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O. C. C.
ARTESIA, OFFICE

Amoco Production Company

Post Office Box 68
Hobbs, New Mexico, 88240

July 5, 1972

File: VES-162-986.5 x WF

Re: Exemption of Directional
Survey
Malco "B" Federal Well No. 3
Empire Abo Field

New Mexico Oil Conservation Commission
P. O. Drawer DD
Artesia, New Mexico, 88210

Dear Sir:

The Malco "B" Federal Well No. 3 has been drilled to a total depth of 6105' at a surface location 1618' FNL and 330' FWL (330' FN x WL of SW/4 of NW/4) Section 11, T-18S, R-27E, Eddy County, New Mexico. From the attached tabulation of Totco surveys, taken during the drilling of the Malco "B" Federal No. 3, you will note that for the last 658' the average hole deviation was greater than 5°. However, assuming all deviations are in the same direction, the total cumulative drift is only 202.7' which is insufficient to cross the west or nearest lease line at a distance of 330' from the surface location. Therefore, the well is bottomed under its surface location tract.

Attached is a copy of Mr. A. L. Porter's letter of July 7, 1959, which advises that we will have complied with Rule 111 if the cumulative drift establishes conclusively that the well is bottomed on its proration unit.

Yours very truly,

V. E. Staley

V. E. STALEY
Area Superintendent

Attachment

DEVIATION SURVEYS
MALCO "B" FEDERAL NO. 3

| <u>Depth Totco Ran</u> | <u>Interval Between Totcos</u> | <u>Drift Indicated By Totco</u> | <u>Horizontal Drift Over Interval</u> | <u>Cumulative Horizontal Drift</u> |
|--------------------------------|--|---|---|--|
| 309' | 309' | 1/2° | 2.7 | 2.7 |
| 590' | 281' | 3/4° | 3.7 | 6.4 |
| 850' | 260' | 3/4° | 3.4 | 9.8 |
| 1001' | 251' | 1/4° | 1.1 | 10.9 |
| 1501' | 500' | 1/2° | 4.4 | 15.3 |
| 1998' | 497' | 3/4° | 6.5 | 21.8 |
| 2320' | 322' | 3/4° | 4.2 | 26.0 |
| 2811' | 491' | 3/4° | 6.4 | 32.4 |
| 3315' | 504' | 3/4° | 6.6 | 39.0 |
| 3621' | 306' | 1-1/4° | 6.7 | 45.7 |
| 4115' | 494' | 1-1/4° | 10.8 | 56.5 |
| 4360' | 245' | 2-1/4° | 9.6 | 66.1 |
| 4575' | 215' | 2-1/2° | 9.4 | 75.5 |
| 4823' | 248' | 3-1/2° | 15.1 | 90.6 |
| 4921' | 98' | 3-1/2° | 6.0 | 96.6 |
| 5181' | 260' | 5° | 22.7 | 119.3 |
| 5447' | 266' | 5° | 23.2 | 142.5 |
| 6105' | 658' | 5-1/4° | 60.2 | 202.7 |

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O. C. C.
ARTESIA, OFFICE

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

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State of New Mexico
Oil Conservation Commission

O. C. C.
ARTESIA OFFICE

LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER



P. O. BOX 871
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY DIRECTOR

July 7, 1959

Pan American Petroleum Corporation
P. O. Box 68
Hobbs, New Mexico

Attention: Mr. J. W. Brown

Re: Request for Exemption,
Deviation Tests

Gentlemen:

Reference is made to your letter of July 2, 1959, wherein you requested exemption to Rule 111 - Deviation Tests, for your U.S.A. Malco Refineries "G" Well No. 5, Empire-Abo Field, Eddy County, New Mexico.

Your letter of April 16, 1959, and of May 21, 1959, are also noted at this time, as well as our letter of April 20, 1959. All related to the same general subject - the Rule 111 requirement to run a directional survey on a well when the deviation from the vertical in any 500-foot interval averages more than five degrees.

This office is of the opinion that a directional survey is unnecessary on any well which has such a deviation from the vertical, provided that Totco or other deviational surveys are made throughout the course of drilling the well, and the cumulative drift according to such deviational surveys, if assumed to be all in one direction and toward the nearest outer boundary of the proration unit on which the well is located, shows conclusively that the bottom of the hole is on the same tract as the surface location.

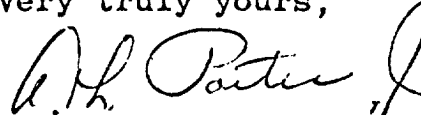
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| HOBBS, N. M. | |
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*Concise
please copy
letter for
Luttrell*

In view of the above, you have complied with Rule 111 in this particular case.

The same will be true in future cases where a deviational survey has been so filed which establishes conclusively that the well is bottomed on its tract or proration unit.

Very truly yours,

A handwritten signature in cursive script, appearing to read "A. L. Porter, Jr.", with a large, stylized flourish at the end.

A. L. PORTER, Jr.
Secretary-Director

ALP/DSN/ir

cc: Mr. M. L. Armstrong
Oil Conservation Commission
Artesia, New Mexico

Mr. R. F. Montgomery
Oil Conservation Commission
Hobbs, New Mexico