WAIVER

Conservation Commission Mabry Hall State Capitol Santa Fe, New Mexico

Re: Case No. 2019

Dear Sir:

Southern Union Oil Company consents to the correction of Continental's application for triple completion on its Northeast Haynes Well Apache 9-1 set down as Case No. 2019.

Southern Union Oil Company hereby waives notice for the corrected application of Continental Oil Company.

SOUTHERN UNION OIL COMPANY

July 1 - glas

| sel a | SANTA F | NSERVATION COMMI | ISSION & | 10 gas tupes 7-3-58 |
|---|--|--|--|-------------------------------|
| - COOL | APPLICATION FO | R DENDAL COMPLET | | 2019 |
| Field Name West Lindri | t | County Rio Arriba | Date 7 | /5/60 |
| Operator | Lease | 11240 4411 4 4400 | Well No. | 7 37 00 |
| Continental Oil Co | mpany Northea | st Haynes Apach | e | 9-1 |
| | | Township | Range | |
| of Well | 9 - | 24 North | A LANGUAGE AND PROPERTY OF THE | 5 West |
| 1. Has the New Mexico Oil Conservation zones within one mile of the subject | | | or a well in these s | same pools or in the same |
| 2. If answer is yes, identify one such in | | | se, and Well No.: | |
| | | , , | , | |
| | 77 | Tatton | 17 0 10 0 | Dooroot Core |
| 3. The following facts are submitted: | Upper Zone | Lower Lower | | Deepest Zone |
| a. Name of reservoir | Mesa Verde | Gallup | | Greenhort |
| b. Top and Bottom of | Mesa verde | αατταρ | | |
| Pay Section | 3910 to 4700 | 5655 to | 6250 | 6590 to 6650 |
| (Perforations) | (proposed) | (propos | · " | (proposed) |
| c. Type of production (Oil or Gas) | Gas | Gas | | Gas |
| d. Method of Production | | 777 | | Plowing |
| 4. The following are attached. (Please: | Flowing | Flowing | | Flowing |
| operators of all leases offse c. Waivers consenting to such been furnished copies of the d. Electrical log of the well thereon. (If such log is not 5. List all offset operators to the lease | h dual completion from each e application.* or other acceptable log with available at the time applic on which this well is locate | tops and bottoms of productation is filed, it shall be s | ing zones and intervubmitted as provided to mailing address. | vals of perforation indicated |
| 1. Gulf Oil Company | - P. O. Box 158 | 9 - Durango, Co | lorado | |
| 2. Southern Union Oi | .1 Company - Bur | t Building - Da | llas, Texas | |
| _ 3. Skelly Oil Compan | y - P. O. Box 4 | 083-Station A - | Albuguergu | e, New Mexico |
| 4. El Paso Natural G | as Products Co. | - P. O. Box 97 | 7 - Farming | ton, New Mexico |
| 6. Were all operators listed in Item 5 about of such notification July | | copy of this application? | YES_X_ NO | If answer is yes, give date |
| CERTIFICATE: I, the undersigned, s | | attorney | cont | inental Oil |
| Company (compa | any), and that I am authorize | ed by said company to make | this report; and tha | t this report was prepared |
| under my supervision and direction and th | at the facts stated therein a | Millian / | | , |
| * Should waivers from all offset op Commission will hold the applica | | plication for administrative | approval, the New | Mexico Oil Conservation |

Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa and office, the application will then be processed NOTE: If the proposed dual completion will result in an unorthodox well location and/or and standard proration unit in either or both of the producing zones, then separate application for approval of the same should be alled same improducing with this application.

ADDITIONAL DATA FOR TRIPLE COMPLETION

This well will be located in the C NW SW Section 9, T24N, R5W, Rio Arriba County, New Mexico. The well will produce gas from the Mesa Verde, Gallup, and Greenhorn formations. Attached is a sketch of the proposed completion. Basically, the program will consist of the following:

- Drill a 16" hole to 200'. Run 200' of 13 3/8" surface pipe and cement to surface.
- Drill a 12" hole to the base of the Gallup for-3. mation or approximately 6000'.
- Drill a 7" hole from the base of the Gallup to TD at the base of Dakota formation.
- Run and hang 4 1/2" OD casing to the base of the Dakota.
- Run and hang 2.7/8 ** OD casing to the base of the Mesa Verde.
- Run and hang 4 1/2" OD casing to the base of 7. the Gallup.
- 8. Cement the Dakota formation through a cement shoe on the Dakota string.
- Cement the Gallup formation through a cement shoe on the Gallup string.
- Cement the Mesa Verde formation through a stage 10. collar in the Dakota string of 4 1/2" OD casing.
- Cement the Pictured Cliffs formation through a 11. stage collar in the Gallup string of 4 1/2" OD casing.
- 12. Perforate each productive zone (Dakota, Gallup and Mesa Verde) separately utilizing a gun which can be oriented to perforate only one string at a time.
- Selectively sand-oil treat each producing zone 13. and complete each string for production through a casing head which will prevent commingling of the hydrocarbons.

Mesa Verde

Transgressive-regressive deposits consisting of sandstone, shales, silts, and coals. The sands are fine-grained. well sorted and interbedded with the shales and silts. The common source of supply for the Mesa Verde sands is based upon environment of deposition. The productive zones in the Mesa Verde may or may not have a common source of supply with respect to each other.

This point depends entirely upon the deposition. In any case the supply source or sources are separate from those of the Dakota, Greenhorn, and Gallup. In the case of the Mesa Verde, we will probably have to segregate it as the source of supply after the well is drilled.

Gallup

A sequence of fine-grained beach sands interbedded in a matrix of fractured marine shales and siltstones. This formation is considered to have a common source of supply separate from that of the formations immediately above and below. The marine shales are considered the source beds and this formation is bounded above and below by impermeable shale.

Greenhorn

A series of interbedded fractured marine limestone and limey shale. This formation is considered as having a common source of supply separate from that of the Dakota, due to its environment of deposition.

We believe this proposed type of completion is necessary to economically develop the Northeast Haynes Apache lease. This type of completion will prevent waste of the resources of the State of New Mexico by the use of proper production practices. It will also protect the correlative rights of everyone concerned by providing separate production facilities for each of the three producing formations which will prevent the commingling of the hydrocarbons.