

1/13/97 2/3/97 MS KV NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

Enterstar Resources

ADMINISTRATIVE APPLICATION COVERSHEET

1/13

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [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 - Directional Drilling

☒ NSL ☐ NSP ☐ DD ☐ 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

[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

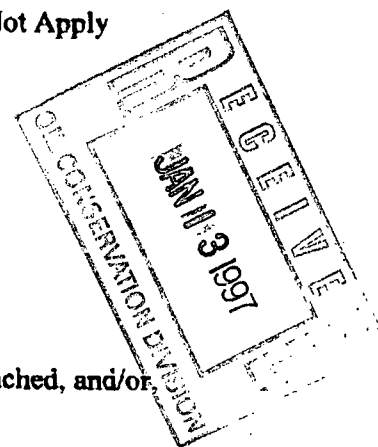
[C] ☐ Application is One Which Requires Published Legal Notice

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Ernest Angelo, Jr.
Print or Type Name

Signature

President
Title

1/2/97
Date

NSL-GEOL.1
ENERSTAR RESOURCES, L.C.

410 NORTH MAIN
MIDLAND, TEXAS 79701
Phone: (915) 684-4449 Fax: (915) 684-7691

PO Box 606
CARLSBAD, NEW MEXICO 88221-0606
Phone: (505) 885-8302 Fax: (505) 885-8302

January 2, 1997

To: Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Attn.: Michael E. Stogner

Re: Request for a Non-Standard Drilling Location - NE/4, Sec. 27, T-20S, R-28E
Eddy County, New Mexico

Dear Mr. Stogner,

Enclosed are four copies of our State form C-102, a Structure Map on top of the Yates in the area of our lease and a large scale plat of our Rains Lease covering the referenced tract. This Non-Standard Location is requested by Enerstar for several reasons. There already is a well located at the standard location, 1980' FEL & 660' FNL of the section (UMC Burton Flats Deep No.11). There also is a pipeline located approximately 225' West of the UMC Well and a road just East of the pipeline and parallel to it. In addition, a pigging facility is located at the North end of the pipeline.

As indicated by our Structure Map, the Yates dips sharply to the South and East. Well control is provided by the Wills Harrell No.1 a non economical oil well, and the Wills Harrell No. 2 which encountered insufficient reservoirs and was plugged and abandoned. These two penetrations support our belief that the requested location is required to give reasonable assurance of an economical completion in the South Burton (Yates Gas) reservoir. The noted surface obstructions add additional support to this request.

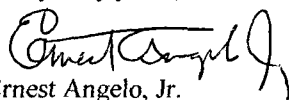
The interval to be penetrated by Enerstar's Rains No. 1 would include the possibility for completion in the South Burton (Yates Gas) Field or in the Russell (Yates Oil) Field. Our preference is for the Gas reservoir, primarily because the nearest Russell (Yates Oil) well, the Wills Harrell No.1, is a non-economical completion.

We have a shut in Yates well located in the SE/4 of the NE/4, Sec. 27, the Harrell No.1, which is not equipped to produce nor is it capable of production at this time. Enerstar would like to request that the full NE/4 be dedicated to the new drill until such time as production is established. With the completion of a successful well, Enerstar will file for a reduced proration unit or will plug and abandon the Harrell No.1.

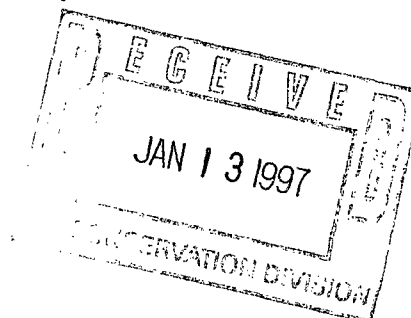
We have requested waivers from the appropriate offset operators, Oxy, on the North and UMC, on the West, and will provide those as soon as they are received.

Please let me know if there is anything else needed for processing this request. Your consideration in this matter is appreciated.

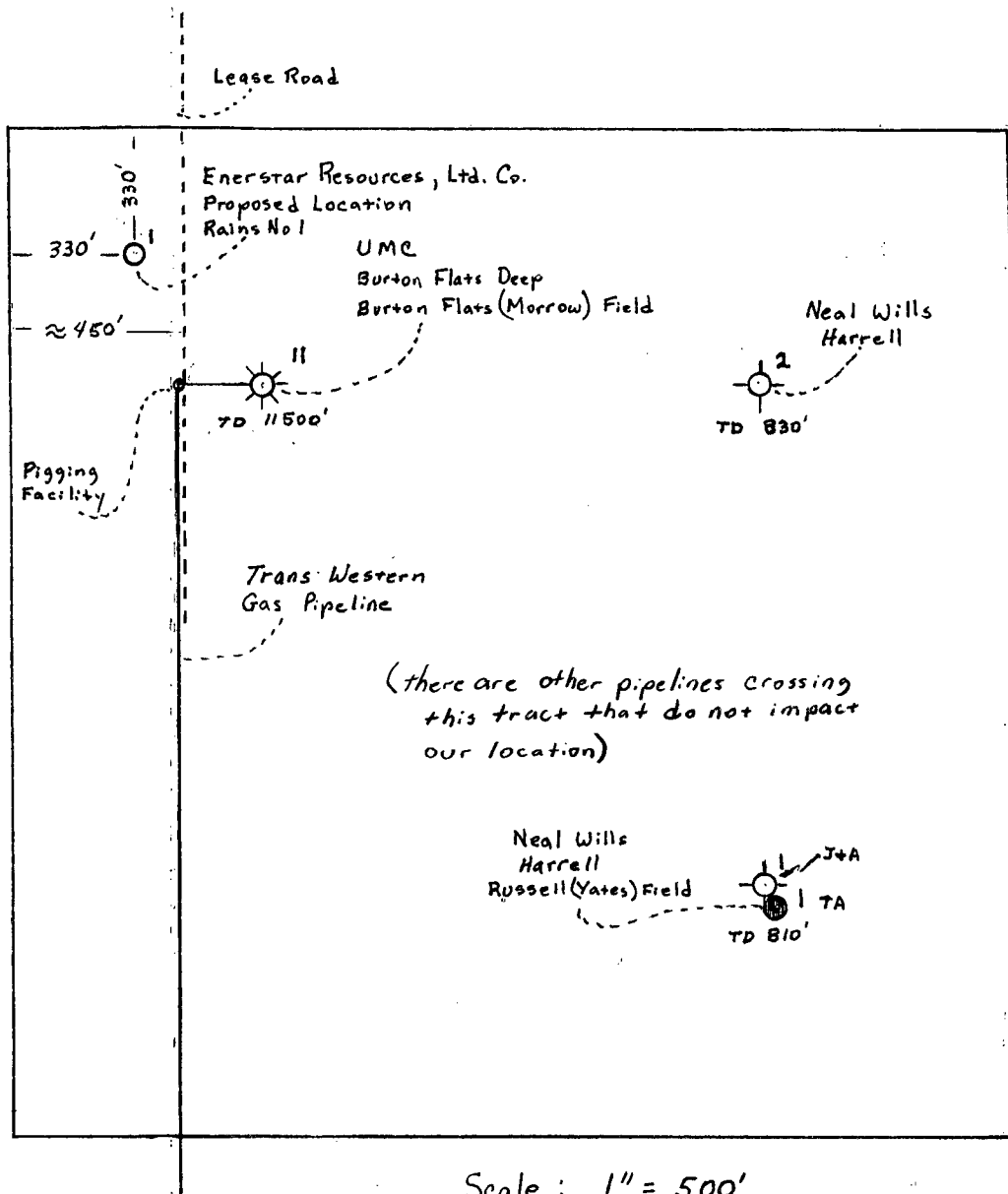
Very truly yours,


Ernest Angelo, Jr.

EA/mw



Enerstar Resources, Ltd. Co.
Rains Lease
N/E Qtr, Sec 27, T-20S, R-28E
Eddy County, New Mexico



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NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

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☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[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

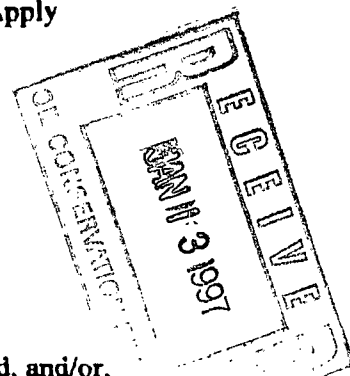
[C] ☐ Application is One Which Requires Published Legal Notice

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Ernest Angelo, Jr.
Print or Type Name

Signature

President
Title

1/2/97
Date

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0710

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 73570	Pool Name South Burton Yates Gas
Property Code	Property Name RAINS	Well Number 1
OGRID No. 154299	Operator Name ENERSTAR RESOURCES LTD.	Elevation 3227'

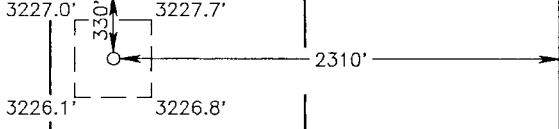
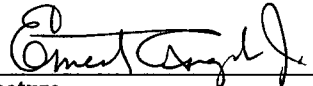
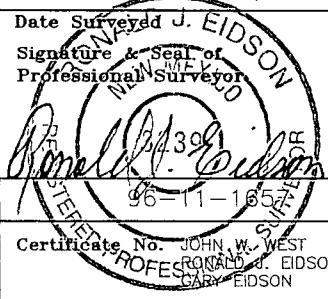
Surface Location

UL or lot No. B	Section 27	Township 20 S	Range 28 E	Lot Idn	Feet from the 330	North/South line NORTH	Feet from the 2310	East/West line EAST	County EDDY
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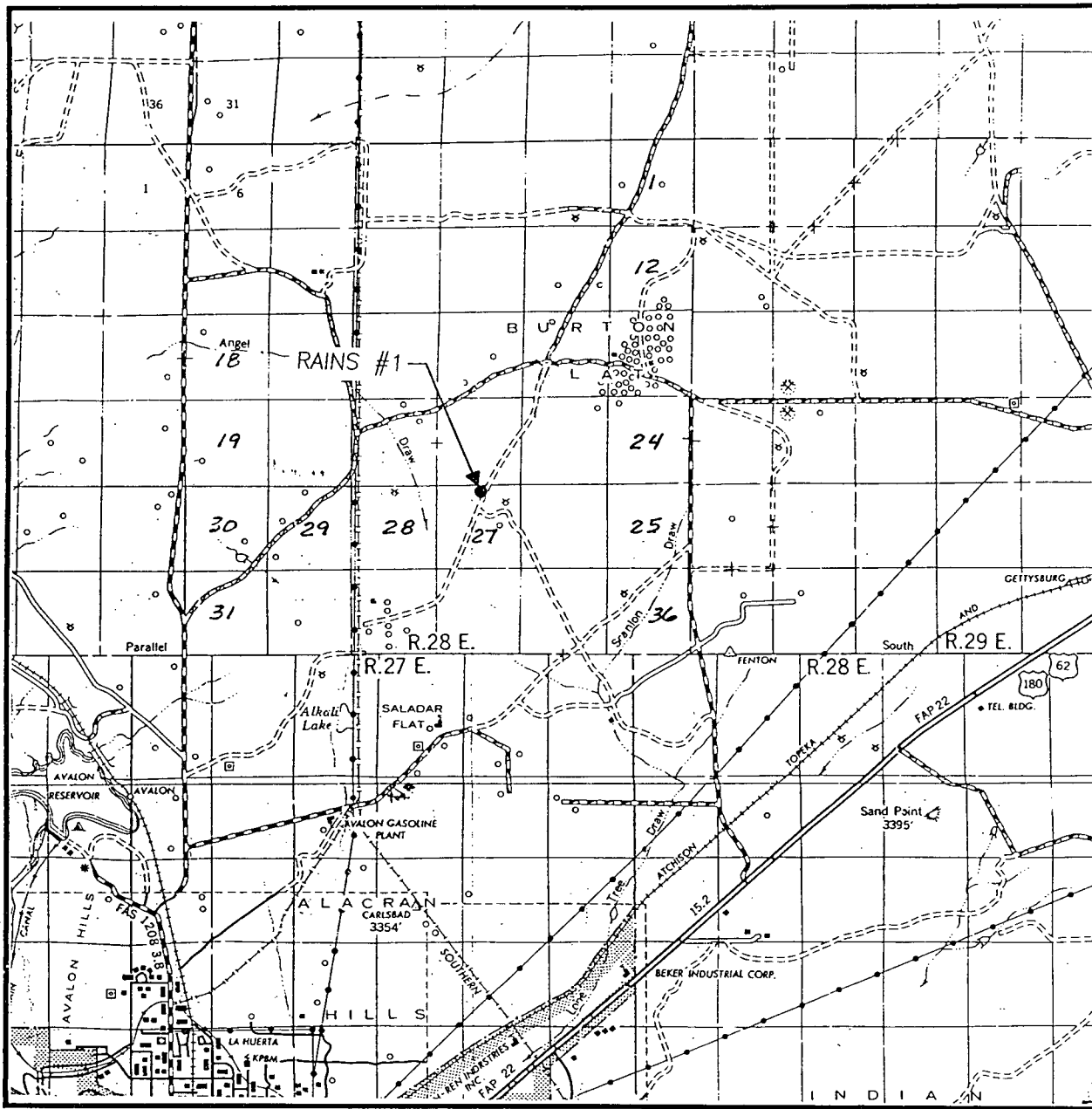
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p> Signature Ernest Angelo, Jr. Printed Name President Title January 2, 1997 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>DECEMBER 17, 1996 Date Surveyed Signature & Seal of Professional Surveyor  Certificate No. JOHN W. WEST 676 RONALD J. EIDSON 3239 GARY EIDSON 12641</p>
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VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 27 TWP. 20-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 330' FNL & 2310' FEL

ELEVATION 3227'

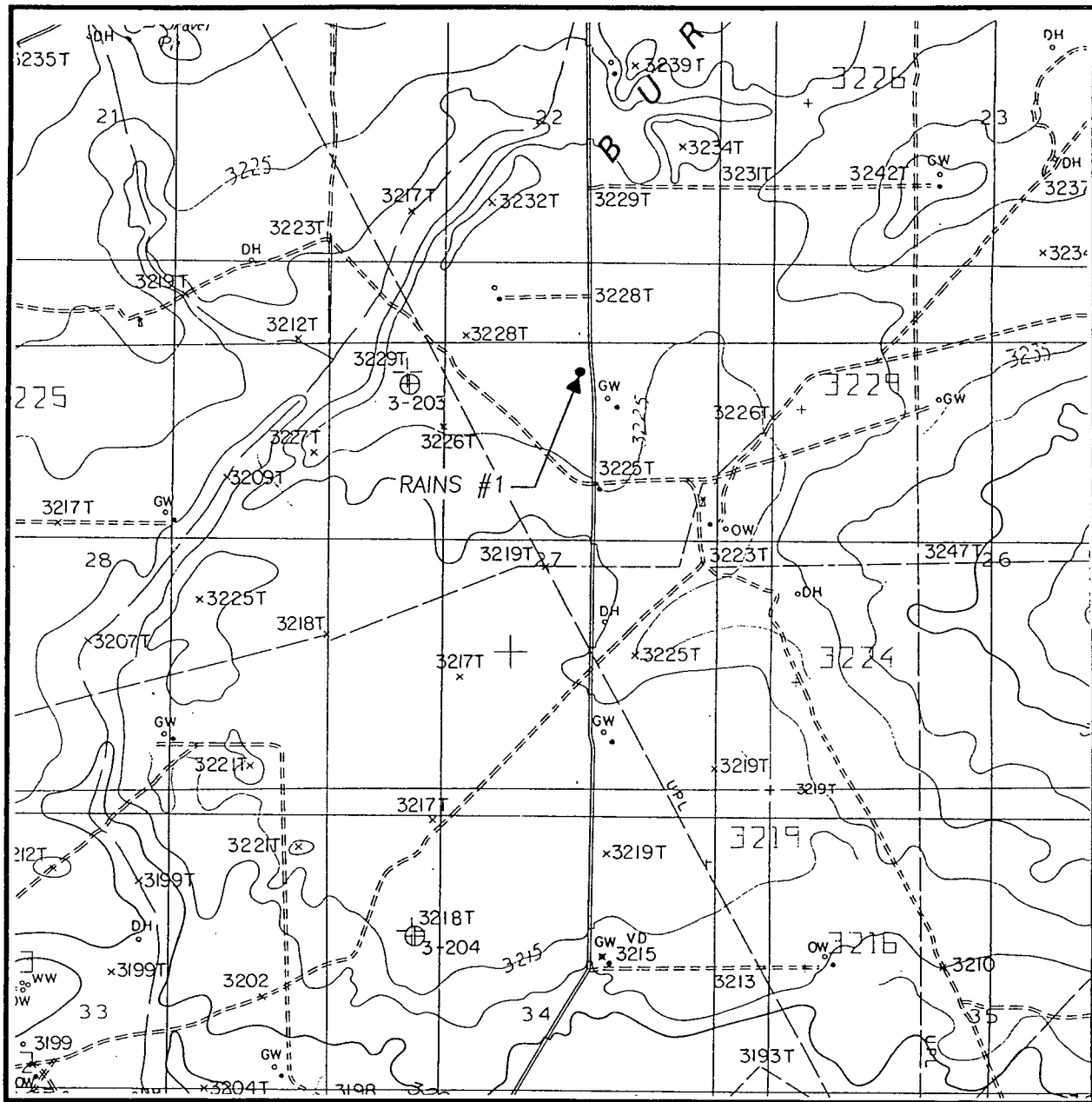
OPERATOR ENERSTAR RESOURCES LTD.

LEASE RAINS

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO**

(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
ANGEL DRAW - 10'

SEC. 27 TWP. 20-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 330' FNL & 2310' FEL

ELEVATION 3227'

OPERATOR ENERSTAR RESOURCES LTD.

LEASE RAINS

U.S.G.S. TOPOGRAPHIC MAP

ANGEL DRAW, N.M.

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117

TRC
vie-Fed.

Casey
Rowland
TD 831

TD 990

Cit. Serv. Inst.
Gov't

28 E
R
Cit. Serv.
Gov't

Intex
Trigg
TD 1085
TD 985
Cit. Serv.
Gov't
Indigo
Fed
TD 326

TD 11360

19

20

21

22

23

Pool
Gulf St.
TD 850
Eddy

Addison
State
TD 1804

TD 144
TD 876

20 (11-ER)
+2562
+2530
+2527
OXI

+2500
+2500
+2462
TD 1064

+2450
TD 1064

TD 987

Yates
Stonewall-St.
*3-EP

Yates Pet.
Stonewall
TD 159
+2491

Vision
State
NTD 933
+2434
+2585

OXI
+2500
+2502
+2502

TD 1064
+2508

PROPOSED LOCATION
TD 2502

TD 965

all-St.
Yates Pet.
Stonewall
*3-EP

29

28

27

26

25

Yates Pet.
Stonewall
*3-EP

Yates Pet.
Stonewall-5-6-7
+2486
+2486
+2400
+2427

Great West
Burton-St.
TD 740
TD 766

OXI
+2500
+2502
+2502
ENERSTAR
+2491
Wills
TD 901
+2479
+2379
+2470

Liberty OEG
Dorister
TD 5715

J/A 2:98
5.7
TD 504

TD 3820

TD 670

TD 856
Corner
Spencer
TD 985
+2379

TD 867
+2470

TD 504

Wills
Levers
TD 825

TD 11696

Marale
Keystone
TD 715

TD 726

TD 816

Flint
Welch-
Yates
Vickers
TD 1630
+25055

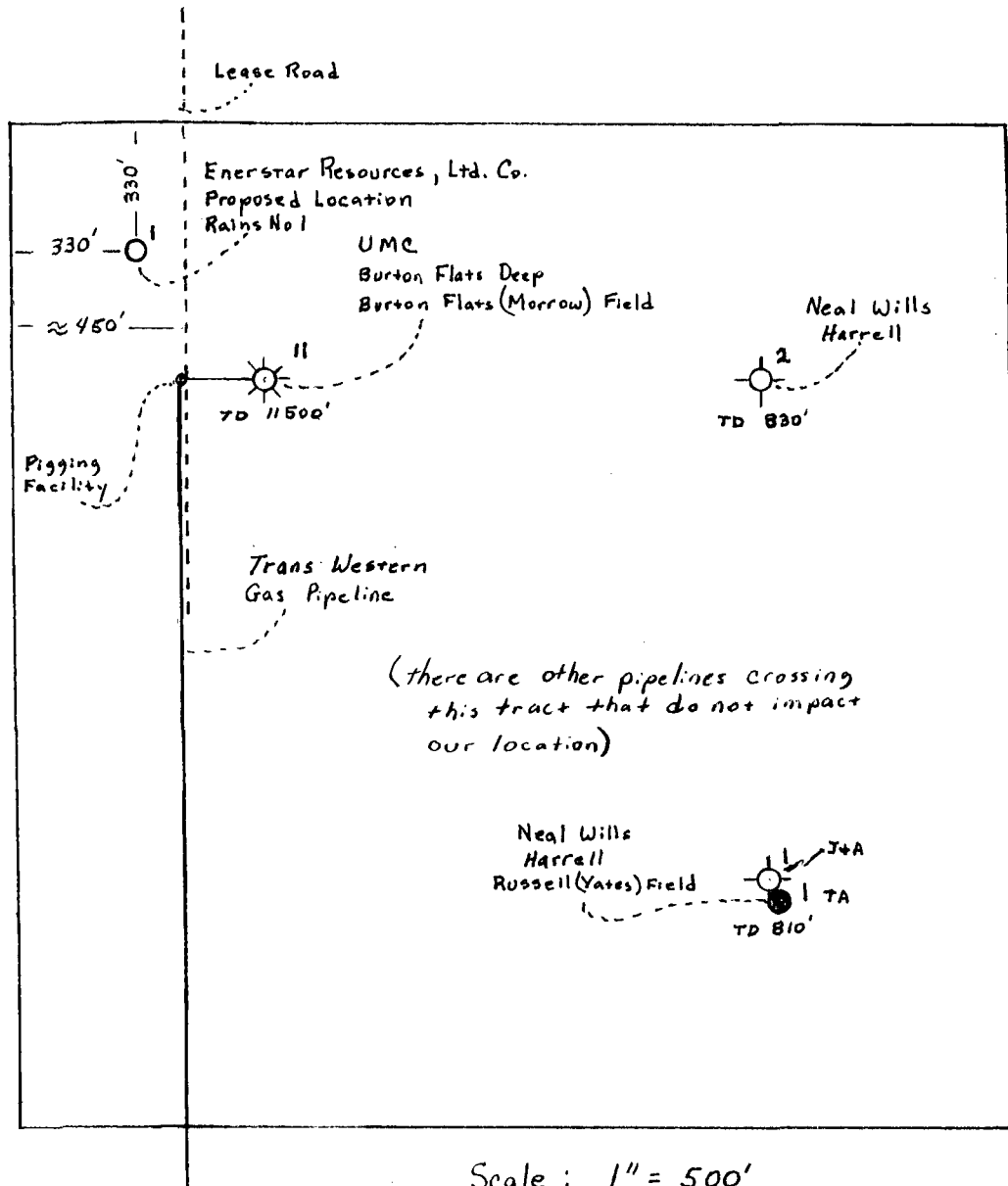
Monsanto
Burton Flot
Unit Deep
TD 5638

TD 11696

ENERSTAR RESOURCES, LTD. CO.
RAINS PROSPECT
YATES STRUCTURE

50' CI
South Burton Yates Gas - Well

Enerstar Resources, Ltd.Co.
Rains Lease
N/E Qtr, Sec 27, T-20S, R-28E
Eddy County, New Mexico



ENERSTAR RESOURCES, L.C.

410 NORTH MAIN
MIDLAND, TEXAS 79701
Phone: (915) 684-4449 Fax: (915) 684-7691

PO Box 606
CARLSBAD, NEW MEXICO 88221-0606
Phone: (505) 885-8302 Fax: (505) 885-8302

January 2, 1997

To: UMC Petroleum Corporation
410 17th Street, Suite 1400
Denver, Colorado 80202

Attn.: Joe Gavlick

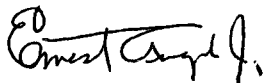
Re: Requested Waiver for a Non-Standard Drilling Location,
Section 27, T-20S, R-28E , Eddy County, New Mexico

Dear Mr. Gavlick,

Enclosed is a complete copy of our State Form C-102 application indicating our proposed Non-Standard drilling location in the referenced Section. This location is requested by Enerstar because of a well located 1980' FEL and 660' FNL of the Section, the UMC - Burton Flats Deep #11. There is also a pipeline located approximately 225' West of the UMC well and a road just East of and parallel to the pipeline. The requested location is the best available for us to drill and still maintain any structural position for this 800' Yates test.

As per our conversation, I am enclosing a waiver of UMC's opposition to Enerstar's Non-Standard location for a Yates test. Your consideration in this matter is appreciated.

Very truly yours,



Ernest Angelo, Jr.
President

EA/mw

ENERSTAR RESOURCES, L.C.

410 NORTH MAIN
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January 2, 1997

UMC Petroleum Corporation hereby waives their right to oppose a Non-Standard location for an 800' Yates test by Enerstar Resources, Ltd. Co., as proposed on their C-102 dated 1-2-97 in, Sec. 27, T- 20S, R-28E, Eddy County, New Mexico.

Agreed and Accepted this _____
day of _____, 1997

By: _____

Title: _____

ENERSTAR RESOURCES, L.C.

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CARLSBAD, NEW MEXICO 88221-0606
Phone: (505) 885-8302 Fax: (505) 885-8302

January 2, 1997

To: Oxy USA
6 Desta Drive
Midland, Texas 79705

Attn.: Kent Woolley

Re: Requested Waiver for a Non-Standard Drilling Location,
Section 27, T-20S, R-28E , Eddy County, New Mexico

Dear Mr. Woolley,

Enclosed is a complete copy of our State Form C-102 application indicating our proposed Non-Standard drilling location in the referenced Section. This location is requested by Enerstar because of a well located 1980' FEL and 660' FNL of the Section, the UMC - Burton Flats Deep #11. There is also a pipeline located approximately 225' West of the UMC well and a road just East of and parallel to the pipeline. The requested location is the best available for us to drill and still maintain any structural position for this 800' Yates test.

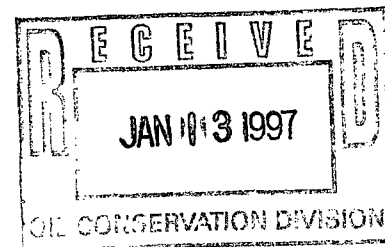
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Very truly yours,



Ernest Angelo, Jr.
President

EA/mw



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January 2, 1997

Oxy USA hereby waives their right to oppose a Non-Standard location for an 800' Yates test by Enerstar Resources, Ltd. Co., as proposed on their C-102 dated 1-2-97 in, Sec. 27, T-20S, R-28E, Eddy County, New Mexico.

Agreed and Accepted this _____
day of _____, 1997

By: _____

Title: _____

ENERSTAR RESOURCES, L.C.

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PO Box 606
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Phone: (505) 885-8302 Fax: (505) 885-8302

January 9, 1997

To: Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

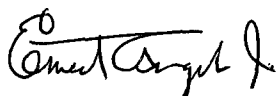
Attn.: Michael E. Stogner

Re: Request for a Non-Standard Drilling Location - NE/4, Sec. 27, T-20S, R-28E
Eddy County, New Mexico

Dear Mr. Stogner,

Enclosed herewith are the requested waivers from the offset operators affected by our referenced Non-Standard Location. Please let me know if anything else is required for the processing of this application.

Very truly yours,



Ernest Angelo, Jr.

EA/mw

ENERSTAR RESOURCES, L.C.**PLEASE SIGN
& RETURN**

410 NORTH MAIN
MIDLAND, TEXAS 79701
Phone: (915) 684-4449 Fax: (915) 684-7691

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CARLSBAD, NEW MEXICO 88221-0606
Phone: (505) 885-8302 Fax: (505) 885-8302

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Agreed and Accepted this 9th
day of January, 1997

By: Richard S. Foyman

Title: Regulatory Affairs Advisor

* This waiver of objection applies only to the proposed location of 330 FNL & 2310 FEL of 27-20S-28E, Eddy County. REF

**PLEASE SIGN
& RETURN****ENERSTAR RESOURCES, L.C.**

✓
410 NORTH MAIN
MIDLAND, TEXAS 79701
Phone: (915) 684-4449 Fax: (915) 684-7691

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Agreed and Accepted this 2nd
day of January, 1997

By:

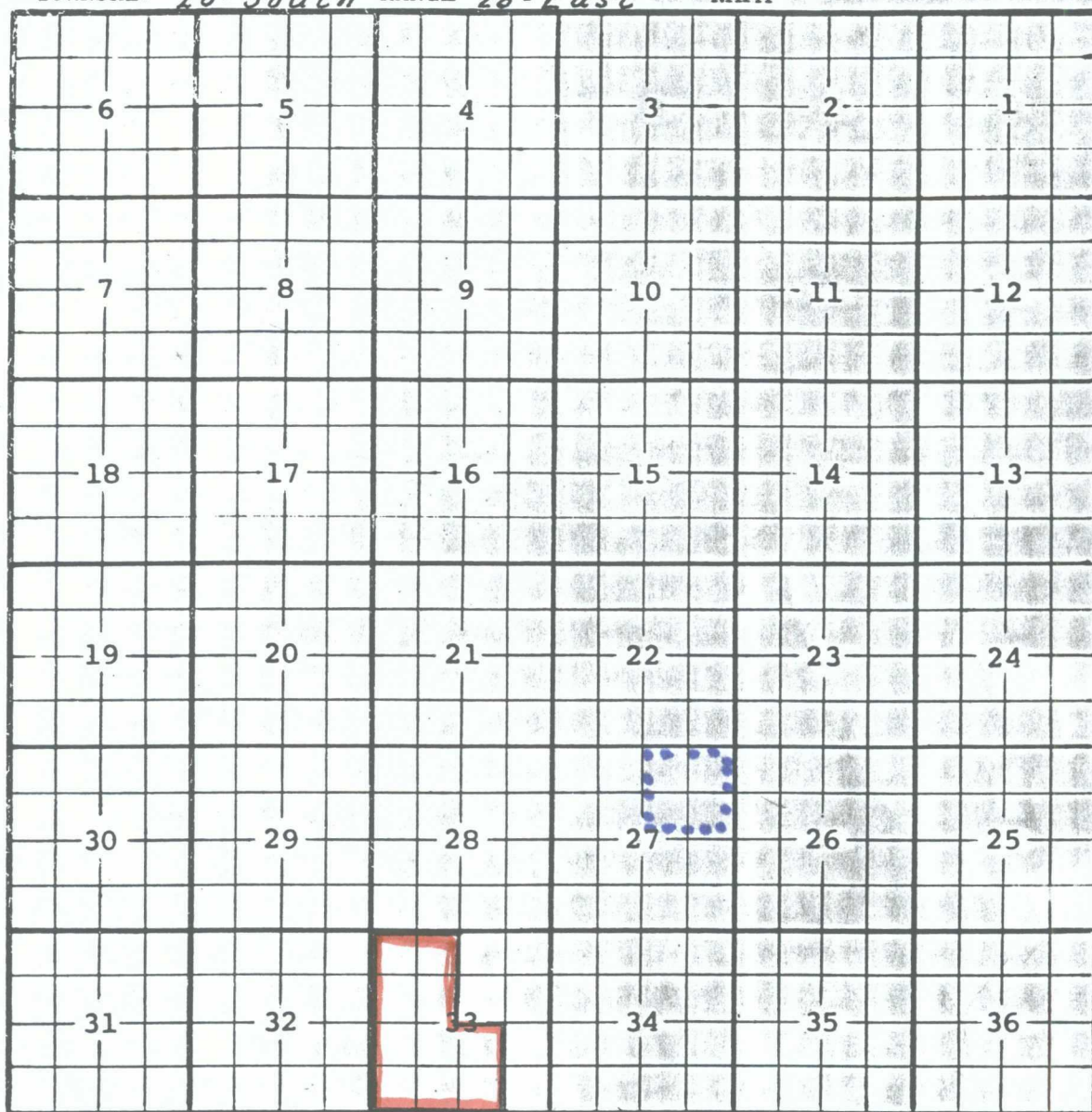
Joseph F. Hawley

Title:

Regional Landman

COUNTY Eddy POOL Saladar-Yates

TOWNSHIP 20-South RANGE 28-East NMPM



Description: $\frac{SW}{4}$ Sec. 33, (R-928, 12-13-56).

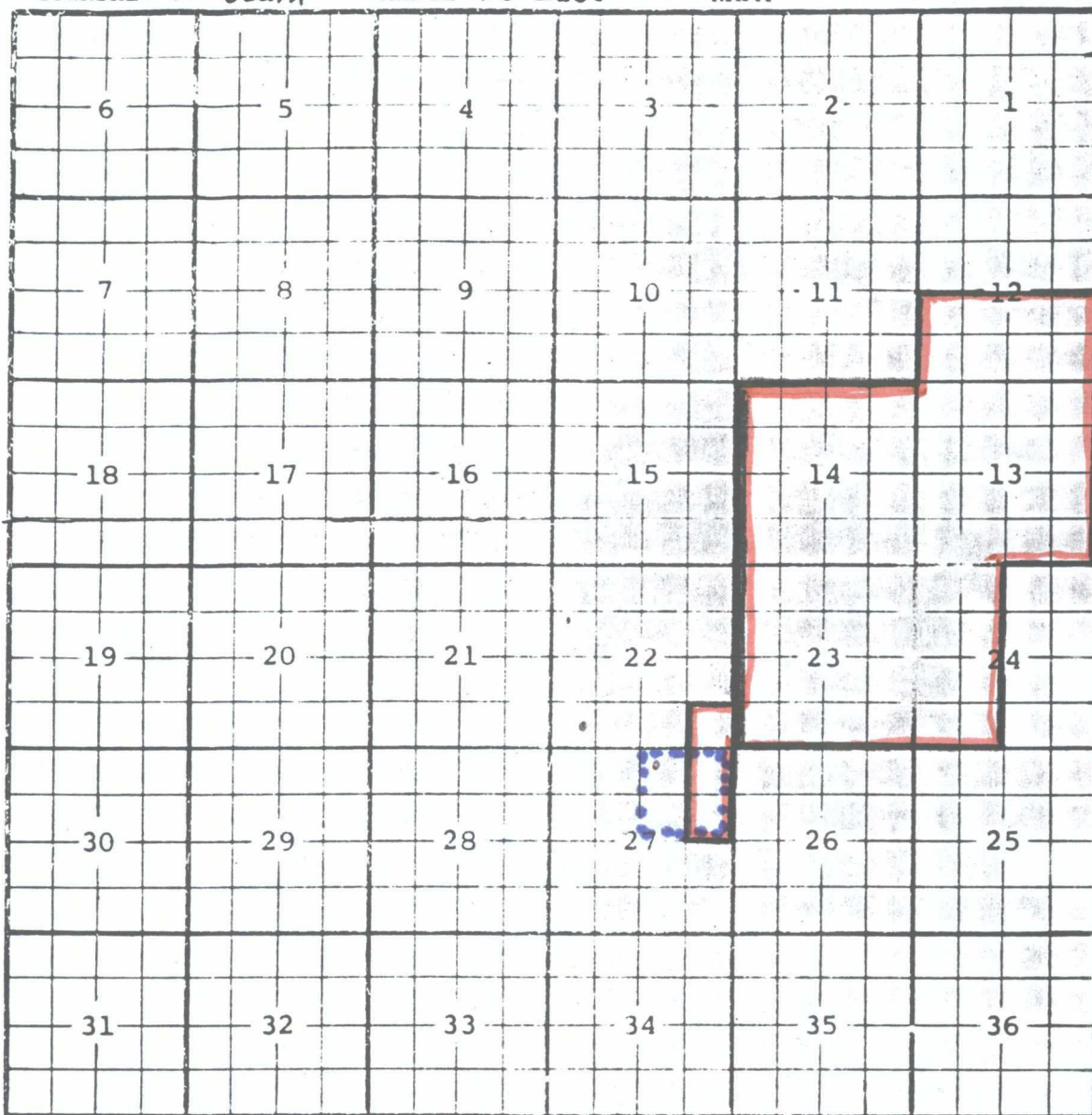
Ext: $\frac{NW}{4}$ $\frac{NW}{4}$ $\frac{SE}{4}$ Sec. 33, (R-948, 1-30-57). - $\frac{SW}{4}$ $\frac{SE}{4}$ Sec. 33, (R-1160, 5-1-58).

COUNTY *Eddy*POOL *Russell*

(Yates)

TOWNSHIP *20 South*RANGE *28 East*

NMPM

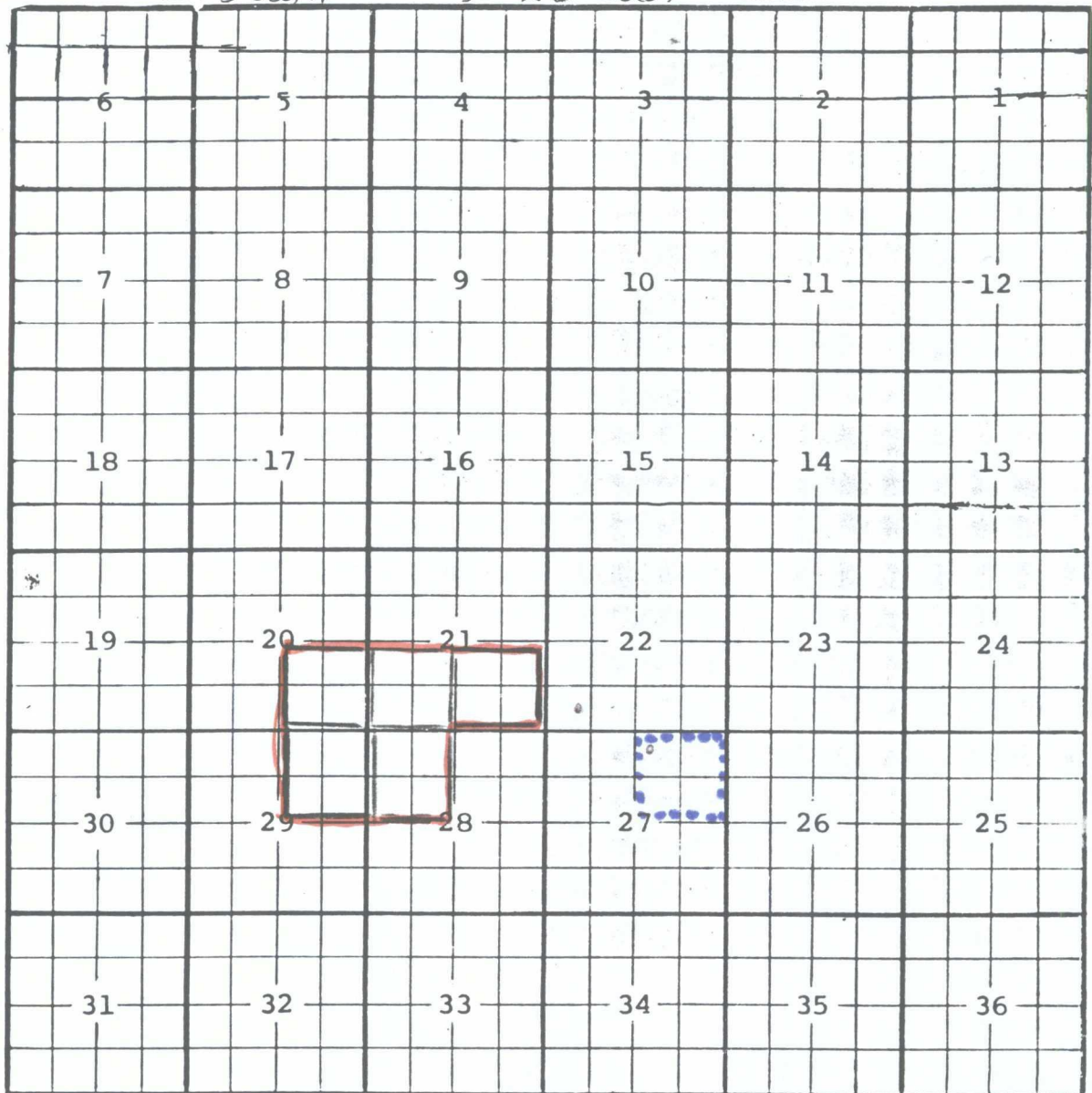


Description: $\frac{S}{2}$ Sec. 12; All Secs 13, 14 & 23; $\frac{W}{4}$ Sec. 24

Ext: $\frac{SE}{4}$ $\frac{SE}{4}$ Sec. 22; $\frac{E}{2}$ $\frac{NE}{4}$ Sec. 27 (R-2187, 3-1-62)

County Eddy Pool South Burton-Yates Gas

TOWNSHIP 20 South Range 28 East NMPM



Description: $\text{SW}/4 \text{ Sec. } 21$ (R-9709, 8-25-92)

Amend Range to 28 East and Ext: $\text{NW}/4 \text{ Sec. } 28$ (R-10042, 12-28-93)

Ext: $\text{SE}/4 \text{ Sec. } 21$ (R-10159, 7-26-94) Ext: $\text{SE}/4 \text{ Sec. } 20$ (A-10343, 4-24-95)

Ext: $\text{NE}/4 \text{ Sec. } 29$ (A-10376, 5-24-95)