NSP 6/29/00

Joe Melton Drilling Co., Inc. P.O. Box 4203 Midland, Texas 79701

June 7, 2000

Re: Administrative Application to Reconfigure Existing Non-Standard Gas Proration Unit New Mexico State "G" Lease Section 26, T21S, R36E, Lea Co., New Mexico

Ms. Lori Wrotenberry, Director New Mexico Oil Conservation Division 2040 Pacheco Santa Fe. New Mexico 87505

Dear Ms. Wrotenbery:

Joe Melton Drilling Co., Inc. (Melton) received Administrative Approval to form a non-standard 480-acre gas spacing and proration unit ("GPU") on the above referenced lease by issuance of Division Administrative Order NSP-1701-C (L) (SD) dated February 11, 2000. This existing "GPU" is shown on the attached plat labeled Exhibit 1. Melton has successfully reentered well # 14 within this "GPU" and established production from the Seven Rivers / Queen interval. Initial potential tests indicate that this well has a GOR of less than 100,000 to 1 and should be classified as an oil well in the Eumont Gas Pool. Melton requests that the 40 acres surrounding this well (SE/4 of NW/4 Section 26) be removed from the aforementioned 480 acre "GPU" and designated as a standard 40 acre oil spacing and proration unit in the Eumont Gas Pool. This proposed reconfiguration is shown on the plat labeled exhibit 2.

As a result of taking this 40 acre tract out of the existing 480 acre "GPU" the W/2 of the NW/4 of section 26 is isolated from the rest of the "GPU" and thus cannot remain within the old "GPU". Melton has submitted application to reenter the # 13 well in the NW/4 of NW/4 of section 26 and will either form a standard 40 acre oil proration unit or form an 80 acre Non-Standard Gas Proration Unit pending results of this reentry.

Finally, by removing the aforementioned 40 acre tract around the # 14 well and the 80 acre tract (W/2 of the NW/4) due to it's isolation from the rest of the old "GPU" a new 360 acre Non-Standard Gas Spacing and Proration Unit would be formed from the remaining acreage.

After the review of this request is complete, your administrative approval of the above mentioned 40 acre standard oil proration unit (for the # 14 well) and the reconfiguration of the existing Non-Standard Gas Proration Unit due to the removal of the 40 acres surrounding the # 14 well would be appreciated. If you have any questions concerning this request please call Mark Hawkins at (915) 687-6500.

Sincerely
Joe Melton

EXHIBIT

,1625 N. French Dr., Hobbs, NM 88240

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised March 17, 1999

District II 811 South First, Artesia, NM 88210 District III

1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe. NM 87505

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

<u>District IV</u> 2040 South Pache	co, Santa Fe							•		AME	NDED RE	PORT
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District 1 . PO Box 1989, Hobbs, NM 88241-1980

Clatrict II

PC Drawer DD, Artesia, NM 88211-0719

District III

1000 Rio Brasos Rd., Aztec, NM 87410 trict IV

. J Box 2088, Sonto Fe, NM 87504-2088

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

PO Box 2088 Santa Fe, NM 87504-2088

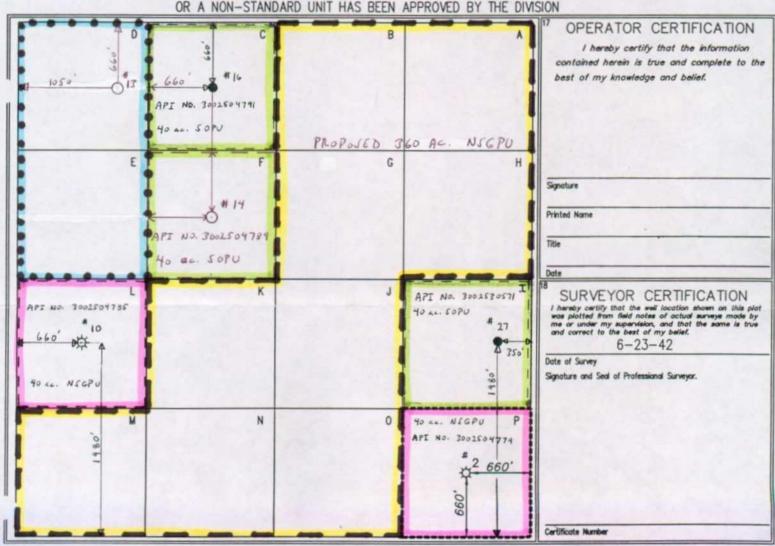
Form C-102 Revised February 10, 1994 Submit to Appropriate District Office State Lease -4 Copies Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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



PROPOSED UNIT CONFIGURATION FOR SECTION 26 TLIS- R76E

NSGPU: NOW- STANDARD GAS PRORATION UNIT

SOPU: STANDARD OIL PROBATION UNIT

Offset Operators - New Mexico State "G" Lease Sections 23 and 26, T-21-S, R-36-E, Lea County, New Mexico

Chevron 34	Chavron 27	Chevron 22	Conneco
Chevron 35	Jabe Jabe Essen	Exxon 23 Jor Melfor Drilling Co., Inc.	Conoco
Chevron 36	Chevron 25	Chevron 24	Cónoco
		Joe Melton Drilling Co, Inc. Proposed 360 acre Non-Standard Ges Provation Unit	

Joe Melton Drilling Co., Inc. P.O. Box 4203 Midland, Texas 79704

June 7, 2000

Re: Administrative Application to Reconfigure Existing Non-Standard Gas Proration Unit New Mexico State "G" Lease Section 26, T21S, R36E, Lea Co., New Mexico

Dear Offset Operators:

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Offset Operator notification is required per Oil Conservation Division Rule 104.D(2). You are allowed twenty (20) days in which to protest this application. Correspondence regarding this issue should be sent to the Santa Fe office of the NMOCD. If you have any questions concerning this matter please call Mark Hawkins at (915) 687-6500.

President

Z 100 640 140 US Postal Service **Receipt for Certified Mail** No Insurance Coverage Provided. Do not use for International Mail (See reverse) Sent to Arco Permian Street & Number P.O. Box 1610 Attn:Land Dept. Post Office, State, & ZIP Code Midland, Texas 79702 Postage Certified Fee Special Delivery Fee TIVEN DP 7 Betur Whom Return Date, PS Form 3800.

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US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

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US Postal Service

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Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to Conoco, Inc.

Attn: Land Department

10 Desta Dr. West, Suite100W

Post Office, State, & ZIP Code
Midland, Texas 79705

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US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to
Chevron USA Inc.
Street & Number Attn50 Land Department
P.O. BOX 1750

Post Office, State, & ZIP Code
Midland, Texas 79702-1150

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District 1

O Box 1980, Hobbs, NM 88241-1980
District 11
811 South First, Artesia, NM 88210
District III

State of New Mexico Energy, Minerals & Natural Resources Department

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Form C-101
Revised October 18, 1994
Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies Fee Lease - 5 Copies

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505

1000 KIO Brazos I District IV	W., Aziec,	MIN DITIO		Sa	nta re, NN	4 87505				rec	Lease - 5 Copies	
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Title:	Secret	ary				Approval Date:	AN 2	7 2006	Expirati	ion Date:		

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV

State of New Mexico Energy, Minerals & Natural Resources Department

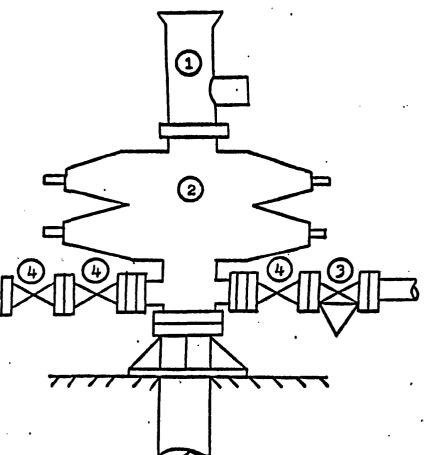
OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505 Form C-102
Revised October 18, 1994
Instructions on back
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Blowout Preventer Schematic

- 1 Bell Nipple Fill Up & Flow Line
- 2 6" 900 Series Cameron Double-Hydraulic BOP (by contractor)
- 3 2° 3000 # Hydraulic Gates (by contractor)
- 4 2" 3000 # Manual Gates (by contractor)



District (PO Báx 1980, Hobbs, NM 88241-1980

PO.Drawer DD, Artesia, HM 88211-0719

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

PO Box 2088

Santa Fe. NM 87504-2088

AMENDED REPORT

1000 Ria Brasas Rd. , Aztec, NM 87410 U Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT API Number Pool Code 76480 EUMONT YATES 7 RVRS QN (PRO GAS) see plat below **Property Code** Property None NEW MEXICO "G" STATE 004194 OGRED No. Floretica **Exxon Corporation** 007673 ¹⁰Surface Location UL or lot no. Feet from the North/South line Section Feet from the .: : "Bottom Hole Location If Different From Surface UL or lot no. Section Township Lot Idn Feet from the North/South line East/West line County 13 Joint or Infill ² Dedicated Acres Consolidation Code NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNITL 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 #16 best of my knowledge and belief. 1480 API NO. 3002504791 40 ac. 50PU G Ε Karen Allen Printed Name API NO. 3002504781 Secretary. Joe Milton Drilling Co., Inc. 1/3/00 Proposed 480 ac. NSGPU Pending) (Application SURVEYOR CERTIFICATION APT No. 3002530571 I hereby certify that the wall location shown on the plot 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 ballet. API NO. 3002504785 40 da. 50PU API NO. 3001504787 **#** 27 * 10 6-23-42 35% Date of Survey Exxon Signature and Seal of Professional Surveyor. 40 KL. NSGPU EXXON 40 cc. NSGPU API NO. 3002504 660' EXXON

> EXISTING CONFIGURATION UNIT FOR SECTION 26 TIIS-R36E

Certificate Number

NSGPU: NOW-STANDARD CAS PRORATION UNIT

SOPU: STANDARD OIL PROBATION UNIT