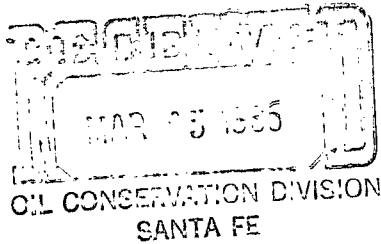


Release April 15, 1985

By DRC



McClellan Oil Corporation



NSL-2026
RULE-104 FE

March 22, 1985

Undesignated Morrow
320 Acres

Mr. Dick Stamets, Director
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Re: Non-Standard Location
SAM Fed. No. 1
NW, NW of Sec. 28-T15S-R30E
Chaves County, NM

Dear Mr. Stamets:

McClellan Oil Corporation would appreciate an administrative approval for a non-standard Morrow gas well location as provided for under NMOCD Rule 104, F (I).

The proposed SAM Fed. No. 1, located 660' FNL & 330' FWL of Section 28, is a re-entry of the Texaco Spencer "B" Fed. No. 1. The subject well is to be recomplected in the Morrow with the north half of section 28 dedicated to the well. The Texaco well was originally drilled on a standard oil well location.

The enclosed lease map shows the offset operators who have been notified by certified mail of our request.

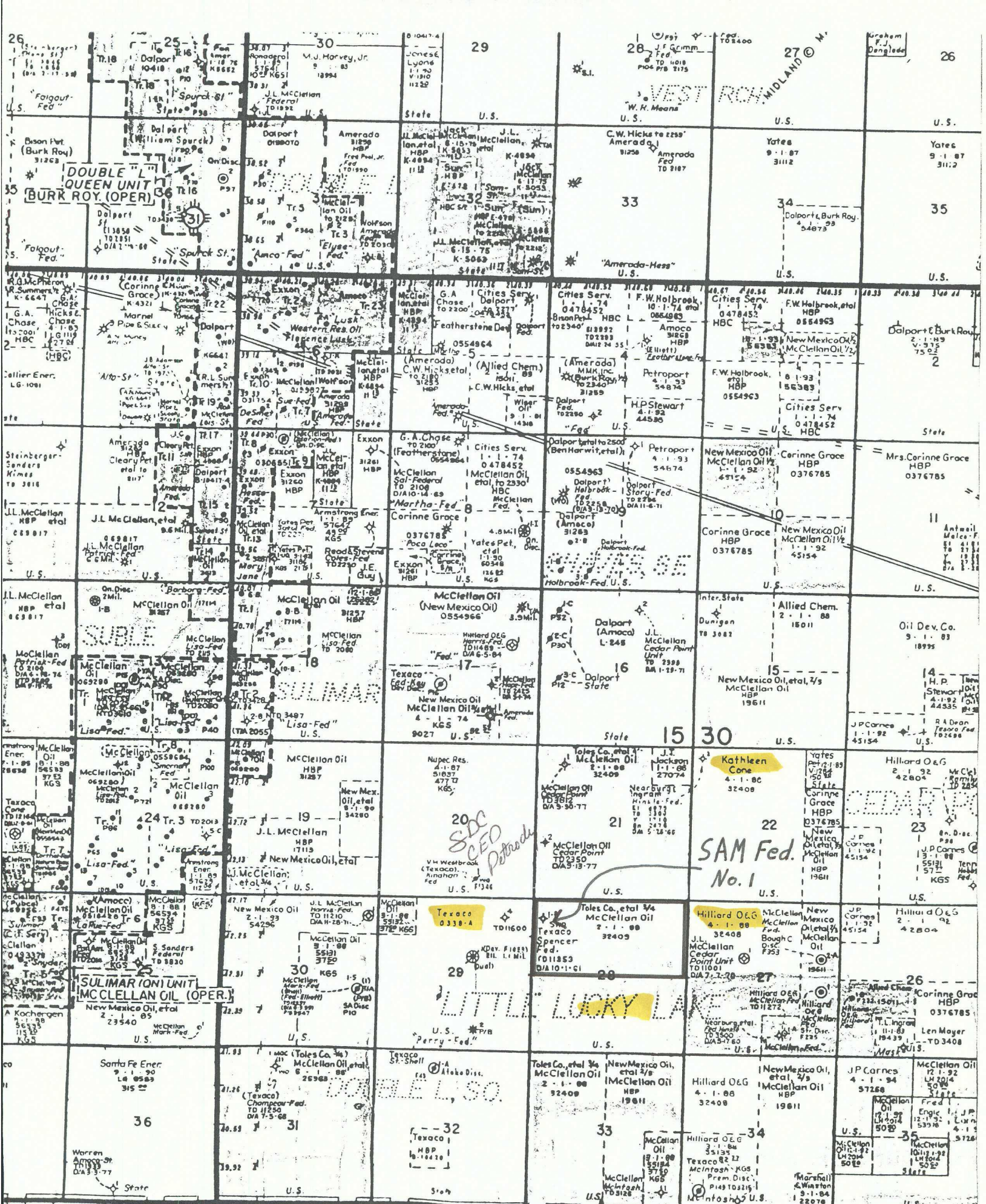
We will appreciate your expeditious approval and issuance of the administrative order.

Sincerely,

Mark McClellan

Mark McClellan
Geologist

cc: Kathleen Cone
Hilliard Oil & Gas
Texaco USA
SDC Resources, Inc.
CEN Resources, Inc.
Petrodyne Production Co.



R 30 E

LEGEND


OFFSET OPERATORS


SAM Fed. No. 1


SDC Resources, Inc.
1025 808 4th Ave. S.W.
Calgary, Alberta CA
T2P 0K4

CEN Resources, Inc.
P.O. Box 1458
Riverton, WY 82501

Petrodyne Production Co.
8703 Yates Drive, Suite 220
Westminister, CO 80030

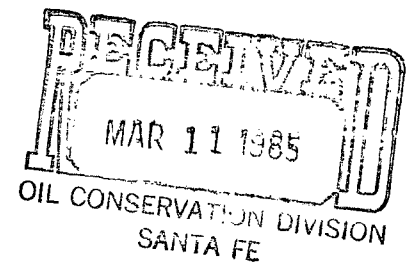
 Hilliard Oil & Gas
Wood Hill Office Park
3000 North Garfield, Ste. 120
Midland, TX 79701

 Kathleen Cone
P.O. Box 1148
Lovington, NM 88260

 Texaco USA
P.O. Box 728
Hobbs, NM 88240



McClellan Oil Corporation



March 7, 1985

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

Attention: David Catanach

Re: UNORTHODOX LOCATION
Peery Federal Well No. 4
660 FNL & 990 FEL
Sec. 29-T15S-R30E
Chaves County, New Mexico

Dear Mr. Catanach:

Enclosed please find McClellan Oil Corporation's response to Texaco's request for a waiver of a non-standard location.

Sincerely,

Mark McClellan
Geologist

cc file



McClellan Oil Corporation

February 22, 1985

Texaco, Inc.
Post Office Box 728
Hobbs, New Mexico 88240

Re: Non-Standard Location
NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 29-15S-30E,
Chaves County, N. M.

Attention: W. B. Cade

Gentlemen:

In your letter of February 12, 1985, Texaco requested that McClellan Oil Corporation agree to a non-standard location for the proposed re-entry of the Texaco Peery Federal No. 4, located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 29, Township 15 South, Range 30 East, Chaves County, New Mexico.

McClellan Oil agrees to the non-standard location described above, contingent upon Texaco's simultaneous agreement for a non-standard location for the proposed re-entry of the Texaco B. E. Spencer Federal "B" No. 1, located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 28-T15S-R30E, or the drilling of a new test in either the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 28-T15S-R30E, or the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21-T15S-R30E.

If these terms are agreeable and acceptable to Texaco, Inc. please so signify by executing this letter agreement in the space provided below, and returning one copy to this office.

Very truly yours,

Jack L. McClellan
President

ACCEPTED AND AGREED TO ON
this ____ day of February, 1985.

TEXACO, INC.

BY _____

(Title)

Copy to Midland Office

*Original signed by
Jack McClellan, in file.*



Texaco USA

PO Box 726
Houston TX 77240
Tel 361 7191

February 12, 1985

State of New Mexico
Energy & Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 88501

Attention: Mr. David Catanach

RE: UNORTHODOX LOCATION
PEERY FEDERAL WELL NO. 4
660' FNL & 990' FEL
SECTION 29, T-15-S, R-30-E
CHAVES COUNTY, NEW MEXICO

Gentlemen:

An Exception to Rule 104 B.I.(a) for Administrative approval is requested for Texaco's Peery Federal Well No. 4, located in Unit Letter A, 660' FNL & 990' FEL, Section 29, T-15-S, R-30-E, Chaves County, New Mexico. The subject well is to be recompleted in the Morrow with the north half of the section dedicated to the well, 320 acres. The well was originally drilled on a standard oil well location, and completed into the Little Lucky Lake Devonian oil pool.

Attached is an Area Plat showing all Offset Operators and completed wells. A copy of this Application has been mailed to the Offset Operators.

Yours very truly,

W. B. CADE
District Operations Manager

Attachments



Texaco USA

PO Box 786
Houston, TX 77240
Tel: 713/7101

February 12, 1985

OFFSET OPERATORS
(Address List)

Gentlemen:

Attached is a copy of Texaco's Application for an Exception to Rule 104 B.I.(a) for our Peery Federal Well No. 4. This unorthodox location is due to the proposed recompletion of the subject well in the Morrow. If you have no objection, please sign the Waiver at the bottom of this page and return to me. If no objection is received within 20 days, the Division Director may approve the proposed application.

Yours very truly,

W. B. CADE
District Operations Manager

DBW:JEB

WAIVER APPROVAL: _____

DATE: _____