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PLAINS PETROLEUM OPERATING COMPANY



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a subsidiary of Barrett Resources Corporation

FEB 25 1997

CONSERVATION DIVISION

February 22, 1998

Mr. David Catanach
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87504

11785

Re: Teague Simpson (McKee)
Pressure Maintenance Project
OCD Order No. R-10474
Lea County, New Mexico

Dear David:

It is Plains Petroleum's desire to expand the above referenced project to include the S/2 of the NE/4 of Section 34 and the S/2 of the NW/4 of Section 35, both being in T23S, R37E, Lea County, New Mexico. Expansion of this Order would, when approved, include the E. C. Hill "B" Federal #6 (formerly #5M) and the E. C. Hill "B" Federal "D" #1 (formerly #1M) wells permit Plains to re-enter, restore casing integrity and convert these wells to water-injection-wells (WIW's). These two (2) wells were originally drilled and completed by the Carter Foundation in 1952 and 1954 as producing wells in the McKee formation from perforations 9114'-9332'. Subsequently after many years of production, the McKee zones in these wells were abandoned, the wells plugged back and recompleted in other zones.

Plains request to expand this Pressure Maintenance Project is the result of its recent completion in the McKee zone in the Baylus Cade Federal #7 well, a directional well that found recoverable oil in the McKee across the fault. The BHL of this well is located in the NW/4 SW/4 Section 35, T23S, R37E. Currently we have submitted for approval to drill the west offset to this well, the E. C. Hill "B" Federal #24, located in the NE/4 SE/4 Section 34, T23S, R37E to test for commercial production from the McKee formation. The Hill "B" Federal #24 well will be an orthodox vertically drilled well to a PTD of about 9500'.

The conversion to WIW of the Hill "B" Federal #6 well located in the SW/4 NW/4 of Section 35 would serve as a pressure support well for improved oil recovery from the recently completed Baylus Cade Federal #7 well. The Hill "D" Federal #1 well located in the SE/4 NE/4 Section 34 would, assuming the successful completion of the Hill "B" Federal #24 well, serve as the offsetting WIW pressure support well for improved/enhanced recovery from the McKee reservoir.

The purpose of this letter and enclosed plat is to refresh your memory of this project and

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Teague Simpson Pressure Maintenance Project

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give you a brief overview of our objective plus request from you as to what information do you need from Plains besides (1) C108's for both proposed WIW's (2) waiver of objection from all offset operators, mineral owners, notification to surface owner (3) published notice in the local county (Hobbs, NM) newspaper. NMOCD Case No. 11368 file should contain all of the geological, geophysical and reservoir information necessary to administratively approve this request for expansion.

So that we may expedite this application and allow us to put together a complete packet of required information, forms, etc, for the NMOCD, would you please give me a call at our toll free number 1-800/879-4434 so that we may discuss this project.

Very truly yours,

PLAINS PETROLEUM OPERATING CO.

A handwritten signature in cursive script, reading "James R. Sutherland".

James R. Sutherland
District Manager

Enclosure

