CASE 6791: HOLLY ENERGY, INC. FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO

## CASE NO.

6791

APPlication, Transcripts, Small Exhibits,

ETC.



## STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

February 12, 1980

POST CAPICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

Re: CASE NO. 6791 GRDER NO. R-6262

Mr. Joel Carson Losee, Carson & Dickerson Attorneys at Law Post Office Box 239 Artesia, New Mexico 88210

Applicant:

Holly Energy, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY

Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD

Other

#### STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 6791 Order No. R-6262

APPLICATION OF HOLLY ENERGY, INC. FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

#### ORDER OF THE DIVISION

#### BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 16, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 7th day of Pebruary, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

#### FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Holly Energy, Inc., seeks approval of an unorthodox gas well location for its State 30 Well Mo. 1, a Morrow test to be drilled 660 feet from the North line and \$40 feet from the East line of Section 30, Township 17 South, Range 28 East, NMPM, Fddy County, New Mexico.
- (3) That the N/2 of said Section 30 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.

-2-Case No. 6791 Order No. R-6262

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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 wate and protect correlative rights.

#### IT IS THEREFORE ORDERED:

- (1) That an unorthodox gas well location for the Morrow formation is hereby approved for the Holly Energy, Inc. State 30 Well No. 1 to be drilled at a point 660 feet from the North line and 840 feet from the East line of Section 30, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.
- (2) That the N/2 of said Section 30 shall be dedicated to the above-described well.
- (3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

SEAL

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

JOE D. RAMEY

Director

Page	1
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
16 January 1980

#### EXAMINER HEARING

IN THE MATTER OF:

Application of Holly Energy, Inc., ) for an unorthodox gas well location, ) Eddy County, New Mexico.

CASE 6791

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

#### APPEARANCES

For the Oil Conservation Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Joel Carson, Esq.
LOSEE, CARSON, & DICKERSON
Artesia, New Mexico

ALLY W. BOYD, C.S. Rt. 1 Box 193-B Sente Fe, New Mexico 87301 Phone (305) 455-7409 10

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#### I N D E X

ROBERT E. BOLING

Direct Examination by Mr. Carson 3

LT W. BOTD, C. Rt. 1 Box 193-B

#### EXHIBITS

Applicant Exhi	ibit One, Plat	:	4
Applicant Exhi	ibit One-A, St	ructure Map	4
Applicant Exhi	ibit Two, Isop	ach	4
Applicant Exhi	ibit Three. Cr	coss Section	t

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MR. NUTTER: Call Case Number 6791.

MR. PADILLA: Application of Holly Energy Inc., for an unorthodox Gas well location, Eddy County, New Mexico.

MR. CARSON: Mr. Examiner, my name is Joel Carson, Losee, CArson, and Dickerson, P. A., Artesia, New Mexico, appearing on behalf of applicant.

I have one witness, Mr. Bob Boling, who needs to be sworn.

(Witness sworn.)

#### ROBERT E. BOLING

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

#### DIRECT EXAMINATION

#### BY MR. CARSON:

- Q. Would you state your name, please?
- A. Robert E. Boling.
- Q. And Mr. Boling, by whom are you employed?
- A. Holly Energy.
- Q. And in what capacity?
- As a consultant geologist.
- Mr. Boling, have you previously testi-

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fied before this Commission?

A. I have.

Q. And have your qualifications been acceptable?

A. Yes, sir.

MR. CARSON: Is the witness considered qualified, Mr. Nutter?

MR. NUTTER: Yes, he is.

Q. All right. Mr. Boling, would you please state the purpose of this application?

A. The application is for an unorthodox

Morrow location to be drilled in the north half of Section

30, with the north half dedicated to the well.

Q. I refer you to Applicant's Exhibit Number
One and ask you to explain that exhibit.

A. This is a land plat, which shows the proposed location and the north half of 30, with the north half of 30 dedicated to the well for a Morrow test.

Q I refer you to Applicant's Exhibit Number One-A and ask you to identify that exhibit, please.

A. This is a structural map on the top of the Morrow Clastics, covering this area, and shows a regional southeast dip across the area.

Q I refer you to Applicant's Exhibit Number Two and ask you to identify that and explain what it shows.

This is an Isopach map which shows the thickness of the area from the top of the Morrow Clastics to the top of the Chester Mississippian unconformity below it.

Essentially it shows the thickness of the Morrow section in the area, and it shows the thickening, the thickest part of the Morrow coming right through the requested location.

And it would show that that location is the -- is the best location in that proration unit, is that -

- Yes, that's right.
- For drilling the well, is that correct?
- That's correct.

I refer you to Applicant's Exhibit Number Three and ask you to identify it and explain it.

This is a cross section which runs from approximately three-quarters of a mile west of the -- of the one good producing Morrow well in the area, through the good producing Morrow well, and another half mile to the east through -- into a poor producing well in the Morrow.

It also shows the importance of getting in the thick part of the Morrow where the sands are deposited This is kind of interesting. You know, that well is the one -- the Stanoline State AB No. 1 is among

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SALLY W. BOYD, C.S., Rt. 1 Box 199-B Sunta Fe, New Mexico 87501 2

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the best Morrow wells in the State of New Mexico, with cumulative production which is like 27.7-billion cubic feet, and it has a little over 100 feet of sand in it, which sounds good but when you start thinking about it being a 10-story sandpile, it's a little different. You know, it really stacked up in the -- in the deep -- where there had been erosion down into the Chester and filled up with sand and full of gas.

Q. Mr. Boling, would you refer to the publication and give us the exact location in terms of footage of this well? I think you have it in your notebook there.

A All right. The proposed location is 660 feet from the north line and 840 feet from the east line of Section 30.

Q. Mr. Boling, were Exhibits Number One, One-A, Two, and Three prepared under your supervision?

A. Yes, sir.

MR. CARSON: I'd move the introduction of these exhibits, Nr. Examiner.

MR. NUTTER: Exhibits One through Three will be admitted in evidence.

Mr. Boling, in your professional opinion would the granting of this application prevent waste and protect correlative rights, and otherwise prevent the drilling of an unnecessary number of wells?

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SALLY W. BOYD, C.S.F.
Rt. 1 Box 193-B
Spate Fo. Now Mexico 87201

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A It would.

MR. CARSON: We have no further questions of the witness, Mr. Examiner.

MR. NUTTER: And the north half of the section would be dedicated to the well, is that correct, Mr. Boling?

A Yes, sir, that's correct.

MR. NUTTER: Are there any further questions of the witness? He may be excused.

Do you have anything further, Mr. Carson?

MR. CARSON: Nothing further.

MR. NUTTER: Does anyone have anything

they wish to offer in Case Number 6791?

We'll take the case under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

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I, SALLY W. BOYD, a Certified Shorthand Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

I do here'ry corlify that the foregoing is a corrected a reserve of the proceedings in the line, they hearing of Case Plo. 679/, heard by ...e on 1/16 1980.

\_, Examiner Oil Conservation Division

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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (365) 455-7409

STATE OF BEH MEXICO

ENERGY AND MINERALS DEPARTMENT CIL CONSERVATION DIVISION

STATE LAND OFFICE BLDG.

SANTA PE, NEW MEXICO

16 January 1980

#### EXAMINER HEARING

IN THE MATTER OF:

Application of Holly Energy, Inc., for an uncrthodox gas well location, ) Eddy County, New Mexico.

CASE 6791

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

#### APPEARANCES

For the Oil Conservation Division:

Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501

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For the Applicant:

Joel Carson, Esq. LOSEE, CARSON, & DICKERSON Artesia, New Mexico

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#### INDEX

ROBERT E. BOLING

Direct Examination by Mr. Carson

#### EXHIBITS

Applicant Exhibit One, Plat Applicant Exhibit One-A, Structure Map Applicant Exhibit Two, Isopach Applicant Exhibit Three, Cross Section

SALLY W. BCYD, C.S.R.
Rt. 1 Box 193-B
Senta Fe, New Mexico 8750!
Phone (505) 455-7409

MR. MUTTER: Call Case number 6791.

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MP. PADILIA: Application of Folly Energy

Inc., for an unorthodox Gas well location, Eddy County, New Mexico.

MR. CARSON: Mr. Examiner, my name is Joel Carson, Losee, Chrson, and Dickerson, F. A., Artesia, New Mexico, appearing on behalf of applicant.

I have one witness, Mr. Dob Boling, who needs to be sworn.

#### (Witness sworm.)

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- And Mr. Boling, by whom are you employed?
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# SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa F. New Mexico 87301 Diversified States

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MR. CARSON: Is the witness considered qualified, Mr. Nutter?

MR. NUTTER: Yes, he is.

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A. The application is for an unorthodox Morrow location to be drilled in the north half of Section 30, with the north half dedicated to the well.

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### SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87501 Phone (505) 455-7409

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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Sunta Fe, New Mexico 87501 Phone (505) 455-7409 Ô

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MR. CARSON: Nothing further.

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MR. MUTTER: Does anyone have anything

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they wish to offer in Case Number 6791?

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We'll take the case under advisement.

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(Hearing concluded.)

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REPORTER'S CERTIFICATE

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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mexico 87361 Phone (303) 455-7409

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I, SALLY W. BOYD, a Certified Shorthand Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd, C.S.R.

I do har the state that the foregoing is d co or o and the proceedings in the constructing of Case No. 679 /.
heard by all on 1/16 19 86.

Oil Conservation Division \_, Examiner

Dockets Nos. 3-80 and 4-80 are tentatively set for January 30 and February 13, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

#### DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 16, 1980

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

- The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

  ALLOWABLE: (1) Consideration of the allowable production of gas for February, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for February, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 6787: In the matter of the hearing called by the 9il Conservation Division on its own motion to consider the approval of 12 non-standard proration units ranging in size from 261.51 acres to 334.24 acres for 320-acre spaced pools, and 19 non-standard proration units ranging in size from 162.65 acres to 207.57 acres for 160-acre spaced pools, all of the aforesaid units being in and resulting from the irregular size and shape of Sections 1 thru 7 and 18, 19, 30, and 31, along the North and West sides of Township 28 North, Range 3 West, Rio Arriba County.
- Application of Amoco Production Company for a dual completion, Lea County, New Mexico.

  Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its South Mattix Unit Well No. 35 located in Unit F of Section 15, Township 24 South, Range 37 East, to produce gas from the Fowler-Upper Paddock Pool and oil from the Fowler-Drinkard Pool thru parallel strings of tubing.
- CASE 6789: Application of Knox Industries, Inc. for an unorthodox oil well location, Lea County, New Mexico.

  Applicant, in the above-styled cause, seeks an exception to the well location requirements of the Scharb-Bone Springs Pool as promulgated by Order No. R-2589 to permit its New Mexico State Well No. 2 to be drilled in Unit H of Section 1, Township 19 South, Range 34 East, the E/2 NE/4 of said Section 1 to be dedicated to the well.
- CASE 6790: Application of Merrien & Bayless for gas well commingling, San Juan County, New Mexico.

  Applicant, in the above-styled cause, seeks permission to temporarily commingle certain of its Pictured Cliffs gas wells in Sections 1, 2, 3, 9, 10, and 11, Township 26 North, Range 13 West, in a common gathering system and meter the entire lease output through the purchaser's sales meter located in Unit M of said Section 7.
- CASE 6784: (Continued from January 3, 1980, Examiner Hearing)

Application of Merrion & Bayless for a non-standard proration unit and an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 640-acre non-standard gas proration unit comprising the W/2 of Section 18 and the W/2 of Section 19, Township 32 North, Range 14 West, Barker Creek-Paradox Pool, to be dedicated to its Ute Well No. 7 at an unorthodox location 1685 feet from the South line and 3335 feet from the East line of said Section 19.

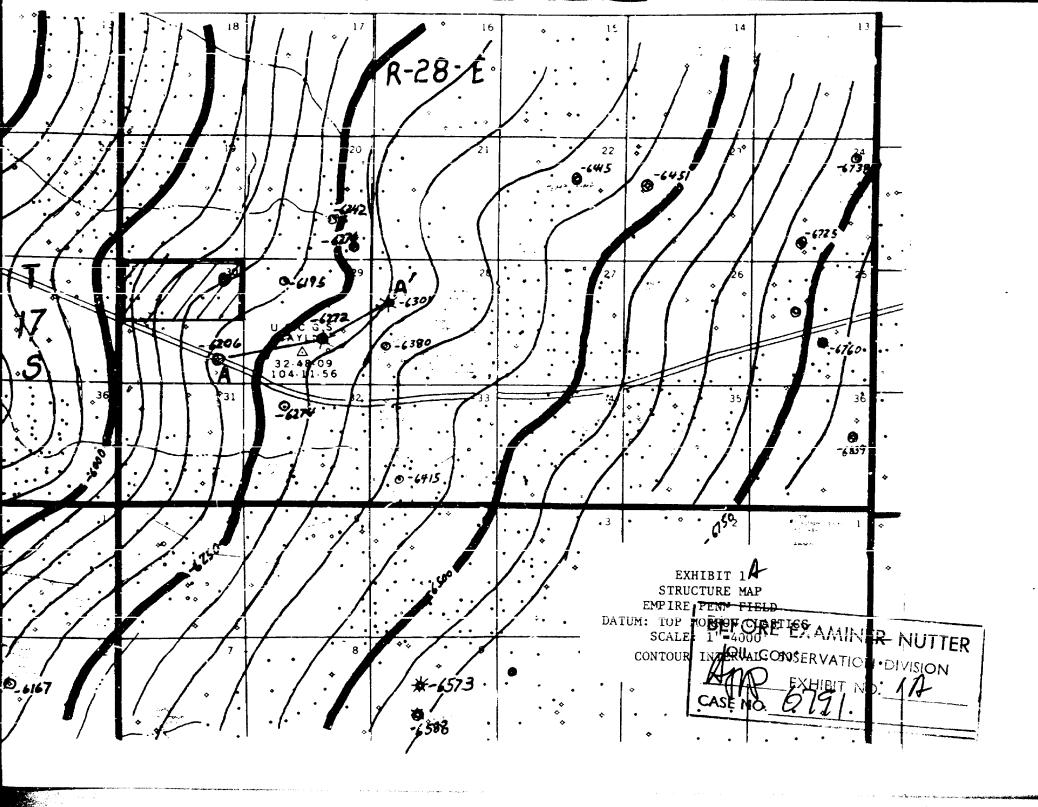
In the alternative, applicant seeks an order force pooling all of said Section 19 to form a standard 640-acre unit.

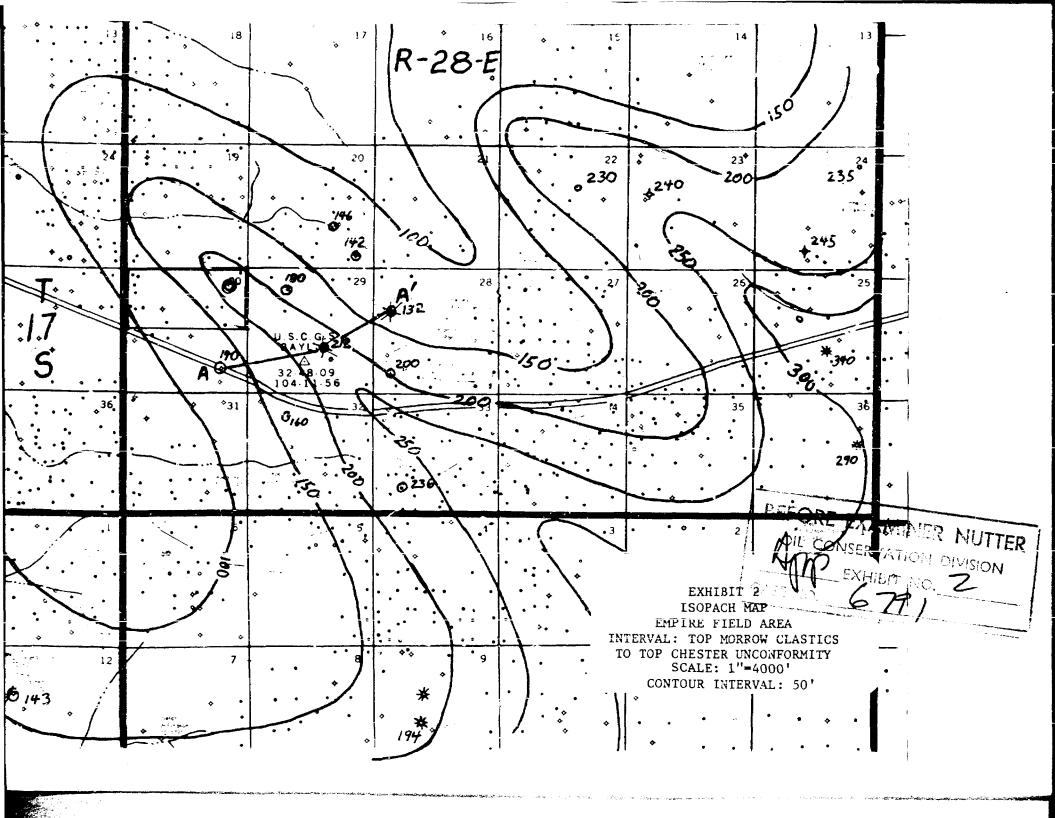
- CASE 6791: Application of Holly Energy, Inc. for an unorthodox gas well location, Eddy County, New Mexico.

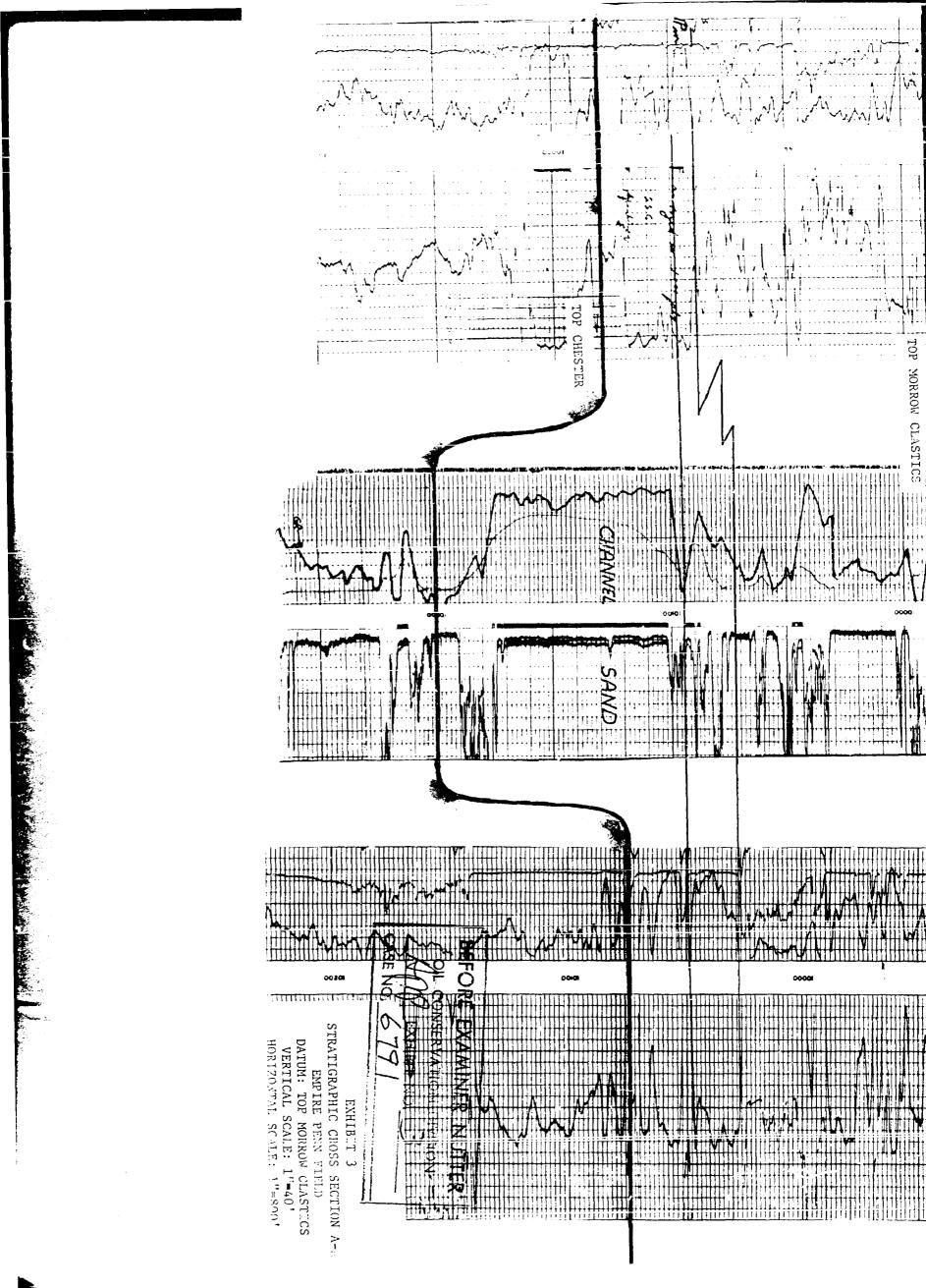
  Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 30 Well No. 1, a Morrow test to be drilled 660 feet from the North line and 840 feet from the East line of Section 30, Township 17 South, Range 28 East, the N/2 of said Section 30 to be dedicated to the well.
- CASE 6792: Application of Florida Exploration Company for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 324.25-acre non-standard gas proration unit comprising Lots 1 and 2 and N/2 NE/4 of Section 33 and Lots 2, 3, and 4 and NW/4 NE/4 and N/2 NW/4 of Section 34, all in Township 26 South, Range 30 East, Ross Draw Area, to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6793: Application of Meadco Properties, Ltd. for an exception to Order No. R-lli-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order No. R-lli-A to permit a proposed well in Unit E of Section 4, Township 21 South, Range 29 East, to be completed by setting surface casing at 550 feet and production casing at total depth and cementing both casing strings to the surface.
- CASE 6794: Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico.

  Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tocito Gallup and Dakota production in the wellbore of its Breech "D" Well No. 140 located in Unit A of Section 11, Township 26 North, Range 6 West.

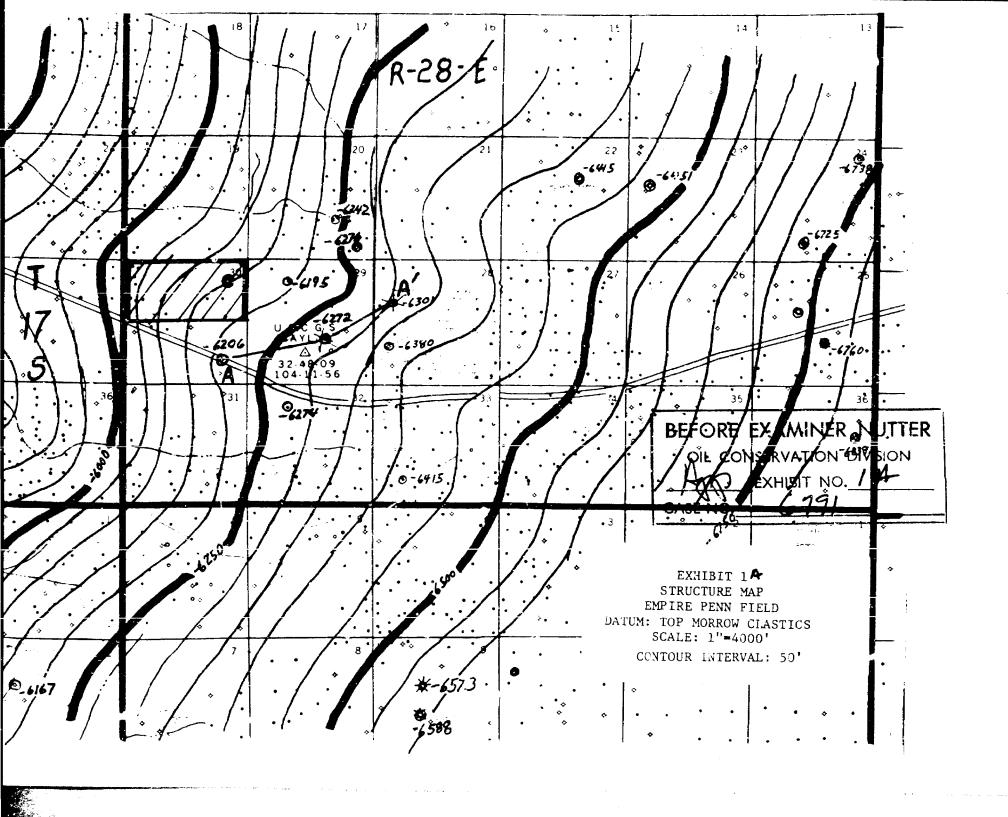
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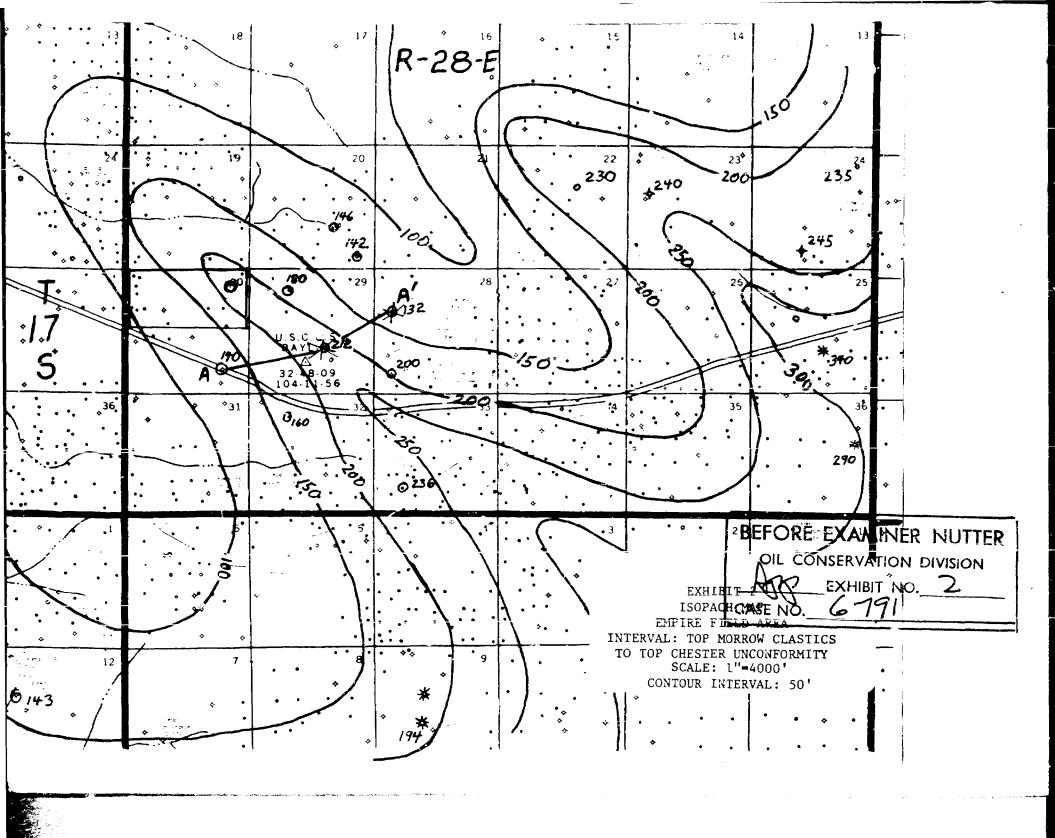


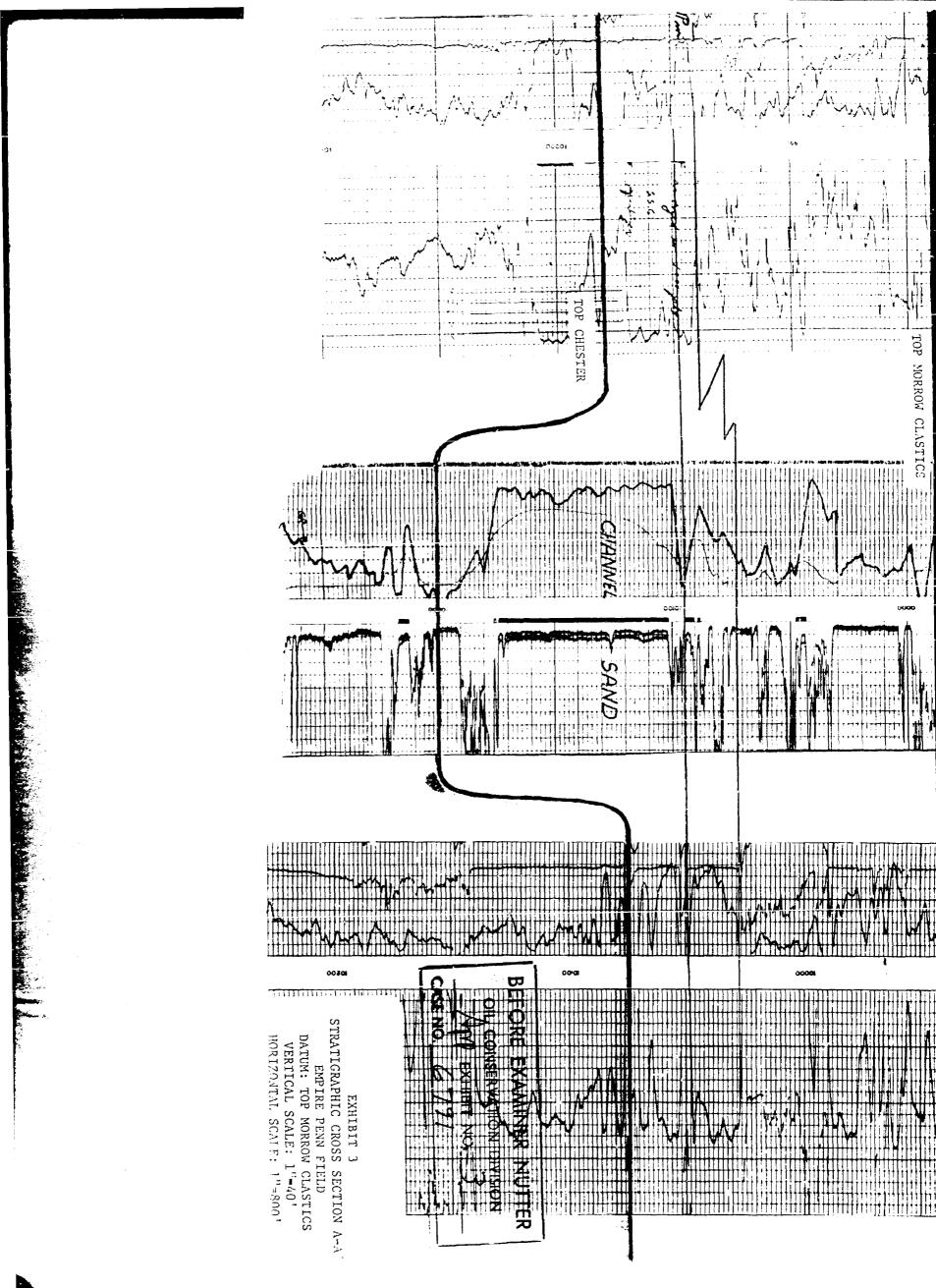




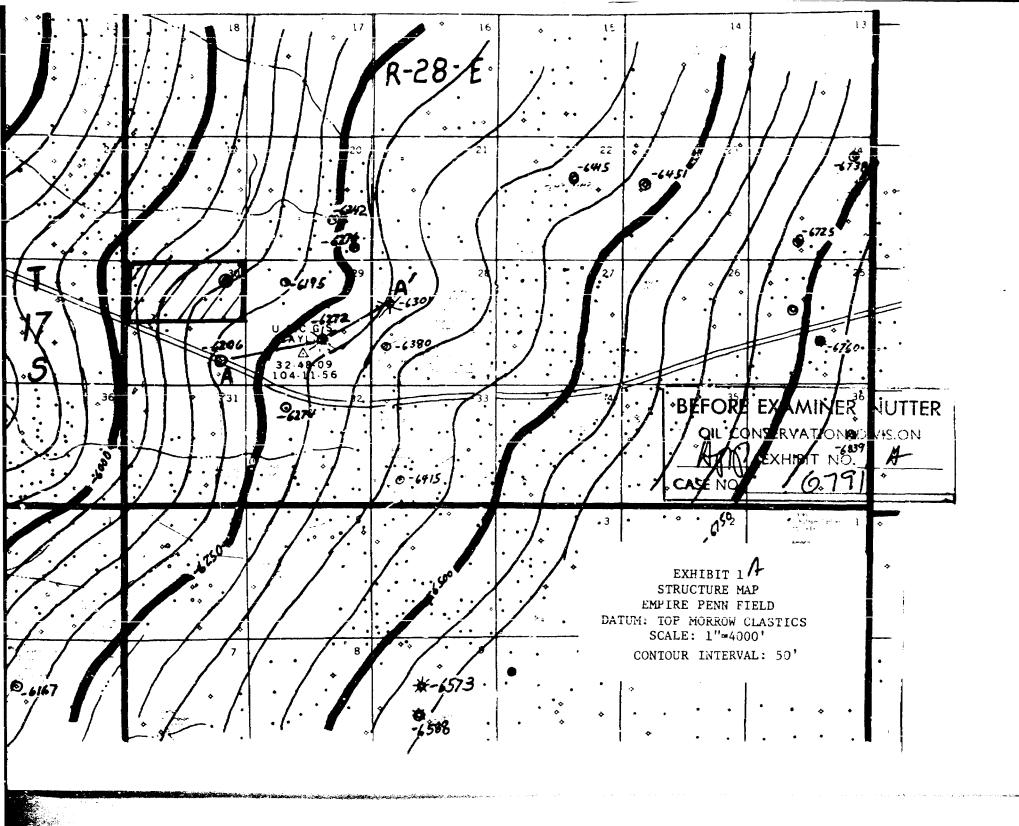
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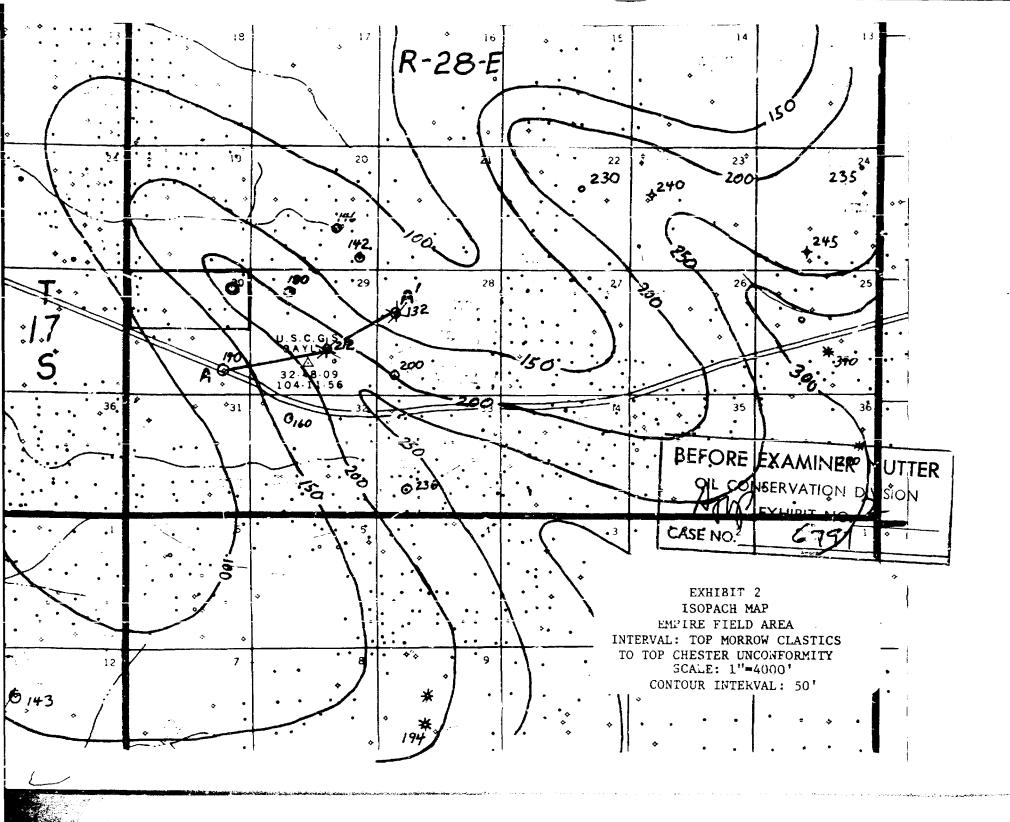


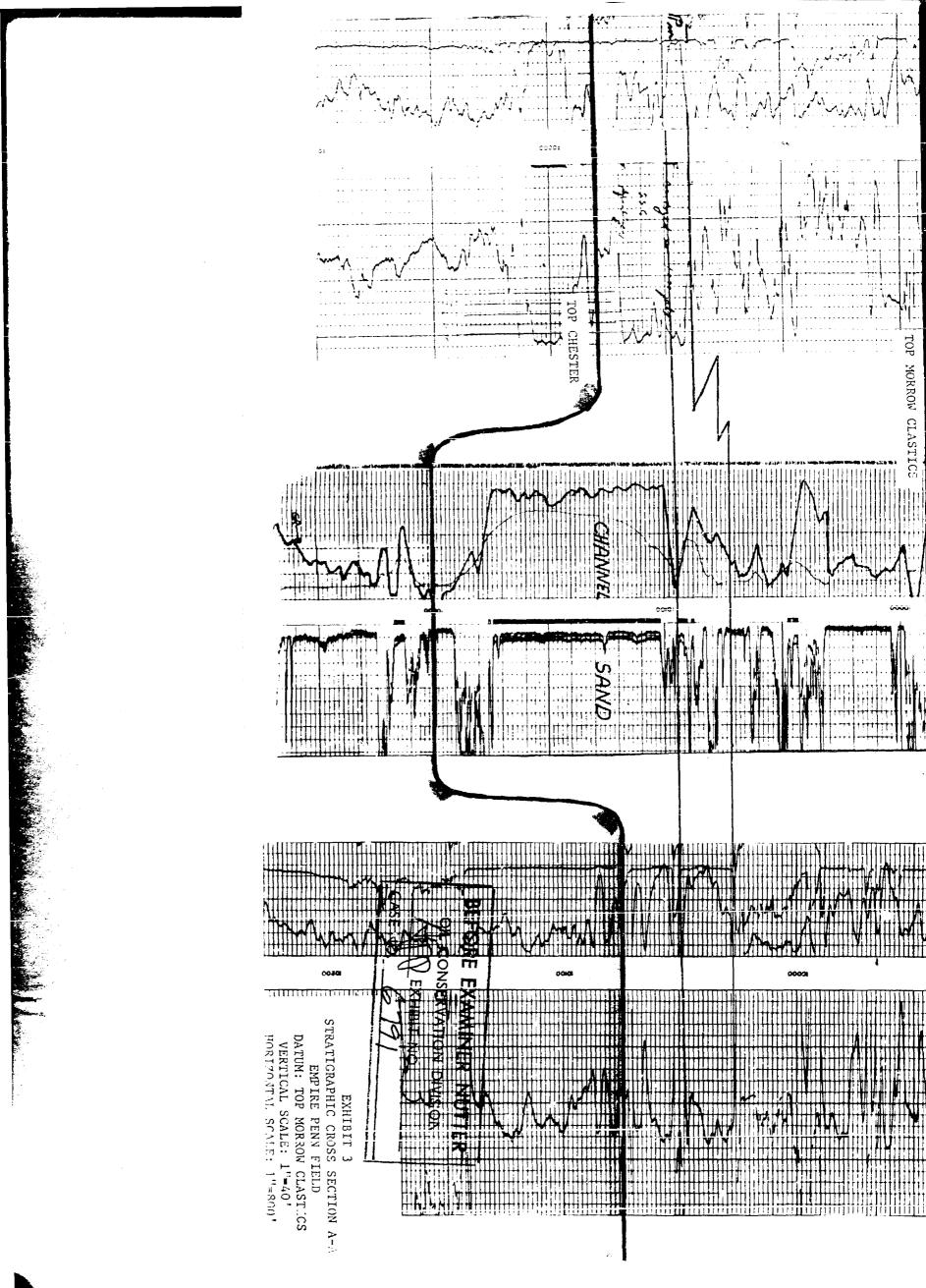




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Artesia, N. M. 88210

November 13, 1979

Mr. Joe D. Ramey
Secretary-Director
Department of Energy and Minerals
Oil Conservation Division
O.Z
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. J. E. Kapteina

SANTA FE SHISION

Re: Non-Standard Cas Well Location Sec. 30, T-17S, R-28E Eddy County, New Mexico State 30 - 1

#### Gentlemen:

Holly Energy Inc. respectfully requests that a hearing be called to consider Holly's application for a permit to drill State 30-1 at a non-standard location, which will require an exception to Paragraph C-II of Rule 104, New Mexico Oil Conservation Commission Rules and Regulations.

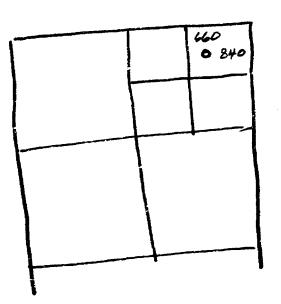
The requested location is 660 feet FNL and 840 feet FEL of Section 30, T-17S, R-28E. Rule 104, Paragraph C-II requires that a well will be not closer than 1980 feet to the nearest end boundary.

The proposed well is projected to a depth of 10,000 feet to test the gas reservoirs to a depth sufficient to test the Morrow.

Yours truly,

Robert Loyd

Robert Loyd Superintendent N/2



Dedication No according to Bill screwett could such get a hold of Rayd. DRAFT

dr/

#### STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 6791
ORDER NO. R- 6262
APPLICATION OF HOLLY ENERGY, INC.
FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.
ORDER OF THE DIVISION
BY THE DIVISION:
This cause came on for hearing at 9 a.m. on January 16
19 80 , at Santa Fe, New Mexico, before Examiner Daniel S. Nutter
NOW, on this day of January, 1980, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,
FINDS:
(1) That due public notice having been given as required by
law, the Division has jurisdiction of this cause and the subject
matter thereof.
(2) That the applicant, Holly Energy, Inc. for its State 30 Well No. 1, a Morrow test to be drilled seeks approval of an unorthodox gas well location/660
feet from the North line and 840 feet from the
East line of Section 30 , Township 17 South
Range 28 East , NMPM, **XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Eddy Eddy
County, New Mexico.
(3) That the $\frac{N/2}{}$ of said Section $\frac{30}{}$ is to be
dedicated to the well.
(4) That a well at said unorthodox location will better
enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox

Sel Colonial 
location.

(6) That approval of the subject application will afford the applicant
the opportunity to produce its just and equitable share of the gas in the
Subject 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.
IT IS THEREFORE URDERED:
(1) That an unorthodox gas we'll location for the <u>Morrow</u> the Holly Energy Inc. State 30 Well No. 1 drilled formation is hereby approved for/zxwelk to be located at a point 660
feet from the <u>North</u> line and <u>840</u> feet from the <u>East</u>
line of Section 30 , Township 17 South , Range 28 East
IMPM, Eddy County
New Mexico.
(2) That the $\frac{N/2}{}$ of said Section 30 shall be dedicated to
the above-described well.
(3) That jurisdiction of this cause is retained for the entry of such
further orders as the Division may deem necessary.
DONE at Santa Fe, New Mexico, on the day and year hereinabove designate

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