

DATE 10/3/02	NA 10/23/02	ENGINEER	LOGGED IN KV	TYPE NSL	APP NO. 228037397
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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 _____

- [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

ATTORNEY
Title

10-3-02
Date

wcarr@hollandhart.com
e-mail Address

OCT-3 PM 10:20

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

October 3, 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

30-015-20891

Re: Application of Concho Oil & Gas Corp. for administrative approval of an unorthodox gas well location for its Kennedy Farms Com Well No. 1 in the Upper Pennsylvanian formation at a location 1980 feet from the North line and 2310 feet from the West line of Section 34, Township 17 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Wrotenbery:

Concho Oil & Gas Corp., pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1999, hereby seeks administrative approval of an unorthodox well location in the Upper-Pennsylvanian (Cisco) formation, Kennedy Farms-Upper Pennsylvanian Gas Pool for its Kennedy Farms Com Well No. 1 to be re-entered and re-completed from the Morrow formation, Kennedy Farms-Morrow Gas Pool, to the Upper Pennsylvanian formation at a location 1980 feet from the North line and 2310 feet from the West line of Section 34, Township 17 south, Range 26 East, NMPM, Eddy County, New Mexico. A standard 320-acre spacing and proration unit comprised of the N/2 Section 34 will be dedicated to the well.

This location in the Upper Pennsylvanian formation is unorthodox because Rule 104.C(2) of the General Rules of the Oil Conservation Division provide for wells on 320-spacing and proration units to be located no closer than 660 feet to any governmental quarter section line. The proposed location is unorthodox because it is too close to interior quarter section line (330 feet from the eastern boundary of the NW/4 of Section 34).

HOLLAND & HART ^{LLP}
ATTORNEYS AT LAW

October 3, 2002

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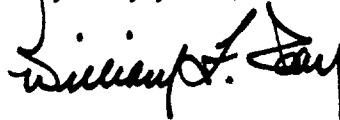
This unorthodox location results from Concho's plans to recomplete this well from the Morrow formation. This unorthodox location in the Morrow formation was approved by Division Order No. R-4725, dated February 13, 1974. A copy of this order is attached hereto as Exhibit A. By recompleting this well instead of drilling a new well to the Upper Pennsylvanian formation, Concho estimates that it will be able to save approximately \$483,400.00.

Attached hereto as Exhibit B 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 unorthodox location. Since this location is only unorthodox to an interior quarter section line, there are no adjoining or diagonal spacing units towards which the well location encroaches. Accordingly, there are no affected parties to whom this application needs to be provided.

Enclosed for your consideration in hard copy and on disc is a draft order approving this application.

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a stylized flourish at the end.

William F. Carr
Attorney for Concho Oil & Gas Corp.

Enclosures

cc: Michael M. Gray
Concho Oil & Gas Corp.
110 West Louisiana, Suite 410
Midland, Texas 79701

October __, 2002

Concho Oil & Gas Corp.
c/o Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL-_____

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Concho Oil & Gas Corp. ("Concho") dated October 3, 2002 (*application reference No.* _____); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Concho's request for a unorthodox gas well location in the Upper Pennsylvanian formation, for its Kennedy Farms Com Well No. 1 to be re-entered and re-completed at a location 1980 feet from the North line and 2310 feet from the West line (Unit F) of Section 34, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico.

The N/2 of Section 34, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico being a standard gas spacing and proration unit in the Kennedy Farms-Upper Pennsylvanian Pool (**79525**) is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No.R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that Concho is seeking this location exception to enable it to utilize the existing wellbore for this well for which this unorthodox gas well location was previously approved in the Morrow formation by Division Order No. R-4725, dated February 13, 1974.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location in the Upper Pennsylvanian (Cisco) formation within this 320-acre unit comprising the N/2 of Section 34 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

cc: New Mexico Oil Conservation Division – Artesia
~~U. S. Bureau of Land Management - Carlsbad~~

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5162
Order No. R-4725

APPLICATION OF WESTERN OIL PRODUCERS,
INC. FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 30, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 13th day of February, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Western Oil Producers, Inc., seeks approval of a gas well location 1980 feet from the South line and 660 feet from the East line of Section 34, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico, to test the Morrow formation.

(3) That the S/2 of said Section 34 is to be dedicated to the well.

(4) That a well at said unorthodox location should encounter an additional pay zone which would not be encountered in a well drilled at a standard location and will better enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, 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.

EXHIBIT A

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for a well to be located at a point 1980 feet from the South line and 660 feet from the East line of Section 34, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico.

(2) That the S/2 of said Section 34 shall be dedicated to the above-described well.

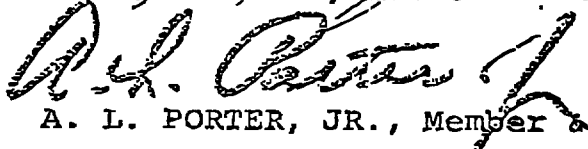
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman


ALEX J. ARMIJO, Member


A. L. PORTER, JR., Member & Secretary

SEAL

jr/

