

Monsanto Oil Company

Monsanto Oil Company
1300 One First City Center
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Midland, Texas 79701
Phone: (915) 683-3306

May 9, 1985

Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

ATTN: Mr. Gilbert Quintana

RE: Simultaneous Dedication
Dagger Draw No. 1 Well
and Covert Com. No. 1 Well
Section 6, T-20-S, R-25-E,
Eddy County, New Mexico
Dagger Draw - Morrow Gas Pool

Gentlemen:

This letter is sent in reference to my telephone conversation of Tuesday, May 7, 1985, with Mr. Gilbert Quintana, of the Oil Conservation Division. The following is a brief history of the Dagger Draw No. 1 well and Covert Com. No. 1 well which were both drilled in Section 6, T-20-S, R-25-E, Eddy County, New Mexico:

1. On 5-31-64, Monsanto (75%) and Carper Drilling Co. (25%) [now Cities Service and Tom Ingram] spudded the Dagger Draw No. 1 well and drilled to a TD of 9611' (PBSD 9330') completing said on 8-21-64, as a dual Strawn and Morrow producer. Said well was located 660' FSL and 1980' FEL Section 6.
2. By Order No. R-2919 the NM Conservation Commission adopted temporary operating rules for the Dagger Draw-Morrow Gas pool on June 8, 1965, of 640-acre spacing. By Communitization Agreement No. SW-310, the Dagger Draw No. 1 proration unit was established as 640-acre pooled section for Morrow production. By Communitization Agreement No. SW-309, the Strawn production was spaced on 320-acres.
3. By Order No. R-2919-A the NMCC made Order No. R-2919 the permanent rules on 2-23-67. With permanent field rules established the Dagger Draw No. 1 held the entire Section 6, T-20-S, R-25-E acreage by production.
4. The Covert Com. #1 well was permitted at a location of 1980' FNL & 1980' FWL Section 6 for a 640-acre proration unit (Morrow) in 1976. The Covert Com. #1 was spudded 11-14-76, and completed 1-26-77, in the Morrow formation.

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5. Prior to drilling the Covert Com. No. 1 well, Monsanto, as Operator, obtained verbal permission from the Oil Conservation Division Office in Artesia to drill this well on the same 640-acre tract that the Dagger Draw No. 1 well was drilled. It was concluded that the rights of the working and royalty interest parties needed to be protected in the event of a dry hole.
6. According to my conversation with Mr. Gilbert Quintana, the Dagger Draw-Morrow Pool is not regulated and, therefore, no maximum allowable has been established; thus making no production conflict having two wells producing from the Morrow horizon on the same 640-acre proration unit.

As we discussed, the Dagger Draw No. 1 well has been temporarily shut-in due to a tubing leak. It is hoped that the leak can be repaired and the well put back on production. All leases involved in the Dagger Draw No. 1 proration unit are HBP by the Covert Com. No. 1 well.

We are requesting that the OCD simultaneously dedicate both the Dagger Draw No. 1 well and the Covert Com. No. 1 well to the same 640 acres. If the Dagger Draw No. 1 production is reestablished we do intend to operate both wells as separate wells with separate facilities. For your reference I have enclosed a land plat which indicates the location of both wells.

Should you have any questions, please contact me.

Very truly yours,


Randall L. Davis
Regional Landman

RLD/lap

cc: Mr. Ed Scholl - Houston
Mr. Walter Brignon - Houston
Mr. R. W. Meilert - Houston
Mr. D. E. Brown - Midland
Mr. J. D. Cobb, Jr. - Midland

Cities Service Oil and
Gas Corporation
P. O. Box 1919
Midland, Texas 79702
ATTN: Mr. Charles E. Dickenson

Mr. Thomas L. Ingram
100 South Kentucky
Roswell, New Mexico 88201

Mobil Producing Texas and
New Mexico, Inc.
Nine Greenway Plaza, Suite 2700
Houston, Texas 77046
ATTN: Mr. H. C. Patton

Attachment

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