

CASE NO.

6224

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

ACTION TAB

To: _____
From: _____

Date _____

- | | |
|--|---|
| <input type="checkbox"/> FOR YOUR COMMENTS | <input type="checkbox"/> FOR YOUR INFORMATION |
| <input type="checkbox"/> FOR YOUR APPROVAL | <input type="checkbox"/> NOTE & RETURN |
| <input type="checkbox"/> TAKE APPROPRIATE ACTION | <input type="checkbox"/> NOTE & FILE |
| <input type="checkbox"/> CALL ME | <input type="checkbox"/> FOR YOUR SIGNATURE |
| <input type="checkbox"/> SEE ME | <input type="checkbox"/> _____ |
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COMMENTS: _____

Form OA-4
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Continental Oil Co. Bell
Lake Unit Well No. 14
F - S 5 - 7245, R 34E

Lea Co. r.m.

COMMISSION HEARING

Case 6224

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

I N D E X

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LANPHERE REPORTING SERVICE

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

MR. RAMEY: Call Case 6224. Application of Texas West Oil and Gas Corporation for a gas well shut-in order, Lea County, New Mexico.

MS. TESCHENDORF: The Applicant has requested that this case be dismissed.

MR. RAMEY: This case will be dismissed.

(WHEREUPON, Case 6224 dismissed.)

LANPHERE REPORTING SERVICE

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

REPORTER'S CERTIFICATE

I, BETTY J. LANPHERE, Court Reporter 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 twenty-sixth day of July, 1978.

Betty J. Lanphere, Court Reporter

LANPHERE REPORTING SERVICE

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

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

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

Case No. 6224
Order No. R-5733

APPLICATION OF TEXAS WEST OIL &
GAS CORPORATION FOR A GAS WELL
SHUT-IN ORDER, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 31, 1978,
at Santa Fe, New Mexico, before the Oil Conservation Commission
of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 20th day of June, 1978, the Commission,
a quorum being present, having considered the testimony
presented and the exhibits received at said hearing, and
being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 6224 is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

dr/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MAY 10, 1978

COMMISSION HEARING

IN THE MATTER OF:)
)
)
)

Application of Texas West)
Oil and Gas Corporation for)
a gas well shut in order,)
Lea County, New Mexico.)

Case 6224

BEFORE: Joe D. Ramey

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission:

Lynn Teschendorf, Esq.
Legal Counsel for the Commission

LANPHERE REPORTING SERVICE

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

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LANPHERE REPORTING SERVICE

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

MR. RAMEY: Call Case 6224.

MS. TESCHENDORF: Case 6224. Application of Texas West Oil and Gas Corporation for a gas well shut in order, Lea County, New Mexico.

This case is also continued until the May 31st, 1978 hearing.

MR. RAMEY: This case will be continued this same time, same place on May 31st, 1978.

(WHEREUPON, Case 6224 continued.)

LANPHERE REPORTING SERVICE

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

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 first day of June, 1978.

Betty J. Lanphere, Court Reporter

LANPHERE REPORTING SERVICE

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

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(505) 622-6510

ONLY MESSRS. COFFIELD, MARTIN,
BOZARTH, BOHANNON, FOSTER & ALLEN
LICENSED IN TEXAS

May 26, 1978

Mr. Dan Nutter
Chief Engineer
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Oil Conservation Division
Cases No. 6223 and 6224
Texas West Oil & Gas
Corporation

Dear Dan:

This will confirm my telephone conversation with you
today relative to the two above referenced cases.

Continental Oil Company, et al, have joined in the
execution of a Joint Operating Agreement with Texas West
as to the Madera No. 1. Accordingly, this will be evidence
of the request by Texas West that both of the above
referenced cases be dismissed.

I trust that this letter is all you will need as
authorization to note the dismissal. However, if anything
further is needed, please advise.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


Conrad E. Coffield

CEC:rf

xc: Mr. Neal Dunnavant
Texas West Oil & Gas Corporation
1480 Midland National Bank Bldg.
Midland, Texas 79701

Mr. Dan Nutter

-2-

May 26, 1978

xc: Mr. Owen Lopez
Montgomery, Andrews & Hannahs
325 Paseo De Peralta
Santa Fe, New Mexico 87501

Dockets Nos. 18-78 and 19-78 are tentatively set for hearing on May 17 and June 7, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - MAY 10, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6144: DE NOVO

Application of Southland Royalty Company for two unorthodox locations and two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 120-acre non-standard gas proration units comprising the S/2 SE/4 of Section 10 and the SW/4 SW/4 of Section 11, and comprising the SE/4 SW/4 and the S/2 SE/4 of Section 11, all in Township 29 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, San Juan County, New Mexico, each of said units to be dedicated to a well drilled at an unorthodox location thereon.

Upon application of William M. Galloway this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6222: Application of Paul Hamilton for salt water disposal well shut in, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order from the Division shutting down salt water disposal operations in the Texaco Inc. New Mexico State 80 SWD Well No. 3, located in Unit D of Section 24, Township 11 South, Range 32 East, Moore Devonian Pool, Lea County, New Mexico. Applicant alleges said well has leaked and is leaking salt water into the shallow fresh water aquifer underlying applicant's farm.

CASE 6223: Application of Texas West Oil & Gas Corp. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling the interests of Continental Oil Co. et al in connection with remedial and rework operations per proposed AFE on applicant's Madera Well No. 1 located in Unit G of Section 5, Township 24 South, Range 34 East, South Bell Lake-Morrow Gas Pool, Lea County, New Mexico. Also to be considered will be the costs of said workover operations and the allocation of said costs as well as a charge for risk involved in the workover operations.

CASE 6224: Application of Texas West Oil & Gas Corp. for a gas well shut-in order, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order shutting in the Continental Oil Co. Bell Lake Unit Well No. 14, located in Unit F of Section 5, Township 24 South, Range 34 East, South Bell Lake-Morrow Gas Pool, Lea County, New Mexico, pending completion of workover operations on applicant's Madera Well No. 1, located in Unit G of said Section 5.

Dockets Nos. 20-78 and 21-78 are tentatively set for hearing on June 7 and 21, 1978. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - MAY 31, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6234: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace, the Travelers Indemnity Co., and all other interested parties to appear and show cause why the following wells should not be plugged and abandoned in accordance with a Division-approved plugging program.

In Lea County:

Punch Well No. 1, Ranger Lake Well No. 1, and Ranger Lake Well No. 3, located in Units J, N, and N, respectively, of Section 11; Texas Pacific AH State Well No. 1 located in Unit F of Section 14; and Ranger SHD Well No. 1 located in Unit H of Section 15, all in Township 12 South, Range 34 East. Also Governor McDonald Well No. 1 located in Unit C of Section 20, Township 14 South, Range 36 East.

In Eddy County:

Sulphate Aunt Well No. 1 located in Unit C of Section 3 and Sulphate Uncle Well No. 1 located in Unit L of Section 23, both in Township 24 South, Range 27 East; and Sulphate Brother Well No. 1 located in Unit L of Section 3 and Sulphate Cousin Well No. 1 located in Unit E of Section 15, both in Township 25 South, Range 27 East.

CASE 6222: (Continued from May 10, 1978, Commission Hearing)

Application of Paul Hamilton for salt water disposal well shut in, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order from the Division shutting down salt water disposal operations in the Texaco Inc. New Mexico State BO SWD Well No. 3, located in Unit D of Section 24, Township 11 South, Range 32 East, Moore Devonian Pool, Lea County, New Mexico. Applicant alleges said well has leaked and is leaking salt water into the shallow fresh water aquifer underlying applicant's farm.

CASE 6223: (Continued from May 10, 1978, Commission Hearing)

Application of Texas West Oil & Gas Corp. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling the interests of Continental Oil Co. et al in connection with remedial and rework operations per proposed AFE on applicant's Madera Well No. 1 located in Unit G of Section 5, Township 24 South, Range 34 East, South Bell Lake-Morrow Gas Pool, Lea County, New Mexico. Also to be considered will be the costs of said workover operations and the allocation of said costs as well as a charge for risk involved in the workover operations.

CASE 6224: (Continued from May 10, 1978, Commission Hearing)

Application of Texas West Oil & Gas Corp. for a gas well shut-in order, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order shutting in the Continental Oil Co. Bell Lake Unit Well No. 14, located in Unit F of Section 5, Township 24 South, Range 34 East, South Bell Lake-Morrow Gas Pool, Lea County, New Mexico, pending completion of workover operations on applicant's Madera Well No. 1, located in Unit G of said Section 5.

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LICENSED IN TEXAS

DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
J. DOUGLAS FOSTER
K. DOUGLAS PERRIN
O. RAY ALLEN

April 25, 1978

Mr. Dan Nutter
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: May 10 Docket
Case Nos. 6223 and 6224
Application for Force Pool
and Application to Shut-in
Well

Dear Dan:

Transmitted herewith you will find triplicate executed copies of two separate Applications. One is the Application for Force Pool against Continental Oil Company, et al relative to the rework operations on the Madera No. 1 Well. The second is an Application to shut-in Continental's No. 14 Well on the Bell Lake Unit Area pending the rework operations on the Madera No. 1 Well. This is all in accordance with our recent telephone conversation.

As this matter proceeded, we find that we have a conflict of interest with respect to the Application for the shutting-in of Continental's No. 14 Well and accordingly have located other counsel to represent Texas West Oil & Gas Corporation on these matters. Mr. Owen Lopez of the Montgomery Law Firm has consented to undertake this representation of Texas West. Therefore, to the extent your records need to reflect the name of the attorney of record for the applicant in both of these cases, please note that he will be so acting from this point forward. By copy of this letter, I am transmitting to him a reproduced copy of each of the Applications which are being forwarded to you herewith.

Please let me know if you have any questions, or if there is anything further which is needed from Texas West with respect to the enclosed Applications.

Mr. Dan Nutter

-2-

April 25, 1978

Thank you.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


Conrad E. Coffield

CEC:rf
Enclosures

xc: Mr. Owen M. Lopez
Montgomery, Andrews & Hannahs
325 Paseo De Peralta
Santa Fe, New Mexico 87501

xc: Mr. L. N. Dunnavant
Texas West Oil & Gas Corporation
1480 Midland National Bank Bldg.
Midland, Texas 79701

APPLICATION FOR SHUTTING-IN OF CONTINENTAL OIL COMPANY
BELL LAKE UNIT NO. 14 WELL PENDING WORKOVER OF
TEXAS WEST OIL & GAS CORPORATION MADERA NO. 1 WELL

1. Name of Applicant: Texas West Oil & Gas Corporation
2. Area Affected by the Order Sought:

Township 24 South, Range 34 East, N.M.P.M.

Section 5: Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ (W $\frac{1}{2}$)

Containing 319.02 acres, more or less, all
in Lea County, New Mexico

3. General Nature of Order Sought: Order to temporarily shut-in Continental Oil Company Bell Lake Unit No. 14 Well located in SE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 5, Township 24 South, Range 34 East, N.M.P.M. pending workover operations on Texas West Oil & Gas Corporation Madera No. 1 Well located on SW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 5, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

4. Other Matters to Be Noted in Connection with the Order Sought: In a related application filed on this date, Applicant seeks to force pool Continental Oil Corporation et al with respect to certain remedial work necessary in connection with the Madera Well No. 1 located on E $\frac{1}{2}$ Section 5, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Continental Oil Company et al have heretofore been force pooled in connection with the initial drilling of said Madera Well No. 1 under New Mexico Oil Conservation Commission Order R-5039-B. From the entry of that Order force pooling interests in connection with the Madera No. 1 Well, Continental Oil Company has consistently proved recalcitrant and argumentative and generally has shown itself eager to impede progress and drilling activities in connection with the Madera Well No. 1. Now, once again, Continental Oil Company has indicated its refusal to cooperate in certain reworking operations which are necessary for the Madera Well No. 1. The force pool action filed contemporaneously as mentioned above has therefore been necessary. Delays by Continental Oil Company can now be expected. Such delay causes waste and the violation of the correlative rights of Texas West Oil & Gas Corporation and other interest owners in E $\frac{1}{2}$ of said Section 5 by virtue of drainage occurring during these periods of delay by the escape of gas and associated hydrocarbon substances from said E $\frac{1}{2}$ of Section 5 to the Continental No. 14 Well located in the W $\frac{1}{2}$ of Section 5. Such drainage is to the benefit of Continental Oil Company et al and to the great detriment of Texas West Oil & Gas Corporation and other interest owners in the E $\frac{1}{2}$ of said Section 5. Considering the delaying tactics which Texas West Oil & Gas Corporation experienced in connection with obtaining the commitment of the interests of Continental Oil Company et al on the initial drilling of the Madera Well No. 1, it appears likely that additional delaying tactics can be expected from Continental Oil Company in connection with the force pooling

action sought with respect to remedial work now necessary on the Madera Well No. 1. Accordingly, in order to prevent waste and protect correlative rights, Texas West Oil & Gas Corporation seeks this Order for the shutting-in of the Continental No. 14 Well pending the remedial work on the Madera Well No. 1 for which Texas West Oil & Gas Corporation has found it necessary to seek a force pool order against Continental Oil Company et al.

TEXAS WEST OIL & GAS CORPORATION

By:


L. N. Dunnavant

TEXAS WEST OIL & GAS CORPORATION

1430 MIDLAND NATIONAL BANK TOWER
MIDLAND, TEXAS 79701

(915) 681-3530

TO: ALL OWNERS
FROM: TEXAS WEST OIL & GAS CORPORATION
SUBJECT: Madera #1
Bell Lake South (Morrow) Field
Lea County, New Mexico
N.M. Order #R-5039-B

6 March 1978

To All Working Interest Owners*

Re: Texas West Oil & Gas Corporation
Madera #1
Bell Lake South (Morrow) Field
Lea County, New Mexico
N.M. Order #R-5039-B

Gentlemen:

Subject well was completed April 20, 1976 for a CAOF of 7,916 MCFGPD. The well originally made in excess of 300 BWPD prior to squeeze cementing and stabilized at 60-80 BWPD after squeeze cementing which was considered ineffective in shutting off the water production from the lower zone. The well has produced approximately 4,376,696 MCFG to March 1, 1978. On February 25, 1978, the well died and after numerous unsuccessful attempts to establish flow conditions, the well is now shut-in. It will be necessary to re-work the well in an effort to establish production from the present producing zone or from two potentially productive zones above the present producing zone in the Morrow formation.

Attached, for your consideration, is a recommended remedial procedure and cost estimate; also, a copy of the logs covering the zones of interest; and a graph reflecting the daily production history of subject well.

The recommended remedial procedures are broken down into three phases, the second and third of which are contingent upon the results of the first. Phase 1 calls for squeeze cementing the present producing zone in an attempt to isolate the upper main producing zone (13,963-976') from the lower water productive zone (14,004-022'); Phase 2 is a completion attempt in a new potentially productive zone from 13,772-787' if Phase 1 is unsuccessful; and Phase 3 is a completion attempt in a new potentially productive zone from 13,506-573' if Phases 1 and 2 are unsuccessful. The estimated costs are: Phase 1, \$55,000.00; Phase 2, \$33,600.00; and Phase 3, \$32,650.00.

All Working Interest Owners
Madera #1
Lea County, New Mexico
3/06/78

Page Two

The following information pertains to the various zones of interest:

The present producing zone (13,963-976') is 111' low to the Conoco #14 well (west offset) which has produced a reported 18,298 MMCFG to January 1, 1978 and though we have no well test data to support it, it is reportedly producing in excess of 13,000 MCFGPD at the present time; also this zone is 54' high to the Conoco #16 well (southwest approximately 1 mile) which is wet; and this zone was not present in the Conoco #17 well (northwest approximately 1 mile).

The new zone from 13,772-787' is 107' low to Conoco #14 well which looks tight and has not been tested; this zone is 46' high to the Conoco #16 well which had good porosity, was potentialed for 14,410 MCFG and is now P&A; this zone is 43' low to the Conoco #17 well which looks much tighter with very little porosity and tested a reported slight show of gas. It is interesting to note that this zone in the Madera #1 well had a very good 20+' drilling break (actually better than the main producing zone) and a very good increase in formation gas while drilling through the zone. This appears to be a very prospective producing zone.

The new zone from 13,506-573' is 116' low to the Conoco #14 well which looks tight and has not been tested; this zone appears to be approximately 2' high to the Conoco #16 well which has good porosity but was, reportedly, not tested; and this zone looks tight (very dirty) in the Conoco #17 well which tested a slight show of gas. This zone had a fair 5-7' drilling break with only a slight increase in gas while drilling through it. This does not appear to be as prospective as the zone from 13,772-787'.

Texas West Oil & Gas Corporation hereby requests your immediate attention to this proposal. The Conoco #14 well (west offset) is still producing large volumes of gas and, obviously, draining the subject acreage. For that reason, subject workover should be initiated without delay in an attempt to correct this inequity of drainage across lease lines. Please show your approval or disapproval on page two of the attachment "Estimated Costs" and return one copy to this office.

Yours very truly,

TEXAS WEST OIL & GAS CORPORATION

L. N. Dunnavant
President

LND:kw

All Working Interest Owners
Madera #1
Lea County, New Mexico
3/06/78

Page Three

* Exxon Corporation
Phillips Petroleum Company
Continental Oil Company
Lea County Associates
Mustang Mud, Inc.
Daseke Royalty Associates, Ltd.
Mary Ruth Daseke
Richard Maitland
Peter L. Strauss
Ted E. Climis
Texas West Oil & Gas Corporation.

TEXAS WEST OIL & GAS CORPORATION

1146 MIDLAND NATIONAL BANK TOWER
MIDLAND, TEXAS 79701

L. N. CONNOR, President

(915) 681-5835

DISTRICT OFFICE:
Lafayette, Louisiana 70301
F. L. Sullivan, Manager
Oil & Gas Division, Box 11372
70111-11372

REMEDIAL PROCEDURES

MADERA #1

LEA COUNTY, NEW MEXICO

BELL LAKE SOUTH (MORROW) FIELD

Phase 1:

1. Move in Workover Unit and Reverse Circulating Unit
2. Kill well with 5.5# brine. Unseat Baker packer and install blow-out preventers.
3. Pull 2-7/8" tubing and remove packer. Pick up drill collars and 2600' of 2-3/8" Hydril rental tubing and bit.
4. Run tubing and drill out cement retainer (13,995') and cement to 14,060' inside 5" liner.
5. Pull tubing and lay down drill collars and bit.
6. Rig up Welex and perf squeeze zone from 14,004-022' with 2/ft.
7. Run tubing with Halliburton RTTS packer and set packer in 5" liner above squeeze perfs at 13,500'+.
8. Squeeze all perfs with 200 sacks Halliburton cement with additives (per Halliburton recommendation 3-01-78). Wait on cement 6 hours.
9. Pull tubing and remove RTTS packer and pick up drill collars and bit.
10. Run tubing and drill cement to top of squeeze zone at 13,998'. Pressure test perforations. If OK, spot 500 gallons heavily inhibited acetic acid on bottom.
11. Pull tubing and lay down bit, rental tubing and drill collars.
12. Rig up Welex and reperforate producing zone from 13,963-976' w 2/ft.
13. Run tubing with Baker packer and set packer at 11,590' (5" liner at 11,592') with 30' tail pipe inside 5" liner. Remove blow-out preventers and install Xmas tree. (Before setting packer, flush tubing with treated KCl water). Rig up Halliburton and breakdown perfs with acid in hole.
14. Rig up NOWSCO and run 7/8" coil tubing to 10,000' and jet with nitrogen. Pull 7/8" tubing. Flow well to clean-up. Treat, if necessary, with 1,000 gallons of Morflo Acid and nitrogen at low injection rate. Retreat, if necessary with 2,500 gallons Morflo Acid and nitrogen at medium injection rate.
15. If well produces economically, hook up wellhead and produce well.

If well does not produce economically, the following applies:

Phase 2:

16. Rig up Halliburton and pump 150 gallons heavily inhibited Acetic acid down to 13,850' (flushed with 5.5# brine). Remove Xmas tree and install blow-out preventers.
17. Pull tubing and lay down Baker packer.
18. Rig up Welex and run two permanent bridge plugs on wireline and set at 13,910'+ and 13,916'. Perf new zone 13,772-787' with 2/ft.
19. Run tubing and set Baker packer at 11,590' with 30' tail pipe inside 5" liner. Remove blow-out preventers and install Xmas tree (Before setting packer, flush tubing with treated KCl water).

20. Rig up Halliburton and breakdown new perfs with Acetic acid in hole. If necessary, rig up NOWSCO, run 7/8" tubing and jet with nitrogen to clean-up. Pull 7/8" tubing and treat with 1000 gallons Morflo with nitrogen. Flow to clean-up and test.
21. If well produces economically, hook up wellhead and produce well.

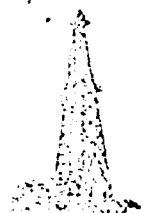
If well does not produce economically, the following applies:

Phase 3;

22. Rig up Halliburton and pump 150 gallons heavily inhibited Acetic acid down to 13,650' (flush with 5.5# brine). Remove Xmas tree and install blow-out preventers.
23. Pull tubing and lay down Baker packer.
24. Rig up Welex and run permanent bridge plug on wireline and set at 13,730'. (Note: If zone from 13,772-787' produced large volume water then set second bridge plug at 13,724'). Perforate new zone 13,506-573' with 2/ft.
25. Run tubing and set Baker packer at 11,590' with 30' tail pipe inside 5" liner. Remove blow-out preventers and install Xmas tree. (Before setting packer, flush tubing with treated KCl water).
26. Rig up Halliburton and breakdown new perfs with Acetic acid in hole. If necessary, rig up NOWSCO, run 7/8" tubing and jet with nitrogen to clean-up. Pull 7/8" tubing and treat with 1000 gallons Morflo with nitrogen. Flow to clean up and test.
27. If well produces economically, hook up wellhead and produce well.

If well does not produce economically, — PUNT!

On any future additional workovers, AFE's will be submitted to Working Interest owners for approval.



TEXAS WEST OIL & GAS CORPORATION

1150 MIDLAND NATIONAL BANK TOWER
MIDLAND, TEXAS 79701

L. H. DUNN, President

(915) 684-5406

DISTRICT OFFICE:
Bossier, Louisiana 70501
P. L. Dierker, Manager
Oil Center Station, Box 10000
(319) 322-1312

Estimated Costs

Madera #1

Lea County, New Mexico

Bell Lake South (Morrow) Field

Phase 1:

Workover Unit: 220 hours	\$17,000.
Rental 2-3/8" tubing, drill collars, bits	4,000.
Baker packer service with engineer	1,200.
Halliburton packer service with engineer	1,400.
Welex	6,500.
Halliburton acid service with nitrogen	5,500.
Halliburton cement service	7,100.
Miscellaneous (Trucking, water, etc).	5,500.
Reverse Circulating Unit	1,800.
Engineering and Overhead	5,000.
Total: Phase 1.	<u>\$55,000.</u>

Phase 2:

Workover Unit: 120 hours	\$ 9,000.
Rental tubing and drill collars	2,000.
Baker packer service	1,200.
Halliburton Services, acid, nitrogen, etc.	7,000.
Welex Services, plugs, etc.	7,000.
Reverse Circulating Unit	1,650.
Miscellaneous	4,000.
Engineering and Overhead	1,800.
Total: Phase 2	<u>\$33,650.</u>
Cum Total: Phase 1 and 2	<u>\$88,650.</u>

Phase 3:

Workover Unit: 120 hours	\$ 9,000.
Rental tubing and drill collars	2,000.
Baker packer service	1,200.
Halliburton Services, acid, nitrogen, etc.	7,000.
Welex Services, plug, etc.	6,000.
Reverse Circulating Unit	1,650.
Miscellaneous	4,000.
Engineering and Overhead	1,800.
Total: Phase 3	<u>\$32,650.</u>
Cum Total: Phase 1, 2 and 3	<u>\$121,300.</u>

<div> <div>83</div> <div>224</div> <div>35</div> </div> <div> <div>Exxon HBP</div> <div>E-5076</div> </div> <div> <div>36</div> </div>	<div> <div>Continental</div> <div>E-5896</div> </div> <div> <div>BELL LAKE UNIT</div> <div>31</div> <div>Bone Springs</div> <div>8697-8778'</div> <div>CONTINENTAL</div> <div>F240-12</div> <div>Bone Springs</div> <div>8736-72'</div> <div>Morrow</div> <div>CAOF: 5.7 MMCF</div> <div>Bone Springs</div> <div>8675-8772'</div> <div>Morrow</div> <div>CAOF: 5.7 MMCF</div> <div>Bell Lake Unit</div> <div>13,406-432'</div> </div> <div> <div>Continental HBP</div> <div>E-5896</div> </div> <div> <div>Phillips HBP</div> <div>E-1937</div> </div>	<div> <div>Shell</div> <div>3-15-70</div> <div>K-280</div> <div>79-22</div> <div>HBU</div> <div>De Ann May, 1975</div> <div>Shell</div> <div>1-16-72</div> <div>K-2149</div> <div>56-25</div> <div>HBU</div> <div>W.A. Maddox</div> <div>State</div> <div>W.A. Maddox (S)</div> <div>CAOF: 38.0 MMCF</div> <div>Morrow</div> <div>12,898-13,111</div> <div>Devonian</div> <div>14,667-79</div> <div>8-16-6</div> </div> <div> <div>Shell (S)</div> <div>13</div> <div>15</div> <div>1</div> <div>1</div> <div>1</div> <div>1</div> </div>
<div> <div>Handad Oil</div> <div>4-21-80</div> <div>U-4399</div> <div>1127</div> </div> <div> <div>Continental HBP</div> <div>E-490</div> </div> <div> <div>Richardson Oils</div> <div>9-1-61 (2)</div> <div>2-1-W (2)</div> <div>063798</div> </div>	<div> <div>Continental</div> <div>E-5896</div> </div> <div> <div>Bone Springs</div> <div>8670-92'</div> <div>E 5898</div> <div>Bone Springs</div> <div>12,450-486'</div> <div>Y-13</div> <div>W.A. 910-44</div> <div>5 Mil.</div> <div>J/A 8597</div> <div>Morrow</div> <div>CAOF: 82.0 MMCF</div> </div> <div> <div>Continental</div> <div>E-5896</div> </div> <div> <div>Phillips</div> <div>E-1937</div> </div>	<div> <div>Shell</div> <div>3-15-70</div> <div>K-280</div> <div>79-22</div> <div>HBU</div> <div>De Ann May, 1975</div> <div>Shell</div> <div>1-16-72</div> <div>K-2149</div> <div>56-25</div> <div>HBU</div> <div>W.A. Maddox</div> <div>State</div> <div>W.A. Maddox (S)</div> <div>CAOF: 38.0 MMCF</div> <div>Morrow</div> <div>12,898-13,111</div> <div>Devonian</div> <div>14,667-79</div> <div>8-16-6</div> </div> <div> <div>Shell (S)</div> <div>13</div> <div>15</div> <div>1</div> <div>1</div> <div>1</div> <div>1</div> </div>
<div> <div>Handad Oil</div> <div>4-21-80</div> <div>U-4399</div> <div>1127</div> </div> <div> <div>Continental HBP</div> <div>E-490</div> </div> <div> <div>Richardson Oils</div> <div>9-1-61 (2)</div> <div>2-1-W (2)</div> <div>063798</div> </div>	<div> <div>Continental</div> <div>E-5896</div> </div> <div> <div>Bone Springs</div> <div>8670-92'</div> <div>E 5898</div> <div>Bone Springs</div> <div>12,450-486'</div> <div>Y-13</div> <div>W.A. 910-44</div> <div>5 Mil.</div> <div>J/A 8597</div> <div>Morrow</div> <div>CAOF: 82.0 MMCF</div> </div> <div> <div>Continental</div> <div>E-5896</div> </div> <div> <div>Phillips</div> <div>E-1937</div> </div>	<div> <div>Shell</div> <div>3-15-70</div> <div>K-280</div> <div>79-22</div> <div>HBU</div> <div>De Ann May, 1975</div> <div>Shell</div> <div>1-16-72</div> <div>K-2149</div> <div>56-25</div> <div>HBU</div> <div>W.A. Maddox</div> <div>State</div> <div>W.A. Maddox (S)</div> <div>CAOF: 38.0 MMCF</div> <div>Morrow</div> <div>12,898-13,111</div> <div>Devonian</div> <div>14,667-79</div> <div>8-16-6</div> </div> <div> <div>Shell (S)</div> <div>13</div> <div>15</div> <div>1</div> <div>1</div> <div>1</div> <div>1</div> </div>
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