



DHC-861

OXY USA INC.

Box 50250, Midland, TX 79710

August 12, 1992

New Mexico Oil Conservation Division
P. O. Box 2088, State Land Office Bldg.
Santa Fe, New Mexico 87504

Received
8/18/92

Attention: Mr. Michael E. Stogner, Chief Hearing Officer

Re: Application of OXY USA Inc. for Unorthodox Location Approval and Downhole Commingling Authority for the Elizando Federal "A" Lease, Well #2-Y, Section 21, T-21-S, R-27-E, Eddy County, New Mexico.

Dear Mr. Stogner:

OXY USA Inc. respectfully requests administrative approval of an unorthodox location and downhole commingling authority for the referenced well. This well was originally to be drilled at a unorthodox location 1980' FSL & 1780' FWL of Section 21 with a S/2 proration unit. OXY's predecessor sought and received unorthodox location authority for this well at this location (attached letter dated 3-20-74 and NSL-649). We spudded the well at this location but encountered difficulty in the drilling operations. Consequently, the rig was skidded 100' south and the #2-Y well was drilled at 1880' FSL & 1780' FWL. It was completed in the Morrow (now called the Burton Flat Morrow Pool). A search of the NMOCDC records and our files yielded an order (NSL-649) that approved the original unorthodox location at 1980' FSL & 1780' FWL, but no NSL order approving the final unorthodox location at 1880' FSL & 1780' FWL. We are not sure that was necessary, since the final location was no closer to the end boundary than the permitted unorthodox location. Nevertheless, OXY requests administrative approval of an unorthodox location for the referenced well at 1880' FSL & 1780' FWL of Section 21, T-21-S, R-27-E. Said well is to be produced in a downhole commingled state from the La Huerta Strawn and the La Huerta Atoka pools. The proration unit will continue to be the S/2 of Section 21.

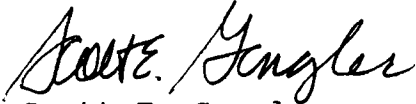
In addition to the above petition, OXY additionally requests an exception to Rule 303-A to permit the downhole commingling of production from the La Huerta Strawn and the La Huerta Atoka pools in the subject well. Information supporting this request is attached to this letter.

The Elizando Federal A #2-Y was recompleted from the Burton Flat Morrow pool to the La Huerta Atoka and La Huerta Strawn pools and was put on production at the time of the workover. Our interpretation was that both perforated intervals were in the Atoka. After a review by NMOCDC Geologist Darryl Moore, it was brought to the attention of OXY USA Inc. that both the Atoka and Strawn had been perforated.

While a definitive zone test has not been conducted on the Atoka and Strawn zones separately, based on pressure response, it is believed that the vast majority of the production is from the La Huerta Atoka. Due to the high shut-in pressure associated with the Elizando Federal A #2-Y and the sensitivity of the Atoka formation to water, OXY USA Inc. feels that further wellbore testing and zone isolation would pose unnecessary safety and economic risks.

All ownership in the different zones is the same. By copy of this letter, all operators of offset spacing units are hereby notified of these requests. OXY believes that granting the unorthodox location and downhole commingling authorities is in the interest of conservation and will prevent waste. If you have any need for additional information, please call Richard E. Foppiano at 915/685-5913 or Scott Gengler at 915/685-5825.

Yours truly,

A handwritten signature in cursive script that reads "Scott E. Gengler".

Scott E. Gengler
Engineering Advisor
Western Region - Midland

XC: Offset Operators, Certified Mail
Bureau of Land Management

Request for Exemption to Statewide Rule 303-A

Elizando Federal A #2-Y
La Huerta Atoka & La Huerta Strawn Pools

Reference: Section D Rule 303

1. OXY USA Inc.
P.O. Box 50250
Midland, Texas 79710
2. Elizando Federal A #2-Y
1880' FSL & 1780' FWL
Section 21, T-21-S, R-27-E
Eddy County, New Mexico

La Huerta Atoka & La Huerta Strawn Pools
3. Plat of Area can be seen in Exhibits A,B, and C.
4. Form C-116 for the La Huerta Atoka and La Huerta Strawn can be seen in Exhibits D and E. Test data was estimated based upon pressure response as per item #9 below.
5. Natural Completion. Both the Atoka and Strawn were perforated and produced without any stimulation. Based on pressure response following perforating, the Atoka formation is the dominate producing formation.
6. Bottomhole pressure for the Atoka and Strawn formations was estimated from the hydrostatic fluid column measured during the workover procedure.

La Huerta Atoka BHP - 4241 psia

La Huerta Strawn BHP - 4188 psia
7. The fluids from the two zones have been analyzed and no incompatibilities exist.
8. Due to the relatively low BTU content of the gas, there will be no reduction in the value of the commingled gas due to commingling.
9. Estimated production based upon pressure response after perforating and log analysis.

<u>Zone</u>	<u>Oil (BOPD)</u>	<u>% Oil</u>	<u>Gas (MCFPD)</u>	<u>% Gas</u>	<u>Water (BWPD)</u>
La Huerta Atoka	1.0	67	628	71	0
La Huerta Strawn	0.5	33	257	29	0

10. By copy of this letter via certified mail, the following offset operators and the Bureau of Land Management have been notified.

Offset Operators

Bass Enterprises Production Co.
P.O. Box 2760
Midland, TX 79701

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator OXY USA Inc.			Lease ELIZONDO A FEDERAL		Well No. 2Y
Unit Letter K	Section 21	Township 21S	Range 27E	County EDDY	
Actual Footage Location of Well: 1880 feet from the South line and 1780 feet from the West line					
Ground level Elev. 3192'	Producing Formation STRAWN		Pool LA HUERTA	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

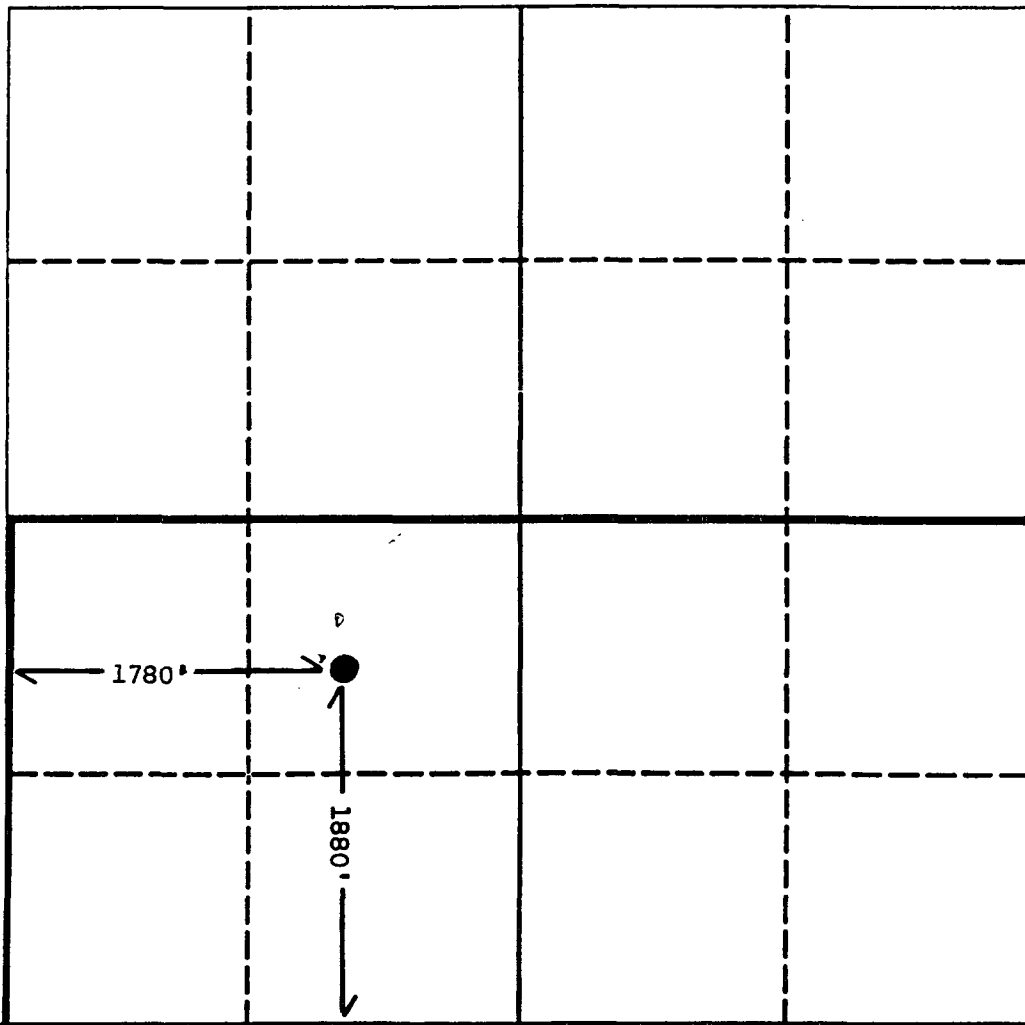
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Printed Name

SCOTT GENGLER

Position

ENGINEERING ADVISOR

Company

OXY USA Inc.

Date

4/3/92

SURVEYOR CERTIFICATION

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

Signature & Seal of
Professional Surveyor

Certificate No.

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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Santa Fe, New Mexico 87504-2088

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Unit Letter K	Section 21	Township 21S	Range 27E	County NMPM	EDDY
Actual Footage Location of Well: 1880 feet from the South line and 1780 feet from the West line					
Ground level Elev. 3192'	Producing Formation ATOKA		Pool LA HUERTA	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

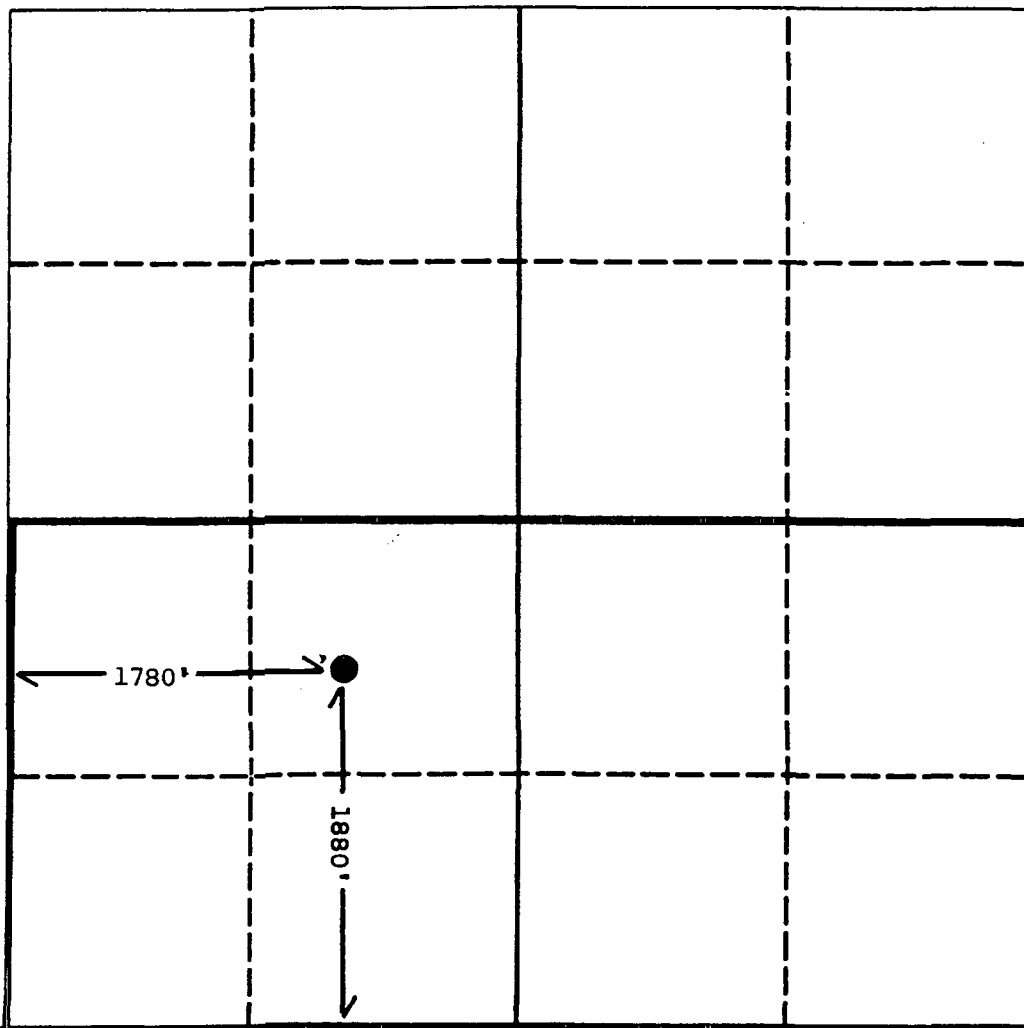
☐ Yes

☐ No

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Position

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Professional Surveyor

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1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-116
Revised 1/1/89

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

GAS - OIL RATIO TEST

Operator OXY USA Inc.		Pool La Huerta Strawn		County Eddy												
Address P.O. Box 50250, Midland, Texas 79710		TYPE OF TEST - (X)		Scheduled		Completion		Special		X						
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG PRESS	DAILY ALLOW - ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU.FT/BBL			
		U	S	T						R	WATER BBLs	OIL BBLs		GAS MCF		
Elizando Federal A	2-Y	J	21	21S	27E	5/14/92	F	16/64"	650	Gas	24	0	48	0.5	257	514,000

Instructions:

During gas-oil ratio test each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25% tolerance in order that well can be assigned increased allowables when authorized by the Division.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60 F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.
(See Rule 301, Rule 1116 & appropriate pool rules)

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

Scott E. Gengler
Signature

Scott E. Gengler Engineering Advisor

Printed name and title

June 25, 1992

Date

915-685-5825

Telephone No.

Submit 2 copies to Appropriate

District Office

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-116

Revised 1/1/89

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

GAS - OIL RATIO TEST

Operator OXY USA Inc.		Pool La Huerta Atoka		County Eddy								
Address P.O. Box 50250, Midland, Texas 79710		TYPE OF TEST - (X)		Completion Special X								
LEASE NAME	WELL NO.	LOCATION U S T R	DATE OF TEST	CHOKE S SIZE	TBG PRESS	DAILY ALLOW- ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU.FT/BBL	
								WATER BBLs.	GRAV OIL	OIL BBLs		
Elizando Federal A	2-Y	J 21 21S 27E	5/14/92	F 16/64"	650	Gas	24	0	48	1.0	628	628,000

Instructions:

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Report casing pressure in lieu of tubing pressure for any well producing through casing. (See Rule 301, Rule 1116 & appropriate pool rules)

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

Scott E. Gengler
Signature

Scott E. Gengler Engineering Advisor

Printed name and title

June 25, 1992

915-685-5825

Date

Telephone No.

EXHIBIT "E"

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other Instructions on re-
verse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

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--" for such proposals.)		5. LEASE DESIGNATION AND SERIAL NO. NM0354232 - SW962	
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		7. UNIT AGREEMENT NAME	
2. NAME OF OPERATOR OXY USA INC.		8. FARM OR LEASE NAME ELIZONDO A FEDERAL	
3. ADDRESS OF OPERATOR P.O. BOX 50250 MIDLAND, TX 79710		9. WELL NO. 2Y	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 1880 FSL 1780 FWL SEC 21 T21S R27E		10. FIELD AND POOL, OR WILDCAT LA HUERTA ATOKA/STRAWN	
		11. SEC, T, R, M, OR BLK AND SURVEY OR AREA SEC 21 T21S R27E	
14. PERMIT NO. 300152133700S01	15. ELEVATIONS (Show whether DF, RT, GR, etc.) 3192	12. COUNTY OR PARISH EDDY	13. STATE NM

16.

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

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF
FRACTURE TREAT
SHOOT OR ACIDIZE
REPAIR WELL

PULL OR ALTER CASING
MULTIPLE COMPLETE
ABANDON*
CHANGE PLANS

WATER SHUT-OFF
FRACTURE TREATMENT
SHOOTING OR ACIDIZING
(Other)

REPAIRING WELL
ALTERING CASING
ABANDONMENT*

(Other)

DOWNHOLE COMMINGLE

(Note: Report results of multiple completion on Well
Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and five pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

REQUEST AUTHORIZATION TO DOWNHOLE COMMINGLE
THE LA HUERTA ATOKA AND THE LA HUERTA STRAWN ZONES.

18. I hereby certify that the foregoing is true and correct

SIGNED

TITLE

ENGINEERING ADVISOR

DATE

4/3/92

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

EXHIBIT "F"

CITIES SERVICE OIL COMPANY

Box 4906
Midland, Texas 79701
Telephone: 915 684-7131

March 20, 1974

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

Attention: Mr. A. L. Porter, Jr.

Re: Well Spacing
La Huerta Morrow Pool
Eddy County, New Mexico

Gentlemen:


Under letter dated March 15, 1974, Cities Service requested an exception to requirements of Rule 104 for the Government X No. 1. We have been advised by the USGS the proposed location falls on the same base lease as our recently completed Elizondo Federal A No. 1 and therefore other wells drilled on this lease should be numbered consecutively.

Cities Service Oil Company respectfully requests an exception to the well location requirements of Rule 104 for the Elizondo Federal A No. 2 at a proposed location 1980' FSL, 1780' FWL, Section 21, T-21-S, R-27-E, NMPM, Eddy County, New Mexico, with the proration unit to be comprised of the S/2 of Section 21. The regular location is 57' west of the Southwest Public Service primary distribution line. To prevent any possible contact with the high voltage line during drilling or possible subsequent workover operations, it is proposed to move the location 200' west of a 1980' orthodox location.

As provided in Rule 104-F, we request an exception be granted without notice and hearing. The offset operator to the east of the proposed proration unit has been notified by certified mail. The Cities Service operated Magruder Unit offsets the proposed proration unit in all remaining directions.

Your early handling of this matter will be appreciated.

Very truly yours,


E. F. Motter
Engineering Manager
Southwest Region
E & P Division

cc: Texas International Petroleum Corporation
1720 Wilco Bldg.
Midland, Texas 79701

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

April 17, 1974

Citias Service Oil Company
Box 4905
Midland, Texas 79701

Attention: Mr. E. F. Motter

Administrative Order NSL-649

Gentlemen:

Reference is made to your application for approval of a non-standard gas well location in an undesignated Morrow gas pool, to be located 1930 feet from the South line and 1730 feet from the West line of Section 21, Township 21 South, Range 27 East, NM2M, Eddy County, New Mexico.

By authority granted me under the provisions of Order No. 2-191 F, the above-described unorthodox location is hereby approved.

Very truly yours,

A. L. PORTER, JR.
Secretary-Director

ALP/JER/jr

cc: Oil Conservation Commission - Artesia
Oil & Gas Engineering Committee - Hobbs
U. S. Geological Survey - Artesia

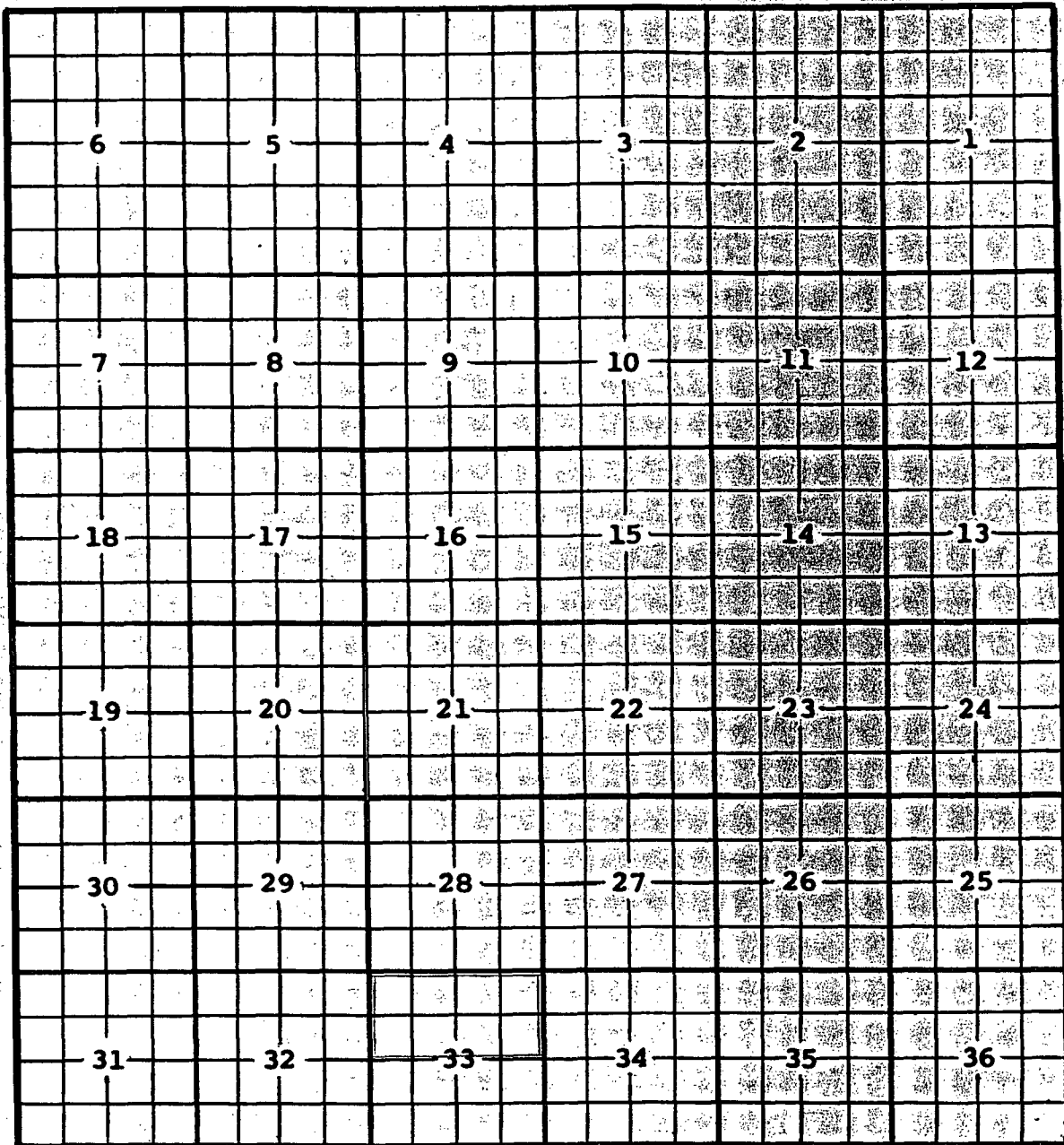
COUNTY *Eddy*

POOL *La Huerta - Strawn Gas*

TOWNSHIP *21 South*

RANGE *27 East*

NMPM

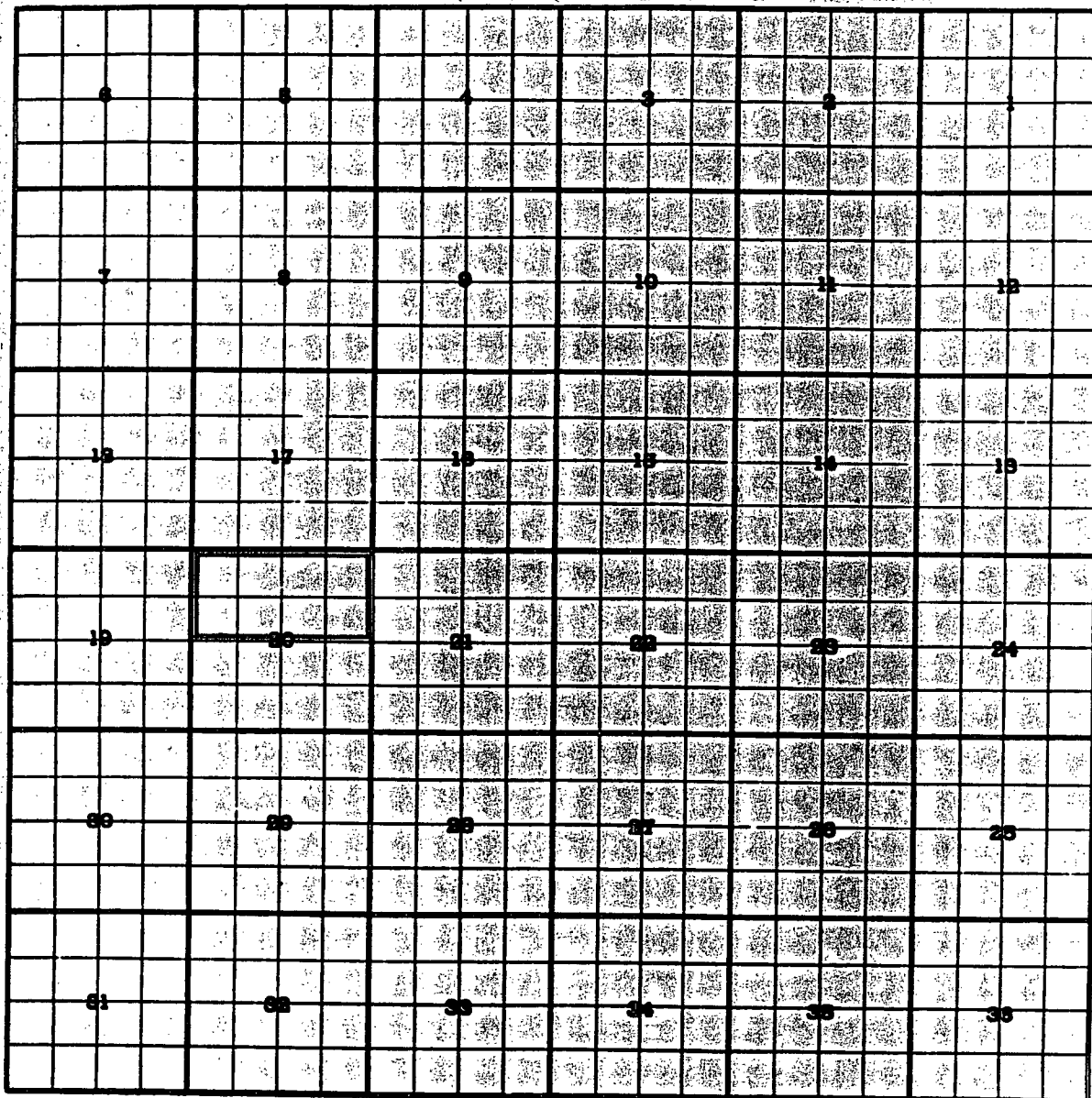


Description: $\frac{N}{2}$ Sec 33 (R-5162, 3-1-76)

County EDDY

Pool LA HUERTA - ATOKA GAS

TOWNSHIP 21S, RANGE 27 East, NEW MEXICO PRINCIPAL MERIDIAN



DESC: N/2 SEC 20 (R-9096.1-1-90)