

CASE 6541: SUN OIL COMPANY FOR AN UN-
ORTHODOX WELL LOCATION, CHAVES COUNTY,
NEW MEXICO

CASE NO.

6541

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Sun Oil Company for an un-) CASE
orthodox well location, Chaves County, New) 6541
Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico 87503

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2442
Santa Fe, New Mexico 87501

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STEPHEN GILLETT

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (805) 471-2462
Santa Fe, New Mexico 87501

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MR. NUTTER: We'll call next Case 6541.

MR. PADILLA: Application of Sun Oil Company for an unorthodox well location, Chaves County, New Mexico.

MR. KELLAHIN: I'm Tom Kellahin of Kellahin and Kellahin, Santa Fe, New Mexico, appearing on behalf of Sun Oil Company, and I have one witness.

(Witness sworn.)

STEPHEN GILLETT

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q. Would you please state your name and by whom you're employed and in what capacity?

A. Stephen A. Gillett, G-I-L-L-E-T-T. I'm Area Engineer for Sun Production -- or Sun Oil Company, from Midland, Texas.

Q. Mr. Gillett, have you previously testified before the Oil Conservation Division?

A. Yes, sir, I have.

Q. And have you made a study of and are you familiar with the facts in this case?

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3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

1 A. Yes, sir.

2 MR. KELLAHIN: We tender MR. Gillett as
3 an expert witness.

4 MR. NUTTER: Mr. Gillett is qualified.

5 Q. (Mr. Kellahin continuing.)

6 Would you please refer to the packet of
7 exhibits that we have marked and presented to the Examiner
8 and state briefly what Sun Oil is seeking to accomplish from
9 this application.

10 A. Yes, sir, Mr. Kellahin. What we are
11 attempting to do is to drill an infill development well on
12 our New Mexico H State lease to examine the possibilities
13 for undrained reserves, possibility for future waterflood
14 potential, to see what additional recovery we can obtain
15 from this lease.

16 Q. Your exhibits contain an Exhibit Number
17 One that is simply an introductory statement.

18 I'd like to direct your attention to the
19 location described in that exhibit and ask you if that is
20 in fact the correct described location for the unorthodox
21 well?

22 A. That is an approximate location. The
23 exact location is 1336 feet from the east line and 1328 feet
24 from the north line.

25 Q. And that is the advertised location in

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

1 the application and in the advertisement?

2 A. Yes, sir, that is.

3 Q. All right. Would you refer to Exhibit
4 Number Two, then, and explain what information that exhibit
5 contains?

6 A. Exhibit Number Two shows Sun's lease on
7 New Mexico H State and the eight sections surrounding our
8 lease. It shows the location of our proposed No. 17 Well
9 in relation to the other wells on the lease. It shows that
10 the Well No. 17 will be in the proration unit that is the
11 southwest quarter of the northeast quarter and that is the
12 same proration unit that is currently occupied by No. 7 PA
13 Well.

14 Q. The acreage dedicated to the well that
15 is the southwest quarter of the northeast quarter.

16 A. Yes, sir, that is correct.

17 Q. All right, would you refer to Exhibit
18 Number Three and identify it?

19 A. Number Three is a summary of the current
20 production rates to the best of our knowledge of the pro-
21 ducing wells within a half mile of our proposed location.

22 What we're attempting to show is that
23 this area is very marginal to sub-marginal; that production
24 has declined to the point where the economics of continuing
25 to produce is very questionable.

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

1 But also it shows that there are clues
2 there which indicate that this formation has been a very
3 good producer within the past twelve years since it was
4 discovered.

5 Q The tabulation shows that the fifth well
6 from the bottom of your tabulation is the New Mexico H
7 State No. 7 Well.

8 A Yes, sir, that is correct.

9 Q That is the well that's currently on this
10 proration unit.

11 A Yes, sir, that is correct.

12 Q What is the status of that well?

13 A That well is temporarily abandoned at the
14 current time.

15 Q And what is its cumulative production?

16 A 38,590 barrels.

17 Q What are Sun Oil Company's intentions
18 with regards to that well?

19 A We would like to produce that well again
20 after we get No. 17 drilled in order to test interference,
21 drainage, the reaction among the wells as we produce an
22 infill to this 20-acre location.

23 One other thing that shows, in leaning
24 toward a potential secondary recovery program on this lease,
25 we believe that primary production is a good indicator of

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

1 what you can recover in secondary and that's what we're
2 trying to show here, that there may be some secondary po-
3 tential there --

4 Q Possibly.

5 A -- if the area is not drained.

6 Q All right, would you refer to Exhibit
7 Number Four and identify that?

8 A Exhibit Number Four is the production
9 curve on the subject lease in barrels of oil per day.

10 Q Okay, and Exhibit Number Five.

11 A Exhibit Number Five is the history on the
12 No. 7 Well, which is the other well on this proration unit.
13 It shows the casing and completion information on the well,
14 how it was stimulated and its initial potential and its
15 current status.

16 You'll note that this well was not frac-
17 tured. Fracturing in the Cato-San Andres Field has proven,
18 at least to Sun Company's -- to the best of Sun Company's
19 ability to determine, not to be an effective way to stimu-
20 late those reservoirs. We believe 20 percent acid seems
21 to be better and I believe this conclusion has been borne
22 out by our offset well.

23 Q Okay, and Exhibit Number Six.

24 A Exhibit Number Six is intended to show
25 that we are doing everything possible to produce every

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CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 barrel of fluid we can from all wells on that lease. All
2 wells are pumped off, as so indicated, with the exception
3 of No. 16, and I believe our pump was slipping at the time.

4 Q Okay, Exhibit Number Seven.

5 A Exhibit Number Seven is a log of the No.
6 7 Well, showing the area of interest, which is the Milne
7 Sand Zone of the Cato Field from a depth of approximately
8 3300 to 3360.

9 Q Okay. Exhibit Number Eight.

10 A Exhibit Number Eight is a copy of Sun
11 Production's AFE, or Sun Oil's AFE, for the drilling of
12 the well, showing the total cost to drill the well of
13 \$124,100 if productive, and \$114,500 if a dry hole.

14 Q Okay, Exhibit Number Nine.

15 A Exhibit Number Nine is the AFE for the
16 associated surface equipment to produce this well, should
17 it be productive, and that is the total cost of \$36,500.

18 Q Were Sun Oil Company's Exhibits One through
19 Nine prepared by you directly or compiled under your
20 direction and supervision?

21 A Yes, sir, they were.

22 Q In your opinion, Mr. Gillett, will the
23 subject well, the State H Well No. 17, recover additional
24 oil that would not otherwise be recovered from any well
25 currently in existence on the lease?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
8010 Plaza Blanca (506) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 A. Well, we certainly hope so.

2 Q. In your opinion will approval of the
3 application be in the best interests of conservation, the
4 prevention of waste, and the protection of correlative
5 rights?

6 A. Most definitely.

7 Q. Is the ownership in common with regards
8 to the entire of Section 16 for Sun Oil?

9 A. Yes, sir. Yes, sir.

10 Q. All right.

11 MR. KELLAHIN: We move the introduction
12 of our Exhibits One through Nine.

13 MR. NUTTER: Applicant's Exhibits One
14 through Nine will be admitted in evidence.

15
16 CROSS EXAMINATION

17 BY MR. NUTTER:

18 Q. Mr. Gillett, has this well been spudded
19 yet?

20 A. No, sir.

21 Q. So it would be eligible, if the appro-
22 priate findings were made, to be considered as an additional
23 well drilled on an existing proration unit under the FERC
24 regs.

25 Q. I -- it's hard to keep up with the FERC

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regs, Mr. Nutter.

MR. KELLAHIN: That's correct.

Q It would be? Okay.

Now, I notice on Exhibit Number One, which is a narrative of the prospect as a whole, by Mr. Joe Martin, an area engineer for the company, where he estimates that remaining primary reserves to be recovered by infill wells are estimated to be 20,000 barrels of oil per well.

Do you concur with that estimate of Mr. Martin's?

A Yes, sir, I do.

MR. NUTTER: Are there any further questions of Mr. Gillett? He may be excused.

MR. KELLAHIN: Nothing further, thank you.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6541?

We'll take the case under advisement.

(Hearing concluded.)

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

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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 re-
ported by me; that the said transcript is a full, true, and
correct record of the hearing, prepared by me to the best
of my ability, knowledge, and skill, from my notes taken
at the time of the hearing.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

Sally W. Boyd CSR
Sally W. Boyd, CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6541,
heard by me on 8/9 1979.
[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (605) 471-2462
Santa Fe, New Mexico 87501

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3026 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (608) 471-2462
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
8020 Plaza Blanca (608) 471-2462
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (605) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2482
Santa Fe, New Mexico 87501

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (606) 471-2462
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19 Nine prepared by you directly or compiled under your
20 direction and supervision?

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22 Q In your opinion, Mr. Gillett, will the
23 subject well, the State H Well No. 17, recover additional
24 oil that would not otherwise be recovered from any well
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

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A. Well, we certainly hope so.

Q. In your opinion will approval of the application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A. Most definitely.

Q. Is the ownership in common with regards to the entire of Section 16 for Sun Oil?

A. Yes, sir. Yes, sir.

Q. All right.

MR. KELLAHIN: We move the introduction of our Exhibits One through Nine.

MR. NUTTER: Applicant's Exhibits One through Nine will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Gillett, has this well been spudded yet?

A. No, sir.

Q. So it would be eligible, if the appropriate findings were made, to be considered as an additional well drilled on an existing proration unit under the FERC regs.

Q. I -- it's hard to keep up with the FERC

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Do you concur with that estimate of Mr. Martin's?

A. Yes, sir, I do.

MR. NUTTER: Are there any further questions of Mr. Gillett? He may be excused.

MR. KELLAHIN: Nothing further, thank you.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6541?

We'll take the case under advisement.

(Hearing concluded.)

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CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

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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 re-
ported by me; that the said transcript is a full, true, and
correct record of the hearing, prepared by me to the best
of my ability, knowledge, and skill, from my notes taken
at the time of the hearing.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (805) 471-2462
Santa Fe, New Mexico 87501

Sally W. Boyd, CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6641
heard by me on 5/9 1979.
[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6541
Order No. R-6011

APPLICATION OF SUN OIL COMPANY
FOR AN UNORTHODOX WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 9, 1979,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of May, 1979, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

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

(2) That the applicant, Sun Oil Company, seeks approval
of an unorthodox oil well location for its New Mexico State "H"
Well No. 17 to be drilled at a point 1328 feet from the North
line and 1336 feet from the East line of Section 16, Township 8
South, Range 30 East, NMPM, to test the San Andres formation,
Cato-San Andres Pool, Chaves County, New Mexico.

(3) That the SW/4 NE/4 of said Section 16 is to be dedi-
cated to the well.

(4) That the evidence presented demonstrates that the
existing well on the proration unit, namely the New Mexico State
"H" Well No. 7, located 1980 feet from the North line and 1980
feet from the East line of said Section 16, is not effectively
and efficiently draining the entire 40-acre proration unit, and
the drilling of the subject well, the New Mexico State "H" Well
No. 17 at the unorthodox location described above is necessary
to effectively and efficiently drain that portion of the unit
not being so drained by the existing well.

-2-

Case No. 6541
Order No. R-6011

(5) That the drilling of said Well No. 17 at the above location and the simultaneous dedication of said well to the unit should result in the production of additional oil and gas which would otherwise be left unrecovered, thus preventing waste, and should be approved as an exception to the standard well spacing requirements of the Cato-San Andres Pool.

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

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

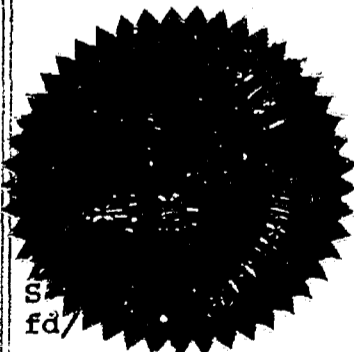
IT IS THEREFORE ORDERED:

(1) That an unorthodox oil well location for the San Andres formation is hereby approved for the Sun Oil Company New Mexico State "H" Well No. 17 to be drilled at a point 1328 feet from the North line and 1336 feet from the East line of Section 16, Township 8 South, Range 30 East, NMPM, Cato-San Andres Pool, Chaves County, New Mexico.

(2) That the SW/4 NE/4 of said Section 16 shall be simultaneously dedicated to the above-described well and to applicant's New Mexico State "H" Well No. 7 located 1980 feet from the North line and 1980 feet from the East line of said Section 16.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

S
fd/

SUN OIL COMPANY

NEW MEXICO "H" STATE #17

CASE #6541

5-9-79

INTEROFFICE CORRESPONDENCE

SUBJECT: New Mexico "H" State #17
Cato (San Andres) Field
Chaves County, New Mexico

DATE: May 2, 1979

OFFICE: Southwestern

FROM: Joe Martin

TO: Tom Golden

*actual loc.
1328' FNL & 1336 FEL*

The New Mexico "H" State #17 is a 3550' San Andres development well recommended to be drilled at a location 1330' FNL and FEL, Section 16, T8S, R30E in Chaves County, New Mexico. The purpose of this infill well is to evaluate the extent of reserves that could not be recovered with the existing 40-acre well spacing. Since many of the San Andres reservoirs in West Texas and New Mexico are being successfully infill drilled to a 20-acre density from the original density of 40-acre spacing for waterflooding, the 640-acre New Mexico "H" State lease is a candidate for similar development. Not only will the #17 well provide information regarding entrapped primary reserves within the denser spacing, but it will also lead toward the development of a secondary recovery pilot program. With a favorable performance at this location, a waterflood pilot will be initiated and monitored so as to determine the extent of the project development on the lease. Two other floods have been active in the area. However, neither flood was developed on the denser spacing recommended for the "H" lease and along with difficulties encountered during the short-lived floods, no definite conclusions can be drawn as to the floodibility of the Cato San Andres.

Average recovery from the New Mexico "H" State is 56,000 barrels of oil per well for the sixteen well lease. Using a secondary/primary ratio of 0.7, an additional 650,000 barrels could be produced from a fully developed waterflood project on 20-acre spacing. Remaining primary reserves to be recovered by the infill wells are estimated at 20,000 barrels of oil per well.

Joe Martin

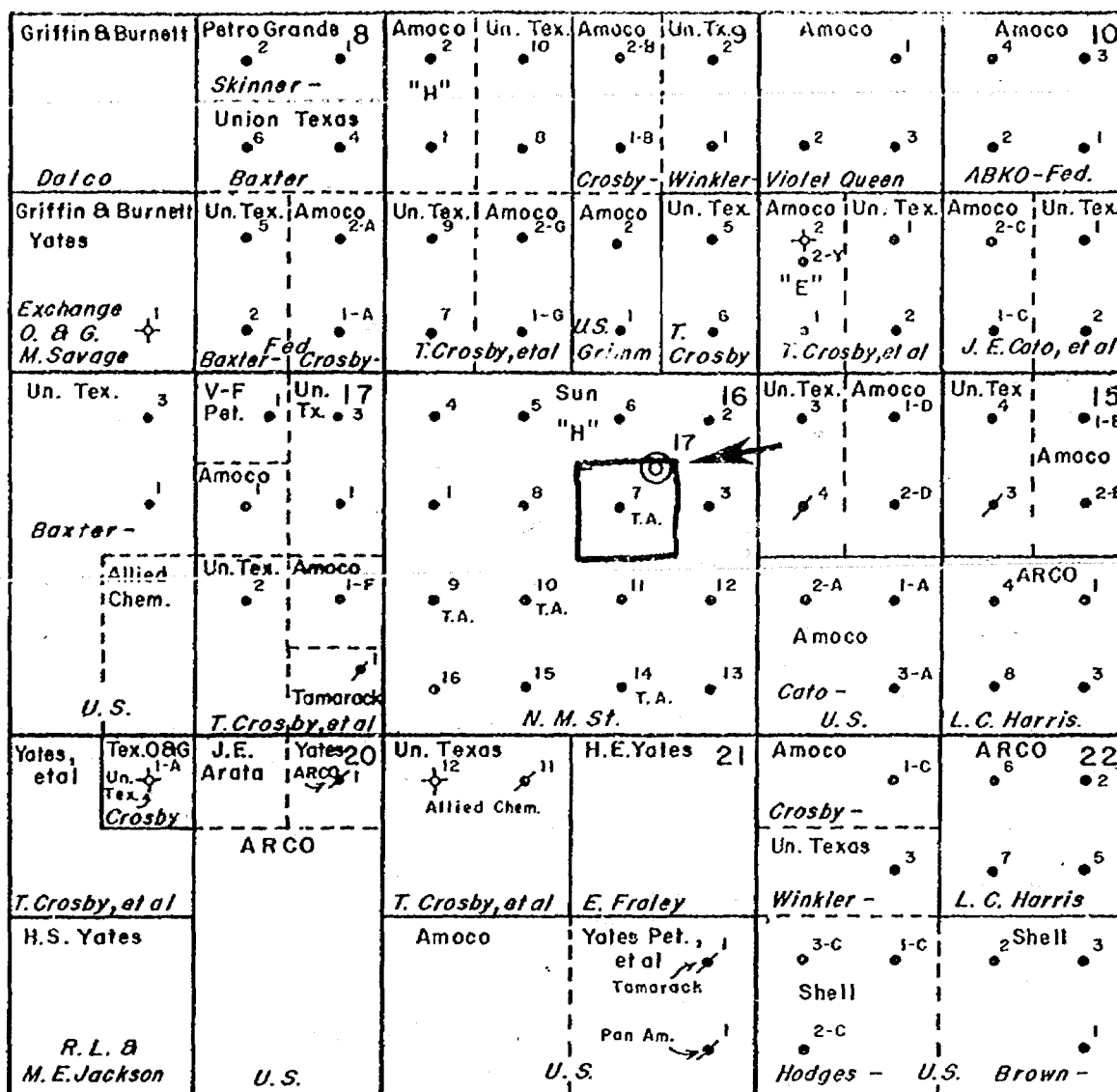
Joe Martin
Area Reservoir Engineer

JMM/jdw

cc: Charles Dickson
Steve Gillett
Gary Miller
Well File

BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION <i>SUN</i> EXHIBIT NO. <i>1</i> CASE NO. <i>6541</i>
--

Does this correspondence really have to be filed?



T. 8 S.

Unit 6

⊙ PROPOSED LOCATION

BEFORE EXAMINER NUTTER
 OIL CONSERVATION DIVISION
SUN EXHIBIT NO. 2
 CASE NO. 6541

SUN OIL COMPANY
 NEW MEXICO "H" STATE LEASE
 CATO SAN ANDRES FIELD
 CHAVES COUNTY, NEW MEXICO

Scale: 2" = 1 MILE

TABULAR SUMMARY OF WELLS
WITHIN ONE-HALF MILE OF
PROPOSED LOCATION

WELL	OPERATOR	LOCATION	CURRENT PROD. (BOPD/BWPD)	CUMULATIVE PROD. (AS OF 2/1/79)
Crosby 'G' #1	Amoco	N-9-T8S-R30E	4/1	84,830
Grimm Fed. #1	Amoco	O-9-T8S-R30E	10/79	150,880
Crosby #6	Un. Texas	P-9-T8S-R30E	1/21	95,240
Crosby 'E' #1	Amoco	M-10-T8S-R30E	TA(Last Prod. 12/74)	59,630
Crosby #3	Un. Texas	D-15-T8S-R30E	1/1	72,320
Crosby #4	Un. Texas	E-15-T8S-R30E	TA(Last Prod. 10/76)	59,380
Cato 'A' Fed. #2	Amoco	L-15-T8S-R30E	1/1	33,700
New Mexico 'H' St. #2	Sun	A-16-T8S-R30E	3/9	129,600
New Mexico 'H' St. #3	Sun	H-16-T8S-R30E	2/2	52,990
New Mexico 'H' St. #5	Sun	C-16-T8S-R30E	2/1	103,210
New Mexico 'H' St. #6	Sun	B-16-T8S-R30E	2/5	69,290
New Mexico 'H' St. #7	Sun	G-16-T8S-R30E	TA(Last Prod. 6-78)	38,590
New Mexico 'H' St. #8	Sun	F-16-T8S-R30E	2/16	36,180
New Mexico 'H' St. #10	Sun	K-16-T8S-R30E	TA(Last Prod. 3-76)	48,395
New Mexico 'H' St. #11	Sun	J-16-T8S-R30E	1/6	49,630
New Mexico 'H' St. #12	Sun	I-16-T8S-R30E	3/6	51,990

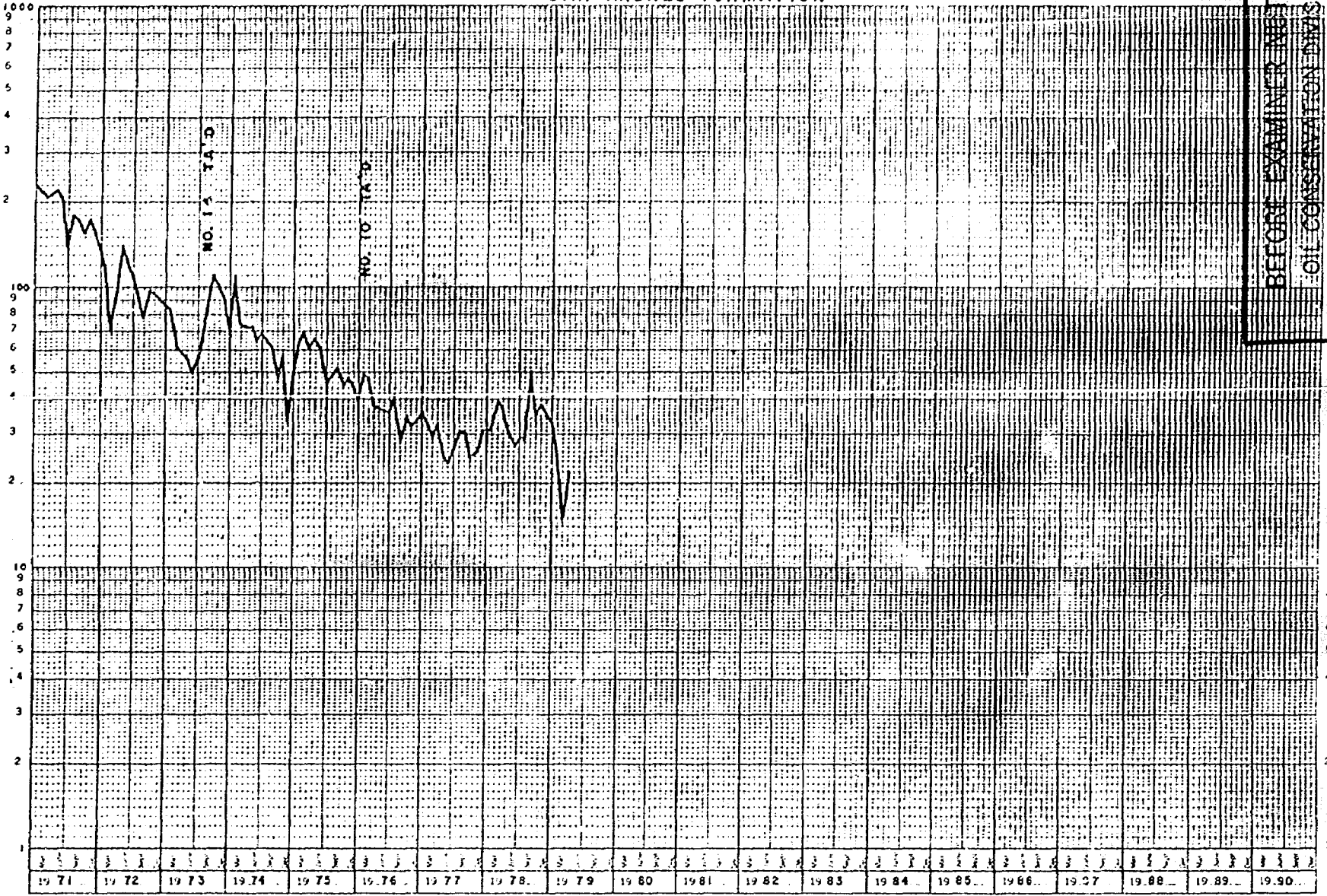
BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
SUN EXHIBIT NO. 3
CASE NO. 6541

NEW MEXICO "H" STATE
 CATO FIELD
 SAN ANDRES FORMATION

47 6843

K-O 27 YEARS BY MONTHS & 3100 CYCLES
 1000' 1000' 1000' 1000' 1000'

BOPD



BEFORE EXAMINER MEET
 OIL CONSERVATION DIVISION
 SUX EXHIBIT NO. 4
 CASE NO. 6541

NEW MEXICO 'H' STATE #7
CATO SAN ANDRES POOL
WELL HISTORY

Completion Date: 2/23/67

TD: 3540'

PBTD: 3506'

Production Casing: 4½" 9.5# casing set at 3540' with 300 sacks cement. Top of cement behind pipe at 2498' by temperature survey.

Completion: Perforations 3325-3355' (Milnesand Section) - acidized with 4000 gallons 28% acid.

Initial Potential: Flowed 139 BOPD, 34 BWPD, GOR TSTM, FTP 60#, 26.5° API crude.

Current Status: Shut In.

Location: 1980' FNL & 1980' FEL
Section 16 T-8-S R-30-E
Chaves County, New Mexico

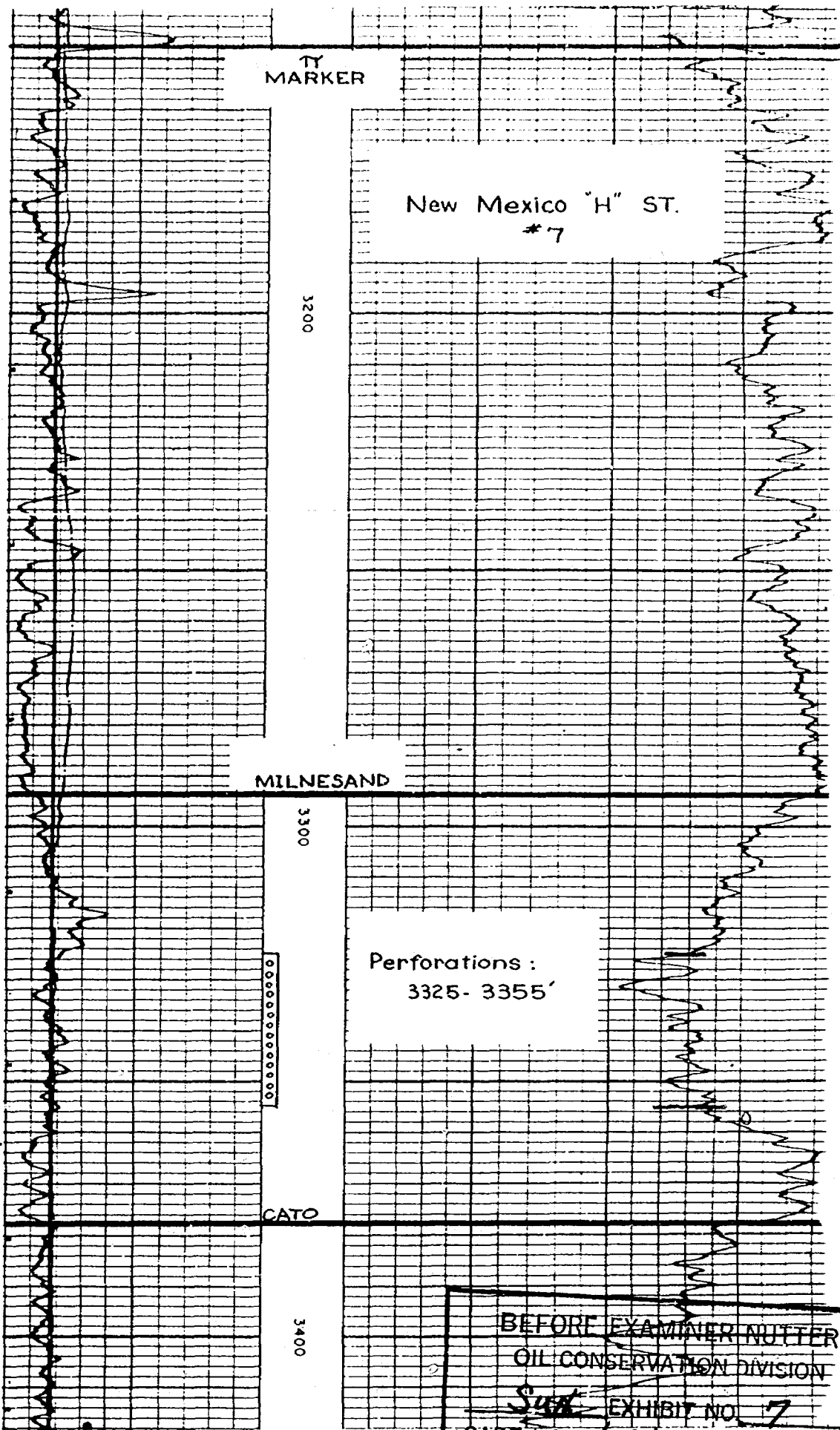
BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

SUN EXHIBIT NO. 5
CASE NO. 6541

NEW MEXICO "H" STATE LEASE
PUMPING FLUID LEVELS - FEBRUARY, 1979

<u>WELL</u>	<u>DEPTH TO TOP PERF</u>	<u>FLUID ABOVE TOP PERF</u>
#1	3274'	- (Well TA)
#2	3309'	0
#3	3325'	0
#4	3245'	0
#5	3250'	0
#6	3246'	0
#7	3325'	- (Well TA)
#8	3299'	0
#9	3287'	- (Well TA)
#10	3313'	-
#11	3347'	0
#12	3393'	0
#13	3421'	- (Disposal Well)
#14	3370'	- (Well TA)
#15	3325'	0
#16	3303'	61'

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Sun EXHIBIT NO. *6*
CASE NO. *6541*



TY
MARKER

New Mexico "H" ST.
#7

3200

MILNESAND

3300

Perforations :
3325- 3355'

CATO

3400

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Sust EXHIBIT NO. 7
CASE NO. 6541

FORM FOR EXPENDITURE - DRILLING

UNION CO. (BELLEVILLE)

1953 COOP

1000

1000

\$ 124,100

\$ 132,100

7-1-79

7-1-79

707990

707990

SOUTHWESTERN DISTRICT

YEAR 1979

YES

NO

PARTIALLY

NEW MEXICO "H" STATE

COLLECTION CONTROL	DATE
1ST. APPROV. DATE	30143
2ND. APPROV. DATE	4-11-79
COMPLETE FOR GPO APPROPRIATIONS ONLY	
OPERATOR'S NAME	
AFF NUMBER	

CATO

PROPERTY OR INTEREST

OIL

GAS

PLANT LOGGING

CHAVES

PROPERTY OR INTEREST

MACE/FOR

M BBL/S

TYPE:

MACE/FOR

M BBL/S

TYPE:

MACE/FOR

M BBL/S

TYPE:

SUN WE: 1.00

SUN INC. I: 0.875

DRILLING PROJECT DESCRIPTION

DRILL AND COMPLETE NEW WELL

LOCATION: 1330' FNL & 1330' FEL, SEC. 16, T-8-S R-30-E

INTANGIBLE LOCATION	PRODUCER	DRY HOLE	TANGIBLE	PRODUCER	DRY HOLE
40 RIG MOVE	2,000	2,000	PIPE 8-5/8" (500')	4,000	4,000
41 FOOTAGE	39,000	39,000	PIPE		
42 DAY WORK	1,000	1,000	PIPE 5-1/2 (3550)	19,000	19,000
43 BITS AND RMXS			PIPE		
44 FUEL			PIPE		
45 WATER	2,000	2,000	PIPE 2-3/8 (3500)	7,600	
46 MUD AND CHEM	3,000	3,000	PIPE		
47 CMT AND CMTG SER	11,000	11,000	WELLHEAD	2,000	500
48 DIRECTIONAL SER			OTHER	1,000	500
49 RENTALS	2,000	2,000			
50 MUD LOGGING					
51 DST AND 1STG EQPT					
52 CORING					
53 LOGS-WLT-SWC	3,500	3,500			
54 CSG/TBG TOOLS AND SER	1,000	1,000			
55 COMPLETION RIG	5,000	5,000			
56 PERFORATING	2,000	2,000			
57 STIMULATION	7,500	7,500			
58 SUPERVISION	1,500	1,500			
59 TRANSPORTATION	1,000	1,000			
60 MISC/CONTINGENCY	9,000	9,000			
TOTAL INTANGIBLE	90,500	90,500	TOTAL TANGIBLE	33,600	24,000
			TOTAL DRILLING COST	124,100	114,500
			SUN'S NET COST	124,100	114,500

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
SUN EXHIBIT NO. 8
CASE NO. 6541

APPROVAL LEVEL	DISTRICT	HEADQUARTERS	APPROVAL OBTAINED
APPROVED:	<i>[Signature]</i>		
CONCURRENCE:			
DISAPPROVED:			
DATE:			

AUTHORITY FOR EXPENDITURE SUN-34000

SUN OIL CO. (DELAWARE) ORIGINATING OFFICE: **Southwestern District**

130% CO-OP OBO C.O.-P.I.A.

AMOUNT REQUESTED: **\$36,500**

DATE OF COMPLETION: **7/1/79**

PROPERTY NUMBER: **707990**

PROPERTY NAME: **New Mexico "H" State**

PROJECT NAME: **Cato San Andres**

PROSPECT NUMBER: **Chaves**

LOCATION: **1330' FNL & 1330' FEL, Sec. 16, T8S, R30E**

CLASSIFICATION: **MIS CODE 03**

PROVINCE/STATE: **New Mexico**

ACCOUNT NO. USE ONLY - A/C

EXPENDITURE BUDGETED: YES NO PARTIALLY (EXPLAIN BELOW)

YEAR: **1979**

POLLUTION CONTROL: EST. AMOUNT, OIL, GAS, WATER, AIR

APPROPRIATION NO.: **30144**

DATE: **4/17/79**

COMPLETE FOR OBO APPROPRIATIONS ONLY

OPERATOR'S NAME: _____ OPERATOR'S AFE NO.: _____

WELL NO.: **17** TOTAL DEPTH: **3550'**

MAJOR OBJECTIVE: OIL GAS PLANT LIQUID

PREDICTED NET RESERVES: MMCF/OZ, M BBL/S, MMCF/OR, M BBL/S

IN WEL: **1.00** SUN INC.: **0.875** TYPE: _____

ON-DRILLING PROJECT DESCRIPTION:

Install surface production equipment for new well.

ECONOMICS: DETAIL COST - ITEMIZE (NEW MONEY INVESTMENT & EXPENSE, 100% & SUN'S NET) (COMPANY LABOR & STOCK). GIVE STATEMENT OF ECONOMICS.

	NEW MONEY		COMPANY		TOTAL
	TANGIBLE	INTANGIBLE	EQUIPMENT	LABOR	
114 Pumping unit	\$13,400				\$13,400
20 HP Electric motor	900				900
Size II Control Panel	600				600
Electrical Installation		\$2,000			2,000
3500' 3/4" Rods (Grade K)	5,000				5,000
Pump	1,000				1,000
Flowline (2500' 2 1/2" SCH 40)	4,100				4,100
Lay flowline		2,000			2,000
Misc. connections	1,000				1,000
Transportation		2,000			2,000
Installation		1,000			1,000
Contengencies	2,000	1,500			3,500
	\$28,000	\$8,500			\$36,500

Total: \$36,500
Sun Net: \$36,500

Approved by: **Gary Miller** *msm*

APPROVAL LEVEL: DISTRICT REGION CORPORATE

PROVED: *A. K. Buggs*

INCURRENCE: *C. L. Leckman 7/13/79*

APPROVED: _____

DATE: *April 19, 1979*

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

SUN EXHIBIT NO. **9**

CASE NO. **6541**

ORIGINAL COPY #2 (REPORTS, BUDGETS, & SUB.) COPY #3 COPY #4

PRINTED IN U.S.

SUN OIL COMPANY

NEW MEXICO "H" STATE #17

CASE #6541

5-9-79

INTEROFFICE CORRESPONDENCE

SUBJECT: New Mexico "H" State #17
Cato (San Andres) Field
Chaves County, New Mexico

DATE: May 2, 1979

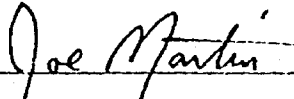
OFFICE: Southwestern

FROM: Joe Martin

TO: Tom Golden

The New Mexico "H" State #17 is a 3550' San Andres development well recommended to be drilled at a location 1330' FNL and FEL, Section 16, T8S, R30E in Chaves County, New Mexico. The purpose of this infill well is to evaluate the extent of reserves that could not be recovered with the existing 40-acre well spacing. Since many of the San Andres reservoirs in West Texas and New Mexico are being successfully infill drilled to a 20-acre density from the original density of 40-acre spacing for waterflooding, the 640-acre New Mexico "H" State lease is a candidate for similar development. Not only will the #17 well provide information regarding entrapped primary reserves within the denser spacing, but it will also lead toward the development of a secondary recovery pilot program. With a favorable performance at this location, a waterflood pilot will be initiated and monitored so as to determine the extent of the project development on the lease. Two other floods have been active in the area. However, neither flood was developed on the denser spacing recommended for the "H" lease and along with difficulties encountered during the short-lived floods, no definite conclusions can be drawn as to the floodibility of the Cato San Andres.

Average recovery from the New Mexico "H" State is 56,000 barrels of oil per well for the sixteen well lease. Using a secondary/primary ratio of 0.7, an additional 650,000 barrels could be produced from a fully developed waterflood project on 20-acre spacing. Remaining primary reserves to be recovered by the infill wells are estimated at 20,000 barrels of oil per well.

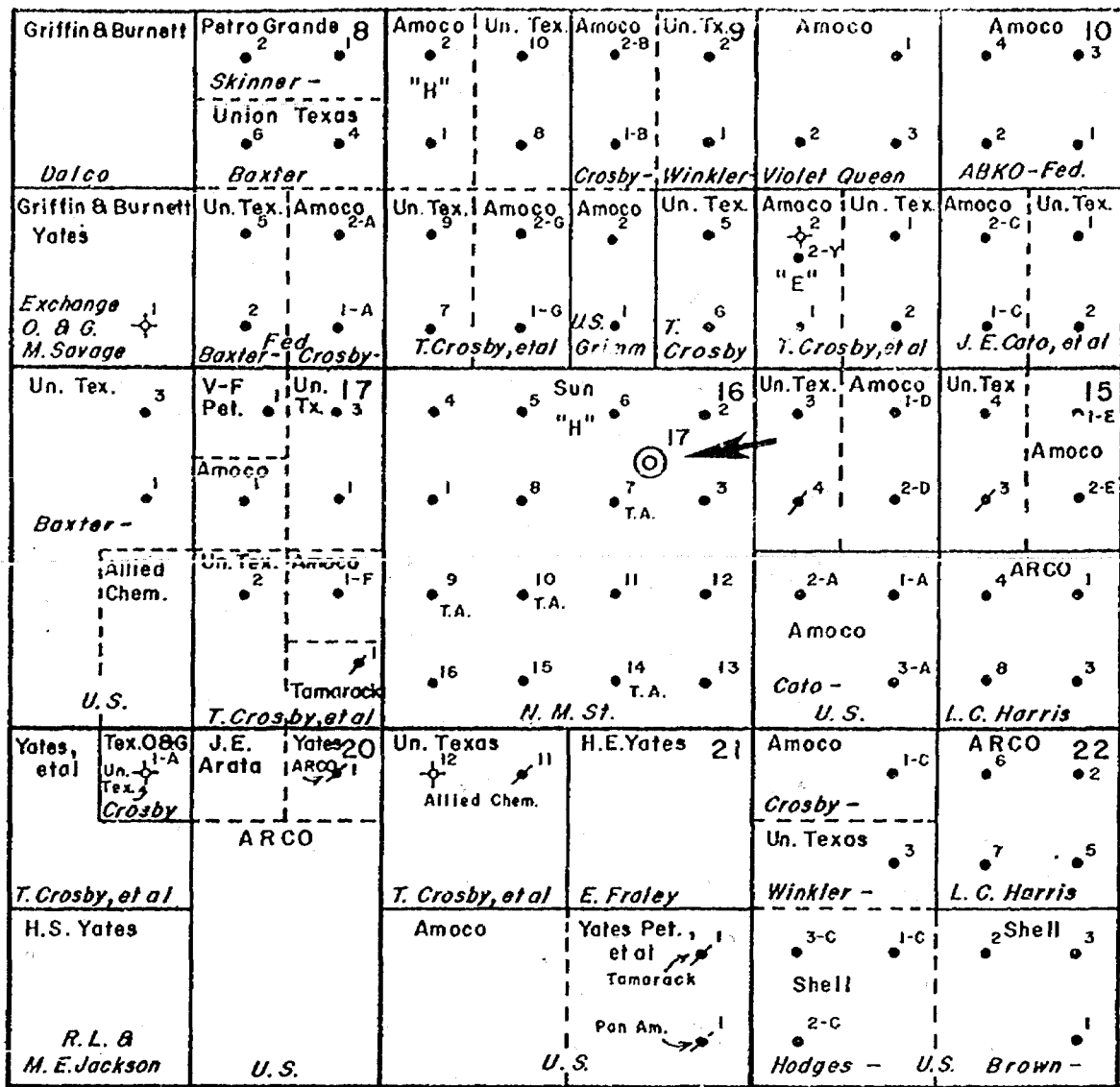


Joe Martin
Area Reservoir Engineer

JMM/jdw

cc: Charles Dickson
Steve Gillett
Gary Miller
Well File

Does this correspondence really have to be filed?



T.
8
S.

⊙ PROPOSED LOCATION



Scale: 2" = 1 MILE

SUN OIL COMPANY
NEW MEXICO "H" STATE LEASE
CATO SAN ANDRES FIELD
CHAVES COUNTY, NEW MEXICO

TABULAR SUMMARY OF WELLS
WITHIN ONE-HALF MILE OF
PROPOSED LOCATION

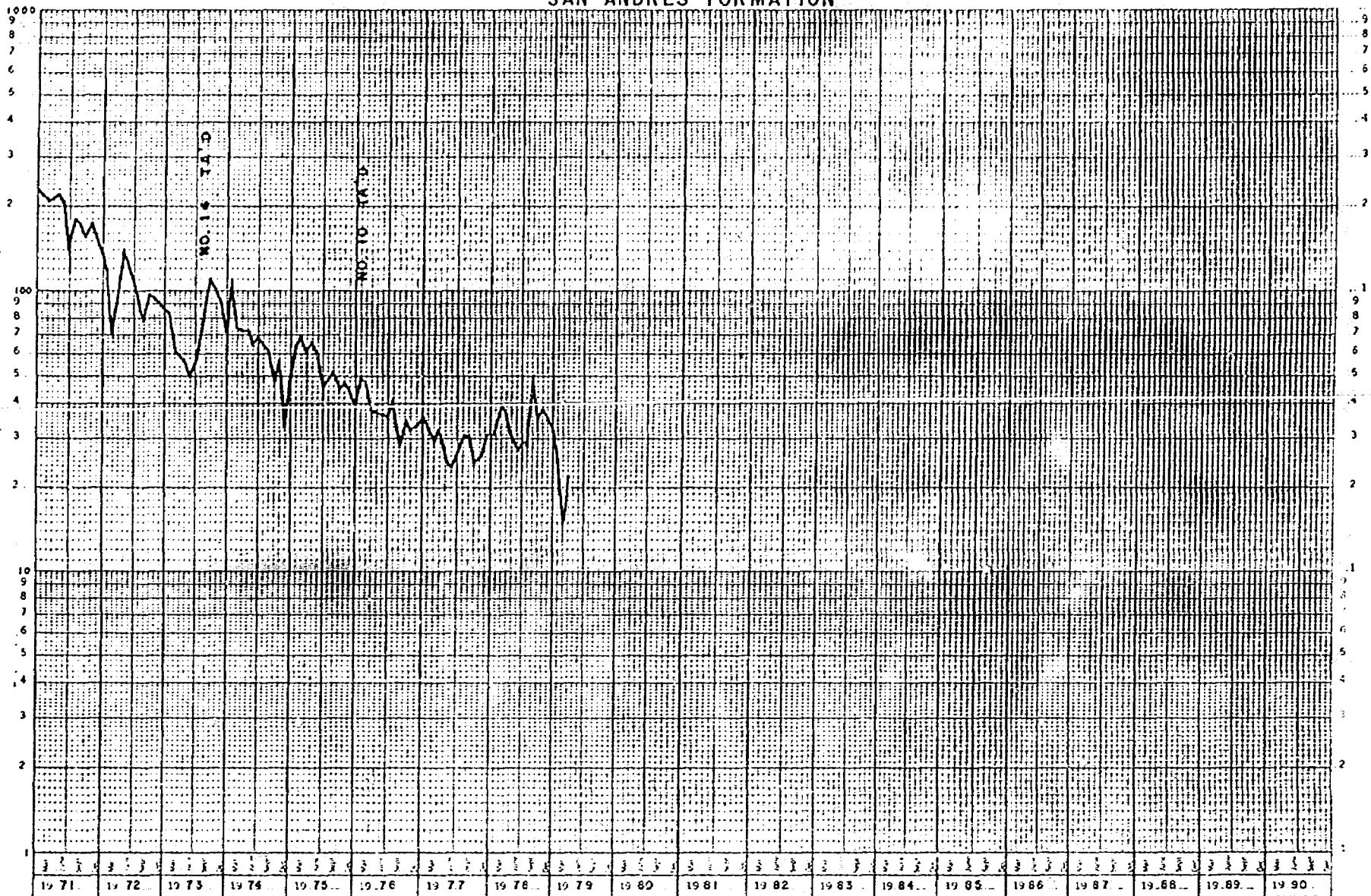
<u>WELL</u>	<u>OPERATOR</u>	<u>LOCATION</u>	<u>CURRENT PROD. (BOPD/BWPD)</u>	<u>CUMULATIVE PROD. (AS OF 2/1/79)</u>
Crosby 'G' #1	Amoco	N-9-T8S-R30E	4/1	84,830
Grimm Fed. #1	Amoco	O-9-T8S-R30E	10/79	150,880
Crosby #6	Un. Texas	P-9-T8S-R30E	1/21	95,240
Crosby 'E' #1	Amoco	M-10-T8S-R30E	TA(Last Prod. 12/74)	59,630
Crosby #3	Un. Texas	D-15-T8S-R30E	1/1	72,320
Crosby #4	Un. Texas	E-15-T8S-R30E	TA(Last Prod. 10/76)	59,380
Cato 'A' Fed. #2	Amoco	L-15-T8S-R30E	1/1	33,700
New Mexico 'H' St. #2	Sun	A-16-T8S-R30E	3/9	129,600
New Mexico 'H' St. #3	Sun	H-16-T8S-R30E	2/2	52,990
New Mexico 'H' St. #5	Sun	C-16-T8S-R30E	2/1	103,210
New Mexico 'H' St. #6	Sun	B-16-T8S-R30E	2/5	69,290
New Mexico 'H' St. #7	Sun	G-16-T8S-R30E	TA(Last Prod. 6-78)	38,590
New Mexico 'H' St. #8	Sun	F-16-T8S-R30E	2/16	36,180
New Mexico 'H' St. #10	Sun	K-16-T8S-R30E	TA(Last Prod. 3-76)	48,395
New Mexico 'H' St. #11	Sun	J-16-T8S-R30E	1/6	49,630
New Mexico 'H' St. #12	Sun	I-16-T8S-R30E	3/6	51,990

NEW MEXICO "H" STATE
 CATO FIELD
 SAN ANDRES FORMATION

47 6843

K&E BY WILSON ENGINEERING & LOGGING
 1100 S. 10TH ST. SUITE 100
 DENVER, CO. 80202

BOPD



NEW MEXICO 'H' STATE #7
CATO SAN ANDRES POOL
WELL HISTORY

Completion Date: 2/23/67

TD: 3540' PBSD: 3506'

Production Casing: 4½" 9.5# casing set at 3540' with 300 sacks
cement. Top of cement behind pipe at 2498'
by temperature survey.

Completion: Perforations 3325-3355' (Milnesand Section) -
acidized with 4000 gallons 28% acid.

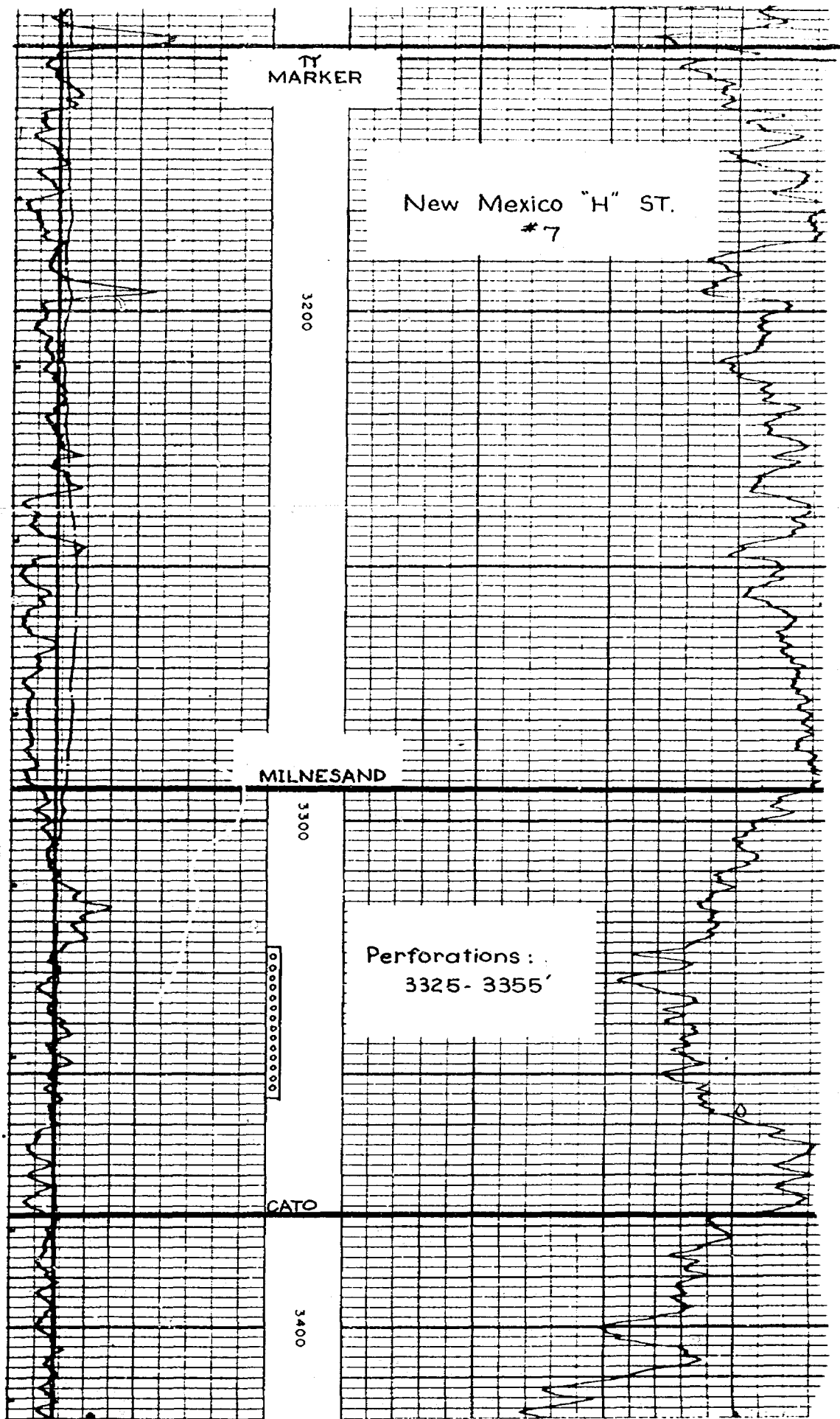
Initial Potential: Flowed 139 BOPD, 34 BWPD, GOR TSTM, FTP 60#,
26.5° API crude.

Current Status: Shut In.

Location: 1980' FNL & 1980' FEL
Section 16 T-8-S R-30-E
Chaves County, New Mexico

NEW MEXICO "H" STATE LEASE
PUMPING FLUID LEVELS - FEBRUARY, 1979

<u>WELL</u>	<u>DEPTH TO TOP PERF</u>	<u>FLUID ABOVE TOP PERF</u>
#1	3274'	- (Well TA)
#2	3309'	0
#3	3325'	0
#4	3245'	0
#5	3250'	0
#6	3246'	0
#7	3325'	- (Well TA)
#8	3299'	0
#9	3287'	- (Well TA)
#10	3313'	-
#11	3347'	0
#12	3393'	0
#13	3421'	- (Disposal Well)
#14	3370'	- (Well TA)
#15	3325'	0
#16	3303'	61'



TY
MARKER

New Mexico "H" ST.
#7

3200

MILNESAND

3300

Perforations :
3325- 3355'

CATO

3400

AUTHORITY FOR EXPENDITURE - DRILLING

ACCOUNTING USE ONLY

SUN COOP 1000 1000 7-1-1979 \$ 132,300 7-1-79 707990	SOUTHWESTERN DISTRICT EXPENDITURE POSTED TO <input checked="" type="checkbox"/> YES YEAR 1979 <input type="checkbox"/> NO <input type="checkbox"/> PARTIALLY PROPERTY NAME NEW MEXICO "H" STATE	EST. NUMBER \$ 9000 COMPLETE FOR GPO APPROPRIATIONS ONLY OPERATOR'S NAME DATE 4-11-79	POLLUTION CONTROL OIL GAS 30143 DATE 4-11-79
FIELD CATO	PROJECT ID NUMBER CHAVES	CLASSIFICATION D - MIS CODE 03	TOTAL DEPTH 3550
PRIMARY OBJECTIVE <input checked="" type="checkbox"/> OIL <input type="checkbox"/> GAS <input type="checkbox"/> PLANT LIQUID	MACE FOR M BBL'S 1.00 SUN INC. B 0.875	MACE FOR M BBL'S TYPE	MACE FOR M BBL'S TYPE

DRILL AND COMPLETE NEW WELL
 LOCATION: 1330' FNL & 1330' FEL, SEC. 16, T-8-S R-30-E

	INTANGIBLE	PRODUCER	DRY HOLE	TANGIBLE	PRODUCER	DRY HOLE
00 LOCATION		2,000	2,000	PIPE 8-5/8" (500')	4,000	4,000
01 RIG MOVE		-	-	PIPE		
02 FOOTAGE		39,000	39,000	PIPE 5-1/2 (3550)	19,000	19,000
03 DAY WORK		1,000	1,000	PIPE		
04 BITS AND BMS		-	-	PIPE		
05 FUEL		-	-	PIPE 2-3/8 (3500)	7,600	-
06 WATER		2,000	2,000	PIPE		
07 MUD AND CHEM		3,000	3,000	WELLHEAD	2,000	500
08 CMT AND CMTG SER		11,000	11,000	OTHER	1,000	500
09 DIRECTIONAL SER		-	-			
10 RENTALS		2,000	2,000			
11 MUD LOGGING		-	-			
12 DST AND 1STG EQPT		-	-			
13 CORING		-	-			
14 LOGS-WLY-SWC		3,500	3,500			
15 CSG/TBG TOOLS AND SER		1,000	1,000			
16 COMPLETION RIG		5,000	5,000			
17 PERFORATING		2,000	2,000			
18 STIMULATION		7,500	7,500			
19 SUPERVISION		1,500	1,500			
20 TRANSPORTATION		1,000	1,000			
21 MISC CONTINGENCY		9,000	9,000			
	TOTAL INTANGIBLE	\$ 90,500	\$ 90,500			
				TOTAL TANGIBLE	\$ 33,600	\$ 24,000
				TOTAL DRILLING COST	\$ 124,100	\$ 114,500
				SUN'S NET COST	\$ 124,100	\$ 114,500

APPROVAL LEVEL	DISTRICT	HEADQUARTERS	CORPORATE	JOINT OWNER(S)
APPROVED:	<i>[Signature]</i>			APPROVAL OBTAINED
CONCURRENCE:				
DISAPPROVED:				
DATE:				

AUTHORITY FOR EXPENDITURE SUN-5410-1

UN OIL CO. (DELAWARE) ORIGINATING OFFICE: **Southwestern District**

100% CO-OP OBO C.O. - FINA

PRODUCTION DIVISION - DEPARTMENT

EST. AMOUNT: **\$36,500**

EXPENDITURE BUDGETED: YES NO PARTIALLY (EXPLAIN BELOW)

YEAR: **1979**

DATE: **7/1/79**

APPROPRIATION NO.: **30144**

DATE: **4/17/79**

COMPLETE FOR OBO APPROPRIATIONS ONLY

OPERATOR'S NAME: _____ OPERATOR'S AFE NO.: _____

PROPERTY NUMBER: **707990** PROPERTY NAME: **New Mexico "H" State** WELL NO.: **17** TOTAL DEPTH: **3550'**

PROJECT NAME: _____ PROSPECT NUMBER: _____ CLASSIFICATION: **MIS CODE 03**

LOCATION: **Cato San Andres** MUNICIPALITY/TOWN/SCHOOL DISTRICT: **Chaves** PROVINCE/STATE: **New Mexico**

LOCATION: **1330' FNL & 1330' FEL, Sec. 16, T8S, R30E** ACCOUNTING USE ONLY - A/C

PRIMARY OBJECTIVE: OIL GAS PLANT LIQUID

PREDICTED NET RESERVES: _____

IN WL: **1.00** SUN INC.: **0.875** TYPE: _____

Install surface production equipment for new well.

ECONOMICS: DETAIL COST - ITEMIZE (NEW MONEY INVESTMENT & EXPENSE - 100% & SUN'S NET) (COMPANY LABOR & STOCK). GIVE STATEMENT OF ECONOMICS.

	NEW MONEY		COMPANY		TOTAL
	TANGIBLE	INTANGIBLE	EQUIPMENT	LABOR	
114 Pumping unit	\$13,400				\$13,400
20 HP Electric motor	900				900
Size II Control Panel	600				600
Electrical Installation		\$2,000			2,000
3500' 3/4" Rods (Grade K)	5,000				5,000
Pump	1,000				1,000
Flowline (2500' 2 1/2" SCH 40)	4,100				4,100
Lay flowline		2,000			2,000
Misc. connections	1,000				1,000
Transportation		2,000			2,000
Installation		1,000			1,000
Contengencies	2,000	1,500			3,500
	\$28,000	\$8,500			\$36,500

Total: \$36,500
Sun Net: \$36,500

Barry Miller *mjm*

APPROVAL LEVEL: DISTRICT REGION GROUP CORPORATE

PROVED: *B.K. Buggs*

INCURRENCE: *C.L. Wickham 7/20/79*

APPROVED: _____

DATE: *April 19, 1979*

ORIGINAL COPY #2 (REPORTS, BUDGETS, & SUB) COPY #3 COPY #4

PRINTED IN U.S.

SUN OIL COMPANY
NEW MEXICO "H" STATE #17

CASE #6541

5-9-79

INTEROFFICE CORRESPONDENCE

SUBJECT: New Mexico "H" State #17
Cato (San Andres) Field
Chaves County, New Mexico

DATE: May 2, 1979

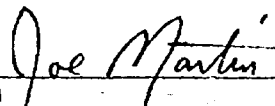
OFFICE: Southwestern

FROM: Joe Martin

TO: Tom Golden

The New Mexico "H" State #17 is a 3550' San Andres development well recommended to be drilled at a location 1330' FNL and FEL, Section 16, T8S, R30E in Chaves County, New Mexico. The purpose of this infill well is to evaluate the extent of reserves that could not be recovered with the existing 40-acre well spacing. Since many of the San Andres reservoirs in West Texas and New Mexico are being successfully infill drilled to a 20-acre density from the original density of 40-acre spacing for waterflooding, the 640-acre New Mexico "H" State lease is a candidate for similar development. Not only will the #17 well provide information regarding entrapped primary reserves within the denser spacing, but it will also lead toward the development of a secondary recovery pilot program. With a favorable performance at this location, a waterflood pilot will be initiated and monitored so as to determine the extent of the project development on the lease. Two other floods have been active in the area. However, neither flood was developed on the denser spacing recommended for the "H" lease and along with difficulties encountered during the short-lived floods, no definite conclusions can be drawn as to the floodibility of the Cato San Andres.

Average recovery from the New Mexico "H" State is 56,000 barrels of oil per well for the sixteen well lease. Using a secondary/primary ratio of 0.7, an additional 650,000 barrels could be produced from a fully developed waterflood project on 20-acre spacing. Remaining primary reserves to be recovered by the infill wells are estimated at 20,000 barrels of oil per well.

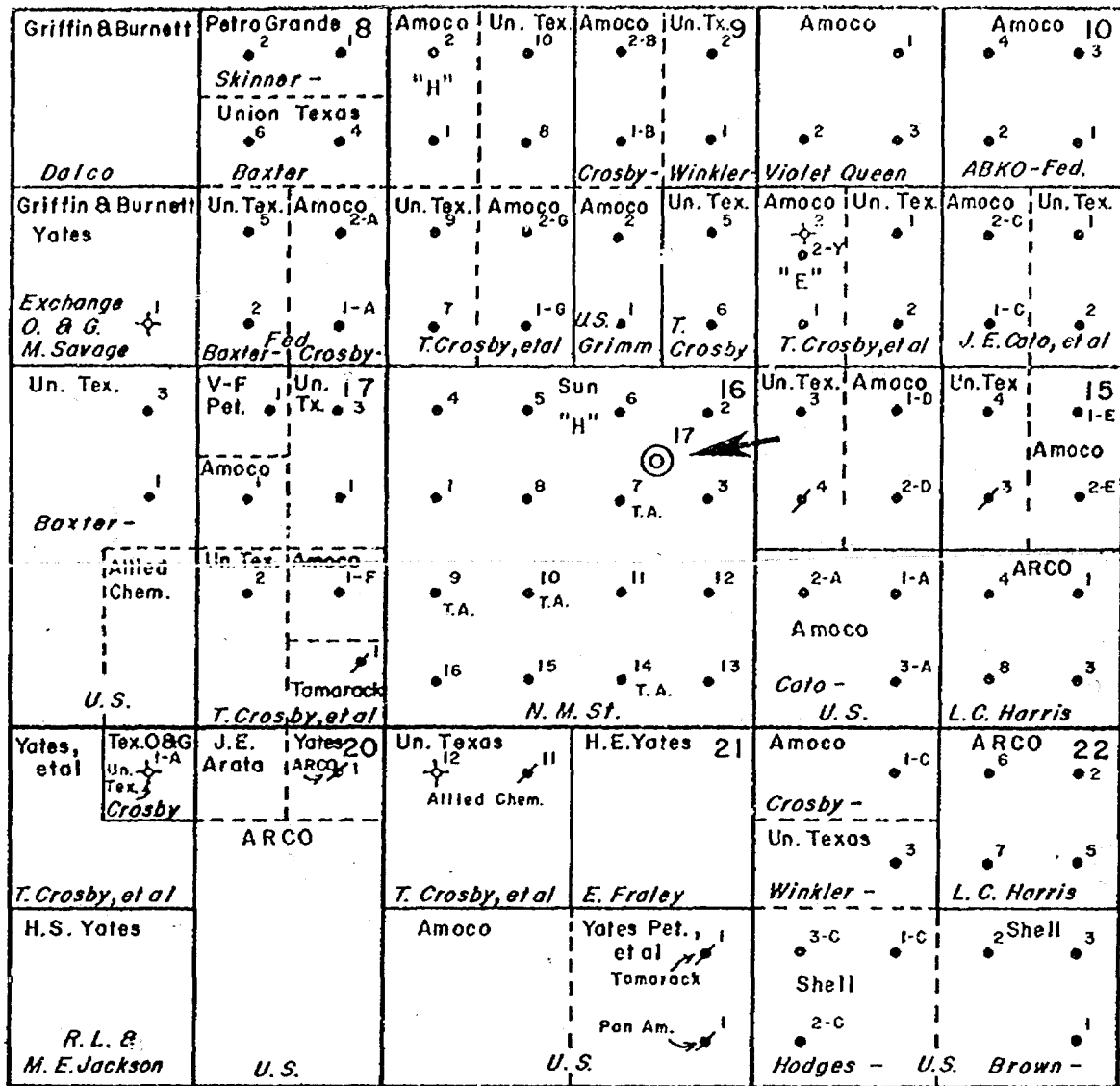


Joe Martin
Area Reservoir Engineer

JMM/jdw

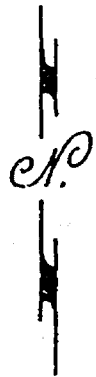
cc: Charles Dickson
Steve Gillett
Gary Miller
Well File

Does this correspondence really have to be filed?



T.
8
S.

⊙ PROPOSED LOCATION



SUN OIL COMPANY
NEW MEXICO "H" STATE LEASE
CATO SAN ANDRES FIELD
CHAVES COUNTY, NEW MEXICO

Scale: 2" = 1 MILE

TABULAR SUMMARY OF WELLS
WITHIN ONE-HALF MILE OF
PROPOSED LOCATION

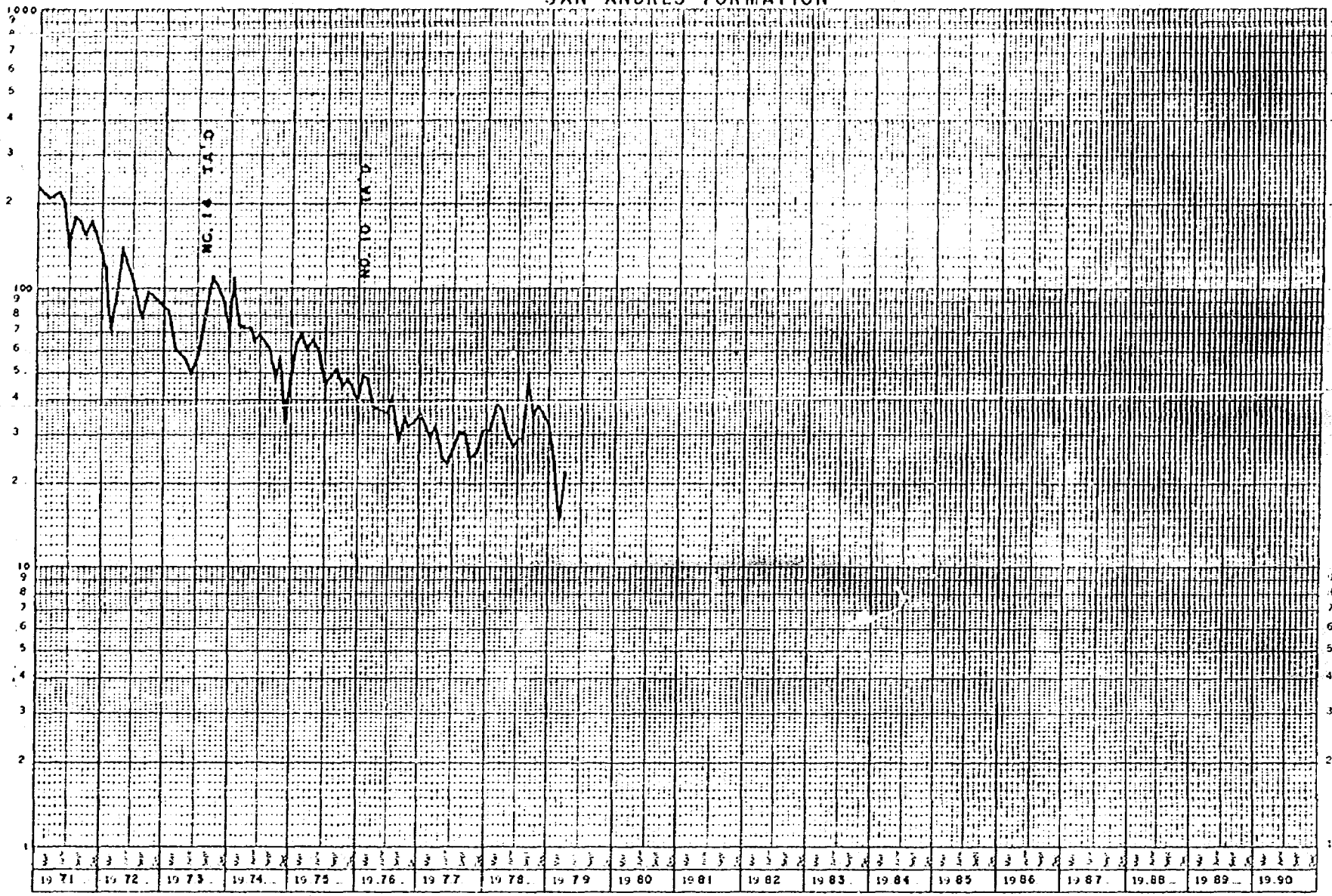
WELL	OPERATOR	LOCATION	CURRENT PROD. (BOPD/BWPD)	CUMULATIVE PROD. (AS OF 2/1/79)
Crosby 'G' #1	Amoco	N-9-T8S-R30E	4/1	84,830
Grimm Fed. #1	Amoco	O-9-T8S-R30E	10/79	150,880
Crosby #6	Un. Texas	P-9-T8S-R30E	1/21	95,240
Crosby 'E' #1	Amoco	M-10-T8S-R30E	TA(Last Prod. 12/74)	59,630
Crosby #3	Un. Texas	D-15-T8S-R30E	1/1	72,320
Crosby #4	Un. Texas	E-15-T8S-R30E	TA(Last Prod. 10/76)	59,380
Cato 'A' Fed. #2	Amoco	L-15-T8S-R30E	1/1	33,700
New Mexico 'H' St. #2	Sun	A-16-T8S-R30E	3/9	129,600
New Mexico 'H' St. #3	Sun	H-16-T8S-R30E	2/2	52,990
New Mexico 'H' St. #5	Sun	C-16-T8S-R30E	2/1	103,210
New Mexico 'H' St. #6	Sun	B-16-T8S-R30E	2/5	69,290
New Mexico 'H' St. #7	Sun	G-16-T8S-R30E	TA(Last Prod. 6-78)	38,590
New Mexico 'H' St. #8	Sun	F-16-T8S-R30E	2/16	36,180
New Mexico 'H' St. #10	Sun	K-16-T8S-R30E	TA(Last Prod. 3-76)	48,395
New Mexico 'H' St. #11	Sun	J-16-T8S-R30E	1/6	49,630
New Mexico 'H' St. #12	Sun	I-16-T8S-R30E	3/6	51,990

NEW MEXICO "H" STATE
 CATO FIELD
 SAN ANDRES FORMATION

47 6543

MC 25 YEARS, 80 MONTHS, 3 LOG CYCLES
 100% 100% 100% 100% 100%

BOPD



NEW MEXICO 'H' STATE #7
CATO SAN ANDRES POOL
WELL HISTORY

Completion Date: 2/23/67

TD: 3540' PBD: 3506'

Production Casing: 4½" 9.5# casing set at 3540' with 300 sacks
cement. Top of cement behind pipe at 2498'
by temperature survey.

Completion: Perforations 3325-3355' (Milnesand Section) -
acidized with 4000 gallons 28% acid.

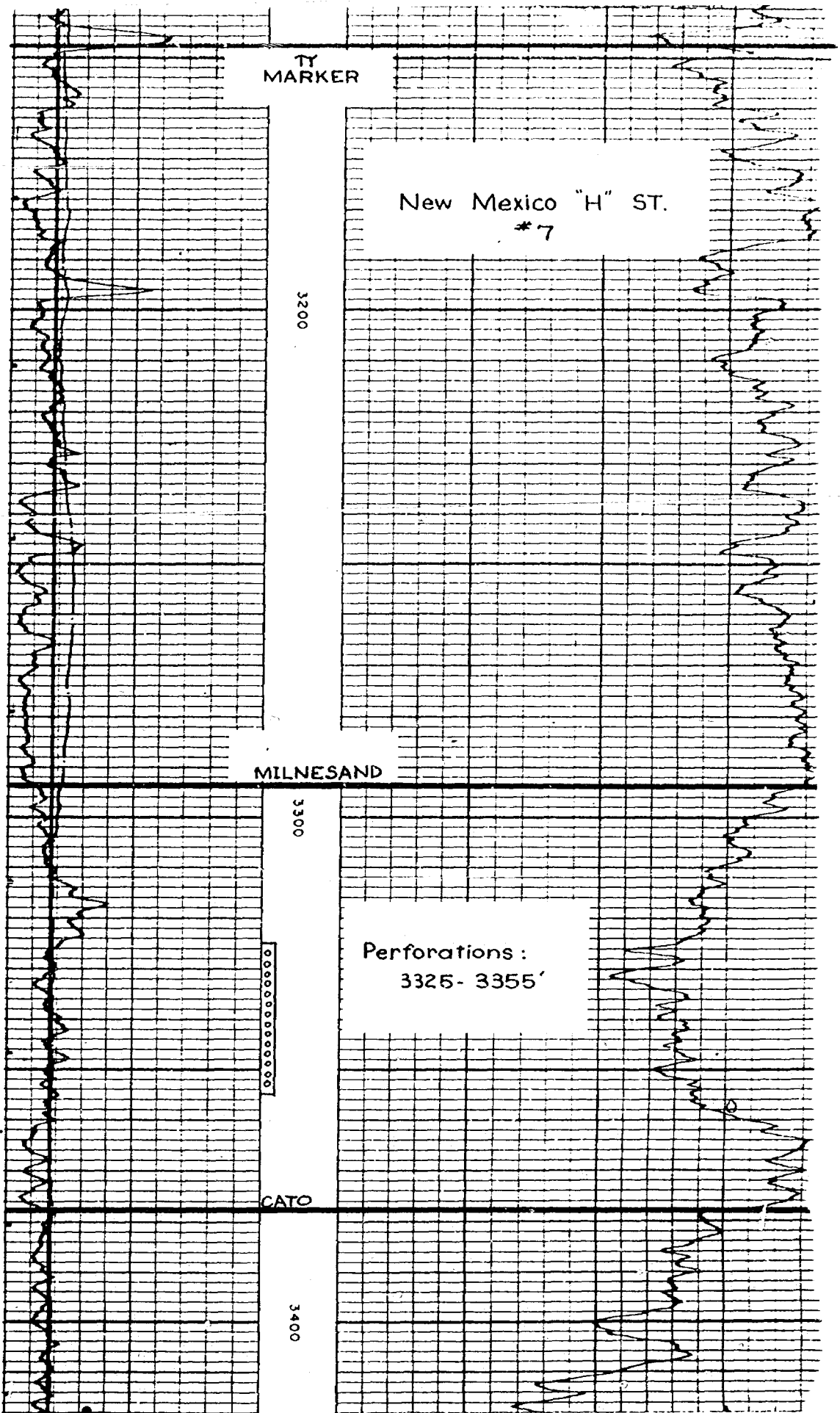
Initial Potential: Flowed 139 BOPD, 34 BWPD, GOR TSTM, FTP 60#,
26.5° API crude.

Current Status: Shut In.

Location: 1980' FNL & 1980' FEL
Section 16 T-8-S R-30-E
Chaves County, New Mexico

NEW MEXICO "H" STATE LEASE
PUMPING FLUID LEVELS - FEBRUARY, 1979

<u>WELL</u>	<u>DEPTH TO TOP PERF</u>	<u>FLUID ABOVE TOP PERF</u>
#1	3274'	- (Well TA)
#2	3309'	0
#3	3325'	0
#4	3245'	0
#5	3250'	0
#6	3246'	0
#7	3325'	- (Well TA)
#8	3299'	0
#9	3287'	- (Well TA)
#10	3313'	-
#11	3347'	0
#12	3393'	0
#13	3421'	- (Disposal Well)
#14	3370'	- (Well TA)
#15	3325'	0
#16	3303'	61'



AUTHORITY FOR EXPENDITURE - DRILLING

UNION CO. (DELAWARE) DRILLING LOCATION

UNION CO OP

JOB NO

COMP. P.L.

7-1-79
\$ 132,100

7-1-79

707990

PROPERTY ID NUMBER

SOUTHWESTERN DISTRICT

EXPENDITURE LOGGED TO

YES YEAR 1979

NO

PARTIALLY

PROPERTY NAME
NEW MEXICO "H" STATE

EVOLUTION CONTROL			DATE
EST. AMOUNT	DATE	OIL	30143
\$ 9000	AIR	X	4-11-79

COMPLETE FOR DRG APPROPRIATIONS ONLY
OPERATOR'S NAME: AFF NUMBER:

WELL NO. 17 TOTAL DEPTH 3550

CLASSIFICATION
D - MIS CODE 03

WELL NO. CATO

PROPERTY OBJECTIVE
 OIL GAS PLANT LOGGING

SUN WE: 1.00

SUN INC. F: 0.875

WELL NO. CHAVES

PROPERTY OBJECTIVE
M MCF/ZOR M BBL/SZOR
M BBL/S: M MCF/S: M BBL/S:

TYPE: TYPE: TYPE:

WELL NO. NEW MEXICO

DRILLING PROJECT DESCRIPTION

DRILL AND COMPLETE NEW WELL

LOCATION: 1330' FNL & 1330' FEL, SEC. 16, T-8-S R-30-E

INTANGIBLE	PRODUCER	DRY HOLE	TANGIBLE	PRODUCER	DRY HOLE
40 LOCATION	2,000	2,000	PIPE 8-5/8" (500')	4,000	4,000
41 RIG MOVE	-	-	PIPE	-	-
42 FOOTAGE	39,000	39,000	PIPE 5-1/2 (3550)	19,000	19,000
43 DAY WORK	1,000	1,000	PIPE	-	-
44 BITS AND BMS	-	-	PIPE	-	-
45 FUEL	-	-	PIPE 2-3/8 (3500)	7,600	-
46 WATER	2,000	2,000	PIPE	-	-
47 MUD AND CHEM	3,000	3,000	WELLHEAD	2,000	500
48 CMT AND CMTG SER	11,000	11,000	OTHER	1,000	500
49 DIRECTIONAL SER	-	-			
50 RENTALS	2,000	2,000			
51 MUD LOGGING	-	-			
52 DST AND TSTG EQPT	-	-			
53 CORING	-	-			
54 LOGS - WLT - SWC	3,500	3,500			
55 CSG/TBG TOOLS AND SER	1,000	1,000			
56 COMPLETION RIG	5,000	5,000			
57 PERFORATING	2,000	2,000			
58 STIMULATION	7,500	7,500			
59 SUPERVISION	1,500	1,500			
60 TRANSPORTATION	1,000	1,000			
61 MISC/CONTINGENCY	9,000	9,000			
TOTAL INTANGIBLE	\$ 90,500	\$ 90,500	TOTAL TANGIBLE	\$ 33,600	\$ 24,000
			TOTAL DRILLING COST	\$ 124,100	\$ 114,500
			SUN'S NET COST	\$ 124,100	\$ 114,500

APPROVAL LEVEL	DISTRICT	HEADQUARTERS	CORPORATE	JOINT OWNER(S) APPROVAL OBTAINED
APPROVED:	<i>[Signature]</i>			
CONCURRENCE:				
DISAPPROVED:				
DATE:				

AUTHORITY FOR EXPENDITURE SUN-5405-11

UN OIL CO. (DELAWARE) <input checked="" type="checkbox"/> 100% CO-OP <input type="checkbox"/> OBO <input type="checkbox"/> C.O.-P.I.	ORIGINATING OFFICE Southwestern District	POLLUTION CONTROL EST. AMOUNT: <input type="checkbox"/> OIL <input type="checkbox"/> GAS <input type="checkbox"/> WATER <input type="checkbox"/> AIR		APPROPRIATION NO. 30144
AMOUNT REQUESTED \$36,500	EXPENDITURE BUDGETED <input checked="" type="checkbox"/> YES YEAR 1979 <input type="checkbox"/> NO <input type="checkbox"/> PARTIALLY (EXPLAIN BELOW)	DATE 4/17/79		
PROPERTY NUMBER 707990	PROPERTY NAME New Mexico "H" State	WELL NO. 17	TOTAL DEPTH 3550'	
PROSPECT NAME Cato San Andres	PROSPECT NUMBER	CLASSIFICATION MIS CODE 03		
LOCATION 1330' FNL & 1330' FEL, Sec. 16, T8S, R30E	MUNICIPALITY/TOWNSHIP/COUNTY Chaves	PROVINCE/STATE New Mexico		
PRIMARY OBJECTIVE <input checked="" type="checkbox"/> OIL <input type="checkbox"/> GAS <input type="checkbox"/> PLANT LIQUID	PREDICTED NET RESERVES MMCF/OR M BBLs		ACCOUNTING USE ONLY - A/C	
IN WEL: 1.00	SUN INC.: 0.875	TYPE	TYPE	TYPE

Install surface production equipment for new well.

ECONOMICS: DETAIL COST - ITEMIZE (NEW MONEY INVESTMENT & EXPENSE - 100% & SUN'S NET)
(COMPANY LABOR & STOCK); GIVE STATEMENT OF ECONOMICS.

	NEW MONEY		COMPANY		TOTAL
	TANGIBLE	INTANGIBLE	EQUIPMENT	LABOR	
114 Pumping unit	\$13,400				\$13,400
20 HP Electric motor	900				900
Size II Control Panel	600				600
Electrical Installation		\$2,000			2,000
3500' 3/4" Rods (Grade K)	5,000				5,000
Pump	1,000				1,000
Flowline (2500' 2 1/2" SCH 40)	4,100				4,100
Lay flowline		2,000			2,000
Misc. connections	1,000				1,000
Transportation		2,000			2,000
Installation		1,000			1,000
Contengencies	2,000	1,500			3,500
	\$28,000	\$8,500			\$36,500
	Total: \$36,500				
	Sun Net: \$36,500				

Gary Miller *mjm*

APPROVAL LEVEL: DISTRICT REGION GROUP CORPORATE

PROVED:	<i>A. K. Buggs</i>		
INCURRENCE:	<i>C. L. Leckman 7/20/79</i>		
APPROVED:			
DATE:	<i>April 19, 1979</i>		

ORIGINAL COPY #2 (REPORTS, BUDGETS, & SUBS) COPY #3 COPY #4 PRINTED IN U.S.

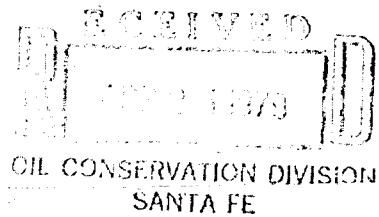
Dockets Nos. 20-79 and 21-79 are tentatively set for hearing on May 23 and June 13, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 9, 1979

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

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

- CASE 6544: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Geologic Resources, Inc., United States Fire Insurance Company, and all other interested parties to appear and show cause why the B. T. Godec Strat. Test Well No. 1 located in Unit I of Section 25, Township 12 North, Range 8 East, Santa Fe County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6492: (Continued from April 25, 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 6534: Application of Amoco Production for simultaneous dedication and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of its Gilluly Fed. Well No. 17 at an unorthodox location in Unit H of Section 24, Township 20 South, Range 36 East, Eumont Gas Pool, along with the three wells now dedicated to the previously approved 480-acre unit comprising the N/2 and SE/4 of said Section 24.
- CASE 6535: Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Pool by the injection of water into the Menefee formation through two wells located in Section 21, Township 18 North, Range 3 West, Sandoval County, New Mexico.
- CASE 6536: Application of Black River Corp. for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 80-acre non-standard gas proration units in the Jalmat Gas Pool as follows: the N/2 SE/4 of Section 22, Township 23 South, Range 36 East, to be dedicated to applicant's well to be drilled in Unit J of said Section 22; and the S/2 SE/4 of said Section 22 to be dedicated to El Paso Natural Gas Company's Shell State Well No. 3 located in Unit P.
- CASE 6537: Application of Harper Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its West Ranger Lake Unit Area, comprising 1,120 acres, more or less, of State lands in Township 12 South, Range 34 East, Lea County, New Mexico.
- CASE 6538: 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 6539: Application of Continental Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its James Ranch Unit Well No. 7 located in Unit G of Section 6, Township 23 South, Range 31 East, Eddy County, New Mexico, to produce gas from the Morrow and Atoka formations, Los Medanos Field, through parallel strings of tubing.
- CASE 6540: Application of Caulkins Oil Company for an NGPA determination, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a Section 108 stripper gas well determination for its State B Well No. 233 located in Unit D of Section 16, Township 26 North, Range 6 West, South Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico.
- CASE 6541: Application of Sun Oil Company for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State H Well No. 17, 1328 feet from the North line and 1336 feet from the East line of Section 16, Township 8 South, Range 30 East, Cafo-San Andres Pool, Chaves County, New Mexico.



SUN PRODUCTION COMPANY CAMPBELL CENTRE II, P.O. BOX 2880, DALLAS, TEXAS 75221

April 23, 1979

Case 6541

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

Attention: Mr. Joe D. Ramey

Re: Unorthodox Well Location and
Simultaneous Dedication
New Mexico "H" State Well No. 17
Cato Sun Andres Pool
Chaves County, New Mexico

Gentlemen:

Sun Oil Company plans to drill Well No. 17 on our New Mexico "H" State Lease on a 40 acre unit described as the NE/4 of SW/4 of NE/4 of Section 16, Township 8 South, Range 36 East, Chaves County, New Mexico.

The proposed location will be located 1336' from the East Line and 1328' from the North line of Section 16 which will be an unorthodox well location, and will be on the same Unit "G" with Well No. 7 necessitating request for simultaneous dedication.

In support of this request, the following documents are being submitted to the Hobbs District Office:

1. Six (6) copies NMOCD Form C-101, Application to Drill
2. Four (4) copies NMOCD Form C-102, Acreage Dedication and Well Location Plat.
3. Plat showing Sun's New Mexico "H" State Lease and Offset Operators.

A copy of this letter and attachments are being sent by Certified mail to each offset operator as their notice of this application and request for their waiver of objection. These offset operators are:

New Mexico Oil Conservation Division
Page 2
April 23, 1979

RECEIVED
APR 25 1979
OIL CONSERVATION DIVISION
SANTA FE

AMOCO Production Company
Box 3092
Houston, Texas 77001
Attn: Mr. Tom Malloy

ARCO Oil & Gas Company
Box 1610
Midland, Texas 79701

Tamarack Petroleum Co., Inc.
Box 2046
Midland, Texas 79702

Union Texas Petroleum Corp.
1300 Wilco Bldg.
Midland, Texas 79701

Harvey E. Yates
112 N. First St.
Artesia, New Mexico 88210

This request has been set for hearing on May 9, 1979.

Yours very truly,

SUN OIL COMPANY

J.T. Power

By 
J. Harris

JTP/JTH:aw

Attachment:

cc: Mr. Jerry T. Sexton
New Mexico Oil Conservation Division
Box 1980, Hobbs, New Mexico
Mr. Tom Kellahin
500 Don Gaspar Ave., P.O. Box 1769
Santa Fe, New Mexico 87501
Offset Operators

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

RECEIVED
APR 23 1979
OIL CONSERVATION DIVISION
Form O-151
Revised 11-55

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work		7. Unit Agreement Name	
b. Type of Well DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. Term or Lease Name New Mexico "H" State	
2. Name of Operator SUN OIL COMPANY		9. Well No. 17	
3. Address of Operator P.O. Box 1861, Midland, Texas 79702		10. Field and Pool, or Wildcat Cato San Andres	
4. Location of Well UNIT LETTER <u>G</u> LOCATED <u>1336'</u> FEET FROM THE <u>East</u> LINE AND <u>1328</u> FEET FROM THE <u>North</u> LINE OF SEC. <u>16</u> TWP. <u>8S</u> RGE. <u>30E</u> NMPM		11. County Chaves	
14. Elevation (Show whether D.P., R.T., etc.) 4081.4 (Ground)		15. Formation Milnesand	16. History of C.T. Rotary
17. Estimated Depth 3550'		18. Drilling Contractor Unknown	
19. Kind of Cement to be Used On File		20. Approx. Date Work will start When Approved	

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
11	8-5/8	24#	500'	200	Circulated
7-7/8	5-1/2	14#	3550'	700	Circulated

Drill 11" hole to 500, run 8-5/8" csg & cement to surface.
 WOC 12 hrs, test csg. to 1000#
 Drill 7-7/8" hole to TD, run 5-1/2" csg. & cement to surface. WOC 24 hrs.
 Perf. and complete in Milnesand zone as oil well.
 10" 3000# BOP will be used after setting 8-5/8" casing.

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

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

Signed J. Harris Title Conservation Representative Date April 23, 1979

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

RECEIVED
 APR 23 1979
 OIL CONSERVATION DIVISION
 SANTA FE

Sun Oil Corp

New Mexico State

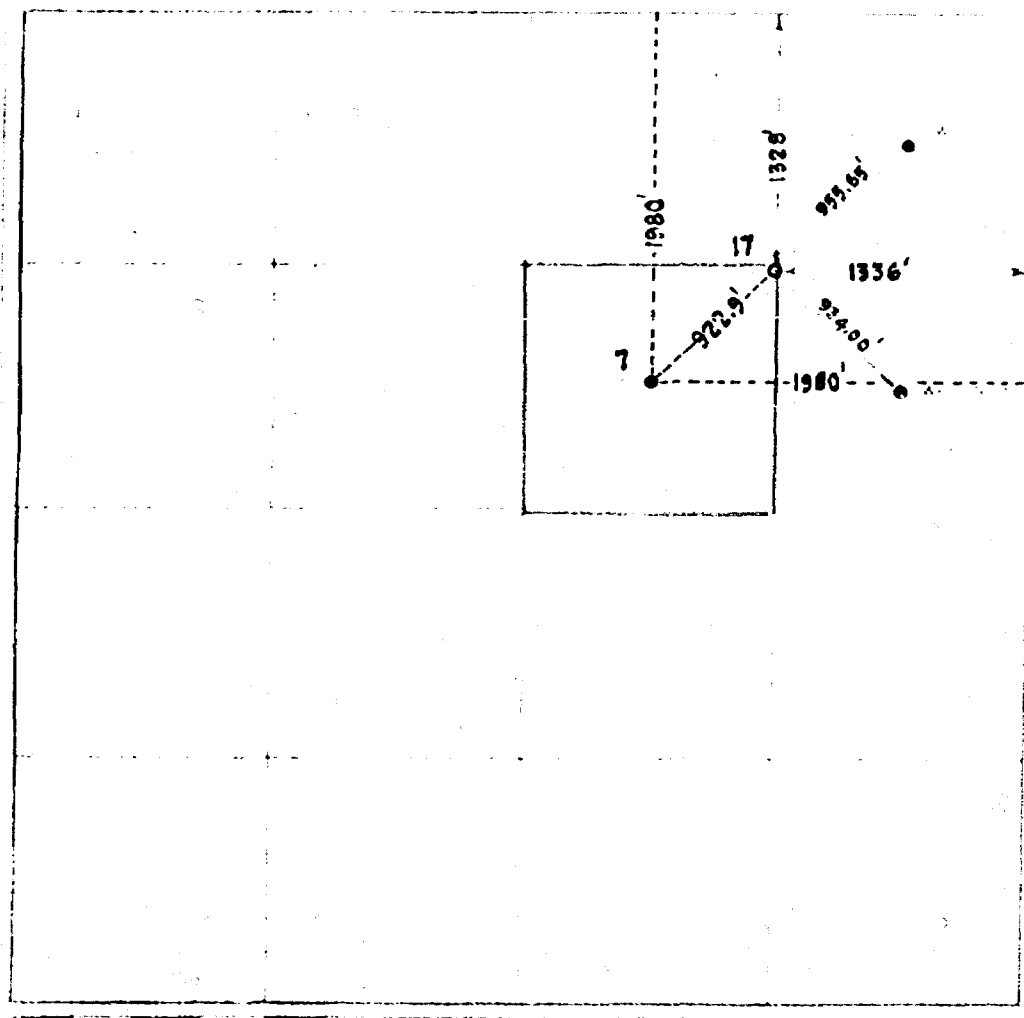
Section 28 North 1006
 Range 40 East

Milnesend Cato San Andres

40.13

If any...
 If any...
 If any...
 If any...

If any...
 No oil...
 If any...



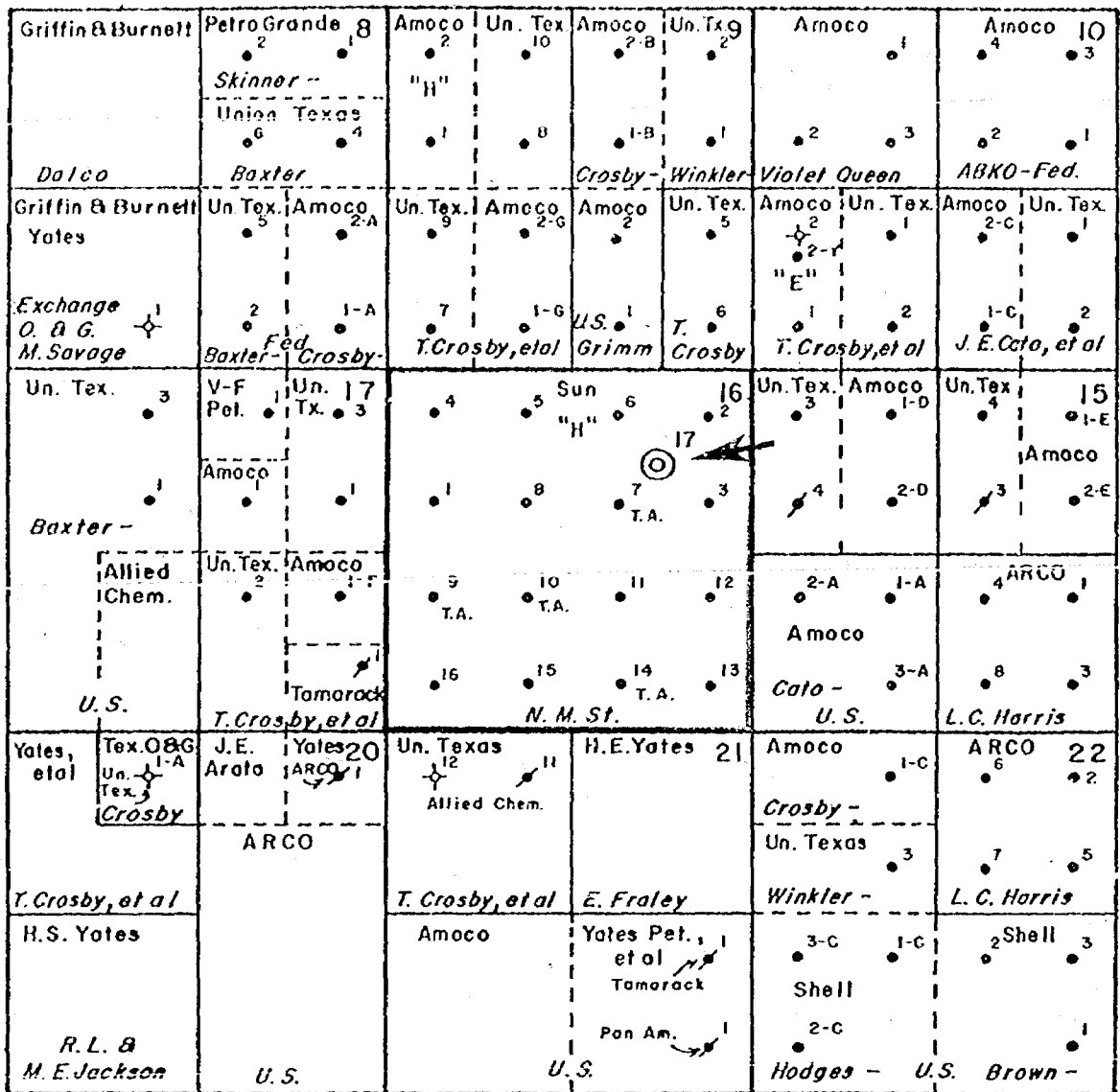
J. J. Harris
 CONSERVATION REPRESENTATIVE

SUN OIL COMPANY

APRIL 23, 1979

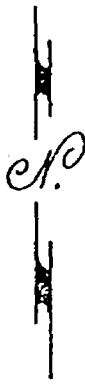
April 9, 1979

John W. West
 John W. West 676
 Ronald J. Eidson 3239



T.
8
S.

⊙ PROPOSED LOCATION



Scale: 2" = 1 MILE

SUN OIL COMPANY
NEW MEXICO "H" STATE LEASE
CATO SAN ANDRES FIELD
CHAVES COUNTY, NEW MEXICO



SUN PRODUCTION COMPANY

CAMPBELL CENTRE II, P.O. BOX 2880, DALLAS, TEXAS 75221

W A I V E R

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

Attention: Mr. Joe D. Ramey

Re: Unorthodox Well Location and
Simultaneous Dedication
New Mexico "H" State Well No. 17
Cato San Andres Pool
Chaves County, New Mexico

Gentlemen:

The undersigned has been furnished a copy of Sun Oil Company's application for unorthodox well location and simultaneous dedication for the subject well. Please be informed that we, as an offset operator to the New Mexico "H" State Lease, have no objection to the Commission approving Sun's request as outlined in their application dated April 23, 1979.

Yours very truly,

COMPANY

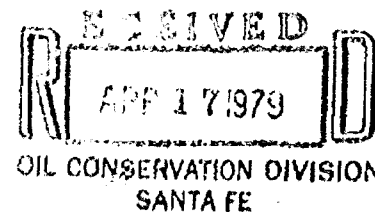
REPRESENTATIVE

SIGNATURE

TITLE

A DIVISION OF SUN OIL COMPANY (DELAWARE)

BEFORE THE
ENERGY AND MINERAL DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION OF
SUN OIL COMPANY FOR UNORTHODOX WELL
LOCATION AND SIMULTANEOUS DEDICATION
OF ACREAGE, CHAVES COUNTY, NEW MEXICO

Case 6541

A P P L I C A T I O N

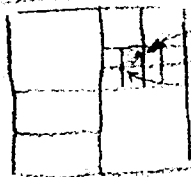
Comes now SUN OIL COMPANY, by and through its attorneys and applies to the Oil Conservation Division of New Mexico for authority to drill a San Andres Well at an unorthodox location and to simultaneously dedicate subject well to acreage already dedicated to a producing San Andres well; and in support would show the Division:

1. Applicant is the owner of the right to drill on the NE/4 SW/4 NE/4 of Section 16, T8S, R30E, NMPM, Chaves County, New Mexico.

2. Applicant is the operator of an existing well on the same unit, ie: N.M. "H" State Well No. 7 located in approximate center SW/4 NE/4 of Section 16.

3. Applicant proposes to drill a second well called the New Mexico "H" State Well No. 17, located in Unit G, 1336 feet from the East Line and 1328 feet from the North line of Section 16, T8S, R30E, Cato-San Andres Field, Chaves County, New Mexico, an unorthodox location.

4. Applicant further seeks to dedicate the NE/4 SW/4 NE/4 to the subject well.



#17 (proposed)
#7 (existing)

5. Approval of the application will produce oil that could not otherwise be produced, prevent waste, protect correlative rights and be in the interest of conservation.

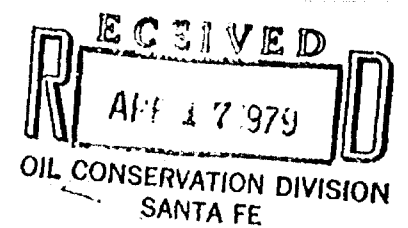
WHEREFORE applicant requests that this application be set for hearing before the Division's examiner and that after notice and hearing, an order be entered granting the application as requested.

KELLAHIN & KELLAHIN

By 

W. Thomas Kellahin

BEFORE THE
ENERGY AND MINERAL DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION OF
SUN OIL COMPANY FOR UNORTHODOX WELL
LOCATION AND SIMULTANEOUS DEDICATION
OF ACREAGE, CHAVES COUNTY, NEW MEXICO

Case 6541

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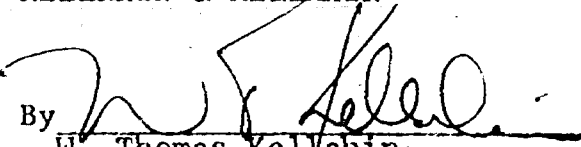
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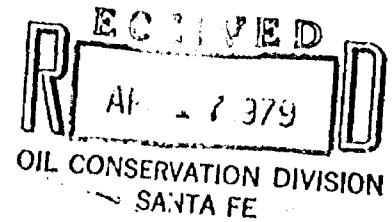
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A P P L I C A T I O N

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KELLAHIN & KELLAHIN

By 

W. Thomas Kellahin

KELLAHIN and KELLAHIN

ATTORNEYS AT LAW

800 DON GASPAR AVENUE

P. O. BOX 1769

SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4266
AREA CODE 505

JASON W. KELLAHIN
W. THOMAS KELLAHIN
KAREN AUBREY

April 16, 1979

Mr. Joe Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

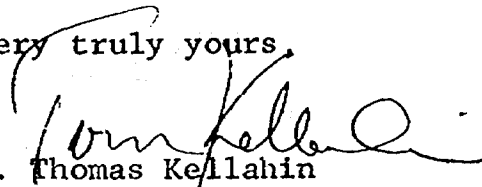
Re: Sun Oil Company

Dear Joe:

Please find THREE cases enclosed for hearing on
May 9, 1979:

- (a) Application for special casinghead gas
allowable for Annie Christmas Well No. 1.
- (b) Application for special casinghead gas
allowable for Walter Lynch Well No. 2.
- (c) Application for unorthodox well location
and simultaneous dedication for the N.M.
"H" State Well No. 17.

Very truly yours,


W. Thomas Kellahin

WTK:eps

Enclosures

cc: Mr. J. T. Harris

DRAFT

dr/

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. 6541

ORDER NO. R- 6011

APPLICATION OF SUN OIL COMPANY

FOR AN UNORTHODOX ~~X&X~~ WELL LOCATION,

CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 9,
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

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

FINDS:

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

(2) That the applicant, ^{New Mexico} Sun Oil Company,
(for its State "H" Well No. 17 to be drilled at a point)
seeks approval of an unorthodox oil well location 1328
feet from the North line and 1336 feet from the
East line of Section 16, Township 8 South
Range 30 East, NMPM, to test the San Andres
formation, Cato-San Andres Pool, Chaves
County, New Mexico.

(3) That the SUN OIL COMPANY of said Section 16 is to be
dedicated to the well.

(4) That the evidence presented demonstrates that the existing well on the proration unit, namely the New Mexico State "H" well No. 7, located 1980 feet from the north line and 1900 feet from the East line of ^{said} Section 16, is not effectively and efficiently draining the entire 40-acre proration unit, and the drilling of the subject well, the New Mexico State "H" well No. 17 at the unorthodox location ~~1328 feet from the north line and~~ described above is necessary to effectively and efficiently drain that portion of the unit not being so drained by the existing well.

(5) That the drilling of said well No. 17 at the above location and the simultaneous dedication of said well to the unit should result in the production of additional oil and gas which would otherwise be left unrecovered, thus preventing waste, and should be approved as an exception to the standard well spacing requirements of the Cato-San Andres Pool.

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

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

IT IS THEREFORE ORDERED:

(1) That an ^{New Mexico} unorthodox ^{oil} ~~gas~~ well location for the San Andres the Sun Oil Company, State "H" Well No. 17 ^{drilled} formation is hereby approved for ~~work~~ to be ~~located~~ at a point 1328 feet from the North line and 1336 feet from the East line of Section 16, Township 8 South, Range 30 East NMPM, Cato-San Andres Pool, Chaves County, New Mexico.

(2) That the SW 1/4 NE 1/4 of said Section 16 shall be ^{simultaneously} dedicated to the above-described well and to applicant's New Mexico State "H" Well No. 7 ^{located 1480 feet from the North line and 1480 feet from the East line of said}

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

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

Section 16.