

CASE 3242: Application of AUSTRAL
OIL CO. INC. for an unorthodox
location, San Juan County.

John James

CASE No.
3242

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

P. O. BOX 2088
SANTA FE

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

May 17, 1965

Mr. W. J. Mounce
Hardie, Grambling, Sims & Galatzan
Attorneys at Law
Third Floor, El Paso Natural Gas Co. Bldg.
El Paso, Texas 79901

Re: Case No. 3242
Order No. R-2910
Applicant:
AUSTRAL OIL COMPANY, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC x

OTHER

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3242
Order No. R-2910

APPLICATION OF AUSTRAL OIL COMPANY
INCORPORATED FOR AN UNORTHODOX LOCA-
TION, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 28, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of May, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Austral Oil Company Incorporated, seeks an exception to the well location requirements for the Blanco-Mesaverde Gas Pool for its Bunny et al Well No. 1 located 1040 feet from the South line and 1190 feet from the East line of Section 10, Township 27 North, Range 9 West, NMPM, San Juan County, New Mexico.

(3) That the subject well is a dual completion in the Blanco-Mesaverde Gas Pool and Basin-Dakota Gas Pool at a standard location for the Basin-Dakota Gas Pool.

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Blanco-Mesaverde Gas Pool, will prevent

-2-

CASE No. 3242
Order No. R-2910

the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Austral Oil Company Incorporated, is hereby granted an exception to the well location requirements of the Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool and is hereby authorized to produce its Bunny et al Well No. 1 from said pool at an unorthodox location 1040 feet from the South line and 1190 feet from the East line of Section 10, Township 27 North, Range 9 West, NMPM, San Juan County, New Mexico.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



Jack M. Campbell

JACK M. CAMPBELL, Chairman

Guyton B. Hays

GUYTON B. HAYS, Member

A. L. Porter, Jr.

A. L. PORTER, Jr., Member & Secretary

esr/

THORNTON HARDIE
ALLEN R. GRAMBLING
HAROLD L. SIMS
MORRIS A. GALATZAN
WILLIAM B. HARDIE
JOHN A. GRAMBLING
WILLIAM J. MOUNCE
WILLIAM T. DEFFEBACH
MALCOLM HARRIS

HARDIE, GRAMBLING, SIMS & GALATZAN
ATTORNEYS AND COUNSELORS AT LAW
THIRD FLOOR, EL PASO NATURAL GAS COMPANY BUILDING
EL PASO, TEXAS 79901

March 22, 1965

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

Case 3242

Attn: A. L. Porter, Jr.

Re: Exception to
Blanco-Mesaverde
Field Rules

Gentlemen:

Austral Oil Company Incorporated (Austral) has completed its Bunny et al No. 1 Well in the SE/4 of Section 10, Township 27 North, Range 9 West, N.M.P.M., San Juan County, New Mexico. The well is located 1190 feet from the East line and 1040 feet from the South line of Section 10. Said well has been dually completed in the Mesaverde and Dakota producing zones. The well location and the offset operators are set forth in the diagram attached hereto.

The dual completion has heretofore been approved by the U.S.G.S. It is more economical and practical to dually complete the above well than drill another Mesaverde well at an orthodox location.

Austral therefore requests the Commission to set a hearing at the earliest practicable date, after due notice, and upon such hearing that the Commission grant Austral an exception to the Blanco-Mesaverde Field Rules (Order No. R-1670, Rule No. 2) and approve the dual completion and unorthodox location.

Respectfully submitted,

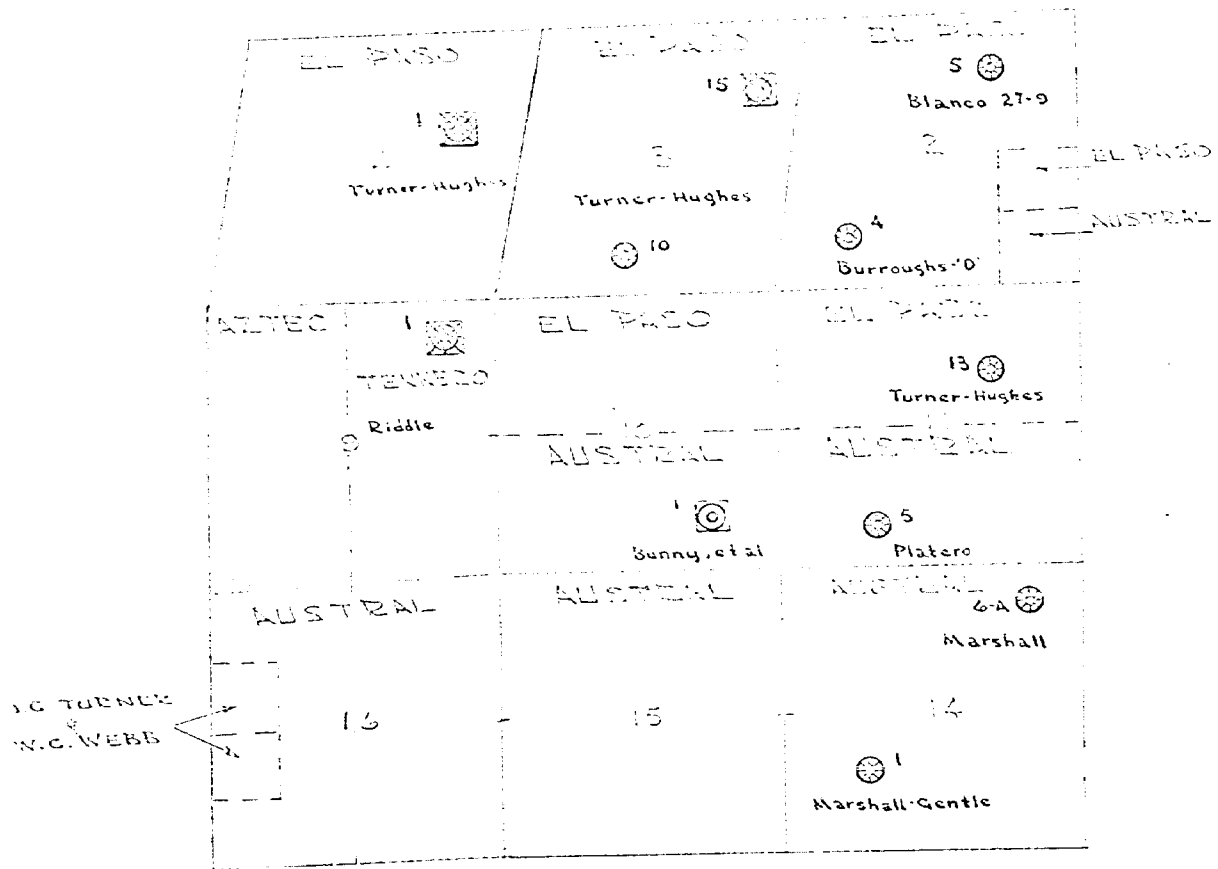
William J. Mounce
William J. Mounce,
Attorney for Austral Oil Company
Incorporated

WJM:ag
Encl.

DOCKET MAILED

4-15-65
[Signature]

Can 3242



T-27-N - 2-2-W

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 28, 1965

9 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, Alternate Examiner:

CASE 3217: (Continued from the March 10, 1965 examiner hearing)
In the matter of the hearing called by the Oil Conservation
Commission upon its own motion to permit S. S. Sutton, dba
Eddy Oil Company and all other interested parties to show
cause why the Eddy Oil Company Stanolind-State Wells Nos. 1
and 2, located in Units G and J, respectively, of Section 36,
Township 19 South, Range 30 East, Eddy County, New Mexico,
should not be plugged in accordance with a Commission approved
plugging program.

CASE 3240: Application of Gulf Oil Corporation for a unit agreement,
Lea County, New Mexico. Applicant, in the above-styled
cause, seeks approval of the Central Drinkard Unit Area
comprising 2,600 acres, more or less, of State and Fee lands
in Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 3241: Application of Gulf Oil Corporation for a waterflood project,
Lea County, New Mexico. Applicant, in the above-styled cause,
seeks authority to institute a waterflood project in the
Drinkard Pool, Lea County, New Mexico, in its Central Drinkard
Unit Area by the injection of water into the Drinkard formation
through six wells in Sections 28, 29, and 32, Township 21 South,
Range 37 East.

CASE 2676: In the matter of the application of Gulf Oil Corporation to
(Reopened) reopen Case No. 2676 to reconsider applicant's request that a
full 80-acre proration unit comprising the S/2 NW/4 of Section
23, Township 24 South, Range 37 East, Fowler Ellenburger Pool,
Lea County, New Mexico, be approved for applicant's Lillie
Well No. 3 located 2310 feet from the North line and 330 feet
from the West line of said Section 23.

CASE 3242: Application of Austral Oil Company Incorporated, for an un-
orthodox location, San Juan County, New Mexico. Applicant,
in the above-styled cause, seeks an exception to the well
location requirements for the Blanco-Mesaverde Gas Pool for its
Bunny et al Well No. 1 at an unorthodox location 1040 feet
from the South line and 1190 feet from the East line of Section
10, Township 27 North, Range 9 West, San Juan County, New
Mexico.

Examiner Hearing - April 28, 1965

CASE 3243: Application of Monsanto Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Dagger Draw-Strawn Gas Pool and the Dagger Draw-Morrow Gas Pool, Eddy County, New Mexico, including a provision for 640-acre gas well spacing units.

CASE 3003: In the matter of Case No. 3003 being reopened pursuant to the provisions of Order No. R-2685, which order established temporary 80-acre proration units for the Tobac-Pennsylvanian Pool, Chaves County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.
(Reopened)

CASE 2997: In the matter of Case No. 2997 being reopened pursuant to the provisions of Order No. R-2677, which order established 80-acre spacing units for the Vacuum-Lower Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.
(Reopened)

CASE 3244: Application of James E. Logan for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Rain Spring Unit Area comprising 10,542.00 acres, more or less, of State, Federal and Fee lands in Townships 22 and 23 South, Ranges 24 and 25 East, Eddy County, New Mexico.

THORNTON HARDIE
ALLEN R. GRAMBLING
HAROLD L. SIMS
MORRIS A. GALATZAN
WILLIAM B. HARDIE
JOHN A. GRAMBLING
WILLIAM J. MOUNCE
WILLIAM T. DEFFEBACH
MALCOLM HARRIS

HARDIE, GRAMBLING, SIMS & GALATZAN
ATTORNEYS AND COUNSELORS AT LAW
THIRD FLOOR, EL PASO NATURAL GAS COMPANY BUILDING
EL PASO, TEXAS 79901

March 22, 1965

Case 2242

Mr. A. L. Porter, Jr.
Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Exception to
Blanco-Mesaverde
Field Rules


Dear Mr. Porter:

On behalf of Austral Oil Company Incorporated, we submit herewith, in duplicate, an application for exception to Blanco-Mesaverde Field Rules. The Operators set forth on the diagram attached to the application are those operating the particular area for Mesaverde production.

The undersigned is duly licensed to practice in all courts of the State of New Mexico. Please notify me whenever the matter has been set down for hearing.

If you need any additional information or documents, please advise.

Very truly yours,


William J. Mounce

WJM:ag
Encls.

DOCKET MAILED

Date 4-15-65
Sh

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

1201 (4-60)

SYMBOLS

DL=Day Letter
NL=Night Letter
LT=International Letter Telegram

W. P. MARSHALL, PRESIDENT

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

1965 APR 22 6:31 PM '48

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D LLJ155 PD=MF DALLAS TEX 22 215P CST=

A L PORTER JR, SECTY=

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE NMEX=

J. GLENN TURNER HEREBY WAIVES OBJECTION TO AUSTRAL OIL
COMPANY APPLICATION FOR APPROVAL OF UNORTHODOX LOCATION
FOR THE AUSTRAL-BUNNY WELL NO. 1 LOCATED SE/4 SEC.
10,T-27-N,R-9-W. SAN JUAN COUNTY, NEW MEXICO=
J GLENN TURNER=

=1 SE/4 10,T-27-N R-9-W=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

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PAGE 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 28, 1965

EXAMINER HEARING

IN THE MATTER OF: Application of Austral Oil)
Company Incorporated, for an unorthodox)
location, San Juan County, New Mexico.)
Applicant, in the above-styled cause, seeks)
an exception to the well location)
requirements for the Blanco-Mesaverde Gas)
Pool for its Bunny et al Well No. 1 at an)
unorthodox location 1040 feet from the South)
line and 1190 feet from the East line of)
Section 10, Township 27 North, Range 9 West,)
San Juan County, New Mexico.)

Case No. 3242

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 28, 1965

EXAMINER HEARING

-----)
IN THE MATTER OF: Application of Austral Oil)
Company Incorporated, for an unorthodox)
location, San Juan County, New Mexico.)
Applicant, in the above-styled cause, seeks) Case 3242
an exception to the well location requirements)
for the Blanco-Mesaverde Gas Pool for its)
Bunny et al Well No. 1 at an unorthodox)
location 1040 feet from the South line and)
1190 feet from the East line of Section 10,)
Township 27 North, Range 9 West, San Juan)
County, New Mexico.)
-----)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The next case will be Case 3242.

MR. DURRETT: Application of Austral Oil Company,
Incorporated, for an unorthodox location, San Juan County, New
Mexico.

MR. MOUNCE: If the Examiner please, I am William J.
Mounce, and I will have one witness who is Mr. Bryant Millikin.

(Witness sworn.)

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BRYANT T. MILLIKIN, JR., called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MOUNCE:

Q Would you state your name, please?

A Bryant T. Millikin, Junior.

Q For whom are you employed?

A Austral Oil Company, Incorporated.

Q What is your position with Austral Oil Company Incorporated?

A Reservoir Engineer.

Q Mr. Millikin, you've not had an opportunity to testify as an expert witness before the Commission, or have you?

A No.

Q Would you give us a brief resume of your qualifications, please?

A I received a Bachelor of Science Degree in petroleum engineering from the University of Tulsa in 1941, and worked seven years for Phillips Petroleum Company as a petroleum engineer, and seven years with Continental Oil Company as reservoir engineer, and the last nine years as a reservoir engineer with Austral Oil.

MR. MOUNCE: Are the witness' qualifications

satisfactory?

MR. NUTTER: Yes, sir, they are.

(Whereupon, Applicant's Exhibit No. 1 marked for identification.)

Q (By Mr. Mounce) This particular exhibit was either prepared by you or under your supervision, was it not?

A That's right.

Q Are you familiar with the Bunny Number 1 Well, located in the southeast quarter of Section 10, Township 27 North, Range 9 West in San Juan County, New Mexico?

A Yes.

Q Is that well dually completed?

A Yes, it's dually completed in the Mesaverde and Dakota formations.

Q Would you tell us the circumstances, or why this particular well was completed in the Mesaverde zone in this southwest quarter?

A Well, it was drilled as a Dakota well and application was made and permission was granted by the Department of Interior and dual completion was mentioned as a possibility, and we did drill a well and make a dual completion.

Q Actually you felt that was the only approval you needed. You weren't familiar with the Blanco-Mesaverde Field Rules?

A That's right.

Q Does Austral own the Mesaverde operating rights in the southwest quarter of this particular Section 10?

A Yes, also the southeast quarter.

Q You have already received administrative approval from the Oil Conservation Commission for the dual completion, have you not?

A Yes, we received it.

Q Is the Mesaverde -- Are you familiar with the geological factors in the Mesaverde zone in this southwest quarter of Section 10?

A Yes.

Q Is that particular southwest quarter productive in the Mesaverde formation?

A Yes, sir, it is.

Q In your opinion?

A The southwest quarter?

Q Yes, the southwest quarter of Section 10.

A The well is in the southeast quarter, but the southwest quarter should also be productive. It's directly between two Mesaverde wells.

Q In this particular composite exhibit, what is referred to in that exhibit is a cross section of the Mesaverde zone, does that indicate that that southwest quarter would also be productive of the Mesaverde formation?

A Yes, it does. It shows that it is productive across that cross-section there.

Q All right. Included in this composite exhibit are telegrams from the offset operators, indicating that they have no objection to the Commission allowing this unorthodox location, isn't that correct?

A That's right.

Q Will the approval of this unorthodox location for the Mesaverde formation eliminate the drilling of unnecessary wells, in your opinion?

A Yes, with this dual completion it will eliminate drilling another well to the Mesaverde.

Q As such it will prevent waste?

A That's correct.

Q Or an unnecessary economic expenditure?

A Yes.

Q Austral owns practically all of the Mesaverde operating rights surrounding that, except for what's owned by Tenneco and a small tract to J. Glenn Turner, and El Paso Natural Gas, is that correct?

A That's correct.

Q Is it your opinion that the allowance of this unorthodox location will not impair correlative rights?

A That's correct.

MR. MOUNCE: I have no further direct testimony. I will move to admit this composite exhibit about which this man, Mr. Millikin, has testified.

MR. NUTTER: This is a composite Exhibit Number 1, is that correct, Mr. Mounce?

MR. MOUNCE: Yes.

MR. NUTTER: Applicant's Exhibit Number 1 is admitted in evidence.

(Whereupon, Applicant's Exhibit No. 1 was admitted in evidence.)

MR. NUTTER: Does anyone have any questions of Mr. Millikin? Go ahead, Mr. Durrett.

CROSS EXAMINATION

BY MR. DURRETT:

Q Is this a Federal lease, Mr. Millikin?

A Yes, this south half, Section 10.

Q The south half of 10 is a Federal lease?

A It's on a Federal lease. That's the well in question.

Q When was this well drilled?

A The well was spudded on December 3, 1964, and completed on December 12, 1964.

Q And this was drilled as a Dakota well. That was actually where it was projected, is that correct?

A That's correct. This is on the edge of the Blanco-

Mesaverde area it appears. There has been no Mesaverde production to the south and west.

Q And you have an administrative approval for a dual completion from the Commission, is that correct?

A That's right.

Q That's part of your Exhibit 1 here?

A Yes, it's in there.

Q What acreage would you plan to dedicate if your unorthodox location is approved? What acreage would you dedicate to the well for the Mesaverde formation?

A Usual 320 proration unit which would be the south half of Section 10.

Q Are you of the opinion that this well would drain that acreage at this location?

A Yes, sir.

Q What would you base that opinion on?

A Well, I believe the Blanco-Mesaverde rules have been set up on 320-acre spacing, and this well should be similar to the other Mesaverde wells here.

MR. MOUNCE: Actually there's other Mesaverde production in that particular area, is there not, that would indicate that this particular well would drain the 320 acres?

A Yes.

Q (By Mr. Durrett) How much off pattern are you, Mr.

Millikin?

A Well, we're in the southeast quarter, and the field rules call for the Blanco-Mesaverde wells to be in the southwest corner.

Q You are actually in the wrong quarter; it's not a matter of footage, it's a matter of being in the wrong quarter of the section?

A Yes.

MR. DURRETT: Thank you. I think that's all I have.

BY MR. NUTTER:

Q Mr. Millikin, the inverted squares are the Mesaverde wells on here, is that correct, on this big plat?

A It's a little square, and they're all colored in red.

Q So the well immediately south of your Well Number 1-10 is a Mesaverde well?

A That's an Austral well that was drilled since this Bunny Well 1-10 was drilled.

Q And it is on pattern?

A It is on pattern.

Q Then to the northwest in Section 9 there's a dual completion, I presume from the code here that that's a Mesaverde and a Dakota dual, is that correct?

A On Section 9?

Q Yes, sir, the Tennessee Gas 1-A; that's a diamond with

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a circle around it.

A Yes, that's a dual completion, Mesaverde and Dakota.

Q Do you have any idea of the deliverability in the Mesaverde from that well?

A No, I sure don't.

Q I could determine that from the allowable schedule, that report that shows deliverability. We will have that in our records, and we will take notice of the productivity of the wells in the northeast quarter of Section 9. What was the potential of your well in both the Mesaverde and the Dakota, Mr. Millikin?

A In the Mesaverde the well flowed 1,600 MCF per day, with 520 pounds flowing tubing pressure; and in the Dakota well it tested 2,200 MCF per day with 550 pounds flowing tubing pressure.

Q Is the well presently connected?

A No gas has been taken yet, pending FPC approval and El Paso connection.

MR. NUTTER: Are there further questions of Mr. Millikin?

MR. DURRETT: I have one, please.

BY MR. DURRETT:

Q I notice that the north half of 10 is owned by J. Glenn Turner.

A That's right.

Q Do you know if he has plans to drill a Blanco-Mesaverde well in the north half of 10?

A No, I sure don't know of his plans. He did approve, by telegram, our location.

Q You have a waiver from him in your exhibit?

A Yes, a waiver, I mean, in the exhibit.

Q There's two existing wells in that north half?

A I believe those are Pictured Cliff wells.

Q Those are Pictured Cliffs?

A Yes.

MR. DURRETT: Thank you.

MR. NUTTER: Any further questions? The witness may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Mounce?

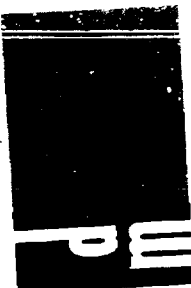
MR. MOUNCE: No, I do not.

MR. NUTTER: Does anyone have anything they wish to offer in Case 3242? We will take the case under advisement.

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss.

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 7th day of May, 1965.

Ada Dearnley
Notary Public - Court Reporter

My Commission Expires:
June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the hearing helding of Case No. 3242 heard by me on 4/28, 1965.

Adrian Examiner
New Mexico Oil Conservation Commission

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. 2-109-2-1-1-1964		
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME Jennie Hickey et al (Never)		
2. NAME OF OPERATOR Aurora Oil Company Incorporated			7. UNIT AGREEMENT NAME		
3. ADDRESS OF OPERATOR 2100 Humble Building, Travis at Bell, Houston, Texas			8. FARM OR LEASE NAME Dakota		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface from East line & 1040' from South line of Sec. 10, T-27-N R-9-W At proposed prod. zone 2000'			9. WELL NO. 1-10		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 20 miles SE of Bloomfield			10. FIELD AND POOL, OR WILDCAT Basin-Dakota		
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. line, if any) 1040'			11. SEC., T., R., N., OR E. & SURVEY OR AREA 10 T-27-N R-9-W		
16. NO. OF ACRES IN LEASE 640			12. COUNTY OR PARISH San Juan		
17. NO. OF ACRES ASSIGNED TO THIS WELL 320			13. STATE New Mexico		
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 200'			20. ROTARY OR CABLE TOOLS Rotary		
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6049 OR			22. APPROX. DATE WORK WILL START* November 23, 1964		

Approved & Subject to protecting the
Reservoir with cement.

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/2"	8-5/8"	25	325	250 sacks cement
7-7/8"	4-1/2"	10.5	7000	240 sacks
2 - MC's Series 600				

This well is to be known as the Dakota (043) 1-10 and is to be drilled approximately 7000'. This will be a Dakota gas test. There is a possibility also that the Mesa Verde formation may be productive. The surface casing is to be a 8-5/8" OD and set at 325' and cemented full length with approximately 250 sacks of cement. Production casing will be 4 1/2" OD and set through the lower most productive sand with quantity of cement to be determined from depth of sands to be produced. A stage cementing tool will be set 50' below the base of the Pictured Cliff formation and adequate cement will be used to bring cement up to at least 50' above top of the Pictured Cliff formation. Also if the Mesa Verde formation is found to be productive, this procedure will be followed. The well will be drilled with water to about 4,000' after which mud will be used to a total depth.

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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. R. J. Copeland Drilling & Production Supt. DATE November 13, 1964

(This space for Federal or State office use)

PERMIT NO.

APPROVED

APPROVAL DATE

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

F. T. McGRATH
DISTRICT ENGINEER

DATE

NOV 16 1964

*See Instructions On Reverse Side

U. S. GEOLOGICAL SURVEY
F. T. McGRATH, DISTRICT ENGINEER

REGULATIONS GOVERNING DRILLING AND PRODUCTION

Attention is called to the following general and special requirements for operations on oil, Indian and acquired land oil and gas leases. The conditions of operations, may be required by the District Engineer for failure to comply with the operating regulations, the conditions of drilling approval and these requirements.

GENERAL:

1. All drilling and producing wells shall be permanently marked in a conspicuous place with the name of operator, lease name, serial number of lease, well number, and location. Necessary precautions must be taken to preserve such signs.

2. Any change of drilling plan or condition of approval must have approval of the District Engineer before the change is made.

3. Before work is started written approval must be obtained unless other arrangements are made in advance with the District Engineer. After work is completed results must be reported to the U.S. Geological Survey by submitting to the District Engineer complete information including the dates the work was done on Form 9-331a (9-331a Indian), in triplicate, covering:

- a. Logging, cementing, and method and results of testing water shut-off. (Show spot date of well on first report submitted.)
- b. Drill stem tests of perforating.
- c. Shooting, acid treatment, descaling, or plugging back.
- d. Casing alterations, packer setting, or repairs of any kind.
- e. Gas-lift installations.

4. Monthly report of operations in duplicate on Form 9-329 (9-329a Indian) must be submitted promptly each month to U.S. Geological Survey, on a lease and continuing until abandonment of all drilling and producing operations is approved.

5. Log, in quadruplicate, on Form 9-330, must be submitted to the District Engineer within 15 days of completion, abandonment, or suspension unless operator is otherwise instructed by the District Engineer. The log should include a complete driller's log, descriptions of all cores, results of all drill stem tests, formation tops identified, and all other well information not previously reported. Duplicate copies of all electrical logs, dipole logs, drilling time logs, temperature, deviation, and other well surveys also must be filed.

6. All wells and lease premises shall be maintained in a well-kept manner with due regard to safety, conservation and appearance.

7. Approval of a notice of intention to drill or abandon any well will be rescinded without further notice if drilling or abandonment is not started within 90 days.

Revised February, 1955.

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

Date Nov 13, 1964

Section A.

Operator AUSTRAL OIL CO. INC. Lease DAKOTA (S443)
Well No. 1-10 Unit letter P Section 10 Township 27 N Range 9 W Line 10
Located 1040 Feet From south line 1190 Feet From east line 1190
County San Juan G. L. Elevation 6057 Dedicated Acreage 81 (320) Acres
Name of Producing Formation Dakota Pool Basin

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below?
Yes X No
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes No . If answer is "yes," Type of Consolidation
3. If the answer to question two is "no," list all the owners and their respective interests below:

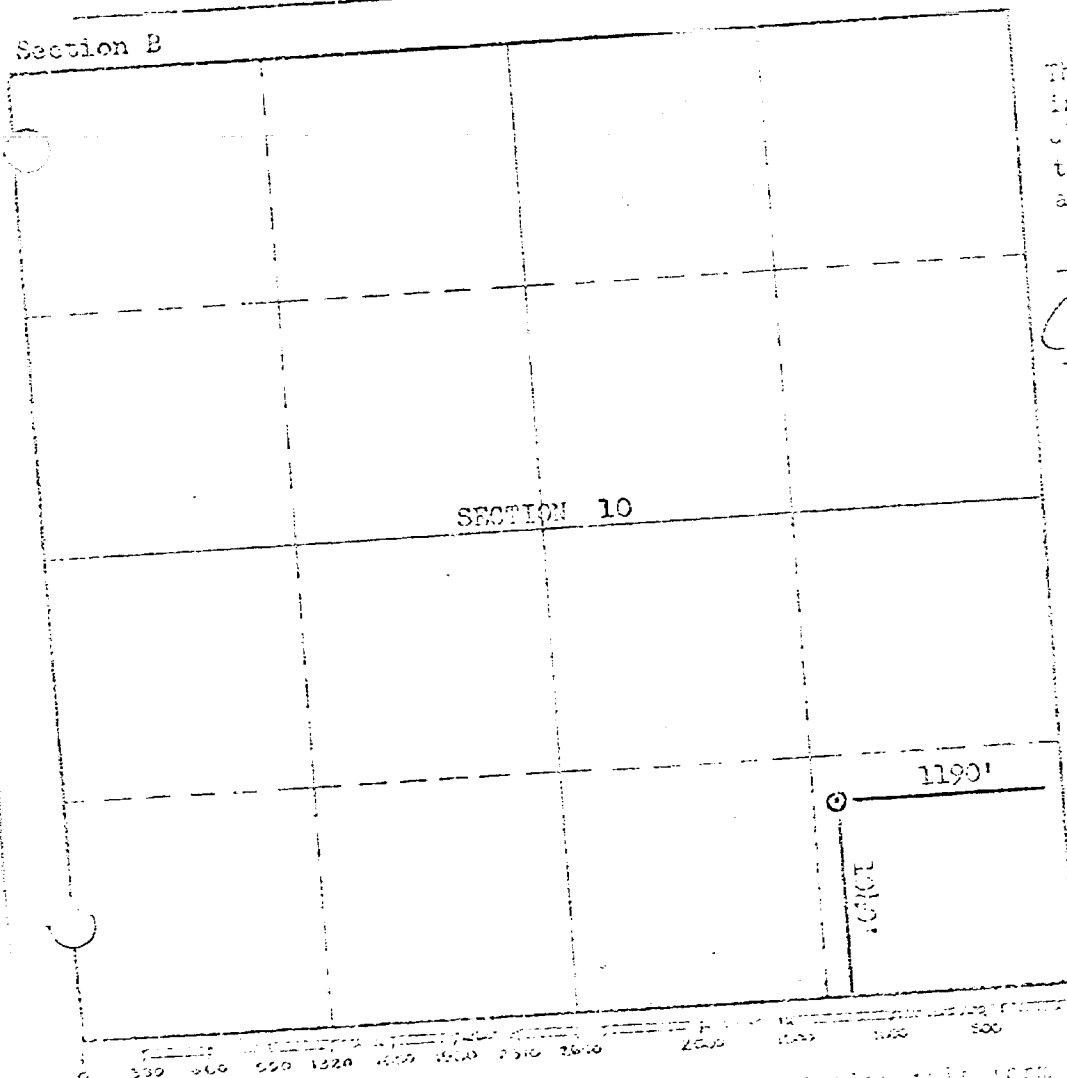
Owner

Land Description

NOV 13 1964

U. S. GEOLOGICAL SURVEY
FARMINGTON, N.M.

Section B



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Austral Oil Co. Inc.
(Operator)

C. B. R. R. R.
(Representative)
300 San Jacinto Bldg.
Houston, Texas 77002
Address

This is to certify that the well location shown on the plat in Section B 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 Nov. 9, 1964.

Stephen H. Kisker
REGISTERED PROFESSIONAL
ENGINEER AND/OR LAND SURVEYOR

Certificate No. 002

(See instructions for completing this form on the reverse side)

AND ABANDONMENT OF AUSTRIAL OIL
COMPANY, INCORPORATED FOR A DUAL
COMPLETION.

ORDER NO. MC-1610

ADMINISTRATIVE ORDER
OF THE NEW MEXICO OIL CONSERVATION COMMISSION

Under the provisions of Rule 112-A, Austrial Oil Company, made application to the New Mexico Oil Conservation Commission on March 11, 1965, for permission to dually complete its Sunny et al Well No. 1 located in Unit 2 of Section 10, Township 27 North, Range 9 West, T27N, R9W, San Juan County, New Mexico, in such a manner as to produce gas from the Mesaverde formation adjacent to the Blanco-Mesaverde Pool and the Basin-Dakota Pool.

Now, on this 31st day of March, 1965, the Secretary-Director finds:

- (1) That application has been duly filed under the provisions of Rule 112-A of the Commission's Rules and Regulations;
- (2) That satisfactory information has been provided that all operators of offset acreage have been duly notified; and
- (3) That no objections have been received within the waiting period as prescribed by said rule.
- (4) That the proposed dual completion will not cause waste nor impair correlative rights.
- (5) That the mechanics of the proposed dual completion are feasible and consonant with good conservation practices.

IT IS THEREFORE ORDERED:

That the applicant herein, Austrial Oil Company, be and the same is hereby authorized to dually complete its Sunny et al Well No. 1 located in Unit 2 of Section 10, Township 27 North, Range 9 West, T27N, R9W, San Juan County, New Mexico, in such a manner as to produce gas from the Mesaverde formation adjacent to the Blanco-Mesaverde Pool and the Basin-Dakota Pool through parallel strings of tubing.

PROVIDED HOWEVER, that applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A.

PROVIDED FURTHER, that applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Deliverability Test Period for the Basin-Dakota Pool.

IT IS FURTHER ORDERED, that jurisdiction of this cause is hereby retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

SEAL OF NEW MEXICO
OIL CONSERVATION COMMISSION

A. L. FORBES, Jr.,
Secretary-Director

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

March 31, 1965

Austral Oil Company
2700 Humble Building
Travis at Bell
Houston, Texas 77002

Gentlemen:

Enclosed herewith please find Administrative Order No. MC-1610 for your Bunny et al Well No. 1 located in Unit P of Section 10, Township 27 North, Range 9 West, NMPM, San Juan County, New Mexico, to produce gas from the Mesaverde formation adjacent to the Blanco-Mesaverde Pool and the Basin-Dakota Pool.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/JEK/og

cc: Oil Conservation Commission - Aztec
U. S. Geological Survey - Farmington

WESTERN UNION
TELEX SERVICE

WU TELTEX A HOU
ELPNATGAS ELP
TLX PD EL PASO TEX 4-26-65 BD

MR WINSTON G SMITH
AUSTRAL OIL COMPANY
2700 HUMBLE BUILDING
HOUSTON TEXAS

245

TLX

MDJ
1965 APR 26 PM 3 05
1965 APR 26 PM 2 57

TELEX-THIS MESSAGE
RECEIVED DIRECT FROM
SENDER VIA W.U. TELEX

RE- YOUR TELEGRAM APRIL 23, 1965
CONCERNING UNORTHODOX LOCATION
BUNNY, EL AL, NO 1 WELL

EL PASO HAS NO OBJECTION TO THE UNORTHODOX LOCATION OF THIS WELL.

EL PASO NATURAL GAS CO
HARRY GEVERTZ

WU TELTEX A HOU
ELPNATGAS ELP

KT

WESTERN UNION
TELEX SERVICE

WESTERN UNION
TELEX SERVICE

ION
CE

DOMESTIC SERVICE	
Check the class of service desired, otherwise this message will be sent as a fast telegram.	
TELEGRAM	<input type="checkbox"/>
DAY LETTER	<input type="checkbox"/>
NIGHT LETTER	<input type="checkbox"/>

\$
S
E

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1000 (4-55)

INTERNATIONAL SERVICE	
Check the class of service desired, otherwise this message will be sent as a fast telegram.	
TELEGRAM	<input type="checkbox"/>
DAY LETTER	<input type="checkbox"/>
NIGHT LETTER	<input type="checkbox"/>

NO. WGS. CL. OF SVC.	PD. OF COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			Humble, Denver, Colorado & Phoenix	(2:00 PM)

Send the following message, subject to the terms on back hereof, which are hereby agreed to

April 22, 1965

A. L. Porter, Jr., Secretary
The Tenneco Oil Conservation Commission
Santa Fe, New Mexico

J. Glenn Turner hereby advises objection to Austral Oil Company application for approval of unorthodox location for the Austral-Dunbar Well No. 1 located NW 1/4 Sec. 20, T-27-N, R-9-W, San Juan County, New Mexico.

J. Glenn Turner

Copy to Mr. Glenn Smith
Austral Oil Company in Houston

CLASS OF SERVICE
This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SP-1201 (4-55)

SYMBOLS
D = Day Letter
NL = Night Letter
LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination.

435P CST APR 22 65 DE297 KA393

K DR019 PD NL DURANGO COLO 22

W G SMITH, AUSTRAL OIL CO

2700 HUMBLE BLDG HOU

TENNECO OIL CO AS OFFSET OPERATOR HAS NO OBJECTION TO AUSTRAL

OIL COMPANYS UNORTHODOX LOCATION OF A PRODUCING WELL IN THE

BLANCO HV FLD LOCATED IN THE SE/4 SEC 10 T27N R9W

TENNECO OIL CO R E SIVERSON

HV FLD SE/4 SEC 10 T27 N R9 W

TUBING RECORD:

1-1/4" (DAKOTA) TUBING DETAIL

	Baker Oil Tools triple seal assembly, 1" ID	4.50
	Baker locator sub	.62
	1 1/2" LOR EUE x 1 1/4" LOR NU swage w/1 1/4" collar	.42
1 jt.	1 1/4", 2.1#, J-55, LOR NU elec. weld tubing	31.50
	Otis S-1 landing nipple	1.10
61 jts.	1 1/4", 2.1#, J-55, LOR NU elec. weld tubing	1908.00
6 jts.	Blast joints	106.96
138 jts.	1 1/4", 2.1#, J-55, LOR NU elec. weld tubing	4301.95
	1 1/4", pup joint	3.93
1 jt.	1 1/4", 2.1#, J-55, LOR NU elec. weld tubing	30.47
	1 1/4", LOR NU x 1 1/2" LOR EUE swage	.25
	Tubing hanger	.70
	KB elev. above tubing head	12.10
		6398.00
	Less 6000# weight on packer	(-) 2.00
	Top Baker Model D packer w/respect to KDB	6396.00

1-1/4" (MESAVERDE) TUBING DETAIL

	1 1/4" perforated nipple, bull plugged	4.50
	1 1/4" pump out plug	.75
1 jt.	1 1/4", 2.1#, J-55, LOR , NU tubing	30.71
	Otis S-1 landing nipple	1.10
137 jts.	1 1/4", 2.1#, J-55, LOR NU tubing	4275.11
	1 1/4" LOR, NU x 1 1/2" LOR EUE swage (offset)	.25
	CIW tubing hanger	.70
	KB elevation above tubing head	12.10
	Tubing suspended w/respect to KDB	4325.22

CORING RECORD:

There were no cores taken from this well.

DRILL STEM TEST RECORD:

There were no DST on this well.

LOGGING RECORD:

Company	Type	Interval	Date
Welex	IES	Surface - 6754'	12-14-64
Welex	Acoustic velocity	3550-6745'	12-14-64
McCullough	Bond cement	3000-6719'	12-27-64
McCullough	Gamma Ray		12-27-64

COMPLETION RECORD:

Tested Basin-Dakota 8 hours, 1-1-65, 2200 MCFD, 29 BOPD, 54.6°
API gravity, 550 psi FTP, 12 B/D frac water.

Tested Blanco-Mesaverde 10 1/2 hrs., 1-1-65, 1600 MCFD, 6 BOPD, 65.7°
API gravity, 520 psi FTP, 755 psi FCP, 12 B/D frac water.

MR:mjw
4-26-65

Bunny (6443) #1-10

AUSTRAL OIL COMPANY
INCORPORATED

WELL HISTORY

WELL: Austral Oil Company Incorporated, Bunny (6443) #1-10

FIELD: Basin Dakota

DRILLING BLOCK: 64-43 A.F.E. NO. 64-138

LOCATION: 1190' from East line and 1040' from South line of Section 10,
T-27-N, R-9-W, San Juan County, New Mexico.

ELEVATION: GL: 6049'
KDB: 6059'

CONTRACTOR: Loffland Brothers Company and Stone Drilling Company

DRILLING SUMMARY:

12-3-64 Well spudded 6:00 p.m.
12-4-64 Set 10 jts. of 10-3/4" surface casing at 339'.
12-14-65 Reached TD 6767'. Ran logs.
12-15-64 Set 210 jts. of 4-1/2" production casing at 6762'.
12-16-64 RIG RELEASED 2:00 a.m.
12-26-64 Moved in completion rig.
12-27-64 Drilled out to float collar at 6732'. Perforated 6432-50',
6502-27', 6534-40', 6564-72', 6578-84', 6590-6600', 6608-14',
6618-40', 6662-72' (IES) with 2 jets/ft. Fraced perforations
with 100,000#s 20-40 mesh sand, 84,500 gallons water, and 40 tons
CO₂. Average injection rate 41.8 BPM with 3500 psi. Dropped 23
balls.
12-29-64 Flared well to pit while cleaning out sand from 6600' to 6672' PBTD.
Set Baker Model "D-1" packer on wireline at 6400', and set DR plug
in packer. Perforated 4357-65', 4367-74', 4378-84', 4389-99',
4405-17', 4425-43' (IES) w/ 2 jets/ft. Fraced perforations with
75,000#s 20-40 mesh sand, 65,500 gallons water, and 30 tons CO₂.
Average injection rate 55 BPM with 2800 psi. Dropped 85 balls.
12-30-64 Flared well to pit while retrieving DR plug. Ran dual strings of
1 1/4" tubing. RIG RELEASED AT 12:00 MID., 12-31-64.

CASING RECORD:

Set 10 jts. (326.34') 8-5/8", 24#, J-55 surface casing in 12 1/4" hole at 339', and cemented with 250 sks. common plus 2% CaCl, plus 2% salt.

Set 210 jts. (6751.48') 4 1/2", 10.5#, J-55, LT&C casing in 7-7/8" hole at 6766', and cemented with 20 bbls. GP-100 flush, 240 sax Class C 50-50 Diamix A plus 6¢ gel, plus 1/8#/sk. Cello-Flake. Second stage cemented through collar at 4578' with 20 bbls. GP-100 flush, 200 sax Class C plus 4¢ gel, plus 1/2 cu. ft./sk. Stratacrete plus 1/8#/sk. Cello-Flake. Third stage cemented through collar at 2245' with 120 sax Class C plus 4¢ gel, plus 1/3 cu. ft./sk. Stratacrete, plus 1/8#/sk. Cello-Flake.

Bunny (6443) #1-10

Application of
Austral Oil Company Incorporated
For an unorthodox location
San Juan County,
New Mexico

Docket No. 12-65
Case 3242

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
CASE NO. _____	EXHIBIT NO. _____

Applicant, in the above-styled cause, seeks an exception to the well location requirements for the Blanco-Mesaverde Gas Pool for its Bunny et al Well No. 1 at an unorthodox location 1040 feet from the South line and 1190 feet from the East line of Section 10, Township 27 North, Range 9 West, San Juan County, New Mexico.