

CASE 5600: CHAMPLIN PET. CO.
FOR SPECIAL POOL RULES, EDDY
COUNTY, NEW MEXICO

CASE NO.

5600

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CHAMPLIN PETROLEUM COMPANY FOR
SPECIAL POOL RULES FOR GAS WELLS
COMPLETED IN THE EAST CARLSBAD-
WOLFCAMP GAS POOL, EDDY COUNTY,
NEW MEXICO

A P P L I C A T I O N

Comes now Champlin Petroleum Company, by and through
its attorneys, Kellahin & Fox and applies to the Oil
Conservation Commission of New Mexico for special rules
for gas wells completed in the East Carlsbad-Wolfcamp Gas
Pool, Eddy County, New Mexico, and in support thereof
would show the Commission:

1. That the Applicant is the operator of two gas wells
in this one mile of the East Carlsbad-Wolfcamp Gas Pool, to-wit:
 - (a) Its Toothman Government No. 1 well located
in W/2 Section 25, T21S, R27E, Eddy County,
and
 - (b) Its Reeves Federal No. 1 well located in
N/2 Section 35, T21S, R27E, Eddy County.
2. That the East Carlsbad-Wolfcamp Gas Pool was esta-
blished by the New Mexico Oil Conservation Commission on
June 1, 1975 by Order No. R-5015.
3. That Applicant seeks the promulgation of special
rules for said pool which will allow 320 acres drilling and
proration units.
4. That a gas well completed in said pool will efficiently
and economically drain and develop a 320 acre tract.
5. That approval of the application will prevent economic

Case 5600

loss caused by the drilling of unnecessary wells, avoid the risks arising from the drilling of an excessive number of wells, will prevent reduced recovery which might result from the drilling of too few wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant respectfully requests that this application be set for hearing before the Commission's duly appointed Examiner and that upon hearing, an order be entered granting the application as requested.

Respectfully submitted,

CHAMPLIN PETROLEUM COMPANY

By

W. T. Kellahin

KELLAHIN & FOX

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE

NEW MEXICO

Hearing Date

JANUARY 7, 1976

TIME: 9:00 A.M.

NAME	REPRESENTING	LOCATION
EH. BALCH	CHAMPLIN PETR	FT. WORTH
D.C. CONDIE		MIDLAND
WT KELLAHIN	KELLAHIN & FOX	SANTA FE
HARLEY REAVIS	EXXON	MIDLAND
Jon H Bear	Burn Royalty, Co	Wichita Falls Tex
Paul Cooter	17 Wood + Malone	Roswell
JIM GILLHAM	U.S.G.S	ROSWELL
Leon Lampert	Delport Oil	Dallas TX
Floyd E. Ellison, Jr.	Consolidated O & G	Denver, Colo
Robert E. Lauth	Saguaro Oil Co	Durango Colo
J. Cunningham	Saguaro Oil Co	FARMINGTON
Harold L. Hendley Jr.	Hendley Petroleum Corp & Eastern Northern National	
Jack S. McClellan Jr.	McClellan Oil	Wichita Falls
George H. Hunkeler Jr.	McClellan Oil Corp	Roswell, N.M.
Adolf Mueller	McClellan Oil Corp	Roswell, N.M.
R. E. Evers		ANYWHERE
Elmer E. Evers	Cities Service	MIDLAND

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date JANUARY 7, 1976 TIME: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Frank Estep	Northern Natural Gas	Midland
K.H. Griffin	Griffin / Burnett, Te.	Midland
Mark Schweinsberger	Northern Natural Gas	Midland, Tex.
D. Lovee	Lovee & Pearson	Artesia 774
Jason Kellah	Kellah & Fox	Santa Fe
Wm. C. Collier	Collier's Prod Co	Artesia
Ray Beck	Vates Prod	Roswell
McChristy	Salpoint	

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 7, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Champlin Petroleum
Company for special pool rules,
Eddy County, New Mexico.

CASE
5600

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

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1 MR. STAMETS: We will call the next Case, 5600.

2 MR. CARR: Case 5600, application of Champlin
3 Petroleum Company for special pool rules, Eddy County,
4 New Mexico.

5 MR. STAMETS: Call for appearances in this case.

6 MR. KELLAHIN: Tom Kellahin of Kellahin and Fox,
7 Santa Fe, New Mexico, appearing on behalf of Champlin
8 Petroleum Company. I have one witness to be sworn.

9 (THEREUPON, the witness was duly sworn.)

10 DONALD CHARLES CONDIE

11 called as a witness, having been first duly sworn, was
12 examined and testified as follows:

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Please state your name, by whom employed and in what
17 capacity?

18 A Donald Charles Condie, employed by Champlin Petroleum
19 Company in the capacity of District Petroleum Engineer in
20 Midland.

21 Q Mr. Condie, have you ever testified before the
22 New Mexico Oil Conservation Commission?

23 A No, I haven't.

24 Q For the benefit of the Examiner would you state
25 briefly what your educational background is?

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1 A. I graduated from the University of Wyoming with a
2 degree in General Engineering with a petroleum production
3 option in 1958. I entered into the engineering department of
4 the Union Pacific Railroad, spent four years in engineering in
5 Omaha, Nebraska, subsequently transferred to the Oil Development
6 Division in Los Angeles, California. I spent four years in
7 California, three years in Wyoming, four years in Colorado
8 and a year in Midland serving as petroleum engineer and my
9 latest capacity, District Petroleum Engineer.

10 Q. Have you made a study of the East Carlsbad area,
11 Eddy County, New Mexico?

12 A. Yes, I have.

13 Q. And are you familiar with the facts surrounding
14 this particular application?

15 A. Yes.

16 Q. How long have you been involved in the East
17 Carlsbad pool?

18 A. Slightly over a year.

19 MR. KELLAHIN: If the Examiner please, are the
20 witness's qualifications as an expert acceptable?

21 MR. STAMETS: They are.

22 Q. (Mr. Kellahin continuing.) Mr. Condie, would you
23 refer to what has been marked as Applicant's Exhibit Number
24 One and identify it and state briefly what Champlin is
25 seeking?

1 A Exhibit Number One shows the acreage position,
2 which is in yellow, a hundred percent Champlin acreage. The
3 green acreage indicates partial Champlin interest. The two
4 three-hundred-and-twenty-acre parcels we would like to file
5 for three-hundred-and-twenty-acre spacing, are encompassed
6 in the red dotted lines. They consist of the west half of
7 Section 25, Township 21 South, Range 27 East and the north
8 half of Section 35, Township 21 South, 27 East.

9 Q What has been the history of this area?

10 A Okay, I will give you a brief run-down on the
11 history. The East Carlsbad field is operated by Champlin
12 Petroleum Company and is located in Sections 25, 26, 35 and 36
13 Township 21 South, Range 27 East and in Sections 1 and 2,
14 22 South, 27 East, Eddy County, New Mexico. The discovery
15 well for the field was the Pecos Federal Number 1 located in
16 the northeast-northwest of Section 1, Township 22 South, 27
17 East.

18 The Pecos Federal Number 1 was completed in the
19 Strawn zone in February of '74 and dually completed in the
20 Morrow zone in March of '74. The Morrow zone was depleted
21 after producing a hundred and eighty-one million cubic feet
22 of gas and the Strawn zone watered out after producing four
23 point two million cubic feet.

24 The well was recompleted in the Wolfcamp lime in
25 January of 1975 with seven hundred and eighty-two MCF per day

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1 initial rate, producing three hundred and forty-two barrels
2 of condensate and sixteen barrels of water.

3 Both the State 36 Number 1 and the Nix-Yates
4 Number 1 had been drilled and were completed as dual Morrow-
5 Wolfcamp completions prior to the recompletion of the Pecos
6 Federal 1. The Nix-Yates Number 1, the first Wolfcamp
7 production was in August of '74 and the State 36 Number 1,
8 the first Wolfcamp production was in October of '74.

9 The East Carlsbad-Wolfcamp gas pool was established
10 by the New Mexico Oil Commission on June 1st, 1975 by
11 Order Number R-5015. Three a hundred-and-sixty-acre tracts
12 are included in this Order. They are the northeast quarter
13 of Section 2, 22 South, 27 East, the northwest quarter of
14 Section 1, the southwest quarter of Section 36, 21 South,
15 27 East.

16 Subsequent development of the Wolfcamp pool by the
17 drilling of the Wolfson Gas Com Number 1 in the southwest-
18 northeast of Section 1 in June of '75 and the Toothman Gas
19 Com Number 1 in the northwest-southwest of Section 25 in July
20 of '75 comprised the wells currently completed in the Wolfcamp
21 section.

22 The Toothman and Wolfson wells are currently shut in
23 awaiting pipe-line hookups. Recompletion to the Wolfcamp is
24 planned in the Reeves Federal Number 1, which was drilled in
25 August of 1975 and completed in the Morrow sand. The Morrow

1 is currently producing at a rate of three hundred MCF per day
2 on an open choke. Our gas is being sold to El Paso Natural
3 for interstate shipment.

4 Q Please refer to Exhibit Number Two and identify
5 it.

6 A Exhibit Two is the dual Laterolog of the Toothman
7 Gas Com Number 1, which shows the section where we think it
8 has continuity in the reservoir. It consists of the lower
9 Wolfcamp, whose top we pick at ninety-seven, twenty-one.

10 Q Exhibit Number Three?

11 A Exhibit Number Three consists of the neutron density
12 log which will outline the porosity and water saturations
13 and the amount of net pay involved. The porosity of over four
14 percent consists of zones ninety-six, seventy-seven to seventy-
15 eight, averaging six percent porosity with seventeen percent
16 water saturation. Ninety-seven, oh, two to oh, four, two feet
17 of five percent porosity, thirteen percent water saturation.
18 Ninety-seven, forty-four to forty-six, four percent of porosity
19 with thirty-five percent water saturation. Ninety-seven,
20 fifty-six to sixty-two -- actually fifty-six to fifty-eight
21 is six percent porosity with seven percent saturation and
22 fifty-eight to sixty-two, four percent porosity with ten
23 percent water saturation. Ninety-seven, seventy-six to
24 seventy-eight, five percent porosity with eight percent water
25 saturation, thirteen feet of pay with an average of four point

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1 eight porosity.

2 Q Please refer to Exhibit Number Four and identify
3 it?

4 A This is a portion of the log, the dual Laterolog,
5 from the Reeves Federal Number 1 with the top of the lower
6 Wolfcamp at ninety-six, fifty-four, subsea datum of a minus
7 sixty-five, twenty-six.

8 Q Exhibit Number Five?

9 A And Exhibit Number Five consists of the neutron
10 density log and I have outlined the porosity, water saturation,
11 the porosity in excess of four percent. I have a zone at
12 ninety-six, oh, four to oh, six, four-and-a-half percent
13 porosity, water saturation fourteen percent. Ninety-six,
14 twenty-seven to thirty-one zone at seven-and-a-half percent
15 porosity with seven percent water saturation. Ninety-seven,
16 oh, four to ten, a zone with four percent porosity and sixteen
17 percent water saturation, consisting of twelve feet of pay
18 at five point four average porosity and an average of twelve
19 percent water saturation.

20 Q Please refer to Exhibit Number Six and identify
21 it?

22 A Exhibit Number Six is a pour volume map, consisting
23 of all of the porosity thickness in each of the wells in our
24 pool. That is isopached and as you see which the concentration
25 of porosity thickness centers basically around the State 36.

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1 Number 1 and the limits to the north and south are unknown.

2 I have averaged the pour values in three three-
3 hundred-and-twenty-acre tracts, using as a base case the
4 west half of Section 36 as my base porosity and I will compare
5 the porosity thickness in the subject tracts to arrive at
6 the reserve figures.

7 Q What controls did you use in preparation of your
8 pour volume map?

9 A The controls essentially, all parameters are constant
10 with the exception of porosity and thickness.

11 Q In drawing your contours, what were your control
12 wells?

13 A The control wells in Section 23, 21 South, 27 East,
14 the Humble State Number 1, it's in the southwest-southwest
15 zero. In Section 3, 22 South, 27 East, the Union Werso Well
16 zero. In Section 19, in the southeast-southeast, the Richardson
17 and Bass well is zero and there is no control indicated on
18 the southeast flank showing on this plat.

19 Q What conclusions do you draw from this exhibit,
20 Mr. Condie?

21 A I conclude that the majority of the porosity is
22 centering in the area of Sections 35 and 36 and as you go to
23 the north we reduce the porosity thickness amounts as we do
24 going to the west in Section 35, and I will compare the
25 porosities in these three three-hundred-and-twenty-acre tracts

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1 Q What conclusions did you reach with regard to the
2 continuity of the reservoir as applied to this particular
3 area?

4 A The continuity is uniform in this basal Wolfcamp
5 bench which I have isopached.

6 Q In your opinion would one well be able to drain an
7 area of at least three-hundred-and-twenty acres?

8 A In my opinion it would.

9 Q Would you please refer to what has been marked as
10 Exhibit Number Seven and identify it?

11 A Exhibit Number Seven is a general reservoir data and
12 a comparison of economics on the Toothman Gas Com Number 1.
13 As I have gone through earlier, we will go through the reservoir
14 data. From the logs, thirteen feet of net pay, porosity of
15 four point eight percent, water saturation of fifteen percent,
16 condensate gravity of fifty-three api, gas gravity of point
17 six, seven, the reservoir temperature is a hundred and fifty
18 degrees, reservoir pressure at mid-point of perf from the
19 drill stem test on the Toothman was sixty-one, sixty-three
20 and the initial condensate ratio ninety-one barrels per
21 million and ninety-one barrels per million is an average as
22 derived from the State 36 Number 1 Well.

23 The economics, in comparing the pour volume of
24 the Reeves, it would be the north half of 35, to the pour
25 volume of the west half of 36. The west half of 36 had sixteen

1 thousand one hundred and seventeen acre-feet with using that
2 as a basis for the pour volume and a decline with current
3 production and an estimation of the reserves in the State 36
4 Number 1. Reserve indications on the State 36 Number 1 are
5 nine hundred and sixty-six point four million cubic feet with
6 eighty-seven thousand, eight hundred and fifty-five barrels of
7 condensate.

8 The Toothman had twelve thousand, six hundred and
9 thirty-two acre-feet, which is seventy-eight percent of the
10 State 36 Number 1 pour volume. Seventy-eight percent of the
11 nine, sixty-six point four is seven hundred and fifty-seven
12 million cubic feet plus sixty-eight thousand, eight hundred
13 and eighty-eight barrels of condensate and that is ninety-one
14 barrels per million ratio. That was for the three-hundred-
15 and-twenty-acre spaced tract.

16 The hundred-and-sixty-acre spaced area would drain
17 half of that, that would be three hundred and seventy-eight
18 million, plus thirty-four thousand, four hundred and forty-
19 four barrels of condensate.

20 The value to Champlin in a three-hundred-and-twenty-
21 acre spaced area was one million, one hundred and seventeen
22 thousand, nine hundred and two dollars. On the one-hundred-
23 and-sixty-acre spaced area, five hundred and forty-five
24 thousand, three hundred and seven, less operating expense on
25 the three-twenty.

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1 Let me just go all the way down the three-twenty at
2 this point. One hundred and fifty-two thousand, seven, sixty-
3 five less the well cost of four hundred and fifty thousand
4 dollars for a Wolfcamp completion. The Wolfcamp completion
5 in the Toothman was about four hundred and sixty-seven
6 thousand but some money was spent in evaluating the Bone Springs
7 and my estimate of current well costs to the Wolfcamp in this
8 area would be four hundred and fifty thousand dollars, which
9 I have used for all cases.

10 Profit then, before Federal income tax on a three
11 hundred-and-twenty-acre spaced area, five hundred and fifteen
12 thousand, one hundred and thirty-seven thousand dollars,
13 which gives a present worth at eight percent after Federal
14 income tax of one hundred and twenty-three thousand, eight
15 hundred and thirty-three dollars and a rate of return of
16 nineteen point three, two percent.

17 On the one-hundred-and-sixty-acre spaced tract,
18 starting with the four hundred and forty-four thousand,
19 seventy-five dollars, after operating expenses and production
20 tax, less the four hundred and fifty thousand dollar well cost
21 we have a loss of fifty-nine hundred and twenty-five dollars.
22 The present worth at eight percent of the money generated was
23 a loss of sixty-two thousand, three hundred and fifty-three
24 dollars. The rate of return was one point six, three percent.

25 Q Refer to Exhibit Number Eight and identify it?

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1 A. Exhibit Number Eight consists of the same type of
2 economic evaluation on the Reeves Federal Number 1.

3 Q Let's go to the bottom line here and based upon
4 your economic evaluation for the Reeves Federal Number 1 well
5 and based on three-hundred-and-twenty-acre spacing, would you
6 have a well that would result in a profit or a loss?

7 A. On the three-hundred-and-twenty-acre spaced area
8 we would have a well that would result in a profit.

9 Q Of how much?

10 A. Before Federal income tax, five hundred and seventy-
11 seven thousand, six hundred and eighty-seven dollars and a
12 present worth discounted at eight percent after Federal income
13 tax, a hundred and forty-two thousand, eight hundred and fifty-
14 seven dollars.

15 Q And if it is spaced on a hundred-and-sixty acres,
16 would it be profit or loss?

17 A. We show a slight profit before Federal income tax
18 of thirteen thousand, seven hundred.

19 Q Okay. In your opinion, Mr. Condie, will approval
20 of this application be in the best interest of conservation
21 and the prevention of waste and the protection of correlative
22 rights?

23 A. Yes, sir, I think so.

24 Q Were Exhibits One through Eight either prepared by
25 you directly or under your direction and supervision?

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1 A. Yes, they were.

2 MR. KELLAHIN: If the Examiner please, we move the
3 introduction of Exhibits One through Eight.

4 MR. STAMETS: The Exhibits will be admitted.
5 (THEREUPON, Applicant's Exhibits One through
6 Eight were admitted into evidence.)

7 MR. KELLAHIN: That concludes our direct examination.

8 CROSS EXAMINATION

9
10 BY MR. STAMETS:

11 Q Mr. Condie, does Champlin control all of the existing
12 wells in the pool?

13 A. Yes, they do.

14 Q Would Champlin be able to dedicate three-hundred-
15 and-twenty acres to each of the existing wells?

16 A. At this point, yes.

17 Q And I believe this pool is at least a mile from any
18 other Wolfcamp well?

19 A. Yes, it is.

20 Q Mr. Condie, were you aware that the change in the
21 general rules and regulations of the Commission resulted in
22 all new, newly discovered Wolfcamp pools being on three-
23 hundred-and-twenty acres?

24 A. Yes, I'm familiar with Yates Oil and Gas.

25 Q So if you would have drilled this pool last week,

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1 you would be on three twenty?

2 A. Yes, we would.

3 Q. You are not asking for anything different for this
4 pool than the standard Wolfcamp spacing now?

5 A. That's correct.

6 MR. STAMETS: Any other questions of the witness?

7 He may be excused.

8 (THEREUPON, the witness was excused.)

9 MR. STAMETS: Anything further in this case?

10 MR. KELLAHIN: No, sir.

11 MR. STAMETS: We will take the case under advise-
12 ment.

13 I would like to announce at this time that the Burk
14 Royalty statutory unitization case will be last on today's
15 docket and in all likelihood will not be heard until after
16 lunch.

17

18

19

20

21

22

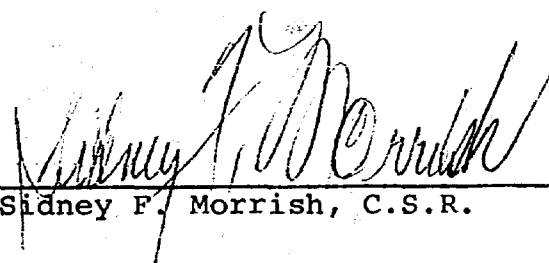
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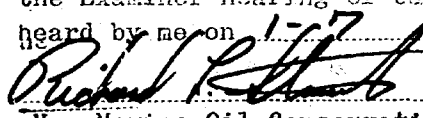
25

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5600,
heard by me on 1-17, 19 76.

, Examiner
New Mexico Oil Conservation Commission

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5600
Order No. R-5144

APPLICATION OF CHAMPLIN PETROLEUM
COMPANY FOR THE ADOPTION OF POOL
RULES, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 7, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of January, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Champlin Petroleum Company, is an owner and operator in the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico.

(3) That said East Carlsbad-Wolfcamp Gas Pool was created and designated by the Commission by Order No. R-5015 effective June 1, 1975.

(4) That by Commission Order No. R-5113, dated October 28, 1975, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools for Wolfcamp gas production in Southeast New Mexico which were created and defined November 1, 1975, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico. . . "a gas well completed in the Wolfcamp or deeper formations will efficiently and economically drain and develop a 320-acre tract."

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the East Carlsbad-Wolfcamp Gas Pool, in Eddy County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-5113, because it was created and defined prior to the cut-off date of November 1, 1975.

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Case No. 5600
Order No. R-5144

(6) That no appearances were made in opposition to the application at the hearing of the instant case and no objection was received to the inclusion of the East Carlsbad-Wolfcamp Gas Pool under the provisions of Rule 104 of the Commission Rules and Regulations for gas pools of the Wolfcamp or older formations.

(7) That one well in the East Carlsbad-Wolfcamp Gas Pool in Eddy County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Wolfcamp or older formations will not cause waste nor violate correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective February 1, 1976, each well completed or recompleted in the East Carlsbad-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof shall be subject to the provisions of Rule 104 of the Commission Rules and Regulations notwithstanding the fact said pool was created and defined prior to November 1, 1975.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the East Carlsbad-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well by February 15, 1976.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, all existing wells in the East Carlsbad-Wolfcamp Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Commission Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

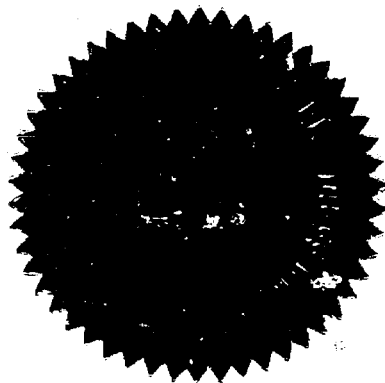
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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Case No. 5600
Order No. R-5144

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/



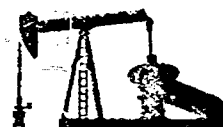
OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE

87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 5600
ORDER NO. R-5144

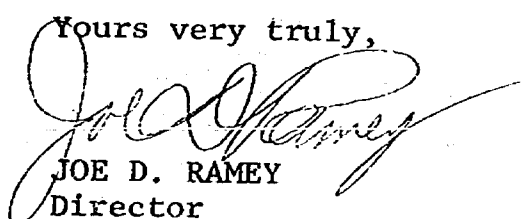
Applicant:

Champlin Petroleum Comp

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC ☒
Artesia OCC ☒
Aztec OCC ☐

Other ☐

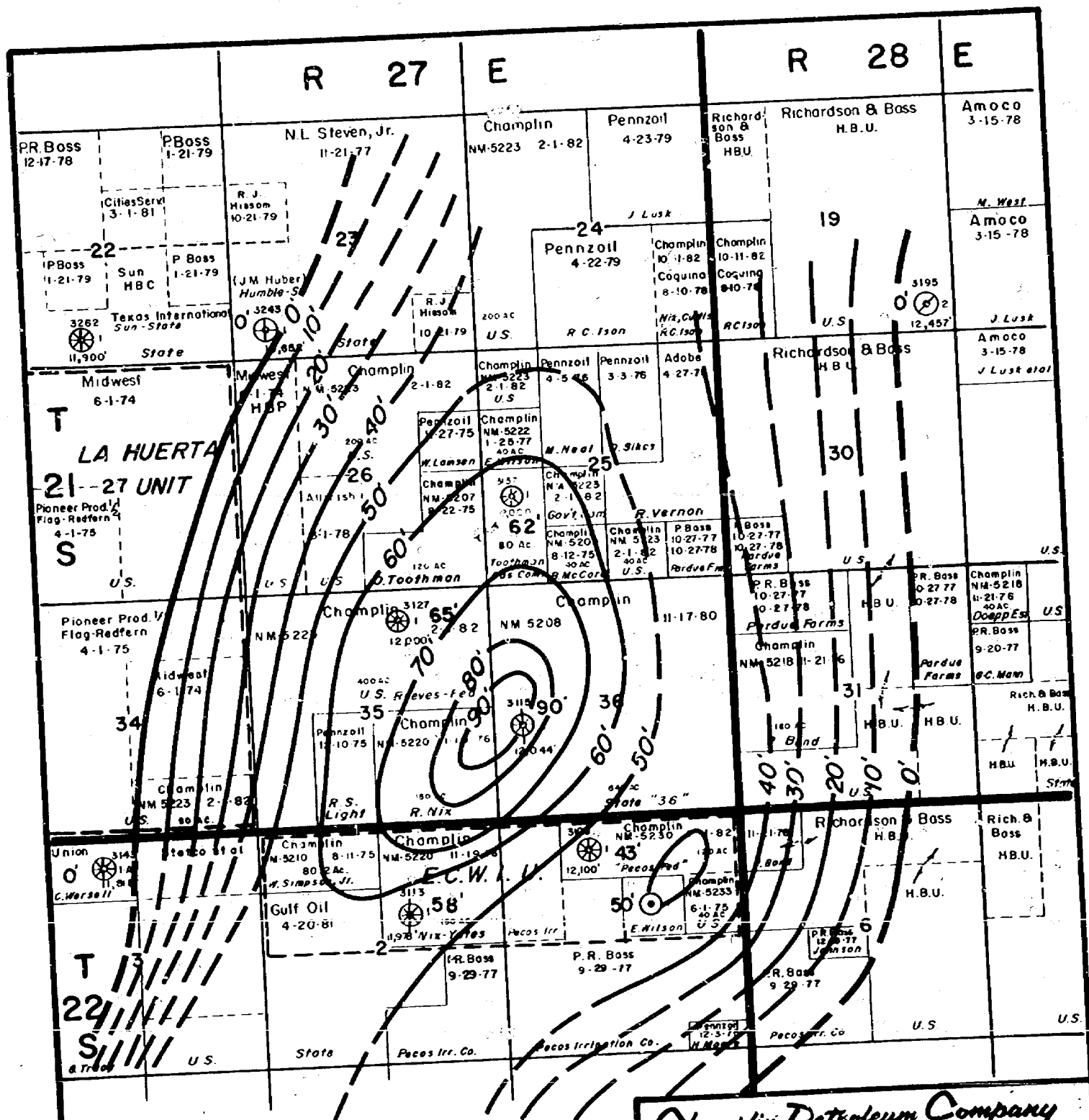
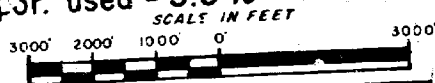


EXHIBIT No. 5600
 BEFORE EXAMINER STAMETS
 Hearing Date 2/2/76
 OIL CONSERVATION COMMISSION
 Cause No. 6
 EXHIBIT NO. 6
 CASE NO. 5600
 Submitted by Cordie
 Hearing Date 2/2/76

Champlin Petroleum Company

EAST CARLSBAD FIELD
 EDDY COUNTY, NEW MEXICO

Pore Volume Map. L. WOLFCAMP LM.
 Porosity X thickness ($\phi h \times 100$)
 Min. por. used = 3.5% C.I. = 10'



INTERPRETATION BY D. CONDIE DRAFTED BY Jo DATE 1-6-76

RESISTIVITY
OHMS. M² M

SHALLOW LATEROLOG

DEEP LATEROLOG

Lower
Wolfcamp
(-6526)

6700

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

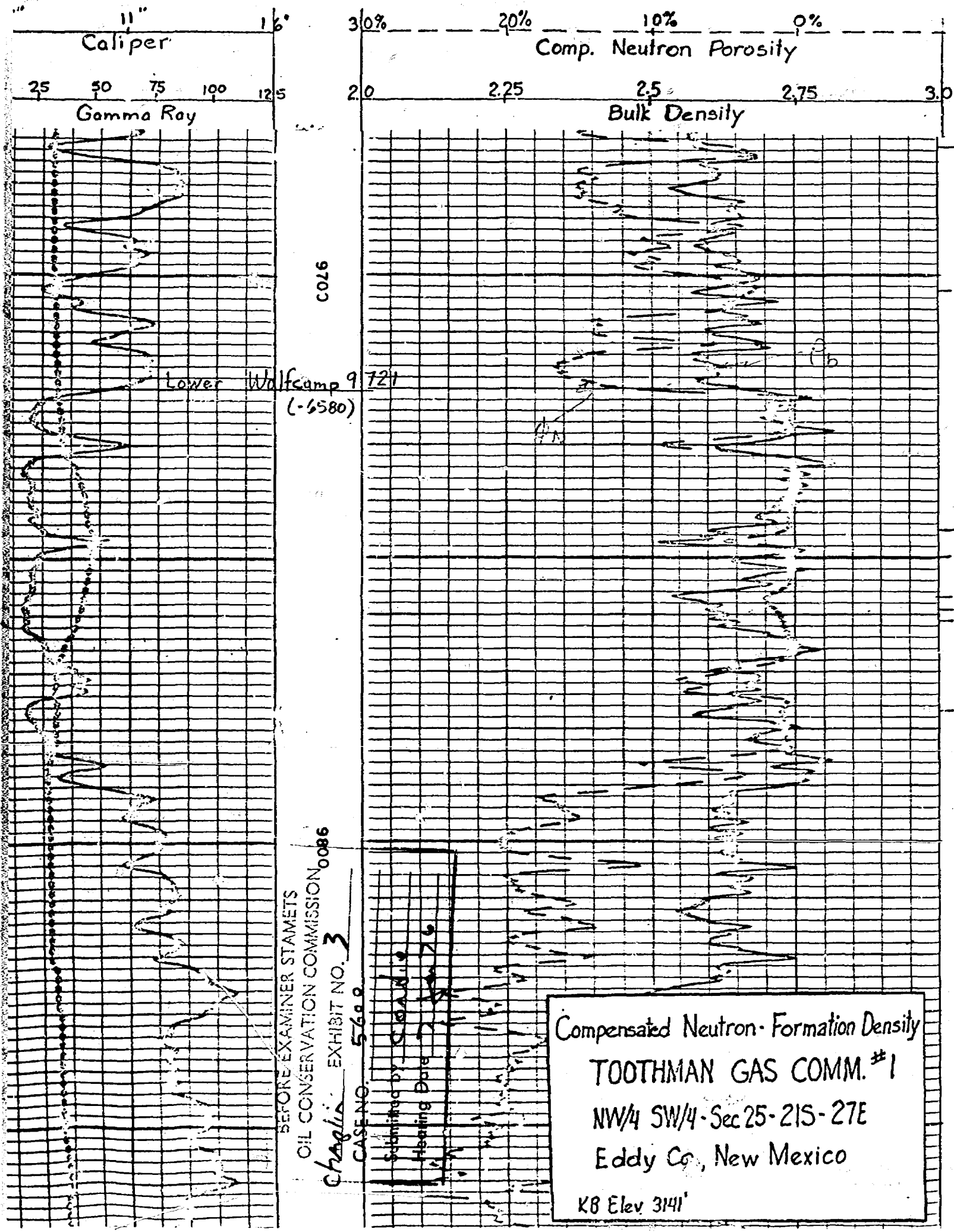
Chaplin EXHIBIT NO. 4

CASE NO. 6600

Submitted by: *Candido*

Hearing Date: *7/28/76*

Dual Laterlog
REEVES FEDERAL #1
NW/4 NE/4 - Sec 35- 21S-27E
Eddy Co., New Mexico



BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION 0086
Chaglin EXHIBIT NO. 3

CASE NO. 5680
Submitted by C. G. A. D. 10
Hearing Date 7 Nov 76

Compensated Neutron-Formation Density
TOOTHMAN GAS COMM. #1
NW/4 SW/4 - Sec 25-21S-27E
Eddy Co., New Mexico
KB Elev 3141'

EAST CARLSBAD - WOLFCAMP GAS POOL
CHAMPLIN - TOOTHMAN GAS COM. NO. 1
EDDY COUNTY, NEW MEXICO

General Reservoir Data

Net Pay Thickness	13 ft.
Porosity (average)	4.8%
Water Saturation	15%
Condensate Gravity	53° API
Gas Gravity	.67
Reservoir Temperature	150° F
Reservoir Pressure @ MPP	6163 psig
Initial Condensate Ratio	91 bbls/MMCF

Comparison of Economics

	<u>320 Ac. Spacing</u>	<u>160 Ac. Spacing</u>
Reserves, MMCF	757 MMCF + 68,888 BC	378 MMCF + 34,444 BC
Value of Reserves to WI	\$1,117,902	\$545,307
Less Operating Expense and Production Taxes	<u>152,765</u>	<u>101,232</u>
	\$ 965,137	\$444,075
Less Well Cost	<u>450,000</u>	<u>450,000</u>
Profit Before FIT	\$ 515,137	(\$ 5,925)
Present Worth @ 8% After FIT	\$ 123,833	(\$ 62,353)
Rate of Return	19.32%	1.63%

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
Champlin	EXHIBIT NO. 7
CASE NO.	5600
Submitted by	Candice
Hearing Date	76

EAST CARLSBAD - WOLFCAMP GAS POOL
CHAMPLIN - REEVES FEDERAL NO. 1
EDDY COUNTY, NEW MEXICO

General Reservoir Data

Net Pay Thickness	12 Ft.
Porosity (average)	5.4%
Water Saturation	12%
Condensate Gravity	53° API
Gas Gravity	.67
Reservoir Temperature	150° F
Reservoir Pressure @ MPP	6138 psig
Initial Condensate Ratio	91 bbls/MMCF

Comparison of Economics

	<u>320 Ac. Spacing</u>	<u>160 Ac. Spacing</u>
Reserves, MMCF	784 MMCF + 71,270 BC	392 MMCF + 35,672 BC
Value of Reserves to WI	\$1,186,638	\$566,872
Less Operating Expense and Production Taxes	<u>158,951</u>	<u>103,172</u>
	\$1,027,687	\$463,700
Less Well Cost	<u>450,000</u>	<u>450,000</u>
Profit Before FIT	\$ 577,687	\$ 13,700
Present Worth @ 8% After FIT	\$ 142,857	(\$ 55,555)
Rate of Return	20.42%	2.52%

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

Champlin EXHIBIT NO. 8
CASE NO. 5600
Submitted by Condie
Hearing Date 2 Jan 76

Docket No. 1-76

Dockets Nos. 2-76 and 3-76 are tentatively set for hearing on January 14 and January 21, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 7, 1976

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

The following cases will be heard before Richard L. Stamets, Examiner or Daniel S. Nutter, Alternate Examiner:

- CASE 5600: Application of Champlin Petroleum Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, including a provision for 320-acre spacing.
- CASE 5601: Application of Consolidated Oil & Gas, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Tapacito-Pictured Cliffs and Barin-Dakota gas production in the wellbore of its Tribal "C" Well No. 10-7, located in Unit J of Section 7, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.
- CASE 5602: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Fulcher Kutz-Pictured Cliffs and Aztec-Fruitland gas production in the wellbore of its Collins Well No. 1, Manley Well No. 1, and Walz Well No. 1, located, respectively, in Units E, F, and L of Section 31, Township 29 North, Range 10 West, San Juan County, New Mexico.
- CASE 5603: Application of Burleson and Huff for compulsory pooling, a non-standard gas proration unit, and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmar Gas Pool underlying the NW/4 of Section 35, Township 25 South, Range 37 East, Lea County, New Mexico, to form a non-standard 160-acre proration unit; applicant further seeks the pooling of all mineral interests in the Langlie-Matrix Pool underlying each of the following tracts in said Section 35 to form three standard 40-acre proration units: the NE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 1, located 330 feet from the North line and 2310 feet from the West line of said Section 35; the SE/4 NW/4, to be dedicated to applicant's Dabbs Well No. 3, located 1980 feet from the North and West lines of said Section 35; and the SW/4 NW/4, to be dedicated to a well to be drilled on said tract at a standard Langlie Matrix Pool location. In the event re-entry into either the Dabbs Well No. 1 or No. 3 is unsuccessful, applicant proposes to drill a replacement well at a standard location on its tract. Applicant further proposes to dedicate the 160-acre Jalmar proration unit to one of the three above-described wells, and in the event it should be the Dabbs Well No. 1, applicant seeks approval for the unorthodox Jalmar location for said well. Also to be considered will be the cost of re-entering, drilling, and completing said wells and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered will be the designation of the applicant as operator of the wells and a charge for the risk involved in re-entering, drilling, and completing said wells.
- CASE 5604: Application of Burleson & Huff for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Querecho Plains-Queen Pool by the injection of water into the Queen formation through its Anadarko Federal Well No. 6 to be drilled at an unorthodox location in the approximate center of the SW/4 of Section 27, Township 18 South, Range 32 East, Lea County, New Mexico. Applicant further seeks an administrative procedure for approval of additional wells at standard and non-standard locations within the project area.

Examiner Hearing - Wednesday - January 7, 1976

Docket No. 1-76
-2-

- CASE 5605: Application of Saguaro Oil Company for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Table Mesa-Dakota Oil Pool, San Juan County, New Mexico, including a provision for 2 1/2-acre spacing.
- CASE 5606: Application of Cities Service Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Tubb and Drinkard production in the wellbore of its Brunson B Well No. 3, located in Unit M of Section 3, Township 22 South, Range 27 East, Lea County, New Mexico.
- CASE 5607: Application of Black River Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill an undesignated Canyon formation well at an unorthodox location 280 feet from the South line and 150 feet from the West line of Section 33, Township 25 South, Range 24 East, Eddy County, New Mexico.
- CASE 5608: Application of Northern Natural Gas Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Magruder Hill Unit Area comprising 2,258 acres, more or less, of Federal, State, and fee lands in Township 22 South, Range 25 and 26 East, Eddy County, New Mexico.
- CASE 5609: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Nellor "EO" Well to be drilled at a point 1980 feet from the North line and 660 feet from the West line or in the alternative, 660 feet from the North and West lines of Section 30, Township 17 South, Range 26 East, Eddy County, New Mexico, the N/2 of said Section 30 to be dedicated to the well.
- CASE 5610: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Caskey "EV" Well to be drilled at a point 660 feet from the South line and 1400 feet from the West line of Section 30, Township 17 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 30 to be dedicated to the well.
- CASE 5611: Application of David C. Collier for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Welch State No. 7 Well located 1330 feet from the South and West lines of Section 17, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico, said well having formerly been a water injection well.
- CASE 5612: Application of Dalport Oil Corporation for exception to the provisions of Order No. R-3221, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Commission Order No. R-3221 permission to dispose of produced salt water from its State C Wells Nos. 1, 2, and 3, located in Units B, E, and L, respectively, of Section 16, Township 15 South, Range 30 East, Double L Queen Associated Pool, Chaves County, New Mexico, in an unlined surface pit located in Unit E of said Section 16.
- CASE 5596: (Reopened & Readvertised)
- Application of Burk Royalty Company for statutory unitization, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of secondary recovery, all mineral interests in the Queen formation underlying the following-described lands, Double L-Queen Pool, Chaves County, New Mexico:

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. ~~5382~~ 5600
Order No. ~~R-4944~~ R-5144

APPLICATION OF ~~DELCO PETROLEUM~~ *Champlin Petroleum Company*
CORPORATION FOR THE ADOPTION OF
POOL RULES, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 7, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of January, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, ~~Delco Petroleum Corporation~~ *Champlin Petroleum Company*, is an owner and operator in the ~~Los Medanos Atoka Gas Pool~~ *East Carlsbad - Wolfcamp*, Eddy County, New Mexico.

(3) That said ~~Los Medanos Atoka Gas Pool~~ *East Carlsbad - Wolfcamp* was created and designated by the Commission by Order No. ~~R-1424~~ *R-5113* dated ~~July 1, 1959~~ *October 28, 1975*.

(4) That by Commission Order No. ~~R-2707~~ *R-5113*, dated May 25, 1975, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools of ~~Pennsylvanian age or older~~ *Wolfcamp* in Southeast New Mexico which were created and defined ~~June 1, 1964~~ *June 1, 1964*, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico... "a gas well completed in the ~~Pennsylvanian~~ *Wolfcamp* or a deeper formation will efficiently and economically drain and develop a 320-acre tract."

(5) That the applicant in the instant case seeks the promulgation of rules, including a provision for 320-acre spacing for the ~~Los Medanos Atoka Gas Pool~~ *East Carlsbad - Wolfcamp*, in Eddy County, New Mexico, inasmuch as that pool was excluded from the

-2-

Case No. 5382
Order No. R-4944

Case No.
Order No.

Paragraph
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R 5113

provisions of Order No. ~~R-2707~~, because it was created and defined prior to the cut-off date of ~~June 1, 1964~~, November 1, 1975,

(6) That no appearances were made in opposition to the application at the hearing of the instant case and no objection was received to the inclusion of the ~~Los Medanos~~ ^{East} ~~Atoka~~ Gas Pool under the provisions of Rule 104 of the Commission Rules and Regulations for gas pools of ~~Pennsylvanian age or older~~. ~~The Wolfcamp or older formations.~~

^{East Carlsbad - Wolfcamp}

(7) That one well in the ~~Los Medanos~~ ^{East} ~~Atoka~~ Gas Pool in Eddy County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of ~~Pennsylvanian age or older~~ ^{Wolfcamp or} will not cause waste nor violate correlative rights, and should be approved.

(8) That the discovery well for the pool, The Shell Oil Company James Ranch Unit Well No. 1, located in Unit 0 of Section 36, Township 22 South, Range 30 East, should continue to be spaced on 160-acres.

IT IS THEREFORE ORDERED:

(1) That effective ~~February 1, 1975~~ ^{February 1, 1976}, each well completed or recompleted in the ~~Los Medanos~~ ^{East} ~~Atoka~~ Gas Pool or in the ~~Atoka~~ formation within one mile thereof shall be subject to the provisions of Rule 104 of the Commission Rules and Regulations notwithstanding the fact said pool was created and defined prior to ~~June 1, 1964~~. ~~November 1, 1975~~.

PROVIDED HOWEVER that the Shell Oil Company James Ranch Unit Well No. 1 in Unit 0 of Section 36, Township 22 South, Range 30 East, is hereby authorized to continue to be operated and produced on a 160-acre spacing and proration unit in said Los Medanos-Atoka Gas Pool.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the ~~Los Medanos~~ ^{East} ~~Atoka~~ Gas Pool or in the ~~Atoka~~ formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well by February 15, 1976.

(2) That pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, all ~~other~~ existing wells in the ~~Los Medanos~~ ^{East} ~~Atoka~~ Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Commission Rules and Regulations; or pursuant to

-3-

Case No. 5382
Order No. R-4944

Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

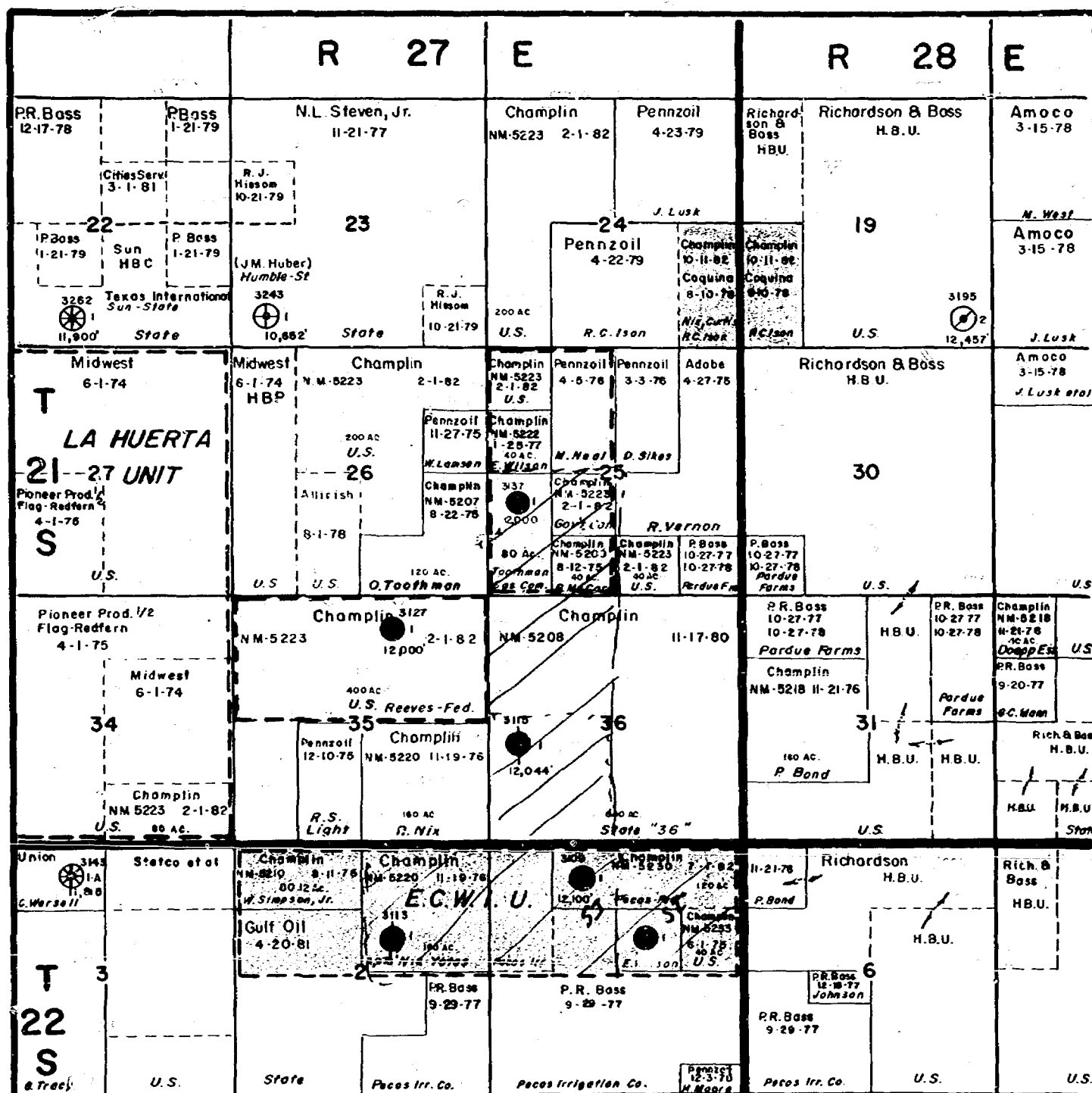
I. R. TRUJILLO, Chairman

Phil R. Lucero
PHIL R. LUCERO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

SEAL

dr/



KEY



CHAMPLIN



CHAMPLIN, ET AL

E.C.W.I.U. = EAST CARLSBAD AREA INTEREST UNIT
(640.96 Ac.)

OIL CONSERVATION COMMISSION

Champlin EXHIBIT NO. 1

CASE NO. 5600

Submitted by Cordie

Hearing Date 7 Jan 76

Champlin Petroleum Company

EAST CARLSBAD AREA
CDDY COUNTY, NEW MEXICO

LAND PLAT

SCALE IN FEET
3000 2000 1000 0 3000

INTERPRETATION BY: CONTOURED BY: DRAFTED BY: DATE

Case 5600

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

December 12, 1975

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Bill Carr

Re: Champlin Petroleum Company

Dear Bill:

Please find enclosed for hearing on January 7, 1975, two applications by Champlin Petroleum Company, one for special rules in the East Carlsbad-Wolfcamp gas pool and one for a waterflood project in the Chaverro-San Andres pool.

Very truly yours,


W. Thomas Kellahin

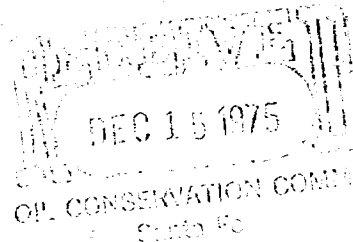
CC: Mr. Emmett Balch

WTK:kf

Enclosure

DOCKET MAILED

Date 12/29/75



Case 5600

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CHAMPLIN PETROLEUM COMPANY FOR
SPECIAL POOL RULES FOR GAS WELLS
COMPLETED IN THE EAST CARLSBAD-
WOLFCAMP GAS POOL, EDDY COUNTY,
NEW MEXICO

A P P L I C A T I O N

Comes now Champlin Petroleum Company, by and through its attorneys, Keilahin & Fox and applies to the Oil Conservation Commission of New Mexico for special rules for gas wells completed in the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, and in support thereof would show the Commission:

1. That the Applicant is the operator of two gas wells in this one mile of the East Carlsbad-Wolfcamp Gas Pool, to-wit:
 - (a) Its Toothman Government No. 1 well located in W/2 Section 25, T21S, R27E, Eddy County, and
 - (b) Its Reeves Federal No. 1 well located in N/2 Section 35, T21S, R27E, Eddy County.
2. That the East Carlsbad-Wolfcamp Gas Pool was established by the New Mexico Oil Conservation Commission on June 1, 1975 by Order No. R-5015.
3. That Applicant seeks the promulgation of special rules for said pool which will allow 320 acres drilling and proration units.
4. That a gas well completed in said pool will efficiently and economically drain and develop a 320 acre tract.
5. That approval of the application will prevent economic

loss caused by the drilling of unnecessary wells, avoid the risks arising from the drilling of an excessive number of wells, will prevent reduced recovery which might result from the drilling of too few wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant respectfully requests that this application be set for hearing before the Commission's duly appointed Examiner and that upon hearing, an order be entered granting the application as requested.

Respectfully submitted,

CHAMPLIN PETROLEUM COMPANY

By W. THOMAS KELLAHIN

KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CHAMPLIN PETROLEUM COMPANY FOR
SPECIAL POOL RULES FOR GAS WELLS
COMPLETED IN THE EAST CARLSBAD-
WOLFCAMP GAS POOL, EDDY COUNTY,
NEW MEXICO

A P P L I C A T I O N

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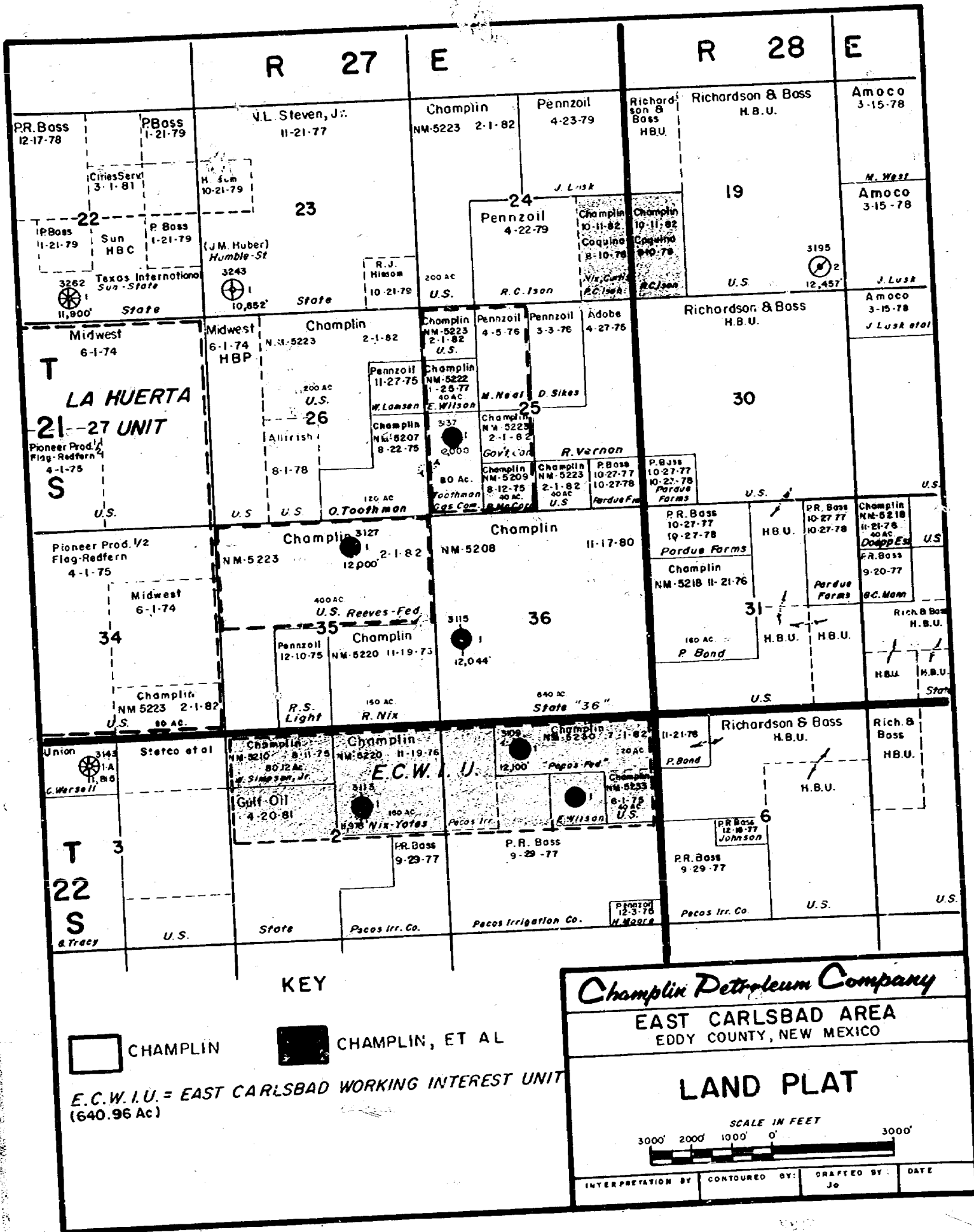
Respectfully submitted,

CHAMPLIN PETROLEUM COMPANY

BY W. THOMAS KELLAHIN

KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



DEPTH

RESISTIVITY

OHMS. M² M

SHALLOW LATEROLOG

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DEEP LATEROLOG

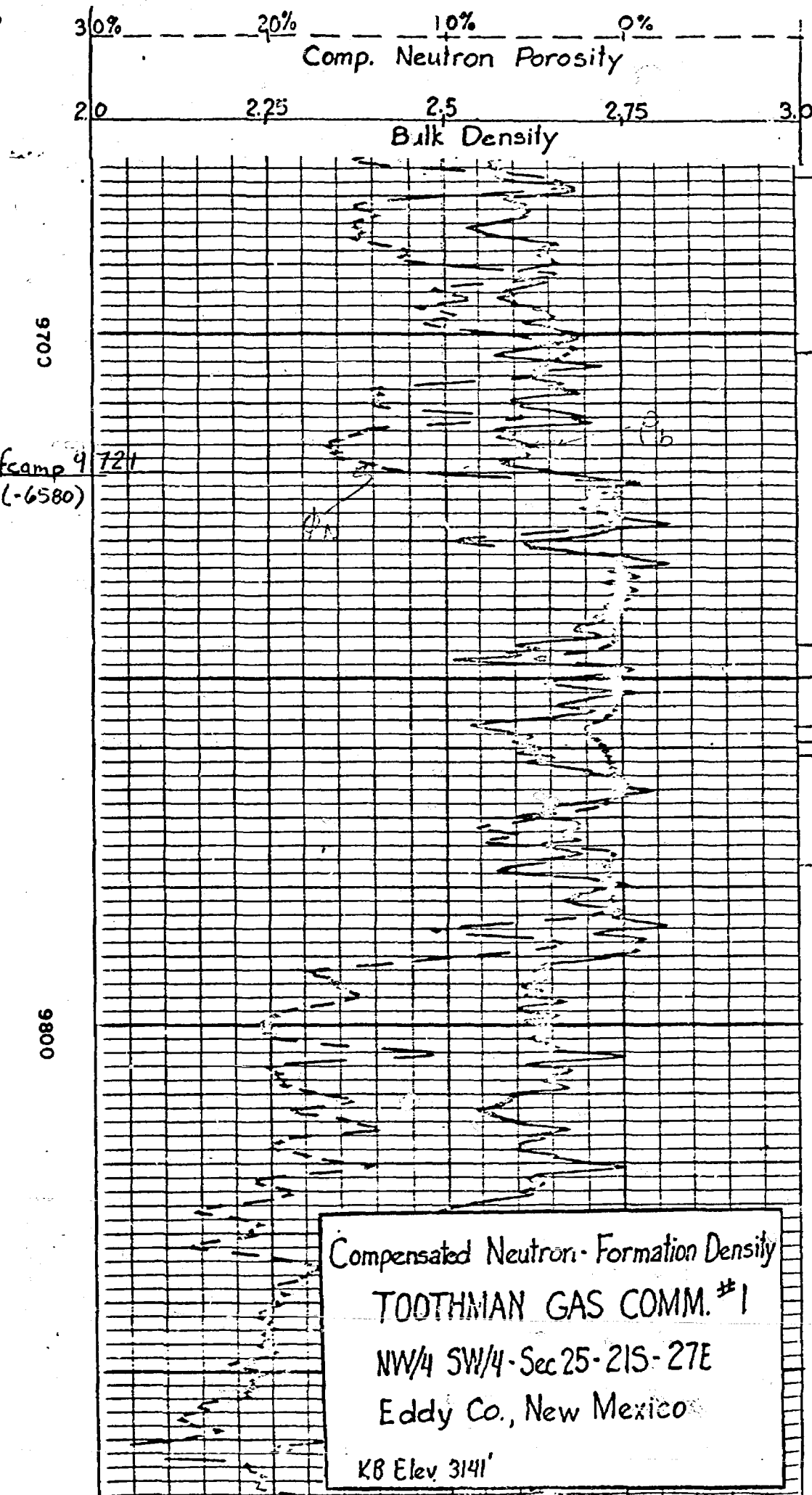
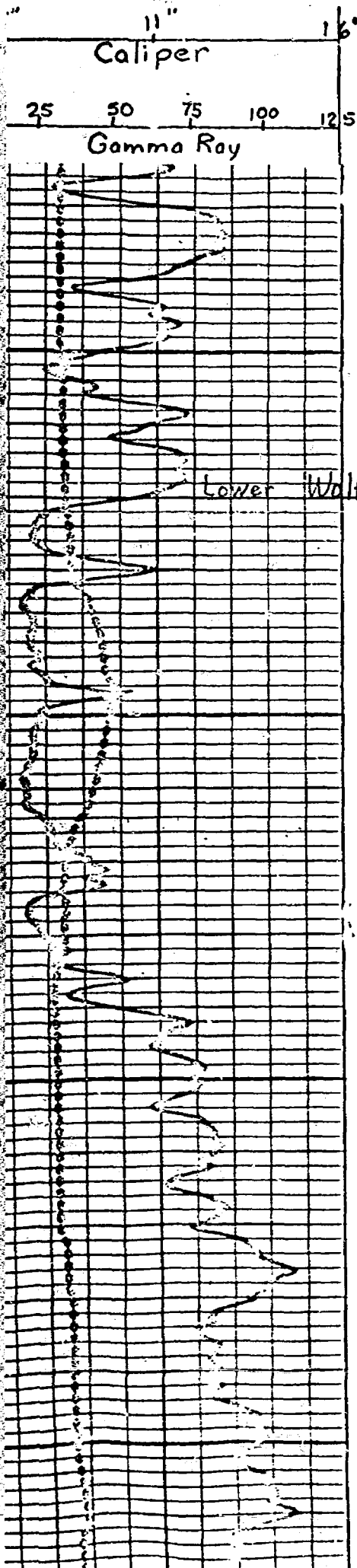
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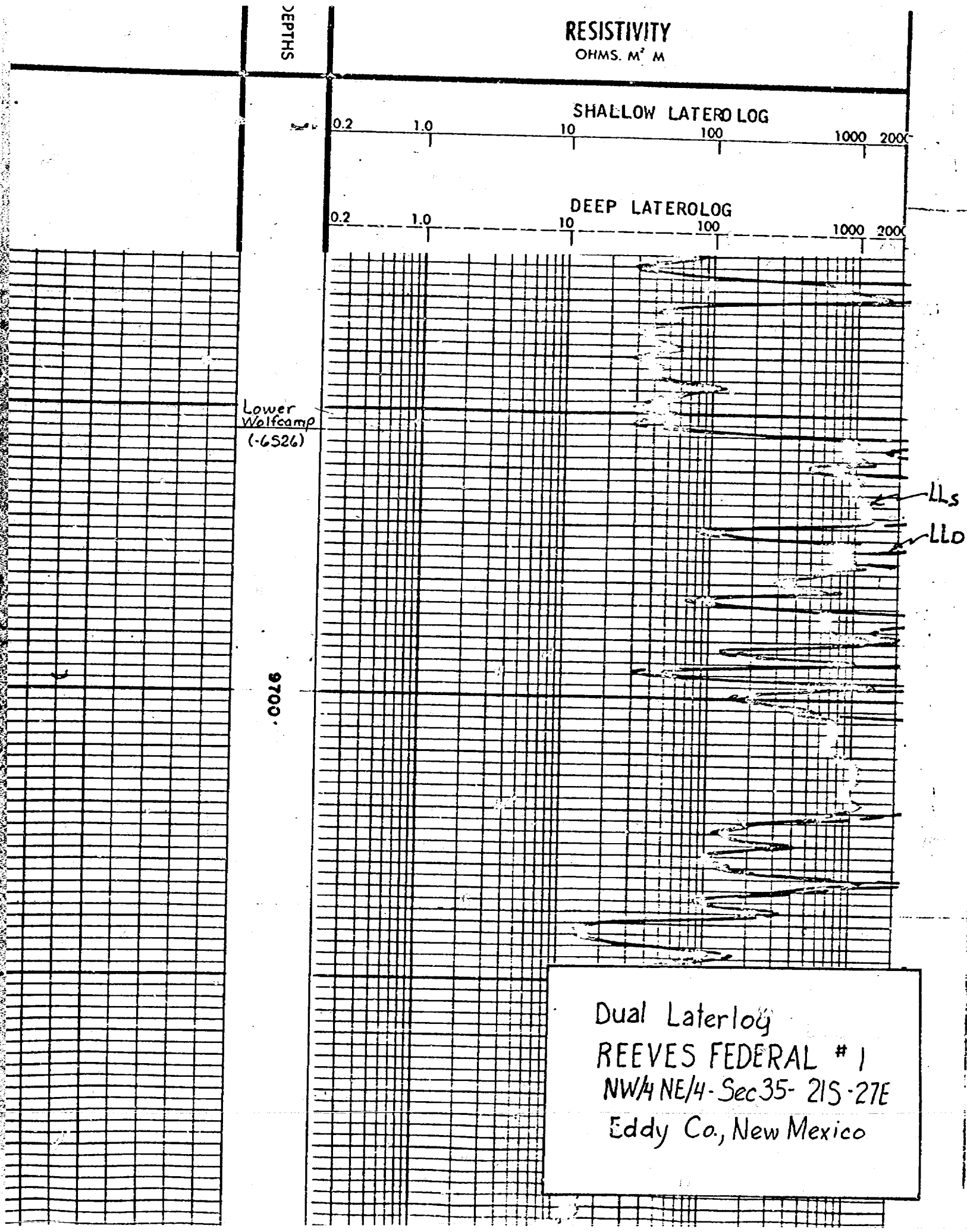
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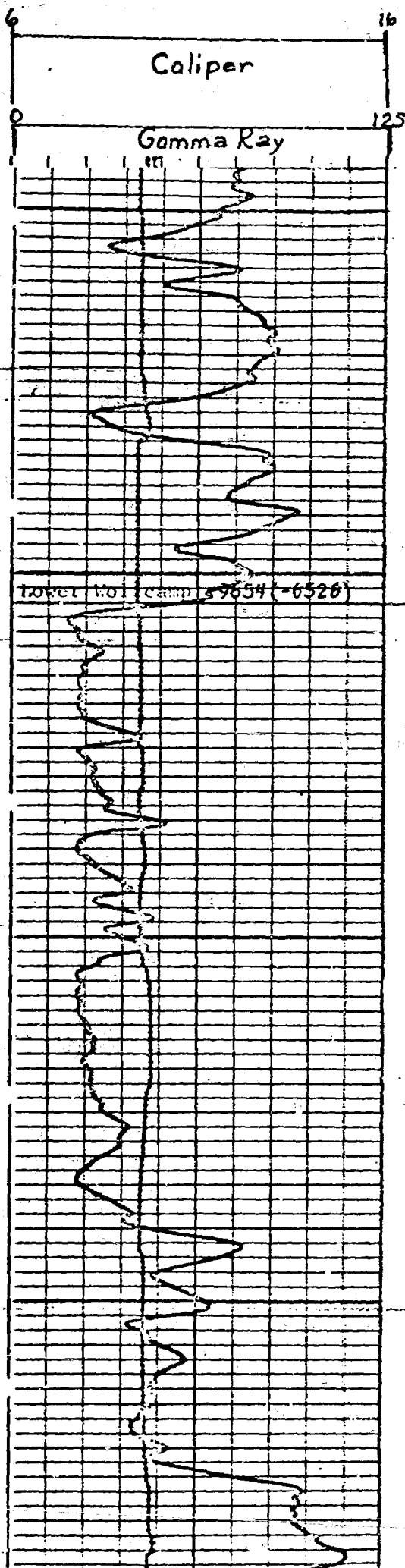
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Dual Laterolog
TOOTHMAN GAS COMM. #1
NW/4 SW/4 - Sec 25-21S-27E
Eddy Co., New Mexico.

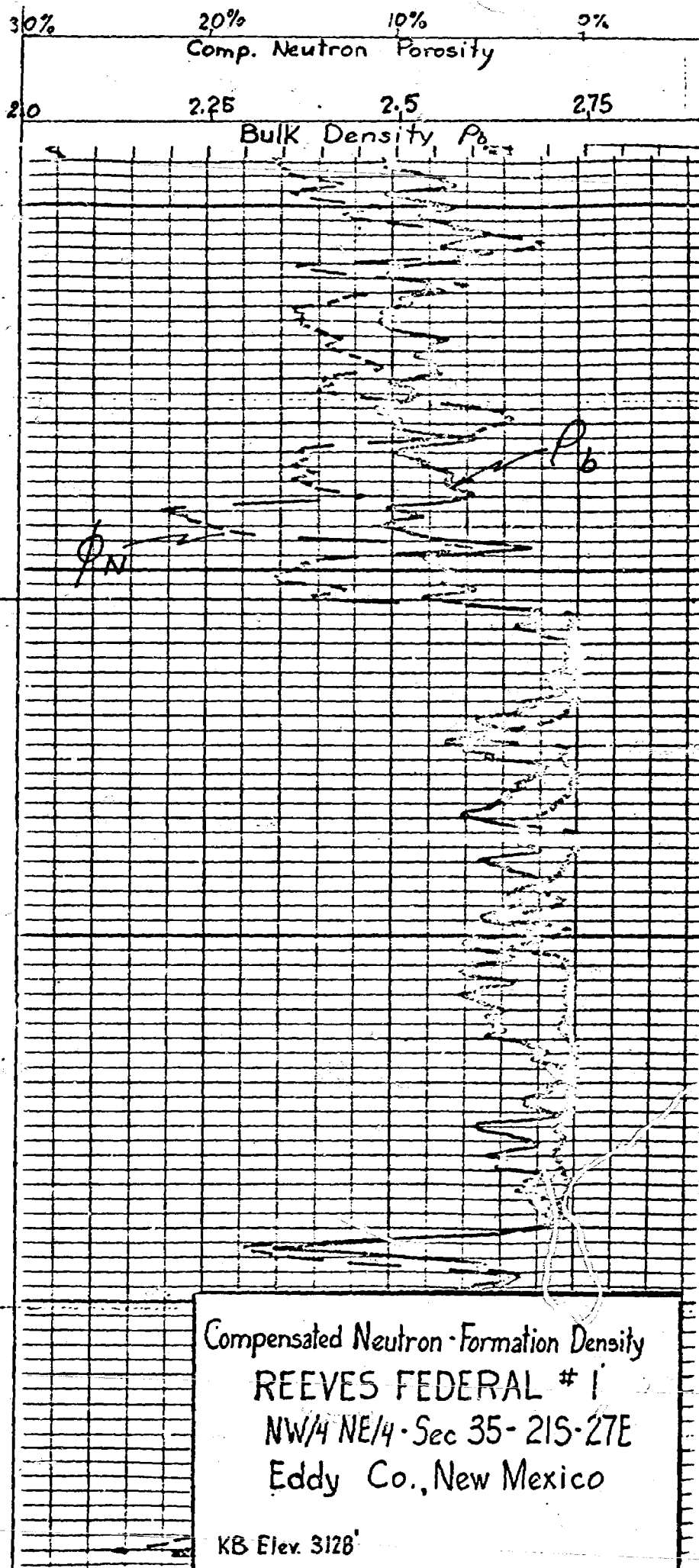






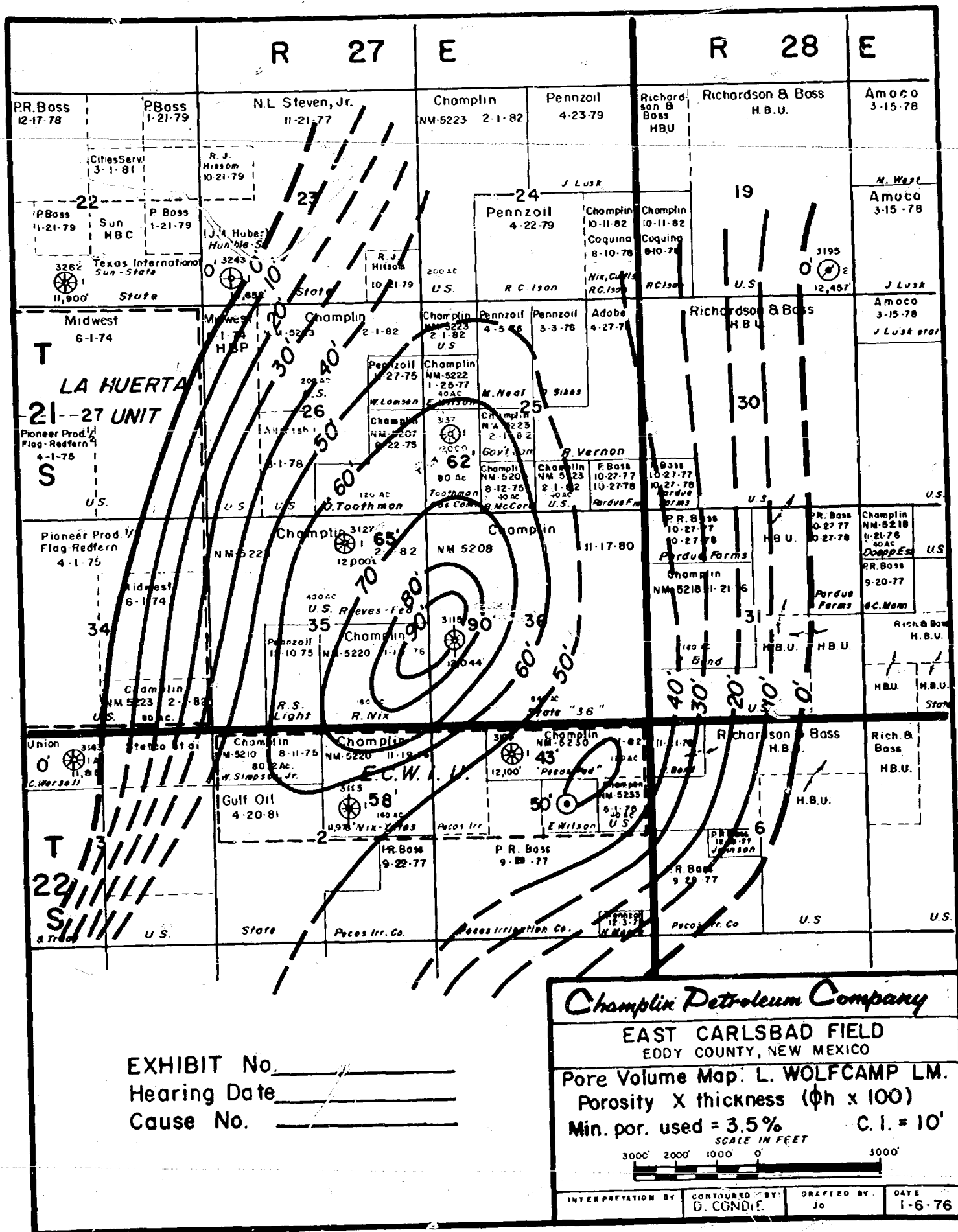
9600

9700



Compensated Neutron-Formation Density
REEVES FEDERAL #1
NW/4 NE/4 - Sec 35-21S-27E
Eddy Co., New Mexico

KB Elev. 3128'



EAST CARLSBAD - WOLFCAMP GAS POOL
 CHAMPAIN - TOOTHMAN GAS COM. NO. 1
EDDY COUNTY, NEW MEXICO

General Reservoir Data

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Value of Reserves to WI	\$1,117,902	\$545,307
Less Operating Expense and Production Taxes	<u>152,765</u> \$ 965,137	<u>101,232</u> \$444,075
Less Well Cost	<u>450,000</u>	<u>450,000</u>
Profit Before FIT	\$ 515,137	(\$ 5,925)
Present Worth @ 8% After FIT	\$ 123,833	(\$ 62,353)
Rate of Return	19.32%	1.63%

EAST CARLSBAD - WOLFCAMP GAS POOL
CHAMPLIN - REEVES FEDERAL NO. 1
EDDY COUNTY, NEW MEXICO

General Reservoir Data

Net Pay Thickness	12 Ft.
Porosity (average)	5.4%
Water Saturation	12%
Condensate Gravity	53° API
Gas Gravity	.67
Reservoir Temperature	150° F
Reservoir Pressure @ MPP	6138 psig
Initial Condensate Ratio	91 bbls/MMCF

Comparison of Economics

	<u>320 Ac. Spacing</u>	<u>160 Ac. Spacing</u>
Reserves, MMCF	784 MMCF + 71,270 BC	392 MMCF + 35,672 BC
Value of Reserves to WI	\$1,186,638	\$566,872
Less Operating Expense and Production Taxes	<u>158,951</u>	<u>103,172</u>
	\$1,027,687	\$463,700
Less Well Cost	<u>450,000</u>	<u>450,000</u>
Profit Before FIT	\$ 577,687	\$ 13,700
Present Worth @ 8% After FIT	\$ 142,857	(\$ 55,555)
Rate of Return	20.42%	2.52%