

8/22/08 DATE IN	SUSPENSE	Brooks ENGINEER	8/25/08 LOGGED IN	NSL TYPE	PRV0823833421 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



RECEIVED

08 AUG 22 AM 11 36
 Adventure Exploration
 Partners LLC

ADMINISTRATIVE APPLICATION CHECKLIST

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.

Hal Lee
 Print or Type Name

Signature

Date

Operations Manager
 Title

hlee@adventureexpl.com
 E-Mail Address

August 22, 2008

Hand Delivered

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Mark E. Fesmire, P.E.
Director

Re: Unorthodox Well Location
Klein Ranch "16" State No. 1
467' FSL & 1100' FEL, Unit P,
Section 16, T-19 South, R-35 East, NMPM,
Lea County, New Mexico

Dear Mr. Fesmire:

Pursuant to Division Rule 19.15.3.104F(2), Adventure Exploration Partners, LLC respectfully requests administrative approval of an unorthodox oil well location for its Klein Ranch "16" State Well No. 1 which is proposed to be drilled 467 feet from the South line and 1100 feet from the East line (Unit P) of Section 16, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico, to test the Wolfcamp formation, Southeast Scharb-Wolfcamp Pool (Oil – 55650). The SE/4 SE/4 of Section 16 is to be dedicated to the well forming a standard 40-acre oil spacing and proration unit for said pool.

The Klein Ranch "16" State Well No. 1 is located within the Southeast Scharb-Wolfcamp Pool, which is currently governed by Division Rule 19.15.3.104(B). This rule requires standard 40-acre spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the proration unit.

The proposed unorthodox oil well location is necessitated by a combination of engineering and topographic considerations. The well is to be located within the southern portion of the SE/4 SE/4 of Section 16 in order to maximize the distance of this well from the existing Marks & Garner Production Ltd. Co. Lea/UA/State No. 1 (API No. 30-025-28484) which is located 2080 feet from the South line and 2070 feet from the East line (Unit J) of Section 16. This well cumulatively produced 240,646 barrels of oil and 209 MMCF of gas from the Southeast Scharb-Wolfcamp Pool. As shown on the attached topographic map (Attachment 1), there is a drainage ravine that runs northwest-southeast through the SE/4 SE/4 of Section 16. The presence of this drainage feature precludes locating the well at a standard well location.

Secondary objectives within the Klein Ranch "16" State No. 1 include the Bone Spring, Queen and Delaware horizons. Due to the potential for up-hole completion, Adventure Exploration Partners, LLC requests that unorthodox location approval be granted for the Wolfcamp and all shallower formations spaced on 40 acres within the SE/4 SE/4 of Section 16.

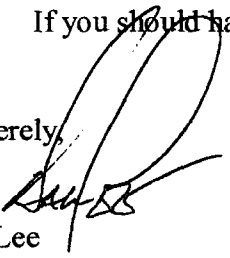
The affected offset acreage is the SW/4 SE/4 of Section 16. The S/2 of Section 16 is all contained within State Lease No. VB-1345, which is leased by Adventure Exploration Partners, LLC. The working interest ownership within the SE/4 SE/4 and the SW/4 SE/4 of Section 16 is common; therefore, notice of this application to any other party is not required.

Also enclosed as Attachment 2 is a Form C-102 for the Klein Ranch "16" State No. 1, and a plat identified as Attachment 3 that shows all wells within the SE/4 of Section 16.

In summary, approval of the application will provide Adventure Exploration Partners, LLC the opportunity to recover Wolfcamp oil and gas reserves underlying the SE/4 SE/4 of Section 16, that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

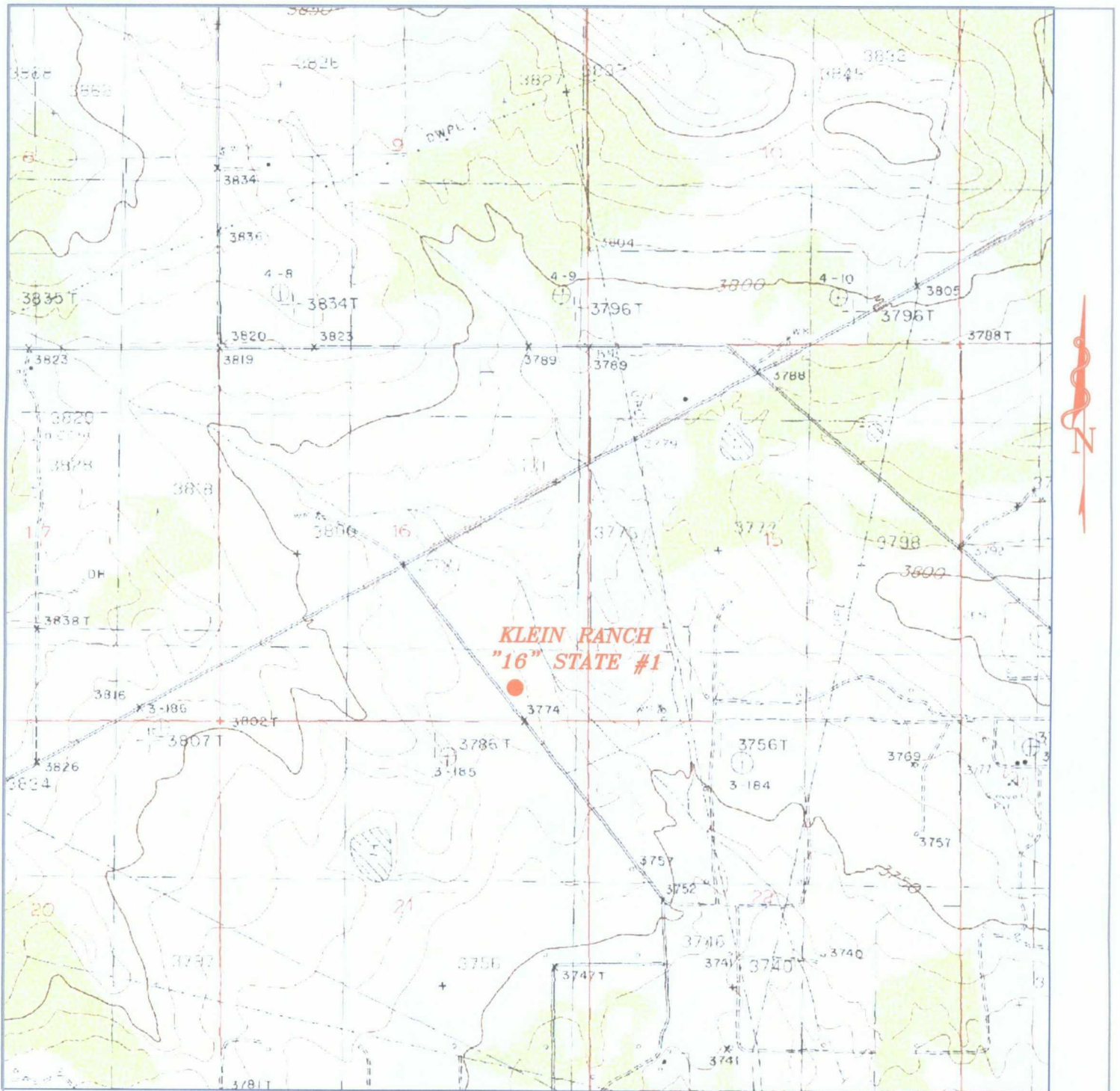
If you should have any questions, please call me at (432) 684-8006.

Sincerely,


Hal Lee
Operations Manager
Adventure Exploration Partners, LLC
500 W. Texas
Suite 1000
Midland, Texas 79701

under Pearl Queen
under N Pearl SA
~~under Schaul BS~~
✓ of SE Schaul DLW

cc: OCD-Hobbs



KLEIN RANCH "16" STATE #1

Located at 467' FSL AND 1100' FEL
Section 16, Township 19 South, Range 35 East,
N.M.P.M., Eddy County, New Mexico.

basin
surveys
focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: 20132

Survey Date: 07-30-2008

Scale: 1" = 2000'

Date: 07-31-2008

ATTACHMENT 1

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

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

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name <i>SE Schaub WC</i>
Property Code	Property Name KLEIN RANCH "16" STATE	Well Number 1
OGRID No.	Operator Name ADVENTURE EXPLORATION PARTNERS	Elevation 3774'

Surface Location

UL or lot No. P	Section 16	Township 19 S	Range 35 E	Lot Idn	Feet from the 467	North/South line SOUTH	Feet from the 1100	East/West line EAST	County LEA
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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.				

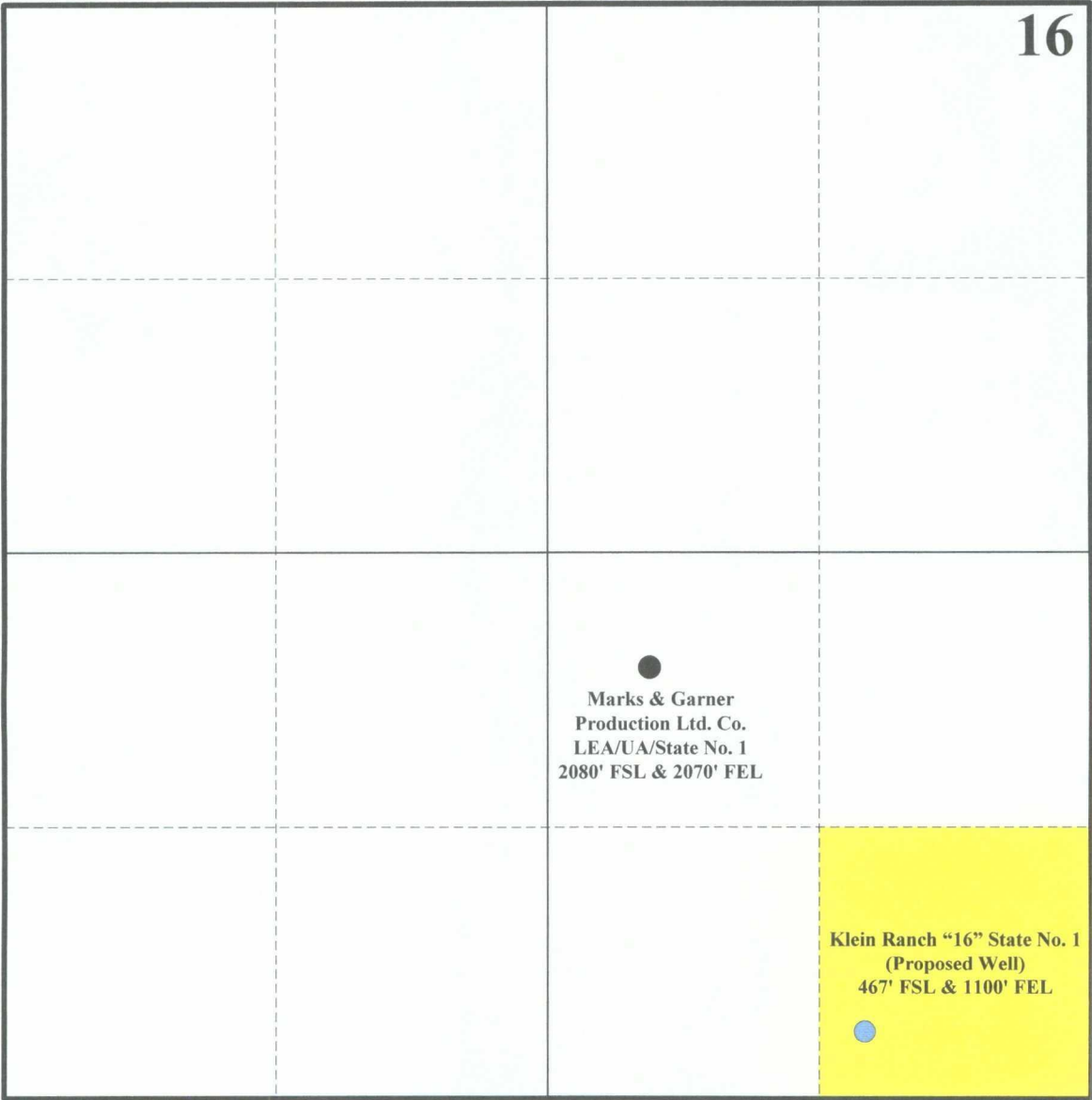
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</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>JULY 30, 2008</p> <p>Date Surveyed _____</p> <p>Signature & Seal of Professional Surveyor _____</p> <p></p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
	<p>SURFACE LOCATION</p> <p>Lot - N32°39'16.50" Long - W103°27'26.15" SPC- N.: 602980.957 E.: 810966.126 (NAD-83)</p>
	<p>ATTACHMENT 2</p>

35 East

16

19 South



Adventure Exploration Partners, LLC
Offset Wells
Application for Unorthodox Location
Klein Ranch "16" State No. 1

Attachment 3