

CASE 6177: TEXAS INTERNATIONAL
PETROLEUM CORP. FOR DIRECTIONAL
DRILLING, EDDY COUNTY, NEW MEXICO

Cont to 4-5
and
proceed with

Case No.

6177

Application

Transcripts

Small Exhibits

ETC.

Memo

From

R. L. STAMETS
Technical
Support Chief

To 784WD
Black Sun Root
Auto

Scott Sanders

Top In Vertical Direction
Drill

100ft 50% Target
29-205 300

660 ft from 1st line

at 10800

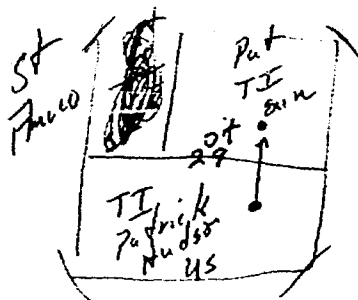
Now 10100

Ge Hy 355+

#1 BS/mor

Dual

Jon 13 gas con



Case 6177
R-5706



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer U

Artesia, New Mexico 88210

March 9, 1978

Memorandum

To: Oil and Gas Supervisor, Albuquerque
Mining Supervisor, Albuquerque
Asst. Mining Supervisor, Carlsbad
District Manager (BLM) Roswell
-N.M.O.C.C., Santa Fe
N.M.O.C.C., Artesia

*File Case
61-7*

From: District Engineer, Artesia

Subject: Application to Drill

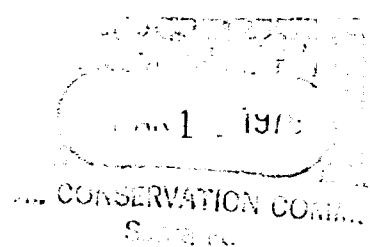
Attached is an "Information Cpy" of U.S.G.S. Form 9-331C whereby TIPCO, 3535 N.W. 58 St., Suite 300, Oklahoma City, Oklahoma, 73112 proposes to directionally drill a well from a location on Federal land in the SE $\frac{1}{4}$ sec. 29, T. 20 S., R. 30 E., through the Potash Enclave (Measured Mineable Potash Reserve) and bottom the well on State land in the NW $\frac{1}{4}$ of sec. 29.

As yet, TIPCO does not have a permit or lease to use Federal land and the Federal potash zone to directionally drill a well to develop the State oil and gas lease.

It is noted that the NE $\frac{1}{4}$ of sec. 30 is State land and that most of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of sec. 30 is considered to be non-potash. Accordingly, it appears that a more appropriate surface location for the drilling of this well would be on State land where no additional potash would be wasted.

James A. Knauf

JAK:mh



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒

OTHER

SINGLE
ZONE ☐MULTIPLE
ZONE ☒

2. NAME OF OPERATOR

T I P C O

3. ADDRESS OF OPERATOR

3535 N.W. 58th St., Suite 300, Oklahoma City, Okla. 73112

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

1650' FSL & 1800' FEL Sec. 29-T20S-R30E

At proposed prod. zone

1980' FNL & 1985' FNL Sec. 29-T20S-R30E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15 mi. NE of Carlsbad, N.M.

16. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drig. unit line, if any)

1650'

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

150'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320 Strawn/640 Morrow

19. PROPOSED DEPTH

13,000 TVD

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3375' GL

22. APPROX. DATE WORK WILL START*

April 15, 1978

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	20"	94	± 500*	Vol. necessary to circ. surf.
17-1/2"	13-3/8"	54.5	± 1700*	" " " " "
12-1/4"	8-5/8"	24	± 4000*	" " " " "
7-7/8"	5-1/2"	17	± 12,600 TVD	Fill to 8000'.

*To be set in accordance w/NMOCC Order No. R-111-A, as amended.

BOP Size
10"API Size
900Style
Hydraulic DoubleMAR 9 - 1978
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

This well is to be drilled in conformation w/all regulations pertaining to drilling in the Potash Area, as set forth by the NMOCC and other appropriate agencies. A Drilling Prognosis is attached. Docket No. 9-78, Case 6177, March 8, 1978, 9:00 A.M., Santa Fe, New Mexico.

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.

SIGNED

Scott Sanders

TITLE

Drilling Engineer

DATE

3-3-78

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

TEXAS INTERNATIONAL PETROLEUM CORPORATION
HUDSON STATE #1
1650' FSL and 1800' FEL Sec. 29-20S-30E
Eddy County, New Mexico
(Development Well)

RECEIVED
MAR 9 - 1978
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS:

A. Exhibit "A" is a portion of a map showing the proposed location of the well as staked. To get to the wellsite, go fourteen miles east of Carlsbad on U.S. 62-180. Turn north on State Highway 31 for 1.5 miles to an existing caliche access road. The wellsite is located a few hundred yards east of Highway 31 on this caliche road.

2. PLANNED ACCESS ROADS:

A. There are no new access roads planned. This well is located 150' west of the Hudson Federal Comm. #1 so the existing access road will be used.

3. LOCATION OF EXISTING WELLS:

A. Existing wells within a one-mile radius are shown on Exhibit "A".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. The location of the existing flowline, separator, and tank battery are shown on Exhibit "B". The flowline is not buried.
B. If the well is productive, an additional tank battery and separator will be located adjacent to the existing facilities. This is shown on Exhibit "B".

5. LOCATION AND TYPE OF WATER SUPPLY:

A. Water will be purchased and trucked to the location over the existing roads shown on Exhibit "A".

6. SOURCE OF CONSTRUCTION MATERIALS:

A. There appears to be no need of additional construction materials. In the event caliche is needed, it will be purchased by the contractor from an existing pit. The contractor will be:

Construction Enterprises
Jim Burleson
Carlsbad, New Mexico
505-885-9089

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. Water produced during tests will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. Trash, waste paper, garbage, and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of trash pit is shown on Exhibit "B".
- F. All trash and debris will be buried within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required

9. WELLSITE LAYOUT:

- A. Exhibit "B" shows the relative location and dimensions of the well pad, mud pits, reserve pit, trash pit, and location of major rig components. Rig will be erected with the V-door to the east.
- B. Only minor leveling of the wellsite will be required. An approximate fill of 3 feet will be necessary in the N.W. corner.
- C. The reserve pit will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and location cleaned of all trash and junk to leave the wellsite in an aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. After abandonment, any special rehabilitation and/or revegetation requirements of the surface management agency will be complied with and accomplished as expeditiously as possible. All pits should be filled and leveled within 90 days after abandonment.

11. OTHER INFORMATION:

Terrain-Low rolling sand hills.
Soil-Sandy soil underlain by caliche.
Vegetation-The vegetation is sparse, mainly consisting of mesquite, shinnery, and range grass.
Ponds and Streams-There are no ponds or streams in the area.
Residences and Other Structures-There are no structures in the area.
Land Use-Grazing and hunting in season.
Surface Ownership-Wellsite is on Federal land.

12. OPERATORS REPRESENTATIVE:

The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

Scott Sanders
3535 N.W. 58th, Suite 300
Oklahoma City, Oklahoma 73112
Office Phone: 405-947-8682
Home Phone: 405-722-2422

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge true and correct; and that the work associated with the operations proposed herein will be performed by Texas International Petroleum Corporation and its contractors and subcontractors in conformity with this plans and the terms and conditions under which it is approved.

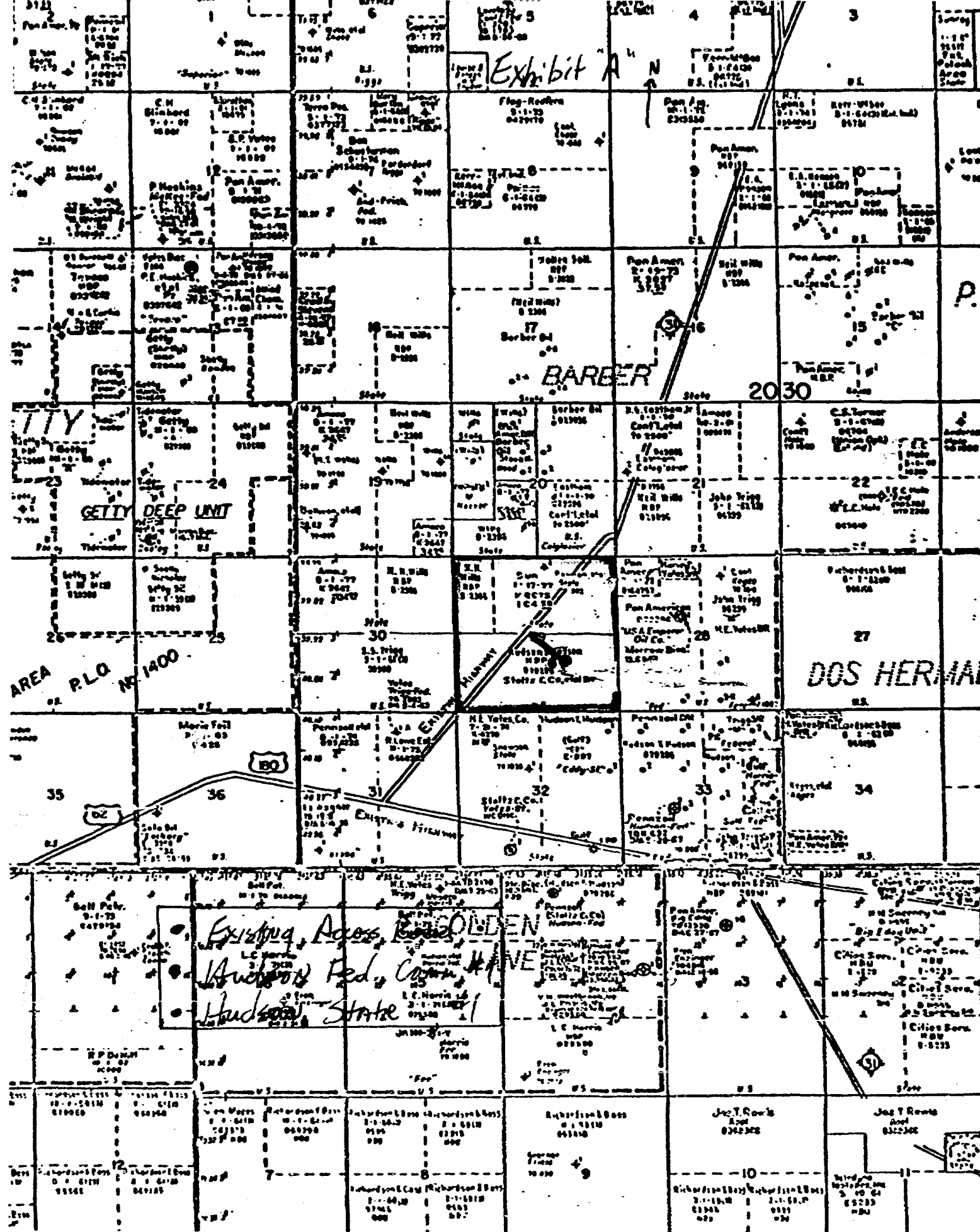
Date

3-6-78

Name & Title

Scott Sanders Drly Engr

SS:jr



PROPOSED WELL LAYOUT

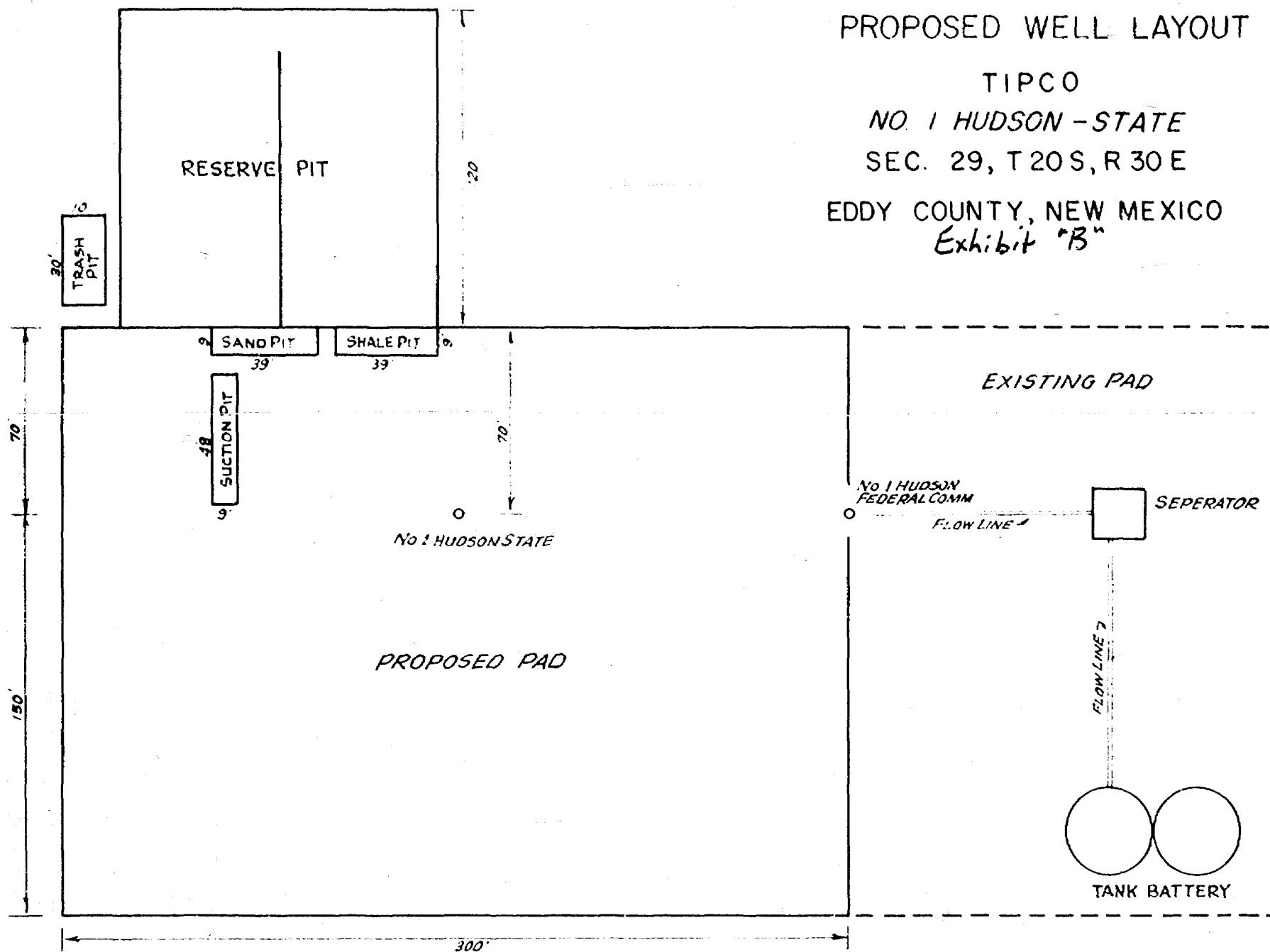
TIPCO

NO. 1 HUDSON - STATE

SEC. 29, T20S, R30E

EDDY COUNTY, NEW MEXICO

Exhibit "B"



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 8, 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Texas International) CASE
Petroleum Corporation for directional) 6177
drilling, Eddy County, New Mexico.)

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar Avenue
Santa Fe, New Mexico

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General Court Reporting Service
825 Calle Neja, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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1 MR. NUTTER: Call the next case, Case 6177.

2 MS. TESCHENDORF: Case 6177, application of Texas
3 International Petroleum Corporation for directional drilling,
4 Eddy County, New Mexico.

5 MR. NUTTER: Call for appearances in this case?

6 MR. KELLAHIN: Tom Kellahin, Kellahin & Fox,
7 Santa Fe, New Mexico, appearing on behalf of the applicant
8 and I have and I have two witnesses.

9 (THEREUPON, the witnesses were sworn.)

10 MR. KELLAHIN: If the Examiner please, after the
11 application was filed and advertised, the applicant has made
12 an additional study of the proposal and now desires to amend
13 its application. The amendment will require that the
14 advertisement be re-advertised.

15 It will be amended as follows: if you will look at
16 the third line of the advertisement and pick it up where it
17 says, "In such a manner as to bottom said well in the Morrow
18 formation," strike that and say, "In such a manner as to
19 penetrate the Strawn Formation within one hundred feet of a
20 point nineteen eighty feet from the north line and nineteen
21 eighty-five feet from the west line and to bottom said well in
22 the Morrow Formation fifteen oh one feet from the north line
23 and fifteen fifty-two feet from the west line," there again,
24 within the one hundred foot tolerance of that location, being
25 in the same section, Section 29.

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1 MR. NUTTER: Let me see if I have this right, Tom.
2 You would amend it so that the well penetrates the Strawn?

3 MR. KELLAHIN: Yes, sir, we are going to penetrate
4 the Strawn.

5 MR. NUTTER: Within one hundred feet of a point
6 nineteen eighty from the north?

7 MR. KELLAHIN: Yes, sir.

8 MR. NUTTER: And how far from the west?

9 MR. KELLAHIN: Nineteen eighty-five.

10 MR. NUTTER: You are keeping that nineteen eighty-
11 five?

12 MR. KELLAHIN: Yes, sir. But by the time we bottom
13 in the Morrow we are at a different location.

14 MR. NUTTER: And bottom the well in the Morrow
15 Formation within one hundred feet of a point fifteen oh one
16 from the north line and fifteen fifty-two from the west line?

17 MR. KELLAHIN: Yes, sir.

18 MR. NUTTER: Does that make the Morrow location a
19 non-standard location?

20 MR. KELLAHIN: It does.

21 MR. NUTTER: Okay, so it would be within a hundred
22 feet -- the bottom of the well at an unorthodox location in
23 the Morrow Formation?

24 MR. KELLAHIN: Yes, sir. For your additional
25 information we will dedicate the north half of the section

1 to the Strawn production and that production is based on
2 three twenty acres and then we will dedicate the entire
3 Section 29 fo the Morrow production if we are successful.

4 MR. NUTTER: Is this s six hundred and forty acre
5 Morrow Pool?

6 MR. KELLAHIN: Yes, sir, I believe it is.

7 MR. NUTTER: What's the name of the pool for the
8 Strawn?

9 MR. KELLAHIN: The Golden Lane.

10 MR. NUTTER: Is this within a mile of the Dos
11 Hermanos Gas Pool?

12 MR. KELLAHIN: Yes.

13 MR. NUTTER: So, we will hear the case today and
14 readvertise and hold up for an order until it has been
15 re-opened?

16 MR. KELLAHIN: If you please.

17
18 SCOTT SANDERS

19 was called as a witness by the applicant, and having been
20 first duly sworn, testified upon his oath as follows, to-wit:

21
22 DIRECT EXAMINATION

23 BY MR. KELLAHIN:

24 Q Would you please state your name, by whom you are
25 employed and in what capacity?

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1 A. Scott Sanders and I am employed by Texas International
2 Corporation as a drilling engineer.

3 Q. Mr. Sanders, you have not previously testified
4 before the Commission, have you?

5 A. No.

6 Q. Would you state for the benefit of the Examiner
7 when and where you obtained your degree?

8 A. Oklahoma State University in December of '77.

9 Q. In what field did you obtain that degree?

10 A. Petroleum Engineering.

11 Q. That was a B.A. or B.S.?

12 A. B.S.

13 Q. Subsequent to graduation where have you been employed,
14 Mr. Sanders?

15 A. For Texas International Petroleum.

16 Q. In what capacity?

17 A. Drilling engineer.

18 Q. Have you made a study of and are you familiar with
19 the facts surrounding this particular application?

20 A. Yes, sir.

21 MR. KELLAHIN: If the Examiner please, we tender
22 Mr. Sanders as an expert in petroleum engineering.

23 MR. NUTTER: He is qualified.

24 Q. (Mr. Kellahin continuing.) Mr. Sanders, would you
25 commence your testimony by looking at what I have marked as

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1 Applicant's Exhibit Number One and identify it and state
2 briefly what you are seeking to accomplish?

3 A. This is a surface plat showing our proposed location
4 and wells that are within a half a mile and their operators.
5 It shows the surface location and the bottom hole location
6 with reference to the point where we will penetrate the
7 Strawn.

8 Q All right. This plat is a little difficult to
9 read. I note in the northwest quarter of the southeast
10 quarter of Section 29 there is a letter, I believe, to be a
11 "B", is that correct?

12 A. Yes, sir.

13 Q What does that letter designate?

14 A. That designates the Texas International Corporation's
15 Hudson Federal Comm Well No. 1.

16 Q That is an existing well?

17 A. Yes, sir.

18 Q From what formation does it produce?

19 A. The Strawn.

20 Q What is the proposed surface location for the
21 subject well?

22 A. It would be sixteen fifty from the south line and
23 eighteen hundred from the east line of Section 29, 20 South,
24 30 East.

25 Q How many feet and in what direction does the subject

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1 well offset Well "B"?

2 A. It's one hundred and fifty feet west.

3 Q. Okay. Now, I see some diagonal lines that run
4 towards the northwest quarter and something that says bottom
5 hole?

6 A. That would be the bottom hole location where we
7 would penetrate the Strawn.

8 Q. So, it is really not the bottom hole location?

9 A. Right.

10 Q. That's the point at which the well will penetrate
11 the Strawn?

12 A. Yes, sir.

13 Q. If you extended that line at what point would you
14 bottom the well in the Morrow?

15 A. It would be fifteen oh one from the north line and
16 fifteen fifty-two from the west line.

17 Q. Let's go to your Exhibit Number Two, please, and
18 have you identify it and explain what information it contains?

19 A. This is a vertical section plot and a horizontal
20 plot for the Hudson State No. 1 which we propose to drill.
21 It is showing the angle of buildup and displacement.

22 It shows that we will penetrate the Strawn at that
23 point nineteen eighty and nineteen eighty-five at a depth,
24 true vertical of ten thousand eight hundred.

25 MR. NUTTER: So, we want to amend this application

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1 actually and instead of saying bottom hole location, this
 2 is the point of penetration of the Strawn?

3 A. Yes, sir.

4 Q (Mr. Kellahin continuing.) The entry that says
 5 maximum displacement, is that the point at which you will
 6 penetrate the Morrow?

7 A. Yes, sir.

8 MR. NUTTER: Penetrate or bottom?

9 A. Bottom.

10 MR. NUTTER: And you don't have the dimensions of
 11 that point on here. What are those, is that the fifteen oh
 12 one and the fifteen fifty-two?

13 A. Yes, sir.

14 Q (Mr. Kellahin continuing.) Will Texas International
 15 be doing the deviation drilling?

16 A. Yes, sir.

17 Q Is that being contracted out to anyone else?

18 A. Well, the company that will be performing it for
 19 us, I guess, will be D.I.G.

20 Q What is D.I.G.

21 A. That's Directional Investigation Guidance.

22 Q Please refer to what we have marked as Applicant's
 23 Exhibit Number Three and identify it and tell us what
 24 information it contains?

25 A. This is a cost summary and a buildup schedule

1 prepared for by D.I.G. showing the cost estimate and showing
2 how they plan to buildup the well.

3 Q Would you explain what surveys you will run in
4 regard to the drilling of this well?

5 A Well, of course, we will run the surveys that are
6 required by the Commission and we will also use -- well, we
7 will keep single shots on it all of the time. We plan on
8 surveys approximately every ninety feet from the point where
9 we kick off which will be forty-one hundred feet.

10 Q Refer to Exhibit Four if you please and identify
11 that summary and summarize what information it contains?

12 A This is just a summary of what type of mud we plan
13 to use, hole size, casing size, and setting depths through
14 the various zones.

15 We will drill a twenty-six inch hole to approximately
16 the depth of five hundred feet and set twenty inch casing
17 and we will drill a seventeen and a half inch hole to approx-
18 imately seventeen hundred feet and set thirteen and three-
19 eighths casing.

20 We will drill a twelve and a quarter hole to
21 approximately four thousand feet and set eight and five-
22 eighths casing and then we will drill a seven and seven-
23 eighths hole to twelve six hundred true vertical depth and
24 set five and a half inch casing.

25 Q Please refer to what we have marked as Exhibit Number

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1 Five and identify it?

2 A. This is a proposal prepared for me by Halliburton
3 outlining the type of cement and the amount that we plan
4 to cement this well with.

5 Q In your opinion, Mr. Sanders, does the cementing
6 program recommended by Halliburton conform to what you
7 believe to be the standards of good engineering practice
8 with regard to the cementing program for this well?

9 A Yes, sir.

10 Q Would you summarize for us the cementing program?

11 A On our conductor string we will use seven hundred
12 and fifty sacks of Halliburton light cement with two percent
13 of calcium chloride. Tail in with two hundred sacks of
14 Class H cement containing two percent calcium chloride that
15 will be to obtain cement to the surface.

16 MR. NUTTER: Mr. Sanders, I notice at the top of
17 page two of the Halliburton report that they are recommending
18 or suggesting a one hundred percent excess fill factor for
19 the first three casing strings and a thirty-five percent
20 excess on the production casing.

21 Is this seven hundred and fifty sacks and two
22 hundred sacks a one hundred percent excess calculation?

23 A Yes, sir.

24 MR. NUTTER: So, in other words that's nine hundred
25 and fifty but theoretically four hundred and seventy-five

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1 would fill it up?

2 A. Right.

3 Q. (Mr. Kellahin continuing.) Please continue?

4 A. On the surface, surface pipe we will use eleven
5 hundred sacks of Halliburton light containing five pounds
6 of Gilsonite and one quarter pound Flocele per sack. Tail
7 in with three hundred sacks of Class C cement containing two
8 percent calcium chloride.

9 This is also a hundred percent excess to obtain
10 cement to the surface.

11 Q. Okay.

12 A. On our intermediate casing we will cement with
13 sixteen hundred sacks of Halliburton light containing five
14 pounds of Gilsonite and one quarter pound of Flocele per
15 sack and tail in with three hundred sacks of Class C cement.

16 This is also one hundred percent excess to obtain
17 cement to the surface.

18 On our production string we will cement with nine
19 hundred sacks of Class H cement containing point seventy-
20 five percent CFR-2 and five pounds of calcium chloride per
21 sack.

22 This is based on thirty-five percent excess to
23 obtain the cement top of eight thousand feet.

24 Q. Please refer to Exhibit Number Six and identify it?

25 A. This is the proposed casing recommended for the

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1 surface protection and for the intermediate casing. For
2 the surface we plan to run five hundred feet of twenty inch,
3 ninety-four pound H-40ST&C casing.

4 For our protection we plan to run seventeen hundred
5 feet of thirteen and three-eighths, fifty-four point five
6 pound K-55 ST&C.

7 For our intermediate four thousand feet of eight
8 and five-eighths, twenty-four pound S-80 ST&C.

9 Q Exhibit Number Seven?

10 A This is the production casing program showing that
11 from zero to two thousand we will run five and a half inch
12 seventeen pound N-80 Buttress Thread. From two thousand
13 to nine thousand we will run five and a half seventeen pound
14 N-80 LT&C. From nine thousand to twelve six we will run
15 five and a half seventeen pound S-95 LT&C.

16 Q Mr. Sanders, why is it necessary to directionally
17 drill this well?

18 A From the potash companies, the only way they would
19 let us drill this well would be to go with the surface
20 location and drill below their potash and deviate into the
21 north half.

22 Q Do you know that approximate location of the
23 commercial potash reserves in Section 29?

24 A Let me check here a second -- should be between
25 seventeen hundred and four thousand feet.

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1 Q What company or companies own the potash reserves
2 in Section 29?

3 A That would be the Potash Company of America and the
4 Mississippi Chemical Corporation.

5 Q Have you obtained from both of those companies
6 waivers with regards to drilling of this particular well?

7 A Yes.

8 Q Showing you what I have marked as Applicant's
9 Exhibit Number Eight and ask you to identify that?

10 A This is a waiver from Potash Company of America
11 giving us permission to drill this well at the said surface
12 location.

13 Q And Exhibit Number Nine?

14 A Exhibit Number Nine is the same thing pertaining to
15 the Mississippi Chemical Corporation.

16 Q And Exhibit Number Ten and Exhibit Number Eleven?

17 A This is additional correspondence that we had with
18 Potash Company of American and Mississippi Chemical Corporation
19 giving us approval for our surface location.

20 MR. NUTTER: Before you go on, Mr. Sanders, I notice
21 that Potash Company of American in giving you the waiver,
22 waives as per correspondence 10/7/77, with Terry Felter and
23 Mississippi says the approval of the above is applicable for
24 the location referred to in your letter of October 7, '77,
25 what did you propose to those companies?

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1 A. If you will look at Exhibit Ten on the second page
2 that shows the letter of October 7 that was in question.

3 MR. NUTTER: And here is where you are describing,
4 at least in part, your casing program that you would be
5 using?

6 A. Yes, sir.

7 MR. NUTTER: And this is the letter that was sent
8 to the Potash Company of America and to Mississippi Chemical?

9 A. Yes, sir.

10 Q. (Mr. Kellahin continuing.) In your opinion, Mr.
11 Sanders, will the proposed directional drilling program be
12 consistent with sound engineering practices?

13 A. Yes, sir.

14 Q. In your opinion will it insure the preservation
15 of the commercial potash area without risk of contamination
16 from hydrocarbons either producing from the Strawn or the
17 Morrow?

18 A. Yes, sir.

19 Q. Were Exhibits One through Eleven prepared by you
20 directly or compiled under your direction and supervision?

21 A. Yes, sir.

22 Q. In your opinion, Mr. Sanders, will approval of the
23 application be in the best interests of conservation and
24 the prevention of waste and the protection of correlative
25 rights?

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1 A. Yes, I believe it will.

2 MR. KELLAHIN: That concludes our direct examination
3 and we move the introduction of Exhibits One through Eleven.

4 MR. NUTTER: Exhibits One through Eleven will be
5 admitted.

6

7 CROSS EXAMINATION

8 BY MR. NUTTER:

9 Q Mr. Sanders, on this attachment to Exhibit Ten is
10 a plat here that shows the proposed location and the bottom
11 hole target and then to the east there is a Hudson Federal
12 Well No. 1 shown here.

13 That has a dry hole symbol on it and so does the
14 proposed location. Is this Hudson No. 1 a producing well
15 in the Strawn?

16 A. Yes, sir, those symbols are incorrect.

17 Q So, this should be a gas well symbol and the other
18 should just be a circle for a location?

19 A. Yes, sir.

20 MR. NUTTER: Are there any further questions of
21 the witness? He may be excused.

22 (THEREUPON, the witness was excused.)

23 MR. KELLAHIN: I have an additional witness, Mr.
24 Nutter.

25 MR. NUTTER: All right, continue.

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1

BOB FAUCETT

2

was called as a witness by the applicant, and having been

3

first duly sworn, testified upon his oath as follows, to-wit:

4

5

DIRECT EXAMINATION

6

BY MR. KELLAHIN:

7

Q Would you please state your name, by whom you are
employed and in what capacity?

9

A Bob Faucett and I am employed by Texas International
Petroleum Corporation and I am the Chief Geologist.

11

Q Mr. Faucett, have you previously testified before
the New Mexico Oil Conservation Commission?

13

A I have not.

14

Q When and where did you obtain your degree?

15

A From the University of Oklahoma I got my Bachelor's
Degree in 1952. I have a Master's in 1954.

17

Q Both of those degrees are in Geology, sir?

18

A Yes.

19

Q Subsequent to graduation where have you been employed
and in what capacity?

21

A I have been employed by Cities Service Oil Company
for twenty-one and a half years -- began as an exploration
geologist and I ended as a special project geologist.

24

I was employed by Michigan-Wisconsin Pipeline for
about ten months as a senior geologist.

25

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1 I was employed by Home Petroleum for about eleven
2 months as a district geologist and I am now with Texas
3 International for six months as their Chief Geologist.

4 Q As Chief Geologist for the applicant did you make
5 a study of and prepare certain exhibits in regard to this
6 application?

7 A Yes, sir, I did.

8 Q Would you refer to what I have marked as Applicant's
9 Exhibit Number Twelve?

10 A That is a structure map drawn on the top of the
11 Strawn reef.

12 The red dots indicate the present Strawn producers,
13 those that have produced in the Strawn.

14 The area that is colored blue indicates an area
15 that we think that the Strawn will build up and the top of
16 the structure, Strawn reef, develops.

17 The red arrow points to our proposed penetration
18 point for the Strawn reef, where we will enter into it.

19 Q That should be corrected that that is not the bottom
20 hole location but rather the point at which it penetrates
21 the Strawn?

22 A Yes.

23 Q Please continue?

24 A The three wells here -- if you look in Section 31,
25 the Tipco Lowe Federal you will see that it is a structurally

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1 low well.

2 If you look at the Coquina Western No. 1 Yates
3 State, in Section 32, it is a high structure well.

4 If you look at our Tipco Hudson Federal Well in
5 the south half of Section 29 you see that it is a low structure
6 well indicating that the buildup lies between these three
7 wells and we have enough control along the east side -- in the
8 section to the east of these areas to indicate that the
9 Strawn is not present over there. The buildup lies to the
10 north and to the west of the Hudson State Federal in the
11 present well control.

12 Q Please identify Exhibit Thirteen?

13 A It is the Strawn Reef Porosity map and, again, the
14 red dots indicate the producers from the Strawn.

15 Again, if you will look at the Tipco Lowe Federal
16 was the low well and the Coquina Yates was the high and a
17 very porous well and the Tipco Hudson Federal was a low
18 and our porosity was developed in the lower part of the
19 Strawn Reef porosity.

20 We believe that by drilling in our proposed location
21 that we will find a better porosity development within the
22 Strawn Reef.

23 Again, the bottom hole location should be a point of
24 penetration where the red arrow is shown.

25 Q You would propose to dedicate the north half of

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1 Section 29 to Strawn production?

2 A Yes.

3 Q Can you give us some information on the existing
4 Hudson Federal Comm No. 1 Well located in the south half
5 of Section 29?

6 A It was initially completed as a Morrow producer
7 in 1973, and it produced in the Morrow about seven months.
8 Cumulative production was slightly more than three hundred
9 MCF.

10 Q Three hundred MDF?

11 A Three hundred million, excuse me. It was reworked
12 in July of 1974, as a Strawn producer and it is now presently
13 producing from the Strawn, the lower part of the Strawn.

14 Q Who operates that well?

15 A Tipco.

16 Q Do you have the cumulative production from the Strawn
17 since July of '74?

18 A I have the cumulative production to 1/1/76, and
19 it was one point six billion cubic feet of gas plus ninety-
20 three thousand barrels of condensate.

21 The production in November of '77, was slightly less
22 than -- the latest one we have -- and it was slightly less
23 than two million cubic feet of gas per day with about seventy
24 barrels of condensate.

25 Q Okay. Please identify Exhibit Number Fourteen?

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1 A. This is a structural cross section that runs
2 basically northeast-southwest across the buildup. It has
3 the key wells that we were looking at and I would like to
4 point out the well second to the left, the Coquina well,
5 which has the thick Strawn structurally high and has a
6 thick porous section and it produces over a thick interval.

7 I would like to draw your attention to the Tipco
8 No. 1 Hudson Federal which is the second one from the right
9 and you will notice that our Strawn development there is
10 thinner and the porosity we have is in the base of the Strawn
11 so what we are anticipating here is that by drilling our
12 Hudson State Well that we hope to penetrate more than two
13 hundred feet of Strawn buildup and porous rock. Our well
14 would look more like the Coquina well.

15 Q All right. I see on the bottom of your plat that
16 you have a Morrow section, also, on the cross section?

17 A. This was to show the Morrow section that was productive
18 in here in the area and also that we did have some production
19 from the Morrow as we have shown and it was subsequently
20 abandoned as it was depleted.

21 Q Do you anticipate more production at the bottom
22 hole location for the subject well?

23 A. It is possible that we will have the Morrow sands
24 and they are erratic and we feel that it would be prudent
25 to penetrate and see if we can develop some additional

1 production from the Morrow. We may find some better developed
2 sands than we did with the Hudson No. 1 Federal.

3 Q Any additional comments about Exhibit Number
4 Fourteen?

5 A I believe that's it.

6 Q Mr. Faucett, were Exhibits Twelve, Thirteen, and
7 Fourteen prepared by you or compiled under your direction
8 and supervision?

9 A That's correct.

10 MR. KELLAHIN: If the Examiner please, we move
11 the introduction of Exhibits Twelve, Thirteen and Fourteen.

12 MR. NUTTER: Exhibits Twelve through Fourteen will
13 be admitted into evidence.

14 MR. KELLAHIN: That concludes our examination of
15 Mr. Faucett.

16
17 CROSS EXAMINATION

18 BY MR. NUTTER:

19 Q Mr. Faucett, where are the Morrow wells? Take
20 one of your Exhibits, Twelve or Thirteen either one --

21 A The Morrow wells lie to the east. Those wells,
22 the Pan American Well and the Amoco Federal Well.

23 Q In Section 21?

24 A Yes, sir.

25 Q That's a Morrow well?

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1 A. Yes.

2 Q. How about the one in 22?

3 A. That's a Morrow well, also.

4 Q. And in 28?

5 A. That's a Morrow well.

6 Q. And down here in 33?

7 A. That's a Morrow well.

8 Q. Now, those wells are in this Dos Hermanos?

9 A. Yes, sir, and our Hudson Federal was in the Dos
10 Hermanos Field until we abandoned it and plugged it back
11 in the Strawn.

12 Q. And did you have six hundred and forty acres dedicated
13 to it?

14 A. Yes, sir, we did.

15 Q. So, in effect, this will be a replacement well
16 on that?

17 A. For a Morrow.

18 Q. In that proration unit in the event you got a Morrow
19 well?

20 A. Yes, sir.

21 Q. I presume what you are really looking for here is
22 the Strawn?

23 A. Oh, yes, sir, without a doubt. We feel like we are
24 so close that we need to go ahead.

25 Q. Might as well go on into the Morrow?

1 A. Yes, but as I say, the Strawn is our principal
2 objective.

3 Q. Has the Atoka done anything in any of these wells
4 in this area?

5 A. Not that I am aware of.

6 Q. We are getting kind of shy Atoka these days.
7 But there hasn't been any Atoka or pressures encountered
8 or anything?

9 A. Not that I am aware of in going through the records.

10 MR. NUTTER: Are there any other questions of Mr.
11 Faucett? He may be excused.

12 (THEREUPON, the witness was excused.)

13 MR. KELLAHIN: That concludes our case.

14 MR. NUTTER: Does anyone have anything they wish
15 to offer in Case 6177? If not we will continue the case
16 until the hearing scheduled to be held at this same place
17 on April 5th -- to the Examiner hearing scheduled to be held
18 at nine o'clock April 5th, 1978.

19 (THEREUPON, the case was concluded.)
20
21
22
23
24
25


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REPORTER'S CERTIFICATE

1
2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
3 do hereby certify that the foregoing and attached Transcript
4 of Hearing before the New Mexico Oil Conservation Commission
5 was reported by me, and the same is a true and correct record
6 of the said proceedings to the best of my knowledge, skill and
7 ability.

8
9
10 
11 Sidney F. Morrish, C.S.R.

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12
13
14
15
16 I do hereby certify that the foregoing is
17 a complete record of the proceedings in
the Examiner's hearing of case No. 6177,
18 heard by me on 3/8, 1978.
19 , Examiner
New Mexico Oil Conservation Commission

20
21
22
23
24
25

BEFORE THE
NEW MEXICO OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO
APRIL 5, 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Texas International
Corporation for directional drilling
Eddy County, New Mexico.

Case 6177

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico

LANPHERE REPORTING SERVICE

P.O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

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MR. NUTTER: I call Case No. 6177.

MS. TESCHENDORF: Case 6177, application of Texas International Corporation for directional drilling, Eddy County, New Mexico.

MR. NUTTER: Case No. 6177 was heard by the Commission Examiner on March 8, 1978. At that time a change was made in the target points for penetrating the Strawn and Morrow formations. Testimony was heard, the case was readvertised with the new target points specified in the advertisement for this hearing today.

Are there any appearances in Case No. 6177?

(No appearances.)

We will take the case as amended and as readvertised under advisement.

(WHEREUPON, hearing was concluded.)

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REPORTER'S CERTIFICATE

I, BETTY J. LANPHERE, CSR-RPR with offices in Santa Fe, New Mexico, do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me stenographically and reduced to typewritten transcript by me or under my supervision.

DATED at Santa Fe, New Mexico, this eleventh day of April, 1978.

Betty J. Lanphere
Betty J. Lanphere, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. *6177*, heard by me on *4-5*, 19*78*.
[Signature] Examiner
New Mexico Oil Conservation Commission

LANPHERE REPORTING SERVICE

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NICK FRANKLIN
SECRETARY

April 12, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6177
ORDER NO. R-5706

Applicant:

Texas International Petroleum Corp.

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC	<u>x</u>
Artesia OCC	<u>x</u>
Aztec OCC	

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6177
Order No. R-5706

APPLICATION OF TEXAS INTERNATIONAL
PETROLEUM CORPORATION FOR DIRECTIONAL
DRILLING, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 5, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of April, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Texas International Petroleum Corporation, seeks approval for the directional drilling of a proposed gas well in Section 29, Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) That the applicant seeks approval for the directional drilling of said well, the surface location of which would be 1650 feet from the South line and 1800 feet from the East line of said Section 29, in such a manner as to penetrate the Strawn formation within 100 feet of a point 1980 feet from the North line and 1985 feet from the West line of said Section 29, and to bottom said well in the Morrow formation within 100 feet of a point 1501 feet from the North line and 1552 feet from the West line of said Section 29.

(4) That the N/2 of said Section 29 would be dedicated to the Strawn formation, Golden Lane-Strawn Gas Pool, and all of Section 29 would then be dedicated to the Morrow formation, Dos Hermanos-Morrow Gas Pool.

(5) That the applicant should be required to determine the subsurface location of the bottom of the hole by means of a continuous multi-shot directional survey conducted subsequent to said directional drilling, if said well is to be completed as a producing well.

(6) That approval of the subject application will permit the drilling of the proposed well without undue interference to potash mining operations in the area, and will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texas International Petroleum Corporation, is hereby authorized to directionally drill its proposed gas well, the surface location of which would be 1650 feet from the South line and 1800 feet from the East line of Section 29, Township 20 South, Range 30 East, Eddy County, New Mexico, in such a manner as to penetrate the Strawn formation within 100 feet of a point 1980 feet from the North line and 1985 feet from the West line of said Section 29, and to bottom said well in the Morrow formation within 100 feet of a point 1501 feet from the North line and 1552 feet from the West line of said Section 29.

PROVIDED HOWEVER, that subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey shall be made of the wellbore from total depth to the surface with shot points not more than 100 feet apart; that the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe Office of the Division, Box 2088, Santa Fe, New Mexico, and that the operator shall notify the Division's Artesia District Office of the date and time said survey is to be commenced.

(2) That Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depths in addition to measured depths.

(3) That the N/2 of said Section 29 shall be dedicated to the Strawn formation, Golden Lane-Strawn Gas Pool, and all of Section 29 shall be dedicated to the Morrow formation, Dos Hermanos-Morrow Gas Pool.

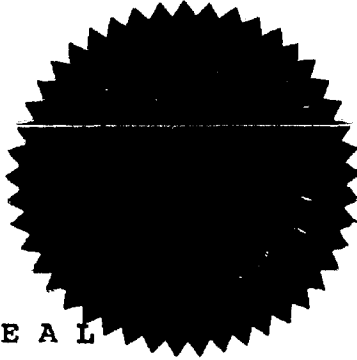
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

-3-

Case No. 6177

Order No. R-5706

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

jr/

Dockets Nos. 14-78 and 15-78 are tentatively set for hearing on April 19 and May 3, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 5, 1978

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. Mutter, Examiner, or Richard L. Stanets, Alternate Examiner:

- CASE 6190: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Peter Siemens, Fidelity & Casualty Co. of New York, and all other interested parties to appear and show cause why the Wright Well No. 1 located in Unit F of Section 12, Township 10 North, Range 5 East, Bernalillo County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6191: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Daryl Davis and all other interested parties to appear and show cause why the State Well No. 1 located in Unit K of Section 1, Township 4 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6177: (Continued & Readvertised)
- Application of Texas International Corporation for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of a proposed gas well, the surface location of which would be 1650 feet from the South line and 1800 feet from the East line of Section 29, Township 20 South, Range 30 East, Eddy County, New Mexico, in such a manner as to penetrate the Strawn formation within 100 feet of a point 1980 feet from the North line and 1985 feet from the West line of said Section 29, and to bottom said well in the Morrow formation within 100 feet of a point 1501 feet from the North line and 1552 feet from the West line of said Section 29. The N/2 of the section would be dedicated to the Strawn formation, Golden Lane-Strawn Gas Pool, and all of Section 29 would be dedicated to the Morrow formation, Dos Hermanos-Morrow Gas Pool.
- CASE 6192: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal "DC" Well No. 1 to be located 1930 feet from the South line and 660 feet from the West line of Section 29, Township 20 South, Range 28 East, Eddy County, New Mexico, the S/2 of said Section 29 to be dedicated to the well.
- CASE 6193: Application of Zia Energy, Inc., for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Elliott Federal Well No. 1 located 2310 feet from the South line and 330 feet from the East line of Section 26, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, the N/2 SE/4 and W/2 NE/4 of said Section 26 to be simultaneously dedicated to the aforesaid well and to Well No. 2 in Unit J.
- CASE 6194: Application of Tenneco Oil Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jicarilla "A" Well No. 10 to be located 1190 feet from the South line and 1590 feet from the East line of Section 18, Township 26 North, Range 5 West, Tapacito-Gallup Associated Pool, Rio Arriba County, New Mexico, the SE/4 of said Section 18 to be dedicated to the well.
- CASE 6195: Application of Tenneco Oil Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jicarilla "A" Well No. 9 to be located 1850 feet from the North line and 1450 feet from the West line of Section 20, Township 26 North, Range 5 West, Tapacito-Gallup Associated Pool, Rio Arriba County, New Mexico, the NW/4 of said Section 20 to be dedicated to the well.
- CASE 6196: Application of Sun Oil Company for an unorthodox gas well location and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 280-acre non-standard gas proration unit comprising the NE/4, W/2 NW/4 and the SE/4 NW/4 of Section 24, Township 20 South, Range 32 East, to be dedicated to applicant's Teas Federal Well No. 1, a wild-cat Pennsylvanian well to be drilled at an unorthodox location 2180 feet from the North and West lines of said Section 24.

CASE 6175: Application of Petroleum Corporation of Texas for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the open-hole interval from 3000 feet to 3258 feet in its Jenkins "B" Fed. Well No. 1 located in Unit E of Section 20, Township 17 South, Range 30 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 6176: Application of Read & Stevens, Inc., for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Scharb Com Well No. 1 located in the center of Unit J of Section 7, Township 19 South, Range 35 East, Scharb-Bone Spring Pool, Lea County, New Mexico.

CASE 6156: (Readvertised)

Application of Southland Royalty Company for an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its East Well No. 5A to be located 1120 feet from the North line and 1790 feet from the West line of Section 24, Township 31 North, Range 12 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

CASE 6177: Application of Texas International Petroleum Corporation for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of a proposed gas well, the surface location of which would be 1650 feet from the South line and 1800 feet from the East line of Section 29, Township 20 South, Range 30 East, Golden Lane Field, Eddy County, New Mexico, in such a manner as to bottom said well in the Morrow formation within 100 feet of a point 1980 feet from the North line and 1985 feet from the West line of said Section 29, the N/2 of the Section to be dedicated to the well.

CASE 6178: In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for an order creating and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico, and the assignment of a discovery allowable in Eddy County, New Mexico.

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Alacran Hills-Atoka Gas Pool. The discovery well is the Read and Stevens, Inc. WR State Com Well No. 1 located in Unit X of Section 6, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 6: Lots 9, 10, 15, 16 & SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the West Malaga-Atoka Gas Pool. The discovery well is the HNG Oil Company Valdez 5 Com Well No. 1 located in H of Section 5, Township 24 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 5: E/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Palmillo-Wolfcamp Pool, and assign 43,300 barrels of discovery allowable to the discovery well, Southland Royalty Company Palmillo State Well No. 1 located in Unit G of Section 32, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 32: NE/4

(d) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the Railroad Mountain-San Andres Pool. The discovery well is the Harlow Corporation Graves Well No. 1 located in Unit F of Section 11, Township 8 South, Range 28 East, NMPM. Said pool would comprise:

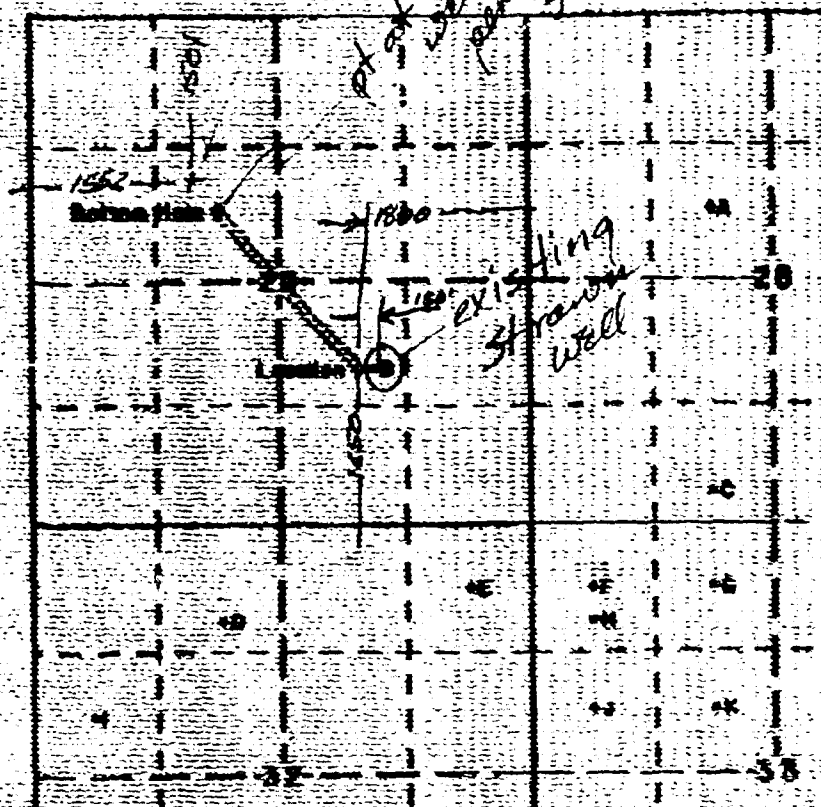
TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 11: NW/4

(e) EXTEND the Angell Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 31: All

(f) EXTEND the Avalon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 31: S/2
Section 32: S/2

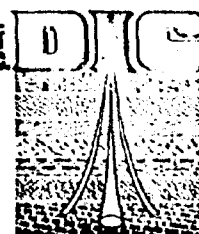


Location 1562 PSI and 1800 PSI Sec. 29, T-20-S, R-30-E
 Bottom Hole 1907 PSI and 1915 PSI Sec. 29, T-20-S, R-30-E

- A Amoco Production Co., Emper Oil Co. Fed. Gas Com., SW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 28, T-20-S, R-30-E
- B Texas International Pet. Corp., Hudson Federal Com., Well No. 1, Unit J, NW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 29 T-20-S, R-30-E
- C William A. and Edward R. Hudson, Federal, Well No. 7, SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 28, T-20-S, R-30-E
- D Dry Hole marked Unit C, Collier Drilling Company, NE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 32, T-20-S, R-30-E
- E Dry Hole marked Eddy D.B. State, Well No. 1, NE $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 32, T-20-S, R-30-E
- F William A. and Edward R. Hudson, Federal, Well No. 6, NW $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 33, T-20-S, R-30-E
- G William A. and Edward R. Hudson, Federal, Well No. 5, NE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 33, T-20-S, R-30-E
- H N.R.M. Petroleum Corp., Golden Federal, Well No. 1, NW $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 33, T-20-S, R-30-E
- I Columbia Oil Corp., Well No. 1, SW $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 32, T-20-S, R-30-E
- J William A. and Edward R. Hudson, Federal, Well No. 2, SW $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 33, T-20-S, R-30-E
- K William A. and Edward R. Hudson, Federal, Well No. 1, SE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 33, T-20-S, R-30-E



BEFORE EXAMINER NUTTER
 CIVIL CONSERVATION COMMISSION
 T1PCO... NO...
 6/27



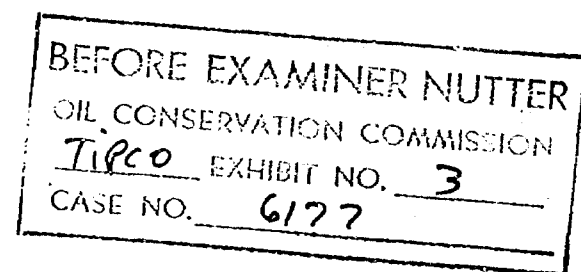
Texas International Petroleum
Hudson State #1
Eddy Co., New Mexico

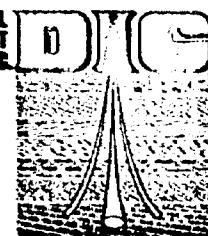
COST ESTIMATE-PLAN B
(Based on Drilling Controlled Well from 4,100'-10,800')

1	First Day, Supervisor	\$ 600.00
43	Additional Days, Supervisor	14,405.00
60	Hours, Downhole Motor (4-15 Hour Runs)	7,200.00
44	Days, 6" X 30' Non-Magnetic Drill Collar	3,564.00
44	Days, Single Shot Instrument	1,628.00
3	7-7/8" String Reamer Bodies	495.00
3	7-7/8" Bottom Hole Reamer Bodies	495.00
10	Sets 7-7/8" Reamer Cutters	4,000.00
2	Teleorienter Runs	4,000.00
	Misc. Trucking, Cost of Living, Subs and Taxes	4,000.00
		<u>\$40,387.00</u>

Surveys Required by New Mexico Oil Commission:

1	4000' Gyro Survey	\$ 1,200.00
1	8600' Multi-Shot Survey	1,600.00
	Wireline Cost for Gyro Survey	<u>600.00</u>
		<u>3,400.00</u>
	Total	<u>\$43,787.00</u>





Texas International Petroleum
Hudson State #1
Eddy Co., New Mexico

2°/100' BUILD-UP SCHEDULE-PLAN B

K.O.P.	M.D.	T.V.D.	Displacement	Angle
	4100'	4100.00'	0	0°
	4200'	4199.98'	1.75'	2°
	4300'	4299.84'	6.98'	4°
	4400'	4399.45'	15.69'	6°
	4500'	4498.70'	27.88'	8°
	4600'	4597.47'	43.52'	10°
	4700'	4695.62'	62.60'	12°
	4800'	4793.05'	85.10'	14°
	4900'	4889.64'	110.98'	16°
	5000'	4985.27'	140.21'	18°
	5087.50'	5068.06'	168.52'	19°45'
	11,178.09'	10,800.00'	2226.72'	19°45'
	13,090.59'	12,600.00'	2872.98'	19°45'

DRILLING PROGNOSIS & MUD PROGRAM

Operator: Texas International Petroleum Corporation
Lease and Well No.: Hudson State #1
Location: 1800' FEL & 1650' FSL of Section 29, T20S & R30E,
Eddy County, New Mexico

Surface Casing: 26" surface hole is to be drilled to an approximate depth of 500' using a fresh water gel-lime spud mud. A caliper survey will be run to determine the volume of cement required. 20" OD casing will be set at approximately 500'.

Salt Protection Casing: 17-1/2" hole is to be drilled below the surface casing using saturated salt water. 13-3/8" OD casing is to be set not less than 100' nor more than 600' below the base of the salt. Anticipated setting depth is approximately 1700'. Cement will be brought back to the surface.

Intermediate Casing: 12-1/4" ~~12-1/4"~~ hole is to be drilled below the salt protection casing to approximately 4000' using fresh water. Lost circulation is anticipated while drilling through the Capitan Reef. The hole will of necessity be dry-drilled to casing point, if lost circulation is severe. Cementing of the 8-5/8" OD casing back to the surface will be accomplished through stage cementing procedures.

Production Casing: In order to reach the bottom hole location, it will be necessary to deviate at a depth of 4100' in a direction of NW to reach the bottom hole location. A 7-7/8" hole will be drilled to 12,600 TVD using fresh water with flo-sal and 2-4% potassium chloride. Before drilling the Strawn zone, brine will be used. Cementing of the 5-1/2" OD oil string will be accomplished after evaluating open hole logs and caliper.

Mud Program Summary:

Surface: Fresh water gel-lime spud mud.

Salt Protection: Saturated salt water

Intermediate: Fresh water with required lost circulation materials.

Oil String: Fresh water, 2% KCL with Flo-sal followed by brine of sufficient weight to control encountered hole conditions. The following products will be used with the above program: bentonite, lime, potassium chloride, caustic soda, starch, salt gel, formaldehyde, barite (possibly), asbestos and inert lost circulation materials.

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
TIPCO	EXHIBIT NO. <u>4</u>
CASE NO.	<u>6177</u>



HALLIBURTON SERVICES

SUITE 1300 LIBERTY TOWER, OKLAHOMA CITY, OKLAHOMA 73102

JOE B. CASEY
Division Manager
Phone: 238-0571

February 24, 1978

For: Scott Sanders
Texas International Petroleum Company
Suite 300, 3535 NW 58th Street
Oklahoma City, Oklahoma 73112

Re: Hudson State #1
Sec. 29-20S-30E
Eddy County, New Mexico

Purpose:

To determine the equipment and materials necessary to cement conductor, surface, intermediate, and production casing in the above well.

Well Data:

Conductor: 500' of 20" casing in 26" hole - cement to surface
Surface: 1700' of 13-3/8" casing in 17 1/2" hole - cement to surface
Intermediate: 4000' of 8-5/8" casing in 12 1/2" hole - cement to surface
Production: 12,600' of 5 1/2" casing in 7-7/8" hole - 4600' fill
Fill Factors: 100% excess on 20", 13-3/8" and 8-5/8"
35% excess on 5 1/2"

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
TIPCO	FILE NO. 5
CASE NO.	6177

A Halliburton Company

Discussion:

Mr. P. N. Carminati, Field Supervisor at Artesia, New Mexico, was contacted about cementing procedures and cement blends that are used in this area. He suggested a 100% excess fill factor on the first three casing strings and a 35% excess on the production casing.

The cement volume necessary for the production casing should be calculated from Caliper Log should extreme wash-out be encountered.

If the inner string cementing method should be used on 20" and 13-3/8" casing strings, sufficient lead time should be allowed so appropriate floating equipment may be obtained.

Procedure:

I. Conductor

- A. Cement using the inner string cementing method with 750 sacks Halliburton Light Cement (HLC) containing 2% Calcium Chloride. Tail in with 200 sacks Class H Cement containing 2% Calcium Chloride.

B. Slurry Properties

Slurry Weight
Slurry Volume
Water Requirements

<u>HLC</u>	<u>Class H</u>
13.1#/gal.	14.8#/gal.
1.69 ft ³ /sk.	1.32 ft ³ /sk.
8.8 gal/sk.	6.3 gal/sk.

C. Float Equipment - 26"

Guide Shoe
Float Collar
5 Centralizers
4# HOWCO Weld

100% XS

II. Surface

- A. Cement using the inner string cementing method with 1100 sacks HLC containing 5# Gilsomite and 1/4# Flocele per sack. Tail in with 300 sacks Class C Cement containing 2% Calcium Chloride.

B. Slurry Properties

Slurry Weight
Slurry Volume
Water Requirements

<u>HLC</u>	<u>Class C</u>
12.7#/gal.	14.8#/gal.
1.81 ft ³ /sk.	1.32 ft ³ /sk.
9 gal/sk.	6.3 gal/sk.

100% XS

C. Float Equipment - 13-3/8"

Guide Shoe
Float Collar
5 Centralizers
Limit Clamp
3# HOWCO Weld

III. Intermediate

A. Cement with 1600 sacks Halliburton Light Cement (HLC) containing 5# Gilsomite and 1/2# Flocele per sack. Tail in with 300 sacks Class C Cement.

B. Slurry Properties

	HLC	Class H
Slurry Weight	12.7#/gal.	14.8#/gal.
Slurry Volume	1.81 ft ³ /sk.	1.32 ft ³ /sk.
Water Requirements	9 gal/sk.	6.3 gal/sk.

C. Float Equipment - 8-5/8"

Guide Shoe
Insert float valve w/fill attachment
8 Centralizers
Limit Clamp
2# HOWCO Weld
Top Rubber Plug

100% X 5

IV. Production

A. Cement with 900 sacks Class H Cement containing .75% CFR-2 and 5# KCl per sack.

B. Slurry Properties

Slurry Weight	15.7#/gal.
Slurry Volume	1.21 ft ³ /sk.
Water Requirements	5.2 gal/sk.

C. Float Equipment - 5 1/2"

Guide Shoe
Differential fill float collar
20 Centralizers
1 Limit Clamp
1# HOWCO Weld
Top and Bottom Rubber Plug

35% X 5
est top @ 8000

Loc. and Well No.: Hudson State #1 Division: _____ Date Form Prepared: _____
Field: Golden Lane Region: _____ Directional Mole: ☒ Yes ☐ No
State: Eddy County, New Mexico Proposed T.D.: 12,500 TVD Max. Degree off Vertical: _____

DESIGN CONDITIONS

Sur., Int., Prod., Etc.	Sur.	Prot.	Int.						
Cap. O.D., in	20"	13-3/8"	8-5/8"						
Depth, ft.	500	1700	4000						
Bt Size, in	26"	17-1/2"	12-1/4"						
Mud Wt., g/gal.	9.2	10.1	8.4						
Burst Press., psi	1000	1500	1500						
Min. Collapse D.F.	1.0	1.0	1.0						
Min. Tension D.F.	1.5	1.5	1.5						
Min. Burst D.F.	1.0	1.0	1.0						
Buoyancy Considered	No	No	No						
Bonding, %/100'									
From, Ft.									
To , Ft.									
Wear or Corr., Allow., in									

CLEARANCE

[illegible]

RECEIVED CALIF STATED

[illegible]

WELL HEAD RECOMMENDATIONS:

ACCESSORY RECOMMENDATIONS:

CEMENTING RECOMMENDATIONS

REMARKS:

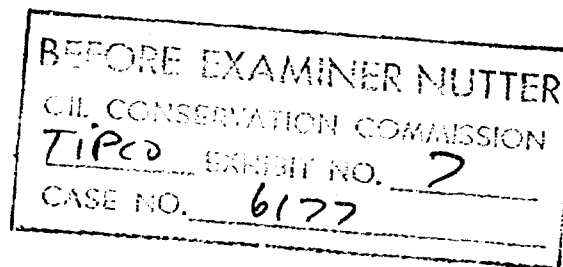
BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Tipeco EXHIBIT NO. 6
CASE NO. 6177

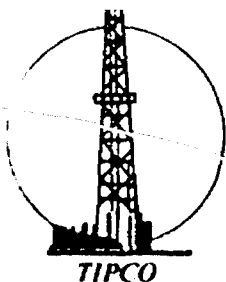
Div. Material Supervisors _____ Div. Engineers _____ Div. Managers _____
 Noted By: _____

PRODUCTION CASING PROGRAM

Operator: Texas International Petroleum Corporation
 Lease and Well No.: Hudson State #1
 Location: 1800' FEL & 1650' FSL of Section 29-T20S-R30E
 Eddy County, New Mexico

<u>T.V. Depth, Ft.</u>	<u>Length, Ft.</u>	<u>O.D., In.</u>	<u>Weight, #/Ft.</u>	<u>Grade Steel</u>	<u>Type Jt.</u>
0-2000	2000	5-1/2	17#	N-80	Buttress
2000-9000	7365	5-1/2	17#	N-80	LT&C
9000-12,600	3935	5-1/2	17#	S-95	LT&C





RECEIVED
TEXAS INTERNATIONAL PETROLEUM CORPORATION
1978 FEB 27 PM 12:18

February 20, 1978

Potash Company of America
P.O. Box 31
Carlsbad, New Mexico 88220

Attn: Roy Renshaw
Sr. Geologist

BEFORE EXAMINER NUTTER	
IL CONFESSION COMMISSION	
TIPCO	EXHIBIT NO. 8
CASE NO.	6177

RE: Hudson State #1
Eddy County, New Mexico
Section 29, T20S, R30E

Dear Sirs:

In accordance with R-111-A, as amended, we are hereby putting your company on notice that Texas International Petroleum Corporation has made application to drill a 12,600' TVD Strawn/Morrow test to be located in Section 29, T20S, R30E, Eddy County, New Mexico.

We have been advised that your company is the owner of record of certain Potash leases that are within one mile of our proposed location. We respectfully request that you waive any objections which you might have to our proposed test and ask that you so indicate by signing and returning one copy of this letter to this office within the allotted ten day period. As discussed previously, TIPCO will provide you with a copy of the Gamma Ray log and will notify your company prior to the cementing of the casing through the salt.

Your favorable consideration of this request would be appreciated.

Yours very truly,

Scott Sanders

Scott Sanders
Drilling Engineer

Approved: *E.W. Renshaw, Sr. Geol.* Date: *2-22-78*

SS:jr

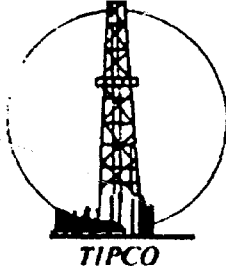
Potash Co. of America

*Location to be 1650' FSL
1800' FEL 29 20S 30E*

as per correspondence 10-7-77 with Terry Foster
EWR

SUITE 300 • 3535 NORTHWEST FIFTY-EIGHTH STREET • OKLAHOMA CITY, OKLAHOMA 73112

TWX • 910 831-3326 • TEI OKC • (405) 947-8661



RECEIVED
TEXAS INTERNATIONAL PETROLEUM CORPORATION
1978 FEB 27 PM 12:25

February 20, 1978

Mississippi Chemical Corporation
Box 101
Carlsbad, New Mexico 88220

Attn: Mr. J.R. Walls
General Manager

BEFORE	MAILED
OIL	9
LIPCO	6177
CASE	

RE: Hudson State #1
Eddy County, New Mexico
Section 29, T20S, R30E

Dear Sirs:

In accordance with R-111-A, as amended, we are hereby putting your company on notice that Texas International Petroleum Corporation has made application to drill a 12,600' TVD Strawn/Morrow test to be located in Section 29, T20S, R30E, Eddy County, New Mexico.

We have been advised that your company is the owner of record of certain Potash leases that are within one mile of our proposed location. We respectfully request that you waive any objections which you might have to our proposed test and ask that you so indicate by signing and returning one copy of this letter to this office within the allotted ten day period. As discussed previously, TIPCO will provide you with a copy of the Gamma Ray log and will notify your company prior to the cementing of the casing through the salt.

Your favorable consideration of this request would be appreciated.

Yours very truly,

Scott Sanders

Approval of the above is Scott Sanders
applicable for the Drilling Engineer
location referred to in your
Approved: letter of October 7, 1977 Date: 2/23/78

SS:jr

SUITE 300 • 3535 NORTHWEST FIFTY-EIGHTH STREET • OKLAHOMA CITY, OKLAHOMA 73112

TWX • 910 831-3326 • TEI OKC • (405) 947-8661

IDEAL

October 17, 1977

Mr. Terry Felter
Texas International Petroleum Corp.
3535 NW 58th Street - Suite 300
Oklahoma City, Oklahoma 73112

RECEIVED	10
Tipco	
CASE NO.	6177

Dear Mr. Felter:

The Potash Company of America will not object to TIPCO's proposed well site as outlined in your letter of October 7, 1977.

We do attach two stipulations to our agreement not to oppose this well.

1. Casing and Cementing of Well: That P.C.A. be notified before all casing and cementing operations and that a P.C.A. representative be allowed to observe casing and cementing to assure ourselves that casing and cementing operations are done in accordance with Order R-111-A as amended.
2. Gamma Ray Log: That P.C.A. be furnished, at no cost, a copy of the Gamma Ray Log on this hole.

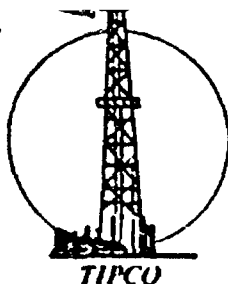
Yours truly,

E. W. Renshaw

E. W. Renshaw
Sr. Geologist

EWR:dt

cc: H. N. Clark
Dave Rice
R. H. Blackman



TEXAS INTERNATIONAL PETROLEUM CORPORATION

October 7, 1977

Roy Renshaw
Pottash Company of America
Box 31
Carlsbad, NM 88220

Dear Mr. Renshaw:

As per our telephone conversation on 10-7-77, please find the following information concerning TIPCO's proposed drilling location in Eddy County, New Mexico.

	<u>FSL</u>	<u>FEL</u>	<u>SEC-TS-RG</u>
✓ Hudson Federal #1	1650	1650	29 20S 30E
✓ Federal State #1	1650	1800	29 20S 30E
Bottom Hole Target	3145	3295	29 20S 30E

TIPCO plans to drill the proposed test vertically to a depth of 4000' and set 8 5/8" casing at that depth. In order to reach the proposed bottom hole location, it will then be necessary to deviate at a depth of 4100' in a direction of NW to get to the proposed bottom hole location. The additional 150' location from Hudson Federal #1 should present no drilling problems to us and we will submit all of the necessary forms and data should this preliminary request for a location be approved by your company.

Yours very truly,

Terry Felter
Terry Felter
Drilling Engineer

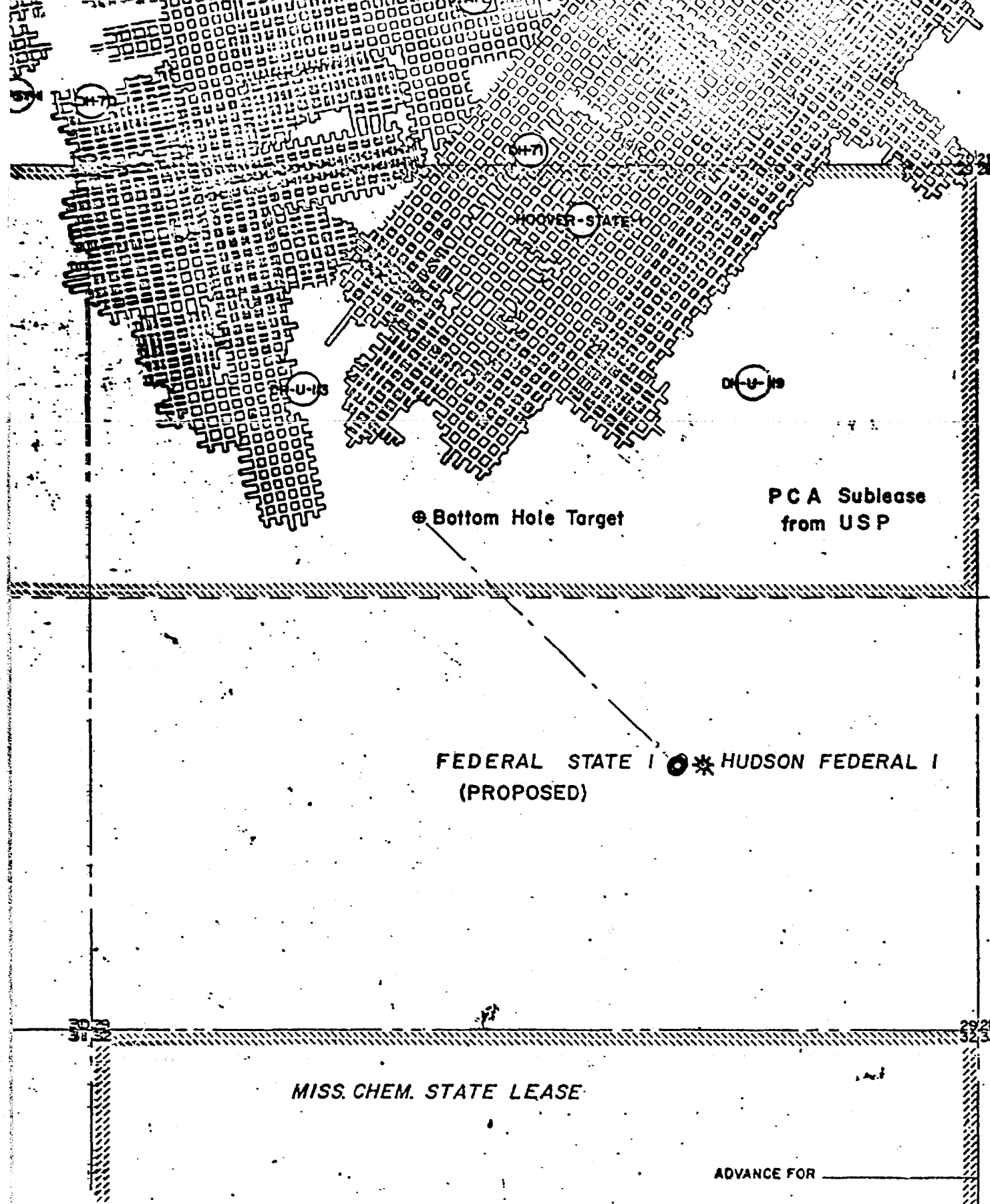
TF:ts

Enclosure

cc: Jim Gaskill
Truett Guy

SUITE 300 • 3535 NORTHWEST FIFTY-EIGHTH STREET • OKLAHOMA CITY, OKLAHOMA 73112

TWX • 910 831-3326 • TEI OKC • (405) 947-8661



APPROVED BY		T20S R30E N.M.P.M. N/2 SECTIONS 29 & 30 STATE LEASE M-651	POTASH COMPANY OF AMERICA CARLSBAD, NEW MEXICO	
			MARK BY R.N.K.	DRAWING No.
		SCALE: 1" = 500'	CHECKED BY	
		DATE	DIRECTED BY	



RECEIVED
1978 FEB 13 AM 9:22

February 10, 1978

Texas International Petroleum Corporation
Suite 300, 3535 NW 58 St.
Oklahoma City, Oklahoma 73112

Attn: Scott Sanders

R.E. Hudson State #1
Section 29, T20S, R30E
Eddy County, NM

Dear Mr. Sanders:

Mississippi Chemical Corporation will offer no objection to your proposed test well in Section 29, T20S, R30E provided that you fulfill the requirements of PCA. They have the section in question subleased from us.

Sincerely,

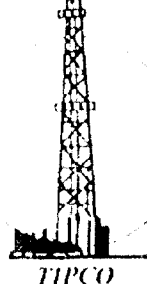
MISSISSIPPI CHEMICAL CORPORATION

J. R. Walls
General Manager

JRW:md

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Typed</i>	EXHIBIT NO. <i>11</i>
CASE NO.	<i>6177</i>

Box 101 - Carlsbad, New Mexico 88220 Phone (505) 887-5591



TEXAS INTERNATIONAL PETROLEUM CORPORATION

February 20, 1978

NEW MEXICO
FEB 22 1978
CONSERVATION COMM.
Santa Fe

Mr. Dan Nutter
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Case 6177
3/8

RE: Hudson State #1
Eddy County, New Mexico
Section 29-T20S-R30E

Dear Mr. Nutter:

Texas International Petroleum Corporation is requesting a hearing to directionally drill its Hudson State #1 in Eddy County, New Mexico. The surface location for this well is 1800' FEL and 1650' FSL, Section 29-T20S-R30E. The bottom-hole target will be 1980' FNL and 1985' FWL, Section 29, T20S-R30E. TIPCO also requests a 100' leeway for the proposed bottom hole target. We also propose to dedicate the north half of the 320 acre pool. If you need any more information or have any questions, please feel free to call me.

Yours very truly,

Scott Sanders

Scott Sanders
Drilling Engineer

SS:jr

SUITE 300 • 3535 NORTHWEST FIFTY-EIGHTH STREET • OKLAHOMA CITY, OKLAHOMA 73112

TWX • 910 831-3326 • TEL OKC • (405) 947-8661

continued and redirected

CASE 6177:

Application of Texas International Petroleum Corporation for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of a proposed gas well, the surface location of which would be 1650 feet from the South line and 1800 feet from the East line of Section 29, Township 20 South, Range 30 East, ~~Section 29, Township 20 South, Range 30 East~~, Eddy County, New Mexico, in such a manner as

to penetrate the Strawn formation within 100 feet of the a point 1980 feet from the north line and 1985 feet from the west line of said Section 29, and to bottom said well in the Morrow formation within 100 feet of a point 1501 feet from the north line and 1552 feet from the west line of said Section 29. The N/2 of the section would be dedicated to the Strawn formation, ^{Balden Lang Strawn Gas Pool,} and all of Section 29 would be dedicated to the Morrow formation, ^{for} the Hermanos-Morrow Gas Pool.

*For
April's*

1501 1552

penetrate the Stn within 100'
 of a point 1980 FNL
 1985 FWL

and bottom the wire in the Morrow Jm
 within 100' of a pt
 1501 FNL
 1552 FWL unorthodox.

N/2 to Stn 320 Golden Lane
 entire Sec to (640) Dos Hermanos Morrow

6177
Application of Texas International
Petroleum Corp. for directional
drilling, Eddy County, New
Mexico.

Applicant, in the above styled case, seeks
approval for the directional drilling of
a proposed gas well, the surface location
of which would be 1650 feet from the South
line and 1800 feet from the East line of
Section 29, Township 20 South, Range 30 East,
Garden Lane Field, Eddy County, New Mexico, in
such a manner as to bottom said well in
the morrow formation within 100 feet of a
point 1980 feet from the north line and
1985 feet from the west line of said Section 29,
the $\frac{1}{2}$ of the ^{section} well to be dedicated to the well.

Called in by Scott Sanders
Texas Int'l Petr. Corp
P. 3535 NW 58th Suite 300
Okla City Okla 73112
Telephone (405) 947-8682

written appl to follow

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6177

Order No. R- 5706

APPLICATION OF TEXAS INTERNATIONAL ~~PETROLEUM~~
CORPORATION FOR DIRECTIONAL DRILLING,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 5, 1978,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of April, 1978, the Division Director,
having considered the testimony, the record, and the recommenda-
tions of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Texas International ^{Petroleum} Corporation,
seeks approval for the directional drilling of a proposed gas
well in Section 29, Township 20 South, Range 30 East, NMPM,
Eddy County, New Mexico.

(3) That the applicant seeks / ^{approval for} the directional drilling
of ^{said} well, the surface location of which would be
1650 feet from the South line and 1800 feet from the East line
of ^{said} Section 29, ~~Township 20 South, Range 30 East, Eddy County,~~
~~New Mexico,~~ in such a manner as to penetrate the Strawn formation
within 100 feet of a point 1980 feet from the North line and
1985 feet from the West line of said Section 29, and to bottom
said well in the Morrow formation within 100 feet of a point 1501
feet from the North line and 1552 feet from the West line of said
Section 29.

(4) That the N/2 of said Section 29 would be dedicated to the Strawn formation, Golden Lane-Strawn Gas Pool, and all of Section 29 would then be dedicated to the Morrow formation, Dos Hermanos-Morrow Gas Pool.

(5) That the applicant should be required to determine the subsurface location of the bottom of the hole by means of a continuous multi-shot directional survey conducted subsequent to said directional drilling, if said well is to be completed as a producing well.

(6) That approval of the subject application will permit the drilling of the proposed well, ~~without undue interference to potash mining operations in the area, and total quantity of commercially-recoverable~~ ^{without undue interference to} will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

^{Texas International Petroleum Corporation,}
(1) That the applicant ^{is} hereby authorized to directionally drill ~~their~~ ^{its} proposed gas well, the surface location of which would be 1650 feet from the South line and 1800 feet from the East line of Section 29, Township 20 South, Range 30 East, Eddy County, New Mexico, in such a manner as to penetrate the Strawn formation within 100 feet of a point 1980 feet from the North line and 1985 feet from the West line of said Section 29, and to bottom said well in the Morrow formation within 100 feet of a point 1501 feet from the North line and 1552 feet from the West line of said Section 29.

PROVIDED HOWEVER, that subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey shall be made of the wellbore from total depth to the surface with shot points not more than 100 feet ⁺ apart; that the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe Office of the Division, Box 2088, Santa Fe, New Mexico, and that the operator shall notify the Division's Artesia District Office of the date and time said survey is to be commenced.

(2) That Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depths in addition to measured depths.

(3) That the N/2 of said Section 29 ^{shall} ~~would~~ be dedicated to the Strawn formation, Golden Lane-Strawn Gas Pool, and all of Section 29 ^{shall} ~~would~~ be dedicated to the Morrow formation, Dos Hermanos-Morrow Gas Pool.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the ~~Land~~ Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
DIRECTOR