



OIL CONSERVATION DIVISION
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518 17th St., Suite 1030
Denver, Colorado 80202
(303) 571-4220

October 5, 1990

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

Attn: William J. Lemay

Re: Unorthodox Location
Hammond W.N. Federal No. 10
SW Sec. 26, T27N, R8W
San Juan County, NM

Gentlemen:

Maralex Resources, Inc. (Maralex) hereby submits the following application in triplicate for an unorthodox location for the subject well. ARCO Oil and Gas has previously submitted a permit application (see Attachment No. 1) for the subject well with the Bureau of Land Management.

The proposed well is located 690' from the south line and 1145' from the west line of Section 26. Attachment No. 2 is a completed C-102. A suitable location for the well could not be found in the southwest quarter of Section 26 due to the topography. Directional drilling of the well is not feasible due to the shallow total depth and the distance from a legal location to the surface location required due to the above mentioned cause.

Topographic obstructions, as shown on Attachment No. 3 include the steep terrain and cliffs leading from Blanco Mesa into Largo Canyon. Although there is one existing well within the orthodox location window, there is not sufficient room on the existing pad for another drilling location.

Attachment No. 4 shows existing wells in the area and all offset operators. To the best of our knowledge, the information on this map is current and correct. None of the offsetting wells are currently producing from the Basin Fruitland Coal pool.

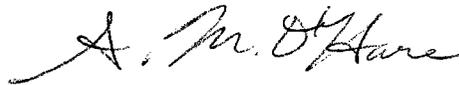
By copy of this letter sent through certified mail, the offset operators are being notified of this application for unorthodox location. They are being requested to return to

the NMOCD an executed waiver of objections to the unorthodox location that is provided at the end of this letter. Maralex will submit to the NMOCD the return receipt cards signifying receipt by the offset operators of this notification as soon as they are returned to us.

By virtue of our purchase of ARCO's operating rights to the Fruitland Formation in all of Township 27 North, Range 8 West, San Juan County, New Mexico, Maralex is now the operator of the shallow rights designated under ARCO on Attachment No. 4.

Please call me at (303) 571-4220 at your earliest convenience if any additional information is required for processing of this application.

Sincerely,



A. M. O'Hare, P.E.
President
Maralex Resources, Inc.

cc: Great Lakes Chemical, Certified
Western Oil & Minerals Ltd., Certified
Bureau of Land Management,
Farmington Resource Area

If you have no objection to the proposed unorthodox location, please sign the waiver below and forward to the NMOCD in the envelop provided.

WE HEREBY WAIVE OUR RIGHT TO OBJECT TO THE UNORTHODOX LOCATION PROPOSED IN THIS APPLICATION BY MARALEX RESOURCES, INC.

Western Oil & Minerals Ltd.
Company Name

BY: Jack Beatty

Date: AD-15-90

Attachments

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cc: Great Lakes Chemical, Certified
Western Oil & Minerals Ltd., Certified
Bureau of Land Management,
Farmington Resource Area

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WE HEREBY WAIVE OUR RIGHT TO OBJECT TO THE UNORTHODOX LOCATION PROPOSED IN THIS APPLICATION BY MARALEX RESOURCES, INC.

Great Lakes Chemical
Company Name

BY: Lawrence H. Vaughan

Date: 10/24/90

Attachments

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. SF - 078480
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME NONE
2. NAME OF OPERATOR ARCO Oil and Gas Company, a Division of Atlantic Richfield Co.		7. UNIT AGREEMENT NAME -----
3. ADDRESS OF OPERATOR P.O. Box 1610, Midland, Texas 79702		8. FARM OR LEASE NAME Hammond W.N Federal
4. LOCATION OF WELL (Report clearly and in accordance with any State requirements.) At surface 690' FSL & 1145' FWL (Unit letter M) At proposed Prod. zone Approximately the same		9. WELL NO. #10
13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE approximately 22 miles SE of Blanco, New Mexico		10. FIELD AND POOL, OR WILDCAT Basin-Fruitland Coal Gas
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. line, if any) 690'	16. NO. OF ACRES IN LEASE 2560	11. SEC., T., M., OR BLK. AND SURVEY OR AREA Sec 26, T27N-R8W
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 388'	19. PROPOSED DEPTH 2460'	12. COUNTY San Jau
21. ELEVATIONS (Show whether GH or KB) 6650.0' GR		13. STATE NM
20. ROTARY OR CABLE TOOLS Rotary		17. NO. OF ACRES ASSIGNED TO THIS WELL 320, W/2
22. APPROX. DATE WORK WILL START Spud 11/90		

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT ft ³
12-1/4"	8-5/8"	24#	500'	384 cuft/325 SX
7-7/8"	5-1/2"	15.5#	2460'	533 cuft/330 SX

It is proposed to drill a 12-1/4" hole to 500' using fresh water spud mud. After setting surface casing, the shoe will be drilled out with a 7-7/8" bit, continuing to TD. A low solids, fresh water gel/polymer mud system will be utilized. A water loss of less than 20cc will be maintained and a mud weight of 9.5 ppg will be used to balance the 1600 psi Fruitland pore pressure. At TD, open-hole logs consisting of GR/CAL/FDC will be run and 5-1/2" production casing will be set and cemented to surface.

Pursuant to the " Onshore Oil and Gas Order #1" attachments are as follows:

1. Certified Location Plat
2. Drilling Plan with attachments
3. Surface Use Plan with attachments

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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Ken W Gosnell TITLE Regulatory Coordinator DATE 9-14-90
(This space for Federal or State Use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

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

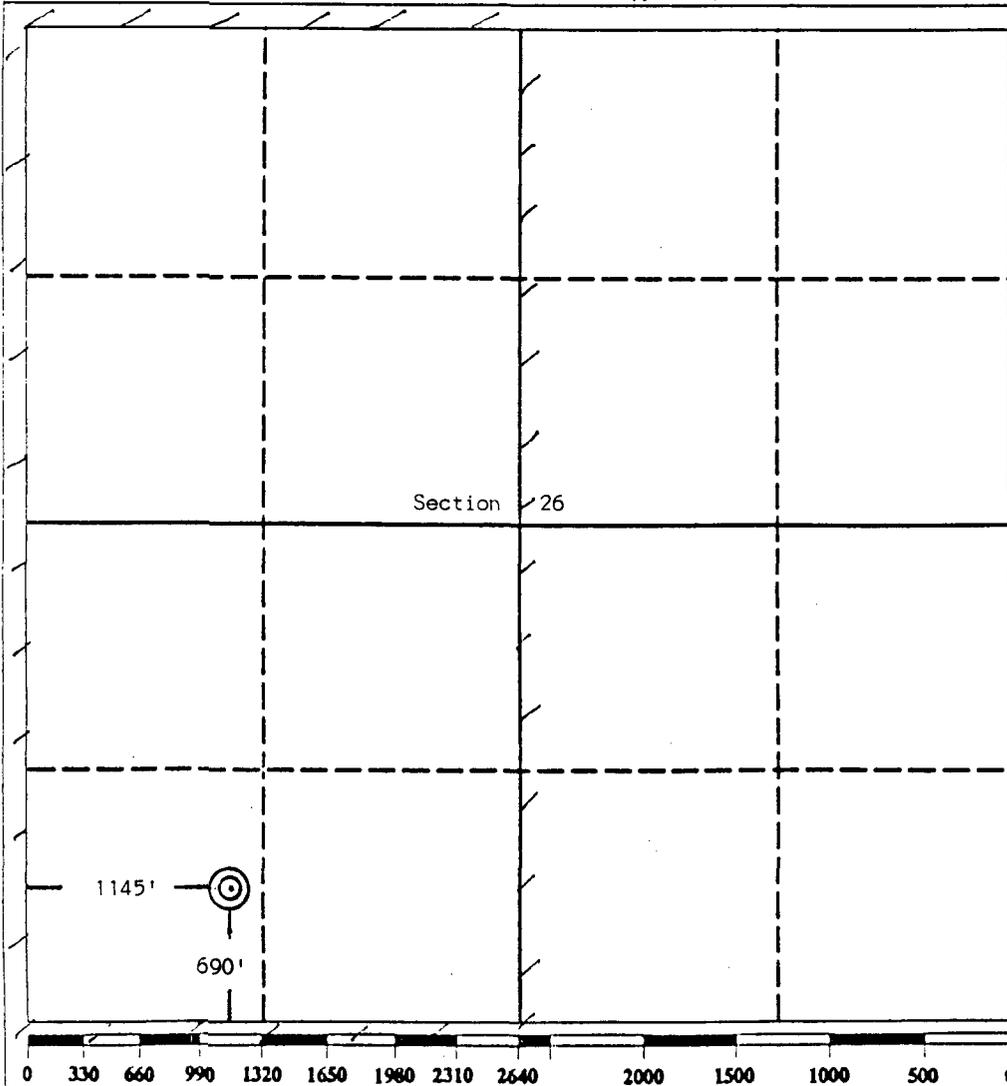
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator ARCO Oil and Gas Company		Lease Hammond W.N. Federal		Well No. 10
Unit Letter M	Section 26	Township 27 North	Range 8 West NMPM	County San Juan
Actual Footage Location of Well: 690 feet from the South line and 1145 feet from the West line				
Ground level Elev. 6650	Producing Formation Fruitland	Pool Basin-Fruitland Coal Gas	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure 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
Ken W. Gosnell

Printed Name
Ken W. Gosnell

Position
Regulatory Coordinator

Company
ARCO Oil & Gas Co.

Date
9-14-90

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
August 13, 1990

Signature & Seal of Professional Surveyor
Edgar L. Risenhoover

Certificate No. 5979

Edgar L. Risenhoover, Registered Land and Surveying Engineer

Standard 640-acre Section

