

ABOVE THIS LINE FOR DIVISION USE ONLY

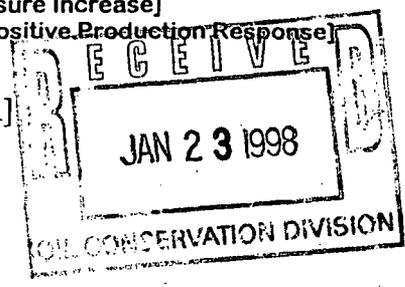
NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

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.

PAUL C. THOMPSON
Print or Type Name

Paul C. Thompson
Signature

PRESIDENT
Title

1/21/98
Date



FS-PC01

WALSH

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

January 21, 1998

RECEIVED

JAN 23 1998

MINING & MINERALS DIV.

Ms. Kathleen Garland
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87504-2088

Re: Unorthodox Location
Thompson Engineering and Production Corp.
J.W. Goddard #9
1920' FNL, 640' FWL
Section 11, T26N R12W
San Juan County, NM
S. Gallegos Fruitland Sand - Pictured Cliffs

30-045-05956

160 acres

Dear Ms. Garland,

This is a request on behalf of Thompson Engineering and Production Corp. for administrative approval for a non-standard location in the South Gallegos Fruitland Sand - Pictured Cliffs pool for the referenced well.

The well was originally drilled as a Gallup producer in a legal location for that pool. The Gallup was abandoned and the well was recompleted in the Fruitland Sand by a previous operator. The well is 150' too close the western edge of the dedicated acreage to be legal in the South Gallegos Fruitland Sand - Pictured Cliffs pool. Approval for an unorthodox location should have been requested at the time the Fruitland Sand recompletion was made.

Thompson has recompleted this well in the Pictured Cliffs part of the pool. The Fruitland Sand perms have also be squeezed with cement prior to the Pictured Cliffs completion.

Utilizing this existing location will reduce the surface disturbance since the pad, access road and the pipeline facilities are already in place. The surface is Navajo Tribal Trust Land.

2-5-98
E. Bush verified that Kelly in 1971 never obtained an NSR approval for the Fruitland pool. M.S.



Attached is a plat indicating the offset South Gallegos Fruitland Sand - Pictured Cliffs operators and existing Fruitland Sand - PC wells (Exhibit 1) and a list of offset operators and their addresses (Exhibit 2).

The offset Fruitland Sand - Pictured Cliffs operators are being notified of this application by certified return receipt mail. Copies of these letters are enclosed as Exhibit 3.

Thank you for your consideration and approval of this application. If you have any questions please do not hesitate to call upon me.

Sincerely,

A handwritten signature in cursive script that reads "Paul C. Thompson".

Paul C. Thompson, P.E.
President,
Thompson Engineering

cc: Chris Coleman
NMOCD Aztec NM
BLM Farmington NM

EXHIBIT 2

Thompson Engineering
J.W. Goddard #9
1920' FNL & 640' FWL
Sec. 11, T26N, R12W
San Juan County, New Mexico

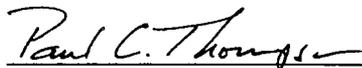
The following offset Fruitland Coal Operators have received written notice of the non-standard South Gallegos Fruitland Sand - Pictured Cliffs well.

Mr. T. Greg Merrion
Merrion Oil and Gas
P.O. Box 840
Farmington, NM 87499

Mr. J. K. Edwards
J. K. Edwards and Associates
1401 17th Street Suite 1400
Denver, CO 80202

Mr. Al Nicol
Pendragon Energy Partners
621 17th Street Suite 750
Denver, CO 80293

I certify that copies of the Application for a non-standard Fruitland Coal well has been mailed to the above Operators.



Paul C. Thompson

San Juan County)
) ss
State of New Mexico)

The following instrument was acknowledged before me this 21st day of January 1998 by Paul C. Thompson.



Notary Public

My Commission Expires:
July 31, 2001



WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

CERTIFIED- RETURN RECEIPT

January 21, 1998

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Merrion Oil and Gas
P.O. Box 840
Farmington, NM 87499

Re: Non-Standard Location
Thompson Engineering
J.W. Goddard #9
1920' FNL, 640' FWL
Section 11, T26N R12W
San Juan County, NM
S. Gallegos Fruitland Sand - Pictured Cliffs

Dear Mr. Merrion,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. If you have no objection to the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.



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DATE	APPROVED	APPROVED	APPROVED	APPROVED
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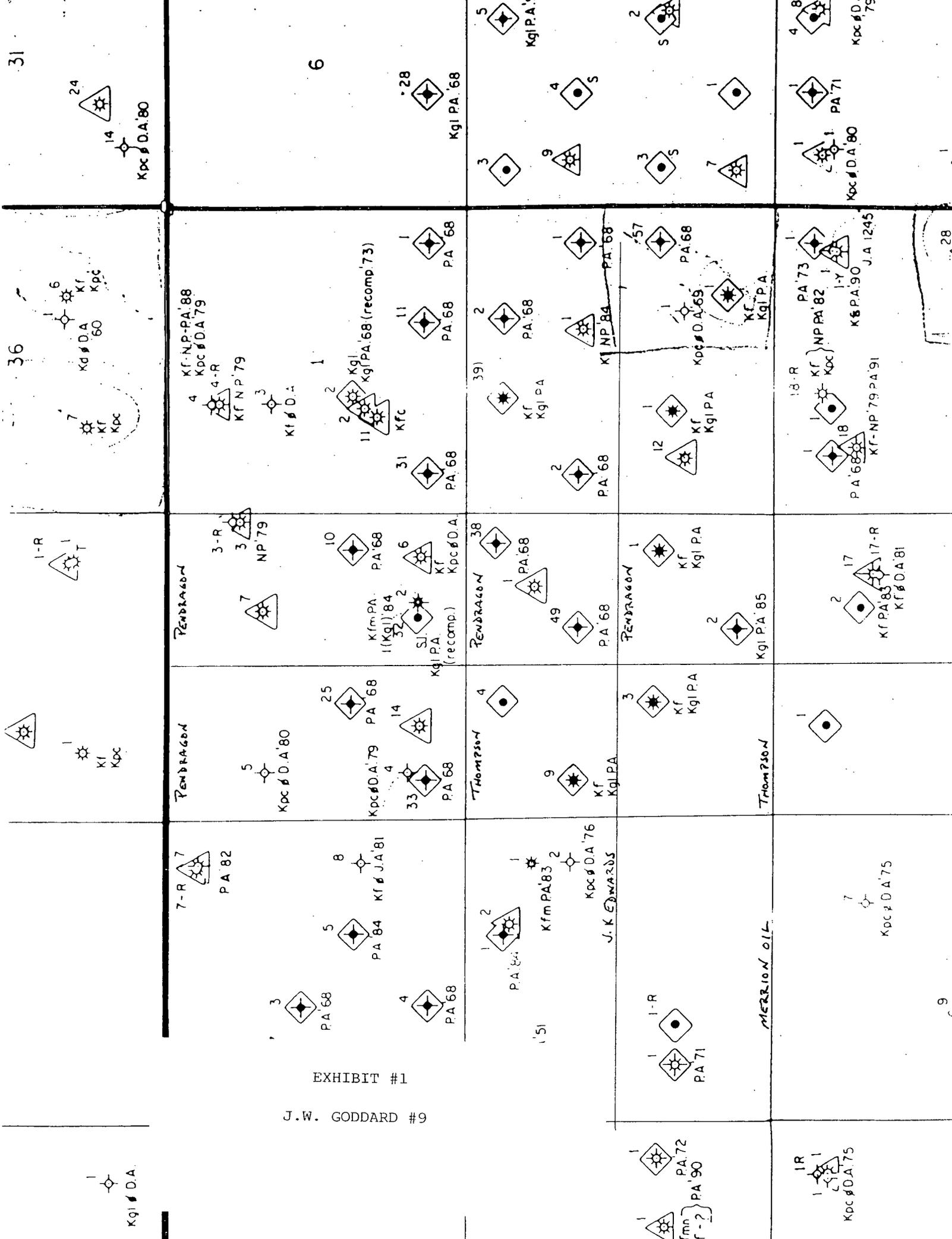


EXHIBIT #1

J.W. GODDARD #9

EXHIBIT 2

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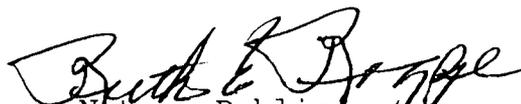
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COUNTY *San Juan*

POOL

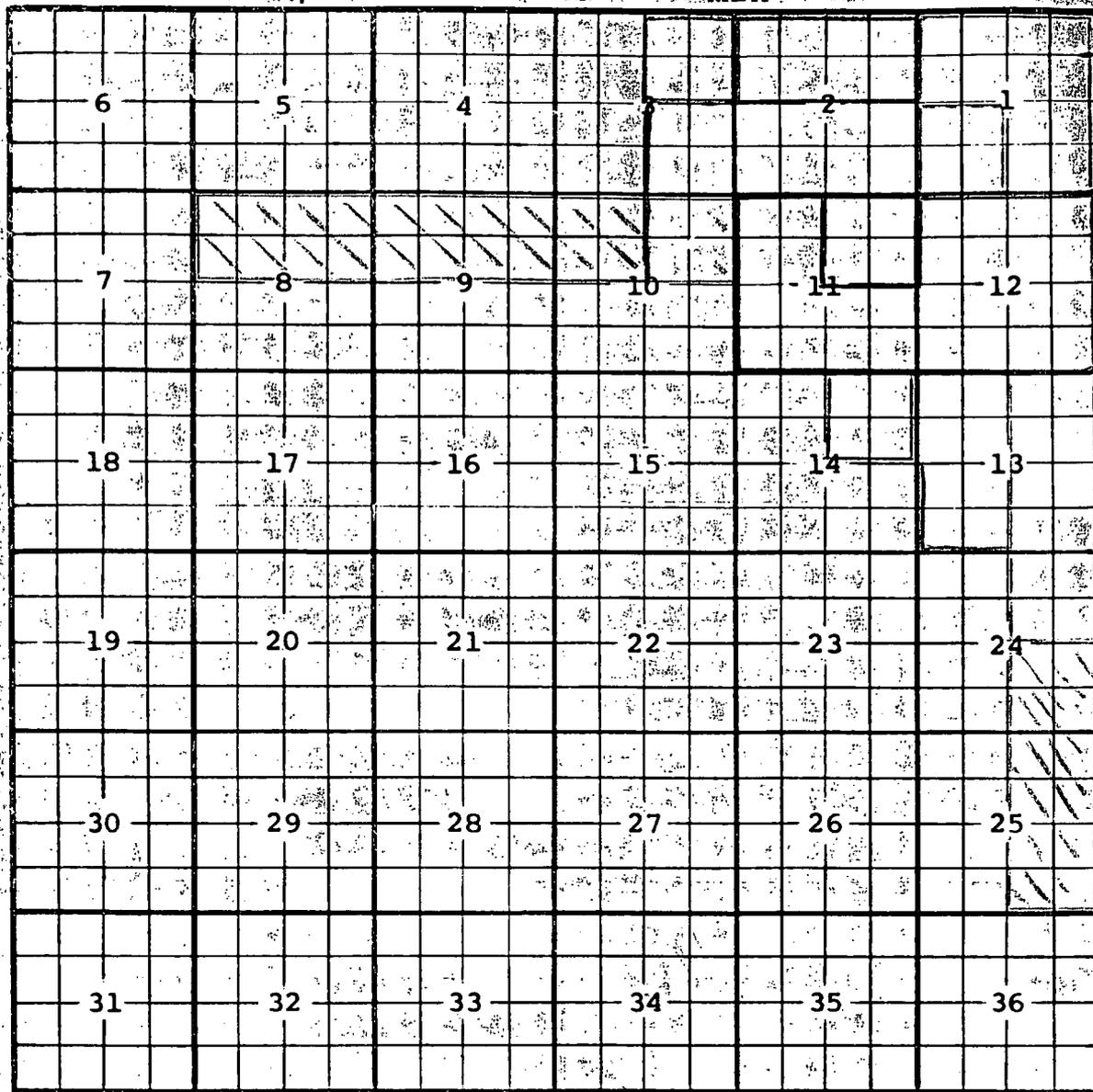
South Gallegos - Fruitland - Pictured Cliffs

SAND

TOWNSHIP *26 North*

RANGE *12 West*

NMPM



Description: $\frac{S}{2}$ & $\frac{NW}{4}$ Sec. 11; All Sec. 12 (R-4260, 3-1-72)

Ext: $\frac{SW}{4}$ Sec 1 (R-4690, 12-1-73) Ext: $\frac{N}{2}$ Secs 8, 9 & 10, $\frac{E}{2}$ Secs 13, 24 & 25 (R-5339, 2-1-77)

Ext: $\frac{E}{2}$ & $\frac{NW}{4}$ Sec 1 (R-5596, 1-1-78) Contr (delete): $\frac{N}{2}$ Secs 8, 9 & 10 (R-5779, 8-1-78)

Ext: $\frac{NE}{4}$ Sec 14 (R-5843, 12-1-78) Ext: $\frac{N}{2}$ Sec. 2, $\frac{NE}{4}$ Sec. 3, $\frac{NE}{4}$ Sec. 11,

(R-6421, 8-1-80) Ext: $\frac{E}{2}$ sec 2, $\frac{SE}{4}$ sec 3, $\frac{NE}{4}$ sec 10, $\frac{W}{2}$ sec 13,

(R-6886, 1-22-82) Delete: $\frac{SE}{4}$ sec 24, $\frac{E}{2}$ sec 25 (R-6886, 1-22-82)

REDESIGNATED (R-8769 10/17/85)