

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)

30-025-31857

5. Indicate Type of Lease

STATE ☐

FEE ☒

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:

DRILL ☒

RE-ENTER ☐

DEEPEN ☐

PLUG BACK ☐

b. Type of Well:

OIL
WELL ☐

GAS
WELL ☒

OTHER ☐

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

7. Lease Name or Unit Agreement Name

Scharbauer "4" Fed. Com.

13328

2. Name of Operator

Mitchell Energy Corporation

15025

8. Well No.

1

3. Address of Operator

P.O. Box 4000 The Woodlands, TX 77387-4000

9. Pool name or Wildcat

West Teas - Morrow

4. Well Location

Unit Letter 0 : 660 Feet From The south Line and 1980 Feet From The east Line

Section 4 Township 20S Range 33E NMPM Lea County

10. Proposed Depth

14,000

11. Formation

Morrow

12. Rotary or C.T.

Rotary

13. Elevations (Show whether DF, RT, GR, etc.)

3556 GR

14. Kind & Status Plug. Bond

Blanket on File

15. Drilling Contractor

16. Approx. Date Work will start

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
26"	20"	94#	500'	Class "C"	Surface
17-1/2"	13-3/8"	68#	2950'	Light + Class "C"	Surface
12-1/4"	8-5/8"	32#	5400'	Light + Class "C"	2700'
7-7/8"	5-1/2"	17#	TD	Light + 500 sks POZ	9000'

Mitchell proposes to drill to a depth sufficient to test the Morrow formation for gas. If productive, 5 1/2" casing will be cemented at TD. If non-productive, the well will be plugged and abandoned in a manner consistent with State of New Mexico regulations. Blowout preventer schematic attached as Exhibits 1 & 1A.

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. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE George Mullen TITLE Reg. Affairs Specialist DATE 01-28-93

TYPE OR PRINT NAME George Mullen

TELEPHONE NO. (713) 377-5855

(This space for State Use)

ORIGINAL SIGNED BY JERRY SEXTON
DISTRICT I SUPERVISOR

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Permit Expires 6 Months From Approval
Date Unless Drilling Underway.

FEB 01 1993

RECEIVED

JAN 20 1993

OCD HORRS OFFICE

Submit to Appropriate
District Office
State Lease - 4 copies
Fed. Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator MITCHELL ENERGY Corporation			Lease SCHARBAUER 4 Fed. Com.		Well No. FED. #1
Unit Letter O	Section 4	Township 20S.	Range 33E.	County LEA	
Actual Footage Location of Well: 660 feet from the SOUTH line and 1980 feet from the EAST line					
Ground level Elev. 3556	Producing Formation Morrow		Pool West Teas (Morrow)		Dedicated Acreage 320 Acres

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

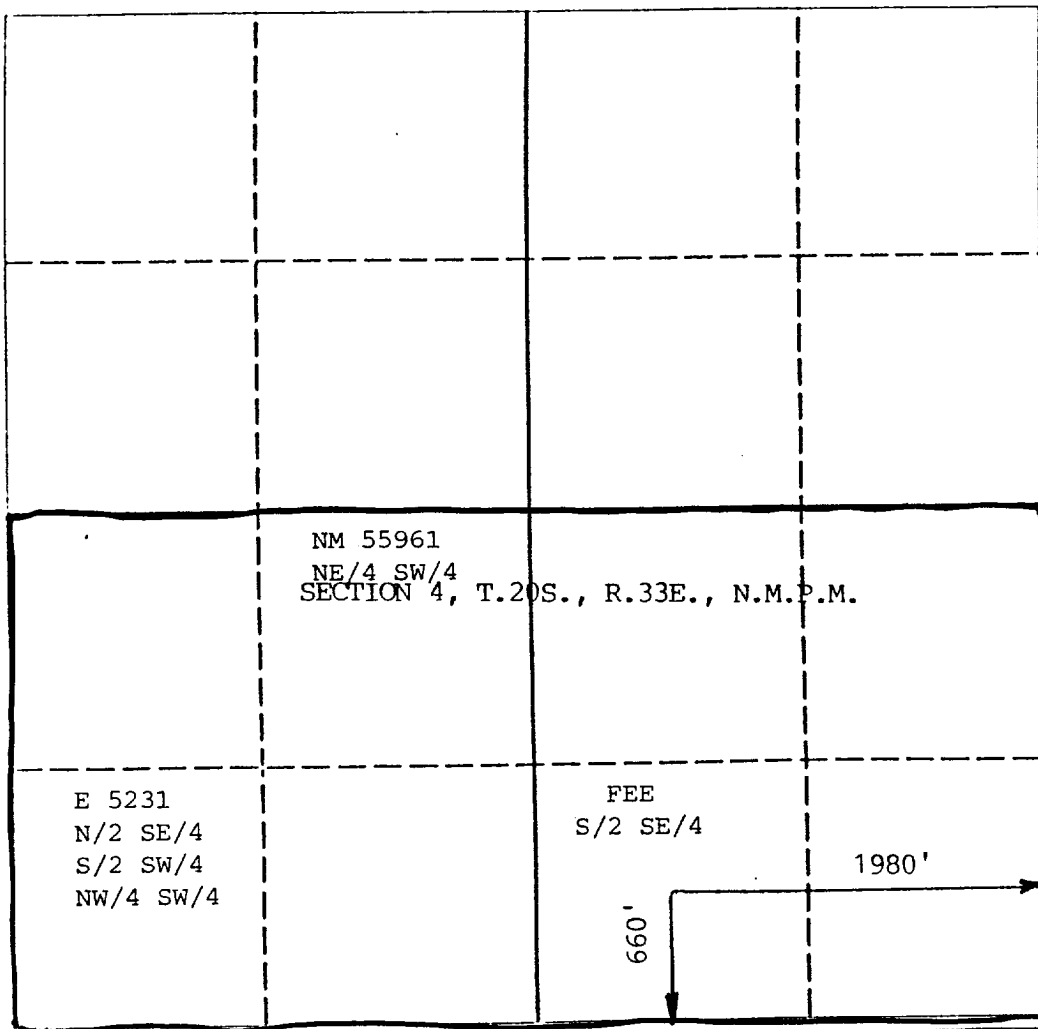
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. 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 the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or 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 in true and complete to the best of my knowledge and belief.

Signature

Printed Name

Mark N. Stephenson

Position

Mgr., Prod. Reg. Affairs

Company

Mitchell Energy Corp.

Date

January 6, 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

9/15/92

Signature & Seal of
Professional Surveyor

[Signature]
6290

JOHN D. JACQUES
CONSULTING ENGINEERS
P.O. Box 2565
ROSWELL, NEW MEXICO 88201
(505) 622-8866

GRID ELEVATIONS

JOB _____

SHEET NO. _____

OF _____

CALCULATED BY _____

DATE _____

CHECKED BY _____

DATE _____

SCALE _____

NW
3556

400'

NE
3554

400'

○

3556

400'

SW
3553

400'

SE
3554

SCHARBAUER 4 FEDERAL #1
SECTION 4, T.20S., R.33E.
660 FSL, 1980 FEL
LEA COUNTY, NEW MEXICO

JOHN D. JAQUESS
CONSULTING ENGINEERS
P.O. Box 2565
ROSWELL, NEW MEXICO 88202
(505) 622-8866

JOB _____
SHEET NO. _____ OF _____
CALCULATED BY _____ DATE _____
CHECKED BY _____ DATE _____
SCALE _____

SCHARBAUER 4 FED. #1
660 FSL, 1980 FEL
SECT. 4, T.20S, R.33E.

4 3
9 10

EXISTING TWO-TRACK
ROAD TO BE USED FOR
ACCESS ROAD TO
SCHARBAUER 4 FEDERAL #1

ANASAZI 9 FEDERAL #1
1980 FNL, 1980 FEL
SECT. 9, T.20S, R.33E.

MINIMUM BLOWOUT PREVENTER REQUIREMENTS

5,000 psi Working Pressure

5 MWP

EXHIBIT 1

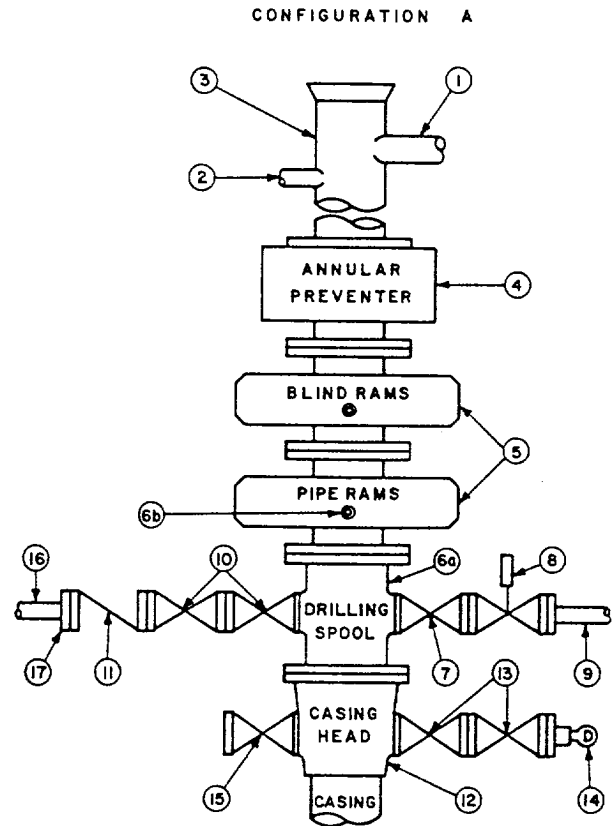
Scharbauer "4" Fed Com No. 1
Lea County, New Mexico

STACK REQUIREMENTS

No.	Item	Min. I.D.	Min. Nominal
1	Flowline		
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min. choke line outlets or		
6b	2" minimum kill line and 3" minimum choke line outlets in ram. (Alternate to 6a above.)		
7	Gate valve	3-1/8"	
8	Gate valve — power operated	3-1/8"	
9	Line to choke manifold		3"
10	Gate valves	2-1/16"	
11	Check valve	2-1/16"	
12	Casing head		
13	Gate valves	1-13/16"	
14	Pressure gauge with needle valve		
15	Gate Valve or Flanged Valve w/Control Plug	1-13/16"	
16	Kill line to rig mud pump manifold		2"

OPTIONAL

17	Roadside connection to kill line		2"
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CONTRACTOR'S OPTION TO FURNISH:

- All equipment and connections above bradenhead or casinghead.
- Automatic accumulator (80 gallon, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
- BOP controls, including control for hydraulically operated wing valve, to be located near drillers position with remote controls located away from rig floor.
- Kelly equipped with Kelly cock and Hydril Kelly valve, or its approved equivalent.
- Hydril Kelly valve or its approved equivalent and approved inside blow-out preventer to fit drill pipe in use on derrick floor at all times.
- Kelly saver-sub equipped with rubber casing protector at all times.
- Extra set of pipe rams to fit pipe being used on location.
- Plug type blowout preventer tester.
- Type RX ring gaskets in place of Type R.

- Outlet for Halliburton on kill line.

MEC TO FURNISH:

- Bradenhead or casinghead and side valves.
- Wear bushing, if required.

GENERAL NOTES:

- Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
- All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers. Valves must be full opening and suitable for high pressure mud service.
- Controls to be of standard design and each marked, showing opening and closing position.
- Chokes will be positioned so as not to hamper or delay changing of choke

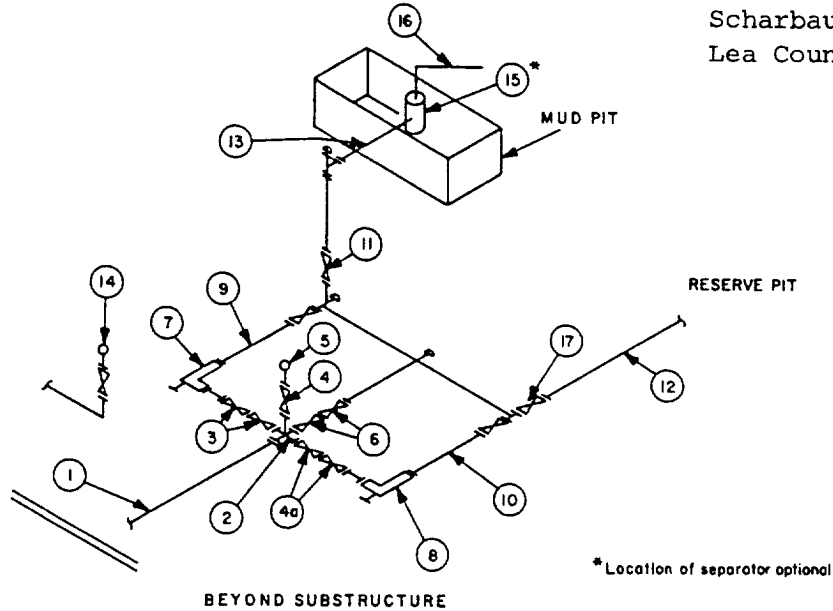
beans. Replaceable parts for adjustable choke, other bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.

- All valves to be equipped with hand-wheels or handles ready for immediate use.
- Choke lines must be suitably anchored.
- Handwheels and extensions to be connected and ready for use.
- Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
- All seamless steel control piping (3000 psi working pressure) to have flexible joints to avoid stress. Approved hoses will be permitted.
- Casinghead connections shall not be used except in case of emergency.
- Do not use kill line for routine fill-up operations.
- Rig pumps ready for hook-up to BOP control manifold for emergency use only.

MINIMUM CHOKE MANIFOLD
3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP

EXHIBIT 1-A
Scharbauer "4" Fed Com No. 1
Lea County, New Mexico



MINIMUM REQUIREMENTS										
No.		3,000 MWP			5,000 MWP			10,000 MWP		
		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING
1	Line from drilling spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3"x3"x3"x2"			3,000			5,000			
	Cross 3"x3"x3"x3"									10,000
3	Valves(1) Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
4	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	1-13/16"		3,000	1-13/16"		5,000	1-13/16"		10,000
4a	Valves(1)	2-1/16"		3,000	2-1/16"		5,000	3-1/8"		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
7	Adjustable Choke(3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
12	Lines		3"	1,000		3"	1,000		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000			10,000
15	Gas Separator		2'x5'			2'x5'			2'x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

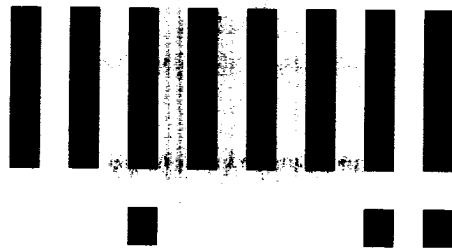
(1) Only one required in Class 3M.

(2) Gate valves only shall be used for Class 10M.

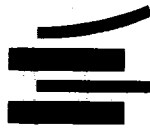
(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

- All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
- All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
- All lines shall be securely anchored.
- Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
- Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
- Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90° bends using bull plugged tees.
- Discharge lines from chokes, choke bypass and from top of gas separator should vent as far as practical from the well.



LTR



Job separation sheet

Holler

BLM approves federal wells in potash area so we do not have to worry about this.

STATE & FEE LEASES

Post to map and if within the potash area outlined on map or within 1 mile of that area do the following:

- 1) Make certain operator has filed a plat of the area showing the potash lessees for the area where the well is located as well as the 1-mile radius referred to.
- 2) Make certain operator has notified all of the potash lessees by certified mail of the APD. They must send copy of delivery notice to us since 20-day waiting period starts from delivery date.
- 3) Send letter to BLM and SLO advising them of this APD and request they advise if this location is within LMR or buffer zone.
 BUFFER ZONE -- shallow well is 1/4 mile of LMR
 -- deep well is 1/2 mile of LMR
- 4) If application is within LMR or buffer zone you must DENY it under R-111-P unless, there is a mutual agreement of lessor and lessees of oil & gas and potash interests. Copy of this agreement must be submitted with APD.
- 5) If application is outside LMR or buffer zone and no objection is received within 20 days from date of receipt by potash lessees of certified notice, the APD may be approved.

CHECK LIST FOR PROCESSING APD IN POTASH AREA

OPERATOR: Mitchell Energy Corp

LEASE & WELL Scharbauer 4 Fed Com #1 - 2

LOCATION 669A + 1980/E 4-20-33 PROPOSED DEPTH 14,000

DATE APD RECEIVED 1-11-93 WAS PLAT OF AREA ATTACHED yes

WERE ALL POTASH LESSEES NOTIFIED BY CERTIFIED MAIL? yes

20-DAY WAITING PERIOD BEGINS NoRanda 1-13-93 ENDS Feb 2, 1993

WERE WAIVERS RECEIVED? Miss. Chem

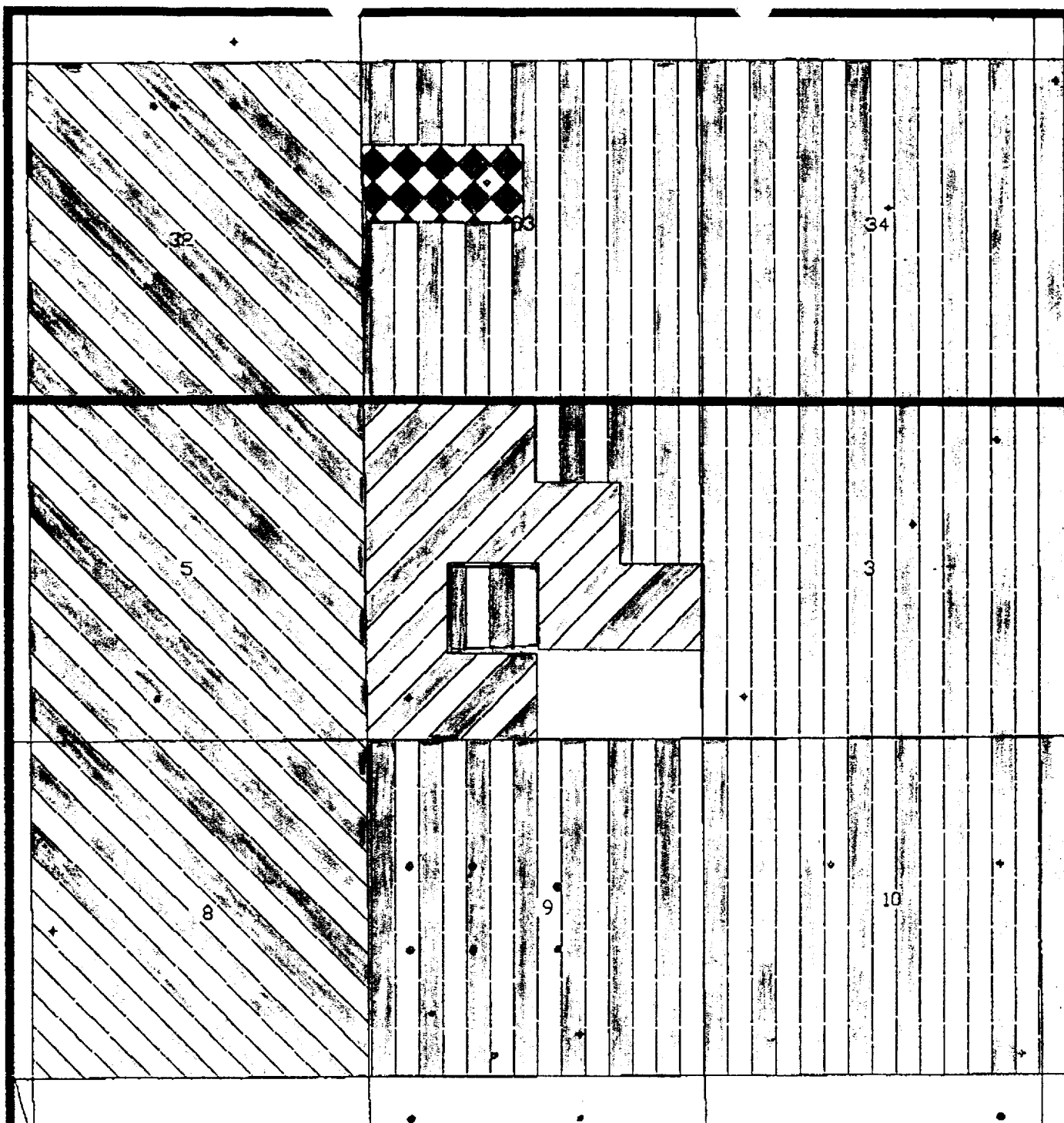
DATE SLO NOTIFIED 1-13-93 DATE REPLY RECEIVED 1-19-93

DATE BLM NOTIFIED 1-13-93 DATE REPLY RECEIVED _____

IS LOCATION INSIDE LMR OR BUFFER ZONE? YES _____ NO ☒

IF LOCATION INSIDE LMR OR BUFFER ZONE WAS LESSEE/LESSOR AGREEMENT FURNISHED _____

DATE APD APPROVED 2-1-93 DATE APD DENIED _____



Mississippi Chemical Inc.



Noranda Exploration Corp



Unleased Federal



Unleased State



Unleased Fee



MITCHELL ENERGY CORP.

POTASH LESSEES

Lea County, New Mexico

Schaubauer "4" Fed. Com. #1

T20S R33E, Section 4



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

BRUCE KING
GOVERNOR

January 13, 1993

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

BUREAU OF LAND MANAGEMENT
P.O. Box 1778
Carlsbad, NM 88221

STATE LAND OFFICE
Attn: Ernie Szabo
P.O. Box 1148
Santa Fe, NM 87504

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR MITCHELL ENERGY CORPORATION

LEASE NAME SCHARBAUER 4 FED COM #1, Unit 0

PROPOSED LOCATION 660/S & 1980/E 4-20S-33E

PROPOSED DEPTH 14,000 MORROW

Gentlemen:

The application for permit to drill identified above has been filled with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether the location is within an established Life-of-Mine-Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

RESPONSE:

The above-referenced location is in LMR ----- Yes ☐ No ☐

The above-referenced location is within the buffer zone----- Yes ☐ No ☐

Signed _____

Date _____

Representing _____





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

BRUCE KING
GOVERNOR

January 12, 1993

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Mitchell Energy Corporation
P.O. Box 4000
The Woodlands, TX 77387-4000

Attn: Mr. Mark N. Stephenson

RE: Request for Waiver of Salt Protection String Requirement - R-111-P
Scharbauer '4' Federal Com #1
Unit 0, Sec. 4, T20S, R33E

Gentlemen:

Your letter requesting that the requirement for a "salt protection string" of casing be waived for the above-referenced well has been received.

I realize this location appears to be more than one mile from an LMR but according to my instruction from Division Director Bill LeMay we will not be making expectations administratively.

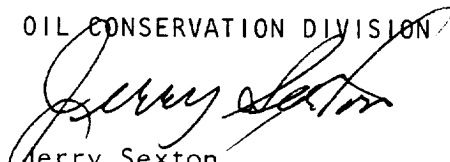
As is our policy you have the option of a hearing to obtain exception to this requirement.

It is noted that Noranda and Mississippi Chemical have been notified by certified mail January 6, 1993. As soon as you receive waivers from these companies, please forward them to us. Also, if waivers are not received the 20-day waiting period will commence from date the certified letter was received by the potash companies.

Unless you propose to set this matter for hearing you should submit a revised intent to drill showing a salt protection string of casing.

Very truly yours,

OIL CONSERVATION DIVISION


Jerry Sexton
Supervisor, District I

ed

*Resubmitted C-101
with salt protection
string.*



January 6, 1993

Mr. J.T. Sexton
Supervisor and Oil & Gas Inspector
Oil Conservation Division
1000 W. Broadway, P.O. Box 1980
Hobbs, NM 88240



Re: *Proposed Scharbauer "4" Fed. Com. Well No. 1*
Lea County, New Mexico

Dear Mr. Sexton:

Enclosed please find an Application for Permit to Drill the above referenced well. In connection with this application, Mitchell Energy Corporation is requesting that the Oil Conservation Division waive the requirement to set a "salt protection string" of casing. This request is being made in accordance with the provisions of Section C. (4) of Order R-111-P, which provides that "The Division's District Supervisor may waive the requirements of sections D and F (Drilling, Casing, and Plug and Abandonment) which are more rigorous than the general rules upon a satisfactory showing that the location is outside the Life of Mine Reserves (LMR) and surrounding buffer zone as defined herein below and that no commercial potash resources will be unduly diminished".

Mitchell believes the proposed casing and cementing program for the subject well will protect all natural resources and that the requisite showings can easily be met. The subject well will be drilled to a total depth of 14,000' with the intention of making a completion in the Morrow formation. To ensure that potash resources are protected, we plan to set 8-5/8" casing at 5400' and cement it to the surface. The proposed location is 660' FSL and 1980' FEL of Section 4, Township 20 South, Range 33 East, Lea County, which is in the middle of a large barren area within the designated Potash Area. We have confirmed, through telephone conversations with Mr. Ernie Szabo of the State Land Office and Mr. Craig Cranston of the Bureau of Land Management's Carlsbad Office, that the proposed location is more than one

mile from the closest LMR. In considering whether or not to request a waiver of the requirement for a "salt protection string", Mitchell closely reviewed the provisions of the "1987 Industry Agreement" between Oil and Gas and Potash Industries. While Mitchell recognizes that the OCD and the industries are not bound by this agreement, it is useful as a guidance document in that it sets out specific criteria for drilling oil and gas wells in the Potash Area. Of particular relevance to this application is Section III B.4., which reads as follows:

MORE THAN ONE MILE FROM LMR: An APD for an oil or gas well at a location more than one mile from the LMR of any potash lessee may be approved regardless of the depth of the bottom hole location and without regard to the requirements of Section V (relating to the Drilling and Casing Program) of this Agreement.

Thus, we believe the proposed casing program satisfies the requirements and spirit of both Order R-111-P and the "1987 Industry Agreement". From a practical and technical perspective, we see no reason for the OCD to treat a well which is within the Potash Area, but in a large barren area and more than one mile from a LMR any differently than a well outside the Potash Area. Indeed, it is highly probable that many wells drilled outside the Potash Area (and therefore not subject to the stringent casing requirements of Order R-111-P) are actually closer to allegedly commercial potash than the subject well would be.

To assist you in your review of this application, we have enclosed a copy of the BLM's "1984 Potash Map" which shows the proposed location of the subject well, and a plat showing the potash lessees in this area.

A copy of this application has been sent to Mississippi Chemical Corporation and Noranda Exploration Inc., the only potash lessees within one mile of the proposed location, as well as the mineral owners under the drillsite tract which is a fee lease.

By copy of this letter, we are requesting that any party having an objection to our request to waive the requirement for a "salt protection string" so notify the OCD and the undersigned within 21 days of the date of this letter. In the absence of a protest, we ask that this request be approved administratively.

If further information is required, please call me at 713-377-5818.

Sincerely,

MITCHELL ENERGY CORPORATION



Mark N. Stephenson
Manager
Production-Regulatory Affairs

MNS:mtb
scharbau.mns

cc: See attached Certificate of Service

enc.

Certificate of Service

I hereby certify that a true and correct copy of the Application for Permit to Drill and attachments for the proposed Scharbauer "4" Fed. Com. Well No. 1 has been sent to the following parties via certified or registered mail on this 6th day of January, 1993.

William LeMay
New Mexico Oil Conservation Division
310 Old Santa Fe Trail
P.O. Box 2088
Santa Fe, New Mexico 87504

Randy Foote
Mississippi Chemical Corporation
1996 Potash Mine Road
Carlsbad, New Mexico 88220

Frank Condon
Noranda Exploration, Inc.
Suite 800
4 King Street West
Toronto, Canada M5H3X2

Scharbauer Cattle Company
P.O. Box 1471
Midland, Texas 79701-1471

John R. Anderson
P.O. Box 136
Gail, Texas 70738-0136

Roy E. Lee
600 Goliad Ave.
Albuquerque, NM 87107

Ernie Szabo
New Mexico State Land Office
310 Old Santa Fe Trail
P.O. Box 1148
Santa Fe, New Mexico 87504

R.D. Lee, Jr. & Leora Lee
P.O. Box 363
Lovington, New Mexico 88260-0363

Giles M. Lee & Joie Anderson Lee
West Star Route, Box 478
Lovington, New Mexico 88260-0478

Mary Ann Ham,
formerly Mary Ann Lee
H.C. 64, Box 22
Big Lake, Texas 76932-0022

Becky Brooks Christmas,
formerly Becky Brooks Lee
P.O. Box 173
Wagon Mound, New Mexico 87752-0173

Elizabeth Forrester Berry
& Daniel C. Berry, III
P.O. Box 160
Eunice, New Mexico 88231-0160

Brookie Lee Green
& Dan Green
2814 Emerson Place
Midland, Texas 79701

Malcolm S. Anderson
3530 Rangenvue Rd.
Greeley, Colorado 80634

Robert Romero, Executor
Est. of W.A. Anderson, Jr. Deceased
8560 Park Lane, #25
Dallas, Texas 75321

By:



Mark N. Stephenson
Manager-Production Regulatory Affairs
Mitchell Energy Corporation



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

BRUCE KING
GOVERNOR

January 13, 1993

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HOBBS, NEW MEXICO 88241-1980
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BUREAU OF LAND MANAGEMENT
P.O. Box 1778
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Attn: Ernie Szabo
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RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR MITCHELL ENERGY CORPORATION

LEASE NAME SCHARBAUER 4 FED COM #1, Unit 0

PROPOSED LOCATION 660/S & 1980/E 4-20S-33E

PROPOSED DEPTH 14,000 MORROW

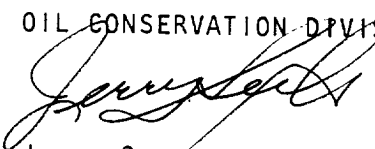
Gentlemen:

The application for permit to drill identified above has been filled with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether the location is within an established Life-of-Mine-Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please return as soon as possible.

Very truly yours,

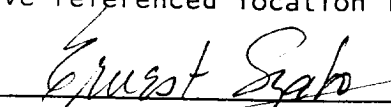
OIL CONSERVATION DIVISION


Jerry Sexton
Supervisor, District I

RESPONSE:

The above-referenced location is in LMR ----- Yes ___ No ☒

The above-referenced location is within the buffer zone----- Yes ___ No ☒

Signed 
Representing N.M. State Land Office

Date Jan 15, 1993



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January 15, 1993

Mark N. Stephenson
Mitchell Energy Corp.
2001 Timberloch Place
PO Box 4000
Woodlands, Texas 77387-4000

Dear Mr. Stephenson:

We received our copy of your application to drill Scharbauer "4" Fed. Com. Well No. 1 located in Sec. 4, T20S, R33E. Mississippi Chemical has no objection to the well location but we do object to dropping the requirements for R-111-P casing requirements.

Sincerely,

MISSISSIPPI CHEMICAL CORPORATION

A handwritten signature in black ink, appearing to read "Randy Foote".

Randy Foote
General Manager

RF/bl

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Mark Stephenson

Street and No. Rue et no.

P.O. Box 4000

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The Woodlands TEXAS 77387

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