STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

50 YEARS
1935 - 1985

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

April 10, 1985

HNG Oil Company
P. O. Box 2267
Midland, Texas 79702

Attention: Betty Gildon

Administrative Order TX-150

Gentlemen:

Reference is made to your request for an exception to the tubing setting requirements as contained in Division Rule 107(d)(3) for the below-named well.

Pursuant to the authority granted me by Rule 107(d)(4), you are hereby authorized to set tubing at 14,386 feet in the following well:

Well Name and Number: Diamond SM-36 State Well No. 1

Location: Unit I, Sec. 36, T-24-S, R-33-E, Lea County New Mexico

The Division reserves the right to rescind this authority in the event that waste appears to be resulting therefrom.

Very truly yours,

R. L. STAMETS,
Division Director

RLS/MES/h

cc: Oil Conservation Division - Hobbs

PVEV2005038212

hng Oil Company

P. O. BOX 2267, MIDLAND, TEXAS 79702 (915) 686-3600

April 3, 1985

Oil Conservation Division
P. O. Box 2088
State Land Office Bldg.
Santa Fe, NM 87501

Attn: Mr. Joe D. Ramey
Division Director

In Re: Diamond SM-36 State, Well No. 1
Unit Letter I, 1980' FSL & 660' FEL,
Section 36, T24S, R33E
Lea County, New Mexico
State Lease # LG-4235

Dear Mr. Ramey:

Tubing for the above-named well has been set at 14,386 feet, and casing perforated from 15,217 to 15,298 feet.

This office requests administrative exception to Rule 107d.

Very truly yours,

HNG OIL COMPANY

Betty Gildon

Betty Gildon
Regulatory Analyst

bg

enclosures

hng Oil Company
P. O. BOX 2267, MIDLAND, TEXAS 79702 (915) 683-4871

April 3, 1985

Oil Conservation Division
P. O. Box 2088
State Land Office Bldg.
Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey
Division Director

Re: Diamond SM-36 State, Well No. 1
Lea County, NM, State Lease # LG-4235

Dear Mr. Ramey:

There are several reasons why we feel that completions utilizing a TIW Polish Bore Receptable or Insert Seal Assembly is the most advantageous method to complete a well.

1. The inside diameter of the seal assembly is the same as the diameter of the tubing. Therefore, there is no restriction that would reduce the size of wireline tools that could be run in the hole.

2. The Polish Bore Receptacle has a full bore opening to the liner below it. This allows us to run bridge plugs, retainers, or bits into the liner if necessary.

3. The seal assembly - PBR hook-up allows for tubing movement while treating the well. It will withstand higher treating pressures during stimulation than would be possible with most other production packers.

4. In most of the wells drilled in this area there are several zones of interest. By having the seal assembly stung into the PBR, the lowest zone can be tested and if non-productive, squeezed. The next zone of interest can then be perforated, acidized and tested. All this can be accomplished without pulling the tubing. This can save a considerable amount of time and money.

The Polish Bore Receptacle is run on the top of the liner. The Insert Seal Assembly sets in the tie back sleeve at the top of the liner.

We feel that this Packer system not only saves us a considerable amount of time and money, but also is the most reliable Packer system available. Of the several hundred wells in which HNG Oil Company has utilized this system over the past years, we have had very few failures. If you have any questions, please feel free to give me a call.

Very truly yours,

George M. Hover

George M. Hover
Petroleum Engineer III

GMH/bg

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LAND OFFICE		
OPERATOR		

Form C-105
Revised 11-1-58

NEW MEXICO OIL CONSERVATION COMMISSION
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease: State [X] Fee [ ]

5. State Oil & Gas Lease No.: LG-4235

1a. TYPE OF WELL

b. TYPE OF COMPLETION: NEW WELL [X] WORK OVER [ ] DEEPEN [ ] PLUG BACK [ ] DIFF. RESVR. [ ] OTHER [ ]

OIL WELL [ ] GAS WELL [X] DRY [ ] OTHER [ ]

7. Unit Agreement Name:

8. Farm or Lease Name: Diamond SM-36 State

2. Name of Operator: HNG OIL COMPANY

9. Well No.: 1

3. Address of Operator: P. O. Box 2267, Midland, Texas 79702

10. Field and Pool, or Wildcat: Pitchfork Ranch/Morrow/

4. Location of Well

UNIT LETTER I LOCATED 1980 FEET FROM THE south LINE AND 660 FEET FROM THE east LINE OF SEC. 36 TWP. 24S RGE. 33E NMPM

12. County: Lea

15. Date Spudded	16. Date T.D. Reached	17. Date Compl. (Ready to Prod.)	18. Elevations (DF, RKB, RT, GR, etc.)	19. Elev. Cashinghead
1-2-85	3-17-85	3-26-85	3479.2' GR	3479.2'

20. Total Depth	21. Plug Back T.D.	22. If Multiple Compl., How Many	23. Intervals Drilled By	Rotary Tools	Cable Tools
15,410'	15,361'		→	XX	

24. Producing Interval(s), of this completion — Top, Bottom, Name: 15,217' - 15,298'

25. Was Directional Survey Made: No

26. Type Electric and Other Logs Run: Comp. Dual Laterolog w/Dual Ind., BHC Sonic, Comp. Neutron-Litho Density

27. Was Well Cored: No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	54.5 & 61	620'	17-1/2"	265 HL & 250 Cl C	Circulated
9-5/8"	36 & 40	5100'	12-1/4"	2000 HL & 475 Cl C	Circulated
7-5/8"	39	13272'	8-3/4"	550 TLW & 275 Cl H	-

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN
5-1/2"	12763	14970	365 Cl H	-
3-1/2"	14386	15410	100 Cl H	-

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2-7/8"	14386	PBR 14386

31. Perforation Record (Interval, size and number)

15,217' - 15,298' (.34" - 24)

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
15217-15298	3500 gal 7-1/2% MS acid

33. PRODUCTION

Date First Production	Production Method (Flowing, gas lift, pumping — Size and type pump)	Well Status (Prod. or Shut-in)
3/29/85	Flowing	Shut-in

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period →	Oil — Bbl.	Gas — MCF	Water — Bbl.	Gas — Oil Ratio
4/2/85	24	10/64"		0	1600	12	0

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate →	Oil — Bbl.	Gas — MCF	Water — Bbl.	Oil Gravity — API (Corr.)
2650	sealed					-

34. Disposition of Gas (Sold, used for fuel, vented, etc.): Vented

Test Witnessed By:

35. List of Attachments: Logs, Inclination report and C-104

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

SIGNED Betty Gildon Betty Gildon TITLE Regulatory Analyst DATE 4/3/85

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Commission not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico				Northwestern New Mexico			
T. Anhy		T. Cherry Canyon	Mrkr. 6501	T. Ojo Alamo		T. Penn. "B"	
T. Salt		T. Strawn	13,846	T. Kirtland-Fruitland		T. Penn. "C"	
B. Salt		T. Atoka	14,022	T. Pictured Cliffs		T. Penn. "D"	
T. Yates		T. Miss	Morrow Lime 14,404	T. Cliff House		T. Leadville	
T. 7 Rivers		T. Devonian	Morrow Clastics 14663	T. Menefee		T. Madison	
T. Queen		T. Silurian	Morrow "A" Sd 14,674	T. Point Lookout		T. Elbert	
T. Grayburg		T. Montoya	Sinatra Sand 14,892	T. Mancos		T. McCracken	
T. San Andres	Bone Springs LM 9265	T. Simpson	Morrow "B" Sd 14,992	T. Gallup		T. Ignacio Qtzte	
T. Glorieta	1st Bone Sp. Sd 10100	T. McKee	L. Morrow Shale 15154	Base Greenhorn		T. Granite	
T. Paddock	3nd Bone Sp. Sd 11892	T. Ellenburger	Morrow "C" 15,206	T. Dakota		T.	
T. Blinebry		T. Gr. Wash		T. Morrison		T.	
T. Tubb		T. Granite		T. Todilto		T.	
T. Drinkard		T. Delaware Sand	5212	T. Entrada		T.	
T. Abo		T. Bone Springs		T. Wingate		T.	
T. Wolfcamp	Lime 12,311	T. Rustler	1197	T. Chinle		T.	
T. Penn.		T. Leonard SHale	9072	T. Permian		T.	
T Cisco (Bough C)		T.		T. Penn. "A"		T.	

Cherry Canyon 6256

OIL OR GAS SANDS OR ZONES

No. 1, from Morrow 15,217 to 15,298 No. 4, from ..... to .....

No. 2, from ..... to ..... No. 5, from ..... to .....

No. 3, from ..... to ..... No. 6, from ..... to .....

IMPORTANT WATER SANDS

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

No. 1, from None to ..... feet. .....

No. 2, from ..... to ..... feet. .....

No. 3, from ..... to ..... feet. .....

No. 4, from ..... to ..... feet. .....

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	1550	1550	Redbeds & Anhy				
1550	5550	4000	Salt & Anhy				
5550	9340	3790	Sand, Lime, Shale				
9340	9715	375	100% Lime				
9715	13242	3527	Lime, Shale, Sand				
13242	13517	275	100% Shale				
13517	13793	276	Lime, Sand, Shale, Chert				
13793	13919	125	Lime, SHale, Chert				
13919	14358	439	Lime, Shale				
14358	15063	705	Lime, Shale, Chert, Cand				
15063	15327	264	Shale, Sand, Lime				
15327	15410	83	100% Shale				