STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

February 11, 1987

GARREY CARRUTHERS
GOVERNOR

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

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

Attention: Betty Gildon

Administrative Order TX-169

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 13,023 feet in the following well:

Well Name and Number: Madera 32 State, Well No. 3

Location: Unit K, Sec. 32, T-24-S, R-34-E, NMPM,
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,

WILLIAM J. LEMAY,
Division Director

WJL/REJ/dr

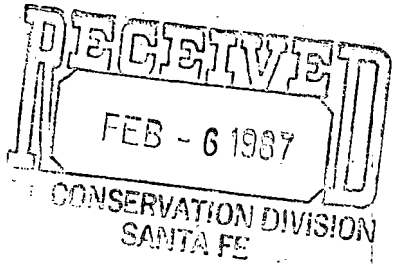
cc: Oil Conservation Division - Hobbs

pVEV2005138047

ENRON
Oil & Gas Company

HNG OIL COMPANY
P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

February 2, 1987



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

Attn: Mr. R. L. Stamets
Division Director

In Re: Madera 32 State, Well No. 3
1650' FSL & 2310' FWL of Sec. 32, T24S, R34E
LG-359 - Lea County, New Mexico

Dear Mr. Stamets:

Tubing for the above-named well has been set at 13,023 feet, and casing perforated from 13,905 to 13,910 feet.

This office requests administrative exception to Rule 107d.

Very truly yours,

HNG OIL COMPANY

Betty Gildon

Betty Gildon
Regulatory Analyst

BG

enclosures

ENRON
Oil & Gas Company
HNG OIL COMPANY
P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

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

February 2, 1987

Attn: Mr. R. L. Stamets
Division Director

Re: Madera 32 State #3 (LG-359)
Sec. 32, T24S, R34E - Lea County, NM

Dear Mr. Stamets

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

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

Form C-105
Revised 10-1-78

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OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease: State [X] Fee [ ]
5. State Oil & Gas Lease No.: LG-359

1a. TYPE OF WELL
b. TYPE OF COMPLETION: OIL WELL [ ] GAS WELL [X] DRY [ ] OTHER
NEW WELL [X] WORK OVER [ ] DEEPEN [ ] PLUG BACK [ ] DIFF. RESVR. [ ] OTHER

7. Unit Agreement Name:
8. Farm or Lease Name: Madera 32 State
9. Well No.: 3
10. Field and Pool, or Wildcat: Pitchfork Ranch Atoka

2. Name of Operator: HNG OIL COMPANY
3. Address of Operator: P. O. Box 2267, Midland, Texas 79702
4. Location of Well: UNIT LETTER K LOCATED 1650 FEET FROM THE south LINE AND 2310 FEET FROM THE west LINE OF SEC. 32 TWP. 24S RGE. 34E 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
12/6/86	1/13/87	1/20/87	3439.1' GR	3439.1'

20. Total Depth	21. Plug Back T.D.	22. If Multiple Compl., How Many	23. Intervals Drilled By	Rotary Tools	Cable Tools
14,100'	14,058'		→	X	

24. Producing Interval(s), of this completion — Top, Bottom, Name: 13,905 -13,910
25. Was Directional Survey Made: No
26. Type Electric and Other Logs Run: Comp. Neutron Litho Density & Dual Ind-SFL
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
11-3/4	42#	610'	14-3/4"	250 DLW & 165 Cl C	Circulated
8-5/8"	32#	5185'	10-5/8"	1350 Lite & 275 Cl C	Circulated
5-1/2"	17#	13350'	7-7/8"	950 DLW & 450 Cl H	

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN
3-1/2"	13023'	14100'	110 Cl H	-

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2-7/8"	13023	PBR 13023

31. Perforation Record (Interval, size and number): 13,905 - 13,910 (.41" - 18)

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

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
13905-13910	None

33. PRODUCTION

Date First Production	Production Method (Flowing, gas lift, pumping — Size and type pump)	Well Status (Prod. or Shut-in)
1-20-87	Flowing	Producing

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period →	Oil — Bbl.	Gas — MCF	Water — Bbl.	Gas — Oil Ratio
2/1/87	24	6/64"		83	3395	0	40.9 cuft/bbl

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate →	Oil — Bbl.	Gas — MCF	Water — Bbl.	Oil Gravity — API (Corr.)
3200	sealed					43.0

34. Disposition of Gas (Sold, used for fuel, vented, etc.): sold
Test Witnessed By:

35. List of Attachments: Logs, C-104 & Inclination Report

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 2/2/87

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division 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	6272	T. Ojo Alamo		T. Penn. "B"	
T. Salt		T. Strawn		T. Kirtland-Fruitland		T. Penn. "C"	
B. Salt		T. Atoka	13770	T. Pictured Cliffs		T. Penn. "D"	
T. Yates		T. Miss		T. Cliff House		T. Leadville	
T. 7 Rivers		T. Devonian		T. Menefee		T. Madison	
T. Queen		T. Silurian		T. Point Lookout		T. Elbert	
T. Grayburg		T. Montoya		T. Mancos		T. McCracken	
T. San Andres		T. Simpson		T. Gallup		T. Ignacio Qtzte	
T. Glorieta		T. McKee		Base Greenhorn		T. Granite	
T. Paddock		T. Ellenburger		T. Dakota		T.	
T. Blinebry		T. Gr. Wash		T. Morrison		T.	
T. Tubb		T. Granite		T. Todilto		T.	
T. Drinkard		T. Delaware Sand	5304	T. Entrada		T.	
T. Abo		T. Bone Springs	Lime 9237	T. Wingate		T.	
T. Wolfcamp	Mrkr 12884	T. 1st BS Sand	10043	T. Chinle		T.	
T. Penn.		T. Strawn Lime	13612	T. Permian		T.	
T. Cisco (Bough C)		T.		T. Penn. "A"		T.	

Leonard Shale 9064

Atoka Sand 13905

OIL OR GAS SANDS OR ZONES

No. 1, from Atoka 13905 to 13910 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	1128	1128	Red Bed				
1128	2250	1122	Anhy				
2250	3930	1680	Anhy, Salt				
3930	5340	1410	Anhy				
5340	6395	1055	Anhy, Sand				
6395	8125	1730	Sand, Shale				
8125	12925	4800	Sand, Shale, Lime				
12925	13466	541	100% Shale				
13466	13667	201	Shale, Lime				
13667	13826	159	Lime, Chert, Shale				
13826	13886	60	Shale, Lime, Sand				
13886	14100	214	Lime, Shale				