

L. EDWARD INNERARITY, JR.

OIL AND GAS PROPERTIES
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RECEIVED

SEP 29 1989

OIL CONSERVATION DIV.
SANTA FE

September 27, 1989

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Case No.
9778

Revised Copy

Attn: Mike Stogner

RE: Proposed **Tres Amigos Federal/State Unit** covering the leases more fully described on the enclosed exhibits.

Gentlemen:

On behalf of Heafitz Energy Mangement, Inc. (the operator of the planned unit), we propose to form a 2,560 acre exploratory unit including BLM and State leases. We are enclosing the required form of Exhibits "A" and "B", a geologic interpretation of the structure, the log from the well we plan to deepen, a scout ticket for that well showing that it never tested the proposed exploratory formation(s) and a brief geologic summary. Until such time as the unit is approved, we ask that this information be kept confidential.

The first exploratory test on the proposed unit will be the deepening/re-drilling of a well in the NW/4 of Section 21. This exploratory effort will test the pre-Woodford strata, the Silro-Devonian in particular, at a depth exceeding 19,000 feet.

We hope to have the preliminary approval from the BLM and State Land Office prior to our scheduled October 18, 1989 hearing with the OCD.

Please let me know if you have any questions.

Yours very truly,



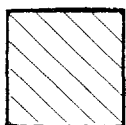
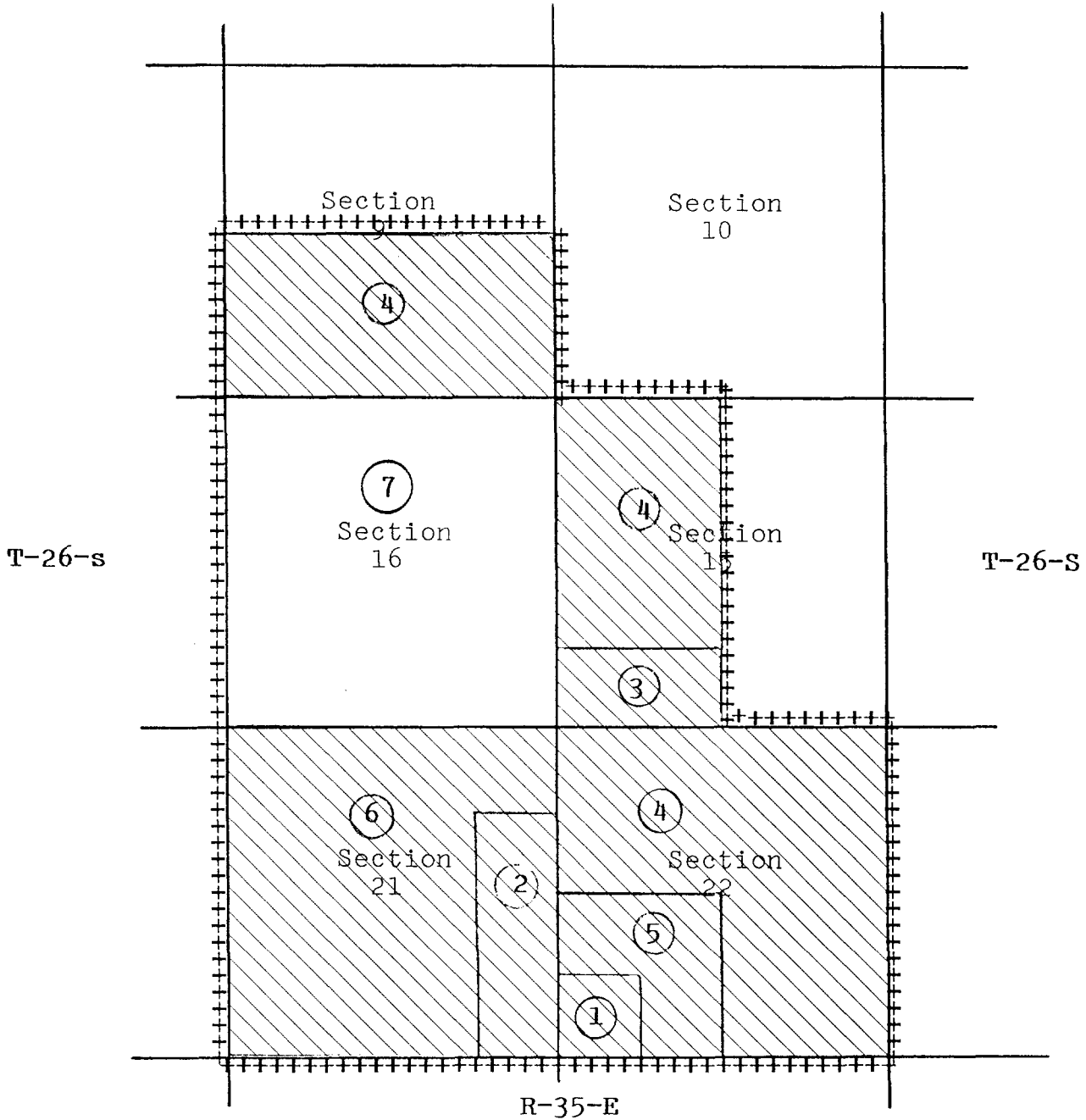
L. Edward Innerarity, Jr., on behalf of
Heafitz Energy Mangement, Inc.

cc: Heafitz Energy Management, Inc.

State Land Office, attn: Ernie Szabo

Exhibit "A"
Tres Amigos Unit
Lea County, New Mexico

R-35-E



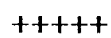
FEDERAL LANDS



TRACT NUMBER



STATE LANDS



UNIT OUTLINE

EXHIBIT "B"

Schedule showing all Lands and Leases within the Tres Amigos Unit in Lea County, New Mexico

All lands described below are in T-26-S, R-35-E

Tract	Description of Land	Acres	Lease # Exp Date	Royalty and %	Lessee of Record	Overriding Royalty and percentage	Working Int and %
1	SW4 SW4 Section 22	40	NM 63385 11-1-90	1/8th	Pogo Producing Co.		100%
2	E2 SE4, SE4 NE4 Section 21	120	NM 68827 9-1-92	1/8th	Heafitz Energy Management, Inc.	3.50% ORI	100%
3	S2 SW4 Section 15	80	NM 70356 3-1-93	1/8th	Yates Petroleum		100%
4	S2 Section 9, NW4 N2 SW4 Section 15, N2, SE4 Section 22	1040	NM 77107 10-1-93	1/8th	Heritage Resources, Inc.		100%
5	N2 SE4, SE4 SE4 Section 22	120	NM 82954 10-1-94	1/8th	Heafitz Energy Management, Inc.	none	100%
6	W2, W2 E2, NE4 NE4 Section 21	520	NM0448921 HBP	1/8th	Heafitz Energy Management, Inc.	5.00% ORI	100%
7	Section 16	640	V 1307 12-1-89	1/6th	Heafitz Energy Management, Inc.	3.333% ORI	100%

Total acres

2560

UNTY LEA, N. MEX. FIELD WILDCAT (ATOKA) DISC.
 PR SKELLY OIL COMPANY
 LSE MEXICO "P" FED WELL NO. 1
 LOC Sec 21, T-26-S, R-35-E (F)
1980 FNL & FWL of Sec
First rptd as Wildcat (Ellen)

UNIQUE NO. 30-025-22405

MAPS _____ CO-ORD _____
 F. R. 1-18-68 OBJ 23,000' RT SPUD 1-27-68
 CTR Parker Drlg. LAHEE CLASS _____ ELEV D. F. 3178' L/S
 LOGS _____ SPLS _____ GL _____
 TD 22,914' PBD 15,640' ABD LOC. _____ P & A _____

PAY ZONE	PROD INTERVAL	IP	BO	W	HRS	CHK	TEST BASIS
Atoka	15565-15616	F	2,823,000	CFGPD			
		SI Gas Well					

GOR	GTY	CP	SI	Tp	BHP	POT DATE	TREATMENT
	8469		8972			2-10-69	Ac/70,000

CSG	30" @ 34-25	10 3/4" @ 13315 w/3400
	20" @ 803 w/1700	7 5/8" @ 12488-18605 w/1200
	13 3/8" @ 5320 w/6700	

COUNTY LEA, N. MEX. FIELD WILDCAT (ATOKA) DISC.
 WELL: SKELLY #1 MEXICO "P" FED ELEV 3178' DF L/S

DATE	WELL RECORD	REACHED T. D.	SPL (LOG) MARKERS
TD 22,914'	PBD 15,640'		Del Im (5325)
DST 10454-520, 4000' WB, Op. 2', R/2000			Cherry Cyn (6310)
GC&Cond CWB, 2000' GCWB, 60"ISIP/2066,			Brushy Cyn (7920)
FP 1700-1700, 60"FSIP/1997			Bone Spr (9440)
DST 11774-833, Op. 75" (BS) 4000' WB,			Wlfc (12011)
rev-out 4000' HGCWB, R/150' Cond, gty			Atoka (15222)
47, 60"ISIP/5086, FP 1815-1849, 60"FSIP			Morrow (15806)
4538.			Barnett (16870)
DST 13670-699 10,000' WB, Op. 3', R/3000			Miss (18477)
WB, 7000' GCWB, 60"ISIP/8764, FP 4555-			Wood (18875)
4588. 60"FSIP/8474			Dev (19159)
DST 13770-825 10,000' WB, Op. 1'45", rev			Fuss (20440)
out 9500' WB, 500' vy sli GCWB, 30' GCM			Mont (20845)
60"ISIP/11,193, FP 4719-4735, 90"FSIP/			Simp (21286)
11,210. Drlg. break 14292-302. fnt odor			Ellen (22481)
Drlg. break 14513-523, (foss lm N.S.)			Granite 22923
Drlg. break 15570-630) (Good gas kick)			
DST 15540-630 (12,000 WB) Op. 7'13", WB 2', GTS 3',			
900,000 CFGPD, 3'13", F/15 BWBPH, rev-out 3164' GCWB,			
100' GCM, 60"ISIP/11,191, FP 5666-3113, 60"FSIP/10,606			

COUNTY LEA, N. MEX. FIELD WILDCAT (ATOKA) DISC.
 WELL: SKELLY #1 MEXICO "P" FED ELEV 3178' DF
 DATE 21-26-35 WELL RECORD Page -2- SPL. (LOG) MARKERS

c 15630-667, R/37' being 6' dolo, foss, xltm lm,
 poor to fr vug por, w/sho in por top 3', 31' shly
 lm, N. S.
 DST 16226-266 (12,000' WB), Op. 3', R/WB, 30"ØM,
 60"ISIP/5899, FP 5308-5512, 120"FSIP/5983
 DST 16800-880 (Morrow) 15,000' WB, Op. 90", Rev-out
 11,250' WB, 3750' GCWB, 90' GCM, 30"ISIP/12418,
 FP 7017-7060, 90"FSIP/12334 SLM 18621=18605
 DST 22118-914, (12,000' WB), Op. 3', R/1116' gas,
 10,700' XW&GCWB, 1300' GCWB, 1395' XW, sulf odor,
 FP 5496-5561, SIP 7459
 DST 20393-862 (12,000' WB), Op. 2'30", R/8000' WB,
 4000' sli GCWB, 8080' GCXW, FP 6115-8986, 2½'FSIP/9029
 Perf. 8/15,666-670. Sqz Perf. 15,666-670 w/75
 Perf. 8/15,500-504. Sqz Perf. 15,500-504 w/250
 Perf. 14/15565-572; 4/15577-579; 6/15588-591;
 6/15598-601; 6/15603-606; 12/15610-616. Ac/27,000
 F/4,677,000 CFGPD, 460 BXW, 24', 18/64" ck, TP
 3025 (21,440 PPM)

LEA, N. MEX. WILDCAT (ATOKA) DISC.
 SKELLY #1 MEXICO "P" FED 3178' DF L/S
 21-26-35 Page -3-
 F/2,854,000 CFGPD, 35 B Cond, 295 BW, (Filt)
 10,000 PPM, 24', 18/64", FTP 2112 (15,565-616)
 F/2,823,000 CFGPD, 229 BW, 31 B Cond, 24 hrs.
 18/64" ck, FTP 1905 (15565-616), 20'SITP 3800
 48' SITP 5025, 380' SITP 8567 (15,565-616)
 548' SITP 8784 (15565-616), 836' SITP 8902
 (15656-616), 1028' SITP 8945', 1508' SITP 8972 & Stab

(6-5-69)

The Subsurface Library
 P. O. Box 942
 Midland, Texas

GENE H. DAVIS
Consulting Geologist
P. O. Box 866352
Plano, Texas 75086

MEMORANDUM

TO: Heafitz Energy Management, Inc.

Case 9778

FROM: Gene Davis

Date: September 27, 1989

Subject: Arena Roja Siluro-Devonian Prospect, Skelly (Texaco)
Mexico "P" Federal #1, NW/4 Section 21, T-26-S, R-35-E, Lea County,
New Mexico

Summary

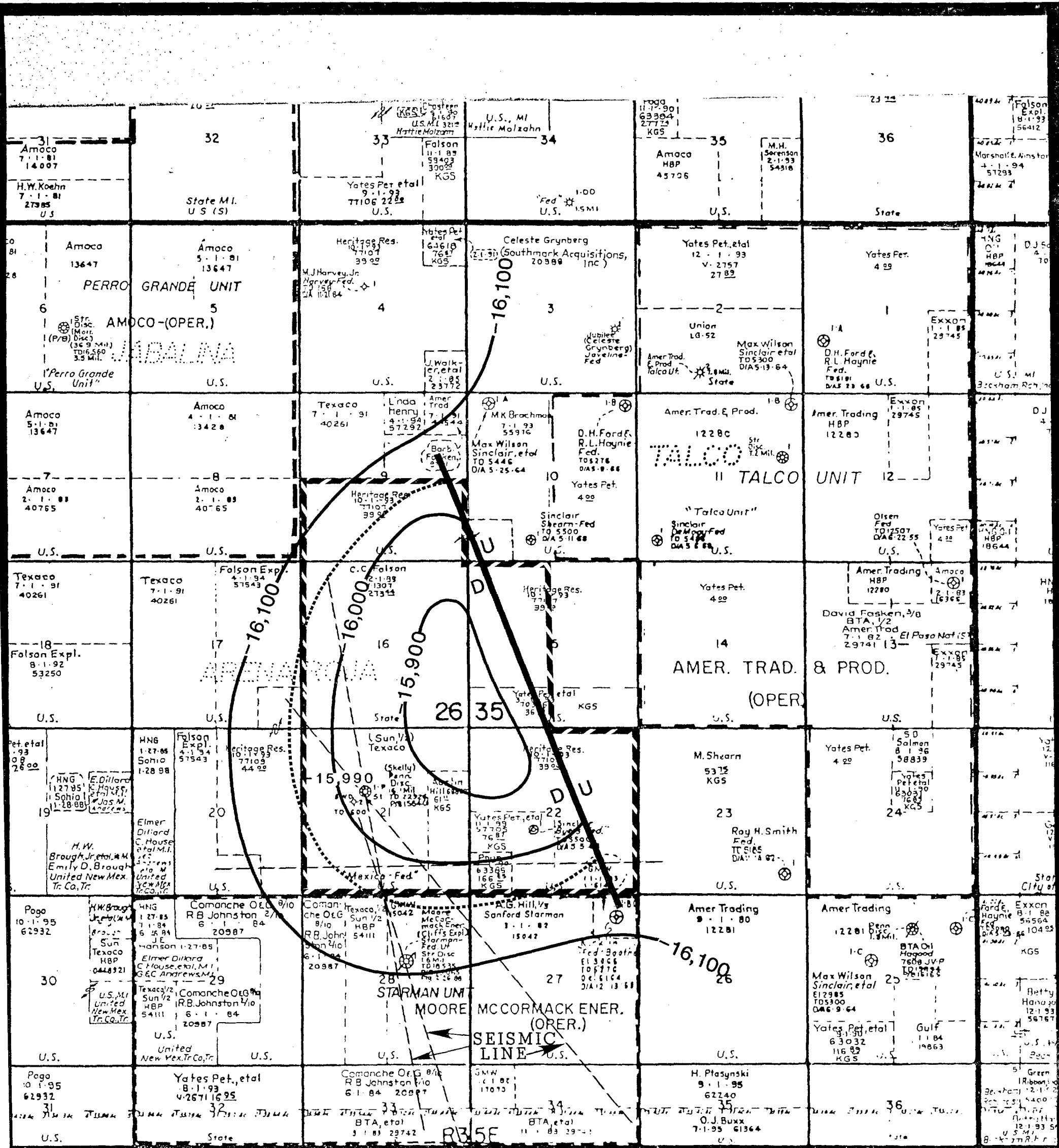
The captioned well and related acreage lies near the deeper portions of the Delaware Basin. This well was drilled in 1968 to a depth of 22,914'. Several drillstem tests were run above the Woodford shale as well as in the Simpson and lower Fusselman. A production string and liner was run to a total depth of 18,605', and the well plugged back to 15,640' where it was completed in the Atoka. Logs on this well indicated possible productive pay in the Silurian (or Siluro-Devonian) beginning at 19,380' to a depth of 19,800'. Log response and structural position are analogous to producing wells in the Evetts Field approximately 10 miles to the south in Loving County, Texas. Yet none of this possible pay was tested in the captioned well.

The fault on the east side of the geologic interpretation is based on seismic, as is the mapping of the structure.

The dashed lines just outside the -16,000' contour interval represent the gas-water contact when projected to the top of the pay. The reason for the presumed gas-water contact are based on the indication of water on the induction log.

Porosity in the Siluro-Devonian is the result of fracturing and secondary porosity development.

To properly test this Siluro-Devonian pay, the captioned well should be deepened to a minimum depth of 19,400' and all possible productive Siluro-Devonian zones would be drilled at a depth of 19,800'.



PROPOSED TRES AMIGOS FEDERAL/STATE UNIT
Lea County, New Mexico

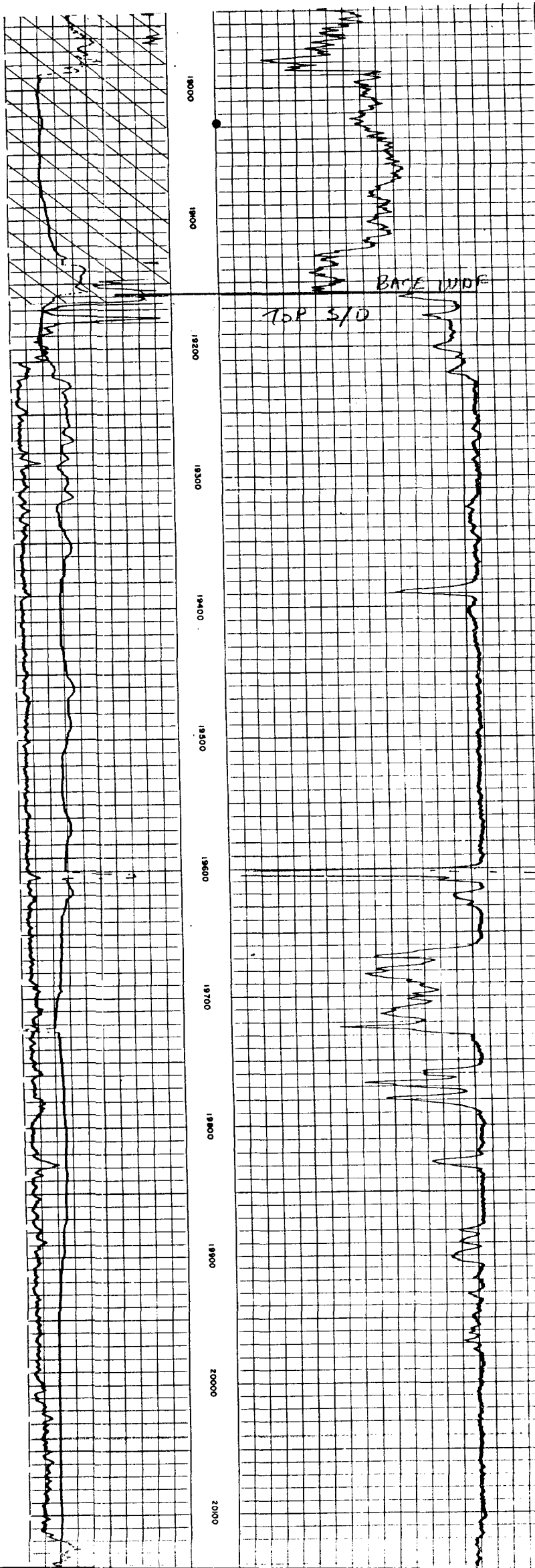
TOP SILURO-DEVONIAN MARKER

CONTOUR INTERVAL 100'

PROPOSED UNIT OUTLINE

SCALE 1"=3000' Approx.

SIDEWALL NEUTRON POROSITY LOG						
SCHLUMBERGER						
COMPANY SKELLY OIL COMPANY						
WELL NEW MEXICO FEDERAL "P" #1						
FIELD WILDCAT						
COUNTY LEA STATE NEW MEXICO						
Location: 1980' FN & WL'S						
Sec. 21 Twp. 26-S Rge. 35-E						
Permanent Datum: G.L. 3153 Elev.: K.B. 3179						
Log Measured From: K.B. 26 Ft. Above Perm. Datum D.F. 3178						
Drilling Measured From: K.B. G.L. 3153						
Other Services: BHC, MLL, PML, EAL, FDC, L-DIL.						
Date	9-15-68	12-8-68				
Run No.	ONE	TWO				
Type Log	SNP-GR	EPI-N				
Depth-Driller	18621	22926				
Depth-Logger	18621	22912				
Bottom logged interval	16950	22911				
Top logged interval	13298	18597				
Type fluid in hole	BAR	SALT WATER				
Solubility, PPM, Cl	3000	28000				
Density	15.7	8.4				
Level	FULL	FULL				
Max rec. temp. deg F.	215	282				
Operating rig time	4 HOURS	9 HOURS				
Recorded by	RUGH	KORDSMEIER				
Witnessed by	EDMUNDSON	EDMUNDSON				
BORE-HOLE RECORD		CASING RECORD				
Run	From	To	Size	Wgt.	From	To
ONE	9 1/2	13298	10 3/4		SURFACE	13298
TWO	6 1/2	T.D.	7 5/8		18605	12488



COMPOSITE LATEROLOG & DUAL INDUCTION - LATEROLOG			
SCHLUMBERGER			
COMPANY SKELLY OIL COMPANY			
WELL NEW MEXICO FEDERAL "P" #1			
FIELD WILDCAT			
COUNTY LEA STATE NEW MEXICO			
Location: 1980' FN & WL'S			
Sec. 21 Twp. 26-S Rge. 35-E			
Permanent Datum: G.L. 3153 Elev.: K.B. 3179			
Log Measured From: K.B. 26 Ft. Above Perm. Datum D.F. 3178			
Drilling Measured From: K.B. G.L. 3153			
Other Services: BHC, MLL, PML, CAL, FDC, SNP.			
Date	4-14-68	9-15-68	12-8-68
Run No.	ONE (L)	TWO (DIL)	THREE (L)
Depth-Driller	13315	18621	22926
Depth-Logger	13305	18602	22912
Bottom Log Interval	13300	18598	22907
Top Log Interval	5321	13300	18598
Casing-Driller	13 3/8 @ 5323	10 3/4 @ 13315	7 5/8 @ 18605
Casing-Logger	5321	13298	18592
Bit Size	12 1/4	9 1/2	6 1/2
Type Fluid in Hole	BRINE	BAR	SALT
Dens. / Visc.	ELUSAL	15.7	8.4
pH / Fluid Loss	9.3 / 34	10.8	7.0
Source of Sample	PIT	PIT	CIRC.
R _h @ Meas. Temp.	.06 @ 90 °F	.25 @ 70 °F	.29 @ 65 °F
R _h @ Meas. Temp.	.052 @ 85 °F	.62 @ 70 °F	.21 @ 65 °F
R _h @ Meas. Temp.	1.00 @ 75 °F	2.05 @ 70 °F	.44 @ 65 °F
Source R _h R _h	M / M	M / M	M / M
R _h @ BHT	.04 @ 112 °F	.41 @ 215 °F	.07 @ 282 °F
Time Since Circ.	11 HOURS	11 HOURS	.07 HOURS
Max. Rec. Temp.	142 °F	215 °F	282 °F
Equip. / Location	3722 / HOBBS	3719 / HONA	3719 / HONA
Recorded by	LEFLER	RUGH	KORDSMEIER
Witnessed by	ROGERS	EDMUNDSON	EDMUNDSON

