

CASE 5724: COQUINA OIL CORPORATION FOR
A NEW STANDARD GAS PRODUCTION UNIT AND AN
UNORTHODOX LOCATION, LEA COUNTY, NEW
MEXICO

CASE Number

6724

Application

Transcripts.

Small Exhibits

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
14 November 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Coquina Oil Corpora-
tion for a non-standard gas pro-
ration unit and an unorthodox loca-
tion, Lea County, New Mexico.

CASE
6724

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 Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

Jason Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3026 Plaza Alamosa (505) 471-4402
Santa Fe, New Mexico 87501

I N D E X

RON GILBREATH

Direct Examination by Mr. Kellahin

3

E X H I B I T S

Applicant Exhibit One, Plat

5

Applicant Exhibit Two, Form

6

Applicant Exhibit Three, Form

6

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (695) 471-2462
Santa Fe, New Mexico 87501

1 MR. NUTTER: We'll call next Case Number
2 6724.

3 MR. PADILLA: Application of Coquina Oil
4 Corporation for a non-standard gas proration unit and an
5 unorthodox location, Lea County, New Mexico.

6 MR. KELLAHIN: If the Examiner please,
7 Jason Kellahin, appearing for the applicant, and we have one
8 witness to be sworn.

9
10 (Witness sworn.)
11

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

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Mr. Gilbreath, would you state your name,
19 please?

20 A My name is Ron Gilbreath. I'm the Pro-
21 duction Manager for Coquina Oil Corporation.

22 Q And where are you located, Mr. Gilbreath?

23 A Midland, Texas.

24 Q How do you spell your name, please?

25 A G-I-L-B-R-E-A-T-H.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2402
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED & NOTARIZED REPORTER
1030 Plaza Blanca (SSE) 471-2482
Santa Fe, New Mexico 87501

1 Q Are you a petroleum engineer?

2 A Yes, sir, I am.

3 Q Have you testified before the Oil Conser-

4 vation Division before and made your qualifications a matter

5 of record?

6 A Yes, sir, I have.

7 MR. KELLAHIN: Are the witness' qualifi-

8 cations acceptable?

9 MR. NUTTER: Yes, they are.

10 Q Mr. Gilbreath, are you familiar with the

11 application of Coquina Oil Corporation in Case Number 6724?

12 A Yes, I am.

13 Q What does the applicant propose in this

14 case?

15 A The applicant's requesting that a non-

16 standard unorthodox location be permitted as 660 from the

17 south line and 1650 from the east line of Section 7, Township

18 19 South, Range 32 East in the Lusk Morrow Pool.

19 Q And what is the reason for the unorthodox

20 location?

21 A The reason for the unorthodox location is

22 to take advantage of a dry hole which was drilled and aban-

23 doned in 1966 at that location.

24 Q And what is the reason for the non-standard

25 unit, gas proration unit?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (695) 471-2462
Santa Fe, New Mexico 87501

1 A I'm not sure if I understand your question.

2 Q Well, the advertising calls for approval
3 of a non-standard gas proration unit and an unorthodox well
4 location.

5 What is the unit to be dedicated to the
6 well?

7 A The south half of the -- the south half
8 320 acres of that section.

9 Q Well, that would not be a non-standard
10 unit, then, would it?

11 A No, sir, I guess it wouldn't.

12 MR. NUTTER: Yes, it is. It's within one
13 mile of the Lusk Morrow, which is 640-acre pool.

14 A All right, sir.

15 Q So you are asking for approval of a 320-
16 acre unit?

17 A Yes, sir, that is part of our request, a
18 320-acre proration unit.

19 Q Now, referring to what has been marked
20 as Exhibit Number One, would you identify that exhibit,
21 please?

22 A Exhibit Number One is a location plat
23 showing the re-entry of the dry hole we propose to do at
24 the location which we have requested.

25 Q Does it also show the lease ownership in

1 the area?

2 A Yes, sir, it does. It indicates that --
3 on all sides of it, that this is a U. S. mineral interest
4 land.

5 Q And is the unit that you propose to dedi-
6 cate to the well all Federal land?

7 A Yes, sir, it is.

8 Q Will you refer to Exhibit Number Two and
9 would you identify that exhibit?

10 A Exhibit Two is a copy of our Form 9331-C
11 which is our application of permit to drill or deepen or
12 plug back this re-entry. It indicates on this well that this
13 was originally drilled by Penroc Oil Corporation. It was
14 called their Lusk Federal No. 1. It was drilled and aban-
15 doned in 1966. And we propose to re-enter the well and
16 deepen it to the Morrow.

17 Q And does the Form set out your proposed
18 action?

19 A Yes, sir, it does. It sets out the method
20 which we do propose to make our re-entry.

21 Q Now referring to what is marked -- has been
22 marked as Exhibit Number Three, would you identify that ex-
23 hibit?

24 A Exhibit Number Three is the acreage dedi-
25 cation plat which we do propose to assign to the well.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Elanosa (905) 471-2442
Santa Fe, New Mexico 87501

1 Coquina, by the virtue of re-entering the
2 well, will -- does have all of it except this 40-acre tract
3 indicated here as the Amoco tract, however, this is a little
4 bit misleading. Amoco has the shallow rights on this and
5 Phillips Petroleum has the deeper rights on this 40-acre
6 tract.

7 Q Has Phillips been contacted in connection
8 with your proposed unit?

9 A Yes, sir, they have, and they have indi-
10 cated that they are willing to be carried in the well and
11 we'll back in on it.

12 Q So the acreage will be communitized to
13 form the non-standard unit?

14 A Yes, sir, the whole 320 acres will be
15 communitized.

16 Q Now what's the status of your filings with
17 the USGS?

18 A The USGS has processed our application to
19 the point of acceptance, except for the fact of the non-
20 standard location, and they've indicated they will not give
21 us our final approval until the State of New Mexico concurs
22 with our location. We are essentially complete up to that
23 point.

24 Q Do you have any lease expiration date or
25 any problem of that nature?

SALLY WALTON BOYD
CERTIFIED (HORTHAND) REPORTER
3030 Plaza Illinois (505) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED JOURNALIST
302 Plaza Blanca (505) 471-3493
Santa Fe, New Mexico 87501

1 A Yes, sir, we would like to ask if at all
2 possible to expedite this request. We do have an expiration
3 date of 31 November on this. We were a little bit unsure --
4 uncertain at the time that the USGS would require us to do
5 this action, and which they have, and it's thrown us a
6 little bit short of time.

7 Q Now, in your opinion, will re-entering the
8 old hole result in a saving of cost to Coquina and the other
9 interest owners?

10 A Yes, sir, at this time the primary reason
11 to re-enter the old hole is, I would have to admit, is
12 economics. It's, as one knows, cheaper to re-enter an old
13 hole, at least in most cases, than drill a new one, if
14 everything goes all right.

15 Q And in your opinion will a well located as
16 this particular well is cause an adverse affect on the cor-
17 relative rights of other operators?

18 A In my opinion, no, sir, it will not.

19 Q And the interest ownership to the south
20 is Phillips Petroleum, is that correct?

21 A Yes, sir, that is correct, as indicated
22 on Exhibit One, Phillips does have the section immediately
23 to the south and we only are actually crowding the east line
24 of that section.

25 Q And have you contacted any offsetting

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3930 Plaza Iliaca (S.E.) 471-9482
Santa Fe, New Mexico 87501

1 owners?

2 A Yes, sir, we have. All the offset owners
3 have been notified and we have received no protests back,
4 and they were notified by certified mail.

5 Q Were Exhibits One, Two, and Three prepared
6 by you or under your supervision?

7 A Yes, sir, they were.

8 MR. KELLAHIN: At this time we offer Ex-
9 hibits One, Two, and Three.

10 MR. NUTTER: Coquina Exhibits One through
11 Three will be admitted in evidence.

12 MR. KELLAHIN: That's all we have, Mr.
13 Nutter.

14 MR. NUTTER: Are there any questions of
15 Mr. Gilbreath? He may be excused.

16 Do you have anything further, Mr. Kellahin?

17 MR. KELLAHIN: That's all, Mr. Nutter,
18 thank you.

19 MR. NUTTER: Does anyone have anything they
20 wish to offer in case Number 6724?

21 We'll take the case under advisement.

22
23 (Hearing concluded)
24
25

REPORTER CERTIFICATE

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

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

I do hereby certify that the foregoing is
a complete and true transcript of the proceedings in
the final hearing of Case No. 6724
heard by me on 11/14 1979.
[Signature] Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1030 Plaza Blanca (866) 471-2452
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
14 November 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Coquina Oil Corpora-
tion for a non-standard gas pro-
ration unit and an unorthodox loca-
tion, Lea County, New Mexico.

CASE
6724

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 Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

Jason Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
8020 Plaza Blanca (995) 421-4402
Santa Fe, New Mexico 87501

I N D E X

RON GILBREATH

Direct Examination by Mr. Kellahin

3

E X H I B I T S

Applicant Exhibit One, Plat

5

Applicant Exhibit Two, Form

6

Applicant Exhibit Three, Form

6

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Elanora (888) 471-2455
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
4028 Plaza Blanca (966) 471-2402
Santa Fe, New Mexico 87501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. NUTTER: We'll call next Case Number 6724.

MR. PADILLA: Application of Coquina Oil Corporation for a non-standard gas proration unit and an unorthodox location, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, appearing for the applicant, and we have one witness to be sworn.

(Witness sworn.)

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Gilbreath, would you state your name, please?

A My name is Ron Gilbreath. I'm the Production Manager for Coquina Oil Corporation.

Q And where are you located, Mr. Gilbreath?

A Midland, Texas.

Q How do you spell your name, please?

A G-I-L-B-R-E-A-T-H.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
5020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q Are you a petroleum engineer?

A Yes, sir, I am.

Q Have you testified before the Oil Conservation Division before and made your qualifications a matter of record?

A Yes, sir, I have.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

Q Mr. Gilbreath, are you familiar with the application of Coquina Oil Corporation in Case Number 6724?

A Yes, I am.

Q What does the applicant propose in this case?

A The applicant's requesting that a non-standard unorthodox location be permitted as 660 from the south line and 1650 from the east line of Section 7, Township 19 South, Range 32 East in the Lusk Morrow Pool.

Q And what is the reason for the unorthodox location?

A The reason for the unorthodox location is to take advantage of a dry hole which was drilled and abandoned in 1966 at that location.

Q And what is the reason for the non-standard unit, gas proration unit?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2030 Plaza Blanca (800) 471-2462
Santa Fe, New Mexico 87501

1 A I'm not sure if I understand your question.

2 Q Well, the advertising calls for approval
3 of a non-standard gas proration unit and an unorthodox well
4 location.

5 What is the unit to be dedicated to the
6 well?

7 A The south half of the -- the south half
8 320 acres of that section.

9 Q Well, that would not be a non-standard
10 unit, then, would it?

11 A No, sir, I guess it wouldn't.

12 MR. NUTTER: Yes, it is. It's within one
13 mile of the Lusk Morrow, which is 640-acre pool.

14 A All right, sir.

15 Q So you are asking for approval of a 320-
16 acre unit?

17 A Yes, sir, that is part of our request, a
18 320-acre proration unit.

19 Q Now, referring to what has been marked
20 as Exhibit Number One, would you identify that exhibit,
21 please?

22 A Exhibit Number One is a location plat
23 showing the re-entry of the dry hole we propose to do at
24 the location which we have requested.

25 Q Does it also show the lease ownership in

1 the area?

2 A Yes, sir, it does. It indicates that --
3 on all sides of it, that this is a U. S. mineral interest
4 land.

5 Q And is the unit that you propose to dedi-
6 cate to the well all Federal land?

7 A Yes, sir, it is.

8 Q Will you refer to Exhibit Number Two and
9 would you identify that exhibit?

10 A Exhibit Two is a copy of our Form 9331-C
11 which is our application of permit to drill or deepen or
12 plug back this re-entry. It indicates on this well that this
13 was originally drilled by Penroc Oil Corporation. It was
14 called their Lusk Federal No. 1. It was drilled and aban-
15 doned in 1966. And we propose to re-enter the well and
16 deepen it to the Morrow.

17 Q And does the Form set out your proposed
18 action?

19 A Yes, sir, it does. It sets out the method
20 which we do propose to make our re-entry.

21 Q Now referring to what is marked -- has been
22 marked as Exhibit Number Three, would you identify that ex-
23 hibit?

24 A Exhibit Number Three is the acreage dedi-
25 cation plat which we do propose to assign to the well.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3010 Plaza Blanca (666) 471-2493
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Elanera (666) 471-2468
Santa Fe, New Mexico 87501

1 Coquina, by the virtue of re-entering the
2 well, will -- does have all of it except this 40-acre tract
3 indicated here as the Amoco tract, however, this is a little
4 bit misleading. Amoco has the shallow rights on this and
5 Phillips Petroleum has the deeper rights on this 40-acre
6 tract.

7 Q Has Phillips been contacted in connection
8 with your proposed unit?

9 A Yes, sir, they have, and they have indi-
10 cated that they are willing to be carried in the well and
11 we'll back in on it.

12 Q So the acreage will be communitized to
13 form the non-standard unit?

14 A Yes, sir, the whole 320 acres will be
15 communitized.

16 Q Now what's the status of your filings with
17 the USGS?

18 A The USGS has processed our application to
19 the point of acceptance, except for the fact of the non-
20 standard location, and they've indicated they will not give
21 us our final approval until the State of New Mexico concurs
22 with our location. We are essentially complete up to that
23 point.

24 Q Do you have any lease expiration date or
25 any problem of that nature?

SALLY WALTON BOYD
CERTIFIED REPORTER
3020 Plaza Hidalgo (666) 471-2402
Santa Fe, New Mexico 87501

1 A Yes, sir, we would like to ask if at all
2 possible to expedite this request. We do have an expiration
3 date of 31 November on this. We were a little bit unsure --
4 uncertain at the time that the USGS would require us to do
5 this action, and which they have, and it's thrown us a
6 little bit short of time.

7 Q Now, in your opinion, will re-entering the
8 old hole result in a saving of cost to Coquina and the other
9 interest owners?

10 A Yes, sir, at this time the primary reason
11 to re-enter the old hole is, I would have to admit, is
12 economics. It's, as one knows, cheaper to re-enter an old
13 hole, at least in most cases, than drill a new one, if
14 everything goes all right.

15 Q And in your opinion will a well located as
16 this particular well is cause an adverse affect on the cor-
17 relative rights of other operators?

18 A In my opinion, no, sir, it will not.

19 Q And the interest ownership to the south
20 is Phillips Petroleum, is that correct?

21 A Yes, sir, that is correct, as indicated
22 on Exhibit One, Phillips does have the section immediately
23 to the south and we only are actually crowding the east line
24 of that section.

25 Q And have you contacted any offsetting

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Illinois (988) 471-2483
Santa Fe, New Mexico 87501

1 owners?

2 A Yes, sir, we have. All the offset owners
3 have been notified and we have received no protests back,
4 and they were notified by certified mail.

5 Q Were Exhibits One, Two, and Three prepared
6 by you or under your supervision?

7 A Yes, sir, they were.

8 MR. KELLAHIN: At this time we offer Ex-
9 hibits One, Two, and Three.

10 MR. NUTTER: Coquina Exhibits One through
11 Three will be admitted in evidence.

12 MR. KELLAHIN: That's all we have, Mr.
13 Nutter.

14 MR. NUTTER: Are there any questions of
15 Mr. Gilbreath? He may be excused.

16 Do you have anything further, Mr. Kellahin?

17 MR. KELLAHIN: That's all, Mr. Nutter,
18 thank you.

19 MR. NUTTER: Does anyone have anything they
20 wish to offer in case Number 6724?

21 We'll take the case under advisement.

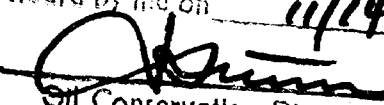
22
23 (Hearing concluded)
24
25

REPORTER CERTIFICATE

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

Sally W. Boyd, C S R.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (906) 471-2493
Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6724
heard by me on 11/14 1979.
, Examiner
Oil Conservation Division



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

POST OFFICE BOX 2008
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

November 27, 1979

Mr. Jason Kellahin
Kellahin and Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6724
ORDER NO. R-6194

Applicant:

Coquina Oil Corporation

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u> </u>	X
Artesia OCD	<u> </u>	X
Aztec OCD	<u> </u>	

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6724
Order No. R-6194

APPLICATION OF COQUINA OIL
CORPORATION FOR A NON-STANDARD
PRORATION UNIT AND AN UNORTHODOX
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 14, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of November, 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, Coquina Oil Corporation, seeks approval of a 320-acre non-standard gas proration unit comprising the S/2 of Section 7, Township 19 South, Range 32 East, NMPM, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1650 feet from the East line of said Section 7.

(3) That said unorthodox location results from the proposed re-entry of an old well previously drilled to the Strawn formation.

(4) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Lusk-Morrow Gas Pool and that the entire non-standard gas proration

-2-

Case No. 6724
Order No. R-6194

unit can be efficiently and economically drained and developed by the aforesaid well at the above-described unorthodox location.

(5) That no offset operator objected to the proposed non-standard proration unit or to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Lusk-Morrow Gas 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 a 320-acre non-standard gas proration unit in the Lusk-Morrow Gas Pool comprising the S/2 of Section 7, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to a well to be re-entered and drilled deeper at an unorthodox location 660 feet from the South line and 1650 feet from the East line of said Section 7.

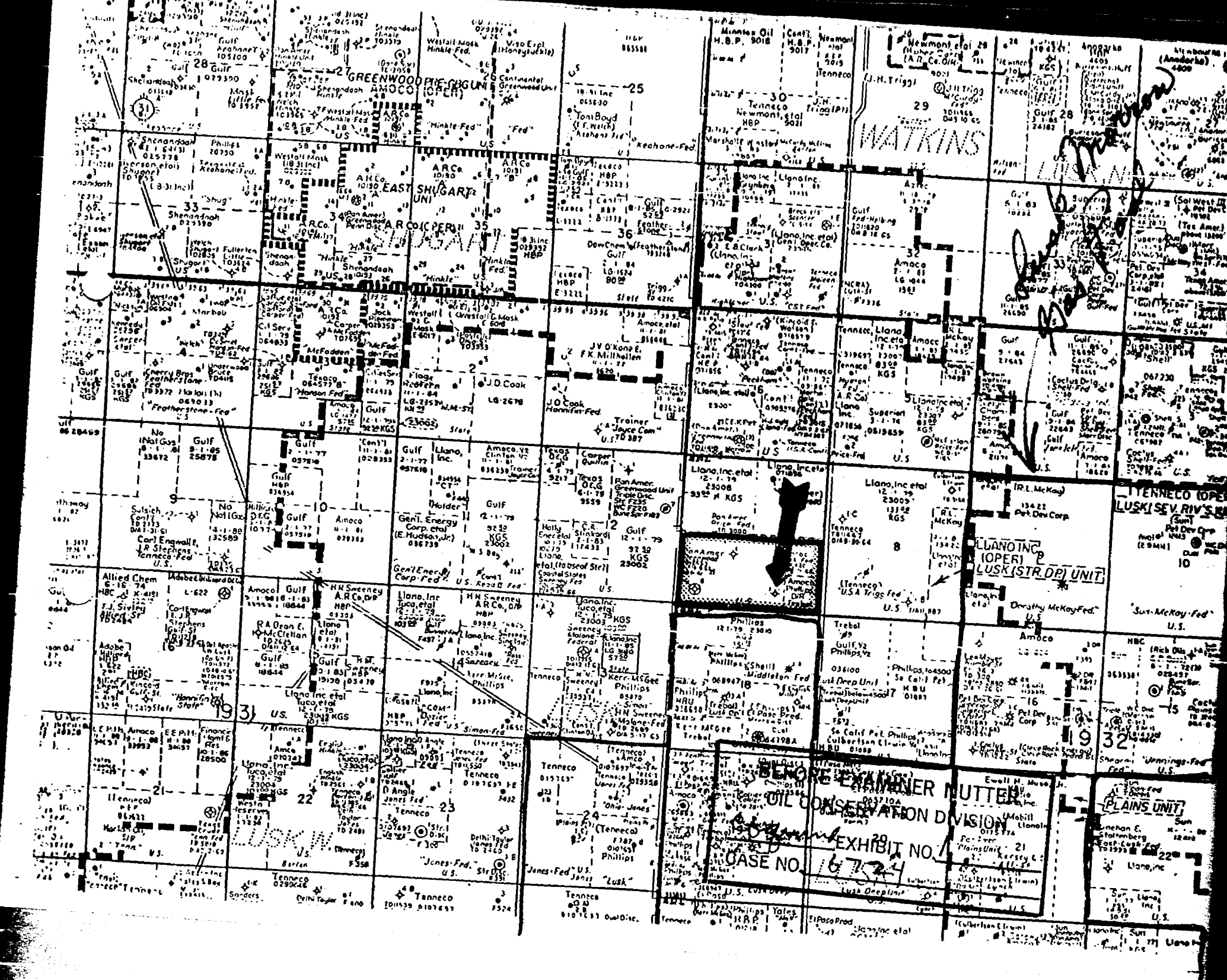
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


dr/



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input type="checkbox"/> Reenter & DEEPEN <input checked="" type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM 23008	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. IF INDIAN, ALLOTTEE OR TRIBE NAME --	
2. NAME OF OPERATOR Coquina Oil Corporation			7. UNIT AGREEMENT NAME --	
3. ADDRESS OF OPERATOR P. O. Drawer 2960, Midland, TX. 79702			8. FARM OR LEASE NAME Llano "B" Federal	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 660' FSL & 1650' FEL of Sec. 7 At proposed prod. zone Same			9. WELL NO. 1	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 38 miles west of Hobbs			10. FIELD AND POOL, OR WILDCAT NW Lusk	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit line, if any) 660'			11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA Sec. 7-19S-32E	
16. NO. OF ACRES IN LEASE 443.40			12. COUNTY OR PARISH Lea	
17. NO. OF ACRES ASSIGNED TO THIS WELL 320			13. STATE N.M.	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None			20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3613' GL			22. APPROX. DATE WORK WILL START* November 20, 1979	
23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	12 3/4"	48#	534'	400 sx. 50/50 Poz.
11 3/4"	8 5/8"	32#	3350'	300 sx. 50/50 Poz.

Note: This well was a Penroc Oil Corp. dry hole, Lusk-Federal No. 1, P&A 5/24/66, after drilling to a T.D. of 11,420' on April 11, 1966. The 12 3/4" casing was left in place, and the 8 5/8" 32# casing was shot off at 1265' and pulled when the well was plugged.

We propose to MIRT, wash and drill out plugs to 8 5/8" OD casing stub @ 1265', dress off stub, then latch on with a casing bowl or set over with a joint of 10 3/4" casing, on a string of 8 5/8" 24# casing, and cement back to surface. Install casing head on 8 5/8" casing and NU BOP's, testing to 1000 psi. Drill out cement patch at 1265' and pressure test to 1000 psi. Drill and wash ahead to old T.D. 11,420'. With cut brine, drill through the Morrow. Run DSTs as indicated. At TD run electric logs. If productive, run and cement 5 1/2" OD casing. Complete through casing perforations.

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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Leland Gray TITLE Drilling Manager DATE Oct. 23, 1979
(This space for Federal or State office use)
PERMIT NO. _____
APPROVED BY _____ TITLE _____
CONDITIONS OF APPROVAL, IF ANY: _____

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
APPROVAL DATE	DATE
<u>Coquind</u>	<u>2</u>
CASE NO. <u>6724</u>	

*See Instructions On Reverse Side

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-55

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

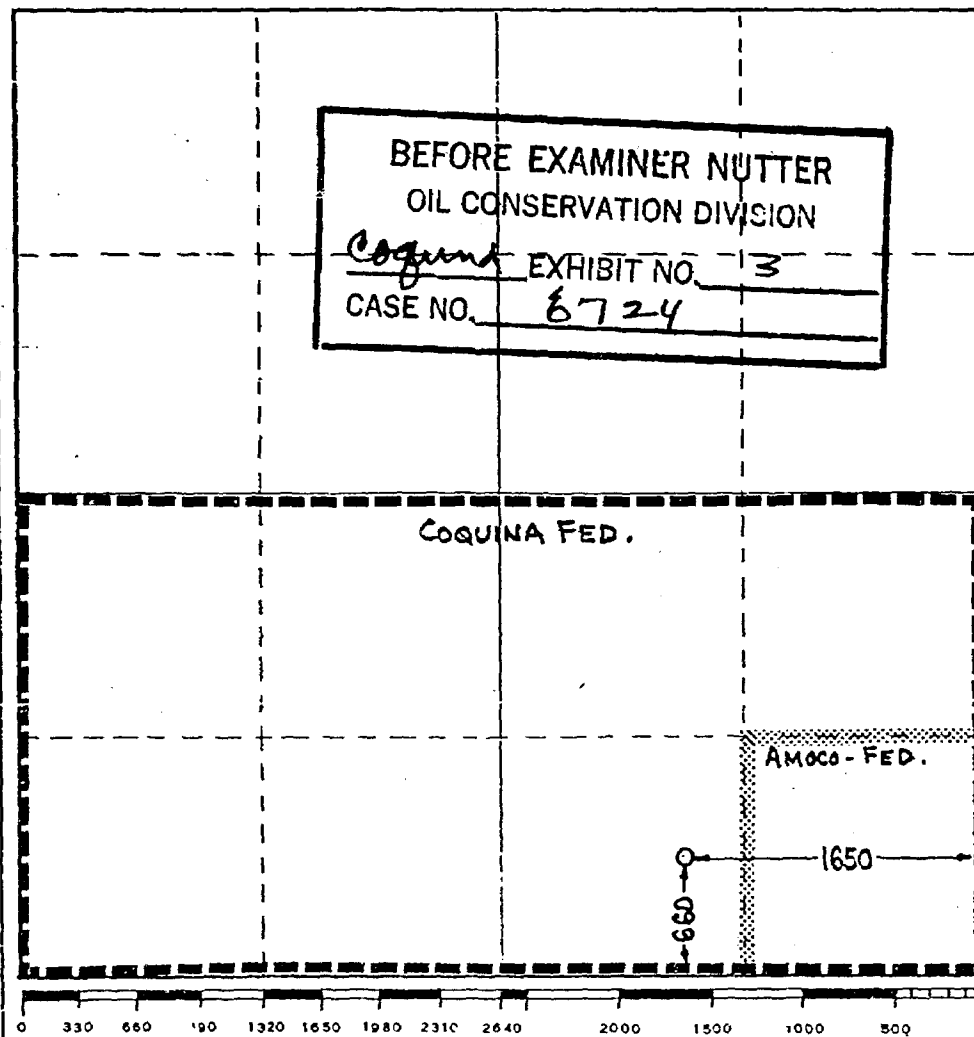
Operator Coquina Oil Corporation			Lease Llano "B" Federal		Well No. 1
Unit Letter "O"	Section 7	Township 19S	Range 32E	County Lea	
Actual Footage Location of Well:					
660	feet from the South	line and	1650	feet from the East	line
Ground Level Elev. 3612	Producing Formation Morrow	Fool	N W Lusk		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes" type of consolidation If productive, will be communitized

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name

Leland Franz

Position

Drig. Mgr.

Company

Coquina Oil Corporation

Date

10/23/79

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

For survey certification

See original C-102

Date Surveyed

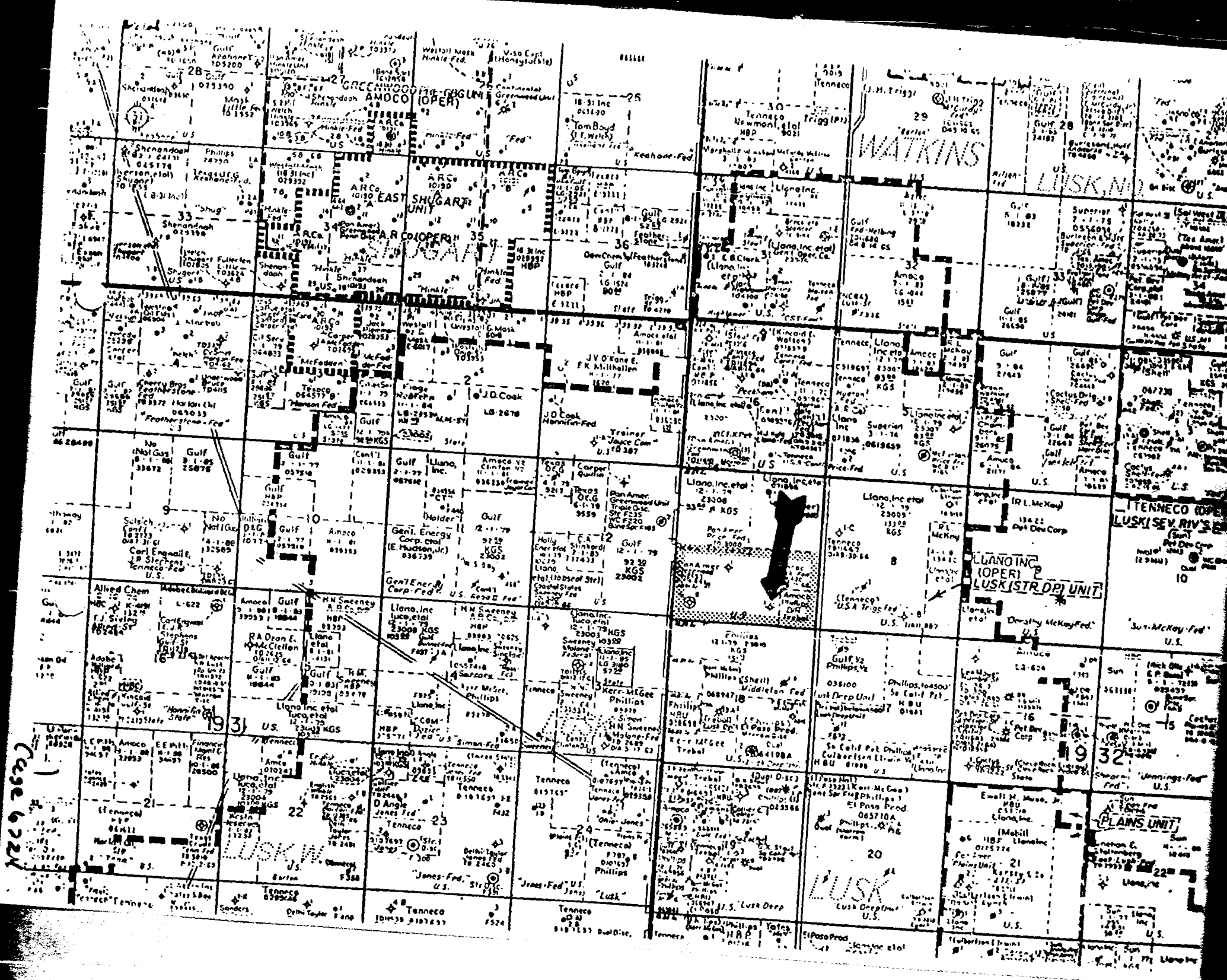
2/14/66

Registered Professional Engineer and/or Land Surveyor

S/James H. Brown

Certificate No.

542



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☐ Reenter & DEEPEN ☒ PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Coquina Oil Corporation

3. ADDRESS OF OPERATOR

P. O. Drawer 2960, Midland, TX. 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

660' FSL & 1650' FEL of Sec. 7

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

38 miles west of Hobbs

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drg. unit line, if any) 660'

16. NO. OF ACRES IN LEASE

443.40

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

None

19. PROPOSED DEPTH

12,500'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3613' GL

22. APPROX. DATE WORK WILL START*

November 20, 1979

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	12 3/4"	48#	534'	400 sx. 50/50 Poz.
11 3/4"	8 5/8"	32#	3350'	300 sx. 50/50 Poz.

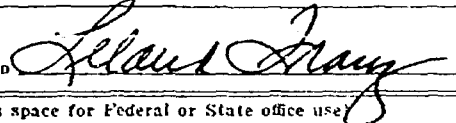
Note: This well was a Penroc Oil Corp. dry hole, Lusk-Federal No. 1, P&A 5/24/66, after drilling to a T.D. of 11,420' on April 11, 1966. The 12 3/4" casing was left in place, and the 8 5/8" 32# casing was shot off at 1265' and pulled when the well was plugged.

We propose to MIRT, wash and drill out plugs to 8 5/8" OD casing stub @ 1265', dress off stub, then latch on with a casing bowl or set over with a joint of 10 3/4" casing, on a string of 8 5/8" 24# casing, and cement back to surface. Install casing head on 8 5/8" casing and NU BOP's, testing to 1000 psi. Drill out cement patch at 1265' and pressure test to 1000 psi. Drill and wash ahead to old T.D. 11,420'. With cut brine, drill through the Morrow. Run DSTs as indicated. At TD run electric logs. If productive, run and cement 5 1/2" OD casing. Complete through casing perforations.

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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED



TITLE Drilling Manager

DATE Oct. 23, 1979

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

Case 6724

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-55

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

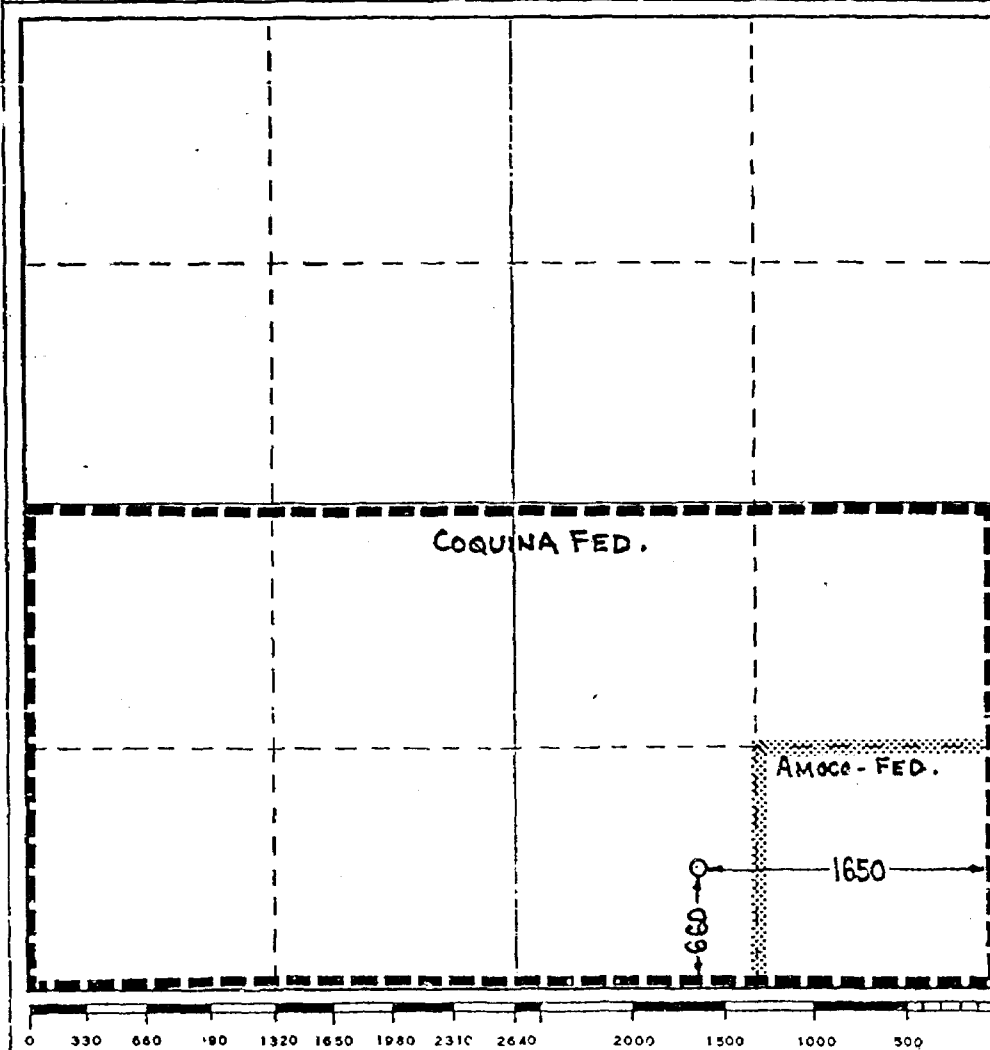
Operator Coquina Oil Corporation			Lease Llano "B" Federal		Well No. 1
Unit Letter "O"	Section 7	Township 19S	Range 32E	County Lea	
Actual Footage Location of Well:					
660 feet from the South line and		1650 feet from the East line			
Ground Level Elev. 3612	Producing Formation Morrow	Pool N W Lusk	Dedicated Acreage: 320 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation If productive, will be communitized

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name
Leland Franz
Position
Drig. Mgr.
Company
Coquina Oil Corporation
Date
10/23/79

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

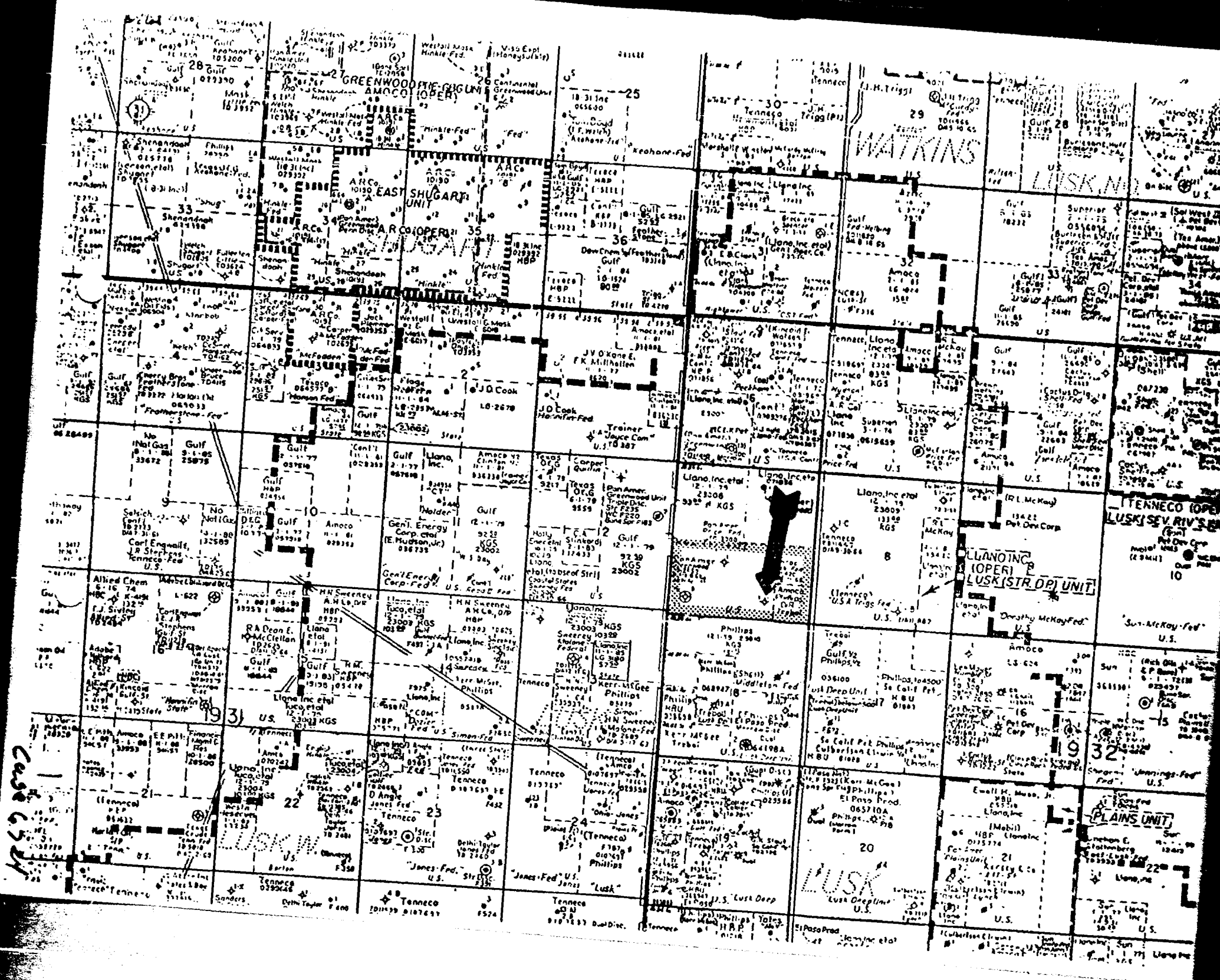
For survey certification
See original C-102
Date Surveyed
2/14/66

Registered Professional Engineer
and/or Land Surveyor

S/James H. Brown **3**

Certificate No.
542

Case 6724



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input type="checkbox"/> Reenter & DEEPEN <input checked="" type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM 23008	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME --	
2. NAME OF OPERATOR Coquina Oil Corporation			7. UNIT AGREEMENT NAME --	
3. ADDRESS OF OPERATOR P. O. Drawer 2960, Midland, TX. 79702			8. FARM OR LEASE NAME Llano "B" Federal	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 660' FSL & 1650' FEL of Sec. 7 At proposed prod. zone Same			9. WELL NO. 1	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 38 miles west of Hobbs			10. FIELD AND POOL, OR WILDCAT NW Lusk	
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit line, if any) 660'			11. SEC. T., R., M., OR BLM. AND SURVEY OR AREA Sec. 7-19S-32E	
16. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None			12. COUNTY OR PARISH Lea	
17. NO. OF ACRES IN LEASE 443.40			13. STATE N.M.	
18. PROPOSED DEPTH 12,500'			14. NO. OF ACRES ASSIGNED TO THIS WELL 320	
20. ROTARY OR CABLE TOOLS Rotary			21. APPROX. DATE WORK WILL START* November 20, 1979	
22. ELEVATIONS (Show whether DF, RT, GR, etc.) 3613' GL				
23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	12 3/4"	48#	534'	400 sx. 50/50 Poz.
11 3/4"	8 5/8"	32#	3350'	300 sx. 50/50 Poz.

Note: This well was a Penroc Oil Corp. dry hole, Lusk-Federal No. 1, P&A 5/24/66, after drilling to a T.D. of 11,420' on April 11, 1966. The 12 3/4" casing was left in place, and the 8 5/8" 32# casing was shot off at 1265' and pulled when the well was plugged.

We propose to MIRT, wash and drill out plugs to 8 5/8" OD casing stub @ 1265', dress off stub, then latch on with a casing bowl or set over with a joint of 10 3/4" casing, on a string of 8 5/8" 24# casing, and cement back to surface. Install casing head on 8 5/8" casing and NU BOP's, testing to 1000 psi. Drill out cement patch at 1265' and pressure test to 1000 psi. Drill and wash ahead to old T.D. 11,420'. With cut brine, drill through the Morrow. Run DSTs as indicated. At TD run electric logs. If productive, run and cement 5 1/2" OD casing. Complete through casing perforations.

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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Leland Gray TITLE Drilling Manager DATE Oct. 23, 1979
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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

*See Instructions On Reverse Side

Case 6724

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-55

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

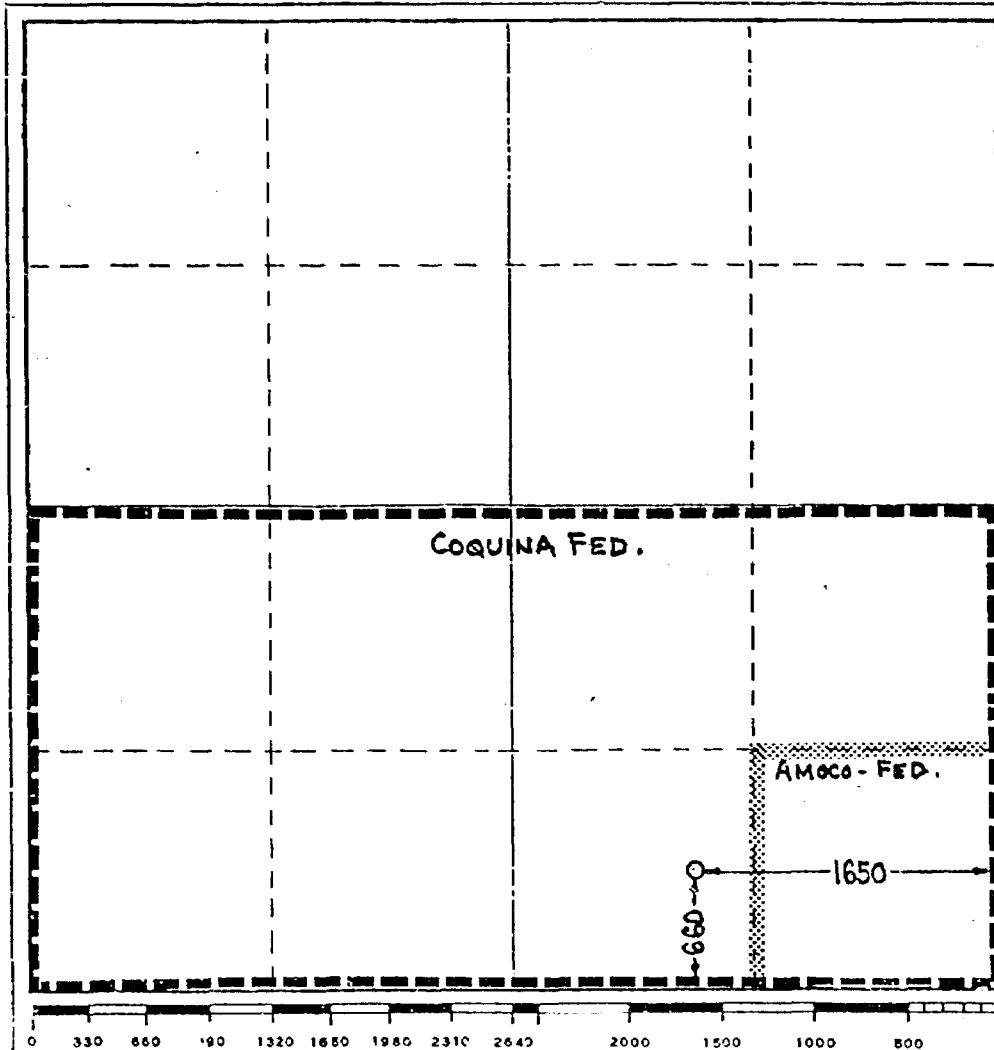
Operator Coquina Oil Corporation		Lease Llano "B" Federal		Well No. 1
Unit Letter "O"	Section 7	Township 19S	Range 32E	County Lea
Actual Footage Location of Well: 660 feet from the South line and 1650 feet from the East line				
Ground Level Elev. 3612	Producing Formation Morrow	Pool N W Lusk		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation If productive, will be communitized

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name
Leland Franz
Position
Drlg. Mgr.
Company
Coquina Oil Corporation
Date
10/23/79

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

For survey certification
See original C-102

Date Surveyed
2/14/66

Registered Professional Engineer
and/or Land Surveyor

S/James H. Brown

Certificate No.
542

Case 6724

- CASE 6721:** Application of Aminoil USA, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the N/2 of Section 10, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. 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 6684:** (Continued from October 31, 1979, Examiner Hearing)
- Application of CO₂-In-Action, Inc. for creation of a new carbon dioxide gas pool and special pool rules, Harding County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the North Bueyeros-Santa Rosa CO₂ Gas Pool and the promulgation of special pool rules therefor, including a provision for 40-acre spacing and proration units. Said pool would comprise all or parts of Sections 1 thru 4, Township 20 North, Range 30 East, and Sections 8, 9, 10, 15, 16, 17, 20, 21, 22, 27, 28, 32, 33 and 34, Township 21 North, Range 30 East.
- CASE 6722:** Application of Lloyd Davidson for an unorthodox oil well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Santa Fe Pacific Well No. 1, a Gallup-Entrada-Dakota test 960 feet from the South line and 1230 feet from the East line of Section 29, Township 16 North, Range 6 West, the SE/4 SE/4 of said Section 29 to be dedicated to the well.
- CASE 6723:** Application of Merrion & Bayless for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SW/4 of Section 27, Township 24 North, Range 2 West, South Blanco-Pictured Cliffs Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. 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 6713:** (Continued from October 31, 1979, Examiner Hearing)
- Application of Uepco Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the White Ranch Unit Area, comprising 18,962 acres, more or less, of State, Federal, and fee lands in Townships 12 and 13 South, Ranges 29 and 30 East.
- CASE 6724:** Application of Coquina Oil Corporation for a non-standard gas proration unit and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South line and 1650 feet from the East line of Section 7, Township 19 South, Range 32 East, Lusk-Morrow Gas Pool, the S/2 of said Section 7 to be dedicated to the well as a non-standard 320-acre proration unit.
- CASE 6725:** Application of Tenneco Oil Company for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 291.23-acre non-standard gas proration unit comprising the W/2 of Section 6 and the NW/4 of Section 7, a 347.58-acre unit comprising the W/2 of Section 19 and the NW/4 of Section 30, and a 375.17-acre unit comprising the SW/4 of Section 30 and the W/2 of Section 31, all in Township 29 North, Range 8 West, Basin-Dakota Pool, each unit to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6726:** Application of Tesoro Petroleum Corporation for a waterflood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the South Hospah-Upper Sand Oil Pool by the injection of water into the Upper Hospah Sands through three wells located in Units E and M of Section 5 and Unit I of Section 8, Township 17 North, Range 8 West. Applicant further seeks an administrative procedure for expansion of said project.
- CASE 6727:** Application of Conoco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in its Anderson Ranch Unit Well No. 8 located in Unit I of Section 11, Township 16 South, Range 32 East, Anderson Ranch Field. Applicant would dispose into the Wolfcamp, Mississippian, and Devonian formations in the overall interval from 9775 feet to 13,620 feet through selective perforations.
- CASE 6728:** Application of Conoco Inc. for pressure maintenance expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the expansion of its Scarborough Eaves PM Project by the conversion of its Eaves "A" Well No. 7 located in Unit J of Section 19, Township 26 South, Range 37 East, to water injection in the Yates-Seven Rivers formations.



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

October 22, 1979

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

Coquina Oil Corporation
P. O. Drawer 2960
Midland, Texas 79702

Case 6724

Re: Application for Non-Standard
Location: Penrock's Lusk Federal
Well No. 1, 660' FSL and 1650' FEL
Sec. 7, T-19-S, R-32-W, Lea County

We may not process the subject application for non-standard location until the required information or plats checked below (is) (are) submitted.

- ☐ A plat must be submitted clearly showing the ownership of the offsetting leases.
- ☐ A statement must be submitted that offset owners have been notified of the application by certified mail.
- ☐ A plat must be submitted fully identifying the topography necessitating the non-standard location.
- ☒ Other: Rule 104 F contemplates wells to be plugged back, not drilled deeper. This matter must be set for hearing. Without objection, it will be set for an Examiner hearing on November 14, 1979.

Very truly yours,

R. L. STAMETS
Technical Support Chief

RLS/dr

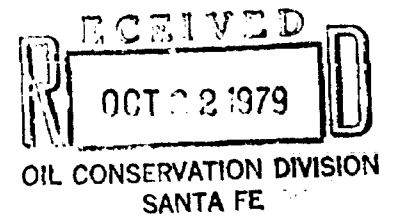
Within 1 mi of Rusk Morrow
need non-std unit.



COQUINA OIL CORPORATION
P. O. DRAWER 2960
MIDLAND, TEXAS 79702

(915) 682-6271

October 18, 1979



Case 6724

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

Re: Non-Standard Location
Llano "B" Federal No. 1
Sec. 7-19S-32W, Lea Co., NM

Gentlemen:

Coquina Oil Corporation proposes to re-enter and deepen to test the Morrow an abandoned dry hole drilled by Penrock Oil Corporation in 1966. The well, originally called Lusk Federal No. 1, was drilled from a surface location 660' FSL and 1650' FEL of Section 7. If we are successful in making a Morrowan gas well in the deepening attempt, we will attribute a 320 acre unit to the well consisting of the South half of Section 7, and the location will be non-standard by being closer than 1980' from the "end" boundary of the spacing unit.

We request the Director grant an exception to the well location requirements of Rule 104. C. II (a) in order that Coquina Oil Corp. may proceed with the re-entry attempt.

Offset operators are being notified of this application today by certified mail.

Sincerely yours,

COQUINA OIL CORPORATION

Leland Franz
Leland Franz
Drilling Manager

LF:dg

cc: Llano, Inc., Box 1320, Hobbs, NM 88240
Gulf Exploration and Production Co., Box 1150, Midland, TX 79702
Phillips Petroleum Co., 4001 Penbrook, Odessa, TX 79762
Tucos, Inc., One Houston Center, Suite 1000, Houston, TX 77002



COQUINA OIL CORPORATION
P. O. DRAWER 2960
MIDLAND, TEXAS 79702

(915) 682-6271

October 18, 1979

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

Case 6724

Re: Non-Standard Location
Llano "B" Federal No. 1
Sec. 7-19S-32W, Lea Co., NM

Gentlemen:

Coquina Oil Corporation proposes to re-enter and deepen to test the Morrow an abandoned dry hole drilled by Penrock Oil Corporation in 1966. The well, originally called Lusk Federal No. 1, was drilled from a surface location 660' FSL and 1650' FEL of Section 7. If we are successful in making a Morrowan gas well in the deepening attempt, we will attribute a 320 acre unit to the well consisting of the South half of Section 7, and the location will be non-standard by being closer than 1980' from the "end" boundary of the spacing unit.

We request the Director grant an exception to the well location requirements of Rule 104. C. II (a) in order that Coquina Oil Corp. may proceed with the re-entry attempt.

Offset operators are being notified of this application today by certified mail.

Sincerely yours,

COQUINA OIL CORPORATION

Leland Franz
Leland Franz
Drilling Manager

LF:dg

cc: Llano, Inc., Box 1320, Hobbs, NM 88240
Gulf Exploration and Production Co., Box 1150, Midland, TX 79702
Phillips Petroleum Co., 4001 Penbrook, Odessa, TX 79762
Tucos, Inc., One Houston Center, Suite 1000, Houston, TX 77002



COQUINA OIL CORPORATION
P. O. DRAWER 2960
MIDLAND, TEXAS 79702

(915) 682-6271

October 18, 1979

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

Re: Non-Standard Location
Llano "B" Federal No. 1
Sec. 7-19S-32W, Lea Co., NM

Case 6724

Gentlemen:

Coquina Oil Corporation proposes to re-enter and deepen to test the Morrow an abandoned dry hole drilled by Penrock Oil Corporation in 1966. The well, originally called Lusk Federal No. 1, was drilled from a surface location 660' FSL and 1650' FEL of Section 7. If we are successful in making a Morrowan gas well in the deepening attempt, we will attribute a 320 acre unit to the well consisting of the South half of Section 7, and the location will be non-standard by being closer than 1980' from the "end" boundary of the spacing unit.

We request the Director grant an exception to the well location requirements of Rule 104. C. II (a) in order that Coquina Oil Corp. may proceed with the re-entry attempt.

Offset operators are being notified of this application today by certified mail.

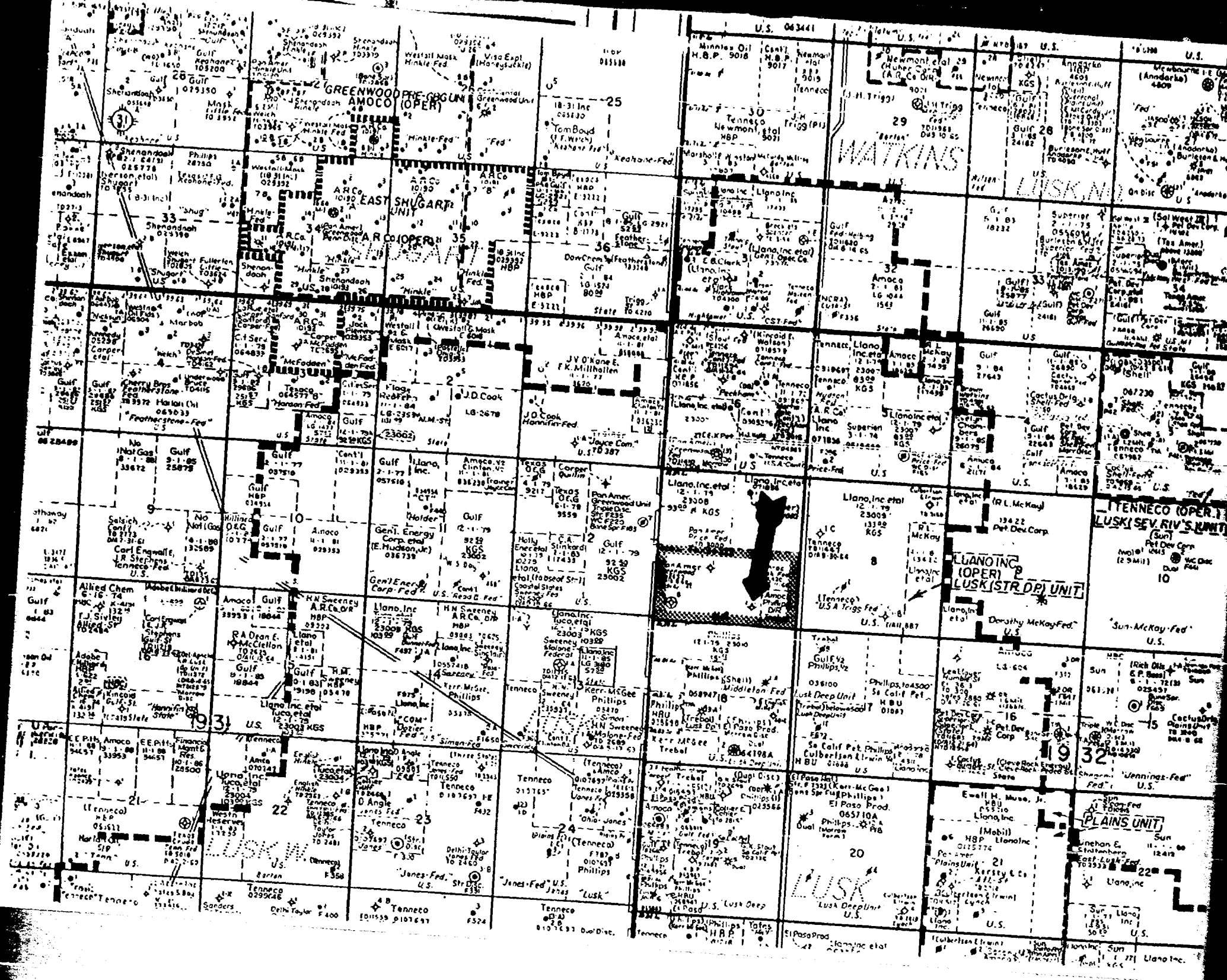
Sincerely yours,

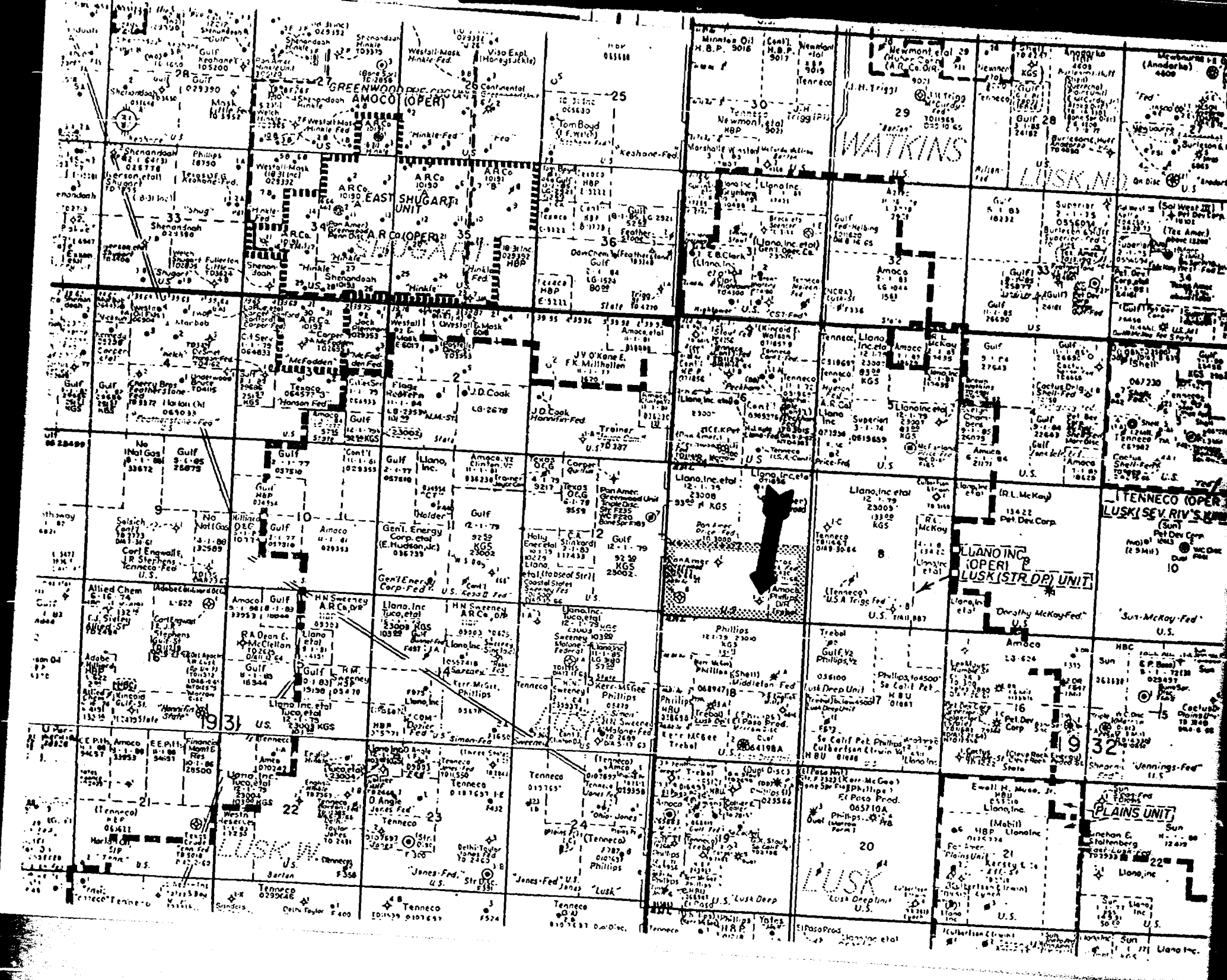
COQUINA OIL CORPORATION

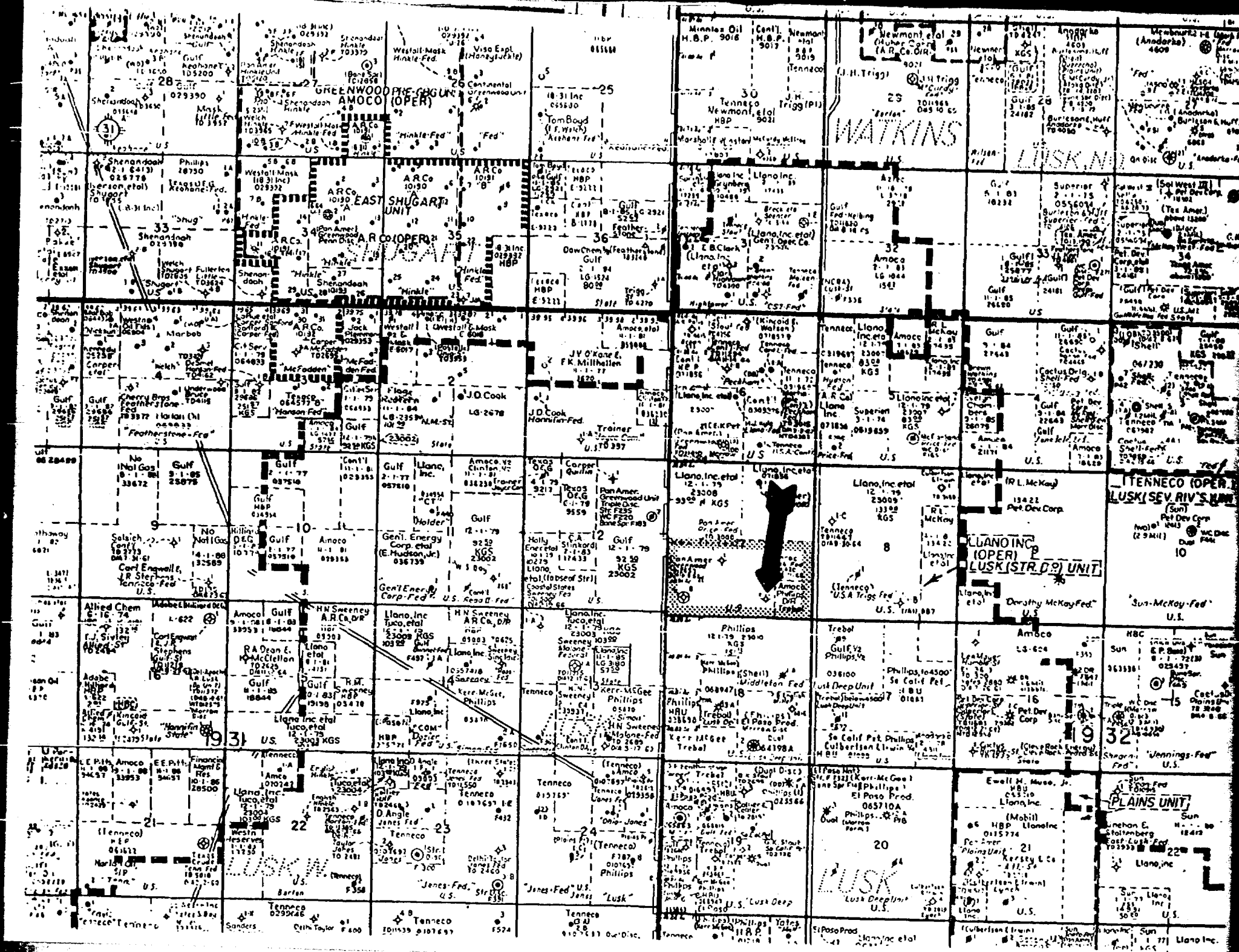
Leland Franz
Leland Franz
Drilling Manager

LF:dg

cc: Llano, Inc., Box 1320, Hobbs, NM 88240
Gulf Exploration and Production Co., Box 1150, Midland, TX 79702
Phillips Petroleum Co., 4001 Penbrook, Odessa, TX 79762
Tuco, Inc., One Houston Center, Suite 1000, Houston, TX 77002







DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

[Handwritten signature]

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

CASE NO. 6724

Order No. R- 6194

APPLICATION OF COQUINA OIL CORPORATION

FOR A NON-STANDARD PRORATION UNIT AND AN UNORTHODOX LOCATION

LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

[Handwritten signature]

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 14
1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of November, 19 79, 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. *at an unorthodox location*

(2) That the applicant, Coquina Oil Corporation
seeks approval of a 320-acre non-standard gas proration unit
comprising the S/2 of Section 7, Town-
ship 19 South, Range 32 East, NMPM, to be dedicated to
a well to be drilled 660 feet from the South line and 1650 feet from
~~the East line of said Section 7.~~ *xxxx located xxx*

~~Unit xxxxxxxxxxxxxxx of said Section xxxxxxxxxxxxxxx~~

(4) That the entire non-standard proration unit may reasonably
be presumed productive of gas from the Lusk-Morrow
Gas Pool and that the entire non-standard gas proration unit can
be efficiently and economically drained and developed by the
aforesaid well *at the above described unorthodox*
location.

(3) That said unorthodox location results from the
proposed re-entry of an old well previously drilled
to the Morrow formation.

- 2 -

6

xxix

IT

(1)

S/2

ak

xxix

(2)

DOM