

Shell Western E&P Inc.

An affiliate of Shell Oil Company



P. O. Box 576
Houston, TX 77001

August 8, 1996

AIRBORNE EXPRESS

Mr. Michael E. Stogner
State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Dear Mr. Stogner:

SUBJECT: APPLICATION FOR ADMINISTRATIVE APPROVAL OF
AN UNORTHODOX LOCATION
WILDCAT MORROW POOL - 320 ACRE GAS UNIT
STATE "A", WELL NO. 10
SECTION 31, T17S, R35E
LEA COUNTY, NEW MEXICO

Shell Western E&P Inc. (SWEPI) respectfully requests administrative approval of an unorthodox well location for the deepening of the existing State "A", Well No. 10 to the Wildcat Morrow Pool, which is a gas pool. By utilizing this existing wellbore, which is currently completed in the Vacuum Middle Penn and the Vacuum Wolfcamp pools, SWEPI will be able to economically test the Morrow gas formation and will form a 320 acre gas unit. The State "A", Well No. 10 is currently located 940' FNL and 940' FEL of Section 31, T17S, R35E. Oil Conservation Division Rule 104.C.(2)(b) provides that any gas well having more than 160 acres dedicated to it shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract, nor closer than 1650 feet to the nearest end boundary, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

The following information is enclosed to support our request: Form C-101, Form C-102 reflecting the proposed 320-acre gas unit and the unorthodox well location, plat of diagonal and adjoining leases and a list of the affected parties.

A copy of this application on this day has been forwarded to the affected parties via certified mail, return receipt requested, along with a waiver of objection form. Should you have any questions or need any additional information, please do not hesitate to give me a call at (713) 544-3226.

Yours very truly,

A handwritten signature in cursive script, reading "Yvonne T. Iverson", is written over the typed name.

Yvonne T. Iverson
Western Asset - Asset Administration
Continental Division

Enclosures