

CASE NO.

7692

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
29 September 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Forister & Sweatt
for an unorthodox well location,
Chaves County, New Mexico.

CASE
7692

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:

James T. Jennings, Esq.
JENNINGS & CHRISTY
P. O. Box 1180
Roswell, New Mexico 88201

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I N D E X

LEON LAMPERT

Direct Examination by Mr. Jennings 3

BILL SWEATT

Direct Examination by Mr. Jennings 11

E X H I B I T S

Applicant Exhibit One, Plat 5

Applicant Exhibit Two, Plat 5

Applicant Exhibit Three, Contour Map 7

Applicant Exhibit Four, Waiver 9

Applicant Exhibit Five, Waiver 9

Applicant Exhibit Six, Waiver 9

Applicant Exhibit Seven, Data 9

Applicant Exhibit Eight, Letter 12

Applicant Exhibit Nine, Letter 12

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MR. STAMETS: We will call next Case 7692.

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MR. PEARCE: That is on the application of Forister and Sweatt for an unauthorized -- unorthodox well location, Chaves County, New Mexico.

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I apologize, Mr. Jennings.

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MR. JENNINGS: That's all right.

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I'm James T. Jennings of Jennings and Christy, appearing upon behalf of the applicant, Forister and Sweatt, and Mr. Examiner, there are two applications, one is for an unorthodox location and in connection with the same well we did file an application for forced pooling.

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As I will point out later, I would like to possibly continue that and proceed at this time with the application for unorthodox well location.

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MR. STAMETS: Okay, you're asking that we continue Case 7693?

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MR. JENNINGS: Yes, sir. The reason I'm asking that is we have a letter -- letters in from all the offset operators -- or all the other people under the unit, and there might be some gray area in it, we want to get that all resolved.

23

24

MR. STAMETS: Would you like to continue that to the 27th?

25

MR. JENNINGS: That would be fine.

(REPORTER'S NOTE: At this time Case Number 7693 was called and continued per request of Mr. Jennings.)

MR. JENNINGS: We have two witnesses.

(Witnesses sworn.)

LEON LAMPERT

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

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you state your name, place of residence, and occupation, please, sir?

A My name is Leon Lampert. I live in Corpus Christi. I work for Dalport Oil Corporation and I'm representing Forister and Sweatt today.

Q Mr. Lampert, have you -- what is your educational training?

A I'm a graduate geologist and have worked as a geologist for thirty some odd years.

Q So you've appeared before this Commission

1
2 on many times and qualified as a geological expert and had
3 qualifications accepted?

4 A. Yes, sir.

5 MR. JENNINGS: Is the witness considered
6 qualified?

7 MR. STAMETS: He is considered qualified.

8 Q. Mr. Lampert, are you familiar with the
9 application that's been filed here by Forister and Sweatt?

10 A. Yes, sir.

11 Q. What's the general nature of this applica-
12 tion?

13 A. This is an unorthodox location for this
14 well to be drilled 990 from the north and 1650 from the east
15 line of Section 5, 13 South, 31 East.

16 Q. What is the objective of the well?

17 A. Queen Sand.

18 Q. And what will be the spacing unit?

19 A. The east half of Section 5, which will be
20 a 320 southeast Chaves area spacing.

21 Q. What pool is this?

22 A. Southeast Chaves Queen.

23 Q. Isn't there a special spacing order on
24 that pool?

25 A. Yes, sir, there is a special spacing

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2 regulation. I think it's 660 from the side line, 1980 from
3 the end line.

4

Q But it is 320 acre spacing for that.

5

A Yes, sir, which is what we actually will
6 have.

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Q Please refer to what has been marked as
8 Exhibit Number One, Mr. Lampert, identify that and tell us
9 what it is.

10

A It's the well location plat, C-102,
11 showing that location up there in the north part of that sec-
12 tion. The -- our biggest problem here is that the lease ex-
13 pires, this northeast quarter expires on October 1st of this
14 year. That's NM-16819, and so we didn't have a great deal
15 of time to -- to prepare and to obtain some permissions for
16 this unit, but luckily we did finish up in time. I think we
17 have it all now.

18

Q Refer to what has been marked as Exhibit
19 Two and identify that, please.

20

A Exhibit Two is a supplemental lease owner-
21 ship plat showing Section 5. Those small squares are actually
22 little 10-acre squares, but up there in the northeast part of
23 Section 5 you see the location, which is at 990 from the north
24 and 1650 from the east. That is on the 160 that's owned by
25 Read and Stevens. It's being farmed out to Forister and Sweatt.

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2 That lease is the one that goes out 10-1-82.

3 To the west, the west half of Section 5
4 is a Forister and Sweatt well that's in the southwest quarter
5 of Section 5. That's the Sabine Federal. It's on a 320-acre
6 unit comprising the west half of that section. It was drilled
7 approximately a year ago and it is a Queen gas well in the
8 Southeast Chaves Queen Field.

9 The purpose of this location 990 from the
10 north is that we think we can obtain more gas at that location
11 than at a standard location that would be 1980 from the south
12 and 1980 from the north line.

13 Q Mr. Lampert, does the Exhibit Two reflect
14 the other working interest owners of the surrounding acreage?

15 A Yes, sir. In the southeast quarter --
16 in the northwest of the southeast Jack Huff owns that 40 acres
17 that was recently sold to -- he acquired it on the KGS sale
18 approximately a month or so ago, and George Williams has the
19 remainder of the southeast quarter and these are the people
20 that have sent a letter that they will join us in this unit.
21 This is why the compulsory pooling is being continued.

22 The northeast quarter, like I said before,
23 is being farmed out to Forister and Sweatt from Read & Stevens.

24 The offset operators to the north and
25 east have been contacted and we do have waivers, which are --

1
2 we have exhibits of their waiver letters.

3 Q Please refer to what has been marked as
4 Exhibit -- no, basically what is your purpose in requesting
5 this unorthodox location?

6 A We think we can recover more gas and in
7 the interest of conservation this would be a better location,
8 from this 990/1650 location.

9 Q Refer to Exhibit Three and just identify
10 that and tell what it is.

11 A Exhibit Three is a contour map on top of
12 the Queen. The location there is in the northeast quarter of
13 Section 5 in red. My -- since I've worked so much of this
14 area, I think that this location would be a better one than
15 a normal 1980 location from the -- say, 1980 from the north
16 and east, or 1980 from the south and east.

17 The well in Section 5 in the west half
18 is a good gas well, good Queen gas well.

19 The hachured lines are pinchout lines
20 where the porosity pinches out in an up-dip direction, so as
21 you move west of our location the porosity is going to pinch
22 out. As you move east of the location you're going to go
23 into a water area. We're not exactly certain where that water
24 is but a well down in Section 8 to the south of this location,
25 down in Section 8, in the southwest quarter, tested gas and

1
2 water and it's much lower structurally than the gas contact,
3 where we think the gas contact is in that Duncan Federal,
4 which is in the northwest quarter of Section 8.

5 But basically we're trying to stay away
6 from the water, which is marked in blue. We have to stay
7 away from the hachured line which is the pinchout line, and
8 I'm trying not to go into -- not to put the location into a
9 re-entrant, which you see there in the northeast quarter of
10 5. You see the contours in the center of that northeast
11 quarter are sort of bending westward and if we had drilled
12 the well a little bit south of where you see that location
13 1980 from the north line, we'd be a little closer to that
14 water contact.

15 It's the gray area. I'm not sure about
16 the water but just basing it on the contours, this location
17 looks like a better location and will recover more gas from
18 it.

19 As you move eastward there's another
20 hachured line in Section 4. This is a tight zone that separ-
21 ates the gas wells that we have in 5 from wells that Yates
22 has in Section 4 and in Section 3, 34. It's another little
23 segment of this complex of north/south bars. These are Queen
24 bars that are separated by tight streaks that are usually
25 up-dip and down-dip from these productive intervals.

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2 We went through this years ago, separation
3 with this. We've proven all this many times over the years,
4 but basically, this is the best geological location I think
5 I can find in the east half of Section 5.

6 Q Mr. Lampert, I think you stated that you
7 contacted the offset operators?

8 A Yes, sir, we contacted those that are
9 shown on Exhibit Two just north of our proposed location.

10 Great Western sent us a waiver, which is
11 Exhibit Four. They have no objection to our location.

12 Exhibit Five is North Texas waiver. They
13 have no objection. They're due north of our location.

14 Yates Drilling is due east of us and that
15 is Exhibit Six, which is our last waiver.

16 Q Mr. Lampert, please refer to Exhibit Num-
17 ber Seven and tell what that is and explain it to us, please.

18 A Exhibit Seven just shows some production
19 from the two nearest wells.

20 The first well is the Dalport Duncan, which
21 is down, if you'll refer to Exhibit Three, the Dalport Duncan
22 is in the northwest quarter of Section 8, and that's a pretty
23 fair well. It produced a little over half a billion, 523,000,000
24 up to August 1st, and the other, the next well just to the
25 right, the Forister-Sweatt Sabine in Section 5, the southwest

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2 of 5, is a little higher structurally than the Dalport Duncan.
3 The Forister is 15 -- plus 1553 on the Queen datum. This is
4 Exhibit 3, as compared to the Dalport, which is 1534, and that
5 Sabine well is a much better gas well. It's a much newer
6 well but it's a better well.

7 Structure means quite a bit in this area
8 and this is again why we tried to locate this well in the
9 most opportune spot.

10 But that Exhibit Seven just shows some
11 of the production that we've had up to the dates that are
12 shown.

13 Q Mr. Lampert, in your opinion will granting
14 of this application be in the interest of conservation and
15 prevent waste?

16 A Yes, sir.

17 Q Will it protect the correlative rights
18 of all the operators and result in an increased recovery of
19 gas?

20 A Yes, sir, it will.

21 Q Mr. Lampert, were Exhibits Number One to
22 Seven prepared by you, under your supervision, or are they
23 copies of instruments recorded in the -- received in the ordi-
24 nary course of business?

25 A They were.

1
2 MR. JENNINGS: I don't believe we have
3 anything further.

4 MR. STAMETS: Are there any questions of
5 this witness? He may be excused.

6 Anything further? Oh, yes, you --

7 MR. JENNINGS: Yes, one more. One more
8 witness.

9
10 BILL SWEATT
11 being called as a witness and being duly sworn upon his oath,
12 testified as follows, to-wit:

13
14 DIRECT EXAMINATION

15 BY MR. JENNINGS:

16 Q Would you please state your name and place
17 of residence, and occupation?

18 A I'm Bill Sweatt, Artesia, New Mexico.
19 Oil producer and dirt construction.

20 Q Are you the owner of part of the -- of
21 the east half of Section 5, Township 13, Range 31 East?

22 A Yes, sir.

23 Q Have you contacted in the past all of the
24 other owners of interest under the east half of Section 5?

25 A Yes, we have.

Q I hand you what has been marked as Exhibit Eight and ask you to identify that and briefly tell what it is, please.

A It is a letter from the owners of the southeast quarter of Section 5, that they would join us in drilling this well.

Q All right, you -- when did you receive that?

A Yesterday morning.

Q Okay. You heard Mr. Lampert's testimony that the lease expired -- expires this week.

A Uh-huh.

Q Have you contacted the Minerals Management Service concerning the proposed well's location and how you propose to drill it?

A Yes, sir, it's been approved, by Minerals Management.

Q Please refer to what has been marked as Applicant's Exhibit Number Nine and tell just what that is and what the effect of it is.

A Is that this one?

Q Yes.

A It's a letter from Minerals Management Service that says we can go ahead and begin our well at this

1
2 location and after we get it and drill across the end of the
3 month and have to extend the lease we can suspend operations
4 for thirty days, or the wait on a rotary rig.

5 Q You have an approval until October 30,
6 1982?

7 A Right.

8 Q Mr. Sweatt, were Exhibits Number Eight
9 and Nine correspondence received -- copies of correspondence
10 received by you in the ordinary course of business?

11 A Yes, sir.

12 MR. JENNINGS: We would offer Exhibits
13 Eight and Nine.

14 MR. STAMETS: These exhibits will be ad-
15 mitted.

16 Are there any questions of this witness?
17 He may be excused.

18 MR. JENNINGS: Could I make a comment,
19 please?

20 MR. STAMETS: Sure, you may.

21 MR. JENNINGS: I know how the Commission
22 operates, but when we were converting a salt water well we
23 had three-day service not too long ago, and if possible, I
24 know that we would feel much better about it if we could have
25 approval of this by October 1.

1
2 MR. STAMETS: We certainly will do every-
3 thing we can to expedite an order.

4 MR. JENNINGS: Thank you very much.

5 MR. STAMETS: If there is nothing further,
6 this case will be taken under advisement.

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8 (Hearing concluded.)
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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 Conservation 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

I do hereby certify that the foregoing is a complete record of the proceedings in the Final Hearing of Case No. 7692 heard by me on 9-29 19 82.

Richard L. [Signature], Examiner
Oil Conservation Division

SALL. BOYD, C.S.R.

Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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. 7692
Order No. R-7093

APPLICATION OF FORISTER & SWEATT FOR
AN UNORTHODOX WELL LOCATION, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 29, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of September, 1982, 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, Forister & Sweatt, seeks approval of an unorthodox gas well location 990 feet from the North line and 1650 feet from the East line of Section 5, Township 13 South, Range 31 East, NMPM, Southeast Chaves Queen Gas Area, Chaves County, New Mexico.
- (3) That the E/2 of said Section 5 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.
- (6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable

-2-

Case No. 7692
Order No. R-7093

share of the gas 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 the application of Forister & Sweatt for an unorthodox gas well location for the Queen formation is hereby approved for a well to be located at a point 990 feet from the North line and 1650 feet from the East line of Section 5, Township 13 South, Range 31 East, NMPM, Southeast Chaves Queen Gas Area, Chaves County, New Mexico.

(2) That the E/2 of said Section 5 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
JOE D. RAMEY,
Director

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

FORISTER SWEAT			Lease IVEY LYNNE PED.		Well No. 1
Section B	Section 5	Township 13 SOUTH	Range 31 EAST	County CHAVES	
Actual Footage Location of Well:					
990		feet from the NORTH	line and	1650	feet from the EAST
Ground Level Elev.	Producing Formation		Pool	Dedicated Acreage:	
4059.8	Queen		Chavis Queen SE Assoc	320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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 To be Communitized

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 EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 1

CASE NO. 7692

Submitted by Forister-Sweatt

Hearing Date 9-24-82

EXHIBIT 1

Geo. Williams
207 W. Ave. B
Albuquerque, NM

REG. PROF. ENGINEER & LAND SURVEYOR
STATE OF NEW MEXICO
676
JOHN W. WEST

Read & Stevens, Inc

1650'

990'

MM 16819

MM 015807

HBP

MSA

CERTIFICATION

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

Name Clarence Fournier
Position Partner
Company Forister-Sweatt
Date 9-8-82

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 9-7-82

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. JOHN W. WEST 676
PATRICK A. ROMERO 6669
Ronald J. Eidson 3238

0 200 400 600 800 1000 1200 1400 1600 1800 2000 2200 2400 2600 2800 3000

TOWNSHIP.

135

RANGE

31E

COUNTY

Chaves

North 65 10:1

Great Western

Read Elevator, Inc.
 LOCATION 600
 MADE 1518
 ROLVER
 NM
 88101

Forister & Sweet

HBP

11/16/79

10-1-82

MM 3114

J. Huff
P.O. Box 471
Midland, TX
Issued 79702
H.A.

Schwarz-Edelstein

George Williams
Box W. Ave. 2
Longton N.M.
87300
USA

2201c

BEFORE EXAMINER STAFFS
OIL CONSERVATION DIV
EXHIBIT NO. 2

CASE NO. 7692

Submitted by Forish & Seal

Hearing Date 9.29-82

E X H I B I T 2

LEASE OWNERSHIP

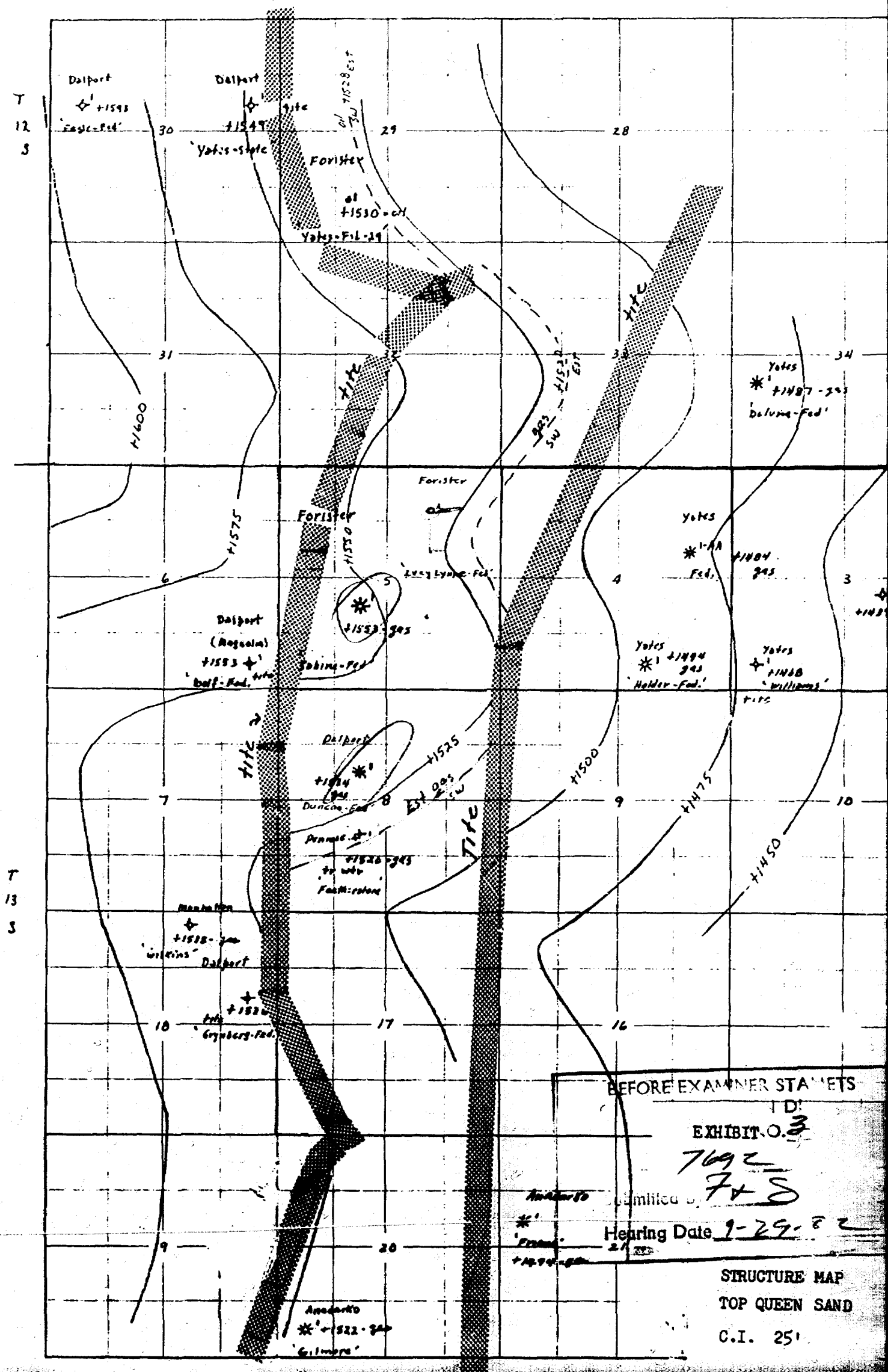
TOWNSHIP.

RANGE

31 E

COUNTY

Chaves



FORISTER & SWEATT
P.O. BOX 161
ARTESIA, NEW MEXICO
88210

September 10, 1982

GREAT WESTERN DRILLING CORP.
P.O. Box 1659
Midland, Texas 79702

Attention: Pat Shanahan

Re: Forister & Sweatt #1
Ivey Lynne-Federal,
990' FNL, 1650" FEL,
Sec. 5, 13S-31E,
Chaves Co., New Mexico

Gentlemen:

Our company plans to drill the above captioned well as an unorthodox location on a 320 acre unit comprising the E $\frac{1}{2}$ Sec 5, 13S-31E. The well will be spudded by October 1, 1982. Since your company owns the SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec 32, 12S-31E, B-9359, you are being notified of our intention to drill.

If you have no objection to the above unorthodox location, please sign the following waiver and return two copies to me at the above address.

Thank you for your prompt attention to this matter.

Very truly yours,

Leon M. Lamper
Leon M. Lamper

LML/jm
cc: 2

ENERGY & MINERAL DEPARTMENT
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 88201

Our company has no objection to the above unorthodox location.

GREAT WESTERN DRILLING CORPORATION

Date: September 13th, 1982

By: *Pat Shanahan*

President

BEFORE EXAMINATION
OIL CONSERVATION DIVISION

EXHIBIT NO. 4

CASE NO. 7692

Submitted by *Forister & Sweatt*

Received Date 9-29-82

EXHIBIT 4

FORISTER & SWEATT
P.O. BOX 161
ARTESIA, NEW MEXICO
88210

NORTEX GAS & OIL COMPANY
403 Wall Towers, West
Midland, Texas 79701

Re: Unorthodox Location
Forister & Sweatt #1 Ivey Lynne
Federal, 990' FNL, 1650' FEL
Sec 5, T13S-R31E, Chaves Co.,
N.M.
Southeast Chaves Queen Area

Dear Sirs,

Forister & Sweatt will drill a 2750' Queen test at the above location on a 320 acre gas unit comprising the E $\frac{1}{2}$ section 5, 13S-31E. Your company owns acreage to the north in the SE/4 and SW/4 SW/4 sec 32, 12S-31E. If you have no objection to this location, please sign the following waiver and return two copies to me at the above address.

Thank you for your prompt attention to this matter.

Very truly yours,


Leon M. Lampert

LML/jm
cc: 2

ENERGY & MINERALS DEPARTMENT
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Dear Sirs:

We have no objection to the above ~~unorthodox location~~.

Date: September 14th, 1982.

By:

NORTEX GAS & OIL COMPANY



BEFORE EXAMINER TAKES
OIL CONSERVATION DIVISION
EXHIBIT NO. 5
CASE NO. 7692
Submitted by Forister & Sweatt
Hearing Date 9-29-82

EXHIBIT

5

FORISTER & SWEATT
P.O. BOX 161
ARTESIA, NEW MEXICO
88210

YATES DRILLING COMPANY
207 South 4th
ARTESIA, NEW MEXICO 88210

Re: Unorthodox Location
Forister & Sweatt #1 Ivey Lynne
Federal, 990' INL, 1650' FEE
Secs 5, T13S, R31E, Chaves Co.
N.M.
Southeast Chaves Queen Area

Dear Sirs,

Forister & Sweatt will drill a 2750' Queen test at the above location on 320 acre gas unit comprising the E $\frac{1}{2}$ section 5, 13S, 31E.

Your company owns acreage to the East in the NW $\frac{1}{4}$ and Sec. 4, T13S, R31E. If you have no objection to this location, please sign the following waiver and return two copies to me at the above adress.

Thank you for your prompt attention to this matter

Very truly yours

W. J. Sweatt
Forister & Sweatt

ENERGY & MINERALS DEPARTMENT
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Dear Sirs,

We have no objection to the above unorthodox location.

Date: September 27th, 1982

YATES DRILLING COMPANY
By: [Signature]

BEFORE E. A. HERRINGTON
OIL CONSERVATION DIVISION

EX. 111 NO. 6

CASE NO. 7692

Submitted by Forister & Sweatt

Hearing Date 9-29-82

En 4

PRODUCTION

WELLS

	<u>Dalport</u> <u>#1 Duncan-Fed</u>	<u>Forister & Sweatt</u> <u>#1 Sabine-Fed</u>
Location	F-8-13-31	K-5-13-31
1982 Production	50,339 MCF	128,000 MCF
Cumulative Production	523,796 MCF	137,716 MCF
Date	8-1-82	7-1-82

BEFORE EPA HEARINGS
OIL CONSERVATION

CASE NO. 7692

Submitted by Forister & Sweatt

Hearing Date 9-29-82

JACK HUFF

Oil and Gas Producer

September 24, 1982

FORISTER and SWEATT
P. O. Box 827
Artesia, New Mexico 88210

Re: FORISTER and SWEATT #1, Ivey Lynne Federal Well
1650 FEL & 990 FNL of Section 5,
T-13-S, R-31-E, Chaves County, New Mexico

Gentlemen:

The undersigned own or control the shallow oil and gas leasehold rights to the base of the Queen formation under the SE/4 of Section 5, T-13-S, R-31-E, Chaves Co., N. M. You apparently have a farmout agreement permitting you to drill in and earn the NE/4 of said Section 5.

This letter will evidence that the undersigned will join with you in the drilling of the captioned well, which will be drilled to a depth sufficient to test the Queen formation at about 2650 feet, and that we will pay our pro-rata share (based on our acreage in the spacing unit) of the costs of such well, the spacing or proration unit for which shall be the E/2 of said Section 5. Our agreement to join in the well is subject to the conditions shown below.

You shall be solely responsible to ensure that the well is legally drilled in accordance with the rules and regulations of the United States Bureau of Land Management and the United States Geological Survey, and if the well location or the manner in which the well is drilled is declared to be unlawful or in violation of such rules and regulations so that as a consequence the well must be abandoned, you alone shall bear all costs and risk of the drilling and completion of such well, and we shall have no liability, risk or responsibility therefor whatsoever.

We have not received an Operating Agreement from you as of this date, the terms of which must be mutually agreeable to all signatory parties.

If we should join together to drill a well in the E/2 of Section 8, T-13-S, R-31-E, Chaves Co., N. M., we would like to have the operator to be the Operator for that well, as we have discussed with you in telephone conversations.

BEFORE THE OIL & GAS COMMISSION
CIVIL COMMISSION DIVISION
EXHIBIT NO. 8
CASE NO. 7692
Submitted by Forister & Sweet
Hearing Date 9-29-82

If the foregoing is satisfactory with you, please indicate by signing and returning to us one copy of this letter.

Yours very truly,

N. R. Rousselot
N. R. Rousselot

Jack Huff
Jack Huff

John Goodrich
John Goodrich

George Montgomery
George Montgomery

Accepted and agreed to this 28 day of September, 1982.

FORLISTER and SWEATT

By James Forlister W. J. Sweatt

September 21, 1982

MINERALS MANAGEMENT SERVICE
P.O. DRAWER 1857
ROSWELL, NEW MEXICO 88201
Attn: Mr. George Stewart

Re: FORISTER & SWEATT
1 Ivey Lynne-Federal
NW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 5, T13S, R31E
Chaves County, New Mexico
Lease No. NM-16819

Dear Mr. Stewart,

In drilling of the well in Sec. 5, T13S, R31E; we will begin drilling on September 30, 1982, and drill conductor hole, set and cement conductor pipe on October 1, 1982.

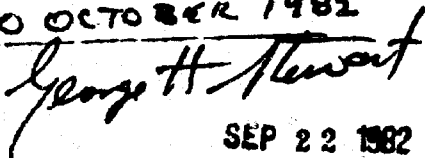
On October 1, 1982, we will suspend drilling operations for up to 30 days, in order to contract rotary rig to finish drilling operations of the well.

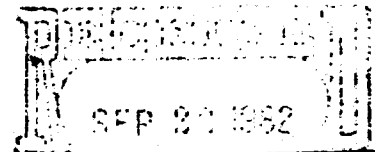
Since this lease expires at midnight on September 30, 1982, drilling operations will begin and continue across expiration date; in order to comply with requirements to extend the lease.

Sincerely,


FORISTER & SWEATT

APPROVED FOR $\frac{1}{2}$ MONTH PERIOD
ENDING 30 OCTOBER 1982


SEP 22 1982



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. 7

CASE NO. 7692

Ex. 9 Submitted by Forister & Sweet
Hearing Date 9-29-82

Dockets Nos. 31-81 and 31-82 are tentatively set for October 13 and October 17, 1982. Applications for hearing must be filed at least 11 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 29, 1982

9 A.M. - MORGAN HALL, 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:

CASE 7686: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Energetics Corporation, United States Fidelity and Guaranty Company, and all other interested parties to appear and show cause why the Hanes Corporation Well No. 1, located in Unit F of Section 9, Township 24 South, Range 2 East, Don Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7697: Application of Amoco Production Company for salt water disposal, Union County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Glorieta formation in the perforated interval from 1718 feet to 1780 feet in its former State FI Well No. 2 (2034 362P) located 660 feet from the South line and 1320 feet from the East line of Section 36, Township 20 North, Range 34 East.

CASE 7688: Application of Mountain States Petroleum Corporation 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 990 feet from the North and East lines of Section 19, Township 15 South, Range 28 East, Buffalo Valley-Penn Gas Pool, the N/2 of said Section 19 to be dedicated to the well.

CASE 7639: Application of Tesoro Petroleum Corporation for a tertiary oil recovery project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its Hospah Sand Unit Waterflood Project to a polymer-augmented waterflood and, pursuant to Section 212.78 of the U. S. Department of Energy Regulations and Section 4993 of the Internal Revenue Code, seeks certification of said project as a qualified tertiary oil recovery project.

CASE 7690: Application of C & K Petroleum, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formations underlying the E/2 SW/4 of Section 27, Township 16 South, Range 37 East, Casey-Strawn 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 7679: (Continued from September 15, 1982, Examiner Hearing)

Application of C & K Petroleum, Inc. for the amendment of Order No. R-4857-A and for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-4857-A to provide that the lands pooled by said order shall be the W/2 SE/4 of Section 27, Township 16 South, Range 37 East, dedicated to its Shipp 27 Well No. 2 located in Unit O in said Section 27. Applicant, further seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 SE/4 of the aforesaid Section 27, to be dedicated to a well to be drilled in Unit P of said Section 27. 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 7680: (Continued and Readvertised)

Application of Unicom International, Inc. for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit the commercial disposal of produced brine into several unlined surface pits located in Section 2, Township 23 South, Range 29 East.

CASE 7691: Application of Dugan Production Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota Pool underlying the W/2 of Section 5, Township 24 North, Range 9 West, 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.

Examiner Hearing, - WEDNESDAY - SEPTEMBER 29, 1982

CASE 7681: Application of Forister & Sweatt for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 890 feet from the North line and 1600 feet from the East line of Section 5, Township 13 South, Range 31 East, Southeast Chaves Queen Gas Area, the E/2 of said Section 5 to be dedicated to the well.

CASE 7693: Application of Forister & Sweatt for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Southeast Chaves Queen Gas Area underlying the E/2 of Section 5, Township 13 South, Range 31 East, to be dedicated to a well to be drilled at an unorthodox 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 7681: (Continued from September 15, 1982, Examiner Hearing)

Application of Cibola Energy Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Ordovician gas well to be drilled 330 feet from the North line and 990 feet from the East line of Section 13, Township 9 South, Range 27 East, the E/2 of said Section 13 to be dedicated to the well.

CASE 7662: (Continued from September 15, 1982, Examiner Hearing)

Application of Cibola Energy Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Mississippian gas well drilled 330 feet from the North line and 330 feet from the West line of Section 34, Township 11 South, Range 28 East, the W/2 of said Section 34 to be dedicated to the well.

CASES 7694 and 7695: Application of Depco, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following two cases, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7694: NW/4 Section 21; and

CASE 7695: NE/4 Section 21

Both in Township 5 South, Range 25 East.

CASE 7696: Application of Arco Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian through Ellenburger formations underlying the E/2 of Section 31, Township 20 South, Range 36 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.

CASES 7528 and 7529: (Continued and Readvertised)

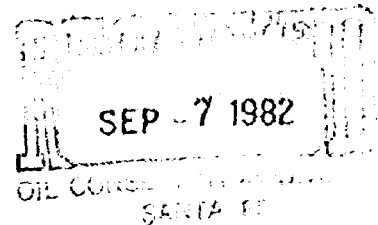
Application of JJ-CC, Limited for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following two cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East

CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

CASE 7697: Application of Oxoco Production Corp. for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Mesaverde formation underlying Sections 7, 8, 17, 18, 19 and 20, Township 32 North, Range 8 West, containing 3160 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

STATE OF NEW MEXICO
DEPARTMENT OF NATURAL RESOURCES
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF FORISTER & SWEATT FOR UNORTHODOX
WELL LOCATION, SOUTHEAST CHAVES
QUEEN POOL, CHAVES COUNTY,
NEW MEXICO.

Case No. 7692

APPLICATION

COMES NOW Clarence Forister and W. J. Sweatt, d/b/a Forister & Sweatt, and hereby makes application for an unorthodox well location for projected test to the Queen formation in the E½ Section 5, Township 13 South, Range 31 East, N.M.P.M., Chaves County, New Mexico, and for grounds thereof state:

1. For geological reasons Applicant seeks an unorthodox well location in the Southeast Chaves Queen Pool, for a well to be located 990 feet from the North line and 1,650 feet from the East line of said Section 5.

2. In the opinion of Applicant, the granting of this Application will avoid waste and still protect correlative rights of all interested parties.

3. That after due public notice, this regulatory body should enter its Order granting permission for Applicant to drill an unorthodox well location located 990 feet from the North line and 1,650 feet from the East line of Section 5, Township 13 South, Range 31 East, N.M.P.M., projected to the Queen formation; and, for all proper relief.

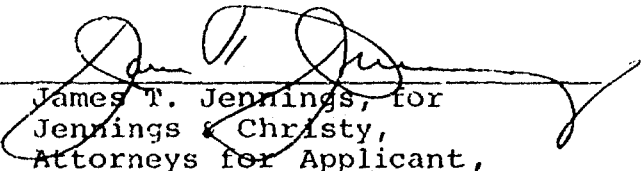
SEP - 7 1982

OIL CO.

Respectfully submitted,

FORISTER & SWEATT

By


James T. Jennings, for
Jennings & Christy,
Attorneys for Applicant,
P. O. Box 1180,
Roswell, New Mexico 88201

cc via certified mail to:
Mr. Jack Huff -- Receipt No. P219 882 368
P. O. Box 471
Midland, Texas 79702

Mr. George Williams -- Receipt No. P219 882 367
207 West Avenue "B"
Lovington, New Mexico 88260

cc uncertified to: Forister & Sweatt
Mr. Leon M. Lampert

CASES

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:

OK

CASE NO. 7692

Order No. *A-7093*

FOR

APPLICATION OF FORISTER & SEATT FOR
AN UNORTHODOX WELL LOCATION, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 29, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of September, 1982, 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, Forister & Sweatt, seeks approval of an unorthodox gas well location 990 feet from the North line and 1650 feet from the East line of Section 5, Township 13 South, Range 31 East, NMPM, ~~to test the~~ ^{Area} ~~formation~~, Southeast Chaves Queen Gas ~~Pool~~, Chaves County, New Mexico.

(3) That the E/2 of said Section 5 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

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

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas 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 the application of Forister & Sweatt for an unorthodox gas well location for the Queen formation is hereby approved for a well to be located at a point 990 feet from the North line and 1650 feet from the East line of Section 5, Township 13 South, Range 31 East, NMPM, Southeast Chaves Queen Gas ^{Area} ~~Pool~~, Chaves County, New Mexico.

(2) That the E/2 of said Section 5 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

S E A L

MEXICO

DOCKET MAILED

Date 9/20/82 (Huff and Williams)
10/15/82