

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

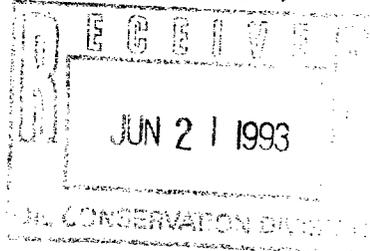
W. THOMAS KELLAHIN*

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

JASON KELLAHIN (RETIRED 1991)

June 21, 1993

HAND DELIVERED



Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Re: Federal #27-2 Well
Application of H. L. Brown, Jr.
for Approval of an Unorthodox Oil
Well Location, North Bluitt Siluro-
Devonian Pool, Roosevelt County, New Mexico

Dear Mr. LeMay:

On behalf of H. L. Brown, Jr., please find enclosed our referenced application for his Federal #27-2 Well which we request be set for hearing on the next available Examiner's docket now scheduled for July 15, 1993. Also enclosed is our proposed notice for this case.

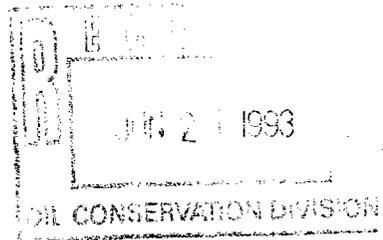
Very truly yours,

W. Thomas Kellahin

cc: H. L. Brown, Jr.

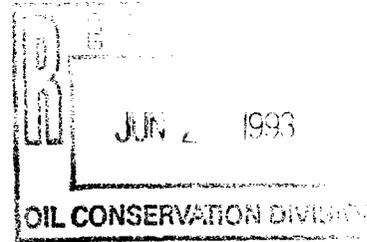
SUGGESTED NMOC D NOTIFICATION

CASE 10769 Application of H. L. Brown, Jr. for an unorthodox oil well location, Roosevelt County, New Mexico. Applicant seeks approval to drill his Federal #27-2 Well to test the North Bluitt Siluro-Devonian Pool at an unorthodox location 330 feet FWL and 2590 feet FSL (Unit L) Section 27, Township 7 South, Range 37 East, NMPM, Roosevelt County, New Mexico. The N/2SW/4 of said Section 27 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit. Said unit is located approximately 10 miles east of Milnesand, New Mexico.



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

IN THE MATTER OF THE APPLICATION
OF H. L. BROWN, JR. FOR APPROVAL
OF AN UNORTHODOX OIL WELL LOCATION,
ROOSEVELT COUNTY, NEW MEXICO



CASE: 10769

A P P L I C A T I O N

Comes now H. L. BROWN, JR., by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox oil well location for his Federal #27-2 Well to be drilled at an unorthodox oil well location 330 feet FWL and 2590 feet FSL (Unit L) of Section 27, T7S, R37E, NMPM, North Bluit Siluro-Devonian Pool, Roosevelt County, New Mexico. The N/2SW/4 of said Section 27 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit. Said unit is located approximately 10 miles east of Milnesand, New Mexico.

In support thereof, Applicant states:

1. The Applicant, H. L. Brown, Jr., has the right to drill and operate the N/2SW/4 of Section 27, T7S, R37E, NMPM, Roosevelt County, New Mexico.

2. Applicant propose to drill his Federal #27-2 Well at an unorthodox oil well location 330 feet FWL and 2590 feet FSL of said Section 27 and to dedicate the N/2SW/4 of said Section 27 as a standard 80-acre oil spacing and proration unit.

3. On January 19, 1988, at the request of the Applicant, the Division issued Order R-8586 which established the Special Rules and Regulations for the North Bluitt Siluro-Devonian Pool.

4. Rule 4 of the subject Pool rules provides that wells at standard location be located within 150 feet of the center of a governmental quarter-quarter section or lot.

5. The proposed well would be at an unorthodox location because it is too close to the west and north boundaries of its proposed spacing unit and requires an exception to Rule 4 of the subject pool.

6. Based upon geologic interpretations, a well at the proposed unorthodox location should penetrate the productive portion of the pool at the highest point on the structure while a well at the closest standard location will be down structure.

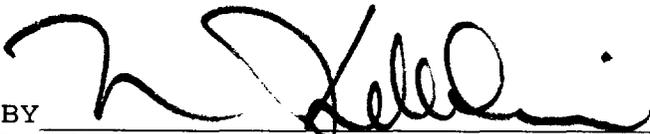
7. Approval of the unorthodox well location will provide an opportunity to maximize oil recovery from the pool thereby recovering oil that otherwise might be left unrecovered.

8. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of any hydrocarbons in the 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.

9. The subject well and its proposed spacing unit and all offsetting spacing units towards which the subject well encroaches are owned by the same royalty, overriding royalty and working interest owners.

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

ATTORNEY FOR APPLICANT

H. L. BROWN, JR.
POST OFFICE BOX 2237
MIDLAND, TEXAS 79702-2237

Cure 10769

R-9935

8/9/93

June 11, 1993

Jerry Sexton
State of New Mexico
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88241-1980

Re: Federal "27" #2 Well
Unit L, Sec 27, T7S, R37E
Roosevelt County, New Mexico

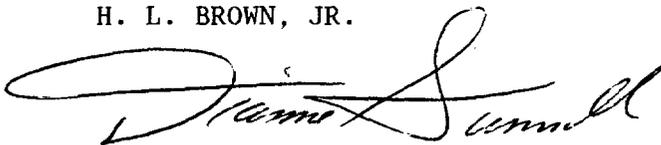
Dear Mr. Sexton:

Enclosed for your information is H. L. Brown, Jr.'s request to the NMOCD - Santa Fe for an unorthodox location for the above captioned Federal "27" #2 well. We were advised by Mike Stogner with the NMOCD - Santa Fe by telephone that he should have no problem in having this request approved Administratively and also waiving the 20 day waiting period since H. L. Brown, Jr. is the only offset operator to this well. As soon as the approval is received you will be advised.

If you need any further information, please let me know.

Sincerely,

H. L. BROWN, JR.



Dianne Sumrall
Production Clerk *pld*

enclosure
cc

H. L. BROWN, JR.
POST OFFICE BOX 2237
MIDLAND, TEXAS 79702-2237

June 11, 1993

Mike Stogner
State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

Re: Federal "27" #2 Well
2590' FSL and 330' FWL of
Sec 27, T-7S, R-37E, Unit L
Roosevelt County, New Mexico

Dear Mr. Stogner:

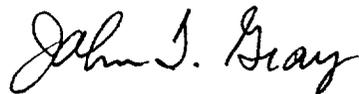
At this time H. L. Brown, Jr. would like to request approval for an unorthodox location on the above captioned Federal "27" #2 well.

H. L. Brown, Jr. is the only offset operator for this proposed test therefore no letters to offset operators were necessary. A land plat is enclosed for your reference.

As was discussed previously by telephone, my understanding is that since there are no offset operators other than HLB, you can waive the 20 day waiting period and approve this request Administratively. If this is not correct, please advise.

We appreciate your consideration of our request and if you have any questions or need any additional information, please feel free to call me at (915) 683-5216.

Very truly yours,



John T. Gray
Production Engineer

JTG:ds
enclosures
cc

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 H. L. Brown, Jr.

3. ADDRESS OF OPERATOR
 P. O. Box 2237, Midland, Texas 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface 330' FWL & 2590' FSL of NW/4 of the NW/4 of the SW/4 of Section 27, T-7S, R-37E, Roosevelt County, New Mexico
 At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 10 miles east of Milnesand, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 330'

16. NO. OF ACRES IN LEASE 320

17. NO. OF ACRES ASSIGNED TO THIS WELL 80

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, -FT. 1040'

19. PROPOSED DEPTH 9250'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4054.7 GR

22. APPROX. DATE WORK WILL START* June 20, 1993

5. LEASE DESIGNATION AND SERIAL NO.
 NM-54449

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Federal "27"

9. WELL NO.
 2

10. FIELD AND POOL, OR WILDCAT
 North Bluit (Siluro-Devonian)

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec 27, T-7S, R-37E

12. COUNTY OR PARISH
 Roosevelt

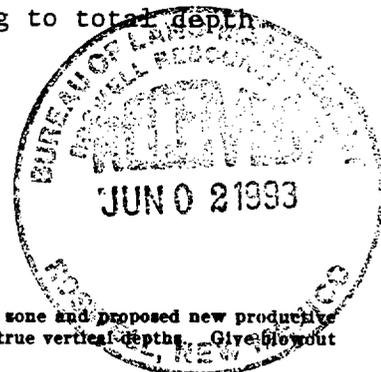
13. STATE
 NM

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2	13 3/8	48	550'	500 sx Class "C"
11	8 5/8	32	4000'	1500 sx Class "C"
7 7/8	5 1/2	17	9250'	700 sx Class "H" - (estimate)

Actual to be determined by logs.

Propose to drill test Devonian using rotary tools to ± 9250'. Cement will be circulated on 13 3/8" and 8 5/8" casing strings. A completion will be attempted in the North Bluit (Siluro-Devonian) Pool @ ± 9250'. Completion or abandonment will be performed in accordance with prudent practices and regulatory requirements. A double ram series 900 BOP and Choke Manifold will be used after setting 8 5/8" casing to total depth.



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED John T. Gray TITLE John T. Gray Production Engineer DATE 5/28/93

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY Sandra L. Allen TITLE Area Manager DATE 7/16/93

PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF THE ACCESS ROAD OR PAD WITHOUT PAYMENT IN ADVANCE. See Instructions On Reverse Side

APPROVAL OF THIS APPLICATION DOES NOT WARRANT CERTIFY THAT THE APPLICANT HOLDS LEGAL OR EQUITABLE TITLE TO THOSE RIGHTS IN THE SUBJECT LEASE WHICH WOULD ENTITLE THE APPLICANT TO CONDUCT OPERATIONS THEREON

Title 18 U.S.C. Section 1001. makes it a crime for any person knowingly and willfully to make to any department or agency of the

OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

appropriate
4 copies
3 copies

TRICT I
Box 1980, Robbs, NM 88240

TRICT II
Drawer DD, Artesia, NM 88210

TRICT III
00 Rio Brazos Rd., Aztec, NM 87410

Operator H.L. BROWN, JR.		Lease FEDERAL 27		Well No. 2	
Tract Letter L	Section 27	Township 7 SOUTH	Range 37 EAST NMPM	County ROOSEVELT	
Actual Footage Location of Well:					
2590 feet from the SOUTH line and		330 feet from the WEST line			
Ground Level Elev. 4054.7'	Producing Formation North Bluff Siluro Devonian	Pool N. Bluff Siluro - Devonian	Dedicated Acreage: 320 80 Acres		

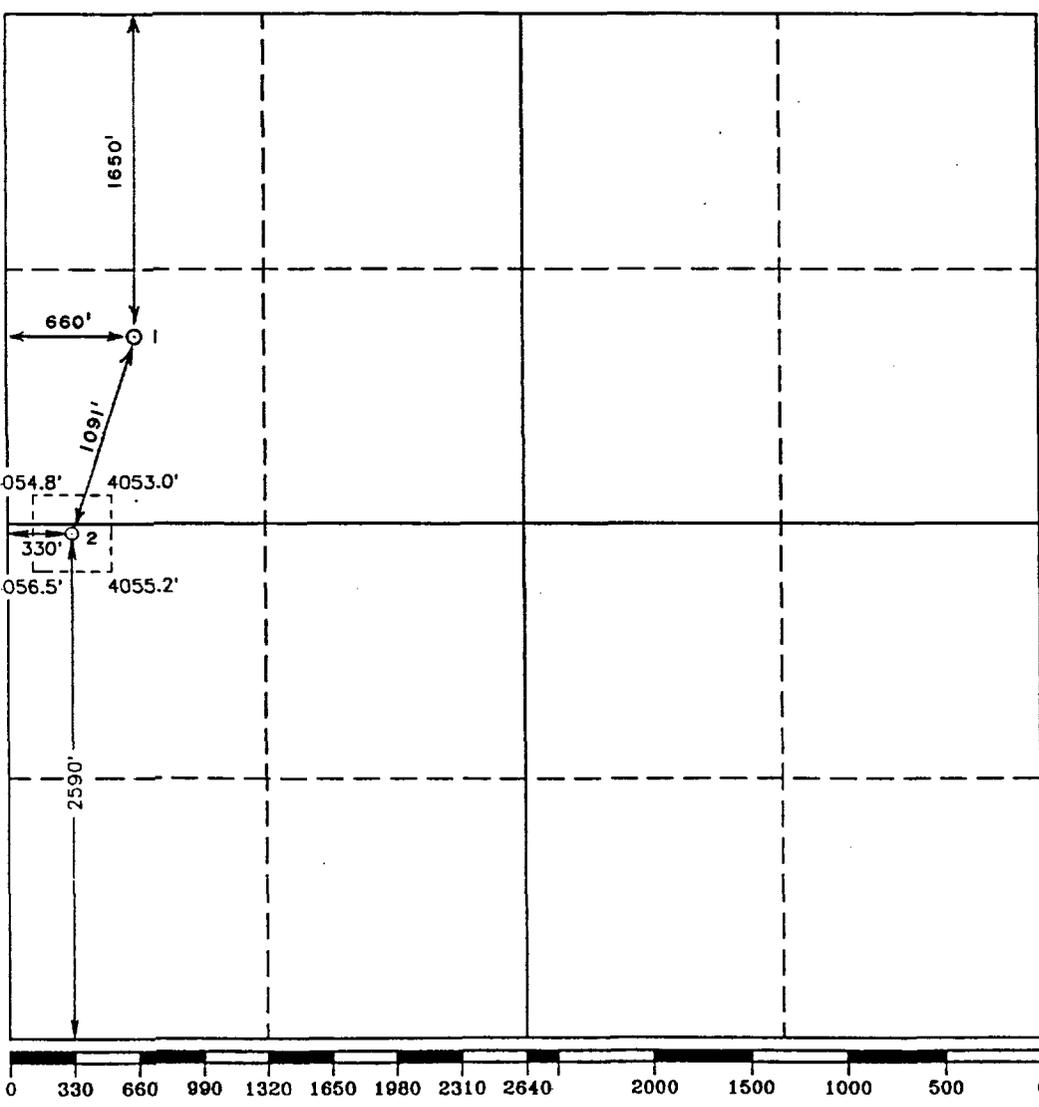
Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 Yes No If answer is "yes" type of consolidation _____

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)

No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *John T. Gray*

Printed Name: John T. Gray

Position: Production Engineer

Company: H. L. Brown, Jr.

Date: May 28, 1993

SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed: MAY 22, 1993

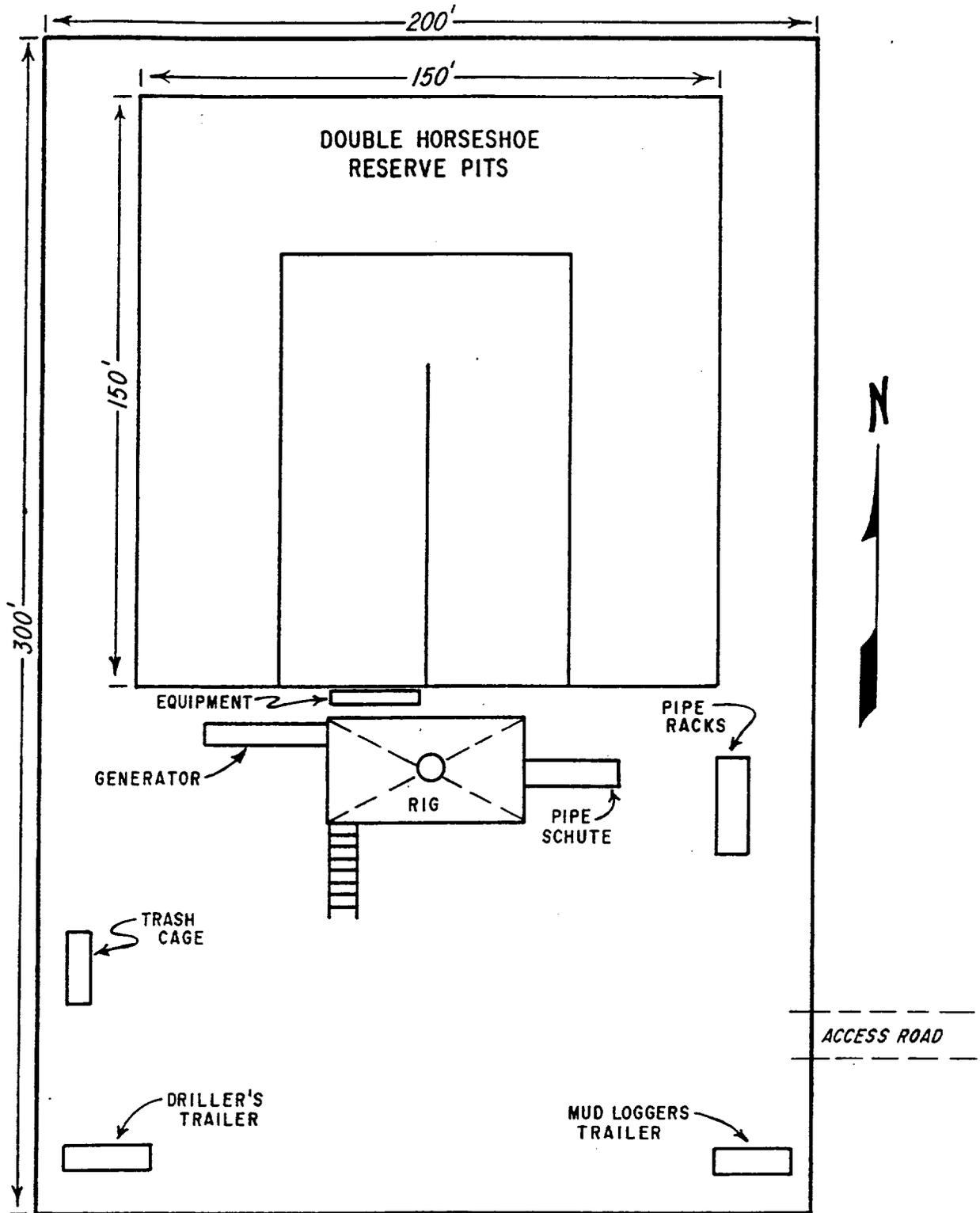
Signature & Seal of Professional Surveyor: *John W. Jones*

JOHN W. JONES
REGISTERED PROFESSIONAL LAND SURVEYOR
NEW MEXICO
7977

Certificate No. 676
676
3239
7977

93-11-0933

LOCATION PLAT



H. L. BROWN, JR.
FEDERAL "27" NO. 2
SECTION 27, T-7-S, R-37-E
ROOSEVELT COUNTY, NEW MEXICO

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

H. L. BROWN, JR.
FEDERAL "27" #2
2590' FSL AND 330' FWL, SEC 27, T-7S, R-37E
ROOSEVELT COUNTY, NEW MEXICO
NEW MEXICO LEASE NM-54449

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbances involved, and the procedures to be followed in rehabilitating the surface after completion of the operations so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a highway map showing the location of the proposed well as staked. Well is approximately 10 miles east of Milnesand on State Highway 262. Go approximately 4 1/2 miles east of Bluitt to a lease road on left. Go north approximately 3 1/2 miles then go west to Holly Federal #1, then Northwest 3/4 mile to Federal 27 #1 location, then south 1091 feet to proposed well site.
- B. Exhibit "A" 1 is a plat showing all existing roads within a one-mile radius of the well-site.
- C. There is no plans to improve or repair any of the existing roads at this time; however, this is an area where H. L. Brown, Jr. operates eleven gas wells and three oil wells, and the existing roads have been maintained in the past and that practice will continue in the future.

2. PLANNED ACCESS ROADS:

- A. Length and width: New road required will be twelve feet wide and approximately 200 feet long and will enter the location on the southeast side. This new road is labeled and color coded blue on Exhibit "A". The center line of the proposed new road from the beginning to the wellsite has been staked and flagged with the stakes being visible from any one to the next.
- B. Surfacing Material: Six inches of caliche, water, compacted and graded.
- C. Maximum Grade: 3 percent.
- D. Turnouts: None required.
- E. Drainage Design: New road will have a drop of six inches from center line on each side.

H. L. Brown, Jr.
Federal "27" #2

F. Culvert: This is a relatively flat surface broken with occasional low dunes of some 3-4' in relief. It is planned to meander slightly to avoid as much cutting and filling as practical; however, some dune levelling will be necessary on both the new road and on the proposed location.

3. LOCATION OF EXISTING WELLS:

A. Existing wells within a one-mile (plus) radius are shown on Exhibit "A".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. A tank battery, flow lines, and well equipment exist on the lease on the Federal "27" #1 well location owned by H. L. Brown, Jr.

B. If the proposed well is productive, a flow line will be laid from the Federal "27" #2 well location to the tank battery on the Federal "27" #1 well location.

5. TYPE OF WATER SUPPLY:

A. Water will be purchased and trucked to location by low bidder.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Caliche for surfacing the well pad will be obtained from an existing pit in Section 27, approximately 0.9 miles East of the proposed well location. The pit is on land owned by A. L. Perkins of Odessa, Texas. Location of the pit is shown on Exhibit "A". Caliche for the access road will be purchased and trucked from a private pit.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until pits are dry.

H. L. Brown, Jr.
Federal "27" #2

- C. Water produced during tests will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. Trash, waste paper, garbage, and junk will be discarded in a trash trailer and hauled to a state approved garbage disposal facility. All waste material will be contained within trailer to prevent scattering by the wind. Location of trash trailer is shown on Exhibit "B".
- F. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

9. WELLSITE LAYOUT:

- A. Exhibit "B" shows the relative and dimensions of the well pad.
- B. Only minor levelling of the wellsite will be required. No significant cuts and fills will be necessary.
- C. The reserve pit will be plastic lined.
- D. The pad and pit area have been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and location cleaned of all trash and junk to leave the wellsite is as aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.

H. L. Brown, Jr.
Federal "27" #2

- C. After abandonment of the well, surface restoration will be in accordance with the agreement with the surface owner. Pits will be filled and location will be cleaned. The pit area, well pad, and all unneeded access road will be ripped to promote revegetation. Rehabilitation should be accomplished within 90 days after abandonment.

11. OTHER INFORMATION:

- A. Topography: Land surface is undulating to gently rolling and dunny. From an elevation of 4054.7 feet at the wellsite, the surface slopes gently toward the East at about 30 feet per mile.
- B. Soil: Soil is predominantly sand and sandy loam underlain by caliche.
- C. Flora and Fauna: The vegetative cover is generally fifty to seventy-five percent and consists of mesquite, yucca, shinnery oak, sandsage, and perennial native range grass. Wildlife in the area is the typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, prairie chicken, dove, quail, and occasional antelope.
- D. Ponds and Streams: There are no rivers, streams, lakes, or ponds in the area.
- E. Residences and Other Structures: There are no occupied dwellings or other structures within or near the proposed area of the wellsite.
- F. Archeological, Historical and Cultural Sites: None observed in the area.
- G. Land Use: Grazing and hunting in season.
- H. Surface Ownership: Wellsite and road are on surface owned by Mr. Arlon Perkins.

H. L. Brown, Jr.
Federal "27" #2

12. OPERATOR'S REPRESENTATIVES:

The field representative responsible for assuring compliance with the approved surface use and operations plan is:

John Gray (915) 685-4033 (Residence)
Production Engineer (915) 683-5216 (Office)

H. L. Brown, Jr's office is located at 300 W. Louisiana, Midland, Texas 79702.

13. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by H. L. Brown, Jr. and his contractors and subcontractors in conformity with this plan and terms and conditions under which it is approved. This statement is subject to provisions of 18 U.P.S. 1001 for the filing of false statement.

6/17/93

Date

John J. Gray

John Gray
Production Engineer
H. L. Brown, Jr.

enclosures
cc