

# 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] and [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

00 JUL - 6 PM 12:57

OIL CONSERVATION DIV

### [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 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.

W. T. KELLAHAN  
 Print or Type Name

*[Signature]*  
 Signature

ATTORNEY  
 Title

7/6/00  
 Date

## 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] and [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

OIL CONSERVATION DIV.  
00 JUL -6 PM 12:57

[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 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.

W. T. KELLAHAN  
 Print or Type Name

*W. T. Kellahan*  
 Signature

ATTORNEY  
 Title

7/6/00  
 Date

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

July 6, 2000

**Hand Delivered**

Mr. Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

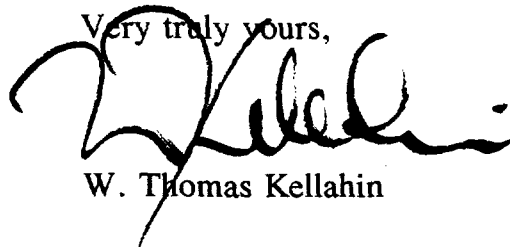
Re: **Administrative Application**  
Outland State Unit Well No. 1-Y  
W/2 Section 12, T21S, R34E, NMPM  
Application of Santa Fe Snyder Corporation  
for an unorthodox gas well location,  
Lea County, New Mexico

OIL CONSERVATION DIV.  
00 JUL -6 PM 1:00

Dear Mr Stogner:

On behalf of Santa Fe Snyder Corporation, please find enclosed our administrative application for an unorthodox gas well location for the referenced well which was drilled at a location 739 feet from the west line and 638 feet from the south line of Section 12 and dedicated to the W/2 of this section.

Very truly yours,



W. Thomas Kellahin

cc: Santa Fe Snyder Corporation  
Attn: Steve Smith

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE ADMINISTRATIVE APPLICATION  
OF SANTA FE SNYDER CORPORATION FOR AN UNORTHODOX  
GAS WELL LOCATION, LEA COUNTY, NEW MEXICO

**ADMINISTRATIVE APPLICATION**

Comes now SANTA FE SNYDER CORPORATION ("Santa Fe") by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division ("NMOCD") for administrative approval to produce its Outland State Unit Well No. 1-Y at an unorthodox gas well location 739 feet from the west line and 638 feet from the south line (Unit M) of Section 12, Township 21 South, Range 34 East, NMPM, for production from the Morrow formation, Wilson-Morrow Gas Pool to be dedicated to a 320-acre gas spacing and proration unit consisting of the W/2 of this section.

In support thereof, Applicant states:

1. Applicant, Santa Fe, is the operator of the Outland State Unit Well No. 1 which is located in the W/2 of Section 1, T21S, R34E, Lea County, New Mexico. **See Exhibit 1 is a plat which includes a nine section area around this unit showing the offsetting ownership.**
2. The Outline State Unit Well No. 1 was originally spud on December 5, 1999 at a standard location 660 feet from the south and west lines of this Section. **See Exhibit 2 which is the C-102.**
3. On December 16, 1999 after reaching a depth of 5,758 feet the hole was junked and abandoned on December 24, 1999. On December 25, 1999, the decision was made to skid the rig due east and re-drill. Due to an oversight (the field supervisor assumed that State Highway 176 ran true east-west), the rig was skid to its current location at 638 feet from the south line and 739 feet from the west line which is unorthodox. **See Exhibit 3 which is the C-102 for the replacement well.**

4. This well location is subject to the Division's General Rule 104 which provides for 320-acre spacing units and standard well locations not closer than 660 feet to any boundary of that 160 acre portion of the 320-acre spacing unit in which the well is location.

5. Santa Fe has dedicated the W/2 of Section 12 to the well.

6. This well is located at a standard distance from diagonally offsetting Section 14 but encroaches towards Section 13.

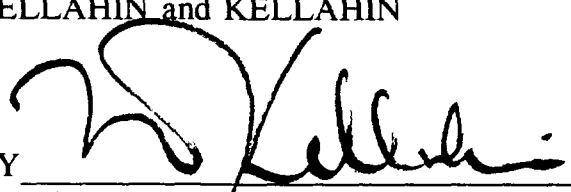
7. Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

8. Santa Fe has sent notification of this application to the parties shown on Exhibit "A".

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY

  
W. Thomas Kellahin

P. O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

**VALS-2**

Open State of  
New Mexico

**DISTRICT II**

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

**OIL CONSERVATION DIVISION**

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

Submit to the Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

☐ AMENDED REPORT

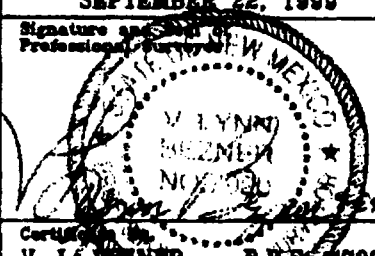
**DISTRICT III**

1000 Rio Brazos Rd.  
Aztec, NM 87410

**DISTRICT IV**

P. O. Box 2088  
Santa Fe, NM 87507-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number		2 Pool Code		3 Pool Name				
4 Property Code		5 Property Name <b>OUTLAND STATE UNIT</b>				6 Well Number <b>1</b>		
7 OGRID No.		8 Operator Name <b>SANTA FE SNYDER CORPORATION</b>				9 Elevation <b>3676'</b>		
<b>* SURFACE LOCATION</b>								
UL or lot no. <b>M</b>	Section <b>12</b>	Township <b>21 SOUTH</b>	Range <b>34 EAST, N.M.P.M.</b>	Lot Ida	Feet from the North/South line <b>660'</b>	East/West line <b>SOUTH</b>	Feet from the <b>660'</b>	County <b>LEA</b>
<b>"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE</b>								
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the North/South line	Feet from the	East/West line	County
10 Dedicated Acres	11 Unit or Infill	12 Consolidation Code		13 Order No.				
NO A LOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION								
<div style="border: 1px dashed black; height: 300px; width: 100%; position: relative;"> <div style="position: absolute; bottom: 10px; left: 10px;"> <div style="border-bottom: 1px solid black; width: 50px; display: inline-block;"></div> 660' <div style="border-left: 1px solid black; width: 50px; display: inline-block;"></div> 660' </div> </div>						<b>OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>		
						Signature		
						Printed Name		
						Title		
						Date		
						<b>SURVEYOR CERTIFICATION</b> <i>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.</i>		
						Date of Survey <b>SEPTEMBER 22, 1999</b>		
						Signature and Seal of Professional Surveyor		
								
						Certification No. <b>V. L. BEANER, R.P.S. 17920</b> <b>JOB #65405 / V.H.B.</b>		

EXHIBIT

2

**DISTRICT II**  
P. O. Drawer D0  
Artesia, NM 88211-0718

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

**DISTRICT IV**  
P. O. Box 2088  
Santa Fe, NM 87507-2088

**OIL CONSERVATION DIVISION**  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

* AFE Number		* Pool Code		* Pool Name Wilson Morrow Gas					
* Property Code		* Property Name OUTLAND STATE UNIT						* Well Number 1	
* OCSID No. 20305		* Operator Name SANTA FE SNYDER CORPORATION						* Elevation 3876'	
* SURFACE LOCATION									
UL or lot no. N	Block 18	Township 21 SOUTH	Range 34 EAST, N.M.P.M.	Lot No.	Feet from the 688'	North/South Line SOUTH	Feet from the 739'	East/West Line WEST	County LEA
* BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Block	Township	Range	Lot No.	Feet from the	North/South Line	Feet from the	East/West Line	County
* Estimated Acres 320		* Joint or INCH		* Consolidation Code		* Order No.			
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION									
						<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <i>[Signature]</i> Printed Name: JAMES F. "Phil" Scrimson Title: Agent Santa Fe Snyder Corp. Date: 12-30-99			
						<b>SURVEYOR CERTIFICATION</b> 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.			
						Date of Survey: 02-10-99			

\*\* TOTAL PAGE.003 \*\*





## **EXHIBIT "A"**

Section 13, T21S, R34E, NMPM

W/2NE/4:

Commissioner of Public Lands  
P. O. Box 1148  
Santa Fe, New Mexico 87504

E/2NE/4:

Shell Western E&P, Inc.  
P. O. Box 576  
Houston, Texas 77001-0576

Matador E&P Co., Inc.  
8340 Meadow Road, Ste 158  
Dallas, Texas 75231

Texaco, Inc.  
P. O. Box 3109  
Midland, Texas 79702

Chevron USA Inc.  
Claydesta Plaza  
15 Smith Road  
Midland, Texas 79705

Phillips Petroleum Company  
4044 Penbrook  
Odessa, Texas 79762

SW/4, S/2NW/4:

Matador E&P Company, Inc.  
8340 Meadow Road, Ste 158  
Dallas, Texas 75231

Wilson Oil Company  
P. O. Box 627  
Santa Fe, New Mexico 87501

Southwest Royalties  
P. O. Box 11390  
Midland, Texas 79702

Lucille T. Ellis  
Glen J. Ellis, Jr.  
Ellis Petroleum Corp  
500 N. Big Spring  
Midland, Texas 79701

RJR Resources  
550 West Texas, Ste 200  
Midland, Texas 79701

Permian West I, LLC  
37553 N. 94th  
Scottsdale AZ 85262

N/2NW/4:

Union Oil Company of California  
Drawer 3100  
Midland, Texas 79702

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE ADMINISTRATIVE APPLICATION  
OF SANTA FE SNYDER CORPORATION FOR AN UNORTHODOX  
GAS WELL LOCATION, LEA COUNTY, NEW MEXICO

**ADMINISTRATIVE APPLICATION**

Comes now SANTA FE SNYDER CORPORATION ("Santa Fe") by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division ("NMOCD") for administrative approval to produce its Outland State Unit Well No. 1-Y at an unorthodox gas well location 739 feet from the west line and 638 feet from the south line (Unit M) of Section 12, Township 21 South, Range 34 East, NMPM, for production from the Morrow formation, Wilson-Morrow Gas Pool to be dedicated to a 320-acre gas spacing and proration unit consisting of the W/2 of this section.

In support thereof, Applicant states:

1. Applicant, Santa Fe, is the operator of the Outland State Unit Well No. 1 which is located in the W/2 of Section 1, T21S, R34E, Lea County, New Mexico. **See Exhibit 1 is a plat which includes a nine section area around this unit showing the offsetting ownership.**
2. The Outline State Unit Well No. 1 was originally spud on December 5, 1999 at a standard location 660 feet from the south and west lines of this Section. **See Exhibit 2 which is the C-102.**
3. On December 16, 1999 after reaching a depth of 5,758 feet the hole was junked and abandoned on December 24, 1999. On December 25, 1999, the decision was made to skid the rig due east and re-drill. Due to an oversight (the field supervisor assumed that State Highway 176 ran true east-west), the rig was skid to its current location at 638 feet from the south line and 739 feet from the west line which is unorthodox. **See Exhibit 3 which is the C-102 for the replacement well.**

4. This well location is subject to the Division's General Rule 104 which provides for 320-acre spacing units and standard well locations not closer than 660 feet to any boundary of that 160 acre portion of the 320-acre spacing unit in which the well is location.

5. Santa Fe has dedicated the W/2 of Section 12 to the well.

6. This well is located at a standard distance from diagonally offsetting Section 14 but encroaches towards Section 13.

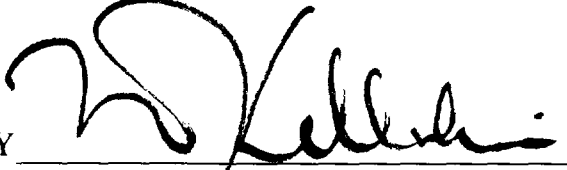
7. Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

8. Santa Fe has sent notification of this application to the parties shown on Exhibit "A".

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY

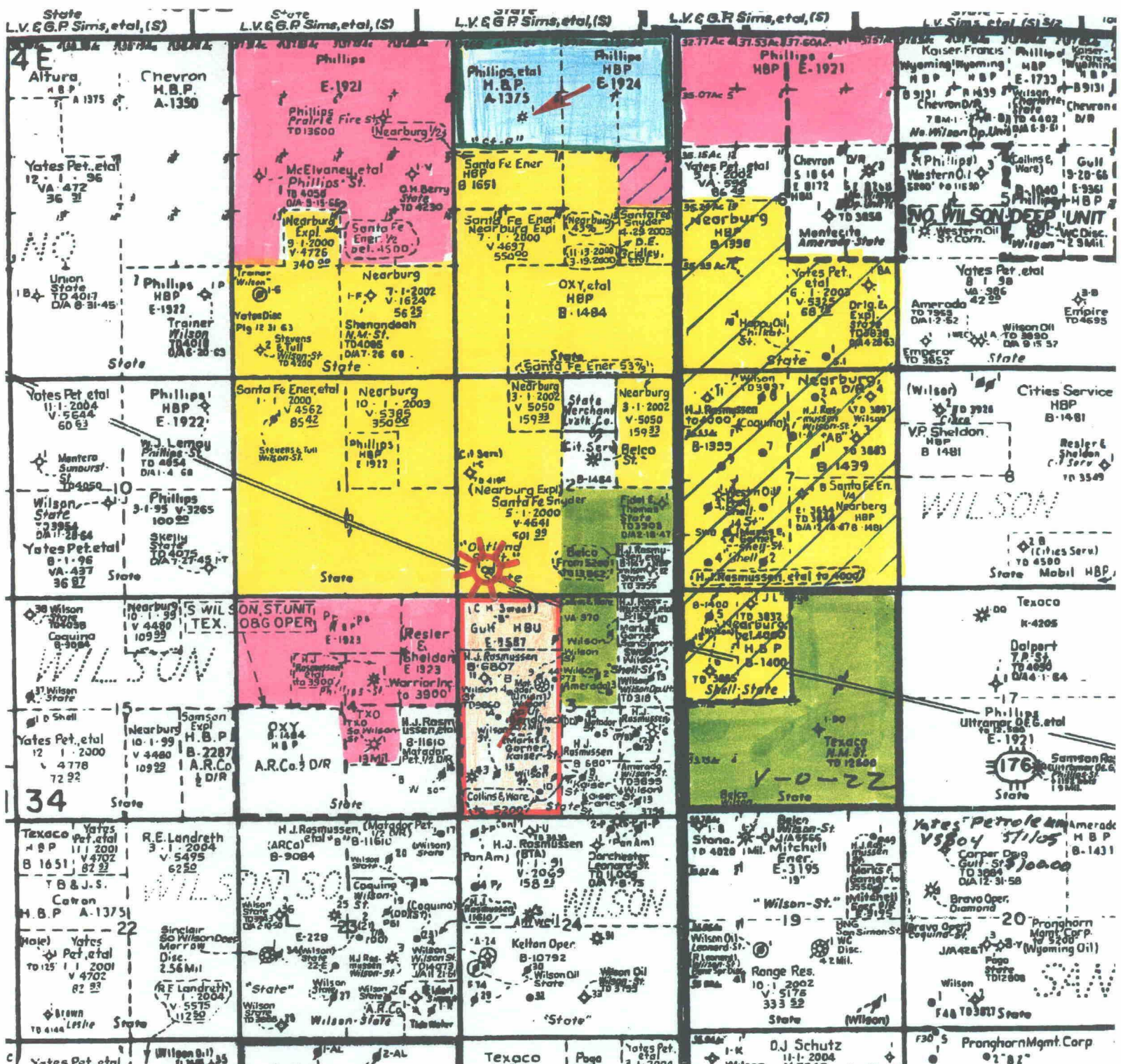
  
W. Thomas Kellahin

P. O. Box 2265/

Santa Fe, New Mexico 87504

(505) 982-4285





- 57% Santa Fe 43% Nearburg - Santa Fe Operator
- 75% Nearburg 25% Santa Fe - Nearburg Operator
- 100% Phillips Petroleum Subject to Exploration Agreement with Southwestern Energy Prod. Co.
- 100% Phillips not Subject to Agreement
- Wilson Deep Unit #1 Maynard Oil Company Operator 8080 N. Central Expressway Ste 660 Dallas, TX 75206
- Open State of New Mexico

EXHIBIT  
1

State "R" #1 Phillips Petroleum Operator



Hobbs, NM 88241-1980

Instructions on back

**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, NM 87507-2088**OIL CONSERVATION DIVISION**P. O. Box 2088  
Santa Fe, New Mexico 87504-2088Submit to the Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code		5 Property Name <b>OUTLAND STATE UNIT</b>				6 Well Number <b>1</b>			
7 OGRID No.		8 Operator Name <b>SANTA FE SNYDER CORPORATION</b>				9 Elevation <b>3676'</b>			
10 SURFACE LOCATION									
UL or lot no. <b>M</b>	Section <b>12</b>	Township <b>21 SOUTH</b>	Range <b>34 EAST, N.M.P.M.</b>	Lot Ida	Feet from the North/South line <b>660'</b>	East/West line <b>SOUTH</b>	Feet from the <b>860'</b>	East/West line <b>WEST</b>	County <b>LEA</b>
11 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	County	
12 Dedicated Acres	13 Unit or Infill	14 Consolidation Code	15 Order No.						
NO A LOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION									
						<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.			
						Signature			
						Printed Name			
						Title			
						<b>SURVEYOR CERTIFICATION</b> 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.			
						Date of Survey <b>SEPTEMBER 22, 1999</b>			
						Signature and Seal of Professional Surveyor			
						V. L. SNYDER P. O. Box 2088 Santa Fe, NM 87507-2088 JOB #65405 / V.H.B.			

EXHIBIT

2

**DISTRICT II**  
P. O. Drawer 00  
Artesia, NM 88211-0719

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

**DISTRICT IV**  
P. O. Box 2088  
Santa Fe, NM 87507-2088

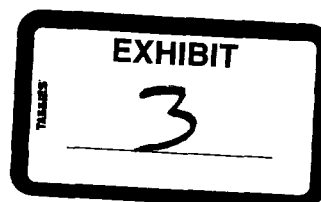
**OIL CONSERVATION DIVISION**  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number		2. Pool Code		3. Pool Name Wilson Morrow Gas			
4. Property Code		5. Property Name OUTLAND STATE UNIT				6. Well Number 1	
7. OCSID No. 20305		8. Operator Name SANTA FE SNYDER CORPORATION				9. Elevation 3676'	
10. SURFACE LOCATION							
UL or lot no. M	Section 12	Township 21 SOUTH	Range 34 EAST, N.M.P.M.	Lot No. 688	Feet from the North/South line 688'	Feet from the East/West line 739'	County LEA
11. BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE							
UL or lot no.	Section	Township	Range	Lot No.	Feet from the North/South line	Feet from the East/West line	County
12. Dedicated Acres 320		13. Joint or Leased		14. Consolidation Code		15. Order No.	
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION							
						<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <i>[Signature]</i> Printed Name: James P. "Phil" Stinson Title: Agent Santa Fe Snyder Corp. Date: 12-30-99	
						<b>SURVEYOR CERTIFICATION</b> 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.	
						Date of Survey: <i>[Signature]</i>	
V. L. REZTOR, Surveyor No. 7920 JOB #60583 / 46 NW / JSJ							

\*\* TOTAL PAGE.003 \*\*



## **EXHIBIT "A"**

Section 13, T21S, R34E, NMPM

W/2NE/4:

Commissioner of Public Lands  
P. O. Box 1148  
Santa Fe, New Mexico 87504

E/2NE/4:

Shell Western E&P, Inc.  
P. O. Box 576  
Houston, Texas 77001-0576

Matador E&P Co., Inc.  
8340 Meadow Road, Ste 158  
Dallas, Texas 75231

Texaco, Inc.  
P. O. Box 3109  
Midland, Texas 79702

Chevron USA Inc.  
Claydesta Plaza  
15 Smith Road  
Midland, Texas 79705

Phillips Petroleum Company  
4044 Penbrook  
Odessa, Texas 79762

SW/4, S/2NW/4:

Matador E&P Company, Inc.  
8340 Meadow Road, Ste 158  
Dallas, Texas 75231

Wilson Oil Company  
P. O. Box 627  
Santa Fe, New Mexico 87501

Southwest Royalties  
P. O. Box 11390  
Midland, Texas 79702



Lucille T. Ellis  
Glen J. Ellis, Jr.  
Ellis Petroleum Corp  
500 N. Big Spring  
Midland, Texas 79701

RJR Resources  
550 West Texas, Ste 200  
Midland, Texas 79701

Permian West I, LLC  
37553 N. 94th  
Scottsdale AZ 85262

N/2NW/4:

Union Oil Company of California  
Drawer 3100  
Midland, Texas 79702

COUNTY *Lea*

POOL

*Wilson - Morrow**Gas*

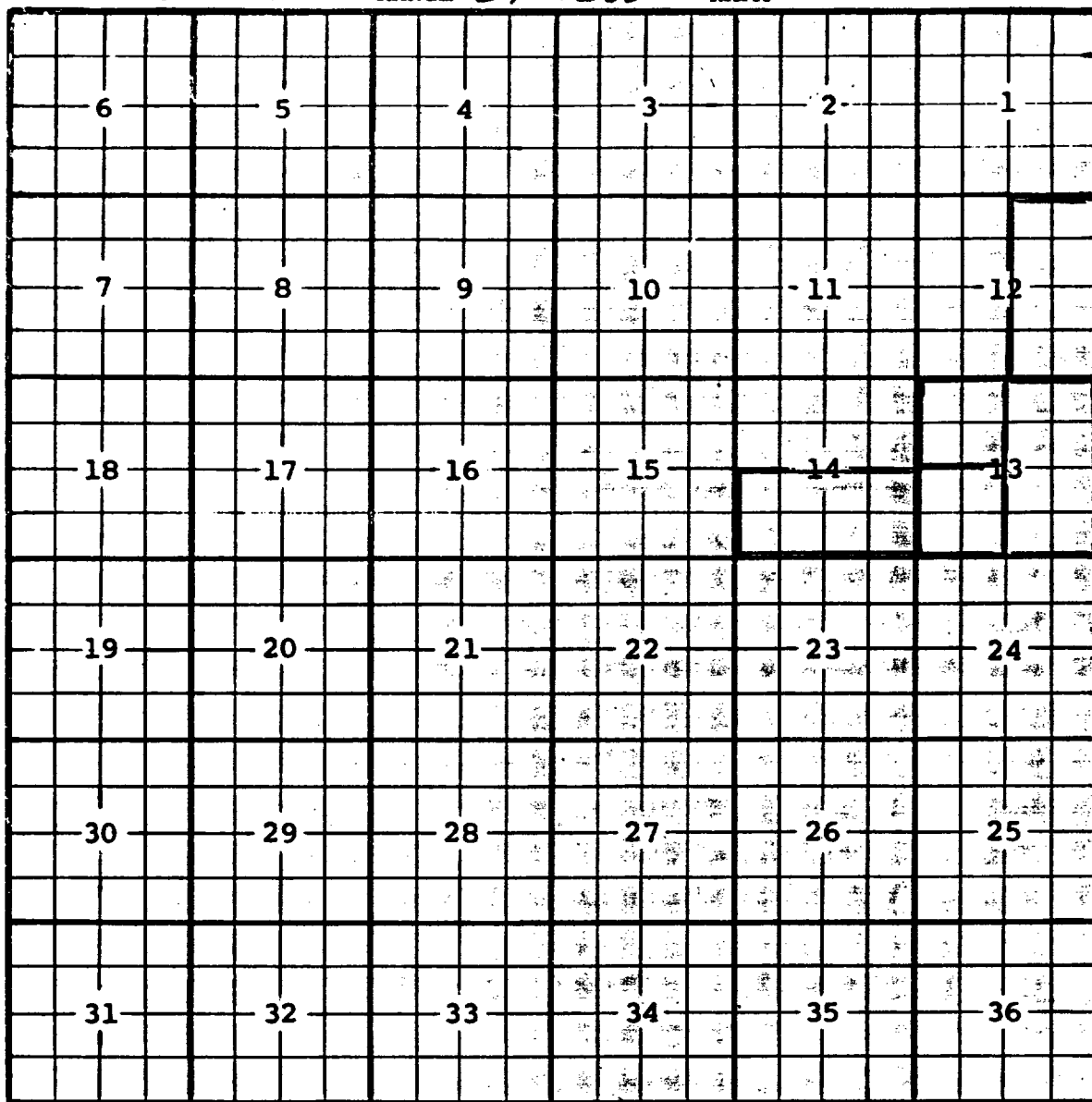
TOWNSHIP

*21 South*

RANGE

*34 East*

NMPM



Description: NW/4 Sec 13 (R-2742, 8-1-64)

Ext: SW/4 Sec 13 (R-2946, 9-1-65) Ext: E/2 Sec 13 (R-4782, 6-1-74)

Ext: E/2 Sec 12 (R-5511, 9-1-77)

Contri: Vertical limits contracted to include Morrow Formation

only & pool redesignated Wilson-Morrow Gas Pool (R-5781, 9-1-78)

Ext: S/2 Sec 14 (R-5876, 12-1-78)

Mr. Sam Thompson with Southwest Energy called on 6/29/00 and asked about an unorthodox location for the following well:

Santa Fe Snyder Corporation Outland State Unit No. 1Y  
638 FSL & 739 FWL (Unit M) of Section 12, T-21S, R-34E

Santa Fe apparently drilled a standard location for the Outland State No. 1 at 660 FSL & 660 FWL and lost the hole at 5,758. They skidded the rig and drilled the 1Y.

I could not find an NSL or R order approving the location for the 1Y

Mr. Thompson advised me that they never received any notice for this nsL and that they would have objected had they received anything. He claims he wants a penalty for the 22 feet encroachment.


Southwestern apparently owns the south offset acreage by virtue of a farmout from Phillips, and they either are drilling or plan to drill on this acreage.

I guess we need to write a letter to Santa Fe.

Sam Thompson (281)-618-4719



7-5-00

Talked w/ Tom Kellahan and  
David Catanach. Santa Fe is filing  
an appl. without notice to Southwestern.  
I will write Mr. Thompson about  
why is not an affected party.  


---

**DISTRICT II**  
P. O. Drawer 00  
Artesia, NM 88211-0718

# **OIL CONSERVATION DIVISION**

P. O. Box 2088  
Santa Fe, New Mexico 87604-2088

Submit to the Appropriate  
District Office  
State Lease - 4 copies  
For Lease - 3 copies

☐ AMENDED REPORT

**DISTRICT III**  
1000 Rio Grasso Rd.  
Aztec, NM 87410

**DISTRICT IV**  
P. O. Box 2088  
Santa Fe, NM 87507-2088

## **WELL LOCATION AND ACREAGE DEDICATION PLAT**

* API Number		* Pool Code		* Pool Name Wilson Morrow Gas					
* Property Code		* Property Name OUTLAND STATE UNIT						* Well Number 1	
* UCHS No. 20305		* Operator Name SANTA FE SNYDER CORPORATION						* Elevation 3675'	
* SURFACE LOCATION									
UL or lot no. M	Section 12	Township 21 SOUTH	Range 34 EAST, N.M.P.M.	Lot 12a	Feet from the	North/South line SOUTH	Feet from the	East/West line WEST	County LEA
* BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot 12a	Feet from the	North/South line	Feet from the	East/West line	County
* Dedicated Acres 320		Joint or Indiv.		* Consolidation Code		* Order No.			
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION									
						<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.			
						Signature: <i>[Signature]</i> Printed Name: James P. "Phil" Stinson Title: Agent Santa Fe Snyder Corp. Date: 12-30-99			
						<b>SURVEYOR CERTIFICATION</b> 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.			
						Date of Survey: <i>[Blank]</i> Surveyor: <i>[Blank]</i>  V. L. REZNIER, No. 7020 JOB #00003 / 46 NW / JSJ			

976.30

**DISTRICT II**P. O. Drawer DD  
Artesia, NM 88211-0719**DISTRICT III**1000 Rio Brazos Fd.  
Aztec, NM 87410**DISTRICT IV**P. O. Box 2088  
Santa Fe, NM 87517-2088**OIL CONSERVATION DIVISION**P. O. Box 2088  
Santa Fe, New Mexico 87504-2088Submit to the Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code		5 Property Name <b>OUTLAND STATE UNIT</b>						6 Well Number <b>1</b>	
7 OGRID No.		8 Operator Name <b>SANTA FE SNYDER CORPORATION</b>						9 Elevation <b>3676'</b>	
<b>" SURFACE LOCATION</b>									
UL or lot no. <b>M</b>	Section <b>12</b>	Township <b>21 SOUTH</b>	Range <b>34 EAST, N.M.P.M.</b>	Lot 1/4	Feet from the <b>660'</b>	North/South line <b>SOUTH</b>	Feet from the <b>660'</b>	East/West line <b>WEST</b>	County <b>LEA</b>
<b>" BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE</b>									
UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
10 Dedicated Acres	11 cmt or Infill	12 Consolidation Code		13 Order No.					
NO A LOW-LEVEL WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION									
						<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.			
						Signature			
						Printed Name			
						Title			
						Date			
						<b>SURVEYOR CERTIFICATION</b> 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.			
						Date of Survey <b>SEPTEMBER 22, 1999</b>			
						Signature and Seal of Professional Surveyor			
						Certification by <b>V. L. LYNNE, P.E. #7920</b> <b>JOB #65403 / V.H.B.</b>			

9 33.38'

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

July 6, 2000

**Hand Delivered**

Mr. Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

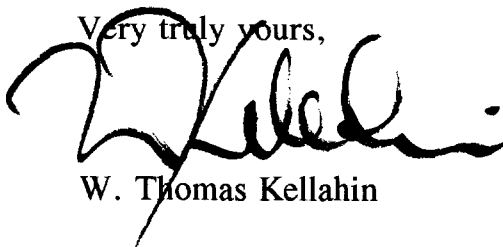
OIL CONSERVATION DIV  
00 JUL -6 PM 12:59

Re: **Administrative Application**  
Outland State Unit Well No. 1-Y  
W/2 Section 12, T21S, R34E, NMPM  
Application of Santa Fe Snyder Corporation  
for an unorthodox gas well location,  
Lea County, New Mexico

Dear Mr Stogner:

On behalf of Santa Fe Snyder Corporation, please find enclosed our administrative application for an unorthodox gas well location for the referenced well which was drilled at a location 739 feet from the west line and 638 feet from the south line of Section 12 and dedicated to the W/2 of this section.

Very truly yours,



W. Thomas Kellahin

cc: Santa Fe Snyder Corporation  
Attn: Steve Smith



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**

Governor

Jennifer A. Salisbury  
Cabinet Secretary

July 28, 2000

**Lori Wrotenbery**

Director

Oil Conservation Division

**Santa Fe Snyder Corporation**  
c/o **W. Thomas Kellahin**  
**P. O. Box 2265**  
**Santa Fe, New Mexico 87504-2265**

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

**Attention: Samuel G. Thompson**

**Re:** *Administrative application of Santa Fe Snyder Corporation for an exception to Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for its recently drilled Outland State Unit Well No. 1-Y (API No. 30-025-34818) at an unorthodox gas well location 638 feet from the South line and 739 feet from the West line (Unit M) of Section 12, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico. The W/2 of Section 12 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Undesignated Wilson-Morrow Gas Pool.*

Dear Messrs. Kellahin and Thompson:

It is my understanding from Mr. David R. Catanach, Engineer/Hearing Examiner with the New Mexico Oil Conservation Division in Santa Fe that Mr. Samuel G. Thomson with Southwestern Energy Production Company voiced his concern over the telephone about Santa Fe Snyder Corporation's placement of the above-described Outland State Unit Well No. 1-Y. The Division's Hobbs district office under Division Rule 1303 allowed Santa Fe Snyder Corporation to skid its rig off of the Outland State Unit Well No. 1 (API No. 30-025-34736), located 660 feet from the South and West lines (Unit M) of Section 12, when a drilling problem occurred at a depth of 5,758 feet. Once it was discovered that a potential problem might exist with an offset interest owner to the placement of the Outland State Unit Well No. 1-Y, the Division requested that Santa Fe Snyder Corporation make an application pursuant to Division Rule 104.F for this unorthodox gas well location.

The Division upon reviewing Santa Fe Snyder Corporation's application dated July 6, 2000 has determined that under Division Rule 1207.A (2) (b) proper notification has been given to all affected parties to which the well is encroaching being Section 13 to the south.

**Santa Fe Snyder Corporation/Southwestern Energy Production Company**

**July 28, 2000**

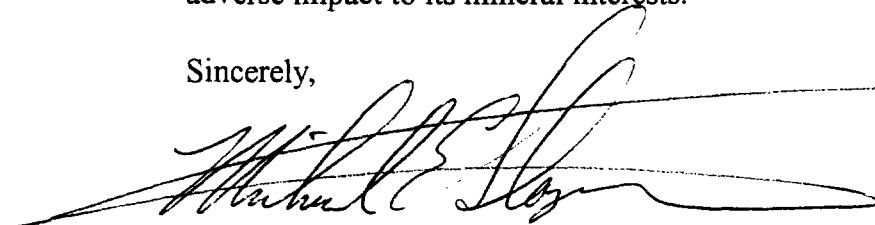
**Page 2**

---

It is further understood that Southwestern Energy Production Company owns the offset acreage to the southwest in Section 14; however, since this well is located further away from this acreage than a well at the nearest standard gas well location (being 660 feet from the South and West lines of Section 12), Southwestern Energy Production Company is not considered an affected party and is therefore not entitled to notice.

Assuming all current information is correct, the Division will therefore proceed accordingly in the processing of Santa Fe Snyder Corporation's July 6<sup>th</sup> application. Should Southwestern Energy Production Company have additional information that shows it to be an affected party under Division Rule 1207.A (2) (b) or disagree with the Division's actions in this matter, Southwestern Energy Production Company is encouraged to bring such action as is necessary to correct against any adverse impact to its mineral interests.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal dotted line.

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs  
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe  
Mr. David R. Catanach, Engineer/Hearing Examiner - NMOCD, Santa Fe  
New Mexico State Land Office - Santa Fe  
File: Case 12462





# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**

Governor

**Jennifer A. Salisbury**  
Cabinet Secretary

July 28, 2000

**Lori Wrotenbery**

Director

**Oil Conservation Division**

**Santa Fe Snyder Corporation**  
c/o **W. Thomas Kellahin**  
**P. O. Box 2265**  
**Santa Fe, New Mexico 87504-2265**

**Maynard Oil Company**  
c/o **Campbell, Carr, Berge & Sheridan**  
**P. O. Box 2208**  
**Santa Fe, New Mexico 87504-2208**

**Attention: William F. Carr**

**Re:** *Division Administrative Order NSL-4498/Division Case No. 12462.*

Dear Messrs. Kellahin and Carr:

Per Mr. Carr's letter dated August 15, 2000, Division Administrative Order NSL-4498, which order approved an unorthodox gas well location within the W/2 of Section 12, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, being a standard 320-acre gas spacing and proration unit within the Undesignated Wilson-Morrow Gas Pool, for Santa Fe Snyder Corporation's Outland State Unit Well No. 1-Y (API No. 30-025-34818) located 638 feet from the South line (which is only 22 feet from a standard location) and 739 feet from the West line (Unit M) of Section 12, Township 21 South, Range 34 East, NMPM, New Mexico, shall be placed in abeyance until further notice.

It is my understanding that Division Case No. 12462, which is an application for the same thing, will be heard on September 7, 2000. It would appear that a location that is only 22 feet unorthodox could warrant a full hearing (I could be wrong) before a Division Hearing Examiner whose schedules and dockets are already congested, I therefore strongly urge both parties to seek an equitable solution on their own in this matter.

Sincerely,

**Michael E. Stogner**  
Chief Hearing Officer/Engineer

cc: **New Mexico Oil Conservation Division - Hobbs**  
**Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe**  
**File: Case 12462**

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
  
JACK M. CAMPBELL  
1916-1999

AUG 23

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: law@westofpecos.com

August 23, 2000

**HAND-DELIVERED**

Michael E. Stogner, Chief Hearing Officer/Engineer  
New Mexico Department of Energy, Minerals and Natural Resources  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 12462  
Outland State Unit Well No. 1  
W/2 of Section 12, T-21-S, R-34-E, Lea County, New Mexico  
Application of Santa Fe Snyder for an unorthodox gas well location

Dear Mr. Stogner:

Referencing my August 15<sup>th</sup> and your July 28<sup>th</sup> letter, I am happy to report that Santa Fe Snyder and Maynard Oil Company have resolved their differences and that Maynard Oil Company hereby withdraws its objection to Administrative Order NSL-4498.

Maynard Oil Company will therefore not be appearing in opposition to Case No. 12462 set for hearing on September 7, 2000.

Sincerely,



Michael H. Feldewert

MHF/ras

cc. W. Thomas Kellahin, attorney for Santa Fe Snyder.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**

Governor

**Jennifer A. Salisbury**

Cabinet Secretary

**Lori Wrotenberg**

Director

**Oil Conservation Division**

August 28, 2000

*NSL-4498*

**Santa Fe Snyder Corporation**  
c/o **W. Thomas Kellahin**  
**P. O. Box 2265**  
**Santa Fe, New Mexico 87504-2265**

**Maynard Oil Company**  
c/o **Campbell, Carr, Berge & Sheridan**  
**P. O. Box 2208**  
**Santa Fe, New Mexico 87504-2208**

**Attention: William F. Carr**

**Re:** *Division Administrative Order NSL-4498/Division Case No. 12462.*

Dear Messrs. Kellahin and Carr:

Per Mr. Carr's letter dated August 23, 2000 and Mr. Kellahin's letter dated August 28, 2000, Division Administrative Order NSL-4498, which order approved an unorthodox gas well location within the W/2 of Section 12, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, being a standard 320-acre gas spacing and proration unit within the Undesignated Wilson-Morrow Gas Pool, for Santa Fe Snyder Corporation's Outland State Unit Well No. 1-Y (**API No. 30-025-34818**) located 638 feet from the South line (which is only 22 feet from a standard location) and 739 feet from the West line (Unit M) of Section 12, Township 21 South, Range 34 East, NMPM, New Mexico, is hereby reinstated.

Further, Division Case No. 12462, set for hearing on the September 7<sup>th</sup> docket shall be dismissed.

Sincerely,

**Michael E. Stogner**  
Chief Hearing Officer/Engineer

cc: **New Mexico Oil Conservation Division - Hobbs**  
**Ms. Lori Wrotenberg, Director - NMOCD, Santa Fe**  
File: **Case 12462**

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 962-4285  
TELEFAX (505) 962-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

August 28, 2000

Mr. Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Via Facsimile

Re: *NMOCD Case 12462*  
*Outland State Unit Well No. 1*  
*W/2 Section 12, T21S, R34E, Lea County, New Mexico*  
*Application of Santa Fe Snyder Corporation*  
*for an unorthodox gas well locations*

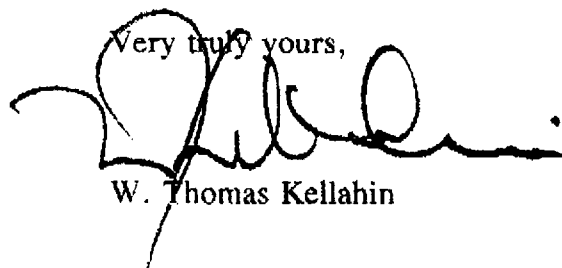
Dear Mr. Stogner:

On August 4, 2000, on behalf of Santa Fe Snyder Corporation, I sent notice of the referenced administrative application to Maynard Oil Company, who is the current offsetting operator towards whom this well encroached. On August 15, 2000, Mr. Michael H. Feldewert, Esq. filed an objection on behalf of Maynard Oil Company. On August 21, 2000, I received your letter advising that Administrative Order NSL-4498 was being held in abeyance until either (i) Maynard Oil Company's objection could be settled or, if not, then (ii) until this dispute could be decided by the Division pursuant to an examiner's hearing scheduled for September 7, 2000. By letter dated August 23, 2000, Mr. Feldewert, on behalf of Maynard Oil Company, informed you that this objection was resolved and he was withdrawing its objection.

A review of the Division file reflects that Maynard Oil Company was the only affected interest owner to file a timely objection to Santa Fe Snyder Corporation's administrative application. Previously, on July 8, 2000, I had sent notification to the working interest owners in Section 13 and none of those owners filed a timely objection by the July 28, 2000 deadline.

Because Maynard Oil Company's objection is now resolved, we request that you dismiss Case 12462 and reinstate Administrative Order NSL-4498.

Very truly yours,



W. Thomas Kellahin

cfx: Santa Fe Snyder Corporation  
Attn: Curtis Smith  
Michael H. Feldewert, Esq.  
Attorney for Maynard Oil Company

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
JACK M. CAMPBELL  
1916-1999

Page 23

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: law@westofpecos.com

August 23, 2000

**HAND-DELIVERED**

Michael E. Stogner, Chief Hearing Officer/Engineer  
New Mexico Department of Energy, Minerals and Natural Resources  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 12462  
Outland State Unit Well No. 1  
W/2 of Section 12, T-21-S, R-34-E, Lea County, New Mexico  
Application of Santa Fe Snyder for an unorthodox gas well location

Dear Mr. Stogner:

Referencing my August 15<sup>th</sup> and your July 28<sup>th</sup> letter, I am happy to report that Santa Fe Snyder and Maynard Oil Company have resolved their differences and that Maynard Oil Company hereby withdraws its objection to Administrative Order NSL-4498.

Maynard Oil Company will therefore not be appearing in opposition to Case No. 12462 set for hearing on September 7, 2000.

Sincerely,



Michael H. Feldewert

MHF/ras

cc. W. Thomas Kellahin, attorney for Santa Fe Snyder.