

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING THE APPLICATION OF
MB RESOURCES CORP. FOR A
HORIZONTAL DRILLING PILOT
PROJECT, SPECIAL OPERATING RULES
AND A NONSTANDARD OIL PRORATION
UNIT, LEA COUNTY, NEW MEXICO

Case No. 10109

APPLICATION

COMES NOW the Applicant, MB Resources Corp., by and through its attorneys Montgomery & Andrews, P.A., and applies to the Division for an Order approving a horizontal directional drilling pilot project, special operating rules therefore, and a nonstandard oil proration unit. In support of this application, Applicant states:

1. It is an interest owner in the NE1/4 SE1/4 of Section 35 and the NW1/4 SW1/4 of Section 36 of T. 16 S., R. 35 E., N.M.P.M., Lea County, New Mexico.
2. Applicant proposes to drill a horizontal directional hole from the present wellbore of the Ramco State "WN" Well No. 2 located 1,980 feet from the south line and 660 feet from the east line of Section 35. Applicant proposes to kick off from the vertical of said wellbore in an easterly direction with a medium radius curved hole and continue drilling horizontally for approximately 1,000 feet.
3. Applicant proposes to form a nonstandard 80-acre oil proration unit comprised of the NE1/4 SE1/4 of Section 35 in the NW1/4 SW1/4 of Section 36. The proposes that said 80 acres be dedicated to the proposed horizontal well.

OIL CONSERVATION DIVISION

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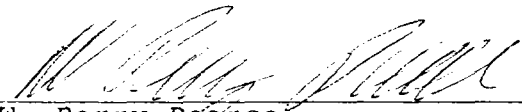
'90 SEP 24 PM 4 18

4. Applicant proposes that the 80-acre spacing and oil proration unit be subject to special operating rules so that the horizontal wellbore will be no closer than 330 feet from the outer boundary of the 80-acre tract.
5. Applicant believes that the approval of this order will operate to prevent waste of natural resources and will act to adequately protect the correlative rights of interest owners.

WHEREFORE, Applicant prays that the Division enter its order approving this horizontal directional drilling pilot project, the special operating rules therefore, and the nonstandard oil proration unit.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By 
W. Perry Pearce
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 982-3873

Attorneys for MB Resources Corp.

[WPP/85]

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NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-85

5A. Indicate Type of Lease
STATE FEE

5. State Oil & Gas Lease No.
B-106402

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work
b. Type of Well DRILL DEEPEN PLUG BACK
OIL WELL GAS WELL OTHER **Recompletion** SINGLE ZONE MULTIPLE ZONE

2. Name of Operator
Manzano Oil Corporation 505/623-1996

3. Address of Operator
P.O. Box 2107/Roswell, NM 88202-2107

4. Location of Well
UNIT LETTER **I** LOCATED **1980** FEET FROM THE **South** LINE
AND **660** FEET FROM THE **East** LINE OF SEC. **35** TWP. **16S** RGE. **35E** NMPM

7. Unit Agreement Name
8. Farm or Lease Name
Ramco State WN

9. Well No.
2

10. Field and Pool, or Wildcat
Wildcat - also

12. County
Lea

19. Proposed Depth
CIBP 10,300'

19A. Formation
Abo

20. Rotary or C.T.
N/A

21. Elevations (Show whether DF, RT, etc.)
3960' GR

21A. Kind & Status Plug. Bond
Statewide

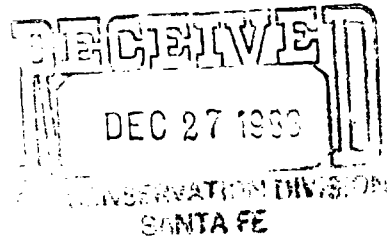
21B. Drilling Contractor
N/A

22. Approx. Date Work will start
12/10/88

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2"	13-3/8"	48#	337'	400	
12 1/4"	9-5/8"	36 & 40#	4,980'	3400	
7-7/8"	5-1/2"	17 & 20#	12,801'	500	

Manzano Oil Corporation became operator of this well effective December 1, 1988. Manzano plans to attempt a completion in the Abo formation by setting a cast iron bridge plug at approximately 10,300', run tie-in log & cement bond log and perforate squeeze holes. Then we plan to set a packer at approximately 8700' & load and circulate hole. If circulated, we will pull out of hole, run tubing with retainer & cement. Then pull out of hole & perforate in the Abo formation and attempt to produce that zone.



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

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

Signed Jackie Midkiff Title Jackie Midkiff/Landwoman Date 12/9/88

APPROVED BY [Signature] TITLE DISTRICT 1 SUPERVISOR DATE DEC 23 1988

Permit Expires 6 Months From Approval Date Unless Drilling Underway.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-101
Supersedes O-128
Effective 1-1-66

All distances must be from the outer boundaries of the Section.

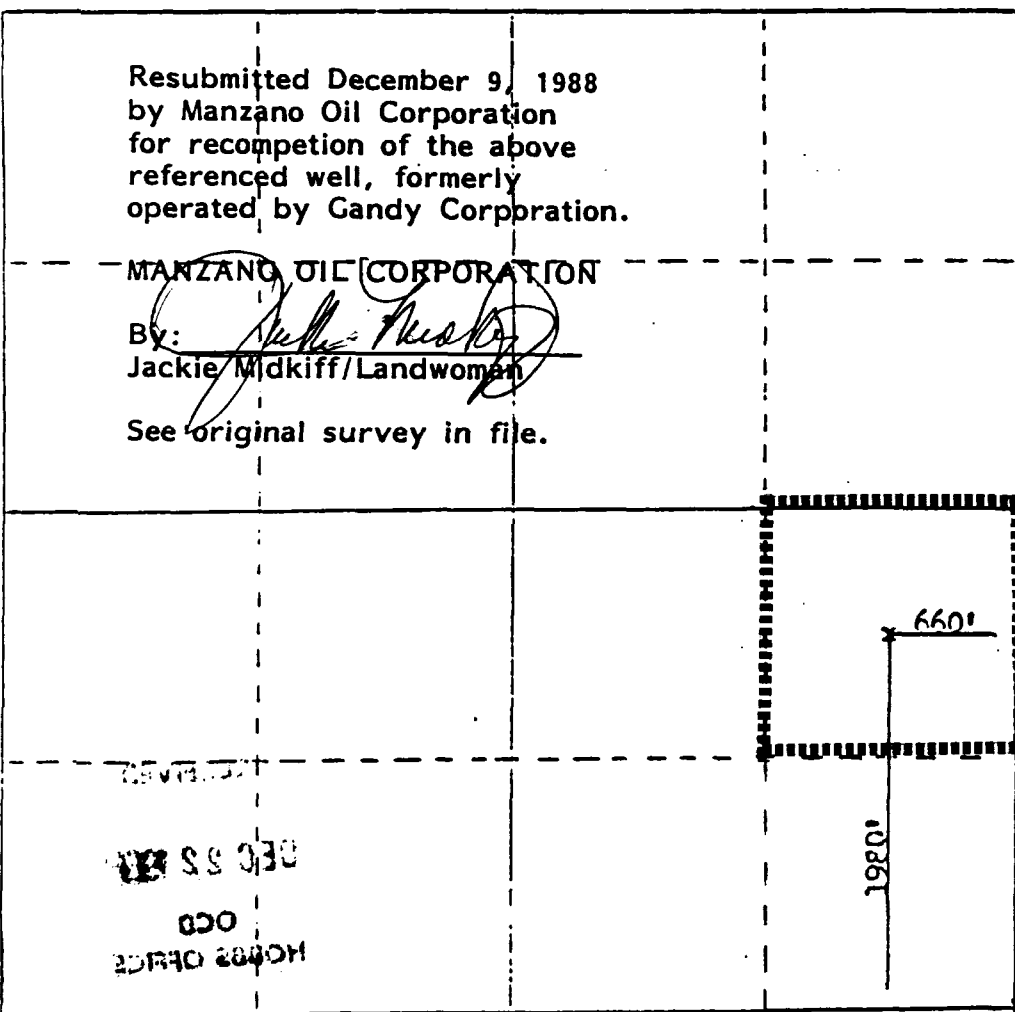
Manzano Oil Corporation			Lease Ramco-State WN		Well No. 2
Section I	Section 35	Township 16-S	Range 35-E	County Lea	
True: Trueage Location of Well:					
1980	feet from the	South	line and	660	feet from the
					East
Line					Line
Ground Level Elev. 3960	Producing Formation Abo		Pool	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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.



Resubmitted December 9, 1988
by Manzano Oil Corporation
for reconpetition of the above
referenced well, formerly
operated by Gandy Corporation.

MANZANO OIL CORPORATION

By: *Jackie Midkiff*
Jackie Midkiff/Landwoman

See original survey in file.

CERTIFICATION

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

R. E. Cross, Jr.

R. E. Cross, Jr.

Administrative Clerk

Sinclair Oil & Gas Company

November 3, 1966

1163

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.

I, the Surveyor

Professional Engineer
No. 10,123

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NEW MEXICO OIL CONSERVATION COMMISSION
REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Form C-104
Supersedes Old C-104 and C-110
Effective 1-1-65

I. OPERATOR
Operator: **Manzano Oil Corporation 505/623-1996**
Address: **P.O. Box 2107/Roswell, NM 88202-2107**

Reason(s) for filing (Check proper box):
 New Well:
 Recompletion:
 Change in Ownership: **X**
 Change in Transporter of:
 Oil:
 Casinghead Gas:
 Dry Gas:
 Condensate:

Other (Please explain): **DECEASED**
DEC 15 1988
 OIL CONSERVATION DIVISION
 SANTA FE

If change of ownership give name and address of previous owner: **Gandy Corporation, P.O. Box 827, Tatum, NM 88267**

II. DESCRIPTION OF WELL AND LEASE

Lease Name Ramco State WN	Well No. 2	Pool Name, including Formation Presently Shoe Bar Penn attempting recompletion in Abo formation	Kind of Lease State, Federal or Fee State B-106402	Lease No. 106402
Location Unit Letter FJ ; 1980 Feet From The South Line and 660 Feet From The East				
Line of Section 35	Township 16S	Range 35E	, NMPM, Lea County	

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/> Texas-New Mexico Pipeline	Address (Give address to which approved copy of this form is to be sent) P.O. Box 2528, Hobbs, NM 88240
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input type="checkbox"/> Unknown	Address (Give address to which approved copy of this form is to be sent)
If well produces oil or liquids, give location of tanks. Unit: 1 Sec.: 35 Twp.: 16S Rge.: 35E	Is gas actually connected? No When: Unknown

If this production is commingled with that from any other lease or pool, give commingling order number:

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'v.	Diff. Res'v.
Date Spudded	Date Compl. Ready to Prod.		Total Depth			P.B.T.D.		
Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation		Top Oil/Gas Pay			Tubing Depth		
Perforations						Depth Casing Shoe		
TUBING, CASING, AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE		DEPTH SET			SACKS CEMENT		

V. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

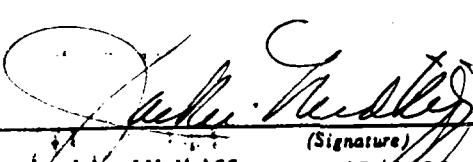
Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil-Bbls.	Water-Bbls.	Gas-MCF

GAS WELL

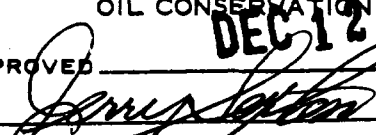
Actual Prod. Test-MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pitot, back pr.)	Tubing Pressure (shut-in)	Casing Pressure (shut-in)	Choke Size

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

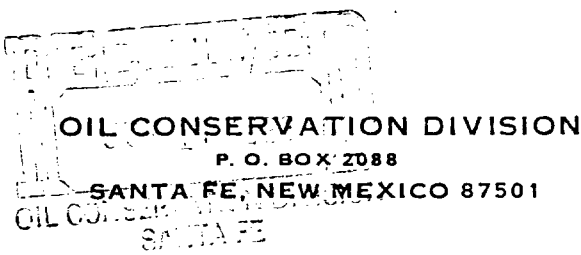

 Jackie Midkiff (Signature)
 Jackie Midkiff (Title)
 12/9/88 (Date)

OIL CONSERVATION COMMISSION
DEC 12 1988

APPROVED _____, 19____
 BY 
 TITLE **DISTRICT I SUPERVISOR**

This form is to be filed in compliance with RULE 1104.
 If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.
 All sections of this form must be filled out completely for allowable on new and recompleted wells.
 Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT



Form C-104
Revised 10-01-78
Format 06-01-83
Page 1

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OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501
REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

I. Operator
Gandy Corporation

Address
c/o Oil Reports & Gas Services, Inc., Box 755, Hobbs, NM 88241

Reason(s) for filing (Check proper box) Other (Please explain)

<input type="checkbox"/> New Well	Change in Transporter of:	<input type="checkbox"/> Dry Gas
<input type="checkbox"/> Recompletion	<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Condensate
<input type="checkbox"/> Change in Ownership	<input type="checkbox"/> Casinghead Gas	

If change of ownership give name and address of previous owner _____

II. DESCRIPTION OF WELL AND LEASE Note change of Lease Number

Lease Name <u>Ramco State</u>	Well No. <u>2</u>	Pool Name, including Formation <u>Shoe Bar Penn</u>	Kind of Lease State, Federal or Fee <u>State</u>	Lease No. <u>VB-0169</u>
Location Unit Letter <u>I</u> : <u>1980</u> Feet From The <u>South</u> Line and <u>660</u> Feet From The <u>East</u>				
Line of Section <u>35</u> Township <u>16S</u> Range <u>35E</u> , NMPM, <u>Lea</u> County				

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/> <u>Navajo Refining</u>	Address (Give address to which approved copy of this form is to be sent) <u>P. O. Box 159, Artesia, NM</u>
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
If well produces oil or liquids, give location of tanks.	Unit Sec. Twp. Rge. Is gas actually connected? When
	<u>I</u> <u>35</u> <u>16S</u> <u>35E</u> <u>No</u>

If this production is commingled with that from any other lease or pool, give commingling order number: _____

NOTE: Complete Parts IV and V on reverse side if necessary.

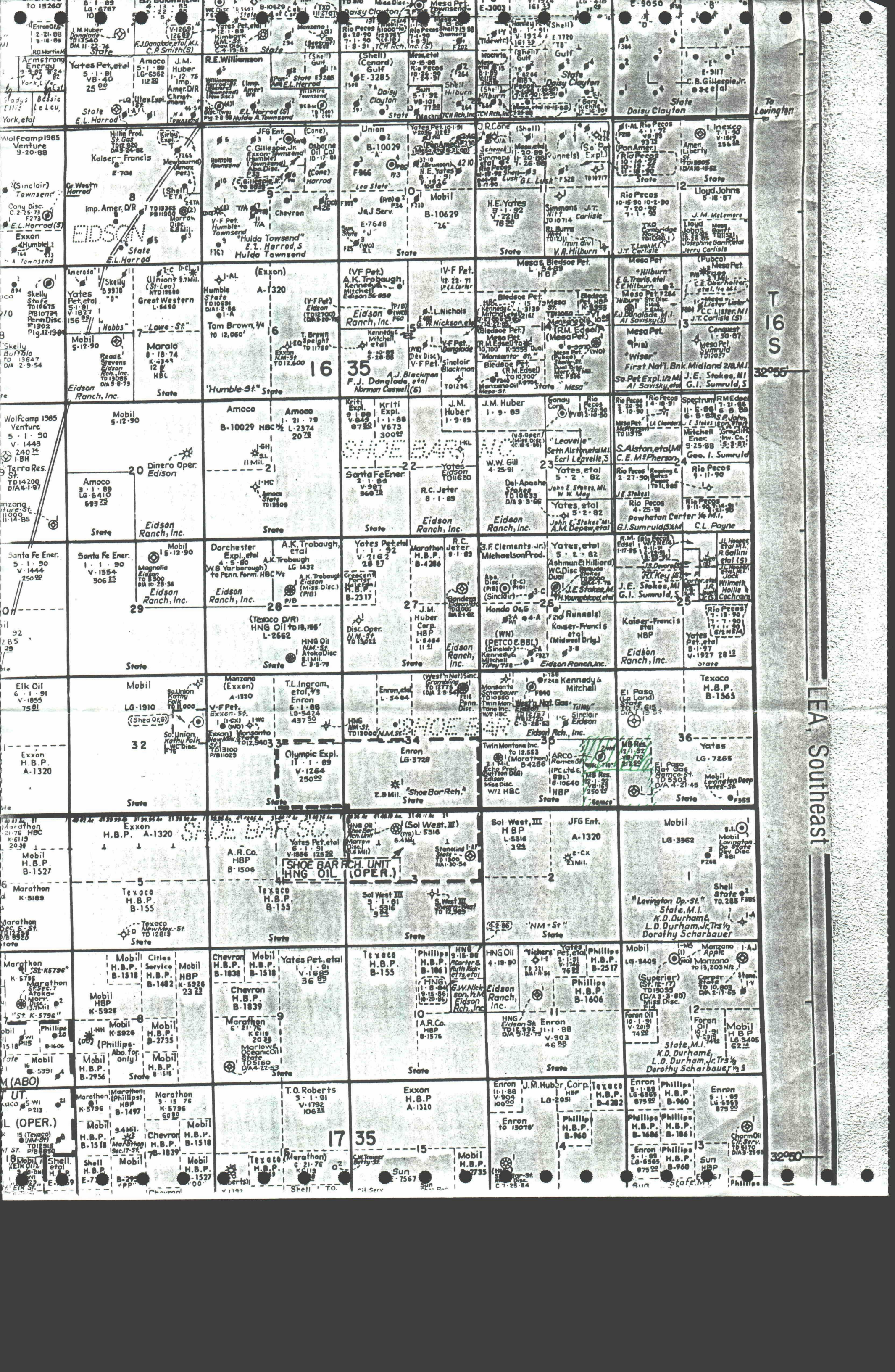
VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given is true and complete to the best of my knowledge and belief.

Ronnie Walker
(Signature)
Agent
(Title)
6-13-88
(Date)

OIL CONSERVATION DIVISION
APPROVED JUN 14 1988, 19____
BY [Signature]
TITLE DISTRICT 1 SUPERVISOR

This form is to be filed in compliance with RULE 1104.
If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.
All sections of this form must be filled out completely for allowable on new and recompleted wells.
Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.
Separate Forms C-104 must be filed for each pool in multiply completed wells.



T 16 S

32°55'

32°50'

LEA, Southeast

To Lovington

Map containing numerous land parcels with owner names and details. Key sections include:

- Section 16:** A large central section with a large '16' in the middle. Owners include Humble, Santa Fe Ener., J.M. Huber, and others.
- Section 17:** Located at the bottom center, containing parcels owned by T.O. Roberts, Exxon, and others.
- Section 35:** Located in the middle-left, owned by F.J. Donglad et al.
- Section 36:** Located in the middle-right, owned by Yates et al.
- Section 37:** Located at the bottom right, owned by Enron and Phillips.
- Section 38:** Located at the bottom left, owned by Marathon and Mobil.

Other notable owners and details include: J.M. Huber, Yates et al., Humble, Santa Fe Ener., J.M. Huber, R.C. Jeter, J.F. Clements Jr., Yates et al., Michaelson Prod., Ashmun & Hilliard, J.E. Stokes, M.I., G.I. Sumruld, J.L. Hoopes et al., J.R. Key et al., J.E. Stokes, M.I., G.I. Sumruld, Yates et al., H.B.P., B-1563, Yates LG-7265, Shell State, K.D. Durham, L.D. Durham, Jr., Dorothy Scharbauer, J.M. Huber, Corp., Phillips, Enron, H.B.P., B-1606, Phillips, H.B.P., B-1606, Enron, Phillips, H.B.P., B-1606, Sun HBP, Phillips, H.B.P., B-1606, Sun HBP, Phillips, H.B.P., B-1606.

COUNTY *Lea*

POOL *Shoe Bar - Pennsylvanian*

TOWNSHIP *16 South*

RANGE *35 East*

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: - All Sec. 35; $\frac{W}{2}$ Sec. 36 (R-460, 5-19-54)

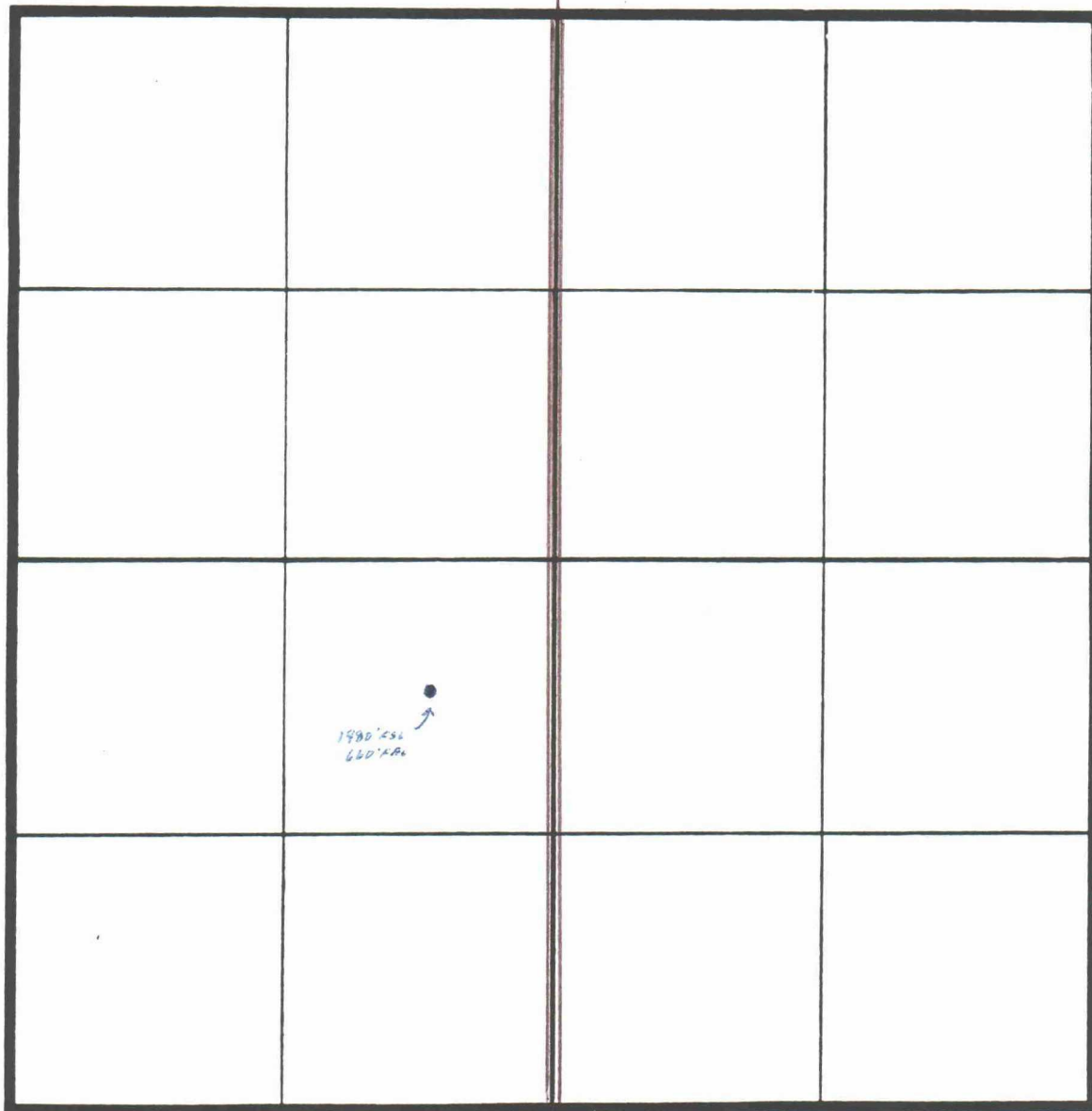
Ext: $\frac{SE}{4}$ Sec. 26 (R-1441, 8-1-59) - $\frac{SW}{4}$ Sec. 26 (R-2062, 10-1-61)

- $\frac{NW}{4}$ Sec. 26 (R-2139, 1-1-62) - $\frac{NE}{4}$ Sec. 26 (R-3152, 12-1-66) - $\frac{NE}{4}$ Sec. 36 (R-3818, 9-1-69)

Sec. _____ Township No. _____ of Range No. _____

E/2 Sec. 35

W/2 Sec. 36



Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

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

OIL CONSERVATION DIVISION
P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

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

WELL API NO.

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
B-106402

7. Lease Name or Unit Agreement Name
Ramco State WN

8. Well No.
2

9. Pool name or Wildcat
Wildcat-Abo

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"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
OIL WELL GAS WELL OTHER

2. Name of Operator
Manzano Oil Corporation 505/623-1996

3. Address of Operator
P.O. Box 2107/Roswell, NM 88202-2107

4. Well Location
Unit Letter _____ : 1980 Feet From The South Line and 660 Feet From The East Line
Section 35 Township 16S Range 35E NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3960' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input checked="" type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

1276788
1/10/89

Set CIBP @10,300'. Ran CBL. Top of cmt @ 9730'. Shot three squeeze holes @ 9300' and three @ 8200'. Cement-squeeze hole w/230 sacks Class H cmt. Got 38 bbls slurry behind pipe thru squeeze holes. Perf Abo from 8730'-8750' (20', 20 holes). Attempted to acidize - well communicated. Set pkr below perfs & tested to 2000#, OK. Pulled pkr to 8763' & set. Pumped 25 bbls water thru perf zone & up to squeeze holes @ 8200'. Unseat pkr & reversed acid out of hole. POH & went in hole with new packer & plug. Set plug @ 8641' & tested to 2000#, OK. Pulled pkr to 8095' & set. Pumped into squeeze holes @ 1/4 bpm @ 3600#. Set pkr & spotted 2 sacks sand on plug & shut down overnight. Tagged 15' of fill on plug. Pulled pkr to 8003' & squeezed hole @ 8200' w/50 sacks Class H cmt. SEE OTHER SIDE...

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

SIGNATURE Jackie Midkiff TITLE Jackie Midkiff/Landwoman DATE 1/16/89

TYPE OR PRINT NAME _____ TELEPHONE NO. _____

(This space for State Use)

APPROVED BY James Sexton TITLE DISTRICT 1 SUPERVISOR DATE JAN 18 1989

CONDITIONS OF APPROVAL, IF ANY:

Drilled out cement to 8223'. Circulated hole clean, ran tubing & circulated sand off BP. Unseat BP & set @ 8800'. Set pkr @ 8673'. Zone communicated to squeeze holes. Pulled pkr above squeeze holes @ 8095' & set. Broke formation down. ACIDIZED w/1000 gal 20% NEFE & 20 ball sealers. Swabbed & tested zone.

REACIDIZED w/4000 gal 20% NEFE & 2 salt blocks. Swabbing & testing well.

HOBBS OFFICE

OCD

JAN 17 1988

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IV. COMPLETION DATA

Designate Type of Completion - (X)		Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'v.	Diff. Res'v.
Date Spudded	Date Compl. Ready to Prod.		Total Depth			P.B.T.D.			
Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation		Top Oil/Gas Pay			Tubing Depth			
Perforations						Depth Casing Shoe			
TUBING, CASING, AND CEMENTING RECORD									
HOLE SIZE	CASING & TUBING SIZE			DEPTH SET			SACKS CEMENT		

V. TEST DATA AND REQUEST FOR ALLOWABLE (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)		
Length of Test	Tubing Pressure	Casing Pressure		Choke Size
Actual Prod. During Test	Oil - Bbls.	Water - Bbls.		Gas - MCF

GAS WELL

Actual Prod. Test - MCF/D	Length of Test	Bbls. Condensate/MMCF		Gravity of Condensate
Testing Method (pilot, back pr.)	Tubing Pressure (shut-in)	Casing Pressure (shut-in)		Choke Size

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 JUN 18 1983
 OGD
 OASIS BRANCH