

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

January 5, 1987



GARREY CARRUTHERS
GOVERNOR

Kersey & Company
P.O. Box 316
Artesia, New Mexico 88210

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Attention: Harold Kersey

Re: Administrative Order NFL-152

Dear Mr. Kersey:

Reference is made to your application for an Infill Well Finding and Well-Spacing Waiver made pursuant to Section 271.305(b) of the Federal Energy Regulatory Commission regulations, Natural Gas Policy Act of 1978, and Oil Conservation Division Order No. R-6013 for the following described well:

Hover State Well No. 6 located 330 feet from the North and East lines (Unit A) of Section 32, Township 17 South, Range 32 East, NMPM, Maljamar Grayburg San Andres Pool, Lea County, New Mexico.

THE DIVISION FINDS THAT:

(1) Section 271.305(b) of the Federal Energy Regulatory Commission Interim Regulations promulgated pursuant to the Natural Gas Policy Act of 1978 provides that, in order for an infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well within that unit, and must grant a waiver of existing well-spacing requirements.

(2) By Division Order No. R-6013, dated June 7, 1979, the Division established an administrative procedure whereby the Division Director and the Division Examiners are empowered to act for the Division and find that an infill well is necessary.

(3) The well for which a finding is sought is to be completed in the Maljamar Grayburg San Andres Pool, and the standard spacing unit in said pool is 40 acres.

(4) A standard 40-acre oil proration unit comprising the NE/4 NE/4 (Unit A) of Section 32, Township 17 South, Range 32 East, is currently dedicated to the Hover State Well No. 1 also located in Unit A of said Section 32.

(5) Said unit is not being effectively and efficiently drained by the existing well on the unit.

(6) The drilling and completion of the well for which a finding is sought should result in the production of an additional 25,020 MCF of gas from the proration unit which would not otherwise be recovered.

(7) All the requirements of Division Order No. R-6013 have been complied with, and the well for which a finding is sought is necessary to effectively and efficiently drain a portion of the reservoir covered by said proration unit which cannot be so drained by any existing well within the unit.

(8) In order to permit effective and efficient drainage of said proration unit, the subject application should be approved as an exception to the standard well spacing requirements for the pool.

IT IS THEREFORE ORDERED THAT:

(1) The applicant is hereby authorized to drill the Hover State Well No. 6 as described above, as an infill well on the existing 40-acre oil proration unit comprising the NE/4 NE/4 (Unit A) of Section 32, Township 17 South, Range 32 East, NMPM, Maljamar Grayburg San Andres Pool, Lea County, New Mexico. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by said proration unit which cannot be effectively and efficiently drained by any existing well thereon.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Michael E. Stogner,
Examiner

xc: N.M.U.C.D. - Hobbs

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

January 5, 1987



GARREY CARRUTHERS
GOVERNOR

Kersey & Company
P.O. Box 316
Artesia, New Mexico 88210

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Attention: Harold Kersey

Re: Administrative Order NFL-152

Dear Mr. Kersey:

Reference is made to your application for an Infill Well Finding and Well-Spacing Waiver made pursuant to Section 271.305(b) of the Federal Energy Regulatory Commission regulations, Natural Gas Policy Act of 1978, and Oil Conservation Division Order No. R-6013 for the following described well:

Hover State Well No. 6 located 330 feet from the North and East lines (Unit A) of Section 32, Township 17 South, Range 32 East, NNPM, Maljamar Grayburg San Andres Pool, Lea County, New Mexico.

THE DIVISION FINDS THAT:

(1) Section 271.305(b) of the Federal Energy Regulatory Commission Interim Regulations promulgated pursuant to the Natural Gas Policy Act of 1978 provides that, in order for an infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well within that unit, and must grant a waiver of existing well-spacing requirements.

(2) By Division Order No. R-6013, dated June 7, 1979, the Division established an administrative procedure whereby the Division Director and the Division Examiners are empowered to act for the Division and find that an infill well is necessary.

(3) The well for which a finding is sought is to be completed in the Maljamar Grayburg San Andres Pool, and the standard spacing unit in said pool is 40 acres.

(4) A standard 40-acre oil proration unit comprising the NE/4 NE/4 (Unit A) of Section 32, Township 17 South, Range 32 East, is currently dedicated to the Hover State Well No. 1 also located in Unit A of said Section 32.

(5) Said unit is not being effectively and efficiently drained by the existing well on the unit.

(6) The drilling and completion of the well for which a finding is sought should result in the production of an additional 25,820 MCF of gas from the proration unit which would not otherwise be recovered.

(7) All the requirements of Division Order No. R-6013 have been complied with, and the well for which a finding is sought is necessary to effectively and efficiently drain a portion of the reservoir covered by said proration unit which cannot be so drained by any existing well within the unit.

(8) In order to permit effective and efficient drainage of said proration unit, the subject application should be approved as an exception to the standard well spacing requirements for the pool.

IT IS THEREFORE ORDERED THAT:

(1) The applicant is hereby authorized to drill the Hover State Well No.6 as described above, as an infill well on the existing 40-acre oil proration unit comprising the NE/4 NE/4 (Unit A) of Section 32, Township 17 South, Range 32 East, NMPM, Maljamar Grayburg San Andres Pool, Lea County, New Mexico. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by said proration unit which cannot be effectively and efficiently drained by any existing well thereon.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Michael E. Stogner,
Examiner

xc: N.M.O.C.D. - Hobbs

Received 8/26/85

NFLK4C

Release ASAP

Kersey & Company
P.O. Box 316
Artesia, New Mexico 88210

Attention: Harold Kersey

Re: Administrative Order NFL-152

Dear Mr. Kersey:

Reference is made to your application for an Infill Well Finding and Well-Spacing Waiver made pursuant to Section 271.305(b) of the Federal Energy Regulatory Commission regulations, Natural Gas Policy Act of 1978, and Oil Conservation Division Order No. R-6013 for the following described well:

Hover State Well No. 6 located 330 feet from the North and East lines (Unit A) of Section 32, Township 17 South, Range 32 East, NMPM, Maljamar Grayburg San Andres Pool, Lea County, New Mexico.

THE DIVISION FINDS THAT:

(1) Section 271.305(b) of the Federal Energy Regulatory Commission Interim Regulations promulgated pursuant to the Natural Gas Policy Act of 1978 provides that, in order for an infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well within that unit, and must grant a waiver of existing well-spacing requirements.

(2) By Division Order No. R-6013, dated June 7, 1979, the Division established an administrative procedure whereby the Division Director and the Division Examiners are empowered to act for the Division and find that an infill well is necessary.

(3) The well for which a finding is sought is to be completed in the Maljamar Grayburg San Andres Pool, and the

standard spacing unit in said pool is 40 acres.

(4) A standard 40-acre oil proration unit comprising the NE/4 NE/4 (Unit A) of Section 32, Township 17 South, Range 32 East, is currently dedicated to the Hover State Well No. 1 also located in Unit A of said Section 32.

(5) Said unit is not being effectively and efficiently drained by the existing well on the unit.

(6) The drilling and completion of the well for which a finding is sought should result in the production of an additional 25,820 MCF of gas from the proration unit which would not otherwise be recovered.

(7) All the requirements of Division Order No. R-6013 have been complied with, and the well for which a finding is sought is necessary to effectively and efficiently drain a portion of the reservoir covered by said proration unit which cannot be so drained by any existing well within the unit.

(8) In order to permit effective and efficient drainage of said proration unit, the subject application should be approved as an exception to the standard well spacing requirements for the pool.

IT IS THEREFORE ORDERED THAT:

(1) The applicant is hereby authorized to drill the Hover State Well No. 6 as described above, as an infill well on the existing 40-acre oil proration unit comprising the NE/4 NE/4 (Unit A) of Section 32, Township 17 South, Range 32 East, NMPM, Maljamar Grayburg San Andres Pool, Lea County, New Mexico. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by said proration unit which cannot be effectively and efficiently drained by any existing well thereon.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Michael E. Stogner
Examiner

N.M.O.C.D. - Hobbs

REQUEST FOR INFILL FINDING ON

HOVER STATE #6

in accordance with Administrative
Procedures amended February 8, 1980

KERSEY & COMPANY

OIL PRODUCTION

Phone 746-3871 • 808 W. Grand

ARTESIA, NEW MEXICO 88210

August 21, 1985

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

RE: Hover State #6
NE NE Sec. 32-17-32
Lea Co., N.M.

Gentlemen:

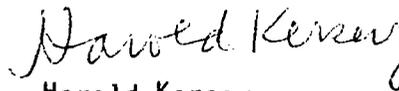
Our Hover #1 in the NE NE Section 32, T17S, R32E Lea County, New Mexico producing from the lower Grayburg and San Andres formations encountered some mechanical problems.

The casing collapsed down around 3000'. We were unable to get the tubing out without spending a large sum of money. The casing in the #1 well was set above the producing zones, so there was no way to pin point the pays and adequately treat them in the shot hole.

In order to drain the 40 acre tract adequately, we drilled a new well, the Hover #6, setting and cementing the casing through the producing horizons.

Yours very truly,

KERSEY & COMPANY


Harold Kersey

HK/pt

OIL CONSERVATION DIVISION
P. O. BOX 2088 RECEIVED
SANTA FE, NEW MEXICO 87501

Form C-101
Revised 10-1-78

FEB 17 1983

O. C. D.

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILL	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

5A. Indicate Type of Lease
STATE FEE

5. State Oil & Gas Lease No.
8-4109

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Work
Type of Well DRILL DEEPEN PLUG BACK

7. Unit Agreement Name

OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

8. Form of Lease Name
HOVER

Name of Operator
KERSEY & COMPANY

9. Well No.
#6

Address of Operator
P. O. Box 316, Artesia, New Mexico 88210

10. Field and Pool, or Wildcat
Maljamar Grayburg SA.

Location of Well
UNIT LETTER A LOCATED 330 FEET FROM THE North LINE
330 FEET FROM THE East LINE OF SEC. 32 TWP. 17S RGE. 32E NMPM

12. County
Lea

16. Proposed Depth 4200'	19A. Formation San Andres	20. Rotary or C.T. Rotary
21A. Kind & Status Plug. bond Blanket	21B. Drilling Contractor WEK Drilling Company	22. Approx. Date Work will start Feb. 25, 1983

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
11"	8 5/8"	23#	1030'	200 Incor 4% Gel	Circulate
8"	4 1/2"	11.6#	4200	400 " "	Base of salt or higher

1. Plan to set and circulate cement on 8 1/2" casing @ 1030'
2. Plan to set and cement 4 1/2" casing back to base of the salt or higher.
3. Will Log, Perforate, and Fracture Oil Zones 3800 - 4200'

APPROVAL VALID FOR _____ DAYS
PERMIT EXPIRES _____
UNLESS DRILLING UNDERWAY

BELOW SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTION. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signature: _____ Title: Partner Date: 2/16/83

(This space for State Use)

ORIGINAL SIGNED BY JERRY SEXTON

APPROVED BY _____ TITLE SUPERVISOR DATE FEB 22 1983

CONDITIONS OF APPROVAL, IF ANY:

All distances must be from the outer boundaries of the Section.

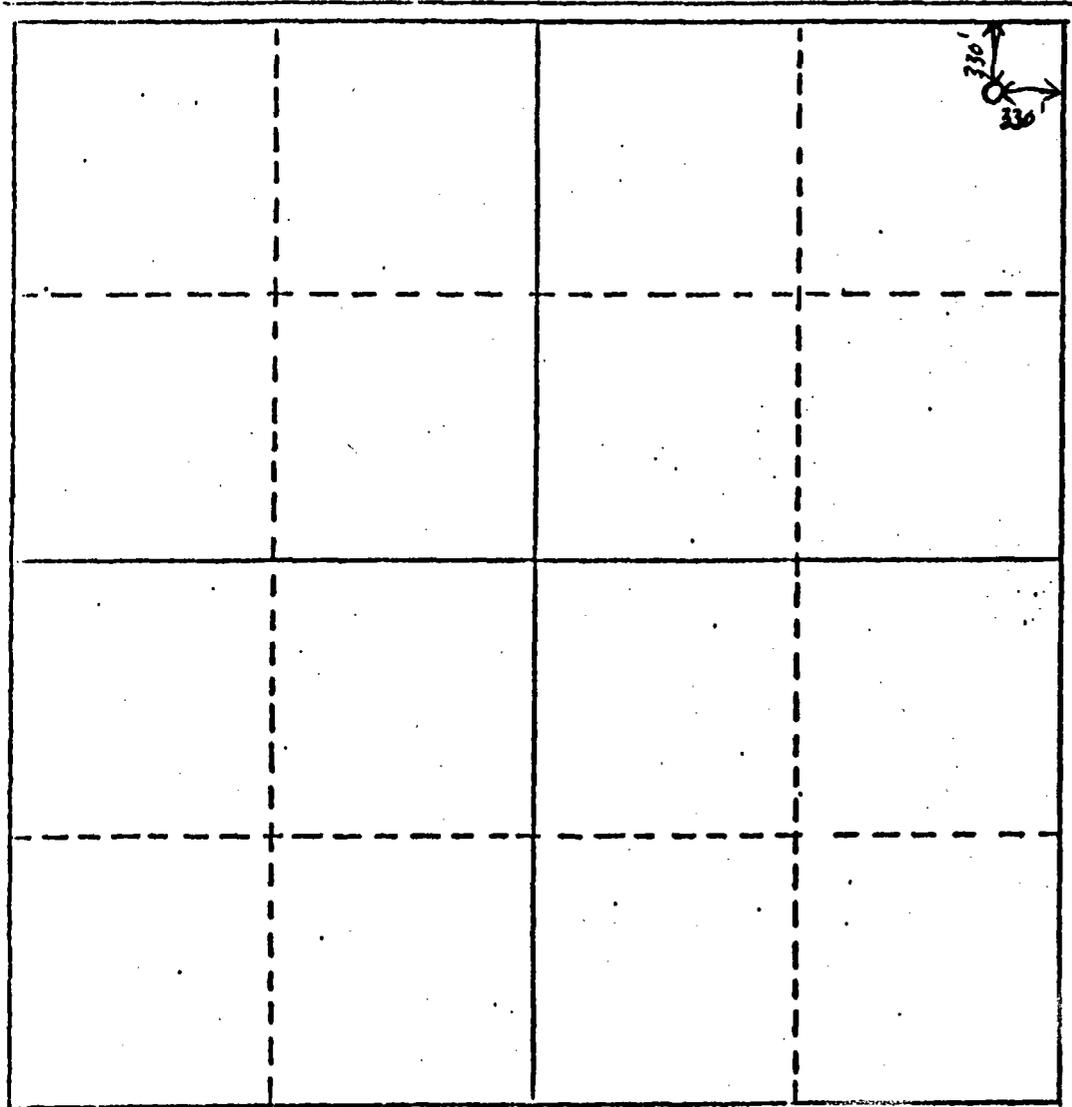
Operator KERSEY & COMPANY		Lease NOVER		Well No. 6	
Unit Letter A	Section 32	Township 17S	Range 32E	County Lee	
Actual Footage Location of Wells 330 feet from the North line and 330 feet from the East line					
Ground Level Elev.	Producing Formation Greyburg		Pool McJannet Greyburg San Andres		Dedicated Acreage 40 Acres

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).
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 Division.



CERTIFICATION

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

Name **Partner**

Position _____

Company **KERSEY & COMPANY**

Date **2/14/83**

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 **2/2/83**

Registered Professional Engineer and/or Land Surveyor

Certificate No. **802**

Rule 6:

Hover State #6

Pool: Maljamar Grayburg San Andres

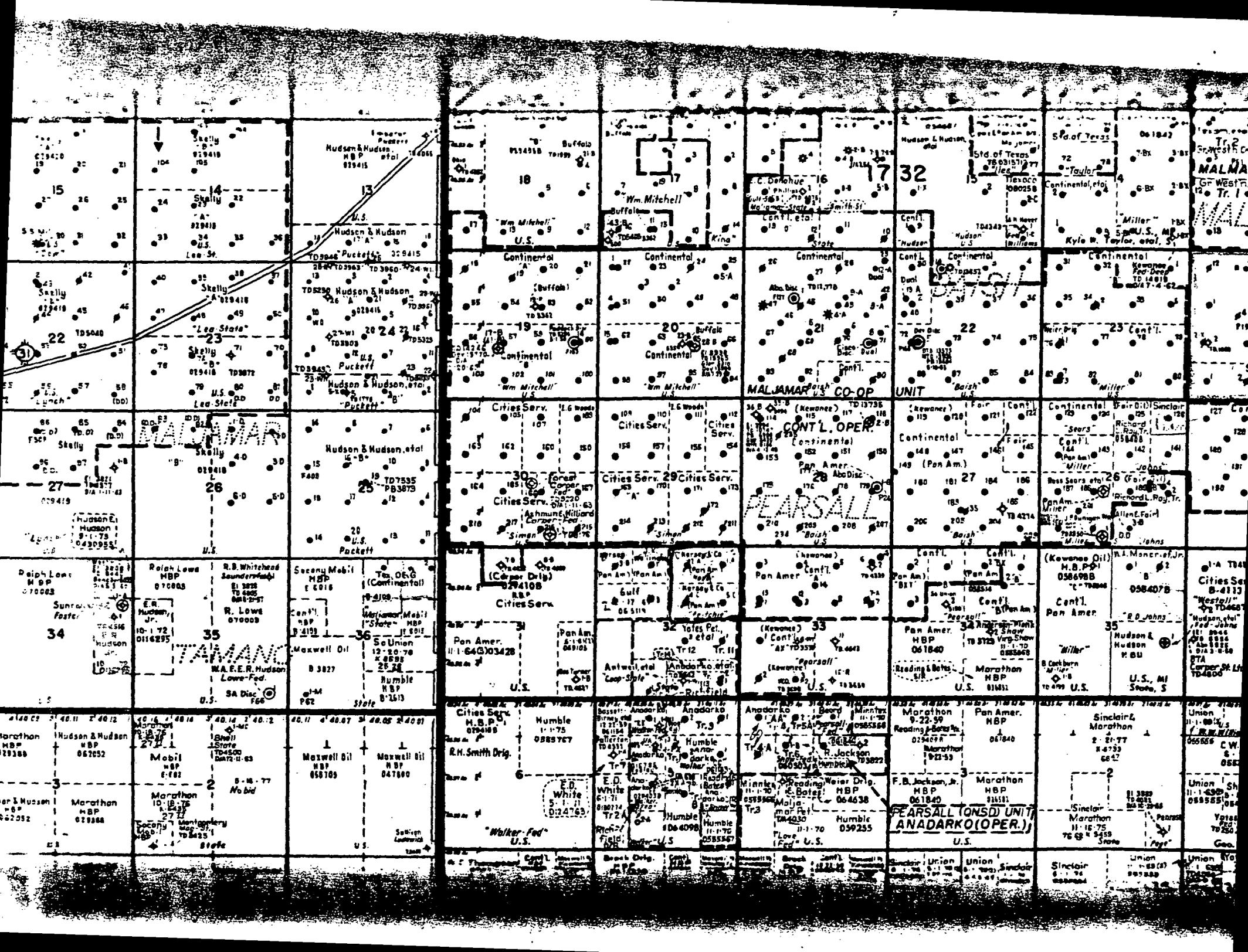
Standard spacing unit - 40 acres

Rule 7:

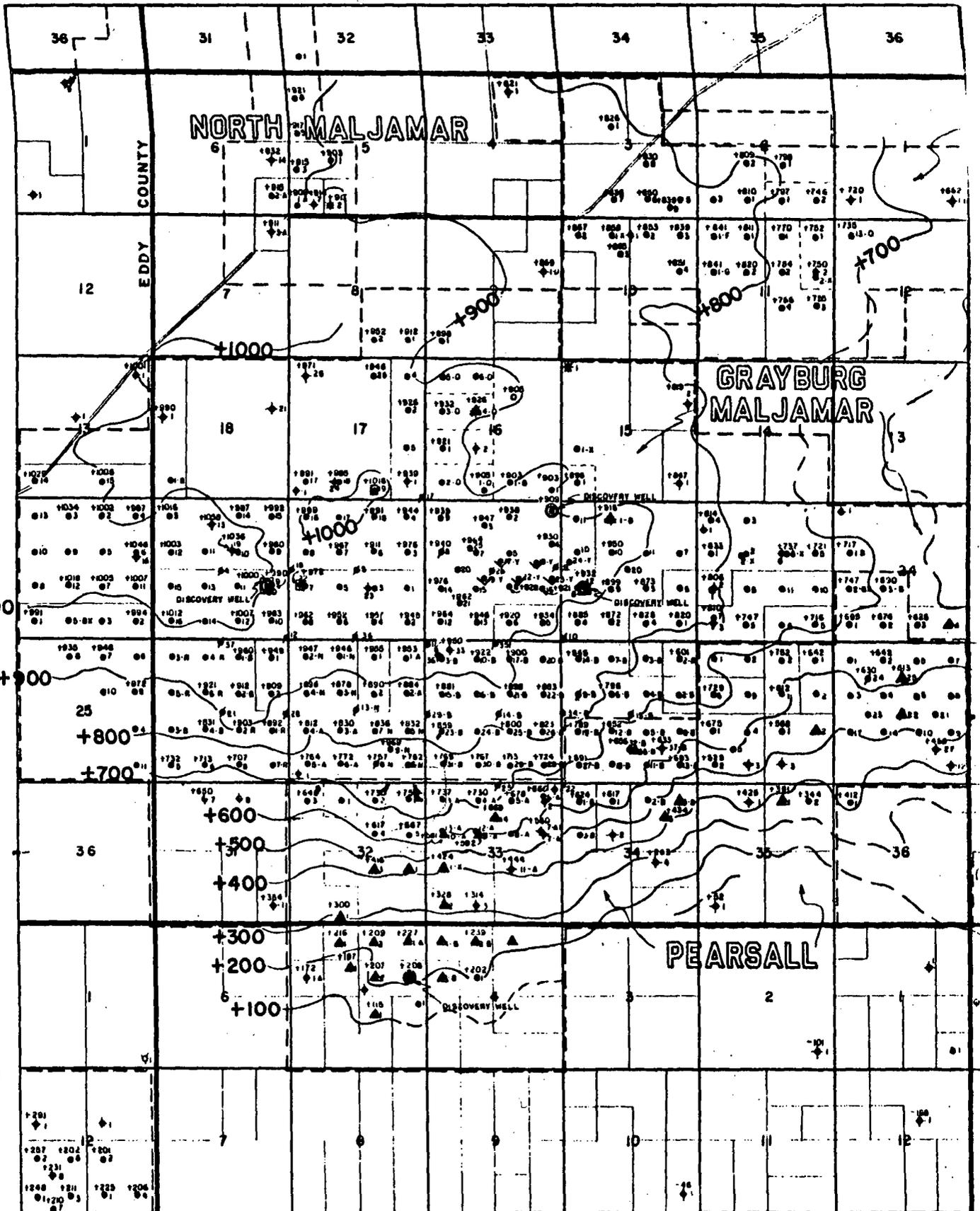
NA

Rule 8:

- a. Hover State #6 - 330 FNL 330 FEL Sec. 32-T17S-R32E
Hover State #1 - 660 FNL 660 FEL Sec. 32-T1yS-R32E
- b. Hover #6 - 3-29-83
Hover #1 - 10-7-40
- c. Hover #6 - 4-22-83
Hover #1 - 2-15-41
- d. casing collapsed
- e. #6 - 44 bbl/day, 9 mcf/day
#1 - 16 bbl/day, 3 mcf/day
- f. NA
- g. The casing on the Hover #1 collapsed, therefore, it was not able to produce, so we drilled the Hover #6.



R 32 E



T 17 S

+1000

+900

+800

+700

+600

+500

+400

+300

+200

+100

T 18 S

R 32 E

Rule 11:

Notice of this infill request has been sent to
Conoco, Inc., 519 N. Tower, Ponca City, 74603.

KERSEY & COMPANY

OIL PRODUCTION

Phone 746-3671 • 808 W. Grand

ARTESIA, NEW MEXICO 88210

August 21, 1985

Conoco, Inc.
519 N. Tower
Ponca City, OK 74603

Re: Notice to Offset
Operators

Dear Sirs:

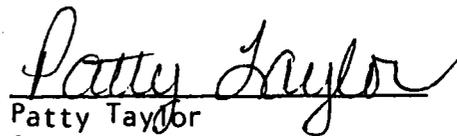
Notice is hereby given to you as an offset operator to the request of Kersey & Company to the New Mexico Oil Conservation Division for an infill finding on the following well:

Hover State #6
330 FNL 330 FEL Sec. 32-T17S-R32E
Lea County, New Mexico

This notice is given pursuant to the Special Rules and Regulations Natural Gas Policy Act Infill Finding Administrative Procedure (amended February 8, 1980). These special rules and regulations shall apply to effective and efficient drainage findings for completed infill wells pursuant to Section 271.305 of the final Rules and Regulations of the Federal Energy Regulatory Commission relating to Section 103 of the Natural Gas Policy Act of 1978.

If there are any questions please contact me.

Very truly yours,



Patty Taylor
Clerk

HK/pt

KERSEY & COMPANY

OIL PRODUCTION

Phone 746-3671 • 808 W. Grand

ARTESIA, NEW MEXICO 88210

The Office of the Secretary
Federal Energy Regulatory Commission
825 N. Capitol St., N.E.
Washington, D.C. 20426

RE: HOVER STATE #6

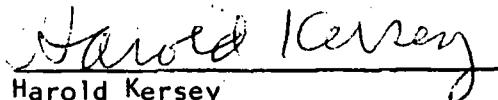
Gentlemen:

In compliance with Section 273.202(d) of the Interim Regulations implementing the Natural Gas Policy Act of 1978, Kersey & Company as operator and a working interest owner in the referenced well, hereby submits an original and two copies of the following in support of interim collection for gas produced and sold from the captioned well for our self and the working interest owners, for which a Section 103 price determination application has been filed:

1. Copy of FERC Form 121 submitted by us as operator of the referenced well.
2. Affidavit in support of interim collection authority.
3. Certificate of Service.
4. A copy of the release from surety or escrow obligations from the pipeline purchaser of the gas produced from the well (not available).
5. A copy of the Agreements of all the working interest owners to comply with refund provision of Part 273 of the Commission's Regulations under the Natural Gas Policy Act and Part 154 of the Commission's Regulations under the Natural Gas Act.

Copies of these documents have also been forwarded to the N.M.O.C.D. for their information and file.

Very truly yours,



Harold Kersey
President

HK/pt
CC: Mr. Joe Ramey, Director
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Conoco, Inc.
519 N. Tower
Ponca City, Oklahoma 74603

1.0 API well number: (If not assigned, leave blank. 14 digits.)	- - -															
2.0 Type of determination being sought: (Use the codes found on the front of this form.)	103 Section of NGPA Category Code															
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	4200 feet															
4.0 Name, address and code number of applicant: (35 letters per line maximum. If code number not available, leave blank.)	Name <u>Kersey & Company</u> Seller Code _____ Street <u>P.O. Box 316, 808 W. Grand</u> City <u>Artesia,</u> State <u>N.M.</u> Zip Code <u>88210</u>															
5.0 Location of this well: (Complete (a) or (b).) (a) For onshore wells (35 letters maximum for field name.)	Field Name <u>Maljamar Grayburg San Andres</u> <u>Lea</u> State <u>N.M.</u> County _____ State _____															
(b) For OCS wells:	Area Name _____ Block Number _____ Date of Lease: _____ Mo. Day Yr. OCS Lease Number _____															
(c) Name and identification number of this well: (35 letters and digits maximum.)	<u>Hover State #6</u>															
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)	_____															
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	Name <u>Conoco, Inc.</u> Buyer Code _____															
(b) Date of the contract:	<u>131 1 5 2</u> Mo. Day Yr.															
(c) Estimated total annual production from the well:	<u>3000</u> Million Cubic Feet															
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:10%;"></th> <th style="width:20%;">(a) Base Price</th> <th style="width:20%;">(b) Tax</th> <th style="width:20%;">(c) All Other Prices (Indicate (+) or (-).)</th> <th style="width:20%;">(d) Total of (a), (b) and (c)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$/MMBTU</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td style="text-align: right;">\$/MMBTU</td> <td style="text-align: center;"><u>3.535</u></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;"><u>3.535</u></td> </tr> </tbody> </table>		(a) Base Price	(b) Tax	(c) All Other Prices (Indicate (+) or (-).)	(d) Total of (a), (b) and (c)	\$/MMBTU	_____	_____	_____	_____	\$/MMBTU	<u>3.535</u>	_____	_____	<u>3.535</u>
	(a) Base Price	(b) Tax	(c) All Other Prices (Indicate (+) or (-).)	(d) Total of (a), (b) and (c)												
\$/MMBTU	_____	_____	_____	_____												
\$/MMBTU	<u>3.535</u>	_____	_____	<u>3.535</u>												
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:10%;"></th> <th style="width:20%;">(a) Base Price</th> <th style="width:20%;">(b) Tax</th> <th style="width:20%;">(c) All Other Prices (Indicate (+) or (-).)</th> <th style="width:20%;">(d) Total of (a), (b) and (c)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$/MMBTU</td> <td style="text-align: center;"><u>3.535</u></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;"><u>3.535</u></td> </tr> </tbody> </table>		(a) Base Price	(b) Tax	(c) All Other Prices (Indicate (+) or (-).)	(d) Total of (a), (b) and (c)	\$/MMBTU	<u>3.535</u>	_____	_____	<u>3.535</u>					
	(a) Base Price	(b) Tax	(c) All Other Prices (Indicate (+) or (-).)	(d) Total of (a), (b) and (c)												
\$/MMBTU	<u>3.535</u>	_____	_____	<u>3.535</u>												
9.0 Person responsible for this application:	Name <u>Patty Taylor</u> Title <u>Clerk</u> Signature <u>Patty Taylor</u> Date Application is Completed <u>8-21-85</u> Phone Number <u>(505) 746-3671</u>															
Agency Use Only Date Received by Juris. Agency Date Received by FERC																

AFFIDAVIT OF KERSEY & COMPANY

In Support of Interim Collection Authority under Sec. 273.202 of Regulations Implementing the Natural Gas Policy Act of 1978

Kersey & Company, in compliance with Section 273.202(d) of the Regulations implementing the Natural Gas Policy Act of 1978, do hereby state under oath the following in connection with the wells set forth below:

<u>WELL NAME & LOCATION</u>	<u>COUNTY</u>	<u>STATE</u>	<u>DEDICATED TO INTERSTATE COMM- erce on 11/8/78</u>		<u>MAXIMUM LAWFUL PRICE</u>
			<u>YES</u>	<u>NO</u>	<u>11/8/78</u>
Hover St. #6 330 FNL 330 FEL Sec. 32-17S-32E	Lea	N.M.		X	NA

1. I believe in good faith that the natural gas produced from the captioned well is eligible under the Natural Gas Policy Act and the applicable Federal Energy Regulatory Commission regulations implementing the Natural Gas Policy Act for a maximum lawful price not less than that to be collected and for which a Section 103 price determination application has been made.

2. Release from the surety or escrow obligations (not available).

3. Copies of the Agreements to comply with refund provisions of Part 273 of the Commission's Regulations under the Natural Gas Policy Act and part 154 of the Commission's Regulations under the Natural Gas Act are attached hereto for all parties to this Application for Interim Collection Authority.

4. Copies of the FERC Form 121 submitted to the jurisdictional agency by us as operator of the above well are attached hereto.

5. Commitment or dedication of the natural gas to be sold from the above well to interstate commerce on November 8, 1978, is indicated in the above listing. The maximum lawful price, if applicable on November 8, 1978, is also indicated in the above listing. Kersey & Company, as operator of the above well, makes sales on behalf of the following working interest owners: (list attached).

It is our intention that this Application for Interim Collection Authority also cover the interest of the above named parties (list attached).

KERSEY & COMPANY

By: Harold Kersey
Harold Kersey
President

Subscribed and sworn to by Harold Kersey before me this 21st day of August, 1985.

My commission expires:

July 9, 1988

Marie Nade
Notary Public in and for Eddy
County, New Mexico

CERTIFICATE OF SERVICE

Kersey & Company hereby certifies that a copy of this application for interim collection authority has been served upon the following pipeline purchaser by mailing the same, postage prepaid, properly addressed, to:

Conoco, Inc.
519 N. Tower
Ponca City, Oklahoma 74603

KERSEY & COMPANY

By: Harold Kersey
Harold Kersey
President

Dated at Artesia, New Mexico, this
21st day of August, 1985.

Subscribed and sworn to by Harold Kersey before me this 21ST
day of August, 1985.

My commission expires:

July 9, 1988

Marie Wade
Notary Public in and for Eddy
County, New Mexico

AGREEMENT OF

Kersey & Company to comply with refund provisions of Part 273 of the Commission's Regulations under the Natural Gas Policy Act and Part 154 of the Commission's Regulations under the Natural Gas Act

KERSEY & COMPANY hereby agrees and undertakes to comply with the refund provisions of Part 273 of the Commission's Regulations under the Natural Gas Policy Act insofar as they are applicable to any collections made by or for the applicant under these regulations.

KERSEY & COMPANY

By: Harold Kersey
Harold Kersey
President

ATTEST:

Patty Taylor
Patty Taylor
Clerk

August 21, 1985
Date

HOVER #6

Working Interest Owners

1. Danoil
#1 Burnett Plaza
Fort Worth, TX 76102
2. Harold Kersey
P.O. Box 316
Artesia, NM 88210
3. Leonard Vandiver
2303 Lynn
Big Spring, TX 79720
4. Betty Jane Wood
P.O. Box 814
Lake Montezuma, AZ 86342
5. Sandra Kimmey
708 Whelton Circle
Pasadena, TX 77503
6. Lana Lea
7280 Mayfair Circle
Jonesboro, GA 30236
7. Edith A. Hover Thomas
812 Pollard Road, Suite 6
Los Gatos, CA 95030
8. Thelma Methvin
406 San Andres
Alamogordo, NM 88310
9. Margaret Holcomb
1522 Michigan Ave.
Alamogordo, NM 88310

KERSEY & COMPANY
P.O. Box 316
808 W. Grand
Artesia, New Mexico 88210
Attention: Harold Kersey

RECEIVED
DEC 15 1986
OIL CONSERVATION DIVISION
SANTA FE

Well head price ceiling
determination, NGPA of
1978

Gentlemen:

The New Mexico Oil Conservation Division has received your application for a wellhead price ceiling category determination under the sections(s) of the Natural Gas Policy Act of 1978 indicated below if your application is incomplete, forms are attached hereto, indicating the documents and further information which must be filed before your application can be considered. If your application is complete, it will be acted upon administratively unless written objection is received within 15 days of its filing.

WELL NAME AND LOCATION HOVER STATE 32-17S-32E #6-A
SECTION(S) APPLIED FOR 103
DATE APPLICATION RECEIVED August 26, 1985
APPLICATION INCOMPLETE What is the expected ultimate recovery, oil & gas, for this well Pub 9 - R-1013-A.

OIL 110,980 BBL's
GAS 35320 MCF

Sincerely,

DATE: February 6, 1986

Michael P. Loggner

NOTE:

THIS FORM LETTER MUST ACCOMPANY TWO COPIES OF THE SUPPLEMENTARY INFORMATION.

Month	Oil Produced	Gas Produced
Jan	641	200 MCF
Feb	901	197
Mar	745	245
April	1357	434
May	1101	234
June	1302	257
July	994	238
Aug	956	170
Sept	21	7
Oct	833	161
Nov	1550	246
Dec	892	191
Total	110,980	2533 MCF

$110,980 \times 10 = 1,109,800$
 $2533 \times 10 = 25,330$

KERSEY & COMPANY

OIL PRODUCTION

Phone 746-8671 • 808 W. Grand
ARTESIA, NEW MEXICO 88210

March 11, 1986

Energy & Minerals Depart.
Oil Conservation Commission
P.O. Box 2068
Santa Fe, N.M. 87501

ATTN: Mr. Slogner

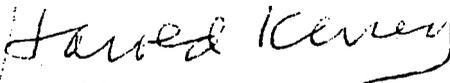
Gentlemen:

In replying to your form letter of February 6, 1986,
we have revised our estimates of the probable production
of the designated well and are listing our computations:

	<u>OIL</u>	<u>GAS</u>	
1983	14527	3423	
1984	14194	3874	
1985	11098	2582	
1986	9600	1870	
1987	7300	1260	
1988	5600	900	
1989	3400	700	
1990	2000	500	
1991	<u>1000</u>	<u>0</u>	economic limit
	68719	15109	

Yours very truly,

KERSEY & COMPANY



Harold Kersey

HK/pt
55

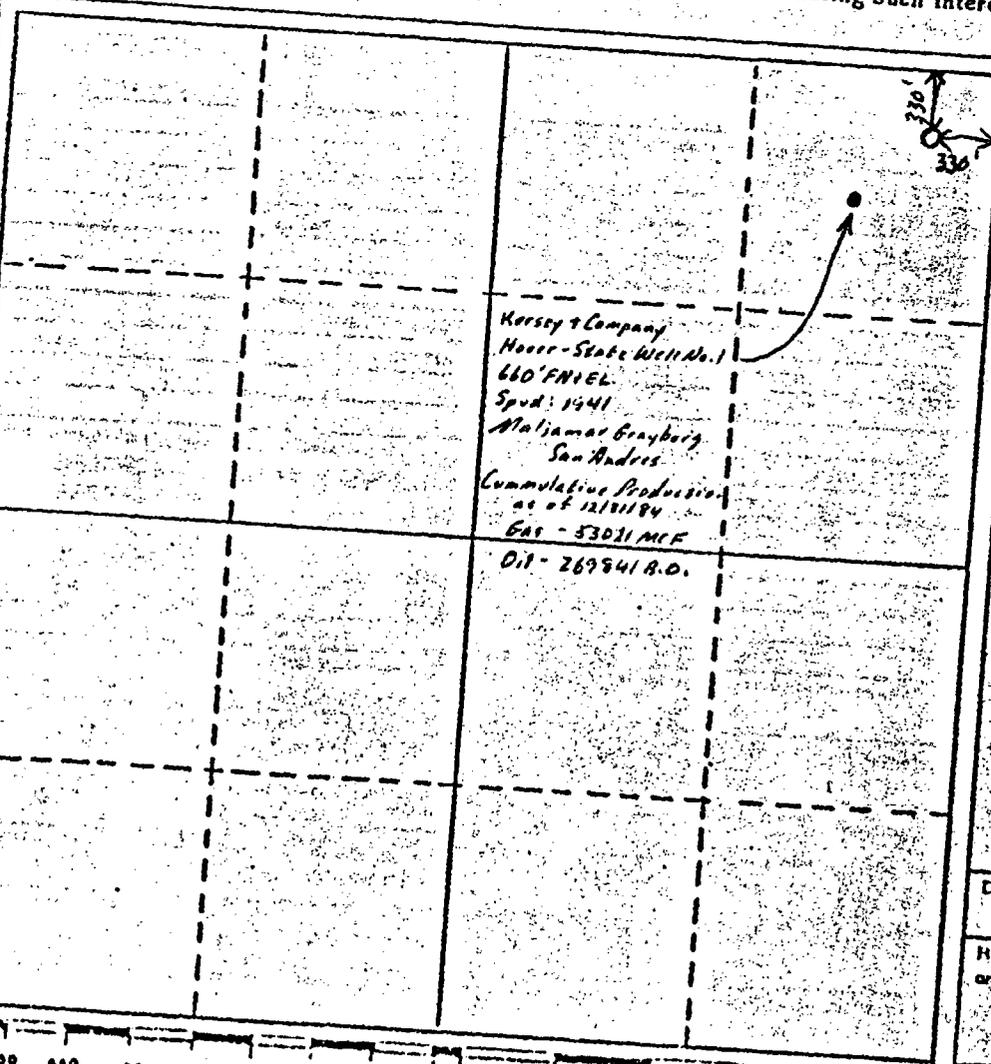
All distances must be from the outer boundaries of the Section.

KERSEY & COMPANY		Lease		NOVA		Well No. 6	
Unit Letter A	Section 32	Township 17S	Range 32E	County Lee			
Actual Postage Location of Well 330		feet from the North		line and 330		feet from the East	
Ground Level Elev.	Producing Formation Grayburg		Pool Maljamar Grayburg San Andres		Dedicated Acreage 40		Acres

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).
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 Division.



CERTIFICATION

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

Name: **Partner**

Position: _____

Company: **KERSEY & COMPANY**

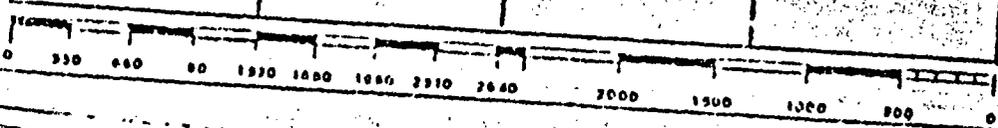
Date: **2/14/83**

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: **2/8/83**

Registered Professional Engineer and/or Land Surveyor: _____

Certificate No.: **802**



REQUEST FOR INFILL FINDING ON

HOVER STATE #6

in accordance with Administrative
Procedures amended February 8, 1980

KERSEY & COMPANY

OIL PRODUCTION

Phone 746-3671 • 808 W. Grand
ARTESIA, NEW MEXICO 88210

August 21, 1985

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

RE: Hover State #6
NE NE Sec. 32-17-32
Lea Co., N.M.

Gentlemen:

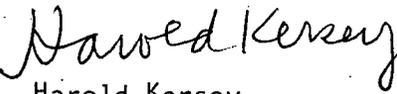
Our Hover #1 in the NE NE Section 32, T17S, R32E Lea County, New Mexico producing from the lower Grayburg and San Andres formations encountered some mechanical problems.

The casing collapsed down around 3000'. We were unable to get the tubing out without spending a large sum of money. The casing in the #1 well was set above the producing zones, so there was no way to pin point the pays and adequately treat them in the shot hole.

In order to drain the 40 acre tract adequately, we drilled a new well, the Hover #6, setting and cementing the casing through the producing horizons.

Yours very truly,

KERSEY & COMPANY


Harold Kersey

HK/pt

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

RECEIVED
FEB 17 1983
O. C. D.

5A. Indicate Type of Lease
STATE FEE

5. State Oil & Gas Lease No.
B-4109

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Work
Type of Well DRILL DEEPEN PLUG BACK
OIL WELL GAS WELL OTHER
SINGLE ZONE MULTIPLE ZONE

7. Unit Agreement Name

8. Farm or Lease Name
HOVER

Name of Operator
KERSEY & COMPANY

9. Well No.
#6

Address of Operator
P. O. Box 316, Artesia, New Mexico 88210

10. Field and Pool, or Wildcat
Maljamar Grayburg SA.

Location of Well
UNIT LETTER A LOCATED 330 FEET FROM THE North LINE
330 FEET FROM THE East LINE OF SEC. 32 TWP. 17S REC. 32E NMPM

12. County
Lea

19. Proposed Depth 4200'	19A. Formation San Andres	20. Rotary or C.T. Rotary
21A. Kind & Status Plug. Bond Blanket	21B. Drilling Contractor WEK Drilling Company	22. Approx. Date Work will start Feb. 25, 1983

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
11"	8 5/8"	23#	1030'	200 Incor 4 3/8 Gel	Circulate
8"	4 1/2"	11.6#	4200	400 " "	Base of salt or higher

1. Plan to set and circulate cement on 8 1/2" casing @ 1030'
2. Plan to set and cement 4 1/2" casing back to base of the salt or higher.
3. Will Log, Perforate, and Fracture Oil Zones 3800 - 4200'

APPROVAL VALID FOR _____ DAYS
PERMIT EXPIRES _____
UNLESS DRILLING UNDERWAY

ABOVE SPACE DESCRIBE PROPOSED PROGRAM IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
Signed Jerry Sexton Title Partner Date 2/16/83

(This space for State Use)

ORIGINAL SIGNED BY JERRY SEXTON

APPROVED BY _____ SUPERVISOR TITLE _____ DATE FEB 22 1983

CONDITIONS OF APPROVAL, IF ANY:

All distances must be from the outer boundaries of the Section.

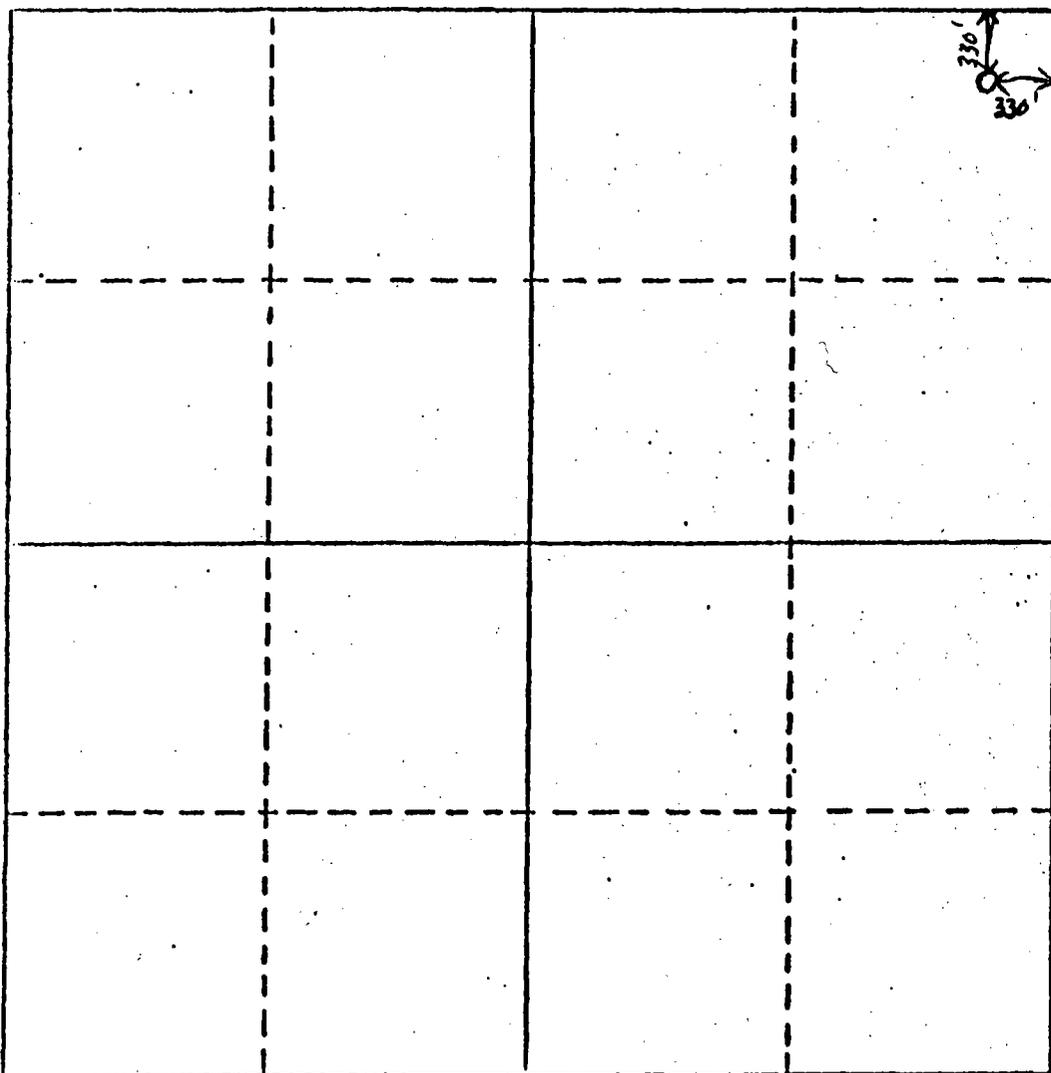
Operator KERSY & COMPANY		Lease NOVA		Well No. 6
Unit Letter A	Section 32	Township 17S	Range 32E	County Lee
Actual Postage Location of Well: 330 feet from the North line and 330 feet from the East line				
Ground Level Elev.	Producing Formation Grayburg	Pool Maljamar Grayburg San Andres	Dedicated Acreage 40 Acres	

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).
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 Division.



CERTIFICATION

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

Name **Partner**

Position _____

Company **KERSY & COMPANY**

Date **2/14/83**

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 **2/8/83**

Registered Professional Engineer and/or Land Surveyor _____

Certificate No. **802**

Rule 6:

Hover State #6

Pool: Maljamar Grayburg San Andres

Standard spacing unit - 40 acres

Rule 7:

NA

Rule 8:

- a. Hover State #6 - 330 FNL 330 FEL Sec. 32-T17S-R32E
Hover State #1 - 660 FNL 660 FEL Sec. 32-T1yS-R32E
- b. Hover #6 - 3-29-83
Hover #1 - 10-7-40
- c. Hover #6 - 4-22-83
Hover #1 - 2-15-41
- d. casing collapsed
- e. #6 - 44 bbl/day, 9 mcf/day
#1 - 16 bbl/day, 3 mcf/day
- f. NA
- g. The casing on the Hover #1 collapsed, therefore, it was not able to produce, so we drilled the Hover #6.

Rule 11:

Notice of this infill request has been sent to
Conoco, Inc., 519 N. Tower, Ponca City, 74603.

KERSEY & COMPANY

OIL PRODUCTION
Phone 746-3671 • 808 W. Grand
ARTESIA, NEW MEXICO 88210

August 21, 1985

Conoco, Inc.
519 N. Tower
Ponca City, OK 74603

Re: Notice to Offset
Operators

Dear Sirs:

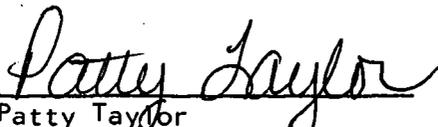
Notice is hereby given to you as an offset operator to the request of Kersey & Company to the New Mexico Oil Conservation Division for an infill finding on the following well:

Hover State #6
330 FNL 330 FEL Sec. 32-T17S-R32E
Lea County, New Mexico

This notice is given pursuant to the Special Rules and Regulations Natural Gas Policy Act Infill Finding Administrative Procedure (amended February 8, 1980). These special rules and regulations shall apply to effective and efficient drainage findings for completed infill wells pursuant to Section 271.305 of the final Rules and Regulations of the Federal Energy Regulatory Commission relating to Section 103 of the Natural Gas Policy Act of 1978.

If there are any questions please contact me.

Very truly yours,


Patty Taylor
Clerk

HK/pt