Dalen Resources		BEFORE EXAMINER CATANACH	
Murchison State 2 #1		OIL CONSERVATION DIVISION	
RFLM 95026		EXHIBIT NO	
SUMMARY OF PVT DATA		CASE NO. //280	
Reported R Average Reservoir Pressure Average Reservoir Temperature			

Pressure-Volume Relations

Saturation Pressure	2453	psig
Avg Single-Phase Compressibility	12.10	E-6 v/v/psi (5000 to 2453 psig)
Thermal Exp @ 5000 psig	1.02672	V at 100 °F / V at 60 °F

Differential Vaporization Data

{ at 2-	153 psig and 1	100 °F)
Solution Gas/Cil Ratio	1,061	sof / bbt of residual oil at 60 °F
Relative Oll Voluma	1.510	bbl / bbl of residual oll at 60 °F
Density of Reservoir Fluid	0.6689	gni/cc

Reservoir Fluid Viscosity

0.365 cp at 2453 pslg and 100 °F

Separator Test Results

Separator	Conditions °F	Formation Volume Factor (A)	Total Solution Gas/Oil Ratlo (B)	Tank Oil Gravity (°API at 60 °F)
250	70	1.499	1,051	45.5 Black Cil

(A) Barrels of saturated oil per barrel of stock tank oil at 60 °F.

(B) Total standard cubic feet of gas per barrel of stock tank oil at 60 °F.

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	BEFORE EXAMINER	CATANACH
		1.00.00.0.0

Dalen Resources Murchison State 2 #1 RFLM 95026

CASE NO.	11280
	EXHIBIT NO. #7
OILCC	INSERVATION DIVISION

COMPOSITION OF PRIMARY STAGE SEPARATOR GAS

(by Programmed-Temperature, Capillary Chromatography)

r	1	Plant	Liquid	[
Component	Mol %	Products		MW
Component	19101 76		Densily	14184
		(GPM)	(gri/cc)	
				1
Hydrogen Sulfide	0.00			
Carbon Dioxide	0.30		0.8172	44.010
Nitrogen	3.38		0,8086	28.013
Melhane	77.79		0,2997	16.043
Elhane	9.87	2.690	0.3582	30.070
Propana	4,44	1.247	0.5070	44.097
Iso-Butane	0.74	0.247	0.5629	58.123
n-Butano	1.52	0.488	0.5840	58.123
Iso-Pentane	0.70	0.261	0.6244	72.150
n-Pentane	0.72	0.266	0.6311	72.150
Hexanes	0.34	0,135	0.6850	84.0
Heplanes	0.16	0.069	0.7220	96.0
Oclanes	0.01	0.005	0.7450	107
Nonanes	0.03	0.015	0.7640	121
				1
				1
Totals	100.00	5,423		

Properties of Plus Fractions

Component	Moi %	Líquid Density (gm/cc)	Liquid API Gravily	MW
Heptanes plus	0.20	0.7305	62.0	100.3

SAMPLING CONDITIONS

260 psig 65 °F

Average Sample Properties

Critical Pressure, psia	657.0
Critical Temperature, 'R	393.3
Average Molecular Weight	21.31
Calculated Gas Grevily (air = 1.000)	0.736

at 15.025 psla and 60 °F

Heating Value, Btu/sof dry gas*

Gross		1229
Nəl		1114
Heating	Value, Blu/Cubio Feet wet gas*	
Gross	44464745159479999999999999999999999999999999	1208
Net		1094

Net	11111111111111111111111111111111111111	109

Wobbe Index, Blu/Cubic Feel dry gas Gross

1433

More indictor & 800 Rus Rus

Note: Component properties sasigned from literature.

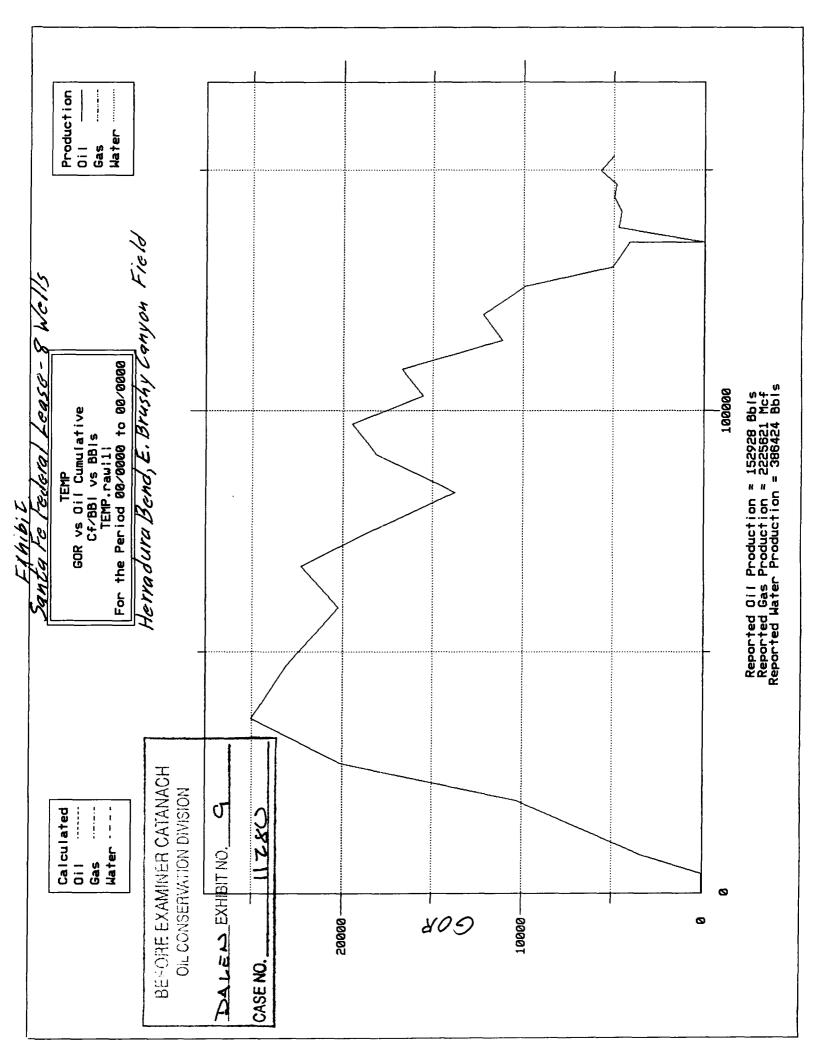
* (6): Gas Producers & Suppliers Association (GPSA) Engineering Data Book

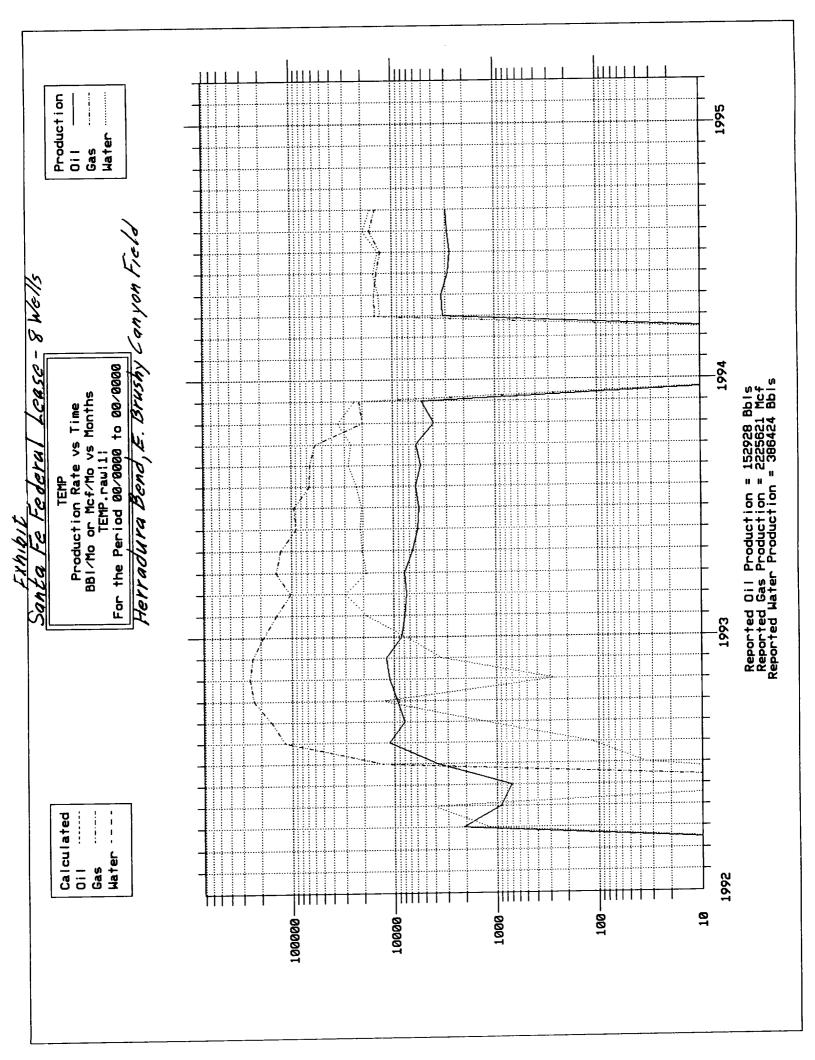
EXHIBIT

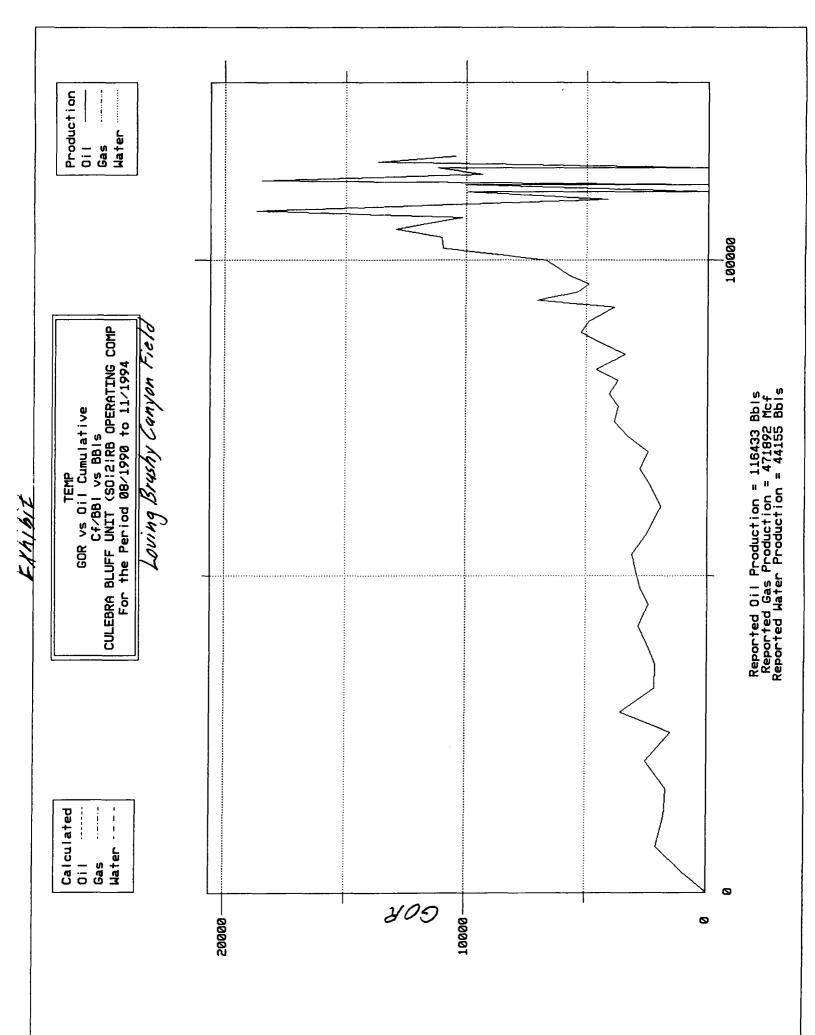
PRODUCED GAS ANALYSES COMPARISON

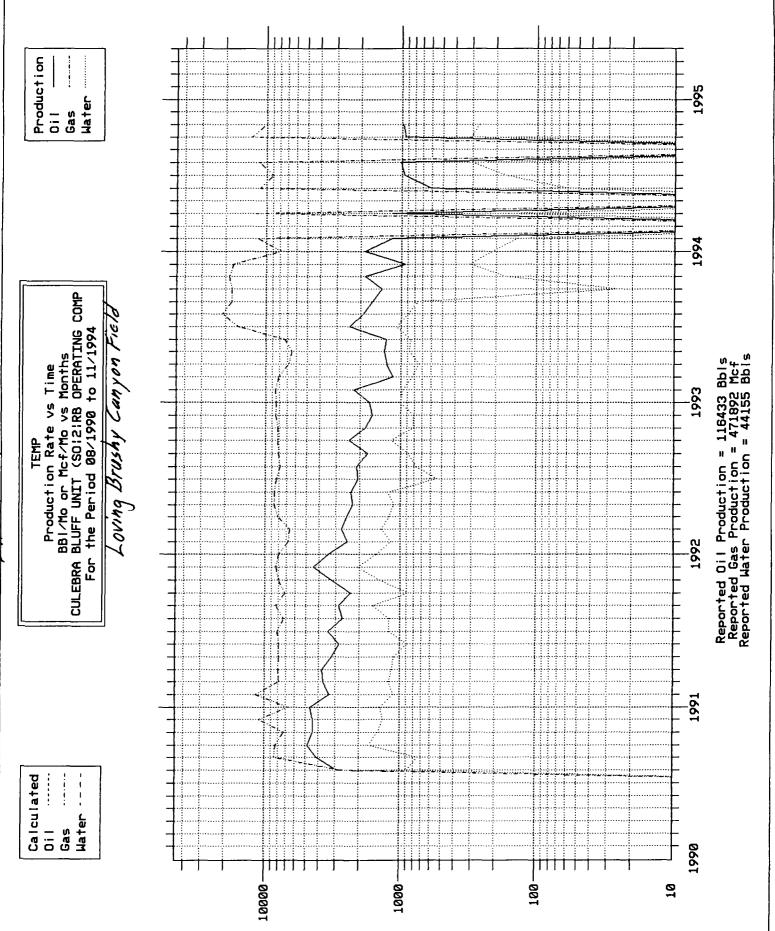
	Normai rentane Hexanes Plus	ISO Pentane	Normal Butanc	ISO Butane	Propane	Ethane	Liquid Content.GPM	Heating Value BTU/MCF	Operator Lease Field
5.008	1 1	0.384	0.436	0.177	1.375	2.636		1,167	Ray Westall Santa Fe Fed. No. 1 E. Herradura
5.423	0.224	0.261	0.488	0.247	1.247	2.69		1,208	DALEN Resources Murchison St. 2 No. 1 White City
13.456	0.176	0.120	0.981	0.461	4.388	7.098		1,571	Bird Creek Resources RGA No. 1 E. Loving
EXHIBIT NO. 8	865'0 CCC'N	0.346	1.019	0.485	3.069	4.985		1,431	Ray Westall Myrtle Myra No. 2 LaHuerta

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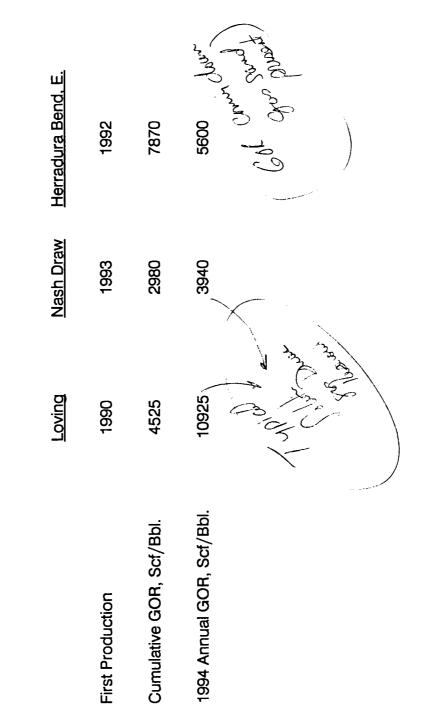






EXHIBIT





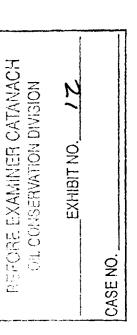


	· · · · · · · · · · · · · · · · · · ·			TIAL PRODUCT		T	
DATE	OIL	WATER	GAS	GOR	FTP	HOURS	CHOKE
	(BBL)	(BBL)	(MCF)	(SCF/BO)	(PSIG)		(/64)
3/17/95							<u>_</u>
3/18/95	150	0	360	2,400	1,250	17	17
3/19/95	98	52	625	6,378	1,200	24	18
3/20/95	253	250	625	2,470	1,200	24	18
3/21/95	254	264	1,250	4,921	1,150	24	18
3/22/95	99	8	541	5,465	1,375	23	14
3/23/95	73	3	498	6,822	1,325	24	14
3/24/95	129	101	640	4,961	1,140	24	15
3/25/95	114	80	526	4,614	1,500	24	14
3/26/95	101	73	526	5,208	1,500	24	14
3/27/95	120	93	623	5,192	1,400	24	15
3/28/95	172	201	985	5,727	1,185	24	16
3/29/95	115	70	645	5,609	1,350	24	16
3/30/95	101	67	526	5,208	1,425	24	15
3/31/95	98	75	645	6,582	1,340	24	15
4/1/95	65	84	666	10,246	1,320	24	15
4/2/95	101	61	623	6,168	1,310	24	15
4/3/95	103	103	686	6,660	1,340	24	15
4/4/95	61	62	111	1,820			
4/5/95				.,			
4/6/95							
4/7/95							
4/8/95							
4/9/95							
4/10/95							
1/11/95							
4/12/95							
4/13/95						·	·
4/14/95	69	200	750	10,870	1,400	16	14
1/15/95	165	268	1,057	6,406	1,150	24	16
	135	140	1,026	7,600	1,026	24	16
1/16/95	107	140	840	7,850	1,020	24	17
l/17/95 l/18/95	107	267	1,307	7,302	1,200	24	17
/18/95	179	306	1,507	7,869	1,150	24	17
/20/95	191	197	1,341	8,708	1,110	24	17
/21/95	134	215	1,341	9,745	1,110	24	17
/22/95	137	215	1,335	8,896	1,125	24	17
/23/95	154	186	1,370	9,557	1,125	24	17
/23/95	140	180	1,368	9,557	1,125	24	17
	141	207	1,308	9,944	1,120	24	17
/25/95	6		203	33,833	1,660	24	8
/26/95	0	6	203		1,000	24	9
/27/95		98		10,220	1,200	24	9 15
/28/95	109 187	372	1,114	7,797	980	24	15
/29/95		490	1,458	8,447	800	24	16
/30/95 5/1/95	215	490	1,816	0,447	000	24	10

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	E EXAMINER CATANACH
· · · · · · · · · · · · · · · · · · ·	EXHIBIT NO
CASE NO	11280



*Note: Additional pay sands perfed to prevent drainage from offset operator wells.

	Case 1	Case 2	Case 3*
Oil Allowable, BOPD	107	107	250
Oil Rate, BOPD	ო	107	250
GOR Limit, Scf/Bbl.	2,000	10,000	10,000
Well Payout, Mos.	72	10	7
Well Life, Yrs.	21	Ŋ	თ
Oil Reserves, MBbls	80	80	175

Exhibit White City (Brushy Canyon) Field Comparative Drilling Economics

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DALEN RESOURCES OIL & GAS COMPANY FOR POOL CREATION AND SPECIAL POOL RULES EDDY COUNTY, NEW MEXICO

CASE NO. 11280

AFFIDAVIT

STATE OF NEW MEXICO) ss. COUNTY OF SANTA FE

J. SCOTT HALL, attorney in fact and authorized representative of Dalen Resources Oil and Gas Company, the Applicant herein, being first duly sworn, uponoath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservtion Division have been complied with, that Applicant has caused to be conducted a good faith, diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given by certified mail at the correct addresses provided by such rule.

7. Sion Dall

J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this $4^{\prime\prime}$ day of May, 1995, by J. Scott Hall.

un Alchardson

My Commission Expires:

Oct 28,1997

EXHIBIT NO. 13

LAW OFFICES

April 3, 1995

RANNE B. MILLER ALAN C. TORGERSON KENDALL O. SCHLENKER ALICE TOMUNSON LORENZ GREGORY W. CHASE MARGO J. MCCORMICK STEPHEN M. WILLIAMS STEPHAN M. VIDMAR ROBERT C. GUTIERREZ SETH V. BINGHAM MICHAEL H. HOSES JAMES B. COLLINS TIMOTHY R. BRIGGS WALTER R. PARR RUDOLPH LUCERO DANIEL E. RAMCZYK DEAN G. CONSTANTINE DEBORAH A. SOLOVE GARY L. GORDON LAWRENCE R. WHITE

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WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

Unit Production Company 7130 Lewis 1000 Galleria Tower Tulsa, Oklahoma 74136 PLEASE REPLY TO SANTA FE

VIA CERTIFIED RETURN RECEIPT REQUESTED

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and Special Pool Rules, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NMOCD is enclosed.

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Very truly yours,

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.

7. Scoutlel

J. Scott Hall ATTORNEY FOR DALEN RESOURCES OIL & GAS COMPANY

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card fr being returned to you. The return receipt fee will provide you the name of the person delivered to and the of delivery. For additional fees the following services are available. Consult postmaster for fees and sheck box(es) for additional service(s) requested. 2. C Restricted Delivery (Extra charge) □ Show to whom delivered, date, and addressee's address. 1. (Extra charge) 3. Article Addressed to: Article Number 4 Unit Production Co. 7130 Lewis, 100 Balloria Tower 561 862 ρ Type of Service: Registered Insured. Tuesa, OKlahoma 74136 Certified Return Receipt for Merchandise Express Mail Always obtain signature of addressee or agent and DATE DELIVERED. Signature - Addressee 8. Addressee's Address (ONLY if 5. requested and fee paid) х 6. Signature - Agent Х 7. Date of Delivery UT . . PS Form 3811, Apr. 1989 * U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT PS Form 3800, June 1985 : U.S.G.P.O. 1989-234-555 Return Receipt showing to whom and Date Delivered Return Receipt showing to whom, Date, and Address of Delivery Postmark or Date Restricted Delivery Fee Special Delivery Fee Certified Fee Postage TOTAL Postage and Fees RECEIPT, FOR CERTIFIED MAIL NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL ð ס eria сл (See Reverse) Г oduction ۲ lower, 7130 Lewis œ Бг П homa 7413, بي N ட СП E \mathcal{O} ž Ó 0

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WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

Murchison Oil & Gas Company 1445 Ross Avenue, Suite 5300, LB 152 Dallas, Texas 75202-2883 PLEASE REPLY TO SANTA FE

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Show to whom delivered, date, and addressee's address. (Extra charge) 3. Article Addressed to: Article Number 4 ison Dit & basco. ⁰54 862 192 inch Ros avenue, Sinte Type of Service: 45 Insured Registered 5300, LB 152 🗌 соб Return Receipt for Merchandise Express Mail las, Teyar 75202-2883 <u>al</u> Always obtain signature of addressee or agent and DATE DELIVERED. 8. Addressee's Address (ONLY if 5. Signature - Addressee requested and fee paid) Х 6. Signature - Agent APR 5 1995 X Del 7 te of ve PS Form 381 , Apr. 1989 + U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT 1111

PS Form 3800, June 1985 ☆U.S.G.P.O. 1989-234-555 Return Receipt showing to whom and Date Delivered Postmark or Date Return Receipt showing to whom, Date, and Address of Delivery Special Delivery Fee Restricted Delivery Fee Certified Fee **FOTAL** Postage and Fees ostage RECEIPT FOR CERTIFIED MAIL State ۹**ر** σ NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL and Сп 5 (See Reverse) 255 œ ц. П Une ы 15202-2 ึ่ง ц П 70060 Ŋ \overline{O} 5 N 52 1

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Matador Petroleum Corporation 415 W. Wall, Suite 1101 Midland, Texas 79701-4410 PLEASE REPLY TO SANTA FE

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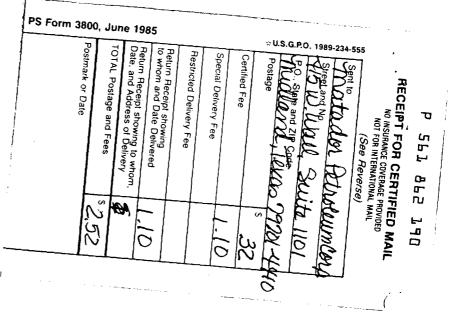
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April 3, 1995

LAS CRUCES, N.M.

POST OFFICE BOX 1209 LAS CRUCES, N.M. 88004 TELEPHONE: (505) 523-2481 FAX: (505) 526-2215

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125 LINCOLN AVE., SUITE 221 POST OFFICE BOX 1986 SANTA FE, N.M. 87504-1986 TELEPHONE: (505) 989-9614 FAX: (505) 989-9857

WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

Honorable Ray Powell, Jr. Commissioner of Public Lands Post Office Box 1148 Santa Fe, New Mexico 87504 PLEASE REPLY TO SANTA FE

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Dear Mr. Powell:

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P 561 862 196 RECEIPT FOR CERTIFIED MAIL NOI INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL (See Reverse) Spet Io No. State and ZIP Code State and Date Delivery TOTAL Postage and Fees State and Fees State and Fees State or Date State or Date or Date State or Date or	PS Form 3800	, Jun	e 198	5				☆ U.	.S.G.P.C	. 1989-	234-55	3 1	+
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WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

M.W. Petroleum a/k/a Apache Corporation 200 Post Oak Blvd., Suite 100 Houston, Texas 77056-4403 PLEASE REPLY TO SANTA FE

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J. Scott Hall ATTORNEY FOR DALEN RESOURCES OIL & GAS COMPANY

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 2. □ Restricted Delivery (*Extra charge*) 3. Article Addressed to: 4. Article Number P 561 862 189 M.W. Pietroleum Type of Service: alk/a apache Corporation Insured Registered X Certified At Oak Blud; Suite 100 COD Return Receipt for Merchandise Ē 200 40 🗋 Express Mail Hous Texad 77056-4403 Always obtain signature of addressee or agent and DATE DELIVERED. 8. Addressee's Address (ONLY if requested and fee paid) 5. Signature - Addressee Х 6. Signature Agent Х 7. Date 98 MARY PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985 ☆U.S.G.P.O. 1989-234-555 Postmark or Date Return Receipt showing to whom and Date Delivered Special Delivery Fee TOTAL Restricted Delivery Fee Centified Fee Jate. Postage leturn õğ RECEIPT FOR CERTIFIED MAIL NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL aus **Ö**m . State A Receipt showing to whom, and Address of Delivery õ . Postage and Fees σ 604 ΖĮΡ (See Reverse) ഗ Г Oax ы œ Г П à 20 √_∞ 66 1 8 ù, \widetilde{O} م U N O ł

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SANTA FE, N.M.

WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

Chevron USA, Inc. Post Office Box 1150 Midland, Texas 79701 PLEASE REPLY TO SANTA FE

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WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

Texaco Exploration & Production, Inc. Post Office Box 3109 Midland, Texas 79702 VIA CERTIFIED RETURN RECEIPT REQUESTED

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Redstone Oil & Gas Company 8235 Douglas Avenue, Suite 1050 Dallas, Texas 75225 PLEASE REPLY TO SANTA FE

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	\$2.52		1.10			1,10	\$,32	5225	inte 1050	aoco.		194

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CASE NO.

Dalen Resources Murchison State 2 #1 RFLM 95026

SUMMARY OF PVT DATA

CELOBE EXAMINER CA	
EXHIBIT NO	6

11280

Reported Reservoir Conditions

Average Reservoir Pressure 2453 psig
Average Reservoir Temperature 100 °F

Pressure-Volume Relations

Saturation Pressure	2453	psig
Avg Single-Phase Compressibility	12.10	E-6 v/v/psi (5000 to 2453 psig)
Thermal Exp @ 5000 psig	1.02672	V at 100 °F / V at 60 °F

Differential Vaporization Data

{ at 24	53 psig and 1	100 °F)
Solution Gas/Oil Ratio	1,061	sof / bbl of residual oil at 60 °F
Relative Oll Voluma	1.510	bbl / bbl of residual oll at 60 °F
Density of Reservoir Fluid	0.6689	gni/cc

Reservoir Fluid Viscosity

0.365 cp at 2453 psig and 100 °F

Separator Test Results

Separator	Separator Conditions		Total Solution Gas/Oil Ratlo	Tank Oil Gravity (*API at 60 *F)	
psig	°F	(A)	(B)		
250	70	1.499	1,051	45.5	

(A) Barrels of saturated oil per barrel of stock tank oil at 60 *F.

(B) Total standard cubic feet of gas per barrel of stock lank oil at 60 °F.

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	CEXAMIN DOCERVAT			
	EXHIBIT	NO	7	_
CASE NO.		117	280	

COMPOSITION OF PRIMARY STAGE SEPARATOR GAS

Dalen Resources Murchison State 2 #1 RFLM 95026

(by Programmed-Temperature, Capillary Chromatography)

		Plant	Liquid	Г <u> </u>
A	1			1
Component	Mol %	Products	Density	MW
		(GPM)	(gn/cc)	L
Hydrogen Sulfide	0.00			
Carbon Dioxide	0 30		0.8172	44.010
Nilrogen	3,38		0.8086	28.013
Melhane	77,79		0.2997	16.043
Ethane	9.87	2.690	0.3582	30.070
Propana	A.44	1.247	0.5070	44.097
Iso-Butane	0.74	0.247	0.5629	58,123
n-Butano	1.52	0.488	0.5840	58,123
Iso-Pentane	0.70	0.261	0.6244	72,150
n-Pentane	0.72	0.265	0.6311	72.150
Hexanes	0.34	0,135	0.6850	84.0
Heptanes	0.16	0.069	0.7220	96.0
Octanes	0.01	0.005	0.7450	107
Nonanes	0.03	0.015	0.7640	121
Totals	100.00	5,423		

Properties of Plus Fractions

Component	Mol %	Liquid Density (gm/cc)	Liquid API Gravity	MW
Heplanes plus	0.20	0.7305	62.0	100.3

SAMPLING CONDITIONS

260 psig 66 °F

Average Sample Properties

Critical Pressure, psla	657.0
Critical Temperature, *R	393.3
Average Molecular Weight	21,31
Calculated Gas Gravity (sir = 1.000)	0.736

at 15.025 psla and 60 °F

Heating Value, Btu/sof dry gas*	
Gross	1229
Net	1114
Heating Value, Btu/Cubio Feet wet gas*	
Gross	1208
Net	1094
Wobbe Index, Blu/Cubic Feel dry gas	
Grose	1433

Note: Component properties assigned from literature.

* rol: Gas Producers & Suppliers Association (GPSA) Engineering Data Book

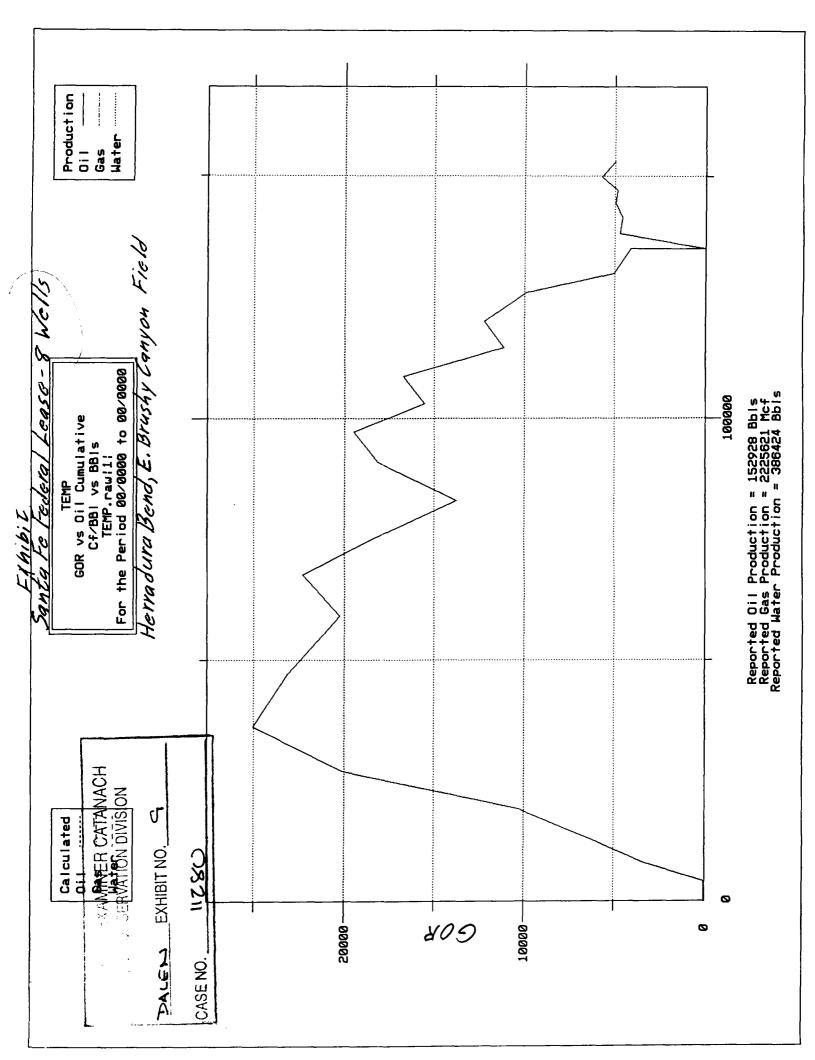
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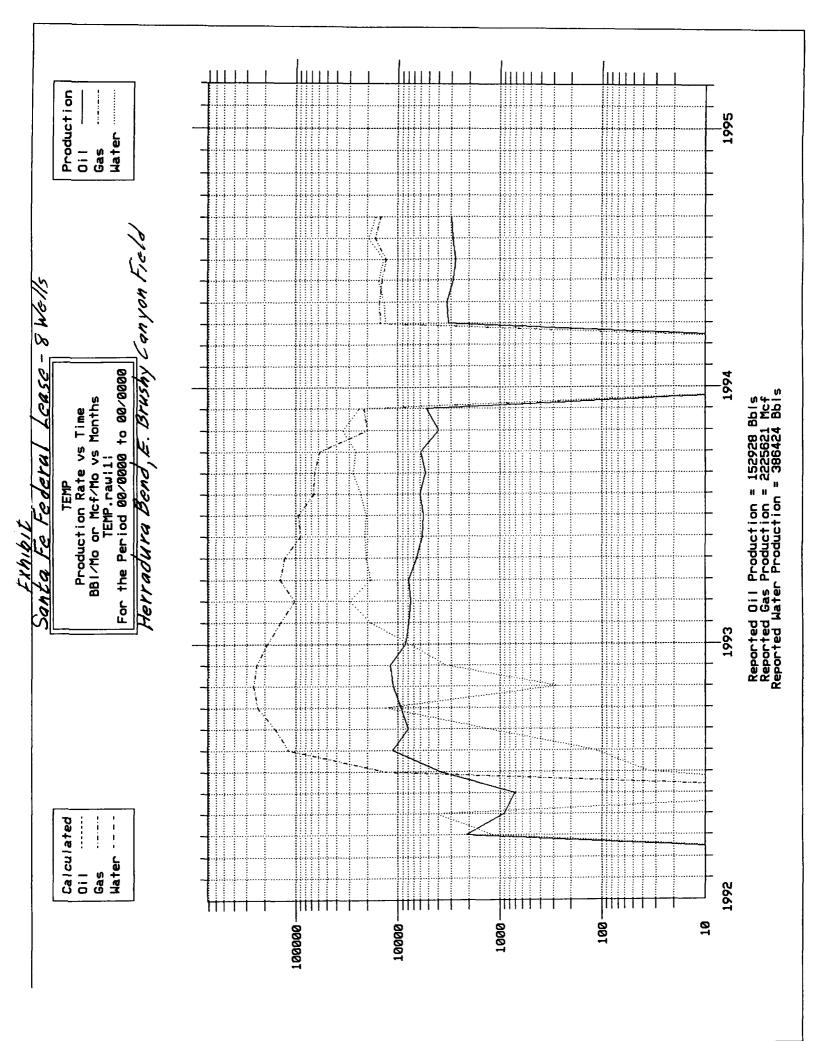
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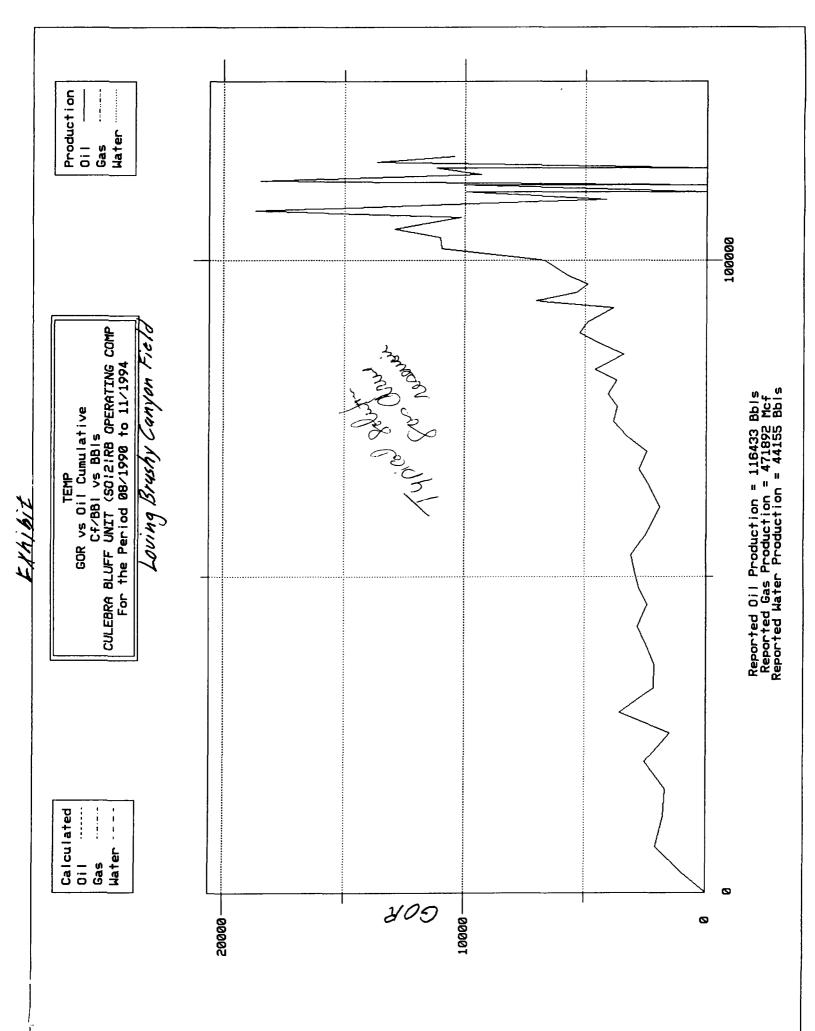
PRODUCED GAS ANALYSES COMPARISON

Ray Westall Myrtle Myra No. 2	Lanuerta 1,431		4.985 3.069 0.485 0.346 0.335 0.398 0.398
Bird Creek Resources RGA No. 1 E. Loving	1,571		7.098 4.388 0.461 0.481 0.18 0.172 0.176 0.176
DALEN Resources Murchison St. 2 No. 1 White City	1,208		2.69 1.247 0.247 0.488 0.261 0.266 0.224 5.423
Ray Westall Santa Fe Fed. No. 1 E. Herradura	1,167		2.636 1.375 0.177 0.436 0.384 5.008
Operator Lease Field	Heating Value BTU/MCF	Luquid Content.GPM	Ethane Propane ISO Butane Normal Butane ISO Pentane Normal Pentane Hexanes Plus

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION EXHIBIT NO. 8 1280 CASE NO.







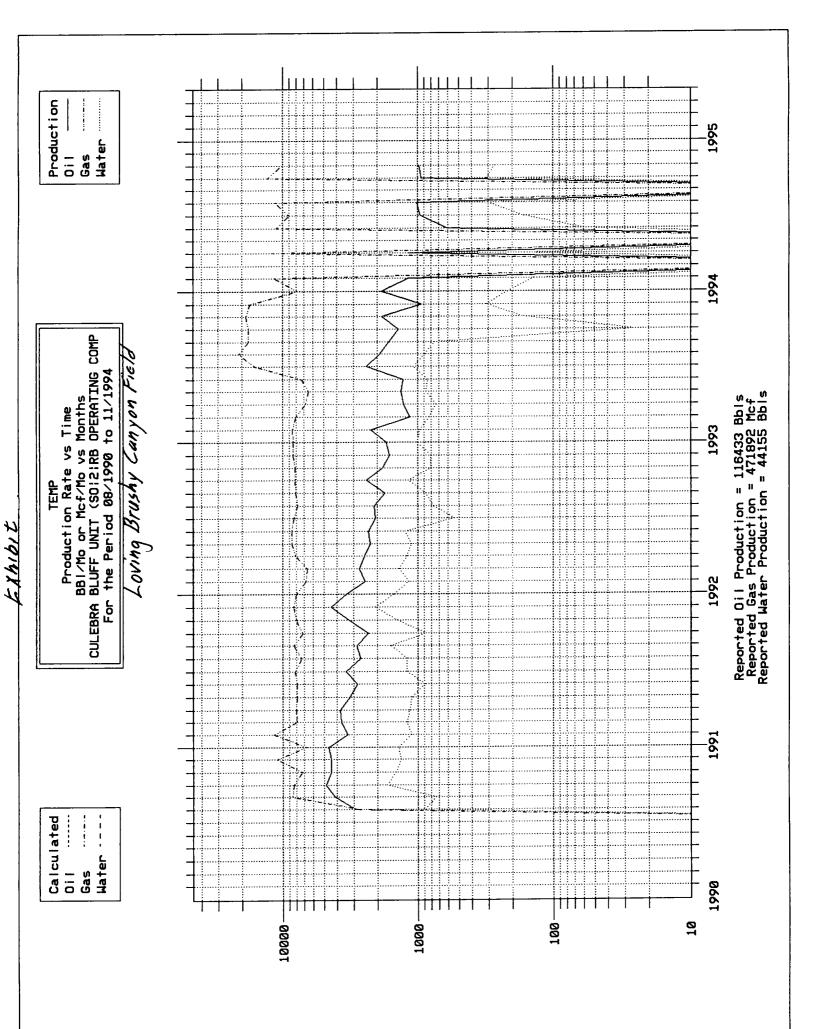
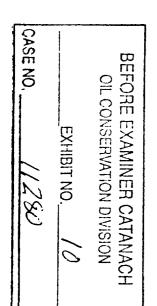


Exhibit Eddy County Brushy Canyon Fields GOR Performance Comparison

	Loving	Nash Draw	Herradura Bend, E.
First Production	1990	1993	1992
Cumulative GOR, Scf/Bbl.	4525	2980	7870
1994 Annual GOR, Scf/Bbl.	10925	3940	5600



	,		ION	IAL PRODUCT	N NO. 1: INI	MURCHISC		· · · · · · · · · · · · · · · · · · ·
			<u> </u>					
IOKE	RS	НО	FTP	GOR	GAS	WATER	OIL	DATE
/64)			(PSIG)	(SCF/BO)	(MCF)	(BBL)	(BBL)	
			·					3/17/95
1	17		1,250	2,400	360	0	150	3/18/95
1	24		1,200	6,378	625	52	98	3/19/95
1	_24		1,200	2,470	625	250	253	3/20/95
1	24		1,150	4,921	1,250	264	254	3/21/95
14	23		1,375	5,465	541	8	99	3/22/95
1	_24		1,325	6,822	498	3	73	3/23/95
1:	24)	1,140	4,961	640	101	129	3/24/95
14	_24)	1,500	4,614	526	80	114	3/25/95
14	24)	1,500	5,208	526	73	101	3/26/95
1!	24		1,400	5,192	623	93	120	3/27/95
16	24	i	1,185	5,727	985	201	172	3/28/95
16	24		1,350	5,609	645	70	115	3/29/95
15	24	;	1,425	5,208	526	67	101	3/30/95
15	24		1,340	6,582	645	75	98	3/31/95
15	24		1,320	10,246	666	84	65	4/1/95
15	24		1,310	6,168	623	61	101	4/2/95
15	24	1	1,340	6,660	686	103	103	4/3/95
				1,820	111	62	61	4/4/95
								4/5/95
								4/6/95
								4/7/95
								4/8/95
								4/9/95
								4/10/95
								4/11/95
·····		+						4/12/95
								4/13/95
14	16		1,400	10,870	750	200	69	4/14/95
16	24		1,150	6,406	1,057	268	165	4/15/95
16	24		1,026	7,600	1,026	140	135	4/16/95
17	24		1,020	7,850	840	101	107	4/17/95
17	24		1,200	7,302	1,307	267	179	4/18/95
17	24		1,150	7,869	1,503	306	191	4/19/95
17	24		1,130	8,708	1,341	197	154	4/20/95
17	24		1,110	9,745	1,341	215	134	4/20/95
17	24		1,125	8,896	1,335	215		
17	24		1,125	9,557	1,370	186	154	4/22/95
17	24		1,125	9,557	1,368	193	140	4/23/95
17	24		1,125	9,702			141	4/24/95
					1,412		142	4/25/95
8	24		1,660	33,833	203	6	6	4/26/95
9	24	+	1,700		213	0	0	4/27/95
15	24	<u> </u>	1,200	10,220	1,114	98	109	4/28/95
16 16	24	+	980	7,797	1,458	372	187	4/29/95
	24	+	800	8,447	1,816	490	215	4/30/95 5/1/95

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION
EXHIBIT NO. 11
UASE NO. 112.80

BEFORE EXAMINER CATANACH O'L CONSERVATION DIVISION EXHIBIT NO. 12 CASE NO. 1/280

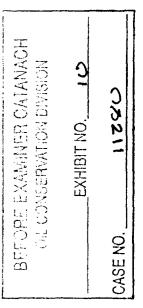
Exhibit White City (Brushy Canyon) Field Comparative Drilling Economics

Oil Reserves, MBbls	Well Life, Yrs.	Well Payout, Mos.	GOR Limit, Scf/Bbl.	Oil Rate, BOPD	Oil Allowable, BOPD	
80	21	72	2,000	ယ	107	Case 1
80	თ	10	10,000	107	107	Case 2
175	9	7	10,000	250	250	Case 3*

*Note: Additional pay sands perfed to prevent drainage from offset operator wells.

Exhibit Eddy County Brushy Canyon Fields GOR Performance Comparison

	Loving	<u>Nash Draw</u>	<u>Herradura Bend. E.</u>
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	······································	MURCHIS	ON NO. 1: INI	TIAL PRODUCT	ION		
DATE	OIL	WATER	GAS	GOR	FTP	HOURS	CHOKE
	(BBL)	(BBL)	(MCF)	(SCF/BO)	(PSIG)		(/64)
3/17/95							·
3/18/95	150	0	360	2,400	1,250	17	
3/19/95	98	52	625	6,378	1,200	24	·
3/20/95	253	250	625	2,470	1,200	24	·
3/21/95	254	264	1,250	4,921	1,150	24	
3/22/95	99	8	541	5,465	1,375	23	
3/23/95	73	3	498	6,822	1,325	24	
3/24/95	129	101	640	4,961	1,140	24	
3/25/95	114	80	526	4,614	1,500	24	
3/26/95	101	73	526	5,208	1,500	24	
3/27/95	120	93	623	5,192	1,400	24	
3/28/95	172	201	985	5,727	1,185	24	
3/29/95	115	70	645	5,609	1,350	24	
3/30/95	101	67	526	5,208	1,425	24	
3/31/95	98	75	645	6,582	1,340	24	
4/1/95	65	84	666	10,246	1,320	24	1
4/2/95	101	61	623	6,168	1,310	24	
4/3/95	103	103	686	6,660	1,340	24	1
4/4/95	61	62	111	1,820			
4/5/95							
4/6/95							
4/7/95							
4/8/95							
4/9/95							
4/10/95							
4/11/95							
4/12/95							
4/13/95							
4/14/95	69	200	750	10,870	1,400	16	1
4/15/95	165	268	1,057	6,406	1,150	24	1
4/16/95	135	140	1,026	7,600	1,026	24	1
4/17/95	107	101	840	7,850	1,260	24	1
4/18/95	179	267	1,307	7,302	1,225	24	1
4/19/95	191	306	1,503	7,869	1,150	24	1
4/20/95	154	197	1,341	8,708	1,110	24	1
4/21/95	137	215	1,335	9,745	1,110	24	1
4/22/95	154	220	1,370	8,896	1,125	24	1
4/23/95	140	186	1,338	9,557	1,125	24	1
4/24/95	141	193	1,368	9,702	1,125	24	1
4/25/95	142	207	1,412	9,944	1,120	24	1
4/26/95	6	6	203	33,833	1,660	24	
4/27/95	0	0	213		1,700	24	
4/28/95	109	98	1,114	10,220	1,200	24	1
4/29/95	187	372	1,458	7,797	980	24	1
4/30/95	215	490	1,816	8,447	800	24	1

.

DEFORE EXAMINER CATANACH
DALEN EXMIBIT NO. 11
CASENO. 11280

Page 1

CASE NO.	DALED	BEFORE OIL CO
08211	DALEN EXHIBIT NO. 17	BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION

*Note: Additional pay sands perfed to prevent drainage from

offset operator wells.

Oil Reserves, MBbls	Well Life, Yrs.	Well Payout, Mos.	GOR Limit, Scf/Bbl.	Oil Rate, BOPD	Oil Allowable, BOPD	
80	21	72	2,000	ω	107	
80	თ	10	10,000	107	107	
175	9	7	10,000	250	250	

Comparative Drilling Economics Exhibit

Case 1

Case 2

Case 3*

White City (Brushy Canyon) Field

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DALEN RESOURCES OIL & GAS COMPANY FOR POOL CREATION AND SPECIAL POOL RULES EDDY COUNTY, NEW MEXICO

CASE NO. 11280

<u>AFFIDAVIT</u>

)) ss.

STATE OF NEW MEXICO COUNTY OF SANTA FE

J. SCOTT HALL, attorney in fact and authorized representative of Dalen Resources Oil and Gas Company, the Applicant herein, being first duly sworn, uponoath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservtion Division have been complied with, that Applicant has caused to be conducted a good faith, diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given by certified mail at the correct addresses provided by such rule.

7. Sion Dall

I SCOTT HALL

SUBSCRIBED AND SWORN to before me this 4^{4} day of May, 1995, by J. Scott Hall.

Dianie Richardon

My Commission Expires: Oct 28,1997

EXHIBIT NO. 13

LAW OFFICES

RANNE B. MILLER ALAN C. TORGERSON KENDALL O. SCHLENKER ALICE TOMLINSON LORENZ GREGORY W. CHASE ALAN KONRAD MARGO J. MCCORMICK LYMAN G. SANDY STEPHEN M. WILLIAMS JAMES B. COLLINS TIMOTHY R. BRIGGS WALTER R. PARR RUDOLPH LUCERO DANIEL E. RAMCZYK DEAN G. CONSTANTINE DEBORAH A. SOLOVE GARY L. GORDON LAWRENCE R. WHITE

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ALBUQUERQUE, N.M.

500 MARQUETTE N.W., SUITE 1100 POST OFFICE BOX 25687 ALBUQUERQUE, N.M. 87125 TELEPHONE: (305) 842-1950 FAX: (505) 243-4408

FARMINGTON, N.M.

300 WEST ARRINGTON POST OFFICE BOX 869 FARMINGTON, N.M. 87499 TELEPHONE: (505) 326-4521 FAX: (505) 323-5474

April 3, 1995

LAS CRUCES, N.M.

277 EAST AMADOR

POST OFFICE BOX 1209

LAS CRUCES, N.M. 88004

TELEPHONE: (505) 523-2481

FAX: (505) 526-2215

SANTA FE, N.M.

125 LINCOLN AVE., SUITE 221

POST OFFICE BOX 1986

SANTA FE, N.M. 87504-1986

TELEPHONE: (505) 989-9614

FAX: (505) 989-9857

PLEASE REPLY TO SANTA FE

VIA CERTIFIED RETURN RECEIPT REQUESTED

Unit Production Company 7130 Lewis

WILLIAM K. STRATVERT, COUNSEL

1000 Galleria Tower Tulsa, Oklahoma 74136

PAUL W. ROBINSON, COUNSEL

Re: Application of Dalen Resources Oil and Gas Company for Pool Creation and Special Pool Rules, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that Dalen Resources Oil and Gas Company has filed an application with the New Mexico Oil Conservation Division seeking the creation of a new pool and for special pool rules for production of oil and gas from the Delaware formation from Dalen's Murchison State 2 No. 1 well located in the SE/NE of Section 2, Township 25 South, Range 26 East, NMPM, Eddy County New Mexico. A copy of Dalen's Application to the NMOCD is enclosed.

This application has been set for hearing before a Division Examiner on May 4, 1995 at the New Mexico Oil Conservation Division in Santa Fe. You are not required to attend this hearing, but as an operator of a well or owner of an unleased mineral interest within the pool, or as an operator of a well within one mile of the boundaries of the abovereferenced lands, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.

7. Scoutlel

J. Scott Hall ATTORNEY FOR DALEN RESOURCES OIL & GAS COMPANY

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card being returned to you. The return receipt fee will provide you the name of the person delivered to and the of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.
 1. Show to whom delivered, date, and addressee's address.
 2. Restricted Delivery (Extra charge) 3. Article Addressed to: 4. Article Number 862 οl い 51 oduction Co. is, 100 balloria Tower Type of Service: Registered Insured' Klahoma 74136 COD Certified A Return Receipt L Express Mail Always obtain signature of addressee or agent and DATE DELIVERED 8. Addressee's Address (ONLY if 5. Signature - Addressee requested and fee paid) . х 6. Signature - Agent Х 7. Date of Delivery なレ 2 4. PS Form 3811, Apr. 1989 +U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

PS Form 3800, June 1985 ☆U.S.G.P.O. 1989-234-555 õ Special Delivery Fee Restricted Delivery Fee Postmark or Date Return Receipt showing to whom. Date, and Address of Delivery Return Receipt showing to whom and Date Delivered Certified Fee OTAL Postage Postage RECEIPT, FOR CERTIFIED MAIL NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL eet and Slate and ZJ Gall υ ίn and Fees (See Reverse) ۵ Ē ower 1 D nonna r ГЛ Ъ Х ч г 130 Lewis Y S ഗ \mathcal{O} 7413 õ ы Л Ó \sim

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SANTA FE, N.M.

125 LINCOLN AVE., SUITE 221 POST OFFICE BOX 1986 SANTA FE, N.M. 87504-1986 TELEPHONE: (505) 989-9614 FAX: (505) 989-9857

WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

Murchison Oil & Gas Company 1445 Ross Avenue, Suite 5300, LB 152 Dallas, Texas 75202-2883 PLEASE REPLY TO SANTA FE

VIA CERTIFIED RETURN RECEIPT REQUESTED

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Very truly yours,

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.

7. Sion dall

J. Scott Hall ATTORNEY FOR DALEN RESOURCES OIL & GAS COMPANY

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 1. □ Show to whom delivered, date, and addressee's address.
 2. □ Restricted Delivery (Extra charge) 3. Article Addressed to: Article Number 4. P541 862 rchison Dit ? has co. 197 1) 45 Ron avenue 5300,20152 Type of Service: Registered Insured Certified 🗌 сор 🗋 Return Receipt for Merchandis Express Mail . car 75202-2883 Always obtain signature of addressee or agent and DATE DELIVERED. 8. Addressee's Address (ONLY if 5. Signature - Addressee requested and fee paid) Х 6. Signature - Agent 1995 APR 5 $\boldsymbol{\alpha}$ of Delivery TA . PS Form 3811, Apr. * U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT 1989 111

PS Form 3800, June 1985 ± U.S.G.P.O. 1989-234-555 Postmark or Date Return Receipt showing to whom, Date, and Address of Delivery Return Receipt showing to whom and Date Delivered Restricted Delivery Fee Special Delivery Fee Centified Fee Postage TOTAL Postage and Fees RECEIPT' FOR CERTIFIED MAIL NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL (See Reverse) ŝ σ ы Б Ŀ 44 595 œ r Xinta N Ľ р С Z N **7**060 $\hat{\mathbf{a}}$ Ŋ õ 0 Ś

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WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

Matador Petroleum Corporation 415 W. Wall, Suite 1101 Midland, Texas 79701-4410

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VIA CERTIFIED **RETURN RECEIPT REQUESTED**

Application of Dalen Resources Oil and Gas Company for Pool Creation and Re: Special Pool Rules, Eddy County, New Mexico

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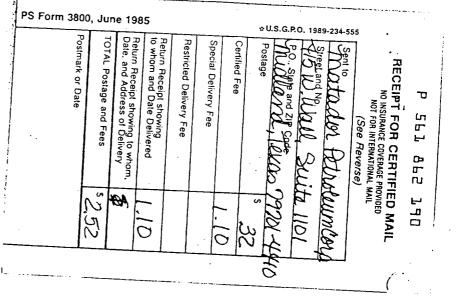
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LAW OFFICES

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April 3, 1995

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SANTA FE, N.M.

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WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

Honorable Ray Powell, Jr. Commissioner of Public Lands Post Office Box 1148 Santa Fe, New Mexico 87504 PLEASE REPLY TO SANTA FE

VIA CERTIFIED RETURN RECEIPT REQUESTED

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Very truly yours,

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.

7. Sion dall

J. Scott Hall ATTORNEY FOR DALEN RESOURCES OIL & GAS COMPANY

÷. 40.0 SENDER: Complete items. 1 and 2 when additional services are desired, and complete items.
 3 and 4...
 Put your address lo the "REFURN TO" Space on the reverse side. Failure to do this will prevent this card from being reformed to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional service(s) requested.
 Check box(es) for additional service(s) requested.
 Show to whom delivared, date, and addressee's address.
 2. Restricted Delivery for additional service(s) requested. 4. Article Number 3. Article Addressed to: P 561 862 96 iorali Type of Service: Registered Insured Certified 1 11 COD 05 Return Receipt for Merchandise MM 8.7504 anta Always obtain signature of addressee or agent and DATE DELIVERED. Addressee's Address (ONLY if 8. Addressee 5. Signatur requested and Jee X Signature - Agent 4 | 6. 2 بجريد سريتا آدية X Date of Delivery 7. DOMESTIC RETURN RECEIPT + U.S.G.P.O. 1989-238-815 PS Form 3811, Apr. 1989

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WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

M.W. Petroleum a/k/a Apache Corporation 200 Post Oak Blvd., Suite 100 Houston, Texas 77056-4403 PLEASE REPLY TO SANTA FE

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April 3, 1995

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SANTA FE, N.M.

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WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

Chevron USA, Inc. Post Office Box 1150 Midland, Texas 79701

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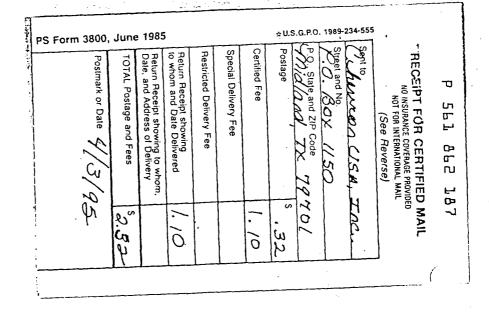
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April 3, 1995

WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

Texaco Exploration & Production, Inc. Post Office Box 3109 Midland, Texas 79702 VIA CERTIFIED RETURN RECEIPT REQUESTED

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JSH/mg

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Redstone Oil & Gas Company 8235 Douglas Avenue, Suite 1050 Dallas, Texas 75225 PLEASE REPLY TO SANTA FE

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May 1, 1995



Chevron U.S.A. Production Company P. O. Box 1150 Midland, TX 79702

M. K. DeBerry New Mexico Team Leader Permian Gas Profit Center Phone 915 687 7695 Fax 915 687 7905

State Of New Mexico Energy, Minerals & Natural Resources Dept. Oil Conservation Division 1040 S. Pacheco Santa Fe, New Mexico 87504

Attn: Mr. W. J. LeMay, Director

RE: Application of Dalen Resources Oil and Gas Company for Pool Creation and Special Pool Rules, Murchison State 2 #1 well, SE NE of Section 2, T25S-R26E, Eddy Co., N.M.

Gentlemen:

Chevron U.S.A. Production Company, as an offset operator to the captioned well, conditionally supports Dalen Resources' captioned application for pool creation and special pool rules, but only for a temporary six month period. Dalen's application for an allowable of 250 BOPD with a producing GOR of 10,000:1 greatly exceeds NMOCD rules for a discovery allowable. Because only one well has produced from this new pool for a short period of time, little is known regarding the producing characteristics of the pool. Chevron holds the lease directly offsetting the discovery well to the east and plans to drill a well in July, 1995. This is the earliest possible date that Chevron can drill a well due to the lengthy federal permitting process.

Dalen's proposed GOR of 10,000:1 would allow gas production at a rate of 2.5 MMCFD from the Murchison State 2 #1. Gas produced at this rate for an extended period of time could result in an accelerated loss of a substantial amount of reservoir energy and a corresponding loss of reserves if the pool proves to be a solution-gas drive reservoir. A six month temporary allowable period will allow Dalen to fully evaluate the producing characteristics of their well before extensive drainage of offsetting leases occurs. Evaluation of information from additional drilling, such as bottom hole pressures, reservoir permeability, and producing characteristics, should be required prior to adoption of permanent field rules.

In order to prevent the unnecessary waste of reserves and protect the correlative rights of offsetting operators, Chevron proposes that Dalen's application be temporarily approved for a six month period. At the end of said six month period, additional reservoir data pertaining to the proposed spacing or proration units, gas oil ratio and allowable for this new pool should be presented at a hearing to determine whether the temporary rules should be amended or made permanent.

Sincerely,

19HOLOury M. K. DeBerry

cc: William F. Carr



Chevron U.S.A. Production Company P. O. Box 1150 Midland, TX 79702

M. K. DeBerry New Mexico Team Leader Permian Gas Profit Center Phone 915 687 7695 Fax 915 687 7905

State Of New Mexico Energy, Minerals & Natural Resources Dept. Oil Conservation Division 1040 S. Pacheco Santa Fe, New Mexico 87504

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Chevron U.S.A. Production Company, as an offset operator to the captioned well, conditionally supports Dalen Resources' captioned application for pool creation and special pool rules, but only for a temporary six month period. Dalen's application for an allowable of 250 BOPD with a producing GOR of 10,000:1 greatly exceeds NMOCD rules for a discovery allowable. Because only one well has produced from this new pool for a short period of time, little is known regarding the producing characteristics of the pool. Chevron holds the lease directly offsetting the discovery well to the east and plans to drill a well in July, 1995. This is the earliest possible date that Chevron can drill a well due to the lengthy federal permitting process.

Dalen's proposed GOR of 10,000:1 would allow gas production at a rate of 2.5 MMCFD from the Murchison State 2 #1. Gas produced at this rate for an extended period of time could result in an accelerated loss of a substantial amount of reservoir energy and a corresponding loss of reserves if the pool proves to be a solution-gas drive reservoir. A six month temporary allowable period will allow Dalen to fully evaluate the producing characteristics of their well before extensive drainage of offsetting leases occurs. Evaluation of information from additional drilling, such as bottom hole pressures, reservoir permeability, and producing characteristics, should be required prior to adoption of permanent field rules.

In order to prevent the unnecessary waste of reserves and protect the correlative rights of offsetting operators, Chevron proposes that Dalen's application be temporarily approved for a six month period. At the end of said six month period, additional reservoir data pertaining to the proposed spacing or proration units, gas oil ratio and allowable for this new pool should be presented at a hearing to determine whether the temporary rules should be amended or made permanent.

Sincerely,

satt Or dany M. K. DeBerry

cc: William F. Carr

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

RECEIVED

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

APR 2 8 1995

Oil Conservation Division CASE NO. 11280

IN THE MATTER OF THE APPLICATION OF DALEN RESOURCES OIL & GAS COMPANY FOR CREATION OF A NEW POOL INCLUDING A SPECIAL GAS-OIL RATIO AND SPECIAL OIL ALLOWABLE, EDDY COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MATADOR PETROLEUM CORPORATION as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

ATTORNEY

Dalen Resources Oil & Gas Co.

Scott Hall, Esq. P. O. Box 1986 Santa Fe, New Mexico 87504

OTHER PARTY

Matador Petroleum Corporation 415 W. Wall, Suite 1101 Midland, Texas 79701-4410 Attn: Roger Elliot (915) 687-5955

ATTORNEY

W. Thomas Kellahin KELLAHIN AND KELLAHIN P.O. Box 2265 Santa Fe, NM 87504 (505) 982-4285 Pre-Hearing Statement Case No. 11280 Page 2

-

STATEMENT OF CASE

OTHER PARTY

Matador Petroleum Corporation contends that there is insufficient evidence that the subject well constitutes a new discovery and that it is premature to adopt either a Special Limiting Gas-Oil Ratio of 10,000 cubic feet of gas per barrel of oil or a special allowable of 250 BOPD for Dalen's subject Delaware oil well.

PROPOSED EVIDENCE

OPPOSITION

WITNESSES

EST. TIME

EXHIBITS

Ken Macko (Petroleum Geologist) 30 Min.

est. 4

PROCEDURAL MATTERS

None

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By:	Allow

W. Thomas Kellahin P.O. Box 2265 Santa Fe, New Mexico 87504 (505) 982-4285

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W. Thomas Kellahin P.O. Box 2265 Santa Fe, New Mexico 87504 (505) 982-4285

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

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EST. TIME

30 Min.

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W. Thomas Kellahin P.O. Box 2265 Santa Fe, New Mexico 87504 (505) 982-4285

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

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

CASE NO. 11280

APPLICATION OF DALEN RESOURCES OIL & GAS COMPANY FOR CREATION OF A NEW POOL INCLUDING A SPECIAL GAS OIL RATIO AND SPECIAL OIL ALLOWABLE, EDDY COUNTY, NEW MEXICO.

RECEIVED

MAY 1 1995

Oil Conservation Division

PRE-HEARING STATEMENT

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APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

ATTORNEY

Dalen Resources Oil & Gas Co.

J. Scott <u>Hall, Esq.</u> P.O. Box 1986 Santa Fe. NM 87504

name, address, phone and contact person

OPPOSITION OR OTHER PARTY

name, address, phone and contact person Pre-hearing Statement NMOCD Case No. ____ Page 2

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Applicant proposes the creation of a new pool underlying the SE/NE of Sec. 2, T.25.S, R. 26E, NMPM, for Delaware production from its Murchison State 2 No. 1 Well drilled at a standard location in Unit H of Section 2. Applicant seeks the promulgation of special pool rules including a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil and a special depth bracket allowable of 250 barrels of oil per day.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.) Pre-hearing Statement NMOCD Case No. Page 3

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Jerry Anderson, Landman	15 min.	
Ralph Nelson, Geologist	20 min.	
George Vaughn, Reservoir Engineer	20 min.	
		Eleven (11) total

OPPOSITION

WITNESSES (Name and expertise) EST. TIME EXHIBITS

PROCEDURAL MATTERS (Please identify any procedural matters which need to be resolved prior to the hearing)

7. Scon dall Signature

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.

LAW OFFICES

April 3, 1995

RANNE B. MILLER ALAN C. TORGERSON KENDALL O. SCHLENKER ALICE TOMLINSON LORENZ GREGORY W. CHASE MARGO J. McCORMICK LYMAN G. SANDY STEPHEN M. WILLIAMS STEPHAN M. VIDMAR ROBERT C. GUTIERREZ SETH V. BINGHAM MICHAEL H. HOSES JAMES B. COLLINS TIMOTHY R. BRIGGS WALTER R. PARR RUDOLPH LUCERO DANIEL E. RAMCZYK DEAN G. CONSTANTINE DEBORAH A. SOLOVE GARY L. GORDON LAWRENCE R. WHITE

.

SHARON P. GROSS VIRGINIA ANDERMAN MARTE D. LIGHTSTONE J. SCOTT HALL THOMAS R. MACK MICHAEL J. HAPPE DENISE BARELA SHEPHERD JILL BURTRAM TERRI L. SAUER JOEL T. NEWTON JUDITH K. NAKAMURA THOMAS M. DOMME DAVID H. THOMAS III C. BRIAN CHARLTON MATTHEW URREA KAREN L. ACOSTA JEFFREY E. JONES MANUEL I. ARRIETA *LEONARD D. SANCHEZ ROBIN A. GOBLE ADMITTED IN CALIFORNIA ONLY

ALBUQUERQUE, N.M.

500 MARQUETTE N.W., SUITE 1100 POST OFFICE BOX 25687 ALBUQUERQUE, N.M. 87125 TELEPHONE: (505) 842-1950 FAX: (505) 243-4408

FARMINGTON, N.M.

300 WEST ARRINGTON POST OFFICE BOX 869 FARMINGTON, N.M. 87499 TELEPHONE: (505) 326-4521 FAX: (505) 325-5474

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277 EAST AMADOR POST OFFICE BOX 1209 LAS CRUCES, N.M. 88004 TELEPHONE: (505) 523-2481 FAX: (505) 526-2215

SANTA FE, N.M.

125 LINCOLN AVE., SUITE 221 POST OFFICE BOX 1986 SANTA FE, N.M. 87504-1986 TELEPHONE: (505) 989-9614 FAX: (505) 989-9857

WILLIAM K. STRATVERT, COUNSEL PAUL W. ROBINSON, COUNSEL

Mr. William J. LeMay, Director New Mexico Oil Conservation Division 2040 S. Pacheco Santa Fe, New Mexico 87505

RECEIVED HAND-DELIVERED

PLEASE REPLY TO SANTA FE

11280

w Mexico 87505 Oil Conserve 1995 Application of Dalen Resources Oil and Gate, Company for Pool Creation and Re: Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed is the Application of Dalen Resources Oil and Gas Company for Pool Creation and Special Pool Rules for the SE/NE Sec. 2, T-25-S, R-26-E, NMPM, Eddy County, New Mexico.

On behalf of the Applicant, Dalen Resources, we ask that this matter be set for examiner hearing on May 4, 1995.

Very truly yours,

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.

7. Sivy chall

J. Scott Hall

JSH/mg Jerry Anderson, Dalen Resources cc:

RECEIVED

BEFORE THE APR 3 1995 OIL CONSERVATION DIVISION UII Conservation Division NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DALEN RESOURCES OIL & GAS COMPANY FOR POOL CREATION AND SPECIAL POOL RULES EDDY COUNTY, NEW MEXICO

CASE NO. 1280

APPLICATION

Dalen Resources Oil & Gas Company, by and through its undersigned attorneys, Miller, Stratvert, Torgerson & Schlenker, P.A., hereby makes application to the Oil Conservation Division for an order creating a new pool and for promulgation of special pool rules including (1) 40-acre spacing or proration units on a permanent basis, (2) a provision establishing a limiting gas oil ratio of 10,000 cubic feet of gas per barrel of oil, and (3) a special depth bracket allowable of 250 barrels of oil per day. In support, Applicant would show the Division:

1. The subject pool was discovered by Applicant's Murchison State 2 No. 1 well located in Unit H in Section 2, Township 25 South Range 26 East NMPM, Eddy County, New Mexico and said well is producing from the Delaware formation. The discovery well and subject lands are outside the present boundaries of any existing pool.

2. Applicant believes that the following described lands are reasonably productive of hydrocarbons in paying quantities from the Delaware formation and should be included in the original definition of the new pool to be created because of the production capability of the well on this acreage:

Township 25 South, Range 26 East, NMPM

Section 2: SE 1/4 NE 1/4

3. In order to prevent economic loss caused by the drilling of unnecessary wells, to avoid augmentation of risk arising from the drilling of an excessive number of wells and to otherwise prevent waste and protect correlative rights, Special Pool Rules and Regulations providing for 40-acre spacing units should be promulgated for the new pool.

4. Applicant requests that said Special Pool Rules provide that each well should be located on a standard unit containing 40 acres more or less.

5. Applicant further requests that said Special Pool Rules provide for a special depth bracket allowable for each well on a 40-acre spacing or proration unit of 250 barrels of oil per day; and a limiting gas oil ratio of 10,000 cubic feet of gas for each barrel of oil produced.

6. Authorization of the development of this pool with the limiting gas-oil ratio and special depth bracket requested will increase production from the pool and will result in the recovery of hydrocarbons that will otherwise not be recovered.

7. Granting this application will be in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Dalen Resources Oil & Gas Company requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division at its hearing scheduled for May 4, 1995, and that after notice and hearing as required by law, the Division enter its order granting this application and providing such other and further relief as is deemed appropriate.

-2-

Respectfully submitted,

MILLER, STRATVERT, TORGERSON & SCHLENKER

7. Sion dall By

J. SCOTT HALL Attorneys for Dalen Resources Oil & Gas Company Post Office Box 1986 Santa Fe, New Mexico 87504-1986 LARGE FORMAT EXHIBIT HAS BEEN REMOVED AND IS LOCATED IN THE NEXT FILE

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R. W. Byram & Co., - Aug., 1993

EAST HERRADURA BEND-DELAWARE POOL (Gas-Oil Ratio) Eddy County, New Mexico

Order No. R-9773, Adopting a Gas-Oil Ratio Rule for the East Herradura Bend-Delaware Pool, Eddy County, New Mexico, November 4, 1992.

Order No. R-9773-A, August 11, 1993, continues in effect the rules adopted in Order No. R-9773 (continued for six months).

Consolidated Application of Bird Creek Resources, Fortson Oil Company and Ray Westall Operating, Inc. for Special Pool Rules, Eddy County, New Mexico.

> CASE NO. 10541 Order No. R-9773

#### ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on October 1, 1992, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of November, 1992 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

#### FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) At the time of the hearing, Fortson Oil Company moved to be realigned from an applicant to an interested party in this case and the motion should be granted.

(3) Bird Creek Resources and Ray Westall Operating, Inc. (hereinafter referred to as the "applicants"), seek an order promulgating special pool rules for the East Herradura Bend-Delaware Pool, including a provision for a gas-oil ratio of 10,000 cubic feet of gas per barrel of oil.

(4) At the hearing, Fortson Oil Company, Hanley Petroleum, Inc. and Bass Enterprises Production Company, each entered its respective appearance as a party affected by this case.

(5) The East Herradura Bend-Delaware Pool was created and defined by Division Order No. R-8179, as amended, and is currently governed by the Oil Conservation Division's Statewide Rules and Regulations, including a gas-oil ratio of 2,000 cubic feet of gas per barrel of oil and a top oil allowable of 142 barrels per day.

(6) The East Herradura Bend-Delaware Pool is located in portions of Sections 34 and 35, Township 22 South, Range 28 East, and a portion of Section 2, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

(7) Recently there has been substantial development in the Delaware formation outside the defined boundaries of this pool but within one mile thereof, and new wells are being curtailed due to the statewide gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

(8) In this area, the Brushy Canyon portion of the Delaware includes several hundred feet of shale and sand stringers, and, based upon currently available information, one of which appears to only be productive of natural gas.

(9) The fracture treatments typically used in completing Delaware wells in this area have communicated this gas stringer with the other producing zones in this formation resulting in wells producing at high gas-oil ratios.

(10) If the wells in this pool are produced under the statewide gas-oil ratio limitation of 2,000 to 1, liquids cannot be efficiently produced from the reservoir and substantial volumes of liquids may remain trapped as the reservoir energy is depleted by gas production.

(11) Currently there is no production data, PVT analysis or fluid samples taken exclusively from that sand stringer believed by the applicants to be productive only of gas.

(12) Currently there is no evidence available to demonstrate that a single gas cap was originally present in this reservoir or what ultimate effect this single gas productive stringer may have on ultimate recovery from the reservoir.

(13) Gas produced by the wells in this pool is comprised of solution gas plus free gas from oversaturated crude oil and/or gas from a separate gas zone. While the current gas producing rates for these wells may not be an accurate indication of the actual gas-oil ratios of the hydrocarbons at reservoir conditions or the ultimate appropriate gas-oil ratios at which these wells should be produced, approval of a temporary gas-oil ratio of 10,000 cubic feet of gas per barrel of oil is not expected to excessively dissipate reservoir energy or otherwise cause waste.

(14) Currently available evidence presented at the hearing demonstrated that a temporary gas-oil ratio limit of 10,000 cubic feet of gas per barrel of oil in the East Herradura Bend-Delaware Pool for a period of six months commencing on October 1, 1992 will afford an opportunity for all operators to gather more reservoir data, allow the reservoir in this portion of the Delaware formation to be produced at a faster and more efficient rate without harm to correlative rights and without causing waste and should be <u>approved</u>.

(15) Additional data on the producing characteristics of this reservoir, including the appropriate gas-oil producing rates, are rapidly being acquired due to the development currently underway in this pool and special pool rules and regulations for this pool should be promulgated on a temporary basis and should be reviewed by the Division in six months.

(16) The applicants request that temporary pool rules and regulations for this pool be effective as of October 1, 1992 and this request should be granted.

#### IT IS THEREFORE ORDERED THAT:

(1) The request of Fortson Oil Company to be dismissed as an applicant in this case is hereby granted.

(2) The application of Bird Creek Resources and Ray Westall Operating, Inc., for special pool rules providing for an increased gas-oil ratio limit for the East Herradura Bend-Delaware Pool, Eddy County, New Mexico, is hereby approved on a temporary basis.

(3) Temporary special pool rules for the East Herradura Bend-Delaware Pool are hereby promulgated as follows:

# SPECIAL RULES AND REGULATIONS FOR THE EAST HERRADURA BEND DELAWARE POOL

Rule 1: The limiting gas-oil ratio for said East Herradura Bend-Delaware Pool shall be 10,000 cubic feet of gas per barrel of oil produced.

#### IT IS FURTHER ORDERED THAT:

(4) The Special Rules and Regulations for the East Herradura Bend-Delaware Pool shall become effective October 1,1992.

(5) This case shall be reopened at an Examiner Hearing in May, 1993, at which time the operators in the pool may appear and present evidence and show cause why the foregoing Special Rules and Regulations should remain in effect.

(6) 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.

#### SECTION II

#### CLINE-BLINEBRY POOL Lea County, New Mexico

Order No. R-9859, Adopting Operating Rules for the Cline-Blinebry Pool, Lea County, New Mexico, April 1, 1993.

Application of Chuza Operating for Pool Creation and Special Pool Rules, Lea County, New Mexico.

> CASE NO. 10671 Order No. R-9859

#### ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on February 18 and March 4,1993, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and David R. Catanach, respectively.

NOW, on this 17th day of March, 1993 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

#### FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Chuza Operating ("Chuza"), is the owner and operator of the Gambi Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 12, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, which was plugged back and recompleted in November/December, 1992 from the Cline Drinkard-Abo Pool to the Blinebry formation with perforations from 5,489 feet to 5,705 feet.

(3) The applicant now seeks the creation of a new pool for the production of oil from the Blinebry and Paddock formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 11 and the SW/4 NW/4 of Section 12, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, and the promulgation of special rules therefor including a provision for a gas/oil ratio limitation of 6,000 cubic feet of gas per barrel of oil.

(4) The applicant further requests that the proposed special rules be made effective retroactive to December 14, 1992, which corresponds with the date of first reported Blinebry production from Chuza's Gambi Well No. 1.

(5) At the February 18, 1993 hearing the applicant requested the Paddock formation be dismissed from the vertical limits of the proposed pool and that this application consider only the Blinebry formation.

(6) There are no other Blinebry pools within one mile of the proposed pool Chuza is seeking to create.

(7) It appears the first well or discovery well for the proposed pool was the Kelton Operating Corporation ("Kelton") Lineberry Well No. 1 located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 11, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, which was plugged back and recompleted in October 1992 from the Cline Drinkard-Abo Pool to the Blinebry formation with perforations from 5,342 feet to 5,706 feet. The Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas, for this well on file with the Division in Santa Fe, indicates the completion/ready to produce date was October 20, 1992.

(8) Evidence presented by the applicant at the February 18, 1993 hearing indicates that the newly discovered reservoir is similar in nature to other Blinebry producing oil pools in the general area, being a typical interbedded dolomite with interstitial porosity having a combination structural/stratigraphic trapping mechanism, where the different laminated dolomite sections have either free oil or free gas phases that co-exist together. (9) Evidence further indicates that such a reservoir can be produced with the higher gas-oil ratio without ultimately affecting overall recovery from the reservoir.

(10) It appears from the evidence presented at the hearing that approval of such higher gas-oil ratio throughout the proposed pool can be made on a permanent basis; however, should the Division deem it necessary to return said pool to the statewide 2000 to 1 ratio limitation in order to prevent waste, protect correlative rights or conserve reservoir energy the Director of the Division may issue such a directive without notice and hearing.

(11) The applicant at said hearing also requested to amend that portion of this application seeking a retroactive effective date of December 14, 1992 for the order issued in this matter to October 14, 1992 which, according to the testimony presented, represents the date the Kelton well discovered the proposed Blinebry pool.

(12) A representative for Kelton entered an appearance at the February 18, 1993 hearing in support of Chuza's application and proposed amendments.

(13) Since this amendment is beyond the scope of this application and its advertised intent, and to assure complete fairness to all concerned that any change in an assigned allowable affecting more than one well in a pool where there is more than one operator, any retroactive approval date for this application should be denied.

(14) The applicant proposed at the February 18,1993 hearing to designate the above-described pool as the "Cline-Blinebry Pool", after the nearby Cline Drinkard-Abo, Cline-Devonian, and Cline-Tubb Pools.

(15) There was no opposition by any operator or by any interested party to the subject application.

(16) A new pool classified as an oil pool for Blinebry production should be created and designated the Cline-Blinebry Pool, with vertical limits to include the Blinebry formation and the horizontal limits comprising the SE/4 NE/4 and the NE/4 SE/4 of Section 11 and the SW/4 NW/4 of Section 12, both in Township 23 South, Range 37 East, NMPM, Lea County, New Mexico. FURTHER, the proposed pool and affiliated pool rules should be adopted on a permanent basis.

(17) The effective date for this application should be the first day of the next month following the date of this order.

#### IT IS THEREFORE ORDERED THAT:

(1) A new pool in Lea County, New Mexico, classified as an oil pool for Blinebry production, is hereby created and designated the Cline-Blinebry Pool, with vertical limits comprising the Blinebry formation, and the horizontal limits encompassing the following described area:

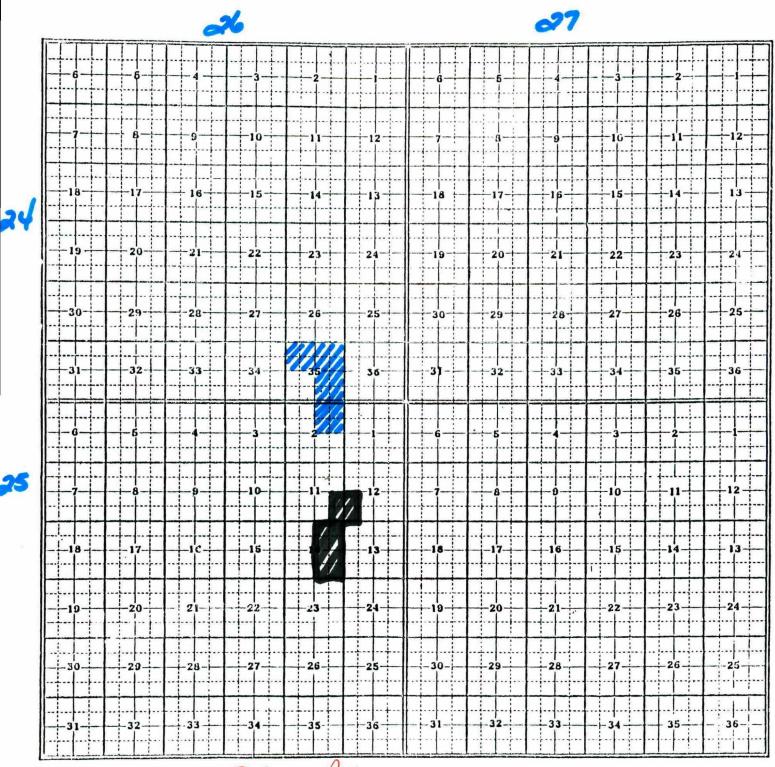
TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM Section 11: SE/4 NE/4 and NE/4 SE/4 Section 12: SW/4 NW/4

(2) Permanent Special Rules for said pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE CLINE-BLINEBRY POOL

RULE 1. Each well completed or recompleted in the Cline-Blinebry Pool or in the Blinebry formation within one mile thereof, and not nearer to or within the limits of another designated Blinebry pool, shall be produced in accordance with the Special Rules herein set forth.

RULE 2. The limiting gas/oil ratio for said Cline-Blinebry Pool shall be 6,000 cubic feet of gas per barrel of oil produced; each production unit in said pool shall produce only that volume of gas equivalent to 6,000 multiplied by the top unit depth bracket allowable set for the pool.



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### OIL CONSERVATION DIVISION

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# SUPPLEMENT TO THE OIL PRORATION SCHEDULE

DATE March 1, 1995

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#### OIL CONSERVATION DIVISION

SUPERVISOR, DISTRICT II

DISTRICT SUPERVISOR

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STATE OF NEW MEXICO

#### OIL CONSERVATION DIVISION

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DISTRICT OFFICE

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# SUPPLEMENT TO THE OIL PRORATION SCHEDULE

DATE ______ ** 345 3, 1995

PURPOSE _____

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#### OIL CONSERVATION DIVISION

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Signature	hit to be	<b>`</b>	Approved by:	IGINAL SIGNED BY	The W. Gut
Signature / Ind (	N VIII APAR		Tisle;		
	V. VOIRCAL		Approval Date:		
Printed autor Cindy	Regulatory Compl	iance	a subbrance a series	88883 ·	
Time and Cindy	Regulatory Compl	iance 4) 750-3800		JUN 2 199	
Title: Supervisor		4) 750-3800		<u>JUN 2 199</u>	
Title: Supervisor	Phone:(21	4) 750-3800		JUN 2 193	
Title: Supervisor Data: 05/25/95	Phone:(21	4) 750-3800		JUN 2 199	Tide I

- Stituent to Appropriate District Office State Longe - 6 copies	E	inergy, Miner	State of Net als and Natur		es Depart				Perm C-	
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A. Box 1980, Hobbs, N			P.O. Bos			-	30-015-			
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USTRACT III 000 Rio Bennot Rd., Az	ler, NM 87410	С	onf.				6. Sins Q2 A L6921	Gas Leses No.		
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DALEN Resourc	es 011 & Gas	a Co,					L Well No.		····	
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Signature	way 1 - if-	<u>no and</u>			VETRIGI	P	ME VUDYI	VERATORD		

# INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

# INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

### Southeastern New Mexico

# Northwestern New Mexico

T. Anhy	T. Canyon		T. Penn. "B"
T. Salt	T. Strawn	T. Kirdand-Fruitland	T, Penn. "C"
	T. Atoka		T. Penn. "D"
T. Yates		T. Cliff House	T. Leadville
	T. Devonian	T. Menefee	T. Madison
	T. Silurian	T. Point Lookout	T. Elbert
• •	T. Montoya	T. Mancos	T. McCracken
T. San Andres		T. Gathep	T. Ignacio Otzte
	T. McKes		T. Granite
	T. Ellenburger		T
T. Blinebry		T. Montison	T
T. Tubb		T. Todiko	Т
T. Drinkard		T. Entrada	T
	T. Lamar 1950'	T. Wingste	T
A	T		T
	T		T
T. Cisco (Bough C)			T

# OIL OR GAS SANDS OR ZONES

No. 1, from	No. 3, from
No. 2, from	No. 4, from

# IMPORTANT WATER SANDS

Includ	e data on rate of water inflow and elevation	n to which water rose in hole.	
No 1	Ligni.	<b>m</b>	feet
No 7	from	<b>in</b>	feet
No 1	fom.	<b>T</b>	.feet
+ * * * * *			

# LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness in Feet	Lithology	From	То	Thickness in Feet	Lithology
See #	tache	I mud lo	ş.				

OUD DIST 11

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Form C-105 Attachment Murchison 2 State No. 1

# No. 27 ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.

Depth Interval	Amount and Kind of Material Used
8531' - 8631' 6332' - 6432' 5530' - 5730'	100' cmt plug - 40sx Super "C" cmt - Tagged 100' cmt plug - 50sx Super "C" cmt - Tagged 200' cmt plug - 50sx Super "C" cmt - Tagged
5306' - 5316'	2000 gais NEFE HCl w/60 ball sealers
CIPB @5295'	dumped 25' cmt on top
5133' - 5166'	2000 gals 7-1/2% NEFE HCl with additives + 100 7/8" frac balls Fracture stimulated with 74,000# 16/30 sand in gel

3,458

3,706

4,202

4,701

5,201

5,367

5,852

6,348

6,442

6,536

6,628

6,722

7,034

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Dalen Resources Murchison St. 2 #1 Eddy County, NM

#### STATE OF NEW MEXICO DEVIATION REPORT

257	1/2	7,500	4-1/2
<b>49</b> 7	1	7,532	3-3/4
745	1-3/4	7,564	3-1/2
931	1~1/4	7,624	2-1/2
1,178	1-1/4	7,770	2-1/4
1,394	2-1/2	7,785	2-1/4
1,457	3-1/4	7,846	2
1,520	3-1/2	7,969	1-3/4
1,551	3-1/4	8,123	1-1/4
1,582	2-3/4	8,402	1/2
1,613	2-3/4	8,631	1/2
1,674	3	•	-, -
1,706	2-3/4		
1,768	2-3/4		
1,799	2-1/2		
1,829	1-3/4		
1,860	1-1/4		
Z,008	3/4		
2,491	1/4		
2,960	1/4		

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Kan	atin

By: Ray Peterson

#### STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 13th day of February , 19 95, by RAY PETERSON on behalf of PETERSON DRILLING COMPANY.

My Commission Expires: 8/2/96

1-1/4

1-1/2

1-1/2

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2-1/2

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2

2

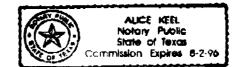
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Notary Public for Midland County, Texas



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	Regulatory Compli	ance	Approval Date:	MAR 3 0 1995	
03/14/95		) 750-3800			
f this is a change of op	terator fill in the OGRID stud	er and mane of the per-	fens operator	<u>per manifesting de des des des des</u>	
Previous	Operator Squature	·····	Printed Name	Title	
					MIL
					WIN . J. C.

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DISTRICT I P.O. Drewer DD, Artania, NM 882114	0719	OIL CONSERV		SION MAY 1	1 1995	Instruction
DISTRET III		P.O. J Santo Ka. Mary B	Box 2088		_	Reverse S
1000 Rio Brazos Rd, Aztec, NM 8741	IQ.	Sana re, new r	MEXICO 61204-20	"OIL CO	N. Div.	l
NOTE: T	his form is to be	OVERY ALLOV filed and attachments i med for more than one	made in accordance	with the provisions (	of Rule 509.	OOL
Operator			Address			
DALEN Resources Oil &	& Gas Co.	· · · · · · · · · · · · · · · · · · ·	6688 N. C	entral Expwy	., Suite 10	000, Dall
Lase Neme Murchison 2 State			I I	Coursy Eddy		
Well Location						
Unis Letter H		1980	_ Feet from The	north	Line and	660
				£		
From the east	Line of Section	2	, Township 2	5N Range	26E	, NMPM
Suggested Pool Names (Lin in order o 1.White City	· · · ·	2 Black Ri	Ver South		3. P. J.	South
Name of Producing Formation Brushy Canyon		formions 133' - 5166'	Depth of Top Per -1790	from CIL.	Date of Filing I	Form C-104 31/95
Was "Affidevis of Discovery" Previous		yes, Give Date of Filing		Vell was Spudded	Date Compl. Re	
For This Well in this Pool?	No		01	/20/95	03/05	
	d Beck Dapth 270'	Depth Casing Sho 5520			an ( <i>Gr., DP, RKB, 1</i> 43' GR	RT, eic.)
Oil Well Potentiai (Test to be taken on	nty after all load oil	······································				•
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Form C-109 Revised 4-1-91

Page 2

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	
	ADDRESS
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1	

Astach evidence that all of the above operators have been furnished a copy of this application. Any of solid operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Division of such means in writing within ten days after receiving a copy of this application...

Remarks:

### **OPERATOR CERTIFICATION**

l hereby sensify that all sulms and negativest of the New Maniso OS: Conservation Division have a samplind with, with respect to the subject will, and that it is sty opinion there is been that discovery of a hittery subject well, if anthorned to have been a subject been and the subject well. If anthorned to have been a subject been and to have been a subject been and to have been a subject been and to have been and the subject been and the subject been and the subject been and the subject been and to have been and the subject been and

Signature

Cindy R. Keister Printed Name

Regulatory	Compliance	05/01/95	
	[	Date	
750-3800			
			Date

INSTRUCTIONS: File two copies of Form C-109 with attachments with appropriate district office and one copy with attachments with the Santa Fe Office.

Attachments: (See Rule 509 for details)

- 1) Map showing all wells within a two-mile radius of discovery well.
- 2) Electrical log with tops and bottoms of producing formations marked.
- 3) A sub-surface structure map if application is based on horizontal separation.
- 4) Geological cross-section.
- 5) Summary of reservoir data.
- 6) Evidence that all operators (listed above) owning leases within one mile of this well have been furnished a copy of this application.

DALEN Resources Oil & Gas Co.

March 13, 1995

MAR 1 4 1995

RECEIVED

OIL CON. DIV. DIST. 2

RE: DALEN Resources Oil & Gas Co. No. 1 Murchison 2 Eddy Co., New Mexico

Dear Mr. Williams:

Mr. M. B. Williams State of New Mexico

Oil and Gas Division

Artesia, New Mexico 88210

Drawer D

DALEN Resources Oil & Gas Co. initiated the drilling of the subject well on January 20, 1995 and released the drilling rig February 12, 1995 after reaching a total depth of 8,631'. Conventional logs, an MRI log, and sidewall cores determined that our lowest zone, the Bone Spring, was too tight to produce economically. Consequently, three open hole plugs were set and casing was run to 5,520'.

After perforating and acidizing, the first Bushy Canyon completion (5,306-16) tested tight and very wet. The second attempt (5,133' to 66') is more encouraging and was fractured on March 3, 1995. This interval was flowed only to the point of recovering most of the frac fluid. We are currently installing the surface equipment required for sustained production.

DALEN Resources requests permission to flow the well prior the installation of a gas sales pipeline. We need to establish the size of the reservoir and accurately measure the GOR (expected to be around 2,000 SCF/BBL) and other fluid properties prior to moving ahead with our offset plans. Flowing the well prior to pipeline installation will accelerate the offset drilling.

To determine the quality of the reservoir we will need to temporarily flow the well above the 107 BOPD allowable. DALEN Resources also requests to flow above the allowable, but no greater than 500 BOPD. DALEN Resources considers all information about the Murchison well confidential and asks that the State of New Mexico treat this information the same way. We do understand that once a discovery allowable is filed for and a hearing is set that this information will become public. Please feel free to call me with any questions related to our new well.

Sincerel

Eric F. Hadsell Senior Petroleum Engineer 6688 N. Central Expwy., Suite 1000, Dallas, Texas 75206, Telephone 214/750-3800, Fax 214/750-3883

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