## DANIEL S. NUTTER

REGISTERED PETROLEUM ENGINEER

PETROLEUM CONSULTATION AND STATE AND FEDERAL REGULATORY SERVICES

105 EAST ALICANTE

SANTA FE, NEW MEXICO 87501

PHONE (505) 982-0757

September 10, 1986

# RECEIVED

ISEP 1 0 1986

#### Hand Delivered

OIL CONSERVATION DIVISION

Mr. Richard L. Stamets, Director Oil Conservation Division Energy and Minerals Department P.O. Box 2088 Santa Fe, New Mexico

> Re: Application of TXO Production Corp. for an Unorthodox Gas Well Location, Eddy County, New Mexico

Dear Mr. Stamets:

As an offset operator, Bass Enterprises Production Co. received notice of the application of TXO Production Corp. for administrative approval for the unorthodox gas well location for its proposed Delta Fee "C" Well No. 1, a Wolfcamp test well to be drilled at a point 990 feet from the North line and 1980 feet from the West line of Section 12, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, the W/2 of said Section 12 to be dedicated to the well.

On August 26, 1986, Bass filed with your office an objection to the proposed unorthodox location and requested that the application be set for hearing. This was done, and the matter is presently set for hearing on OCD Docket No. 28-86 as Case No. 8988.

By Letter Agreement dated September 3, 1986, Bass and TXO have agreed to certain terms covering the drilling and production of the proposed well. Therefore, and under the terms of the agreement, Bass no longer objects to the unorthodox location and hereby withdraws its request for hearing, provided however, that we do request that the Letter Agreement be incorporated in the administrative order approving the unorthodox location. R. L. Stamets September 10, 1986 Page 2

A copy of the Letter Agreement is attached.

Very truly yours, utter

Daniel S. Nutter, P.E.

DSN:ms

cc: Mr. David Catanach Oil Conservation Division P.O. Box 2088 Santa Fe, NM 87501

> Mr. David M. Hundley TXO Production Corp. 900 Wilco Building Midland, TX 79701

Mr. Steve Rowland Bass Enterprises Production Co. P.O. Box 2760 Midland, TX 79702

Mr. Louis W. Wilpitz
Bass Enterprises Production Co.
First City Bank Tower
201 Main St.
Fort Worth, TX 76102

#### BASS ENTERPRISES PRODUCTION CO.

FIRST CITY BANK TOWER 201 MAIN ST. FORT WORTH, TEXAS 76102 817/390-8400 SEP 0 % 1985

TEXAS OIL GAS CORP.

#### September 3, 1986

TXO PRODUCTION CORP. 900 Wilco Building Midland, Texas 79701

Attention: Mr. David Hundley

RE: TXO Production Corp. - Delta Fee "C" No. 1 Well W/2 Section 12, T22S-R27E Eddy County, New Mexico

Gentlemen:

Under letter of August 5, 1986, TXO Production Corp. (TXO) filed an application for administrative approval of unorthodox location for the drilling of the subject well at a location of 1980' FWL and 990' FNL of Section 12, T22S-R27E, Eddy County, New Mexico. TXO desires to drill the well to a depth of 10,100' as a Wolfcamp test and to dedicate the W/2 of Section 12 to the well.

Due to the concern of confiscation of hydrocarbons, Perry R. Bass, Trustee, Sid R. Bass, Inc., Thru Line Inc., Robert M. Bass Group, Inc. and Lee M. Bass, Inc. (Bass) filed its opposition to the granting of your application for administrative approval of unorthodox location within the time period allowed. At that time the New Mexico Oil Conservation Division set a date for hearing.

In an effort to prevent TXO's lease from expiring, Bass, an offset oil and gas lease owner, is agreeable to rescind its objection to TXO's application to drill and produce the subject well at the requested location if TXO will drill and produce the well in accordance with the following terms and provisions:

- <u>RULE 1</u>. These rules shall apply to the Delta Fee "C" No. 1 well, located 1980 feet from the West line and 990 feet from the North line of Section 12, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, which well's Production Limitation Factor of 0.70 shall be applied to the well's deliverability (as determined by the hereinafter set forth procedure) to determine its maximum allowable rate of production.
- RULE 2. The allowable period for the subject well shall be six months.
- RULE 3. The year shall be divided into two allowable periods commencing at 7:00 o'clock a.m. on January 1 and July 1.
- <u>RULE 4.</u> Immediately upon connection of the well, the operator shall determine the open flow capacity of the well in accordance with the Division "Manual for Back-Pressure Testing of Natural Gas Wells" then current, and the well's initial deliverability shall be calculated against average pipeline pressure.

TXO Production Corp. September 3, 1986 Page 2

- <u>RULE 5.</u> The well's "subsequent deliverability" shall be determined twice a year, and shall be equal to its highest single day's production during the months of April and May or October and November, whichever is applicable. Said subsequent deliverability, certified by the pipeline, shall be submitted to the appropriate District Office of the Division not later than June 15 and December 15 of each year.
- <u>RULE 6.</u> The Division Director may authorize special deliverability tests to be conducted upon a showing that the well has been worked over or that the subsequent deliverability determined under Rule 5 above is erroneous. Any such special test shall be conducted in accordance with Rule 4 above.
- <u>RULE 7.</u> The operator shall notify the appropriate district office of the division and all offset operators of the date and time of initial or special deliverability tests in order that the Division or any such operator may at their option witness such tests.
- <u>RULE 8.</u> The well's allowable shall commence upon the date of connection to a pipeline and when the operator has complied with all appropriate filing requirements of the Rules and Regulations and any special rules and regulations.
- <u>RULE 9.</u> The well's allowable during its first allowable period shall be determined by multiplying its initial deliverability by its production limitation factor.
- <u>RULE 10.</u> The well's allowable during all ensuing allowable periods shall be determined by multiplying its latest subsequent deliverability, as determined under provisions of Rule 5, by its production limitation factor. If the well shall not have been producing for at least 60 days prior to the end of its first allowable period, the allowable for the second allowable period shall be determined in accordance with Rule 9.
- RULE 11. Revision of allowable based upon special well tests shall become effective upon the date of such test provided the results of such tests are filed with the Division's district office within 30 days after the date of the test; otherwise the date shall be the date the test report is received in said office.
- <u>RULE 12.</u> Revised allowables based on special well tests shall remain effective until the beginning of the next allowable period.
- RULE 13. In no event shall the well receive an allowable of less than 500 thousand cubic feet of gas per day.

TXO Production Corp. September 3, 1986 Page 3

ł

- RULE 14. January 1 and July 1 of each year shall be known as the balancing dates.
- RULE 15. If the well has an underproduced status at the end of a sixmonth allowable period, it shall be allowed to carry such underproduction in addition to its regularly assigned allowable. Any underproduction carried forward into any allowable period which remains unproduced at the end of the period shall be cancelled.
- <u>RULE 16.</u> Production during any one month of an allowable period in excess of the monthly allowable assigned to the well shall be applied against the underproduction carried into the period in determining the amount of allowable, if any, to be cancelled.
- <u>RULE 17</u>. If the well has an overproduced status at the end of a sixmonth allowable period, it shall be shut in until such overproduction is made up.
- <u>RULE 18.</u> If, during any month, it is discovered that the well is overproduced in an amount exceeding three times its average monthly allowable, it shall be shut in during that month and during each succeeding month until it is overproduced in an amount three times or less its monthly allowable, as determined hereinabove.
- <u>RULE 19</u>. The Director of the Division shall have authority to permit the well, if it is subject to shut-in pursuant to Rules 17 and 18 above, to produce up to 500 MCF of gas per month upon proper showing to the Director that complete shut-in would cause undue hardship, provided however, such permission shall be rescinded for the well if it has produced in excess of the monthly rate authorized by the Director.
- <u>RULE 20.</u> The Division may allow overproduction to be made up at a lesser rate than permitted under Rules 17, 18 or 19 above upon a showing at public hearing that the same is necessary to avoid material damage to the well.
- <u>RULE 21</u>. Failure to comply with the provisions of this order or the rules contained herein or the Rules and Regulations of the Division shall result in the cancellation of allowable assigned to the well. No further allowable shall be assigned to the well until all rules and regulations are complied with. The Division shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

TXO Production Corp. September 3, 1986 Page 4

That jurisdiction of the cause is retained for the entry of such further orders as the Division may deem necessary.

Should TXO be in agreement to drill and produce the referenced well in accordance with the terms and provisions of this letter, please signify by executing three (3) originals of this letter in the space provided below.

AGREED TO AND ACCEPTED THIS 5 DAY OF SEPTEMBER, 1986.

PERRY R BAS

SID R. BASS, INC. THRU LINE INC. ROBERT M. BASS GROUP, INC. LEE M. BASS, INC.

Bv

Vice President of above named corporations

AGREED TO AND ACCEPTED THIS

DAY OF SEPTEMBER, 1986.

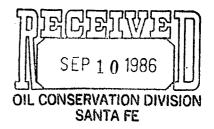
TXO PRODUCTION CO.

By

BASS ENTERPRISES PRODUCTION CO.

FIRST CITY BANK TOWER 201 MAIN ST. FORT WORTH, TEXAS 76102 817/390-8400

September 8, 1986



TXO PRODUCTION CORP. 900 Wilco Building Midland, Texas 79701

Attention: Mr. David M. Hundley

RE: TXO - Delta Fee "C" No. 1 Well W/2 Section 12, T22S-R27E Eddy County, New Mexico Production Limitation Letter Agreement

Gentlemen:

Enclosed please find one fully executed original of Letter Agreement dated September 3, 1986, regarding the drilling and production of the subject wells.

Bass has also notified the New Mexico Oil Conservation Division that pursuant to our letter agreement Bass no longer objects to the granting of TXO's application for administrative approval of an unorthodox location for the subject well.

Sincerel LOUIS

LOUI<del>S W.</del> WILP<del>TT</del> Landman

LWW:jh Enclosure

cc: Mr. David Catanach New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501

> Mr. Daniel S. Nutter 105 East Alicante Santa Fe, New Mexico 87501

Administrative Order NSL-TXO Production Corp. Delta Fee "C" Well No. 1 Page 2

Very truly yours,

Richard L. Stamets Director

١

RLS:

cc: Mr. Steve Rowland Bass Enterprises Production Co. P.O. Box 2760 Midland, TX 79702

Mr. Louis W. Wilpitz
Bass Enterprises Production Co.
First City Bank Tower
201 Main St.
Fort Worth, TX 76102

OCD - Artesis

September 4, 1986

P R O P O S E D D R A F T

TXO Production Corp. 900 Wilco Building Midland, TX 79701

Attn: Mr. David M. Hundley

Administrative Order NSL-

Gentlemen:

Reference is made to your application received in this office on August 7, 1986, requesting administrative approval for an unorthodox gas well location for your proposed Delta Fee "C" Well No. 1, a Wolfcamp test to be drilled at a point 990 feet from the North line and 1980 feet from the West line of Section 12, Township 22 South, Range 27 East, NMPM, East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, the W/2 of said Section 12 to be dedicated to the well.

On August 26, 1986, this office received an objection to the proposed unorthodox location from Bass Enterprises Production Co., an offset operator, together with a request for a hearing on the matter, and your application was set for hearing as Case 8988 on Docket No. 28-86, to be heard on September 17, 1986.

We are now in receipt of the Letter Agreement between TXO Production Corp. and the Bass companies, as well as Bass's letter withdrawing their objection to the proposed unorthodox location location, provided that the Letter Agreement is incorporated into the administrative order approving the unorthodox location.

Pursuant to the authority vested in me by Rule 104 F. I of the Division Rules and Regulations, TXO Production Corp. is hereby granted an exception to the well location requirements of Rule 104 C II (a) and is authorized to drill its Delta Fee "C" Well No. 1 to the Wolfcamp formation at the location described abov¢ provided, however, that production from the subject well shall be limited in accordance with the above-referenced Letter Agreement for so long as the well is in a non-prorated pool, and provided further, that if the well is in a prorated gas pool, it shall receive an acreage factor of 0.70 for allowable purposes.

The Letter Agreement between TXO Production Corp. and the Bass companies is attached hereto and made a part hereof as Exhibit "A" to this order.

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

September 4, 1986

Bass Enterprises Production Company First City Bank Tower 201 Main Street Fort Worth, Texas 76102

Attention: Mr. Jens Hansen

Re: Production Limitation Letter Agreement Delta Fee "C" #1 well W/2 Section 12 T-22-S, R-27-E Eddy County, New Mexico

Gentlemen:

Enclosed please find three executed copies of that certain Letter Agreement dated September 3, 1986, which you had prepared and mailed to TXO. The Letter Agreement has been executed by Mr. Frank Kieffer as Attorney-In-Fact for TXO Production Corp.

We would appreciate your having the proper Bass representatives execute this Letter Agreement and returning an executed copy to us at your earliest convenience. In addition, we would appreciate your notifying the Oil Conservation Division of TXO's execution of this Letter Agreement and that you have no further objection to the granting of TXO's application for administrative approval of an unorthodox location for the Delta Fee "C" #1 well.

Sincerely,

David M. Hundley District Landman

DMH/dlt

cc: Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501 Attention: Mr. David Catanach

> Mr. Daniel S. Nutter Registered Petroleum Engineer 105 East Alicante Santa Fe, New Mexico 87501

Release Sept 15 1984

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

August 5, 1986

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

Attention: Mr. David Catanach

OIL CONSERVATION

and the second

RE: Application for Administrative Approval of Unorthodox Location TXO Production Corp. Delta Fee "C" #1 Well W/2 Section 12 T-22-S, R-27-E Eddy County, New Mexico

Gentlemen:

In accordance with Rule 104F of the Oil Conservation Rules and Regulations, TXO Production Corp. hereby requests administrative approval of its unorthodox location to drill the TXO Production Corp. Delta Fee "C" #1 well. Our proposed location is 1980' FWL and 990' FNL Section 12, T-22-S, R-27-E. The well is being planned as a 10,100' Wolfcamp test and the W/2 Section 12 will be dedicated to the well.

Both the Carlsbad East (Wolfcamp) Pool Rules and OCD Rule 104C II.(a) require that Wolfcamp gas wells shall be located not closer than 660' to the nearest side boundary of the dedicated tract nor closer than 1980' to the nearest end boundary of the dedicated tract. As a result, TXO Production Corp.'s proposed location for the Delta Fee "C" #1 well will require Oil Conservation Division approval of the location prior to drilling.

Attached please find the following exhibits as required in the rules and regulations:

Exhibit 1: Geologic interpretation and discussion.

- Exhibit 2: Land Plat showing the offset operators to the dedicated tract.
- Exhibit 3: Copies of certified letters and return receipts to the offset operators notifying them of TXO's intention to drill the Delta Fee "C" #1 well at an unorthodox location.

We have received a waiver from one of the offset operators (BHP Petroleum) and this waiver is attached to Exhibit 3.

Oil Conservation Division August 5, 1986 Page 2.

It is our understanding that if there are no objections to TXO Production Corp.'s proposed location within 20 days after receipt of this application, then the Division Director may approve the unorthodox location. Please let me know should you require any additional information in order to review our application for this unorthodox location. Thank you for your assistance and cooperation and we shall look forward to hearing from you in the near future.

Sincerely,

undley David M. Hundley

District Landman

DMH/dlt enclosures

cc: Oil Conservation Division District II P. O. Drawer DD Artesia, New Mexico 88210

> Bass Enterprises Production Co. - Certified Mail First City Tower 201 Main Street Fort Worth, Texas 76102 Attn: Mr. Louis Wilpitz

Western Oil Producers, Inc. - Certified Mail 1200 South Richardson P. O. Box 1498 Roswell, New Mexico 88201

CONSERVATION DIVISION SANTA FE

### EXHIBIT #1

#### GEOLOGICAL INTERPRETATION & DISCUSSION

The TXO #1 Delta Fee 'C' is a proposed 10,100' Lower Wolfcamp test. The Lower Wolfcamp in the immediate area was deposited as a north-south trending carbonate bank. The pay zone is a limestone with average porosity of 4%. Oil & Gas is trapped stratigraphically within carbonate leases.

The unorthodox location is requested, as to position the well in the area of best developed reservoir porosity. The performance of three nearby wells (see attached cross section) would indicate the highest quality reservoir would be encountered by positioning the well as far north in the proration unit as possible. One well, the Champlin Pecos Federal #1 in the NW/4 Section 1 22S-27E has produced 1 BCFG and 100 MBO and is now producing 150 MCFGPD from 20' of porosity TXO's recently drilled #1 Delta Fee located in the SE/4 of Section 2 encountered 45' of Wolfcamp porosity, IP'd for CAOF 3.7 MMCFGPD. We anticipate reserves of 1 BCFG and 50 MBO. The third nearby offsetting well is Western Oil Producers #1 Bass in the NE/4 Section 11 has 42' of Wolfcamp porosity and has produced .7 BCF and 47 MBO. The Champlin #1 Pecos Federal and the TXO #1 Delta Fee are the better wells because of the presence of a massive carbonate zone with more continous porosity than is seen in the Western #1 Bass well.

Included for your review are the above mentioned cross seciton as well as a Wolfcamp structure map and porosity isopach.

Russell P. Richards Geologist

1986 OIL CONSERVATION DIVISIO SANTA FE

RPR:rp -

1996	15:01 - 76 F		1179	1 101 24 34 7 10	Deko 91 00	L'Astal	-O Enor 	THE STATES	Geo. Fischer Pobert Calvomi	5 Ant. 5 ZA 76 5 TA 76 5 TA 76 5 TA 76 5 TA 76 5 TA 76	2	Berce		Hered Hered Hered Hered Hered	. vii	Beico	1	.0	Since	Etties Servis 1216 1419	H5,
	EDDY COUNTY	Read F. Pead & Stevens A. C. THIST	Colton Peti Stren / A Colton Peti / Read ( 1912,090 / Read ( 1912,090 / Read ( 1912,090 / Read ( 1913,090 / Read ( 1913,0	Acous G Storvens 19 3 Bo Awi/4 Starvens 19 3 Bo 19 5 Bo 10	1001 Dengend m. 1001 D	Lows Active Alphna 21 M L Lows Active Alphna 21 M L Lyle Moher, et al Woher, et al	A Colventerol. Reserve Animetal Z Sonto For Enerve Sonto for Enerve Kinit Sonto For	Petrolewis (Kenu Or G) Show Mill Wedness Jour Wichts Jour Gaung Color Co	10eita 10eita 10rig % 5iere 5iare *0 2380 \$	(10) (33) (0) (0) (0) (0) (0) (0) (0) (0) (0) (0	Church No Not Gos Caufford No Not Gos 1979 - 6 667 - 210 7307 - 6 667 - 210 7307 - 10 7307 - 10 7407 - 10	HE. UNIT 59 77 ALENOT 59 77 HEL HOL HOL ALENOT CESSE 8. FRI T. S. VIEU Union 78 500 T. S. VIEU Union 78 500 HEL S. 13 75 500 HEL S. 10 75 500 HEL S.	Tuning liber ping - Union	Mars are stress - Unior, HAP	°/-35575 9	- 015556 Union HBP	(Cit Serv)	C Straise Tomken-U.S Straise Tomken-U.S MorrioMil 32474.(S) [2] (c) Serv. (C) Servi 1 Tomeso 40 [10] (10) 400 [10] (10)	Cities Services: (Union) 1 Appoco ABP 		Manuel Mar Bik 9: 21 - 5
	, NEW MEXICO P OF WOLFCAMP	AD AREA	Read botters Read L 9-29-89 9-18-84 Stevens X	Sonta Per Arter Christer Chris	V O White	Santa Fe Sher 1/2 Kr. 1. Exp(1 V2 Ber 1/2 Ber 1/2 Ber 1/2 Ber 1/2 Kr. 1. V2 Ber 1/2 Kr. 1. V2 Free Fe Free Free Fe Free Fe Free Fe Free Free Free Free Free Free Free Free	Merey Forms to Page 10 80 Monson to 290 80 Monson to 290 80 Monson to 290 80 Monson to 200 Monson to 200	Voippe eral eral Kriti	I. G. Mill.	Weesse	V Swyer IT 28 88 HOP	0 - 12/88 Union - 5726 Washington Tollist A Tollist A Dat 3 to 4 0 - 12/88 1.1. Mither Tabler Tollist A - 18 B8 60M	Process Tracy Hol Francess Tracy Hol Process Trac	Union Soranae (Penapoli etol) Soranae (Penapoli etol) Soranae (Penapoli etol) Soranae (Penapoli etol) Soranae (Penapoli etol) Soranae (Penapoli etol) Soranae (Penapoli etol)	Pennion (1. 14 MS)	ALE Field OGB (Fall Wondord Houses) Union (Field Control (Field ) M.P. Grace Wondord Houses) Belco HB	(Flog:Rediven'2) Chomplin Share (Plogreer'2) Z 1 2 OSTA 221 U C Plogreer'2) Share 2 Chomplin Chomplin Z 1 2 2 1 2	Amodo HBCS/2 Fismon Fred USS/2 Fismon Fismo	(Amorila Oil) augett (Amorila Oil) augett (2007 Call augett (Pioneer Lange 10 * 5 035473214C	HBP 1354732 22+80 -56830 5 6000	Pioneer Prod V21 Amarillo Oli
4 29 92 1140.00 2100 00 4 540	B5 0 1 Fields Children Childre	1 18 88 SAL STOR OF ALL LESS	12 - Chilon Exxon	ZAMINE SPACE	(HrityExp1 V2) Santo Fe Ener V2 Oberts ISanto Fe Ener V2 ISanto Fe Ener V2 ISanto Fe Ener V2 Emplu	Spectrum 17 17 85 Worldy Carl Start Star		10 Brethers 41579	Wolterscheid B. III B. B. B. B. Wolter San Brone Wolter	**************************************	Ebert Thores Thores Thores	Fed Sambfield Cherry 27550 Larrig	Gabaa Gabaa KGG Workob Umor Ed J Warkob Dayse Markob Dayse Markob Janan I	Santa Fe Energy	4-1-90 V-1405 50710 5 5 6	Sonto Fe Eher Champin	Fed to Handy US Vin 486 R S AS Lights) Light Roigh Kir, me R S Lights 100 St Jule N 15313 14651	Friday D L Hannifin Perves ded Friday D L Hannifin Perves Westagen 12 20-70	U S Min 4 H 5 H 4 H 1 Si Standard H 1 Si Standard H 1 5 H 1	Gorden B 1 M Gorden B 1 M Gorden V Tob McCiellandiil 1 - 6 - 4 - 70 v Toothman M	IMIL Chom
6 seen Store	9. NM-St	() Di Di Cine Bis Die 	Exton	Detta Sonta CO Drig Fe Ener SS:05 to 12355 Viz 10 Viz 10 Viz 10 Sinta Fe Santa Fe	Arthur Expl. 1/2 Active Til BB Arthur Til BB Arthur Mc Gee JE M.I.' Arthur S B5 Arte Crant	JOTAL M Fer (CO) 4 L M Fer Ikrift) Sonto Fe Mormal Ener 1/2	Singer Fiberne, We Sector Eller Sector Sector Sector 12. 0.08 Kerr. McGe	6260 SW Public KGSUD Service Co	Derra Drig eina Biers	Delte Brig	DeifaDrig TXO.etel 9 15 85 Deita-Feg-	"Detto Fee"	-5863	Deirg Crig TXO Ital 5 15 95	W.F. Cremin 9-29-7	4 25 73 we 1 94	-5876 store	- 3	5) -3013 men weller (1000 pl 2-36 30 -5919	Toother Chomplin Gas Brand	* 2.1.02
Munge 102552, 11	0r10 PVC0	Lil Server		J. J. Small	Deno Drig. 1/4 SontaFeEner 12-21:07	rgusan Orio Petro 3/4	e melody	Euxon 2 1.91 344 64587 577 626 - Writeon	J.5	HGS ipRue E C <sup>1</sup> Muncy Hannitin TC3421 Dialo 874	0 5 Monsanto 1 1.91 64585 1000 <sup>99</sup>	Borts Em. 24 C ex Per. TU 3405 04 6 25 16		More Morsonto	ACDI HEE NEA	2 003 2 4 03 aD35 Champlin 7 04011 50 70 2 Peccel Feet Champlin Champlin 6 775 E Chilling 055 71 43	Mortin Mortin 0 1613		In Spectrum	Ruth Vertion	100 10 10 10 10 10 10 10 10 10 10 10 10
U.S. • C-3 Fed	ANTA FE	Cut Service ( Provide B		Hanagan Per Hanagan Per 4 1 47 4 1	The regulation us as here provide the regulation of the regulation	"Old Indian Draw" "Old Indian Draw" Devici Drig 2100 Vares 12/23-04-04-5-5-6	49 49 49 705500	Anoco Orgination 417 00 100 100 100 100 100 100 100 100 10	U di ut entre di anticia di antic		A 1 2 C 3 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	11 01 010 35 1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Detto Dryg. US		P.R. Baseletal Partifing Partifing P.R. Baseletal 0 total HBP TTD 3 Finance	17 50 2 0 10 0 10 10 10 10 10 10 10 10 10 10 10	IL Harmon 21 Bi 31 74 31 - etti Richard Samon Uland Samon Uland	M M Briss End Anold Inter Hangon) (BSS) Rechards Entry Hangon) (BSS) Rechards Entry Eddy H. (Child B) 5 (20) Porder Forms (Inter Son Bartes) II (1) 11 Porder Forms (Inter Son B) (1) (1) 11 Porder Forms (Inter Son B) (1) (1) 11 Porder Forms (Inter Son B) (1) (1) (1) (1) Porder Forms (Inter Son B) (1) (1) (1) (1) (1) Porder Forms (Inter Son B) (1) (1) (1) (1) (1) (1) (1) (1) (1) (1	B g Eddy U/ "	Ge 25 5 1
D/A 3 15 84 A.T. Spence	ASION: Fastland Cil 1 India Pateo H.G Faulth Orla Pateo H.G Faulth 10 3800	Eduliand Oil 5 0	Auror Concerner Dation Concerner Concerner During U.S. Concerner C	2254 24 Horrown Trist	n Amer. troun Eastland Oil, 12378 etal (1238 et stand stand trouge Fat trouge Fat trouge Fat	G234 SW Polic SW Polic SW Polic	KGS 20 Dinero (Hinoco Ford)	Bettis Bros. 9-1-90 63001 30162	OCO (OPER.)	DIAN DRAW	R chardson Oil 7 1 - 61(2) 067:86	ella .	A - i - G(i2) OS9140 BigEday U B	I.S. R chardson Oil		33 € 7         753 * A         3139 77         213 76           Reford.         P.R. Bossetul           stm.0it         HBP 060613         1           h00 5         L         L           (20 55 5)         L         L           (21 1)         1         1	HBP Biocos Rich. E-Base Hap I HBU-ES232 Biorae State	Ном Enf Figh S 27 87 H 80 E 5:32 H 90 E 5:35 H 90 H 90	Richardson Oil and S. I. Go. O'l (a Gress, g): U.S.	SA SA S	29 27 A 27
	Eas	Easti Oil 4 - 1-9 198-	₹€ <u>₹</u> 53	Eost OSH	Conto Out at HBC			-	2		11 0	44	16: 28:31	45					·	S	-

7. S 85,	Manuel Mar Die Servy Pioneer Prod V21 AL Manuel 19-2 75 Amarillo Oit Courtes St	Chow Chow	melinChamplin Champlin	10.25 J <sup>4</sup> 30	29
Terris Servis	Cit Servin Conieg 035 4232 92 HBC	getiner 8 178	A Mil Ians Ruth Vernon Gos 6 24 Strappin	Ba Eaduut	BASS
12 16	6 'ory et al Bimanan, Cone Buree US US Gourt	/ I Very Uorner	Mil Card Mrs Berry Monaplin Mil Card Mrs Berry Mrs Berry (Spreathman McCard U.S. / Fingeri	Pordue 1 (4 · 18 87)	⇔ <sup>54</sup> "Big Eddy Unit" U S
- ~ (~F)	(Union) A Amoco	the for the second seco	chemplie the	Homon) ( TESY   Birthard Bass	Richardson Oil etal
Cit Se Trac	Str Disc Tom Ken- 11.5	The state of the s	1.5030 22	47 I IS 25 A	Event, Est U.S
netivisio	MorrioM. Tallers a lous	Retros red		JL Homon Pardue 21. 81 Pardue Forms, etal	$\frac{12}{12} + \frac{12}{12} + 12$
20	TOHEOD & HADA CORISTANDE FOR T	Arris welling 00 20. 70	AV Qual BigEd during 55	Richard- Son SomenU Bend Son Oil Oiletoi	M Yates III 1/2 SIR Rolph Nix 72 SIR Rich & Bass DIR
* 011 : 74 .	(1.5 Servi) (1.6 S	H S Min HB S POR ANT	55 DATOS 69 Mortin State	1750 2 (2) 31 50 2 (2) 31 R. N. N. S. R. (2)	Rich. C-8 080
140 % Beico	10 10 10 10 10 10 10 10 10 10 10 10 10 1	Light 5) Light R S Light d	123 01 DIA 3 21 46	0.3	B-10748 State
36 T.	10 7848 4018 (P/0) Cioro Wersel eto Coro Werse Lea U4 70303	WW Strasen	A 25-73 We Share S	Ruin sun Paulisand P.R. Boss, etal Paulisand 060613 Cilleand HBP	lichard P.R.Bosselail son_Oil HBP 066613
t I the	Aersel Feat HBP 2 17 70 Parantoil Belco S/R Belco HBP	Sonto En Fort		Existin - Richardson Oil	
+ Mil		104100 33	W.C. Gremin 15 unt	1 CC 2 5 P 2 6	5, 1 1 Richardson Oil 8 53 (2)
	10.79.0 Pohnon 1.92	61 0 607 1A			1 06" n 53 (2) cp
Mead	Mrs. arvis Mead Francish Trangeta Francisc Trangetal Sarage	einer Detto Are (	Delip Drig H.L.	Deitabrig. 1 U.S.	
Beico Morr	Union Joren (Pennal) tell HAP Jorens Mied Visit WisJervis Mied Visit Wisjervis Mied Visit	Santo Fre Ener.	TXO. dal Monsonto	Amoco	R chardson Oil
	Wait and 2 Unide Pennzale	rol) of KGS Westman		Amoro el	8 - 1 - 61 (2) 069140 Mycolnd BigEddy ur
L'intris Jeico	Frances Charge Transport	40 0 25		433 434 7103550 103450	
Serv:	Autorian Jesse Burnner	ward of the AZ	HI2 Hist	20 0 014 35	0
STEEL TO THE	T Siviley Union Of Sector House A Bas Con-	Sarpafe	"Dero-Fee"		
A.T. Tra	Riverside forms W Craft Anderson Walterscheid Bros Annerte Stand	U.S. Deing Drig.	Detro Drig US N	colo de la della d	19 US
Berry B	31 Tr 16 661 = 1216 17 28 88 HBP	1070	5 15 85 1 1 1 1 1 64585 1000 9	e'i Amoco amoco odisede adign Draw pite eis - Ol-A	R-chardson Orl 7 1 - 61(2) 067 186
A J Ant.	(Reserve Oil) (Ortine Orte (%) Detto Oil At Leson (Crig %) Contract (%) (Crig %) (Crig %)	Detro Drig	"Delta-Fee" KGS		Ainore
57 75	MBC INC Not Reserve No Not Wiz Gos 101 Gos	25	Delh Drig. Muncy. John Sedra Hannitin TXO Diale 5:74 5 15 55	VII 18 OLD IND	IAN DRAW
-3 8 76 -9 8 - 7 Geo.	Carls 6-632 Hab 6-632 bod-Sr) 7:002 2347 1 7902 Detto 7 7:002 2347 1 7902	Wolfersched			CO (OPER.)
Pobert Colvoni	Dorig to Store Store to 2200 \$	soft gross	Odiro Drig J Jone Story U.S.	Old Indian Draw Unit" IS P275	1 200
N. 7.79	Petro Lewis (Nervi O (1) Moriganity - 23 02 - 14 Servi Fewesbook Sontal - Kristi Morigan - California - Ca	I.wnsarr	EXXON EXXON	uns et A	Bettis Brog.
inited	Michols "built Werversheet 4 be 83 CEX Pet Visiting Courses, Friday CEX Pet Visiting Courses, Friday Visiting Cours	Sonto Fe' Sonto Fe Ener, Va Monsen	Sectrum Read & 603200	TO 34 50 (Morathon) OF Dree	ndian 9.1.90
-o Ener	AColianistali Reserve Animetry Sonta Fe Ener to Weth Forms, etcl. 22 Horson Horson Animetry Control Sonta Fe Ener to Action Statemetry Actions	ENDI. 1/2 8 14.07 CW	Johney Triberne, Wards KGS		KGS
- dletal	Mith & Expl. 1/2: 24 All All All All All All All All All Al	Nest Rohmer (\$1) 15	12.0.00'	420 115500	20 Dinere (Amoco-Ford)
1. (18 H	Alphry 21 M. Sonto Fe End 1/2 Santa Fe Date fe D	2 Sebertrund 12 17 85 Santo Fe Ener te, Kriti E and Yo	12 · 29 · 84 Perguson	mai at lat	WC Dise. F60 1.6Mil.
*	Sontofe Ener 1/2 Sontofe (* netri 6 * * * * * * Sontofe Ener 1/2	eror L.M. rergusom 13.01	Ikritti I Conta Fall Onla Datas 1	"Old Indian Draw"	U 5.
Jentry Belco	6.20.84 19.9 09 1 0 1 4 1 4 1 4 1 4 1 4 1 4 1 4 1 4 1 4	(+++++++++++++++++++++++++++++++++++++	Action Expl. 1/2 Delto Drig a	Detta Drig Prin 12:23-04 Strees W Ferguson US DS Hgr. Ppn	Failland Cuare
	homeson Albrecht Wwall Reads & CY . W	I Santa Fe Ener Y2: Francisco F	Munishi Kerr- Bunishy Kere- SontoFeEner Viz Mil, S.S.B. 12-21.07 Mired Porter, MI.	Oria Pet Pecos College	etal Coavina 1
	Read & Fe skritt Cartabard Frank in Market S & Kritt 12 Urigh	INCITIENDI VZ 26 IVyan 1/2	Detta Sonta 25 W D Porteris Detta Sonta 25 (KrittExpl.) SS 8 to 12355 (KrittExpl.) SS 8 to 12355 (KrittExpl.)	Hanayon Per Castiand - 11	*9 29 M
1		2 ZAMAN Gery Srendi, et al	Weiter Porter Je U.J.Small Sentere Sentere Je Yotes	4 1 MT (01) 10-1-15 10 1 Arring V Nicholas 203 263	Eastland Lond Co.4.4
Perrol			Sento Ve Santo Ve Ener Thirthan Kristal Ve Sento Ve Jenn W, WA Lewisylr, Wyngon Henry Godbury	104 7-30-78 O 6 100 04 64	Distand () Eustland () Stand () Sta () A LOPET () I follos-Fine () () De Det () 24381 () A Very Caloring ()
C Lynn Smith	CARLSBAD AREA EDDY COUNTY, NEW MEXICO	Exxon 5 2 98 Exxon 5 Diefender [Est 5 2 98 70% Bilz 88		GIEL STREET	2 AutoPohy Via Mi
1 2 - 		Exxon Aperico	01:DU Del. Disc	19 10 2 (Cit Ser a Contrag	* Edstland Oil 6 Fast
1	WOLFCAMP "C" ZONE POROSITY ISOPACH	intgen Wolferscheid	-4 36	Li 31 (1'9) 501	6967 11017 E/Z 190
D.Jr.)	-	Woterscheid A Munoz	PL "NM-St"	CONTION DIVISION	Eastland Oil I Eas
3.00	WOLFCAMP PRODUCER	El Paso Expl. 9 - 14 - 80	State Wil Orio Perco	TD 4099	In Petce H. G Foulk
ior	CI = 10' RPR	1992 3140.00 2140 00 4522	6-seen State Munou 1025621 Santa Fe Ener Sonta Factor 1	P/82600. C-3 Fed D	A3 15 84 R.T. Spence
	7/86	EI POSO EXPI	11 1-86 II 1 86 II 1 86	Orla Suton Dia Orla Pres 144	BI 2 HING DIDLI A MOCO AMO
ding	1 19 BALL PALL TALLE	Kelly Skeen, etal. M.L.	N.C.R	El Puso Expl Trate or Schr	HAC HON A LANG SERV IN
1	Contract on State of the state	TR Pet El Paso Expl	Contraction of the state of the	+14 \$2-1 FL.S.S.	The way Star Oria Petro

# EXHIBIT 2

LAND PLAT SHOWING OFFSET OPERATORS

				- <u>1. aurai,</u>	1	1	1.4. <sup>-</sup> 44			3 2148 1 fraire
	etal Beico Beico		Jn on the Pennio	* Sontafetrer		HALL PRODUCTION	Ossi Chamuha B	Fuch will P - he Passon fr. Asnel 3 -	raser J. eta	Artore Denerston
	Pie THAT BEICE	1 - union	2 7 78 SPARTO	WC Chyc Mar	ni 🚱 Nin etal	1 1 1	E (11) 10 10 11 4 3	Exxon	· · · · · · · · · · · · · · · · · · ·	760853
	N.M. C. STALL		Un on 3	Suntafetner 11.90 V 1905	TIO	0 29 37	C Paritary .	1 2 4 1 7 8	6	' 50-
		CONTRACT.	Gentos Wemers f. B's	607 14	Delta For #1		*	na, e	i	
	KC. 1 in the	Wij jie j Heed Frank Streegers	Personal Personal	Come Cole	Derita Oriff		all	C.M.	L	
	ibe aw Morr	V-5 Jore-3 Meod + 1 7-1 -		2574341			RES A		Amora	
	Belco Uner I More @	· · · · · · · · · · · · · · · · · · ·		Afrankada Nor frd	SHEEPERSON COMPANY STATES IN SHEEP	A-11 - 1			אנה גרל	8
	Dan St. Lais Children Morr	A 0. 2" . esse ! P. one "	A 17 BA	123			Bast Fret 1			
	in an an and the let	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	DA-3-4 4 4 18	0.02	- L'erradrig	Jertasta	A DECEMBER OF			e- ; ·
	010 Ener Anter 100 Dudi 1 14 0 17 10 10 10 14	Coursed No Nat Gas	V Swier Union	Forg	TXO, etal	, AU eral	Con Feil	Amor 24:56	0	* 6.1
	Signer.	Deito Drig (4) Deito Oil			"DeltaFer" Dr.ta Drig	Cerra Jurg		ANTER C		
		Hac Ng to Heserve to to		- J: 6.5 J	TXO	TXO	Hone T = 103421 2/4 0 874		OLD 1	VIAN DRAW
	118 3 17 3 1 1 K 18 Fischer	Drig 's Pas'	a present a second a				Rest,	1. 44 m <sup>4</sup> 8.1	С-2450 ПРЕ 1450 В ра	MOCO (OPER.)
Image: State of the state o	9 jurniey e'al is . er	5'0'? 'C 1180 -0	Forg Bros	() LOPI		- 0== B 5:7'1	APILICALL	Dran Unit's	8759	
State	Stinord RM Calvini etal	Wichols Dealth S 25 82	A Santa te be attract Contul a Krist	) Sorta Fet Sonta F	·ie4		Aut 19.91			0 and an 9 0 am
And gramp     And g	1 On Deconianiweli	A Sivanets g & Walterscheid	- Q (Cilling 9 7.84)	Expl 1/2 H 1	1 H7 CP	H	4 40 VG		i	- 55
Imm D Ler (1)       Connor Kinnell (2)       Conno Kinnell (2)       Connor Kinnell	Alayeery John Smalletal	Arriti 19 201 King King	P 31 Hos Provide State	Acit Pahmer	(i'etta Drig)	Spectrumpit & rando		~10	11	
A definition of the function of the funct	To have de la contra de la cont	Alphn 21 M I Lyle Ac Port Lie Bill Port Lie	Santa fe Ener 12 Parta ferra teke Hr. 6. Exp. 12 Kr. 1. 15. 16 P. 19 184 Kr. 1. 15. 16 P. Warren Welms P. 19 Trny	· · · · · · · · · · · · · · · · · · ·	Santa le Ener 14.			11	· · · · · · ·	
Alter and and a series of a se	1 6 60 1 menty Ore 1 6 60 1 m Arma Diser Colemon by BRC Masers	Santale Enerys Sontale 1. 19.61	Sonto Fe Ener 12	1	Fuel A	Sentere Santafe ( Sentere Erer "2	- Detco 1.4	Deno C- 9 mino 12-29 00 mino		5 # 0.5 1
end (and )     (and	- 200 Teres Car UNKO	Tomore of the second se	Areada Sonisfetner : 2 Santa 7 Areada Sonisfetner : 2 Santa 6 1 20 Ser 8 4 84 Provide	(KritiExp) // Sento Felner	Va Coeris	Recerch 385	innteFelline	IMSerguing		EmAmer
Control     During for the second secon	Exton	Hrod C Ferkerit	A V mere	W START N	6 ily '-	Sello Drig 25	President A	Winnyan Per	7 1: 1	Se later
<pre>truit in the intervent interven</pre>	Prince Corrunt	ANIA DAGEN HEARINS D See	Sontarel Sur - True In	A Conta Fallon	trendiator	Frahr Frankers	1 1 1 1 1	1	2638	Public and Fas
and and an an and an an and an an and an an an an and an	· W 8 viges rie	Cotton Pet 1 Read C	Read L Stevens Read L	Example	no, MI Branney	Lewis - Wy - 13-	main y scilbury	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 0 - 0 -	obre Colonery C
Sere 12 17 17 19 19 10 10 1 10 10 10 10 10 10 10 10 10 10 1			9-1-84	Paso Euro "10, C2.	- fer (Est A iz AA	Le enz				• 4. (9.Y
3     Indexton (a)     Creating (b)     Creating     Creating (b)     Creating (b) <td></td> <td>3 48 5. Steen 12 3</td> <td></td> <td>V.J A</td> <td>Station Sche 1</td> <td></td> <td>-Y-  </td> <td>See A Orio Fi Prontey C66A</td> <td>1 · 2) can</td> <td>0 4 01 1 1910</td>		3 48 5. Steen 12 3		V.J A	Station Sche 1		-Y-	See A Orio Fi Prontey C66A	1 · 2) can	0 4 01 1 1910
	10 at ton det			Espi 1 3 8 8 89 1 18	1 Any Yritfept	2. 111. 20		"30'ey	Fra	1.5.
	arry etal Mary sname	tenden Seinden Seiner Bes seiner Bester	INV 19 DE: AV & ISPerset:		9 4 86	1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1	2- 0-+ Ma (32)	1102 F 507		

BHP Petroleum, Inc.

TXO Production Corp.



Bass Enterprises Production Co.



Western Oil Producers, Inc.

EXHIBIT 3

COPIES OF CORRESPONDENCE AND WAIVERS

July 25. 1986

Bass Enterprises Production Co. First City Tower Building 201 Main Street Fort Worth, Texas 76102

Attention: Mr. Louis Wilpitz

Re: Application for Unorthodox Drilling Permit Exception to Rule 104C II (a) Delta Fee "C" #1 well W/2 Section 12, T-22-S, R-27-E Eddy County, New Mexico

CERTIFIED MAIL

Gentlemen:

TXO Production Corp. plans to drill a well 1980' FWL and 990' FNL of Section 12, T-22-S, R-27-E, Eddy County, New Mexico. This well will be drilled to a depth of 10,100' or to a depth sufficient to test the Wolfcamp formation, and the W/2 Section 12 will be the acreage dedicated to the well.

The Pool Rules for the Carlsbad East (Wolfcamp Gas) Pool and the Statewide Rule 104 provide that the well must be located not closer than 660' to the nearest side boundary of a dedicated tract nor closer than 1980' to the nearest end boundary of the dedicated tract. Consequently, the proposed location will require an exception to the well location requirement rules.

' TXO wishes to drill the Delta Fee "C" #1 well at this location because we feel it is necessary if we are to recover economic quantities of oil and gas reserves underlying our lease. We are also convinced the distance from the proposed location to other producing wells is sufficient to insure no harmful effect on other producers.

If you have no objection to this location, please date and execute the three attached Waivers of Objection and return two executed copies to our Midland office. A self-addressed envelope has been enclosed for your convenience and a third copy has been enclosed for your files. Please give me a call should you have any questions or want to discuss this matter further. Thank you for your assistance and cooperation.

Sincerely,

1986 OIL CONSERVATION DIVISIO SANTA FE

David M. Hundley District Landman

DMH/dlt Enclosures

# Ρ 738 558 935 RECEIPT FOR CERTIFIED MAIL NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL (See Reverse) Sent to Bass Enterprises Production U.S.G.P.O. 1984-446-014 Street and No. 1st City Tower Bldg. 201 Main Street P.O., State and ZIP Code Fort Worth, TX 76102 Postage \$ Certified Fee \* Special Delivery Fee Restricted Delivery Fee Return Receipt Showing to whom and Date Delivered Return receipt showing to whom, Date, and Address of Delivery Feb. 1982 TOTAL Postage and Fees \$ PS Form 3800, Postmark or Date

ן א	SENDER: Complete items 1, 2, 3 and 4.
Form 3811. July 1983	Put your address in the "RETURNMOD" spaceon the reverse side. Failure to do this will gneven uttrissourd from being returned to you. <u>The return receipt these will conceide</u> you the name of the person delivered to an other will conceide delivery. For additional tees the traffawing service same available. Consult postmaster for feestand othersk to wilkes) for service(s) requested. 1. Show to whom, date and additesso ficiellivery. 2. Restricted Delivery.
	<ul> <li>Article Addressed to: (Attn: Mr. Louis Willpultz))</li> <li>Bass Enterprises Production Co.</li> <li>First City Tower</li> <li>201 Main Street</li> <li>Fort Worth, TX 76102</li> </ul>
	4. Type of Service:     Artificitik/Number/       □ Registered     □ Insured       ▲ Certified     > □ COD       □ Express Mail     P 11399
DOMESTIC	Always obtain signature of addresses: @r3uetn1anit DATE DELIVERED. 5. Signature - Addressee X 6. Signature - Agent X August Must August
RETURN RECEIPT	7 Baye of clefwary JDL 2. 11115 8. Addressee's Address (ONLY if requested land free maid) Addressee's Address (ONLY if requested land free maid)





July 25, 1986

Western 011 Producers, Inc. 1200 South Richardson P. O. Box 1498 Roswell, New Mexico 88201

#### CERTIFIED MAIL

Re: Application for Unorthodox Drilling Permit Exception to Rule 104C II (a) Delta Fee "C" #1 well W/2 Section 12, T-22-S, R-27-E Eddy County, New Mexico

Gentlemen:

TXO Production Corp. plans to drill a well 1980' FWL and 990' FNL of Section 12, T-22-S, R-27-E, Eddy County, New Mexico. This well will be drilled to a depth of 10,100' or to a depth sufficient to test the Wolfcamp formation, and the W/2 Section 12 will be the acreage dedicated to the well.

The Pool Rules for the Carlsbad East (Wolfcamp Gas) Pool and the Statewide Rule 104 provide that the well must be located not closer than 660' to the nearest side boundary of a dedicated tract nor closer than 1980' to the nearest end boundary of the dedicated tract. Consequently, the proposed location will require an exception to the well location requirement rules.

TXO wishes to drill the Delta Fee "C" #1 well at this location because we feel it is necessary if we are to recover economic quantities of oil and gas reserves underlying our lease. We are also convinced the distance from the proposed location to other producing wells is sufficient to insure no harmful effect on other producers.

If you have no objection to this location, please date and execute the three attached Waivers of Objection and return two executed copies to our Midland office. A self-addressed envelope has been enclosed for your convenience and a third copy has been enclosed for your files. Please give me a call should you have any questions or want to discuss this matter further. Thank you for your assistance and cooperation.

Sincerely,

505/623-3131 146-2719 shafe

David M. Hundley District Landman

DMH/dlt Enclosures

·	<u> </u>	- <u></u>				
PS Form 3811, July 1983	SENDER: Complete item	is 1, 2, 3 and 4.				
e.	Put your address in the "RET					
ц С	reverse side. Failure to do this being returned to you. The re					
81	you the name of the person d	elivered to and the date of				
-	delivery. For additional fees t available. Consult postmaster					
μıγ	for service(s) requested.	TOT TEES AND CHECK DUX(ES/				
19	1. $\mathbf{X}$ Show to whom, date a	nd address of delivery				
· 8		na address of derivery.				
	2. 🗌 Restricted Delivery.					
:						
	3. Article Addressed to: Western Oil Proc	lucors Inc				
	1200 South Richa					
	P. O. Box 1498	iluson				
		201				
	Roswell, NM 882	201				
	4. Type of Service:	Article Number				
	□ <sup>‡</sup> Registered □ Insured X Certified □ COD	P 139 228 833				
	Express Mail					
	Always obtain signature of ac DATE DELIVERED.	idressee or agent and				
	5. Signature – Addressee					
DOMESTIC RETURN RECE	X					
١ES	6. Signature – Agent					
TIC	× Keila Brown					
R	7. Date of Delivery					
UT U	1.28.86					
RN	8. Addressee s Address (ONL	Y if requested and fee paid)				
RE	D.o. Bra	1498				
ÖE	and the					
IPT	· ·					
		······································				
	and the second	-				

		•
	~P 139 228 &	33
	RECEIPT FOR CERTIFIED	MAIL
	NO INSURANCE COVERAGE PRO NOT FOR INTERNATIONAL M	
	(See Reverse)	
410-	Sent to Western Dil Produ	rers
* U.S.G.P.O. 1984-440-014	Street and No. 200 S. Richa	hason 198
0. 13	P.O., gtate and ZIP Gode	8821)1
	Postage	\$
i C	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fee	
	Return Receipt Showing to whom and Date Delivered	
304	Return receipt showing to whom, Date, and Address of Delivery	
20	TOTAL Postage and Fees	\$
500	Postmark or Date	<u>k</u>
;		
3 LUIII 3000, LBD. 1305		
)		



July 25, 1986

BHP Petroleum Co., Inc. 1300 One First City Center 500 West Texas Midland, Texas 79701

CERTIFIED MAIL

Attention: Mr. Randall L. Davis

Re: Application for Unorthodox Drilling Permit Exception to Rule 104C II (a) Delta Fee "C" #1 well W/2 Section 12, T-22-S, R-27-E Eddy County, New Mexico

Gentlemen:

TXO Production Corp. plans to drill a well 1980' FWL and 990' FNL of Section 12, T-22-S, R-27-E, Eddy County, New Mexico. This well will be drilled to a depth of 10,100' or to a depth sufficient to test the Wolfcamp formation, and the W/2 Section 12 will be the acreage dedicated to the well.

The Pool Rules for the Carlsbad East (Wolfcamp Gas) Pool and the Statewide Rule 104 provide that the well must be located not closer than 660' to the nearest side boundary of a dedicated tract nor closer than 1980' to the nearest end boundary of the dedicated tract. Consequently, the proposed location will require an exception to the well location requirement rules.

TXO wishes to drill the Delta Fee "C" #1 well at this location because we feel it is necessary if we are to recover economic quantities of oil and gas reserves underlying our lease. We are also convinced the distance from the proposed location to other producing wells is sufficient to insure no harmful effect on other producers.

If you have no objection to this location, please date and execute the three attached Waivers of Objection and return two executed copies to our Midland office. A self-addressed envelope has been enclosed for your convenience and a third copy has been enclosed for your files. Please give me a call should you have any questions or want to discuss this matter further. Thank you for your assistance and cooperation.

Sincerely,

David M. Hundley District Landman

ľ	SENDER: Complete items 1, 2, 3 and 4.
	Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide
	you the name of the person delivered to and the date of
	delivery. For additional fees the following services are available. Consult postmaster for fees and check_box(es)
	for service(s) requested.
	1. The Mat To
	2. Restricted Delivery.
	3. Article Addressed to:
	'BHP Petroleum Co., Inc.
	1300 One First City Center
	500 West Texas
	Midland, Texas 79701
	Attn: Mr. Randall L. Davis 4. Type of Service: Article Number
	4. Type of Service: Article Number
	A Registered Insured A Certified COD P 139 228 831 Express Mail
	Always obtain signature of addressee or agent/and DATE DELIVERED.
	5. Signature - Addressee
	× Concerts N
	6. Signature & Agent
	× · · · · · · · · · · · · · · · · · · ·
	7. Date of Delivery
	8. Addressee s Address (ONLY if requested and fee paid)
	Y

# L 738 558 637

# RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL

(See Reverse)

5-014	Sent to BHP Petroleum Co.	, Inc.		
84-44	Street and No. 1300 One 1s 500 West Texas	st City	Cen.	
U.S.G.P.O. 1984-446-014	P.O., State and ZIP Code	9701		
I.S.G.	Postage	\$		
∩ *	Certified Fee			
	Special Delivery Fee			
	Restricted Delivery Fee			
	Return Receipt Showing to whom and Date Delivered			
1982	Return receipt showing to whom, Date, and Address of Delivery			
Feb.	TOTAL Postage and Fees	\$		
Form 3800,	Postmark or Date			
PS				

8



Re: Application for Unorthodox
Drilling Permit
Exception to Statewide
Rule 104C. II (a)
TXO Production Corp.
Delta Fee "C" #1 Well
W/2 Section 12, T-22-S, R-27-E
Eddy County, New Mexico

#### Gentlemen:

BHP Petroleum Co., 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 10,100' Wolfcamp test at a location 1980' FWL and 990' FNL of Section 12, T-22-S, R-27-E, Eddy County, New Mexico. We understand that this location is closer to the boundaries of the dedicated unit than the rules specified for the Carlsbad East Wolfcamp Gas Pool as well as Statewide Rule 104C. II (a).

This is to advise that BHP Petroleum Co., 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,

BHP PETROLEUM CO. INC.

By:

Title:		

Date:

State of New Mexico Oil Conservation Division P. O. Box 2088 Sante Fe, New Mexico

> Re: Application for Unorthodox Drilling Permit Exception to Statewide Rule 104C. II (a) TXO Production Corp. Delta Fee "C" #1 Well W/2 Section 12, 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 10,100' Wolfcamp test at a location 1980' FWL and 990' FNL of Section 12, T-22-S, R-27-E, Eddy County, New Mexico. We understand that this location is closer to the boundaries of the dedicated unit than the rules specified for the Carlsbad East Wolfcamp Gas Pool as well as Statewide Rule 104C. II (a).

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:

Title:				

Date:

Re: Application for Unorthodox Drilling Permit Exception to Statewide Rule 104C. II (a) TXO Production Corp. Delta Fee "C" #1 Well W/2 Section 12, T-22-S, R-27-E Eddy County, New Mexico

Gentlemen:

Bass Enterprises Production Co., as an offset operator or offset owner of operating rights, has been advised of the intention of TXO Production Corp. to drill the referenced 10,100' Wolfcamp test at a location 1980' FWL and 990' FNL of Section 12, T-22-S, R-27-E, Eddy County, New Mexico. We understand that this location is closer to the boundaries of the dedicated unit than the rules specified for the Carlsbad East Wolfcamp Gas Pool as well as Statewide Rule 104C. II (a).

This is to advise that Bass Enterprises Production Co. 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,

BASS ENTERPRISES PRODUCTION CO.

By:\_\_\_\_\_

Title:\_\_\_\_\_

Date:

State of New Mexico Oil Conservation Division P. O. Box 2088 Sante Fe, New Mexico

> Re: Application for Unorthodox Drilling Permit Exception to Statewide Rule 104C. II (a) TXO Production Corp. Delta Fee "C" #1 Well W/2 Section 12, T-22-S, R-27-E Eddy County, New Mexico

Gentlemen:

BHP Petroleum Co., 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 10,100' Wolfcamp test at a location 1980' FWL and 990' FNL of Section 12, T-22-S, R-27-E, Eddy County, New Mexico. We understand that this location is closer to the boundaries of the dedicated unit than the rules specified for the Carlsbad East Wolfcamp Gas Pool as well as Statewide Rule 104C. II (a).

This is to advise that BHP Petroleum Co., 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,

BHP PETROLEUM CO. INC.

By:

REGIONAL MANAGER Title:

Date: July 28, 1986