



American Exploration Company

July 20, 1989

Re: Hospah Sand Unit 105
Hospah Upper Sand
McKinley County, New Mexico

State of New Mexico
Energy, Minerals and Natural Resources Dept.
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Attn: Michael Stogner
Engineer

Gentlemen:

American Exploration Company proposes to drill and complete a 1700' Upper Hospah Sand Unit test in the Hospah Field, McKinley County, New Mexico, located in Unit Letter N, 1750' FWL and 70' FSL of Section 36, T18N, R9W as outlined and surveyed on Forms C101 and 102.

Pursuant to Rule 104, Sec. II, (F) (I), provides that a permit for the completion of an efficient productive well within a secondary recovery or pressure maintenance may be administratively approved by the Division Director as an exception to the well location requirements of Sections B and C without notice or hearing. It further provides that such location within the project is no closer than 330 feet to the outer boundary of the unitized area, nor closer than 10 feet to any quarter-quarter section line.

The well location and acreage dedication plat for the referenced well falls within the provisions for an Unorthodox Location as noted above. Therefore, American Exploration Company respectfully requests approval for our Application for Permit to Drill this unit test.

Your earliest approval of same is appreciated and if further information is required, please contact our office.

RECEIVED

JUL 24 1989

**OIL CONSERVATION DIV.
SANTA FE**

MM:mm
Encl.

Very truly yours,

AMERICAN EXPLORATION COMPANY

Marty B. McClanahan
Marty B. McClanahan
Sr. Production Analyst

cc: Ernie Busch, Aztec District Office

Submit to Appropriate
District Office
State Lease -- 6 copies
Fee Lease -- 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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

API NO. (assigned by OCD on New Wells)

5. Indicate Type of Lease

STATE ☐

FEE ☒

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:

DRILL ☒

RE-ENTER ☐

DEEPEN ☐

PLUG BACK ☐

b. Type of Well:

OIL
WELL ☒

GAS
WELL ☐

OTHER ☐

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

7. Lease Name or Unit Agreement Name:

Hospah Sand Unit

2. Name of Operator

American Exploration Company

8. Well No.

105

3. Address of Operator

2100 RepublicBank Center, Houston, Texas 77002

9. Pool name or Wildcat

HOspah Upper Sand

4. Well Location

Unit Letter N : 1750 Feet From The West Line and 70 Feet From The South Line

Section 36

Township 18N

Range 9W

NMPM

McKinley

County

10. Proposed Depth

1700

11. Formation

Hospah Sand

12. Rotary or C.T.

Rotary

13. Elevations (Show whether DF, RT, GR, etc.)

6978

14. Kind & Status Plug. Bond

N.M. Blanket

15. Drilling Contractor

Unknown

16. Approx. Date Work will start

ASAP July, 1989

17.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	24#	80'	Circ. to Sur.	Surface
7-7/8"	5-1/2"	15.5#	1700		500' Above
					Uppermost Perf.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Marty B. McClanahan

TITLE

Sr. Production Analyst

DATE

7/7/89

TYPE OR PRINT NAME

TELEPHONE NO.

(This space for State Use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

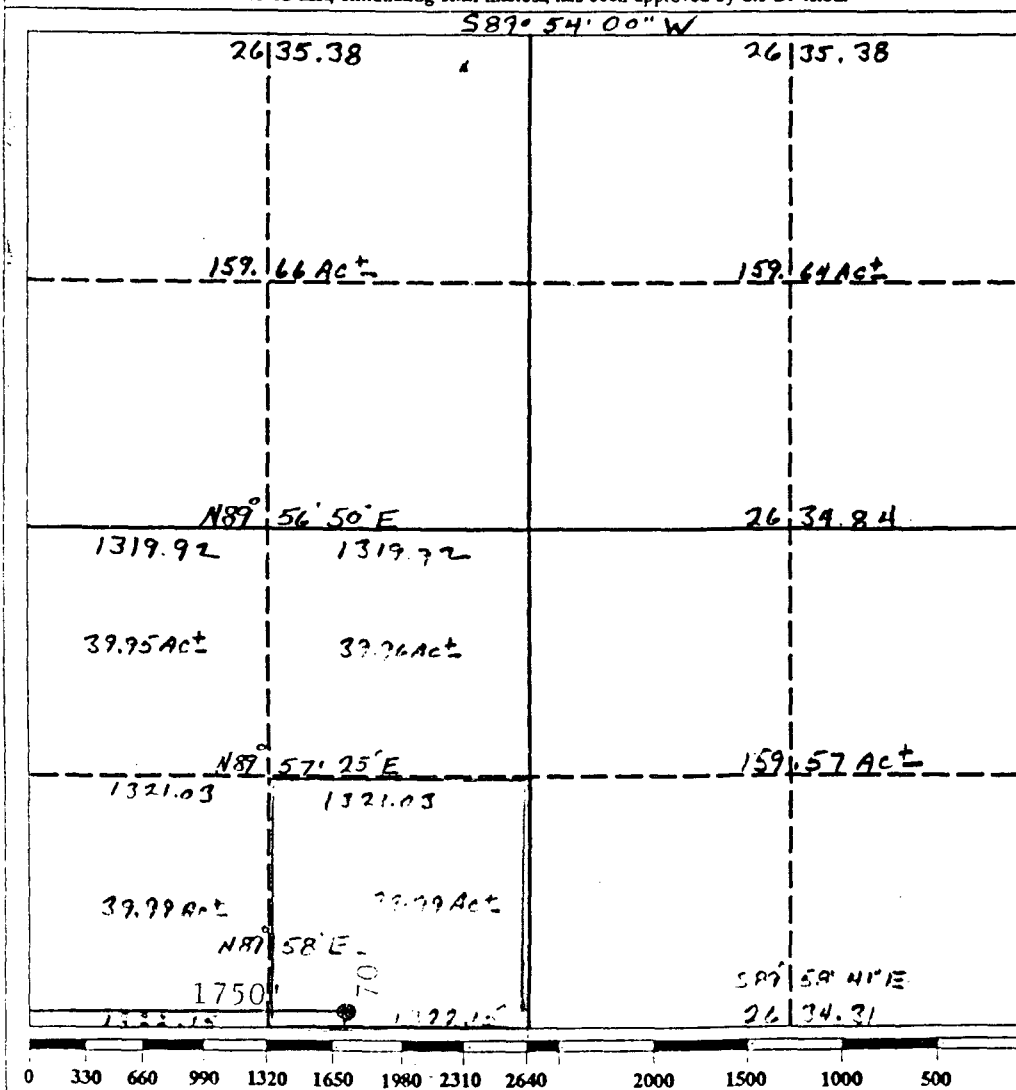
All Distances must be from the outer boundaries of the section

Operator AMERICAN EXPLORATION			Lease HOSPAH SAND UNIT		Well No. 105
Unit Letter N	Section 36	Township T18N	Range 9W	County McKinley	
			NMPM		

Actual Footage Location of Well:

70	feet from the South	line and 1750	feet from the West	line
Ground level Elev. 6978	Producing Formation Hospah Sand	Pool Hospah Upper Sand	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary). _____
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Marty B. McClanahan

Printed Name

Sr. Production Analyst

Position

American Exploration Co.

Company

July 7, 1989

Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

May 1989

Signature of Professional Surveyor

Professional Surveyor

9672

REGISTERED PROFESSIONAL LAND

9672

Certificate No.

9672

P. & R
State
1945

Williams
Pettit
1950

TESORO

UPPER

HOSPAN

SAND

UNIT

36

5

4

3

2

1

WALKER

0556687

TESORO

Santa Fe R.R. "A" S.F.P. No. 3487

Hans