

CASE 8453: Application of Chama Petroleum Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line of Section 10, Township 20 South, Range 25 East, Pennsylvanian formation, the W/2 of said Section 10 to be dedicated to the well.

CASE 8445: (Continued from January 3, 1985, Examiner Hearing)

Application of GeoEngineering, Inc. for an exception to General Rules 104-F and 104 C.I., McKinley County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rules 104-F and 104 C.I. of the Division's General Rules and Regulations within portions of Sections 20, 21, 22, 27, 28, 29, and 30, all in Township 20 North, Range 9 West, to provide for Mesaverde oil wells to be located not nearer than 10 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator and to also permit applicant to develop the Mesaverde formation within said area with more than four wells on each 40-acre tract.

CASE 8323: (Reopened)

Application of Blanco Engineering, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Atoka Penn formation in the perforated interval from 9,094 feet to 9,116 feet in its Pan American Flint Gas Com Well No. 1 located in Section 22, Township 18 South, Range 26 East.

CASE 8454: Application of TXO Production Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Morrow formation underlying the S/2 of Section 2, Township 22 South, Range 27 East, to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the South and East lines of said Section 2, East Carlsbad-Morrow Gas Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8455: Application of TXO Production Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 14, Township 22 South, Range 27 East, to be dedicated to a well to be drilled at an unorthodox gas well location 1907 feet from the North line and 635 feet from the West line of said Section 14. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8456: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the South Hackberry-Bone Spring Pool. The discovery well is the Perry R. Bass Big Eddy Unit Well No. 33 located in Unit P of Section 4, Township 20 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM
Section 4: SE/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Scoggin Draw-Strawn Gas Pool. The discovery well is the Amoco Production Company Federal DH Gas Com Well No. 1 located in Unit M of Section 11, Township 18 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 11: S/2

- (c) EXTEND the East Avalon-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 25: S/2
Section 26: S/2
Section 35: N/2

et Nos. 4-85 and 5-85 are tentatively set for January 30 and February 13, 1985. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 16, 1985

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

The following cases will be heard before Gilbert P. Quintana, Examiner, or Michael E. Stogner, Alternate Examiner.

CASE 8440: (Continued and Readvertised)

Application of Conoco Inc. to amend Administrative Division Order DHC-417, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Administrative Division Order DHC-417 to allow its State H-35 Well No. 9 located in Unit H of Section 35, Township 17 South, Range 34 East, to produce approximately 120 more barrels of water per day than presently allowed.

CASE 8437: (Continued from December 19, 1984, Examiner Hearing)

Application of Champlin Petroleum Company for two waterflood projects, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its State 5-8-33 Lease by the injection of water into the San Andres formation through the perforated interval from 4223 feet to 4401 feet in its State 5-8-33 Well No. 5 located 1980 feet from the North and East lines (Unit G) of Section 5, and to also institute a waterflood project on its State 5-A Lease by the injection of water into the San Andres formation through the perforated interval from 4216 feet to 4398 feet in its State 5-A Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 5, both wells located in Township 8 South, Range 33 East, NMPM, Chaveroo-San Andres Pool, Chaves County.

CASE 8448: Gary-Williams Oil Producer, Inc. for pool extension, amendment of Division Order No. R-7471 and for twelve non-standard oil proration units, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Rio Puerco-Mancos Oil Pool to include Sections 3, 4, 5, 8, 9, 10, 15, 16, and 17 of Township 20 North, Range 2 West, Sections 19 through 22 and 27 through 34 of Township 21 North, Range 2 West, Sections 21 through 28 of Township 20 North, Range 3 West, and Sections 25, 26, 35 and 36 of Township 21 North, Range 3 West and the amendment of the SPECIAL RULES AND REGULATIONS FOR THE RIO PUERCO-MANCOS OIL POOL, as promulgated in Division Order No. R-7471, to further restrict the well location requirements. Applicant further seeks approval of twelve non-standard oil proration and spacing units, all within the above-described pool extension area and necessitated by irregularities in section sizes and shapes, each comprised of various contiguous lots and/or tracts in Sections 3, 4, and 5 of Township 20 North, Range 2 West and Sections 19, 30, and 31 of Township 21 North, Range 2 West.

CASE 8449: Application of Tenneco Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin Dakota Gas Pool underlying the N/2 of Section 11, Township 29 North, Range 10 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8450: Application of Robert E. Chandler Corporation for compulsory pooling and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blinebry formation underlying a non-standard oil proration unit, consisting of approximately 25.9 acres, comprising Lot 4 of Section 29, Township 18 South, Range 39 East, NMPM, East Hobbs-Blinebry Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8451: Application of Robert L. Bayless for an unorthodox well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 560 feet from the South line and 890 feet from the West line of Section 16, Township 23 North, Range 4 West, NMPM, Ballard Pictured Cliffs Gas Pool, the SW/4 of said Section 16 to be dedicated to the well.

CASE 8452: Application of Spence Energy Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1980 feet from the South and East lines of Section 25, Township 9 South, Range 32 East, South Flying "M"-Pennsylvanian Pool, the N/2 SE/4 of said Section 25 to be dedicated to the well.

DANIEL S. NUTTER

REGISTERED PETROLEUM ENGINEER

PETROLEUM CONSULTATION AND STATE AND FEDERAL REGULATORY SERVICES

105 EAST ALICANTE

SANTA FE, NEW MEXICO 87501

PHONE (505) 982-0757

December 21, 1984

RECEIVED

DEC 21 1984

Mr. Richard L. Stamets, Director
Oil Conservation Division
Energy and Minerals Department
Post Office Box 2088
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION

Re: Application of Spence Energy Com-
pany for an Unorthodox Oil Well
Location, Lea County, New Mexico

Dear Mr. Stamets:

Spence Energy Company proposes to drill a well to test, among other formations, the Abo and the Bough B, Bough C, and Bough E formations at a point 1980 feet from the South line and 1980 feet from the East line of Section 25, Township 9 South, Range 32 East, NMPM, South Flying M-Pennsylvanian Pool, Lea County, New Mexico.

The Special Pool Rules for said South Flying M-Pennsylvanian Pool as promulgated by Division Order No. R-3228 require that each well in the pool have dedicated thereto an 80-acre tract comprising the N/2, S/2, E/2, or W/2 of a governmental quarter section and be located in the NE/4 or the SW/4 of the quarter section. The proposed well would have dedicated thereto the N/2 of the SE/4 and would be located in the NW/4 of the quarter section.

Spence Energy Company therefore respectfully requests that a case be included on your January 16, 1985, docket to consider this application, and that subsequent to said hearing, an order be entered approving the aforesaid unorthodox oil well location.

Very truly yours,



Daniel S. Nutter, P.E.

cc: Mr. Verne Spence
Suite 381, Number Two Energy Square
4849 Greenville Avenue
Dallas, Texas 75206

William F. Carr, Esq.
Campbell and Black, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87501



JERRY W. LONG
CONSULTANT

December 24, 1984

NEW MEXICO OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Richard L. Stamets, Director

Re: Unorthodox Location
Spence Energy Company No.1 Federal "25"
NW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec.25-9S-32E., Lea County, New Mexico
Federal Lease NM 55001

Gentlemen:

Attached is a copy of Application to Drill and location survey plat for the referenced well. This well will be an extension of the South Flying "M" - Bough "C" Pool, which provides for 80 acre proration units, with the initial well to be in the NE $\frac{1}{4}$ or SW $\frac{1}{4}$ of each quarter-section.

It is my understanding that you will advise BLM of your oral approval of the unorthodox location, in order that they may expedite processing of the Application. Your oral approval will be followed by an NMOC Hearing presented by Dan Nutter for the issuance of an Order to permit the unorthodox location.

If you have not received this correspondence by December 26, I will handcarry a copy to you.

Thanks for your assistance in this Application.

Sincerely yours,

JERRY W. LONG
Agent for:
SPENCE ENERGY COMPANY

JWL/b11

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL **DEEPEN** **PLUG BACK**

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 SPENCE ENERGY COMPANY

3. ADDRESS OF OPERATOR
 4849 Greenville Ave., 381 Two Energy Square
 Dallas, Texas 75206

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
 At surface 1980'FSL 1980'FEL Sec.25-9S-32E
 At proposed prod. zone
 Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 25 miles northwest of Tatum, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660'

16. NO. OF ACRES IN LEASE 160.00

17. NO. OF ACRES ASSIGNED TO THIS WELL 80

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None

19. PROPOSED DEPTH 9500'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4303' GL

22. APPROX. DATE WORK WILL START* January 1, 1985

5. LEASE DESIGNATION AND SERIAL NO.
 NM 55001

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Federal "25"

9. WELL NO.
 1

10. FIELD AND POOL, OR WILDCAT
 South Flying M-Bough "C" (EXT)

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec.25-9S-32E

12. COUNTY OR PARISH Lea

13. STATE N.M.

22. APPROX. DATE WORK WILL START*
 January 1, 1985

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48# H-40 ST&C	400' ±	400 sx Class C - Circulate
11"	8-5/8"	28# H-40 ST&C	3800' ±	900 sx Lite + 200 sx Class C - Circulate
7-7/8"	5-1/2"	17# & 15.5#	9500' ±	210 sx Class H to Isolate Water, Oil & Gas Zones

See Supplemental Drilling Data for casing and BOP details.

Propose to drill to approximately 9500' to test Bough and intermediate formations.

Run 5-1/2" production casing, perforate favorable zones.

Run tubing and stimulate as necessary.

Swab to clean up and test. Produce to tanks.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Jerry W. Long TITLE Agent DATE December 24, 1984
 (This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____
 CONDITIONS OF APPROVAL, IF ANY:

***See Instructions On Reverse Side**

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

ITEM 22: Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR Part 3160.

PRINCIPAL PURPOSE: The information is to be used to process and evaluate your application for permit to drill, deepen, or plug back an oil or gas well.

ROUTINE USES: (1) The analysis of the applicant's proposal to discover and extract the Federal or Indian resources encountered. (2) The review of procedures and equipment and the projected impact on the land involved. (3) The evaluation of the effects of proposed operation on surface and subsurface water and other environmental impacts. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions, as well as routine regulatory responsibility.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if the lessee elects to initiate drilling operation on an oil and gas lease.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq) requires us to inform you that:

This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the lessee elects to initiate drilling operations on an oil and gas lease.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

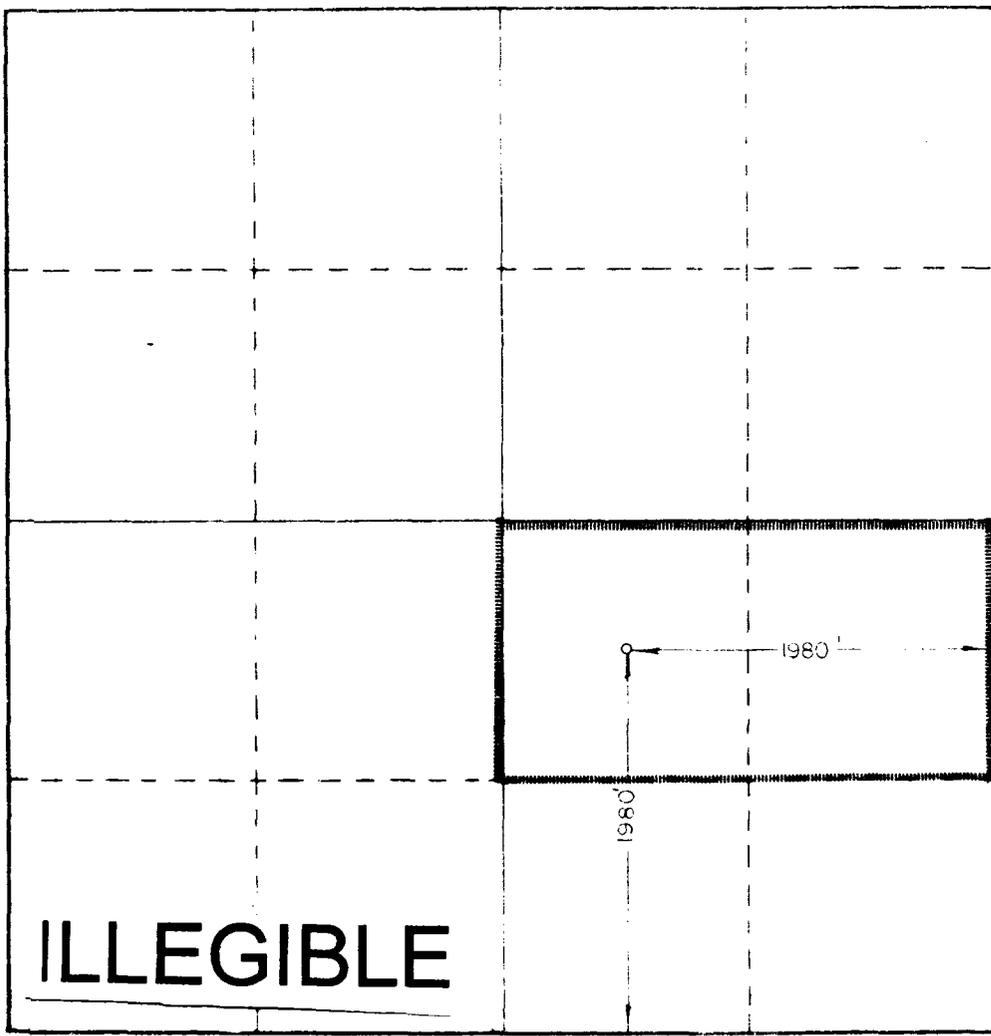
Operator Spence Energy Company		Lease Federal 100		Well No. 1	
Section 1	Section 25	Township 9 South	Range 32 East	County Lin County	
Actual Location of Well: _____ feet from the _____ line and _____ feet from the _____ line					
Ground Level Elev. 4403.2	Producing Formation Bough "C"	Pool Flying "M" - Bough "C"		Dedicated Acreage: 80 Acre	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). SINGLE LEASE - NM 55001
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

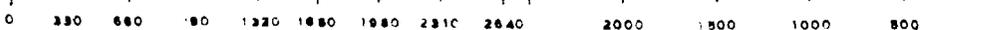
Jerry W. Long
Name
JERRY W. LONG
Position
Agent

Company
SPENCE ENERGY COMPANY
Date
December 24, 1984

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
December 22, 1984
Registered Professional Engineer
and/or Land Surveyor

John W. West
Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239



SUPPLEMENTAL DRILLING DATA

SPENCE ENERGY COMPANY
No.1 Federal "25"
NW¼SE¼ Sec.25-9S-32E
Lea County, N.M.

NM 55001

The following items supplement Form 3160-3 in accordance with instructions contained in Onshore Oil and Gas Order No.1:

1. SURFACE FORMATION: Quaternary

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Rustler Anhydrite	1650'	Abo	7220'
Yates	2260'	Wolfcamp	8350'
San Andres	3510'	Bough C	8955'

3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATIONS:

0 - 300' - Fresh Water
3510' - Oil in San Andres formation
8955' - Oil in Bough formation

4. PROPOSED CASING PROGRAM:

13-3/8" Casing - 48#, H-40, ST&C, cemented at 400'± with sufficient Class C to circulate.

8-5/8" Casing - 28#, H-40, ST&C, cemented at 3800'± with 900 sx Lite + 200 sx Class C to circulate.

5-1/2" Casing - 1300' - 17#, K-55, ST&C
6500' - 15.5#, J-55, LT&C
1700'± - 17#, J-55, LT&C - Cemented with 210± sx of Class H cement with 50/50 POZ + 0.5% CFR-2 + 5# salt/sx to obtain a 14.2# slurry.

Equivalent or better grades and weights of casing may be substituted.

5. PRESSURE CONTROL EQUIPMENT: The blowout preventer equipment will consist of 5000#WP double-ram preventers and choke manifold and a 3000#WP annular type preventer. A sketch of the BOP stack is attached.

6. CIRCULATING MEDIUM:

0 - 400': Fresh water mud

400' - 3800': Brine mud with gel necessary to control viscosity.

3800' - TD: Water base fluid conditioned for control of viscosity, pH, weight and water loss.

7. AUXILIARY EQUIPMENT: Safety valve to fit the drill pipe in use will be kept on the rig floor at all times.

8. TESTING, LOGGING AND CORING PROGRAM:

DST: Drill stem tests will be made when samples, drilling time or other data indicate a test is warranted.

Logging: Logs will include GR-CNL, FDC and DLL logs as determined by well-site geologist.

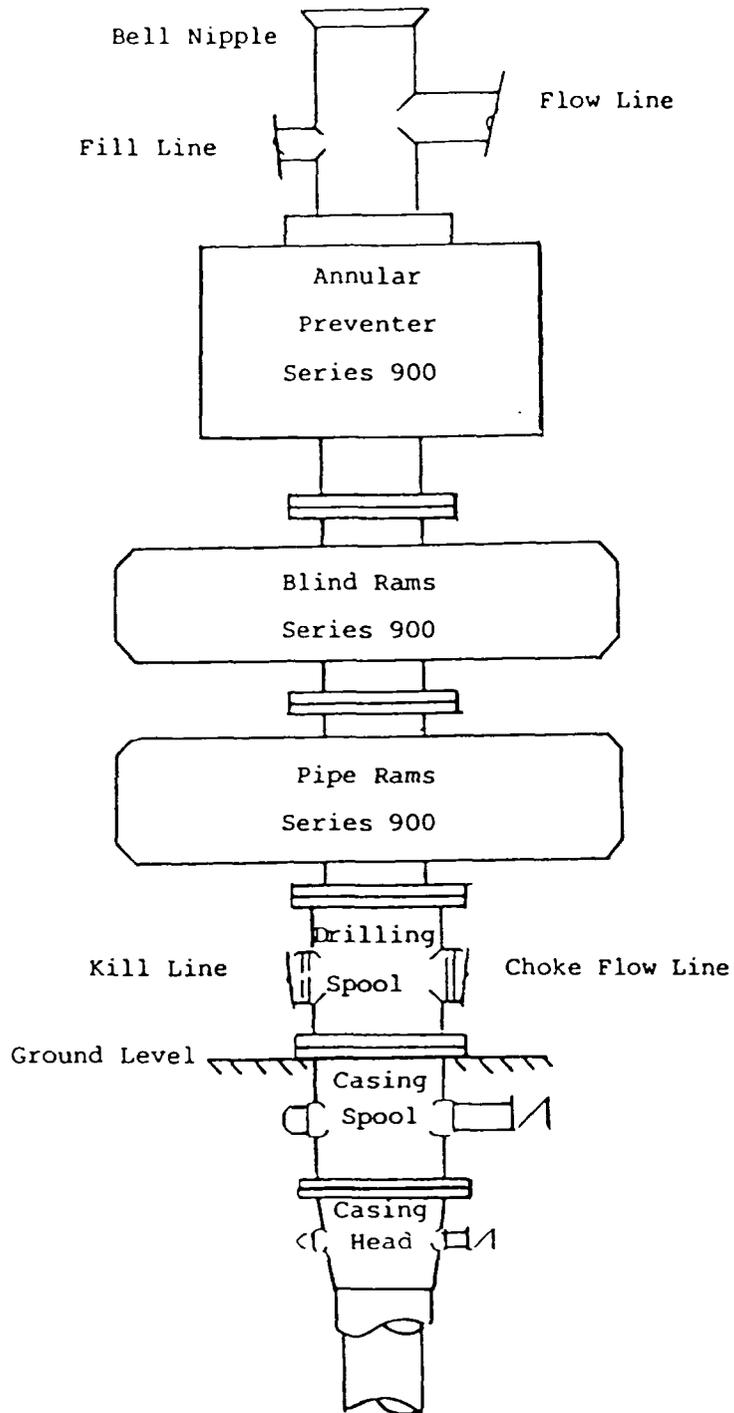
Coring: None planned

9. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:

None anticipated

10. ANTICIPATED STARTING DATE: Work will start as soon as the Application is approved and will continue for about 60 days.

SPENCE ENERGY COMPANY
No.1 Federal "25"
NW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec.25-9S-32E
Lea County, N.M.



5000#WP
BLOWOUT PREVENTER STACK
Rams Operated Daily