

INFILL DRILLING FINDINGS AND WELL-SPACING WAIVER
MADE PURSUANT TO SECTION 271.305(b) OF THE
FEDERAL ENERGY REGULATORY COMMISSION REGULATIONS,
NATURAL GAS POLICY ACT OF 1978 AND OIL CONSERVATION DIVISION
ORDER NO. R-6013

I.

Operator Metex Supply Company Well Name and No. Wallace State Well No. 8
Location: Unit K Sec. 3 Twp. 21S Rng. 36E Cty. Lea County

II.

THE DIVISION FINDS:

(1) That Section 271.305(b) of the Federal Energy Regulatory Commission Interim Regulations promulgated pursuant to the Natural Gas Policy Act of 1978 provides that, in order for an infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find, prior to the commencement of drilling, that the well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well within that unit, and ~~must grant a waiver of existing well spacing requirements.~~

(2) That by Order No. R-6013, dated June 7, 1979, the Division established an administrative procedure whereby the Division Director and the Division Examiners are empowered to act for the Division and find that an infill well is necessary.

(3) That the well for which a finding is sought is to be completed in the Eumont Gas Pool, and the standard spacing unit in said pool is 640 acres.

(4) That a 240-acre proration unit comprising ~~XXX~~ Lots 5, 6, 11, 12, 13 & 14 of Sec. 3, Twp. 21S, Rng. 36E, is currently dedicated to the Wallace State Well No. 3 located in Unit N of said section.

(5) That this proration unit is () standard (X) nonstandard; if nonstandard, said unit was previously approved by Order No. R-3159.

(6) That said proration unit is not being effectively and efficiently drained by the existing well(s) on the unit.

(7) That the drilling and completion of the well for which a finding is sought should result in the production of an additional 46 MCF of gas from the proration unit which would not otherwise be recovered.

(8) That all the requirements of Order No. R-6013 have been complied with, and that the well for which a finding is sought is necessary to effectively and efficiently drain a portion of the reservoir covered by said proration unit which cannot be so drained by any existing well within the unit.

(9) That in order to permit effective and efficient drainage of said proration unit, the subject application should be approved as ~~an exception to the standard well spacing requirements for the pool.~~

IT IS THEREFORE ORDERED:

(1) That the applicant is hereby authorized to drill the well described in Section I above as an infill well on the existing proration unit described in Section II(4) above. The authorization for infill drilling granted by this order is ~~an exception to applicable well spacing requirements~~ and is necessary to permit the drainage of a portion of the reservoir covered by said proration unit which cannot be effectively and efficiently drained by any existing well thereon.

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

DONE at Santa Fe, New Mexico, on this 21st day of March, 19 80.


DIVISION DIRECTOR X EXAMINER

~~infill well on the existing proration unit described in Section II(4) above. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by said proration unit which cannot be effectively and efficiently drained by any existing well thereon.~~

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

DONE at Santa Fe, New Mexico, on this 21st day of March, 19 80.

DIVISION DIRECTOR EXAMINER

THE UNIVERSITY OF CHICAGO

[illegible][illegible][illegible]

[Faint handwritten notes, possibly bleed-through from the reverse side.]

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 1, 1861. It is a very important document, as it is the first official statement of the President's policy towards the South. The President states that he is not a secessionist, and that he is not a supporter of the South. He also states that he is not a supporter of the Union, and that he is not a supporter of the North. He states that he is a supporter of the Constitution, and that he is a supporter of the law. He states that he is a supporter of the people, and that he is a supporter of the country. He states that he is a supporter of the Union, and that he is a supporter of the North. He states that he is a supporter of the South, and that he is a supporter of the secessionists. He states that he is a supporter of the Constitution, and that he is a supporter of the law. He states that he is a supporter of the people, and that he is a supporter of the country. He states that he is a supporter of the Union, and that he is a supporter of the North. He states that he is a supporter of the South, and that he is a supporter of the secessionists.

[illegible]

[Faint handwritten notes and signatures are visible along the right margin.]

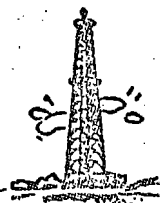
7

[illegible]

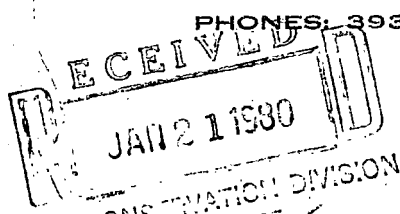
10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25
 26
 27
 28
 29
 30
 31
 32
 33
 34
 35
 36
 37
 38
 39
 40
 41
 42
 43
 44
 45
 46
 47
 48
 49
 50
 51
 52
 53
 54
 55
 56
 57
 58
 59
 60
 61
 62
 63
 64
 65
 66
 67
 68
 69
 70
 71
 72
 73
 74
 75
 76
 77
 78
 79
 80
 81
 82
 83
 84
 85
 86
 87
 88
 89
 90
 91
 92
 93
 94
 95
 96
 97
 98
 99
 100
 101
 102
 103
 104
 105
 106
 107
 108
 109
 110
 111
 112
 113
 114
 115
 116
 117
 118
 119
 120
 121
 122
 123
 124
 125
 126
 127
 128
 129
 130
 131
 132
 133
 134
 135
 136
 137
 138
 139
 140
 141
 142
 143
 144
 145
 146
 147
 148
 149
 150
 151
 152
 153
 154
 155
 156
 157
 158
 159
 160
 161
 162
 163
 164
 165
 166
 167
 168
 169
 170
 171
 172
 173
 174
 175
 176
 177
 178
 179
 180
 181
 182
 183
 184
 185
 186
 187
 188
 189
 190
 191
 192
 193
 194
 195
 196
 197
 198
 199
 200
 201
 202
 203
 204
 205
 206
 207
 208
 209
 210
 211
 212
 213
 214
 215
 216
 217
 218
 219
 220
 221
 222
 223
 224
 225
 226
 227
 228
 229
 230
 231
 232
 233
 234
 235
 236
 237
 238
 239
 240
 241
 242
 243
 244
 245
 246
 247
 248
 249
 250
 251
 252
 253
 254
 255
 256
 257
 258
 259
 260
 261
 262
 263
 264
 265
 266
 267
 268
 269
 270
 271
 272
 273
 274
 275
 276
 277
 278
 279
 280
 281
 282
 283
 284
 285
 286
 287
 288
 289
 290
 291
 292
 293
 294
 295
 296
 297
 298
 299
 300
 301
 302
 303
 304
 305
 306
 307
 308
 309
 310
 311
 312
 313
 314
 315
 316
 317
 318
 319
 320
 321
 322
 323
 324
 325
 326
 327
 328
 329
 330
 331
 332
 333
 334
 335
 336
 337
 338
 339
 340
 341
 342
 343
 344
 345
 346
 347
 348
 349
 350
 351
 352
 353
 354
 355
 356
 357
 358
 359
 360
 361
 362
 363
 364
 365
 366
 367
 368
 369
 370
 371
 372
 373
 374
 375
 376
 377
 378
 379
 380
 381
 382
 383
 384
 385
 386
 387
 388
 389
 390
 391
 392
 393
 394
 395
 396
 397
 398
 399
 400
 401
 402
 403
 404
 405
 406
 407
 408
 409
 410
 411
 412
 413
 414
 415
 416
 417
 418
 419
 420
 421
 422
 423
 424
 425
 426
 427
 428
 429
 430
 431
 432
 433
 434
 435
 436
 437
 438
 439
 440
 441
 442
 443
 444
 445
 446
 447
 448
 449
 450
 451
 452
 453
 454
 455
 456
 457
 458
 459
 460
 461
 462
 463
 464
 465
 466
 467
 468
 469
 470
 471
 472
 473
 474
 475
 476
 477
 478
 479
 480
 481
 482
 483
 484
 485
 486
 487
 488
 489
 490
 491
 492
 493
 494
 495
 496
 497
 498
 499
 500
 501
 502
 503
 504
 505
 506
 507
 508
 509
 510
 511
 512
 513
 514
 515
 516
 517
 518
 519
 520
 521
 522
 523
 524
 525
 526
 527
 528
 529
 530
 531
 532

1. *Pharmaceuticals*: The pharmaceutical industry is a major contributor to the U.S. economy, with sales exceeding \$400 billion in 2019. The industry is heavily regulated by the FDA, which oversees the safety, efficacy, and quality of drugs. The industry is also facing increasing pressure from payers (insurers and governments) to reduce costs, leading to a focus on value-based pricing and generic competition.

ME-TEX AND ASSOCIATED COMPANIES



PHONES: 393-8013 - 393-5633



P. O. Box 2070
Hobbs, NM 88240
January 18, 1980

Mr. Joe Ramey, CONSERVATION DIVISION
New Mexico Dept. of Energy & Minerals
P. O. Box 2088
Santa Fe, NM 87501

Re: Application for Administrative
Approval - Natural Gas Policy Act
Infill Finding - Wallace State #8
Eumont Gas Pool - 3300' FNL &
1980' FWL, Sec. 3, T-21S, R-36E,
Lea County, New Mexico

Dear Mr. Ramey:

Me-Tex Supply Company respectfully requests your finding that there is a need for an additional well on the previously approved 240-acre proration unit to effectively and efficiently drain Eumont Gas pool reserves. In accordance with special rules and regulations set forth under Order No. R-6013, the following information is submitted in support of our proposal:

1. Copies of Forms C-101 and C-102.
2. A completion attempt will be made in the Eumont Gas Pool which has a standard proration unit of 640 acres.
3. The 240-acre proration unit on which the Wallace State #8 will be located was established under Order No. R-3159.
4. The Wallace State #8 has not been spudded. The proposed location is 3300' FNL and 1980' FWL of Section 3, Township 21 South, Range 36 East, Lea County, New Mexico, a standard location for a 240-acre proration unit.
5. Two wells have been drilled in the proration unit. (1) Wallace State #2, Unit L, 4620' FSL and 660' FWL, Sec. 3, T-21S, R-36E, Lea County, New Mexico.
Spud date - 3/29/1936
Completion date - 4/29/1936 Grayburg formation, open hole 3685-3866
Re-completion 12/31/1953 Braden Head Gas in Eumont Pool, top pay 2840'.
(7 5/8" & 5 1/2" csg.) squeeze off 3245, 3060 & 2846' w/ 300 sx 10/9/1966.
Shut-in after test. No drilling or completion problems encountered.
Present Status: Shut in December, 1971, holding for possible secondary recovery in Grayburg-San Andres (Eunice-Monument Pool) 3685' - 3866'.
(2) Wallace State #3, unit N, 330' FSL and 1980' FWL, Sec. 3, T-21S, R36E, Lea County, New Mexico.
Spud Date - 9/12/1936 T.D. 3875'
Cleaned out and recompleted 2/4/1947
Eumont Gas Pool from perforations 2940'-3590'.
No drilling or completion problems encountered.
Present Status: Producing from 2940' - 3590' in the Eumont Gas Pool. Current rate average August thru December, 1979 is 9,194 MCFGP month, 302 MCFGPD.
Cummulative to 11/1/79 - 8,269,329 MCF.
6. A structure map on the top of the Queen formation is attached. The proposed location is shown by an arrow.
7. The Eumont gas pool produces from the Yates, Seven Rivers and Queen sections which is in the Guadalupian series of the Permian system. The lithology of this area's main pay section, the Queen formation, consists of fine grained gray sands interbedded with fine to medium crystalline gray dolomites and fine silty gray shales. This section covers a vast area located on the Central Basin platform. By history, the average well in this area has recovered gas in the 3-8,000 MMCF range. The initial bottom hole pressure for this reservoir was 1450 psi. The latest average of the Eumont Pool bottom hole pressure is

716 psi, data taken from the 1978 New Mexico Oil and Gas Engineering Committee annual report. With recently developed completion technology, selective perforating and improved formation fracturing employing CO₂, the tighter, dirtier low pressure sections can now be effectively tested and drained. It is estimated an additional 3,000 MMCF gas will be recovered by the drilling of the proposed well.

8. Attached is a map showing offset Eumont Gas Pool wells with the proposed location indicated by an arrow. There are nine offset operators as listed below. Each has been notified of this application by certified mail.

Amoco Production Company
Gulf Energy & Minerals Company - U.S.
Amerada Hess Corporation
Shell Oil Company
Exxon Company, U.S.A.
Arco Oil & Gas Company
Conoco, Inc.
Sun Oil Company
Cities Service Company

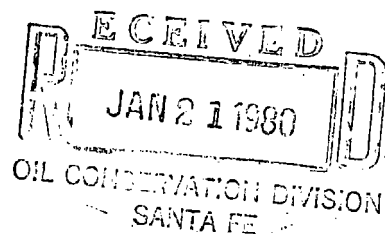
Yours very truly,

ME-TEX SUPPLY COMPANY



Dwight Teed
Vice President

BV/JJ



NEW MEXICO LAND COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

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

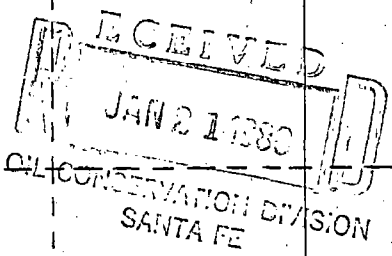
Operator Me-Tex Supply Company			Lease Wallace State		Well No. 8
Unit Letter K	Section 3	Township 21S	Range 36E	County Lea	
Actual Footage Location of Well: 330 feet from the North line and 1980 feet from the West line					
Ground Level Elev. Not Available	Producing Formation Queen		Pool Eumont Gas		Dedicated Acreage: 240 (infill) Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

SEE ATTACHED PLAT FOR OVERSIZED SECTION			
			

CERTIFICATION

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

[Signature]
Name

Agent
Position
Me-Tex Supply Company
Company

January 18, 1980
Date

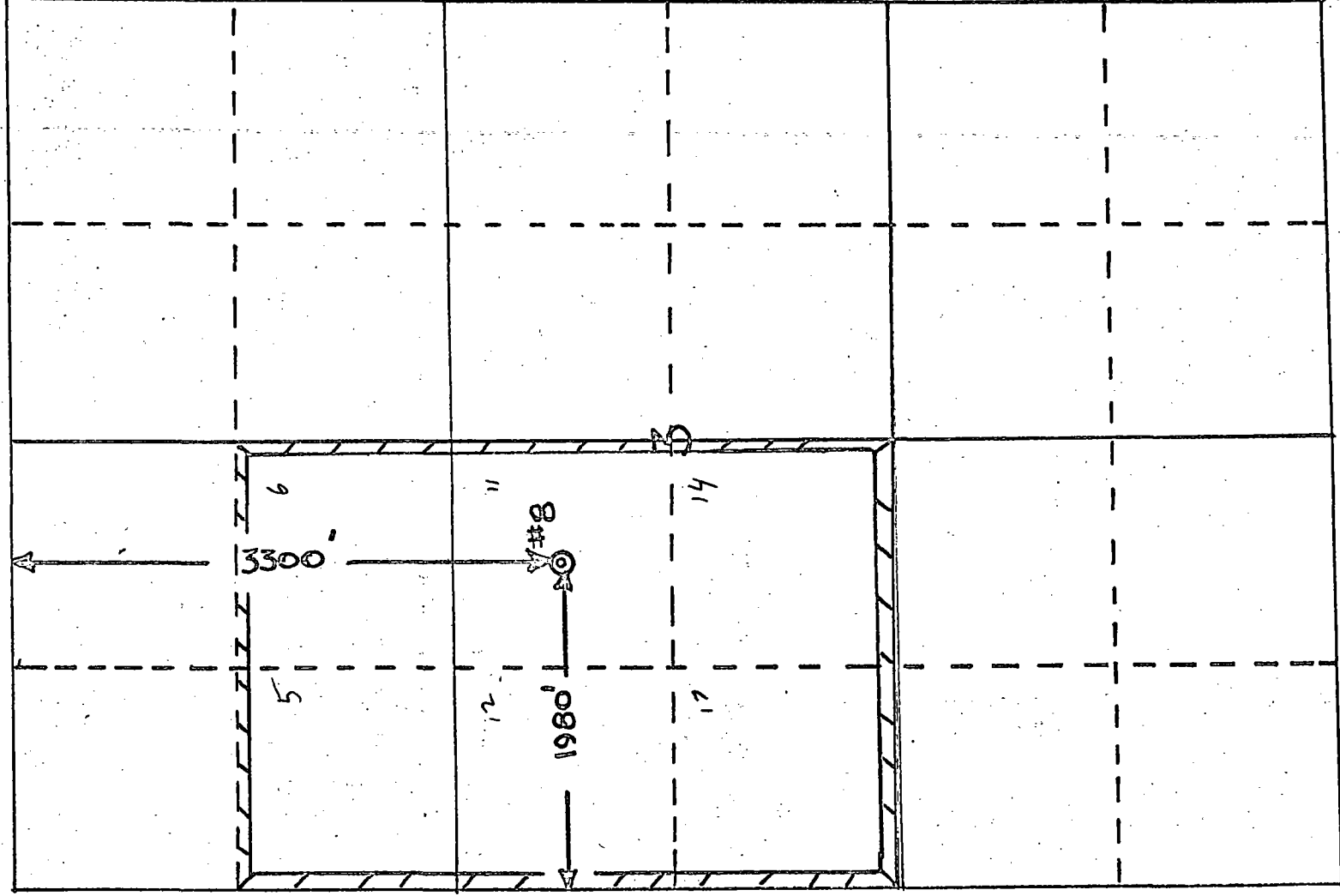
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

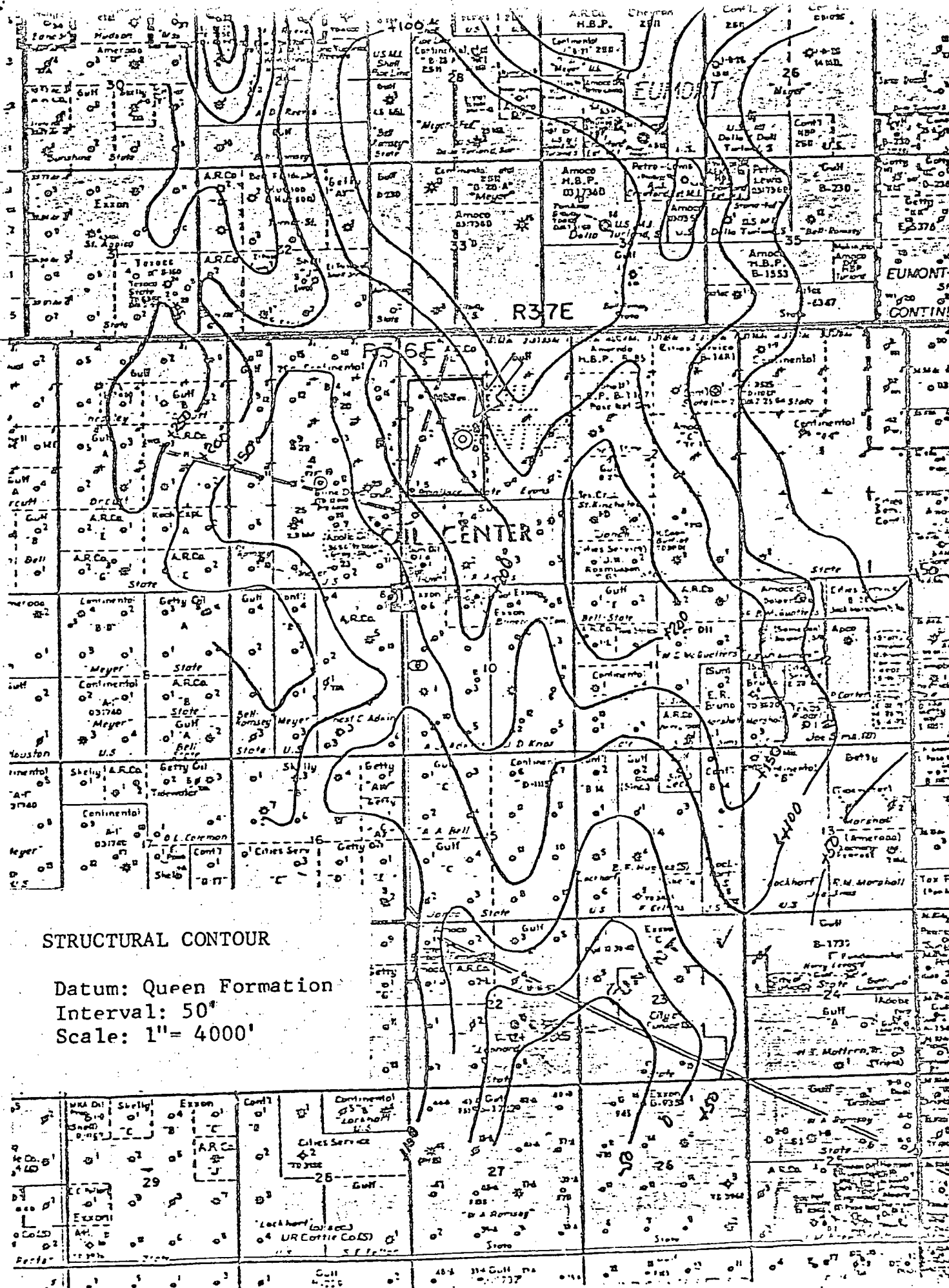
Registered Professional Engineer and/or Land Surveyor

Certificate No.

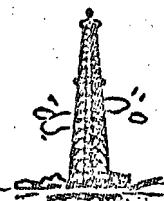
0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0



SCALE: 1 INCH = 1000'



ME-TEX AND ASSOCIATED COMPANIES



PHONES: 393-8013 - 393-5633

P. O. Box 2070
Hobbs, NM 88240
January 18, 1980

Mr. Joe Ramey
New Mexico Dept. of Energy & Minerals
P. O. Box 2088
Santa Fe, NM 87501

Re: Application for Administrative
Approval - Natural Gas Policy Act
Infill Finding - Wallace State #8
Eumont Gas Pool - 3300' FNL &
1980' FWL, Sec. 3, T-21S, R-36E,
Lea County, New Mexico

Dear Mr. Ramey:

Me-Tex Supply Company respectfully requests your finding that there is a need for an additional well on the previously approved 240-acre proration unit to effectively and efficiently drain Eumont Gas pool reserves. In accordance with special rules and regulations set forth under Order No. R-6013, the following information is submitted in support of our proposal:

1. Copies of Forms C-101 and C-102.
2. A completion attempt will be made in the Eumont Gas Pool which has a standard proration unit of 640 acres.
3. The 240-acre proration unit on which the Wallace State #8 will be located was established under Order No. R-3159.
4. The Wallace State #8 has not been spudded. The proposed location is 3300' FNL and 1980' FWL of Section 3, Township 21 South, Range 36 East, Lea County, New Mexico, a standard location for a 240-acre proration unit.
5. Two wells have been drilled in the proration unit. (1) Wallace State #2, Unit L, 4620' FSL and 660' FWL, Sec. 3, T-21S, R-36E, Lea County, New Mexico.
Spud date - 3/29/1936
Completion date - 4/29/1936 Grayburg formation, open hole 3685-3866
Re-completion 12/31/1953 Braden Head Gas in Eumont Pool, top pay 2840'.
(7 5/8" & 5 1/2" csg.) squeeze off 3245, 3060 & 2846' w/ 300 sx 10/9/1966.
Shut-in after test. No drilling or completion problems encountered.
Present Status: Shut in December, 1971, holding for possible secondary recovery in Grayburg-San Andres (Eunice-Monument Pool) 3685' - 3866'.
(2) Wallace State #3, unit N, 330' FSL and 1980' FWL, Sec. 3, T-21S, R36E, Lea County, New Mexico.
Spud Date - 9/12/1936 T.D. 3875'
Cleaned out and recompleted 2/4/1947
Eumont Gas Pool from perforations 2940'-3590'.
No drilling or completion problems encountered.
Present Status: Producing from 2940' - 3590' in the Eumont Gas Pool. Current rate average August thru December, 1979 is 9,194 MCFGP month, 302 MCFGPD.
Cummulative to 11/1/79 - 8,269,329 MCF.
6. A structure map on the top of the Queen formation is attached. The proposed location is shown by an arrow.
7. The Eumont gas pool produces from the Yates, Seven Rivers and Queen sections which is in the Guadalupian series of the Permian system. The lithology of this area's main pay section, the Queen formation, consists of fine grained gray sands interbedded with fine to medium crystalline gray dolomites and fine silty gray shales. This section covers a vast area located on the Central Basin platform. By history, the average well in this area has recovered gas in the 3-8,000 MMCF range. The initial bottom hole pressure for this reservoir was 1450 psi. The latest average of the Eumont Pool bottom hole pressure is

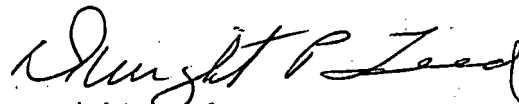
716 psi, data taken from the 1978 New Mexico Oil and Gas Engineering Committee annual report. With recently developed completion technology, selective perforating and improved formation fracturing employing CO₂, the tighter, dirtier low pressure sections can now be effectively tested and drained. It is estimated an additional 3,000 MMCF gas will be recovered by the drilling of the proposed well.

8. Attached is a map showing offset Eumont Gas Pool wells with the proposed location indicated by an arrow. There are nine offset operators as listed below. Each has been notified of this application by certified mail.

Amoco Production Company
Gulf Energy & Minerals Company - U.S.
Amerada Hess Corporation
Shell Oil Company
Exxon Company, U.S.A.
Arco Oil & Gas Company
Conoco, Inc.
Sun Oil Company
Cities Service Company

Yours very truly,

ME-TEX SUPPLY COMPANY



Dwight Teed
Vice President

BV/JJ

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease	
STATE <input checked="" type="checkbox"/>	FEE <input type="checkbox"/>
5. State Oil & Gas Lease No.	
A-1375	

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work			7. Unit Agreement Name		
b. Type of Well DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. Farm or Lease Name Wallace State		
2. Name of Operator ME-TEX SUPPLY COMPANY			9. Well No. 8		
3. Address of Operator P. O. Box 2070, Hobbs, NM 88240			10. Field and Pool, or Wildcat Eumont Gas		
4. Location of Well UNIT LETTER <u>K</u> LOCATED <u>3300</u> FEET FROM THE <u>North</u> LINE AND <u>1980</u> FEET FROM THE <u>West</u> LINE OF SEC. <u>3</u> TWP. <u>21S</u> RGE. <u>36E</u> NMPM			12. County Lea		
19. Proposed Depth 3700'			19A. Formation Queen		20. Rotary or C.T. Rotary
21. Elevations (Show whether DF, RT, etc.) Not available		21A. Kind & Status Plug. Bond Blanket-current	21B. Drilling Contractor unknown		22. Approx. Date Work will start when approved

23.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	8 5/8"	23#	400'	250	Circ
7 7/8"	5 1/2"	14#	3700'	700	Circ

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

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

Signed Bretter S. Soto Title Agent Date January 18, 1980

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

WELL LOCATION AND ACREAGE DEDICATION PLAT

Supersedes C-128
Effective 1-1-65

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

Operator Me-Tex Supply Company			Lease Wallace State		Well No. 8
Unit Letter K	Section 3	Township 21S	Range 36E	County Lea	
Actual Footage Location of Well: 330 feet from the North line and 1980 feet from the West line					
Ground Level Elev. Not Available	Producing Formation Queen		Pool Eumont Gas	Dedicated Acreage: 240 (infill) Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

SEE ATTACHED PLAT FOR OVERSIZED SECTION			

CERTIFICATION

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

[Signature]
Name

Agent
Position

Me-Tex Supply Company
Company

January 18, 1980
Date

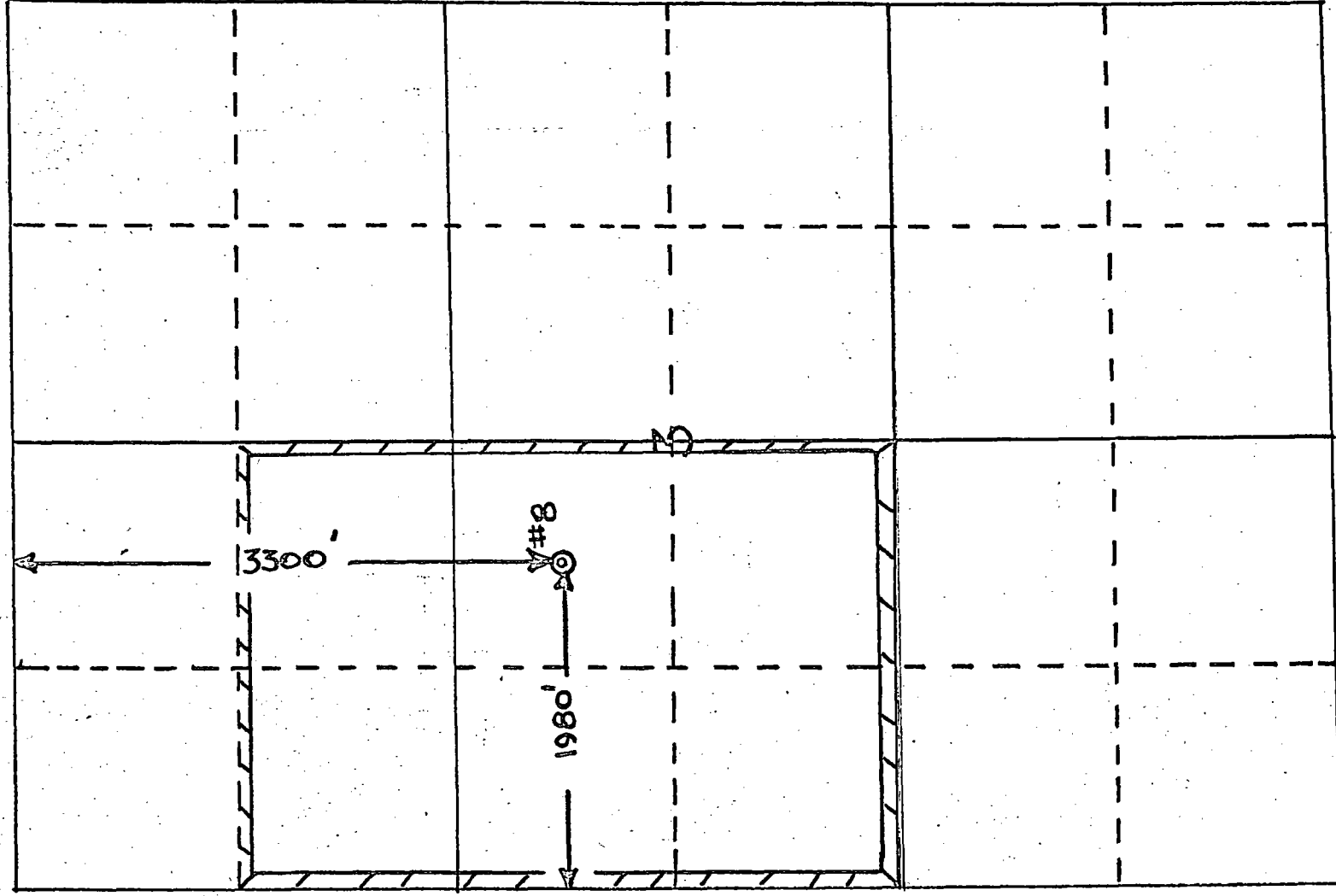
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

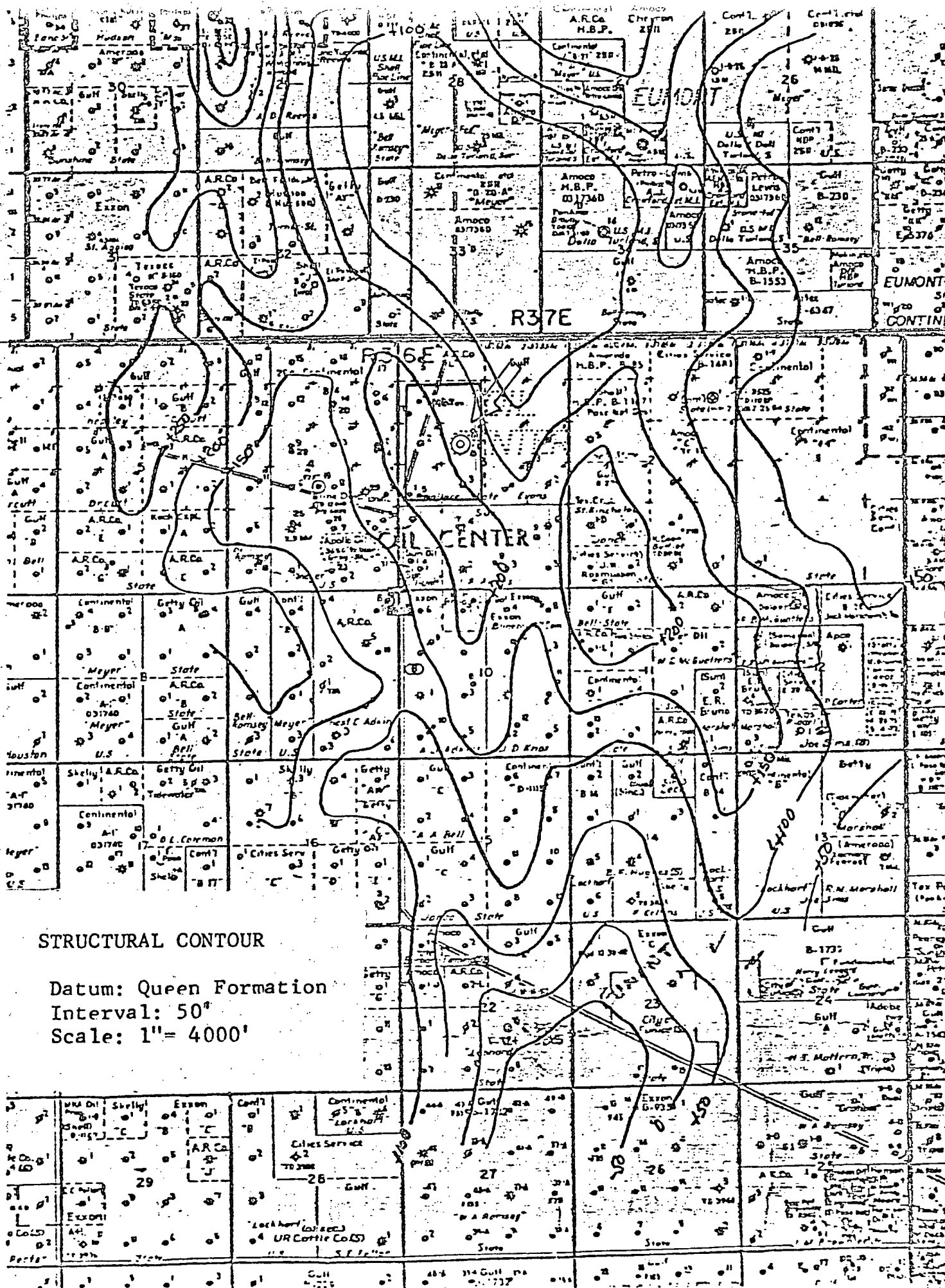
Registered Professional Engineer
and/or Land Surveyor

Certificate No.

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

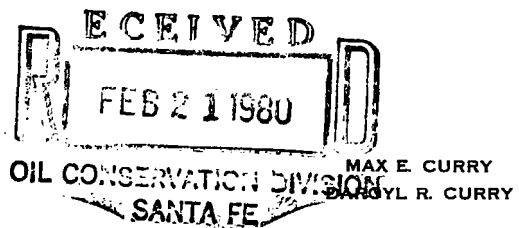


SCALE: 1 INCH = 1000'



CURRY ENGINEERING

MIDLAND, TEXAS 79701
1201 N. BIG SPRING STREET
P. O. BOX 5596 AC 915 682-2031



15 Feb 80

Re: Application for NGPA Infill Well
Findings Under Provisions of
Order No. R-6013 Wallace State
Well No. 8 and 9, Sec 3, T-211S, R-36-E
Eumont Gas Pool, Lea County, N. M.

R. L. Stamets, Technical Support Chief
STATE OF NEW MEXICO
Energy and Minerals Department
Oil Conservation Division

Dear Sir:

I am writing this letter in response to your letter of 22 Jan 80 to ME-TEX AND ASSOCIATED COMPANIES, otherwise known as ME-TEX SUPPLY COMPANY.

I am a registered professional engineer and have been employed as a consulting petroleum engineer for the past eighteen years. I have been previously qualified as an expert witness before the New Mexico Department of Energy and Minerals.

I have been actively involved in the drilling, completion, and evaluation of oil and gas properties in New Mexico for the past twenty-one years. I have been retained by ME-TEX SUPPLY Co. to prepare answers and to generate supplemental data requested in the abovementioned letter.

I have prepared the attached plot of Monthly Gas Production vs. Time which appears to exhibit an annual decline in deliverability of about 13½ percent. I have calculated that the present well (the only well presently completed in the Eumont Gas Pool on the subject 240 acre lease) will recover 412 MMscfg up to the economic limit, resulting in an ultimate recovery of 8,783 MMscfg for the lease. This well, shown on the attached cross section as well "E", is currently producing from both a perforated interval of 2940-3590' and an open hole section of 2568-2750'. Neither of these intervals have previously been stimulated and the presence of the open hole section above the perforated interval, in my opinion will preclude any successful attempt at stimulation in this well.

I have made a careful study of the logs and records available in the subject area and must conclude that the logs are not suitable for the determination of reserves by volumetric means (no core analyses have been found in the Eumont Gas Pool in this area).

p. 2, R. L. Stamets, 15 Feb 80

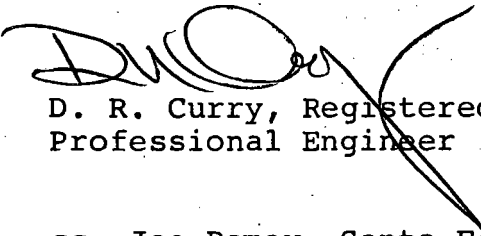
From my personal observations of the results of many well completions and workovers in this area, as well as many in areas having similar reservoir characteristics, it is very difficult to conduct a successful well stimulation where very high permeability/porosity zones are interspersed with thin, tight zones. In such cases, the tight zones will contribute little, if any to the ultimate recoveries in the wells. My firm has had very good results in these problem completions by the utilization of selective limited entry methods in the tight zones first. These zones are perforated and broken down with acid individually, then are fracture treated in short intervals (by stages, if necessary), and then the higher permeability/porosity zones are perforated, broken down, and stimulated. It is of the utmost importance to get a very good primary cement job for these treatments to succeed.

We have found that the above described procedure will usually result in wells having superior potentials and deliverabilities compared to normally completed wells, resulting in the recovery of reserves which would not be otherwise produced.

It is my opinion that drilling two additional wells on the 240 acre proration unit will result in the recovery of incremental gas reserves of 40 percent of the recoverable gas reserves projected for the existing well. This will result in the production of an additional 1,757 MMscfg per well or 3,513 MMscfg for the total 240 acre lease. This incremental gas cannot be produced from the existing well.

I hope that this letter and the attachments will satisfy the requirements that you put forth in your letter. Please feel free to contact me for clarification of any of the content.

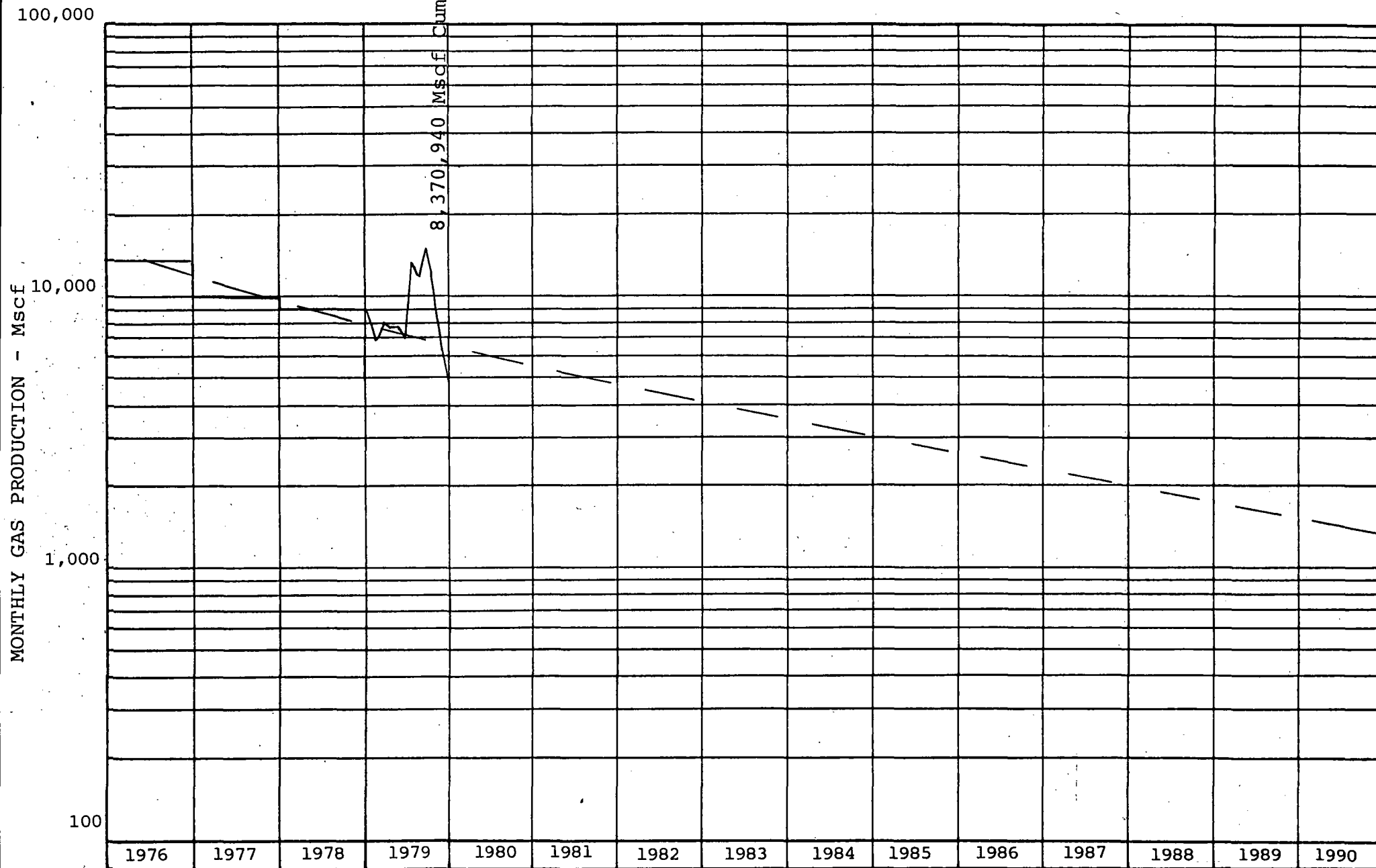
Yours very truly,



D. R. Curry, Registered
Professional Engineer

cc: Joe Ramey, Santa Fe
ME-TEX SUPPLY CO., Hobbs

attachments



ME-TEX SUPPLY COMPANY Wallace State Well No. 3 Eumont Yates, Seven Rivers, & Queen (Gas) Pool
Unit N, Sec 3, T-21-S, R-36-E, Lea County

INTENTIONAL OMISSIONS

The following document(s) have been intentionally omitted from this file due to the indicated reasons.

FILE # NFL 15

DESCRIPTION OF OMITTED DOCUMENTS

OMITTED DOCUMENT

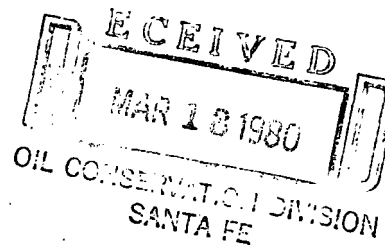
REASON OMITTED

- ① ME-TEX Supply Co. (Plat) Too Large
- ② Contour Map (Gap of Queen formation) "

CURRY ENGINEERING

MIDLAND, TEXAS 79701
1201 N. BIG SPRING STREET
P. O. BOX 5596 AC 915 682-2031

12 Mar 80



MAX E. CURRY
DAROYL R. CURRY

Re: NGPA infill well findings under
the provisions of order # R-6013
ME-TEX and ASSOCIATED COMPANIES
Wallace State wells No. 8 & 9
Section 3, T-21-S, R-36-E,
Eumont Gas Pool, Lea County, N. M.

Mr. R. L. Stamets,
Technical Support Chief
STATE OF NEW MEXICO
Energy and Minerals Dept.
Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

I am writing this letter as a supplement to my letter of 15 Feb 80 relative to the application to drill the abovementioned wells. Using available data from the subject lease and using core analysis data from a similiar lease in the subject field, I have calculated that over the first nine years of production from the proposed wells, the tight sands will contribute an incremental amount of gas in the order of (46) MMscfg per well utilizing a drainage radius of only 1121 feet (a drainage area of 23 acres per well). I feel that this is a most conservative estimate of incremental gas reserves, since the effective drainage area will probably be somewhat larger, and that the economic life of the wells will undoubtedly exceed nine years.

I must stress that the likelihood that any of these incremental reserves would be produced from the existing well is very slim. The production of the gas reserves from tight sands will be dependent on effective primary cementing, selective perforating and stimulation procedures, and on the well spacing outlined in our previous correspondence.

I enclose EXHIBIT "A", a tabulation of the calculations and the basic data utilized in the preparation of my reserve estimates.

Yours very truly,


D. R. Curry

EXHIBIT "A" Calculation of the Drainage Radius from Producing Tight Sands in the Eumont Gas Pool Over a Nine Year Period

Reservoir Conditions

Res temp = 568°R
 Gas gravity = 0.700
 Tc = 380°R
 Res pressure = 731 psia
 Pc = 666 psia
 Res fluid viscosity = 0.11 cp
 Formation porosity = 0.10
 Water saturation = 0.35
 Permeability = 0.03 md.

Calculated Values

z = 0.890
 $dz/dp = 1.53 \times 10^{-4}$ (Craft & Hawkins, fig 6.9, p. 271)

$$C_g = \frac{1}{P} \frac{1}{z} [dz/dp] = 1/731 - 1/0.890(1.53 \times 10^{-4}) = 1.196 \times 10^{-3}$$

$$\text{Effective Drainage Radius} = \left[\frac{(9 \text{ yr})(365 \text{ d/yr})(0.00003)}{(0.04)(0.01)(1.196 \times 10^{-4})(0.01)} \right]^{0.5} = 1121 \text{ feet}$$

$$\text{Drainage Area} = \pi/4 D^2 = \pi/4 (1121)^2 = 9.87 \times 10^5 \text{ ft}^2 = 23 \text{ Acres}$$

Pa = 100 psia, Pi = 731 psia, Za = 1.00, Zi = 1.10, Tres = 568°R.

$$Bi = 35.35[Pi/Zi \times T \text{ res}] = (35.35)[731/(1.10)(568)] = 41.36 \text{ SCF/ft}^3$$

$$Ba = 35.35[Pa/Za \times T \text{ res}] = (35.35)[100/1.00(568)] = 6.22 \text{ SCF/ft}^3$$

Incremental Gas

Reserves from = 43560 ASP(1-Sw)(Bi - Ba) =

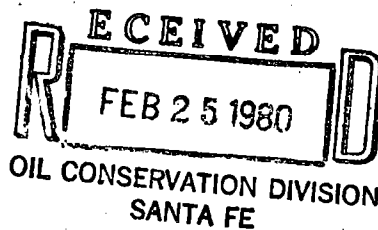
Tight Sands

$$(43560)(23)(20)(1-0.35)(41.36 - 6.22) =$$

46 MMscfg/well

CURRY ENGINEERING

MIDLAND, TEXAS 79701
1201 N. BIG SPRING STREET
P. O. BOX 5596 AC 915 682-2031



MAX E. CURRY
DAROYL R. CURRY

15 Feb 80

Re: Application for NGPA Infill Well
Findings Under Provisions of
Order No. R-6013 Wallace State
Well No. 8 and 9, Sec 3, T-211S, R-36-E
Eumont Gas Pool, Lea County, N. M.

R. L. Stamets, Technical Support Chief
STATE OF NEW MEXICO
Energy and Minerals Department
Oil Conservation Division

Dear Sir:

I am writing this letter in response to your letter of 22 Jan 80 to ME-TEX AND ASSOCIATED COMPANIES, otherwise known as ME-TEX SUPPLY COMPANY.

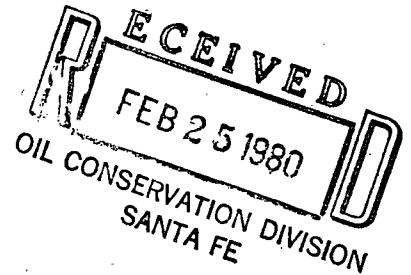
I am a registered professional engineer and have been employed as a consulting petroleum engineer for the past eighteen years. I have been previously qualified as an expert witness before the New Mexico Department of Energy and Minerals.

I have been actively involved in the drilling, completion, and evaluation of oil and gas properties in New Mexico for the past twenty-one years. I have been retained by ME-TEX SUPPLY Co. to prepare answers and to generate supplemental data requested in the abovementioned letter.

I have prepared the attached plot of Monthly Gas Production vs. Time which appears to exhibit an annual decline in deliverability of about 13½ percent. I have calculated that the present well (the only well presently completed in the Eumont Gas Pool on the subject 240 acre lease) will recover 412 MMscfg up to the economic limit, resulting in an ultimate recovery of 8,783 MMscfg for the lease. This well, shown on the attached cross section as well "E", is currently producing from both a perforated interval of 2940-3590' and an open hole section of 2568-2750'. Neither of these intervals have previously been stimulated and the presence of the open hole section above the perforated interval, in my opinion will preclude any successful attempt at stimulation in this well.

I have made a careful study of the logs and records available in the subject area and must conclude that the logs are not suitable for the determination of reserves by volumetric means (no core analyses have been found in the Eumont Gas Pool in this area).

p. 2, R. L. Stamets, 15 Feb 80



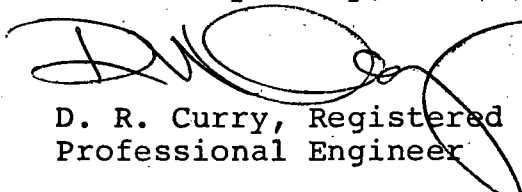
From my personal observations of the results of many well completions and workovers in this area, as well as many in areas having similiar reservoir characteristics, it is very difficult to conduct a successful well stimulation where very high permeability/porosity zones are interspersed with thin, tight zones. In such cases, the tight zones will contribute little, if any to the ultimate recoveries in the wells. My firm has had very good results in these problem completions by the utilization of selective limited entry methods in the tight zones first. These zones are perforated and broken down with acid individually, then are fracture treated in short intervals (by stages, if necessary), and then the higher permeability/porosity zones are perforated, broken down, and stimulated. It is of the utmost importance to get a very good primary cement job for these treatments to succeed.

We have found that the above described procedure will usually result in wells having superior potentials and deliverabilities compared to normally completed wells, resulting in the recovery of reserves which would not be otherwise produced.

It is my opinion that drilling two additional wells on the 240 acre proration unit will result in the recovery of incremental gas reserves of 40 percent of the recoverable gas reserves projected for the existing well. This will result in the production of an additional 1,757 MMscfg per well or 3,513 MMscfg for the total 240 acre lease. This incremental gas cannot be produced from the existing well.

I hope that this letter and the attachments will satisfy the requirements that you put forth in your letter. Please feel free to contact me for clarification of any of the content.

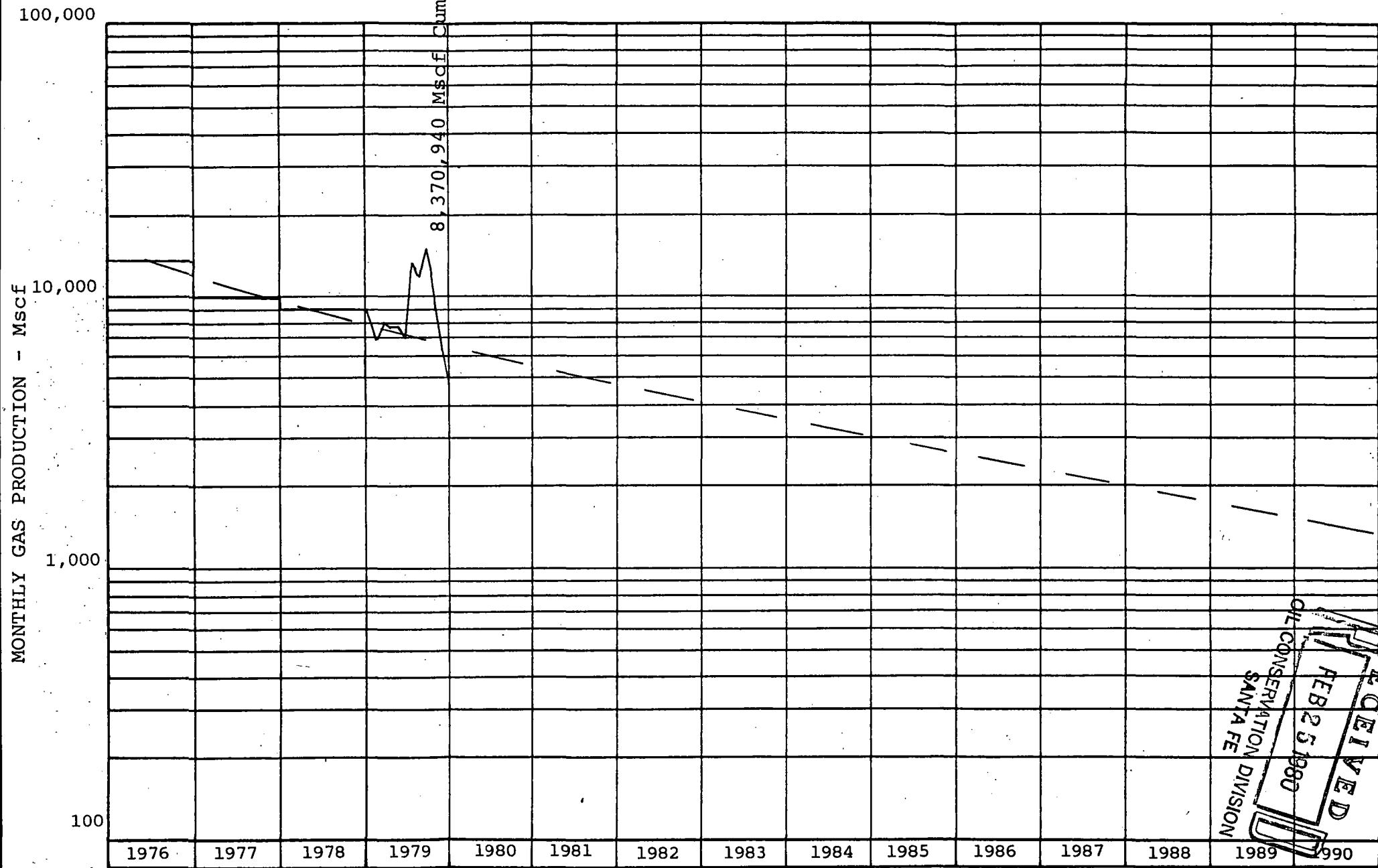
Yours very truly,



D. R. Curry, Registered
Professional Engineer

cc: Joe Ramey, Santa Fe
ME-TEX SUPPLY CO., Hobbs

attachments



ME-TEX SUPPLY COMPANY Wallace State Well No. 3 Eumont Yates, Seven Rivers, & Queen (Gas) Pool
Unit N, Sec 3, T-21-S, R-36-E, Lea County



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

January 22, 1980

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

Me-Tex and Associated Companies
P. O. Box 2070
Hobbs, New Mexico 88240

Re: Application for NGPA Infill Well
Findings Under Provisions of
Order No. R-6013 Wallace State
Well No. 8 and 9, Sec. 3, T-21-S, R-36-E,
Eumont Gas Pool, Lea County, N.M.

We may not process the subject application for infill findings until
the required information, forms, or plats checked on the reverse
side of this letter are submitted.

Sincerely,

R. L. STAMETS
Technical Support Chief

RLS/dr

- ☐ A copy of Form C-101 must be submitted.
- ☐ A copy of Form C-102 must be submitted.
- ☐ The pool name must be shown.
- ☐ The standard spacing unit size for the pool must be shown.
- ☐ Give the Division Order No. which granted the non-standard proration unit.
- ☐ Please state whether or not the well has been spudded and give the spud date, if any.

☒ Information relative to other wells on the proration unit is incomplete. There must be a clear explanation why the existing wells on the proration unit cannot efficiently and effectively drain such unit.

☒ The geologic and reservoir data is incomplete or insufficient. There must be a clear explanation as to what local reservoir and pressure factor were used in calculating the expected increased recovery and a demonstration of the appropriateness of such figures.

☒ Other:
As this will result in the drilling of two infill wells on one proration unit there must be a calculation of the expected recovery from the unit with no infill well, with one infill well and with two infill wells.