

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-109
Revised 4-1-91

INSTRUCTIONS on
Reverse Side

APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 509.

If discovery is claimed for more than one zone, separate forms must be filed for each.

Operator VISION ENERGY, INC.		Address P.O. Box 2459 Carlsbad, NM 88220	
Lease Name H.B. 3 Federal		Well No. #1	County Eddy
Well Location Unit Letter J : 1980' Feet from The South Line and 1980' Feet From the East Line of Section 3 , Township 24-S , Range 29-E , NMPM			
Suggested Pool Names (List in order of preference). 1. Cedar Canyon Bone Springs 2. 3.			
Name of Producing Formation 1st Bone Springs		Perforations 7,863' - 7,895'	Depth of Top Perf from GL 7,838'
Date of Filing Form C-104 10-10-91		Date of Filing Form C-104 10-10-91	
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? No		If yes, Give Date of Filing	Date Well was Spudded 7-22-87
Date Compl. Ready to Prod. 10-6-91		Date Compl. Ready to Prod. 10-6-91	
Total Depth 13,985	Plugged Back Depth 9,565	Depth Casing Shoe 13,933	Tubing Depth 7,725'
Elevation (Gr., DF, RKB, RT, etc.) 3052.5 GR		Elevation (Gr., DF, RKB, RT, etc.) 3052.5 GR	
Oil Well Potential (Test to be taken only after all load oil has been recovered) 328 Bbls, Oil Per Day Based On 328 Bbls In 24 Hours; 71 Bbls Water Per Day Based On 71 Bbls In 24 Hours; Gas Production During Test: 800 MCF; Gas-Oil Ratio 2.44-1 Method Of Producing F Choke Size 18/64			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name Cedar Canyon	Name of Producing Formation Morrow	Top of Pay 13,449'	Bottom of Pay 13,576'	Currently Producing? Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest well in this Pool 1/2 mile North East		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 5,554'		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production for this pay or formation only):

Pool Name Unnamed	Top of Pay 6,701'	Bottom of Pay 6,906'	Currently Producing No
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool 2 Miles North West			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? No	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County
---	--

Is the Subject Well Multiple Completion? No	Is Discovery Allowable Requested for Other Zone(s)? No	If Yes, Name all Such Formations
---	--	----------------------------------

(Continue on reverse side)

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

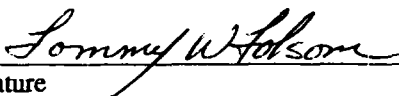
NAME	ADDRESS
Exxon	615 West Missouri, Midland Tx 79701
Santa Fe Energy	500 West Illinois Av, Midland TX 79701
Enron	P.O. Box 2267 Midland Tx 79702
Marlow	P.O. Box 832 Midland Tx 79702
Texaco	Heritage Center, Midland Tx 79702
Yates	105 South 4Th Artesia NM 88210
Pacific Enterprise	4245 Kemp Suite 600 Wichita Falls Tx 76307

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Division of such intent in writing within ten days after receiving a copy of this application..

Remarks:

OPERATOR CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Division have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well, I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.


Signature

General Manager 10-29-91
Title Date

Tommy W. Folsom
Printed Name

(505) 236-6041
Telephone No.

INSTRUCTIONS: File two copies of Form C-109 with attachments with appropriate district office and one copy with attachments with the Santa Fe Office.

Attachments: (See Rule 509 for details)

- 1) Map showing all wells within a two-mile radius of discovery well.
- 2) Electrical log with tops and bottoms of producing formations marked.
- 3) A sub-surface structure map if application is based on horizontal separation.
- 4) Geological cross-section.
- 5) Summary of reservoir data.
- 6) Evidence that all operators (listed above) owning leases within one mile of this well have been furnished a copy of this application.