STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

October 28, 1986

Happy Oil Company
P.O. Drawer 770
Artesia, New Mexico 88210
Attention: Diana Klantz

Re: Administrative Order NFL-138

Dear Ms. Klantz:

Reference is made to your application for an Infill Well Finding and Well-Spacing Waiver made pursuant to Section 271.305(b) of the Federal Energy Regulatory Commission regulations, Natural Gas Policy Act of 1978, and Oil Conservation Division Order No. R-6013 for the following described well:

Toomey Allen Well No. 10, Located 330 feet from the South line and 990 feet from the East line of Section 28, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico.

THE DIVISION FINDS THAT:

(1) Section 271.305(b) of the Federal Energy Regulatory Commission Interim Regulations promulgated pursuant to the Natural Gas Policy Act of 1978 provides that, in order for in infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well within that unit, and must grant a waver of existing well-spacing requirements.

(2) By Division Order No. R-6013, dated June 7, 1979, the Division established an administrative procedure whereby the Division Director and the Division Examiners are empowered to act for the Division and find that an infill well is necessary.

(3) The well for which a finding is sought is to be completed in the Artesia Queen Grayburg San Andres Pool, and the standard spacing unit in said pool is 40 acres.

RESERVOIR COMPARISIONS - OFFSET WELLS - APPLICATION FOR SI

Subject Well Toomey Allen #10 Operator Collier

Location 330'FSL & 990'FEL, Sec.28,T-18S,R-28E Spud Date 9/25/8

Formation Artesia Grayburg San Andres Completion Depth

Date First Sales

Discussion Of The Subject Well

The Collier Energy Toomey Allen #10 was completed 10/29/82 with perforations of per foot, in the Loco Hills sand of the Grayburg. The Toomey Allen #10 was drilled i Toomey Allen #9. Using information from the #9 well and adding that to information f is all that is drained.

The Toomey Allen #9 has produced 98,000 bbls of 36 gravity oil. Assuming 95% dep expect a total of 103,157 bbls/oil. The Artesia field is presently under flood givir factor. Using log and initial productin information from the Toomey Allen #10: such water saturation - 30%, GOR - 555, BHT - 100, a formation volume factor can be backe tank barrels. Using a reserve calculation equation: $A = (N \times BO)/(7758 \times H \times \emptyset \times (1-SW))$

Where: N= original oil in place (STB)

A= acres drained

H= net feet of pay

Ø= porosity (log)

SW= average water saturation

BO= formation volume factor

Therefore 11.4 acres are drained in the Artesia Field area.

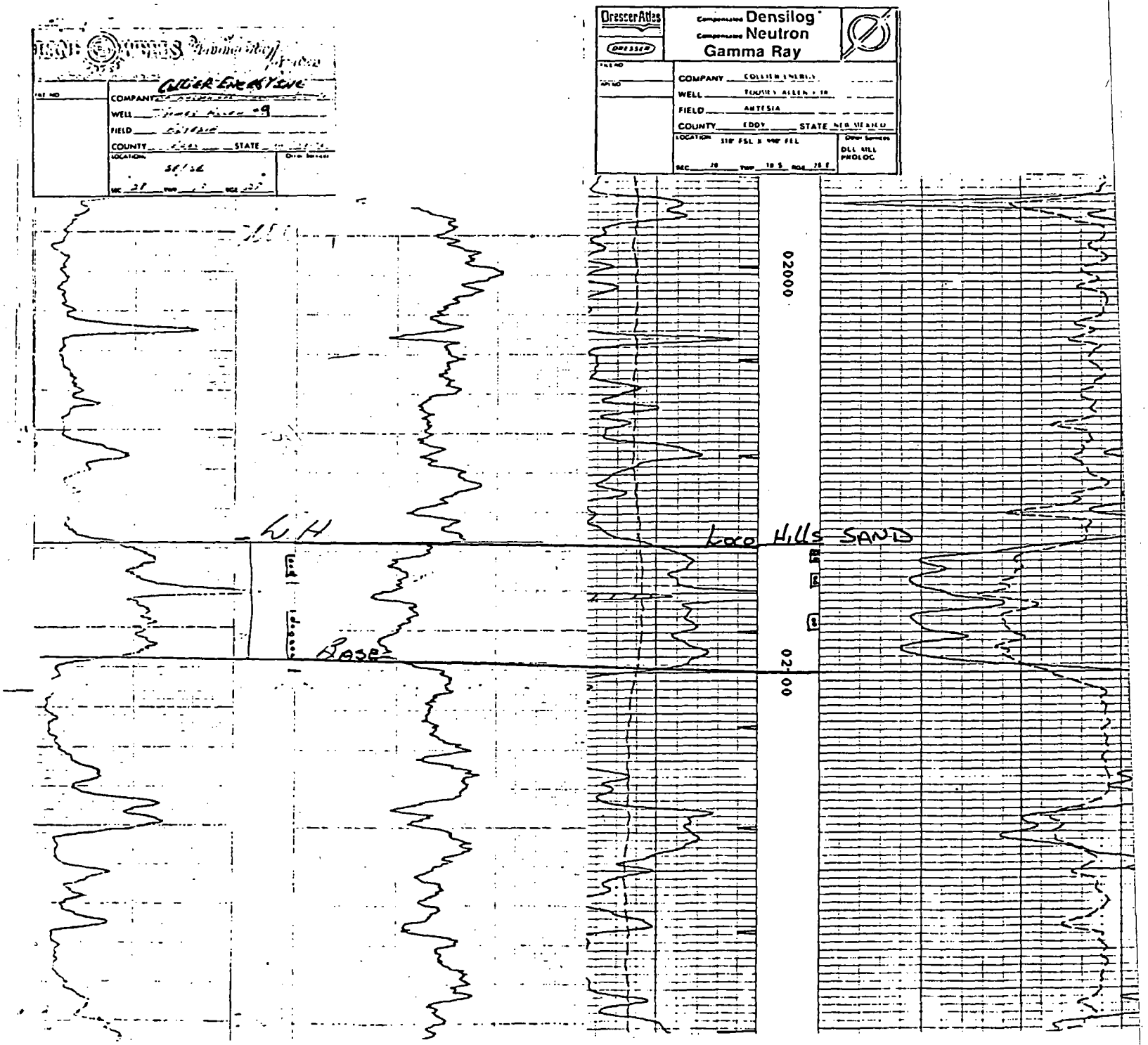
STATE OF NEW MEXICO)
: ss.
COUNTY OF EDDY)

The foregoing was acknowledged before me this 16th day of August, 1983, by DONALD G. BECKER, JR.

Notary Public

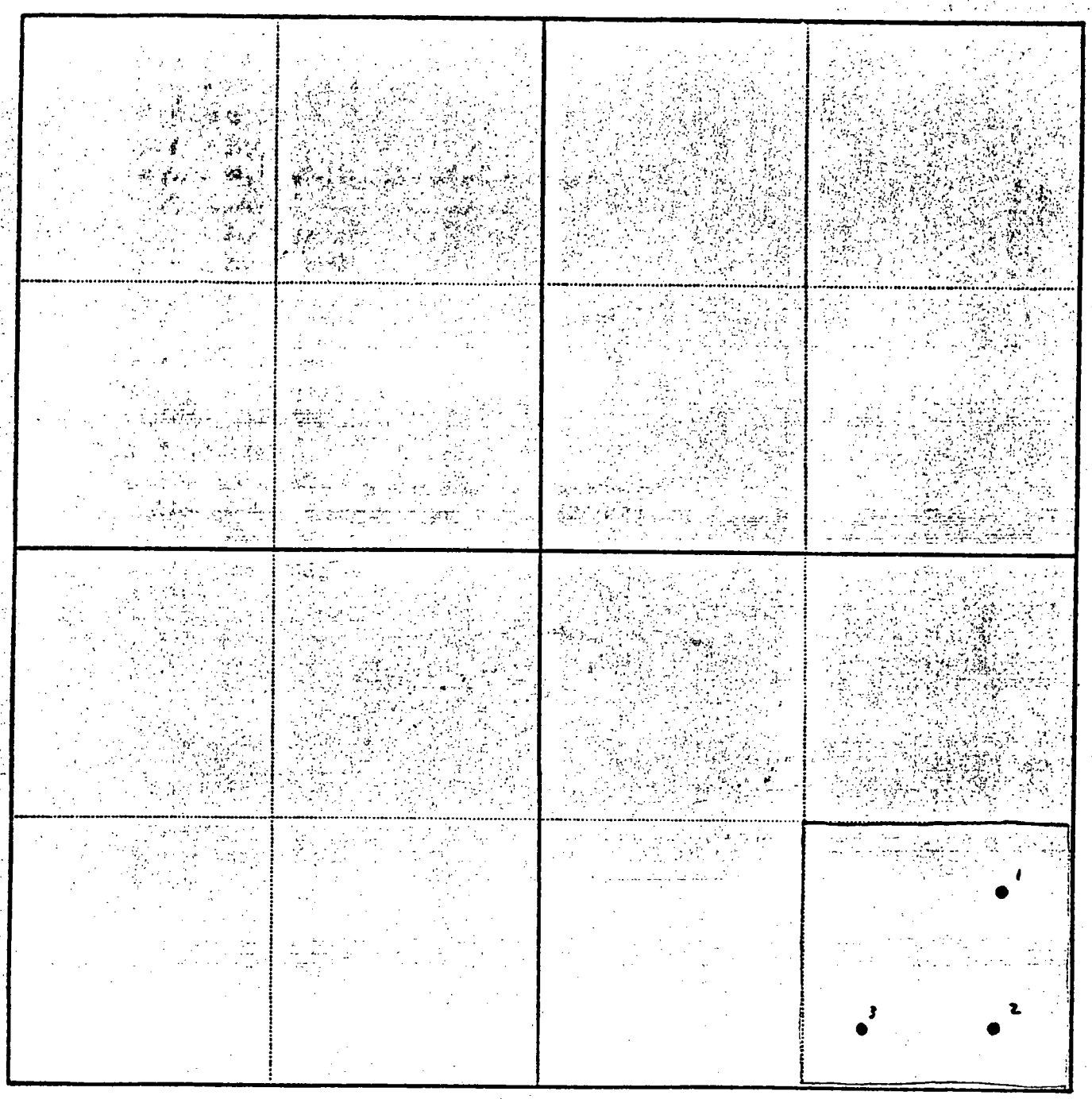
My Commission Expires:

March 29, 1986


Dresser Atlas
Densilog
Neutron
Gamma Ray
COMPANY
WELL
FIELD
ARTESIA
COUNTY
EDDY
STATE
DLL MSFL
PROLOG
02000
02100
L.H
Loco Hills SAND
Base

Sec. 28 Township No. 18 South of Range No. 28 East,

N.M.P.M., Eddy County, New Mexico.



1) Collier Energy, Inc.

Tommy Allen Well No. 9

990' FSL - 330' FEL

Artesia Queen Grayburg San Andres completion

Spud: 7/28/48

Cumulative production as of 12/31/83:

Gas - 57097 MCF

Oil - 103804 B.O.

(2) Collier Energy, Inc.
Toomey Allen Well No. 10
330' FSL - 990' FEL
Spud: 9/25/82
Artesia Queen Grayburg San Andres completion
Cummulative Production as of 12/31/83:
Gas - 10257
Oil - 8125

(3) Collier Energy, Inc.
Toomey Allen Well No. 11
330' FSL - 330' FEL
Spud: 5/26/83
Artesia Queen Grayburg San Andres completion
Cummulative Production as of 12/31/83:
Gas - 8076
Oil - 6311