

THE	
CIL CO	SECTION
6070	
Case No. 6069	1
Submitted by	JR Core
Hearing Date	20 Oct 77

The proposed East Blinebry-Drinkard Units, if approved, will unitize the Blinebry and Drinkard reservoirs of the unit area. Sandwiched between these two reservoirs is the Tubb formation which is productive of gas. Also immediately underlying the Drinkard is found the Wichita Albany-Abo formation which is an established source of supply of oil and gas from the unit area.

In the case of the Eubanks lease (Tract 13 to the Unit) some 46.5% of the known reserve is credited to the Tubb formation and 21.4% credited to the Abo formation. Therefore, we find 67.9% of the proven and productive reserve in formations which are adjacent to the proposed unitized formations and recoverable from bore holes that are also necessary for prosecution of the proposed plan of operation of the units.

The Unit Operating Agreements for which approval is being considered here provides through Paragraph 11.1 on page 17 that the operators of each 40 acre tract of the proposed unit contribute a usable well bore for that tract or be assessed an amount of money up to \$200,000 for each such well bore not so contributed. There is no provision for the Unit Working Interest Owners or its operators to compensate the contributing Working Interest Owners for loss of access to usable well bores in existence at the time of unitization that have been designed and planned for unitization in the recovery of Tubb or Abo reserve underlying the tracts included in this Unit.

The Eubanks lease contains four (4) well bores providing access to Blinebry, Tubb, Drinkard and Abo formations. If the terms of the Unit Operating Agreement are approved as they are presented here the Working Interest Owners of Tract 13 will be denied existing bore hole access to 67.9% of these proven and productive reserve or be assessed a major economic penalty. It is evident from this that the Unit Operating Agreement contains provisions allowing the Unit interest to confiscate valuable property without compensation.

It should also be pointed out that proven and producing natural gas reserves represented by the Tubb formation underlying the Eubanks (Tract 13) lease, as well as others of the area, are dedicated to El Paso Natural Gas Company through a Certificate of Necessity granted by the Federal Power Commission. If this access to producing Tubb gas is denied or damaged the owners of this lease will be faced with the obligation of providing a new bore hole through which the so dedicated gas may be delivered.

The economic implication of the proposed bore hole delivery or economic penalty requirement results in severe economic penalties to the owners of the Eubanks (Tract 13) lease, as well as assessable liability for loss of reserves dedicated to an interstate market under the rules of the Federal Power Commission.

Futhermore, the loss of bore hole accessibility will require major capital expenditures to recover known Abo reserves. These penalties alone could be severe enough to prohibit the recovery of known reserve and thereby cause the loss of valuable oil and gas reserves.

It is evident that the owners of leases occupying the eastern one half of the proposed unit are operating properties that are near economic limit of primary recovery from the Blinbry and Drinkard formations. We concur that these operators should consider some form of enhanced recovery to force the production of the natural resources known to remain in those formations. Those leases in the western portion of the unit are producing at rates substantially greater than the economic limit of primary production. At present rates of decline, some five to ten years will be required for the western wells to reach the present level of production experienced by the eastern wells.

The eastern portion of the proposed units do not appear to represent the significant volumes of Tubb or Abo reserves that are known to exist in the western portion of the area in question. Therefore, the economic loss of access to valuable natural resources in that eastern portion of the area may not be as great as that of the western part of the unit area.

Therefore, if applicable any attempt at conducting an enhanced recovery program should by all reasonable logic be confined to the eastern portion of the proposed unit area and prosecuted to a point that would prove without doubt that such methods of recovery are truly applicable and efficient before consideration is given to expansion of the unit operating area and methods of recovery are allowed to expand into the western area of significant remaining primary reserves and resources contained in Tubb and Abo formations.

The plan of operation for the proposed unit area as considered here is founded upon sound techniques that have been successful in other reservoirs. The only similar operation in the area of the proposed unit, however, is that of Gulf Oil Corporation in their Central Drinkard Unit.

Page Three

The Central Drinkard Unit occupies an area, the center of which is four miles southwest from that of the proposed unit area. The Central Drinkard Unit is of comparable size to that of the Units being considered here. This size being 2,600 acres with 53 producing wells and 3,080 acres with 60 proposed producing wells respectively.

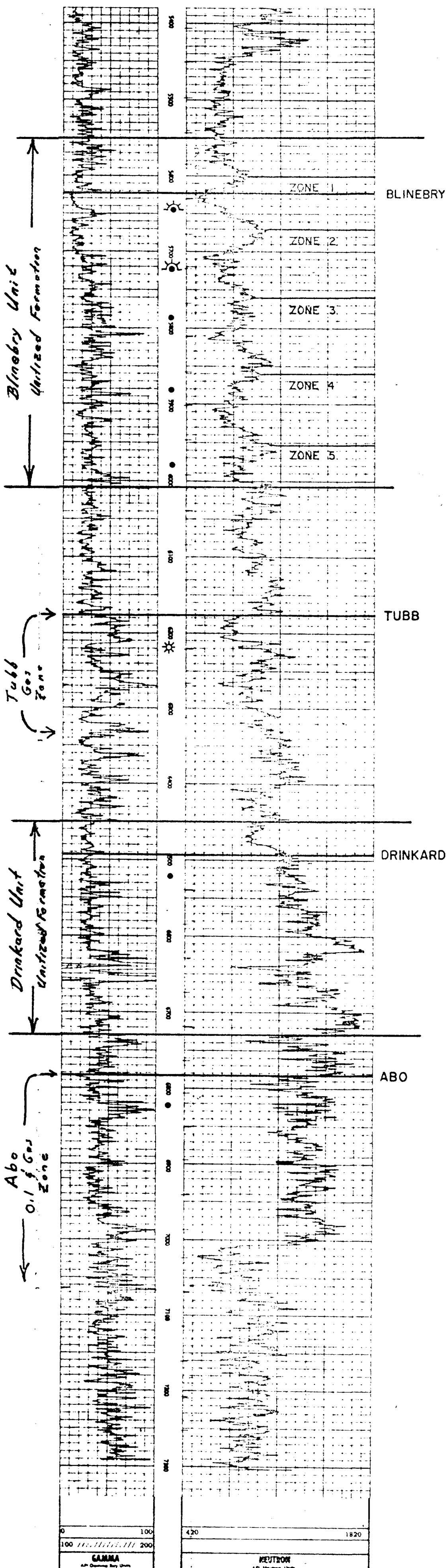
The Central Drinkard Unit should have been expected to have performed in a manner similar to that expected for the proposed East Blinbry-Drinkard Units. Yet in some five years of operation it has performed to an extent of only 25.5% of that hoped for in the area under consideration. This failure of effectiveness of the Central Drinkard Unit further emphasizes the advisability of slow orderly development of such a program from a pilot flood operation only as sound results can dictate.

If the proposed unit operations are successful to an extent of twice that thus far indicated by the Central Drinkard Unit a severe economic as well as natural resource loss for the area will result.

FIGURE 3

ATLANTIC RICHFIELD COMPANY
 ROY BARTON NO. 3
 1980' FNL, 660' FEL, SEC. 23
 T-21-S, R-37-E
 LEA COUNTY, NEW MEXICO
 EL. 3455'
 T.D. 7993'

THE
 OIL COMPANY OF AMERICA
 6069
 Case No. 6070
 Submitted by JRCone
 Hearing Date 20 Oct 77



CONE ET AL - EUBANKS LEASE
ECONOMIC POTENTIAL SUMMATION
PRIMARY AND UNITIZED OPERATION

CONE ET AL - EUBANKS LEASE
ECONOMIC POTENTIAL SUMMATION
PRIMARY AND UNITIZED OPERATION
Prepared by: J. R. Cone
Review Date: 2-6-77

	Bbl	Mcf	Value
<u>Continued Primary Operation</u>			
Remaining Reserve			
Blinebry	83,065	2,492,000	\$1,941,353
Drinkard	38,340	268,000	533,249
Tubb	49,870	3,955,000	3,578,300
Abo	102,900	668,000	1,646,810
	274,175	7,383,000	\$7,699,712
Cost to recover 240 mo. @ \$2,100			(504,000)
Net Value			\$7,195,712
<u>Proposed Unitized Operation</u>			
Remaining Reserve			
Blinebry Phase I	79,220	658,531	\$1,270,860
Drinkard Phase I	35,713	296,868	572,912
Blinebry Phase II	372,397	604,372	4,273,775
Drinkard Phase II	413,593	671,229	4,746,556
	900,923	2,231,000	\$10,864,103
Cost to develop			(498,917)
Cost to recover 240 mo.			(\$ 1,862,288)
Net Value			\$ 8,502,898
Net Increased Value by Unitization			\$1,307,186
Risk due to failure to recover 37%	(333,324)	(825,470)	(\$3,337,553)
Net Increased (Decreased) including risk	567,581	1,405,530	(\$2,030,367)
Tubb Reserve	49,870	3,955,000	\$3,578,300
Abo Reserve	102,900	688,000	1,646,810
Cost to Develop			(600,000)
Cost to Operate 240 mo. @ \$600			(144,000)
			\$2,450,743
Risk of loss due to water flood operation 50%			(\$2,612,500)
			(\$ 161,757)

Section 14

T
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S

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

WELL RECORD

Dual Completion

Mail to District Office, Oil Conservation Commission, to which Form C-101 was sent not later than twenty days after completion of well. Follow instructions in Rules and Regulations of the Commission. Submit in QUINTUPLICATE. If State Land submit 6 Copies

AREA 640 ACRES
LOCATE WELL CORRECTLY

Markham, Cone & Redfern

Babanks

(Company or Operator)

(Lease)

Well No. 4, in SE $\frac{1}{4}$ of SW $\frac{1}{4}$ of Sec. 14, T. -21-S, R. -37-E, NMPM

Blinberry Oil and Drinkard

Pool#

Lee

County

Well is 860 feet from South line and 1980 feet from West lineof Section 14. If State Land the Oil and Gas Lease No. is Patented LandDrilling Commenced October 30, 1959. Drilling was Completed December 10, 1959Name of Drilling Contractor Sitton & Norton Drilling CompanyAddress Lubbock, TexasElevation above sea level at Top of Tubing Head 3409 THP; 3406 Gr;
Not confidential, 19 3414 DP; 3417 KB The information given is to be kept confidential untilBlinberry Oil

OIL SANDS OR ZONES

Drinkard OilNo. 1, from 6683; 5702; 5750; 5769 & 5782No. 4, from 6530-6566; to 6573-6578;No. 2, from (total 30 holes perforated with
The Western Co., Sandril)No. 5, from 6581-6584; to 6587-6595;

No. 3, from _____ to _____

No. 6, from 6600-6608; & to 6615-6645

(all perforated 4 jet holes/foot)

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from None tested - rotary drilled hole to _____ feet.

No. 2, from _____ to _____ feet.

No. 3, from _____ to _____ feet.

No. 4, from _____ to _____ feet.

CASING RECORD

SIZE	WEIGHT PER FOOT	NEW OR USED	AMOUNT	KIND OF SHOE	CUT AND PULLED FROM	PERFORATIONS	PURPOSE
<u>8-5/8</u>	<u>36</u>	<u>New</u>	<u>1308'</u>	<u>Guide</u>			<u>Fresh str shut-off</u>
<u>7</u>	<u>20 - J</u>	<u>New</u>	<u>86.31</u>	<u>Pack-off</u>			<u>Production</u>
<u>7</u>	<u>24 - J</u>	<u>New</u>	<u>1931.27</u>				
<u>7</u>	<u>28 - H</u>	<u>N & SH</u>	<u>4829.95</u>				

7-inch floating equipment 5.97

MUDDING AND CEMENTING RECORD

SIZE OF HOLE	SIZE OF CASING	WHERE SET	NO. BAGS OF CEMENT	METHOD USED	MUD GRAVITY	AMOUNT OF MUD USED
<u>13-5/8</u>	<u>9-5/8</u>	<u>1319</u>	<u>150 & 150</u>	<u>Pump & plug</u>	<u>9.3</u>	<u>Stage collar @ 2958</u>
<u>8-3/4</u>	<u>7</u>	<u>6883</u>	<u>400 & 300</u>	<u>Pump & plug</u>	<u>9.7</u>	<u>Stage collar @ 3703</u>
	<u>2-3/8</u>	<u>6685</u>	<u>Baker model D retainer prod.</u>	<u>plc with expandable plug set @ 5780'.</u>		
	<u>2-3/8</u>	<u>Hydril 6675</u>	<u>Baker model PA retainer production packer set @ 6365'.</u>			

Hydril tubing string latched to BUE tubing string with Baker parallel string anchor.

RECORD OF PRODUCTION AND STIMULATION

(Record the Process used, No. of Qts. or Gals. used, interval treated or shot.)

No natural tests. Tests after stimulation and load recovered as follows: Abo (open hole
6683-7350) - washed with 2000 GSA; flowed 6.5 BOPH thru 3/4" choke; treated with 20,000 gal.
Western Marifras and 44,000 lbs. 20/40 sand; flowed 7 BOPH thru 3/4" choke. Drinkard perfu
6530-6645; washed with 1000 GA; treated with 10,000 gal. Solufrae and 10,000 lbs. 20/40
sand; flowed 4.5 BOPH. Blinberry oil (perforated 4 jet holes/foot) treated
with 30,000 gal. Solufrae and 42,000 lbs. 20/40 sand; flowed 2.5 BOPH thru 3/4" choke.
GCE 1089; PCT 350; PTP 175.

4560 70

TOOLS USED

Primary tools were used from _____ feet to **TD 7350** feet, and from _____ feet to _____ feet.
Cable tools were used from _____ feet to _____ feet, and from _____ feet to _____ feet.

January 18, 1960 - Drinkard PRODUCTION

Put to Producing **January 25, 1960 - Blinbry Oil** **49 - Drinkard** **100**

OIL WELL: The production during the first 24 hours was **270 - Blinbry Oil** barrels of liquid of which **180** % was

was oil; _____ % was emulsion; _____ % water; and _____ % was sediment. A.P.I.

Gravity **28.2° API - Drinkard; 41.8° API - Blinbry Oil**

GAS WELL: The production during the first 24 hours was _____ M.C.F. plus _____ barrels of

liquid Hydrocarbon. Shut in Pressure _____ lbs.

**Deal Oil-Oil Completion authorized by
OCC Order No. DC 878 effective
January 27, 1960.**

Length of Time Shut in _____

PLEASE INDICATE BELOW FORMATION TOPS (IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE):

Southeastern New Mexico

Northwestern New Mexico

1. Anhy. 1243	T. Devonian.	T. Ojo Alamo.
2. Salt. 1368	T. Silurian.	T. Kirtland-Fruitland.
3. Salt. 2505	T. Montoya.	T. Farmington.
4. Yates 2561	T. Simpson.	T. Pictured Cliffs.
5. 7 Rivers	T. McKee.	T. Menefee.
6. Queen 3395	T. Ellenburger.	T. Point Lookout.
7. Grayburg	T. Gr. Wash.	T. Mancos.
8. San Andres 3928	T. Granite.	T. Dakota.
9. Glorieta 5155	T. OCC Blinbry Marker 5607	T. Morrison.
10. Drinkard 6435	T. TD 7350	T. Penn.
11. Tablet Marker 6083	T. _____	T. _____
12. (?) 6830	T. _____	T. _____
13. _____	T. _____	T. _____
14. _____	T. _____	T. _____

FORMATION RECORD

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	11	11	Kelly bushing to ground	No drill stem tests were run in this well.			
11	1243	1232	Caliche & red beds	Deviation Record			
1243	1368	125	Anhydrite	Depth	Dev.	Depth	Dev.
1368	2505	1137	Salt with streaks anhydrite	224	1	5560	3-3/4
2505	3928	1423	Anhydrite, shale, salt and dolomite with streaks of sandstone	405	1/2	5615	3-1/2
				806	3/4	5747	3-1/2
				1250	1/4	5850	3-1/2
3928	7350	3422	Dolomite and limestone with thin streaks silt and shale. Scattered slight shows porosity and oil staining from 5100 to 7350'.	1319	3/4	5997	3-1/2
				1850	1/2	6000	3-1/2
				2556	1-3/4	6190	3-1/2
				2741	2-1/4	6245	3-1/4
				3116	1	6311	3-1/2
				3315	1/2	6347	3
				3648	1	6510	3
				3746	1	6633	2-3/4
				3855	1-1/4	6981	2-3/4
				4404	3/4	7190	2-1/4
				4557	3/4		
				4688	1/2		
				4974	3/4		
				4999	1		
				5102	1-1/2		
				5356	4		
				5377	4		
				5423	4		

ATTACH SEPARATE SHEET IF ADDITIONAL SPACE IS NEEDED

I hereby declare or affirm that the information given herewith is a complete and correct record of the well and all work done on it so far as the same can be determined from available records.

February 1, 1960

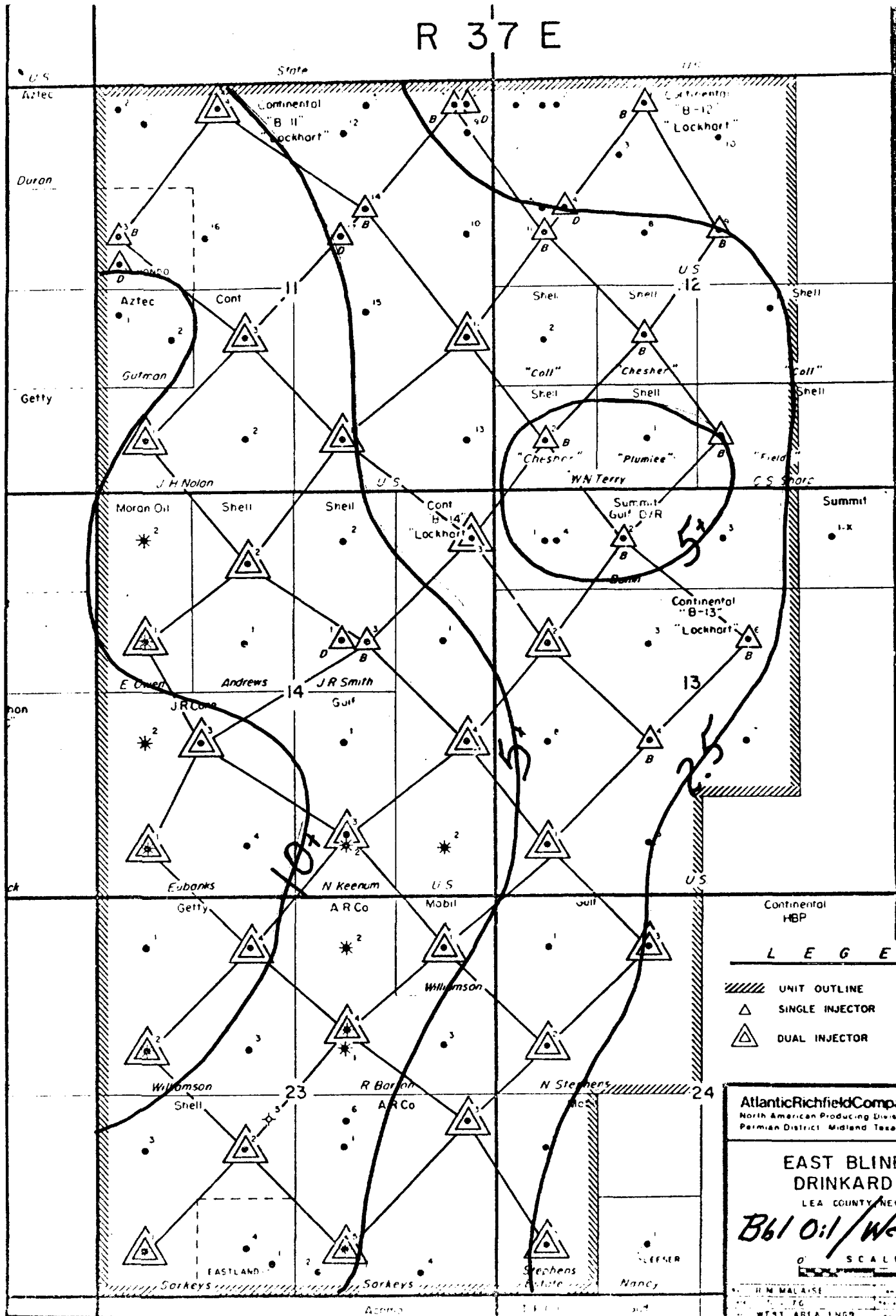
Company or Operator **Markham, Cone & Redfern**

Address **1706 Great Plains Life Building
Lubbock, Texas**

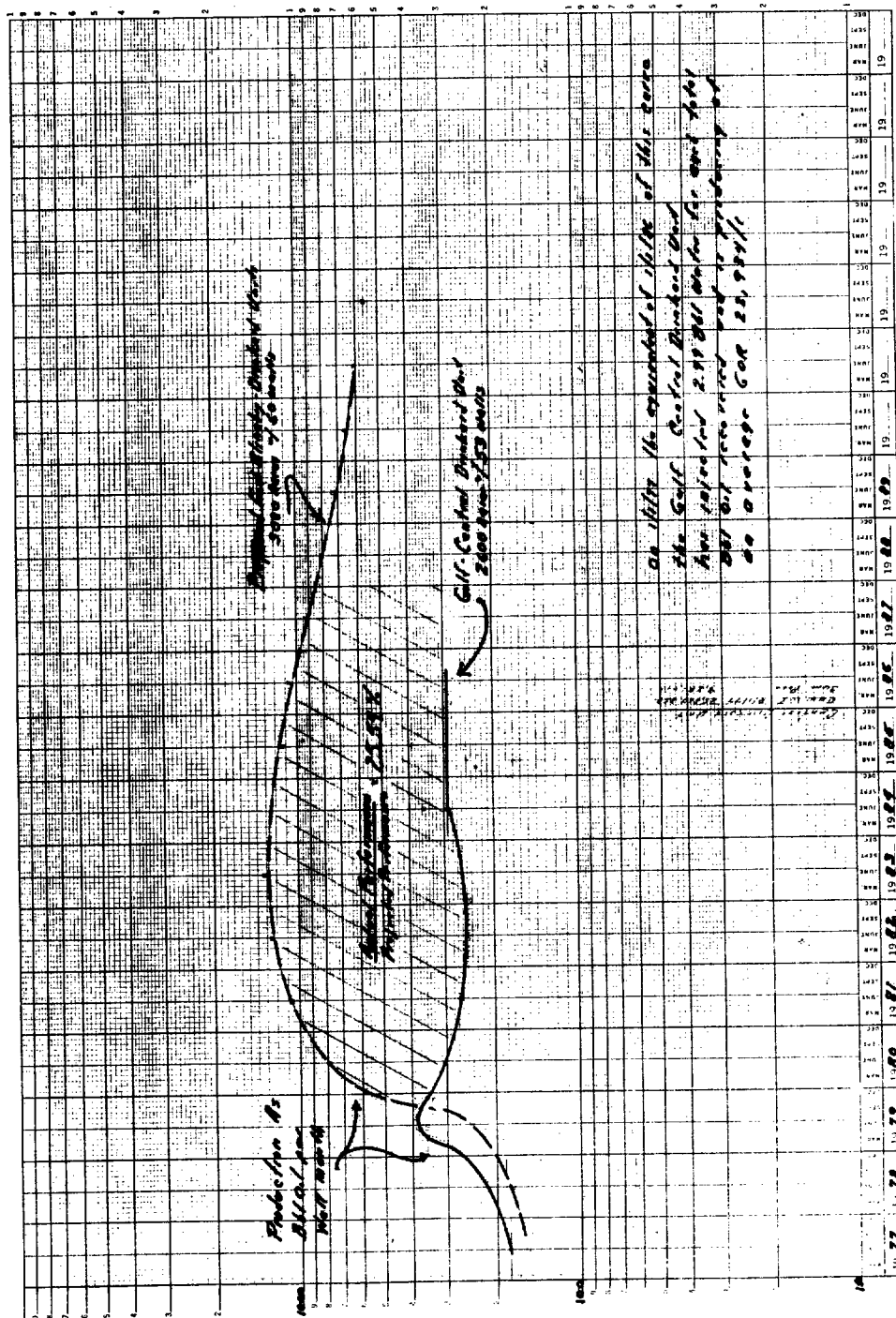
Name **L. O. Storm**

Position or Title **Professional Engineer**

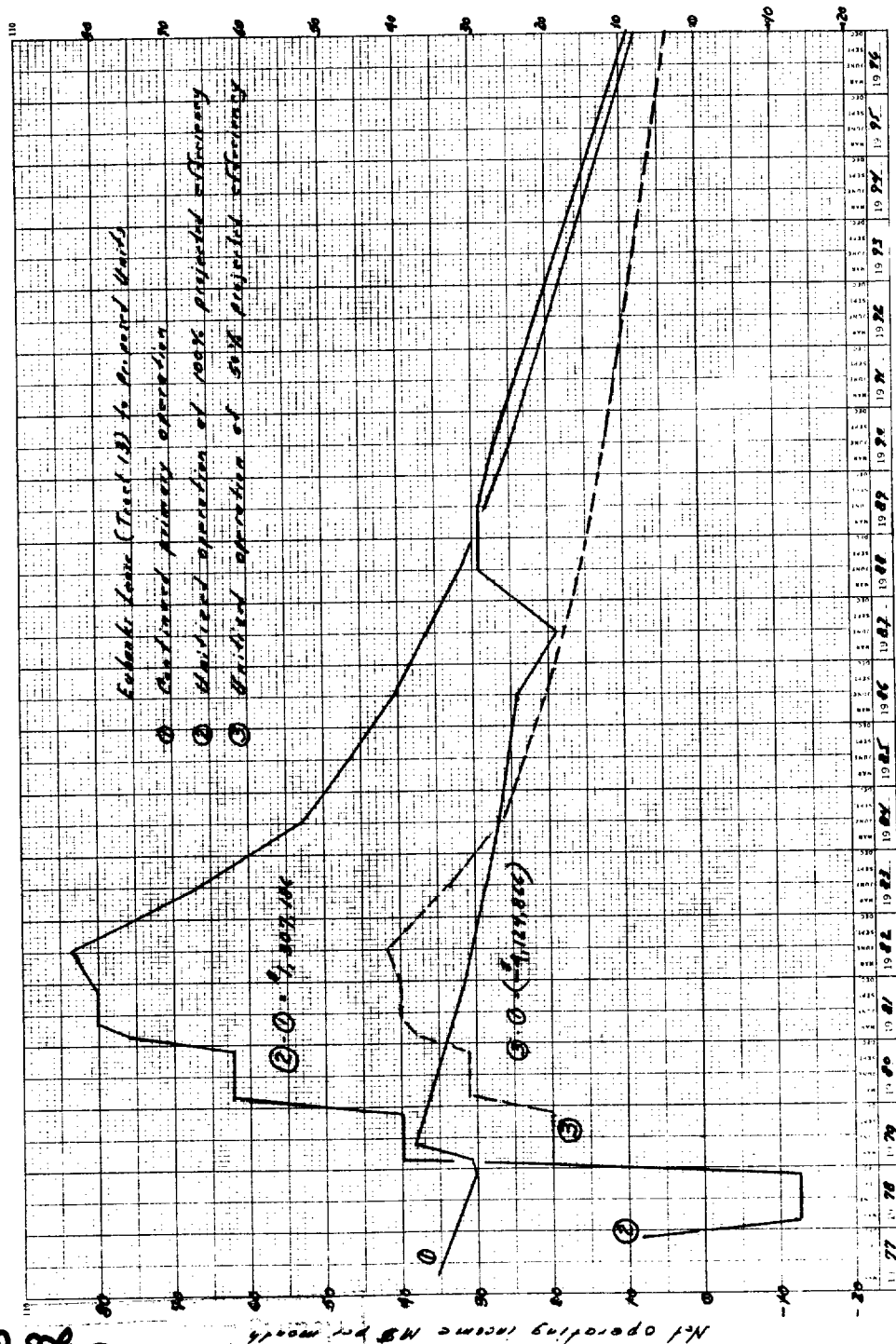
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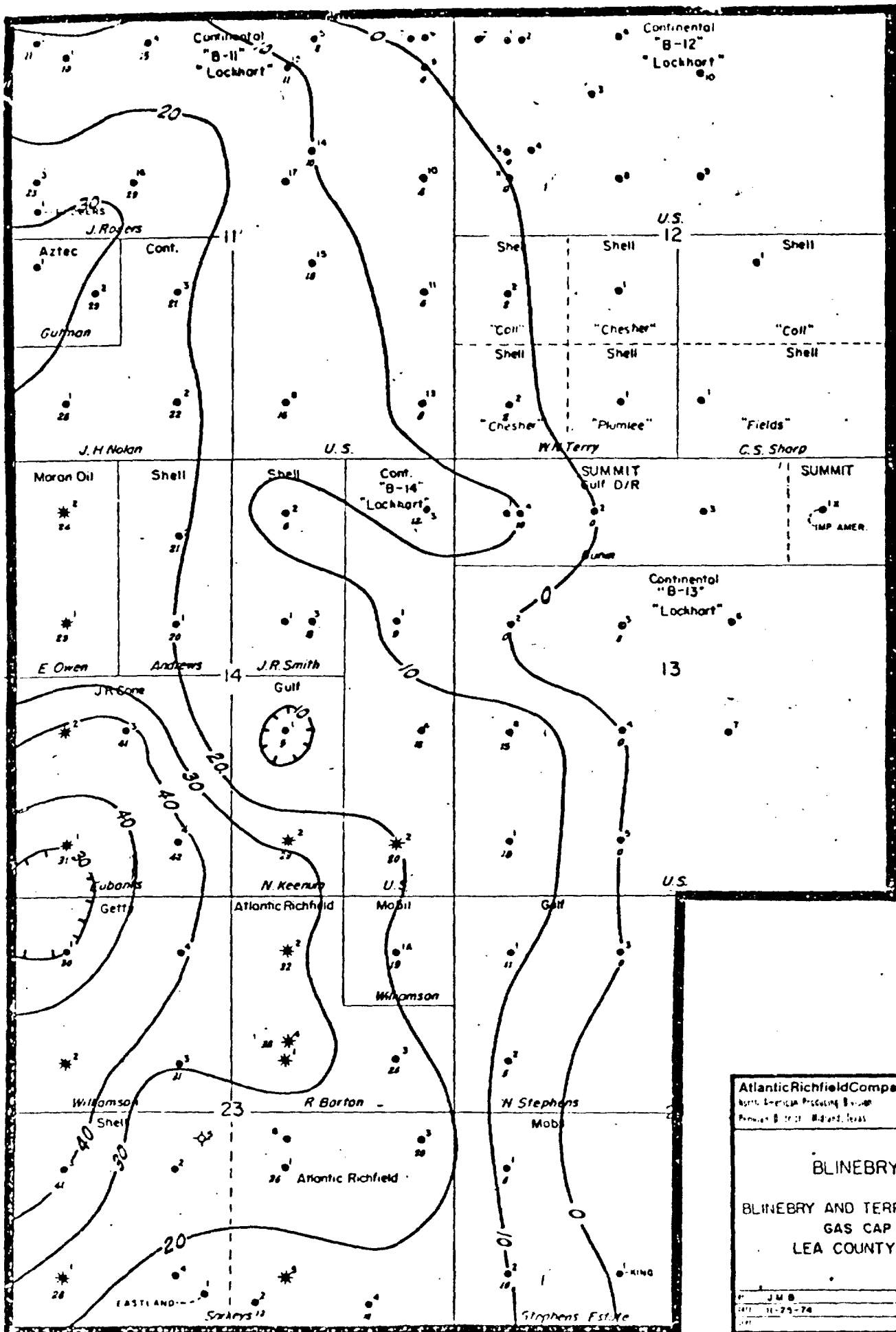
JR cone
20 Oct 77



6069
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 1R core
 200277



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Atlantic Richfield Company	
North American Producing Division	
P.O. Box 1000, Midland, Texas	
BLINEBRY UNIT	
BLINEBRY AND TERRY-BLINEBRY PO	
GAS CAP ISOPACH	
LEA COUNTY, NEW MEXICO	
DATE: 11-29-74	BY: J. M. B.
DATE: 11-29-74	BY: J. M. B.

Added Contour @ Eagle Co. - May 1-75

BEFORE THE	
OIL COMMISSION OF NEW YORK	
State of New York	
Cause No. <u>6069</u> <u>6070</u>	<u>8</u>
Submitted by	<u>J R Cone</u>
Hearing Date	<u>20 Oct 77</u>

[illegible]

Atlantic Richfield Company
 American Petroleum Institute
 1221 Avenue of the Americas
 New York, N.Y. 10020-1097



LEA COUNTY, NEW MEXICO

1	J. Wood	1000	C. MEEKINS	1000	JAN 10
2	H. 20-10	1000	1000	1000	1000
3					

Added 15' Center @ Fgr Comm Mty 1-15-
Moved 16' Center @ Fgr Comm Mty 1-15-

IN RE THE
OIL CONSERVATION COMMISSION
SOUTH DAKOTA

Case No. 6059 9
Submitted by JR Core
Hearing Date 20 Oct 77

EUBANKS LEASE
OPERATING COST 1976

	<u>Operating Cost</u>	<u># of Wells</u>	<u>\$ per Well</u>
January	\$ 3,666.52	7 Wells	\$ 523.79
February	1,855.00	" "	265.00
March	2,020.92	" "	288.70
April	25,213.28	" "	3,601.90
May	18,038.46	" "	2,576.92
June	2,702.74	" "	386.11
July	2,023.38	" "	289.05
August	1,960.75	" "	280.11
September	1,273.65	" "	181.95
October	2,507.31	" "	358.19
November	1,437.79	" "	205.40
December	<u>1,837.85</u>	<u>" "</u>	<u>262.55</u>
TOTALS	\$64,537.65	7 Wells	\$9,219.67

LESS: Charges
Pumping Unit
Lufkin C320D
April & May:

39,279.29

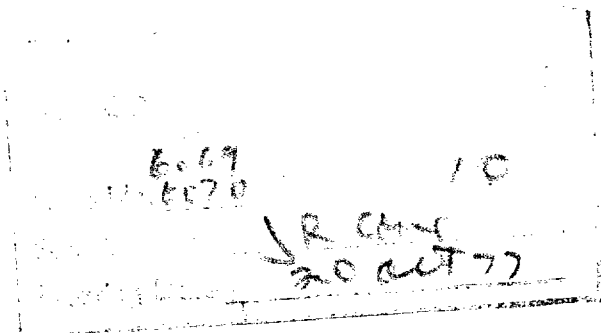
TOTAL

\$25,258.36

Average Cost

Per Well Per Month:

\$300.70



EUBANKS LEASE
OPERATING COST 1977

	<u>Operating Cost</u>	<u># of Wells</u>	<u>\$ per Well</u>
January	\$ 2,254.91	7 Wells	\$ 322.13
February	1,363.16	" "	194.74
March	1,777.95	" "	253.99
April	2,782.13	" "	397.45
May	2,273.82	" "	324.83
June	1,460.08	" "	208.58
July	2,790.35	" "	398.62
August	2,137.94	" "	305.42
September	<u>1,845.08</u>	<u>" "</u>	<u>263.58</u>
TOTALS	\$18,685.42	7 Wells	\$2,669.34

Average Cost
Per Well Per Month: \$296.59

6070
6069
JR Cmc
20 Oct 77

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case No. 6069
6070 Exhibit No. 12

Submitted by JR Core

Hearing Date 20 Oct 77

