

## OIL CONSERVATION DIVISION

P. O. Box 2088  
SANTA FE, NEW MEXICO  
87501

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

ADMINISTRATIVE ORDER

NFL 5

INFILL DRILLING FINDINGS AND WELL-SPACING WAIVER  
MADE PURSUANT TO SECTION 271.305(b) OF THE  
FEDERAL ENERGY REGULATORY COMMISSION REGULATIONS,  
NATURAL GAS POLICY ACT OF 1978 AND OIL CONSERVATION DIVISION  
ORDER NO. R-6013

I.

Operator Texaco Inc. Well Name and No. New Mexico "G" State No. 3  
Location: Unit M Sec. 19 Twp. 19S Rng. 37E cty. Lea County

II.

## THE DIVISION FINDS:

Final

(1) That Section 271.305(b) of the Federal Energy Regulatory Commission ~~Interim~~ Regulations promulgated pursuant to the Natural Gas Policy Act of 1978 provides that, in order for an infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well within that unit, and must grant a waiver of existing well-spacing requirements.

(2) That by Order No. R-6013, dated June 7, 1979, the Division established an administrative procedure whereby the Division Director and the Division Examiners are empowered to act for the Division and find that an infill well is necessary.

(3) That the well for which a finding is sought is to be completed in the Eumont-Yates Seven Rivers Queen Gas Pool, and the standard spacing unit in said pool is 640 acres.

(4) That a 158.68 -acre proration unit comprising the E/2 SE/4 of Sec. 24, T-19-S, R-36E, of Sec. 19, Twp. 19-S, Rng. 37-E, is currently dedicated to the SW/4 of New Mexico "G" State No. 2 located in Unit M of said section.

(5) That this proration unit is ( ) standard (X) nonstandard; if nonstandard, said unit was previously approved by Order No. R-591.

(6) That said proration unit is not being effectively and efficiently drained by the existing well(s) on the unit.

(7) That the drilling and completion of the well for which a finding is sought should result in the production of an additional 450 M MCF of gas from the proration unit which would not otherwise be recovered.

(8) That all the requirements of Order No. R-6013 have been complied with, and that the well for which a finding is sought is necessary to effectively and efficiently drain a portion of the reservoir covered by said proration unit which cannot be so drained by any existing well within the unit.

(9) That in order to permit effective and efficient drainage of said proration unit, the subject application should be approved as an exception to the standard well spacing requirements for the pool.

## IT IS THEREFORE ORDERED:

(1) That the applicant is hereby authorized to drill the well described in Section I above as an infill well on the existing proration unit described in Section II(4) above. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by said proration unit which cannot be effectively and efficiently drained by any existing well thereon.

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

DONE at Santa Fe, New Mexico, on this 4th day of October, 1979.

  
DIVISION DIRECTOR X EXAMINER —

**TEXACO  
INC.**

P. O. BOX 3109  
MIDLAND, TEXAS 79701

BENNY J. LOWE  
ATTORNEY

October 3, 1979

**APPLICATION FOR WELLHEAD  
PRICE CEILING CATEGORY**

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New Mexico "G" State No. 3  
Lea County, New Mexico

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

Gentlemen:


Enclosed are the following instruments and documents:

- 1) Letter dated October 2, 1979 requesting a finding that the New Mexico "G" State No. 3 is necessary to effectively and efficiently drain the proration unit within which it is to be drilled;
- 2) Form C-132;
- 3) Form FERC 121;
- 4) Form C-101;
- 5) Form C-102;
- 6) Form C-103;
- 7) Letter dated September 13, 1979 granting authorization to dedicate a non-standard 158.68 acre gas proration unit;
- 8) Exhibit "A", reflecting engineering and geological data;
- 9) Exhibit "B", structure map showing the structural and surface location of the New Mexico "G" State No. 3;
- 10) Exhibit "C", engineering and geological statement.

New Mexico Oil Conservation Division  
October 3, 1979  
Page 2

It is necessary that action be taken with regard to the New Mexico "G" State No. 3 as quickly as possible due to the requirement of Section 271.305 of Order No. 43, Final Regulations, Issued August 20, 1979, Docket No. RM79-72, which requires a finding by the New Mexico Oil Conservation Division prior to the commencement of drilling that the New Mexico "G" State No. 3 will effectively and efficiently drain the proration unit upon which it is located. It is, therefore, respectfully requested that the aforesaid finding be made administratively and as quickly as possible due to the spudding date of the subject well being October 6, 1979.

Yours truly,

  
Benny J. Lowe

BJL:kam

Enclosures



PETROLEUM PRODUCTS

PRODUCING DEPARTMENT  
CENTRAL UNITED STATES  
MIDLAND DIVISION

October 2, 1979

TEXACO INC.  
P. O. BOX 3109  
MIDLAND, TEXAS 79702

ORDER NO. 43 - FINAL REGULATIONS  
(ISSUED AUGUST 20, 1979)

New Mexico "G" State No. 3  
Lea County, New Mexico

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

Gentlemen:

Reference is made to Section 271.305 of Order No. 43, Final Regulations, Issued August 20, 1979, Docket No. RM79-72.

Texaco Inc. hereby expresses its desire for the New Mexico Oil Conservation Division to make a finding, prior to the commencement of drilling, that the subject proposed well is "necessary to effectively and efficiently drain a portion of the Eumont Gas Pool, Eumont Queen Sand Field, Lea County, New Mexico."

Said finding is requested on the basis that the subject well will be a new well drilled in a proration unit:

- (1) which will be in existence on the date the proposed well will be spudded;
- (2) which applies to the reservoir from which natural gas from the proposed subject well will be produced;
- (3) which applies to a well spudded prior to February 19, 1977 which has produced gas in commercial quantities.

The subject well is being drilled as a replacement to the New Mexico "G" State No. 2 which can no longer effectively and efficiently drain its proration unit. In order for the subject replacement well to qualify as a "new onshore production well", a finding (based on appropriate geological and engineering data)

New Mexico Oil Conservation Division  
October 2, 1979  
Page 2

must be made by the New Mexico Oil Conservation Division prior to commencement of the subject well. Your early attention in this matter is appreciated as the subject well is scheduled to be spudded on October 6, 1979.

After evaluating the attached geological and engineering data, should the Oil Conservation Division find that drilling the New Mexico "G" State No. 3 is necessary to effectively and efficiently drain the above-mentioned proration unit, please execute and date the enclosed copy of this letter and return same to this office.

Your cooperation in this matter is appreciated.

Yours very truly,

D. T. McCreary  
Division Manager

By: R. G. Brown

R. G. Brown  
Asst. to Division Manager

New Mexico Oil Conservation Division

By: \_\_\_\_\_

Date: \_\_\_\_\_

DAD:kam

Enclosures

October 2, 1979

**ORDER NO. 43 - FINAL REGULATIONS  
(ISSUED AUGUST 20, 1979)**

**New Mexico "G" State No. 3  
Lea County, New Mexico**

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

**Gentlemen:**

**Reference is made to Section 271.305 of Order No. 43, Final Regulations, Issued August 20, 1979, Docket No. RM79-72.**

**Texaco Inc. hereby expresses its desire for the New Mexico Oil Conservation Division to make a finding, prior to the commencement of drilling, that the subject proposed well is "necessary to effectively and efficiently drain a portion of the Eumont Gas Pool, Eumont Queen Sand Field, Lea County, New Mexico."**

**Said finding is requested on the basis that the subject well will be a new well drilled in a proration unit:**

- (1) which will be in existence on the date the proposed well will be spudded;**
- (2) which applies to the reservoir from which natural gas from the proposed subject well will be produced;**
- (3) which applies to a well spudded prior to February 19, 1977 which has produced gas in commercial quantities.**

**The subject well is being drilled as a replacement to the New Mexico "G" State No. 2 which can no longer effectively and efficiently drain its proration unit. In order for the subject replacement well to qualify as a "new onshore production well", a finding (based on appropriate geological and engineering data)**

New Mexico Oil Conservation Division  
October 2, 1979  
Page 2

must be made by the New Mexico Oil Conservation Division prior to commencement of the subject well. Your early attention in this matter is appreciated as the subject well is scheduled to be spudded on October 6, 1979.

After evaluating the attached geological and engineering data, should the Oil Conservation Division find that drilling the New Mexico "G" State No. 3 is necessary to effectively and efficiently drain the above-mentioned proration unit, please execute and date the enclosed copy of this letter and return same to this office.

Your cooperation in this matter is appreciated.

Yours very truly,

D. T. McCreary  
Division Manager

By: R. G. Brown  
R. G. Brown  
Asst. to Division Manager

New Mexico Oil Conservation Division

By: \_\_\_\_\_

Date: \_\_\_\_\_

DAD:kam

Enclosures

## OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-103  
Revised 10-1-79

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

5a. Indicate Type of Lease
State <input checked="" type="checkbox"/> Free <input type="checkbox"/>
5. State Oil & Gas Lease No.
B-2052

## SUNDRY NOTICES AND REPORTS ON WELLS

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

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>	7. Unit Agreement Name
2. Name of Operator ✓ TEXACO Inc.	8. Firm or Lease Name New Mexico 'G' State
3. Address of Operator P. O. Box 728 - Hobbs, New Mexico 88240	9. Well No. 2
4. Location of Well UNIT LETTER M 660 FEET FROM THE West LINE AND 660 FEET FROM THE South LINE, SECTION 19 TOWNSHIP 19=S RANGE 37=E NMPM.	10. Field and Pool, or Wildcat Eumont Yates Seven Rivers Queen (Gas)
11. Elevation (Show whether DF, RT, GR, etc.) 3691' (DF)	12. County Lea

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

## NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐  
TEMPORARILY ABANDON ☐  
PULL OR ALTER CASING ☐

PLUG AND ABANDON ☐  
CHANGE PLANS ☐

OTHER Squeeze Eumont Gas Zone ☒

## SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐  
COMMENCE DRILLING OPS. ☐  
CASING TEST AND CEMENT JOBS ☐  
OTHER ☐

ALTERING CASING ☐  
PLUG AND ABANDONMENT ☐

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1703.

1. Rig up. Pull rods & pump from Grayburg San Andres. Install BOP. Pull tubing.
2. Set RBP below Eumont perfs & cap w/sand.
3. Set cement retainer @ 3375'.
4. Cement squeeze Eumont perfs.
5. WOC. DOC & test.
6. Run production equipment. Test & return single completed San Andres well to production.

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

SIGNED Jerry Sexton TITLE Asst. Dist. Supt. DATE 9-17-79APPROVED BY Orig. Signed by  
Jerry Sexton  
Dist. Supt.TITLE \_\_\_\_\_ DATE SEP 20 1979

CONDITIONS OF APPROVAL, IF ANY:



NEW MEXICO OIL CONSERVATION DIVISION  
P. O. Box 2088, Santa Fe, New Mexico 87501

APPLICATION FOR WELLHEAD  
PRICE CEILING CATEGORY DETERMINATION

## 1. FOR DIVISION USE ONLY

DATE OF: APPLICATION \_\_\_\_\_  
DETERMINATION \_\_\_\_\_  
CONTESTED \_\_\_\_\_  
PARTICIPANTS \_\_\_\_\_

Kind of Lease  
State, Federal or Fee State

5. State Oil & Gas Lease No.

B-2052-2

7. Unit Agreement Name

8. Form of Lease Name

New Mexico "G" State

9. Well No.

3

10. Field and Pool, or Well Unit

EUMONT GAS POOL

11. County

Lea

## WELL CATEGORY INFORMATION

Check appropriate box for category sought and information submitted.

1. Category(ies) Sought (By NGPA Section No.) 103
2. All Applications must contain:
  - ☐ a. C-101 APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK
  - ☐ b. C-105 WELL COMPLETION OR RECOMPLETION REPORT
  - ☐ c. DIRECTIONAL DRILLING SURVEY, IF REQUIRED UNDER RULE 111
  - ☐ d. AFFIDAVITS OF MAILING OR DELIVERY
3. NEW NATURAL GAS UNDER SEC. 102(c) (1) (B) (using 2.5 Mile or 1000 Feet Deeper Test)
  - ☐ a. Location Plat
4. NEW NATURAL GAS UNDER SEC. 102(c) (1) (C) (new onshore reservoir)
  - ☐ a. C-122 Multipoint and one point back pressure test
5. NEW ONSHORE PRODUCTION WELL
  - ☒ a. C-102 WELL LOCATION AND ACREAGE DEDICATION PLAT
  - ☐ b. No. of order authorizing infill program \_\_\_\_\_
6. STRIPPER GAS
  - ☐ a. C-116 GAS-OIL RATIO TEST
  - ☐ b. PRODUCTION CURVE FOR 12-MONTH PERIOD
  - ☐ c. PRODUCTION CURVE FOR THE 90-DAY PERIOD ON WHICH THE APPLICATION IS BASED

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED  
HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY  
KNOWLEDGE AND BELIEF.

✓ TEXACO Inc  
NAME OF APPLICANT (Type or Print)  
Title Asst Dist Supt  
Date 10-3-79  
Signed [Signature]

## DIVISION USE ONLY

- ☐ Approved  
☐ Disapproved

The information contained herein includes  
all of the information required to be  
filed by the applicant under Subpart B  
of Part 274.

EXAMINER



**U.S. DEPARTMENT OF ENERGY**  
Federal Energy Regulatory Commission  
Washington, D.C. 20426

**APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL  
PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)**  
(Sections 102, 103, 107 and 108)

**PLEASE READ BEFORE COMPLETING THIS FORM:**

**General Instructions:**

Complete this form if you are applying for price classification under sections 102, 103, 107 or 108 of the NGPA. A separate application is required for each well. If any reservoir qualifies for a category which differs from the category applicable to the producing well, separate applications must be made for the producing well and the reservoir. Complete each appropriate item on the reverse side of this page. The code numbers used in items 4.0 and 6.0 can be obtained from the Buyer/Seller Code Book. If there is more than one purchaser or contract, identify the additional information in the space below. Enter any additional remarks in the space below.

Submit the completed application to the appropriate Jurisdictional Agency as listed in title 18 of the CFR, part 270.103. If there are any questions, call (202) 275-4539.

**Specific Instructions for Item 2.0, Type of Determination:**

<u>Section of NGPA</u>	<u>Category Code</u>	<u>Description</u>
102	1	New OCS Lease
102	2	New onshore well (2.5 mile test)
102	3	New onshore well (1,000 feet deeper test)
102	4	New onshore reservoir
102	5	New reservoir on old OCS Lease
103	-	New onshore production well
107	-	High cost natural gas
108	-	Stripper well

**Other Purchasers/Contracts:**

<u>Contract Date</u> (Mo. Day Yr.)	<u>Purchaser</u>	<u>Buyer Code</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Remarks:**

1.0 API well number. (If not available, leave blank. 14 digits.)	<u>30-025-26441</u>				
2.0 Type of determination being sought: (Use the codes found on the front of this form.)	<u>103</u> Section of NGPA		_____ Category Code		
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	_____ feet				
4.0 Name, address and code number of applicant: (35 letters per line maximum. If code number not available, leave blank.)	<div style="display: flex; justify-content: space-between;"> <div> <u>Texaco INC.</u>            Name  <u>P.O. Box 3109</u>            Street  <u>Midland</u>, <u>Texas</u> <u>79702</u>            City State Zip Code         </div> <div style="text-align: right;"> <u>018680</u>            Seller Code         </div> </div>				
5.0 Location of this well: [Complete (a) or (b).] (a) For onshore wells (35 letters maximum for field name.)	<u>EUMONT QUEEN SAND</u> Field Name <u>Lea</u> <u>New Mexico</u> County State				
(b) For OCS wells:	<div style="display: flex; justify-content: space-between;"> <div>           Area Name _____  <div style="display: flex; align-items: center; margin-top: 10px;">             Date of Lease:  <div style="display: flex; gap: 5px;"> <div style="border-bottom: 1px solid black; width: 20px; height: 10px;"></div> <div style="border-bottom: 1px solid black; width: 20px; height: 10px;"></div> <div style="border-bottom: 1px solid black; width: 20px; height: 10px;"></div> <div style="border-bottom: 1px solid black; width: 20px; height: 10px;"></div> </div> <div style="margin-left: 5px;">             Mo. Day Yr.           </div> </div> </div> <div style="text-align: right;">           Block Number _____            OCS Lease Number _____         </div> </div>				
(c) Name and identification number of this well: (35 letters and digits maximum.)	<u>New Mexico "G" State No. 3</u>				
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)	_____				
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	<div style="display: flex; justify-content: space-between;"> <div> <u>Northern Natural Gas Company</u>            Name         </div> <div style="text-align: right;"> <u>013767</u>            Buyer Code         </div> </div>				
(b) Date of the contract:	<u>03.01.76</u> Mo. Day Yr.				
(c) Estimated annual production:	_____ MMcf.				
		(a) Base Price (\$/MMBTU)	(b) Tax	(c) All Other Prices [Indicate (+) or (-).]	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)		2.113	0.144	-.-.-	2.257
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)		2.113	0.144	-.-.-	2.257
9.0 Person responsible for this application:	<div style="display: flex; justify-content: space-between;"> <div>           Name _____            Signature _____            Date Application is Completed _____         </div> <div>           Title _____            Phone Number _____         </div> </div>				
<div style="border: 1px solid black; padding: 2px;">             Agency Use Only              Date Received by Juris. Agency              Date Received by FERC           </div>					

DEPARTMENT	
DISTRIBUTION	
DATE	
FILE	
NO. G.S.	
LAND OFFICE	
OPERATOR	

# NEW MEXICO OIL CONSERVATION COMMISSION

30-025-26441

Date: 8-17-79  
Revised: 12-68

SA, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z	
STATE <input checked="" type="checkbox"/> NEW MEXICO	FILE <input type="checkbox"/>
B-2052-2	

## APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. Type of Work		2. Date of Permit	
a. Type of Well OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		b. Date of Permit	
c. Name of Operator Texaco Inc.		d. Name of Lessee New Mexico "G" State	
e. Address of Operator P. O. Box 3109 Midland, Texas 79702		f. Well No. 3	
g. Location of well UNIT LETTER M LOCATED 600 FEET FROM THE South LINE 810 FEET FROM THE West LINE OF SEC. 19 TWP. 19-N R. 37-E		h. Field and Pool or Wildcat Eumont Gas Pool	
i. Proposed Depth 3600'		j. Rotary or C.T. Rotary	
k. Elevation (Show whether D.R., R.L., etc.) 3573' Gr		l. Approx. Date Work will start 8-31-79	

## PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
11"	8-5/8"	24# K-55 STC	400'	250	Circulate
7-7/8"	4-1/2"	10.5# K-55 STC	3600'	1700	Circulate

Surface Casing: 250 sx. Class "C" w/2% Cacl, 14.8#/Gal.  
7300% of calculated volume to circulate - cement must circulate.

Production Casing: Cmt. w/1500 sx. LW. cmt. W/15# salt + 1/4# Floccelle/sx (until cement circulates) follow w/200 sx. Class "C" w/3# salt + 1/4# Floccelle/sx.

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

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

*Charles L. Lillis* Title Sr. Petroleum Engineer Date 8-17-79

(This space for State Use)

APPROVED BY *Jerry L. Lillis* TITLE SUPERVISOR DISTRICT 1 DATE AUG 21 1979

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form 1-102  
Supersedes C-128  
Effective 1-1-65

All distances must be from the outer boundaries of the Section

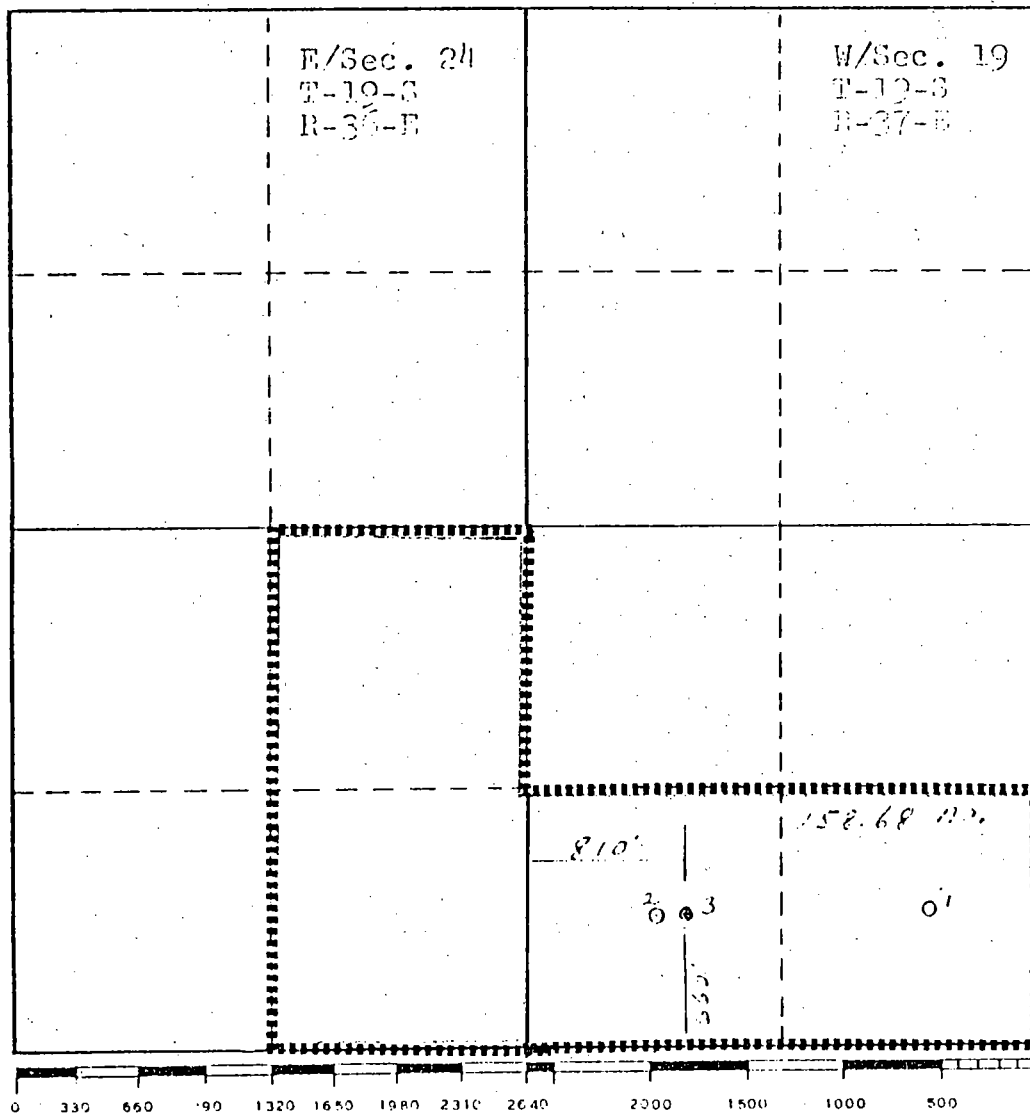
Operator Texaco Inc.		Lease New Mexico "G" State		Well No. 3
Unit Letter M	Section 19	Township T-19-S	Range R-37-E	County Lea
Actual Footage Location of Well:				
660 feet from the South line and		810 feet from the West line		Sec. 19
Ground Level Elev. 3673'	Producing Formation Eumont Queen Sand	Pool Eumont Gas Pool	Dedicated Acreage: 158.68 Acres	

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

☐ Yes ☐ No If answer is "yes" type of consolidation \_\_\_\_\_

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

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



CERTIFICATION

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

*B. L. Eiland*

Name  
B. L. Eiland

Position  
Division Surveyor

Company  
Texaco Inc.

Date  
August 17, 1979

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

Date Surveyed  
August 13, 1979

Registered Professional Engineer and/or Land Surveyor  
*B. L. Eiland*

Certificate No.  
4385



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

September 13, 1979

BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

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

Texaco Inc.  
P. O. Drawer 728  
Hobbs, New Mexico 88240

Attention: J. V. Gannon

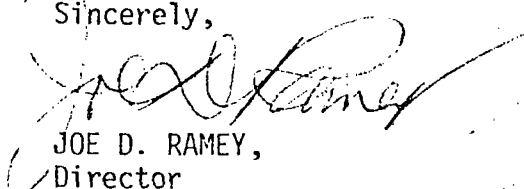
Re: Amendment to Simultaneous  
Dedication approved on September 10,  
1979

Gentlemen:

You are hereby authorized to simultaneously dedicate a non-standard 158.68-acre gas proration unit and comprising the E/2 SE/4 of Section 24, Township 19 South, Range 36 East, and the S/2 SW/4 of Section 19, Township 19 South, Range 37 East, NMPM, Eumont Queen Zone, Lea County, New Mexico, to your New Mexico "G" State Well No. 3 and your State "G" Well No. 2, both in Unit M of Section 19.

Further, you are hereby permitted to produce the allowable from any of the wells on the proration unit in any proportion.

Sincerely,

  
JOE D. RAMEY,  
Director

JDR/RLS/dr

cc: Oil Conservation Division - Hobbs  
Oil & Gas Engineering Committee - Hobbs  
Oil & Gas Division - State Land Office - Santa Fe

9-17-79

RETURN TO	FILE	DATE	NOTE
	BH	9-17	1
JAS	9-18	2	
RSL		3	
DL			
DEL			
JVS	9-17	4	
			5

7/1 9/19  
R23 9/19

### New Mexico "G" State Well No. 3

Texaco plans to drill New Mexico "G" State Well No. 3 to be completed in the Eumont (Yates - Seven Rivers - Queen) Gas Field. The proration unit for this well will be comprised of the S/2 SW/4 Section 19 and the E/2 SE/4 Section 24, T-19-S, R-37-E, Lea County, New Mexico. This well will be a replacement well for the comparable zone in the New Mexico "G" State Well No. 2. The New Mexico "G" State Well No. 2 was completed on March 20, 1936 as an oil well in the Eunice - Monument (Grayburg - San Andres) Field and as a gas well in the Eumont (Yates - Seven Rivers - Queen) Gas Field. Due to mechanical difficulties, the Eumont Queen gas zone has ceased to produce and is presently being plugged off by squeeze cementing technique. The other wells located within the area of the proration unit to be dedicated to the New Mexico "G" State Well No. 3 are as follows:

#### New Mexico "G" State Well No. 1

SE/4 SW/4 Section 19. Completed April 9, 1936 as an oil well from the Grayburg - San Andres open hole 3,850' to 3,980'. It is presently producing 80 BOPD and 683 BWPD from the originally completed zone.

#### New Mexico "F" State Well No. 1

NE/4 SW/4 Section 24. Completed December 1, 1935 as an oil well from the Grayburg - San Andres open hole 3,900' to 4,020'. It is presently producing 63 BOPD and 90 BWPD from the originally completed zone.

#### New Mexico "F" State Well No. 2

SW/4 SE/4 Section 24. Completed March 27, 1936 in the Grayburg - San Andres open hole 3,880' to 4,023'. It is presently producing 37 BOPD and 14 BWPD from the originally completed zone.

It is not considered operationally feasible to dually complete any one of the latter three wells in the Eumont (Queen) Gas Field due to the difficulties attendant to dually completing a pumping well in the same borehole as a gas well.

EXHIBIT "A"



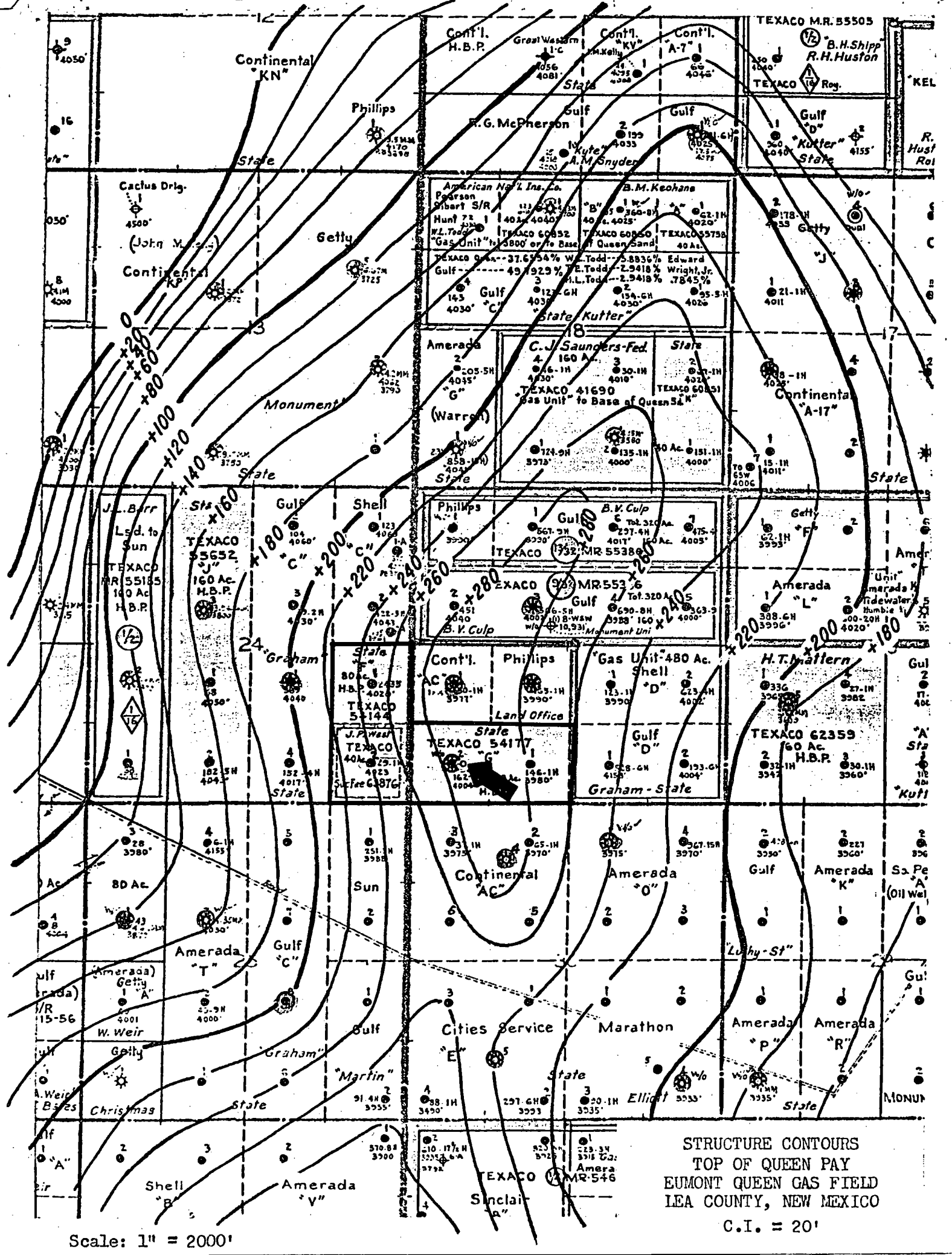



EXHIBIT "B"

Midland, Texas  
October 3, 1979

NEW MEXICO "G" STATE WELL NO. 3  
EUMONT (QUEEN) GAS FIELD  
LEA COUNTY, NEW MEXICO

GEOLOGICAL AND ENGINEERING STATEMENT

The attached structure map shows that the recommended well will occupy a high structural position in this large reservoir. The average shut-in wellhead pressure in this area is 259 psi and the pipeline delivery pressure is 60 psi. P/Z data indicates a remaining gas reserve of 450 MMCF. The proposed well will effectively and efficiently drain the proration unit which will be assigned to the well.

  
Division Petroleum Engineer

  
Division Geologist ARE

EXHIBIT "C"