

1/31/08 DATE/TM	BUSI/FNRF	Brooks ENGINEER	1/31/08 LOGGED IN	NSL TYPE	PKVR0803150920 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Southwestern Energy
 Production Company
 Karlsbad Corral 2 State# 8H

ADMINISTRATIVE APPLICATION CHECKLIST

5794

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

MARTHA Howard Martha Howard Staff Reg. Analyst 01-31-08
 Print or Type Name Signature Title Date

e-mail Address: _____

2008 JAN 31 PM 2 05
 RECEIVED



**Southwestern Energy
Production Company**

A subsidiary of Southwestern Energy Company

2350 N. Sam Houston Parkway East
Suite 300
Houston, Texas 77032
(281) 618-4700 FAX: (281) 618-4757

VIA US CERTIFIED MAIL RETURN RECEIPT

7006 3450 0000 6005 8800

January 24, 2008

OXY USA WTP Limited Partnership
P. O. Box 50250
Midland, Texas 79710-0250

Ladies and Gentlemen:

SUBJECT: SOUTHWESTERN -KARLSBAD CORRAL 2 STATE 8-H
API NO. 30-015-35113
CORRAL CANYON; DELAWARE, NORTHWEST 96464
SEC. 2-T25S-R29E
EDDY COUNTY, NEW MEXICO

As required under Title 19, Chapter 15, Rule 104 of the New Mexico Administrative Code, sent under this cover, is your copy, as an offset operator, of Southwestern's request for an administrative approval of a non-standard or unorthodox location. Please be advised, if you have objections, they must be filed in writing within 20 days of the date this application is received in the Santa Fe office of the New Mexico Energy, Minerals and Natural Resources Department.

Should you have questions, please reach me direct through 281-618-4887 or Martha howard@SWN.com.

Respectfully,

SOUTHWESTERN ENERGY PRODUCTION COMPANY

A handwritten signature in cursive script that reads "Martha C. Howard".

Martha C. Howard
Staff Regulatory Analyst

MCH

Enclosure



**Southwestern Energy
Production Company**

A subsidiary of Southwestern Energy Company

2350 N. Sam Houston Parkway East
Suite 300
Houston, Texas 77032
(281) 618-4700 FAX: (281) 618-4757

VIA US CERTIFIED MAIL RETURN RECEIPT
7006 3450 0000 6005 8794

January 24, 2008

Kristi Green
Mewbourne Oil Company
P. O. Box 5270
Hobbs, NM 88240

Dear Ms. Green:

SUBJECT: SOUTHWESTERN -KARLSBAD CORRAL 2 STATE 8-H
API NO. 30-015-35113
CORRAL CANYON; DELAWARE, NORTHWEST 96464
SEC. 2-T25S-R29E
EDDY COUNTY, NEW MEXICO

As required under Title 19, Chapter 15, Rule 104 of the New Mexico Administrative Code, sent under this cover, is your copy, as an offset operator, of Southwestern's request for an administrative approval of a non-standard or unorthodox location. Please be advised, if you have objections, they must be filed in writing within 20 days of the date this application is received in the Santa Fe office of the New Mexico Energy, Minerals and Natural Resources Department.

Should you have questions, please reach me direct through 281-618-4887 or Martha_howard@SWN.com.

Respectfully,

SOUTHWESTERN ENERGY PRODUCTION COMPANY

A handwritten signature in cursive script that reads "Martha C. Howard".

Martha C. Howard
Staff Regulatory Analyst

MCH

Enclosure



**Southwestern Energy
Production Company**

A subsidiary of Southwestern Energy Company

2350 N. Sam Houston Parkway East
Suite 300
Houston, Texas 77032
(281) 618-4700 FAX: (281) 618-4757

VIA FEDERAL EXPRESS OVERNIGHT

January 24, 2008

Director's Office
New Mexico Energy, Minerals and Natural
Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Ladies and Gentlemen:

SUBJECT: SOUTHWESTERN – KARLSBAD CORRAL 2 STATE 8-H
API NO. 30-015-35113
CORRAL CANYON; DELAWARE, NORTHWEST 96464
SEC. 2-T25S-R29E
EDDY COUNTY, NEW MEXICO

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2008 JAN 25 PM 1 16

Southwestern requests approval of a non-standard or unorthodox location on the "as-drilled" bottom-hole or Terminus Point for the subject well referenced above. On August 24, 2006, the 8-H well was permitted with a BHL of 351' FNSL and 661' FWSL. The well was spud on September 16, 2006, reached a TMD of 7700' on October 13, 2006 and rig release on October 15, 2006. With the 7700' TMD being 196' FNSL and the last perforation within the drainhole at 7541' MD would show that Southwestern has not perforated the Delaware within the 330' of the north section line.

Notice of this request has been mailed to offset operators of record to the north of Sec. 2-T25S-R29E. For that documentation copies are sent herein.

Should you have questions, please reach me direct through 281-618-4887 or Martha.howard@SWN.com.

Respectfully,

SOUTHWESTERN ENERGY PRODUCTION COMPANY

Martha C. Howard
Staff Regulatory Analyst

MCH

CC: Bryan Arrant
Artesia, NM

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name KARLSBAD CORRAL 2	Well Number #8-H
OGRID No.	Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	Elevation 3018'

Surface Location

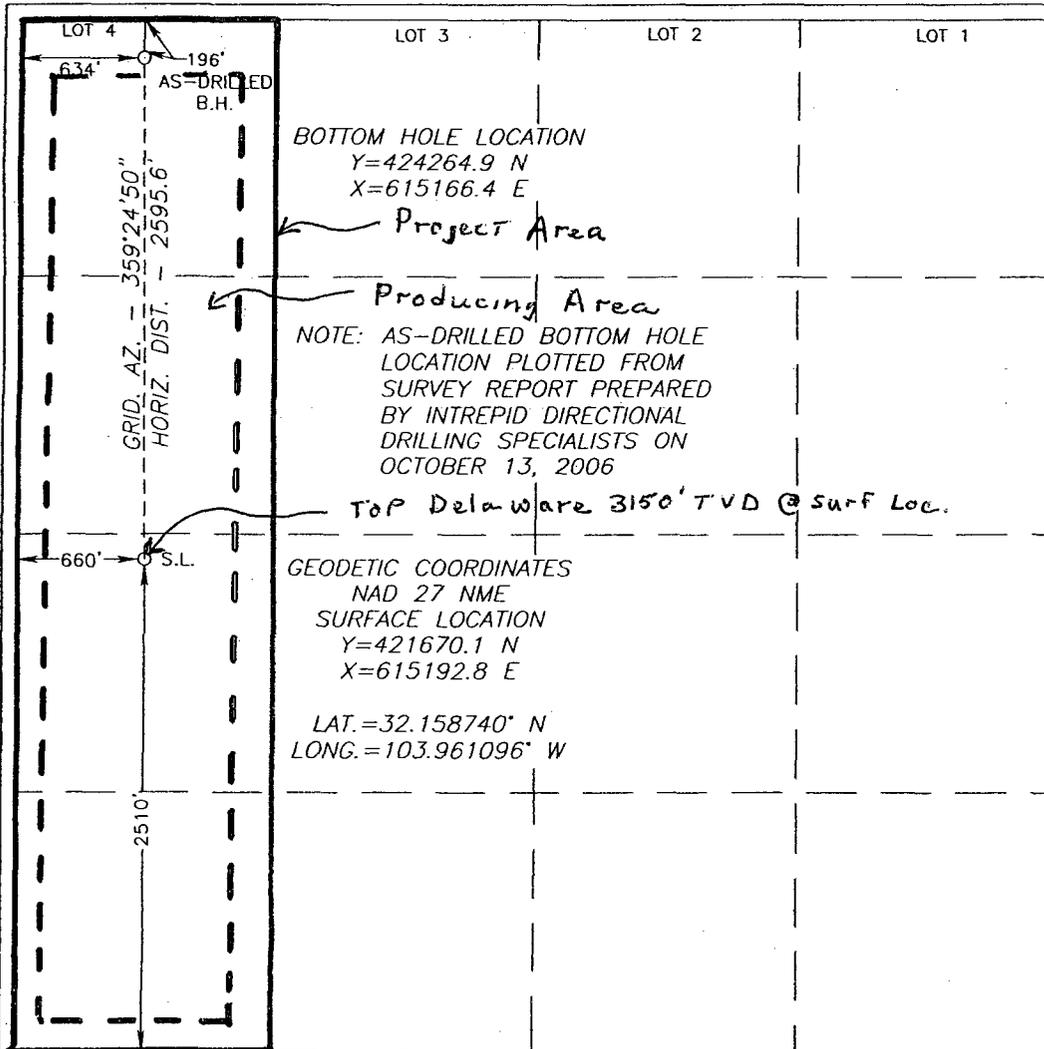
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	2	25-S	29-E		2510	SOUTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	2	25-S	29-E		196	NORTH	634	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

James T. Lowe 12-19-2007
Signature Date

James T. Lowe
Printed Name

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 belief.

OCTOBER 11, 2006

Date Surveyed LA
Signature & Seal of Professional Surveyor

Ronald J. Eidson 12/12/07
07-13-1810

Certificate No. RONALD EIDSON 3239

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 86240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 86210

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name KARLSBAD CORRAL 2	Well Number 5H
GRID No.	Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	Elevation 3035'

Surface Location

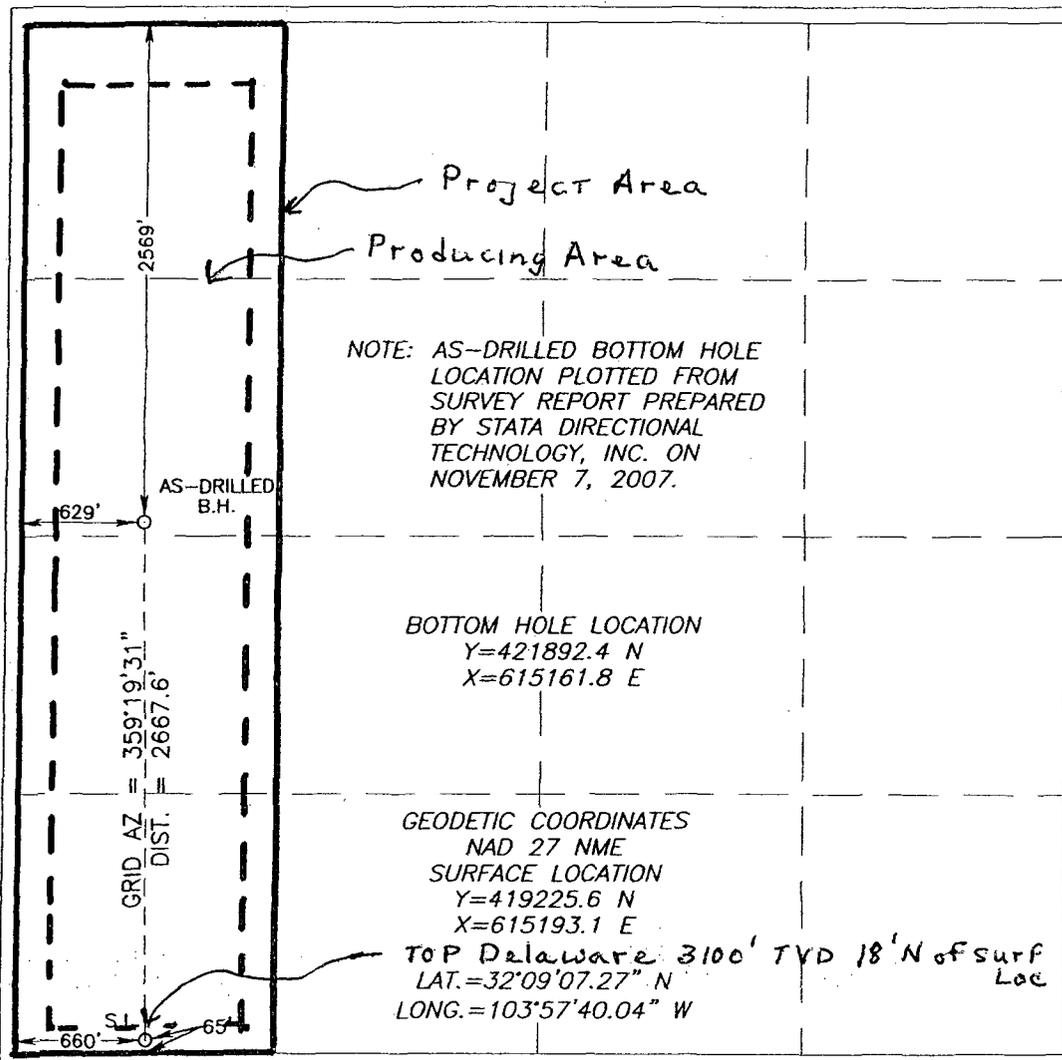
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	25-S	29-E		65	SOUTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	2	25-S	29-E		2569	NORTH	629	WEST	EDDY

Dedicated Acrea	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

James T. Lowe 12-19-2007
Signature Date
James T. Lowe
Printed Name

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 belief.

OCTOBER 30, 2007

Date Surveyed LA
Signature & Seal of Professional Surveyor

Ronald J. Eidson 12/17/07
07.13.1809

Certificate No. GARY G. EIDSON 12641
RONALD J. EIDSON 3239



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 20, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Southwestern Energy Production Company
2350 N. Sam Houston Parkway East – Suite 300
Houston, Texas 77032

Attention: **J. Alan Grimsley**
Alan_Grimsley@SWN.COM

Administrative Order NSL-5316 (BHL)
(Non-Standard Subsurface Location/Producing Area)

Dear Mr. Grimsley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on December 7 2005 (*administrative application reference No. pMES0-535442924*); and (ii) the Division's records in Santa Fe, including the file on Division Administrative Orders NSL-5275 (BHL) and NSL-5303 (BHL); all concerning Southwestern Energy Production Company's ("SwEPC") proposed development of the Cherry Canyon "4" Sand formation within a portion of the Karlsbad Corral "2" State Lease (*New Mexico State Land Office Lease No. V-03361-0001*) underlying the W/2 SW/4 of Section 2, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico, utilizing horizontal drainhole drilling techniques.

The Division Director Finds That:

- (1) The subject application has been duly filed under the provisions of Division Rules 104.F, 111.A (13), 111.C (2), and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].
- (2) By Order No. R-10591, issued in Case No. 11530 on May 8, 1996 and made effective on June 1, 1996, the Division created and defined the Northwest Corral Canyon-Delaware Pool (96464) for the production of oil from the Delaware formation; the horizontal limits for this pool comprises the following described lands in Eddy County, New Mexico (see Division Cases No. 11530 and 13540:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 2: E/2
Section 11: N/2 and SW/4;

- (3) Currently, the Northwest Corral Canyon-Delaware Pool and that area within one-mile of the pool boundaries [see *Division Rule 104.A (2) (a)*] are subject to the statewide rules and regulations, as promulgated by Rule 104.B (1), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;

Oil Conservation Division * 1220 South St. Francis Drive * Santa Fe, New Mexico 87505
Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.emnrd.state.nm.us>

LL

- (4) It is the Division's understanding that SwEPC intends to drill its Karlsbad Corral "2" (State) Well No. 5-H from a surface location 65 feet from the South line and 660 feet from the West line (Unit M) of Section 2, vertically to an approximate measured depth (MD) of 4,838 feet; kick-off to the north and build angle at a rate of 12 degrees per 100 feet until a 90 degree, more or less, deviation off of vertical is achieved at an approximate measured depth of 5,608 feet (MD), or 5,317 feet (TVD); and continue to drill horizontally for an approximate distance of 2,000 feet to a bottomhole location, or end-point, within the Cherry Canyon "4" Sand unit of the Delaware Mountain Group at a targeted subsurface location approximately 2563 feet from the South line and 660 feet from the West line (Unit L) of Section 2;
- (5) The top of the Undesignated Northwest Corral Canyon-Delaware Pool should be intercepted at an approximate depth of 3,200 feet;
- (6) The proposed 80-acre "Project Area", pursuant to Division Rules 111.A (9) and C (3), will be established by combining two standard 40-acre oil spacing and proration units within the Undesignated Northwest Corral Canyon-Delaware Pool comprising the NW/4 SW/4 (Unit L) and the SW/4 SW/4 (Unit M) of Section 2;
- (7) The path way of the proposed wellbore vertically from the entry point into the Delaware formation to the kick-off depth, the curved portion, and portions at both ends of the drainhole will be unorthodox pursuant to Division Rules 104.B (1) and 111.A (13);
- (8) It appearing the applicant has satisfied all of the appropriate requirements prescribed in Rules 111.C (2) and 104.F, the subject application should be approved, further, the aforementioned horizontal drainhole and 80-acre project area should continue operating under the provisions contained within this order and all other applicable provisions of Division Rule 111;
- (9) The applicant has satisfied all of the appropriate requirements prescribed in Rules 111.C (2) and 104.F; therefore the subject application based on SwEPC's proposed directional drilling plan should be approved; and
- (10) The subject 80-acre oil spacing and proration unit/project area is to be governed by the provisions contained within this order and all other applicable provisions of Division Rules 111 and 505.

It Is Therefore Ordered That:

(1) Southwestern Energy Production Company ("SwEPC") is hereby authorized to directionally drill its Karlsbad Corral "2" (State) Well No. 5-H from a surface location 65 feet from the South line and 660 feet from the West line (Unit M) of Section 2, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico, vertically to an approximate measured depth (MD) of 4,838 feet; kick-off to the north and build angle at a rate of 12 degrees per 100 feet until a 90 degree, more or less, deviation off of vertical is achieved at an approximate measured depth of 5,608 feet (MD), or 5,317 feet (TVD); and continue to drill horizontally for an approximate distance of 2,000 feet to a bottomhole location, or end-point, within the Cherry Canyon "4" Sand unit of the Delaware Mountain Group at a targeted subsurface location approximately 2563 feet from the South line and 660 feet from the West line (Unit L) of Section 2.

(2) Further, an 80-acre Project Area comprising the W/2 SW/4 of Section 2 shall be established by combining the NW/4 SW/4 (Unit L) and the SW/4 SW4 (Unit M) of Section 2.

(3) The operator shall comply with all applicable requirements and conditions set forth in Division Rules 111 and 505.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIORE, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
File: NSL-5275 (BHL)
NSL-5303 (BHL)

Well File Search - Select API Number to View

Please select the API Number you wish to view from the list below by clicking the radio button next to the API Number. Then click the "Continue" button to see the thumbnails for the API you selected. The search results are broken out by groups of 25 on each page. Switching pages can be done by clicking the "Next 25" or "Previous 25" links.

14 Records Found

Displaying Screen 1 of 1

- | API Number | ULSTR | Footages |
|--|-------------------------|---------------------|
| <input type="radio"/> 3001528576 | G -2-25S-29E | 1980 FNL & 1980 FEL |
| Well Name & Number: CORRAL FLY UNIT No. 001 | | |
| Operator: OXY USA WTP LIMITED PARTNERSHIP | | |
| <input type="radio"/> 3001528730 | A -2-25S-29E | 330 FNL & 660 FEL |
| Well Name & Number: CORRAL FLY UNIT No. 002 | | |
| Operator: DEVON SFS OPERATING INC | | |
| <input type="radio"/> 3001528731 | A -2-25S-29E | 660 FNL & 660 FEL |
| Well Name & Number: CORRAL FLY UNIT No. 003 | | |
| Operator: DEVON SFS OPERATING INC | | |
| <input type="radio"/> 3001528829 | K -2-25S-29E | 1980 FSL & 2130 FWL |
| Well Name & Number: CORRAL FLY UNIT No. 004 | | |
| Operator: DEVON SFS OPERATING INC | | |
| <input type="radio"/> 3001528830 | C -2-25S-29E | 330 FNL & 1980 FWL |
| Well Name & Number: CORRAL FLY UNIT No. 003 | | |
| Operator: DEVON SFS OPERATING INC | | |
| <input type="radio"/> 3001533324 | Q -2-25S-29E | 330 FSL & 1980 FEL |
| Well Name & Number: KARLSBAD CORRAL 2 STATE No. 001H | | |
| Operator: SOUTHWESTERN ENERGY PRODUCTION COMPANY | | |
| <input type="radio"/> 3001533532 | R -2-25S-29E | 330 FSL & 660 FEL |
| Well Name & Number: KARLSBAD CORRAL 2 STATE No. 002H | | |
| Operator: SOUTHWESTERN ENERGY PRODUCTION COMPANY | | |
| <input type="radio"/> 3001533722 | R -2-25S-29E | 331 FSL & 678 FEL |
| Well Name & Number: KARLSBAD CORRAL 2 STATE No. 003H | | |
| Operator: SOUTHWESTERN ENERGY PRODUCTION COMPANY | | |
| <input type="radio"/> 3001534253 | C -2-25S-29E | 330 FSL & 1980 FWL |
| Well Name & Number: KARLSBAD CORRAL 2 STATE No. 004H | | |
| Operator: SOUTHWESTERN ENERGY PRODUCTION COMPANY | | |
| <input type="radio"/> 3001534623 | C -2-25S-29E | 790 FNL & 2498 FWL |
| Well Name & Number: KARLSBAD CORRAL 2 STATE No. 006H | | |
| Operator: SOUTHWESTERN ENERGY PRODUCTION COMPANY | | |
| <input type="radio"/> 3001534930 | M -2-25S-29E | 65 FSL & 660 FWL |
| Well Name & Number: KARLSBAD CORRAL 2 STATE No. 005C | | |
| Operator: SOUTHWESTERN ENERGY PRODUCTION COMPANY | | |
| <input type="radio"/> 3001534936 | K -2-25S-29E | 2510 FSL & 1980 FWL |
| Well Name & Number: KARLSBAD CORRAL 2 STATE No. 007H | | |
| Operator: SOUTHWESTERN ENERGY PRODUCTION COMPANY | | |
| <input type="radio"/> 3001535568 | C -2-25S-29E | 250 FNL & 2310 FWL |
| Well Name & Number: WOOD DRAW 35 FEDERAL No. 003 | | |

Operator: MEWBOURNE OIL CO

3001535820 M -2-25S-29E 65 FSL & 660 FWL

Well Name & Number: KARLSBAD CORRAL 2 STATE No. 005H

Operator: SOUTHWESTERN ENERGY PRODUCTION COMPANY

14 Records Found

Displaying Screen 1 of 1