## **AMERICAN TRADING AND PRODUCTION CORPORATION**

WESTERN UNITED LIFE BUILDING POST OFFICE DRAWER 992 MIDLAND, TEXAS 79702

915/684-4463

January 21, 1982

WEST TEXAS / NEW MEXICO DISTRICT

Division Director of the New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501 Attn: Mr. Richard L. Stamets

Re:

Application for Administrative Approval of Unorthodox Location; American Trading and Production Corporation's Talco Unit, Well No. 3 (Proposed), Talco (Strawn) Gas Pool, Lea County, New Mexico

Dear Mr. Stamets:

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American Trading and Production Corporation is the operator of the Talco Unit in Lea County, New Mexico, consisting of Sections 1, 2, 11, 12, 13, 14, 24, and E/2 of 10, T-26-S, R-35-E. Only one well, the No. 1 Talco Unit, is completed within the unitized property in the Talco (Strawn) Gas Pool. Well No. 1 is located 660' FEL and 1980' FNL of Section 11. Well No. 2, located 660' FSL and 1980' FWL of Section 2, is now drilling and the intended completion interval is the Strawn. For reasons outlined in the attached Geological Recommendations, we have selected an unorthodox location for a 320 acre proration unit for Well No. 3 in the S/2 of Section 12 at 990' FWL and 1650' FSL.

An administrative approval for the unorthodox location of Well No. 3 is respectfully requested. In support of this request, a plat is attached that shows the Talco Unit boundaries, all off-setting lease ownership, the locations of Wells No. 1, 2, and 3, and the 320 acre proration unit for Well No. 3. Only two operators have acreage offsetting the proposed proration unit for Well No. 3. By copy of this letter application, we have notified BTA 0il Producer and HNG 0il Company by registered mail this date of our intent and, as per copy of our transmittal letter, we have requested waivers for the unorthodox location.

Very truly yours,

Roy C. Gould Production Manager

JAN 2.6 OIL CONSERVATION DIVISION

SANTA FE

RCG/JLM/jra

Attachments

## GEOLOGICAL RECOMMENDATIONS

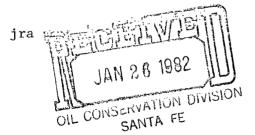
The location of Talco Unit No. 3 well in Section 12, T-26-S, R-35-E, Lea County, New Mexico, was selected as a compromise between (1) proximity to proven production at the Strawn level, (2) satisfying legal requirements for well location on 320 acre gas proration units, and (3) maintaining sufficient clearance from the fault plane as indicated on the enclosed Strawn structure map.

The proposed location of Well No. 3 is approximately 2300' from Well No. 1, a successful Strawn gas producer, so that the risk of drilling for a Strawn completion is relatively low. Distances from the nearest side and end boundaries of the proposed 320 acre gas proration unit (south half of Section 12) are such as to make the well location unorthodox, but the distances are within the tolerances for administrative approval.

The primary objective of the proposed Talco Unit No. 3 is the Strawn; however, we plan to drill an additional 2000' of depth to 16,200' in order to test the Morrow formation. It is urgent that the test of the Morrow be maintained on the west side of the indicated fault traversing north-south through Section 12. Our seismic control is not definitive as to the fault location; therefore, it is not known whether the fault plane is vertical or dips east or west. The proposed location should test the Morrow on the west side of the fault. In view of the above reasons, it is recommended that the proposed Talco Unit No. 3 be located 990' FWL and 1650' FSL of Section 12.

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Deane Kilbourne District Geologist/Delaware Basin American Trading & Production Corporation



## AMERICAN TRADING AND PRODUCTION CORPORATION western united life building post office drawer 992 MIDLAND, TEXAS 79702

January 21, 1982

WEST TEXAS/NEW MEXICO DISTRICT

BTA 0il Producers 104 South Pecos Midland, Texas 79701

HNG Oil Company P. O. Box 2267 Midland, Texas 79702

> Re: Request for Waiver on Unorthodox Location; Section 12, T-26-S, R-35-E, Lea County, New Mexico

Gentlemen:

915/684-4463

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As per enclosed copy of our application for administrative approval of an unorthodox location in the above referenced Section, you are hereby notified of such as an offsetting operator. The proposed permitted depth is 16,200' and the planned objective is the Strawn with a test of the Morrow.

Provided you have no objection to the referenced application, please furnish us, or the Oil Conservation Division of the Energy and Minerals Department at Santa Fe, a waiver stating that you have no objection to the location of Talco Unit No. 3. The location has already been staked and archaeologically cleared by an archaeological consultant and by the Bureau of Land Management. Inasmuch as we plan to use the same drilling rig currently on Well No. 2 to drill Well No. 3, we would appreciate your prompt response.

Very truly yours,

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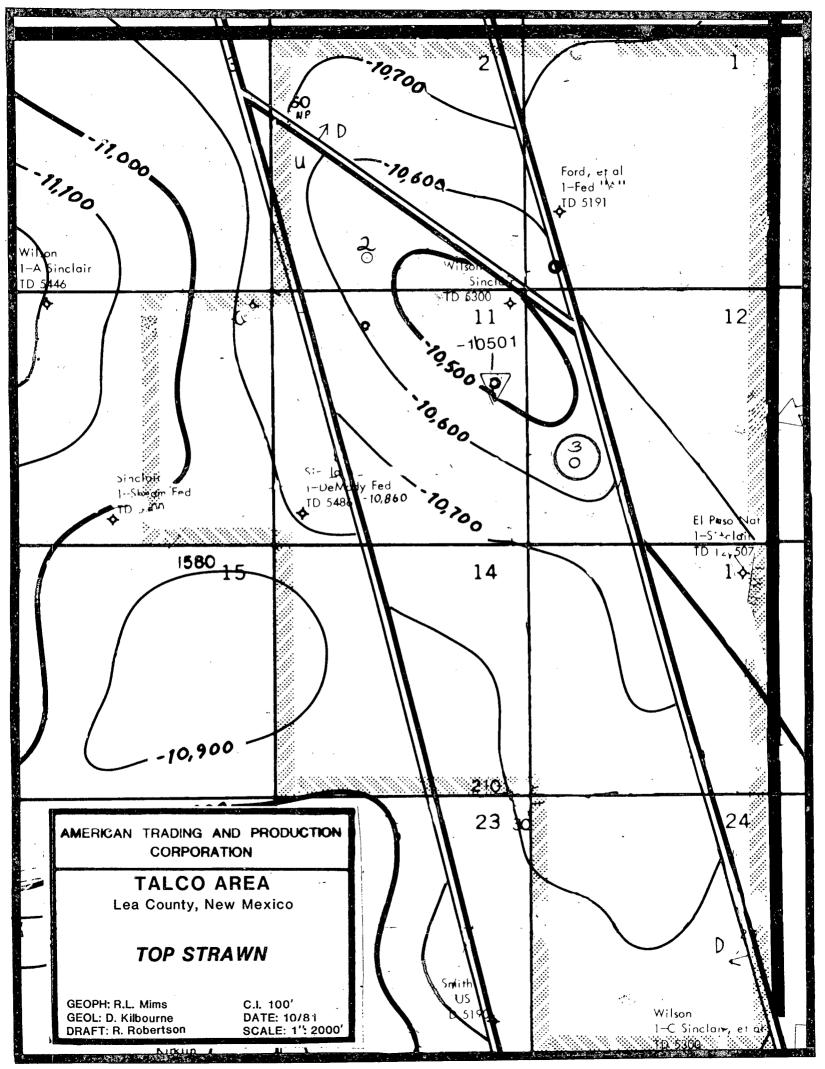
Roy C. Gould Production Manager

RCG/JLM/jra

Attachments

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## AMERICAN TRADING AND PRODUCTION CORPORATION

ERI UNITED LIEE BUILDIN ST OFFICE BRAWER PAR DLAND, TEXAS 79702 we FEB 1 5 1982 OIL CONSERVATION DIVISION SANTA FE

WEST TEXAS/NEW MEXICO DISTRICT

February 10, 1982

Division Director of the New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501 Attn: Mr. Richard L. Stamets

> Re: HNG Oil Company Letter Waiver for Unorthodox Location; American Trading and Production Corporation's Talco Unit, Well No. 3 (Proposed), Talco (Strawn) Gas Pool, Lea County, New Mexico

Dear Mr. Stamets:

915/684-4463

As per our application for administrative approval of unorthodox location dated January 21, 1982, for the above referenced well, enclosed herewith please find a letter waiver from HNG Oil Company.

Very truly yours,

ATAPCO

Roy C. Gould Production Manager

RCG/JLM/jrt

Enclosure



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P. O. BOX 2267, MIDLAND, TEXAS 79702 (

(915) 683-4871

OIL CONSERV SANTA FE UIVISION

February 9, 1982

American Trading and Production Co. P. O. Drawer 992 Midland, Texas 79702

Attention: Mr. Roy C. Gould, Production Manager

Gentlemen:

As an offset Operator to your location located in Section 12, T-26-S, R-35-E; Lea County, New Mexico, HNG Oil Company waives any objection to your unorthodox location request.

Best regards,

HNG 0il Company

Tom Pickering

TP: wh



Re: Application for Administrative Approval of an Unorthodox Location; American Trading and Production Corporation's Talco Unit, Well No. 3, Talco (Strawn) Gas Pool, Lea County, New Mexico

STATE OF NEW MEXICO Energy and Minerals Department Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501

Attn: Mr. Richard L. Stamets

Dear Mr. Stamets

I have been advised by American Trading and Production Corporation of their application for an unorthodox location for the referenced well. Please be advised that the undersigned representative hereby waives any objection to the application.

BTA OIL PRODUCERS

Bv:

\*BOB K. NEWLAND

BKN/dh

cc: American Trading and Production Corp. P. O. Drawer 992 Midland, Texas 79702

> STATE OF NEW MEXICO Energy and Minerals Department Oil Conservation Division P. O. Box 1980 Hobbs, New Mexico 88240