

Case No. 1090

Application

Transcripts

Small Exhibits





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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

January 16, 1981

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

Mr. Cohrad E. Coffield Hinkle, Cox, Eaton, Coffield & Hensley Attorneys at Law P. O. Box 3580 Midland, Texas 79702 Re: CASE NO. <u>7090</u> ORDER NO.<u>R-6541</u>

Applicant:

Dorchester Exploration, Inc.

Dear Sir:

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

Pours very truly, JOE D. RAMEY Director

JDR/fd

Other

Copy of order also sent to:

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Hobbs OCD Artesia OCD Artec OCD

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.

OPDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 s.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,

FINDSI

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(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, Dorchoster 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. -2-Case No. 7090 Drder No. R-6541

(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 fest from the North line and 2310 fest 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 fest in the Mississippian formation less than 330 fest 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

<u>PROVIDED FURTHER</u>, 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 aurveying 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 dopths.

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

12 -3. Case No. 7090 Order No. R-6541 DONE at Santa Fø, New Mexico, on the day and year herein-above designated. STATE OF NEW MEXICO OFL CONSERVATION DIVISION HALAM JOE D. RAMEY Director Tres SEAL fd/ ϑ Q an and started $(\cdot | \cdot)$

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Ĵ. 1 STATE OF NEW MEXICO 2 ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION 3 STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 4 10 December 1980 5 EXAMINER HEARING 6 والارتجام مرداني والمراجعة والمرجعة ومراجع ومرومة والمراجع بتمريحوا والمراجع والروار والمراجع 7 IN THE MATTER OF: 8 Application of Dorchester Exploration,) CASE 9 Inc., for directional drilling and an) 7090 unorthodox gas well location, Chaves) 10 County, New Mexico. :) 11 12 BEFORE: Richard L. Stamets 13 14 TRANSCRIPT OF HEARING 15 APPEARANCEE 16 17 18 For the Oil Conservation Ernest L. Padilla, Esq. Division: Legal Counsel to the Division 19 State Land Office Bldg. Santa Fe, New Mexico 87501 20 21 For the Applicant: Conrad L. Coffield, Esq. 22 HINKLE LAW FIRM Ν., Midland, Texas 23 24 25

INDEX H. L. MacCARROLL Direct Examination by Mr. Coffield LEROY HURT Direct Examination by Mr. Coffield Cross Examination by Mr. Stamets EXHIBITS $\langle \gamma \rangle$ Applicant Exhibit One, Plat Applicant Exhibit Two, Structure Map Applicant Exhibit Three, Application Applicant Exhibit Four, Plat Applicant Exhibit Five, Schematic Applicant Exhibit Six, Recommendation Applicant Exhibit Seven, Proposal

1 3 2 MR. STAMETS: We will call next Case 7090 3 MR. PADILLA: Application of Dorchester Exploration, Inc., for directional drilling and an unorthodox 4 gas well location, Chaves County, New Mexico. 5 6 MR. COFFIELD: Conrad Coffield with the Hinkle Law Firm in Midland, Texas, appearing on behalf of the 7 applicant, and I have two witnesses to be sworn. 8 9 10 (Witnesses sworn.) 11 12 H. L. MacCARROLL being called as a witness and being duly sworn upon his oath, 13 testified as follows, to-wit: 14 15 16 DIRECT EXAMINATION BY MR. COFFIELD: 17 18 Mr. MacCarroll, for the record would you Q please state your name, address, occupation, and employer? 19 20 H. L. MacCarroll, Dorchester Exploration, A. Midland, Texas, and I'm employed as an exploration geologist. 21 22 Mr. MacCarroll, have you testified before Q. the Oil Conservation Division previously as a geologist? 23 24 Yes, I have. **A.** 25 Q. Were your qualifications made a matter

۵ 1 of record and were they accepted by the Division? 2 Yes, they were. Α. 3 And are you familiar with Dochester's Q. 4 application in this particular case? 5 Yes, I am. A. 6 Likewise, have you familiarized yourself <u>C</u>. 7 with the property and the well location, et cetera, in this 8 particular matter? 9 Yes, I have. Α. 10 MR. COFFIELD: Do you have any further 11 questions of Mr. MacCarroll? 12 MR. STAMETS: The witness is considered 13 qualified. 14 Mr. MacCarroll, would you please state 15 for the record what it is that Dorchester seeks by this parti-16 cular application? 17 A: Dorchester is seeking authority to re-18 enter the old Union Well, which is advertised as Hill No. 1. 19 I'd like to correct that. It was originally drilled as the 20 Union 1-27 W. F. Waller, rather than the Hill. 21 Dorchester wants to name it the Hill Well 22 And the surface location of this well is 2310 from the north 23 and west lines of Section 27, Township 12 South and Range 28 24 East, and we would like to directionally drill the well in an 25

1 5 2 indeterminate direction from a kickoff point at approximately 3 7300 feet and bottom the well approximate depth of 8100 feet 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 Yes, it did call it the old Union --- the 17 Union ---18 MR. STAMETS: Union Hill, there. 19 Yes, uh-huh. Ά. 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 Mr. MacCarroll, would you please refer

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

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

In this particular case we would be reentering the well under Block F, and Kay Wall, Incorporated, has the mineral interests under the location at which we want to re-enter the well, plus all surrounding pcreage. So there would be no conflict of mineral or working interest ownerships in this.

160The colors that are shown on this parti-17cular plat, what do those indicate? Some are yellow and ---

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

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

Yes, they are.

A.

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

7 1 It has --- yes, it's shaded in red there À. 2 in block E. 3 Okay. Is Dorchester the leasehold owner Ô. 4 as well as the proposed operator of this particular well? 5 Yes, they are. A. 6 Go now to what we've marked as Exhibit Q. 7 Two and describe that, if you would, please, for the Examiner. 8 Exhibit Two is a structure contour map ñ. 9 on top of the Mississippian limestone. We have an inset of 10 correlation logs on the left side of this that simply shows 11 a correlation of the proposed re-entry to a producing Mississ 12 ippian Field approximately eight miles to the northeast of 13 our proposed re-entry, and shows a correlative zone of poro-14 sity to the producing field, and some notations on there of 15 the resistivities that were taken off another log. 16 We show no --- nothing more than a nosing 17 on this and we don't feel like any deviation would affect us 18 in any manner at all. 19 Mr. MacCarroll, I think it might help 0 20 the Examiner if you were to give him a very brief history of 21 the -- this particular well, by whom it was drilled, when? 22 It was drilled approximately 22 years A. 23 It was drilled to the Pre-Mississippian formation, which ago. 24 we identify ourselves as the Silurian. It was tested and 25

8 1 plugged and abandoned. It did have a test in the uppermost 2 part of the Mississippian, which is indicated on the inset 3 log on the left, and which is not the zone that we're interested 4 in. It has been sitting there this much time. Our main in-5 terest in deviating the hole is to avoid possible borehole 6 contaminatios of the -- of the mud sitting in this well that 7 long. 8 In your opinion, Mr. MacCarroll, do you Ô. 9 believe the bottom hole location sought by Dorchester is as 10 acceptable from a geological standpoint as a normal location 11 would be? 12 Yes, I do. A. 13 Do you have anything further to add to Q. 14 your testimony? 15 No, I don't really. λ. 16 Were these Exhibits One and Two prepared 0. 17 by you or under your supervision? 18 Yes, they were. A 19 ?≹ ≦. ₽. In your opinion will the approval of 20 the application by Dorchester prevent drilling of unnecessary 21 wells and otherwise prevent waste and protect correlative 22 rights? 23 Yes. 24 MR. COFFIELD: Mr. Examiner, I move the 25

9 1 admission of Exhibits One and Two. 2 MR. STAMETS: Exhibits One and Two will 3 be admitted. 4 MR. COFFIELD: I have nothing further 5 of Mr. MacCarroll on direct examination. 6 MR. STAMETS: It would appear that your 7 next witness is going to describe the directional drilling. 8 MR. COFFIELD: Yes, sir. 9 MR. STAMETS: Any questions of this wit-10 ness? He may be excused. We might have something for him 11 later, but he may be excused for the time being. 12 13 LEROY HURT 14 being called as a witness and being duly sworn upon his oath, 15 testified as follows, to-wit: 16 17 DIRECT EXAMINATION 18 BY MR. COFFIELD: 19 Mr. Hurt, would you please state for the 20 Ô. record your name, address, occupation, and employer? 21 My name is Leroy Hurt, employed by Dor-A. 22 chester Exploration as a Division Production Superintendent. 23 Midland, Texas. 24 Mr. Hurt, have you previously testified \$2. 25

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2	before the Division as an operations and production super-
3	visor?
4	A. No, sir, I have not.
5	0. Do you have any professional degree in
6	your background, Mr. Hurt?
7	A. Well, no, not as far as educationwise.
3	Q. Okay, would you then please give the
)	Examiner ι resume of your background and experience as a prac-
0	tical oilman and as an operations and production supervisor?
1	A. Okay. I'm a high school graduate and I
2	attended a cementing Halliburton school in Duncan, Oklahoma,
3	drilling seminars with Nughes Tool in Houston; and also Securit
	in Dallas; and have been through a well control school from
	Loffland Brothers there in Odessa; and a customer mud school
5	from Milchem in Houston; Texas.
	From 1945-1947 I started with Bass Enter-
	prises, continued on through those till 1978. The I went into
	for Bass Enterprises I worked through and worked with the
	engineering department; went into well drilling supervision,
	and also into production supervision.
	Then from 1978 to 1980 I was drilling
	superintendent for Maralo, Incorporated, out of Midland.
	MR. STAMETS: What were those dates?
	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 sime supervision and supervising well site
10	consultants, preparing drilling and completion procedures of
1	oil and gas wells and preparing AFE's and drilling contracts.
12	Q. Mr. Hurt, are you familiar with Dor-
3	가 있는 것은 것이 있는 것이 있는 것이 있는 것이 있는 것이 가지 않는 것이 있는 것이 있는 것이 있는 것은 것이 있는 것은 것이 있는 것이 있는 것이 있는 것이 있는 것이 있는 것이 있는 것이 가 같은 것은 것이 있는 것이 있는 것이 같은 것이 있는 것이 같은 것이 있는 것이 있는 것이 같은 것이 있는 것이 같은 것이 없는 것이 같은 것이 있는 것이 같은 것이 있는 것이 같은 것이 있는 것이 있
	chester's application in this particular case?
4	A. Yes, I am.
5	O And have you made a study of the property
6	and the well re-entry procedure as proposed?
7	A. Yes, I have.
8	Q If this application is granted, would
9	you have the responsibility for directing and supervising the
0	re-entry effort and the slant hole operations?
1	A. Yes, sir, I would.
2	Q. And on previous occasions on other wells
3	have you had similar duties?
4	A. Yes.
5	Q On numerous occasions, would you say?

12 1 2 Yes. 3 MR. COFFIELD: I would tender Mr. Hurt 4 as a practical oil man, particularly in the area of operations 5 and production procedures. 6 MR. STAMETS: The witness is considered 7 qualified. 8 Mr. Hurt, would you please refer to what Q. 9 we've marked as Exhibit Three and explain briefly what that 10 represents? 11 Okay, that's an application for permit **A**. 12 to drill, which this is going to be classified as an unortho-13 dox well, and that also states there our hole size as an 14 existing hole;, and this is requesting a permit to re-enter 15 the well. 16 Okay, go to what we've marked as Exhibit 0 17 Four and describe that, please. 18 Okay. Exhibit Four is a plat, well plat A. 19 of the well. You'll notice there on the -- on the plat this 20 is staked out there as original. On the inner circle will 21 by our proposed TD, where we came back to. It will be the 22 bottom location. 23 That represents, then, Mr. Hurt, the 24 330-foot radius --25 Right. Λ,

-- in the application? Yes, from the east line there, 330 feet, A. 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.

Exhibit Five?

Uh-huh.

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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.

All right, Mr. Hurt, why have you selected Q 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.

Okay, are there any other features on Q. this schematic that you want to bring to the attention of the Examiner as far as your proposed operations are concerned? A. Well, there's a little diagram over on the right, which we want to come into later on. I visited with whipstock, Eastman Whipstock, and we came up with the --went back and took the old inclination reports of it and run it down to 7300. I seem that this well went east, which is our critical point. And then at 7300, which is the top of the drawing up here, this well is -- is 109 feet from verti-cal at that point already, so -- and that's where we run it on down and we come out an additional 41.40 feet is where we came up with our 178 feet off of our line.

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Q.

So your 178 feet will be well within the The 330 feet.

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Okay, anything else on that?

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

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

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

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And we will correlate it then and go further on.

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

Yes, uh-huh.

eq. -- Company to survey this thing and make recommendations to you?

Yes.

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

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

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

16 2 Yes, and you'll also find over on Exhibit A., Six, if you come on across, you can find where we run those 3 out on a computer to where we came up with our 109 feet off our vertical, and that explains that on there. And Exhibit Seven is our proposal for a re-entry program, which is the conclusion of our Eastman Whipstock.

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

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

All right.

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

Did you have anything further to add to Q. your testimony?

No, sir, I think not.

Were these exhibits Three through Five

17 1 and Seven prepared by you or under your supervision? 2 Yes. 3 A. And Exhibit Six, being the Eastman Whip-4 Ô. stock recommendations, do you concur on those recommendations? 5 Yes, sir, I do. 6 A. And in your opinion will the approval of 7 Q. this application by Dorchester prevent the drilling of unnec-8 cesary wells and otherwise prevent waste and protect correla-9 tive rights? 10 Yes, sir. 11 A. MR. COFFIELD: Mr. Examiner, we tender 12 the admission of -- or tender the Exhibits Three through 13 Seven for admission. 14 These exhibits will be ad-MR. STAMETS: 15 mitted. 16 MR. COFFIELD: And I have nothing further 17 of Mr. Hurt on direct examination. 18 19 CROSS EXAMINATION 20 21 BY MR. STAMETS: Mr. Hurt, in estimating the original 22 displacement, that's all been toward the closest unit boundary, 23 and actually the hole might have corkscrewed down and the 24 25 bottom could be somewhat ---

18 1 That is right. That is right. We ran λ. 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 Okay, now on Exhibit Seven, we get down Q. 6 7 to item number five and that indicates that you plan to drill off in a northwesterly direction. 8 9 A. Yes. Okay, so again when you've shown us the 10 0 11 circles, such as we have down on Exhibit Number Five, that's just simply to show us the worst possible case that you can 12 13 come up with. That is right. A. 14 0 All right. 15 Yes. We don't -- we're trying to estab-16 n. lish, you know, that this, we would not exceed that east line. 17 Okay. If you received an order which 18 0. 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? 50 feet? 22 ٨. Right. You've shown that 78 feet is as 23 0 close as you expect to come. 24 25 λ. On 178 feet, yes. But now when I come

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2	right down to the 9	3 feet, I mean 7300 feet, running those
3	out, see, this well	is already 109.43 feet from vertical.
4	Q .	Uh-huh.
5		That is assuming, you know, took a straigh
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 fr	om this center line here?
13		MR. COFFIELD: The center line of the
14	section.	
15	ç .	Right.
16	A.	No.
17	Q .	That wouldn't cause you any difficulty?
18	А.	No.
19		MR. MacCARROLL: May I interject anything
20	there?	
21		MR. COFFIELD: Yes, Mr. MacCarroll.
22	같은 가장에 가지 가격에 들었다. 성격 물건은 감독은 사람은 것이 같은 것은 사람이 같은 것이 같은 것이다.	MR. MacCARROLL: I don't assume that we
23	are going to have an	ny problems with this, but we are attempting
24	since Kay Wall, Inco	prporated, has all of the minerals around
25	there, and since Dor	chester has all of the acreage around

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20 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 Uh-huh. 0. 5 MR. MacCARROLL: And since we aren't getting against any other mineral owners or any other working 6 interest owners, and we're only going to be sidetracking for 7 800 feet, it would take quite a lot of deviation to get off, 8 and what you're suggesting would certainly be within reason, 9 but I wouldn't want to have to come back up for another 10 11 hearing. That's true. What I was trying to avoid 12 0. is a situation where you might have the well in the west half 13 14 and be completed in the east half of the section. 15 MR. MacCARROLL: Yes, sir, well --16 And it does appear as if --Q 17 MR. MacCARROLL: -- maybe we would dedi-18 cate the east half, then. 19 How about that Well, that's right. Q. piece of Union acreage down there in the southwest quarter 20 21 of the section? Does Union actually have that or --22 MR. MacCARROLL: No, sir. Anything within that outline Dorchester and Kay Wall have. Kay Wall 23 24 the mineral interest and except for a State tract up to the -25

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21 1 section up to the north part of that township. 2 And there's no difference in the --Q. 3 MR. MacCARROLL: No, sir. 4 -- royalty interest or the working inter-0 5 est? 6 MR. MacCARROLL: No, sir. No, sir, not 7 It's all under one agreement. a bit. 8 Okay. Well, that will resolve any prob-9 Q. lems we might have. 10 Getting back to your question, I think 11 A. what you're trying to come up with, over here on my plat that 12 I have, here we're anticipating 40.7 feet out there. 13 That's why I felt that 50-foot would be 14 Q. well within reason. 15 Uh-huh. 16 A. But apparently that's not going to be a 17 0 18 problem in this area that we perhaps do not need to be con-19 cerned about. MR. STAMETS: Any other questions of this 20 witness? He may be excused. 21 22 Anything further in this case? The case will be taken under advisement. 23 24 25 (Hearing concluded.)

CERTIFICATE

これになったいためになった。これにはないないないないないないです。

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.

Scoly W. Boyd C.S.E.

Page

I do hereby certify that the foregoing is a complete record of the proceedings In a complete record of the production 2096, the Examinor hearing of Case 110. 2096, Examiner neard Oil Conservation Division Ņ

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STATE SUPPOV AND	MINERALS DEPARTMENT	
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IN THE MATTER OF:		
Application of Dor	chester Exploration,)	CASE
The for directio	nal drilling and an /	7090
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County, New Mexico	 The second product of the secon	n an an an an an an an An an
BEFORE: Richard L. Stamets		
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TRANSCR	IPT OF HEARING	
APPE	ARANGES	
For the Oil Conservation	Ernest L. Padilla,	Esq.
Division:	Legal Counsel to t	he Divisi
선형 정희 2007년 월일 2011년 2012년 2011년 2011년 2011년 2월 2011년 2	State Land Office Santa Fe, New Mexi	n10g.
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	Conrad L. Coffield	l, Esq.
For the Applicant:	HINKLE LAW FIRM	
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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	Rinkle Law Firm in Midland, Texas, appearing on behalf of the
8	applicant, and I have two witnesses to be sworn.
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13 4	being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:
3	being called as a witness and being duly sworn upon his oath, testified as follows, to-wit: DIRECT EXAMINATION
3 4 5 6 7	being called as a witness and being duly sworn upon his oath, testified as follows, to-wit: DIRECT EXAMINATION BY MF. COFFIELD:
3 4 5 7 8	being called as a witness and being duly sworn upon his oath, testified as follows, to-wit: DIRECT EXAMINATION BY MF. COFFIELD: (Mr. MacCarroll, for the record would you
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4 1 2 of record and were they accepted by the Division? 3 Yes, they were. And are you familiar with Dochester's Q. application in this particular case? 5 6 Yes, I am. λ 7 Likewise, have you familiarized yourself with the property and the well location, et cetera, in this 8 9 particular matter? 10 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 Mr. MacCarroll, would you please state Q. 16 for the record what it is that Dorchester seeks by this parti-17 cular application? 18 Dorchester is seeking authority to reλ. 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 5 2 indeterminate direction from a kickoff point at approximately 3 7300 feet and bottom the well approximate depth of 81.00 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 advortisement said, whether it was that detailed. 16 Yes, it did call it the old Union -- the A. 17 Union ---18 MR. STAMETS: Union Hill, there. 19 Yes, uh-huh. Ä. 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 Mr. MacCarroll, would you please refer C.

1 to what we're marked as Exhibit One and describe that exhibit 2 for the Examiner's benefit. 3 It's a land plat of the area in which the λ. 4 well will be re-entered. There are several blocks outlined 5 on the land plat, which are simply the -- the entirety of the 6 7 outline is everything that Dorchester has under option to drill. There just happens to be several lease blocks which 8 are described on here, or which are outlined on here. 9 10 In this particular case we would be reentering the well under Block E, and Kay Wall, Incorporated, 11 has the mineral interests under the location at which we want 12 to re-enter the well, plus all surrounding acreage. So there 13 14 would be no conflict of mineral or working interest ownerships in this. 15 The colors that are shown on this parti-16 cular plat, what do those indicate? Some are yellow and --17 That is just for some internal company 18 19 identification only. There's no difference between one block and another. 20 Are the other wells in the area spotted 21 on this particular plat, Mr. MacCarroll? 22 Yes, they are. 23 λ. U And the well in question is shown in 24 red in the --25

7 1 It has - yes, it's shaded in red there 2 A. in block E. 3 Is Dorchester the leasehold owner Okay. 4 0 as well as the proposed operator of this particular well? 5 Yes, they are. 6 λ. Go now to what we've marked (... Exhibit 7 Q Two and describe that, if you would, please, for the Examiner 8 Exhibit iwo is a structure contour map 9 on top of the Mississippian limestone. We have an inset of 10 correlation logs on the left side of this that simply shows 11 a correlation of the proposed re-entry to a producing Mississ-12 ippian Field approximately eight miles to the northeast of 13 our proposed re-entry, and shows a correlative zone of poro-14 sity to the producing field, and some notations on there of 15 the resistivities that were taken off another log. 16 We show no --- nothing more than a nosing 17 on this and we don't feel like any deviation would affect us 18 in any manner at all. 19 Mr. MacCarroll, I think it might help 20 0 the Examiner if you were to give him a very brief history of 21 the -- this particular well, by whom it was drilled, when? 22 It was drilled approximately 22 years 23 ٨. ago, It was drilled to the Pre-Mississippian formation, which 24 25 we identify ourselves as the Silurian. It was tested and

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1	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 interest
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 ar of the matter to avoid possible borehole
8	contaminatios of the of the mud sitting in this well that long.
9	Ω 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	약은 물건 것이 한 것 같은 것이 가슴을 가지 않아 있다. 이 것이 있는 것이 있는 것이 것 같이 있는 것이 것 같아. 같은 물건 것이 한 것 같은 것이 같은 것이 같은 것이 있는 것이 있는 것이 같이 있는 것이 같이 있는 것이 같이 없다.
15	Do you have anything further to add to your testimony?
16	물리는 것은 물건이 있는 것을 하는 것 같아요. 것 방법을 받았다. 동물을 것 같아요.
17	
	0. 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
2	wells and otherwise prevent waste and protect correlative
3	rights?
4	A. Yes.
5	MR. COFFIELD: Mr. Examiner, I move the

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9 1 admission of Exhibits One and Two. 2 MR. STAMETS: Exhibits One and Two will 3 be admitted. 4 MR. COFFIELD: I have nothing further 5 of Mr. MacCarroll on direct examination. 6 7 MR. STAMETS: It would appear that your next witness is going to describe the directional drilling. 8 MR. COFFIELD: Yes, sir. 0 MR. STAMETS: Any questions of this wit-10 ness? He may be excused. We might have something for him 11 12 later, but he may be excused for the time being. 13 LEROY HURT 14 15 being called as a witness and being duly sworn upon his oath, 16 testified as follows, to-wit: 17 18 DIRECT EXAMINATION BY MR. COFFIELD: 19 20 Mr. Hurt, would you please state for the record your name, address, occupation, and employer? 21 My name is Leroy Hurt, employed by Dor-22 **A.** chester Exploration as a Division Production Superintendent. 23 Midland, Texas. 24 25 û Mr. Hurt, have you previously tostified

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1 10 before the Division as an operations and production super-2 visor? 3 No, sir, I have not. 4 Α. 5 Do you have any professional degree in Q. your background, Mr. Hurt? 6 7 A. Well, no, not as far as educationwise. Okay, would you then please give the 8 Q. Examiner a resume of your background and experience as a prac-9 10 tical oilman and as an operations and production supervisor? 11 Okay. I'm a high school graduate and I A. 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?

11
A. From 1978 to '80.
And I provided well site supervision,
supervision of well site consultants, and preparing the govern
ment NPL-6, AFE's, drilling and completion procedures for oil
and gas wells.
And at the present time employed by Dor-
chester 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 Dor-
chester'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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12 1 2 A. Yes. 3 MR. COFFIELD: I would tender Mr. Hurt 4 as a practical oil man, particularly in the area of operations 5 and production procedures. 6 MR. STAMETS: The witness is considered 7 qualified. 8 Mr. Hurt, would you please refer to what Q. 9 we've marked as Exhibit Three and explain briefly what that 10 represents? 11 Okay, that's an application for permit 12 to drill, which this is going to be classified as an unortho-13 dox well, and that also states there our hole size as an 14 existing hole;, and this is requesting a permit to re-enter 15 the well. 16 Okay, go to what we've marked as Exhibit O. 17 Four and describe that, please. 18 Okay. Exhibit Four is a plat, well plat 19 of the well. You'll notice there on the -- on the plat this 20 is staked out there as original. On the inner circle will 21 be our proposed TD, where we came back to. It will be the 22 bottom location. 23 That represents, then, Mr. Hurt, the 24 330-foot radius --25 Right. A.

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\sim	1 Q in the application?
	A. Yes, from the east line there, 330 feet,
	and we indicate there that we will be no closer than 178 feet
	5 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
	8 explain that.
	A. Exhibit Five?
	Q. Uh+huh.
	Okay, that's the well schematic there
	11 we have. On the left is the existing well as it stands up to
	12
	And over on the right is our proposed
	14 re-entry, and we propose to go in and clean out now, clean
	16 out this well, and set us a plug back up to 7300 and drll.
	and start out on our sidetrack hole.
	All right, Mr. Hurt, why have you select
	18 19 that particular depth to which at which to commence your
	20 sidetrack operations?
	A. It's a good formation, a good hard form
	tion there to kickoff on. It would be below that Abo shale
	23 and be below it and eliminate any hole problems.
	0. Okay, are there any other features on 24
J.	this schematic that you want to bring to the attention of th

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14 Examiner as far as your proposed operations are concerned? Well, there's a little diagram over on the right, which we want to come into later on. I visited with whipstock, Eastman Whipstock, and we came up with the -went back and took the old inclination reports of it and run 5 it down to 7300. I seen that this well went east, which is 6 our critical point. And then at 7300, which is the top of 7 the drawing up here, this well is -- is 109 feet from verti-8 cal at that point already, so -- and that's where we run it 9 on down and we come out an additional 41.40 feet is where we 10 came up with our 178 feet off of our line. 11 So your 178 feet will be well within the --12 13 The 330 feet. ΥĽ, Å. Okay, anything else on that? 14 No. We'll come back to it; cover this Q. 15 Ā. 16 more thoroughly over on --All right, then let's go to Exhibit Six 17 **Q**.⁵ 18 and discuss that, please. Okay, Exhibit Six is an Eastman Whipstock 19 recommendation procedure, which I visited with them on this 20 plan and gave them quite a fewodetails there. But what this 21 points out that we will do when we clean up the hole to the 22 original TD, then we will survey the hole back up to determine 23 our correlation and see which way this particular hole is 24 25

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15 1 from our vertical as of today. 2 And we will correlate it then and go 3 further on. 4 Okay. Mr. Hurt, the Eastman Whipstock 5 report here, or recommended procedure, is this a result, I 6 presume, of an engagement that you made of the Eastman Whip-7 stock --8 Yes, uh-huh. A. 9 -- Company to survey this thing and 0 10 make recommendations to you? 11 Yes. A. 12 Is there anything unusual or did they 0. 13 take note of anything which would in any way be adverse to 14 the plan that you have -- that you propose to the Division 15 today? 16 No, sir, we, like I say, we plan to go 17 in and open the hole, condition it, and then we will, we'll 18 run surveys back up to the bottom of that pipe. Then we will 19 make our correlation survey to it, then, to determine which 20 which way our hole is, the deviation off on. Now we figure 21 this, like I say, again, we went to the most east direction 22 until we reach our critical point. 23 Okay, that brings us then finally to Ô, 24 Exhibit Seven. 25

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

16

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

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

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

All right.

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

Did you have anything further to add to

23 your testimony?

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No, sir, I think not.

Were these exhibits Three through Five

17 1 and Seven prepared by you or under your supervision? 2 A. Yes. 3 And Exhibit Six, being the Eastman Whip-Q. 4 stock recommendations, do you concur on those recommendations? 5 Ă. Yes, sir, I do. 6 And in your opinion will the approval of 0. 7 this application by Dorchester prevent the drilling of unnec-8 cesary wells and otherwise prevent waste and protect correla-9 tive rights? 10 Yes, sir. A. 11 MR. COFFIELD: Mr. Examiner, we tender 12 the admission of --- or tender the Exhibits Three through 13 Seven for admission. 14 MR. STAMETS: These exhibits will be ad-15 mitted. 16 MR. COFFIELD: And I have nothing further 17 of Mr. Hurt on direct examination. 18 19 CROSS EXAMINATION 20 BY MR. STAMETS: 21 Mr. Hurt, in estimating the original 0. 22 displacement, that's all been toward the closest unit boundary, 23 and actually the hole might have corkscrewed down and the 24 bottom could be somewhat ---25

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18 1 That is right. That is right. We ran A. 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 Okay, now on Exhibit Seven, we get down 0. 6 to item number five and that indicates that you plan to drill 7 off in a northwesterly direction. 8 Yes. A. 9 Okay, so again when you've shown us the <u>0</u>,`` 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 That is right. À. 14 All right. Q. 15 Yes. We don't -- we're trying to estab-A. 16 lish, you know, that this, we would not exceed that east line. 17 Okay. If you received an order which 0. 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 50 feet? A. 22 Right. You've shown that 78 feet is as 0. 23 close as you expect to come. 24 On 178 feet, yes. But now when I come A. 25

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19 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. á Q. Uh-huh. 5 Α. That is assuming, you know, took a straight 6 angle. 7 All right, my question is, though, if Q. 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 Well, oh, you mean 50 feet from vertical? A. 12 Oh, 50 feet back from this center line here? 13 MR. COFFIELD: The center line of the 14 section. 15 Right. 0 16 No. Α. 17 That wouldn't cause you any difficulty? Q. 18 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

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

Uh--huh.

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

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

> MR. MacCARROLL: Yes, sir, well --And it does appear as if --

MR. MacCARROLL: -- maybe we would dedicate the east half, then.

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

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

1 21 section up to the north part of that township. 2 3 And there's no difference in the ---Q. MR. MacCARROLL: No, sir. 4 5 -- royalty interest or the working inter-Q. 6 est? 7 MR. MacCARROLL: No, sir. No, sir, not 8 a bit. It's all under one agreement. 9 Okay. Well, that will resolve any prob-10 lems we might have. Getting back to your question, I think 11 A. . what you're trying to come up with, over here on my plat that 12 I have, here we're anticipating 40.7 feet out there. 13 14 That's why I felt that 50-foot would be 0. well within reason. 15 16 Uh-huh. A. 17 But apparently that's not going to be a 0. 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.)

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.

CERTIFICATE

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, Examiner

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Pag STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION 1 STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 2 25 November 1980 3 EXAMINER HEARING 4 5 Application of Dorchester Exploration,) IN THE MATTER OF: 6 CASE Inc., for directional drilling and an) 7090 unorthodox gas well location, Chaves) 7 County, New Mexico. 8 9 10 BEFORE: Daniel S. Nutter 11 TRANSCRIPT OF HEARING 12 1011 13 APPEARANCES 14 Ernest L. Padilla, Esq. 15 Legal Counsel to the Division For the Oil Conservation State Land Office Bldg. 16 Santa Fe, New Mexico 87501 Division: 17 18 19 For the Applicant: 20 21 22 23 24 25

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MR. NUTTER: Call Case Number 7090. MR. PADILLA: Application of Dorchester Exploration, Inc., for directional drilling and an unorthodox gas well location, Chaves County, New Mexico. Mr. Examiner, Mr. Coffield, attorney for the applicant in this case has requested that this case be continued to December 10th. MR. NUTTER: Case Number 7090 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. December 10th, 1980. (Hearing concluded.)

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.

CERTIFICATE

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Sausy W. Boyd C.S.R.

I do hereby cartify that the forenoing is a constant of the proceedings in the four increasing of all 0.7070heard by me on 11/25 19.80.

Oll 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:

CASE

7090

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

BEFORE: Daniel S. Nutter

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TRANSCRIPT OF HEARING

APPEARANCES.

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:

MR. NUTTER: Call Case Number 7090. MR. PADILLA: Application of Dorchester Exploration, Inc., for directional drilling and an unorthodok gas well location, Chaves County, New Mexico. Mr. Examiner, Mr. Coffield, attorney for the applicant in this case has requested that this case be continued to December 10th. MR. NUTTER: Case Number 7090 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. December 10th, 1980. (Hearing concluded.)

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CERTIFICATE

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.

5000 w. Boyd C.S.R.

I do hereby contributing that the foregoing is a complete stand of the proceedings in the Examiner tracks of the proceedings in heard by me on 11/25 19.83.

, Examines n OI Conservation Division

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Dorchester. ExploRAtion inc. Hill #1. Reentry. (400102) Waller RANCh Rospert. CHAVOS, COUNTY NOD Moxies P+A- 11-4-59 Union oil Company. Existins Proposed 1052 2-32'. 13% 54 #/4. Comminted of 1554. Themad. Survice 2532 1850 1910'- 858" 24 #H. - 600 st. TotAL Displacement Fran 1300 TCont. Surazce 7300' TO TO = 1.57 + 41.60: 12.97' Average Angle Frong 7205 MTD. 86.44 2.89-Total displacement from OTIT.D. : 109.14 + 42.97:152.1 P.B. 7300 11.41 8150 \$151.1 355% 8320 XV11 8360 TD. 8151.1 \$150. BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION CARDIN NO. 5 178/04 CASE NO. 1090 Submitted by Douchedy Hearing Date 12/10/80

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Eastman Whipston	C11
	November 12, 1980 Hearing Date 12/10/80
Company Dorchester Ex	ploration 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 co-dition 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 northwest 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).

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



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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

 SURVEY BY

OFFICE

DORCHESTER EXPLORATION, INC. PROPOSAL HILL WELL NO. 1 /3 CHAVES COUNTY, NEW MEXICO 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.

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TANGENTIAL METHOD



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

BERORE EXTENSION STAMETS OIL CORPARIATION CIVINICA - 1 No. 1 CASENO. 1090 Submitted by Dardunder Hearing Dale 12/10/80

ESTIMATED TOTAL DEPTH:

out of hole.

8100'

GL 3602.6'

OBJECTIVES:

ELEVATION:

Mississippian 7606'

- 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
 - 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.
 - 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 A	ND ACREAGE DEDICATION PLAT	

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Dorchester. Exploration me. (400102) Hill #1- Reentry. Wallow RANch Rosport. CHAVOS, COUNTY New Moxies P+A- 11-4-59 Union oil Company. FRISTINS Propose d 105% 2-32'- 13% 54 #/ft. Commented of 1554. Thank Sungace 2534 1880 JotAL Displacement From 1910'- 858" 24 4.4. - 600 54. Δ 0300 VCmit. Suntace 7300' TO TO = 1.57 + 41.60 = 4 2. 97' Average Angle Frony 7300 TO TD. 29.98. Ę 2.89-Total displacement from OTITD - 109.14 + 42. 97-152.1 P.B. 7300 200 41.41 8150 4151.1 255× 8320 XXXI 8365 TD. 8151.1 8150. PEFORE !! A TELAA OIL CONTRACTOR 1. HALLAS LEARTHY KELLS × 178 FEL CASE NO. 7090 Submitted by Dorchester E N S Hearing Date 12/10/80

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Ordered By Loroy Hurt	County & State	Chaves /New Merico

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 northwest 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).

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



REPORT of SUB-SURFACE DIRECTIONAL SURVEY

DORCHESTER EXPLORATION, INC. COMPANY

> HILL WELL NO. 1 WELL NAME

CHAVES COUNTY, NEW MEXICO

JOB NUMBER

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TYPE OF SURVEY

DATE

SURVEY BY

OFFICE

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.

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TANGENTIAL METHOD

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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

ESTIMATED TOTAL DEPTH:

8100'

OBJECTIVES:

GL 3602.6'

Mississippian 7606'

ELEVATION:

7)

- 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'.
- Go in hole open ended. Set cement plug 8150' to 7000'. Walt on cement 24 hours.
- 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.

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'. Dockets Nos. 42-80 and 43-80 are tentatively set for December 30, 1980 and January 14, 1981. Applications

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 10, 1980

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

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The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner: 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 Guranty Company, and all other interested parties to appear and show cause why the Spears State Well No. 2 in Unit B of Section 28, Township 11 South, Range 27 East, Chaves County, should not be plugged and abandoned in accordance with a Division-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. Application of Mesa Petroleum Co. for a unit agreement, Les County, New Mexico. CASE 7097: Application of mesa retrojeum to, for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Jackson Unit Area, comprising 2,560

Applicant, in the above-styled cause, seeks approval for the Jackson Uni 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 G 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 Feating)

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, Eddy County, New Mexico. 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 cas from the Atola formation through 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 Blinebry 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 Duncen Unit Area, comprising 7,679 acres, more or less, of State, Federal, and fee lands in Townships 13 and 14 South, Range 35 East.

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,

CASE 7101:

Application of Consolidated Oil & Gas, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, inc. for downnois comminging, who Arriba County, New Mex Applicant, in the above-styled cause, seeks approval for the downhole comminging of Gallup and Basin-Dakota production in the wellbore of its Tribal "C" Well No. 4-E in Unit H of Section 6,

CASE 7102:

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling and an exception to Rule 9(k) 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 Wall No. 2 to be located in Unit K of Section 2, the proration unit which cannot be so drained by the two existing wells on the unit. Applicant proration unit's allowable on the basis of three Mesaverde wells on the unit.
Page 2 of 4 Examiner Hearing - Wednesday - December 10, 1980

Docket No. 40-80

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 WPX-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 Mitcheil 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, kange 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 dril-ling 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 well to be drilled at a standard location thereon. Also to be considered will be the cost of dril-ling 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 double of Store the Meridian for the Section of the Section of the Section of the Section of the Section 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 loca-tion. The W/2 of said Section 27 would be dedicated to the well.

CASE 6668:

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-Boke 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)

(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 Soution 3, Township 24 South, Range 36 East.

Page 3 of 4 Examiner Hearing - Wednesday - December 10, 1980

Docket No. 40-80

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 thernof 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).

Application of Alpha Twenty-One Production Company for approval of infill drilling, Lee 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 CASE 7112: 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, scake 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, con-taining 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 No. 41-80

Page 4 of 4

DOCKET: COMMISSION HEARING - THURSDAY - DECEMBER 11, 1980

OIL CONSERVATION CONSISSION - 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 Andreo formation underlying eight 40-acre proration units, being the NE/4 NE/4 of Section 6 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 Cyrtis 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 locstion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160acre 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 he 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.

(Continued from November 25, 1980, Examiner Hearing)

CASE 6996:

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/A 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: CONMISSION 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-61/5, set aside, or (b) to except the E/2 of Section 32, Township 25 South, Range 24 East, Eddy County, Mew 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 Last.

Docket No. 38-80

DOCKET: COMMISSION HEARING - MONDAY - NOVEHBER 24, 1980

OIL CONSERVATION COMMISSION - 9 A.H. - 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 Oll 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 walls 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 unita, 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.

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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, Edgy County, New Mexico." 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.

Page 2 of 6 Examiner Hearing - Tuesday - November 25, 1980

Docket No. 39-80

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CASE 7089: Application of Summit Energy, Inc. for a waterflood project, Les County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Blinebry formation through its Gulf Bunin Well No. 2 located in Unit C of Section 13, Township 21 South, Kange 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 loca-tion. 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, Les County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Dr's and production in the wellbore of its L. G. Warlick "B" Well No. 2 located in Unit G of Sec-tion ., Township 21 South, Range 37 East.

CA3B 6940: (Continued from October 1, 1980, Examiner Hearing)

Application of Adobe Oil Company for compulsory pooling, Les County, New Mexico. Applicant, in the above-styled cause, secks 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 appli-cant 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

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.

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.

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 7092:

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 Township ships 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.

Page 3 of 6 Examiner Hearing - Tuesday - November 25, 1980

Docket No. 39-80

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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, NMPH. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM Section 15: SH/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. Burle-son, 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 Cetty 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: ₩/2

(d) CREATE a new pool in Les 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 NK3 Well No. 1 located in Unit P of Section 3, Township 15 South, Range 32 East, NMPH. Said pool would comprise:

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

(e) CREATE a new pool in Les 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 Les County, New Mexico, classified as an oil pool for Bone Spring pro-duction 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 Les 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

(b) CONTRAUT the Querecho Plains-Yates Pool in Les County, New Mexico, by the deletion of the following described area:

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

(1) 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 Bection 15: W/2 SW/4 Section 22: NW/4

Page 4 of 6

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Examiner Hearing - Tuesday - November 25, 1980

(j) EXTEND the Airstrip-Lower Bone Spring Pool in Les County, New Mexico, to include therein: TOWNSHIP 18 SOUTH, RANGE 34 EAST, NHPM 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

(1) EXTEND the Antelope Ridge-Bone Spring Pool in Les 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, MMPM Section 29: N/2 Section 30: E/2 Section 31: NE/4

(p) EXTEND the Blinebry 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 BAST, NMPH Section 8: NW/4

(q) EXTEND the Bull's Eye-San Andres Pool in Chaves County, New Mexico, to include therein: TOWNSHIP 8 SOUTH, RANCE 29 EAST, NHPH Section 6: E/2 SW/4 Section 7: B/2 NW/4

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(r) EXTEND the Denton-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 37 EAST, NHPM Section 22: SE/4

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(s) EXTEND the Diamond Mound-Morrow Gas Pool in Chaves and Eddy Counties, New Mexico, to include

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM Section 35: S/2

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NHPM Section 31: E/2

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 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

Page 5 of 6 Examiner Hearing - Tuesday - November 25, 1980

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Docket No. 39-80

(t) EXTEND the Dublin Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

Section	22	SOUTH,	RANGE	28	FACT	MARIA
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Section	29:	N/2			$(x_i,y_i) \in [0,1]$	

(u) EXTEND the Eagle Creek Permo-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NHPM Section 36: E/2

(v) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein: TOWNSHIF 17 SOUTH, RANGE 29 EAST, WHPM Section 18: All

(w) EXTEND the East Empire Yates-Seven Rivers Pool in Eddy County, New Mexico, to include

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM Section 22: NW/4

(x) EXTEND the East Grame Ridge-Morrow Gas Pool in Les County, New Mexico, to include therein: TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM

Section 2: SE/4

(y) EXTEND the Hardy-Blinebry Pool in Les County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM Saction 1: S/2

(z) EXTEND the Hardy-Drinkard Pool in Les County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPH Section 1: 5/2

(as) EXTEND the Leamex-Wolfcamp Pool in Les County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, PANCE 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

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM Section 2: SW/4 SW/4 Section 3: A11 Section 4: B/2 Section 11: NW/4 NW/4

(cc) EXTEND the South Loco Hills Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to

1

TOWNSHIP 18 SOUTH, RANGE 29 EAST, MMPM Section 31: NE/4 NE/4

(dd) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include

TOWNSHIP 16 SOUTH, RANGE 37 BAST, NHPM Section 29: NW/4

(ee) EXTEND the Penneco Draw Permo-Penneylvanian Gas Pool in Eddy County, New Mexico, to include

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

Page 6 of 6

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Examiner Hearing - Tuesday - November 25, 1980

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(ff) EXTEND the Saunders Permo-Upper Pennsylvanian Pool in Les County, New Mexico, to include therein: TOWNSHIP 14 SOUTH, RANGE 33 EAST, MMPH Section 28: NW/4 (8g) EXTEND the Scharb-Bone Spring Pool in Lee County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NHPH Section 4: SW/4 Section 5: SE/4

(hb) 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: 5W/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

Case 7090 NOV

OIL CONSERVATION DIVISION SANTA FE

Attention: Mr. Dan Nutter Chief Engineer

> Re: Hill No. 1 Well F, 27-125-28E 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 reenter 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.

A SUBSIDIARY OF DORCHESTER GAS CORPORATION

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 unorthodog gas will location, Chaves Canty, new meyico. applicant, in the about - Aly led Cause, seeks tharity to the re-cuter the ald Union Hill like no. 1, the surface Caration 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 Rick-off pant at 7300 fort bottoming said Well in the mississippian Jonnation that more than less then 330 feet Why from the surface Cocation. The Why of said Section 27 would be bedi-Catel to the well.

Rick Obaunon 915 6831866 Dorchester Exploration Due Nice where # 1 2310 FNL 2310 FWL 27 12 28 Choves Co orig bild by Union to TD 8150. wp PBto 7300 Orl to 8100 mississippian 5330/330 O 56 White 7083



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

27

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

10/00

attachments:

A SUBSIDIARY OF DORCHEBTER GAS CORPORATION

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

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

7090 CASE NO.

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

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ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on <u>December 10</u> 19⁸⁰, at Santa Fe, New Mexico, before Examiner <u>Richard L. Stamets</u> NOW, on this <u>day of <u>December</u></u>, <u>1980</u>, 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 W.F. Waller authority to rementer the old Union Kar 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 potential optormation dumage well bore in the Mississippian of ound tio The origina!

(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 *w,F, Wollow* hereby authorized to re-enter the old Union 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 WWW 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

<u>PROVIDED FURTHER</u>, 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) --

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(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 hereinabove designated.