

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

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

ADMINISTRATIVE ORDER
NFL - 134

INFILL DRILLING FINDINGS 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

I.

Operator Apollo Energy Inc. Well Name and No. Sinclair State Well No. 2
Location: Unit H Sec. 32 Twp. 20 South Rng. 36 East Cty. Lea

II.

THE DIVISION FINDS:

(1) That 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) That by 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) That the well for which a finding is sought is to be completed in the Eumont Gas (Yates-Seven Rivers-Queen) Pool, and the standard spacing unit in said pool is 640 acres.

(4) That a 160-acre proration unit comprising the NE/4 of Sec. 32, Twp. 20 South, Rng. 36 East, is currently dedicated to the applicant's Sinclair State Well No. 1 located in Unit G of said section.

(5) That this proration unit is () standard (X) nonstandard; if nonstandard, said unit was previously approved by Order No. NSP-414. (Also see SD-82-3)

(6) That said proration unit is not being effectively and efficiently drained by the existing well(s) on the unit.

(7) That the drilling and completion of the well for which a finding is sought should result in the production of an additional 450,000 MCF of gas from the proration unit which would not otherwise be recovered.

(8) That all the requirements of Order No. R-6013 have been complied with, and that 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.

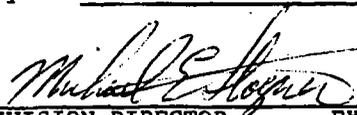
(9) That in order to permit effective and efficient drainage of said proration unit, the subject application should be approved as an exception to the standard well spacing requirements for the pool.

IT IS THEREFORE ORDERED:

(1) That the applicant is hereby authorized to drill the well described in Section I above as an infill well on the existing proration unit described in Section II(4) above. 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) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on this 24th day of March, 19 86.


DIVISION DIRECTOR EXAMINED ✓

Received 6/11/86
Released 3/20/86
M.S.

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

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

ADMINISTRATIVE ORDER
NEL 134

INFILL DRILLING FINDINGS AND WELL-SPACING WAIVER
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Location: Unit H Sec. 32 Twp. 20 South Rng. 36 East Cty. Lea

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- (4) That a 160 acre proration unit comprising the NE 1/4 of Sec. 32, Twp. 20 South, Rng. 36 East, is currently dedicated to the applicant's Sinclair State Well No. 1 located in Unit G of said section.
- (5) That this proration unit is () standard () nonstandard; if nonstandard, said unit was previously approved by Order No. NSP-414. (see also SD-82-3)
- (6) That said proration unit is not being effectively and efficiently drained by the existing well(s) on the unit.
- (7) That the drilling and completion of the well for which a finding is sought should result in the production of an additional 450,000 MCF of gas from the proration unit which would not otherwise be recovered.
- (8) That all the requirements of Order No. R-6013 have been complied with, and that 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.
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- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on this March day of 1986.

DIVISION DIRECTOR _____ EXAMINER [Signature]



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

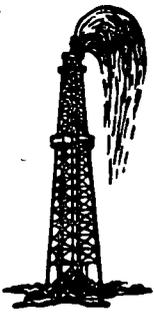
P. O. BOX 2088 - SANTA FE

87501

**GOVERNOR
BRUCE KING
CHAIRMAN**

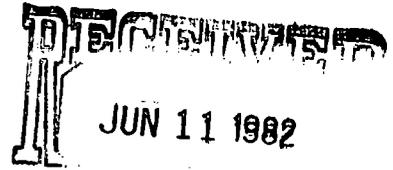
**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

**STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR**



APOLLO ENERGY, INC.

Box 5315 (505) 397-3596
Hobbs, New Mexico 88241



June 8, 1982

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

Attention: Mr. Joe D. Ramey

Re: Application for approval of an
infill drilling on existing gas
proration unit and simultaneous
dedication

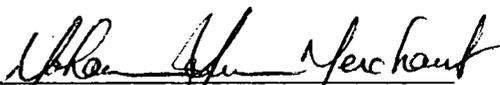
Dear Sir:

The undersigned requests administrative approval for an infill well on existing gas non-standard proration unit as promulgated by Order No. R-6013, as well as simultaneous acreage dedication.

Attached are necessary requirements for your review for the Sinclair State Well No. 2, located in Unit Letter H, Sector 32, T-20-S, R-36-E Lea County, New Mexico.

By copy of this letter all offset operators have been notified of this application by certified mail.

Yours truly,


Mohammed Yamin Merchant
Vice-President

MYM/11w

Attachments

Offset Operators:

Doyle Hartman
Warrior, Inc.
Carbon Energy
Coquina Oil Corp.
J. L. Evans

Under the Special Rules and Regulations, NGPA Infill Findings, Administrative Procedure (Amended February 8, 1980) the following is submitted:

(a) The pool name from which well No. 2 will be produced is Eumont Yates 7 Rivers Queen (prorated gas), and the standard unit size is 640 acres.

(b) The Division Order Number approving the non-standard proration unit dedicated to the well is:

NSP Order No. 414 (January 28, 1958)

(c) There were three wells on the non-standard proration unit (including the newly completed well). The well located in Unit Letter A was drilled in February 1956. It was plugged and abandoned as a dry hole in March 1956.

Well No. 1 located in Unit Letter G of the same unit has been a producer since its initial completion. Well No. 2 located in Unit letter H (new well) is shut-in waiting on pipeline connection.

A. Lease name: Sinclair State

Well No. 1: Unit Letter G, Sec. 32, T20S, R36E

Well No. 2: Unit Letter H, Sec. 32, T20S, R36E

B. Spud Date

Well No. 1: November 16, 1957

Well No. 2: January 18, 1982

C. Completion Date

Well No. 1: November 22, 1957

Well No. 2: February 15, 1982

D. There are no mechanical problems with either of the two wells.

E. 1. The current rate of production from well No. 1 is 146 MCFPD at 25 psig flowing tubing pressure and 2" choke.

2. Well No. 2 (new well) is presently shut-in waiting on pipeline connection. The well did produce during testing and stabilized @ 165 MCFPD on 10/64" choke at a flowing tubing pressure of 70 psig.

F. None

- G. 1. Based on production history from No. 1 well and its present production rates and pressures, it is evident Well No. 2 can produce larger volumes into a low pressure line.
2. Well No. 1 was cleaned out and stimulated during March, 1981, but the results were not as encouraging as they were on the newly drilled well.
3. The No. 1 well was offset to the South by Warrior, Inc., operated State WEI "32" No. 3. The well is completed and tested natural for 161 MCFPD. It is presently shut-in, and there are reasons to believe this offset will produce 300 + MCFPD after an acid and a frac job.

The No. 1 well was also offset to the West in 1979. This West well, operated by Doyle Hartman, tested for 400 + MCFPD, and as of 1-1-1982 has a cumulative production of 95,525 MCF.

4. a. Due to the limited number of wells a structure map is not available. However, the copies of attached gamma ray neutron logs show the wells to be relatively "flat" to each other.
- b. The cumulative production from Well No. 1 as of 1-1-1982 is 692,133 MCF. The well is currently producing 146 MCFPD. The ultimate recovery at current prices (escalated for inflation) will be 900 + MMCF. It is estimated additional reserves of 600 + MMCF can be recovered from Well No. 2. The new well is estimated to produce 300 + MCFPD into a 25 psig sales line; and based on history from well No. 1, 75% recovery is expected from Well No. 2.

Average porosity (neutron log) is relatively the same (13%).

Permeability data is not available, but treatment pressure, low reservoir pressure, high sand concentration and treatment rates indicate poor permeability.



The applicant under oath states:

- A. that the surface drilling of the well for which determination is sought was begun after February 19, 1977.
- B. that the well satisfies all applicable federal or state well spacing requirements. The well is within an existing non-standard proration unit, and a simultaneous dedication is being sought through this application (as stated above).
- C. that to the best of the applicants' information, knowledge and belief, the well is a new onshore producing gas well.
- D. that the applicant has no knowledge of any other information not described in the application which is inconsistent with the conclusions.

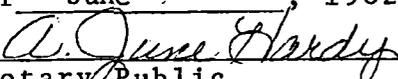
All offset operators have been notified of the application by certified mail.

Yours truly,
Apollo Energy, Inc.


 Mohammed Yamin Merchant
 Vice-President

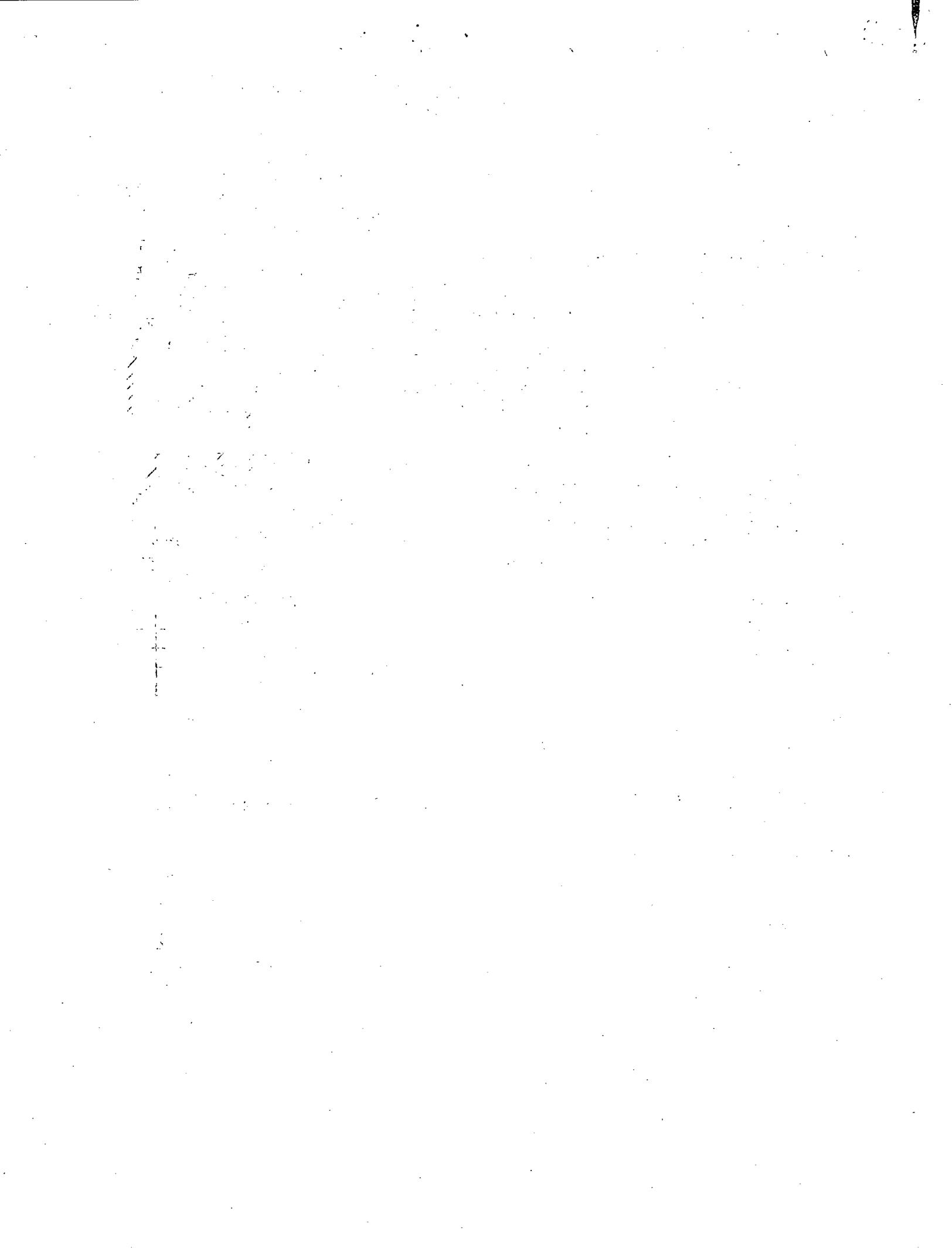
STATE OF NEW MEXICO)
COUNTY OF LEA)

The foregoing instrument was acknowledged before me this 9th day of June, 1982, by Mohammed Yamin Merchant.


 Notary Public

My commission expires: 7-10-85

attachments



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

JUN 11 1982

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Work: **SANTA FE**

DRILL DEEPEN PLUG BACK

Type of Well: OIL WELL GAS WELL OTHER

SINGLE ZONE MULTIPLE ZONE

Name of Operator: **Apollo Energy, Inc.**

Address of Operator: **Box 572, Hobbs, New Mexico 88240**

Location of Well: UNIT LETTER **H** LOCATED **660** FEET FROM THE **East** LINE

1980 FEET FROM THE **North** LINE OF SEC. **32** TWP. **20** RGE. **36** NMPM

12. County: **Lea**

19. Proposed Depth 3950	19A. Formation Queen	20. Rotary or C.T. Rotary
Elevations (Show whether DF, RT, etc.) 3609	21A. Kind & Status Plug. Bond Blanket	21B. Drilling Contractor Baber Well Service
		22. Approx. Date Work will start January 4, 1982

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	8 5/8"	24	400	200	Surface
7 7/8"	5 1/2"	14	3950	650	Surface

1. Drill surface hole with fresh water spud mud, set surface, nipple up BOP.
2. Drill out with 10# brine, no control mud system. Mud-up at 3800'.
3. Run electrical logs, evaluate. Set production csg.

APPROVAL AND FOR ¹⁸⁰ DAYS
 PERMIT EXPIRES 6/3/82
 UNLESS DRILLING OPERATIONS

BELOW SPACE DESCRIBE PROPOSED PROGRAM IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PAID 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.

Shirley Spickard Title Secretary-Treasurer Date December 29, 1981

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

REASONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION

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

All distances must be from the outer boundaries of the Section

JUN 11 1982

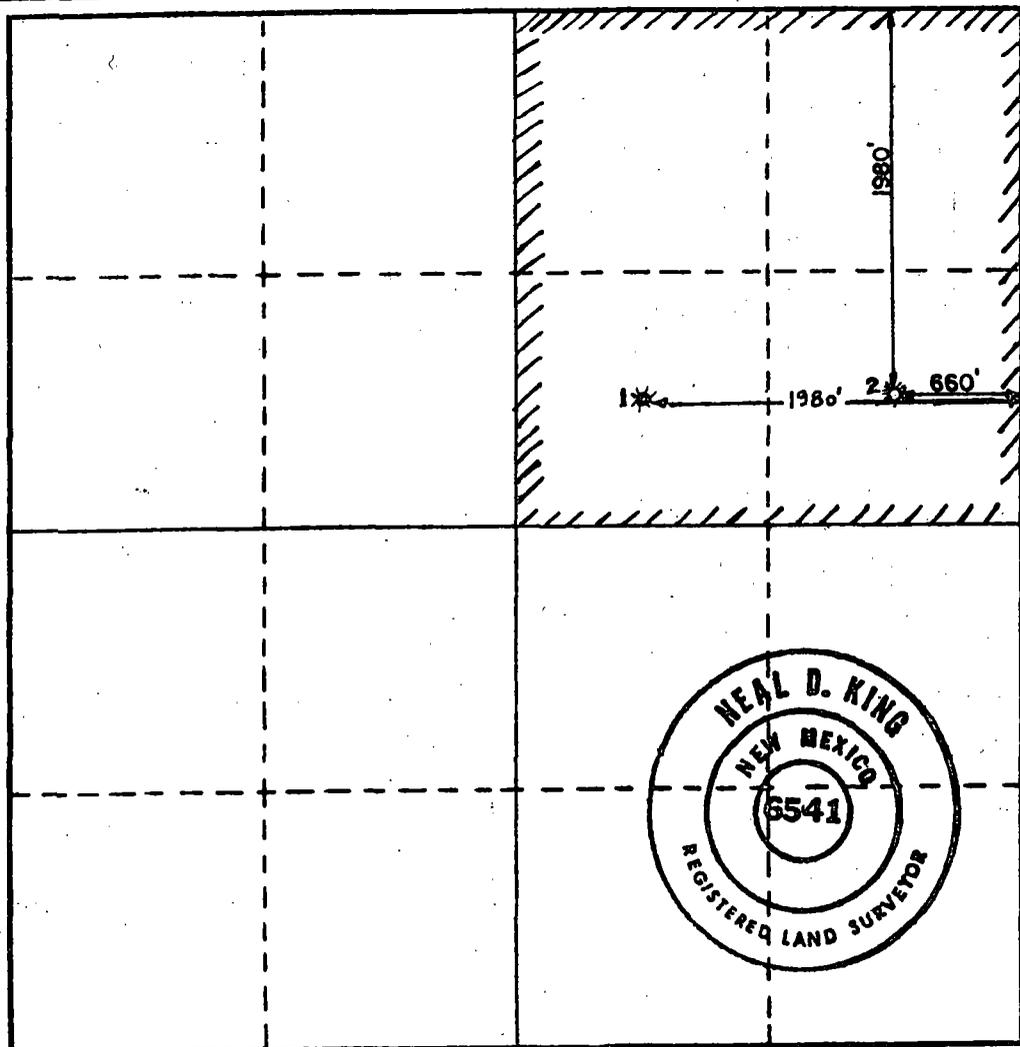
Operator Apollo Energy, Inc.		Lease Sinclair State		Well No. 2
Unit Letter H	Section 32	Township 20 South	Range 36 East	County Lea
Actual Footage Location of Well: 660 feet from the East line and 1980 feet from the North line				
Ground Level Elev. 3608.9	Producing Formation Queen	Pool Eumont	Dedicated Acreage: 160 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 Commission.



CERTIFICATION

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

Mohammed Yamin Merchant

Name
Mohammed Yamin Merchant

Position
Vice-President

Company
Apollo Energy, Inc.

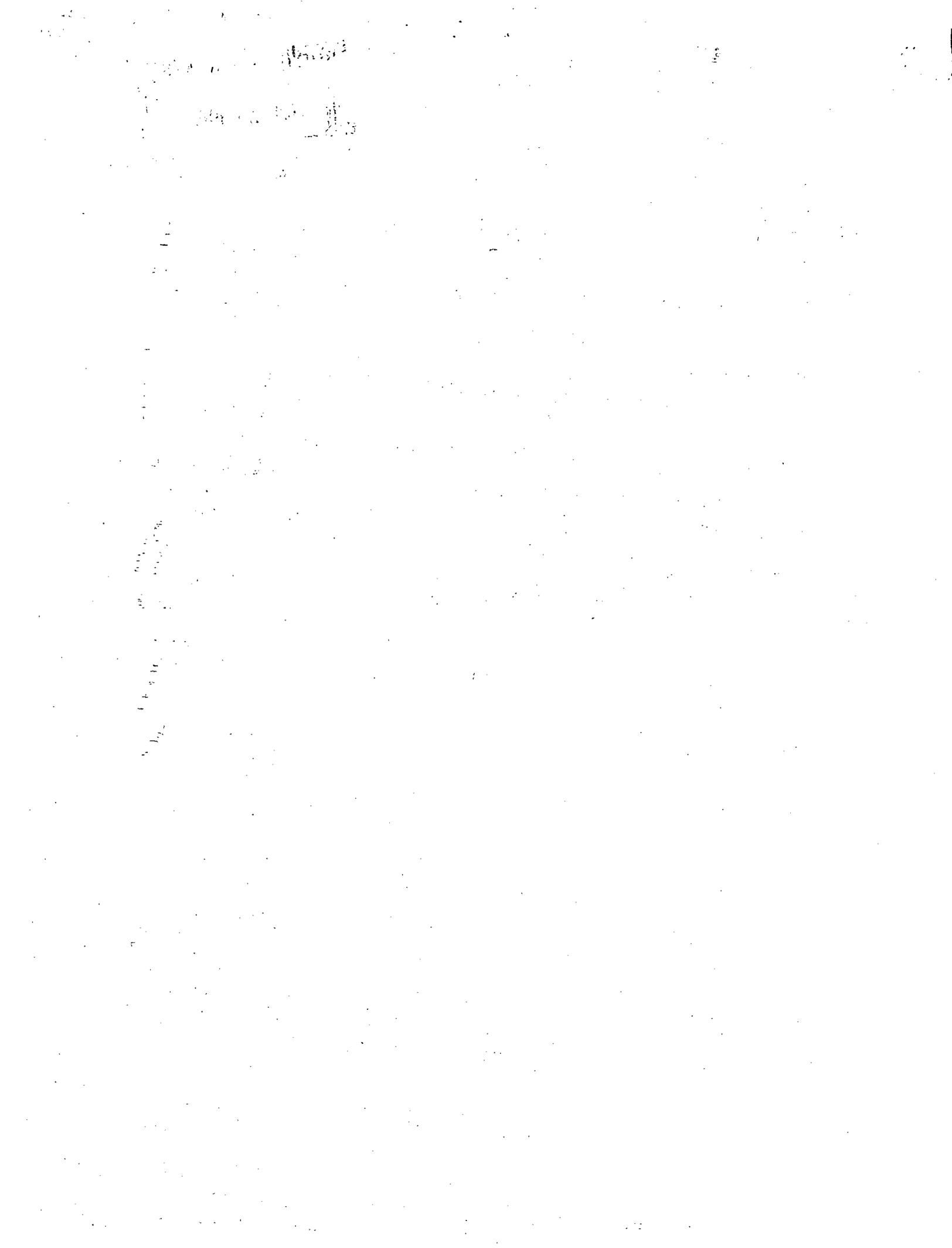
Date
June 8, 1982

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

Date Surveyed
December 22, 1981

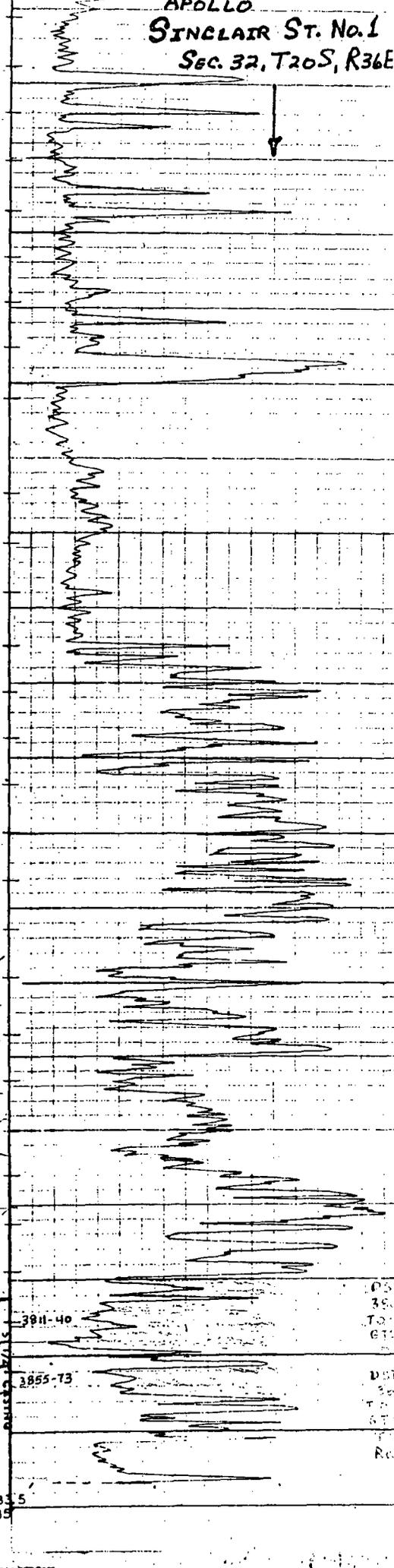
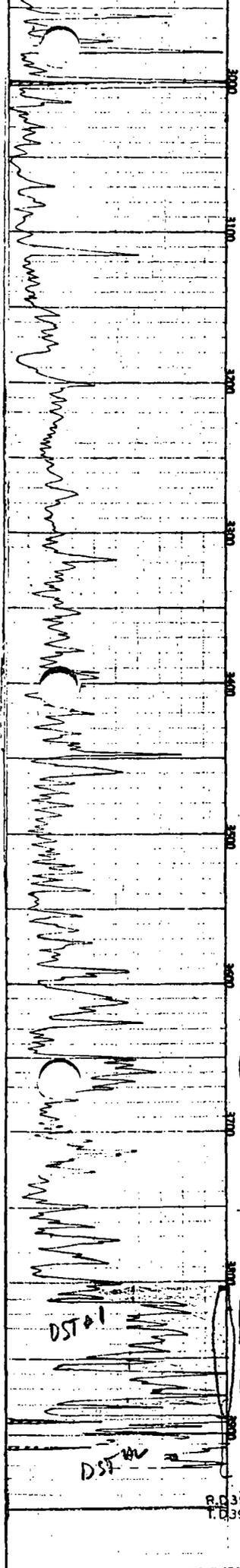
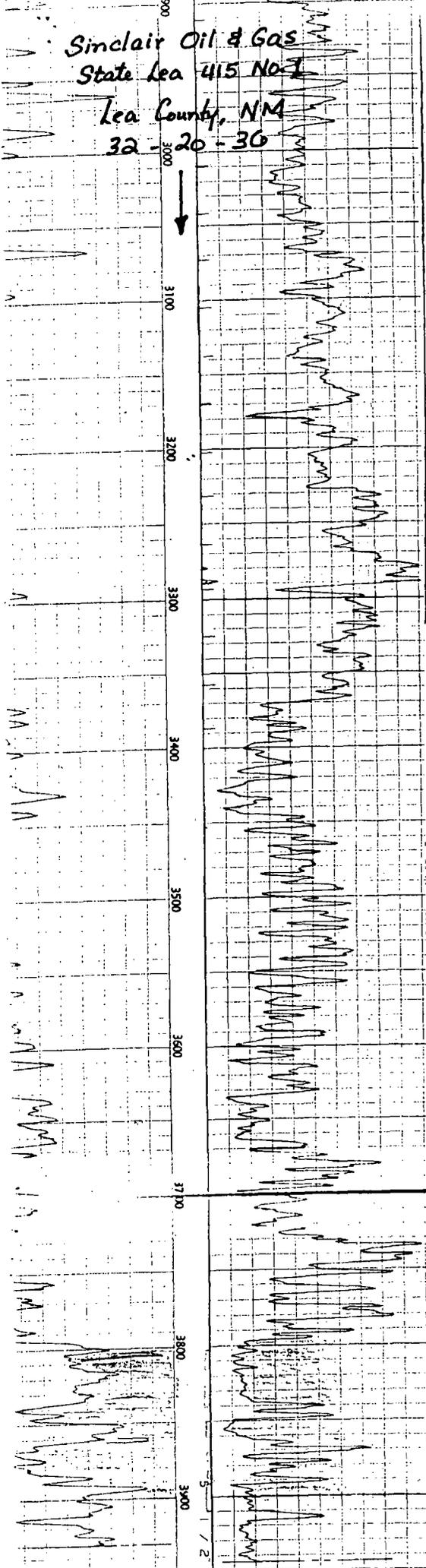
Registered Professional Engineer and/or Land Surveyor

Neal D. King
Certificate No. **6541**

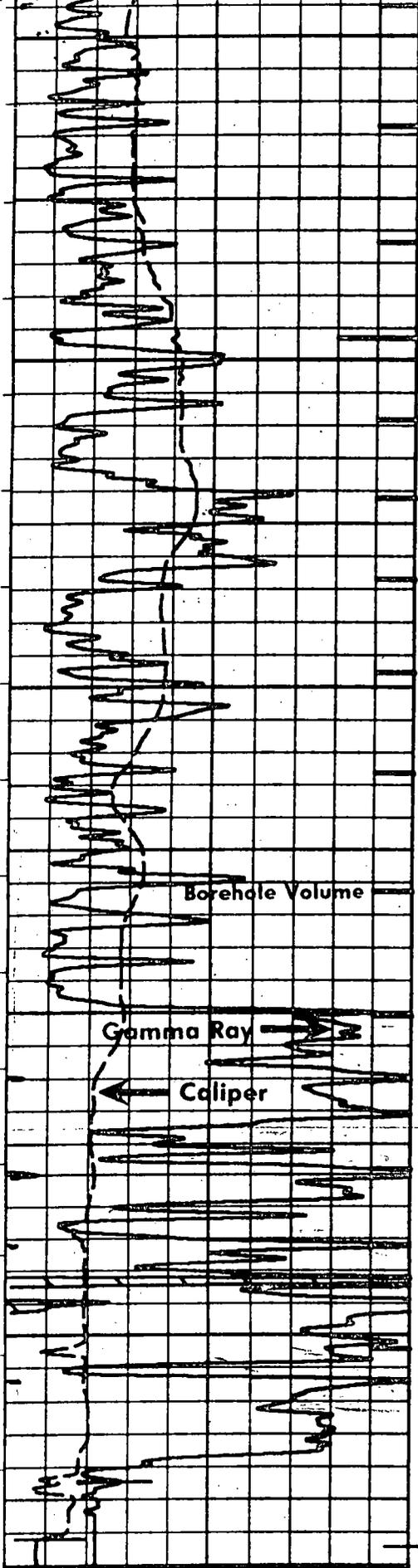


Sinclair Oil & Gas
 State Lea 415 No. 1
 Lea County, NM
 32-20-30

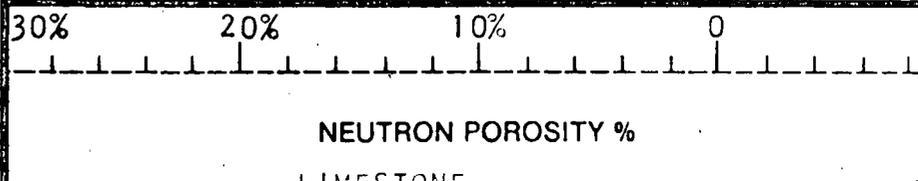
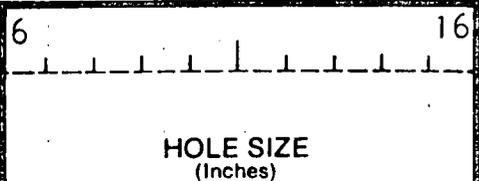
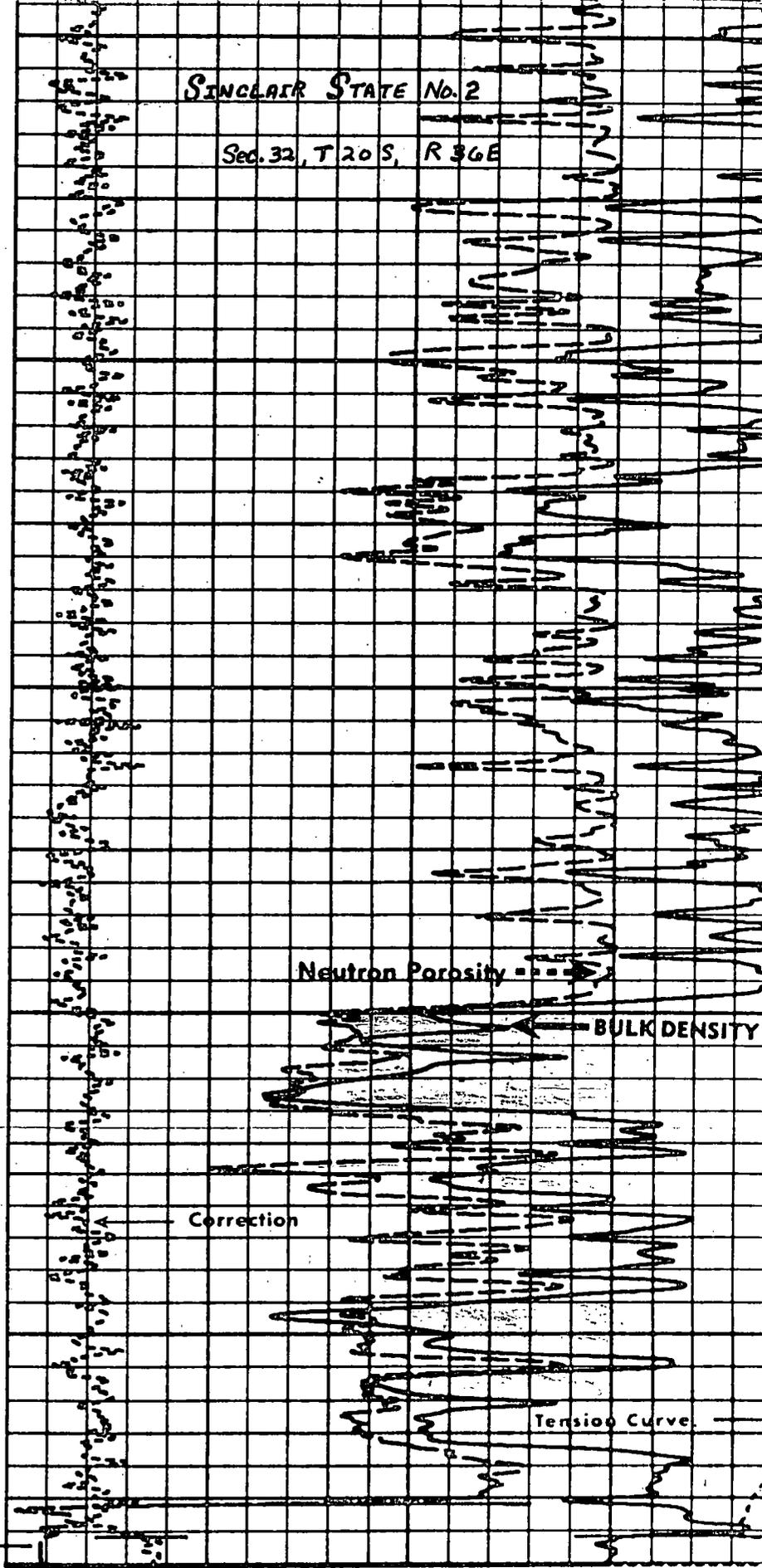
APOLLO
 SINCLAIR ST. No. 1
 SEC. 32, T20S, R36E

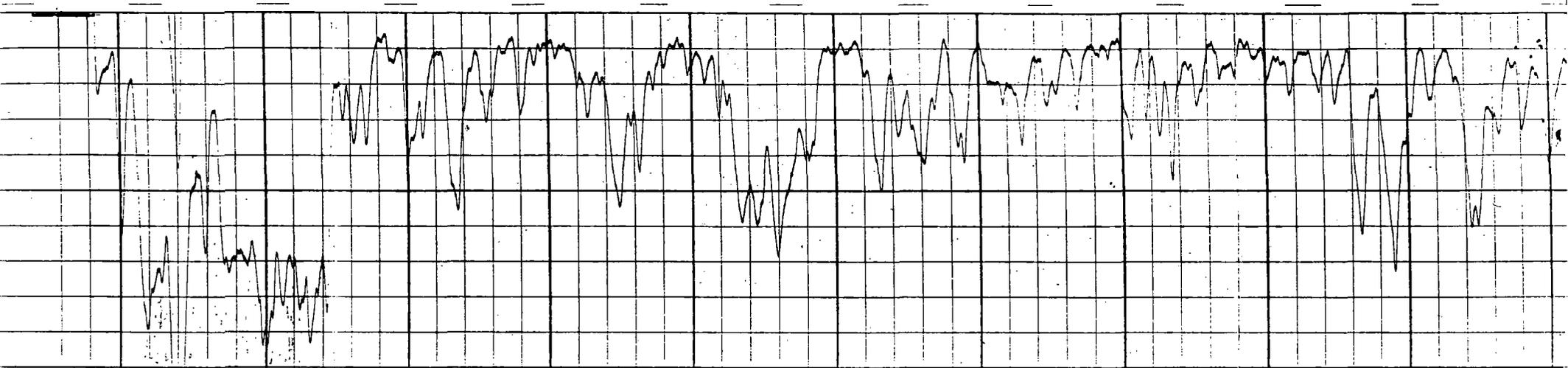


R.D. 3933.5
 T.D. 3935



03500
03600
03700
03800
03900





3900

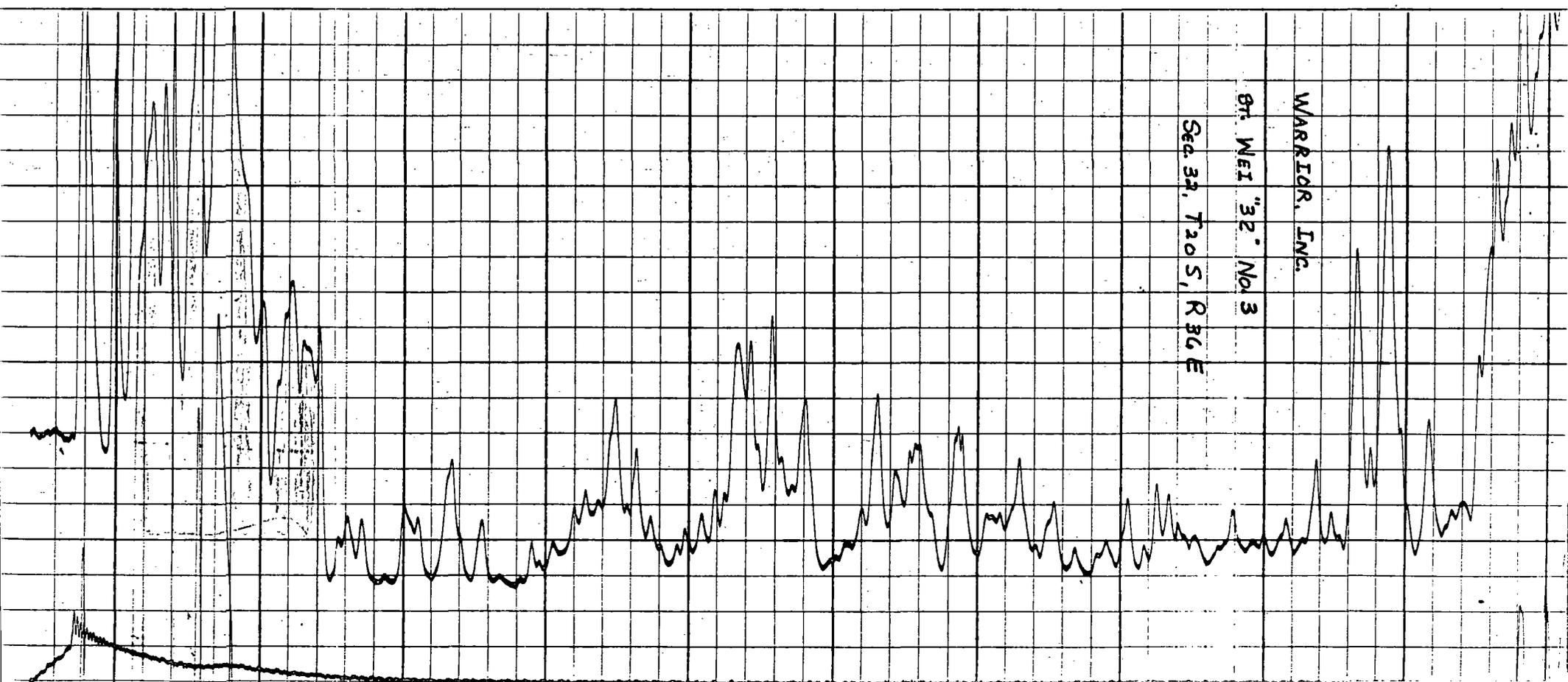
3800

3700

3600

3500

3400



WARRIOR, INC.
BT. WEI "32" No. 3
Sec. 34, T20S, R36E

Chicago

Latvian

100

100

100

100

100

100

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 30, 1958

Bell Oil Company, Ltd.
c/o Robert N. Enfield
P. O. Box 80
Roswell, New Mexico

Attention: Mr. Robert N. Enfield

Administrative Order NSP-414

Gentlemen:

Reference is made to your application for approval of a 160-acre non-standard gas proration unit adjacent to the Eumont Gas Pool consisting of the following acreage:

Township 20 South, Range 36 East
Section 32: NE/4

It is understood that this unit is to be ascribed to your Sinclair-State Well No. 1, located 1980 feet from the North line and 1980 feet from the East line of said Section 32.

Inasmuch as you have furnished waivers from the offset operators agreeing to the formation of the proposed unit, it is possible for immediate approval to be granted. Therefore, by authority granted me under provisions of Rule 5, Section (b)-5 of the Special Rules and Regulations of the Eumont Gas Pool, as set forth in Order R-520, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with pool rules, based upon the unit size of 160 acres.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

DSN:omg

cc: Oil Conservation Commission, Hobbs
New Mexico Oil & Gas Engineering Committee, Hobbs
State Land Office (Mrs. Rhea)

C
O
P
Y



APOLLO ENERGY, INC.

Box 5315 (505) 397-3596
Hobbs, New Mexico 88241

June 8, 1982

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

Attention: Mr. Joe D. Ramey

Re: Application for approval of an
infill drilling on existing gas
proration unit and simultaneous
dedication

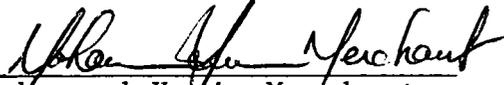
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Attached are necessary requirements for your review for the Sinclair State Well No. 2, located in Unit Letter H, Sector 32, T-20-S, R-36-E Lea County, New Mexico.

By copy of this letter all offset operators have been notified of this application by certified mail.

Yours truly,

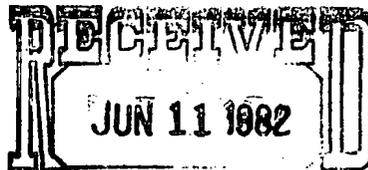

Mohammed Yamin Merchant
Vice-President

MYM/11w

Attachments

Offset Operators:

Doyle Hartman
Warrior, Inc.
Carbon Energy
Coquina Oil Corp.
J. L. Evans



OIL CONSERVATION DIV.
SANTA FE

Under the Special Rules and Regulations, NGPA Infill Findings, Administrative Procedure (Amended February 8, 1980) the following is submitted:

(a) The pool name from which well No. 2 will be produced is Eumont Yates 7 Rivers Queen (prorated gas), and the standard unit size is 640 acres.

(b) The Division Order Number approving the non-standard proration unit dedicated to the well is:
NSP Order No. 414 (January 28, 1958)

(c) There were three wells on the non-standard proration unit (including the newly completed well). The well located in Unit Letter A was drilled in February 1956. It was plugged and abandoned as a dry hole in March 1956.

Well No. 1 located in Unit Letter G of the same unit has been a producer since its initial completion. Well No. 2 located in Unit letter H (new well) is shut-in waiting on pipeline connection.

- A. Lease name: Sinclair State
Well No. 1: Unit Letter G, Sec. 32, T20S, R36E
Well No. 2: Unit Letter H, Sec. 32, T20S, R36E
- B. Spud Date
Well No. 1: November 16, 1957
Well No. 2: January 18, 1982
- C. Completion Date
Well No. 1: November 22, 1957
Well No. 2: February 15, 1982
- D. There are no mechanical problems with either of the two wells.
- E. 1. The current rate of production from well No. 1 is 146 MCFPD at 25 psig flowing tubing pressure and 2" choke.
2. Well No. 2 (new well) is presently shut-in waiting on pipeline connection. The well did produce during testing and stabilized @ 165 MCFPD on 10/64" choke at a flowing tubing pressure of 70 psig.

350-399 MCF/Day

F. None

- G. 1. Based on production history from No. 1 well and its present production rates and pressures, it is evident Well No. 2 can produce larger volumes into a low pressure line.
2. Well No. 1 was cleaned out and stimulated during March, 1981, but the results were not as encouraging as they were on the newly drilled well.
3. The No. 1 well was offset to the South by Warrior, Inc., operated State WEI "32" No. 3. The well is completed and tested natural for 161 MCFPD. It is presently shut-in, and there are reasons to believe this offset will produce 300 + MCFPD after an acid and a frac job.

The No. 1 well was also offset to the West in 1979. This West well, operated by Doyle Hartman, tested for 400 + MCFPD, and as of 1-1-1982 has a cumulative production of 95,525 MCF.

4. a. Due to the limited number of wells a structure map is not available. However, the copies of attached gamma ray neutron logs show the wells to be relatively "flat" to each other.

b. The cumulative production from Well No. 1 as of 1-1-1982 is 692,133 MCF. The well is currently producing 146 MCFPD. The ultimate recovery at current prices (escalated for inflation) will be 900 + MMCF. It is estimated additional reserves of 600 + MMCF can be recovered from Well No. 2. The new well is estimated to produce 300 + MCFPD into a 25 psig sales line; and based on history from well No. 1, 75% recovery is expected from Well No. 2.

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The applicant under oath states:

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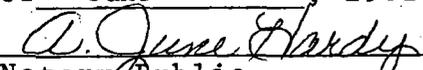
Yours truly,

Apollo Energy, Inc.


Mohammed Yamin Merchant
Vice-President

STATE OF NEW MEXICO)
COUNTY OF LEA)

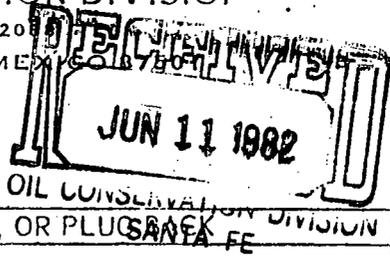
The foregoing instrument was acknowledged before me this 9th day of June 1982, by Mohammed Yamin Merchant.


Notary Public

My commission expires: 7-10-85

attachments

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



5A. Indicate Type of Lease
 STATE FCC
 5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Work
 Type of Well DRILL DEEPEN PLUG BACK
 GAS WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE
 Name of Operator Apollo Energy, Inc.
 Address of Operator Box 572, Hobbs, New Mexico 88240
 Location of Well UNIT LETTER H LOCATED 660 FEET FROM THE East LINE
1980 FEET FROM THE North LINE OF SEC. 32 TWP. 20 RGE. 36 NMPM
 12. County Lea
 7. Unit Agreement Name
 8. Farm or Lease Name Sinclair State
 9. Well No. 2
 10. Field and Pool, or Wildcat Eumont Yates 7 Rivers
 19. Proposed Depth 3950 19A. Formation Queen 20. Rotary or C.R. Rotary
 Elevations (show whether DP, RT, etc.) 3609 21A. Kind & Status Plug. Bond Blanket 21B. Drilling Contractor Baber Well Service 22. Approx. Date Work will start January 4, 1982

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	8 5/8"	24	400	200	Surface
7 7/8"	5 1/2"	14	3950	650	Surface

1. Drill surface hole with fresh water spud mud, set surface, nipple up BOP.
2. Drill out with 10# brine, no control mud system. Mud-up at 3800'.
3. Run electrical logs, evaluate. Set production csg.

APPROVAL VALID FOR 180 DAYS
 PERMIT EXPIRES 6/30/82
 UNLESS DRILLING OPERATIONAL

BELOW SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PROD 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.
[Signature] Title Secretary-Treasurer Date December 29, 1981

(This space for State Use)

COVERED BY _____ TITLE _____ DATE _____
 REVISIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

RECEIVED
JUN 11 1982

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

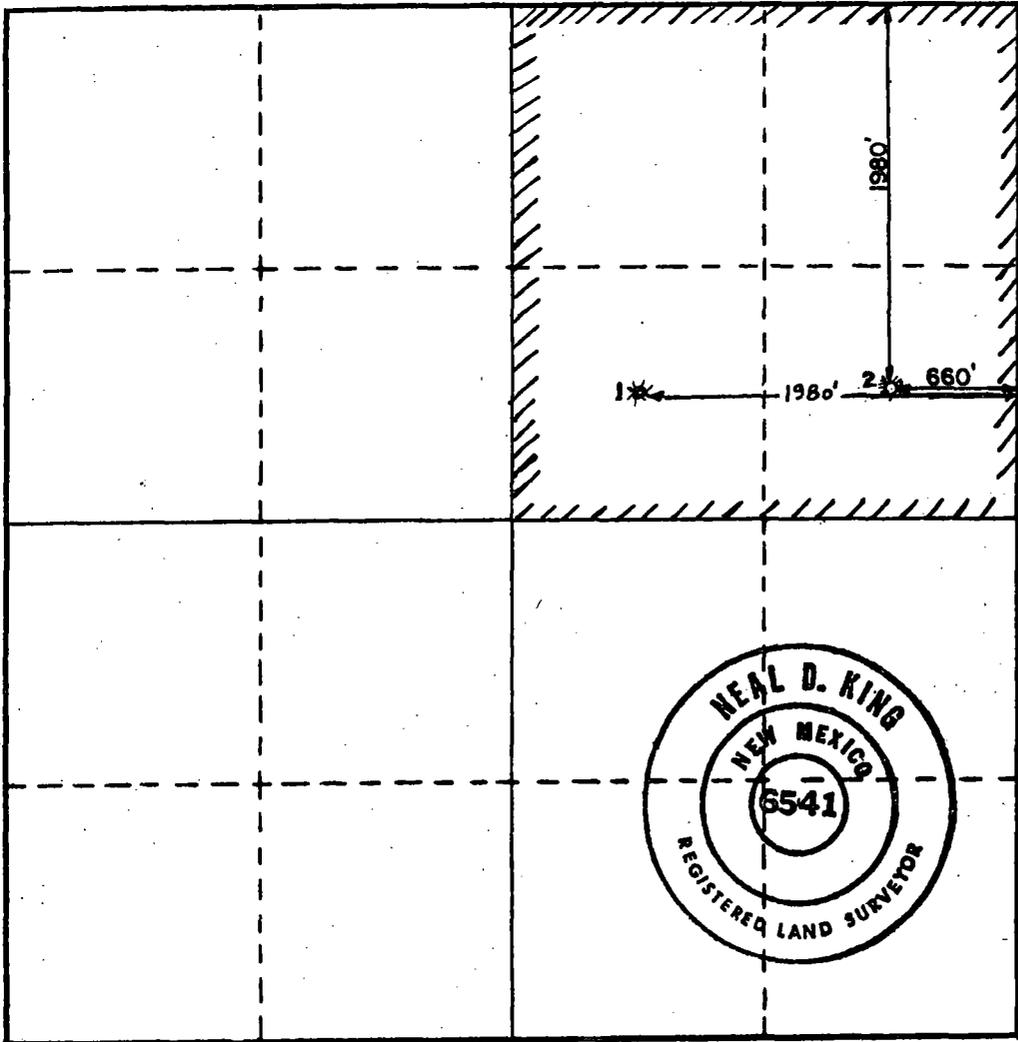
Operator Apollo Energy, Inc.		Lease Sinclair State		Well No. 2	
Unit Letter H	Section 32	Township 20 South	Range 36 East	County Lea	
Actual Footage Location of Well: 660 feet from the East line and 1980 feet from the North line					
Ground Level Elev. 3608.9	Producing Formation Queen	Pool Eumont	Dedicated Acreage: 160 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 Commission.



CERTIFICATION

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

Mohammed Yamin Merchant
Name

Mohammed Yamin Merchant
Position

Vice-President
Company

Apollo Energy, Inc.
Date

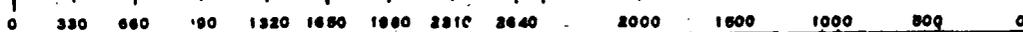
June 8, 1982

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

Date Surveyed
December 22, 1981

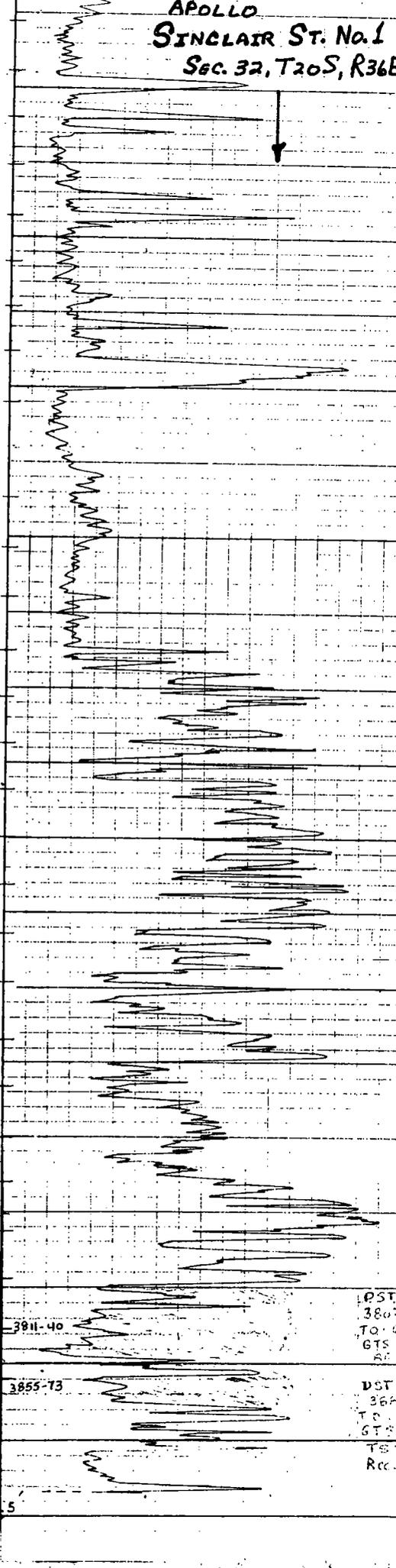
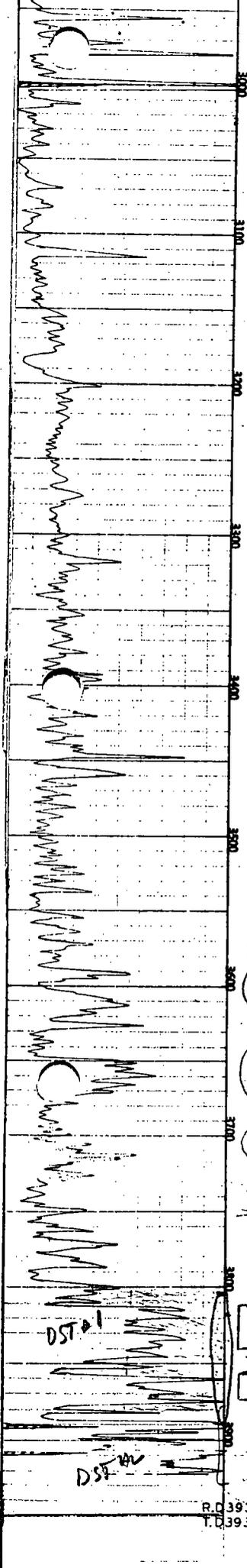
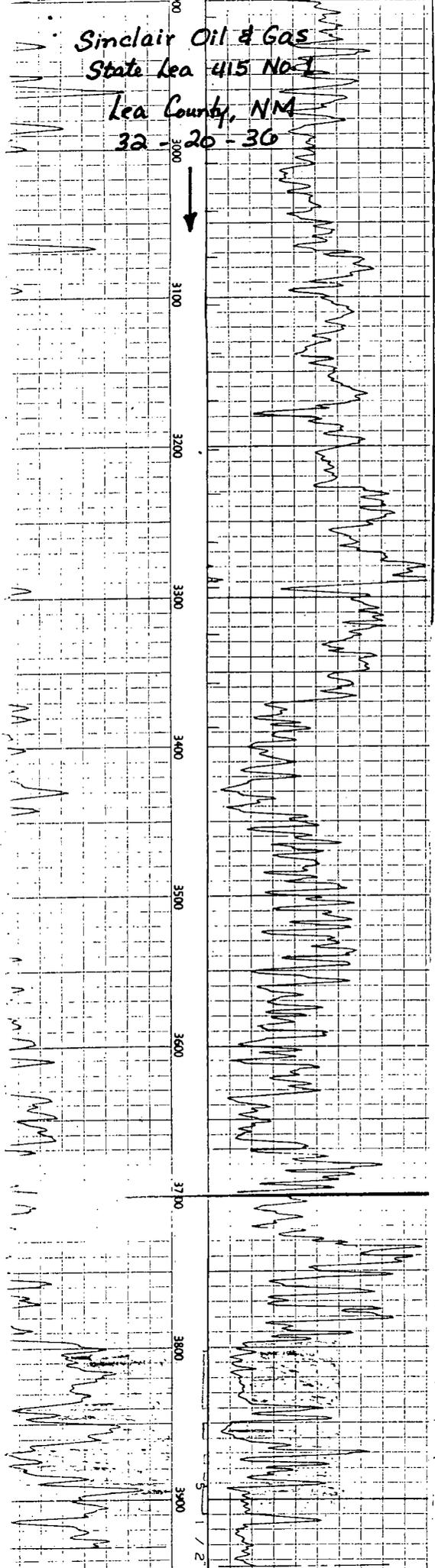
Registered Professional Engineer
and/or Land Surveyor

Neal D. King
Certificate No. 6541



Sinclair Oil & Gas
 State Lea 415 No. 1
 Lea County, NM
 32-20-30

APOLLO
 SINCLAIR ST. No. 1
 Sec. 32, T20S, R36E



DST #1
 3811.40
 3855.73
 DST #2

R.D. 3933.5
 T.D. 3935

GAMMA RAY

DETAIL SECTION

NEUTRON

SINCLAIR STATE No. 2

Sec. 32, T 20 S, R 36 E

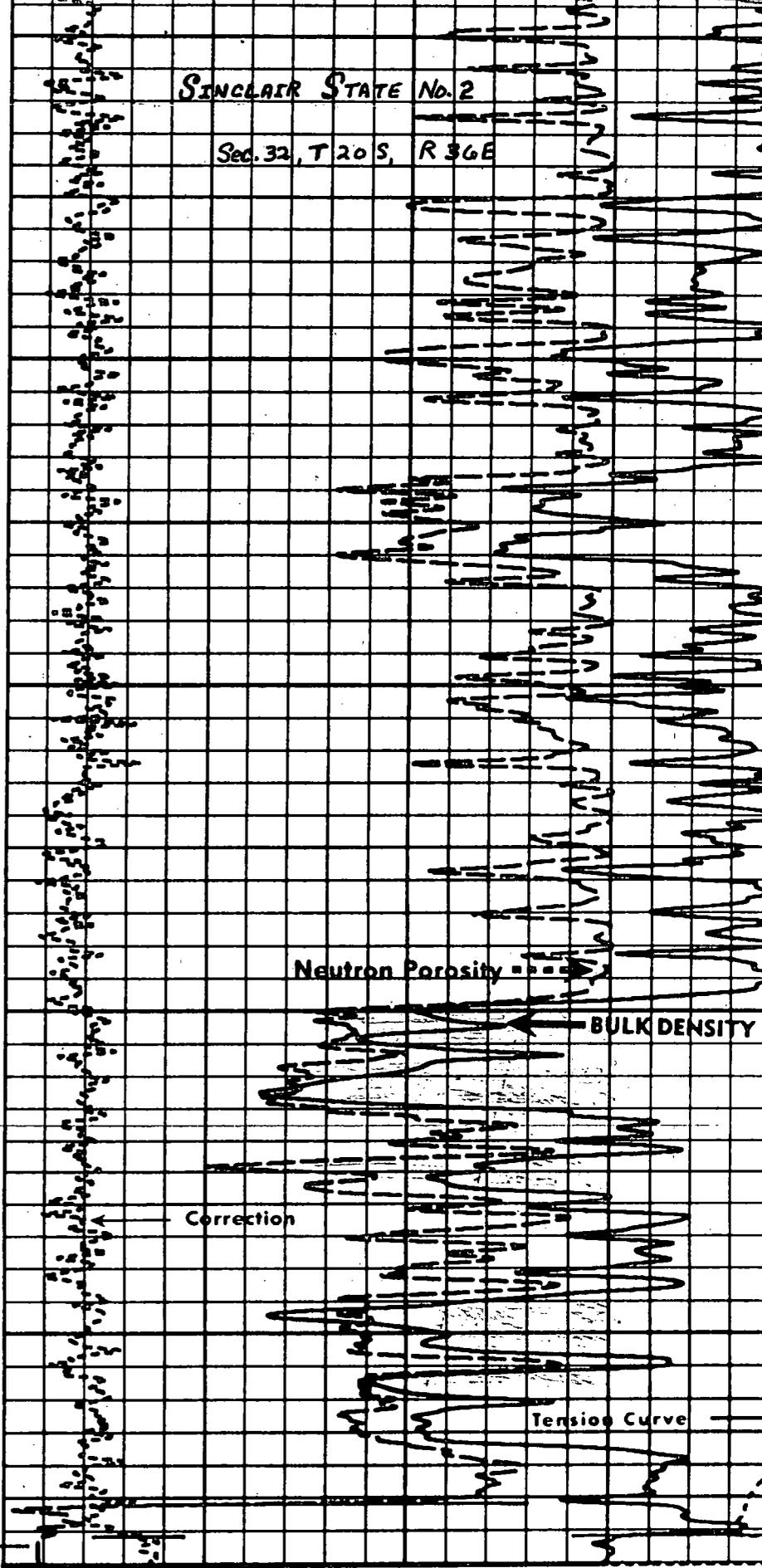
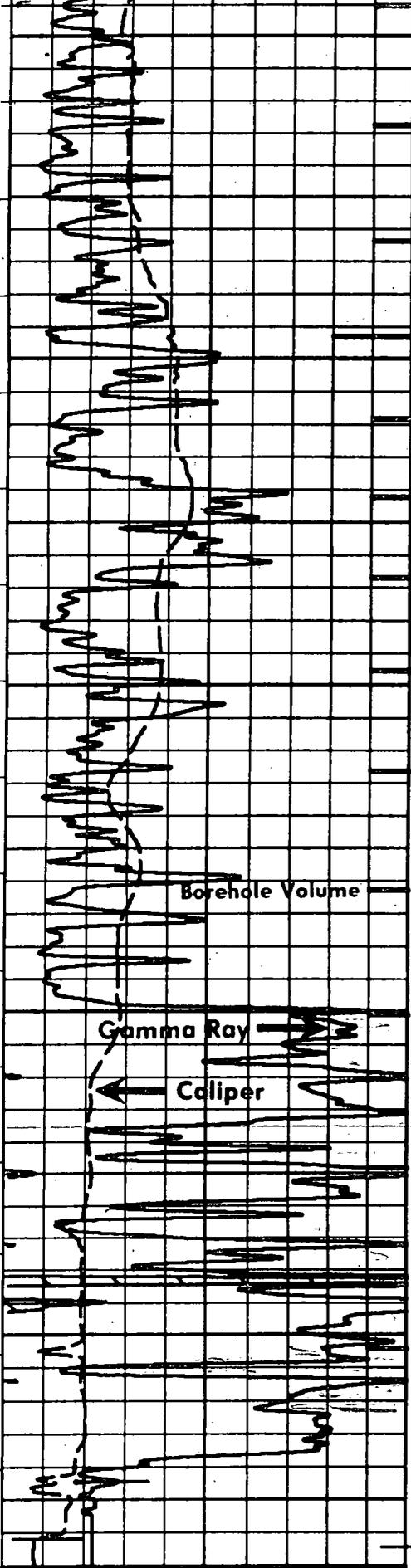
03500

03600

03700

03800

03900



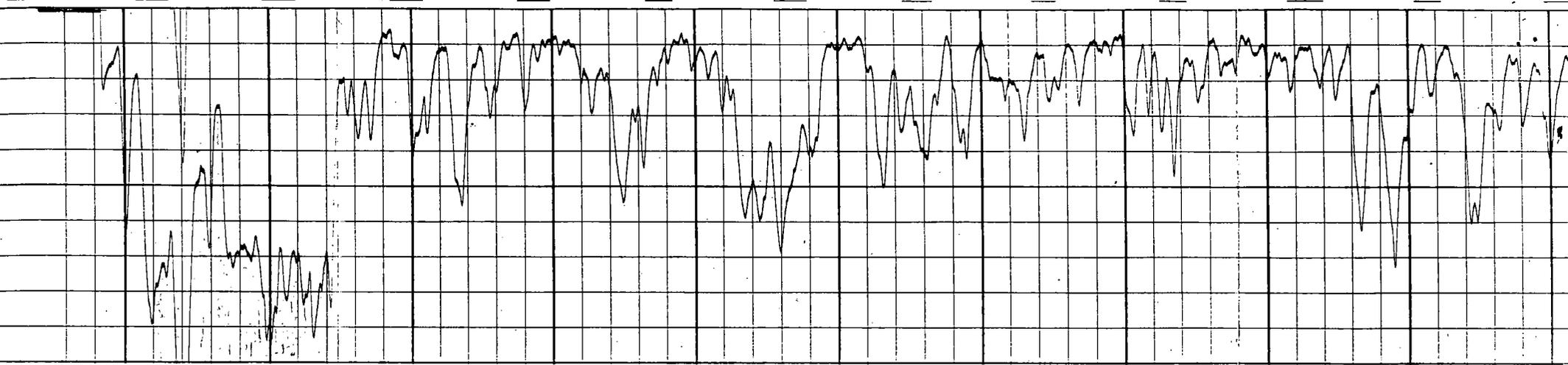
6 16

HOLE SIZE
(Inches)

30% 20% 10% 0

NEUTRON POROSITY %

LIMESTONE



3900

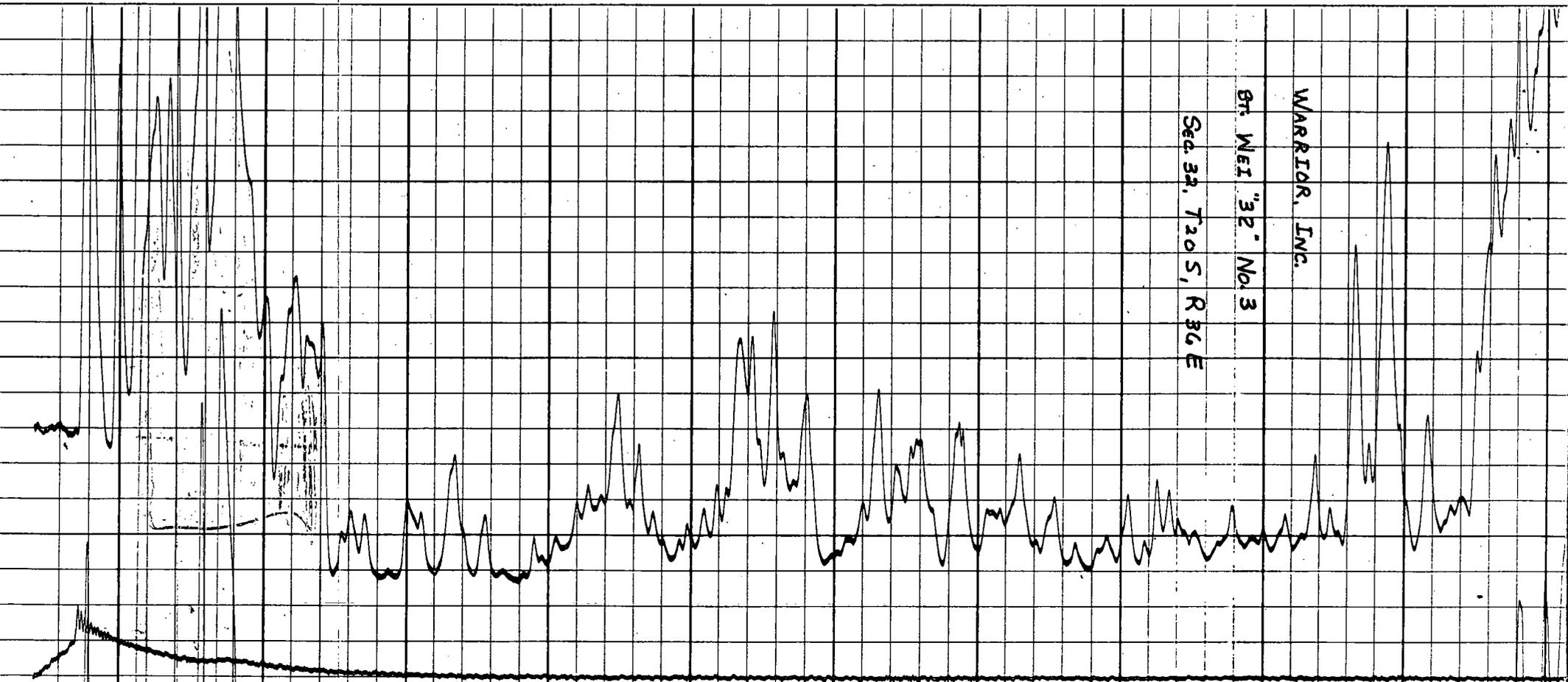
3800

3700

3600

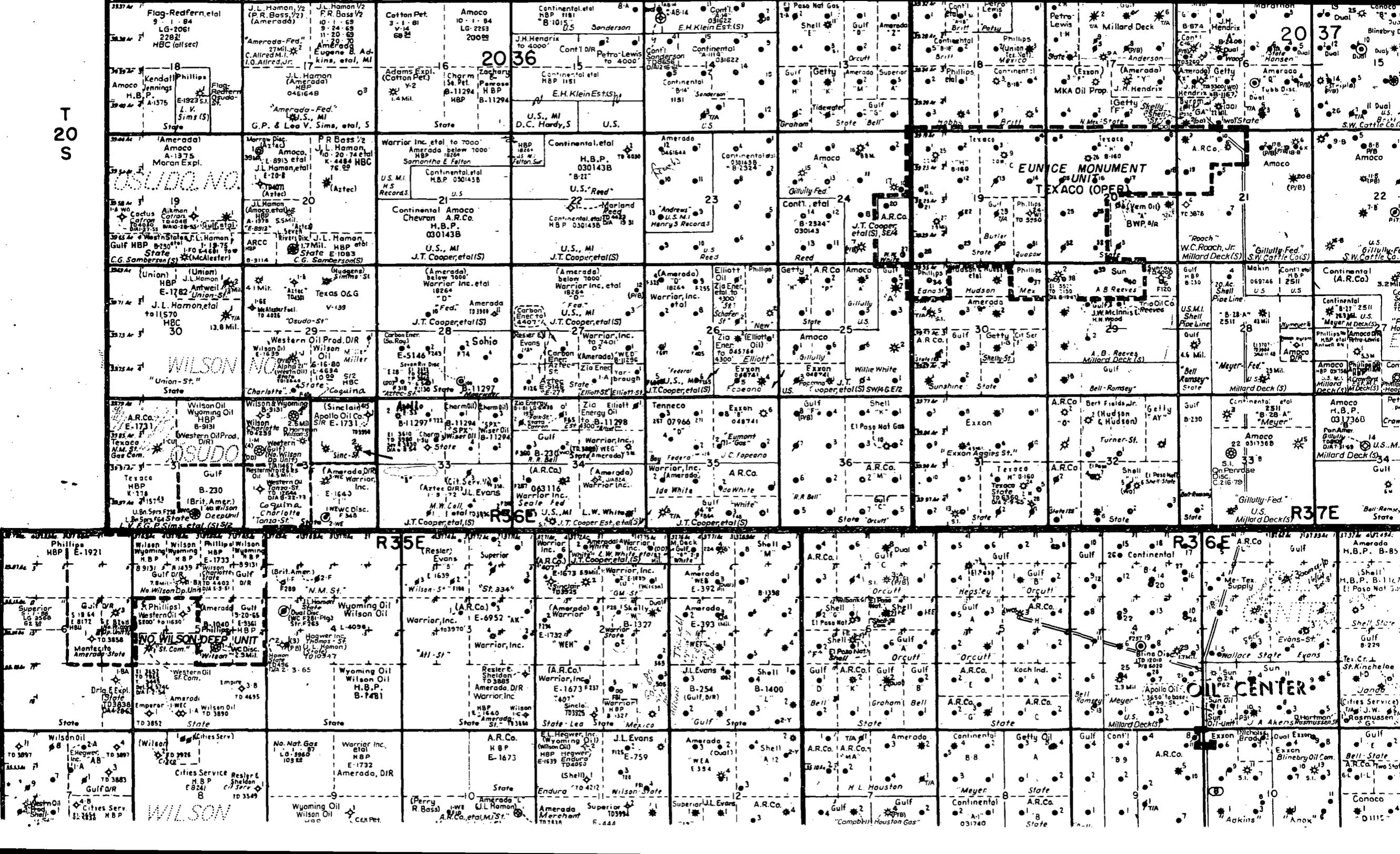
3500

3400



WARRIOR, INC.
BT. WEI "32" No. 3
Sec. 34, T20S, R36E

T
20
S



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 30, 1958

Bell Oil Company, Ltd.
c/o Robert N. Enfield
P. O. Box 80
Roswell, New Mexico

Attention: Mr. Robert N. Enfield

Administrative Order NSP-414

Gentlemen:

Reference is made to your application for approval of a 160-acre non-standard gas proration unit adjacent to the Eumont Gas Pool consisting of the following acreage:

Township 20 South, Range 36 East
Section 32: NE/4

It is understood that this unit is to be ascribed to your Sinclair-State Well No. 1, located 1980 feet from the North line and 1980 feet from the East line of said Section 32.

Inasmuch as you have furnished waivers from the offset operators agreeing to the formation of the proposed unit, it is possible for immediate approval to be granted. Therefore, by authority granted me under provisions of Rule 5, Section (b)-5 of the Special Rules and Regulations of the Eumont Gas Pool, as set forth in Order R-520, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with pool rules, based upon the unit size of 160 acres.

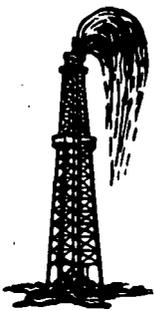
Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

DSN:omg

cc: Oil Conservation Commission, Hobbs
New Mexico Oil & Gas Engineering Committee, Hobbs
State Land Office (Mrs. Rhea)

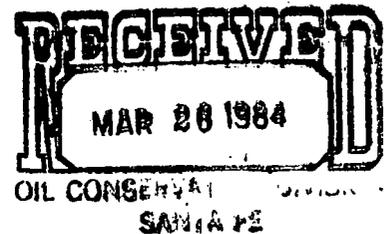
C
O
P
Y



APOLLO ENERGY, INC.

Box 5315 (505) 397-3596
Hobbs, New Mexico 88241

March 22, 1984



State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501
Attn: Mr. Michael E. Stogner

Re: Additional Information
Sinclair State Well No. 2
Unit H, Sec. 32, T20S, R36E
Lea County, New Mexico

Dear Mike;

As requested by the Oil Conservation Division (copy of your letter attached) Apollo Energy, Inc. is furnishing the following as required by Order No. R-6013 Rule 9, b and c:

- b. The volume of increased ultimate recovery from well No. 2 will be 306 MMCF.
- c. Production decline curves on wells No. 1 and 2.

As of January 31, 1984 the cumulative production from well No. 2 is 85,750 MCF. An analysis of production history at well No. 1 showed that additional reserves from well No. 1 alone were not recoverable inspite of clean-up jobs. At current production rates, revenues and expenses, the well (No. 2) will still be economical to produce at least another five (5) years. An acid job mid-1984 should improve productivity as it did in March, 1983.

Porosity averages 12%, however, permeability data is not available. Please notify the undersigned if you desire any further information. An early approval will be greatly appreciated, so NGPA 103 would not be lost on this well. Thank you for your cooperation in this matter.

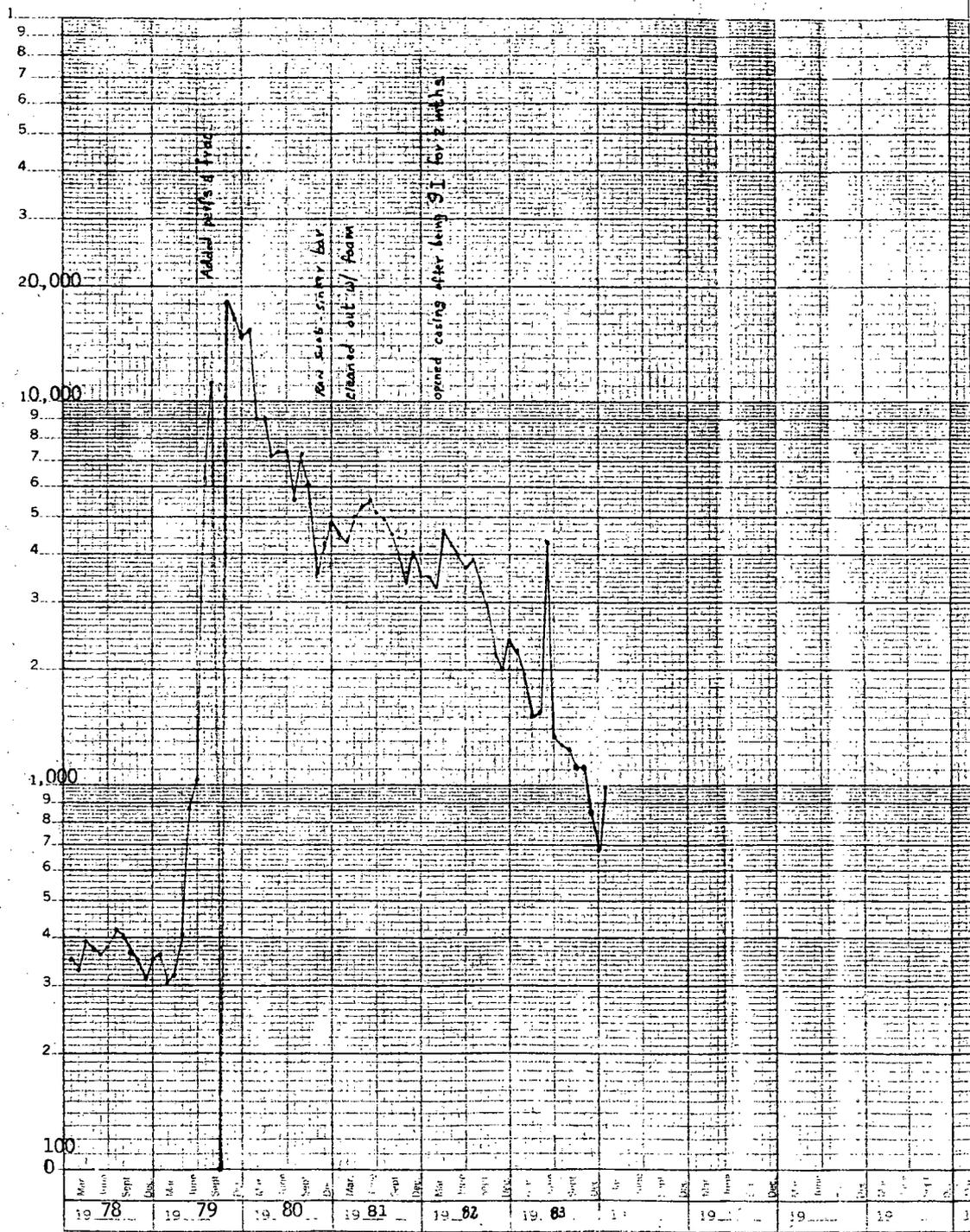
Sincerely,

M. Y. (Merch) Merchant
Vice-President

MYM/gd

Attachments: 1. Decline Curves
2. Copy of OCD Letter

MCFPM

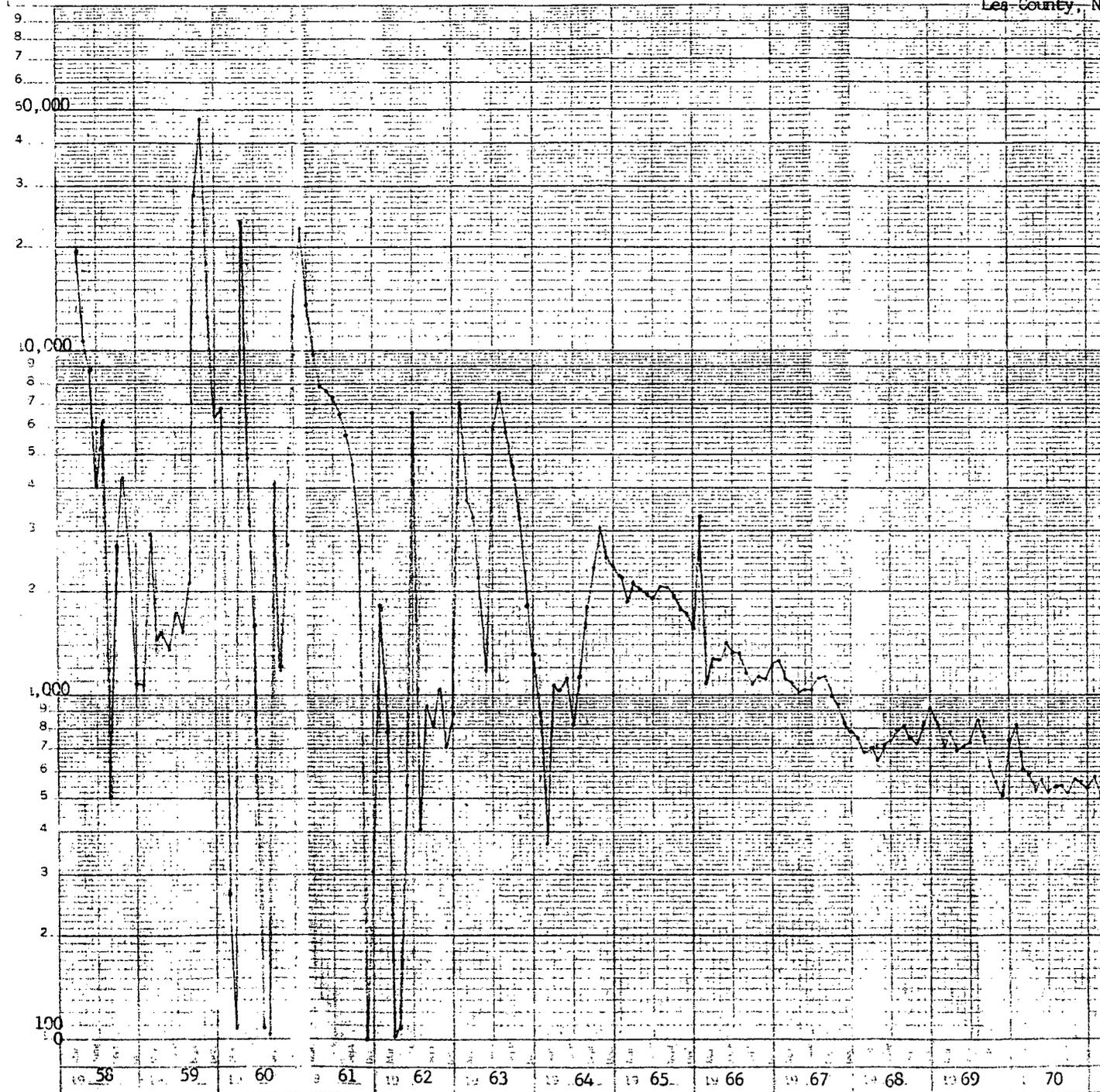


APOLLO ENERGY
Sinclair State
Sec. 32, T-20S
Lea County, NM

47 6843

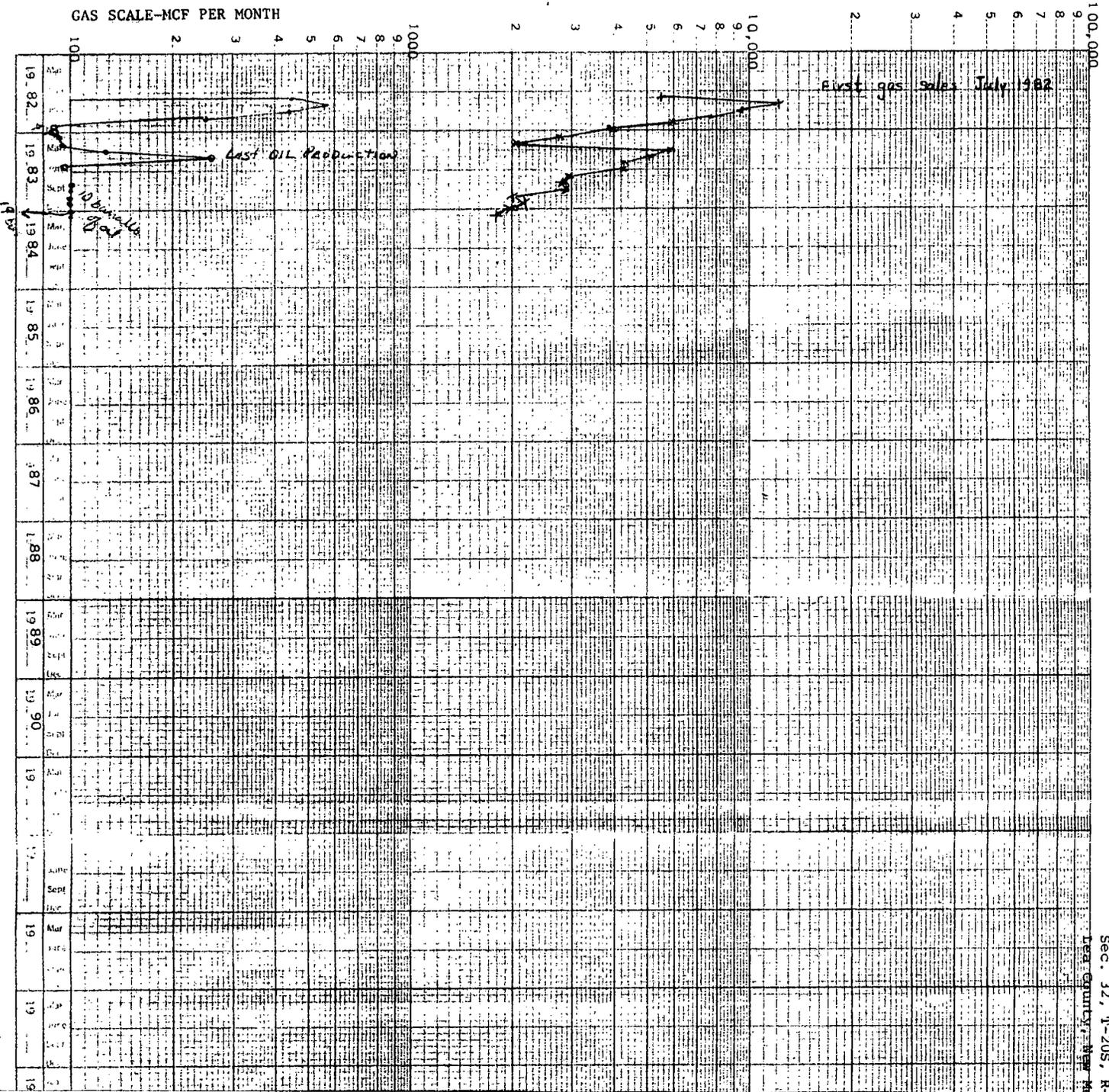
K&E
20 YEARS BY MONTHS X 1 LOG CYCLES
NEWTEL & ESSER CO. S.A. I. P. U. A.

MCFPM



X-X-X-X MCF per month of Gas
O-O-O-O Barrels per month of Oil

GAS SCALE-MCF PER MONTH





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

Apollo Energy, Inc.
Box 5315
Hobbs, New Mexico 88240

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Attention: Mohammed Yamin Merchant, Vice-President

Re: Application for NGPA Infill Well
Findings Under Provisions of
Order No. R-6013-A Sinclair

State Well No. 2, Unit H

Sec. 32, Township 20 South,

Range 36 East, Lea County

Dear Mr. Merchant:

We may not process the subject application for infill findings until the required information, forms, or plats checked on the reverse side of this letter are submitted.

Sincerely,

Michael E. Stogner,
Petroleum Engineer

MES/dp

*Submit prod
data in 3-4 months -
for 8/4/82*

- A copy of Form C-101 must be submitted.
- A copy of Form C-102 must be submitted.
- The pool name must be shown.
- The standard spacing unit size for the pool must be shown.
- Give the Division Order No. which granted the non-standard proration unit.
- Please state whether or not the well has been spudded and give the spud date, if any.
- Information relative to other wells on the proration unit is incomplete.

- The geologic and reservoir data is incomplete or insufficient.

Please furnish supporting data on your production figures (Rule 9. b. and c.)

- Other:



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

Apollo Energy, Inc.
Box 5315
Hobbs, New Mexico 88240

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SANTA FE, NEW MEXICO 87501
(505) 827-2434

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Michael E. Stogner,
Petroleum Engineer

MES/dp

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Please furnish supporting data on your production
figures (Rule 9. b. and c.)

Other:



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
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Box 5315
Hobbs, New Mexico 88240

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SANTA FE, NEW MEXICO 87501
(505) 827-2434

Attention: Mohammed Yamin Merchant, Vice-President

Re: Application for NGPA Infill Well
Findings Under Provisions of
Order No. R-6013-A Sinclair

State Well No. 2, Unit H

Dear Mr. Merchant:

Sec. 32, Township 20 South,

Range 36 East, Lea County

We may not process the subject application for infill findings until the required information, forms, or plats checked on the reverse side of this letter are submitted.

Sincerely,

A handwritten signature in cursive script that reads "Michael E. Stogner".

Michael E. Stogner,
Petroleum Engineer

MES/dp

- A copy of Form C-101 must be submitted.
- A copy of Form C-102 must be submitted.
- The pool name must be shown.
- The standard spacing unit size for the pool must be shown.
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- The geologic and reservoir data is incomplete or insufficient.
Please furnish supporting data on your production figures (Rule 9. b. and c.)

- Other:



-4-

**SPECIAL RULES AND REGULATIONS
NATURAL GAS POLICY ACT INFILL FINDINGS
ADMINISTRATIVE PROCEDURE
(Amended February 8, 1980)**

A. DEFINITIONS

RULE 1. For purposes of this administrative procedure only, the following definitions are adopted:

- a. Infill well: An additional well which has been drilled for production on an established proration unit.

B. APPLICABILITY

RULE 2. 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. (These special rules and regulations do not apply to infill wells drilled in the Blanco Mesaverde or Basin-Dakota Pools. Infill wells in these two pools are covered by Rule 15 B of the "Special Rules for Applications for Wellhead Price Ceiling Category Determinations" promulgated by Division Order No. R-5878 as amended by Order No. R-5878-A.)

C. JUSTIFICATION FOR FINDINGS

RULE 3. The Division Director or a Division Examiner may find that an infill well is necessary:

- a. upon a showing by the operator that an additional well is needed 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
- b. upon receipt of waivers from all offset operators, or if no offset operator has entered an objection to the infill finding within 20 days after receipt of the application by the Director.

RULE 4. The Director may set any application for hearing at his discretion or at the request of an applicant.

Exhibit A
Order R-6013-A

D. FILING REQUIREMENTS

RULE 5. Each applicant shall submit a copy of the approved Form C-101 for the infill well and Form C-102 showing the proration unit dedicated.

RULE 6. Applicant shall give the name of the pool in which the infill well has been drilled and the standard spacing unit size therefor.

RULE 7. If applicable, the applicant shall give the number of the Division order approving the non-standard proration unit dedicated to the well.

RULE 8. The applicant shall submit a description of all wells drilled on the proration unit (including the completed infill well) which are or have been completed in the same pool or reservoir as the proposed infill well showing:

- a. lease name and well location;
- b. spud date;
- c. completion date;
- d. a description of any mechanical problems experienced along with a summary of remedial action(s) taken and the results obtained;
- e. the current rate of production/ and
- f. date of plug and abandonment, if any;
- g. a clear and concise statement indicating why the existing well(s) on the proration cannot effectively and efficiently drain the portion of the reservoir covered by the proration unit.

RULE 9. The applicant shall submit geological and engineering information sufficient to support a finding as to the necessity for an infill well including:

- a. formation structure map
- b. the volume of increased ultimate recovery expected to be obtained and a narrative describing how the increase was determined
- c. any other supporting data which the applicant deems to be relevant which may include:
 - (1) porosity and permeability factors
 - (2) production/pressure decline curves
 - (3) effects of secondary recovery or pressure maintenance operations

RULE 10. Applications for infill findings shall be filed in duplicate with the Santa Fe office of the Division.

RULE 11. All operators of proration or spacing units offsetting the unit for which an infill finding is sought shall be notified of the application by certified or registered mail, and the application shall state that such notification has been given.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

JUN 11 1982

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

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

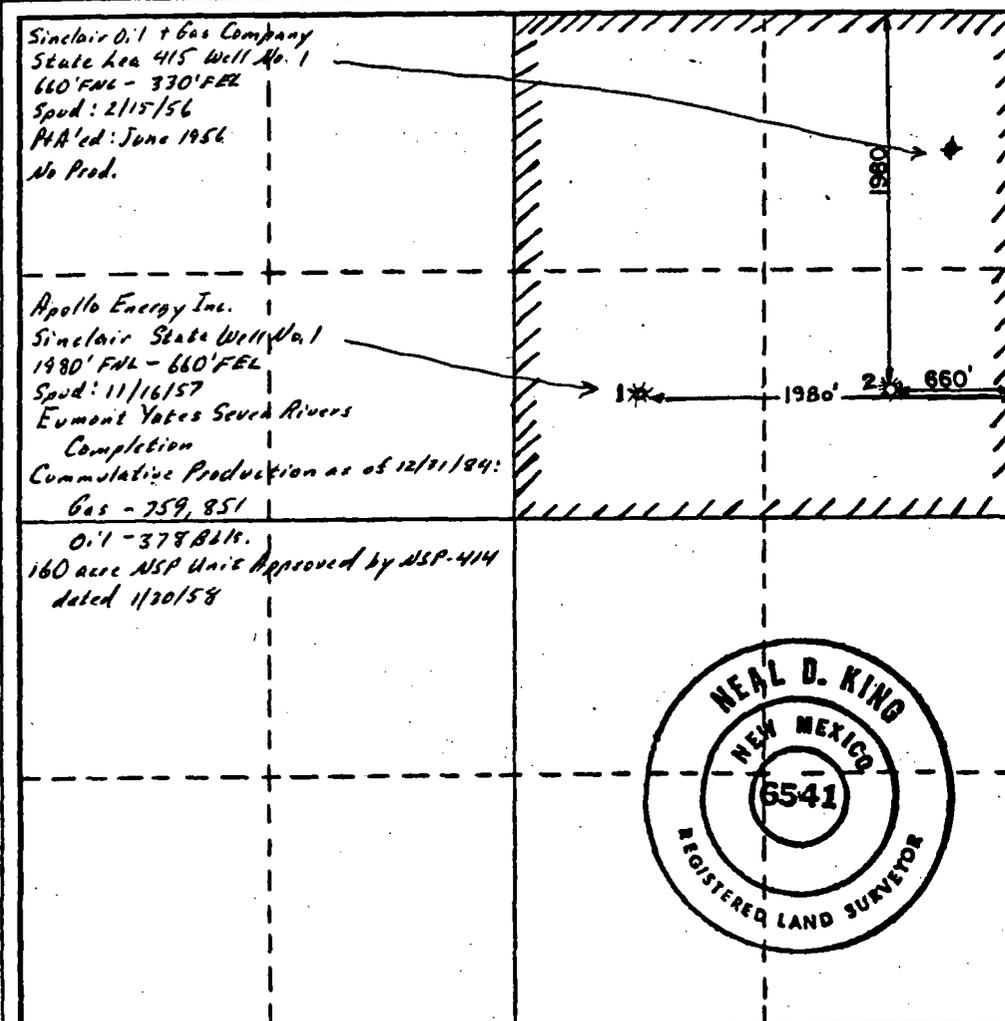
Operator Apollo Energy, Inc.		Lease Sinclair State			Well No. 2
Unit Letter H	Section 32	Township 20 South	Range 36 East	County Lea	
Actual Footage Location of Well: 660 feet from the East line and 1980 feet from the North line					
Ground Level Elev. 3608.9	Producing Formation Queen		Pool Eumont	Dedicated Acreage: 160 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 Commission.



CERTIFICATION

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

Mohammed Yamin Merchant

Name
Mohammed Yamin Merchant

Position
Vice-President

Company
Apollo Energy, Inc.

Date
June 8, 1982

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

Date Surveyed
December 22, 1981

Registered Professional Engineer and/or Land Surveyor

Neal D. King
Certificate No. 6541

