

CASE 7090: DORCHESTER EXPLORATION, INC. *c.*
FOR DIRECTIONAL DRILLING AND UNORTHODOX
GAS WELL LOCATION, CHAVES COUNTY, NEW
MEXICO

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(Coffield un-gas)
(Coff to get here)

Case No.

7090

Application

Transcripts

Small Exhibits

ETC

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. 7090
Order No. R-6541

APPLICATION OF DORCHESTER EXPLORATION,
INC. FOR DIRECTIONAL DRILLING AND AN
UNORTHODOX GAS WELL LOCATION, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 10, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of January, 1981, 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, Dorchester Exploration, Inc., seeks authority to re-enter the old Union W. F. Waller Well No. 1, the surface location of which is 2310 feet from the North line and 2310 feet from the West line of Section 27, Township 12 South, Range 28 East, and to directionally drill in an indeterminate direction from a kick-off point at 7300 feet, bottoming said well at an approximate depth of 8100 feet in the Mississippian formation less than 330 feet away from the surface location.

(3) That the W/2 of said Section 27 would be dedicated to the well.

(4) That the directional drilling is necessitated by potential formation damage near the original wellbore in the Mississippian formation.

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Case No. 7090
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(5) That the applicant should be required to determine the subsurface location of the kick-off point prior to directional drilling, and to determine the subsurface location of the bottom of the hole by means of a continuous multi-shot directional survey conducted subsequent to said directional drilling, if said well is to be completed as a producing well.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dorchester Exploration, Inc., is hereby authorized to re-enter the old Union W. F. Waller Well No. 1, the surface location of which is 2310 feet from the North line and 2310 feet from the West line of Section 27, Township 12 South, Range 28 East, and to directionally drill in an indeterminate direction from a kick-off point at 7300 feet; bottoming said well at an approximate depth of 8100 feet in the Mississippian formation less than 330 feet away from the surface location.

PROVIDED HOWEVER, that prior to directional drilling, the operator shall determine the subsurface location of the kick-off point; and

PROVIDED FURTHER, that subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey shall be made of the wellbore from total depth to the kick-off point with shot points not more than 100 feet apart; that the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, P. O. Box 2088, Santa Fe, New Mexico, and that the operator shall notify the Division's Artesia District Office of the date and time said survey is to be commenced.

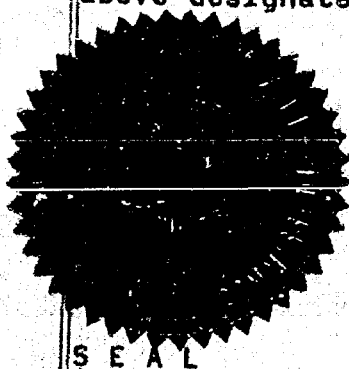
(2) That the W/2 of said Section 27 is to be dedicated to the above-described well.

(3) That Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depths in addition to measured depths.

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

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Order No. R-6541

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Dorchester Exploration,) CASE
Inc., for directional drilling and an) 7090
unorthodox gas well location, Chaves)
County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Conrad L. Coffield, Esq.
HINKLE LAW FIRM
Midland, Texas

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I N D E X

H. L. MacCARROLL

Direct Examination by Mr. Coffield

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LEROY HURT

Direct Examination by Mr. Coffield

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Cross Examination by Mr. Stamets

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E X H I B I T S

Applicant Exhibit One, Plat

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Applicant Exhibit Two, Structure Map

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Applicant Exhibit Three, Application

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Applicant Exhibit Four, Plat

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Applicant Exhibit Five, Schematic

13

Applicant Exhibit Six, Recommendation

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Applicant Exhibit Seven, Proposal

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1
2 MR. STAMETS: We will call next Case 7090.

3 MR. PADILLA: Application of Dorchester
4 Exploration, Inc., for directional drilling and an unorthodox
5 gas well location, Chaves County, New Mexico.

6 MR. COFFIELD: Conrad Coffield with the
7 Hinkle Law Firm in Midland, Texas, appearing on behalf of the
8 applicant, and I have two witnesses to be sworn.

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10 (Witnesses sworn.)

11
12 H. L. MacCARROLL
13 being called as a witness and being duly sworn upon his oath,
14 testified as follows, to-wit:

15
16 DIRECT EXAMINATION

17 BY MR. COFFIELD:

18 Q Mr. MacCarroll, for the record would you
19 please state your name, address, occupation, and employer?

20 A H. L. MacCarroll, Dorchester Exploration,
21 Midland, Texas, and I'm employed as an exploration geologist.

22 Q Mr. MacCarroll, have you testified before
23 the Oil Conservation Division previously as a geologist?

24 A Yes, I have.

25 Q Were your qualifications made a matter

1
2 of record and were they accepted by the Division?

3 A. Yes, they were.

4 Q. And are you familiar with Dochester's
5 application in this particular case?

6 A. Yes, I am.

7 Q. Likewise, have you familiarized yourself
8 with the property and the well location, et cetera, in this
9 particular matter?

10 A. Yes, I have.

11 MR. COFFIELD: Do you have any further
12 questions of Mr. MacCarroll?

13 MR. STAMETS: The witness is considered
14 qualified.

15 Q. Mr. MacCarroll, would you please state
16 for the record what it is that Dorchester seeks by this parti-
17 cular application?

18 A. Dorchester is seeking authority to re-
19 enter the old Union Well, which is advertised as Hill No. 1.
20 I'd like to correct that. It was originally drilled as the
21 Union 1-27 W. F. Waller, rather than the Hill.

22 Dorchester wants to name it the Hill Well.
23 And the surface location of this well is 2310 from the north
24 and west lines of Section 27, Township 12 South and Range 28
25 East, and we would like to directionally drill the well in an

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2 indeterminate direction from a kickoff point at approximately
3 7300 feet and bottom the well approximate depth of 8100 feet
4 in Mississippian formation and for the bottom hole location
5 to be less than 330 feet from the surface location.

6 The west half of the Section 27 would be
7 dedicated to the well.

8 There is no known faulting in the area
9 and so we don't think that there would be any chance with the
10 geology regardless of which way it went.

11 MR. COFFIELD: Mr. Examiner, point of
12 information here, do we have any problem in the fact that the
13 advertisement identified a different name for the well?

14 MR. STAMETS: I'm not even certain what
15 the advertisement said, whether it was that detailed.

16 A. Yes, it did call it the old Union --- the
17 Union ---

18 MR. STAMETS: Union Hill, there.

19 A. Yes, uh-huh.

20 MR. STAMETS: I don't see that that's
21 any problem in that the well would have been described and
22 any knowledgeable person could look that up and make that
23 determination.

24 MR. COFFIELD: Very well,

25 Q. Mr. MacCarroll, would you please refer

1
2 to what we're marked as Exhibit One and describe that exhibit
3 for the Examiner's benefit.

4 A. It's a land plat of the area in which the
5 well will be re-entered. There are several blocks outlined
6 on the land plat, which are simply the -- the entirety of the
7 outline is everything that Dorchester has under option to
8 drill. There just happens to be several lease blocks which
9 are described on here, or which are outlined on here.

10 In this particular case we would be re-
11 entering the well under Block E, and Kay Wall, Incorporated,
12 has the mineral interests under the location at which we want
13 to re-enter the well, plus all surrounding acreage. So there
14 would be no conflict of mineral or working interest ownerships
15 in this.

16 Q. The colors that are shown on this parti-
17 cular plat, what do those indicate? Some are yellow and --

18 A. That is just for some internal company
19 identification only. There's no difference between one block
20 and another.

21 Q. Are the other wells in the area spotted
22 on this particular plat, Mr. MacCarroll?

23 A. Yes, they are.

24 Q. And the well in question is shown in
25 red in the --

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A. It has -- yes, it's shaded in red there in block E.

Q. Okay. Is Dorchester the leasehold owner as well as the proposed operator of this particular well?

A. Yes, they are.

Q. Go now to what we've marked as Exhibit Two and describe that, if you would, please, for the Examiner.

A. Exhibit Two is a structure contour map on top of the Mississippian limestone. We have an inset of correlation logs on the left side of this that simply shows a correlation of the proposed re-entry to a producing Mississippian Field approximately eight miles to the northeast of our proposed re-entry, and shows a correlative zone of porosity to the producing field, and some notations on there of the resistivities that were taken off another log.

We show no -- nothing more than a nosing on this and we don't feel like any deviation would affect us in any manner at all.

Q. Mr. MacCarroll, I think it might help the Examiner if you were to give him a very brief history of the -- this particular well, by whom it was drilled, when?

A. It was drilled approximately 22 years ago. It was drilled to the Pre-Mississippian formation, which we identify ourselves as the Silurian. It was tested and

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2 plugged and abandoned. It did have a test in the uppermost
3 part of the Mississippian, which is indicated on the inset
4 log on the left, and which is not the zone that we're interested
5 in. It has been sitting there this much time. Our main in-
6 terest in deviating the hole is to avoid possible borehole
7 contaminatios of the --- of the mud sitting in this well that
8 long.

9 Q In your opinion, Mr. MacCarroll, do you
10 believe the bottom hole location sought by Dorchester is as
11 acceptable from a geological standpoint as a normal location
12 would be?

13 A Yes, I do.

14 Q Do you have anything further to add to
15 your testimony?

16 A No, I don't really.

17 Q Were these Exhibits One and Two prepared
18 by you or under your supervision?

19 A Yes, they were.

20 Q In your opinion will the approval of
21 the application by Dorchester prevent drilling of unnecessary
22 wells and otherwise prevent waste and protect correlative
23 rights?

24 A Yes.

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

admission of Exhibits One and Two.

MR. STAMETS: Exhibits One and Two will be admitted.

MR. COFFIELD: I have nothing further of Mr. MacCarroll on direct examination.

MR. STAMETS: It would appear that your next witness is going to describe the directional drilling.

MR. COFFIELD: Yes, sir.

MR. STAMETS: Any questions of this witness? He may be excused. We might have something for him later, but he may be excused for the time being.

LEROY HURT

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. Hurt, would you please state for the record your name, address, occupation, and employer?

A My name is Leroy Hurt, employed by Dorchester Exploration as a Division Production Superintendent. Midland, Texas.

Q Mr. Hurt, have you previously testified

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2 before the Division as an operations and production super-
3 visor?

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A. No, sir, I have not.

5

Q Do you have any professional degree in
6 your background, Mr. Hurt?

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A. Well, no, not as far as educationwise.

8

Q Okay, would you then please give the
9 Examiner a resume of your background and experience as a prac-
10 tical oilman and as an operations and production supervisor?

11

A. Okay. I'm a high school graduate and I
12 attended a cementing Halliburton school in Duncan, Oklahoma,
13 drilling seminars with Hughes Tool in Houston; and also Security
14 in Dallas; and have been through a well control school from
15 Loffland Brothers there in Odessa; and a customer mud school
16 from Milchem in Houston; Texas.

17

From 1945-1947 I started with Bass Enter-
18 prises, continued on through those till 1978. The I went into --
19 for Bass Enterprises -- I worked through and worked with the
20 engineering department; went into well drilling supervision,
21 and also into production supervision.

22

Then from 1978 to 1980 I was drilling
23 superintendent for Maralo, Incorporated, out of Midland.

24

MR. STAMETS: What were those dates?

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What were those dates?

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2 A. From 1978 to '80.

3 And I provided well site supervision,
4 supervision of well site consultants, and preparing the govern-
5 ment NPL-6, AFE's, drilling and completion procedures for oil
6 and gas wells.

7 And at the present time employed by Dor-
8 chester Exploration as Division Production Superintendent,
9 providing well site supervision and supervising well site
10 consultants, preparing drilling and completion procedures of
11 oil and gas wells and preparing AFE's and drilling contracts.

12 Q Mr. Hurt, are you familiar with Dor-
13 chester's application in this particular case?

14 A. Yes, I am.

15 Q And have you made a study of the property
16 and the well re-entry procedure as proposed?

17 A. Yes, I have.

18 Q If this application is granted, would
19 you have the responsibility for directing and supervising the
20 re-entry effort and the slant hole operations?

21 A. Yes, sir, I would.

22 Q And on previous occasions on other wells
23 have you had similar duties?

24 A. Yes.

25 Q On numerous occasions, would you say?

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A. Yes.

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MR. COFFIELD: I would tender Mr. Hurt as a practical oil man, particularly in the area of operations and production procedures.

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MR. STAMETS: The witness is considered qualified.

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Q Mr. Hurt, would you please refer to what we've marked as Exhibit Three and explain briefly what that represents?

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A. Okay, that's an application for permit to drill, which this is going to be classified as an unorthodox well, and that also states there our hole size as an existing hole, and this is requesting a permit to re-enter the well.

Q Okay, go to what we've marked as Exhibit Four and describe that, please.

A. Okay. Exhibit Four is a plat, well plat of the well. You'll notice there on the -- on the plat this is staked out there as original. On the inner circle will be our proposed TD, where we came back to. It will be the bottom location.

Q That represents, then, Mr. Hurt, the 330-foot radius --

A. Right.

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Q -- in the application?

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A. Yes, from the east line there, 330 feet, and we indicate there that we will be no closer than 178 feet to the outermost east line.

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Q Okay, let's go to Exhibit Four now and please explain that to the -- or excuse me, Exhibit Five, and explain that.

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A. Exhibit Five?

Q Uh-huh.

A. Okay, that's the well schematic there we have. On the left is the existing well as it stands up to date, the cement plugs and the casing and everything on it.

And over on the right is our proposed re-entry, and we propose to go in and clean out now, clean out this well, and set us a plug back up to 7300 and drill out and start out on our sidetrack hole.

Q All right, Mr. Hurt, why have you selected that particular depth to which -- at which to commence your sidetrack operations?

A. It's a good formation, a good hard formation there to kickoff on. It would be below that Abo shale and be below it and eliminate any hole problems.

Q Okay, are there any other features on this schematic that you want to bring to the attention of the

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2 Examiner as far as your proposed operations are concerned?

3

4 A Well, there's a little diagram over on
5 the right, which we want to come into later on. I visited
6 with whipstock, Eastman Whipstock, and we came up with the --
7 went back and took the old inclination reports of it and run
8 it down to 7300. I seen that this well went east, which is
9 our critical point. And then at 7300, which is the top of
10 the drawing up here, this well is -- is 109 feet from verti-
11 cal at that point already, so -- and that's where we run it
12 on down and we come out an additional 41.40 feet is where we
13 came up with our 178 feet off of our line.

13

Q So your 178 feet will be well within the --

14

A The 330 feet.

15

Q Okay, anything else on that?

16

A No. We'll come back to it; cover this
17 more thoroughly over on --

18

Q All right, then let's go to Exhibit Six
19 and discuss that, please.

20

A Okay, Exhibit Six is an Eastman Whipstock
21 recommendation procedure, which I visited with them on this
22 plan and gave them quite a few details there. But what this
23 points out that we will do when we clean up the hole to the
24 original TD, then we will survey the hole back up to determine
25 our correlation and see which way this particular hole is

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2 from our vertical as of today.

3

4 further on.

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Q Okay. Mr. Hurt, the Eastman Whipstock
6 report here, or recommended procedure, is this a result, I
7 presume, of an engagement that you made of the Eastman Whip-
8 stock --

9

A Yes, uh-huh.

10

Q -- Company to survey this thing and
11 make recommendations to you?

12

A Yes.

13

Q Is there anything unusual or did they
14 take note of anything which would in any way be adverse to
15 the plan that you have -- that you propose to the Division
16 today?

17

A No, sir, we, like I say, we plan to go
18 in and open the hole, condition it, and then we will, we'll
19 run surveys back up to the bottom of that pipe. Then we will
20 make our correlation survey to it, then, to determine which --
21 which way our hole is, the deviation off on. Now we figure
22 this, like I say, again, we went to the most east direction
23 until we reach our critical point.

24

Q Okay, that brings us then finally to
25 Exhibit Seven.

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2 A Yes, and you'll also find over on Exhibit
3 Six, if you come on across, you can find where we run those
4 out on a computer to where we came up with our 109 feet off
5 our vertical, and that explains that on there.

6 And Exhibit Seven is our proposal for a
7 re-entry program, which is the conclusion of our Eastman
8 Whipstock.

9 Q Does Exhibit Seven in effect, Mr. Hurt,
10 provide really a digest or a resume of matters that are found
11 in the Whipstock, Eastman Whipstock recommendation?

12 A Yes. This is -- they went to a little
13 more details on it than, I mean, you know, there are a few
14 things that we might have to do, which I, you know, I cut mine
15 short, is what -- barring any trouble on.

16 Q All right.

17 A Which is -- I think will be self explanatory
18 as to what we intend to do, and I anticipate no problems
19 other than probably a little hole opening problems there
20 when we cut our first 60 feet out, and further than that, I
21 see no problems.

22 Q Did you have anything further to add to
23 your testimony?

24 A No, sir, I think not.

25 Q Were these exhibits Three through Five

1
2 and Seven prepared by you or under your supervision?

3 A Yes.

4 Q And Exhibit Six, being the Eastman Whip-
5 stock recommendations, do you concur on those recommendations?

6 A Yes, sir, I do.

7 Q And in your opinion will the approval of
8 this application by Dorchester prevent the drilling of unnec-
9 cessary wells and otherwise prevent waste and protect correla-
10 tive rights?

11 A Yes, sir.

12 MR. COFFIELD: Mr. Examiner, we tender
13 the admission of -- or tender the Exhibits Three through
14 Seven for admission.

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

17 MR. COFFIELD: And I have nothing further
18 of Mr. Hurt on direct examination.

19
20 CROSS EXAMINATION

21 BY MR. STAMETS:

22 Q Mr. Hurt, in estimating the original
23 displacement, that's all been toward the closest unit boundary,
24 and actually the hole might have corkscrewed down and the
25 bottom could be somewhat ---

1
2 A That is right. That is right. We ran
3 it out to the most east direction there, because that is our
4 critical line, and all I can say, we will determine where the
5 bottom of the hole is at present, then correlate from it.

6 Q Okay, now on Exhibit Seven, we get down
7 to item number five and that indicates that you plan to drill
8 off in a northwesterly direction.

9 A Yes.

10 Q Okay, so again when you've shown us the
11 circles, such as we have down on Exhibit Number Five, that's
12 just simply to show us the worst possible case that you can
13 come up with.

14 A That is right.

15 Q All right.

16 A Yes. We don't -- we're trying to estab-
17 lish, you know, that this, we would not exceed that east line.

18 Q Okay. If you received an order which
19 permitted you to bottom the well no closer than say 30 feet
20 to the center line of the section, would that give you enough
21 room to maneuver in on this particular hole?

22 A 50 feet?

23 Q Right. You've shown that 78 feet is as
24 close as you expect to come.

25 A On 178 feet, yes. But now when I come

1
2 right down to the 93 feet, I mean 7300 feet, running those
3 out, see, this well is already 109.43 feet from vertical.

4 Q Uh-huh.

5 A That is assuming, you know, took a straight
6 angle.

7 Q All right, my question is, though, if
8 we required you to set back at least 50 feet from the center
9 line of the section in completing this hole, would that cause
10 you any problem?

11 A Well, oh, you mean 50 feet from vertical?
12 Oh, 50 feet back from this center line here?

13 MR. COFFIELD: The center line of the
14 section.

15 Q Right.

16 A No.

17 Q That wouldn't cause you any difficulty?

18 A No.

19 MR. MacCARROLL: May I interject anything
20 there?

21 MR. COFFIELD: Yes, Mr. MacCarroll.

22 MR. MacCARROLL: I don't assume that we
23 are going to have any problems with this, but we are attempting
24 since Kay Wall, Incorporated, has all of the minerals around
25 there, and since Dorchester has all of the acreage around

1 there, and since we are trying to be economical by re-entering
2 this well to test the Mississippian, we wouldn't want any
3 restriction that add any additional expense.
4

5 Q. Uh-huh.

6 MR. MacCARROLL: And since we aren't
7 getting against any other mineral owners or any other working
8 interest owners, and we're only going to be sidetracking for
9 800 feet, it would take quite a lot of deviation to get off,
10 and what you're suggesting would certainly be within reason,
11 but I wouldn't want to have to come back up for another
12 hearing.

13 Q. That's true. What I was trying to avoid
14 is a situation where you might have the well in the west half
15 and be completed in the east half of the section.

16 MR. MacCARROLL: Yes, sir, well --

17 Q. And it does appear as if --

18 MR. MacCARROLL: -- maybe we would dedi-
19 cate the east half, then.

20 Q. Well, that's right. How about that
21 piece of Union acreage down there in the southwest quarter
22 of the section? Does Union actually have that or --

23 MR. MacCARROLL: No, sir. Anything
24 within that outline Dorchester and Kay Wall have. Kay Wall
25 the mineral interest and except for a State tract up to the --

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section up to the north part of that township.

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And there's no difference in the --

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MR. MacCARROLL: No, sir.

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Q

-- royalty interest or the working inter-

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est?

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MR. MacCARROLL: No, sir. No, sir, not

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a bit. It's all under one agreement.

9

Q

Okay. Well, that will resolve any prob-

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lems we might have.

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Getting back to your question, I think what you're trying to come up with, over here on my plat that I have, here we're anticipating 40.7 feet out there.

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Q

That's why I felt that 50-foot would be

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well within reason.

16

A

Uh-huh.

17

Q

But apparently that's not going to be a

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problem in this area that we perhaps do not need to be con-

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cerned about.

20

MR. STAMETS: Any other questions of this

21

witness? He may be excused.

22

Anything further in this case?

23

The case will be taken under advisement.

24

25

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREPY 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. 7090, heard by me on 12-19-1980.

Richard L. Hammett Examiner
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Dorchester Exploration,
Inc., for directional drilling and an
unorthodox gas well location, Chaves
County, New Mexico.

CASE
7090

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N G 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:

Conrad L. Coffield, Esq.
HINKLE LAW FIRM
Midland, Texas

I N D E X

H. L. MacCARROLL

Direct Examination by Mr. Coffield

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LEROY HURT

Direct Examination by Mr. Coffield

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Cross Examination by Mr. Stamets

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E X H I B I T S

Applicant Exhibit One, Plat

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Applicant Exhibit Two, Structure Map

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Applicant Exhibit Three, Application

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Applicant Exhibit Four, Plat

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Applicant Exhibit Five, Schematic

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Applicant Exhibit Six, Recommendation

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Applicant Exhibit Seven, Proposal

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1
2 MR. STAMETS: We will call next Case 7090.

3 MR. PADILLA: Application of Dorchester
4 Exploration, Inc., for directional drilling and an unorthodox
5 gas well location, Chaves County, New Mexico.

6 MR. COFFIELD: Conrad Coffield with the
7 Hinkle Law Firm in Midland, Texas, appearing on behalf of the
8 applicant, and I have two witnesses to be sworn.

9
10 (Witnesses sworn.)

11
12 H. L. MacCARROLL

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

15
16 DIRECT EXAMINATION

17 BY MR. COFFIELD:

18 Q Mr. MacCarroll, for the record would you
19 please state your name, address, occupation, and employer?

20 A H. L. MacCarroll, Dorchester Exploration,
21 Midland, Texas, and I'm employed as an exploration geologist.

22 Q Mr. MacCarroll, have you testified before
23 the Oil Conservation Division previously as a geologist?

24 A Yes, I have.

25 Q Were your qualifications made a matter

1
2 of record and were they accepted by the Division?

3 A Yes, they were.

4 Q And are you familiar with Dochester's
5 application in this particular case?

6 A Yes, I am.

7 Q Likewise, have you familiarized yourself
8 with the property and the well location, et cetera, in this
9 particular matter?

10 A Yes, I have.

11 MR. COFFIELD: Do you have any further
12 questions of Mr. MacCarroll?

13 MR. STAMETS: The witness is considered
14 qualified.

15 Q Mr. MacCarroll, would you please state
16 for the record what it is that Dorchester seeks by this parti-
17 cular application?

18 A Dorchester is seeking authority to re-
19 enter the old Union Well, which is advertised as Hill No. 1.
20 I'd like to correct that. It was originally drilled as the
21 Union 1-27 W. F. Waller, rather than the Hill.

22 Dorchester wants to name it the Hill Well.
23 And the surface location of this well is 2310 from the north
24 and west lines of Section 27, Township 12 South and Range 28
25 East, and we would like to directionally drill the well in an

1
2 indeterminate direction from a kickoff point at approximately
3 7300 feet and bottom the well approximate depth of 8100 feet
4 in Mississippian formation and for the bottom hole location
5 to be less than 330 feet from the surface location.

6 The west half of the Section 27 would be
7 dedicated to the well.

8 There is no known faulting in the area
9 and so we don't think that there would be any chance with the
10 geology regardless of which way it went.

11 MR. COFFIELD: Mr. Examiner, point of
12 information here, do we have any problem in the fact that the
13 advertisement identified a different name for the well?

14 MR. STAMETS: I'm not even certain what
15 the advertisement said, whether it was that detailed.

16 A Yes, it did call it the old Union -- the
17 Union --

18 MR. STAMETS: Union Hill, there.

19 A Yes, uh-huh.

20 MR. STAMETS: I don't see that that's
21 any problem in that the well would have been described and
22 any knowledgeable person could look that up and make that
23 determination.

24 MR. COFFIELD: Very well.

25 Q Mr. MacCarroll, would you please refer

1
2 to what we're marked as Exhibit One and describe that exhibit
3 for the Examiner's benefit.

4 A It's a land plat of the area in which the
5 well will be re-entered. There are several blocks outlined
6 on the land plat, which are simply the -- the entirety of the
7 outline is everything that Dorchester has under option to
8 drill. There just happens to be several lease blocks which
9 are described on here, or which are outlined on here.

10 In this particular case we would be re-
11 entering the well under Block E, and Kay Wall, Incorporated,
12 has the mineral interests under the location at which we want
13 to re-enter the well, plus all surrounding acreage. So there
14 would be no conflict of mineral or working interest ownerships
15 in this.

16 Q The colors that are shown on this parti-
17 cular plat, what do those indicate? Some are yellow and --

18 A That is just for some internal company
19 identification only. There's no difference between one block
20 and another.

21 Q Are the other wells in the area spotted
22 on this particular plat, Mr. MacCarroll?

23 A Yes, they are.

24 Q And the well in question is shown in
25 red in the --

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A It has -- yes, it's shaded in red there in block E.

Q Okay. Is Dorchester the leasehold owner as well as the proposed operator of this particular well?

A Yes, they are.

Q Go now to what we've marked as Exhibit Two and describe that, if you would, please, for the Examiner.

A Exhibit Two is a structure contour map on top of the Mississippian limestone. We have an inset of correlation logs on the left side of this that simply shows a correlation of the proposed re-entry to a producing Mississippian Field approximately eight miles to the northeast of our proposed re-entry, and shows a correlative zone of porosity to the producing field, and some notations on there of the resistivities that were taken off another log.

Q We show no -- nothing more than a nosing on this and we don't feel like any deviation would affect us in any manner at all.

Q Mr. MacCarroll, I think it might help the Examiner if you were to give him a very brief history of the -- this particular well, by whom it was drilled, when?

A It was drilled approximately 22 years ago. It was drilled to the Pre-Mississippian formation, which we identify ourselves as the Silurian. It was tested and

1
2 plugged and abandoned. It did have a test in the uppermost
3 part of the Mississippian, which is indicated on the inset
4 log on the left, and which is not the zone that we're interested
5 in. It has been sitting there this much time. Our main in-
6 terest in deviating the hole is to avoid possible borehole
7 contaminatios of the -- of the mud sitting in this well that
8 long.

9 Q In your opinion, Mr. MacCarroll, do you
10 believe the bottom hole location sought by Dorchester is as
11 acceptable from a geological standpoint as a normal location
12 would be?

13 A Yes, I do.

14 Q Do you have anything further to add to
15 your testimony?

16 A No, I don't really.

17 Q Were these Exhibits One and Two prepared
18 by you or under your supervision?

19 A Yes, they were.

20 Q In your opinion will the approval of
21 the application by Dorchester prevent drilling of unnecessary
22 wells and otherwise prevent waste and protect correlative
23 rights?

24 A Yes.

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

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admission of Exhibits One and Two.

MR. STAMETS: Exhibits One and Two will be admitted.

MR. COFFIELD: I have nothing further of Mr. MacCarroll on direct examination.

MR. STAMETS: It would appear that your next witness is going to describe the directional drilling.

MR. COFFIELD: Yes, sir.

MR. STAMETS: Any questions of this witness? He may be excused. We might have something for him later, but he may be excused for the time being.

LEROY HURT

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. Hurt, would you please state for the record your name, address, occupation, and employer?

A My name is Leroy Hurt, employed by Dorchester Exploration as a Division Production Superintendent. Midland, Texas.

Q Mr. Hurt, have you previously testified

1
2 before the Division as an operations and production super-
3 visor?

4 A. No, sir, I have not.

5 Q. Do you have any professional degree in
6 your background, Mr. Hurt?

7 A. Well, no, not as far as educationwise.

8 Q. Okay, would you then please give the
9 Examiner a resume of your background and experience as a prac-
10 tical oilman and as an operations and production supervisor?

11 A. Okay. I'm a high school graduate and I
12 attended a cementing Halliburton school in Duncan, Oklahoma,
13 drilling seminars with Hughes Tool in Houston; and also Security
14 in Dallas; and have been through a well control school from
15 Loffland Brothers there in Odessa; and a customer mud school
16 from Milchem in Houston, Texas.

17 From 1945-1947 I started with Bass Enter-
18 prises, continued on through those till 1978. The I went into ---
19 for Bass Enterprises --- I worked through and worked with the
20 engineering department; went into well drilling supervision,
21 and also into production supervision.

22 Then from 1978 to 1980 I was drilling
23 superintendent for Maralo, Incorporated, out of Midland.

24 MR. STAMETS: What were those dates?
25 What were those dates?

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A. From 1978 to '80.

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And I provided well site supervision, supervision of well site consultants, and preparing the government NPL-6, AFE's, drilling and completion procedures for oil and gas wells.

And at the present time employed by Dorchester Exploration as Division Production Superintendent, providing well site supervision and supervising well site consultants, preparing drilling and completion procedures of oil and gas wells and preparing AFE's and drilling contracts.

Q. Mr. Hurt, are you familiar with Dorchester's application in this particular case?

A. Yes, I am.

Q. And have you made a study of the property and the well re-entry procedure as proposed?

A. Yes, I have.

Q. If this application is granted, would you have the responsibility for directing and supervising the re-entry effort and the slant hole operations?

A. Yes, sir, I would.

Q. And on previous occasions on other wells have you had similar duties?

A. Yes.

Q. On numerous occasions, would you say?

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2

A. Yes.

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MR. COFFIELD: I would tender Mr. Hurt as a practical oil man, particularly in the area of operations and production procedures.

6

7

MR. STAMETS: The witness is considered qualified.

8

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10

Q. Mr. Hurt, would you please refer to what we've marked as Exhibit Three and explain briefly what that represents?

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A. Okay, that's an application for permit to drill, which this is going to be classified as an unorthodox well, and that also states there our hole size as an existing hole, and this is requesting a permit to re-enter the well.

16

17

Q. Okay, go to what we've marked as Exhibit Four and describe that, please.

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22

A. Okay. Exhibit Four is a plat, well plat of the well. You'll notice there on the -- on the plat this is staked out there as original. On the inner circle will be our proposed TD, where we came back to. It will be the bottom location.

23

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Q. That represents, then, Mr. Hurt, the 330-foot radius --

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A. Right.

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Q -- in the application?

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A.

Yes, from the east line there, 330 feet, and we indicate there that we will be no closer than 178 feet to the outermost east line.

Q

Okay, let's go to Exhibit Four now and please explain that to the -- or excuse me, Exhibit Five, and explain that.

A.

Exhibit Five?

Q

Uh-huh.

A.

Okay, that's the well schematic there we have. On the left is the existing well as it stands up to date, the cement plugs and the casing and everything on it.

And over on the right is our proposed re-entry, and we propose to go in and clean out now, clean out this well, and set us a plug back up to 7300 and drill out and start out on our sidetrack hole.

Q

All right, Mr. Hurt, why have you selected that particular depth to which -- at which to commence your sidetrack operations?

A.

It's a good formation, a good hard formation there to kickoff on. It would be below that Abo shale and be below it and eliminate any hole problems.

Q

Okay, are there any other features on this schematic that you want to bring to the attention of the

1 Examiner as far as your proposed operations are concerned?

2 A Well, there's a little diagram over on
3 the right, which we want to come into later on. I visited
4 with whipstock, Eastman Whipstock, and we came up with the --
5 went back and took the old inclination reports of it and run
6 it down to 7300. I seen that this well went east, which is
7 our critical point. And then at 7300, which is the top of
8 the drawing up here, this well is -- is 109 feet from verti-
9 cal at that point already, so -- and that's where we run it
10 on down and we come out an additional 41.40 feet is where we
11 came up with our 178 feet off of our line.

12 Q So your 178 feet will be well within the --

13 A The 330 feet.

14 Q Okay, anything else on that?

15 A No. We'll come back to it; cover this
16 more thoroughly over on --

17 Q All right, then let's go to Exhibit Six
18 and discuss that, please.

19 A Okay, Exhibit Six is an Eastman Whipstock
20 recommendation procedure, which I visited with them on this
21 plan and gave them quite a few details there. But what this
22 points out that we will do when we clean up the hole to the
23 original TD, then we will survey the hole back up to determine
24 our correlation and see which way this particular hole is
25

1
2 from our vertical as of today.

3 And we will correlate it then and go
4 further on.

5 Q Okay. Mr. Hurt, the Eastman Whipstock
6 report here, or recommended procedure, is this a result, I
7 presume, of an engagement that you made of the Eastman Whip-
8 stock --

9 A Yes, uh-huh.

10 Q --- Company to survey this thing and
11 make recommendations to you?

12 A Yes.

13 Q Is there anything unusual or did they
14 take note of anything which would in any way be adverse to
15 the plan that you have -- that you propose to the Division
16 today?

17 A No, sir, we, like I say, we plan to go
18 in and open the hole, condition it, and then we will, we'll
19 run surveys back up to the bottom of that pipe. Then we will
20 make our correlation survey to it, then, to determine which --
21 which way our hole is, the deviation off on. Now we figure
22 this, like I say, again, we went to the most east direction
23 until we reach our critical point.

24 Q Okay, that brings us then finally to
25 Exhibit Seven.

1
2 A Yes, and you'll also find over on Exhibit
3 Six, if you come on across, you can find where we run those
4 out on a computer to where we came up with our 109 feet off
5 our vertical, and that explains that on there.

6 And Exhibit Seven is our proposal for a
7 re-entry program, which is the conclusion of our Eastman
8 Whipstock.

9 Q Does Exhibit Seven in effect, Mr. Hurt,
10 provide really a digest or a resume of matters that are found
11 in the Whipstock, Eastman Whipstock recommendation?

12 A Yes. This is -- they went to a little
13 more details on it than, I mean, you know, there are a few
14 things that we might have to do, which I, you know, I cut mine
15 short, is what -- barring any trouble on.

16 Q All right.

17 A Which is -- I think will be self-explanatory
18 as to what we intend to do, and I anticipate no problems
19 other than probably a little hole opening problems there
20 when we cut our first 60 feet out, and further than that, I
21 see no problems.

22 Q Did you have anything further to add to
23 your testimony?

24 A No, sir, I think not.

25 Q Were these exhibits Three through Five

1
2 and Seven prepared by you or under your supervision?

3 A. Yes.

4 Q. And Exhibit Six, being the Eastman Whip-
5 stock recommendations, do you concur on those recommendations?

6 A. Yes, sir, I do.

7 Q. And in your opinion will the approval of
8 this application by Dorchester prevent the drilling of unnec-
9 cessary wells and otherwise prevent waste and protect correla-
10 tive rights?

11 A. Yes, sir.

12 MR. COFFIELD: Mr. Examiner, we tender
13 the admission of --- or tender the Exhibits Three through
14 Seven for admission.

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

17 MR. COFFIELD: And I have nothing further
18 of Mr. Hurt on direct examination.

19
20 CROSS EXAMINATION

21 BY MR. STAMETS:

22 Q. Mr. Hurt, in estimating the original
23 displacement, that's all been toward the closest unit boundary,
24 and actually the hole might have corkscrewed down and the
25 bottom could be somewhat ---

1 A. That is right. That is right. We ran
2 it out to the most east direction there, because that is our
3 critical line, and all I can say, we will determine where the
4 bottom of the hole is at present, then correlate from it.

5 Q. Okay, now on Exhibit Seven, we get down
6 to item number five and that indicates that you plan to drill
7 off in a northwesterly direction.

8 A. Yes.

9 Q. Okay, so again when you've shown us the
10 circles, such as we have down on Exhibit Number Five, that's
11 just simply to show us the worst possible case that you can
12 come up with.

13 A. That is right.

14 Q. All right.

15 A. Yes. We don't -- we're trying to estab-
16 lish, you know, that this, we would not exceed that east line.

17 Q. Okay. If you received an order which
18 permitted you to bottom the well no closer than say 50 feet
19 to the center line of the section, would that give you enough
20 room to maneuver in on this particular hole?

21 A. 50 feet?

22 Q. Right. You've shown that 78 feet is as
23 close as you expect to come.

24 A. On 178 feet, yes. But now when I come
25

1
2 right down to the 93 feet, I mean 7300 feet, running those
3 out, see, this well is already 109.43 feet from vertical.

4 Q Uh-huh.

5 A That is assuming, you know, took a straight
6 angle.

7 Q All right, my question is, though, if
8 we required you to set back at least 50 feet from the center
9 line of the section in completing this hole, would that cause
10 you any problem?

11 A Well, oh, you mean 50 feet from vertical?
12 Oh, 50 feet back from this center line here?

13 MR. COFFIELD: The center line of the
14 section.

15 Q Right.

16 A No.

17 Q That wouldn't cause you any difficulty?

18 A No.

19 MR. MacCARROLL: May I interject anything
20 there?

21 MR. COFFIELD: Yes, Mr. MacCarroll.

22 MR. MacCARROLL: I don't assume that we
23 are going to have any problems with this, but we are attempting
24 since Kay Wall, Incorporated, has all of the minerals around
25 there, and since Dorchester has all of the acreage around

1
2 there, and since we are trying to be economical by re-entering
3 this well to test the Mississippian, we wouldn't want any
4 restriction that add any additional expense.

5 Q Uh-huh.

6 MR. MacCARROLL: And since we aren't
7 getting against any other mineral owners or any other working
8 interest owners, and we're only going to be sidetracking for
9 800 feet, it would take quite a lot of deviation to get off,
10 and what you're suggesting would certainly be within reason,
11 but I wouldn't want to have to come back up for another
12 hearing.

13 Q That's true. What I was trying to avoid
14 is a situation where you might have the well in the west half
15 and be completed in the east half of the section.

16 MR. MacCARROLL: Yes, sir, well --

17 Q And it does appear as if --

18 MR. MacCARROLL: -- maybe we would dedi-
19 cate the east half, then.

20 Q Well, that's right. How about that
21 piece of Union acreage down there in the southwest quarter
22 of the section? Does Union actually have that or --

23 MR. MacCARROLL: No, sir. Anything
24 within that outline Dorchester and Kay Wall have. Kay Wall
25 the mineral interest and except for a State tract up to the --

1
2 section up to the north part of that township.

3 Q And there's no difference in the ---

4 MR. MacCARROLL: No, sir.

5 Q -- royalty interest or the working inter-
6 est?

7 MR. MacCARROLL: No, sir. No, sir, not
8 a bit. It's all under one agreement.

9 Q Okay. Well, that will resolve any prob-
10 lems we might have.

11 A Getting back to your question, I think
12 what you're trying to come up with, over here on my plat that
13 I have, here we're anticipating 40.7 feet out there.

14 Q That's why I felt that 50-foot would be
15 well within reason.

16 A Uh-huh.

17 Q But apparently that's not going to be a
18 problem in this area that we perhaps do not need to be con-
19 cerned about.

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

22 Anything further in this case?

23 The case will be taken under advisement.

24
25 (Hearing concluded.)

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.

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

_____, Examiner
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Dorchester Exploration,
Inc., for directional drilling and an
unorthodox gas well location, Chaves
County, New Mexico.

CASE
7090

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:

1 MR. NUTTER: Call Case Number 7090.

2
3 MR. PADILLA: Application of Dorchester
4 Exploration, Inc., for directional drilling and an unorthodox
5 gas well location, Chaves County, New Mexico.

6 Mr. Examiner, Mr. Coffield, attorney for
7 the applicant in this case has requested that this case be
8 continued to December 10th.

9
10 MR. NUTTER: Case Number 7090 will be
11 continued to the Examiner Hearing scheduled to be held at
12 this same place at 9:00 o'clock a. m. December 10th, 1980.

13
14 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

I do hereby certify that the foregoing is
a correct record of the proceedings in
the hearing of Case No. 7090
heard by me on 11/25 19. 80.

[Signature], Examiner
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Dorchester Exploration,
Inc., for directional drilling and an
unorthodox gas well location, Chaves
County, New Mexico.

CASE
7090

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:

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12

13
14 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil 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.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examination of No. 7092
heard by me on 11/25 1980.

[Signature] Examiner
Oil Conservation Division

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form No. 1
Superintendent of
Oil Conservation

All distances must be from the outer boundaries of the section

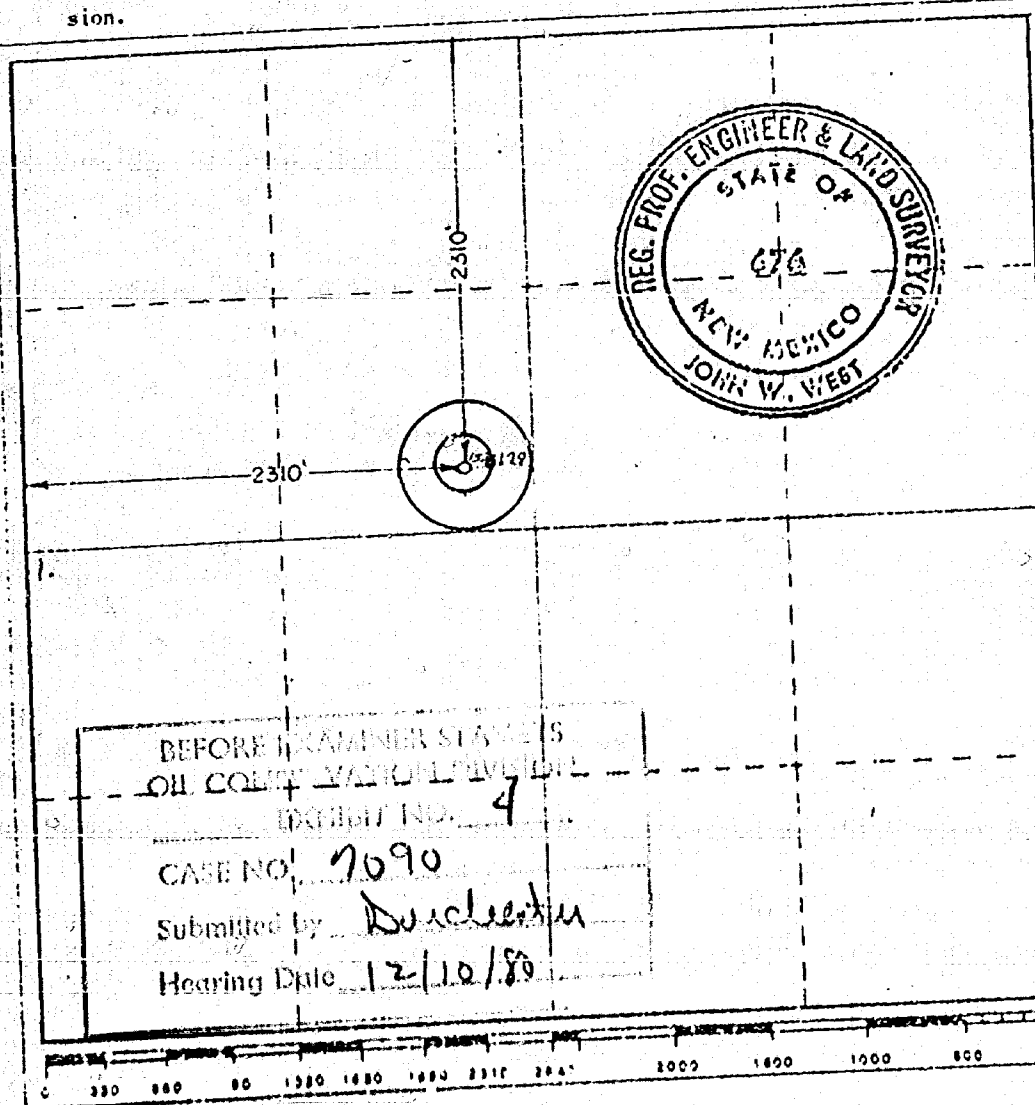
| | | | |
|-------------------------------|----|----------|---------|
| Dorchester Exploration, Inc., | | Hill | |
| F | 27 | 12 South | 28 East |
| 2310 | | Chaves | |
| North | | West | |
| 3602.6 | | 2310 | |

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

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

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.

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

Date of Survey
August 26, 1959

Registered Professional Engineer
No. 8164

John W. West
Certificate No. JOHN W. WEST 676
PATRICK A. ROMERO 8888
Ronald J. Edgson 3239

DORCHESTER EXPLORATION INC.
Hill #1- Reentry.

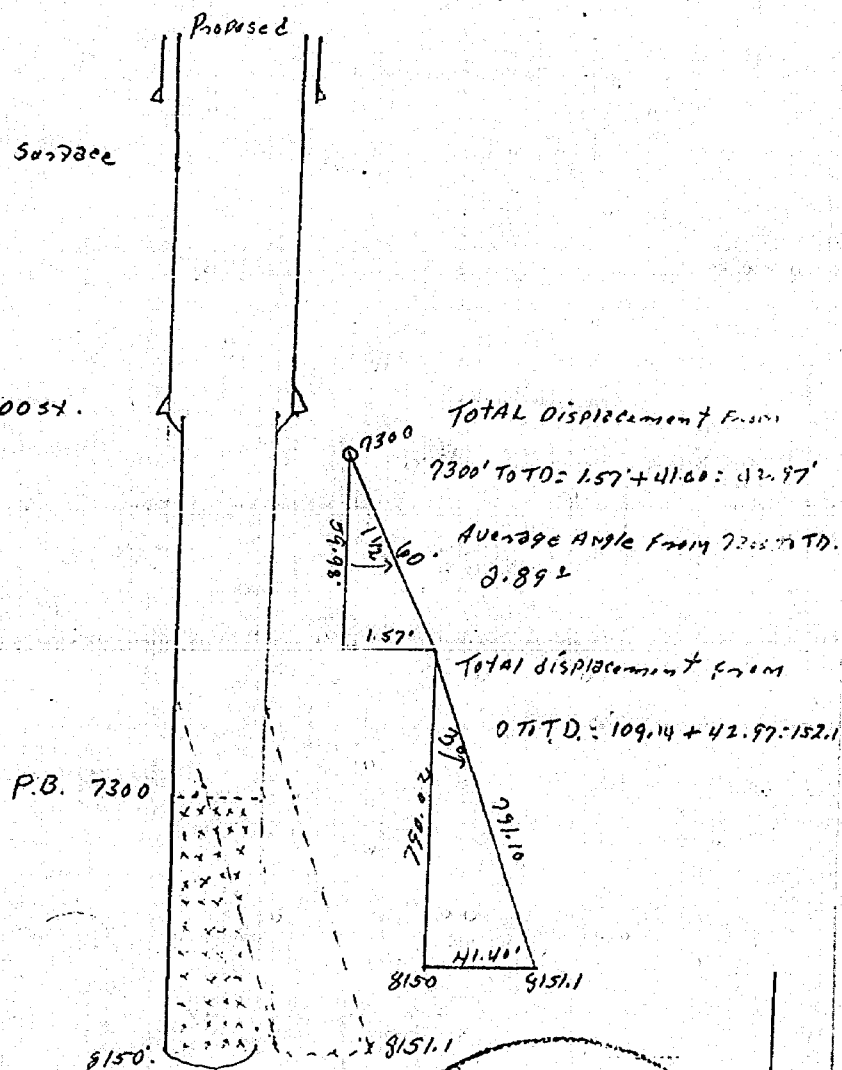
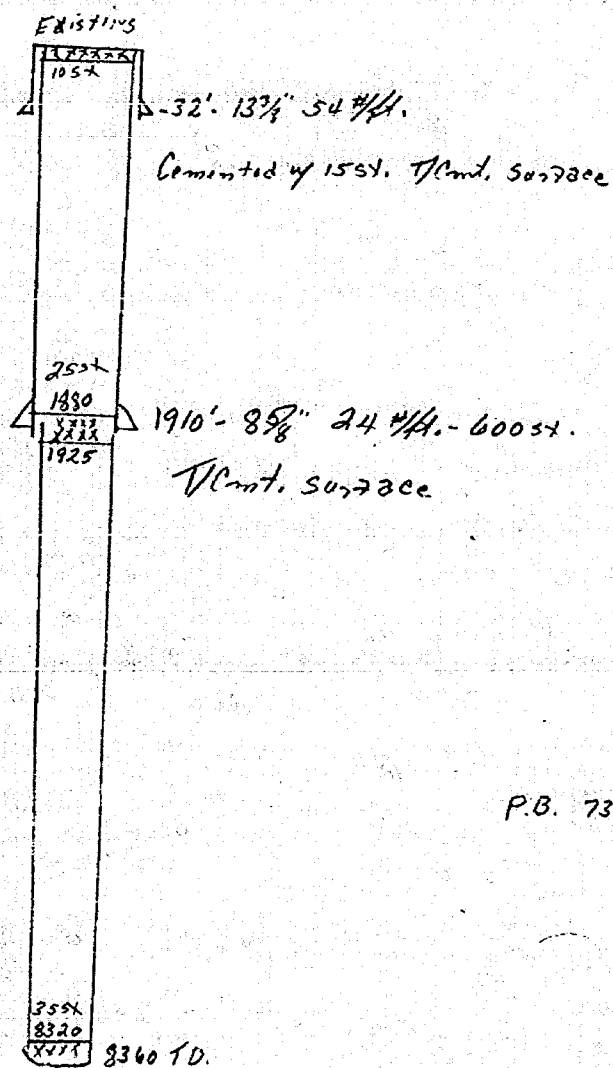
(400102)

Weller Ranch Prospect.

CHAVIS, COUNTY NEW MEXICO.

P & A. 11-4-59

Union Oil Company.



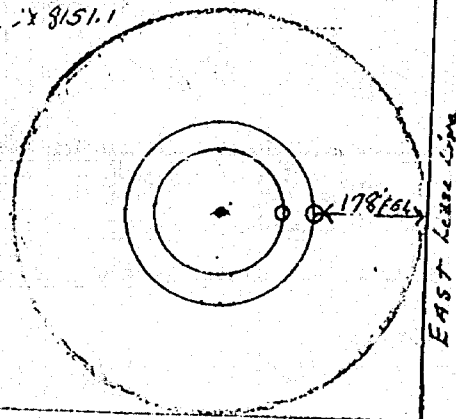
BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 5

CASE NO. 7090

Submitted by Dorchester

Hearing Date 12/10/80





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

November 12, 1980

RECEIVED
CITIZENSHIP DIVISION

7090

Scheduled by Dorchester

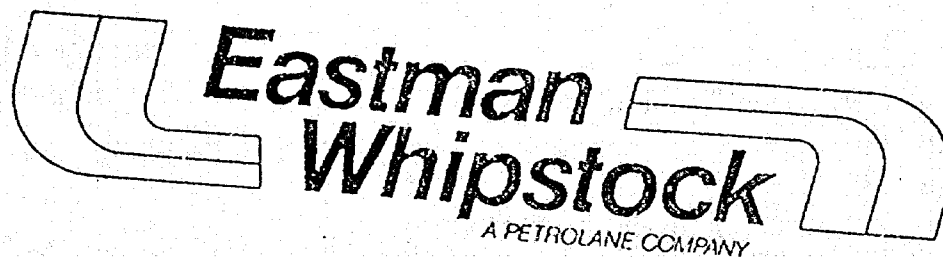
Hearing Date 12/10/80

Company Dorchester Exploration Well Name Hill-Well #1

Ordered By Leroy Hurt County & State Chaves/New Mexico

Recommended Procedures

1. Go in hole with 7 7/8" bit, 7 7/8" reamer, 6 1/4" X 30' non magnetic drill collar, 7 7/8" stabilizer, drill collars and drill pipe. Drill out cement plugs to 8150' and clean and condition hole. Drop magnetic multiple shot survey and survey from 8150' back to casing point at 1910' and trip out of hole.
2. Run gyro directional survey 0' to 1910' on 5/32" wire line. Calculate survey for bottom hole colation at 8150'.
3. Go in hole open ended to set cement plug 8150' to 7000' and wait on cement 24 hours.
4. Go in hole with 7 7/8" mill tooth bit, 6 1/4" X 30' non magnetic drill collar, drill collars and drill pipe. Test and dress cement plug down to 7300' and trip out of hole.
5. Go in hole with 7 7/8" diamond sidetrack bit, 5" mud motor, bent sub, 6 1/4" X 30' non magnetic drill collar, regular drill collars and drill pipe. Sidetrack and drill 60' (+) in a north-west direction and trip out of the hole.
6. Go in hole with 7 7/8" hole opener, 7 7/8" reamer, drill collars and drill pipe. Push this assembly past sidetrack point and ream to bottom and trip out of hole.
7. Go in hole with 7 7/8" bit, 7 7/8" bottom hole reamer, 6 1/4" X 30' non magnetic drill collar, 6 1/4" X 30' drill collar, 7 7/8" string reamer, rest of drill collars and drill pipe. Drill and build angle at 1° to 1° 30' per 100' to displace sidetracked hole a minimum of 25' from old well bore. An average angle of 3° from 7300' to 8150' (850') will displace well bore 44'. An average angle of 4° will displace well bore 59' in 850'. Depending on bit weight, etc., it may be possible to drill to total depth with this assembly or it may be necessary to trip out of hole and place another stabilizer above non magnetic drill (or 30' above bit and bottom hole reamer).



**REPORT
of
SUB-SURFACE
DIRECTIONAL
SURVEY**

DORCHESTER EXPLORATION, INC.
COMPANY

HILL WELL NO. 1
WELL NAME

CHAVES COUNTY, NEW MEXICO
LOCATION

JOB NUMBER

TYPE OF SURVEY

DATE

SURVEY BY

OFFICE

27
DORCHESTER EXPLORATION, INC. PROPOSAL
HILL WELL NO. 1 75
CHAVES COUNTY, NEW MEXICO 25 BD1-174

ALL DATA IS FROM READINGS SUPPLIED BY LOYD R. FRENCH DRILLING CO.
THE ORIGINAL DRILLING CONTRACTOR OF THE WELL. ALL DRIFT SHOTS
ARE ACCUMULATED DEVIATIONS ONLY, TO THE LEAST FAVORABLE DIRECTION.

1975
RECORD OF SURVEY

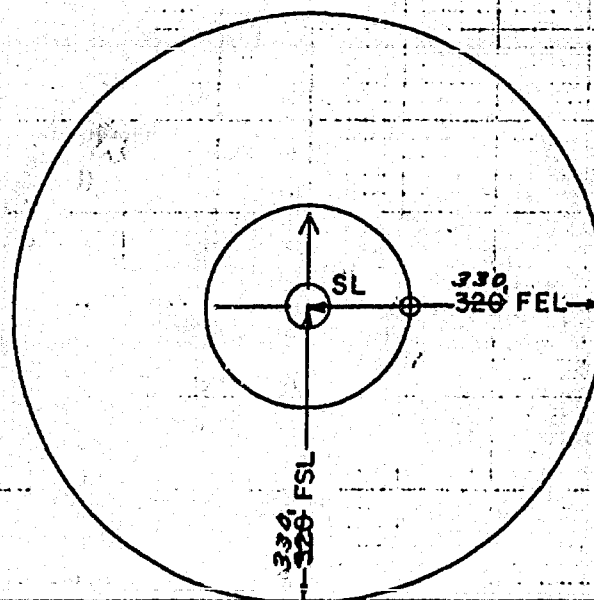
TANGENTIAL METHOD

DORCHESTER EXPLORATION, INC.

HILL WELL NO. 1
CHAVES COUNTY, NEW MEXICO

1. DISPLACEMENT TO OUTER CIRCLE
WOULD REQUIRE A MINIMUM OF
3.5° ANGLE INCREASE PER 100'
DRILLED WHICH IS A 29.5°
ANGLE TO REACH THE NEAREST
LEASE LINE.

2. INNER CIRCLE INDICATES 109.14'
ACCUMULATED DISPLACEMENT FROM
DRIFT INDICATOR SURVEYS.



SOUTH LEASE LINE

SCALE: 1 = 200

EAST LEASE LINE

DORCHESTER EXPLORATION, INC.

RE-ENTRY PROGRAM

Dorchester Exploration, Inc.
Hill #1
2310' FNL 7 2310' FWL
Section 27, T-12-S, R-28-E
Chaves County, New Mexico

| |
|---------------------------|
| BEFORE RE-ENTRY STARTS |
| OIL CONSERVATION DIVISION |
| WELL NO. 7 |
| CASE NO. 7090 |
| Submitted by Dardener |
| Hearing Date 12/10/80 |

ESTIMATED TOTAL DEPTH:

8100'

OBJECTIVES:

Mississippian 7606'

ELEVATION:

GL 3602.6'

- 1) Go in hole with 7-7/8" bit, 7-7/8" reamer, 6-1/4"x30' non magnetic drill collar, drill collars and drill pipe. Drill out cement plugs to 8150' and clean and condition hole. Drop magnetic multiple shot survey and survey from 8150' back to casing point at 1910'. Trip out of hole.
- 2) Run Gyro directional survey 0' to 1910' on wireline. Calculate survey for bottom hole correlation at 8150'.
- 3) Go in hole open ended. Set cement plug 8150' to 7000'. Wait on cement 24 hours.
- 4) Go in hole with 7-7/8" mill tooth bit. Dress plug down to 7300'. Trip out of hole.
- 5) Go in hole with 7-7/8" side track bit, 5" mud motor, 1-1/2" bent sub, 6-1/4"x30' non magnetic drill collar, regular drill collars & drill pipe. Side track and drill 60'± in a North West direction and trip out of hole.
- 6) Go in hole with 7-7/8" hole opener, 7-7/8" reamer, drill collars and drill pipe. Push this assembly past side track point and ream to bottom. Trip out of hole.
- 7) Go in hole with 7-7/8" bit and bottom hole assembly. Drill and build angle at 1° to 1-1/2° per 100' to displace side tracked hole a minimum of 25' from old well bore. An average angle of 3° from 7300' to 8150' (850') will displace well bore 44'. An average angle of 4° will displace well bore 59' in 850'.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form No. 1
Superseded C-124
Effective 1-1-55

All distances must be from the outer boundaries of the Section

| | | | | | |
|-------------------------------|-------|----------|---------|--------|--|
| Dorchester Exploration, Inc., | | Hill | | 1 | |
| F | 27 | 12 South | 28 East | Chaves | |
| 2310 | North | 2310 | West | | |
| 3602.6 | | | | | |

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

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

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

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

BEFORE EXAMINER STAMPS
OIL CONSERVATION DIVISION
EXHIBIT NO. 4
CASE NO. 7090
Submitted by Dorchester
Hearing Date 12/10/80

CERTIFICATION

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

DATE

BY

DATE

BY

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

DATE

August 26, 1959

REGISTERED PROFESSIONAL ENGINEER
AND LAND SURVEYOR

John W. West

Certificate No. JOHN W. WEST 676
PATRICK A. ROMERO 6862
Ronald J. Eidson 3239

0 100 200 300 400 500 600 700 800 900 1000 1100 1200 1300 1400 1500 1600 1700 1800 1900 2000 2100 2200 2300 2400

DORCHESTER EXPLORATION INC.
Hill #1- Reentry.

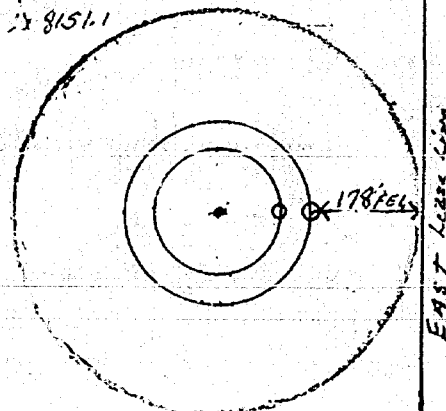
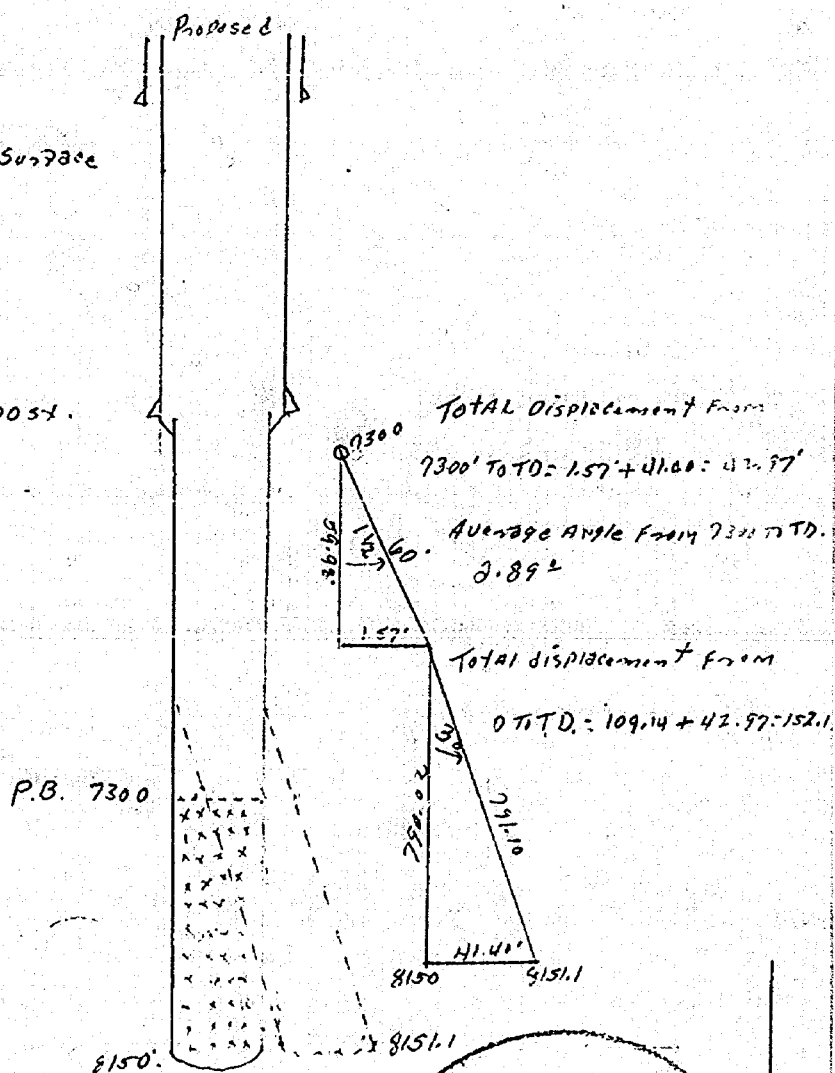
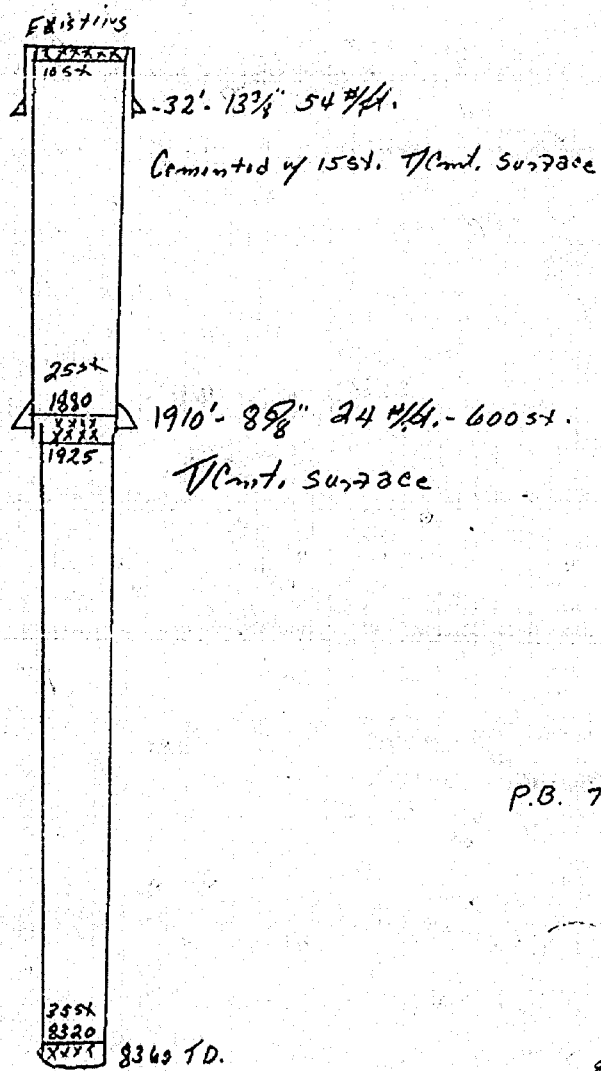
(400102)

WILLOW RANCH PROSPECT.

CHAVIS, COUNTY NEW MEXICO

P & A- 11-4-59

Union Oil Company.



BEFORE THE CHAVIS
OIL CONSERVATION DIVISION
CASE NO. 7090
Submitted by Dorchester
Hearing Date 12/10/80



P. O. Box 5577/Midland, Texas 79701/(915) 663-0511
TWX 910-881-5066/Cable: EASTCO

STANDARD OIL COMPANY
OIL COMPANY

6

7090

Submitted by Dardenter

Hearing Date 12/10/80

November 12, 1980

Company Dorchester Exploration Well Name Hill Well #1

Ordered By Leroy Hurt County & State Chaves/New Mexico

Recommended Procedures

1. Go in hole with 7 7/8" bit, 7 7/8" reamer, 6 1/4" X 30' non magnetic drill collar, 7 7/8" stabilizer, drill collars and drill pipe. Drill out cement plugs to 8150' and clean and condition hole. Drop magnetic multiple shot survey and survey from 8150' back to casing point at 1910' and trip out of hole.
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5. Go in hole with 7 7/8" diamond sidetrack bit, 5" mud motor, bent sub, 6 1/4" X 30' non magnetic drill collar, regular drill collars and drill pipe. Sidetrack and drill 60' (+) in a north-west direction and trip out of the hole.
6. Go in hole with 7 7/8" hole opener, 7 7/8" reamer, drill collars and drill pipe. Push this assembly past sidetrack point and ream to bottom and trip out of hole.
7. Go in hole with 7 7/8" bit, 7 7/8" bottom hole reamer, 6 1/4" X 30' non magnetic drill collar, 6 1/4" X 30' drill collar, 7 7/8" string reamer, rest of drill collars and drill pipe. Drill and build angle at 1° to 1° 30' per 100' to displace sidetracked hole a minimum of 25' from old well bore. An average angle of 3° from 7300' to 8150' (850') will displace well bore 44'. An average angle of 4° will displace well bore 59' in 850'. Depending on bit weight, etc., it may be possible to drill to total depth with this assembly or it may be necessary to trip out of hole and place another stabilizer above non magnetic drill (or 30' above bit and bottom hole reamer).



**REPORT
of
SUB-SURFACE
DIRECTIONAL
SURVEY**

DORCHESTER EXPLORATION, INC.
COMPANY

HILL WELL NO. 1
WELL NAME

CHAVES COUNTY, NEW MEXICO
LOCATION

JOB NUMBER

TYPE OF SURVEY

DATE

SURVEY BY

OFFICE

27
DORCHESTER EXPLORATION, INC. PROPOSAL
HILL WELL NO. 1 75
CHAVES COUNTY, NEW MEXICO 75 BD1-174

ALL DATA IS FROM READINGS SUPPLIED BY LOYD R. FRENCH DRILLING CO.
THE ORIGINAL DRILLING CONTRACTOR OF THE WELL. ALL DRIFT SHOTS
ARE ACCUMULATED DEVIATIONS ONLY, TO THE LEAST FAVORABLE DIRECTION.

1975
L. R. FRENCH
RECORD OF SURVEY

TANGENTIAL METHOD

DORCHESTER EXPLORATION, INC. PROPOSAL
 HILL WELL NO. 1
 CHAVES COUNTY, NEW MEXICO PD1-174

COMPUTATION PAGE NO.
 TIME DATE
 11:01:15 14-NOV-80

| MEASURED DEPTH FEET | DRIFT ANGLE D M | DRIFT DIRECTION D | COURSE LENGTH FEET | TRUE VERTICAL DEPTH FEET | RECTANGULAR COORDINATES FEET | CLOSURE DISTANCE FEET | DIRECTION D M |
|---------------------------|-----------------------|-------------------------|--------------------------|-----------------------------------|------------------------------------|-----------------------------|------------------|
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| 800. | 1 0 | S 90 E | 800. | 799.88 | 0.00 | 13.96 E | 90 0 E |
| 1390. | 1 30 | S 90 E | 590. | 1389.68 | 0.00 | 29.41 E | 90 0 E |
| 1659. | 1 0 | S 90 E | 269. | 1658.64 | 0.00 | 34.10 E | 90 0 E |
| 1785. | 1 0 | S 90 E | 126. | 1784.62 | 0.00 | 36.30 E | 90 0 E |
| 1900. | 1 15 | S 90 E | 115. | 1899.57 | 0.00 | 38.81 E | 90 0 E |
| 1910. | 0 30 | S 90 E | 10. | 1909.59 | 0.00 | 38.90 E | 90 0 E |
| 2564. | 0 45 | S 90 E | 654. | 2563.53 | 0.00 | 47.46 E | 90 0 E |
| 2800. | 1 15 | S 90 E | 236. | 2799.48 | 0.00 | 52.60 E | 90 0 E |
| 2929. | 0 45 | S 90 E | 129. | 2928.47 | 0.00 | 54.29 E | 90 0 E |
| 3270. | 1 0 | S 90 E | 341. | 3269.41 | 0.00 | 60.24 E | 90 0 E |
| 3600. | 0 30 | S 90 E | 330. | 3599.40 | 0.00 | 63.12 E | 90 0 E |
| 3995. | 0 15 | S 90 E | 395. | 3994.40 | 0.00 | 64.83 E | 90 0 E |
| 4220. | 0 30 | S 90 E | 225. | 4219.39 | 0.00 | 66.81 E | 90 0 E |
| 4482. | 0 30 | S 90 E | 262. | 4481.38 | 0.00 | 69.10 E | 90 0 E |
| 4670. | 1 0 | S 90 E | 188. | 4669.35 | 0.00 | 72.38 E | 90 0 E |
| 4960. | 0 30 | S 90 E | 290. | 4959.34 | 0.00 | 74.91 E | 90 0 E |
| 6475. | 0 45 | S 90 E | 1515. | 6474.21 | 0.00 | 94.74 E | 90 0 E |
| 7300. | 1 0 | S 90 E | 825. | 7299.08 | 0.00 | 102.14 E | 90 0 E |

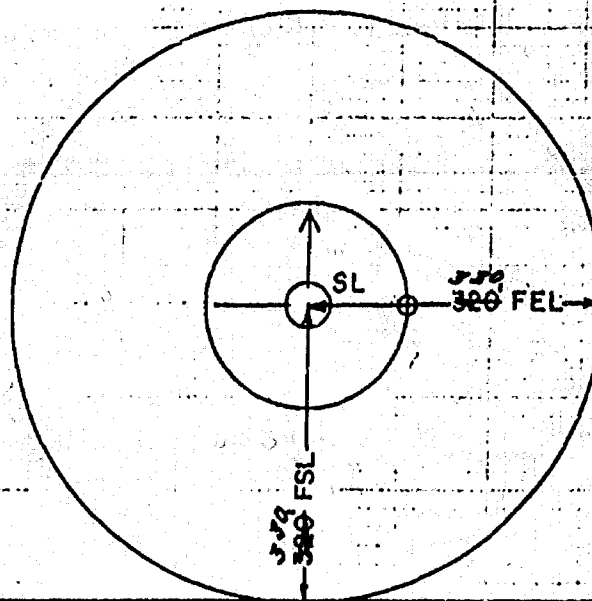
FINAL CLOSURE - DIRECTION: N 90 DEGS 0 MIN E
 DISTANCE: 102.14 FEET

DORCHESTER EXPLORATION, INC.

HILL WELL NO. 1
CHAVES COUNTY, NEW MEXICO

1. DISPLACEMENT TO OUTER CIRCLE
WOULD REQUIRE A MINIMUM OF
3.5° ANGLE INCREASE PER 100'
DRILLED WHICH IS A 29.5°
ANGLE TO REACH THE NEAREST
LEASE LINE.

2. INNER CIRCLE INDICATES 109.14'
ACCUMULATED DISPLACEMENT FROM
DRIFT INDICATOR SURVEYS.



SOUTH LEASE LINE

SCALE: 1" = 200'

EAST LEASE LINE

DORCHESTER EXPLORATION, INC.

RE-ENTRY PROGRAM

| | |
|----------------------------|------------|
| BEFORE EXAMINER SIGNATURES | |
| OIL CONSERVATION DIVISION | |
| WELL NO. | 7 |
| CASE NO. | 7090 |
| Submitted by | Dorchester |
| Hearing Date | 12/14/80 |

Dorchester Exploration, Inc.
Hill #1
2310' FNL 7 2310' FWL
Section 27, T-12-S, R-28-E
Chaves County, New Mexico

ESTIMATED TOTAL DEPTH:

8100'

OBJECTIVES:

Mississippian 7606'

ELEVATION:

GL 3602.6'

- 1) Go in hole with 7-7/8" bit, 7-7/8" reamer, 6-1/4"x30' non magnetic drill collar, drill collars and drill pipe. Drill out cement plugs to 8150' and clean and condition hole. Drop magnetic multiple shot survey and survey from 8150' back to casing point at 1910'. Trip out of hole.
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Docket Nos. 42-80 and 43-80 are tentatively set for December 30, 1980 and January 14, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

Docket No. 40-80

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 10, 1980

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for January, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for January, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7095: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Bill G. Isler, United States Fidelity and Guaranty Company, and all other interested parties to appear and show cause why the Spears State Well No. 2 in Unit 8 of Section 28, Township 11 South, Range 27 East, Chaves County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7096: Application of Read & Stevens, Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Baum Unit Area, comprising 637 acres, more or less, of State lands in Township 13 South, Ranges 32 and 33 East.

CASE 7097: Application of Mesa Petroleum Co. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Jackson Unit Area, comprising 2,560 acres, more or less, of State lands in Township 24 South, Range 33 East.

CASE 7098: Application of The Wiser Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its McQuatters Well No. 4 located in Unit C of Section 11, Township 21 South, Range 36 East, to produce oil from the Oil Center-Glorieta and Hardy-Drinkard Pools through parallel strings of tubing.

CASE 7077: (Continued from November 25, 1980, Examiner Hearing)
Application of Threshold Development Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Conoco "10" State Com Well No. 1 located in Unit I of Section 10, Township 19 South, Range 29 East, Turkey Track Field, to produce oil from the Wolfcamp formation and gas from the Atoka formation through parallel strings of tubing.

CASE 7089: (Continued from November 25, 1980, Examiner Hearing)
Application of Summit Energy, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Blinberry formation through its Gulf Bunin Well No. 2 located in Unit C of Section 13, Township 21 South, Range 37 East.

CASE 7099: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Duncan Unit Area, comprising 7,679 acres, more or less, of State, Federal, and fee lands in Townships 13 and 14 South, Range 35 East.

CASE 7100: Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbore of its Travis 24 State Com Well No. 1 in Unit H of Section 24, Township 18 South, Range 28 East.

CASE 7101: Application of Consolidated Oil & Gas, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Basin-Dakota production in the wellbore of its Tribal "C" Well No. 4-E in Unit H of Section 6, Township 26 North, Range 3 West.

CASE 7102: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling and an exception to Rule 9(E) of Order No. R-1670-T, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its Jacquez Well No. 2 to be located in Unit K of Section 2, Township 31 North, Range 13 West, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the two existing wells on the unit. Applicant further seeks an exception to Rule 9(E) of Division Order No. R-1670-T to permit calculating the proration unit's allowable on the basis of three Mesaverde wells on the unit.

- CASE 7103:** Application of E. L. Latham, Jr. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Pennsylvanian formations underlying the N/2 of Section 7, Township 22 South, Range 26 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 7104:** Application of Conoco Inc. for the amendment of Orders Nos. R-4633 and WFX-462, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Orders Nos. R-4633 and WFX-462, which authorized the injection of water into applicant's Maljamar Mitchell Waterflood Project in Section 5, Township 17 South, Range 32 East. The amendments sought would include carbon dioxide in the injection authorization for said project.
- CASE 7105:** Application of C and E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the N/2 of Section 9, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7106:** Application of C and E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the S/2 of Section 8, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7107:** Application of C and E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas proration unit comprising the SW/4 of Section 9, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7090:** (Continued from November 25, 1980, Examiner Hearing)
Application of Dorchester Exploration, Inc. for directional drilling and an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the old Union Hill Well No. 1, the surface location of which is 2310 feet from the North and West lines of Section 27, Township 12 South, Range 28 East, and to directionally drill in an indeterminate direction from a kick-off point at 7300 feet, bottoming said well at an approximate depth of 8100 feet in the Mississippian formation less than 330 feet away from the surface location. The W/2 of said Section 27 would be dedicated to the well.
- CASE 6668:** (Continued from November 25, 1980, Examiner Hearing)
In the matter of Case 6668 being reopened pursuant to the provisions of Order No. R-6139 which order promulgated temporary special rules and regulations for the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 40-acre spacing units.
- CASE 7092:** (Continued from November 25, 1980, Examiner Hearing)
Application of Delta Drilling Company for pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the South Culebra Bluff-Bone Spring Pool to include all of Sections 2, 11, 13, 14, 23, and 24, Township 23 South, Range 28 East.
- CASE 7056:** (Continued and Readvertised)
Application of Getty Oil Company for the extension of vertical limits of the Jalmat Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Langlie-Mattix Pool and the downward extension of the vertical limits of the Jalmat Pool to a depth of 3740 feet, subsurface, under the NW/4 SW/4 of Section 3, Township 24 South, Range 36 East.

- CASE 7108:** Application of HNG Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 32, Township 21 South, Range 35 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 7109:** Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the El Paso Tom Federal Well No. 1 located 330 feet from the North and West lines of Section 33, Township 25 South, Range 37 East, is necessary to effectively and efficiently drain that portion of an existing proration unit in the Langlie-Mattix Pool which cannot be so drained by the existing well(s).
- CASE 7110:** Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the El Paso Tom Federal Well No. 3 located 1650 feet from the North and West lines of Section 33, Township 25 South, Range 37 East, is necessary to effectively and efficiently drain that portion of an existing proration unit in the Langlie-Mattix Pool which cannot be so drained by the existing well(s).
- CASE 7111:** Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the El Paso Tom Federal Well No. 2 located 1650 feet from the North line and 330 feet from the West line of Section 33, Township 25 South, Range 37 East, is necessary to effectively and efficiently drain that portion of an existing proration unit in the Langlie-Mattix Pool which cannot be so drained by the existing well(s).
- CASE 7112:** Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the Harrison Federal Well No. 3 located 1980 feet from the North line and 660 feet from the West line of Section 27, Township 25 South, Range 37 East, is necessary to effectively and efficiently drain that portion of an existing proration unit in the Jalmat Gas Pool which cannot be so drained by the existing well(s).
- CASE 7086:** (Continued from November 12, 1980, Examiner Hearing)
Application of Blackwood & Nichols Company, Ltd. for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pictured Cliffs formation underlying portions of Townships 30 and 31 North, Ranges 6, 7, and 8 West, containing 33,500 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.
- CASE 7087:** (Continued from November 12, 1980, Examiner Hearing)
Application of Blackwood & Nichols Company, Ltd. for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Fruitland formation underlying portions of Townships 30 and 31 North, Ranges 6, 7, and 8 West, containing 33,500 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.
- CASE 7046:** (Continued and Readvertised)
Application of Cotton Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Pictured Cliffs production in the wellbores of wells in the South Blanco-Pictured Cliffs Pool located in Sections 1 thru 4, 9 thru 14, and 23 and 24, Township 24 North, Range 4 West.

DOCKET: COMMISSION HEARING - THURSDAY - DECEMBER 11, 1980

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

CASE 7025: (DE NOVO)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 35, Township 18 South, Range 29 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.

Upon application of Southland Royalty Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7008: (DE NOVO)

Application of Coronado Exploration Corp. for eight compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying eight 40-acre proration units, being the NE/4 NE/4 of Section 4 and the NW/4 NE/4 of Section 5, both in Township 12 South, Range 28 East, and the NW/4 SE/4 of Section 6, the NE/4 NW/4 of Section 23, the NE/4 SE/4 of Section 28, the SE/4 SE/4 of Section 29, the NE/4 NW/4 of Section 32, and the SE/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

Upon application of Tenneco Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6965: (DE NOVO)

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.

Upon application of Curtis J. Little and Beartooth Oil and Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6896: (DE NOVO)

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.

Upon application of Curtis J. Little and Beartooth Oil and Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6996: (Continued from November 25, 1980, Examiner Hearing)

Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

Docket No. 37-80

Dockets Nos. 40-80 and 41-80 are tentatively set for December 10 and 30, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 18, 1980

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

CASE 7088: Application of Southern Union Exploration Co. for reconsideration of Division Order No. R-6175, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks (a) that Order No. R-6175 be set aside, or (b) to except the E/2 of Section 32, Township 25 South, Range 24 East, Eddy County, New Mexico, from the terms of said order, or (c) clarify said order with respect to the E/2 of Section 32, Township 25 South, Range 24 East.

Docket No. 38-80

DOCKET: COMMISSION HEARING - MONDAY - NOVEMBER 24, 1980

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

CASE 7075: (Continued and Readvertised)

Application of Benson-Montin-Greer Drilling Corporation for the amendment of pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool as promulgated by Order No. R-2565-B and amended by Order No. R-6469, to require that wells completed or recompleted on standard units in said pool be located in the west half of the section at least 1650 feet from the outer boundary of the spacing and proration unit, and that the drilling of wells be controlled so as to allow no more than a 330-foot horizontal deviation from the surface location. Further, that the location of wells on certain specified non-standard proration units approved by Order No. R-6469 should be no closer than 660 feet to the outer boundary of the non-standard unit nor closer than 330 feet to a quarter section line or 10 feet to a quarter-quarter section line. Said specified non-standard units are the two 640-acre units in Township 24 North, Range 1 West; the two 480-acre units in Township 24 North, Range 1 East; the four 640-acre units in Township 26 North, Range 1 West; the 640-acre unit in Township 26 North, Range 1 East; and the two 640-acre units, the three 600-acre units, and the 400-acre unit, all in Township 27 North, Range 1 West. Applicant further seeks an administrative procedure whereby unorthodox locations could be approved upon receipt of written waivers from all offsetting operators being "crowded" by the unorthodox location.

Docket No. 39-80

DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 25, 1980

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

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

CASE 7055: (Continued from October 29, 1980, Examiner Hearing)

Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Eaves-Lea Unit Area, comprising 2209 acres, more or less, of State and Federal lands in Township 21 South, Ranges 32 and 33 East.

CASE 7077: (Continued from November 12, 1980, Examiner Hearing)

Application of Threshold Development Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Conoco "10" State Com Well No. 1 located in Unit I of Section 10, Township 19 South, Range 29 East, Turkey Track Field, to produce oil from the Wolfcamp formation and gas from the Atoka formation through parallel strings of tubing.

CASE 7089: Application of Summit Energy, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Blinbry formation through its Gulf Bunin Well No. 2 located in Unit C of Section 13, Township 21 South, Range 37 East.

CASE 7090: Application of Dorchester Exploration, Inc. for directional drilling and an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the old Union Hill Well No. 1, the surface location of which is 2310 feet from the North and West lines of Section 27, Township 12 South, Range 28 East, and to directionally drill in an indeterminate direction from a kick-off point at 7300 feet, bottoming said well at an approximate depth of 8100 feet in the Mississippian formation less than 330 feet away from the surface location. The W/2 of said Section 27 would be dedicated to the well.

CASE 7091: Application of Layton Enterprises, Inc. for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit comprising the N/2 NW/4 of Section 14, Township 9 South, Range 34 East, Vada-Pennsylvanian Pool, to be dedicated to an old well to be re-entered 660 feet from the North line and 1830 feet from the West line of said Section 14.

CASE 7051: (Continued from October 15, 1980, Examiner Hearing)

Application of Petro Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry and Dr. and production in the wellbore of its L. G. Warlick "B" Well No. 2 located in Unit G of Section 13, Township 21 South, Range 37 East.

CASE 6940: (Continued from October 1, 1980, Examiner Hearing)

Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Wolfcamp formation underlying the NW/4 SE/4 for oil and the SE/4 for gas, Section 23, Township 20 South, Range 38 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 6996: (Continued from October 1, 1980, Examiner Hearing) (To be continued to December 10, 1980, Examiner Hearing)

Application of John E. Schaik for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6668: (Continued and Readvertised)

In the matter of Case 6668 being reopened pursuant to the provisions of Order No. R-6139 which order promulgated temporary special rules and regulations for the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 40-acre spacing units.

CASE 7092: Application of Delta Drilling Company for pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the South Culebra Bluff-Bone Spring Pool to include all of Sections 2, 11, 13, 14, 23, and 24, Township 23 South, Range 28 East.

CASE 7093: Application of Mesa Petroleum Company and Yates Petroleum Corporation for designation of a tight formation, Torrance, Guadalupe, DeBaca, Lincoln, and Chaves Counties, New Mexico. Pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 CFR Section 271.701-705, applicants, in the above-styled cause, seek the designation as a tight formation of the Abo formation underlying the following described lands in the above-named counties:
all of Townships 1 North thru 4 North, Ranges 14 East thru 27 East; all of Townships 5 North thru 7 North, Ranges 14 East thru 26 East; all of Townships 1 South thru 5 South, Ranges 14 East thru 27 East; all of Township 6 South, Ranges 14 thru 28 East; N/2 only of Township 7 South, Ranges 14 East thru 17 East; all of Townships 7 South and 8 South, Ranges 18 East thru 28 East; all of Townships 9 South and 10 South, Ranges 18 East thru 27 East; all of Township 11 South, Ranges 18 East thru 25 East; all of Township 12 South, Ranges 18 East thru 24 East; all of Township 13 South, Ranges 18 East thru 23 East; and all of Township 14 South, Ranges 18 East thru 22 East; also all of Township 9 1/2 South, Range 24 East.

CASE 7094: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, contracting, and extending certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yates production and designated as the Northeast Lusk-Yates Pool. Further, to assign approximately 14,790 barrels of discovery allowable to the discovery well, Sun Oil Company Jennings B Federal Well No. 1 located in Unit K of Section 15, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 15: SW/4

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Yates production and designated as the North Querecho Plains-Yates Gas Pool. The discovery well is Lewis B. Burleson, Inc. Berry Federal Well No. 1 located in Unit E of Section 35, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 35: NW/4

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Triple X-Atoka Gas Pool. The discovery well is Getty Oil Company HNG 4F State Well No. 1 located in Unit F of Section 4, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 4: W/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Tulk-Devonian Pool. The discovery well is Santa Fe Energy Company State NM3 Well No. 1 located in Unit P of Section 3, Township 15 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 3: SE/4

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Vaca Draw-Morrow Gas Pool. The discovery well is HNG Oil Company Bell Lake 11 Federal Well No. 1 located in Unit B of Section 11, Township 25 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 11: N/2

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Young-Bone Spring Pool. The discovery well is Harvey E. Yates Company Young Deep Unit Well No. 1 located in Unit D of Section 10, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 10: NW/4

(g) CONTRACT the Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 3: Lots 9, 10, 15, and 16

(h) CONTRACT the Querecho Plains-Yates Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 35: NW/4

(i) CONTRACT the South Red Lake-Seven Rivers Pool in Eddy County, New Mexico, by the deletion of the following described area:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 15: W/2 SW/4
Section 22: NW/4

- (j) EXTEND the Airstrip-Lower Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 23: SE/4
- (k) EXTEND the North Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 2: Lots 11, 12, 13, and 14
Section 3: Lots 9, 10, 15, and 16
- (l) EXTEND the Antelope Ridge-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 24: SW/4
Section 25: NW/4
- (m) EXTEND the West Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 20: SW/4
Section 29: NW/4
- (n) EXTEND the Bass-Morrow Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 21: E/2
Section 28: All
- (o) EXTEND the Bell Lake-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 29: N/2
Section 30: E/2
Section 31: NE/4
- (p) EXTEND the Blinbry Oil and Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 22: SE/4
TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 8: NW/4
- (q) EXTEND the Bull's Eye-San Andres Pool in Chaves County, New Mexico, to include therein:
TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM
Section 6: E/2 SW/4
Section 7: E/2 NW/4
- (r) EXTEND the Denton-Wolfcamp Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 14 SOUTH, RANGE 37 EAST, NMPM
Section 22: SE/4
- (s) EXTEND the Diamond Mound-Morrow Gas Pool in Chaves and Eddy Counties, New Mexico, to include therein:
TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 35: S/2
TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 31: E/2
TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 3: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16
Section 4: Lots 1, 2, 7, 8, 9, 10, 15, and 16

- (t) EXTEND the Dublin Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 28: All
Section 29: N/2
- (u) EXTEND the Eagle Creek Permian-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM
Section 36: E/2
- (v) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 18: All
- (w) EXTEND the East Empire Yates-Seven Rivers Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 22: NW/4
- (x) EXTEND the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 2: SE/4
- (y) EXTEND the Hardy-Blinbry Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 1: S/2
- (z) EXTEND the Hardy-Drinkard Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 1: S/2
- (aa) EXTEND the Leamex-Wolfcamp Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 21: S/2 NW/4
- (bb) EXTEND the Loco Hills Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 2: SW/4 SW/4
Section 3: All
Section 4: E/2
Section 11: NW/4 NW/4
- (cc) EXTEND the South Loco Hills Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 31: NE/4 NE/4
- (dd) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 29: NW/4
- (ee) EXTEND the Penasco Draw Permian-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 25: S/2
Section 36: All
TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 1: N/2

(ff) EXTEND the Saunders Permo-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 28: NW/4

(gg) EXTEND the Scharb-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 4: SW/4
Section 5: SE/4

(hh) EXTEND the Tom-Tom San Andres Pool in Chaves County, New Mexico, to include therein:
TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 29: SE/4

(ii) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:
TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM
Section 19: W/2 NE/4 and NW/4 SE/4
Section 31: E/2

(jj) EXTEND the Vacuum-Abo Reef Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 9: SW/4



DORCHESTER EXPLORATION, INC.

1100 MIDLAND NATIONAL BANK TOWER
MIDLAND, TEXAS 79701

November 11, 1980

(915) 683-1866

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

Attention: Mr. Dan Nutter
Chief Engineer



NOV 11 1980

Case 7090

OIL CONSERVATION DIVISION
SANTA FE

Re: Hill No. 1 Well
F, 27-12S-28E
Chaves County, New Mexico

Gentlemen:

Please refer to Dorchester Exploration, Inc.'s, letter dated October 13, 1980, to the Oil Conservation Commission concerning the above subject well. Dorchester wishes to re-enter an existing well bore and deviate in an indeterminate direction from 7300' to a total depth of 8100' for the purpose of testing the Mississippian Formation through an uncontaminated wellbore.

Dorchester Exploration, Inc. acknowledges that our location is not in accordance with Division Rule 104, well spacing requirements for the Mississippian Formation. Therefore, pursuant to Division Rule 104 and Rule 111, Dorchester Exploration, Inc. respectfully requests the commission docket our application for the Examiner Hearing to be heard on November 25, 1980.

If circumstances prevent our application from being heard at said hearing, please contact the undersigned,

Your usual cooperation concerning this matter will be greatly appreciated,

Very truly yours,

Dorchester Exploration, Inc.

Rick O'Bannon

Rick O'Bannon
Proration Administrator

RO/pp

Application of Dorchester
Exploration, Inc., for directional
drilling and an unorthodox
gas well location, Chaves County,
New Mexico.

Applicant, in the above-styled cause, seeks
authority to ~~the~~ re-enter the old Union
Hill Well No. 1, the surface location of
which is 2310 from the North and West
lines of Section 27, Township 12 South, Range
28 East, and to directionally drill in an
indeterminate direction from a kick-off
point at 7300 feet, bottoming said
well ^{at an approximate depth of 8100 feet} in the Mississippian formation
~~not more than~~ less than 330 feet
away from the surface location. The
W_{1/2} of said Section 27 would be dedi-
cated to the well.

Rick O'Bannon 915 6831866
Dorchester Exploration Inc

Hill Well # 1

2310 FNL

2310 FNL 27 12 28 Chones Co

orig bld by Union to TD 8150.

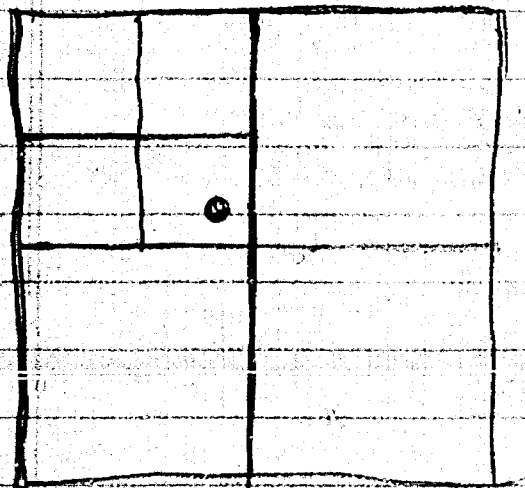
w/2

PB to 7300.

bld to 8100

Mississippian

330/330

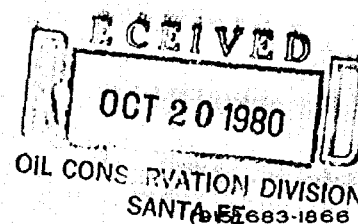


3d well 7082



DORCHESTER EXPLORATION, INC.
1100 MIDLAND NATIONAL BANK TOWER
MIDLAND, TEXAS 79701

October 13, 1980



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

Attention: Mr. Joe Ramey, Director

Re: Hill No. 1 Well
F, ~~28~~ 12S-28E
Chaves County, New Mexico

Gentlemen:

Dorchester Exploration, Inc. has filed, with the Artesia District Office, an application to re-enter and deviate the above captioned to a indeterminate direction. The well was previously drilled by Union Oil Company of California and plugged and abandoned as a dry hole.

Dorchester wishes to deviate the hole from 7300' to a total depth of 8100' so that we can attempt to run a Drill Stem Test in rock that has not been previously penetrated. Our Engineering and Geological Departments maintain the opinion that a good representative test cannot be obtained if it is run in a contaminated well bore.

Dorchester has an option to all of the sections around Section 27, therefore, there are no existing offset operators. You will find attached, New Mexico Oil Conservation Commission Forms C-101 and C-102 noting our intentions.

Pursuant to Division Rule 111, Dorchester Exploration, Inc. respectfully requests that you approve our application to re-enter and deviate through administrative proceedings, based on the foregoing data.

Your consideration concerning this matter is greatly appreciated.

Very truly yours,

Dorchester Exploration, Inc.

Rick O'Bannon

Rick O'Bannon
Proration Administrator

RO/pp

attachments:

| | |
|------------------------|--|
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| FILE | |
| U.S.G.S. | |
| LAND OFFICE | |
| OPERATOR | |

NEW MEXICO OIL CONSERVATION COMMISSION

RECEIVED
Form C-101
Revised 1-1-65
OCT 20 1980
5A. Indicate Type of Lease
STATE OIL CONSERVATION DIVISION
5. State Oil & Gas Conservation

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

| | | | |
|---|--|--|--|
| 1a. Type of Work | | 7. Unit Agreement Name | |
| b. Type of Well DRILL <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input checked="" type="checkbox"/> OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> | | 8. Farm or Lease Name Hill | |
| 2. Name of Operator Dorchester Exploration, Inc. | | 9. Well No. 1 | |
| 3. Address of Operator 1100 Midland National Bank Tower, Midland, Texas 79701 | | 10. Field and Pool, or Wildcat Wildcat | |
| 4. Location of Well UNIT LEYER F LOCATED 2310 FEET FROM THE North LINE AND 2310 FEET FROM THE West LINE OF SEC. 27 TWP. 12S RGE. 28E NMPM | | 12. County Chaves | |
| 19. Proposed Depth 8100' | | 19A. Formation Mississippian | |
| 21. Elevations (Show whether DF, RT, etc.) 3602' | | 22. Approx. Date Work will start October 20, 1980 | |
| 21A. Kind & Status Plug. Bond Blanket | | 21B. Drilling Contractor Contract not let | |

PROPOSED CASING AND CEMENT PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | SACKS OF CEMENT | EST. TOP |
|--------------|----------------|-----------------|---------------|-----------------|---------------------|
| 17-1/2" | 13-3/8" | 54# | 32' | 15sx | surface |
| 11" | 8-5/8" | 24# | 1910' | 600sx | surface |
| 7-7/8" | 5-1/2" | 17#&15.5# | 8100' | 700sx | cement up to 8-5/8" |

Re-entry of old well which was plugged and abandoned November 2, 1959. Plan to clean out existing hole to 8,150' and plug back to 7300'. Hole will be deviated at 7300' after plug back, using a 1° bent sub and Dynadrill. Survey will be run every 200' until total depth is reached.

Blowout Preventers 10" Series 900 Cameron Spacesavers.

Completion to be conventional perforation and treatment.

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

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

Signed Rick O. Benson Title Proration Administrator Date October 1, 1980

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-128
Superseded C-128
Effective 1-1-85

All distances must be from the outer boundaries of the Section

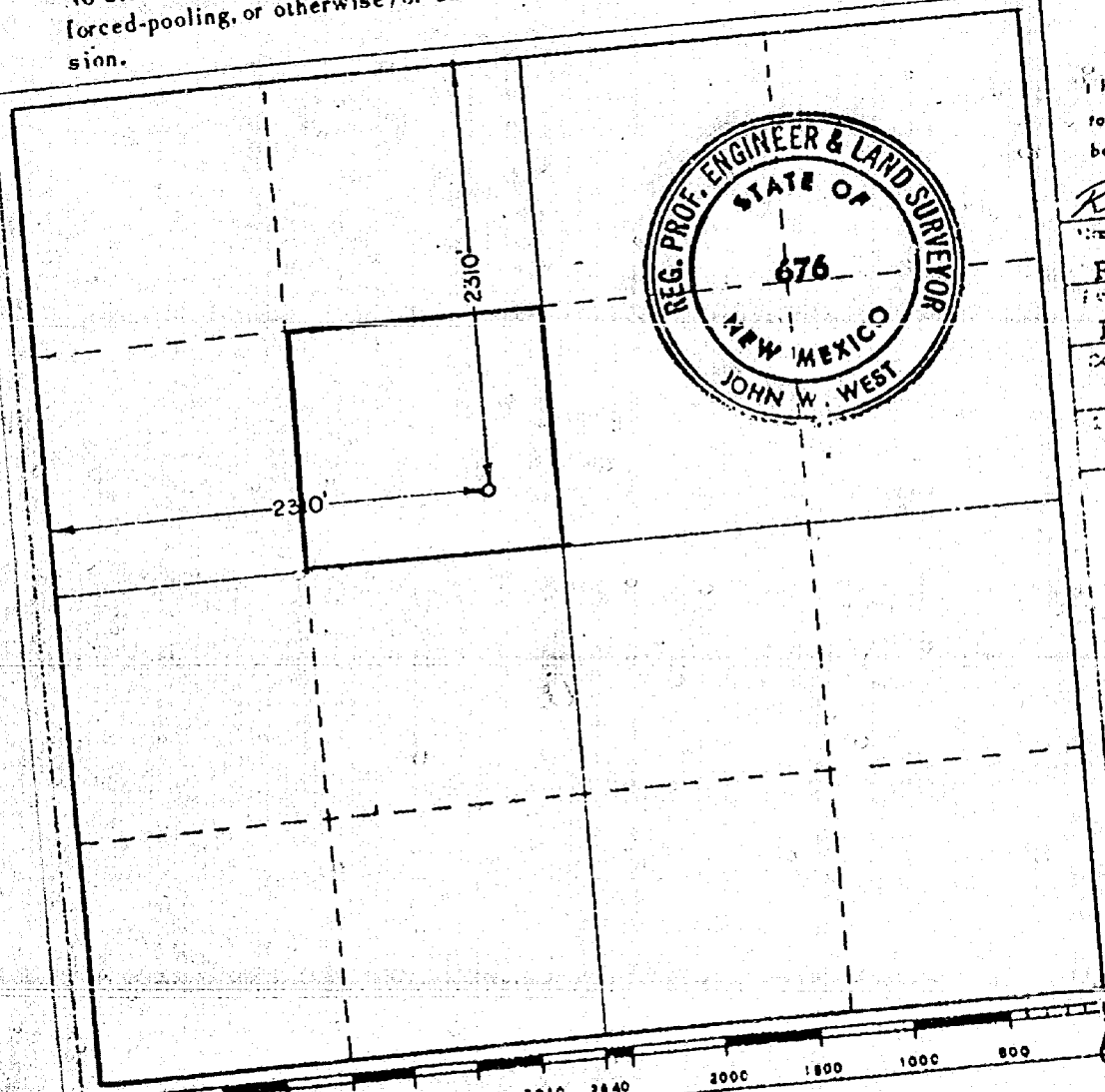
| | | | | |
|-------------------------------|---------------|----------|---------|---------------------------|
| Dorchester Exploration, Inc., | | Lease | Hill | OIL CONSERVATION DIVISION |
| Section | 27 | 12 South | 28 East | Chaves |
| Acres | 2310 | line and | West | line |
| feet from the | North | Pool | Wildcat | Dedicated Acreage |
| Producing Form | Mississippian | | | 40 320 Acres |
| Ground Elev. | 3602.6 | | | |

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 (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 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.

Rick O'Bannon

Rick O'Bannon

Proration Administrator

Dorchester Exploration, Inc.

October 1, 1980

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.

State Surveyed
August 26, 1959

Registered Professional Engineer and Surveyor

John W. West
Certificate No. JOHN W. WEST 676
PATRICK A. ROMERO 6463
RONALD J. ELDON 3239

dr/

ROUGH

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. 7090

Order No. R-6541

APPLICATION OF DORCHESTER EXPLORATION,
INC. FOR DIRECTIONAL DRILLING AND AN
UNORTHODOX GAS WELL LOCATION, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 10
19 80, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of December, 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, Dorchester Exploration, Inc., seeks
authority to re-enter the old Union ^{W.F. Waller} ~~1023~~ Well No. 1, the surface

location of which is 2310 feet from the North line and 2310 feet from the West line of Section 27, Township 12 South, Range 28 East, and to directionally drill in an indeterminate direction from a kick-off point at 7300 feet, bottoming said well at an approximate depth of 8100 feet in the Mississippian formation less than 330 feet away from the surface location.

(3) That the W/2 of said Section 27 would be dedicated to the well.

(4) That the directional drilling is necessitated *by potential formation damage ~~to the~~ near the original well bore in the Mississippian formation.*

(5) That the applicant should be required to determine the subsurface location of the kick-off point prior to directional drilling, and to determine the subsurface location of the bottom of the hole by means of a continuous multi-shot directional survey conducted subsequent to said directional drilling, if said well is to be completed as a producing well.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dorchester Exploration, Inc., is hereby authorized to re-enter the old Union ^{W.F. Walker} ~~Hill~~ Well No. 1, the surface location of which is 2310 feet from the North line and 2310 feet from the West line of Section 27, Township 12 South, Range 28 East, and to directionally drill in an indeterminate direction from a kick-off point at 7300 feet, bottoming said well at an approximate depth of 8100 feet in the Mississippian formation less than 330 feet away from the surface location.

(2) That the W/2 of said Section 27 ~~was~~ is to be dedicated to the above-described well.

PROVIDED HOWEVER, that prior to directional drilling, the operator shall determine the subsurface location of the kick-off point; and

PROVIDED FURTHER, that subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey shall be made of the wellbore from

total depth to the kick-off point with shot points not more than 100 feet apart; that the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, P. O. Box 2088, Santa Fe, New Mexico, and that the operator shall notify the Division's Artesia District Office of the date and time said survey is to be commenced.

(2) --

(3) That Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depths in addition to measured depths.

(4) 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 herein-
above designated.