

PLAT 5938: KERRY OIL AND GAS, INC. FOR
LANDS IN SOUTHERN, NEW COUNTY, NEW
MEXICO

Case No.

6958

Application

Transcripts

Small Exhibits

ETC

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6958
Order No. R-6467

APPLICATION OF KENAI OIL AND GAS,
INC. FOR DOWNHOLE COMMINGLING,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 9, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of September, 1980, 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, Kenai Oil and Gas, Inc., is the owner and operator of the Gulf State Well No. 1 in Unit K of Section 36, and the Cobb Federal Well No. 2, located in Unit H of Section 22, both in Township 18 South, Range 27 East, NMPH, Eddy County, New Mexico.

(3) That in drilling said Gulf State Well No. 1 to the Artesia Queen-Grayburg-San Andres Pool, applicant encountered and perforated into a possibly productive stringer in the Seven Rivers formation.

(4) That the applicant in this case requested authority to commingle said Seven Rivers stringer with the Queen-Grayburg-San Andres production in said Gulf State Well No. 1 and also its Cobb Federal Well No. 2, and further requested an administrative procedure whereby other wells to be drilled by the applicant in the NE/4 and S/2 NW/4 of the aforesaid Section 22

-2-

Case No. 6958

Order No. R-6467

could be approved for such commingling.

(5) That further testing of said Seven Rivers stringer indicates that it is not productive, and applicant now requests dismissal of this case.

(6) That the Seven Rivers perforations in the Gulf State Well No. 1 will not cause waste nor impair correlative rights.

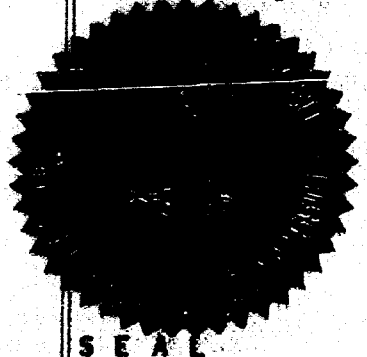
(7) That Case No. 6958 should be dismissed as requested with the provision that the perforations in the Seven Rivers zone of applicant's Gulf State Well No. 1 should be allowed to remain open.

IT IS THEREFORE ORDERED:

(1) That Case No. 6958 is hereby dismissed, provided however, that the Seven Rivers perforations in the Kenai Oil and Gas, Inc., Gulf State Well No. 1, located in Unit K of Section 36, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, shall be allowed to remain open.

(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

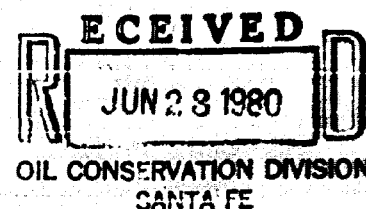
Joe D. Ramey
JOE D. RAMEY
Director

rd/

Kenai

Case 6958

June 20, 1980



State Of New Mexico
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey, Director
Oil Conservation Division

RE: Request for permission to co-mingle production
in well Gulf-State #1, Sec. 18, T-18-S, R-27-E,
Artesia Metex area. Eddy County, New Mexico.

Dear Mr. Ramey:

It has come to our attention that we are in violation of New Mexico Oil Conservation Commission rules in having the Seven Rivers formation open to production in referenced well which was permitted in the Artesia Queen-Grayburg-San Andres pool. We, therefore, respectfully request permission to downhole co-mingle said Seven Rivers production with the Queen-Grayburg-San Andres and ask for earliest possible hearing on the matter, if required.

Additional information is provided as follows:

1. Total Depth: 2,300'
2. Casing: 8-5/8" set at 427'. Cement circulated 4 1/2" set at 2,299'. Cement circulated.
3. Well completed: 5-10-80. Pumping.
4. Perforations: 1154-1188(6 holes) Seven Rivers
1382-1618(14 holes) Queen
1785-2018(19 holes) Grayburg
2174-2176(2 holes) San Andres
5. Current Production: Average for first eight(8) days of June was 16.3 BOPD and less than 5 BW.PD.

NOTE: None of the zones open were tested separately so we have no knowledge of the amount of production from the Seven Rivers, if any.

KENAI OIL AND GAS INC.

1001 Petroleum Building / Midland, Texas 79701 / Phone (915) 685-1725

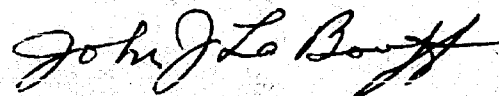
Mr. Joe D. Ramey
Energy and Minerals Dept.
June 20, 1980
Page 2

In addition, we request similar permission to co-mingle Seven Rivers production with the Queen-Grayburg-San Andres in our Cobb-Federal #2, and possible subsequent wells to be located in the NE/4 and S $\frac{1}{4}$ NW/4 section 22, T-18-S, R-27-E. The Cobb-Federal #2 will be drilled 2290 FNL and 330 FEL of Section 22 and will evaluate a possible productive interval in the Seven Rivers formation indicated by the Neutron-Density Log of the Cobb-Federal #1 drilled in March of this year.

Please advise if additional data or information is required.

Very truly yours,

KENAI OIL & GAS, INC.



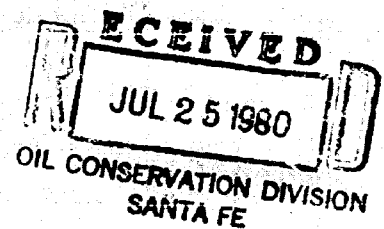
John La Bouff
Agent

JL:lct

Kenai

July 22, 1980

State of New Mexico
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87501



Attn: Mr. Dan Nutter

Re: Our request to commingle
production in the Gulf-State #1
well, Artesia Q-G-SA, Sec. 36,
T18S, R27E, Eddy County, New Mexico

Dear Mr. Nutter

Testimony given at the July 9, 1980, hearing on referenced, request indicated that we proposed to drillstem test the Seven Rivers interval in our Cobb-Federal #2 well, Section 22, T18S, R27E. Said drillstem test was attempted, however, subsequent logs showed the interval was missed.

Accordingly, we have pulled the tubing from the Gulf-State #1 well and swab tested the Seven Rivers section above a packer set at 1235'. A report of this swab test is attached. We believe this test indicates that any fluid being produced from the Seven Rivers is too small to measure.

Please advise if further actions or data are required.

Very truly yours,

Kenai Oil & Gas, Inc.

John J. LaBouff
John J. LaBouff
Agent

KENAI OIL AND GAS INC.

1001 Petroleum Building / Midland, Texas 79701 / Phone (915) 685-1725

Kenai Oil & Gas, Inc.
Gulf-State #1
Artesia Q-G-SA
Section 36, T18S, R27E

Swab test of Seven Rivers Formation (1154-1188)

July 19, 1980 Moved in service unit. Pulled rods, pump and tubing. Fluid level on tubing 1600' from surface. Shut down overnight.

July 20, 1980 Ran in hole with bull plugged 4 1/2" Baker Tension packer with 2 3/8" perforated nipple and seating nipple above packer. Set packer at 1235'. Rigged up and ran swab. No fluid recovered;
Waited 30 min. Ran swab. No fluid.
Waited 60 min. Ran swab. No fluid.
Waited 60 min. Ran swab. No fluid.
Shut down overnight. Left well open to tank battery.

July 21, 1980 Made seven swab runs from 8:00 AM to 3:00 PM. No fluid recovered. On fifth swab run had 15' dark, heavy, dead oil emulsion indicated on sinker bars.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
9 July 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Kenai Oil and Gas, Inc.,
for downhole commingling, Eddy County,
New Mexico.

CASE
6958

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar Street
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

I N D E X

JOHN J. LaBOUFF

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 12

E X H I B I T S

Applicant Exhibit One, Plat 5

Applicant Exhibit Two, Log 6

Applicant Exhibit Three, Log 7

Applicant Exhibit Four, F/irms 9

SALLY W. BOYD, C.S.R.
Rt. 1 Box 99-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

1 MR. NUTTER: We'll call next Case Number
2 6958.

3 MR. PADILLA: Application of Kenai Oil
4 and Gas, Inc., for downhole commingling, Eddy County, New
5 Mexico.

6 MR. KELLAHIN: I'm Tom Kellahan of Santa
7 Fe, New Mexico, appearing on behalf of the applicant, and I
8 have one witness.

9
10 (Witness sworn.)

11
12 JOHN J. LaBOUFF

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

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Mr. LaBouff, would you please state your
19 name and occupation?

20 A My name is John J. LaBouff. I am a con-
21 sultant petroleum engineer, primarily drilling engineer.

22 Q Have you previously testified before the
23 Division as a petroleum engineer?

24 A No, I haven't.

25 Q Would you explain to the Examiner when

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Phone (505) 455-7472

1 and where you obtained your degree in engineering?

2 A I hold a BS degree in petroleum engineering
3 from the University of California in 1950.

4 Q Subsequent to graduation where have you
5 been employed as a petroleum engineer?

6 A For approximately 23 years I was employed
7 by the old Signal Oil and Gas Company, most of that time in
8 California, the last two years as Central Division Manager
9 in Midland, Texas.

10 Q I understood you -- go ahead.

11 A Excuse me, since that time, for a little
12 over six years, I have been Western District Production Mana-
13 ger for Mitchell Energy Corporation in Midland, and as of
14 April 1st I went independent as a consultant.

15 Q And you're now acting as a consultant to
16 the applicant in this case?

17 A I am.

18 Q And pursuant to that employment have you
19 made a study of the facts surrounding this application?

20 A Yes, I have.

21 Q Have you also prepared certain exhibits?

22 A Yes, I have.

23 MR. KELLAHIN: We tender Mr. LaBouff as
24 an expert petroleum engineer.

25 MR. NUTTER: Mr. LaBouff is qualified.

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1 Q Mr. LaBouff, we have marked a plat indi-
2 cated as Applicant Exhibit Number One. I'd like for you to
3 identify that exhibit for the Examiner and explain what Kenai
4 Oil and Gas is seeking to accomplish by this application.

5 A The plat shows a portion of the Metex (sic)
6 area of Eddy County southwest of Artesia, in which Kenai owns
7 three separate lease parcels, one in -- two of them in Section
8 36, and one in the north part of Section 22. Right off hand
9 I don't know the section number. That would be 18 South,
10 27 East.

11 Q Those two tracts are indicated by the
12 outline on the exhibit?

13 A Yes, they are.

14 Q All right, sir. What is indicated by the
15 red circle on the plat?

16 A The large red circle in the southern half
17 of Section 36, I believe it is, represents the well in ques-
18 tion, the Gulf State No. 1.

19 The small red circle in the -- in the
20 south part of the yellow section in Section 22 represents the
21 Cobb Federal No. 2 that we will be spudding within a week or
22 so.

23 Q What is the status of the well spot in
24 the north half of Section 22, above that spotted location?

25 A Cobb Federal No. 1 is a pumping producer.

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1 Q From what formations does it produce?

2 A The Grayburg -- Queen-Grayburg-San Andres

3 Q What is the particular problem with the
4 well located in Section 36 that has necessitated the hearing?

5 A Inadvertently the -- there was about 15
6 feet of the Seven Rivers interval was produced, or opened to
7 production. We have no knowledge of whether or not it's
8 producing anything.

9 Q And what are you seeking permission to
10 do?

11 A The well is only a 13-barrel a day well
12 and to go in and pack off or to squeeze off those 7 or 8 holes
13 that are in there would just not be economical, and we're not
14 even sure it's giving up anything.

15 Q Let me show you what we've marked as
16 Applicant Exhibit Number Two and ask you to identify that.

17 A This is number two?

18 Q I'm sorry, this is Number Two.

19 A This is a porosity log of the Gulf State
20 No. 1, the well in question. The log has all the perforated
21 intervals with the perforations indicated -- somewhere.

22 Q Sir, would you take a moment before I
23 hand the exhibit to the Examiner and indicate for us the
24 particular perforations indicated on the log?

25 A According to our geologist the top of the

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1 Queen sand occurs at about 1356. The particular perforations
2 begin at 1154 through 1188, in two small intervals.

3 Q Those last referred two perforations are
4 in the Seven Rivers?

5 A Are in the Seven Rivers, yes.

6 Q Do you have a recommendation to the Examiner
7 as how you propose to allocated the production between the
8 Seven Rivers and the Queen-Grayburg-San Andres formations?

9 A Perhaps we should show Exhibit Number
10 Three, please.

11 Q All right.

12 A Exhibit Number Three is the -- is the
13 porosity log from the Cobb Federal No. 1, located in Section
14 22.

15 At a depth of approximately 824 feet the
16 identical porosity as was perforated in the Gulf State NO. 1
17 is indicated. Part of the reason for drilling the --

18 MR. NUTTER: Now, you say it's the identi-
19 cal porosity in the --

20 A Correlatable porosity.

21 MR. NUTTER: Okay, but at what depth, at
22 the 1100 foot depth?

23 A No, in this well it occurs at 824 feet.

24 MR. NUTTER: Yeah, but you said it is
25 correlative to a zone in the Gulf State.

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1 A At the 11 --

2 MR. NUTTER: Is it the zone at 1100?

3 A Yes. Yes, sir.

4 MR. NUTTER: Okay, the Seven Rivers zone,
5 in other words.

6 A That's correct.

7 MR. NUTTER: Okay.

8 A Uh-huh. This zone in the Cobb Federal
9 No. 1 was not tested and part of the reason for proposing the
10 Cobb Federal No. 2 is to look at that indicated porosity to
11 see, in fact, if it does produce anything. We propose to
12 attempt a drill stem test at 800 feet. I'm not too sure how
13 successful it will be. In that case we will probably have to
14 test it through pipe. And that will be the only way that we
15 could suggest or recommend a breakdown of the -- or an allo-
16 cation of production between the Seven Rivers and the Queen-
17 Grayburg.

18 Q Is the ownership between the Seven Rivers
19 and the Queen-Grayburg-San Andres formation in the Gulf State
20 No. 1 Well common?

21 A Yes.

22 Q Your application indicates, Mr. LaBouff,
23 that you would request initial administrative procedure be
24 established for further approval by administrative process
25 of additional downhole commingled wells of the Seven Rivers-

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1 Queen-Grayburg-San Andres formations.

2 A If in fact our testing of the Cobb Federal
3 No. 2 proves production, then we would certainly want the
4 production from the Seven Rivers; then we would request the
5 same commingling permission for possible future wells in Sec-
6 tion 22, of which there are one, two -- four possible loca-
7 tions.

8 Q Would you specifically identify the pro-
9 posed additional wells that would be covered by an administra-
10 tive procedure?

11 A They would be the Cobb -- no, I --

12 Q The acreage location.

13 A The acreage location would be all of the
14 north half of Section 22, except for the northwesterly hori-
15 zonal 80.

16 Q I show you what is marked as Applicant
17 Exhibit Number Four and ask you to identify those documents.

18 A Document -- Exhibit Number Four is a com-
19 pilation of all State forms filed and the chronological daily
20 report of our completion activities, on this well.

21 Q Directing your attention to that Gulf
22 State No. 1 Well, Mr. LaBouff, would you give us some general
23 information about the total depth of the well, the casing
24 program, and its current production?

25 A The depth of the well is 2300 feet. It

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Phone (505) 455-7409

1 has 8-5/8ths casing set at 427 feet with cement circulated.
2 4-1/2 inch casing is set at 2299; cement is circulated.

3 The well was completed 5-10-80 and it is
4 still producing as a pumper.

5 The perforations, as we have already noted,
6 are from 1154 in the Seven Rivers, to a total depth of 2176
7 in the San Andres.

8 The production for June was exactly 400
9 barrels, or 13.3 barrels a day. Water varies from zero to
10 one or two barrels a day.

11 Q In your opinion, Mr. LaBouff, will approval
12 of this application allow the applicant the opportunity to
13 recover oil that would otherwise not be recovered?

14 A No.

15 Q All right, let me ask you this: If the
16 application is denied, is it economically feasible for the
17 applicant to go back in and squeeze off the Seven Rivers --

18 A No.

19 Q -- perforations?

20 All right. What will happen to the Seven
21 Rivers production in this well in that case?

22 A We are assuming Seven Rivers production.

23 Q Yes, sir.

24 A And we're not even sure -- our geologist
25 does not believe that the depositional environment of the

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1 Seven Rivers in this area is conducive to hydrocarbon accumu-
2 lation. He doesn't believe there's anything coming from that
3 zone.

4 Q In your opinion are the potential pro-
5 ducing sands in the Seven Rivers as indicated in the log in
6 the Cobb Federal No. 2 Well correlative with those of the
7 Seven Rivers in the Gulf State No. 1 Well?

8 A In my opinion, without question.

9 Q Okay. In your opinion would a practical
10 method of allocation for the Seven Rivers production in the
11 Gulf State No. 1 Well be to allow that well to continue to
12 produce as a downhole commingled well now and not to other-
13 wise separate and test for that subject well?

14 A That is correct.

15 Q And that in order to determine a method
16 of allocation you propose that upon the drilling and comple-
17 tion of the Cobb Federal No. 1 Well --

18 A No. 2.

19 Q No. 2 Well, that if there is Seven Rivers
20 production, that that production test be used to determine
21 the allocation for the Gulf State No. 1 Well?

22 A That is correct.

23 Q And in your opinion, Mr. LaBouff, will
24 approval of this application be in the best interests of con-
25 servation, the prevention of waste, and the protection of

SALLY W. BOYD, C.S.R.

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1 correlative rights?

2 A It will.

3 Q Were Exhibits One through Four prepared
4 by you or compiled under your direction and supervision?

5 A Yes, they were.

6 MR. KELLAHIN: We tender Exhibits One
7 through Four.

8 MR. NUTTER: Exhibits One through Four
9 will be admitted in evidence.

10

11

CROSS EXAMINATION

12

BY MR. NUTTER:

13

Q Mr. LaBouff, is the ownership of the
14 Seven Rivers and the Queen-Grayburg under the Gulf State
15 lease identical?

16

A Yes.

17

Q And under the Cobb Federal?

18

A Not identical with the Gulf --

19

Q No.

20

A -- State.

21

Q But the vertical ownership --

22

A Right.

23

Q -- under each of the two leases is

24

identical?

25

A Correct.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

1 Q So there's no equities of anyone involved
2 here. It's just a matter of allocation to a formation?

3 A That's correct.

4 Q And you're tentatively proposing to deter-
5 mine what, if anything, this Seven Rivers stringer is pro-
6 ducing when you test the Cobb Federal No. 2?

7 A That is correct.

8 Q Okay.

9 MR. NUTTER: Are there any further ques-
10 tions of the witness? He may be excused.

11 Do you have anything further, Mr. Kellahin?

12 MR. KELLAHIN: No, sir.

13 MR. NUTTER: Does anyone have anything
14 they wish to offer in Case Number 6958?

15 We'll take the case under advisement.

16
17 (hearing concluded.)
18
19
20
21
22
23
24
25

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-11
Santa Fe, New Mexico 87501
Phone (505) 435-7409

C E R T I F I C A T E

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

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6958 heard by me on 7/9 1980.

[Signature], Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

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Santa Fe, New Mexico 87501
Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
9 July 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Kenai Oil and Gas, Inc.,
for downhole commingling, Eddy County,
New Mexico.

CASE
6958

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar Street
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.
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Santa Fe, New Mexico 87501
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I N D E X

JOHN J. LABOUFF

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 12

E X H I B I T S

Applicant Exhibit One, Plat 5

Applicant Exhibit Two, Log 6

Applicant Exhibit Three, Log 7

Applicant Exhibit Four, Forms 9

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

1 MR. NUTTER: We'll call next Case Number
2 6958.

3 MR. PADILLA: Application of Kenai Oil
4 and Gas, Inc., for downhole commingling, Eddy County, New
5 Mexico.

6 MR. KELLAHIN: I'm Tom Kellahin of Santa
7 Fe, New Mexico, appearing on behalf of the applicant, and I
8 have one witness.

9
10 (Witness sworn.)
11

12 JOHN J. LaBOUFF
13 being called as a witness and having been duly sworn upon his
14 oath, testified as follows, to-wit:
15

16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Mr. LaBouff, would you please state your
19 name and occupation?

20 A My name is John J. LaBouff. I am a con-
21 sultant petroleum engineer, primarily drilling engineer.

22 Q Have you previously testified before the
23 Division as a petroleum engineer?

24 A No, I haven't.

25 Q Would you explain to the Examiner when

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

1 and where you obtained your degree in engineering?

2 A I hold a BS degree in petroleum engineering
3 from the University of California in 1950.

4 Q Subsequent to graduation where have you
5 been employed as a petroleum engineer?

6 A For approximately 23 years I was employed
7 by the old Signal Oil and Gas Company, most of that time in
8 California, the last two years as Central Division Manager
9 in Midland, Texas.

10 Q I understood you -- go ahead.

11 A Excuse me. since that time, for a little
12 over six years, I have been Western District Production Mana-
13 ger for Mitchell Energy Corporation in Midland, and as of
14 April 1st I went independent as a consultant.

15 Q And you're now acting as a consultant to
16 the applicant in this case?

17 A I am.

18 Q And pursuant to that employment have you
19 made a study of the facts surrounding this application?

20 A Yes, I have.

21 Q Have you also prepared certain exhibits?

22 A Yes, I have.

23 MR. KELLAHIN: We tender Mr. LaBouff as
24 an expert petroleum engineer.

25 MR. NUTTER: Mr. LaBouff is qualified.

SALLY W. BOYD, C.S.R.

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SALLY W. BOYD, C.S.R.
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 Phone (505) 455-7437

Q Mr. LaBouff, we have marked a plat indicated as Applicant Exhibit Number One. I'd like for you to identify that exhibit for the Examiner and explain what Kenai Oil and Gas is seeking to accomplish by this application.

A The plat shows a portion of the Metex (sic) area of Eddy County southwest of Artesia, in which Kenai owns three separate lease parcels, one in -- two of them in Section 36, and one in the north part of Section 22. Right off hand I don't know the section number. That would be 18 South, 27 East.

Q Those two tracts are indicated by the outline on the exhibit?

A Yes, they are.

Q All right, sir. What is indicated by the red circle on the plat?

A The large red circle in the southern half of Section 36, I believe it is, represents the well in question, the Gulf State No. 1.

The small red circle in the -- in the south part of the yellow section in Section 22 represents the Cobb Federal No. 2 that we will be spudding within a week or so.

Q What is the status of the well spot in the north half of Section 22, above that spotted location?

A Cobb Federal No. 1 is a pumping producer.

1 Q From what formations does it produce?

2 A The Grayburg -- Queen-Grayburg-San Andres.

3 Q What is the particular problem with the
4 well located in Section 36 that has necessitated the hearing?

5 A Inadvertently the -- there was about 15
6 feet of the Seven Rivers interval was produced, or opened to
7 production. We have no knowledge of whether or not it's
8 producing anything.

9 Q And what are you seeking permission to
10 do?

11 A The well is only a 13-barrel a day well
12 and to go in and pack off or to squeez off those 7 or 8 holes
13 that are in there would just not be economical, and we're not
14 even sure it's giving up anything.

15 Q Let me show you what we've marked as
16 Applicant Exhibit Number Two and ask you to identify that.

17 A This is number two?

18 Q I'm sorry, this is Number Two.

19 A This is a porosity log of the Gulf State
20 No. 1, the well in question. The log has all the perforated
21 intervals with the perforations indicated -- somewhere.

22 Q Sir, would you take a moment before I
23 hand the exhibit to the Examiner and indicate for us the
24 particular perforations indicated on the log?

25 A According to our geologist the top of the

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1 Queen sand occurs at about 1356. The particular perforations
2 begin at 1154 through 1188, in two small intervals.

3 Q Those last referred two perforations are
4 in the Seven Rivers?

5 A Are in the Seven Rivers, yes.

6 Q Do you have a recommendation to the Examiner
7 as how you propose to allocated the production between the
8 Seven Rivers and the Queen-Grayburg-San Andres formations?

9 A Perhaps we should show Exhibit Number
10 Three, please.

11 Q All right.

12 A Exhibit Number Three is the -- is the
13 porosity log from the Cobb Federal No. 1, located in Section
14 22.

15 At a depth of approximately 824 feet the
16 identical porosity as was perforated in the Gulf State NO. 1
17 is indicated. Part of the reason for drilling the --

18 MR. NUTTER: Now, you say it's the identi-
19 cal porosity in the --

20 A Correlatable porosity.

21 MR. NUTTER: Okay, but at what depth, at
22 the 1100 foot depth?

23 A No, in this well it occurs at 824 feet.

24 MR. NUTTER: Yeah, but you said it is
25 correlative to a zone in the Gulf State.

1 A At the 11 --

2 MR. NUTTER: Is it the zone at 1100?

3 A Yes. Yes, sir.

4 MR. NUTTER: Okay, the Seven Rivers zone,
5 in other words.

6 A That's correct.

7 MR. NUTTER: Okay.

8 A Uh-huh. This zone in the Cobb Federal
9 No. 1 was not tested and part of the reason for proposing the
10 Cobb Federal No. 2 is to look at that indicated porosity to
11 see, in fact, if it does produce anything. We propose to
12 attempt a drill stem test at 800 feet. I'm not too sure how
13 successful it will be. In that case we will probably have to
14 test it through pipe. And that will be the only way that we
15 could suggest or recommend a breakdown of the -- or an allo-
16 cation of production between the Seven Rivers and the Queen-
17 Grayburg.

18 Q Is the ownership between the Seven Rivers
19 and the Queen-Grayburg-San Andres formation in the Gulf State
20 No. 1 Well common?

21 A Yes.

22 Q Your application indicates, Mr. LaBouff,
23 that you would request initial administrative procedure be
24 established for further approval by administrative process
25 of additional downhole commingled wells of the Seven Rivers-

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1 Queen-Grayburg-San Andres formations.

2 A If in fact our testing of the Cobb Federal
3 No. 2 proves production, then we would certainly want the
4 production from the Seven Rivers; then we would request the
5 same commingling permission for possible future wells in Sec-
6 tion 22, of which there are one, two -- four possible loca-
7 tions.

8 Q Would you specifically identify the pro-
9 posed additional wells that would be covered by an administra-
10 tive procedure?

11 A They would be the Cobb -- no, I --

12 Q The acreage location.

13 A The acreage location would be all of the
14 north half of Section 22, except for the northwesterly hori-
15 zonal 30.

16 Q I show you what is marked as Applicant
17 Exhibit NNumber Four and ask you to identify those documents.

18 A Document -- Exhibit Number Four is a com-
19 pilation of all State forms filed and the chronological daily
20 report of our completion activities, on this well.

21 Q Directing your attention to that Gulf
22 State No. 1 Well, Mr. LaBouff, would you give us some general
23 information about the total depth of the well, the casing
24 program, and its current production?

25 A The depth of the well is 2300 feet. It

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1 has 8-5/8ths casing set at 427 feet with cement circulated.
2 4-1/2 inch casing is set at 2299; cement is circulated.

3 The well was completed 5-10-80 and it is
4 still producing as a pumper.

5 The perforations, as we have already noted
6 are from 1154 in the Seven Rivers, to a total depth of 2176
7 in the San Andres.

8 The production for June was exactly 400
9 barrels, or 13.3 barrels a day. Water varies from zero to
10 one or two barrels a day.

11 Q In your opinion, Mr. LaBouff, will approval
12 of this application allow the applicant the opportunity to
13 recover oil that would otherwise not be recovered?

14 A No.

15 Q All right, let me ask you this: If the
16 application is denied, is it economically feasible for the
17 applicant to go back in and squeeze off the Seven Rivers --

18 A No.

19 Q -- perforations?

20 All right. What will happen to the Seven
21 Rivers production in this well in that case?

22 A We are assuming Seven Rivers production.

23 Q Yes, sir.

24 A And we're not even sure -- our geologist
25 does not believe that the depositional environment of the

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1 Seven Rivers in this area is conducive to hydrocarbon accumu-
2 lation. He doesn't believe there's anything coming from that
3 zone.

4 Q In your opinion are the potential pro-
5 ducing sands in the Seven Rivers as indicated in the log in
6 the Cobb Federal No. 2 Well correlative with those of the
7 Seven Rivers in the Gulf State No. 1 Well?

8 A In my opinion, without question.

9 Q Okay. In your opinion would a practical
10 method of allocation for the Seven Rivers production in the
11 Gulf State No. 1 Well be to allow that well to continue to
12 produce as a downhole commingled well now and not to other-
13 wise separate and test for that subject well?

14 A That is correct.

15 Q And that in order to determine a method
16 of allocation you propose that upon the drilling and comple-
17 tion of the Cobb Federal No. 1 Well --

18 A No. 2.

19 Q No. 2 Well, that if there is Seven Rivers
20 production, that that production test be used to determine
21 the allocation for the Gulf State No. 1 Well?

22 A That is correct.

23 Q And in your opinion, Mr. LaBouff, will
24 approval of this application be in the best interests of con-
25 servation, the prevention of waste, and the protection of

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1 correlative rights?

2 A It will.

3 Q Were Exhibits One through Four prepared
4 by you or compiled under your direction and supervision?

5 A Yes, they were.

6 MR. KELLAHIN: We tender Exhibits One
7 through Four.

8 MR. NUTTER: Exhibits One through Four
9 will be admitted in evidence.

10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q Mr. LaBouff, is the ownership of the
13 Seven Rivers and the Queen-Grayburg under the Gulf State
14 lease identical?

15 A Yes.

16 Q And under the Cobb Federal?

17 A Not identical with the Gulf --

18 Q No.

19 A -- State.

20 Q But the vertical ownership --

21 A Right.

22 Q -- under each of the two leases is
23 identical?

24 A Correct.

25

1 Q So there's no equities of anyone involved
2 here. It's just a matter of allocation to a formation?

3 A That's correct.

4 Q And you're tentatively proposing to deter-
5 mine what, if anything, this Seven Rivers stringer is pro-
6 ducing when you test the Cobb Federal No. 2?

7 A That is correct.

8 Q Okay.

9 MR. NUTTER: Are there any further ques-
10 tions of the witness? He may be excused.

11 Do you have anything further, Mr Kellahin?

12 MR. KELLAHIN: No, sir.

13 MR. NUTTER: Does anyone have anything
14 they wish to offer in Case Number 6958?

15 We'll take the case under advisement.

16
17 (Hearing concluded.)
18
19
20
21
22
23
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25

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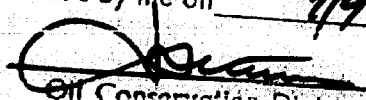
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C E R T I F I C A T E

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

SALLY W. BOYD, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 2958,
heard by me on 7/9 1950.
 Examiner
Oil Conservation Division

GULF-ST. #1, EDDY CO., N. M. PTD 2100', ACTUAL 2300' (ARTESIA Q-G-SA), KOG
50%, DHC \$54,000, 8-5/8" @ 427', 4-1/2" @ 2299'

04-28-80: Prep to complete.
MI and RU completion equipment.

GULF-ST. #1, EDDY CO., N. M. PTD 2100', ACTUAL 2300' (ARTESIA Q-G-SA), KOG
50%, DHC \$54,000, 8-5/8" @ 427', 4-1/2" @ 2299'

04-29-80: Prep to acidize ^{amt} _{circ} ^{amt} _{circ}
Received and tallied 75 jts 2-3/8" J-55 tbg. PBTB @ 2297'. RU (Dowell), displaced hole w/2% KCl and fresh wtr, spotted 300 gals 10% acetic acid over proposed perf' @ 1785'-2176'. RD (Dowell), POH, RU (Dresser-Atlas), ran GR-Collar log from 2297'-1000'. Perforated w/one 31" hole per interval @ 1785', 1812', 14', 16', 18', 20', 1880', 82', 24', 22', 1928', 22', 1997', 26', 2050', 27', 2097', 98', 2174', 76'. RD (Dresser-Atlas), WTR w/Arrow (?) RBP and tension pkr to 1750'. SDON.
No cost given.

GULF-ST. #1, EDDY CO., N. M. PTD 2100', ACTUAL 2300' (ARTESIA Q-G-SA), KOG
50%, DHC \$54,000, 8-5/8" @ 427', 4-1/2" @ 2299'

04-30-80: RU (Dowell), set and pressure RBP and pkr in blank pipe to 2500 PSIG, spot and treat each zone w/250 gals 15% XFWL acid. Top down as follows:

First Acid 8 stages

1785': Break down @ 1400 PSIG, displace acid @ 1750 PSIG @ 1 BPM, ISDP 1000.
1812'-1820': Communicate on break, close in csg, displace @ 1-1/4 BPM @ 1300 PSIG, ISDP 1000.
1880'-1886': Displace @ 1 BPM @ 1250 PSIG, communicated up @ end of acid, ISDP 1200.
1928'-1929': Breakdown @ 1750, communicated up w/3 bbls acid in formation, close in csg, displace @ 1000 PSIG @ 3/4 BPM, ISDP 800.
1997'-1998': Break down @ 2700, displace @ 1/4-1/2 BPM @ 1700-2250 PSIG, ISDP 1500.
2050'-2054': Communication break, close in csg, displace @ 3/4 BPM @ 1700, ISDP 1000.
2097'-2098': Break down @ 1800, communication w/1-3/4 bbls acid, close in csg, disp @ 3/4 BPM @ 1500, ISDP 1300.
2174'-2176': Break down @ 2000, displace @ 1/2 BPM @ 1750, ISDP 1300.
Circ hole clean w/12% KCl fresh wtr, RD (Dowell), POH w/RBP and pkr, TIH w/SN on 68 jts 2-3/8" tbg open ended. Swabbed an estimated 35 BLW and acid residue w/traces of oil. FL @ SN 2205', 45 BLW and acid wtr to recover. SDON.

GULF-ST. #1, EDDY CO., N.M. PTD 2100', ACTUAL 2300' (ARTESIA Q-G-SA), KOG
50%, DHC \$54,000, 8-5/8" @ 427', 4-1/2" @ 2299'

05-01-80: Well SI 14-1/2 hrs., SITP 0, SICP 200, FL @ 1,950'. 250' fluid in hole. Now swabbing.

SI 12-1/2 hrs, SITP 0, SICP 0, FL @ 1,900'. Swabbed traces of oil and acid wtr. in 1st swab run. Swabbed an estimated 3 BO 7 BLW and acid residue W/FL @ SN. On last swab run recovered an estimate of 10% water and 90% oil. Have an estimate of 38 BLW and acid water to recover. SDON

GULF-ST. #1, EDDY CO., N.M. PTD 2,100', ACTUAL 2,300' (ARTESIA Q-G-SA), KOG
50%, DHC \$54,000, 8-5/8" @ 427', 4-1/2" @ 2,299'

05-02-80: Well SI 20-1/2 hrs. SITP 0#, SICP 200#, blew down 4 min, FL @ 1,900', 300' fluid in hole. Swab, POH w/tbg, RU Dowell & prep to frac.

SI 14-1/2 hrs., SITP 0# SICP 200#, FL @ 1,950', 250' fluid in hole. Swabbed on estimated 3/4 BO, 1-1/2 BLW in 3-1/2 hrs. W/FL @ SN. SD & WO (Dowell) equip to frac.

*Free prod
400 bbls
or 13.3/day*

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

Kensi EXHIBIT NO. 4
CASE NO. 6958

50Z, DHC \$54,000, 8-5/8" @ 427', 4-1/2" @ 2299'

05-03-80: Well SI 20-1/2 hrs., SITP 0, SICP 200, FL @ 1900'. 300' fluid in hole. Blew down in 4 min. Swab est. 1/2 BO, 1/2 BLW w/FL @ SN. LD swab. POH w/tbg. RU (Dowell). Finish gelling frac fluid and start PAD. Collar leak on (Dowell) head, replace connections. Frac down 4-1/2" csg. and thru perfs - 1785'-2176' w/total 27,000 gals., cross link gel fluid. Used 97,500# of 100 and 20-40 mesh sand in 3 stages. Had 200 PSI increase on first block of 100# rock salt and 100# benzoic acid flakes, had 300 PSI increase on 2nd block of 400# rock salt and 200# benzoic acid flakes. Max treat press 2200, min 1800, avg. inj. rate 16.2 BPM. ISDP 1800, 15 min. SIP 1600. Close well in and RD (Dowell)

GULF-ST. #1 (CONT)

05-04-80: Well SI 16 hrs., SICP 1125. Bled est. 175 BLW to pit in 3-1/2 hrs., before well died. Remove frac head. TIH w/tbg., tagged top of sd @ 2170', lower set of perfs covered. RU "kill" truck. Circ. sd and clean out to PBTD. Change out BOP. Blind rams not working properly. Pull up and set SN @ 2205'. Hook up well to test tank, left open, est. 610 BLW and acid residue to recover. SDON.

05-05-80: SD for Sunday. At report time this A.M. well had flowed 30 BW to test tank. Swabbing and rec. est. 8% oil cut.

GULF-ST. #1, EDDY CO., PTD 2,100', ACTUAL 2,300' (ARTESIA Q-G-SA), KOG 50Z, DHC \$54,000, 8-5/8" @ 427', 4-1/2" @ 2,299'

05-06-80: Present operation - prep to acidize.

Set Bridge Plug Swab 3 BO, 61 BLW. FL @ 800' from surface. 12% oil cut on last swab run. LD swab, POH w/tbg. TIH w/Arrow RBP and set @ 1749'. RU (Dowell). Test RBP, csg. and BOP to 2000 PSIG - OK. Spot 350 gals. 10% acetic acid over prop perf 1618'-1154'. RD (Dowell). POH. RU (Dresser-Atlas). Perf top-down 1 -.31" holes @ 1154', 56', 58', 64', 84', 86', 88', 1382', 84', 86', 88', 90', 94', 1401', 93', 94', 1604', 96', 98', 10', 12', 14', 16', 18'. RD (Dresser-Atlas). TIH w/Arrow RBP, retrieving tool, 1 jt. 2-3/8" tbg. and tesnion pkr. Graded and set matting board, assembled and set pumping unit. SDON.
At report CP 0, TP TSTM. Had oil and gas cut fluid flowing over the pit. Set BP and pkr. in blank pipe and tested to 2500.

GULF-ST. #1, EDDY CO., PTD 2,100' ACTUAL 2,300', ARTESIA Q-G-SA), KOG 50Z, DHC \$54,000, 8-5/8" 427', 4-1/2" @ 2,299'

05-07-80: Prep to frac.

Second Acid 4 stages CP 0, TP TSTM. Oil and gas cut fluid flowing over pit. Set BP and pkr. in blank pipe, test to 2500 - O.K., straddled perfs from 1154' - 1164' and spotted 350 gals 15% XFWL acid, ppd into perfs @ 1 BPM @ 1000 PSIG, ISDP 900. Straddle perfs @ 1184'-1188' and spotted 350 gals acid, break @ 1805, displaced acid @ 1/2 BPM @ 1100, communicated w/2 BA in formation. Closed in csg, displaced balance of acid @ 1/2 BPM @ 1150. ISDP 1000. Straddled perfs 1404'-1382', spotted 650 gals acid, break @ 1250, displaced 1-1/2 BPM @ 800, ISDP 700. Straddled perfs @ 1618'-1604', spotted 650 gals acid, break @ 1500, displaced @ 1-1/2 BPM @ 1000, ISDP 1000, circ hole clean, RD (Dowell), POH w/BP and pkr, TIH w/SN and tbg OE, set SN @ 1684', swabbed an estimated 23 BLW and acid residue w/FL @ SN. Estimated 1/4 BFPH coming in hole. Had 70% oil-cut mud on last 4 swab runs, estimated 35 bbls left to recover. Set 1 -210 bbl stock tank and 1 - 210 salt water tank, hooked up connections to tank and SDON.
@ Report Time had 14 hrs SITP 100, SICP 175, FL @ 1000'. Recovered an estimated 4 BO, 6 BLW.

GULF-ST. #1, EDDY CO., N. M., PTD 2,100' ACTUAL 2,300' (ARTESIA Q-G-SA), KOG 50Z, DHC \$54,000, 8-5/8" @ 427', 4-1/2" @ 2299'

05-08-80: SI 19 hrs, SICP 825, flowing to pit.

Second Frac 3 stages SI 14 hrs, SITP 100, SICP 175, FL @ 1000', recovered an estimated 4 BO, 6 BLW. POH w/tbg, RU (Dowell). frac down 4-1/2" csg and thru perfs @ 1154'-1618' in 3 stages. Used 27,000 gals Cross-link gel, 97,500# 100 and 20-40 mesh sd. Had 200# increase on 1-st block of 200# rock salt and 200# Benzoic acid flakes, had 200# increase on 2-nd block of 400# rock salt and 200# Benzoic acid flakes. Max treat press 1800, min 1500, avg inj rate 28.8 BPM. Hydraulic line broke on blender & hooked up to smaller blender. Flushed to perfs @ 5 BPM @ 1300, ISDP 1200, 15 min SI 1350. RD (Dowell), set heater treated and hooked up tank battery. SDON. No cost given.

GULF-ST. #1, EDDY CO., N. M. FID 2,100' ACTUAL 2,300' (ARTESIA Q-G-SA), KOG
50%, DHC \$54,000, 8-5, @ 427', 4-1/2" @ 2299'

5-9-80

05-08-80: Prep to run ppg assembly.

Retrieved
Bridge Plug

Report time: Well flowed 4 bbls oil-cut load wtr. Swabbed into heater treater to fill and check controls. FL @ 700'. LD swab, retrieved BP and lowered to 2232', POH42/BP.

Past 24 hr report: SI 19 hrs w/SICP 825, flowed estimated 120 BLW to pit TIH w/retrievable tool, RBP and tbg, wash out 8' of sd off BP, cleaned out w/2% KCl fresh wtr, pull up to 1624', swabbed an estimated 170 BLW w/good oil show. Had to much gas in fluid to obtain accurated oil-cut. FL @ 900' on last swab run, finished hooking up tank battery. Kyle Electric Company finished laying electric line from Black Shield lease to ppg unit. Left well open to stock tank SDON.

GULF-ST. #1, EDDY CO., N. M., FID 2,100' ACTUAL 2,300' (ARTESIA Q-G-SA), KOG
50%, DHC \$54,000, 8-5/8" @ 427', 4-1/2" @ 2299'

05-10-80: Well flowed 4 bbls oil-cut load wtr to pit overnight, swabbed well into heater treater to fill and check controls. FL @ 700' from surface. LD swab, retrieved BP and lowered to 2232' - no fill, POH w/BP, TIH w/OPMA joint, 2-3/8" 4-pt 7#8-rd EUE tbg, 1 - 2-3/8" 3' perf nipple, SN and 67 jts 2-3/8" tbg to surface, tagged bottom - no fill. Set bottom of tbg @ 2215' w/perf nipple @ 2183'-2180'. SN @ 2180'. Installed ppg connections, WIH w/ 2"X1-1/2" X 10' travel bbl insert pmp # PV-3157, 1-3/4" 2' rod sub, 85 3/4" X 25' Class A rods, 1 3/4" X 6' pony rod 1 3/4" X 2' pony rod. Filled cellar and built up pad in front of ppg unit. Released and RD ppg unit, finish connecting up well, started well ppg on 5-9-80 @ 4:30 P. M. Heater treater working O. K. Left 7 jts of 2-3/8" tbg, 3 3/4" rods on location. Have est of 962 BLW to recover.

Note: Talked w/Robert Spencer, left information on well on tank battery. FINAL REPORT.

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10. Indicate Type of Lease
State <input checked="" type="checkbox"/> Fee <input type="checkbox"/>
11. State Oil & Gas Lease No.
E-2123

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. <input checked="" type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER	7. Unit Agreement Name
2. Name of Operator Kenia Oil & Gas Inc.	8. Name of Lease Name Gulf - State
3. Address of Operator 1001 Petroleum Bldg., Midland, Texas 79701	9. Well No. 1
4. Location of Well UNIT LETTER K , 2310 FEET FROM THE South LINE AND 2310 FEET FROM THE West LINE, SECTION 36 TOWNSHIP 18S RANGE 27E NMPM.	10. Field and Foot, or Wellhead Artesia O-G-5A
15. Elevation (Show whether DF, RT, GR, etc.)	12. County

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER <input type="checkbox"/>	OTHER Perforation & Treatment Detail <input checked="" type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

First Set: One 0.31" hole at 1785', 1812', 14', 16', 18', 20', 1880', 82', 84', 1928', 29', 1997', 98', 2050', 52', 54', 97', 98', 2174' and 76'. (21 holes)
Treated w/ 2000 gals 15% XFWL acid in 8 stages.
Frac w/ 27,000 gals + 97,500# 100m & 20-40 m sand in 3 stages.
Set retrievable Bridge Plug @ 1749'

Second Set: One 0.31" hole at 1154', 56', 58', 64', 84', 86', 88', 1382', 84', 88', 1382', 84', 86', 88', 90', 94', 1401', 03', 04', 1604', 06', 08', 10', 12', 14', 16' and 18' (24 Holes)
Treated w/ 2000 gals, 15% XFWL acid in 4 stages.
Frac w/ 27,000 gals + 97,500# 100m & 20-40 m sand in 4 stages.
Retrieved Bridge Plug.

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

SIGNED <u><i>J. L. [Signature]</i></u>	TITLE <u>Agent</u>	DATE <u>7-2-80</u>
APPROVED BY _____	TITLE _____	DATE _____
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NEW MEXICO OIL & GAS INC.

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

JUN 20 1980

RECEIVED

JUN 16 1980

Form C-105
Revised 1-1-78

30. Effective Type of Lease

State ☒

Fee ☐

5. State Oil & Gas Lease

E-2123

7. Unit Agreement Name

8. Term or Lease Name

Gulf-St.

9. Well No.

1

10. Field and Pool, or Wildcat

ARTESIA U-G-SA

16. TYPE OF WELL

17. TYPE OF COMPLETION

OIL WELL ☒

GAS WELL ☐

DRY ☐

OTHER

O. C. D.

ARTESIA OFFICE

NEW WELL ☒

WORK OVER ☐

DEEPEN ☐

PLUG BACK ☐

DIFF. REVR. ☐

OTHER

2. Name of Operator

Kennel Oil and Gas Inc.

3. Address of Operator

Suite 1001 Petroleum Building, Midland, Texas 79701

4. Location of Well

UNIT LETTER K LOCATED 2310 FEET FROM THE south LINE AND 2310 FEET FROM

THE west LINE OF SEC. 36 TWP. 18S RGE. 27E MAPM

15. Date Spudded 3-11-80 16. Date T.D. Reached 3-14-80 17. Date Compl. (Ready to Prod.) 5-26-80 18. Elevations (DF, NAB, RT, GR, etc.) 3543.7 GL 19. Elev. Casinghead

20. Total Depth

2300'

21. Plug Back T.D.

2297'

22. If Multiple Compl., How Many

No

23. Intervals Drilled By

Rotary Tools

X

Cable Tools

24. Producing Interval(s), of this completion - Top, Bottom, Name

1154'-2176' (San Andres)

25. Was Directional Survey Made

No

26. Type Electric and Other Logs Run

SNP-GR, DLL-GR

27. Was Well Cased

No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8-5/8"	24#	427'	11"	250 sx Class C	---
4-1/2"	10.5#	2299'	7-7/8"	200 Lite, 400 Class C	---

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2-3/8"	2215'	

31. Perforation Record (Interval, size and number)

1154'-1188', .31" hole (7 holes)
1382'-1404', .31" hole (9 holes)
1604'-1618', .31" hole (8 holes)
1785'-1886', .31" hole (10 holes)
1928'-2176', .31" hole (11 holes)

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

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
1154'-1618'	2000 gals 15% FWL + 27,000 gal gel, 97,500# sd.
1785'-2176'	2000 gals 15% FWL + 27,000 gal gel, 97,500# sd.

33. PRODUCTION

Date First Production		Production Method (Flowing, gas lift, pumping - Size and type pump)				Well Status (Prod. or Shut-in)	
5-8-80		2" X 1-1/2" X 10' Insert Pump				Producing	
Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas-Oil Ratio
5-26-80	24			25	2	3	TSTM
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API (Corr.)	
						36	

34. Disposition of Gas (Sold, used for fuel, vented, etc.)

Vented

Test Witnessed By

Herbert Spencer

35. List of Attachments

Logs, Deviation svy, plat.

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

Lorraine Maroney

SIGNED Lorraine Maroney

TITLE Drilg. and Prod. Assistant

DATE 6-12-80

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Commission not later than 20 days after the completion of any newly drilled or deepened well. It shall be accompanied by one copy of all electrical well-logging activity logs run in the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

T. Anhy _____	T. Canyon _____	T. Ojo Alamo _____	T. Penn. "B" _____
T. Salt _____	T. Strawn _____	T. Kirtland-Fruitland _____	T. Penn. "C" _____
B. Sali _____	T. Atoka _____	T. Pictured Cliffs _____	T. Penn. "D" _____
T. Yates _____	T. Alsea _____	T. Cliff House _____	T. Leadville _____
T. 7 Rivers Surface	T. Devonian _____	T. Menefee _____	T. Madison _____
T. Queen 1365'	T. Silurian _____	T. Point Lookout _____	T. Albert _____
T. Grayburg 1730'	T. Anuloye _____	T. Menace _____	T. McCracken _____
T. San Andres 2100'	T. Simpson _____	T. Gallup _____	T. Ignacio Qtzite _____
T. Glorieta _____	T. McKee _____	Base Greenhorn _____	T. Granite _____
T. Paddock _____	T. Ellenburger _____	T. Dakota _____	T. _____
T. Kinebry _____	T. Gr. Wash _____	T. Morrison _____	T. _____
T. Tubb _____	T. Granite _____	T. Todilto _____	T. _____
T. Drinkard _____	T. Delaware Sand _____	T. Entrada _____	T. _____
T. Abo _____	T. Bone Springs _____	T. Wingate _____	T. _____
T. Wolfcamp _____	T. _____	T. Chinle _____	T. _____
T. Penn. _____	T. _____	T. Permian _____	T. _____
T. Cisco (Bough C) _____	T. _____	T. Penn. "A" _____	T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from _____ to _____

No. 2, from _____ to _____

No. 3, from _____ to _____

No. 4, from _____ to _____

No. 5, from _____ to _____

No. 6, from _____ to _____

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from _____ to _____ feet _____

No. 2, from _____ to _____ feet _____

No. 3, from _____ to _____ feet _____

No. 4, from _____ to _____ feet _____

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation

DISTRIBUTION	
STATE	
FILE	
U.S.O.B.	
LAND OFFICE	
TRANSPORTER	OIL
	GAS
OPERATOR	
PRODUCTION OFFICE	

**NEW MEXICO OIL CONSERVATION COMMISSION
REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS**

Form C-104
Supersedes C-104 and C-105
Effective 1-1-65

Operator
Kenai Oil and Gas Inc.

Address
Suite 1001 Petroleum Bldg., Midland, Texas 79701

Reason(s) for filing (check proper box)

New Well <input checked="" type="checkbox"/>	Change in Transporter oil <input type="checkbox"/>	Other (Please explain)
Recompletion <input type="checkbox"/>	Oil <input type="checkbox"/> Dry Gas <input type="checkbox"/>	
Change in Ownership <input type="checkbox"/>	Casinghead Gas <input type="checkbox"/>	

If change of ownership give name and address of previous owner _____

DESCRIPTION OF WELL AND LEASE

Lease Name Gulf-St.	Well No. 1	Pool Name, including Formation Artesia O-G-SA	Kind of Lease State, Federal or Fee State	Lease No. E-2173
Location Unit Letter K ; 2310 Feet From The south Line and 2310 Feet From The west				
Line of Section 36 Township 18S Range 27E , NMPM, Eddy County				

DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/> Navajo Crude Oil Purchasing	Address (Give address to which approved copy of this form is to be sent) P. O. Drawer 175, Artesia, N. M. 88210
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input type="checkbox"/> None as yet	Address (Give address to which approved copy of this form is to be sent)
If well produces oil or liquids, give location of tanks.	Unit Sec. Twp. Rge. Is gas actually connected? When
	K 36 18S 27E No

If this production is commingled with that from any other lease or pool, give commingling order number: _____

COMPLETION DATA

Designate Type of Completion - (X)	Oil Well <input checked="" type="checkbox"/>	Gas Well <input type="checkbox"/>	New Well <input checked="" type="checkbox"/>	Workover <input type="checkbox"/>	Deepen <input type="checkbox"/>	Plug Back <input type="checkbox"/>	Same Res'v. <input type="checkbox"/>	Diff. Res'v. <input type="checkbox"/>
Date Spudded 3-11-80	Date Compl. Ready to Prod. 3-14-80	Total Depth 2300'	P.B.T.D. 2297'					
Elevations (DF, RKB, RT, CR, etc.) 3543.7' GL	Name of Producing Formation Artesia O-G-SA	Top Oil/Gas Pay 1154'	Tubing Depth 2215'					
Perforations 1154'-2176'			Depth Casing Shoe					

TUBING, CASING, AND CEMENTING RECORD

HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT
11"	8-5/8"	427'	250
7-7/8"	4-1/2"	2299'	600

TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL (Test must be after recovery of total volume of lead oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

Date First New Oil Run To Tanks 5-26-80	Date of Test 5-26-80	Producing Method (Flow, pump, gas lift, etc.) Pumping	
Length of Test 24 hrs.	Tubing Pressure ---	Casing Pressure ---	Choke Size ---
Actual Prod. During Test	Oil-Bbls. 25	Water-Bbls. 3	Gas-MCF 2

GAS WELL

Actual Prod. Test-MCF/D	Length of Test	Bbls. Condensate/MCF	Gravity of Condensate
Testing Method (plot, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size

CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Lorraine Maroney Lorraine Maroney
(Signature)

Drilling and Production Assistant
(Title)

June 12, 1980
(Date)

OIL CONSERVATION COMMISSION

APPROVED _____, 19____

BY _____

TITLE _____

This form is to be filed in compliance with RULE 1104.
If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.
All sections of this form must be filled out completely for allowable on new and recompleted wells.
Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter or other such change of condition.
Concrete Forms Filed must be filed for each well in multiple

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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OPERATOR	<input checked="" type="checkbox"/>

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

MAY 21 1980

O. C. D.
ARTESIA, OFFICE

File

Form C-103
Revised 12-1-78

SUNDY NOTICES AND REPORTS ON WELLS

DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO OPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.
USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	2. Name of Operator Kenai Oil and Gas Inc.	3. State Oil & Gas Lease No. E-2123
4. Address of Operator Suite 1001 Petroleum Building, Midland, TX 79701	5. Unit Agreement Name	6. Farm or Lease Name Gulf-St.
7. Location of Well UNIT LETTER K FEET FROM THE 2310 south LINE AND 2310 FEET FROM west TOWNSHIP 18S RANGE 27E SECTION 36	8. Well No. 1	9. Field and Pool, or other Artesia O-G-SA
10. Elevation (Show whether DF, RT, GR, etc.) 3543.7 Gr.	11. County Eddy	

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	OTHER <input checked="" type="checkbox"/> Production Casing.

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE REG. 10.00.

3-16-80

Ran 57 jts (2299') 4-1/2" 10.5# J-55 ST&C casing and set @ 2299'. Cmt'd w/200 sx (HOWCO) Lite + 400 sx Class C. Circ 60 sx to surface. WOC 24 hrs.

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

SIGNED <i>Lorraine Maroney</i>	TITLE Lorraine Maroney Drilling & Production Assist.	DATE 5-19-80
APPROVED BY <i>W.A. Gresser</i>	TITLE SUPERVISOR, DISTRICT II	DATE MAY 21 1980

CONDITIONS OF APPROVAL, IF ANY:

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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LAND OFFICE	
OPERATOR	<input checked="" type="checkbox"/>

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

O. C. D.
ARTESIA, OFFICE

Form C-103
Revised 10-1-78

5a. Indicate Type of Lease State <input checked="" type="checkbox"/> <input type="checkbox"/>
5. State Oil & Gas Lease No. E-2123

SUNDRY NOTICES AND REPORTS ON WELLS

DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.
USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.

1. <input checked="" type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER	7. Unit Agreement Name
2. Name of Operator Kendi Oil and Gas Inc.	8. Farm or Lease Name Gulf-St.
3. Address of Operator Suite 1001 Petroleum Bldg., Midland, Texas 79702	9. Well No.
4. Location of Well UNIT LETTER <u>K</u> <u>2310</u> FEET FROM THE <u>south</u> LINE AND <u>2310</u> FEET FROM THE <u>west</u> LINE, SECTION <u>36</u> TOWNSHIP <u>18S</u> RANGE <u>27E</u> NMPM.	10. Field and Pool, or Name Artesia O-G-SA
11. Elevation (Show whether DF, RT, GR, etc.) 3543.7' Gr.	12. County Eddy

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPS. <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	OTHER <u>Spud and casing</u> <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
OTHER <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work; see RULE 103.)

3-11-80

1. Spudded @ 10:00 A. M. 3-11-80.

2. Ran 10 jts 8-5/8" 24# ST&C csg and set @ 427'. Cmt'd w/250 sx Class C + 2% ca cl. Plug down @ 9:00 P. M. 3-11-80. Circulated cmt to surface. WOC 19 hrs. Tested csg to 1000# - O. K.

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

SIGNED Lorraine Maroney

Lorraine Maroney
Drilg & Prod Assistant

DATE 4-15-80

APPROVED BY W. A. Gussert

SUPERVISOR, DISTRICT H

DATE APR 17 1980

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LAND OFFICE	
OPERATOR	<input checked="" type="checkbox"/>

3. **WATER CONSERVATION DIVISION**
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RECEIVED APR 10 1980

Form C-103
Revised 10-1-78

MAR 20 1980

5a. Indicate Type of Lease State <input checked="" type="checkbox"/> <input type="checkbox"/>
5. State Oil & Gas Lease No. E-2123
7. Unit Agreement No.
8. Form of Lease Name Q-G-SA
9. Well No. 1
10. Field and Pool, or Wildcat Artesia Q-G-SA
12. County Eddy

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR RE-ENTER OR PLUG A WELL TO A PROPOSED RESERVOIR.
USE APPLICATION FOR PERMIT (FROM C-101) FOR SUCH PROPOSALS.)

1. <input checked="" type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER
2. Name of Operator Kenai Oil and Gas Inc.
3. Address of Operator Suite 1001 Petroleum Bldg., Midland, Texas 79701
4. Location of Well UNIT LETTER <u>K</u> <u>2310</u> FEET FROM THE <u>south</u> LINE AND <u>2310</u> FEET FROM THE <u>west</u> LINE, SECTION <u>36</u> TOWNSHIP <u>18S</u> RANGE <u>27E</u> NMPM.

15. Elevation (Show whether DF, RT, GK, etc.)
3543.7' Gr.

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPS. <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER <input type="checkbox"/>	OTHER <u>Production casing</u> <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

3-16-80

1. Ran 57 jts (2299') 4-1/2" 10.5# J-55 ST&C casing and set @ 2299'.
2. Cmt'd w/200 sx (HOWCO) Lite, 2% ca cl, 1/4# flocele and 400 sx Class C 50-50 poz, 2% gel, 6# salt/sx + .3 of 1% CFR-2. Plug down @ 4:30 P. M. 3-16-80. Circ 60 sx to surface. WOC 12 hrs.

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

SIGNED Lorraine MaroneyTITLE Drlg & Prod AssistantDATE 3-19-80APPROVED BY For Record OnlyTITLE SUPERVISOR, DISTRICT HDATE APR 17 1980

CONDITIONS OF APPROVAL, IF ANY:

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OPERATOR	<input checked="" type="checkbox"/>

MAR 6 1980

O. C. D.

ARTESIA, OFFICE

SUNDY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN TO PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT TO DRILL" FORM C-101 FOR SUCH PROPOSALS.)

OIL WELL <input checked="" type="checkbox"/>	GAS WELL <input type="checkbox"/>	OTHER <input type="checkbox"/>
Name of Operator Kenai Oil & Gas, Inc.		
Address of Operator Suite 1001, Petroleum Building, Midland, Texas		
Location of Well UNIT LETTER K 2310 FEET FROM THE South LINE AND 2310 FEET FROM THE West LINE, SECTION 36 TOWNSHIP 18S RANGE 27E NMPM.		

3a. Indicate Type of Lease State <input checked="" type="checkbox"/> Fee <input type="checkbox"/>
3. State Oil & Gas Lease No. E-2123
7. Unit Agreement None
8. Farm or Lease Name Gulf St.
9. Well No. (1)
10. Field and Pool, or Wildcat Artesia Q-G-SA
12. County Eddy

15. Elevation (Show whether DF, RT, GR, etc.)

3543.7 Gr

6. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data
NOTICE OF INTENTION TO:PERFORM REMEDIAL WORK ☐
TEMPORARILY ABANDON ☐
PULL OR ALTER CASING ☐PLUG AND ABANDON ☐
CHANGE PLANS ☐REMEDIATION WORK ☐
COMMENCE DRILLING OPNS. ☐
CASING TEST AND CEMENT JOB ☐
OTHER ☐ALTERING CASING ☐
PLUG AND ABANDONMENT ☐OTHER ☒ **Drilling permit extension and operator
address change.**

7. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1503.

Kenai Oil & Gas, Inc. is requesting a 90 day extension on our drilling permit approved on December 4, 1979 per telephone conversation between L. L. Maroney (Kenai Oil & Gas, Inc.) and Arlene Ruckman (NMOCC) on March 4, 1980.

Kenai Oil & Gas, Inc.'s new address is:

Kenai Oil & Gas, Inc.
Suite 1001 Petroleum Building
Midland, Texas 79702

APPROVAL VALID
FOR 90 DAYS UNLESS
DRILLING COMMENCED,
EXPIRES **6-6-80**

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

L. L. Maroney

SIGNED **L. L. Maroney**TITLE **Drilling & Production Assist.** DATE **March 4, 1980**APPROVED BY **W. A. Gussett**TITLE **SUPERVISOR, DISTRICT II**DATE **MAR 6 1980**

CONDITIONS OF APPROVAL, IF ANY:

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ANYA FE	
FILE	
U.S.G.S.	
AND OFFICE	
OPERATOR	<input checked="" type="checkbox"/>

NEW MEXICO OIL CONSERVATION COMMISSION

NOV 30 1979

O. C. C.
ARTERIA, OFFICE

RECEIVED 30-015-23085
Form C-101
Revised 14-65

5A. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
5. State Oil & Gas Lease No E-2123
7. Unit Agreement Name
8. Farm or Lease Name Gulf St.
9. Well No. 1
10. Field and Pool, or Wildcat Artesia Metex 4-B-50
12. County Eddy
19. Proposed Depth 2100
19A. Formation Metex
20. Rotary or C.T. Rotary
21. Elevations (Show whether DF, RT, etc.) 3543.7 GR
21A. Kind & Status Plug. Bond Blanket
21B. Drilling Contractor WEK Drilling Co., Inc.
22. Approx. Date Work will start 1-15-80

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

a. Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>
b. Type of Well OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>
c. Number of Operator Kenai Oil & Gas, Inc.
d. Address of Operator 7540 LBJ Freeway Suite 715 Dallas, Texas 75221
e. Location of Well UNIT LETTER <u>K</u> LOCATED <u>2310</u> FEET FROM THE <u>South</u> LINE <u>2310</u> FEET FROM THE <u>West</u> LINE OF SEC. <u>36</u> TWP. <u>18S</u> REC. <u>27E</u> NMPM

1. Elevations (Show whether DF, RT, etc.) 3543.7 GR	21A. Kind & Status Plug. Bond Blanket	21B. Drilling Contractor WEK Drilling Co., Inc.	22. Approx. Date Work will start 1-15-80
--	--	--	---

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#/ft.	450'	400	Circ.
7 7/8"	4 1/2"	10.5#/ft.	2100	750	Circ.

Move in R.V. rotary, spud 11" hole, drill to 450', run 8 5/8" casing, cmt. w/400 sx. Class C, WOC 18 hrs., nipple up, test BOP and casing w/1000 psi, drill 7 7/8" hole to 2100', mud up approx. 1900' w/36 VIS, 9.5 wt., no WL control, run logs, if looks commercial run 4 1/2" casing and cement w/360' sx. will use shaffer Type E double Hydraulic BOP 10" series 900.

APPROVAL VALID
FOR 90 DAYS UNLESS
DRILLING COMMENCED,
EXPIRES: 3-4-80

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 [Signature] Title Agent Date November 28, 1979

(This space for State Use)

APPROVED BY [Signature] TITLE SUPERVISOR, DISTRICT DATE DEC 4 - 1979

CONDITIONS OF APPROVAL, IF ANY:

30-015-23085

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-102
Supersedes O-128
1-1-65

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

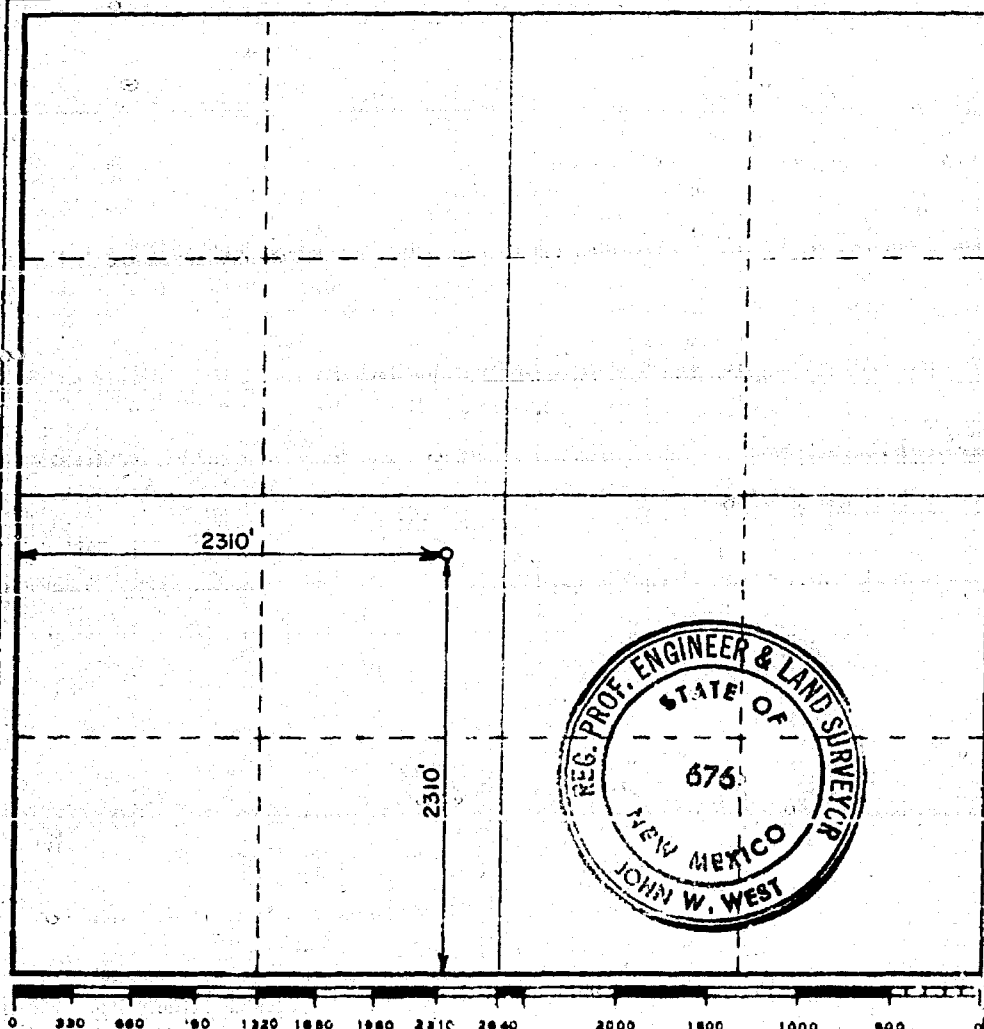
Operator Kenai Oil & Gas Inc.,		Lease Gulf State		Well No. 1
Section K	Section 36	Township 18 South	Range 27 East	County Eddy
Acreage Dedicated to the Well				
2310	feet from the South	2310	feet from the West	
Ground Level Elev. 3543.7	Producing Formation		Estimated Acreage	

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

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

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

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



CERTIFICATION

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

Name _____
Position _____
Company _____
Date _____

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

Date Surveyed
November 8, 1979
Registered Professional Engineer and Land Surveyor

John W. West
Certificate No. **JOHN W. WEST**
PATRICK A. ROMERO
Ronald J. Eiden

CASE 6958: Application of Kenai Oil and Gas, Inc. for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Seven Rivers and Artesia Queen-Grayburg-San Andres production in the wellbore of its Gulf State Well No. 1 located in Unit K of Section 36, and its Cobb Federal Well No. 2 located in Unit H of Section 22, both in Township 18 South, Range 27 East, Artesia Pool. Applicant further seeks an administrative procedure whereby similar commingling could be approved for other wells to be drilled in the NE/4 and S/2 NW/4 of said Section 22.

CASE 6959: Application of Great Western Drilling Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the S/2 of Section 19, Township 18 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6960: Application of Bass Enterprises Production Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Strawn formation underlying the S/2 SE/4 of Section 13, Township 16 South, Range 34 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6950: (Continued from June 25, 1980, Examiner Hearing)

Application of Bass Enterprises Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the North line and 1980 feet from the East line of Section 4, Township 25 South, Range 31 East, the E/2 of said Section 4 to be dedicated to the well.

CASE 6961: Application of Conoco Inc. for a dual completion and unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Meyer A-29 Well No. 11 to be drilled at an unorthodox location 990 feet from the North line and 660 feet from the East line of Section 29, Township 22 South, Range 36 East, to produce gas from the Langley Devonian and Ellenburger Pools thru parallel strings of tubing, the E/2 of said Section 29 to be dedicated to the well.

CASE 6962: Application of BTA Oil Producers for special pool rules and pool extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of Special Pool Rules for the North Bell Lake-Devonian Gas Pool to provide for 640-acre spacing and specified well locations. Applicant also seeks the extension of said pool to include all of Sections 6, 7, and 18, Township 23 South, Range 34 East.

CASE 6896: (Continued from June 25, 1980, Examiner Hearing)

Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.

CASE 6965: Application of Supron Energy Corporation for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Mesaverde and Dakota gas proration unit comprising the SE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6966: Application of Reading & Bates Petroleum Co. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup and Dakota formations underlying the NE/4 of Section 17, Township 24 North, Range 3 West, Chacon Field, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6962: (Continued from June 25, 1980, Examiner Hearing)

Application of Benson-Montin-Greer Drilling Corporation for amendment of Order No. R-2565-B, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 2 of the Special Pool Rules for the West Puerto Chiquito-Mancos Oil Pool as promulgated by Order No. R-2565-B to provide that all 320-acre spacing and proration units in said pool would comprise either the W/2 or the E/2 of a governmental section, provided however, that one injection well would have dedicated thereto the N/2 of Section 1, Township 24 North, Range 1 West, and also that the short 400-acre sections on the South side of Township 27 North, Range 1 West, would each comprise a single spacing unit.

Application of Kenai Oil and Gas Inc
for downhole commingling, Eddy County,
New Mexico

Applicant, in the above styled cause, seeks
approval for the downhole commingling
of undersaturated Seven Rivers and Artesia
Queen-Krayburg-San Andres production in
the well bore of its Gulf State Well No. 1
located in Unit K of Section 36, Township 18
South, Range 27 East, Artesia Pool.

Called in by John ~~La Boff~~ La Boff (915) 685-1725
Cons meeting in Midland 4:00pm 6/19

Written appl to follow.

Florence

→

Call Kenneth and tell him that this case
is pending and its OK to let them produce

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. 6958

Order No. R-6467

APPLICATION OF KENAI OIL AND GAS, INC.
FOR DOWNHOLE COMMINGLING, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 9
1980, at Santa Fe, New Mexico, before Examiner Daniel S.
Nutter.

NOW, on this day of July, 19 80, 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, Kenai Oil and Gas, Inc., is
Gulf State Well No. 1 in Unit K of Section 36, and ~~the~~ Cobb Federal
the owner and operator of the Well No. 2,
located in Unit H of Section 22, both ⁱⁿ Township 18 South,
Range 27 East, NMPM, Eddy County, New Mexico.

(3) That in drilling said Gulf State Well No. 1 to the Artesia Queen - Manbury - San Andres Pool, applicant encountered and perforated into a ~~large~~ highly highly productive stringer in the Seven Rivers formation.

(4) That the applicant in this case requested authority to commingle said Seven Rivers stringer with the Queen - Manbury - San Andres production in said Gulf State Well No. 1, ^{and also in well No. 2, and} further requested an administrative procedure whereby other wells ^{to be} drilled by the applicant in the NE 1/4 and S 1/2 of the aforesaid Section 22 could be approved for such commingling.

(5) That further testing of said Seven Rivers stringer indicates that it is not productive, and applicant now requests dismissal of this case.

(6) That ^{the Seven Rivers} ~~and~~ perforations ^{in the Gulf State Well No. 1} will not cause work to ~~be~~ impair correlative rights.

(6) That Case No. 6958 should be dismissed as requested with the provision that the perforations in the Seven Rivers zone of applicant Gulf State Well No. 1 should be allowed to remain.

IT IS THEREFORE ORDERED:

- (1) That Case No. 6958 is hereby dismissed, provided ^{Seven Rivers} ~~that~~ the ^{perforations} in the Kanai Oil and Gas Inc., Gulf State Well No. 1, located in Unit K of Section 36, Township 18 South, Range 27 East, DMPH, Eddy County, Louisiana, shall be allowed to remain.
- (2) Jurisdiction.