

Release Date: Sept 26, 1987

NSL--2404
RULE-104 F(II)

MAXUS

September 16, 1987

Mr. David Catanach
New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87504

Deal Completion
Undesignated ~~At~~ Antelope Ridge
Atoka Pool
Wildcat Morrow Pool
320 Acres dedicated
8 1/2 Sections 36

Dear David;

Maxus Exploration Company is requesting approval from the Oil Conservation Commission for an unorthodox location to drill the State Toro #1-~~36~~ at 990' FWL and 1980' FSL of Section 36, T-22-S, R-34-E, Lea County, New Mexico, based on geological considerations. According to Rule 104 (F), the well location is such that the Director has authority to grant the exception without notice and hearing if waivers are submitted or after twenty days have lapsed from the date of notification of offset operators or leaseholders.

To satisfy Rule 104 (F), enclosed is a geological package explaining the reason for the unorthodox location and copies of certified letters of notification to offset operators and leaseholders, along with a plat showing offset operators or leaseholders. I anticipate that a completed well at the requested location would be put in the Antelope Ridge Field, which has laydown 320 acre gas proration units.

Also attached, are waivers from Enron Corporation and Cal-Mon Oil Company. When received by Maxus, I will forward to you addition waivers, unless the twenty day waiting period passes prior to receiving them.

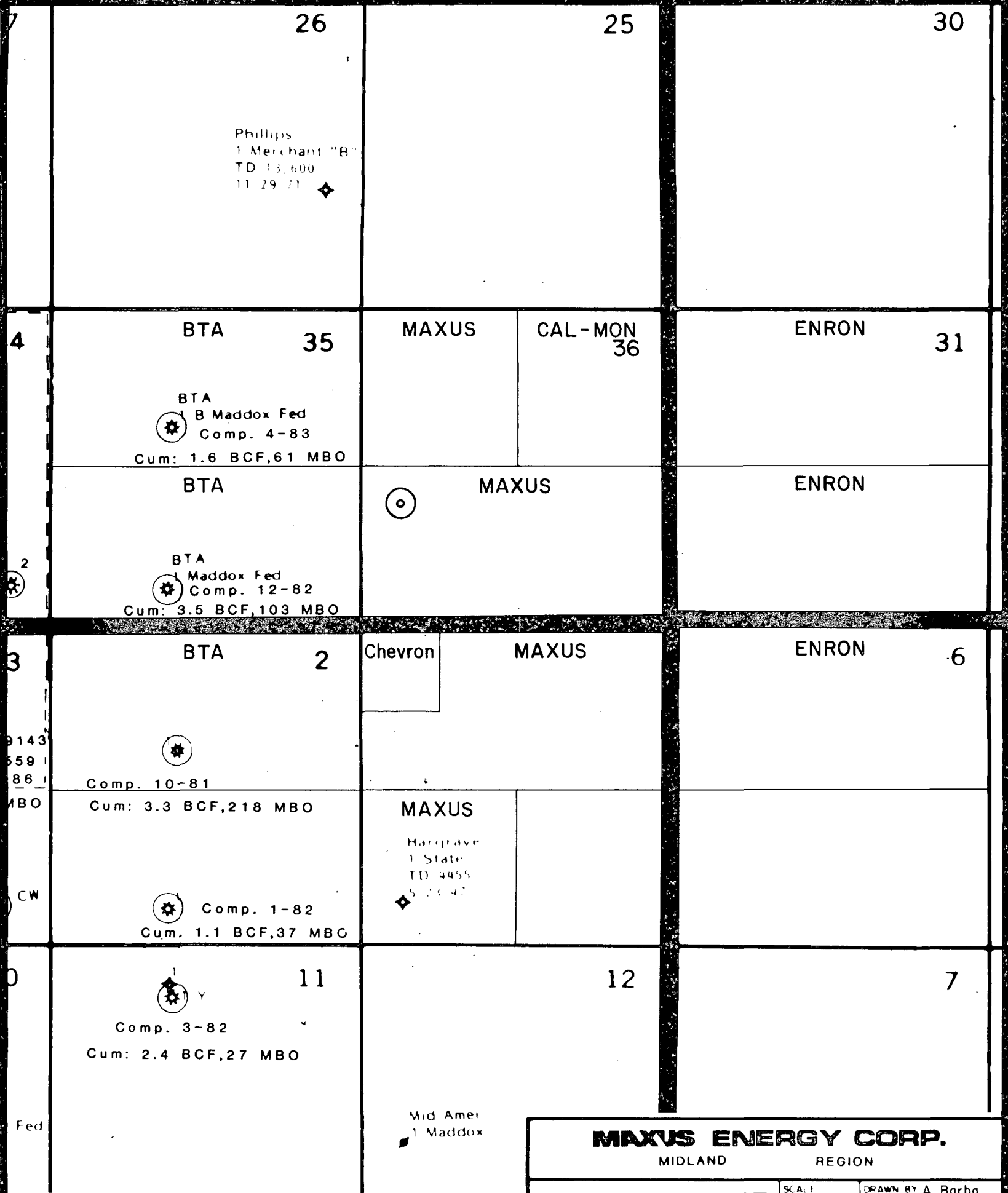
I appreciate your attention to this request.

Yours truly,

Randy Simmons

Randy Simmons
Manager of Petroleum Engineering

RS:ld



LEASE OWNERSHIP PLAT SHOWING OWNERSHIP
OF OFFSETTING SPACING UNITS TO THE MAXUS
DRILLING UNIT

| | | |
|---------------------------|------------------------|---------------------------------|
| MAXUS ENERGY CORP. | | |
| MIDLAND | | REGION |
| N.E.A.R. PROSPECT | | SCALE 1" = 2000' |
| | | DRAWN BY A. Barbo GEOLOGY BY |
| LAND OWNERSHIP | | |
| DATE 9/87 | Lea County, New Mexico | |

CAL-MON OIL COMPANY
P. O. Box 2066
Midland, Texas 79702

September 11, 1987

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Maxus Exploration Company
State Toro #1-36 Well
990' FWL & 1980' FSL
of Section 36,
T-22-S, R-34-E,
Lea County, New Mexico

Gentlemen:

Cal-Mon Oil Company has been notified by Maxus Exploration Company of its intention to apply for an unorthodox location of 990' FWL and 1980' FWL of Section 36, T-22-S, R-34-E, Lea County, New Mexico, to drill the captioned well. We have been advised that the subject well will be drilled to an objective depth of approximately 13,600 feet or sufficient depth to test the Morrow formation.

Cal-Mon Oil Company hereby waives any objection to said unorthodox location as to the Morrow and all shallower formations.

Yours very truly,

CAL-MON OIL COMPANY

By 

Title President

cc: Maxus Exploration Company
P. O. Box 10397
Midland, Texas 79702

ENRON OIL & GAS COMPANY
P. O. Box 2267
Midland, Texas 79702

September 11, 1987

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Maxus Exploration Company
State Toro #1-36 Well
990' FWL & 1980' FSL
of Section 36,
T-22-S, R-34-E,
Lea County, New Mexico

Gentlemen:

Enron Oil & Gas Company has been notified by Maxus Exploration Company of its intention to apply for an unorthodox location of 990' FWL and 1980' FWL of Section 36, T-22-S, R-34-E, Lea County, New Mexico, to drill the captioned well. We have been advised that the subject well will be drilled to an objective depth of approximately 13,600 feet or sufficient depth to test the Morrow formation.

Enron Oil & Gas Company hereby waives any objection to said unorthodox location as to the Morrow and all shallower formations.

Yours very truly,

ENRON OIL & GAS

By: *E. H. Mauer*

Title VICE PRESIDENT & DIVISION GENERAL MGR.

cc: Maxus Exploration Company
P. O. Box 10397
Midland, Texas 79702

MAXUS Exploration Company
P.O. Box 10397
Midland, Texas 79702
915 685-8000

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

September 11, 1987

MAXUS

Mr. Bill Morrison
ENRON Oil & Gas Company
P. O. Box 2267
Midland, Texas 79702

Re: State Toro #1-36 Well
990' FWL & 1980' FSL
of Section 36,
T-22-S, R-34-E,
Lea County, New Mexico
29-0090

Dear Mr. Morrison:

Maxus Exploration Company intends to drill the captioned well as a 13,600' Morrow test. The captioned location will require approval by the New Mexico Oil Conservation Commission of an unorthodox location because we will be locating 990 feet FWL rather than the required 1980 feet.

ENRON Oil & Gas Company owns offsetting acreage to the proposed laydown 320-acre unit upon which the well is to be spaced, and we therefore need your waiver of objection to such location.

Enclosed herewith please find a letter addressed to the New Mexico Oil Conservation Commission which we would appreciate you executing and returning to the undersigned in the enclosed business reply envelope.

Thank you for your cooperation.

Yours very truly,


Bob Shelton
Land Manager

BS:kg

Enclosures

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

September 11, 1987

MAXUS

Mr. Win Farquhar
BTA Oil Producers
104 South Pecos
Midland, Texas 79701

Re: State Toro #1-36 Well
1980' FSL and 990' FWL
of Section 36, Township
22 South, Range 34 East
Lea County, New Mexico
29-0090

Dear Mr. Farquhar:

Maxus Exploration Company, formerly Diamond Shamrock Exploration Company, has plans to commence the State Toro #1-36 well at the captioned location. The location of 990' FWL requires approval of an unorthodox location by the New Mexico Oil Conservation Commission. BTA Oil Producers is the west and southwest offset to the proposed location, and it is therefore required that we obtain from BTA a waiver to our unorthodox location.

Enclosed with this letter please find a letter addressed to the New Mexico Oil Conservation Commission which we request be executed by BTA Oil Producers waiving its objection to said unorthodox location.

Maxus Exploration Company anticipates commencement of the proposed test within the next sixty (60) days, and we therefore request that if you are willing to grant your approval of such waiver that the enclosed letter be executed by a representative of BTA, and thereafter the original and one (1) copy be returned to Maxus Exploration Company to the attention of the undersigned.

We appreciate your cooperation in this regard and look forward to hearing from you in the very near future.

Yours very truly,


Bob Shelton
Land Manager

BS:kg

Enclosures

Maxus Exploration Company
P.O. Box 10397
Midland, Texas 79702
915 685-8000

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

September 11, 1987

MAXUS

Mr. Mickey F. Cohlma
Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79701

Re: State Toro #1-36 Well
990' FWL & 1980' FSL
of Section 36,
T-22-S, R-34-E,
Lea County, New Mexico
29-0090

Dear Mr. Cohlma:

Maxus Exploration Company intends to drill the captioned well as a 13,600' Morrow test. The captioned location will require approval by the New Mexico Oil Conservation Commission of an unorthodox location because we will be locating 990 feet FWL rather than the required 1980 feet.

Chervon U.S.A. Inc. owns offsetting acreage to the proposed laydown 320-acre unit upon which the well is to be spaced, and we therefore need your waiver of objection to such location.

Enclosed herewith please find a letter addressed to the New Mexico Oil Conservation Commission which we would appreciate you executing and returning to the undersigned in the enclosed business reply envelope.

Thank you for your cooperation.

Yours very truly,



Bob Shelton
Land Manager

BS:kg

Enclosures

September 16, 1987

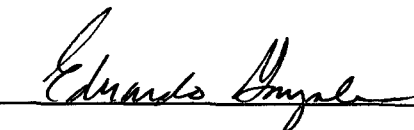
MAXUS

MAXUS EXPLORATION COMPANY
TORO STATE #1-36
GEOLOGICAL SUMMARY

The Toro State #1-36 is a proposed 13,600 foot well to test the Atoka and Middle Morrow formations. In order to maximize the possibility of success, the proposed unorthodox location has been requested to be located 990' FWL and 1980' FSL of Section 36, T-22-S, R-34-E. It is believed that by granting this unorthodox location, the well will attain structural advantage and will encounter both target horizons at optimum positions within the respective facies.

Figures 1 through 6 are provided to help illustrate this concept. Figure 1 is a structure map on the Atoka Shale Marker illustrating the proposed location to be structurally high to wells immediately to the west. Figure 2 is an isopach of the expected Atoka lower mound illustrating the well to be gaining isopach thickness with approximately 45 feet of carbonate present. Figure 3 is a structure map of the Middle Morrow again indicating the proposed location to be structurally high to offsets to the west. Figure 4 is an isopach of the target Middle Morrow "Federal Zone" sand with a possible thickness of up to 25 feet. Figure 5 is a structural cross-section illustrating the Atoka section in the area. The nature of the producing reservoirs is stratigraphic and subject to drastic facies changes over short distances. Within the Atoka section, the upper and lower mounds are present or absent in the various wells. It is hoped that the proposed location will encounter a lower mound carbonate thick similar to the BTA Maddox Federal #1 well to the west. Figure 6 is a structural cross-section of the Middle Morrow interval in the area. It likewise illustrates the stratigraphic changes in the area as fluvial systems come and go. It is hoped the proposed location will encounter point bar sands similar to those which flowed 4129 MCF on a 10/64" choke during a two hour test in the Diamond Shamrock Federal #2 well to the west.

In summary, it is believed that the unorthodox location will present the optimum site to adequately test the Atoka and Middle Morrow zones. It will allow the best use of drilling dollars by testing both zones with one borehole. Such a location would properly drain a 320 acre proration unit consisting of the S/2 of Section 36 and would act in the interest of conservation of natural resources.



R 34 E

R 35 E

30

Phillips
1 Merchant "B"
TD 15-88
11 29 71

-8930

BTA
1 B Maddox Fed
-8975

PROPOSED LOCATION

BTA
1 Maddox Fed
-8990

-8911

-8848

-8812

-8828

Hardgrave
1 State
TD 445
S 23 4

NDE

Mid Amer
1 Maddox

-9018

36

31

T 22 S

6

T 23 S

7

Fig 1

MAXUS ENERGY CORP.

MIDLAND

REGION

N.E.A.R. PROSPECT

SCALE
1" = 1000'

DRAWN BY A. Barba
GEOLOGY BY E. Gonzales

ATOKA SHALE MARKER / STRUCTURE

DATE

7/87

LEA COUNTY, NEW MEXICO

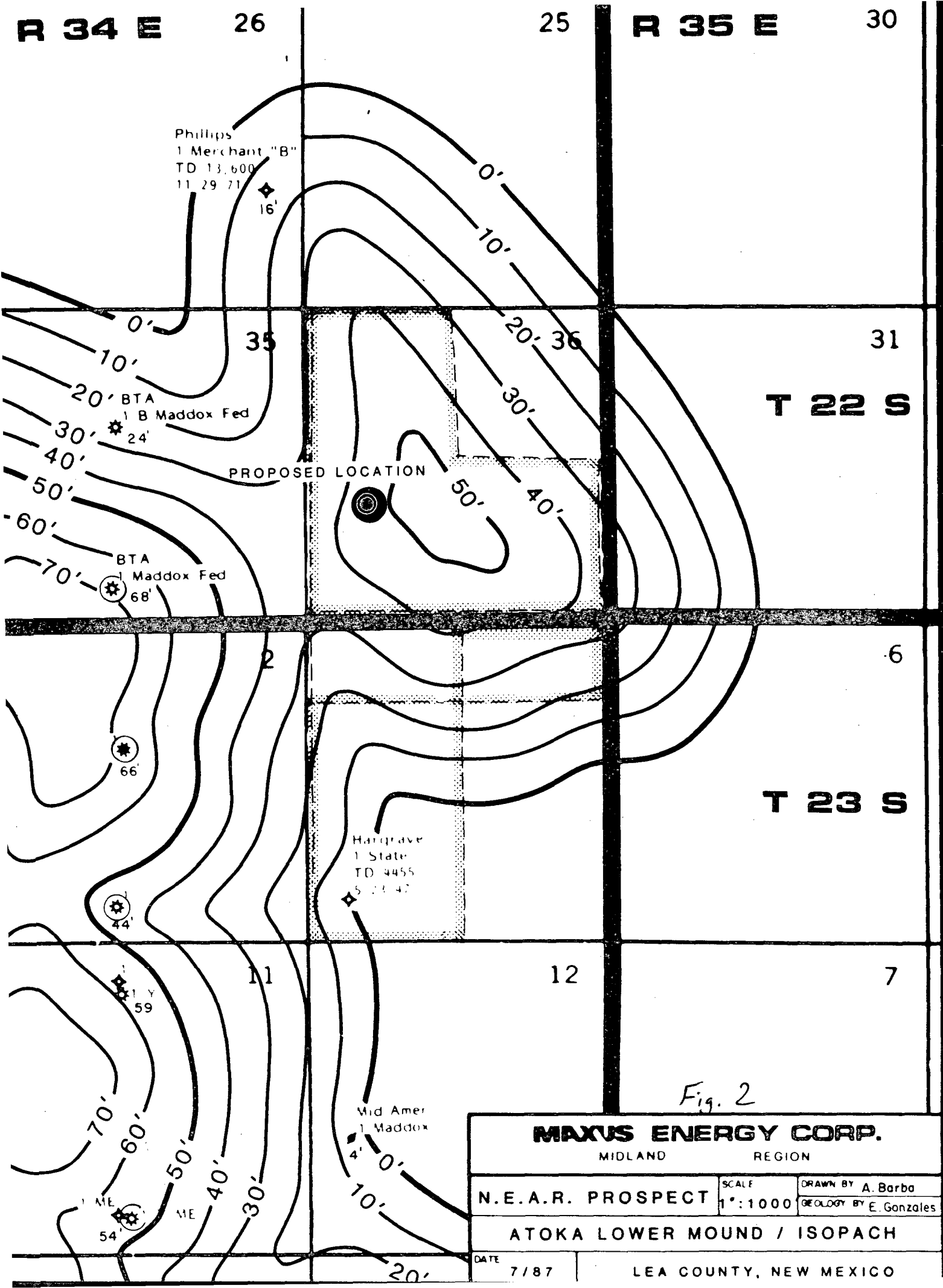
R 34 E

26

25

R 35 E

30



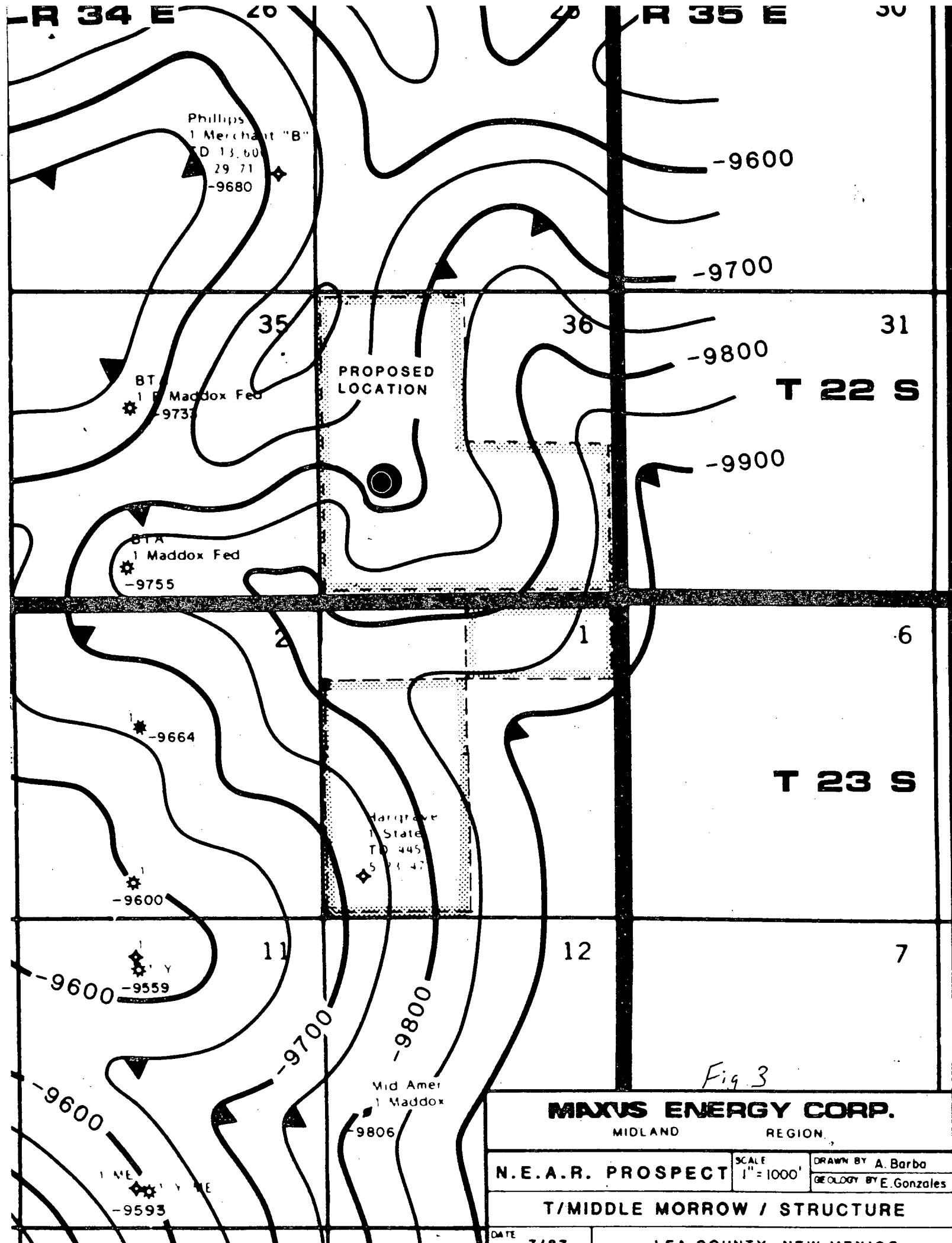
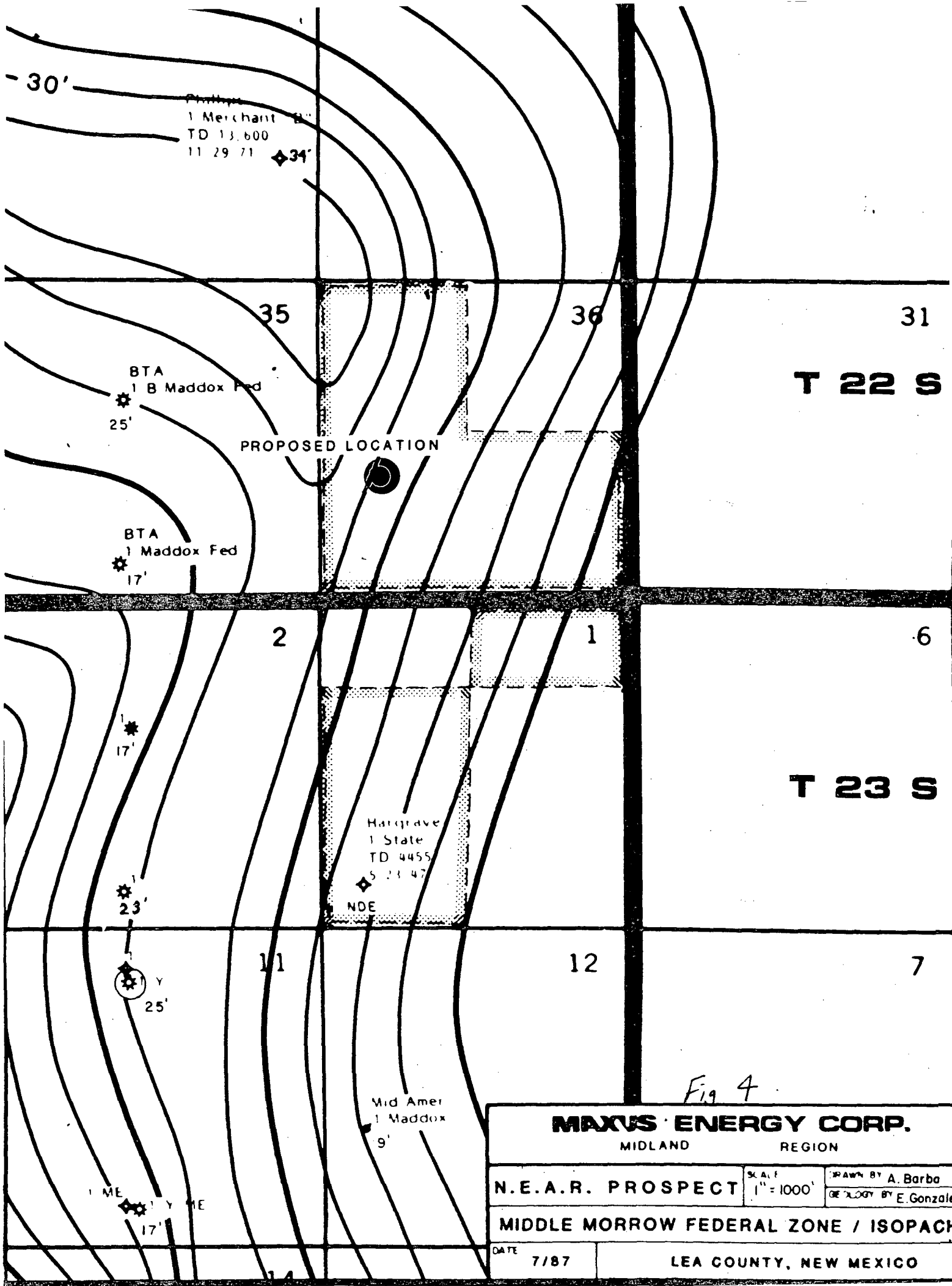


Fig. 3

| | | |
|-----------------------------|---------------------|---|
| MAXUS ENERGY CORP. | | |
| MIDLAND REGION | | |
| N.E.A.R. PROSPECT | SCALE 1" = 1000' | DRAWN BY A. Barba GEOLOGY BY E. Gonzales |
| T/MIDDLE MORROW / STRUCTURE | | |
| DATE | | |



Maxus Exploration Company
P.O. Box 10397
Midland, Texas 79702
915 685-8000

MAXUS

September 16, 1987

Mr. David Catanach
New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87504

Dear David;

Maxus Exploration Company is requesting approval from the Oil Conservation Commission for an unorthodox location to drill the State Toro #1-36 at 990' FWL and 1980' FSL of Section 36, T-22-S, R-34-E, Lea County, New Mexico, based on geological considerations. According to Rule 104 (F), the well location is such that the Director has authority to grant the exception without notice and hearing if waivers are submitted or after twenty days have lapsed from the date of notification of offset operators or leaseholders.

To satisfy Rule 104 (F), enclosed is a geological package explaining the reason for the unorthodox location and copies of certified letters of notification to offset operators and leaseholders, along with a plat showing offset operators or leaseholders. I anticipate that a completed well at the requested location would be put in the Antelope Ridge Field, which has laydown 320 acre gas proration units.

Also attached, are waivers from Enron Corporation and Cal-Mon Oil Company. When received by Maxus, I will forward to you addition waivers, unless the twenty day waiting period passes prior to receiving them.

I appreciate your attention to this request.

Yours truly,



Randy Simmons
Manager of Petroleum Engineering

RS:ld

Rec'd
A-17-87

MAXUS Exploration
P.O. Box 10397
Midland, Texas 79702
915 685-8000

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

September 11, 1987

MAXUS

Mr. Mickey F. Cohlma
Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79701

Re: State Toro #1-36 Well
990' FWL & 1980' FSL
of Section 36,
T-22-S, R-34-E,
Lea County, New Mexico
29-0090

Dear Mr. Cohlma:

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Enclosed herewith please find a letter addressed to the New Mexico Oil Conservation Commission which we would appreciate you executing and returning to the undersigned in the enclosed business reply envelope.

Thank you for your cooperation.

Yours very truly,



Bob Shelton
Land Manager

BS:kg

Enclosures

Maxus Exploration Company
P.O. Box 10397
Midland, Texas 79702
915 685-8000

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

September 11, 1987

MAXUS

Mr. Win Farquhar
BTA Oil Producers
104 South Pecos
Midland, Texas 79701

Re: State Toro #1-36 Well
1980' FSL and 990' FWL
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22 South, Range 34 East
Lea County, New Mexico
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We appreciate your cooperation in this regard and look forward to hearing from you in the very near future.

Yours very truly,


Bob Shelton
Land Manager

BS:kg

Enclosures

CAL-MON OIL COMPANY
P. O. Box 2066
Midland, Texas 79702

September 11, 1987

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Maxus Exploration Company
State Toro #1-36 Well
990' FWL & 1980' FSL
of Section 36,
T-22-S, R-34-E,
Lea County, New Mexico

Gentlemen:

Cal-Mon Oil Company has been notified by Maxus Exploration Company of its intention to apply for an unorthodox location of 990' FWL and 1980' FWL of Section 36, T-22-S, R-34-E, Lea County, New Mexico, to drill the captioned well. We have been advised that the subject well will be drilled to an objective depth of approximately 13,600 feet or sufficient depth to test the Morrow formation.

Cal-Mon Oil Company hereby waives any objection to said unorthodox location as to the Morrow and all shallower formations.

Yours very truly,

CAL-MON OIL COMPANY

By 

Title President

cc: Maxus Exploration Company
P. O. Box 10397
Midland, Texas 79702

Maxus Exploration Company
P.O. Box 10397
Midland, Texas 79702
915 685-8000

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

September 11, 1987

MAXUS

Mr. Robert L. Monagen
Cal-Mon Oil Company
P. O. Box 2066
Midland, Texas 79702

Re: State Toro #1-36 Well
990' FWL & 1980' FSL
of Section 36,
T-22-S, R-34-E,
Lea County, New Mexico
29-0090

Dear Mr. Monagen:

Maxus Exploration Company intends to drill the captioned well as a 13,600' Morrow test. The captioned location will require approval by the New Mexico Oil Conservation Commission of an unorthodox location because we will be locating 990 feet FWL rather than the required 1980 feet.

Cal-Mon Oil Company owns offsetting acreage to the proposed laydown 320-acre unit upon which the well is to be spaced, and we therefore need your waiver of objection to such location.

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Thank you for your cooperation.

Yours very truly,



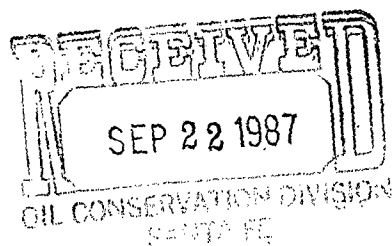
Bob Shelton
Land Manager

BS:kg

Enclosures

Maxus Exploration Company
P.O. Box 10397
Midland, Texas 79702
915 685-8000

MAXUS



September 18, 1987

Mr. David Catanach
State Land Office Building
Box 2088
Santa Fe, New Mexico 87504-2088

Re: Waiver of Unorthodox Location
State Toro #1-36
Section 36, T-22-S, R-34-E
990' FWL and 1980' FSL
Lea County, New Mexico

Dear Mr. Catanach:

Please find enclosed a waiver from BTA Oil Producers for the above unorthodox location. Please add this waiver to the package we sent to you on September 17, 1987.

If you have any questions please contact me.

Yours truly,

Randy Simmons
Manager of Engineering

RS:ld

BTA OIL PRODUCERS
104 SOUTH PECOS
MIDLAND, TEXAS 79701

September 11, 1987

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Maxus Exploration Company
Toro State #1-36 Well
1980' FSL and 990' FWL of
Section 36, Township 22
South, Range 34 East
Lea County, New Mexico

Gentlemen:

BTA Oil Producers has been notified by Maxus Exploration Company of its intention to apply for an unorthodox location of 990' FWL and 1980' FSL of Section 36, Township 22 South, Range 34 East, Lea County, New Mexico to drill the captioned well.

We have been advised that the subject well will be drilled to the objective depth of approximately 13,600 feet or of sufficient depth to test the Morrow formation.

BTA Oil Producers hereby waives any objection to said unorthodox location as to the Morrow formation and all shallower depths.

Yours very truly,

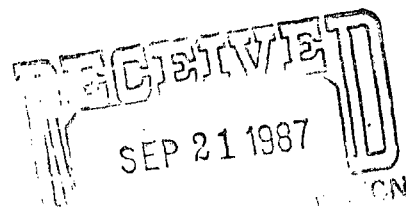
BTA OIL PRODUCERS

By: C. R. [Signature]

Title Manager Exploration & Development
for BTA Oil Producers

cc: Maxus Exploration Company
P. O. Box 10397
Midland, Texas 79702

CHEVRON U.S.A. INC.
15 Smith Road
Midland, Texas 79701



September 11, 1987

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Maxus Exploration Company
State Toro #1-36 Well
990' FWL & 1980' FSL
of Section 36,
T-22-S, R-34-E,
Lea County, New Mexico

Gentlemen:

Chevron U.S.A. Inc. has been notified by Maxus Exploration Company of its intention to apply for an unorthodox location of 990' FWL and 1980' FSL of Section 36, T-22-S, R-34-E, Lea County, New Mexico, to drill the captioned well. We have been advised that the subject well will be drilled to an objective depth of approximately 13,600 feet or sufficient depth to test the Morrow formation.

Chevron U.S.A. Inc. hereby waives any objection to said unorthodox location as to the Morrow and all shallower formations.

Yours very truly,

CHEVRON U.S.A. INC.

By: Q. Manis for RCA

Title DIV. MANAGER

cc: Maxus Exploration Company
P. O. Box 10397
Midland, Texas 79702

ENRON OIL & GAS COMPANY
P. O. Box 2267
Midland, Texas 79702

September 11, 1987

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Maxus Exploration Company
State Toro #1-36 Well
990' FWL & 1980' FSL
of Section 36,
T-22-S, R-34-E,
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Enron Oil & Gas Company hereby waives any objection to said unorthodox location as to the Morrow and all shallower formations.

Yours very truly,

ENRON OIL & GAS

By: E. H. Maurer

Title VICE PRESIDENT & DIVISION GENERAL MGR.

cc: Maxus Exploration Company
P. O. Box 10397
Midland, Texas 79702