

OIL CONSERVATION DIVISION HINKLE, COX, EATON, COFFIELD & HENSLEY

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JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. KULSETH, JR.
LISA K. SMITH*

ATTORNEYS AT LAW
500 MARQUETTE N.W., SUITE 800
ALBUQUERQUE, NEW MEXICO 87102-2121
(505) 768-1500

FAX (505) 768-1529

OF COUNSEL
O. M. CALHOUN*
MACK EASLEY
JOE W. WOOD
RICHARD S. MORRIS
CLARENCE E. HINKLE (1904-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNOODGRASS, JR. (1914-1987)

November 13, 1990

700 UNITED BANK PLAZA
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ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

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POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691
FAX (915) 683-6518

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AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

218 MONTEZUMA
POST OFFICE BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554
FAX (505) 982-8623

*NOT LICENSED IN NEW MEXICO

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Application of BHP Petroleum (Americas) Inc. for a Non-Standard Gas Location, 660 feet from the North Line and 990 feet from the West Line of Section 24, Township 8 South, Range 27 East, N.M.P.M. Chavez County, New Mexico

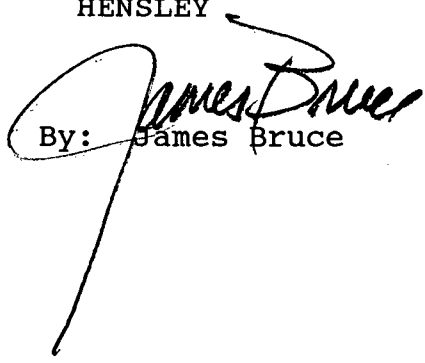
Dear Mr. Stogner:

In response to your letter of October 29, 1990, BHP has notified the offset lessee and mineral interest owners (there were no operators) in Section 18 and Section 19 as you requested. A copy of the letter to said parties is attached hereto. As to the S $\frac{1}{2}$ of Section 24, please be advised that acreage is owned and operated by BHP Petroleum.

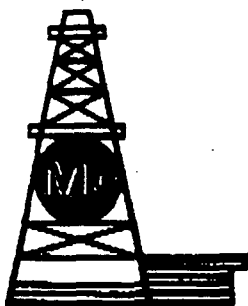
Also, enclosed is a letter from McBride Oil & Gas Corp. (formerly Hanlad Oil Corp.), waiving objection to the well location.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By:  James Bruce

JB:le



RECEIVED

NOV 09 1990

**McBride Oil & Gas
Corporation**

180 LAND DEPT.

P.O. BOX 1818

ROSWELL, NEW MEXICO 88201-1818

PHONE AC 825-622-7339

November 5, 1990

BHP Petroleum
5847 San Felipe, Suite 3600
Houston, Texas 77057

Attention: Mr. Randall L. Davis

Re: BHP PUFFER PROSPECT

Dear Randall:

We have reviewed your September 24, 1990, request for Option Farmout as to our interest in acreage located in the S/2 Section 13, T. 8 S., R. 27 E. Please be advised that we do not find the option concept attractive, but would be pleased to work with BHP in the event BHP desired to drill on us initially. In the event BHP should desire to locate on our acreage, please proposed farmout terms.

Hanlad Oil Corporation was merged into McBride Oil & Gas Corporation effective October 1, 1990; therefore, any future proposals should be addressed to McBride Oil & Gas Corporation.

Finally, we wish to advise we will not oppose your request for an unorthodox location in return for your assurance the same courtesy will be extended to us in the event we desire same in Section 13 (your requested option farmout acreage).

Thank you.

Yours very truly,

McBRIDE OIL & GAS CORPORATION

Kenton A. Hammonds
Landman

KAH:jmc

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

500 MARQUETTE N.W., SUITE 800
ALBUQUERQUE, NEW MEXICO 87102-2121

(505) 768-1500

FAX (505) 768-1529

OF COUNSEL
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RICHARD S. MORRIS

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W. E. BONDURANT, JR. (1913-1973)
ROY C. SNODGRASS, JR. (1914-1987)

November 9, 1990

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POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
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JOHN R. KULSETH, JR.
LISA K. SMITH*

*NOT LICENSED IN NEW MEXICO

CERTIFIED MAIL RETURN RECEIPT REQUESTED

To: Addressees on Exhibit A

Re: Application of BHP Petroleum (Americas) Inc. for
Administrative Approval of an Unorthodox Gas Well Location,
660 feet from the North Line and 990 feet from the West
Line, Section 24, Township 8 South, Range 27 East (N $\frac{1}{2}$
Proration Unit), Chaves County, New Mexico

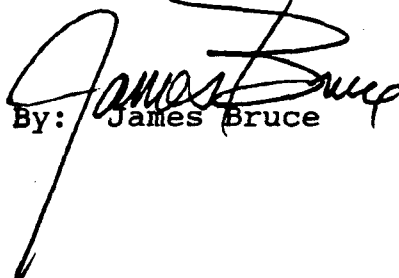
Gentlemen:

Enclosed is a copy of the letter by which BHP Petroleum
submitted the above administrative application to the Oil
Conservation Division, together with a copy of the geological
discussion by BHP Petroleum's geologist. Please let me know if
you desire any of the exhibits submitted to the Oil Conservation
Division.

Please be advised that you have twenty days from November
12, 1990 to object to the unorthodox location. If you have no
objection, we request that you execute a waiver of objection and
mail your waiver back to me in the envelope provided herein. An
extra copy of this letter is provided if you desire to execute
the waiver.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &
HENSLEY


By: James Bruce

JB:le

November 9, 1990

Page 2

I have no objection to the proposed unorthodox location of
BHP Petroleum (Americas) Inc.

FINA OIL AND CHEMICAL COMPANY

McCLELLAN OIL CORPORATION

By _____
Date: _____

By _____
Date: _____

YATES PETROLEUM CORP.
YATES DRILLING CO.
ABO PETROLEUM CORP.
MYCO INDUSTRIES, INC.

BRANEX RESOURCES

By _____
Date: _____

By _____
Date: _____

McBRIDE OIL & GAS CORP.

By _____
Date: _____

EXHIBIT A

McClellan Oil Corp.
P. O. Drawer 730
United New Mexico Bank Plaza
#850
Roswell, New Mexico 88202
Attention; Ms. Leona Stewart

Fina Oil & Chemical Co.
6 Desta Drive, Suite 4400
Midland, Texas 79705
Attention: Mr. Kevin T. Pfister

Yates Petroleum Corp.
Yates Drilling Co.
ABO Petroleum Corp.
Myco Industries, Inc.
105 S. 4th Street
Artesia, New Mexico 88210

Branex Resources
Box 2328
Roswell, New Mexico 88201

McBride Oil & Gas Corp.
Box 1515
Roswell, New Mexico 88201

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

500 MARQUETTE N.W., SUITE 800
ALBUQUERQUE, NEW MEXICO 87102-2121

(505) 768-1800

FAX (505) 768-1829

OF COUNSEL:
O. M. CALHOUN*
MACK LASLEY
JOE W. WOOD
RICHARD S. MORRIS

CLARENCE E. HINKLE 960-1881
W. E. BONDURANT, JR. 963-9731
ROY C. SNODGRASS, JR. 964-8871

October 5, 1990

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY JR.
STUART D. SHANOR
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JOHN R. KILBETH, JR.
LISA K. BATHY*

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-8510
FAX (505) 623-9332

2800 CLAYDESTA NATIONAL BANK BUILDING
POST OFFICE BOX 3580
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(915) 683-4891
FAX (915) 683-6818

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(806) 372-5569
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POST OFFICE BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554
FAX (505) 982-8623

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Mr. William Lemay
Director
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Dear Mr. Lemay:

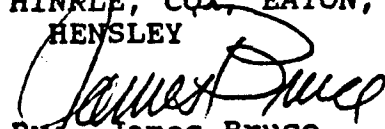
BHP Petroleum (Americas) Inc. hereby applies for administrative approval of an unorthodox gas well location for a well to be located 660 feet from the North line and 990 feet from the West line of Section 24, Township 8 South, Range 27 East, Chavez County, New Mexico. The well will be drilled to test the Ordovician Montoya formation (approximately 7000 feet subsurface), and the N½ of Section 24 will be dedicated to the well. Enclosed are three original sets of land plats and geological exhibits, together with a geological discussion by William Morris, a geologist for BHP Petroleum.

Regarding notice to offset operators, BHP Petroleum operates Section 23 to the West, Collins & Ware, Inc. operates the SE¼ of Section 14 to the Northwest, and Hanlad Oil Corporation operates the S½ of Section 13 to the North. Notification of this application has been given to the offset operators.

Thank you for your consideration of this matter.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By:  James Bruce

JB:le

cc: Collins & Ware, Inc. (Certified Mail)
Hanlad Oil Corporation (Certified Mail)

**PUFFER PROSPECT
N/2 SEC 24, T8S R27E
CHAVES CO., NEW MEXICO**

BHP PETROLEUM(AMERICAS) PROPOSES TO DRILL AN ORDOVICIAN MONTOYA WILDCAT AT 660'FNL AND 990'FWL SECTION 24, T8S, R27E, CHAVES CO., NEW MEXICO. BHP'S PUFFER PROSPECT LIES IN A TRANSITIONAL AREA WHERE THE PROSPECTIVE FORMATION COULD BE EITHER OIL AND/OR GAS PRODUCTIVE. THE PROPOSED LOCATION IS ORTHODOX FOR AN OIL WELL. BHP IS PLANNING A NORTH/HALF PRORATION UNIT AND SEEKING STATE APPROVAL FOR AN UNORTHODOX GAS WELL. THE PROPOSED UNORTHODOX GAS LOCATION IS 990' UNORTHODOX FROM THE NEAREST END BOUNDARY.

IN CHAVES COUNTY THE MONTOYA FORMATION IS OIL AND/OR GAS PRODUCTIVE FROM NORTH-SOUTH TRENDING FAULTED ANTICLINAL TRAPS. BHP HAS TWO SEISMIC LINES THAT CROSS NEAR THE PROPOSED LOCATION (SEE ENCLOSED MAP). THIS SEISMIC DATA INDICATES THAT A HIGH STRUCTURAL POSITION CAN BE ATTAINED AT THE PROPOSED LOCATION AND THAT TWO BOUNDARY FAULTS ARE LOCATED TO THE NORTH AND EAST. SEVERAL NEARBY WELLS HAVE PENETRATED THE UPPER PORTION OF THE ORDOVICIAN DOLOMITES WITH UNSUCCESSFUL RESULTS (SEE ENCLOSED CROSS SECTION). THE WELLS IN SECTIONS 13 AND 24, SEISMICALLY, APPEAR TO BE ON THE DOWNTOWN SIDES OF THESE FAULTS AND THE WELL IN SECTION 23, DOWNDIP.

TWO OF THE THREE NEARBY WELLS HAVE PRODUCED GAS FROM THE PENN CLASTIC FORMATION. THIS IS A SECONDARY OBJECTIVE IN THIS WELL. ALTHOUGH, BHP'S GEOLOGIC CONCEPT IS THAT RESERVOIR QUALITY PENN SANDS ARE PRIMARILY PRODUCTIVE ON THE FLANKS OF MONTOYA STRUCTURES, THE LOW VOLUMES FOR THE TWO PENN PRODUCERS MAKE IT AN UNATTRACTIVE PRIMARY OBJECTIVE.

THE UNORTHODOX GAS LOCATION BHP IS SEEKING IS BASED PRIMARILY ON ITS FAVORABLE STRUCTURAL POSITION AS INTERPRETTED FROM PROPRIETARY SEISMIC DATA.

William J. Morris

**WILLIAM J. MORRIS
SR. GEOLOGIST
BHP PETROLEUM (AMERICAS)**

OIL CONSERVATION DIVISION

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

500 MARQUETTE N.W., SUITE 800

ALBUQUERQUE, NEW MEXICO 87102-2121

(505) 768-1500

FAX (505) 768-1529

OF COUNSEL

O. M. CALHOUN*

MACK EASLEY

JOE W. WOOD

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CLARENCE E. HINKLE (1901-1985)

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ROY C. SNODGRASS, JR. (1914-1987)

November 1, 1990

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POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88202

(505) 622-6510

FAX (505) 623-9332

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POST OFFICE BOX 3580

MIDLAND, TEXAS 79702

(915) 683-4691

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AMARILLO, TEXAS 79105

(806) 372-5569

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218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504

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*NOT LICENSED IN NEW MEXICO

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Application of BHP Petroleum for a Non-Standard Gas Location
660 feet from the North Line and 990 feet from the West Line
of Section 24, Township 8 South, Range 27 East, N.M.P.M.
Chavez County, New Mexico

Dear Mr. Stogner:

BHP had not previously notified the offset operators in the
SW $\frac{1}{4}$ of Section 18 and the W $\frac{1}{2}$ of Section 19 (8 South-28 East), since
BHP was not moving toward that acreage. However, BHP will notify
them, and will copy you with the notice letter. As to the S $\frac{1}{2}$ of
Section 24 (8 South-27 East), please be advised that BHP Petroleum
owns that acreage, and thus no further notification is necessary.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By: 
James Bruce

JB:le



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

October 29, 1990

BHP Petroleum (Americas), Inc.
c/o James Bruce
500 Marquette, NW
Suite 800
Albuquerque, NM 87102-2121

RE: *Application for non-standard gas location: Puffer Prospect, 660' FNL - 990' FWL, Section 24, Township 8 South, Range 27, East, NMPM, Chaves County, New Mexico.*

Dear Mr. Bruce:

We may not process the subject application for a non-standard location until the required information or plat(s) checked below is submitted.

- ☐ A plat must be submitted clearly showing the ownership of the offsetting leases.
- ☐ A statement must be submitted that offset operators have been notified of the application by certified mail.
- ☐ A plat must be submitted fully identifying the topography necessitating the non-standard location.
- ☒ Other: Have the offset operators in the SW/4 of Section 18-T8S-R28E, W/2 Section 19-T8S-R28E, and the S/2 of Section 24-T8S-R27E been notified pursuant to General Rule 104.F.III.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

500 MARQUETTE N.W., SUITE 800
ALBUQUERQUE, NEW MEXICO 87102-2121

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FAX (505) 768-1529

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October 5, 1990

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MARGARET CARTER LUDEWIG
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. KULSETH, JR.
LISA K. SMITH*

*NOT LICENSED IN NEW MEXICO

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Hanlad Oil Corporation
P. O. Box 1515
Roswell, New Mexico 88201

Mr. Ted Collins
Collins & Ware, Inc.
600 West Illinois
Midland, Texas 79701

RECEIVED

OCT 16 1990

OIL CONSERVATION DIVISION

Re: Application of BHP Petroleum (Americas) Inc. for
Administrative Approval of an Unorthodox Gas Well Location,
660 feet from the North Line and 990 feet from the West
Line, Section 24, Township 8 South, Range 27 East (N $\frac{1}{2}$
Proration Unit), Chaves County, New Mexico

Gentlemen:

Enclosed is a copy of the letter by which was submitted BHP Petroleum's above administrative application to the Oil Conservation Division, together with a copy of the geological discussion by BHP Petroleum's geologist. Please let me know if desire any of the exhibits submitted to the Oil Conservation Division. I understand that you have also received from Randall Davis, BHP Petroleum's landman, a request for farmout on your offsetting acreage.

Please be advised that you have twenty days from October 8, 1990 to object to the unorthodox location. If you have no objection, we request that you execute a waiver of objection and mail your waiver back to me in the envelope provided herein.

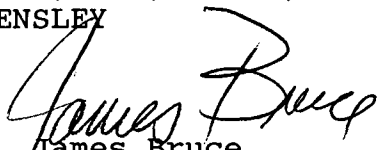
HINKLE, COX, EATON, COFFIELD & HENSLEY

Mr. Ted Collins
Hanlad Oil Corporation
October 5, 1990
Page Two

An extra copy of this letter is provided if you desire to execute the waiver.

Very truly yours,

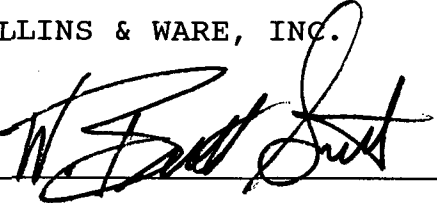
HINKLE, COX, EATON, COFFIELD &
HENSLEY

By: 
James Bruce

JB:le

I have no objection to the proposed unorthodox location of
BHP Petroleum (Americas) Inc.

COLLINS & WARE, INC.

By: 

Date: 10-10-90

HANLAD OIL CORPORATION

By: _____

Date: _____

HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
PAUL J. KELLY, JR.
MARSHALL G. MARTIN
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ATTORNEYS AT LAW
218 MONTEZUMA
POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

FAX (505) 982-8623

OF COUNSEL
O. M. CALHOUN*
MACK EASLEY
JOE W. WOOD
RICHARD S. MORRIS

CLARENCE E. HINKLE (1904-1985)
W. E. BONDURANT, JR. (1913-1973)
ROY C. SNODGRASS, JR. (1914-1987)

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

2800 CLAYDESTA NATIONAL BANK BUILDING
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691
FAX (915) 683-6518

1700 TEAM BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

500 MARQUETTE N.W., SUITE 800
ALBUQUERQUE, NEW MEXICO 87102-2121
(505) 768-1500
FAX (505) 768-1529

*NOT LICENSED IN NEW MEXICO

October 16, 1990

HAND DELIVERED

RECEIVED

William LeMay
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

OCT 16 1990

OIL CONSERVATION DIVISION

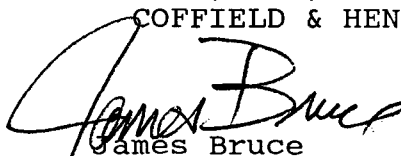
Re: Application of BHP Petroleum (Americas) Inc. for
Administrative Approval of an Unorthodox Gas Well
Location, 660 feet from the North Line and 990 feet from
the West Line, Section 24, Township 8 South, Range 27
East (N $\frac{1}{2}$ Proration Unit), Chaves County, New Mexico

Dear Mr. LeMay:

Enclosed is the original waiver of Collins & Ware, Inc., an
offset operator to the above well.

Sincerely,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


James Bruce

JB:jr
Enclosure

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

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October 5, 1990

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LISA K. SMITH*

*NOT LICENSED IN NEW MEXICO

Mr. William Lemay
Director
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Dear Mr. Lemay:

BHP Petroleum (Americas) Inc. hereby applies for administrative approval of an unorthodox gas well location for a well to be located 660 feet from the North line and 990 feet from the West line of Section 24, Township 8 South, Range 27 East, Chavez County, New Mexico. The well will be drilled to test the Ordovician Montoya formation (approximately 7000 feet subsurface), and the N $\frac{1}{2}$ of Section 24 will be dedicated to the well. Enclosed are three original sets of land plats and geological exhibits, together with a geological discussion by William Morris, a geologist for BHP Petroleum.

Regarding notice to offset operators, BHP Petroleum operates Section 23 to the West, Collins & Ware, Inc. operates the SE $\frac{1}{4}$ of Section 14 to the Northwest, and Hanlad Oil Corporation operates the S $\frac{1}{2}$ of Section 13 to the North. Notification of this application has been given to the offset operators.

Thank you for your consideration of this matter.

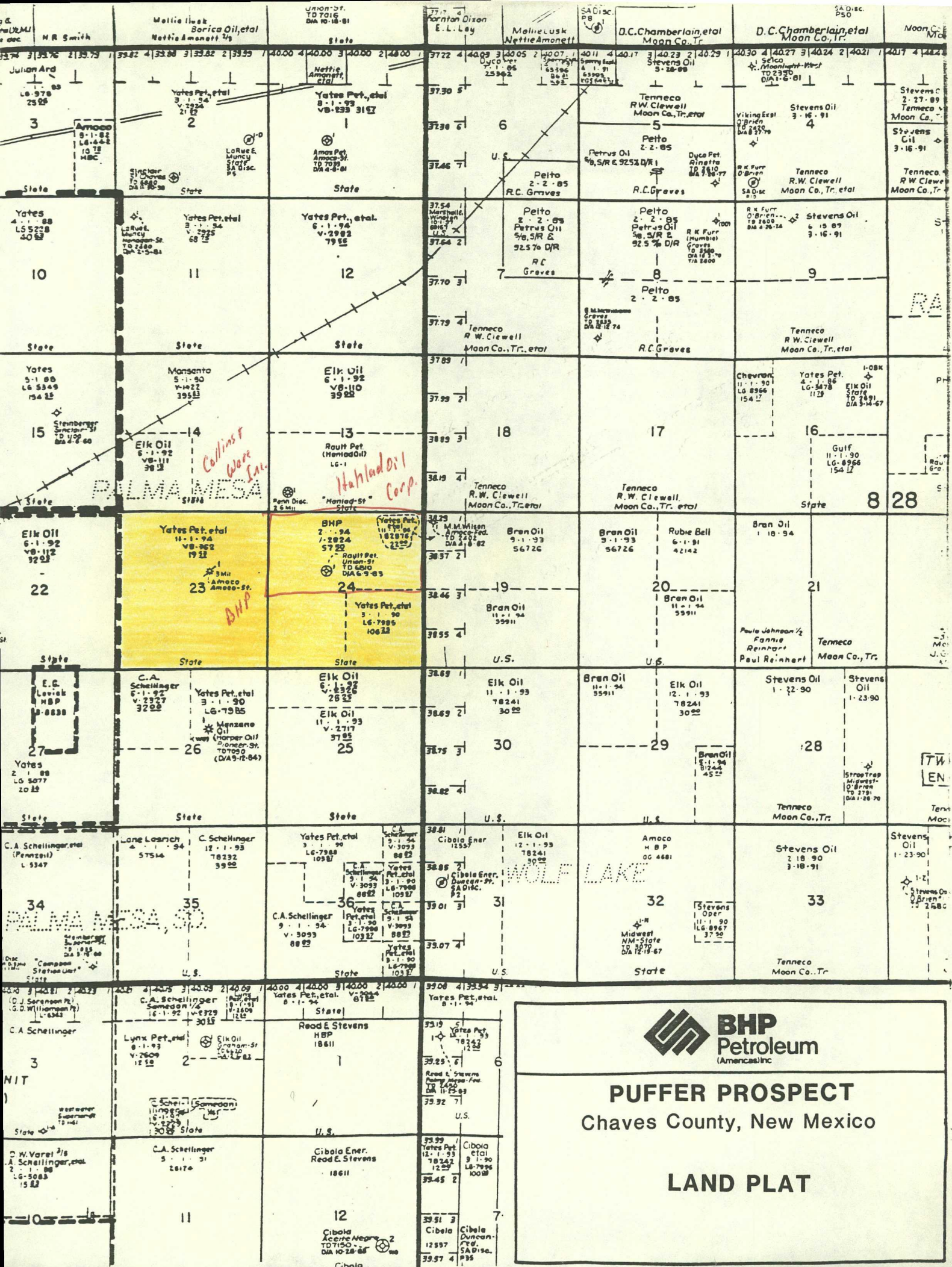
Very truly yours,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By: James Bruce

JB:le

cc: Collins & Ware, Inc. (Certified Mail)
Hanlad Oil Corporation (Certified Mail)



PUFFER PROSPECT
N/2 SEC 24, T8S R27E
CHAVES CO., NEW MEXICO

BHP PETROLEUM(AMERICAS) PROPOSES TO DRILL AN ORDOVICIAN MONTOYA WILDCAT AT 660'FNL AND 990'FWL SECTION 24, T8S, R27E, CHAVES CO., NEW MEXICO. BHP'S PUFFER PROSPECT LIES IN A TRANSITIONAL AREA WHERE THE PROSPECTIVE FORMATION COULD BE EITHER OIL AND/OR GAS PRODUCTIVE. THE PROPOSED LOCATION IS ORTHODOX FOR AN OIL WELL. BHP IS PLANNING A NORTH/HALF PRORATION UNIT AND SEEKING STATE APPROVAL FOR AN UNORTHODOX GAS WELL. THE PROPOSED UNORTHODOX GAS LOCATION IS 990' UNORTHODOX FROM THE NEAREST END BOUNDARY.

IN CHAVES COUNTY THE MONTOYA FORMATION IS OIL AND/OR GAS PRODUCTIVE FROM NORTH-SOUTH TRENDING FAULTED ANTICLINAL TRAPS. BHP HAS TWO SEISMIC LINES THAT CROSS NEAR THE PROPOSED LOCATION (SEE ENCLOSED MAP). THIS SEISMIC DATA INDICATES THAT A HIGH STRUCTURAL POSITION CAN BE ATTAINED AT THE PROPOSED LOCATION AND THAT TWO BOUNDARY FAULTS ARE LOCATED TO THE NORTH AND EAST. SEVERAL NEARBY WELLS HAVE PENETRATED THE UPPER PORTION OF THE ORDOVICIAN DOLOMITES WITH UNSUCCESSFUL RESULTS (SEE ENCLOSED CROSS SECTION). THE WELLS IN SECTIONS 13 AND 24, SEISMICALLY, APPEAR TO BE ON THE DOWNTOWN SIDES OF THESE FAULTS AND THE WELL IN SECTION 23, DOWNDIP.

TWO OF THE THREE NEARBY WELLS HAVE PRODUCED GAS FROM THE PENN CLASTIC FORMATION. THIS IS A SECONDARY OBJECTIVE IN THIS WELL. ALTHOUGH, BHP'S GEOLOGIC CONCEPT IS THAT RESERVOIR QUALITY PENN SANDS ARE PRIMARILY PRODUCTIVE ON THE FLANKS OF MONTOYA STRUCTURES, THE LOW VOLUMES FOR THE TWO PENN PRODUCERS MAKE IT AN UNATTRACTIVE PRIMARY OBJECTIVE.

THE UNORTHODOX GAS LOCATION BHP IS SEEKING IS BASED PRIMARILY ON ITS FAVORABLE STRUCTURAL POSITION AS INTERPRETTED FROM PROPRIETARY SEISMIC DATA.

William J Morris

WILLIAM J. MORRIS
SR. GEOLOGIST
BHP PETROLEUM (AMERICAS)

PUFFER PROSPECT
N/2 SEC 24, T8S R27E
CHAVES CO., NEW MEXICO

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BHP PETROLEUM (AMERICAS)

