STATE OF NEW MEXICO



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING GOVERNOR

ANITA LOCKWOOD CABINET SECRETARY

June 28, 1994

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

Matador Petroleum Corporation 415 W. Wall Suite 1101 Midland, Texas 79701

Attention: Roger N. Townsend

Administrative Order DD-95(NSBHL)

Dear Mr. Townsend:

Under the provisions of General Rules 111 (C), (D) and (E) and 104 (F), Matador Petroleum Corporation made application to the New Mexico Oil Conservation Division on June 13, 1994, for authorization to re-enter the existing Texaco, Inc. State "LLA" Shell Well No. 1 and recomplete said well by side tracking off of the vertical wellbore and directionally drill to a pre-determined bottom-hole location in order to further test the Devonian formation for oil production, Chaves County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rules 111 (D) and (E) and 104 (F) of the Division General Rules and Regulations;
- (2) The Texaco, Inc. State "LLA" Shell Well No. 1 was originally drilled in 1959 to a total depth of 10,390 feet to test the Devonian formation for oil at a standard oil well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 32, Township 15 South, Range 30 East, NMPM, Chaves County, New Mexico. Said well subsequently tested "dry" and was properly plugged and abandoned;
- (3) The applicant/operator proposes to kick off vertical at a depth of approximately 7850 feet in a northeasterly direction and drill in such a manner as to bottom in the Little Lucky Lake-Devonian Pool at a true vertical depth of approximately 11200 feet within 50 feet of a target point located 440 feet from the North line and 2420 feet from the West line of said Section 32;
- (4) The NE/4 NW/4 (Unit C) of said Section 32 shall be dedicated to said well forming a standard 40-acre oil spacing and proration unit;

- (5) Said well is within one mile of the Little Lucky Lake-Devonian Pool and is therefore subject to the Division's General Rules and Regulations governing well locations in this pool [see Rule 104.B(1)(a)] which require wells to be no closer than 330 feet from the outer boundary of its designated 40-acre, more or less, drilling tract;
- (6) The proposed sidetracked bottom-hole recompletion is therefore considered to be unorthodox;
- (7) The N/2, W/2 SW/4, SE/4 SW/4, and SE/4 of said Section 32 is included within a single lease issued by the New Mexico State Land Commission as Lease No. V-03756; therefore, there are no off-set operators directly effected by the unorthodox bottomhole location;
- (8) This application has met all the necessary requirements under Division General Rule 104.F and 111 and approval of such will serve to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights;
- (9) The operator should be required to determine the subsurface location of the kick-off point of the State "LLA" Shell Well No. 1 prior to directional drilling and should subsequently be required to conduct an accurate wellbore survey during or upon completion of directional drilling operations from the kick-off point to total depth to determine its true depth and course; and,
- (10) The operator should be required to notify the supervisor of the Hobbs District Office of the Division of the date and time said directional surveys are to be conducted so that they may be witnessed. The applicant should further be required to provide a copy of said directional surveys to the Santa Fe and Hobbs District Offices of the Division upon said re-completion.

IT IS THEREFORE ORDERED THAT:

(1) Matador Petroleum Corporation, is hereby authorized to re-enter the existing Texaco, Inc. State "LLA" Shell Well No. 1, located at a standard surface oil well location, 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 32, Township 15 South, Range 30 East, NMPM, Chaves County, New Mexico, and recomplete said well by side tracking off of the vertical wellbore and directionally drill in such a manner as to bottom in the Little Lucky Lake-Devonian Pool at a true vertical depth of approximately 11,200 feet within 50 feet of a target point located 440 feet from the North line and 2420 feet from the West line of said Section 32, being an unorthodox bottom-hole oil well location for said pool.

<u>PROVIDED HOWEVER THAT</u> prior to commencing directional drilling operations into said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

<u>PROVIDED HOWEVER THAT</u> during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

- (2) The applicant shall notify the supervisor of the Hobbs District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Hobbs offices of the Division upon completion.
- (3) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.
- (4) The NE/4 NW/4 (Unit C) of said Section 32 shall be dedicated to the well forming a standard 40-acre oil spacing and proration unit.
- (5) 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 the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMA

Director

SEAL

WJL/MES/amg

cc: Oil Conservation Division - Hobbs State Land Office - Santa Fe E-mail de Anna as DD Mara
MS.

June 22, 1994

Matador Petroleum Corporation 415 W. Wall Suite 1101 Midland, Texas 79701

Attention: Roger N. Townsend

Administrative Order DD-** (NSBH2)

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Administrative Order DD-**
Matador Petroleum Corporation
June 22, 1994
Page No. 3

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY Director

SEAL

WJL/MES/amg

cc: Oil Conservation Division - Hobbs State Land Office - Santa Fe

MATADOR PETROLEUM CORPORATION

415 W. WALL, SUITE 1101 MIDLAND, TX 79701 (915) 687-5955

June 20, 1994

Mike Stogner New Mexico Oil Conservation Division 310 Old Santa Fe Trail, Room 206 Santa Fe, NM 87501

Re: State LLA #1

Sec. 32, T15S-R30E

Chaves County, New Mexico

Dear Mr. Stogner:

Thank you for your time and effort in helping with Matador's application to re-enter the referenced well and drill a directional hole to a Devonian pay zone. As discussed in our telephone conversation, Matador has a deadline of July 14, 1994 to begin the re-entry causing a time concern.

To complete the detail you need to evaluate the request Matador submitted June 6, 1994, enclosed please find the following:

- 1. A survey plat showing the surface location as well as the expected bottom hole location. Also, Matador's lease boundary is outlined.
- 2. A wellbore diagram of the existing hole.
- 3. Vertical and horizontal diagrams of the proposed deviation as well as the detailed deviation program.
- 4. A land map of the area showing the offset operators, who were notified by certified mail earlier of Matador's proposed re-entry.

Your cooperation in examining this data promptly will be greatly appreciated.

Very truly yours,

Patti Lankford

Secretary to Mr. R. F. Burke

Operations Manager

Enclosures

DISTRICT I P. O. Box 1980 Hobbs, NM 88240

P. O. Drawer DD Artesia, NM 88210

OIL CONSERVATION DIVISION P. 0. Box 2088 Santa Fe. New Mexico 87504-2088

DISTRICT III 1000 Rio Brozos Rd Aztec, NM 87410

660

990 1320 1650 1980 2310 2640

WELL LOCATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the section. Operator Lease Well No. MATADOR OPERATING COMPANY STATE LLA Unit Letter Range Section Township County 32 15 SOUTH 30 EAST, N.M.P.M. **CHAVES** Actual Pootage Location of Well NORTH 1979 WEST feet from the line and feet from the line Ground Level Elev. Producing Pormation 3937' 40 Devonian Little Lucky Lake 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 interest of all the owners been consolidated by communitization, unitization, forced-pooling, etc.? \square Yes \square No If answer is "yes", type of consolidation If the answer is "no", list the owners and tract descriptions which have actually been consolidated. (Use the reverse side of this form if neccessary.) 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 interest, has been approved by the division. OPERATOR CERTIFICATION 440 I hereby certify that the 2420' information herein is true and complete to the best of my 1979 knowledge and belief. (1)Signature R. F. Burke Position Operations Manager Company Matador Operating Company May 26, 1994 SURVEYOR CERTIFICATION 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 (1) Surface location to the best of my knowledge (2) Bottom hole location and belief. Date Surveyed JANUARY 13, 4994 Signature and Scal of BEZNER-....R.P.S. #7920

2000

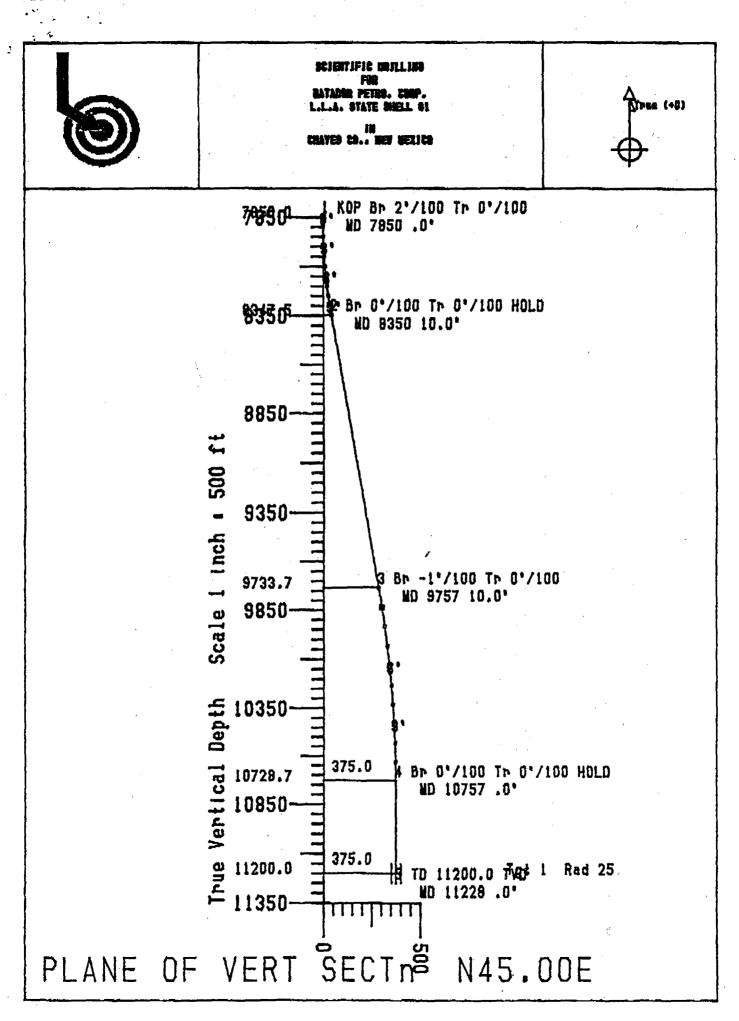
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		WELL INFORMATION Well Name: #1 State LLA Shell Field: Little Lucky Lake	
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0.0~		County: Chaves State: New Mexico Spud Date: 6-3-59 Completion Date: 10-6-59	
} {		Kelly Bushing (ft): 3950.0 Elevation Reference: Ground Level	
		Wellhead (ft): 0.0 Elevation (ft): 0.0 Sec 32C-T15S-R30E	
489.0-		660' FNL, 1980' FWL	
}		Hole Reference from Kelly Bushing ID MD TVD Comment	
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		7.825 11250.0 11250.0 Hole segment number three Hole Plug Reference from Kelly Bushing	
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		Hole Plug Reference from Kelly Bushing Top Bottom Comment	
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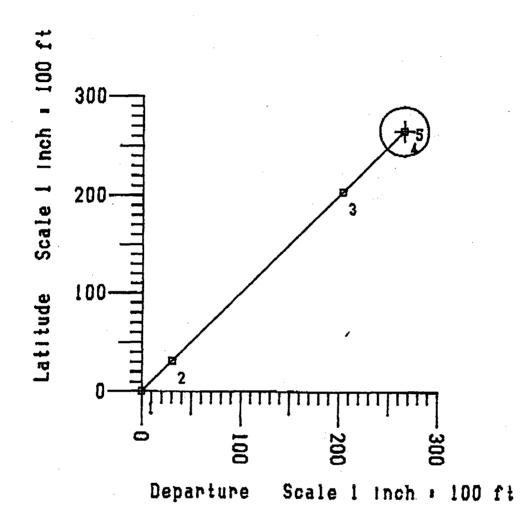




SCIENTIFIC ORILLING FER BATADOR PETRO. CORP. L.L.A. STATE SHELL 81



CHAYES CO., HET BEXICO



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8600.0	10.00	45.00	8593.7	86.9	61.5	61.5	0.0	0.0	0.0	0.0
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9200.0	10.00	45.00	9184.6	191.1	135.1	135.1	0.0	0.0	0.0	0.0
9300.0	10.00	45.00	9283.0	208.5	147.4	147.4	0.0	0.0	0.0	0.0
9400.0	10.00	45.00	9381.5	225.9	159.7	159.7	0.0	0.0	0.0	0.0
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060 0.0	1.58	45.00	10571.0	372.8	263.6	263.6	-1.0	0.0	1.0	180.0
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NOTE: Paloma Resources, Inc. operates all wells in Sec. 29-T15S, R30 E

MATADOR PETROLEUM CORPORATION

O'IL CONSERVE ON MIDESAGNIX 79701

RECEIVED (915) 687-5955

June 6, 1994 per persent pour les marches pass au groupe was

Mr. Bill LeMay New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, NM 87504-2088

> Re: State LLA #1 Sec. 32-T15S-R30E Chaves County, New Mexico

Dear Mr. LeMay:

Matador Operating Company is requesting approval to re-enter the State LLA #1 which was drilled in 1959 to the Devonian formation at a TD of 11,250 feet. This well did not produce from the Devonian. A Pennsylvanian completion resulted in poor production and the well was plugged and abandoned in July of 1960.

Matador believes that by re-entering the wellbore and beginning directional drilling at the cement plug at approximately 7800 feet in a northeasterly direction, we can cross a Devonian fault and find the upthrown Devonian to be oil productive. The surface location is at 660' FNL & 1980' FWL of the referenced section. The proposed bottom hole location will be approximately 490 feet northeast at a location of 440' FNL & 2420' FWL of the same section.

Matador is notifying offset operators of this request by certified mail. Please let us know if we have not followed appropriate procedures in making this request and we will take measures to rectify the situation. Thank you for your time considering this matter and I hope you will not hesitate to call me if you have any questions on need any further information.

Sincerely,

Roger N. Townsend Chief Geologist

Roger M. Townsend

RNT/pl

Mr. Bill LeMay June 6, 1994 Page 2

A copy of this letter has been sent by certified mail to the following offset operators:

Mr. Gene Lee Paloma Resources Inc. 1306 Meadow Lane Roswell, NM 88201

P 778 215 990

P 778 125 991

Mr. Mark McClellan Sulimar Company P. O. Drawer 730 Roswell, NM 88202-0730

P 778 125 990

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL (See Reverse)

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	P.O., State and ZIP Code ROSWell, NM 88202-0730					
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	Certified Fee	1.00				
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	Restricted Delivery Fee					
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198	Return Receipt showing to whom, Date, and Address of Delivery					
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Form 3800, June 1985						

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P 778 125 991

MAIL

CMD : OG5SECT

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CMD : OG5SECT

ONGARD INQUIRE LAND BY SECTION

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