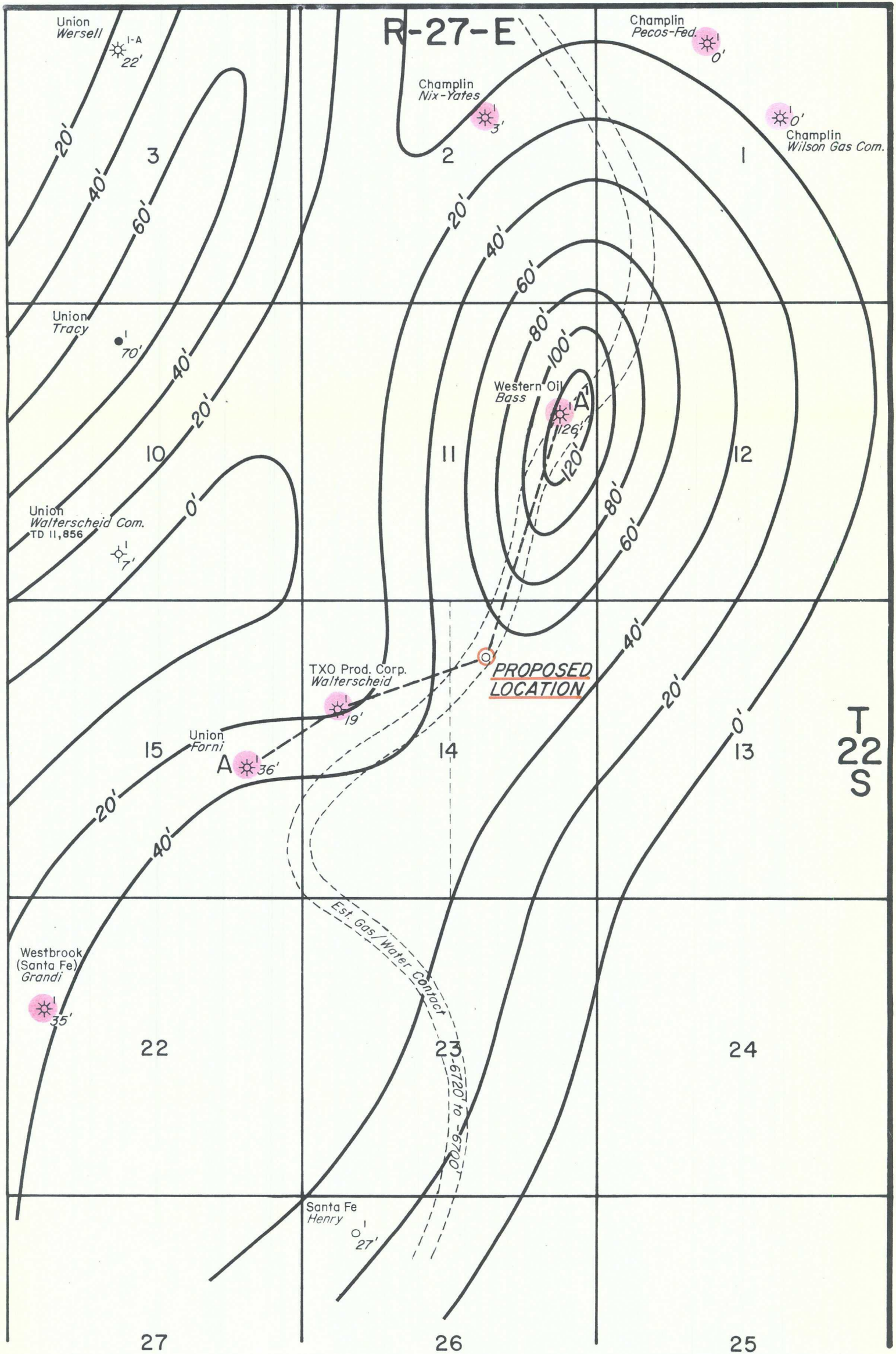
WOLFCAMP PRODUCER



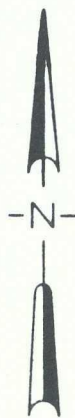
| |
|--|
| TXO Production Corp. |
| CARLSBAD, EAST FIELD |
| EDDY COUNTY, NEW MEXICO |
| UNORTHODOX LOCATION AND COMPULSORY POOLING HEARING FOR TXO PROD. CORP. NO. 1 DELTA FEE "B" |
| STRUCTURE MAP |
| TOP OF WOLFCAMP |
| C.I. = 50' |

B. Insalaco

SCALE: 1" = 2000'



 WOLFCAMP PRODUCER



TXO Production Corp.

CARLSBAD, EAST FIELD

EDDY COUNTY, NEW MEXICO

UNORTHODOX LOCATION AND
COMPULSORY POOLING HEARING
FOR TXO PROD. CORP. NO. 1 DELTA FEE "B"

ISOPACH MAP

NET POROSITY OF
LOWER WOLFCAMP "B" ZONE

POROSITY $\geq 3\%$

GAMMA RAY ≤ 40 API UNITS

B. Insalaco

C.I. = 20'

SCALE: 1" = 2000'