RECEIVED SEPT. 5, 1984
9PQ

PHONE 915/684-4202

DINERO
P. O. DRAWER 10505
MIDLAND, TEXAS 79702

September 4, 1984

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

NSL - 1889
RULE 104 F II
RELEASE SEPT. 25, 1984

STATE LEASE

RE: DINERO STATE WELL NO. 2
Non-Standard Well Location
660' FSL & 990' FEL,
Sec. 16, T-22-S, R-28-E,
Eddy County, New Mexico
S/2 OF SEC. 16 DEDICATED

Gentlemen:

We wish to apply for a non-standard location to bring the proposed well within the boundaries of the targeted reservoirs, (Atoka and Morrow). We believe that the standard location would place us outside of the commercially desirable reservoir boundaries. We feel if this request is granted it will provide maximum production from the reservoirs and that this is in the best interest of all parties concerned.

In compliance with the New Mexico State Rules for administrative approval of non-standard well locations, I have notified all off-set operators by certified mail. The off-set operators to this requested location are Amoco Production Company and Bass Enterprises Production Company.

If there are any questions concerning this application, please notify the undersigned or our Land Manager, Jim Dewey, at the above stated location.

Very truly yours,

DINERO OPERATING COMPANY

Lavonda Norman

Lavonda Norman
Production Supervisor

/ln

Enclosure

Amoco Production Company
501 WestLake Park Boulevard
Post Office Box 3092
Houston, Texas 77253

August 21, 1984

Re: EA 49,016
C-97,176
Big Chief Area
Eddy County, New Mexico
L-420; SE New Mexico Strat.

Dinero
P. O. Drawer 1050
Midland, TX 79702

Attention: Ms. Lavonde Norman

Gentlemen:

Reference is made to your letter of August 1, 1984, which informed Amoco that Dinero was considering a non-standard location for the proposed Dinero State #2 well in Section 16, T-22-S, R-28-E, Eddy County, New Mexico.

Upon completion of its evaluation of such, Amoco has no opposition to a non-standard location at 660' FSL x 660' FEL Section 16, T-22-S, R-28-E, Eddy County, New Mexico.

Sincerely,

Doris Walkoviak

Doris Walkoviak
Landman

DW/agd
OP5D025

PHONE 915/684-4292

DINERO
P. O. DRAWER 10505
MIDLAND, TEXAS 79702

September 4, 1984

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Gilbert Quintana

RE: Non-Standard Location
Change from 660' FS&EL
to 660' FSL & 990' FEL
Sec. 16, T-22-S, R-28-E,
Eddy County, New Mexico

Gentlemen:

Here is the information you requested when we spoke on the telephone Friday in regards to our changing our Non-Standard, referenced above, location for our proposed well in Eddy County, New Mexico. This has been done in order for you to be able to grant an Administration Approval in place of the hearing that had been set for September 5, 1984.

Both off-set Operators, Bass Enterprises Production Company, and Amoco Production Company have been notified and have no objections to this change of plans.

If any further information is needed, please let me know.

Thank you for your attention to this matter.

Sincerely,

DINERO OPERATING COMPANY

Lavonda Norman

Lavonda Norman
Production Supervisor

/ln

Enclosure

LOUIS BEIQUE
CONSULTING GEOLOGIST
328 MID-AMERICA BLDG.
MIDLAND, TEXAS 79701

AC 915-684-8486

May 23, 1984

Mr. Russell Ramsland
Dinero Operating Co.
P. O. Box 10505
Midland, Texas 79702

Re: Dublin Ranch Field
Eddy County, New Mexico

Dear Russell:

This report is to supplement the report of Lorin Rulla on the above field area, dated April 20, 1981.

Three sections owned by Dinero in the field are under pressure for further development, either because of negligible production, or because of proration unit size.

Section 16, 22-28:
A study of the Atoka Sands show that a location in the SE/4 of Section 16 has very good possibility of obtaining production from this horizon.

Going to the Morrow A & B Sands, this location also shows excellent possibility of obtaining production in these sands.

The lower Morrow map shows that a SE/4 Section 16, 22-28, has also excellent possibilities. It is therefore recommended that a well be drilled in SE/4 Section 16, 22-28, to replace the #1 Dinero State to re-establish production in that section.

Section 21, 22-28:

The well in this section, Big Chief #3, is presently producing from the Atoka Sands. A second location, in the NE/4 of Section 21, 22-28, could also establish production in the Atoka Sands.

The Morrow A & B Sands are thin in that area; however, stray sands can come in, in any location drilled in the upper Morrow, so these are still a good prospective horizon.

The Lower Morrow, however, shows excellent possibilities, as the Big Chief #3 was potentialed for 3.5 mmcf in that interval, but production was never regained after being shut in.

So a NE/4 location in Section 21, 22-28, is recommended both for Atoka and lower Morrow as primary objectives and Morrow A & B Sands for secondary objectives.

Section 27, 22-28:
This section shows two producers in the W/2 of Section 27, the Little Squaw #1 & #2 wells.

The Little Squaw #2 is not producing economically at this time. Some suggestions have been made to whipstock the well to re-establish production; however, from the study presented here, only the Morrow A & B Sands show any promise of good production; this well, however, could be directionally drilled to a NE direction for this purpose.

If a new well should be drilled, it should be placed in the NE/4 of Section 27, 22-28, for optimum results. There, the Atoka Sands show a good potential, and the upper lower Morrow sands show a very good section in the Little Squaw #1, which was probably damaged by drilling fluids, and tested negatively.

This brings up the subject of formation damage. Morrow sands are extremely subjective to drilling fluids damage and, once damaged, are seldom recovered. So it is suggested here that the replacement wells be drilled to the Atoka as the primary objective. Deplete the Atoka sands formation, and when these are no longer economical, squeeze the Atoka zones and then drill the Morrow sands with gas. This would give a constant test as the well is drilled, and it has been the experience of this writer that a Morrow well never did show on production test the same volume previously obtained by drill stem test; this shows that formation damage, however precaution one takes, is forever present. By drilling the Morrow formation with gas, no damage should ensue. If water is encountered, it probably could be foamed out, but this water being formation water should create minimal damage.

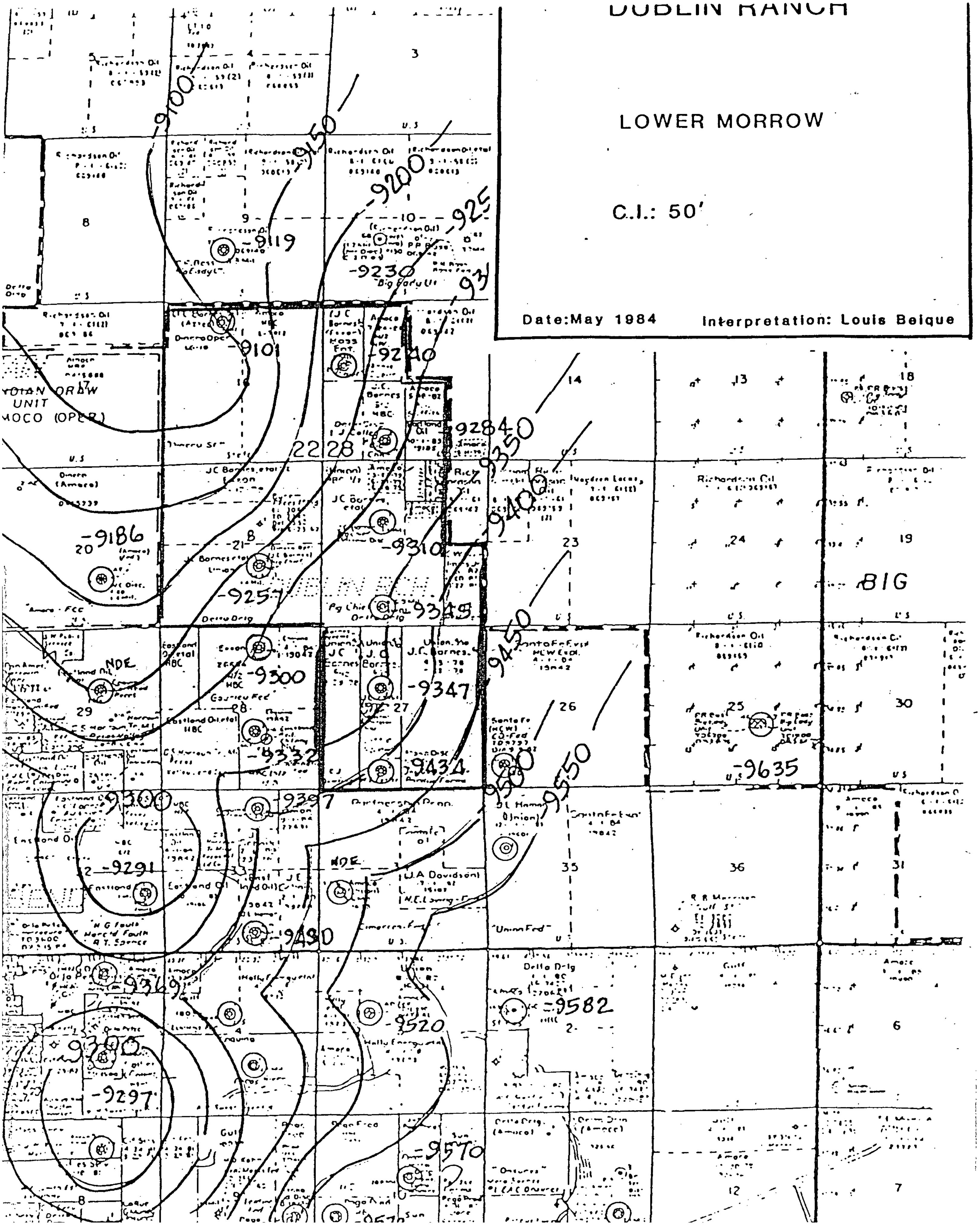
With a long string set in the Atoka, Morrow sands could probably be produced open hole. The sands are competent enough and the shales would have been welted and should stand.

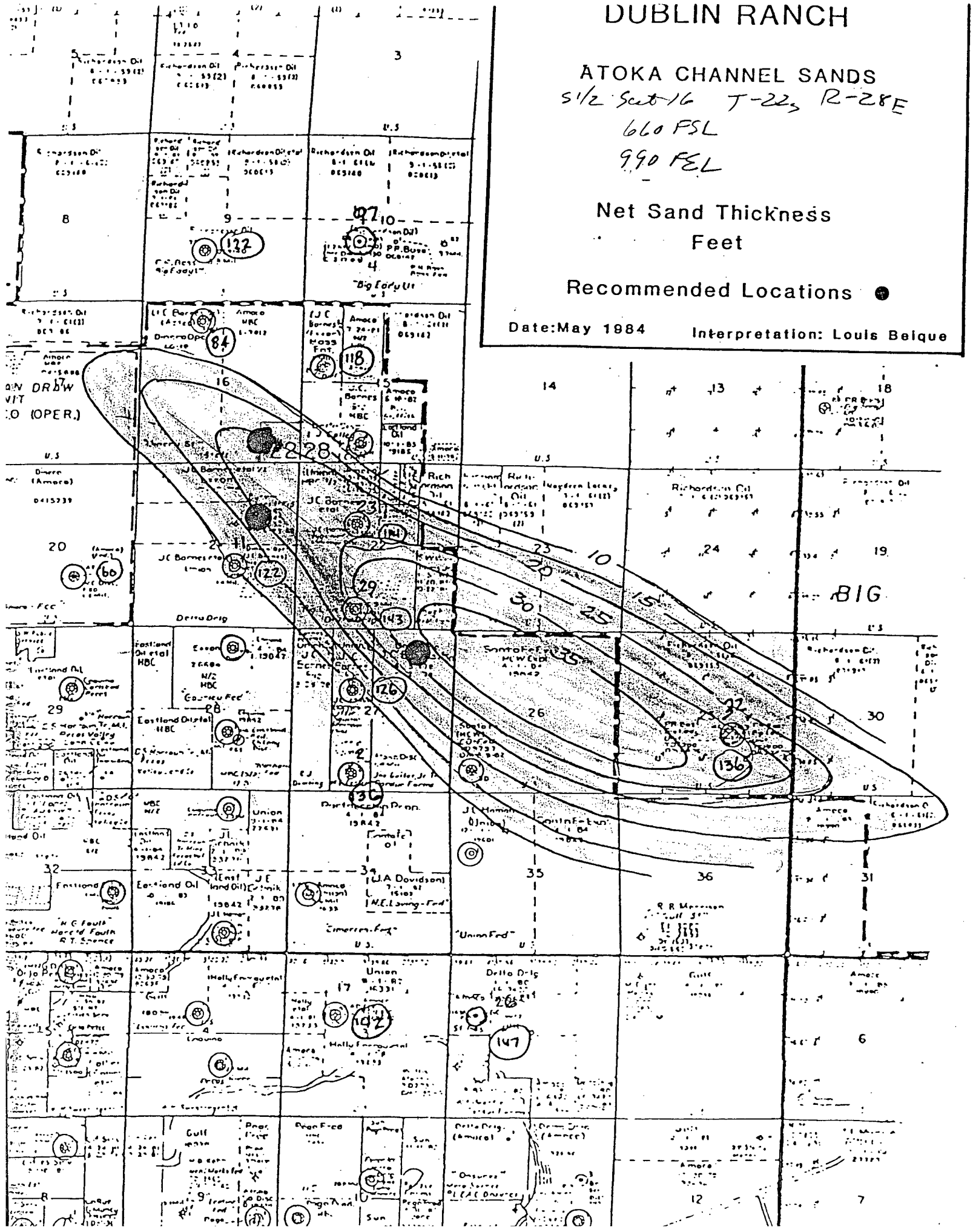
If production is encountered in the upper Morrow sections, one could deplete these sands before going to the lower horizons. This procedure might be worth looking into to get maximum gas recovery from a single bore-hole.

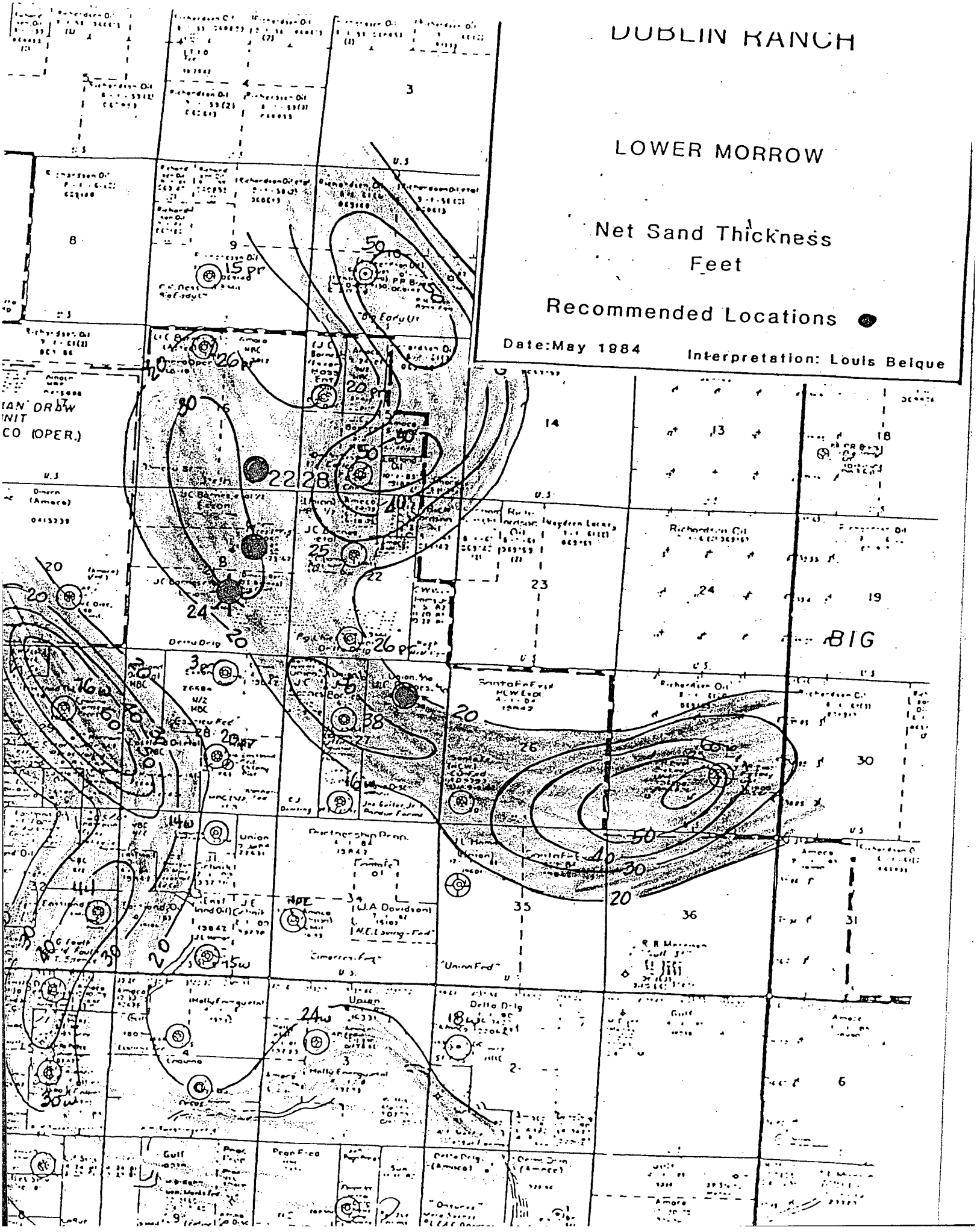
Yours very truly,

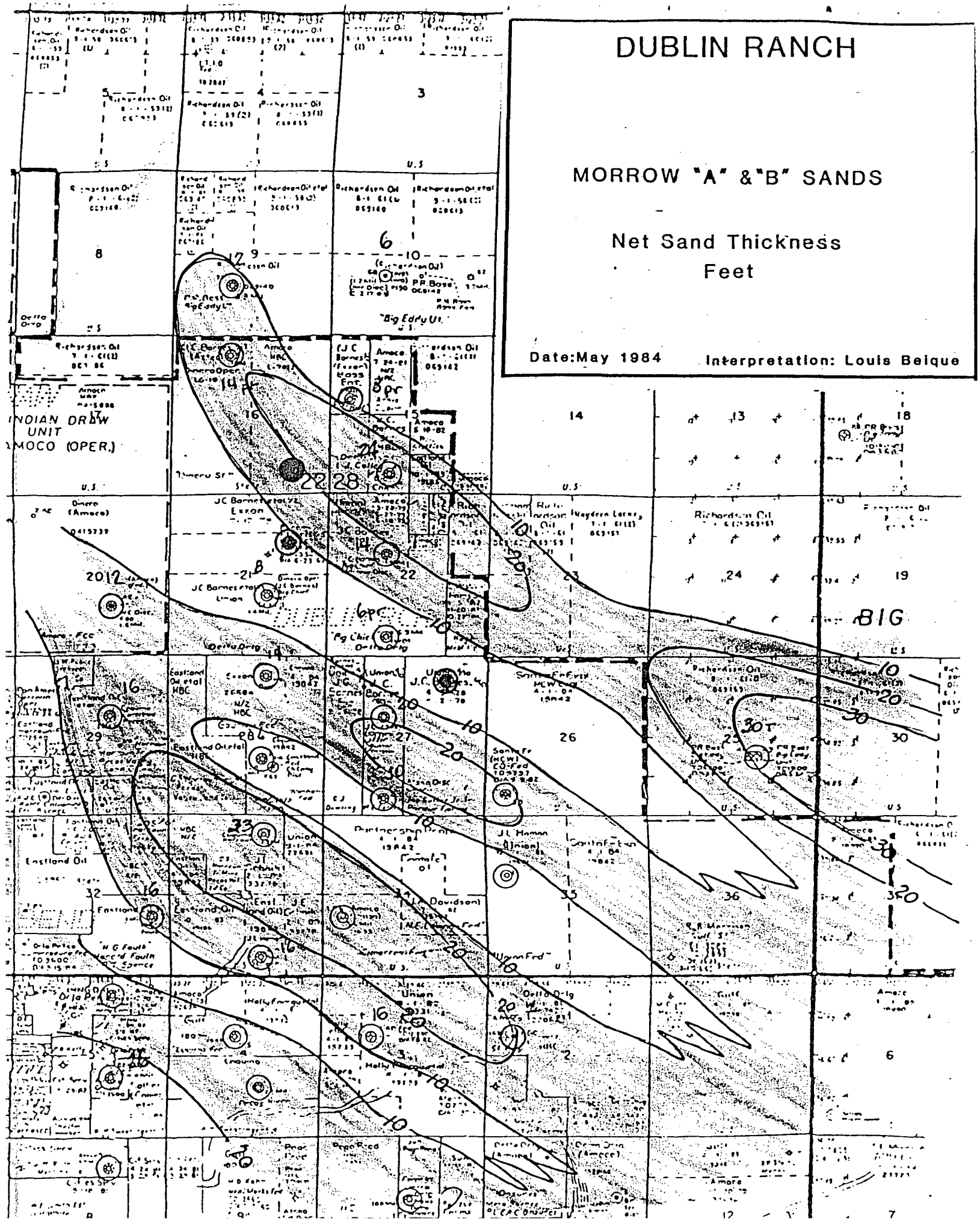
Louis Beique

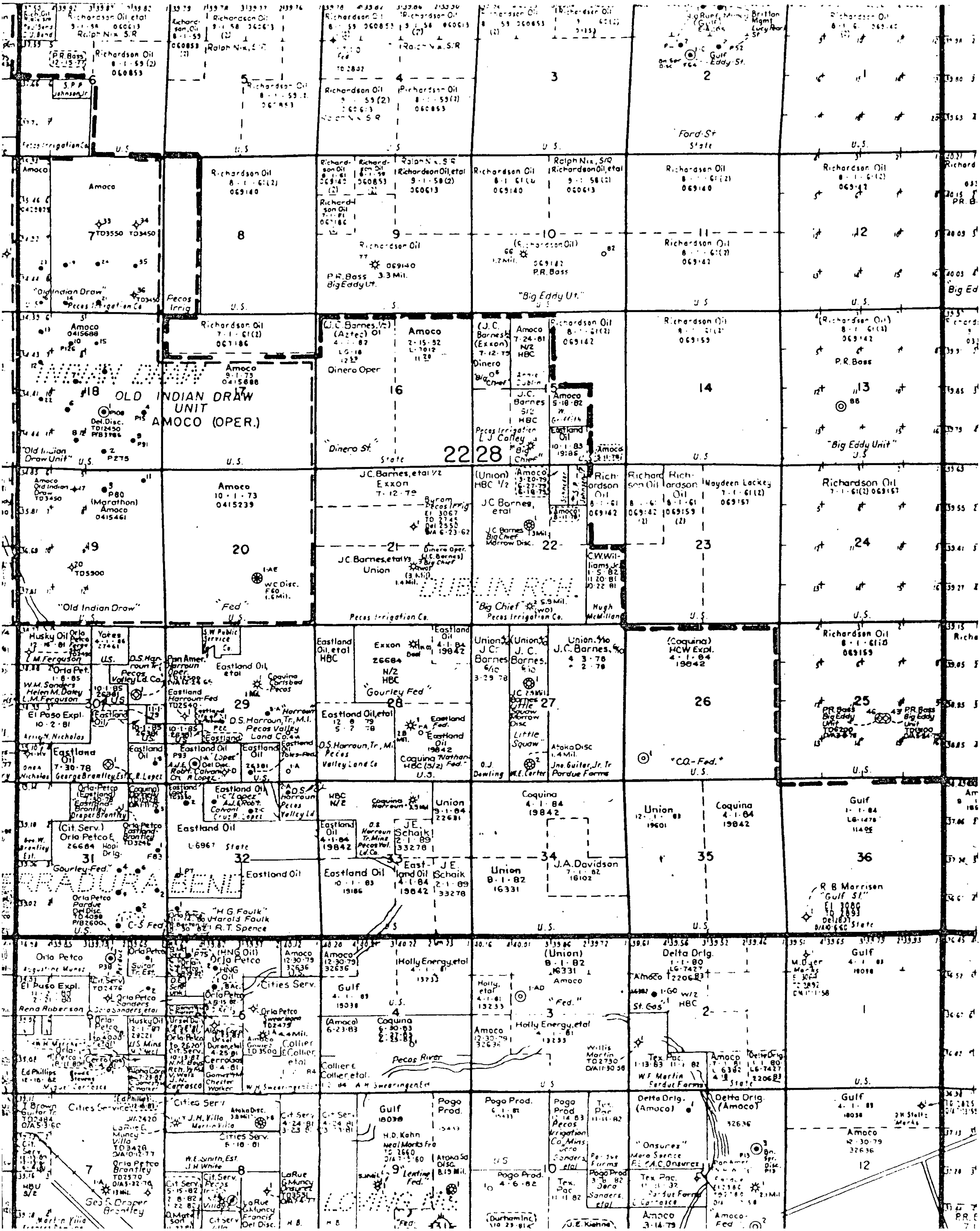
LB:md


DUBLIN RANCH
LOWER MORROW
C.I.: 50'
Date:May 1984
Interpretation: Louis Belque
-9100
-9150
-9200
-9119
-9230
-9101
-9240
-9284
-9350
-9186
-9310
-9400
-9257
-9349
-9450
-9300
-9347
-9332
-9434
-9500
-9550
-9635
-9397
-9291
-9480
-9349
-9582
-9520
-9297
-9570
BIG
NDE
LOWER MORROW UNIT
AMOCO (OPER.)


DUBLIN RANCH
ATOKA CHANNEL SANDS
S1/2 Sec 16 T-22S R-28E
660 FSL
990 FEL
Net Sand Thickness
Feet
Recommended Locations
Date:May 1984
Interpretation: Louis Beique
10
20
15
25
30
35
BIG


DUBLIN RANCH
LOWER MORROW
Net Sand Thickness
Feet
Recommended Locations
Date:May 1984
Interpretation: Louis Belque
BIG


DUBLIN RANCH
MORROW "A" &"B" SANDS
Net Sand Thickness
Feet
Date:May 1984
Interpretation: Louis Belque
INDIAN DRAW
UNIT
AMOCO (OPER.)
BIG



Richardson Oil
Ralph Nix, S/R
Ford-St State
Amoco
OLD INDIAN DRAW UNIT
AMOCO (OPER.)
"Old Indian Draw"
Pecos Irrigation Co.
Dinero Oper.
"Dinero St."
P.R. Bass
Big Eddy Ut.
"Big Eddy Ut."
"Big Eddy Unit"
22
28
J.C. Barnes, etal 1/2
Exxon
J.C. Barnes, etal 1/3
Union
Big Chief
DUBLIN RCH.
Richardson Oil
Maydeen Lackey
Husky Oil
Orla Pet.
El Paso Expl.
Eastland Oil
Pecos Valley Land Co.
"Gourley Fed."
Coquina
"CQ-Fed."
HCW Expl.
Gulf
"Gulf St."
R.B. Morrisen
Union
J.A. Davidson
J.E. Schaik
HERRADURA BEND
"H G Faulk"
Harold Faulk
R.T. Spence
Orla Petco
Cities Serv.
Holly Energy, etal
Delta Drlg.
Pecos River
Collier & Collier, etal
Pogo Prod.
Tex. Pac.
"Onsurez"
Amoco

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

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

PROP. NEW LOCATION

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

Operator	Lease	Well No.
DINERO OPERATING COMPANY	DINERO STATE	2

Unit Letter	Section	Township	Range	County
	16	T-22-S	R-28-E	EDDY

Actual Footage Location of Well:
660 feet from the SOUTH line and 99 feet from the EAST line

Ground Level Elev:	Producing Formation	Pool	Dedicated Acreage:
			Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

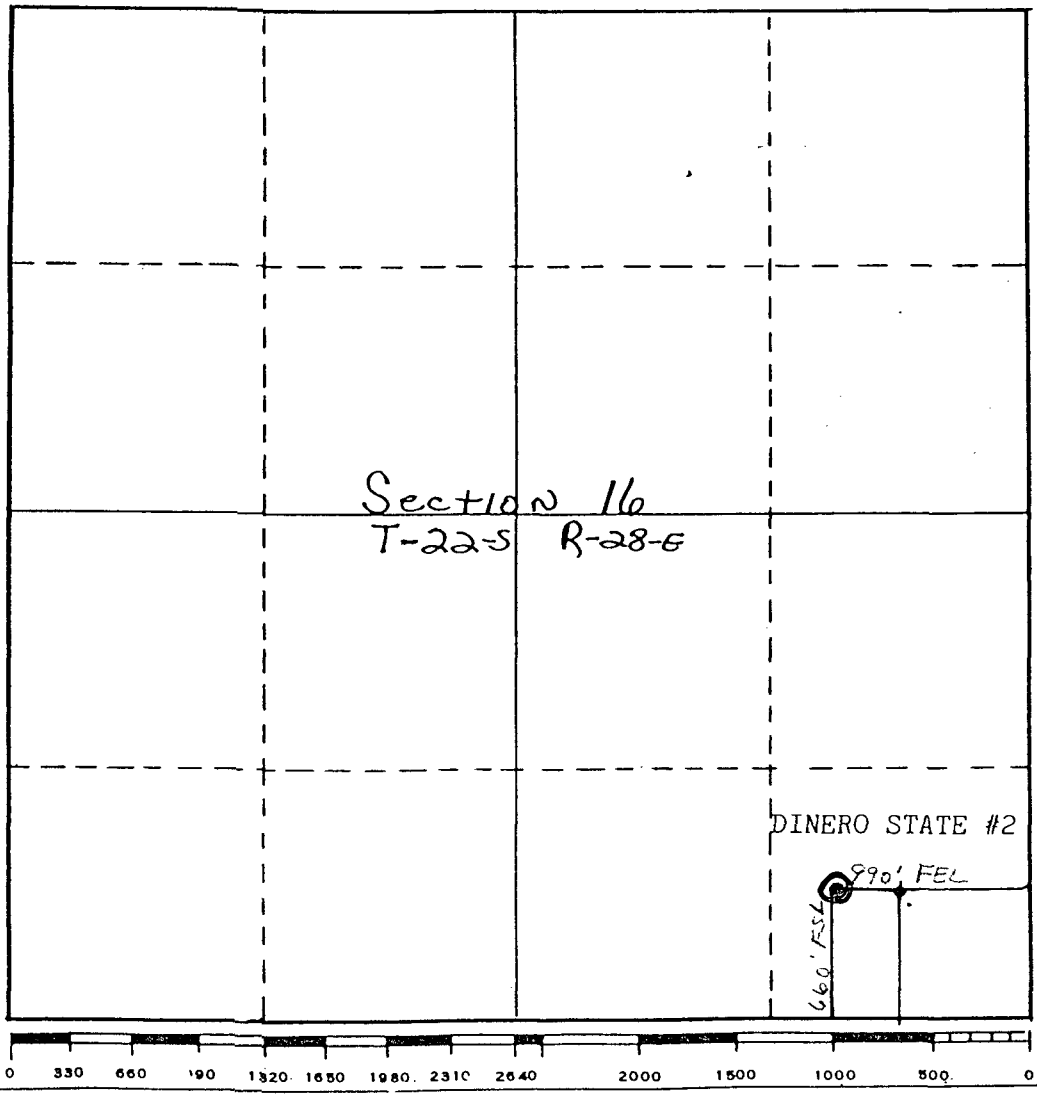
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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.



CERTIFICATION

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

Name

Position

Company

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.

Old Location

NEW MEXICO OIL CONSERVATION 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	Lease	Well No.
DINERO OPERATING COMPANY	DINERO STATE	2

Unit Letter	Section	Township	Range	County
	16	T-22-S	R-28-E	EDDY

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660 feet from the SOUTH line and 660 feet from the EAST line

Ground Level Elev:	Producing Formation	Pool	Dedicated Acreage:
			Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

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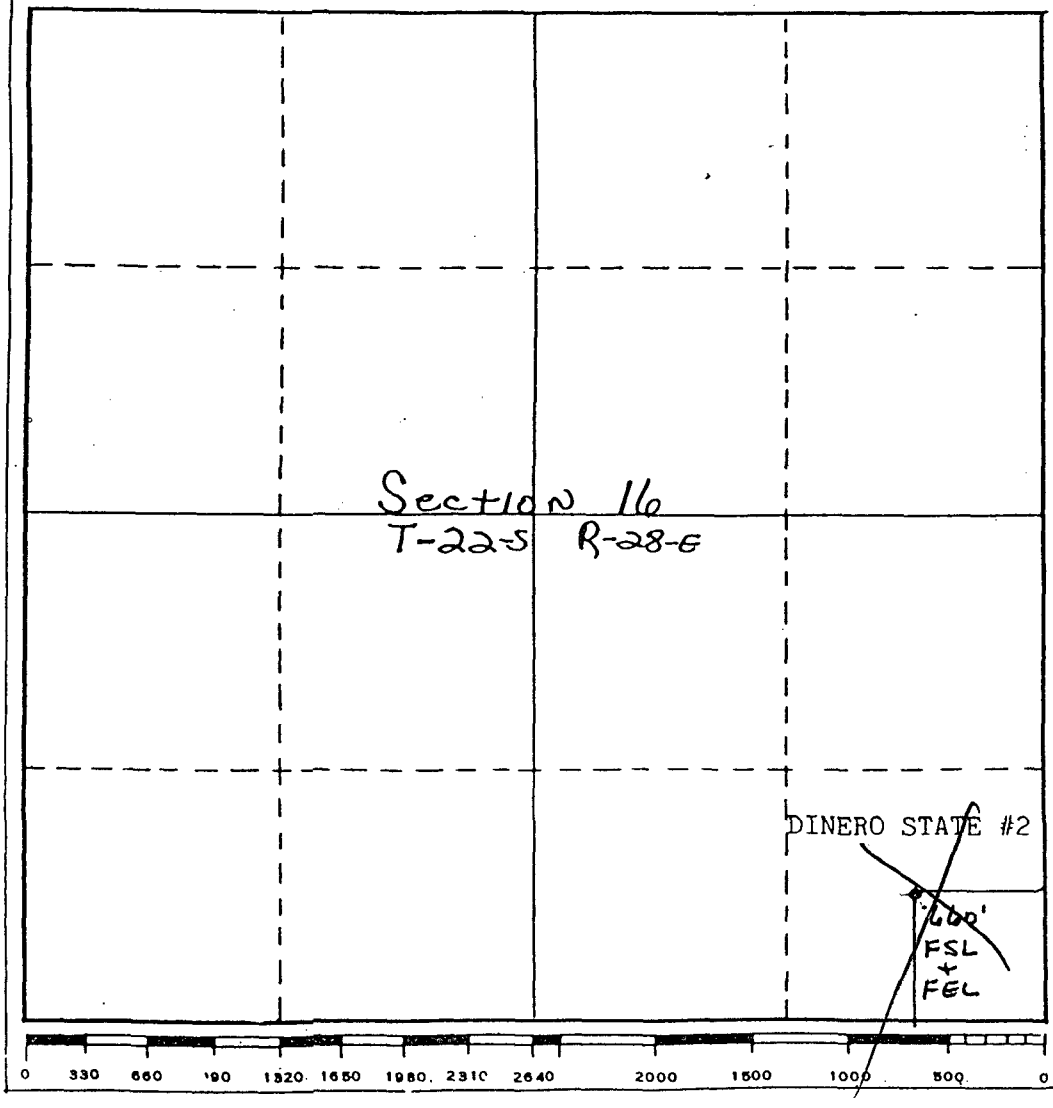

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Name

Position

Company

Date

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Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.

LORIN J. RULLA
GEOLOGIST
207 WEST BUILDING
401 NORTH COLORADO
MIDLAND, TEXAS
79701

TELEPHONE: 684-7666
AREA CODE: 915
RESIDENCE: 682-7239

April 20, 1981

Mr. Russell Ramsland
Dinero Operating Company
Chancellor Building
Midland, Texas 79701

Dear Russell:

I have made a geologic evaluation of the Dublin Ranch Field Area in southeastern Eddy County, New Mexico. My conclusions and recommendations are presented below.

Morrow Sands

The Morrow Sand interval is approximately 650 feet thick in the Dublin Ranch Area and several individual sands produce gas in commercial quantities in developed portions of the field. By analogy with nearby areas, the Morrow Sands are believed to be a series of super-imposed beach, bar and channel sands, interbedded carbonates, and marine and non-marine shales. Stratigraphic relationships are thus very complex, making it difficult to map individual Morrow Sand units.

I have therefore subdivided the Morrow interval into four sub-units labeled A, B, C and D on the enclosed cross sections. A thickness map of the net "clean" sand within each of the sub-units was constructed. Each thickness map shows the number of net feet of sand exhibiting less than 30 API units on the gamma ray curve of logs on each well.

The thickness maps of Morrow Zones B, C and D indicate that undrilled northwest portions of the Dublin Ranch Unit should contain sands similar to those penetrated in the Big Chief and Little Squaw leases to the southeast.

The Morrow Sands in the Dublin Ranch Field generally exhibit relatively low permeability and porosity but these sands have proven to be an economic venture in the No. 1 Big Chief and No. 1 Little Squaw. Several potential pay sands have not been perforated in other existing wells.

Drill stem tests and production histories of several wells in the unit indicate that Morrow Sands are subject to formation damage during drilling and completion. Special care should be taken to avoid this in future wells.

Atoka Sands

Atoka Sands are believed to be a series of bar and channel deposits locally exhibiting good porosity and permeability on mechanical logs. These sands flowed gas during drilling operations in several of the current Morrow producers. Units labeled Atoka "A" Sand and Atoka "B" Sand on the cross sections are of particular interest. The enclosed isopach maps of gross sand within each of these intervals, as well as stratigraphic relationships, indicate that the Atoka "A" Sand and the Atoka "B" Sand are channel deposits trending perpendicular to stratigraphic strike. Atoka channel sands, while relatively difficult to locate from an exploratory standpoint, appear to offer extremely good potential for additional gas production.

Bone Spring

Delta Drilling Company has made several Bone Spring oil completions in their Culebra Bluff Unit, located five miles south of the Dublin Ranch Field. Production comes from both argillaceous carbonates and argillaceous sands of the Bone Spring Formation. Some of the sands appear to be very radioactive on mechanical logs. The completed interval is variable from well to well, generally consisting of thin fractured zones spanning depths from 6400 to 9500 feet. Mechanical logs indicate very little porosity, and production rates are quite variable. The Delta Drilling Company No. 4-A Culebra Bluff Unit produced approximately 3200 barrels of oil and 3 million cubic feet of gas per month, and prolific oil producers have been completed in nearby areas.

The No. 1 and No. 4 Big Chief penetrated shows of oil and gas in drill cuttings from this horizon and the No. 1 Little Squaw surfaced gas and mud while drilling. Drill cuttings and gas analyses should be carefully examined through the intervals 6200 to 9800 feet on any subsequent wells to determine possible pay zones. Wells on the Big Chief and Little Squaw leases should be perforated and tested opposite the Bone Spring interval before abandonment.

Delaware Sands

Sands within the Delaware Mountain Group produce oil at Indian Draw Field, located one mile west of the Dublin Ranch Unit, at Indian Flats Field, two and one-half miles north of the unit, and at Herradura Bend Field, located one mile southwest. Indian Draw and Indian Flats Fields produce from Cherry Canyon Sands, while Herradura Bend Field produces from the Ramsey Sand.

A structure map (Top Delaware Lime) and a thickness map of net sand greater than 15% porosity in Indian Draw Field (both maps enclosed) show the production to be controlled by an updip pinchout of porosity across a slight structural nose. The Indian Draw pay sand is believed to have been deposited in relatively deep water as a turbidity flow, and appears similar to a channel on the sand thickness map.

Subsurface control indicates a possible sand lens similar to the Indian Draw pay in the Dublin Ranch Area. Several wells on the Big Chief and Little Squaw leases were extensively side-wall cored through the porous Cherry Canyon lands. Core analysis showed good porosity and permeability but no shows of oil. A location northwest, updip from this immediate area, may prove productive from this pay. The Perry R. Bass No. 68 Big Eddy Unit, located in the southwest quarter of Section 10, T-22-S, R-28-E, recovered a good show of oil on a drill stem test of this approximate interval. The drill stem test 3698 to 3735 feet, open 135 minutes, surfaced gas after fifteen minutes. Recovery was six barrels of oil, four barrels of oil and gas-cut mud, and six barrels of heavily gas-cut and slightly oil-cut salt water (135,000 PPM). Thirty minute initial shut in pressure was 1758 pounds, flow pressures were 140 and 682 pounds, and 270 minute final shut in pressure was 1716 pounds. Logs are currently not available on this well.

Both the Upper Delaware and Cherry Canyon Sands should be considered as possible pay horizons in future drilling activity. Drill cutting should be carefully examined and drill stem tests run where warranted.

Deeper Pay Horizons

Both the Siluro-Devonian and the Ellenburger should be considered as potential pays on structure in the area of interest. An isopach map from the Atoka "marker" to the top of the Chester shows a strong nose over the Dublin Ranch Area, indicating early Pennsylvanian structural movement. Nearest Siluro-Devonian production occurs at Shugart Field, approximately twenty miles northwest. Wells located west and southwest of the Dublin Ranch unit generally have recovered fresh water from the Siluro-Devonian.

The Shell Oil Company No. 1 Big Eddy Unit, located in Section 36, T-21-S, R-28-E, recovered 2700 feet of slightly gas-cut mud, 450 feet of salt water-cut mud, and 720 feet of mud and slightly gas-cut salt water. A second test recovered 630 feet of salt water-cut mud and 180 feet of muddy salt water (35,000 PPM).

The Texaco, Inc. No. 1 Cotton Draw Unit, located in Section 2, T-25-S, R-31-E, fifteen miles south of the subject area, flowed gas at a rate of 5.5 to 6 MMCF/GPD and salt water at a rate of five barrels per hour from the Siluro-Devonian, and reported small shows of gas from the Ellenburger. The Ellenburger is estimated to be from 200 to 600 feet thick in the Dublin Ranch Area.

Yours very truly,

Lorin J. Rulla

LORIN J. RULLA

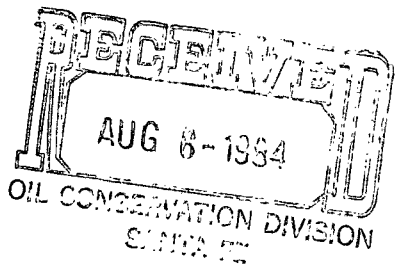
LJR/dba

Enclosures

PHONE 915/684-4292

DINERO
P. O. DRAWER 10505
MIDLAND, TEXAS 79702

August 1, 1984



State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 8328
Dismiss 1 Applicant will change location.

RE: Non-Standard Well Location
660' FSL & 660' FEL,
Sec. 16, T-22-S, R-28-E,
Eddy County, New Mexico

Gentlemen:

We wish to apply for a non-standard location to bring the proposed well within the boundaries of the targeted reservoirs, (Atoka and Morrow). We believe that the standard location would place us outside of the commercially desirable reservoir boundaries. We feel if this request is granted it will provide maximum production from the reservoirs and that this is in the best interest of all parties concerned.

In compliance with the New Mexico State Rules for administrative approval of non-standard well locations, I have notified all off-set operators by certified mail. The off-set operators to this requested location are Amoco Production Company and Bass Enterprises Production Company.

If there are any questions concerning this application, please notify the undersigned or our Land Manager, Jim Dewey, at the above stated location.

Very truly yours,

DINERO OPERATING COMPANY

Lavonda Norman

Lavonda Norman
Production Supervisor

/ln

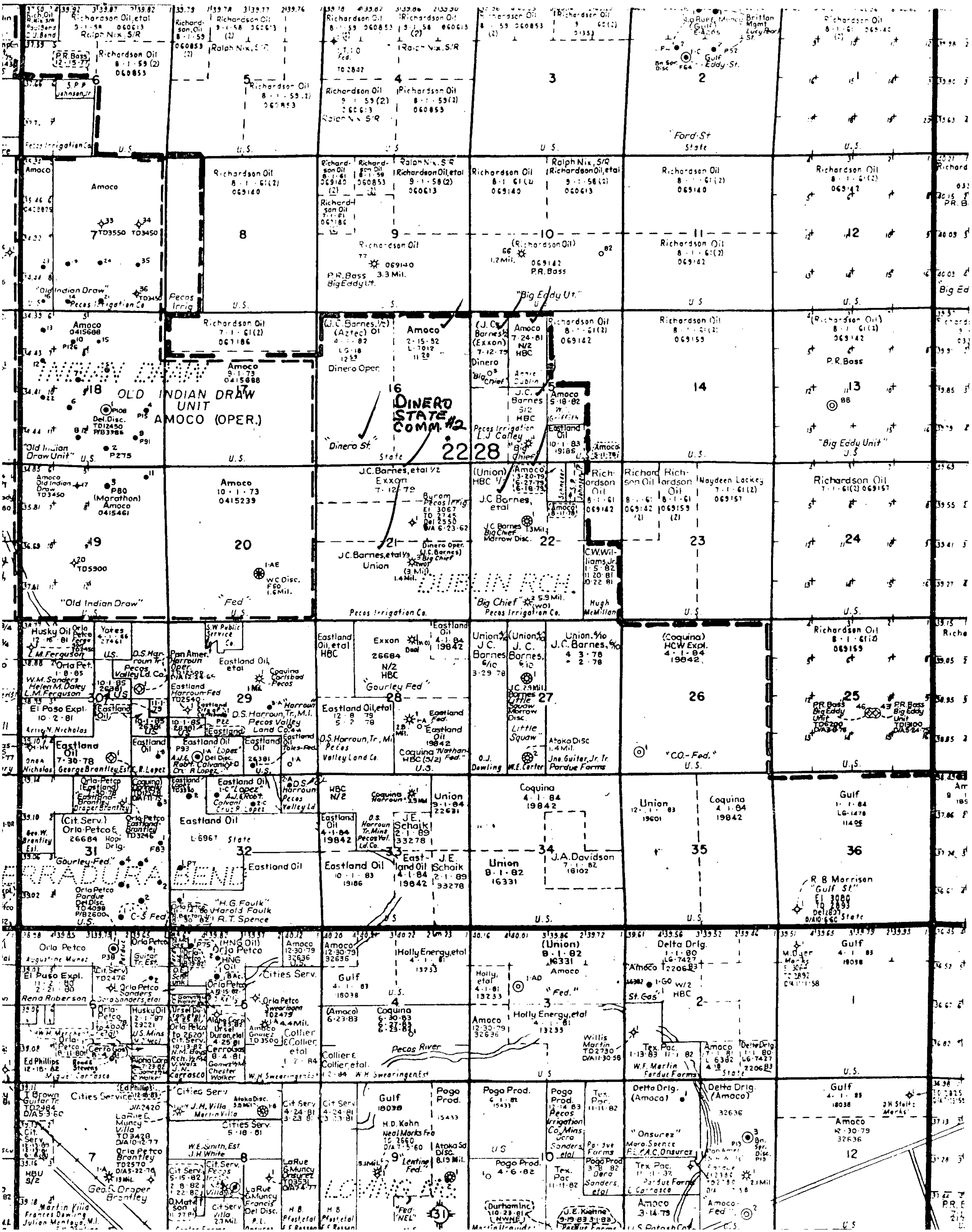
Enclosure

EXHIBIT "A"

The following are off-set Operators to the proposed non-standard location requested by Dinero Operating Company for the Dinero State Comm. No. 2 Well which will be in Section 16, T-22-S, R-28-E, 660 feet from both the South and East lines, Eddy County, New Mexico:

1. Bass Enterprises Production Company
   First City Bank Tower
   201 Main Street
   Fort Worth, Texas 76102

2. Amoco Production Company
   Attn: Doris Walkoviak
   Post Office Box 3092
   Houston, Texas 77253



Richardson Oil
Ralph Nix, S/R
Amoco
Old Indian Draw Unit
Amoco (Oper.)
Pecos Irrigation Co.
Dinero State Comm. #2
Dinero Oper.
Dinero St.
J.C. Barnes
Exxon
Union
Big Chief
Dublin Rch.
Big Eddy Unit
P.R. Bass
Haydeen Lackey
C.W. Williams, Jr.
Hugh McMillan
Coquina
HCW Expl.
Eastland Oil
Gourley Fed
D.S. Harroun, Tr., M.I.
Pecos Valley Land Co.
El Paso Expl.
Orla Petco
Husky Oil
Yates
Little Squaw
Atoka Disc.
Pardue Farms
CO-Fed.
Gulf
R.B. Morrison
Gulf St
J.E. Schaik
J.A. Davidson
H.G. Foulk
Harold Foulk
R.T. Spence
Delta Drlg.
Holly Energy, etal
Cities Serv.
Collier & Collier, etal
Pecos River
W.H. Swearingen Est.
W.F. Martin
Pogo Prod.
H.D. Kohn
Tex. Pac.
Onsurez
Amoco Fed
Durham Inc.
Martin Villa
Geo. E. Draper Brantley
U.S.
State

NEW MEXICO OIL CONSERVATION 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	Lease	Well No.
DINERO OPERATING CO.	DINERO STATE COM.	2

Unit Letter	Section	Township	Range	County
P	16	22S	28E	EDDY

Actual Footage Location of Well:
660 feet from the SOUTH line and 660 feet from the EAST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3080.0	Morrow	Dublin Ranch	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

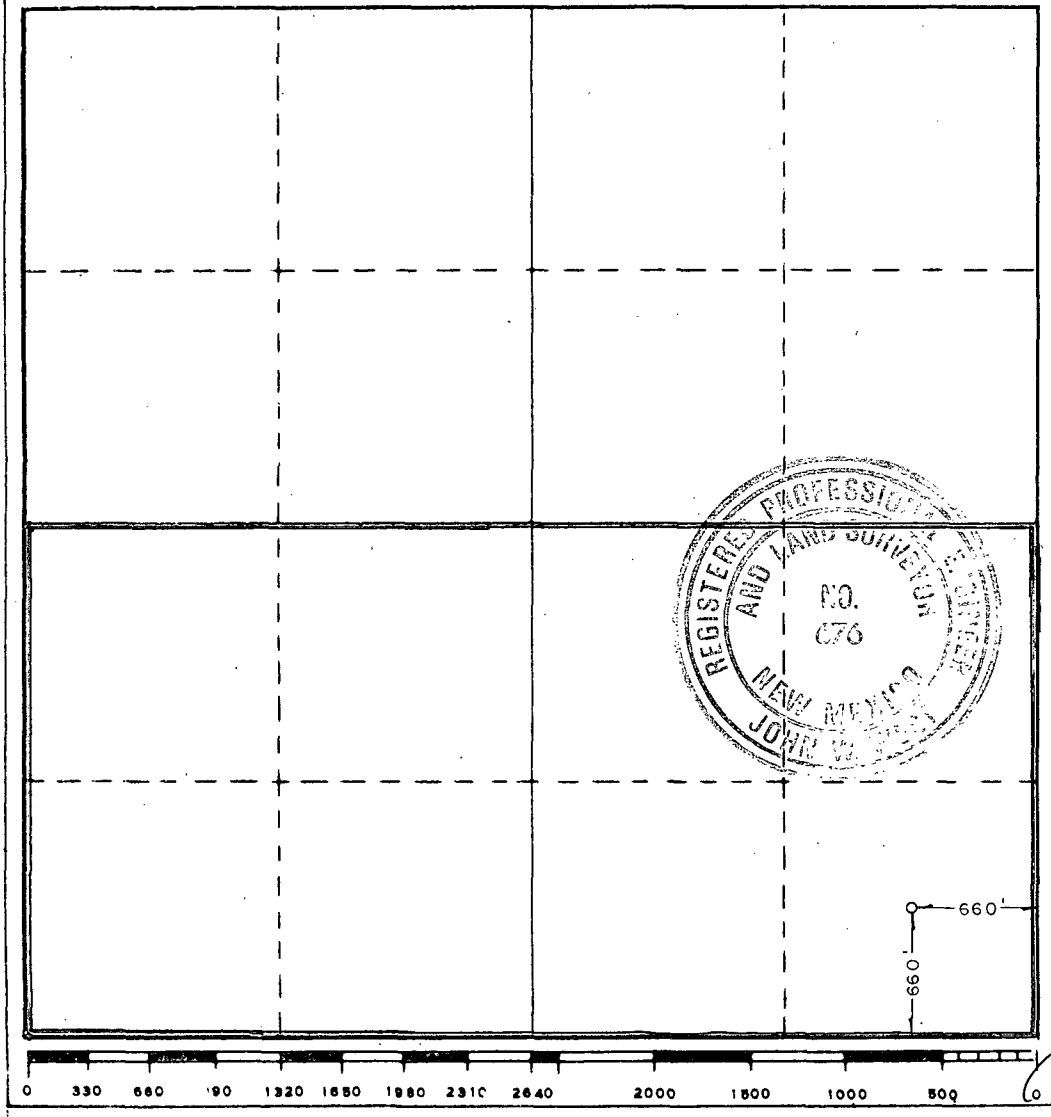
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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.



CERTIFICATION

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

Name: Lavonda Norman

Position: Production Supervisor

Company: DINERO OPERATING COMPANY

Date: July 26, 1984

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: 7/19/84

Registered Professional Engineer and/or Land Surveyor

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239