

CASE 7420: SOUTHLAND ROYALTY COMPANY
FOR TWO UNCORROBORATED OIL WELL LOCATIONS,
LEA COUNTY, NEW MEXICO

any

DOCKET MAILED

Date 11/6/81

CASE NO.

7420

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
19 November 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Southland Royalty
Company for two unorthodox oil
well locations, Lea County, New
Mexico.

CASE
7420

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

William F. Carr, Esq.
CAMPBELL, BYRD, & BLACK P.A.
Jefferson Place
Santa Fe, New Mexico 87501

1		2
2	I N D E X	
3		
4	RAY NOKES	
5	Direct Examination by Mr. Carr	3
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1
2 MR. STAMETS: We'll call Case 7420.

3 MR. PEARCE: Application of Southland
4 Royalty Company for two unorthodox oil well locations, Lea
5 County, New Mexico.

6 MR. CARR: May it please the Examiner,
7 my name is William F. Carr with the law firm Campbell, Byrd,
8 and Black, P. A., of Santa Fe, appearing on behalf of the
9 applicant.

10 I have one witness who needs to be sworn.

11
12 (Witness sworn.)

13
14 RAY NOKES

15 being called as a witness and being duly sworn upon his oath,
16 testified as follows, to-wit:

17
18 DIRECT EXAMINATION

19 BY MR. CARR:

20 Q Will you state your name and place of
21 residence?

22 A My name is Ray Nokes. I reside in Mid-
23 land, Texas.

24 Q By whom are you employed and in what
25 capacity?

1

2

A. Southland Royalty as an engineer.

3

4

5

Q. Have you previously testified before this Commission or one of its examiners and had your credentials accepted and made a matter of record?

6

A. No, sir.

7

8

Q. Will you briefly summarize for Mr. Stamets your educational background and your work experience?

9

10

11

12

A. I have a BS degree in pharmacy and a BS degree in chemistry, physics, and biology. I obtained these degrees from Southwestern Oklahoma State University in Weaterford, Oklahoma.

13

14

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17

My engineering experience is from Southland Royalty for the past two years, which encompasses being responsible for all the applications and completions for the company in Texas and New Mexico for Texas lands or New Mexico Federal, State, or fee lands.

18

19

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Reservoir experience is for drilling and plug back wells. The field experience that I have is well completion and workover completion.

21

22

23

I have also evaluated farmout requests and drilling proposals for offset production and joint interest for the company.

24

25

Q. Mr. Nokes, are you familiar with the applications filed in this case for Southland Royalty Com-

1

2

pany?

3

A. Yes, sir.

4

Q. Are you familiar with the subject wells?

5

A. Yes, sir.

6

Q. Are you familiar with the subject pro-

7

ration unit?

8

A. Yes, sir.

9

MR. CARR: Are the witness' qualifica-

10

tions acceptable?

11

MR. STAMETS: Let me say yes condition-

12

ally, and if any question comes up where I feel that there

13

may be a problem, I will mention it at that time.

14

Q. Mr. Nokes, will you briefly state what

15

Southland Royalty Company seeks with this application?

16

A. We seek the approval of an unorthodox

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location for two previously drilled wells, the first being

18

the Smith 5 No. 1, located 760 foot from the south line and

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660 foot from the east line in Section 5, Township 19 South,

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Range 35 East.

21

Secondly, being the Scharb 9 No. 1,

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located 660 foot from the north line and 660 foot from the

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west line of Section 9, in Township 19 South, Range 35 East.

24

Both were plugged -- or both were

25

drilled to a depth which was located in the Wolfcamp forma-

tion, and at this time are requesting unorthodox location as a result of plugging back.

Q So you plugged the wells back to the Bone Springs after being unsuccessful in the Wolfcamp.

A Yes, sir. One well, the Smith 5 No. 1, was drilled and completed in the Wolfcamp formation, was commercial and produced until which time it was noncommercial.

The other well, being the Scharb 9 No. 1, was drilled to the Wolfcamp and at that time was not commercial. A request was made to the Commission office to plug back, granted, and commenced plug back procedures.

Q Will you refer to what has been marked for identification as Southland Exhibit One and explain what this is and what it shows?

A The Exhibit One is a county map showing the legal location and the proration units. The Smith 5 No. 1 is located in the southeast quarter of the southeast quarter of Section 5 and the proration unit is colored in orange.

The Scharb 9 No. 1 is located in the northwest quarter of the northwest quarter of Section 9, and this proration unit encompasses the north half of the northwest quarter.

Q And this plat shows the offsetting ownership?

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A. Yes, sir.

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Q Will you now refer to Exhibit Number Two and review this for Mr. Stamets?

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A. Exhibit Number Two are C-102's from both wells, the first one being the Smith 5 No. 1, showing an 80-acre proration unit required for the Bone Springs, the Scharb Bone Springs Field, and this encompasses the south half of the southeast quarter of Section 5.

The second exhibit of this is the Scharb 9 No. 1, reflecting the north half of the northwest quarter of Section 9, also required by said pool rules.

Q And these show the exact locations of the wells.

A. Yes, sir.

Q Will you now refer to Southland Exhibit Number Three and review this for the Examiner?

A. This is a copy of the field rules that are required, requiring an 80-acre proration unit, which can either be in the north half, the south half, the east half, or the west half of a governmental unit.

The well is required that it should be located for a standard location, the wellbore should be located in the northeast quarter or the southwest quarter of the governmental quarter quarter, and that it should re-

quire to be in a radius of 200 foot of the center of that quarter quarter.

As a result of our plug back it requires a nonstandard location, approval of this nonstandard location, which at this time we are requesting this hearing because administrative approval could not be granted.

Q Now, Mr. Nokes, you are within 100 feet of the center of the quarter quarter section, is that correct?

A. Yes, sir.

Q The problem with these is they are not drilled in the northeast or the southwest quarter.

A. Yes, sir.

Q Will you now refer to your Exhibits Four and Five and just identify for Mr. Stamets what these are?

A. Exhibit Four was a letter written to the State of New Mexico. Also copies were sent to the offset operators by certified mail indicating what our request was for, that it would be a nonstandard location as described in Rule 104, paragraph F of Section 2 of the nonstandard units. Also that a little history, a brief history of the well and the purpose of our request.

Q Now this was your application for administrative approval --

1

2

A. Yes, sir.

3

Q -- for the well location.

4

A. We sent one for the Scharb 9 with a

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C-102 and a plat and attached is a list of the offset oper-

6

ators, as well as the Commission offices that were mailed the

7

same copies.

8

Q So all offset operators were notified

9

of your proposal?

10

A. Yes, sir.

11

Q And what response did you receive from

12

the Commission?

13

A. I received a letter back from Mr.

14

Stamets stating that we would not receive an administrative

15

approval but that we would have to submit for a hearing.

16

Q Okay, now would you refer to the last

17

document in Exhibit Number Four and just identify that?

18

A. The last document is the C-105 in regards

19

to the Scharb 9, which indicates our completion of this well

20

which was nonproductive in the Wolfcamp, which we initially

21

drilled to but plugged back to the Scharb Bone Springs.

22

Q This is the completion report for the

23

Bone Springs?

24

A. Yes, sir.

25

Q Now, would you just identify the documents

1
2 contained in Exhibit Number Five?

3 A This is likewise it's the same applica-
4 tion for an administrative approval for the Smith 5 No. 1,
5 under the same stipulations of Rule 104, requesting for a
6 nonstandard location administratively due to the fact that
7 we had drilled and completed and produced from the Wolfcamp
8 formation. This notice was sent to all the Commission offices
9 as well as all the offset operators.

10 Q And what response did you receive to
11 this?

12 A In response to this Mr. Stamets likewise
13 sent a letter stating that we could not receive administra-
14 tive approval but that we would have to have a hearing.

15 Q And what other documents are in this
16 exhibit?

17 A The other documents that's enclosed in
18 this is a copy of the C-101, of which we talked with District
19 One office and subsequently sent in a C-101 for a plug back
20 procedure, which was approved, and the procedure is enclosed
21 there as well as a plat.

22 Following this is the approved C-101
23 with a statement from Mr. Sexton at the bottom of the page,
24 approved for plug back procedure only. Unorthodox location
25 must be approved prior to producing from Bone Springs.

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Q Now, you mailed all of these applications to all of the offsetting operators, is that correct?

A Yes, sir, they were mailed by certified mail and we did receive, as is attached, notification that they did receive them.

Q And what responses have you received?

A The only response that we received was from Amoco, a direct south offset to the Scharb 9 No. 1, stating that they had no objections.

Q And is a copy of Amoco's letter what has been marked Exhibit Number Six?

A Yes, sir.

Q Now would you please refer to Exhibit Number Seven and identify this for the Examiner?

A Yes, sir, this is a well history, a wellbore schematic, of the Scharb 9 No. 1, giving a history of the well from the time it was completed, giving a local -- a legal location, spud date, completion date, TD and plug back depth. Also showing the perforations and also showing that it is presently shut-in at the request of the Commission, waiting for an allowable.

Q And this is the schematic of the present completion of this well?

A Yes, sir, that is the completion for

1
2 the Bone Springs.

3 Q

Will you now review Exhibit Number Eight?

4 A

Exhibit Number Eight is for the Smith
5 No. 1, located in Section 5 of Township 19 South, 35 East,
6 Lea County, New Mexico.

7 The first page of this history and well-
8 bore schematic depicts the Wolfcamp completion which was
9 completed 4-25-81. It indicates cumulative production to
10 9-1-81 off of the report from our proration office in Midland.
11 It also indicates that at this time the well was noncommer-
12 cial, became noncommercial and the second page depicts the
13 plug back procedure, which was granted through the Commission
14 office depicting the wellbore diagram and the initial poten-
15 tial that was taken for the Bone Springs.

16 Q

17 So page two shows the present completion
of the well?

18 A

Yes, sir.

19 Q

20 Are both of these wells capable of
production at this time from the Scharb Bone Springs Pool?

21 A

22 Yes, sir, they -- they can produce.
They're just presently shut in.

23 Q

24 And you will be able to produce these
as soon as you have an order and an allowable assigned?

25 A

Yes, sir.

1
2 Q Does Southland request that these orders
3 be expedited?

4 A Yes, sir.

5 Q Were Exhibits One through Eight prepared
6 by you or compiled under your direction and supervision?

7 A Yes, sir.

8 MR. CARR: At this time, Mr. Stamets,
9 we would offer Exhibits One through Eight.

10 MR. STAMETS: These exhibits will be ad-
11 mitted.

12 MR. CARR: I have nothing further on
13 direct.

14 MR. STAMETS: Any questions of the wit-
15 ness? He may be excused.

16 Anything further in this case?

17 The case will be taken under advisement.

18
19 (Hearing concluded.)
20
21
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-D
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a complete and correct transcript of the proceedings in
the Examiners hearing of Case No. 7420
heard by me on 11-19 1981.

Richard L. Slamm, Examiner
Oil Conservation Division



ERUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

December 1, 1981

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

Mr. William F. Carr
Campbell, Byrd & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 7420
ORDER NO. R-6842

Applicant:

Southland Royalty Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/ed

Copy of order also sent to:

Hobbs OCD _____ x
Artesia OCD _____ x
Aztec OCD _____

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7420
Order No. R-6842

APPLICATION OF SOUTHLAND ROYALTY COMPANY
FOR TWO UNORTHODOX OIL WELL LOCATIONS,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 19, 1981, at Santa Fe, New Mexico, before Examiner Richard J. Stamets.

NOW, on this 30th day of November, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Southland Royalty Company, seeks approval for the unorthodox location of two previously drilled wells, the first being 760 feet from the South line and 660 feet from the East line of Section 5, the other being 660 feet from the North line and 660 feet from the West line of Section 9, both in Township 19 South, Range 35 East, NMPM, both to be plugged back to the Scharb-Bone Spring Pool, Lea County, New Mexico.

(3) That the S/2 SE/4 of said Section 5 and the N/2 NW/4 of Section 9, respectively, are to be dedicated to the wells.

(4) That wells at said unorthodox locations will better enable applicant to produce the oil underlying the proration units.

-2-

Case No. 7420

Order No. R-6842

(5) That no offset operator objected to the proposed unorthodox locations.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

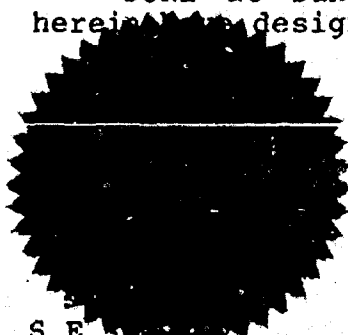
IT IS THEREFORE ORDERED:

(1) That Southland Royalty Company is hereby granted approval for the unorthodox location of two previously drilled wells, the first being 760 feet from the South line and 660 feet from the East line of Section 5, the other being 660 feet from the North line and 660 feet from the West line of Section 9, both in Township 19 South, Range 35 East, NMPM, both to be plugged back to the Scharb-Bone Spring Pool, Lea County, New Mexico.

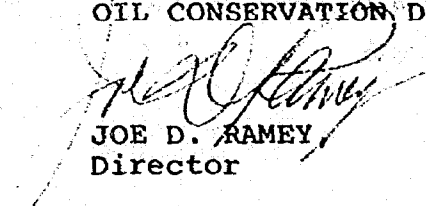
(2) That the S/2 SE/4 of said Section 5 and the N/2 NW/4 of Section 9, respectively, shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

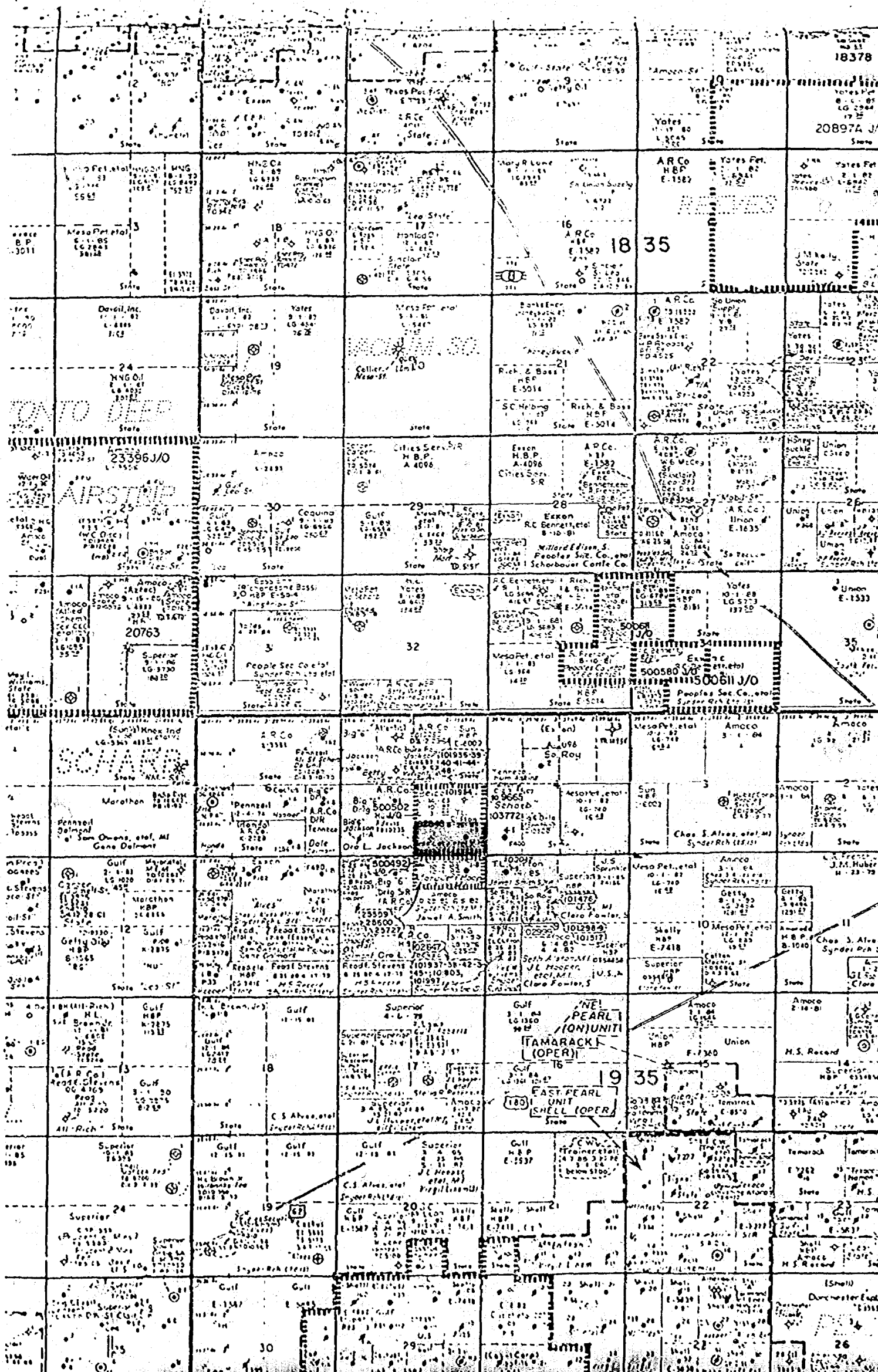
DONE at Santa Fe, New Mexico, on the day and year herein designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

S E



18378

208974 J/O

18 35

18 30

TORTO DEEP

23396 J/O

AIRSTRIP

20763

SOLAR

500580 J/O

500611 J/O

PEARL (ON) UNIT
TAMARACK (OPER)

18 35
EAST PEARL UNIT
(SHELL OPER)

H.S. Record

14

23

26

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-178
Effective 1-1-65

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

Operator Southland Royalty Co.			Lease Smith 5		Well No. 1
Post Letter P	Section 5	Township 19 South	Range 35 East	County Lea	
Actual Placement Location of Well: 760 feet from the south line and 660 feet from the east line					
Ground Level Elev. 3850.7	Producing Formation Bone Spring		Pool Scharb	Dedicated Acreage: 80 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.

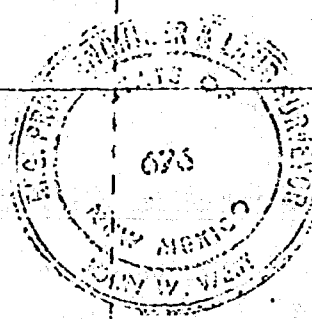
BEFORE EXAMINED STAMPTS
OIL CONSERVATION DIVISION

see FRONT NO 2

Case No 7420

Submitted by Noxes

Hearing Date 11/19/81



Southland Royalty Company
80 AC
Fee

Jewel R. Smith

CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Name <i>Roy O. Baker</i>	
Position Engineer Tech.	
Company Southland Royalty Company	
Date 10-14-81	
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 12/12/80	
Registered Professional Engineer and Land Surveyor	
<i>Chris West</i>	
Certificate No. JOHN W. WEST 476	
PATRICK A. ROMERO 4668	
3-11-80 1239	

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Superseded C-128
Effective 1-1-85

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

Proprietor Southland Royalty Co.			Lease Scharb 9		Area 1
Section D	Range 9	Meridian 19 South	County 35 East	County Lea	
Actual Location of well: 660 feet from the north line and 660 feet from the west line					
Surface Elevation 3843.5	Producing Formation Bone Spring	Pool Scharb	Depth of well 80		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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?

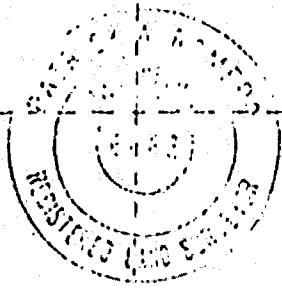
☐ Yes ☐ No If answer is "yes," type of consolidation _____

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.

Southland Royalty Co.
(Fee)

Jewel Smith



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>Ray O. Osha</i> Position Engineer Tech. Company Southland Royalty Company Date 10-6-81 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 4-17-81 Signature of Registered Professional Engineer <i>Patricia A. Hixson</i> Professional Engineer License No. 1211	

SCHARB-BONE SPRINGS POOL
Lea County, New Mexico

Order No. R-2589, Adopting Temporary Operating Rules for the Scharb-Bone Springs Pool, Lea County, New Mexico, October 30, 1963.

Order No. R-2589-B, November 24, 1964, makes permanent the rules adopted in Order No. R-2589.

Application of Big (6) Drilling Company for Extension of an Existing Oil Pool and Special Pool Rules, Lea County, New Mexico.

CASE NO. 2910
Order No. R-2589

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on October 18, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 30th day of October, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINES:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Big (6) Drilling Company, seeks extension of the horizontal limits of the Scharb-Bone Springs Oil Pool to comprise the W/2 of Section 5, all of Section 6, and the N/2 of Section 7, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.

(3) That the applicant also seeks the promulgation of special rules and regulations governing said pool, including provisions for 80-acre spacing units comprising any two contiguous 40-acre tracts, and for fixed well locations.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk caused from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Scharb-Bone Springs Oil Pool.

(5) That in order to encourage the orderly development of the subject pool, the temporary special rules and regulations should provide for 80-acre spacing units comprising the N/2, S/2, E/2, or W/2 of a single governmental quarter section; that due to the configuration of leases, the diversity of ownership, and the locations of wells previously drilled in the SW/4 and W/2 SE/4 of Section 6, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico, the operators in said area should be permitted to dedicate to wells within said area any two quarter-quarter sections contiguous by a common bordering side and lying wholly within said area.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(8) That this case should be reopened at an examiner hearing in October, 1964, at which time the operators in the subject pool should appear and show cause why the Scharb-Bone Springs Oil Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Scharb-Bone Springs Oil Pool in Lea County, New Mexico, are hereby extended to include the following-described area:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 5: W/2

Section 6: All

Section 7: N/2

(2) That Special Rules and Regulations for the Scharb-Bone Springs Oil Pool are hereby promulgated as follows:

RECEIVED	DATE
SEC	3
CASE NO.	7420
Submitted by	NOKES
Hearing Date	11/19/81

(SCHARB-BONE SPRINGS POOL - Cont'd.)

SPECIAL RULES AND REGULATIONS
FOR THE
SCHARB-BONE SPRINGS OIL POOL

RULE 1. Each well completed or recompleted in the Scharb-Bone Springs Oil Pool or in the Bone Springs formation within one mile of the Scharb-Bone Springs Oil Pool, and not nearer to or within the limits of another designated Bone Springs oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Scharb-Bone Springs Oil Pool shall be located on a standard unit containing approximately 80 acres comprising the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. The first well drilled on every standard or non-standard unit in the Scharb-Bone Springs Oil Pool shall be located in the NE/4 or SW/4 of a governmental quarter section. All wells shall be located within 200 feet of the center of a governmental quarter-quarter section.

RULE 5. The Secretary-Director may grant an exception to the footage requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon, provided the well will be located no nearer than 330 feet to the outer boundary of the unit. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset

operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) in the Scharb-Bone Springs Oil Pool shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable in the Scharb-Bone Springs Oil Pool as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That an exception is hereby granted to the Special Rules and Regulations for the Scharb-Bone Springs Oil Pool to permit the operators in the SW/4 and W/2 SE/4 of Section 6, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico, to dedicate to existing and future wells within said area any two quarter-quarter sections contiguous by a common bordering side and lying wholly within said area.

(2) That any well drilling to or completed in the Bone Springs formation within the Scharb-Bone Springs Oil Pool or within one mile of the Scharb-Bone Springs Oil Pool on or before October 9, 1963, that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator of any such well shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before November 15, 1963.

(3) That any operator desiring to dedicate 80 acres to a well presently drilling to or completed in the Scharb-Bone Springs Oil Pool shall file a new Form C-128 with the Commission on or before November 15, 1963.

(4) That this case shall be reopened at an examiner hearing in October, 1964, at which time the operators in the subject pool may appear and show cause why the Scharb-Bone Springs Oil Pool should not be developed on 40-acre spacing units.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE: at Santa Fe, New Mexico, on the day and year hereinabove designated.



Southland Royalty Company

SRC

4

7420

Nokes

11/19/81

10-13-81

State of New Mexico
Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

RE: Unorthodox Well Location
Scharb "9" #1
D, 660' FNL & 660' FWL
Sec. 9, T-19-S, R-35-E
Lea County, New Mexico

Gentlemen:

Southland Royalty Company requests administrative approval for an unorthodox location for the aforementioned completed well. This approval is requested in accordance with paragraph "F", Section II "Non Standard Units" of Rule 104.

The subject well was originally permitted with a standard location in the Wolfcamp formation. Said zone was penetrated and tested but was non-commercial. The well was, therefore, completed in the Bone Spring formation. It is requested that immediate attention be given to this matter, since the subject well has been completed and requires an approved NSL order to be assigned an allowable.

By a copy of this letter, Southland Royalty Company is notifying all offset operators of our request for an unorthodox location. This notification was mailed by certified mail.

Sincerely yours,

Ray F. Nokes

RSN/jj

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
 Supersedes C-12A
 Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator Southland Royalty Co.			Lease Scharb 9		Acres 1
Well Letter D	Section 9	Township 19 South	Range 35 East	County Lea	
Actual Footage Location of Well: 660 feet from the north line and 660 feet from the west line					
Ground Level Elev. 3843.5	Producing Formation Bone Spring	Pool Scharb		Dedicated to Leases 80 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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?

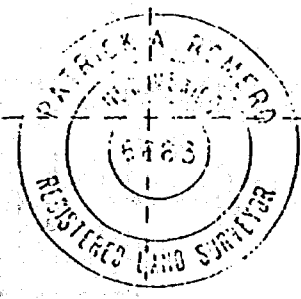
☐ Yes ☐ No If answer is "yes," type of consolidation _____

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.

Southland Royalty Co.
 (Fee)

Jewel Smith



CERTIFICATION

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

 Signature

 Position

Engineer Tech.

Company
Southland Royalty Company

Date
10-6-81

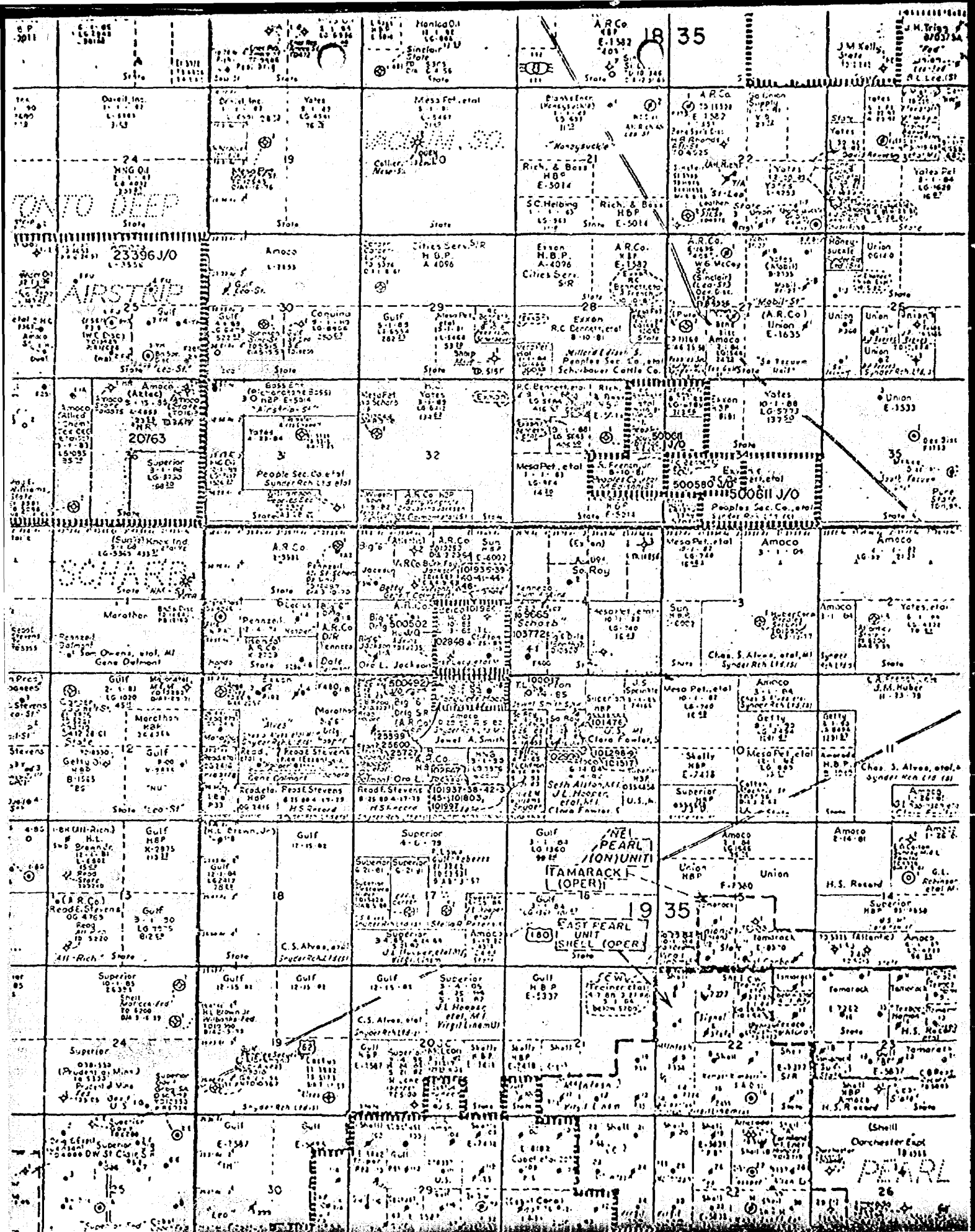
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date
4-17-81

Registered Professional Engineer
 No. of State Surveyor

 Signature

Print Name and Address of Engineer
JOHN R. HART
PATRICK A. ROMERO
REGISTERED PROFESSIONAL ENGINEER



Notification mailed 10-14-81 to the following:

Received

New Mexico Oil Conservation District I (Melba Carpenter)
Box 1980
Hobbs, NM 88240

10-15-81

State of NM Energy & Mineral Department
P. O. Box 2088
Santa Fe, NM 87501

10-19-81

Amoco Production Company
Box 4072
Odessa, TX 79760

10-15-81

Mesa Petroleum Company
Vaughn Building
Suite 1000
400 West Texas Avenue
Midland, TX 79701

10-15-81

Superior Oil Company
204 West Illinois
Midland, TX 79702

10-15-81

Exxon Company, U.S.A.
Box 1600
Midland, TX 79701

10-15-81

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
- ☒ Show to whom and date delivered..... 4
- ☐ Show to whom, date and address of delivery..... 4
- ☐ RESTRICTED DELIVERY
Show to whom and date delivered..... 4
- ☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery. 5

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
N.M. Oil Conservation Dist.
Dist. 1
Energy & Minerals Dept.
P. O. Box 1980, Hobbs, NM 88240

3. ARTICLE DESCRIPTION: ATTN: M. Carpenter

REGISTERED NO. CERTIFIED NO. INSURED NO.

P23 7179697

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY

POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

PSO: 1979 238 848

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

- The following service is requested (check one.)
- ☒ Show to whom and date delivered..... 4
- ☐ Show to whom, date and address of delivery..... 4
- ☐ RESTRICTED DELIVERY
Show to whom and date delivered..... 4
- ☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery. 5

(CONSULT POSTMASTER FOR FEES)

ARTICLE ADDRESSED TO:
State of New Mexico
Energy & Mineral Dept.
Oil Conservation Division
P. O. Box 2088, Santa FE, NM 87501

ARTICLE DESCRIPTION:

REGISTERED NO. CERTIFIED NO. INSURED NO.

P23 7179938

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

DATE OF DELIVERY

POSTMARK

ADDRESS (Complete only if requested)

UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

Form 361, Jan 1979

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.....
☐ Show to whom, date and address of delivery.....
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.....
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Mesa Petroleum Company
 Vaughn Bldg., Suite 1000
 400 W. Texas Ave.
 Midland, TX 79701

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P23 7179699	

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY
 10-15-81

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

POSTMARK
 MIDLAND
 15
 1981
 USPO

GPO : 1979-288-848

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

The following service is requested (check one.)
☒ Show to whom and date delivered.....
☐ Show to whom, date and address of delivery.....
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.....
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

ARTICLE ADDRESSED TO:
 Amoco Production Company
 Box 4072
 Odessa, TX 79760

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P23 7179698	

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent

4. DATE OF DELIVERY
 10-15-81

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

POSTMARK
 ODESSA TX MAIN OFFICE
 15
 1981
 USPO

GPO : 1979-288-848

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

The following service is requested (check one.)

- ☒ Show to whom and date delivered.....
☐ Show to whom, date and address of delivery.....
☐ RESTRICTED DELIVERY
Show to whom and date delivered.....
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

ARTICLE ADDRESSED TO:

The Superior Oil Company
204 West Illinois
Midland, TX 79702

ARTICLE DESCRIPTION:

REGISTERED NO. CERTIFIED NO. INSURED NO.

P23 7179700

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

Robert Smith

DATE OF DELIVERY

10-15-81

ADDRESS (Complete only if requested)

UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1979-289-648

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

The following service is requested (check one.)

- ☒ Show to whom and date delivered.....
☐ Show to whom, date and address of delivery.....
☐ RESTRICTED DELIVERY
Show to whom and date delivered.....
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

ARTICLE ADDRESSED TO:

Exxon Company U.S.A.
Box 1600
Midland, TX 79701

ARTICLE DESCRIPTION:

REGISTERED NO. CERTIFIED NO. INSURED NO.

P23 7179701

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

Edward Whetstone

DATE OF DELIVERY

10-15-81

ADDRESS (Complete only if requested)

UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1979-289-648



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

October 21, 1981

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

Southland Royalty Company
1100 Wall Towers West
Midland, Texas 79701

Attention: Ray F. Nokes

Re: Unorthodox Location
Scharb "9" Well No. 1
660' FNL and 660' FWL
Section 9, T19S, R35E

Gentlemen:

Your application for the above-referenced unorthodox location does not qualify for administrative approval.

Please advise this office if you wish the application set for an examiner hearing.

Sincerely,

R. L. STAMETS
Technical Support Chief

RLS/fd

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LAND OFFICE	
OPERATOR	

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

Form C-105
Revised 10-78

10. TYPE OF WELL
OIL WELL ☒ GAS WELL ☐ DRY ☐ OTHER ☐

11. TYPE OF COMPLETION
NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF. RECVR. ☐ OTHER ☐

12. Name of Operator
Southland Royalty Company

13. Address of Operator
1100 Wall Towers West, Midland, TX 79701

14. Location of Well
UNIT LETTER **D** LOCATED **660** FEET FROM THE **North** LINE AND **660** FEET FROM

15. Indicate Type of Lease
Date ☐ Fee ☒

16. Name of Lease
Scharb 9

17. Well No.
1

18. Field and Pool, or Wellbore
Scharb (Bone Spring)

19. County
Lea

15. Date Spudded **7-20-81** 16. Date T.D. Reached **8-31-81** 17. Date Compl. (Ready to Prod.) **9-18-81** 18. Elevations (H.F., RAB, RT, GR, etc.) **R. Nokes 3843.5' GR** 19. Elev. Casinghead **---**

20. Total Depth **10,841** 21. Plug Back T.D. **10,575** 22. H.A. (H.F. or B.H.P.) **C. Flaugher** 23. Intervals Drilled By **0-TD** 24. Intervals Drilled By **0-TD**

24. Producing Intervals, at this completion - Top, bottom, name
9632-9732 Scharb (Bone Spring) J. Hyatt
Well File
Linda Cornett

25. Was Directional Survey Made
No

26. Type Electric and Other Logs Run
CNL/FDC/GR-Caliper; DLL w/RXO B. Noland
Typist

27. Was Well Cored
No

28. CASING RECORD (Repl. strings set in well)						29. GEMENTING RECORD		30. AMOUNT PULLED	
CASING SIZE	WEIGHT LB. FT.	DEPTH SET	HOLES SIZE	DATE	REMARKS	DATE	REMARKS	DATE	REMARKS
11 3/4"	42	406	17 1/2"	11-2-81	450 sxs Cl "C"				Circ 60 sxs
8 5/8"	24 & 28	4,000	11"		1600 sxs Lite & Cl "C"				Circ 100 sxs
5 1/2"	15.5 & 17	10,635	7 7/8"		325 sxs Cl "H"				TOC @ 9300'
									by Temp Survey

29. LINER RECORD				30. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SIZE	DEPTH SET	PACKER SET	
				2 3/8"	9514	9514	

31. Production Record (date, size and number)
1 JSP @ 9632, 33, 34, 48, 49, 50, 51, 55, 56, 57, 67, 68, 69, 70, 71, 9726, 27, 28, 29, 30, 31 & 9732. (22 holes)

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.
DEPTH INTERVAL **9632-9732** AMOUNT AND KIND MATERIAL USED **Spot 500 gal 7 1/2% Acid**

33. PRODUCTION
Date First Production **9-18-81** Production Method (Flowing, gas lift, pumping - Size and type pump) **Flowing** Well Status (Prod. or Shut-in) **Producing**

Date of Test **10-4-81** Hours Tested **24** Casing Size **12/64** Production Test Period **201** Oil - BBL **TSTM** Gas - MCF **-0-** Water - BBL **---** Gas - Cu Inths **---**

Flow Tubing Press. **540 psi** Tubing Pressure **---** Surface and 24-hour time **201** Oil - BBL **TSTM** Gas - MCF **-0-** Water - BBL **---** Oil Gravity (API Corr.) **35.4**

34. Disposition of Gas (sold, used for fuel, vented, etc.)
To be sold Test Witnessed by **Wayne Grubbs**

35. List of Attachments
Electric Logs

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 **Ray Nokes** TITLE **Engineer Tech.** DATE **10-6-81**

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SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

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

Form C-105
 Revised 10-68

5. Indicate Type of Lease
 Lease ☐ Fee ☒
 6. Lease or Fee Date

10. TYPE OF WELL
 OIL WELL ☒ GAS WELL ☐ DRY ☐ OTHER ☐
 11. TYPE OF COMPLETION
 NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF. RESUM. ☐ OTHER ☐

7. Unit & Record Name

8. Name of Lease Owner
Scharb 9

2. Name of Operator
Southland Royalty Company
 3. Address of Operator
1100 Wall Towers West, Midland, TX 79701
 4. Location of Well

9. Well No.
1

13. Field and Pool, or Wellbore
Scharb (Bone Spring)

UNIT LETTER **D** LOCATED **660** FEET FROM THE **North** LINE AND **660** FEET FROM
 THE **West** LINE OF SEC. **9** TWP. **19-S** RGE. **35-E** NEAR

12. County
Lea

15. Date Spudded **7-20-81** 16. Date T.D. Reached **8-31-81** 17. Date Complet. (Ready to Prod.) **9-18-81** 18. Elevations (D.R., R.R., R.F., GR, etc.) **R. Nokes 3843.5' GR** 19. Elev. Casinghead

20. Total Depth **10,841** 21. Plug Depth T.D. **10,575** 22. If Multiple Completion
 Many **C. Slaughter** 23. Intervals Drilled By
 Rotary Tools **0-TD** Cable Tools **---**

24. Producing interval(s), at this completion - Top, bottom, Name
9632-9732 Scharb (Bone Spring) J. Hyatt
 Well File
 Linda Cornett

25. Was Directional Survey Made
No

26. Type Electric and Other Logs Run
CNL/FDC/GR-Caliper; DLL w/RXO B. Noland
 Typist

27. Was Well Cored
No

28. CASING RECORD (Record strings set in well)

CASING SIZE	WEIGHT LB. FT.	DEPTH SET	HOLES SIZE	CEMENTING RECORD	AMOUNT PULLED
11 3/4"	42	406	17 1/2"	450 sxs Cl "C"	Circ 60 sxs
8 5/8"	24 & 28	4,000	11"	1600 sxs Lite & Cl "C"	Circ 100 sxs
5 1/2"	15.5 & 17	10,635	7 7/8"	325 sxs Cl "H"	TOC @ 9300'
					by Temp Survey

29. LINER RECORD					30. TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2 3/8"	9514	9514

31. Perforation Record (Interval, size and number)
1 JSP @ 9632, 33, 34, 48, 49, 50, 51, 55, 56, 57, 67, 68, 69, 70, 71, 9726, 27, 28, 29, 30, 31 & 9732. (22 holes)

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

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
9632-9732	Spot 500 gal 7 1/2% Acid

33. PRODUCTION

Date First Production **9-18-81** Production Method (Flowing, gas lift, pumping - Size and type pump)
Flowing Well Status (Prod. or Shut-in)
Producing

Date of Test 10-4-81	Hours Tested 24	Shoke Size 12/64	Flowing Test Period 201	Oil - BBL TSTM	Gas - MCF -0-	Water - BBL -0-	Gas - CH Ratio ---
Flow Tubing Pressure 540 psi	casing Pressure ---	Calculated Flow Rate (BBL/D) 201	Oil - BBL TSTM	Gas - MCF -0-	Water - BBL -0-	Oil Gravity - API (Corr.) 35.4	

34. Disposition of Gas (Sold, used for fuel, vented, etc.)
To be sold Test Witnessed by
Wayne Grubbs

35. List of Attachments
Electric Logs

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 *Ray Nokes* TITLE **Engineer Tech.** DATE **10-6-81**



Southland Royalty Company

see 5

7420

NOKES

October 13, 1931

11/17/31

State of New Mexico
Energy & Mineral Department
Oil Conservation Division
P. O. Box 2038
Santa Fe, New Mexico 87501

Re: Unorthodox Well Location
Smith "5" No. 1
P, 660' FEL & 760' FSL
Sec. 5, T-19-S, R-35-E
Lea County, New Mexico

Gentlemen:

Southland Royalty Company requests administrative approval for an unorthodox location for the aforementioned completed well. This approval is requested in accordance with paragraph "F", Section II "Non-Standard Units" of Rule 104.

The subject well was originally completed in the Scharb Wolfcamp field. Production has reached an economic limit and a request has been made to the Oil Conservation Division to approve plug back procedures to the Bone Spring formation.

The original permit for the well was for a standard location in the Wolfcamp formation. Under the Scharb Bone Spring Field Rules, this plug back will result in an unorthodox location for the captioned well. It is requested that immediate attention be given to this matter, since the subject well requires an approved NSL order to be assigned an allowable.

By copy of this letter, Southland Royalty Company is notifying all offset operators of our request for an unorthodox location. This notification was mailed by certified mail.

Sincerely yours,

Ray F. Nokes

FFB lap

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-122
Supersedes C-122
Effective 1-1-75

All distances must be from the outer boundaries of the Section

Operator Southland Royalty Co.			Lessee Smith 5		Well No. 1
Unit Letter P	Section 5	Township 19 South	Range 35 East	County Lea	
Actual Footage Location of Well: 760 feet from the south line and 660 feet from the east line					
Ground Level Elev. 3850.7	Producing Formation Bone Spring		Pool Scharb	Dedicated Acreage 80 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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.

Name *Ray D. [Signature]*
 Position Engineer Tech.
 Company Southland Royalty Company
 Date 10-14-81

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 of Survey 12/12/80

Signature of Surveyor *John D. [Signature]*

Signature of Operator *John D. [Signature]*
 Signature of Lessee *John D. [Signature]*
 Signature of Well Owner *John D. [Signature]*

Southland Royalty Company

80 AC
Fee

Jewel P. Smith

Smith "5" #1

Notification mailed 10-14-81 to the following:

Received

New Mexico Energy & Mineral Department
P. O. 2088
Santa Fe, NM 87501

10-19-81

NM Oil Conservation Commission
P. O. Box 1980
Hobbs, NM 88240

10-15-81

Sun Oil Company
P. O. Box 1861
Midland, TX 79701

10-16-81

Arco Oil & Gas Company
P. O. Box 1610
Midland, TX 79701

10-15-81

Form 3811, Jan. 1979

SENDER: Complete 1, 2, and 3.
Add your name in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.....
☐ Show to whom, date and address of delivery.....
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.....
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$ _____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 ARCO OIL & GAS
 P. O. BOX 1610
 MIDLAND, TX 79701

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 7179705

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent
 DATE OF DELIVERY POSTMARK
 M 15 1979

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO : 1979-222-848

Form 3811, Jan. 1979

... in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☒ Show to whom and date delivered.....
☐ Show to whom, date and address of delivery.....
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.....
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$ _____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 SUN OIL COMPANY
 P. O. BOX 1861
 MIDLAND, TEXAS 79701

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 7179702

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☒ Authorized agent
 DATE OF DELIVERY POSTMARK
 JAMES T. 15 1979

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

FORM 3811, JAN. 1979

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1. The following service is requested (check one.) ☒ Show to whom and date delivered..... ☐ Show to whom, date and address of delivery..... ☐ RESTRICTED DELIVERY Show to whom and date delivered..... ☐ RESTRICTED DELIVERY. Show to whom, date, and address of delivery.\$ ____								
(CONSULT POSTMASTER FOR FEES)								
2. ARTICLE ADDRESSED TO: NEW MEXICO OIL CONSERVATION COMM. DISTRICT I P.O. Box 1780 Hobbs, New Mexico 88240								
3. ARTICLE DESCRIPTION: <table border="1"> <tr> <td>REGISTERED NO.</td> <td>CERTIFIED NO.</td> <td>INSURED NO.</td> </tr> <tr> <td></td> <td>7179704</td> <td></td> </tr> </table> (Always obtain signature of addressee or agent)			REGISTERED NO.	CERTIFIED NO.	INSURED NO.		7179704	
REGISTERED NO.	CERTIFIED NO.	INSURED NO.						
	7179704							
I have received the article described above. SIGNATURE ☐ Addressee ☒ Authorized agent								
4. DATE OF DELIVERY		POSTMARK						
5. ADDRESS (Complete only if requested)								
6. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS						

☆ GPO : 1979-235-348

FORM 3811, JAN. 1979

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1. The following service is requested (check one.) ☒ Show to whom and date delivered..... ☐ Show to whom, date and address of delivery..... ☐ RESTRICTED DELIVERY Show to whom and date delivered..... ☐ RESTRICTED DELIVERY. Show to whom, date, and address of delivery.\$ ____								
(CONSULT POSTMASTER FOR FEES)								
2. ARTICLE ADDRESSED TO: STATE OF NEW MEXICO ENERGY & MINERAL DEPARTMENT Oil Conservation Division P.O. Box 2070 Santa Fe, New Mexico 87501								
3. ARTICLE DESCRIPTION: <table border="1"> <tr> <td>REGISTERED NO.</td> <td>CERTIFIED NO.</td> <td>INSURED NO.</td> </tr> <tr> <td></td> <td>7179703</td> <td></td> </tr> </table> (Always obtain signature of addressee or agent)			REGISTERED NO.	CERTIFIED NO.	INSURED NO.		7179703	
REGISTERED NO.	CERTIFIED NO.	INSURED NO.						
	7179703							
I have received the article described above. SIGNATURE ☐ Addressee ☒ Authorized agent								
4. DATE OF DELIVERY		POSTMARK						
5. ADDRESS (Complete only if requested)								
6. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS						



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

October 21, 1981

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

Southland Royalty Company
1100 Wall Towers West
Midland, Texas 79701

Attention: Ray F. Nokes

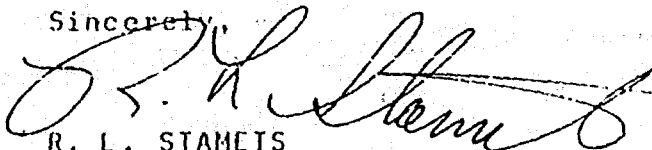
Re: Unorthodox Location
Smith "S" Well No. 1
760' FSL and 660' FCL
Section 5, T19S, R35E

Gentlemen:

Your application for the above-referenced unorthodox location does not qualify for administrative approval.

Please advise this office if you wish the application set for an examiner hearing.

Sincerely,


R. L. STAMETS
Technical Support Chief

RLS/fd

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LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 11-65

1A. Indicate Type of Lease
STATE ☐ FILE ☒

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work		7. Unit Agreement Name	
b. Type of Well OIL WELL ☒ GAS WELL ☐ OTHER ☐ DRILL ☐ DEEPEN ☐ PLUG BACK ☒ SINGLE ZONE ☒ MULTIPLE ZONE ☐		8. Farm or Lease Name Smith "5"	
2. Name of Operator Southland Royalty Company		9. Well No. 1	
3. Address of Operator 1100 Wall Towers West, Midland, TX 79701		10. Field and Pool, or Wildcat Scharb (Bone Spring)	
4. Location of Well UNIT LETTER P LOCATED 660 FEET FROM THE East LINE AND 760 FEET FROM THE South LINE OF SEC. 5 T. 19-S R. 35-E N. 1/4		17. County Lea	
12. Proposed Depth NA		19A. Formation Bone Spring	20. Rotary or C.T. NA
21. Elevations (Show whether Dr., R., etc.) 3866' KB	21A. Kind & Status Plug. Bond ---	21B. Drilling Contractor ---	22. Approx. Date Work will start As soon as possible

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP

Request approval to Plug Back to Bone Spring in the following manner: (See attached procedure).

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOW-OUT PREVENTER PROGRAM, IF ANY.

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

Signed Kay O. K. Title Engineer Tech. Date 10-13-81
(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

1. Rig up workover unit.
2. Pull rods, pump and tubing from well.
3. Go in hole with tubing and cement retainer. Set cement retainer at 10,500'[±].
4. Squeeze present perforations with 70 sacks of class "H" cement (casing capacity plus 100% excess) containing 0.8 of 1% Halad 22A (fluid loss agent).
5. Pull out of retainer, reverse out excess cement, and pull tubing from well.
6. Spot 500 gallons of 7 1/2% HCL across intervals to be perforated. (9432-9658').
7. Go in well with select-fire casing gun to perforate the Bone Spring formation with one JSPF at 9432', 34, 36, 38, 40, 42, 9584', 86, 88, 90, 92, 94, 96, 98, 9600', 30, 32, 34, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 56 and 58' (30 holes).
8. Go in hole with RBP, tubing and packer.
9. Set RBP at 9750'[±] and packer at 9514'[±].
10. Treat perforations (9584-9658') at 5-7 BPM in two stages as follows:
 - a. Pump 4000 gals of Versagel 1400 (Halliburton product) pad.
 - b. Pump 4000 gals of 15% NE acid
 - c. Pump 4000 gals of 2% KCL water over flush
 - d. Drop 15 ball sealers
 - e. Pump 4000 gals of Versagel 1400 pad
 - f. Pump 4000 gals of 15% NE acid
 - g. Pump 6000 gals of flush and overflush
 - h. Shut-in well for 2 to 3 hours.
11. Pull RBP and packer up hole. Set RBP at 9514'[±] and packer at 9330'[±].
12. Treat perforations (9432-42') at 5-7 BPM as follows:
 - a. Pump 5000 gals of Versagel 1400 pad
 - b. Pump 5000 gals of 15% NE acid
 - c. Pump 6000 gals of flush and overflush
 - d. Shut-in well for 2 to 3 hours
13. Swab well to test.

[illegible]

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

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

All distances must be from the outer boundaries of the Section

Operator Southland Royalty Co.			Lessee Smith 5		Well No. 1
Unit Letter P	Section 5	Township 19 South	Range 35 East	County Lea	
Actual Footage Location of Well: 760 feet from the south line and 660 feet from the east line					
Ground Level Elev. 3850.7	Producing Formation Bone Spring	Pool Scharb	Dedicated Acreage 80		

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.

Southland Royalty Company
80 AC
Fee

Jewel R. Smith

CERTIFICATION

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

Name _____
 Position _____
Engineer Tech.
 Company _____
Southland Royalty Company
 Date _____
10-14-81

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 _____
12/12/80
 Registered Professional Engineer
 and State Surveyor

John W. West
 Certificate No. **JOHN W. WEST 676**
PATRICK A. ROMERO 4888
Ronald J. Edmon 3239

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270

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OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-14-65

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. Type of Work		2. Unit Agreement Name	
a. Type of Well OIL WELL ☒ GAS WELL ☐ OTHER ☐ DRILL ☐ DEEPEN ☐ PLUG BACK ☒		b. Form of Lease Name Smith "5"	
3. Name of Operator		3. Well No.	
Southland Royalty Company		1	
3. Address of Operator		10. Field and Pool, or Without	
1100 Wall Towers West, Midland, TX 79701		Scharb (Bone Spring)	
4. Location of Well		12. County	
UNIT LETTER P LOCATED 660 FEET FROM THE East LINE AND 760 FEET FROM THE South LINE OF SEC 5 T19-S R35-E		Lea	
11. Elevation (show whether O.I., R.I., etc.)		13. Formation	
3866' KB		Bone Spring	
14. Estimated Date of Plug Back		15. Estimated Date of Work	
---		---	
16. Estimated Date of Work		17. Estimated Date of Work	
---		---	
18. Estimated Date of Work		19. Estimated Date of Work	
---		---	
20. Estimated Date of Work		21. Estimated Date of Work	
---		---	
22. Approx. Date Work will start		23. Approx. Date Work will start	
As soon as possible		As soon as possible	

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP

Request approval to Plug Back to Bone Spring in the following manner: (See attached procedure).

R. Nokes
G. Young
G. Slaughter
J. Hyatt
Well File
Linda Cornett
B. Noland
Typist
Other

Date 10-19-81

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO REOPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW ZONE. GIVE BLOCKY FALVECTEN PROGRAM, IF ANY.

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

Signed Ray D. Nokes Title Engineer Tech. Date 10-13-81

(This space for State Use)

Orig. Signed by

Jerry Sexton

Dist. 1, Supp.

APPROVED BY _____ TITLE _____ DATE OCT 16 1981

CONDITIONS OF APPROVAL, IF ANY:

Approved for plug back procedure, only. Unorthodox location must be approved prior to producing from the Bone Springs.



Amoco Production Company (USA)

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

October 30, 1981

File: JCA-986.511NM-0203

Re: Unorthodox Well Location
Scharb "9" Well No. 1
D, 660' FNL & 660' FWL
Sec. 9, T-19-S, R-35-E
Lea County, New Mexico

State of New Mexico
Energy & Mineral Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Southland Royalty Company has filed a request for administrative approval for an unorthodox well location for the Scharb "9" Well No. 1 completed in the Bone Spring Formation.

As an offset operator, Amoco Production Company has no objection to this unorthodox well location as stated above.

Yours very truly,

R. G. Smith
Regional Engineering Manager - West

MLC/lp
617/I

cc: Southland Royalty Company ✓
1100 Wall Towers West
Midland, TX 79701

SRC

6

7420

NOVES

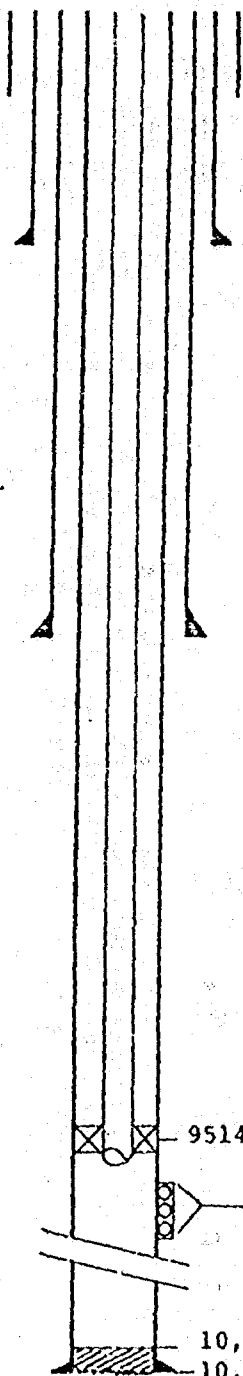
11/19/81

SOUTHLAND ROYALTY COMPANY

Well History Summary Sheet

Operator Southland Royalty Co. Well Name & # Scharb "9" Lease # 1
 SRC District Midland Made By Ray Nokes Date 11-4-81
 Location Unit D, 660' FNL & 660' FWL, Section 9, T-19-S, R-35-E, Lea County, New Mexico
 Spud Date 7-21-81 Compl. Date 9-18-81 TD 10,841 PBTD 10,575
 Type Well: Oil ☒ Gas ☐ Other ☐ Field Undesignated Scharb Bone Spring
 IP 10-3-81 for 201 BO, -0- BW, -0- MCF on 12/64 ch Zone Bone Spring
 Perfs.: 9632-9732' (OA) Total Holes 22
 1 JS @ 9632, 3, 4, 48, 49, 50, 51, 55, 56, 57, 67, 68, 69, 70, 71, 9726, 27, 28, 29, 30, 31 & 9732.
 Stimulation 8,000 qals Versagel & 8000 gal 15% HCl
 Cumul. Oil _____ MCF _____ Water _____
 Recent Test See initial potential Lift Equipment _____
 Misc. _____

WELL HISTORY



Drive or Conductor
 _____ @ _____
 Surface: 11 3/4"
42 # Gr. H-40 ST&C
 @ 406' Cmt. w/
450 Sx.TOC Surface
 Hole Size 17 1/2"
 Max Mud Wt. Spud mud #/G

Intermediate:
8 5/8" 28 & 24 #
 Gr S-80; J-5@ 4000'
 Cmt w/ 1600 Sx.
 TOC @ Surface Hole
 Size 11" Max Mud
 Wt. 10.1 #/G

Liner: _____
 From _____ To _____
 _____ #
 _____ Gr., Cmt. w/
 _____ Sx. TOC @
 _____ Hole Size
 _____ Max Mud
 Wt. _____ #/G

9514' Wt. _____ #/G

9632-9732' (OA)

10,575' PBTD
10,841' TD

Production: 5 1/2"
17 & 15 #K-55&N-80 Gr.
 @ 10,635 Cmt. w/
325 Sx. TOC @
9300' Hole Size
7 7/8" Mx Mud Wt.
10.1 #/G

Well status as of 11-1-81. Shut in waiting
on allowable.

DEPARTMENT OF REVENUE
 DIVISION OF OIL & GAS

SEE _____ 7

7470

NOKES

11/19/81

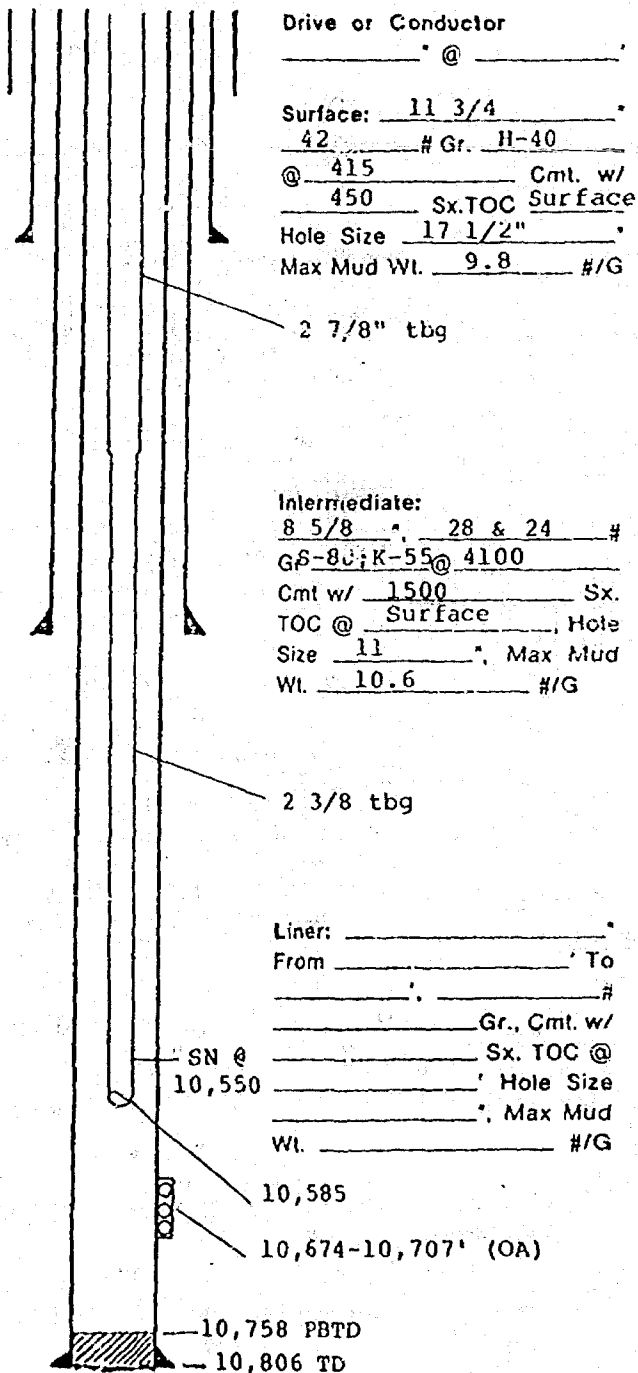
Tubing 2 3/8" 4.70 #, N-80 Gr. @ 9514
 Tubing _____

SOUTHLAND ROYALTY COMPANY

Well History Summary Sheet

Operator Southland Royalty Company Well Name & # Smith "5" Lease # 1
 SRC District Midland Made By Ray Nokes Date 11-5-81
 Location Unit P, 660' FEL & 760' FSL, Sec. 5, T-19-S, R-35-E, Lea County, NM
 Spud Date 1-9-81 Compl. Date 10-10-81 TD 10,806 PBTD 10,758
 Type Well: Oil X Gas Other Field Scharb Wolfcamp
 I P Pmp 60 BO, 36 MCFGPD, 53 BW Zone Wolfcamp
 Perfs.: 1 JSPF from 10,674-10,688; 1 JS @ 10,607, 11, 12, 17, 18, 20 Total Holes
21, 24, 29, 32, 33, 35, 97, 98, 10, 774, 07.
 Stimulation Total=Acidz w/3200 gal 7 1/2 & 15% HCl
 Cumul. Oil 2378 Wolfcamp to 9-1-81 MCF Water
 Recent Test Lift Equipment
 Misc. Status: Presently Shut In

WELL HISTORY



Production: 5 1/2
17 & 15.5 # N-80; J-55 Gr.
 @ 10,806 Cmt. w/
450 Sx. TOC @
8151' Hole Size
7 7/8 Mx Mud Wt.
10.2 #/G
 TO 10,806

Tubing Top 2 7/8 # J-55 Gr. @
 Tubing Bottom 2 3/8 # N-80 Gr. @ 10,585
~~XXXXXX~~ SN @ 10,550

SOUTHLAND ROYALTY COMPANY

Well History Summary Sheet

Operator Southland Royalty Company Well Name & # Smith "5" Lease # 1
 SRC District Midland Made By Ray Nokes Date 11-5-81
 Location _____
 Spud Date _____ Compl. Date _____ TO _____ PBTD _____
 Type Well: Oil _____ Gas _____ Other _____ Field _____
 I P _____ Zone _____
 Perfs.: _____ Total Holes _____
 Stimulation _____
 Cumul. Oil SI (WO Allowable) MCF _____ Water _____
 Recent Test _____ Lift Equipment _____
 Misc. _____

WELL HISTORY

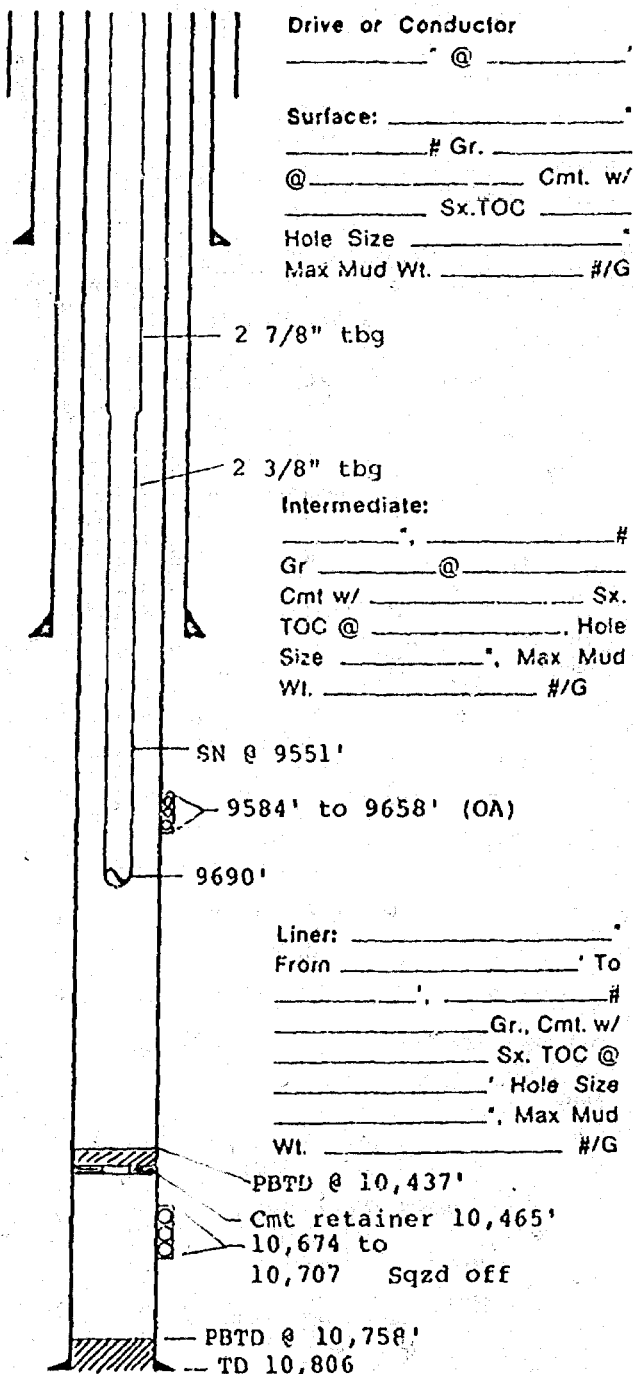
Recomplete to Bone Spring formation

Set cmt. retainer @ 10,465'. Sqz perfs from
 10,674-10,707' w/150 sxs cmt. Sting out of
 retainer and leave 33 ft. of cmt. on top of
 retainer. PBTD @ 10,437

Perf: 1 JS @ 9584, 86, 88, 90, 92, 94, 96, 98, 9600,
 30, 32, 34, 36, 38, 40, 43, 44, 46, 48, 50, 52, 54, 56, 9658.

Acidz: 8000 gal 15% NE acid & 18,000 gal versagel

IP for Bone Spring: 35 Bo, 4 BW, & 35 MCFGPD



Production: _____
 _____ # _____ Gr.
 @ _____ Cmt. w/
 Sx. TOC @ _____
 Hole Size _____
 Mx Mud Wt. _____
 _____ #/G

TD _____

Tubing Top 2 7/8 : 6.5 # J-55 Gr. @
 Tubing Bottom 2 3/8 : 4.7 # N-80 Gr. @ 9690'
 Packer SN @ 9551'

Dockets Nos. 36-81 and 39-81 are tentatively set for December 2, and December 15, 1981. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 19, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE:** (1) Consideration of the allowable production of gas for December, 1981, from fifteen prorated pools in Lea, Eddy and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for December, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7410: Application of B.O.A. Oil & Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2035 feet from the South line and 2455 feet from the East line and one to be drilled 2455 feet from the North line and 1944 feet from the East line, both in Section 31, Township 31 North, Range 15 West, Verde-Gallup Oil Pool, the NW/4 SE/4 and SW/4 NE/4, respectively, of said Section 31 to be dedicated to said wells.

CASE 7356: (Continued from October 21, 1981, Examiner Hearing)

Application of S & I Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the W/2 SW/4 of Section 12, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7411: Application of Viking Petroleum, Inc., for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North and East lines of Section 12, Township 11 South, Range 27 East, the NE/4 of said Section 12 to be dedicated to the well. (This case will be dismissed).

CASE 7412: Application of Gulf Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Lower Yates, Queen, San Andres and Delaware formations in the open hole interval from 4375 feet to 7452 feet in its Lea "ZD" State Well No. 1 located in Unit M of Section 30, Township 13 South, Range 35 East, Air-Strip Field.

CASE 7413: Application of Gulf Oil Corporation for Directional Drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Arnott Ramsey Well No. 12, the surface location of which is 500 feet from the South line and 1400 feet from the East line of Section 32, Township 25 South, Range 37 East, to a bottomhole location within 150 feet of a point 50 feet from the South line and 800 feet from the East line of Section 32, Township 25 South, Range 37 East, Langlie Mattix Pool, the SE/4 SE/4 of said Section 32 to be dedicated to the well.

CASE 7414: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Wantz-Granite Wash production in the wellbore of its Hugh Well No. 10, located in Unit C of Section 14, Township 22 South, Range 37 East.

CASE 7415: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Tubb and Drinkard production in the wellbore of its T. R. Andrews Well No. 3, located in Unit J of Section 32, Township 22 South, Range 38 East.

CASE 7379: (Continued from October 21, 1981, Examiner Hearing)

Application of JEM Resources, Inc., for vertical pool extension and special GOR limit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the vertical extension of the Cave-Grayburg Pool to include the San Andres Formation, and the establishment of a special gas-oil ratio limit for said pool to 6000 to one or, in the alternative, the abolishment of the gas-oil ratio limit in said pool, all to be effective October 1, 1981.

CASE 7407: (Continued from November 4, 1981, Examiner Hearing)

Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the NE/4 of Section 23, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7416: Application of El Paso Natural Gas Company for pool creation and redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to contract the horizontal limits of the Jalmat Gas Pool by deleting therefrom all lands in Township 26 South, Range 37 East. Applicant also proposes to contract the horizontal limits of the Rhodes Yates - Seven Rivers Oil Pool by deleting therefrom all of the gas productive lands in the North end thereof and to create the Rhodes Yates-Seven Rivers Gas Pool comprising all such deleted lands. Applicant further proposes the deletion of certain oil productive lands from said Rhodes oil pool and the extension of the Scarborough Pool to include said lands. Applicant further proposes to contract the horizontal boundaries of the Rhodes Gas Storage Unit to delete certain lands and wells not participating in the Rhodes Gas Storage Project and to withdraw without restriction all gas remaining in the newly created Rhodes Gas Pool.

CASE 7417: (This case will be dismissed.)

Application of Northwest Pipeline Corporation for 13 non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for 13 non-standard Pictured Cliffs gas proration units ranging in size from 142.39 acres to 176.77 acres and each comprised of various contiguous lots or tracts in Sections 4, 5, 6, 7, and 18 of Township 31 North, Range 7 West. Said proration units result from corrections in the survey lines on the North and West sides of Township 31 North, Range 7 West and overlap seven non-standard Mesaverde proration units previously approved by Order No. R-1066.

CASE 7418: Application of Morris R. Antweil for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Nadine-Drinkard Pool including a special gas-oil ratio of 6,000 to one.

CASE 7419: Application of Morris R. Antweil for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Nadine-Blinebry pool including a special gas-oil ratio of 4,000 to one.

CASE 7420: Application of Southland Royalty Company for two unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of two previously drilled wells, the first being 760 feet from the South line and 660 feet from the East line of Section 5 the other being 660 feet from the North and West lines of Section 9, both in Township 19 South, Range 35 East, both to be plugged back to the Scharb-Bone Springs Pool, the S/2 SE/4 of Section 5 and the N/2 NW/4 of Section 9, respectively, to be dedicated to the wells.

CASE 7421: Application of Doyle Hartman for compulsory pooling, unorthodox well location and non-standard spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying a 120-acre non-standard spacing unit consisting of the S/2 SW/4 and the NW/4 SW/4 of Section 3, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 2,310 feet from the South line and 330 feet from the West line of Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7422: Application of Conoco, Inc. for dual completion and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Southeast Monument Unit Well No. 121, to produce oil from the Skaggs Grayburg and an undesignated Paddock pool through parallel strings of tubing. Applicant further seeks approval of the unorthodox location of said well 1310 feet from the North line and 1330 feet from the West line of Section 19, Township 20 South, Range 38 East, the NE/4 NW/4 of said Section 19 to be dedicated to the well.

CASE 7423: Application of Conoco, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for three companies to institute a cooperative waterflood project in the Blinebry oil and gas pool by the injection of water into the Blinebry formation through 13 injection wells located on leases operated by Conoco, Shell Oil Company, and Southland Royalty Company, in Sections 33 and 34, Township 20 South, Range 38 East, and Sections 2 and 3, Township 21 South, Range 37 East.

CASE 7424: Application of Rice Engineering and Operating, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Lower San Andres formation in the perforated interval from 4300 feet to 4852 feet in its Eunice-Monument Eumont SWD "G" Well No. 8, located in Unit G of Section 8, Township 20 South, Range 37 East.

CASE 7425: Application of H. L. Brown, Jr. for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the San Andres formation to the base of the Pennsylvanian formation underlying the S/2 of Section 36, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 554 feet from the South and West lines of said Section 26, provided that in the event the subject well encounters production in the Casey-Strawn Pool and/or the West Knowles-Drinkard Pool, the lands pooled would be the W/2 SW/4 of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7426: Application of Phillips Petroleum Company for Amendment of Division Order No. R-5897 and certification of a tertiary recovery project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Division Order No. R-5897, to include the injection of carbon dioxide in the previously authorized pressure maintenance project in the East Vacuum Grayburg-San Andres Unit, for conversion of existing injectors to water/carbon dioxide injection, and for certification to the Secretary of the IRS that the East Vacuum Grayburg-San Andres Unit Project is a qualified tertiary oil recovery project.

CASE 7427: Application of Belco Petroleum Corporation for a special allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an adjustment to the manner in which allowables are calculated for wells in the South Carlsbad-Morrow Gas Pool in order to grant relief to the over-produced status of its Douglas Com. Well No. 1 located in Unit H of Section 7, Township 22 South, Range 27 East, said well being subject to shut-in being more than six times its allowable over-produced. In the alternative, applicant seeks to make up the over-production at a rate less than complete shut-in by curtailing production from the well to 80 percent of its top allowable until it is back in balance.

CASE 7428: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating; and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Antelope Ridge-Wolfcamp Gas Pool. The discovery well is J. C. Williamson Triple A Federal Well No. 1 located in Unit F of Section 10, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 10: N/2 and N/2 SW/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Diamondtail-Wolfcamp Pool. The discovery well is the Superior Oil Company Triste Draw Federal Well No. 1 located in Unit J of Section 14, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 14: SE/4

Examiner Hearing - Thursday - November 14, 1981

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Grama Ridge-Bone Spring Pool. The discovery well is the Hunt Oil Company State 4 Well No. 1 located in Unit T of Section 4, Township 21 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 4: SW/4

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Grassland-Wolfcamp Pool. The discovery well is C. F. Qualia State 23 Well No. 1 located in Unit K of Section 23, Township 15 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM
Section 23: SW/4

(e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Lusk-Bone Spring Pool. The discovery well is Petroleum Development Corporation Shelly Federal Com. Well No. 1 located in Unit H of Section 5, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 5: NE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the McMillan-Atoka Gas Pool. The discovery well is Southland Royalty Company Pacos River 21 Federal Com Well No. 1 located in Unit K of Section 21, Township 19 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 21: S/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Springs-Morrow Gas Pool. The discovery well is Jake L. Hamon State 33 Com Well No. 1 located in Unit I of Section 33, Township 20 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 32: E/2
Section 33: All

(h) EXTEND the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 11: All
Section 15: N/2

(i) EXTEND the Baldrige Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 14: N/2

(j) EXTEND the Bear Draw-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 28: N/2 SE/4

(k) EXTEND the Bluit-Wolfcamp Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH RANGE 37 EAST, NMPM
Section 10: SE/4

(l) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 4: All

Examiner Hearing - Thursday - November 14, 1981

- (m) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 13: SE/4 SW/4

- (n) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 35: W/2

- (o) EXTEND the Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 27: N/2

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 1: All

- (p) EXTEND the Golden Lane-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 8: S/2

- (q) EXTEND the Kennedy Farms-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 34: N/2
Section 35: N/2

- (r) EXTEND the North Mason-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM
Section 8: S/2 S/2

- (s) EXTEND the West Osado-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 35: N/2

- (t) EXTEND the West Parkway-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 29: W/2

- (u) EXTEND the Peterson-Mississippian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 29: NE/4

- (v) EXTEND the POW-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 4: S/2

- (w) EXTEND the Saunders-Permian Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 32: NE/4

Examiner Hearing - Thursday - November 14, 1981

- (x) EXTEND the Scharb-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 8: NE/4

- (y) EXTEND the East Sieta-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 10: NE/4

- (z) EXTEND the Teague-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 27: NW/4

- (aa) EXTEND the Tom-Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 28: SE/4

- (bb) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 21: All

- (cc) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 9: NE/4

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 986-4421
TELECOPIER: (505) 983-6043

October 28, 1981

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department
of Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 7420

Re: Application of Southland Royalty Company for an
Unorthodox Well Location, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Southland Royalty Company in the above-referenced matter.

The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on November 19, 1981.

Very truly yours,

William F. Carr

William F. Carr

WFC:lr

Enclosures

cc: Mr. Ray Noakes

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF SOUTHLAND ROYALTY COMPANY FOR
AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

Case 7420

APPLICATION

Comes now SOUTHLAND ROYALTY COMPANY, by and through its undersigned attorneys, and hereby makes application to the Oil Conservation Division for an unorthodox well location and in support thereof would show the Division:

1. Applicant is the operator of the Bone Springs formation underlying the S/2 SE/4 of Section 5, Township 19 South, Range 35 East, N.M.P.M. on which it has drilled its Smith 5 (Well No. 1) at a point 760 feet from the South line and 660 feet from the East line of said Section 5.
2. On October 30, 1963 the Oil Conservation Commission promulgated Special Rules and Regulations for the Scharb-Bone Springs Oil Pool which provided, among other things, for 80-acre spacing with the first well on each spacing unit to be located in the NE/4 or the SW/4 of the governmental section.
3. Applicant seeks an exception to Rule 4 of the Special Rules and Regulations for the Scharb-Bone Springs Oil Pool to approve the drilling of the Smith 5 (Well No. 1) as the first well on the spacing unit at the above-mentioned location in the SE/4 of Section 5.
4. The Smith 5 (Well No. 1) was originally drilled to the Wolfcamp formation which was non productive and has now been plugged back to the Bone Springs formation.

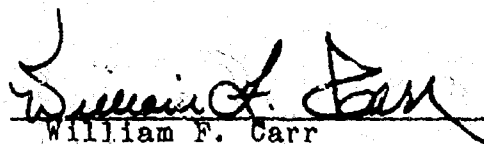
5. That approval of its application will afford applicant the opportunity to produce its just and equitable share of the gas in the Scharb-Bone Springs Pool and will otherwise be in the best interest of conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, Applicant requests that this matter be set for hearing before a duly appointed examiner of the Oil Conservation Division on November 19, 1981, that notice be given as required by law and the rules of the Division, and that the Division enter its order approving the unorthodox location of the Smith 5 (Well No. 1) and providing such other and further relief as is proper in the premises.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By


William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant
(505) 988-4421

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
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October 28, 1981

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of
Energy & Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 7420

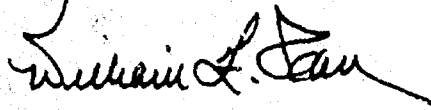
Re: Application of Southland Royalty Company for an
Unorthodox Well Location, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Southland
Royalty Company in the above-referenced matter.

The applicant requests that this matter be included on
the docket for the examiner hearing scheduled to be held
on November 19, 1981.

Very truly yours,



William F. Carr

WFC:lr

Enclosures

cc: Mr. Ray Noakes

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF SOUTHLAND ROYALTY COMPANY FOR
AN UNORTHODOX WELL LOCATION, LEA
COUNTY, NEW MEXICO.

Case 7420

APPLICATION

Comes now SOUTHLAND ROYALTY COMPANY, by and through its undersigned attorneys, and hereby makes application to the Oil Conservation Division for an unorthodox well location and in support thereof would show the Division:

1. Applicant is the operator of the Bone Springs formation underlying the N/2 NW/4 of Section 9, Township 19 South, Range 35 East, N.M.P.M. on which it has drilled its Scharb 9 (Well No. 1) at a point 660 feet from the North and West lines of said Section.
2. On October 30, 1963 the Oil Conservation Commission promulgated Special Rules and Regulations for the Scharb-Bone Springs Oil Pool which provided, among other things, for 80-acre spacing with the first well on each spacing unit to be located in the NE/4 or the SW/4 of a governmental section.
3. Applicant seeks an exception to Rule 4 of the Special Rules and Regulations for the Scharb-Bone Springs Oil Pool to approve the drilling of the Scharb 9 (Well No. 1) as the first well on the spacing unit at the above-mentioned location in the NW/4 of Section 9.
4. The Scharb 9 (Well No. 1) was originally drilled to the Wolfcamp formation which was non productive and has now been plugged back to the Bone Springs formation.

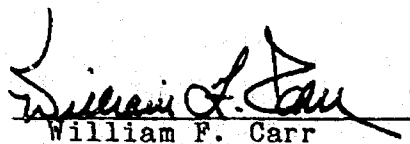
5. That approval of its application will afford applicant the opportunity to produce its just and equitable share of the gas in the Scharb-Bone Springs Pool and will otherwise be in the best interest of conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, Applicant requests that this matter be set for hearing before a duly appointed examiner of the Oil Conservation Division on November 19, 1981, that notice be given as required by law and the rules of the Division, and that the Division enter its order approving the unorthodox location of the Scharb 9 (Well No. 1) and providing such other and further relief as is proper in the premises.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By



William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant
(505) 988-4421



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

October 21, 1981

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

Case 7420

Southland Royalty Company
1100 Wall Towers West
Midland, Texas 79701

Attention: Ray F. Nokes

Re: Unorthodox Location
Smith "5" Well No. 1
760' FSL and 660' FEL
Section 5, T19S, R35E

Gentlemen:

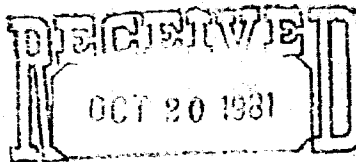
Your application for the above-referenced unorthodox location does not qualify for administrative approval.

Please advise this office if you wish the application set for an examiner hearing.

Sincerely,

R. L. STAMETS
Technical Support Chief

RLS/fd



NEW MEXICO DIVISION
SANTA FE



Southland Royalty Company

October 31, 1981

State of New Mexico
Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 7720

Re: Unorthodox Well Location
Smith "5" No. 1
P, 660' FEL & 760' FSL
Sec. 5, T-19-S, R-35-E
Lea County, New Mexico

Gentlemen:

Southland Royalty Company requests administrative approval for an unorthodox location for the aforementioned completed well. This approval is requested in accordance with paragraph "F", Section II "Non-Standard Units" of Rule 104.

The subject well was originally completed in the Scharb Wolfcamp field. Production has reached an economic limit and a request has been made to the Oil Conservation Division to approve plug back procedures to the Bone Spring formation.

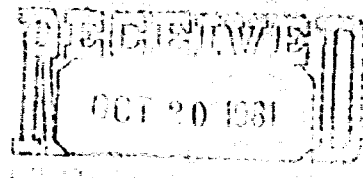
The original permit for the well was for a standard location in the Wolfcamp formation. Under the Scharb Bone Spring Field Rules, this plug back will result in an unorthodox location for the captioned well. It is requested that immediate attention be given to this matter, since the subject well requires an approved NSL order to be assigned an allowable.

By copy of this letter, Southland Royalty Company is notifying all offset operators of our request for an unorthodox location. This notification was mailed by certified mail.

Sincerely yours,

Ray F. Nokes

RFN/lap



Southland Royalty Company

October 31, 1981

State of New Mexico
Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Unorthodox Well Location
Smith "5" No. 1
P, 660' FEL & 760' FSL
Sec. 5, T-19-S, R-35-E
Lea County, New Mexico

Gentlemen:

Southland Royalty Company requests administrative approval for an unorthodox location for the aforementioned completed well. This approval is requested in accordance with paragraph "F", Section II "Non-Standard Units" of Rule 104.

The subject well was originally completed in the Scharb Wolfcamp field. Production has reached an economic limit and a request has been made to the Oil Conservation Division to approve plug back procedures to the Bone Spring formation.

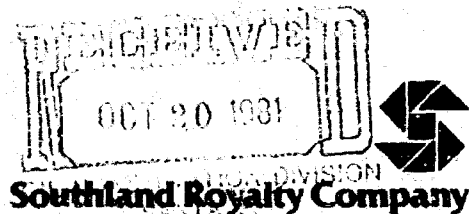
The original permit for the well was for a standard location in the Wolfcamp formation. Under the Scharb Bone Spring Field Rules, this plug back will result in an unorthodox location for the captioned well. It is requested that immediate attention be given to this matter, since the subject well requires an approved NSL order to be assigned an allowable.

By copy of this letter, Southland Royalty Company is notifying all offset operators of our request for an unorthodox location. This notification was mailed by certified mail.

Sincerely yours,

Ray F. Nokes

RFN/lap



October 31, 1981

State of New Mexico
Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 7420

Re: Unorthodox Well Location
Smith '5" No. 1
P, 660' FEL & 760' FSL
Sec. 5, T-19-S, R-35-E
Lea County, New Mexico

Gentlemen:

Southland Royalty Company requests administrative approval for an unorthodox location for the aforementioned completed well. This approval is requested in accordance with paragraph "F", Section II "Non-Standard Units" of Rule 104.

The subject well was originally completed in the Scharb Wolfcamp field. Production has reached an economic limit and a request has been made to the Oil Conservation Division to approve plug back procedures to the Bone Spring formation.

The original permit for the well was for a standard location in the Wolfcamp formation. Under the Scharb Bone Spring Field Rules, this plug back will result in an unorthodox location for the captioned well. It is requested that immediate attention be given to this matter, since the subject well requires an approved NSL order to be assigned an allowable.

By copy of this letter, Southland Royalty Company is notifying all offset operators of our request for an unorthodox location. This notification was mailed by certified mail.

Sincerely yours,

Ray F. Nokes

RFN/lap

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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

OCT 20 1981
OIL CONSERVATION

Operator Southland Royalty Co.			Lease Smith 5			Well No. 1
Init Letter P	Section 5	Township 19 South	Range 35 East	County SAN JUAN		

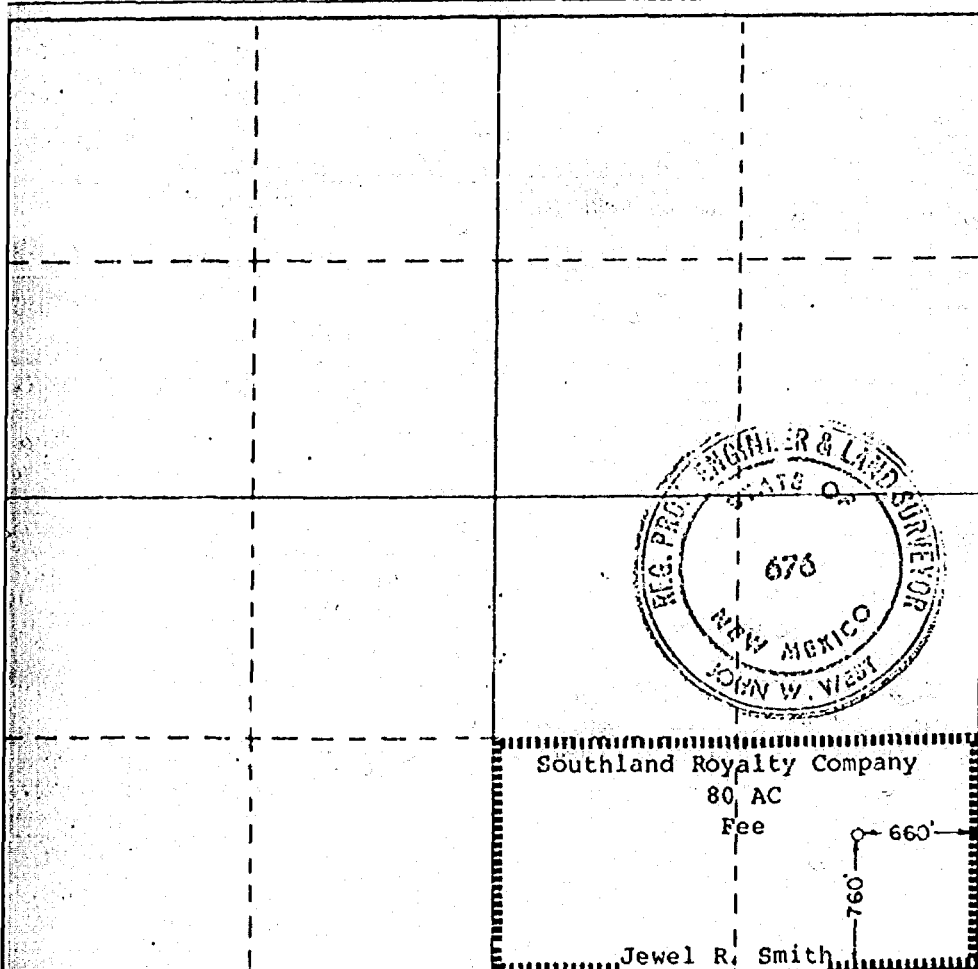
Actual Footage Location of Well:
760 feet from the **south** line and **660** feet from the **east** line
 Ground Level Elev. **3850.7** Producing Formation **Bone Spring** Pool **Scharb** Dedicated Acreage: **80** Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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.

Name Ray Doherty
 Position Engineer Tech.
 Company Southland Royalty Company
 Date 10-14-81

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 12/12/80

Registered Professional Engineer and Land Surveyor

John W. West
 Certificate No. JOHN W. WEST 678
PATRICK A. ROMERO 6488
Ronald J. Eldon 3239

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-120
Effective 1-1-65

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

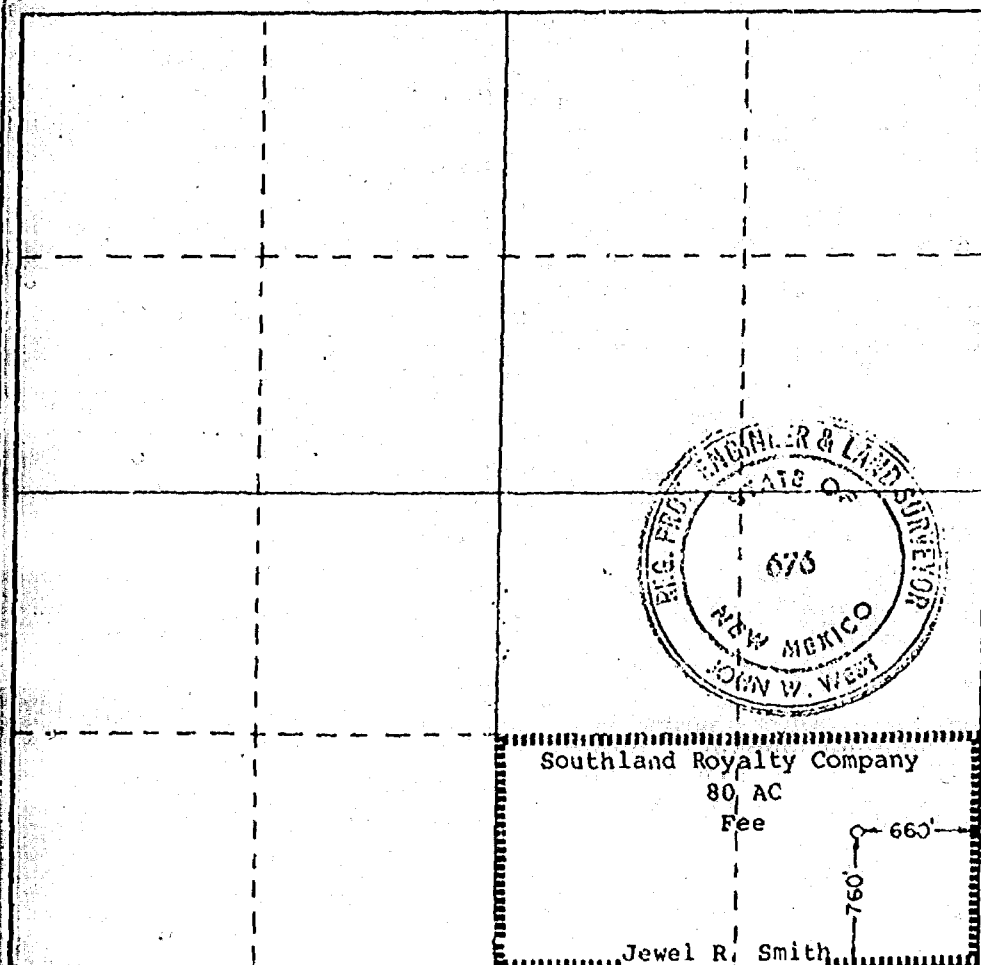
Operator Southland Royalty Co.			Lease Smith 5		Well No. 1
Unit Letter P	Section 5	Township 19 South	Range 35 East	County Lea	
Actual Footage Location of Well: 760 feet from the south line and 660 feet from the east line					
Ground Level Elev. 3850.7	Producing Formation Bone Spring	Pool Scharb	Dedicated Acreage: 80 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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.

Name Ray D. Ochoa
 Position Engineer Tech.
 Company Southland Royalty Company
 Date 10-14-81

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 12/12/80
 Registered Professional Engineer and Land Surveyor

John W. West
 Certificate No. JOHN W. WEST 678
PATRICK A. ROMERO 6448
Ronald J. Eidson 3239

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

All distances must be from the outer boundaries of the Section

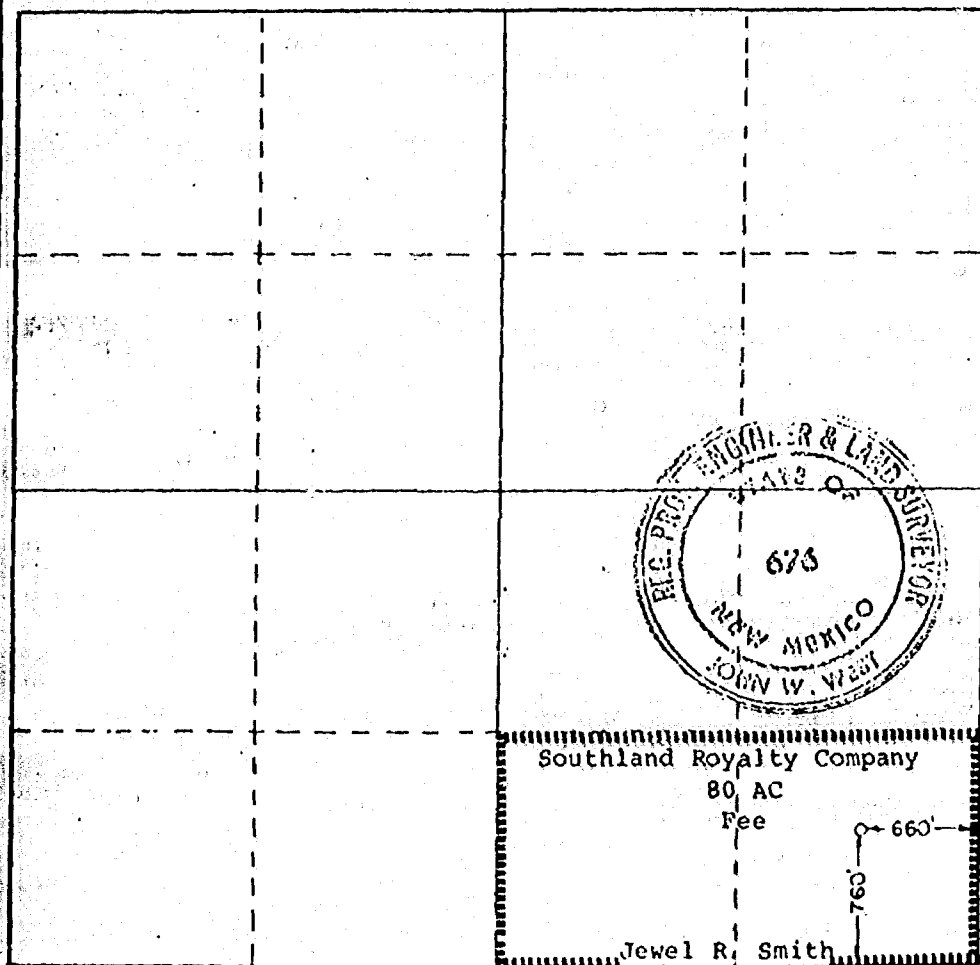
Operator Southland Royalty Co.			Lease Smith 5		Well No. 1
Unit Letter P	Section 5	Township 19 South	Range 35 East	County Lea	
Actual Footage Location of Well: 760 feet from the south line and 660 feet from the east line					
Ground Level Elev. 3850.7	Producing Formation Bone Spring	Pool Scharb	Dedicated Acreage: 80 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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.) _____

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CERTIFICATION

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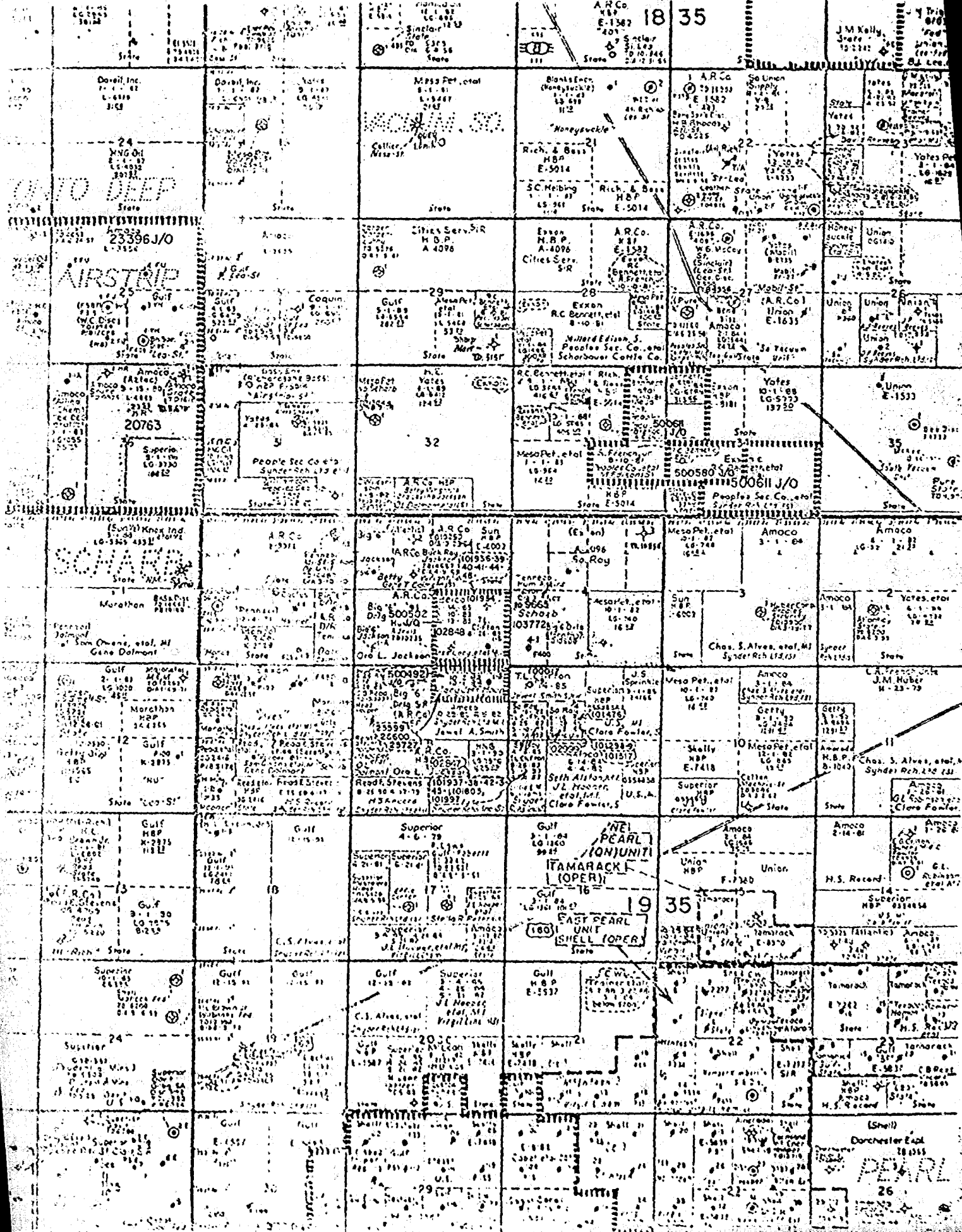
Name Ray Doherty
Position
Engineer Tech.
Company
Southland Royalty Company
Date
10-14-81

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
12/12/80

Registered Professional Engineer and/or Land Surveyor

John W. West
Certificate No. **JOHN W. WEST 678**
PATRICK A. POMERO 6668
Ronald J. Edgemo 3239



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SECRET



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

October 21, 1981

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

Case 7420

Southland Royalty Company
1100 Wall Towers West
Midland, Texas 79701

Attention: Ray F. Nokes

Re: Unorthodox Location
Scharb "9" Well No. 1
660' FNL and 660' FWL
Section 9, T19S, R35E

Gentlemen:

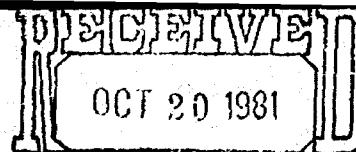
Your application for the above-referenced unorthodox location does not qualify for administrative approval.

Please advise this office if you wish the application set for an examiner hearing.

Sincerely,

R. L. STAMETS
Technical Support Chief

RLS/fd



OIL CONSERVATION DIVISION
SANTA FE



Southland Royalty Company

10-13-81

Case 7420

State of New Mexico
Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

RE: Unorthodox Well Location
Scharb "9" #1
D, 660' FNL & 660' FWL
Sec. 9, T-19-S, R-35-E
Lea County, New Mexico

Gentlemen:

Southland Royalty Company requests administrative approval for an unorthodox location for the aforementioned completed well. This approval is requested in accordance with paragraph "F", Section II "Non Standard Units" of Rule 104.

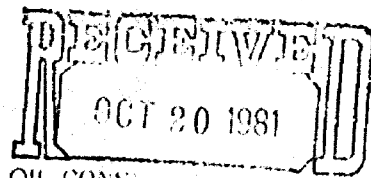
The subject well was originally permitted with a standard location in the Wolfcamp formation. Said zone was penetrated and tested but was non-commercial. The well was, therefore, completed in the Bone Spring formation. It is requested that immediate attention be given to this matter, since the subject well has been completed and requires an approved NSI order to be assigned an allowable.

By a copy of this letter, Southland Royalty Company is notifying all offset operators of our request for an unorthodox location. This notification was mailed by certified mail.

Sincerely yours,

Ray F. Nokes

RFN/jg



OIL CONSERVATION DIVISION
SANTA FE



Southland Royalty Company

10-13-81

Case 7420

State of New Mexico
Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

RE: Unorthodox Well Location
Scharb "9" #1
D, 660' FNL & 660' FWL
Sec. 9, T-19-S, R-35-E
Lea County, New Mexico

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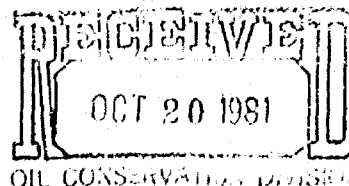
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By a copy of this letter, Southland Royalty Company is notifying all offset operators of our request for an unorthodox location. This notification was mailed by certified mail.

Sincerely yours,

Ray F. Nokes

RFN/jg



Southland Royalty Company

10-13-81

Case 7420

State of New Mexico
Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

RE: Unorthodox Well Location
Scharb "9" #1
D, 660' FNL & 660' FWL
Sec. 9, T-19-S, R-35-E
Lea County, New Mexico

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Sincerely yours,

Ray F. Nokes

RFN/jg

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

All distances must be from the outer boundaries of the Section

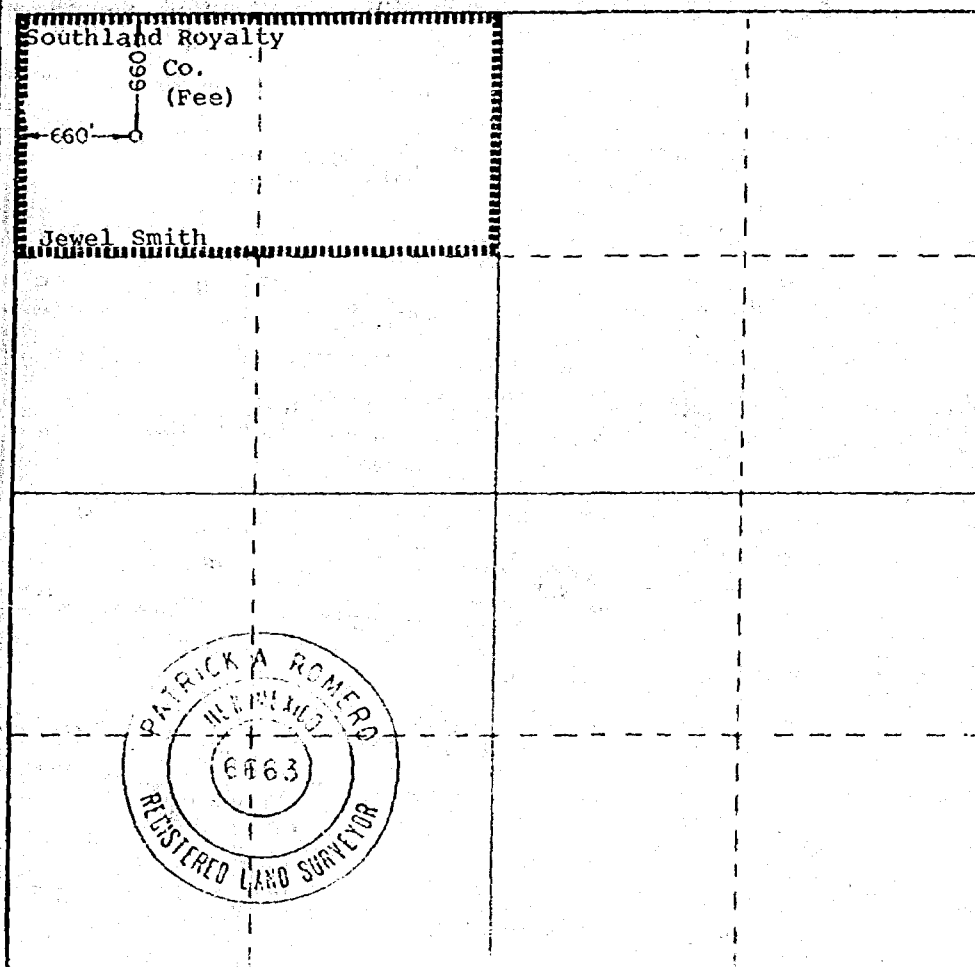
Operator Southland Royalty Co.		Lease Scharb 9		Date OCT 20 1981	
Tract Letter D	Section 9	Range 19 South	County 35 East	Oil Conserv. District Division Lea SANTA FE	
Actual Footage Location of well: 660 feet from the north line and 660 feet from the west line					
Ground Level Elev. 3843.5	Producing Formation Bone Spring	Pool Scharb	Dedicated Acreage 80		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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.

Name *Ray*
Position
Engineer Tech.

Company
Southland Royalty Company

Date
10-6-81

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
4-17-81

Registered Professional Engineer and/or Land Surveyor

Patrick A. Romero
Certificate No. **JOHN W. WEST 878**
PATRICK A. ROMERO 6868
Ronald J. Eddison 3239

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT 20 1981

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

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

Operator Southland Royalty Co.		Lease Scharb 9		Oil Cons. District SANTA FE		Well No. 1
Grid Letter D	Section 9	Township 19 South	Range 35 East	County Lea		
Actual Footage Location of Well: 660 feet from the north line and 660 feet from the west line						
Ground Level Elev. 3843.5	Producing Formation Bone Spring		Pool Scharb		Dedicated Acreage 80 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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).
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CERTIFICATION

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

Name
Ray O. Johnson
Position
Engineer Tech.
Company
Southland Royalty Company

Date
10-6-81

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
4-17-81

Registered Professional Engineer and or L. and Surveyor

Patrick A. Romero
Certificate No. **JOHN A. WEST 476**
PATRICK A. ROMERO 4468
Ronald J. Eidson 3239

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

RECEIVED
OCT 20 1981

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

All distances must be from the outer boundaries of the section

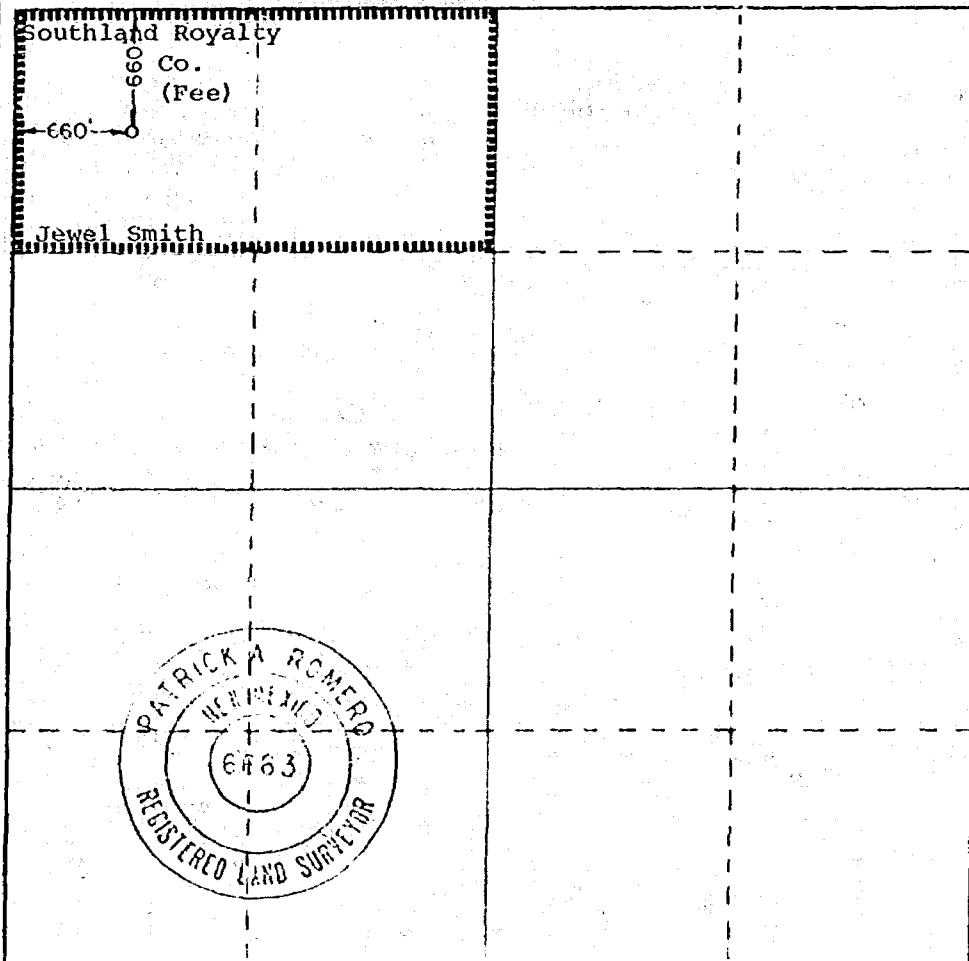
Operator Southland Royalty Co.		Lease Scharb 9		OIL CONSERVATION DISTRICT SANTA FE		WELL NO. 1	
Well Letter D	Section 9	Township 19 South	Range 35 East	County Lea			
Actual Footage Location of well: 660 feet from the north line and 660 feet from the west line							
Ground Level Elev. 3843.5	Producing Formation Bone Spring		Pool Scharb		Dedicated Acreage 80		Area

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☐ Yes ☐ No If answer is "yes," type of consolidation _____

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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

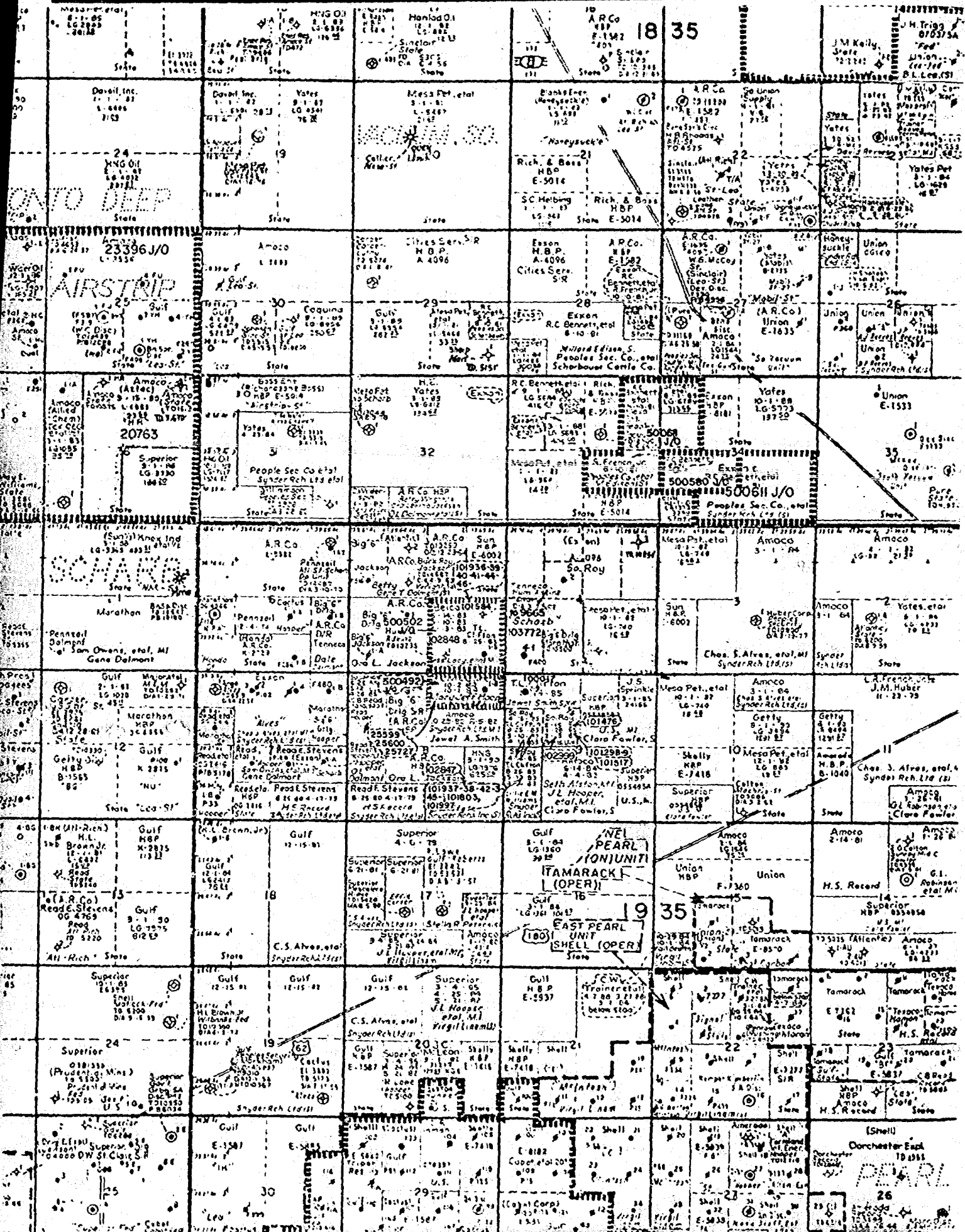
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name Ray J. Smith
Position Engineer Tech.
Company Southland Royalty Company
Date 10-6-81

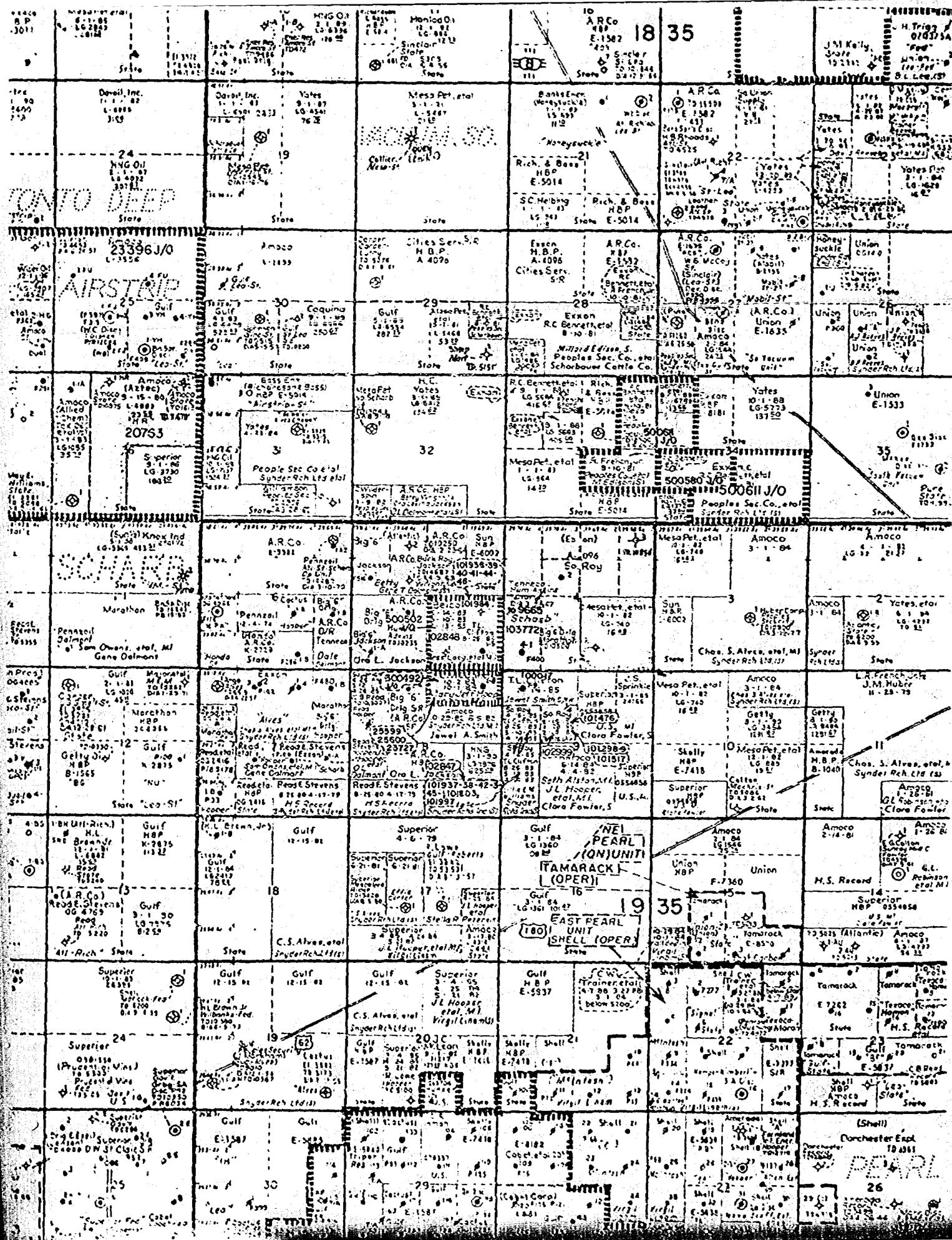
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed 4-17-81
Registered Professional Engineer and/or Land Surveyor
Patrick A. Romero
Certificate No. JOHN W. GUST 978
PATRICK A. ROMERO 6463
Ronald J. Eiden 1239

120 140 160 180 200 220 240 260 280 300 320 340 360 380 400 420 440 460 480 500 520 540 560 580 600 620 640 660 680 700 720 740 760 780 800 820 840 860 880 900 920 940 960 980 1000



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Laugh
Herbie
Andrew

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

MS.

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

*all
WPP*

CASE NO. 7420

Order No. R-6842

APPLICATION OF SOUTHLAND ROYALTY COMPANY
FOR TWO UNORTHODOX OIL WELL LOCATIONS,
LEA COUNTY, NEW MEXICO.

[Signature]

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 19, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of November, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Southland Royalty Company, seeks approval for the unorthodox location of two previously drilled wells, the first being 760 feet from the South line and 660 feet from the East line of Section 5, the other being 660 feet from the North line and 660 feet from the West line of Section 9, both in Township 19 South, Range 35 East, NMPM, both to be plugged back to the Scharb-Bone Spring Pool, Lea County, New Mexico.

(3) That the S/2 SE/4 of said Section 5 and the N/2 NW/4 of Section 9, respectively, are to be dedicated to the wells.

(4) That wells at said unorthodox locations will better enable applicant to produce the oil underlying the proration units.

(5) That no offset operator objected to the proposed unorthodox locations.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect

correlative rights.

IT IS THEREFORE ORDERED:

Southland Royalty Company is hereby granted approval for the
(1) That ~~an~~ unorthodox location of two previously drilled wells, the first being 760 feet from the South line and 660 feet from the East line of Section 5, the other being 660 feet from the North line and 660 feet from the West line of Section 9, both in Township 19 South, Range 35 East, NMPM, both to be plugged back to the Scharb-Bone Spring Pool, Lea County, New Mexico, ~~and hereby approved~~

(2) That the S/2 SE/4 of said Section 5 and the N/2 NW/4 of Section 9, respectively, shall be dedicated to the above-described well.

(3) 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 the day and year hereinabove designated.

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

JOE D. RAMEY,

Director