

DATE IN 8/29/03	SUSPENSE 9/18/03	ENGINEER MS	LOGGED IN LR	TYPE NSL	APP NO. PLR0324129651
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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



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 _____

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Oil Conservation Division

- [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.

William F. Carr
 Print or Type Name

William F. Carr
 Signature

Manager
 Title

8/28/03
 Date

wcarr@hollandhart.com
 e-mail Address

See 13103

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

August 28, 2002

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

30-015-30395

Re: Application of V-F Petroleum Inc. for administrative approval of an unorthodox bottomhole well location in the Morrow formation for its Samuel Burns State Well No. 3, to be re-entered at a surface location 450 feet from the North line and 2100 feet from the East line and drilled to an unorthodox bottomhole location 530 feet from the North line and 2087 feet from the East line of Section 34, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Wrotenbery:

V-F Petroleum, Inc. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) adopted on August 12, 1999, of an unorthodox well location for its Samuel Burns State Well No. 1 to be re-entered at a surface location 450 feet from the North line and 2100 feet from the East line and drilled to an unorthodox bottomhole location 530 feet from the North line and 2087 feet from the East line of Section 34, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. A standard 320-acre spacing and proration unit comprised of the N/2 of Section 34 will be dedicated to the well.

This bottom hole location in the Morrow formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The bottomhole location of the well at 1040 feet is 530 feet from the north line of the section or 130 feet closer to that line than a standard location. The well was originally drilled by Marathon Oil Company as an oil well and, as is evident from the difference between the surface and bottomhole locations, drifted to the South during drilling. The well should continue to drift to the south during drilling through the Morrow formation.

V-F Petroleum Inc.
Administrative Application
August 28, 2003
Page 2

10040'

The reason for this application for an unorthodox bottomhole location for this well is that it presents an economical way to test this deep gas formation. V-F proposes to re-enter and drill the well to a depth of 11,100 feet to test the Morrow formation, Turkey Track-Morrow Gas Pool. When V-F exits the casing at a depth of 1040 feet, the well will be essentially at the top of the Morrow formation and directional drilling is therefore impractical.

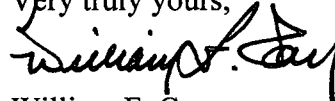
Attached hereto as Exhibit A is a plat which shows the subject area, the 320-acre spacing unit comprised of all of the N/2 of Section 34 and the proposed surface and unorthodox bottom hole locations and the adjoining spacing units and wells.

Since this well encroaches on offsetting tracts to the north, V-F Petroleum has sent a copy of this application, including a copy of the plat described above to the operators of the affected offsetting spacing units by certified mail-return receipt requested in accordance with Rule 1207 (A)(5). These owners are identified on Exhibit B to this application and have been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

Enclosed in hard copy and disc is a proposed administrative order of the Division.

Your attention to this application is appreciated.

Very truly yours,



William F. Carr

Enclosures

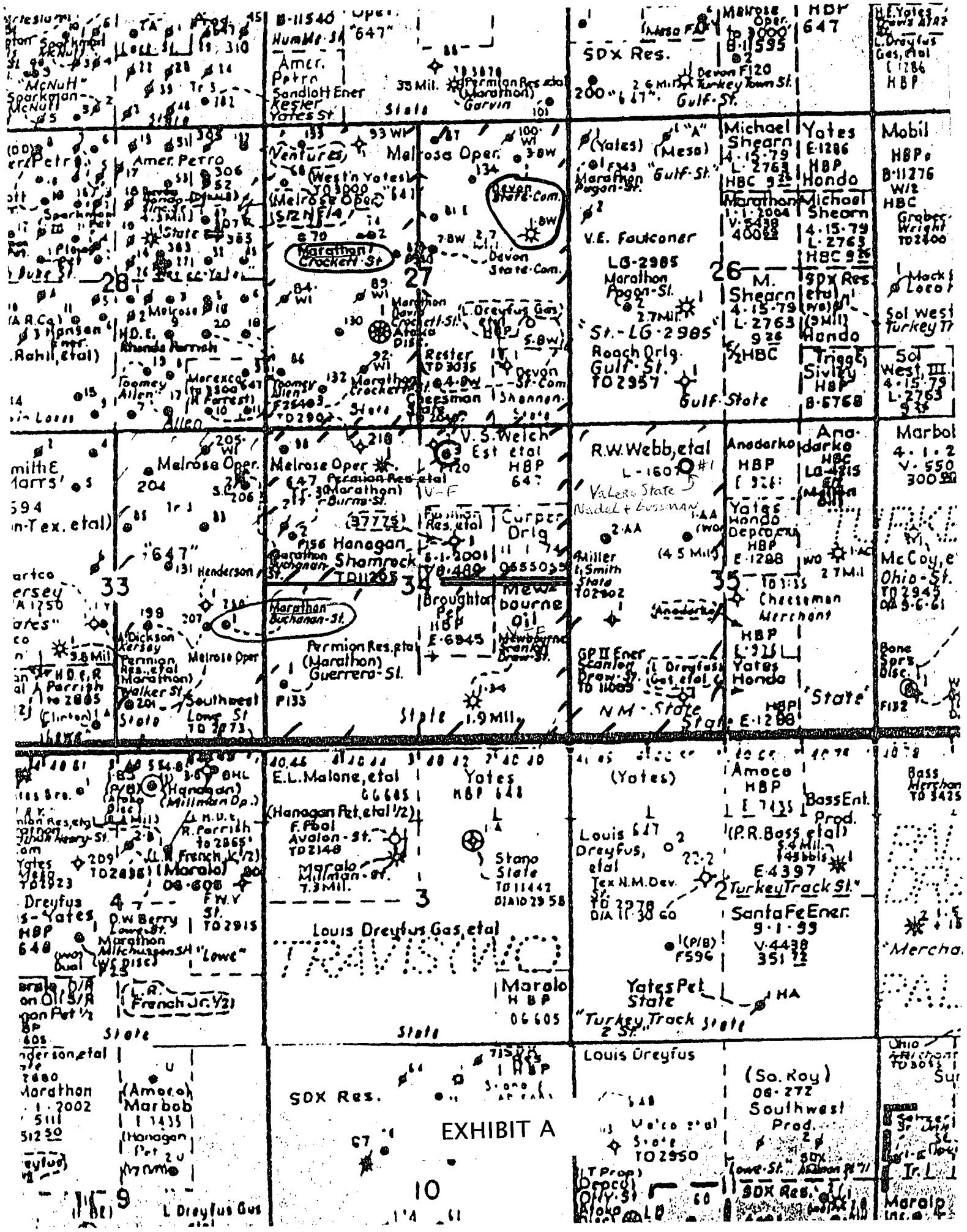


EXHIBIT A

10

EXHIBIT B

NOTIFICATION LIST

**Application of V-F Petroleum Inc.
Administrative approval of an unorthodox bottom gas well location
Samuel Burns State Well No. 3
320 acres (North Half)
Section 34, Township 18 South, Range 28 East, NMPM
Eddy County, New Mexico.**

Devon Energy Production Company
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0552

Nadel and Gussman Permian, L. L. C.
Ste 508, Graham Bldg
601 N. Marienfeld Street
Midland, Texas 79701

V-F Petroleum Inc.
c/o Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico

Attention: William F. Carr

Administrative Order NSL-_____

Dear Mr. Carr:

Reference is made to your application dated August 28, 2003 for an unorthodox bottomhole well location for your proposed for the Samuel Burns State Well No. 3, to be re-entered at a surface location surface location 450 feet from North line and 2100 feet from the East line and drilled to an unorthodox bottomhole location 530 feet from the North line and 2087 feet from the East line (Unit D) of Section 34, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico..

A 320-acre spacing and proration unit in the Morrow formation comprising the N/2 of said Section 34 is to be dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

cc: Oil Conservation Division - Hobbs/Artesia
U. S. Bureau of Land Management - Carlsbad

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

August 28, 2003

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED WORKING INTEREST OWNERS

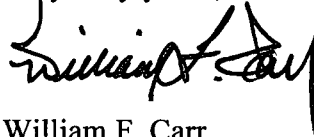
Re: Application of V-F Petroleum Inc. for administrative approval of an unorthodox bottomhole well location in the Morrow formation for its Samuel Burns State Well No. 3, to be re-entered at a surface location 450 feet from the North line and 2100 feet from the East line and drilled to an unorthodox bottomhole location 530 feet from the North line and 2087 feet from the East line of Section 34, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application and attached plat which was filed with the New Mexico Oil Conservation Division on this date by V-F Petroleum, Inc. for administrative approval of an unorthodox gas well location for its Samuel Burns State Well No. 3, to be re-entered at a surface location 450 feet from the North line and 2100 feet from the East line and deepened to an unorthodox bottomhole location at a point 530 feet from the North line and 2087 feet from the East line of Section 34, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within twenty days from this date. If no objection is received within this twenty-day period, this application for unorthodox well location may be approved.

Very truly yours,



William F. Carr

Enclosures



A note from...

2003



Mr. Michael E. Stogner

Note to file :

Talked w/ Bill Carr
on 3:00 PM. Aug. 29th.

He agreed to provide me w/
a copy of the divisional
survey of this well.



www.uso.org
800-876-7469



HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
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SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

September 10, 2003

HAND-DELIVERED

Mr. Michael Stogner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RECEIVED

SEP 10 2003

Oil Conservation Division

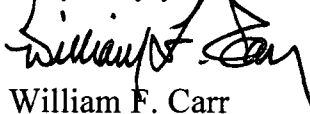
Re: Administrative Application of for V-F Petroleum Inc. for approval of an unorthodox well location for its Samuel Burns State Well No. 3, to be re-entered at a surface location 450 feet from the North line and 2100 feet from the East line and drilled to an unorthodox bottomhole location 530 feet from the North line and 2087 feet from the from the East line of Section 34, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico.

Dear Mr. Stogner:

On August 28, 2003, we filed the above-referenced administrative application for V-F Petroleum Inc. Enclosed at your request is a copy of the directional survey for this well.

If you need additional information from V-F Petroleum Inc. to proceed with your consideration of this application, please advise.

Very truly yours,


William F. Carr

Enclosure

cc: Mr. Jerry Gahr
V-F Petroleum Inc.

* * * N A U T I C A L (V e r s i o n 4 . 0) * * *

Well: S. Burns "34" State #3

Target Azimuth: 180
Target TVD: 10100

Closure Direction: 170

Calculation Method - Minimum Curvature

Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	True Vertical Depth (ft)	Vertical Section (ft)	North/South (ft)	East/West (ft)	Closure (ft)	Build Rate (deg/ft)	Walk Rate (deg/ft)	Dogleg Severity (d/100')	Tool Face (deg)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
251.00	0.75	169.00	250.99	1.61	-1.61	0.31	1.64	0.003	0.673	0.30	
406.00	0.75	149.00	405.98	3.48	-3.48	1.03	3.53	0.000	-0.129	0.17	
640.00	0.50	179.00	639.97	5.81	-5.81	1.84	6.09	-0.001	0.128	0.17	
854.00	0.50	319.00	853.98	6.04	-6.04	1.24	6.17	0.000	0.654	0.44	
1,104.00	0.75	114.00	1,103.96	5.88	-5.88	2.02	6.22	0.001	-0.820	0.49	
1,340.00	0.75	59.00	1,339.94	5.72	-5.72	4.75	7.43	0.000	-0.233	0.29	
1,540.00	1.00	74.00	1,539.92	4.56	-4.56	7.55	8.82	0.001	0.075	0.17	
1,768.00	1.50	89.00	1,767.86	3.96	-3.96	12.45	13.08	0.002	0.066	0.26	
1,872.00	1.50	94.00	1,871.83	4.03	-4.03	15.17	15.70	0.000	0.048	0.13	
1,958.00	1.75	94.00	1,957.79	4.20	-4.20	17.60	18.10	0.003	0.000	0.29	
2,103.00	2.00	118.00	2,102.72	5.54	-5.54	22.04	22.73	0.002	0.166	0.56	
2,197.00	1.75	114.00	2,196.67	6.90	-6.90	24.80	25.74	-0.003	-0.043	0.30	
2,323.00	1.75	99.00	2,322.61	7.98	-7.98	28.48	29.56	0.000	-0.119	0.36	
2,489.00	2.00	112.00	2,488.52	9.48	-9.48	33.65	34.96	0.002	0.078	0.30	
2,666.00	1.75	85.00	2,665.43	10.38	-10.38	39.21	40.56	-0.001	-0.153	0.51	
2,791.00	1.75	96.00	2,790.37	10.42	-10.42	43.01	44.25	0.000	0.088	0.27	
2,927.00	2.00	96.00	2,926.30	10.88	-10.88	47.43	48.66	0.002	0.000	0.18	
3,073.00	1.75	86.00	3,072.22	10.99	-10.99	52.19	53.33	-0.002	-0.068	0.28	
3,332.00	1.50	112.00	3,331.12	11.99	-11.99	59.28	60.48	-0.001	0.100	0.30	
3,581.00	1.50	115.00	3,580.03	14.59	-14.59	65.25	66.88	0.000	0.012	0.03	
3,799.00	1.50	116.00	3,797.98	17.04	-17.04	70.40	72.44	0.000	0.005	0.01	
4,050.00	1.50	133.00	4,048.87	20.72	-20.72	75.78	78.54	0.000	0.068	0.18	
4,300.00	2.00	108.00	4,298.76	24.16	-24.16	82.35	85.82	0.002	-0.108	0.38	
4,555.00	1.50	121.00	4,553.64	27.10	-27.10	89.48	93.60	-0.002	0.059	0.28	
4,831.00	1.75	121.00	4,829.53	31.13	-31.13	96.19	101.11	0.001	0.000	0.09	
5,082.00	1.25	138.00	5,080.45	35.14	-35.14	101.31	107.23	-0.002	0.068	0.26	
5,333.00	1.00	133.00	5,331.40	38.67	-38.67	104.74	111.65	-0.001	-0.020	0.11	
5,581.00	0.25	159.00	5,579.38	40.65	-40.65	108.52	114.01	-0.003	0.105	0.32	
5,832.00	0.50	259.00	5,830.38	41.37	-41.37	105.84	113.45	0.001	0.398	0.24	
6,112.00	0.50	311.00	6,110.37	40.80	-40.80	103.52	111.27	0.000	0.186	0.16	
6,334.00	0.50	54.00	6,332.36	39.60	-39.60	103.57	110.88	0.000	0.484	0.35	
6,582.00	0.25	234.00	6,580.36	39.28	-39.28	104.01	111.18	-0.001	0.726	0.30	
6,834.00	0.50	235.00	6,832.35	40.23	-40.23	102.67	110.27	0.001	0.004	0.10	
7,084.00	0.50	214.00	7,082.35	41.76	-41.76	101.16	109.44	0.000	-0.084	0.07	
7,335.00	0.50	239.00	7,333.34	43.24	-43.24	99.61	108.59	0.000	0.100	0.09	
7,586.00	0.75	146.00	7,584.33	45.16	-45.16	99.59	109.35	0.001	-0.371	0.37	
7,836.00	0.50	153.00	7,834.31	47.49	-47.49	101.00	111.61	-0.001	0.028	0.10	
8,147.00	0.25	164.00	8,145.30	49.35	-49.35	101.80	113.14	-0.001	0.035	0.08	
8,391.00	0.00	171.00	8,389.30	49.86	-49.86	101.95	113.49	-0.001	0.029	0.10	
8,641.00	1.25	202.00	8,639.28	52.39	-52.39	100.93	113.72	0.005	0.124	0.50	
8,889.00	3.00	229.00	8,887.11	59.16	-59.16	95.02	111.93	0.007	0.109	0.79	
9,139.00	5.00	264.00	9,136.52	64.59	-64.59	79.24	102.23	0.008	0.140	1.23	
9,328.00	5.50	249.00	9,322.74	68.65	-68.65	62.77	93.02	0.003	-0.080	0.78	
9,420.00	5.50	253.00	9,416.31	71.58	-71.58	54.26	89.82	0.000	0.043	0.41	
9,515.00	4.75	254.00	9,510.93	74.00	-74.00	48.12	87.20	-0.008	0.011	0.80	
9,609.00	4.00	259.00	9,604.66	75.70	-75.70	39.16	85.23	-0.008	0.053	0.89	
9,704.00	4.00	284.00	9,699.43	76.68	-76.68	32.61	83.32	0.000	0.053	0.37	
9,831.00	3.50	259.00	9,826.15	77.88	-77.88	24.40	81.61	-0.004	-0.039	0.47	
9,924.00	3.75	264.00	9,918.97	78.74	-78.74	18.59	80.90	0.003	0.054	0.43	
10,016.00	2.75	259.00	10,010.82	79.48	-79.48	13.43	80.60	-0.011	-0.054	1.13	

450
+ 79
529

0.91
2X00
- 1.3
2087

200
- 1.4
2066

DISTRICT I

P.O. Box 1000, Hobbs, NM 88241-1000

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C

Revised February 10,

Submit to Appropriate District

State Lease - 4 (

Fee Lease - 3 (

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED RE

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-30935 30325	Pool Code 59860	Pool Name Travis Upper Pennsylvanian
Property Code 14021	Property Name SAMUEL BURNS	Well Number 3
OGRID No.	Operator Name MARATHON OIL COMPANY	Elevation 3554

Surface Location

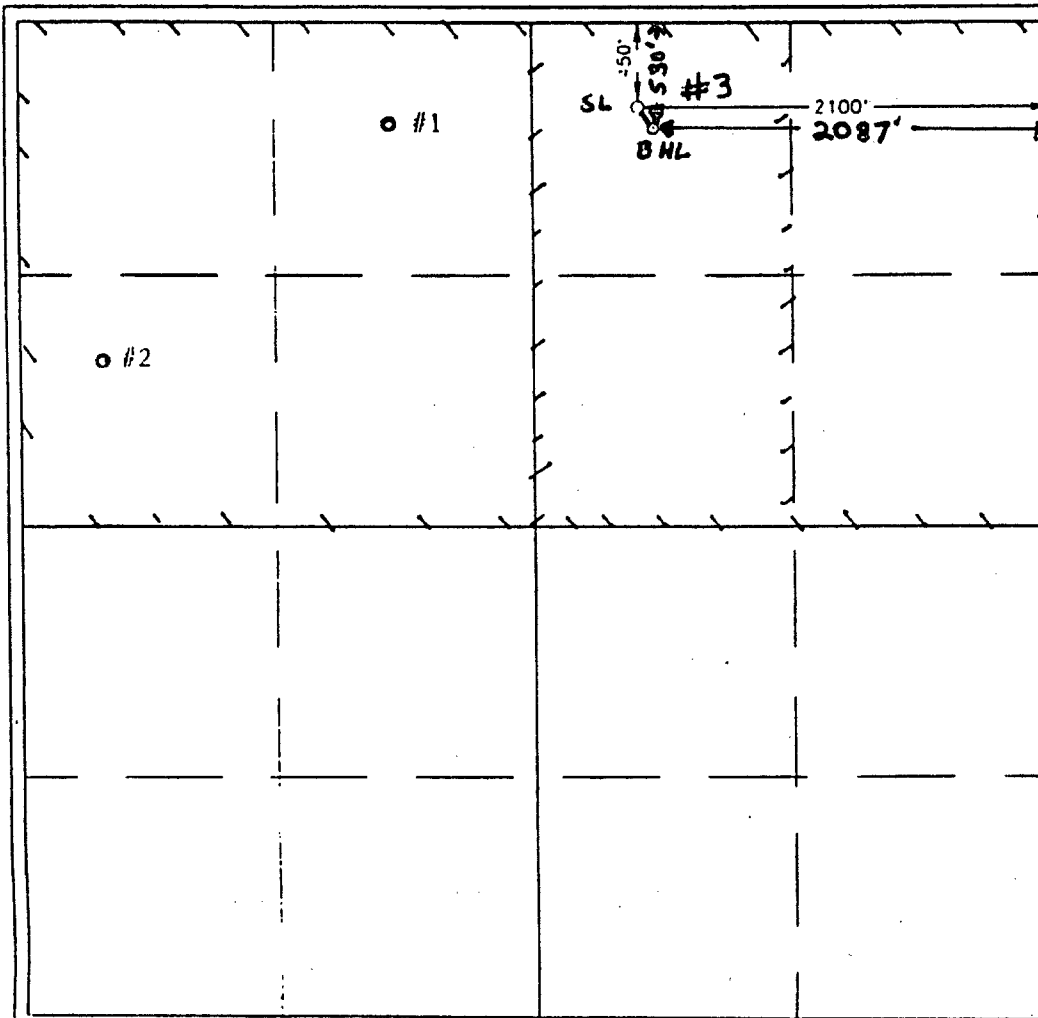
UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	Co
B	34	18 S	28 E		450	NORTH	2100	EAST	E

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	Co

Dedicated Acres 80-W/2, NE 1/4	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 contained herein is true and complete to the best of my knowledge and belief.

D. R. Hall
Signature
D. R. Hall
Printed Name
Drilling Superintendent
Title
10/8/98
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes and actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

SEPTEMBER 30, 1998

Date Surveyed
Signature & Seal of Professional Surveyor
Ronald J. Edson
98-11-1306
Certificate No. RONALD J. EDSON
GARY EDSON
MAJOR MEDONAI

PLRO-324129651



State of New Mexico
OIL CONSERVATION COMMISSION

From

MICHAEL E. STOGNER
PETROLEUM ENGINEER

Note to file:

Memo

To 12-1-03 (Monday) 3:32 PM

- Tom Beall w/ V-F left a voice mail message wanting to know the status of this appl.
FPI@cmidland.com

12-4-03 (Thurs) 2:55 PM

talked w/ Mr. Beall

- I consulting int. owners
- Ready to proceed.

P.O. BOX 2088
LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
505-827-5811

Stogner, Michael

From: William F. Carr [WCarr@hollandhart.com]
Sent: Tuesday, January 06, 2004 3:56 PM
To: mstogner@state.nm.us
Cc: Tom Beall (E-mail)
Subject: Administrative application of V-F Petroleum for approval of an unorthodox well location for the Samuel Burns Well No. 3

Dear Mike,

This confirms our conversation of this date concerning the status of an administrative order in the above-referenced matter. V-F Petroleum is ready re-enter and complete the the Samuel Burns Well No. 3 in the Morrow formation as soon as Division approval is obtained. The application was filed on August 28th and, at your request, a directional survey for the well was provided by letter dated September 10, 2003. We are aware of the the substantial work load you are carrying at this time and would appreciate any thing that can be done to expedite this application.

William F. Carr

Attorney

Holland & Hart LLP

110 N. Guadalupe, Suite 1

Santa Fe, New Mexico 87505

Phone (505) 988-4421

Fax (505) 983-6043

E-mail: wcarr@hollandhart.com

HOLLAND & HART
THE LAW OUT WEST



CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

spi@midland.com