

CASE NO.

6501

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
25 April 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Delta Drilling Company) CASE
for directional drilling, Lea County,) 6501
New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

SALLY WALTON BOYD
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Santa Fe, New Mexico 87501

1
2 MR. STAMETS: Call next Case 6501.

3 MS. TESCHENDORF: Case 6501. Application of
4 Delta Drilling Company for directional drilling, Lea
5 County, New Mexico.

6 The applicant has requested that the case be
7 dismissed.

8 MR. STAMETS: The hearing will be dismissed.

9 (Hearing concluded)
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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd CSR
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6501, heard by me on 4-25, 1979.

Richard L. Ham, Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
25 April 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Delta Drilling Company) CASE
for directional drilling, Lea County,) 6501
New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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MR. STAMETS: Call next Case 6501.

MS. TESCHENDORF: Case 6501. Application of
Delta Drilling Company for directional drilling, Lea
County, New Mexico.

The applicant has requested that the case be
dismissed.

MR. STAMETS: The hearing will be dismissed.

(Hearing concluded)

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me, that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____ heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

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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. 6501
Order No. R-5998

APPLICATION OF DELTA DRILLING
COMPANY FOR DIRECTIONAL DRILLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 25, 1979,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 2nd day of May, 1979, the Division
Director, having considered the record and the recommendations
of the Examiner, and being fully advised in the premises,

FINDS:

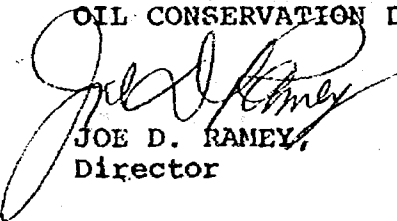
That the applicant's request for dismissal should be granted.

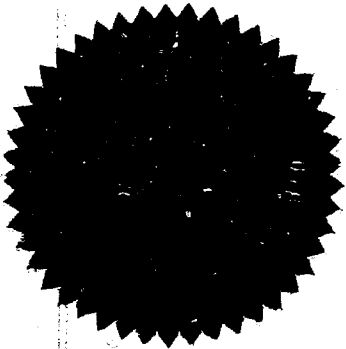
IT IS THEREFORE ORDERED:

That Case No. 6501 is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director



dr/

CASE 6492: (Continued from March 28, 1979, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NW/4 of Section 13, Township 17 South, Range 25 East, Eddy County, New Mexico, 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6502: (Continued from April 11, 1979, Examiner Hearing)

Application of Stevens Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SW/4 SW/4 of Section 30, Township 8 South, Range 29 East, Chaves County, New Mexico, 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6500: (Continued and Readvertised)

Application of Gulf Oil Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the Division waived existing well-spacing requirements and found that the drilling of additional wells was necessary to effectively and efficiently drain those portions of the proration units in the Central Drinkard Unit located in Sections 28, 29, 30, 31, 32 and 33, Township 21 South, Range 37 East, Lea County, New Mexico, which could not be so drained by the existing wells.

CASE 6501: (Continued and Readvertised)

Application of Delta Drilling Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the Williamson State Unit Well No. 1, the surface location of which is 660 feet from the North and West lines of Section 30, Township 16 South, Range 33 East, Lea County, New Mexico, and directionally drill said well in such a manner as to bottom it in the Morrow formation within 100 feet of a point 1980 feet from the North and East lines of said Section 30, the N/2 of the section to be dedicated to the well.

Docket No. 17-79

DOCKET: COMMISSION HEARING - MONDAY - APRIL 30, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6533: Application of El Paso Natural Gas Company for the amendment of Orders Nos. R-1670 and R-1670-C, Basin-Dakota Pool, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Orders Nos. R-1670 and R-1670-C, Basin-Dakota Pool, San Juan and Rio Arriba Counties, New Mexico, to permit the optional drilling and production of a second well on proration units in said pool, to establish well location requirements, and to provide that the deliverabilities of both wells on the unit would be additive for allowable purposes.

Dockets Nos. 18-79 and 20-79 are tentatively set for hearing on May 9 and 23, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 25, 1979

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:

- CASE 6525: In the matter of the hearing called by the Oil Conservation Division on its own motion to amend the Special Rules for the Tubb Gas Pool in Lea County, New Mexico, to provide for the classification of wells as oil wells and gas wells on the basis of gas-oil ratios rather than on the basis of liquid gravity as at present.
- CASE 6526: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider a procedure for the adoption of findings, when applicable and pursuant to the Federal Natural Gas Policy Act, that another well is necessary to effectively and efficiently drain that portion of its proration unit which cannot be so drained by any existing well, and that existing well spacing requirements are waived. The proposed procedure would provide a system whereby such findings could be issued administratively without the necessity for public hearing.
- CASE 6527: Application of Tenneco Oil Company for two non-standard oil proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 80-acre non-standard oil proration units, the first comprising the N/2 NW/4, the other the N/2 NE/4, of Section 12, Township 9 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, said units to be dedicated to applicant's Ward Insall Wells Nos. 1 and 2, respectively, located in Units D and A of said Section 12.
- CASE 6528: Application of Bass Enterprises Production Co. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Morrow test well location to be drilled 660 feet from the North and West lines of Section 10, Township 21 South, Range 32 East, Lea County, New Mexico, the W/2 of said Section 10 to be dedicated to the well.
- CASE 6529: Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 22, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to its Brantley Gas Com. Well No. 1 located in Unit K of said Section 22. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6530: Application of Amoco Production Company for unorthodox gas well locations, temporary injection of produced gas, and to vent gas, Union and Harding Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations in the Tubb formation of its State FI Well No. 3, located 1315 feet from the South line and 1980 feet from the East line of Section 36, Township 20 North, Range 34 East, Union County, and its Heimann Well No. 5, located 660 feet from the South line and 1315 feet from the West line of Section 3, Township 19 North, Range 33 East, Harding County. Applicant further seeks authority to conduct pressure interference tests, including authority to vent gas produced from the State FI Well No. 1 for a period not to exceed 45 days and to inject produced gas into its Heimann Well No. 4 located in Unit K of Section 34, Township 20 North, Range 33 East, for a period not to exceed six months.
- CASE 6531: Application of Getty Oil Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to simultaneously dedicate its Baker B Well No. 6 at an unorthodox location 510 feet from the South and West lines of Section 10, Township 22 South, Range 37 East, Lea County, New Mexico, and its Baker B Well No. 15 located in Unit L of said Section 10, the current unit well, to the existing proration unit.
- CASE 6532: Application of Northwest Production Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its Jicarilla 117E Well No. 5 located in Unit M of Section 28, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.
- CASE 6072: (Continued from March 28, 1979, Examiner Hearing)
- In the matter of Case 6072 being reopened pursuant to the provisions of Order No. R-5643 which order created the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, with provisions for 80-acre spacing. All interested parties may appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

LAW OFFICES

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OIL CONSERVATION DIVISION
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ONLY ATTYS. COFFIELD, MARTIN, BOZARTH,
BOHANNON, FOSTER, ALLEN, ALLEN & BURFORD
LICENSED IN TEXAS

April 18, 1979

Mr. Dan Nutter
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 6501 - Delta Drilling
Company for directional drilling

Dear Dan:

Please be advised that we would like to withdraw the Application in the above referenced case, and ask that you please dismiss the same, as our client has advised that this project is being abandoned.

Thank you.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

Conrad E. Coffield

CEC:rf

xc: Delta Drilling Company
Post Office Box 2113
Midland, Texas 79702

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
28 March 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Delta Drilling Company) CASE
for directional drilling, Lea County,) 6501
New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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Legal Counsel for the Division
State Land Office Bldg.
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For the Applicant:

Conrad E. Coffield, Esq.
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P. O. Box 3580
Midland, Texas 79720

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I N D E X

CYRIL M. GALICK

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RONALD LECHWARE

Direct Examination by Mr. Coffield	11
Cross Examination by Mr. Stamets	17

E X H I B I T S

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1 MR. STAMETS: We'll call next Case 6501.

2 MS. TESCHENDORF: Case 6501. Application
3 of Delta Drilling Company for directional drilling, Lea
4 County, New Mexico.

5 MR. COFFIELD: Conrad Coffield, with the
6 Hinkle Law Firm of Midland, appearing on behalf of the ap-
7 plicant, Delta Drilling. I have two witnesses.

8 MR. STAMETS: I'd like to have them both
9 stand and be sworn at this time, please.

10
11 (Witnesses sworn.)

12
13 MR. COFFIELD: Mr. Examiner, before we
14 really get started on the testimony here, I want to point
15 out the fact that as this case was advertised, it talks
16 about the bottom hole location being 1980 feet from the
17 north and west lines of Section 30, Township 16 South,
18 Range 33 East.

19 The actual location which the applicant
20 seeks is 1980 feet from the north and east lines of the
21 section, and we are prepared to give testimony along that
22 line and respectfully request the matter to be re-advertised.

23 MR. STAMETS: All right, we can do both of
24 those things.
25

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CYRIL M. GALLICK

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Would you please state your name, address, occupation, and employer?

A Cyril M. Gallick. I'm a geologist, exploration geologist, with Delta Drilling Company in Midland.

MR. STAMETS: How do you spell that, sir?

A First name Cyril, C-Y-R-I-L.

MR. STAMETS: And the last name?

A Gallick is G-A-L-L-I-C-K.

MR. STAMETS: Thank you, sir.

Q Now, Mr. Gallick, are you familiar with the application of Delta Drilling Company in this case?

A Yes, I am.

Q And have you previously testified before the Oil Conservation Division as a geologist?

A No, I haven't.

Q Mr. Gallick, would you please state to the Examiner a brief outline of your educational and work background?

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1 A. Yes, I have a Bachelor's and a Master's
2 degree in geology from the University of California at Los
3 Angeles.

4 I have been an exploration and development
5 geologist for several companies in the Permian Basin area
6 all this time I've spent in Midland.

7 Currently I'm working -- I'm employed by
8 Delta Drilling Company.

9 MR. COFFIELD: Are the witness' qualifica-
10 tions considered acceptable?

11 MR. STAMETS: Yes, they are.

12 Q (Mr. Coffield continuing.) Mr. Gallick,
13 what does Delta Drilling Company seek by this application?

14 A. Application of Delta Drilling Company for
15 directional drilling, Lea County, New Mexico.

16 The applicant in the above styled cause
17 seeks authority to re-enter the Williamson State Unit Well
18 No. 1, the surface location of which is 660 feet from the
19 north and west lines of Section 30, Township 16, Range
20 33 East, Lea County, New Mexico, and directionally drill
21 said well in such a manner as to bottom it in the Morrow
22 formation within 100 feet of a point 1980 feet from the
23 north and east lines of said Section 30, the north half of
24 the section to be dedicated to the well.

25 Q Okay, Mr. Gallick, would you please refer

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1 to what's been marked as Exhibit One and explain what that
2 represents?

3 A Yes. Exhibit One is a land plat and on it
4 we have all of -- well, first of all, we have colored in
5 yellow on Delta Drilling's lease in the north half of Sec-
6 tion 30, and the rest of the map has listed on it all of
7 the offset drilling operators.

8 Q And all the other wells in the area are
9 spotted on there, is that right?

10 A Right, yes.

11 Q Did you have anything else on that exhibit?

12 A No, I don't.

13 Q Let's go on to what's been marked as Exhibit
14 Two.

15 MR. COFFIELD: Mr. Examiner, would you like
16 these posted on the wall?

17 MR. STAMETS: Yeah, that would be fine.

18 MR. COFFIELD: Why don't you come up here
19 and testify?

20 Q (Mr. Coffield continuing.) Would you ex-
21 plain what Exhibit Two represents?

22 A Yes. Exhibit Two is a geologic map of the
23 area, or principally two outside stratigraphic diagrams,
24 indicating the stratigraphy of the area, which I'll get
25 into in a moment.

1 Principally, what we show is first of all,
2 a structure map on the top of the Lower Wolfcamp, and the
3 orange band in here is what we believe is the outline of
4 the -- of the Kenmitz Reef, as it's producing in the Ken-
5 mitz Field.

6 As we show on this map, the old Williamson
7 Well, 660 out of the corner of Section 30, is on the edge
8 of the reef trend, as we have it interpreted, and is on
9 the northeast side of the structure.

10 Now, our total plans are to, first of all,
11 re-enter this well and log it, and attempt to see if there
12 are any zones which are producible which have been missed.
13 And then, secondly, after this has been obtained, particularly
14 if we find no producible zones, in the vertical well, we
15 intend to directionally drill this well, as I say, that
16 we've advertised, to the bottom hole location 1980 out of
17 the north and east of the section.

18 We feel that, first of all, in a Wolfcamp
19 location we will get closer to the center of what we be-
20 lieve is the reef then, and in the Morrow location we will
21 be closer to all of the existing Morrow wells in the area,
22 producing wells in the area.

23 And this is our principal purpose.

24 Q Let's go on to what has been marked as Ex-
25 hibit Three, Mr. Gallick.

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1 Please explain to the Examiner what this is.

2 A. Exhibit Three is a stratigraphic section,
3 datum which is hung at the top of the Wolfcamp.

4 This is principally to show our interpreta-
5 tion of what we believe is the stratigraphic interpretation
6 of the Lower Wolfcamp, principally this Kenmitz Zone where
7 we feel we're on the backside of the reef. We feel that
8 although we may have a location here, a producable location
9 here, and moving in this direction, these cross sections,
10 as shown on Exhibit Two, I have a cross section line that's
11 relatively parallel to the direction we want to directionally
12 drill the well, and so this is -- I mean this is the princi-
13 pal purpose of wanting to directionally drill that well, is
14 it will get us further along the -- in part of what we be-
15 lieve will be the reef, and this is the principal reason
16 we are exhibiting this stratigraphic section.

17 That's all.

18 Q. Okay, well, go on to Exhibit Number Four.
19 Would you explain what this Exhibit Four represents?

20 A. Exhibit Four is a stratigraphic section
21 shown principally to show the Pennsylvanian. We felt that
22 the diagram -- the section is too large to show on one
23 section, so we have it split in two.

24 This one is hung on the top of the Morrow.
25 The particular well that we're talking about, the Williamson

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1 well, this is the well here. The Morrow section shown on
2 here has some zones we feel are prospective. We feel moving
3 in the southeast direction we will find zones, probably
4 more -- and this is again further evidence to show why we
5 would like to directionally drill this well.

6 Q Do you have any other details about that?

7 A No, I don't.

8 Q Why don't you come back over here and sit
9 down. We've got other exhibits here that aren't quite so
10 large.

11 Would you please refer to what's been marked
12 as Exhibit Five and identify that, please?

13 A Exhibit Five are waivers which we've ob-
14 tained from all the offset operators to allow us to direction-
15 ally drill this well.

16 And I think that's all.

17 Q Then, in other words, everybody has been
18 notified, as far as offset operators are concerned?

19 A Right.

20 Q And no one has had any objection?

21 A No.

22 Q Do you have any other comments on these
23 exhibits?

24 A No.

25 Q Were these Exhibits One through Five pre-

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1 pared by you or under your direction and supervision, or
2 taken from files in the case of Exhibit Five, to which you
3 have access and over which you have responsibility?

4 A. Yes.

5 MR. COFFIELD: We move the admission of
6 Exhibits One through Five, Mr. Examiner.

7 MR. STAMETS: These exhibits will be admit-
8 ted.

9 MR. COFFIELD: And I have no further ques-
10 tions of this witness on direct examination.

11
12 CROSS EXAMINATION

13 BY MR. STAMETS:

14 Q Mr. Gallick, looking at your letters here,
15 waivers, you seem to have a waiver from Holly Energy, but
16 I don't see Holly Energy on the map.

17 A Holly Energy is the company for which Wayne
18 Gill is a broker. Wayne Gill bought the acreage and the
19 lease sales for Holly Energy.

20 Q So each of these leases on Exhibit Number
21 One that says W. W. Gill --

22 A Right.

23 Q -- should be Holly?

24 A That's right. We have waivers from both Mr.
25 Gill and Holly, just to make sure.

1 Q Okay, I hadn't gotten that far. I see that
2 is the next one.

3 I see you have a waiver from Union. Where
4 is their acreage located?

5 A Well --

6 Q I see it now, Section 29. Okay.

7 MR. STAMETS: Any other questions of this
8 witness? He may be excused.

9
10 RONALD LECHWAR

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

13
14 DIRECT EXAMINATION

15 BY MR. COFFIELD:

16 Q Would you please state your name, address,
17 occupation, and employer?

18 A My name is Ronald Lechwar, and I'm employed
19 by Delta Drilling Company as a Project Manager in Midland.

20 Q Mr. Lechwar, are you familiar with the ap-
21 plication of Delta Drilling Company in this case?

22 A Yes, I am.

23 Q Have you previously testified before the
24 Oil Conservation Division?

25 A No, I have not.

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1 Q Would you please give the Examiner a brief
2 outline of your educational and work experience?

3 A I am not a professional engineer. I'm not
4 a petroleum engineer. I have completed a year and a half
5 work at the University of Oklahoma and I've worked in an
6 engineering capacity for the past ten years for independent
7 producers in Oklahoma and in Texas and New Mexico.

8 Q And what are your duties with Delta Drilling?

9 A My duties with Delta Drilling are princi-
10 pally in the preparation of cost estimates for drilling,
11 planning of wells, casing programs, and completion programs.

12 MR. COFFIELD: Mr. Examiner, is the witness
13 considered qualified?

14 MR. STAMETS: Is this the type of work that
15 you have been doing in your years in the oil fields, --

16 A Yes, sir.

17 MR. STAMETS: -- Mr. Lechwar?

18 A Yes, it is.

19 MR. STAMETS: Well, let's let the witness
20 go ahead and testify and I don't imagine we're going to
21 have the necessity of calling him for a professional opinion
22 and if we get in that area, why then we can worry about
23 whether he's qualified or not.

24 Q (Mr. Coffield continuing.) Mr. Lechwar,
25 let's refer to what you've marked here as Exhibit Six and

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1 tell us what that represents.

2 A Exhibit Six is a profile of the directional
3 section of the hole which we anticipate drilling.

4 This area here shows the surface location
5 660 from the north and the west lines of the section, and
6 shows the projected direction of the hole and the bottom
7 hole location, which will be approximately 1980 from the
8 north line, 1980 from the east line. We intend to hit a
9 target with 100 foot radius, if that's acceptable, and we
10 have projected here the true vertical depth on this side,
11 with the anticipated tops and the measured depth of the
12 tops, going down to our measured depth of 14,358 feet, which
13 will give us a true vertical depth of 13,800 feet.

14 Now this, of course, has to be adjusted
15 depending on our survey of the old bore hole, what location
16 it shows the old bore hole to be in, but it will not vary
17 a great deal from this.

18 According to the surveys of the old hole,
19 we're off by about a half a degree at the projected kickoff
20 point, which we anticipate to be 5800 feet. And we're going
21 to drill an angle at approximately 1-1/2 degrees per hundred
22 feet.

23 Q Mr. Lechwar, will you explain why this par-
24 ticular deviation curve has been selected?

25 A We chose not to use more of the old hole be-

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1 cause there is a possibility that we may make an oil well
2 out of this, and as we build an angle, of course, we multi-
3 ply our completion and production problems, so we anticipate
4 that we can live with 22 degrees without -- without any
5 problem.

6 Q Anything further on that exhibit?

7 A No, not at all.

8 Q Mr. Lechwar, why don't you come back and
9 take your seat here and we'll continue with these other
10 exhibits.

11 Would you please refer to what's been marked
12 as Exhibit Seven and explain that to the Examiner?

13 A Okay, Exhibit Seven was prepared by Eastman-
14 Whipstock. The first portion of it is our projected angle
15 buildup schedule, showing our kickoff point at a measured
16 depth of 5800 feet, and drilling angle 1-1/2 degrees per
17 hundred feet until we reach a projected angle of 22 degrees
18 and then we will hold that to TD.

19 It also states on here the anticipated tops
20 of the formations.

21 The next part of the exhibit is a recommended
22 procedure, setting out the actual mechanics of directional
23 drilling the hole.

24 Q Is this the procedure you expect to follow,
25 Mr. Lechwar?

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1 A. We will follow it as closely as we can,
2 depending again on where the bottom of the original hole
3 is at. If it's -- if it's not too far off from vertical
4 we should be able to follow this quite closely.

5 The last part of the exhibit is just a time
6 and cost estimate.

7 Q With respect to the costs of it, economics,
8 et cetera, of this particular project, Mr. Lechwar, have
9 you done any calculations and run any cost figures?

10 A I have run some cost figures and I have
11 some notes here pertaining to what we anticipate will be
12 a savings in regard to using part of the old hole for eval-
13 uation and then plugging it back and directionally drilling
14 from the old bore hole. This would be a cost savings over
15 evaluating the old hole and then moving over and drilling
16 a new one, to evaluate the east half of the section. We
17 feel it does need to be evaluated.

18 We can evaluate the entire north half of
19 the section by using part of this old hole and directionally
20 drilling some new hole.

21 We anticipate that by using -- by evalu-
22 ating the old hole and directionally drilling some new hole
23 section, rather than cleaning out the old hole and drilling
24 a new one, we'd anticipate cost savings in the range of
25 \$130,000. That would be for a completed well, if neither

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1 well is -- or if the new section of the hole or a new well
2 is not completed, the cost savings would still be similar.

3 Q What are the total amounts that you antici-
4 pate, as far as the anticipated cost of the directionally
5 drilled well?

6 A The cost of cleaning out the old hole and
7 directionally drilling the new hole will be \$1,408,000.

8 If we drill a new hole in a new surface
9 location, we anticipate that cost to be \$1,215,000, but that
10 would just evaluate the east section of the lease. We'd
11 still need to go in and evaluate the old hole.

12 The cost just to evaluate the old hole we
13 anticipate at \$324,000.

14 Q Is it correct, Mr. Lechwar, that the bottom
15 hole proposed on this directionally drilled well is still
16 within an orthodox location if it were a second well being
17 drilled as opposed to a directionally drilled well?

18 A Yes, it will be in an orthodox location.

19 Q Okay, Mr. Lechwar, was Exhibit Six prepared
20 by you or under your supervision?

21 A It was prepared under my supervision.

22 Q And with respect to Exhibit Seven, have you
23 studied it and do you concur in the facts and reports?

24 A Yes, I do.

25 MR. COFFIELD: Mr. Examiner, I would move

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1 the admission of Exhibits Six and Seven.

2 MR. STAMETS: They will be admitted.

3 Q In your opinion, Mr. Lechwar, will the
4 granting of this application be in the interest of conser-
5 vation, the prevention of waste, and the protection of
6 correlative rights?

7 A Yes, it will.

8 MR. COFFIELD: I have no other questions of
9 this witness on direct examination, Mr. Examiner.

10
11 CROSS EXAMINATION

12 BY MR. STAMETS:

13 Q Mr. Lechwar, who will supervise the direction-
14 al drilling of this well?

15 A Eastman-Whipstock will supply a man and our
16 drilling department anticipates that they will have one of
17 our rigs available, and our drilling department will supply
18 a man to supervise.

19 Q And how will the -- will the bottom hole
20 location and kickoff point be determined by a multishot
21 survey?

22 A Yes, sir, it will.

23 Q Okay, and I presume the course of the well
24 will be determined periodically by single shot surveys.

25 A Yes, sir.

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1 Q And you propose to run a multishot survey
2 on completion of the producing well to determine the bottom
3 hole location?

4 A Yes, sir, I believe that is in the plan.

5 Q Okay.

6 MR. STAMETS: Okay, any other questions of
7 the witness? He may be excused.

8 Anything further in this case?

9 MR. COFFIELD: No, sir.

10 MR. STAMETS: Take the case under advise-
11 ment.

12 (Hearing concluded.)
13
14
15
16
17
18
19
20
21
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23
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25

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd
Sally W. Boyd, C.S.R.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. _____

CASE NO. _____

Submitted by _____

Hearing Date _____

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6501
heard by me on 3-28 1929

Richard K. Stamps, Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
28 March 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Delta Drilling Company) CASE
for directional drilling, Lea County,) 6501
New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

Conrad E. Coffield, Esq.
HINKLE, COX, EATON, COFFIELD &
HENSLEY
P. O. Box 3380
Midland, Texas 79720

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I N D E X

CYRIL M. GALLICK

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RONALD LECHWARE

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Cross Examination by Mr. Stamets 17

E X H I B I T S

Applicant Exhibit One, Plat 6

Applicant Exhibit Two, Map 6

Applicant Exhibit Three, Cross Section 7

Applicant Exhibit Four, Cross Section 8

Applicant Exhibit Five, Waivers 9

Applicant Exhibit Six, Profile 13

Applicant Exhibit Seven, Report 14

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1 MR. STAMETS: We'll call next Case 6501.

2 MS. TESCHENDORF: Case 6501. Application
3 of Delta Drilling Company for directional drilling, Lea
4 County, New Mexico.

5 MR. COFFIELD: Conrad Coffield, with the
6 Hinkle Law Firm of Midland, appearing on behalf of the ap-
7 plicant, Delta Drilling. I have two witnesses.

8 MR. STAMETS: I'd like to have them both
9 stand and be sworn at this time, please.

10
11 (Witnesses sworn.)

12
13 MR. COFFIELD: Mr. Examiner, before we
14 really get started on the testimony here, I want to point
15 out the fact that as this case was advertised, it talks
16 about the bottom hole location being 1980 feet from the
17 north and west lines of Section 30, Township 16 South,
18 Range 33 East.

19 The actual location which the applicant
20 seeks is 1980 feet from the north and east lines of the
21 section, and we are prepared to give testimony along that
22 line and respectfully request the matter to be re-advertised.

23 MR. STAMETS: All right, we can do both of
24 those things.
25

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CYRIL M. GALLICK

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Would you please state your name, address, occupation, and employer?

A Cyril M. Gallick. I'm a geologist, exploration geologist, with Delta Drilling Company in Midland.

MR. STAMETS: How do you spell that, sir?

A First name Cyril, C-Y-R-I-L.

MR. STAMETS: And the last name?

A Gallick is G-A-L-L-I-C-K.

MR. STAMETS: Thank you, sir.

Q Now, Mr. Gallick, are you familiar with the application of Delta Drilling Company in this case?

A Yes, I am.

Q And have you previously testified before the Oil Conservation Division as a geologist?

A No, I haven't.

Q Mr. Gallick, would you please state to the Examiner a brief outline of your educational and work background?

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1 A Yes, I have a Bachelor's and a Master's
2 degree in geology from the University of California at Los
3 Angeles.

4 I have been an exploration and development
5 geologist for several companies in the Permian Basin area
6 all this time I've spent in Midland.

7 Currently I'm working -- I'm employed by
8 Delta Drilling Company.

9 MR. COFFIELD: Are the witness' qualifica-
10 tions considered acceptable?

11 MR. STAMETS: Yes, they are.

12 Q (Mr. Coffield continuing.) Mr. Gallick,
13 what does Delta Drilling Company seek by this application?

14 A Application of Delta Drilling Company for
15 directional drilling, Lea County, New Mexico.

16 The applicant in the above styled cause
17 seeks authority to re-enter the Williamson State Unit Well
18 No. 1, the surface location of which is 660 feet from the
19 north and west lines of Section 30, Township 16, Range
20 33 East, Lea County, New Mexico, and directionally drill
21 said well in such a manner as to bottom it in the Morrow
22 formation within 100 feet of a point 1980 feet from the
23 north and east lines of said Section 30, the north half of
24 the section to be dedicated to the well.

25 Q Okay, Mr. Gallick, would you please refer

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1 to what's been marked as Exhibit One and explain what that
2 represents?

3 A Yes. Exhibit One is a land plat and on it
4 we have all of -- well, first of all, we have colored in
5 yellow on Delta Drilling's lease in the north half of Sec-
6 tion 30, and the rest of the map has listed on it all of
7 the offset drilling operators.

8 Q And all the other wells in the area are
9 spotted on there, is that right?

10 A Right, yes.

11 Q Did you have anything else on that exhibit?

12 A No, I don't.

13 Q Let's go on to what's been marked as Exhibit
14 Two.

15 MR. COFFIELD: Mr. Examiner, would you like
16 these posted on the wall?

17 MR. STAMETS: Yeah, that would be fine.

18 MR. COFFIELD: Why don't you come up here
19 and testify?

20 Q (Mr. Coffield continuing.) Would you ex-
21 plain what Exhibit Two represents?

22 A Yes. Exhibit Two is a geologic map of the
23 area, or principally two outside stratigraphic diagrams,
24 indicating the stratigraphy of the area, which I'll get
25 into in a moment.

1 Principally, what we show is first of all,
2 a structure map on the top of the Lower Wolfcamp, and the
3 orange band in here is what we believe is the outline of
4 the -- of the Kenmitz Reef, as it's producing in the Ken-
5 mitz Field.

6 As we show on this map, the old Williamson
7 Well, 660 out of the corner of Section 30, is on the edge
8 of the reef trend, as we have it interpreted, and is on
9 the northeast side of the structure.

10 Now, our total plans are to, first of all,
11 re-enter this well and log it, and attempt to see if there
12 are any zones which are producible which have been missed.
13 And then, secondly, after this has been obtained, particularly
14 if we find no producible zones, in the vertical well, we
15 intend to directionally drill this well, as I say, that
16 we've advertised, to the bottom hole location 1980 out of
17 the north and east of the section.

18 We feel that, first of all, in a Wolfcamp
19 location we will get closer to the center of what we be-
20 lieve is the reef then, and in the Morrow location we will
21 be closer to all of the existing Morrow wells in the area,
22 producing wells in the area.

23 And this is our principal purpose.

24 Q Let's go on to what has been marked as Ex-
25 hibit Three, Mr. Gallick.

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1 Please explain to the Examiner what this is.

2 A Exhibit Three is a stratigraphic section,
3 datum which is hung at the top of the Wolfcamp.

4 This is principally to show our interpreta-
5 tion of what we believe is the stratigraphic interpretation
6 of the Lower Wolfcamp, principally this Kenmitz Zone where
7 we feel we're on the backside of the reef. We feel that
8 although we may have a location here, a producable location
9 here, and moving in this direction, these cross sections,
10 as shown on Exhibit Two, I have a cross section line that's
11 relatively parallel to the direction we want to directionally
12 drill the well, and so this is -- I mean this is the princi-
13 pal purpose of wanting to directionally drill that well, is
14 it will get us further along the -- in part of what we be-
15 lieve will be the reef, and this is the principal reason
16 we are exhibiting this stratigraphic section.

17 That's all.

18 Q Okay, well, go on to Exhibit Number Four.
19 Would you explain what this Exhibit Four represents?

20 A Exhibit Four is a stratigraphic section
21 shown principally to show the Pennsylvanian. We felt that
22 the diagram -- the section is too large to show on one
23 section, so we have it split in two.

24 This one is hung on the top of the Morrow.
25 The particular well that we're talking about, the Williamson

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1 well, this is the well here. The Morrow section shown on
2 here has some zones we feel are prospective. We feel moving
3 in the southeast direction we will find zones, probably
4 more -- and this is again further evidence to show why we
5 would like to directionally drill this well.

6 Q Do you have any other details about that?

7 A No, I don't.

8 Q Why don't you come back over here and sit
9 down. We've got other exhibits here that aren't quite so
10 large.

11 Would you please refer to what's been marked
12 as Exhibit Five and identify that, please?

13 A Exhibit Five are waivers which we've ob-
14 tained from all the offset operators to allow us to direction-
15 ally drill this well.

16 And I think that's all.

17 Q Then, in other words, everybody has been
18 notified, as far as offset operators are concerned?

19 A Right.

20 Q And no one has had any objection?

21 A No.

22 Q Do you have any other comments on these
23 exhibits?

24 A No.

25 Q Were these Exhibits One through Five pre-

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pared by you or under your direction and supervision, or taken from files in the case of Exhibit Five, to which you have access and over which you have responsibility?

A. Yes.

MR. COFFIELD: We move the admission of Exhibits One through Five, Mr. Examiner.

MR. STAMETS: These exhibits will be admitted.

MR. COFFIELD: And I have no further questions of this witness on direct examination.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Gallick, looking at your letters here, waivers, you seem to have a waiver from Holly Energy, but I don't see Holly Energy on the map.

A Holly Energy is the company for which Wayne Gill is a broker. Wayne Gill bought the acreage and the lease sales for Holly Energy.

Q So each of these leases on Exhibit Number One that says W. W. Gill --

A. Right.

Q --- should be Holly?

A. That's right. We have waivers from both Mr. Gill and Holly, just to make sure.

Q Okay, I hadn't gotten that far. I see that is the next one.

I see you have a waiver from Union. Where is their acreage located?

A. Well ---

Q I see it now, Section 29. Okay.

MR. STAMETS: Any other questions of this witness? He may be excused.

RONALD LECHWAR

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Would you please state your name, address, occupation, and employer?

A My name is Ronald Lechwar, and I'm employed by Delta Drilling Company as a Project Manager in Midland.

Q Mr. Lechwar, are you familiar with the application of Delta Drilling Company in this case?

A Yes, I am.

Q Have you previously testified before the Oil Conservation Division?

A No, I have not.

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Suite 70, New Mexico 87501

1 Q Would you please give the Examiner a brief
2 outline of your educational and work experience?

3 A I am not a professional engineer. I'm not
4 a petroleum engineer. I have completed a year and a half
5 work at the University of Oklahoma and I've worked in an
6 engineering capacity for the past ten years for independent
7 producers in Oklahoma and in Texas and New Mexico.

8 Q And what are your duties with Delta Drilling?

9 A My duties with Delta Drilling are princi-
10 pally in the preparation of cost estimates for drilling,
11 planning of wells, casing programs, and completion programs.

12 MR. COFFIELD: Mr. Examiner, is the witness
13 considered qualified?

14 MR. STAMETS: Is this the type of work that
15 you have been doing in your years in the oil fields, --

16 A Yes, sir.

17 MR. STAMETS: -- Mr. Lechwar?

18 A Yes, it is.

19 MR. STAMETS: Well, let's let the witness
20 go ahead and testify and I don't imagine we're going to
21 have the necessity of calling him for a professional opinion,
22 and if we get in that area, why then we can worry about
23 whether he's qualified or not.

24 Q (Mr. Coffield continuing.) Mr. Lechwar,
25 let's refer to what you've marked here as Exhibit Six and

1 tell us what that represents.

2 A Exhibit Six is a profile of the directional
3 section of the hole which we anticipate drilling.

4 This area here shows the surface location
5 660 from the north and the west lines of the section, and
6 shows the projected direction of the hole and the bottom
7 hole location, which will be approximately 1980 from the
8 north line, 1980 from the east line. We intend to hit a
9 target with 100 foot radius, if that's acceptable, and we
10 have projected here the true vertical depth on this side,
11 with the anticipated tops and the measured depth of the
12 tops, going down to our measured depth of 14,358 feet, which
13 will give us a true vertical depth of 13,800 feet.

14 Now this, of course, has to be adjusted
15 depending on our survey of the old bore hole, what location
16 it shows the old bore hole to be in, but it will not vary
17 a great deal from this.

18 According to the surveys of the old hole,
19 we're off by about a half a degree at the projected kickoff
20 point, which we anticipate to be 5800 feet. And we're going
21 to drill an angle at approximately 1-1/2 degrees per hundred
22 feet.

23 Q Mr. Lechwar, will you explain why this par-
24 ticular deviation curve has been selected?

25 A We chose not to use more of the old hole be-

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1 cause there is a possibility that we may make an oil well
2 out of this, and as we build an angle, of course, we multi-
3 ply our completion and production problems, so we anticipate
4 that we can live with 22 degrees without -- without any
5 problem.

6 Q Anything further on that exhibit?

7 A No, not at all.

8 Q Mr. Lechwar, why don't you come back and
9 take your seat here and we'll continue with these other
10 exhibits.

11 Would you please refer to what's been marked
12 as Exhibit Seven and explain that to the Examiner?

13 A Okay, Exhibit Seven was prepared by Eastman-
14 Whipstock. The first portion of it is our projected angle
15 buildup schedule, showing our kickoff point at a measured
16 depth of 5800 feet, and drilling angle 1-1/2 degrees per
17 hundred feet until we reach a projected angle of 22 degrees
18 and then we will hold that to TD.

19 It also states on here the anticipated tops
20 of the formations.

21 The next part of the exhibit is a recommended
22 procedure, setting out the actual mechanics of directional
23 drilling the hole.

24 Q Is this the procedure you expect to follow,
25 Mr. Lechwar?

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1 A. We will follow it as closely as we can,
2 depending again on where the bottom of the original hole
3 is at. If it's -- if it's not too far off from vertical
4 we should be able to follow this quite closely.

5 The last part of the exhibit is just a time
6 and cost estimate.

7 Q. With respect to the costs of it, economics,
8 et cetera, of this particular project, Mr. Lechwar, have
9 you done any calculations and run any cost figures?

10 A. I have run some cost figures and I have
11 some notes here pertaining to what we anticipate will be
12 a savings in regard to using part of the old hole for eval-
13 uation and then plugging it back and directionally drilling
14 from the old bore hole. This would be a cost savings over
15 evaluating the old hole and then moving over and drilling
16 a new one, to evaluate the east half of the section. We
17 feel it does need to be evaluated.

18 We can evaluate the entire north half of
19 the section by using part of this old hole and directionally
20 drilling some new hole.

21 We anticipate that by using -- by evalu-
22 ating the old hole and directionally drilling some new hole
23 section, rather than cleaning out the old hole and drilling
24 a new one, we'd anticipate cost savings in the range of
25 \$130,000. That would be for a completed well, if neither
26

SALLY WALTON BOYD
COMMUNITY DEVELOPMENT
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1 well is --- or if the new section of the hole or a new well
2 is not completed, the cost savings would still be similar.

3 Q What are the total amounts that you antici-
4 pate, as far as the anticipated cost of the directionally
5 drilled well?

6 A The cost of cleaning out the old hole and
7 directionally drilling the new hole will be \$1,408,000.

8 If we drill a new hole in a new surface
9 location, we anticipate that cost to be \$1,215,000, but that
10 would just evaluate the east section of the lease. We'd
11 still need to go in and evaluate the old hole.

12 The cost just to evaluate the old hole we
13 anticipate at \$324,000.

14 Q Is it correct, Mr. Lechwar, that the bottom
15 hole proposed on this directionally drilled well is still
16 within an orthodox location if it were a second well being
17 drilled as opposed to a directionally drilled well?

18 A Yes, it will be in an orthodox location.

19 Q Okay, Mr. Lechwar, was Exhibit Six prepared
20 by you or under your supervision?

21 A It was prepared under my supervision.

22 Q And with respect to Exhibit Seven, have you
23 studied it and do you concur in the facts and reports?

24 A Yes, I do.

25 MR. COFFIELD: Mr. Examiner, I would move

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

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3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 the admission of Exhibits Six and Seven.

2 MR. STAMETS: They will be admitted.

3 Q In your opinion, Mr. Lechwar, will the
4 granting of this application be in the interest of conser-
5 vation, the prevention of waste, and the protection of
6 correlative rights?

7 A Yes, it will.

8 MR. COFFIELD: I have no other questions of
9 this witness on direct examination, Mr. Examiner.

10 CROSS EXAMINATION

11 BY MR. STAMETS:

12 Q Mr. Lechwar, who will supervise the direction-
13 al drilling of this well?

14 A Eastman-Whipstock will supply a man and our
15 drilling department anticipates that they will have one of
16 our rigs available, and our drilling department will supply
17 a man to supervise.

18 Q And how will the -- will the bottom hole
19 location and kickoff point be determined by a multishot
20 survey?

21 A Yes, sir, it will.

22 Q Okay, and I presume the course of the well
23 will be determined periodically by single shot surveys.

24 A Yes, sir.

1 Q And you propose to run a multishot survey
2 on completion of the producing well to determine the bottom
3 hole location?

4 A Yes, sir, I believe that is in the plan.

5 Q Okay.

6 MR. STAMETS: Okay, any other questions of
7 the witness? He may be excused.

8 Anything further in this case?

9 MR. COFFIELD: No, sir.

10 MR. STAMETS: Take the case under advise-
11 ment.

12 (Hearing concluded.)
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. _____

CASE NO. _____

Submitted by _____

Hearing Date _____

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____ heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
303 Plaza Blanca (666) 471-2452
Santa Fe, New Mexico 87501

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C. D. MARTIN
PAUL J. KELLY, JR.
JAMES H. BOZARTH

DOUGLAS L. LUNSFORD
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K. DOUGLAS PERRIN
C. RAY ALLEN
JACQUELINE W. ALLEN
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD
JOHN S. NELSON
RICHARD E. OLSON

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY

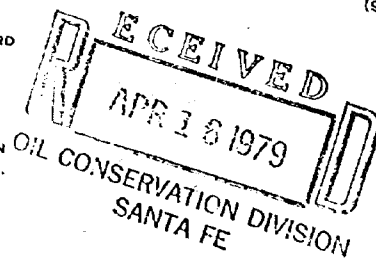
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(915) 683-4691

OF COUNSEL
CLARENCE E. HINKLE

W. E. BONDURANT, JR. (1914-1973)

ROSWELL, NEW MEXICO OFFICE
600 HINKLE BUILDING
(505) 622-6510

ONLY ATTYS. COFFIELD, MARTIN, BOZARTH,
BOHANNON, FOSTER, ALLEN, ALLEN & BURFORD
LICENSED IN TEXAS



April 9, 1979

Mr. Dan Nutter
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Delta Drilling Company
OCD Case No. 6501

Dear Dan:

Per our telephone conversation of April 6, and per my verbal request at the time of the hearing on March 28 on the above referenced case, please consider this letter as giving evidence of a written application to support the advertisement of Delta Drilling Company's Application in Case No. 6501. As re-advertised, the Application is to be for directional drilling, Lea County, New Mexico, with the Applicant seeking authority to re-enter the Williamson State Unit Well No. 1, the surface location of which is 660 feet from the North and West lines of Section 30, Township 16 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and directionally drill said well in such a manner as to bottom it in the Morrow formation within 100 feet of a point 1980 feet from the North and East lines of said Section 30, the N $\frac{1}{2}$ of the Section to be dedicated to the well.

I trust that this is all that will be required in order to properly note your records and to support the publication and, finally, the calling of the case in connection with the April 25 docket. If anything additionally is needed, please let me know.

Mr. Dan Nutter

-2-

April 9, 1979

Thank you.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

Conrad E. Coffield
Conrad E. Coffield

CEC:rf

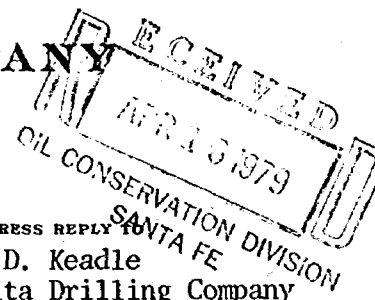
xc: Mr. Dale Keadle
Delta Drilling Company
Post Office Box 2113
Midland, Texas 79702

DELTA DRILLING COMPANY

Box 2012 TELEPHONE 214 595-1911

TYLER, TEXAS 75710

April 11, 1979



ADDRESS REPLY
R. D. Keadle
Delta Drilling Company
P. O. Box 3467
Midland, Texas 79702

Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application for Placement on Next Available Docket
Delta Drilling Company's Proposed Morrow Re-entry
NW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 30, T-16-S, R-33-E
Lea County, New Mexico

Dear Sir:

This is to request that we be placed on the next available docket of April 25, 1979 relative to Delta's proposed re-entry of the Williamson Unit State #1 located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 30, T-16-S, R-33-E. The surface location of the aforementioned Williamson Unit State #1 is 660' FNL and 660' FWL of said Section 30.

Delta's proposed re-entry will be a scheduled Morrow test to be directionally drilled in a southeasterly direction, the bottom hole location to be within 100 feet of a point 1980' FNL & 1980' FEL of Section 30, T-16-S, R-33-E. The proposed Proration Unit for such well will be the N $\frac{1}{2}$ of Section 30. Testimony relative to this operation has already been presented by Delta at the hearing held on March 28, 1979.

Thank you very much for your cooperation.

Very truly yours,

E. W. Hooper
West Texas Division
Exploration Manager

EWH:RDK:gk

DELTA DRILLING COMPANY

Box 2012 TELEPHONE 214 595-1911

TYLER, TEXAS 75710

March 6, 1979

ADDRESS REPLY TO

GULF COAST EXPLORATION DIVISION

8550 KATT FREEWAY, SUITE 218

HOUSTON, TEXAS 77024

713-032-7980

Pogo Producing Company
P. O. Box 2504
Houston, Texas 77001

Re: Request for Waiver
Delta #1 Unit State (Reentry)
660' FNL and 660' FWL
Section 30-16S-33E
West Kemnitz Prospect
Lea County, New Mexico

Gentlemen:

Reference is made to our request for waiver dated March 6, 1979 relative to the unorthodox location of our planned reentry of the Williamson #1 Unit State well.

In the event we are unsuccessful in completing this well in the Morrow it is our intent to plug back and whipstock the well bore in a southeasterly direction so that the final bottom hole location in the deviated hole will be approximately 1980' FN & WL or 1980' FN & EL of Section 30-16S-33E. Either of these bottom hole locations would be standard for a N/2 Section 30 proration unit.

In preparation for this possibility we have requested a hearing for a deviated hole and request that you as an offsetting operator waive any objections to our plans to deviate as set out above. Please signify your waiver of objection by signing in the space below and returning this letter to our Midland, Texas office.

Thank you very much for your cooperation.

Very truly yours,


R. D. Gardner

We hereby waive any objections to the proposed deviation of the well bore as set out above.

POGO PRODUCING COMPANY

BY 

DATE 3-8-79

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 5

CASE NO. 6501

Submitted by Delta Drilling

Hearing Date 3/28/79

DELTA DRILLING COMPANY

Box 2012 TELEPHONE 214 505-1011

TYLER, TEXAS 75710

March 6, 1979

ADDRESS REPLY TO

E. W. Hooper
Delta Drilling Company
P. O. Box 3467
Midland, Texas 79702

Murphy Minerals Corporation
P. O. Drawer 2164
Roswell, New Mexico 88201

Re: Request for Waiver
Delta #1 Unit State (Re-entry)
660' FNL & 660' FWL
Section 30-16S-33E
W. Kemnitz Prospect
Lea County, New Mexico

Gentlemen:

Reference is made to our request for waiver dated March 6, 1979 relative to the unorthodox location of our planned reentry of the Williamson #1 Unit State well.

In the event we are unsuccessful in completing this well in the Morrow formation, it is our intent to plug back and whipstock the well bore in a southeasterly direction so that the final bottom hole location in the deviated hole will be approximately 1980' FN&WL or 1980' FN&EL of Section 30-16S-33E. Either of these bottom hole locations would be standard for a $N\frac{1}{2}$ Section 30 proration unit.

In preparation for this possibility we have requested a hearing for a deviated hole and request that you, as an offsetting operator, waive any objections to our plans to deviate as set out above. Please signify your waiver of objection by signing in the space below and returning this letter to our Midland, Texas address.

Thank you very much for your cooperation.

Very truly yours,



E. W. Hooper

EWH:gk

We hereby waive any objections to the proposed deviation of the well bore as set out above.

MURPHY MINERALS CORPORATION



March 1979

DELTA DRILLING COMPANY

Box 2012 TELEPHONE 214 505-1011

TYLER, TEXAS 75710

March 6, 1979

ADDRESS REPLY TO

E. W. Hooper
Delta Drilling Company
P. O. Box 3467
Midland, Texas 79702

Yates Petroleum Corporation
Yates Building
207 South 4th
Artesia, New Mexico 88210

Re: Request for Waiver
Delta #1 Unit State (Re-entry)
660' FNL & 660' FWL
Section 30-16S-33E
W. Kemnitz Prospect
Lea County, New Mexico

Gentlemen:

Reference is made to our request for waiver dated March 6, 1979 relative to the unorthodox location of our planned reentry of the Williamson #1 Unit State well.

In the event we are unsuccessful in completing this well in the Morrow formation, it is our intent to plug back and whipstock the well bore in a southeasterly direction so that the final bottom hole location in the deviated hole will be approximately 1980' FN&WL or 1980' FN&EL of Section 30-16S-33E. Either of these bottom hole locations would be standard for a N $\frac{1}{2}$ Section 30 proration unit.

In preparation for this possibility we have requested a hearing for a deviated hole and request that you, as an offsetting operator, waive any objections to our plans to deviate as set out above. Please signify your waiver of objection by signing in the space below and returning this letter to our Midland, Texas address.

Thank you very much for your cooperation.

Very truly yours,


E. W. Hooper

EWH:gk

We hereby waive any objections to the proposed deviation of the well bore as set out above.

YATES PETROLEUM CORPORATION

By:  March , 1979

DELTA DRILLING COMPANY

Box 2012 TELEPHONE 214 505-1011

TYLER, TEXAS 75710

March 6, 1979

ADDRESS REPLY TO

E. W. Hooper
Delta Drilling Company
P. O. Box 3467
Midland, Texas 79702

Holly Energy, Inc.
2001 Bryan Tower
Suite 2680
Dallas, Texas 75201

Re: Request for Waiver
Delta #1 Unit State (Re-entry)
660' FNL & 660' FWL
Section 30-16S-33E
W. Kemnitz Prospect
Lea County, New Mexico

Gentlemen:

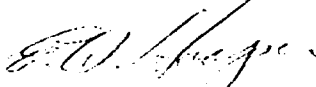
Reference is made to our request for waiver dated March 6, 1979 relative to the unorthodox location of our planned reentry of the Williamson #1 Unit State well.

In the event we are unsuccessful in completing this well in the Morrow formation, it is our intent to plug back and whipstock the well bore in a southeasterly direction so that the final bottom hole location in the deviated hole will be approximately 1980' FN&WL or 1980' FN&EL of Section 30-16S-33E. Either of these bottom hole locations would be standard for a N $\frac{1}{2}$ Section 30 proration unit.

In preparation for this possibility we have requested a hearing for a deviated hole and request that you, as an offsetting operator, waive any objections to our plans to deviate as set out above. Please signify your waiver of objection by signing in the space below and returning this letter to our Midland, Texas address.

Thank you very much for your cooperation.

Very truly yours,




E. W. Hooper

EWH:gk

We hereby waive any objections to the proposed deviation of the well bore as set out above.

HOLLY ENERGY, INC.

By:  March 9, 1979
VICE PRESIDENT

DELTA DRILLING COMPANY

Box 2012 TELEPHONE 214 503-1011

TYLER, TEXAS 75710

March 6, 1979

ADDRESS REPLY TO

E. W. Hooper
Delta Drilling Company
P. O. Box 3467
Midland, Texas 79702

Wayne Gill
P. O. Box 8245
Midland, Texas

Re: Request for Waiver
Delta #1 Unit State (Re-entry)
660' FNL & 660' FWL
Section 30-16S-33E
W. Kemnitz Prospect
Lea County, New Mexico

Gentlemen:

Reference is made to our request for waiver dated March 6, 1979 relative to the unorthodox location of our planned reentry of the Williamson #1 Unit State well.

In the event we are unsuccessful in completing this well in the Morrow formation, it is our intent to plug back and whipstock the well bore in a southeasterly direction so that the final bottom hole location in the deviated hole will be approximately 1980' FN&WL or 1980' FN&EL of Section 30-16S-33E. Either of these bottom hole locations would be standard for a N $\frac{1}{2}$ Section 30 proration unit.

In preparation for this possibility we have requested a hearing for a deviated hole and request that you, as an offsetting operator, waive any objections to our plans to deviate as set out above. Please signify your waiver of objection by signing in the space below and returning this letter to our Midland, Texas address.

Thank you very much for your cooperation.

Very truly yours,

E. W. Hooper
E. W. Hooper

EWH:gk

We hereby waive any objections to the proposed deviation of the well bore as set out above.

By: Wayne Gill March 9, 1979

DELTA DRILLING COMPANY

Box 2012 TELEPHONE 214 505-1011

TYLER, TEXAS 75710

March 6, 1979

ADDRESS REPLY TO

E. W. Hooper
Delta Drilling Company
P. O. Box 3467
Midland, Texas 79702

Cal-Mon Oil Company
P. O. Box 2066
Midland, Texas

Re: Request for Waiver
Delta #1 Unit State (Re-entry)
660' FNL & 660' FWL
Section 30-16S-33E
W. Kemnitz Prospect
Lea County, New Mexico

Gentlemen:

Reference is made to our request for waiver dated March 6, 1979 relative to the unorthodox location of our planned reentry of the Williamson #1 Unit State well.

In the event we are unsuccessful in completing this well in the Morrow formation, it is our intent to plug back and whipstock the well bore in a southeasterly direction so that the final bottom hole location in the deviated hole will be approximately 1980' FN&WL or 1980' FN&EL of Section 30-16S-33E. Either of these bottom hole locations would be standard for a $N\frac{1}{2}$ Section 30 proration unit.

In preparation for this possibility we have requested a hearing for a deviated hole and request that you, as an offsetting operator, waive any objections to our plans to deviate as set out above. Please signify your waiver of objection by signing in the space below and returning this letter to our Midland, Texas address.

Thank you very much for your cooperation.

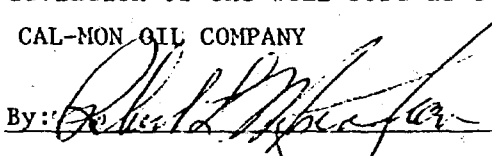
Very truly yours,


E. W. Hooper

EWH:gk

We hereby waive any objections to the proposed deviation of the well bore as set out above.

CAL-MON OIL COMPANY

By:  March 7, 1979

DELTA DRILLING COMPANY

Box 2012 TELEPHONE 214 505-1011

TYLER, TEXAS 75710

March 6, 1979

ADDRESS REPLY TO

E. W. Hooper
Delta Drilling Company
P. O. Box 3467
Midland, Texas 79702

Union Oil Company of California
P. O. Box 671
Midland, Texas

Re: Request for Waiver
Delta #1 Unit State (Re-entry)
660' FNL & 660' FWL
Section 30-16S-33E
W. Kemnitz Prospect
Lea County, New Mexico

Gentlemen:

Reference is made to our request for waiver dated March 6, 1979 relative to the unorthodox location of our planned reentry of the Williamson #1 Unit State well.

In the event we are unsuccessful in completing this well in the Morrow formation, it is our intent to plug back and whipstock the well bore in a southeasterly direction so that the final bottom hole location in the deviated hole will be approximately 1980' FN&WL or 1980' FN&EL of Section 30-16S-33E. Either of these bottom hole locations would be standard for a $N\frac{1}{2}$ Section 30 proration unit.

In preparation for this possibility we have requested a hearing for a deviated hole and request that you, as an offsetting operator, waive any objections to our plans to deviate as set out above. Please signify your waiver of objection by signing in the space below and returning this letter to our Midland, Texas address.

Thank you very much for your cooperation.

Very truly yours,



E. W. Hooper

EWH:gk

We hereby waive any objections to the proposed deviation of the well bore as set out above.

UNION OIL COMPANY OF CALIFORNIA

By: 

March 14, 1979



P. O. Box 2055

• Telephone (505) 623-3131

• Roswell, New Mexico 88201

March 27, 1979

Delta Drilling Co.
P.O. Box 3467
Midland, Texas 79702

Re: Waiver of objection to proposed
deviated hole Delta #1 Unit State
Sec. 30, T-16S, R-33E,
Lea County, New Mexico


Gentlemen:

Confirming our telephone conversation of March 27, 1979 Western Oil Producers, Inc. hereby waives any objection to your plans to re-enter the #1 Unit State well located in the NW 1/4 NW 1/4 Sec. 30, T-16S, R-33E, Lea County, New Mexico and deviate the well bore in a southeasterly direction.

It is our understanding, and this waiver is given on the basis of your plans to bottom the hole in the SW 1/4 NE 1/4 Sec. 30, T-16S, R-33E, Lea County, New Mexico.

Yours very truly,

WESTERN OIL PRODUCERS, INC.


Kenneth D. Reynolds
Vice President

KDR:bn

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. _____

CASE NO. _____

Submitted by _____

Hearing Date _____



P. O. Box 5577/Midland, Texas 79701/(915) 563-0511
TWX 910-881-5066/Cable: EASTCO

DELTA DRILLING PRODUCTION
STATE WELL NO. 1
LEA COUNTY, NEW MEXICO

Directional Drillers/Sub-Surface Surveyors/Instrument & Tool Rentals/Sales/Worldwide



P. O. Box 5577/Midland, Texas 79701/(915) 563-0511
TWX 910-881-5066/Cable: EASTCO

March 23, 1979

Mr. Ron Lechwar
Delta Drilling Production
Wall Tower South
Midland, Texas 79701

Dear Sir,

Please find enclosed an Angle Build Up Schedule, Procedure and Time and Cost Estimate to Control Directional Drill your State No.1 well in Lea, County, New Mexico.

Time and Cost Estimate is based on 10 to 12 feet per hour drilling time from 5800' to 7800' (240' per day-8 days) and 8 feet per hour drilling time from 7800' to 14,362' (192' per day-34days). We have added 5 days for Dyna Drill Runs, Trips to change Drilling Assemblies and extra time to take Single Shot pictures.

We appreciate the opportunity to present this Proposal for your approval. Thanks for calling Eastman Whipstock and if we can be of further service, please call.

Yours Truly,

Ray Warner

Ray Warner
District Representative

Directional Drillers/Sub-Surface Surveyors/Instrument & Tool Rentals/Sales/Worldwide



P. O. Box 5577/Midland, Texas 79701/(915) 563-0511
TWX 910-881-5066/Cable: EASTCO

March 23, 1979

Delta Drilling Production
Mr. Ron Lechwar

State No. 1
Lea County, New Mexico

ANGLE BUILD UP SCHEDULE

MEASURED DEPTH	ANGLE	TRUE VERTICAL DEPTH	DISPLACEMENT
5,800.00'	0°00'	5,800.00'	0.00'
5,900.00'	1°30'	5,899.99'	1.31'
6,000.00'	3°00'	5,999.91'	5.23'
6,100.00'	4°30'	6,099.69'	11.78'
6,200.00'	6°00'	6,199.27'	20.92'
6,300.00'	7°30'	6,298.57'	32.68'
6,400.00'	9°00'	6,397.54'	47.03'
6,500.00'	10°30'	6,496.09'	63.96'
6,600.00'	12°00'	6,594.16'	83.47'
6,700.00'	13°30'	6,691.70'	105.54'
6,800.00'	15°00'	6,788.62'	130.15'
6,900.00'	16°30'	6,884.86'	157.30'
7,000.00'	18°00'	6,980.36'	186.94'
7,100.00'	19°30'	7,075.05'	219.09'
7,105.22'	19°37'	7,080.00'	220.76'
7,200.00'	21°00'	7,168.86'	253.70'
7,276.35'	22°15'	7,239.87'	281.78'
7,741.08'	22°15'	7,670.00'	457.75'
9,752.88'	22°15'	9,532.00'	1219.51'
10,717.72'	22°15'	10,425.00'	1584.85'
11,704.17'	22°15'	11,338.00'	1958.37'
12,368.65'	22°15'	11,953.00'	2209.97'
12,797.59'	22°15'	12,350.00'	2372.39'
13,148.74'	22°15'	12,675.00'	2505.35'
13,672.76'	22°15'	13,160.00'	2703.77'
14,245.40'	22°15'	13,690.00'	2920.60'
14,358.96'	22°15'	13,800.00'	2951.61'

(Tubb)

(Abo)

(Wolfcamp)

(Lower Wolfcamp)

(Cisco)

(Canyon)

(Strawn)

(Atoka)

(Morrow)

(Mississippian)

Directional Drillers/Sub-Surface Surveyors/Instrument & Tool Rentals/Sales/Worldwide



P. O. Box 5577/Midland, Texas 79701/(915) 563-0511
TWX 910-881-5066/Cable: EASTCO

March 23, 1979

Delta Drilling Production
Mr. Ron Lechwar

State No. 1
Lea County, New Mexico

RECOMMENDED PROCEDURE

1. Clean out and condition hole for setting cement plug. Set approximately 400' cement plug from 5600' to 6000'. Log shows a Dolomite section 5700' to 5800' (+ -) above Glorietta Sand. We feel it will be an advantage to Sidetrack and Deflect Well Bore 100' above Sand section. The Diamond Bit will, however, drill the Sand but at a lower rate of penetration.
2. Run Gyro Survey on Wire Line 0' to 4529'.
3. Go in hole with 7 7/8" Mill Tooth Bit, 6 1/4" Non Magnetic Drill Collar, Regular Steel Collars and Drill Pipe. Dress Cement Plug down to 5700' (+ -). Plug should drill 1 to 2 minutes per foot with 10,000# Bit weight. After it has been determined Cement Plug is hard enough to Sidetrack on, Drop Multiple Shot Survey and Survey trip out of hole.
4. Go in hole with 7 7/8" Diamond Sidetrack Bit, 5" Dyna Drill, Bent Sub, 6 1/4" Non Magnetic Drill Collar, Regular Steel Drill Collars and Drill Pipe. Orient this Assembly and drill 90' (+ -) until Well Bore is deflected with proper angle and direction. Trip out of hole.
5. Go in hole with 7 7/8" Drill Bit, 7 7/8" Spiral Blade Stabilizer, 6 1/4" X 30' Non Magnetic Drill Collar, Regular Steel Drill Collars and Drill Pipe. Drill with this Angle Building Assembly until an average angle of 22° 15' is obtained or until a corrective run is needed. Trip out of hole for change in Drilling Assembly.
6. Go in hole with 7 7/8" Drill Bit, 7 7/8" Spiral Blade Stabilizer, 6 1/4" X 10' Steel Lead Collar, 7 7/8" String Reamer, 6 1/4" X 30' Non Magnetic Drill Collar, 7 7/8" String Reamer, Regular Steel Collars and Drill Pipe. Drill with this Assembly to total depth or until a corrective run is needed.
7. Upon reaching total depth a Magnetic Multiple Shot Survey can be dropped on trip out of hole to tie into Multiple Shot Survey at 5800'. The New Mexico Oil and Gas Conservation Commission requires a Magnetic Multiple Shot Survey with course lengths not to exceed 100' upon completion of any Directional well.

Please Note: This procedure is based on normal hole conditions. The Eastman Whipstock Directional Supervisor at the location may see fit to alter some of the procedures mentioned here to suit the conditions.

Directional Drillers/Sub-Surface Surveyors/Instrument & Tool Rentals/Sales/Worldwide



P. O. Box 5577/Midland, Texas 79701/(915) 563-0511
TWX 910-881-5066/Cable: EASTCO

March 23, 1979

DELTA DRILLING PRODUCTION
Mr. Ron Lechwar

State No. 1
Lea County, New Mexico

TIME AND COST ESTIMATE

DIRECTIONAL DRILLING SUPERVISOR

1st Day Directional Driller
46 Additional Days @ 395.00
47 Days Meals and Lodging @ 45.00
TOTAL:

\$ 650.00
18,170.00
2,115.00
\$ 20,935.00

NON-MAGNETIC DRILL COLLAR

47 Days - 6 1/4 X 30 NMDC @ 49.00 per Day
47 Days Loss in Hole Coverage @ 9.00 per Day
TOTAL:

2,303.00
423.00
\$ 2,726.00

DIRECTIONAL SINGLE SHOT INSTRUMENT

47 Days - Type "R" Single Shot Instrument @ 40.00 per Day
47 Days - Electronic Motion Sensor @ 11.00 per Day
47 Days - Loss in Hole Coverage @ 2.25 per Day
TOTAL:

\$ 1,880.00
517.00
105.75
\$ 2,502.75

REAMERS

2 - 7 7/8 Bottom Hole Reamers - 165.00 Body Rental
5 - Sets of Cutters for BHR @ 439.00 Set
2 - 7 7/8 String Reamers - 165.00 Body Rental
4 - Sets of Cutters for String Reamers @ 439.00
TOTAL:

\$ 330.00
2,195.00
330.00
2,195.00
\$ 5,050.00

DYNA DRILL

1 - Bent Sub w/Sleeve
1 - 15 Hrs. 5" Dyna Drill Run @ 125.00
15 Hrs. Loss in Hole Coverage @ 9.00
1 - 15 Hrs. 5" Dyna Drill Corrective Run @ 125.00
15 Hrs. Loss in Hole Coverage @ 9.00
TOTAL:

\$ 440.00
1,875.00
135.00
1,875.00
135.00
\$ 4,460.00

1 - 7 7/8" Diamond Sidetrack Bit
Trucking and Miscellaneous

\$ 4,000.00
\$ 1,500.00

Directional Drillers/Sub-Surface Surveyors/Instrument & Tool Rentals/Sales/Worldwide



P. O. Box 5577 / Midland, Texas 79701 / (915) 563-0511
TWX 910-881-5066 / Cable: EASTCO

March 23, 1979

DELTA DRILLING PRODUCTION
Mr. Ron Lechwar

State No. 1
Lea County, New Mexico

TIME AND COST ESTIMATE

DIRECTIONAL DRILLING SUPERVISOR

1st Day Directional Driller	\$ 650.00
46 Additional Days @ 395.00	18,170.00
47 Days Meals and Lodging @ 45.00	<u>2,115.00</u>
TOTAL:	\$ 20,935.00

NON-MAGNETIC DRILL COLLAR

47 Days - 6 1/4 X 30 NMDG @ 49.00 per Day	2,303.00
47 Days Loss in Hole Coverage @ 9.00 per Day	<u>423.00</u>
TOTAL:	\$ 2,726.00

DIRECTIONAL SINGLE SHOT INSTRUMENT

47 Days - Type "R" Single Shot Instrument @ 40.00 per Day	\$ 1,880.00
47 Days - Electronic Motion Sensor @ 11.00 per Day	517.00
47 Days - Loss in Hole Coverage @ 2.25 per Day	<u>105.75</u>
TOTAL:	\$ 2,502.75

REAMERS

2 - 7 7/8 Bottom Hole Reamers - 165.00 Body Rental	\$ 330.00
5 - Sets of Cutters for BHR @ 439.00 Set	2,195.00
2 - 7 7/8 String Reamers - 165.00 Body Rental	330.00
4 - Sets of Cutters for String Reamers @ 439.00	<u>2,195.00</u>
TOTAL:	\$ 5,050.00

DYNA DRILL

1 - Bent Sub w/Sleeve	\$ 440.00
1 - 15 Hrs. 5" Dyna Drill Run @ 125.00	1,875.00
15 Hrs. Loss in Hole Coverage @ 9.00	135.00
1 - 15 Hrs. 5" Dyna Drill Corrective Run @ 125.00	1,875.00
15 Hrs. Loss in Hole Coverage @ 9.00	<u>135.00</u>
TOTAL:	\$ 4,460.00
1 - 7 7/8" Diamond Sidetrack Bit	\$ 4,000.00
Trucking and Miscellaneous	\$ 1,500.00

DIRECTIONAL SURVEYSGYRO

0-4500 Ft. @ .29	\$ 1,305.00
Meals & Lodging @ 45.00	45.00
Full Computer Calculated Survey Charge	138.00
Wire Line Trailer	400.00
TOTAL:	\$ 1,888.00

MULTISHOT

4500 - 5800 Ft. @ (Min.)	\$ 688.00
Meals & Lodging @ 45.00	45.00
TOTAL:	\$ 733.00

MMS - 5800 - 14358 Ft. (8558' @ .19)	\$ 1,626.02
Meals & Lodging @ 45.00	45.00
TOTAL:	\$ 1,671.02

TOTAL OF DIRECTIONAL DRILLING & SURVEY'S (DYNA DRILL INCLUDED) -- \$ 45,465.77

DIRECTIONAL ORIENTATION TOOL

10 Hr. Minimum	\$ 1,540.00
5 Additional Hrs. @ 154.00	770.00
10 Standby Hrs. @ 25.00 per Hour	250.00
25 Operator Hrs. @ 25.00 per Hour	625.00

RENTAL EQUIPMENT

Circulating Mule Shoe Sleeve & Sub	\$ 242.00
Circulating Head	182.00
Hydraulic Line Wiper	182.00
TOTAL:	\$ 3,791.00

WIRE LINE CHARGES

8000 Ft. @ .09 per Foot	\$ 720.00
15 Hrs. in Hole @ 45.00 per Hour	675.00
Pressure Charge	200.00
Set Up Charge	400.00
TOTAL:	\$ 1,995.00

TOTAL DOT, RENTAL EQUIPMENT & WIRE LINE CHARGES-----\$ 5,786.00

15,465.77

\$ 51,251.77

Dockets Nos. 14-79 and 15-79 are tentatively set for hearing on April 11 and 18, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 28, 1979

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:

- CASE 6500: Application of Gulf Oil Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the Division waived existing well-spacing requirements and found that the drilling of additional wells was necessary to effectively and efficiently drain those portions of the proration units in the Central Drinkard Unit located in Sections 28, 29, 32 and 33, Township 21 South, Range 37 East, Lea County, New Mexico, which could not be so drained by the existing wells.
- CASE 6501: Application of Delta Drilling Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the Williamson State Unit Well No. 1, the surface location of which is 660 feet from the North and West lines of Section 30, Township 16 South, Range 33 East, Lea County, New Mexico, and directionally drill said well in such a manner as to bottom it in the Morrow formation within 100 feet of a point 1980 feet from the North and West lines of said Section 30, the N/2 of the section to be dedicated to the well.
- CASE 6502: Application of Stevens Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SW/4 SW/4 of Section 30, Township 8 South, Range 29 East, Chaves County, New Mexico, 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6503: Application of Sundance Oil Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the perforated interval from 4207 feet to 4228 feet in its Cone Federal Well No. 8 located in Unit P of Section 31, Township 7 South, Range 32 East, Tomahawk-San Andres Pool, Roosevelt County, New Mexico.
- CASE 6504: Application of Phoenix Resources Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Buckhorn Canyon Unit Area No. 2, comprising 23,009 acres, more or less, of Federal and State lands in Township 19 South, Ranges 19 and 20 East, Chaves County, New Mexico.
- CASE 6505: Application of Doyle Hartman for vertical pool limit redefinition, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the vertical limits of the Langlie Mattix Pool in Lea County, New Mexico, to include the lowermost 200 feet of the Seven Rivers formation and the concomitant contraction of the vertical limits of the Jalmat Gas Pool underlying the following described lands in Township 23 South, Range 36 East: Section 35: SW/4, S/2 SE/4, and NW/4 SE/4; Section 36: W/2 SW/4; and in Township 24 South, Range 36 East: Section 1: NW/4, S/2 NE/4, and NW/4 NE/4; Section 2: W/2.
- CASE 6506: Application of Bedford, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Ram Well No. 1-A located in Unit G of Section 8, Township 26 North, Range 12 West, WAW-Fruitland Pictured Cliffs Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6507: Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its Hanlad State Well No. 1 located in Unit K of Section 2, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.
- CASE 6508: Application of Harvey E. Yates Company for an unorthodox well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 62.75-acre non-standard gas proration unit comprising Lots 1 and 2 of Section 19, Township 18 South, Range 29 East, Eddy County, New Mexico, to be dedicated to its Depco Federal Well No. 1 to be located 330 feet from the North line and 660 feet from the West line of said Section 19.

CASE 6509: Application of Harvey E. Yates Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new gas pool in the Yates formation for its Depco Federal Well No. 1 located in Unit D of Section 19, Township 18 South, Range 29 East, Eddy County, New Mexico, and for promulgation of special pool rules, including provision for 80-acre gas well spacing.

CASE 6480: (Continued from February 28, 1979, Examiner Hearing)

Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its State 22 Well No. 1 located in Unit P of Section 22, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.

CASE 6482: (Continued from February 28, 1979, Examiner Hearing)

Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its Mobil 27 State Well No. 1 located in Unit A of Section 27, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.

CASE 6072: (Continued from March 14, 1979, Examiner Hearing)

In the matter of Case 6072 being reopened pursuant to the provisions of Order No. R-5643 which order created the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, with provisions for 80-acre spacing. All interested parties may appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

CASE 6492: (Continued from March 14, 1979, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NW/4 of Section 13, Township 17 South, Range 25 East, Eddy County, New Mexico, 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6510: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for the Wolfcamp through Mississippian formations of its Rio Pecos Federal "KO" Well No. 1, to be located 660 feet from the North line and 1300 feet from the East line of Section 28, Township 18 South, Range 27 East, Eddy County, New Mexico, the E/2 of said Section 28 to be dedicated to the well.

CASE 6511: Application of Yates Petroleum Corporation for a dual completion and downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Tom Brown "GO" Com. Well No. 1 located in Unit C of Section 22, Township 17 South, Range 26 East, Kennedy Farms Field, Eddy County, New Mexico, to produce gas from the Lower Morrow formation through tubing and to commingle and produce the Strawn and Upper Morrow zones in the annulus of said well.

CASE 6512: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Hilliard "BF" Federal Well No. 2, to be located 330 feet from the North line and 2310 feet from the West line of Section 14, Township 21 South, Range 22 East, to test the Wolfcamp through Mississippian formations, Eddy County, New Mexico, the W/2 of said Section 14 to be dedicated to the well.

CASE 6513: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbore of its Stebbins CQ Fed. Well No. 1 located in Unit B of Section 20, Township 20 South, Range 29 East, East Burton Flats Field, Eddy County, New Mexico.

CASE 6514: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of North Burton Flats-Atoka and East Burton Flats-Morrow production in the wellbore of its Williamson BC Fed. Well No. 4 located in Unit K of Section 7, Township 20 South, Range 29 East, Eddy County, New Mexico.

CASE 6515: Application of Southland Royalty Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 31, Township 31 North, Range 11 West, San Juan County, New Mexico, to be dedicated to its Greiner Well No. 23 drilled at a location 1190 feet from the South and West lines of said Section 31. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6516: Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Maduro Unit Area, comprising 2,560 acres, more or less, of Federal and State lands in Township 19 South, Range 33 East, Lea County, New Mexico.

CASE 6452: (Continued and Readvertised)

Application of Burleson & Huff for a non-standard gas proration unit and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SW/4 of Section 25, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico. Applicant further seeks a finding that the recompletion of its Harrison Well No. 2 located in Unit N or in the alternative, the drilling of its Harrison Well No. 4 in Unit L, of Section 25 is necessary to effectively and efficiently drain that portion of the previously approved 160-acre proration unit which cannot be drained by the old unit well.

TO Flarene

DATE _____ TIME _____

WHILE YOU WERE OUT

MR. _____

OF _____

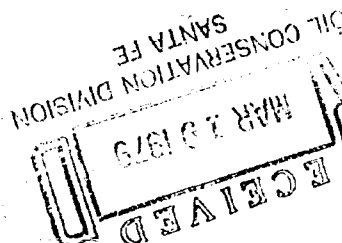
PHONE _____ AREA CODE _____

TELEPHONED	PLEASE PHONE
CALLED TO SEE YOU	WILL CALL AGAIN
WANTS TO SEE YOU	RETURNED YOUR CALL

MESSAGE

Don't miss
this is an
application

MESSAGE TAKEN BY _____



DELTA DRILLING COMPANY

Box 2012 TELEPHONE 214 595-1011

TYLER, TEXAS 75710

March 19, 1979

ADDRESS REPLY TO

R. D. Keadle
Delta Drilling Company
P.O. Box 3467
Midland, Texas 79702

Director
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Application for Placement on Next Available Docket
Delta Drilling Company's Proposed Morrow Re-entry
NW/4 NW/4 Sec. 30, T-16-S, R-33-E
Lea County, New Mexico

Dear Sir:

Confirming our telephone request of March 2, 1979, this is to request that we be placed on the next available docket of March 28, 1979 relative to Delta's proposed re-entry of the Williamson Unit State #1 located in the NW/4 NW/4 Section 30, T-16-S, R-33-E. The surface location of the aforementioned Williamson Unit State #1 is 660' FNL and 660' FNL of said Section 30.

Delta's proposed re-entry will be a scheduled Morrow test to be directionally drilled in a southeasterly direction, the bottom hole location to be a standard location for a 320 acre pro ration unit.

Thank you very much for your cooperation.

Yours Very Truly,

E.W. Hooper
West Texas Division
Exploration Manager

ENH:RDK:mls

DELTA DRILLING COMPANY

Box 2012 TELEPHONE 944 596-1911

TYLER, TEXAS 75710

March 19, 1979



ADDRESSING REPLY TO

R. D. Keadle
Delta Drilling Company
P.O. Box 5467
Midland, Texas 79702

Director
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Application for Placement on Next Available Docket
Delta Drilling Company's Proposed Morrow Re-entry
NW/4 NW/4 Sec. 30, T-16-S, R-33-E
Lea County, New Mexico

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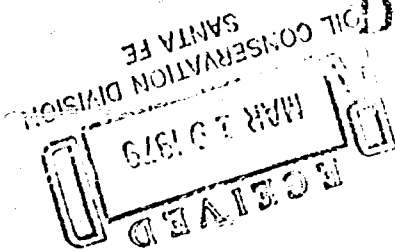
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Thank you very much for your cooperation.

Yours Very Truly,

E. W. Hooper
E.W. Hooper
West Texas Division
Exploration Manager

EH:RDK:mls



DELTA DRILLING COMPANY

Box 2012 Telephone 814 505-1011

TYLER, TEXAS 75710

March 19, 1979

ADDRESS REPLY TO

R. D. Keadle
Delta Drilling Company
P.O. Box 3467
Midland, Texas 79702

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New Mexico Oil Conservation Division
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Re: Application for Placement on Next Available Docket
Delta Drilling Company's Proposed Morrow Re-entry
NW/4 NW/4 Sec. 30, T-16-S, R-33-E
Lea County, New Mexico

Dear Sir:

Confirming our telephone request of March 2, 1979, this is to request that we be placed on the next available docket of March 28, 1979 relative to Delta's proposed re-entry of the Williamson Unit State #1 located in the NW/4 NW/4 Section 30, T-16-S, R-33-E. The surface location of the aforementioned Williamson Unit State #1 is 660' FNL and 660' F&L of said Section 30.

Delta's proposed re-entry will be a scheduled Morrow test to be directionally drilled in a southeasterly direction, the bottom hole location to be a standard location for a 320 acre pro ration unit.

Thank you very much for your cooperation.

Yours Very Truly,

E.N. Hooper
West Texas Division
Exploration Manager

ENH:RDK:als

for hearing 3/28
Dan Nutter

Application of Delta Drilling
Co. for directional drilling
Rea County, New Mexico

Applicant, in the above styled
case, seeks authority to
re-enter the Williamson State
Unit Well No. 1, the surface
location of which is 660
feet from the North and West
lines of Section 30, Township
16 South, Range 33 East, Rea
County, New Mexico, and direc-
tionally drill said well in
such a manner as to
bottom it in the narrow

Dan Nutter

formation within 100
feet of a point 1780 feet
from the North and West
lines of said Section 30,
the N $\frac{1}{2}$ of the section
to be dedicated to the well

called in by Dale Kistel
10:30 am 3/2/79

written appl to follow

DRAFT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

dr/

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

CASE NO. 6501

Order No. R- 5998

APPLICATION OF DELTA DRILLING
COMPANY FOR DIRECTIONAL DRILLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 25,
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stames.

NOW, on this May day of May, 19 79, the Division
Director, having considered the record and the recommendations of
the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 6501 is hereby dismissed.

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