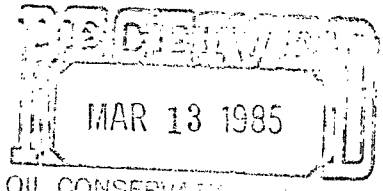
Release April 2, 1985 By DEC

EARLE M. CRAIG, JR. CORPORATION
1400 TWO FIRST CITY CENTER
MIDLAND, TEXAS
915 682-8244

MAILING ADDRESS:
P. O. BOX 1351
MIDLAND, TEXAS 79702-1351

8 March 1985



NSL-2018
RULE-104F(II)

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

Attention David Catanach

Approval of Unorthodox
Well Location
Lea County, New Mexico
EMCjr Corp - Hurricane "12" #1
Hat Mesa Morrow Pool

Gentlemen:

Earle M. Craig, Jr. Corporation ("Craig") proposes to drill a 14,400' Morrow test at a location 1,330' FNL and 670' FWL of Section 12, T-21-S, R-32-E, NMPM, Lea County, New Mexico, which requires approval by the Commission under Rule 104F. We hereby request a hearing before the Oil Conservation Commission on the 10 April 1985 agenda, to obtain an order approving the proposed location.

The proposed 320-acre proration unit consists of W/2 of said section, to provide for optimum development of prospective acreage. Operators of proration or spacing units offsetting the proposed proration unit as shown on the attached plat, have been notified by certified mail.

Geologic maps, cross-sections, logs and a discussion of geologic conditions necessitating the proposed location were furnished previously. Should the offset operators not enter an objection within 20 days of your receipt of this application, we respectfully request our application be granted approval administratively pursuant to Rule 104F II and III of Oil Conservation Division Rules and Regulations. Subsequently, we then would request our cause to be dismissed from 10 April 1985 agenda.

As the proposed leasehold situation requires our well be commenced in June 1985, your prompt consideration is appreciated.

Very truly yours,

Steven R. Foy
Landman

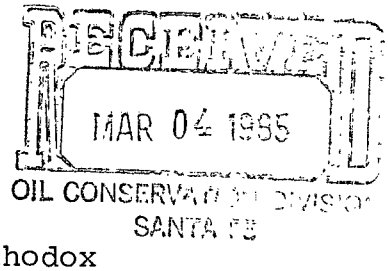
SRF/mg

EARLE M. CRAIG, JR. CORPORATION
1400 TWO FIRST CITY CENTER
MIDLAND, TEXAS
915 682-8244

22 February 1985

MAILING ADDRESS:
P. O. BOX 1351
MIDLAND, TEXAS 79702-1351

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



Attention Richard L. Stamets

Approval of Unorthodox
Well Location
Lea County, New Mexico
EMCjr Corp - Hurricane "12" #1

Gentlemen:

Earle M. Craig, Jr. Corporation ("Craig") proposes to drill a 14,400' Morrow test at a location 1,320' FNL and 660' FWL of Section 12, T-21-S, R-32-E, NMPM, Lea County, New Mexico, which requires approval by the Commission under Rule 104F. We hereby request a hearing before the Oil Conservation Commission on the 27 March 1985 agenda, to obtain an order approving the proposed location.

The proposed 320-acre proration unit consists of W/2 of said section, to provide for optimum development of prospective acreage. Operators of proration or spacing units offsetting the proposed proration unit as shown on the attached plat, have been notified by certified mail.

Geologic maps, cross-section, log, and a discussion of geologic conditions necessitating the proposed location are enclosed. Should the offset operators not enter an objection within 20 days of your receipt of this application, we respectfully request our application be granted approval administratively pursuant to Rule 104F II and III of Oil Conservation Division Rules and Regulations. Subsequently, we then would request our cause to be dismissed from the 27 March 1985 agenda.

As the proposed leasehold situation requires our well be commenced in June 1985, your prompt consideration is appreciated.

Very truly yours,

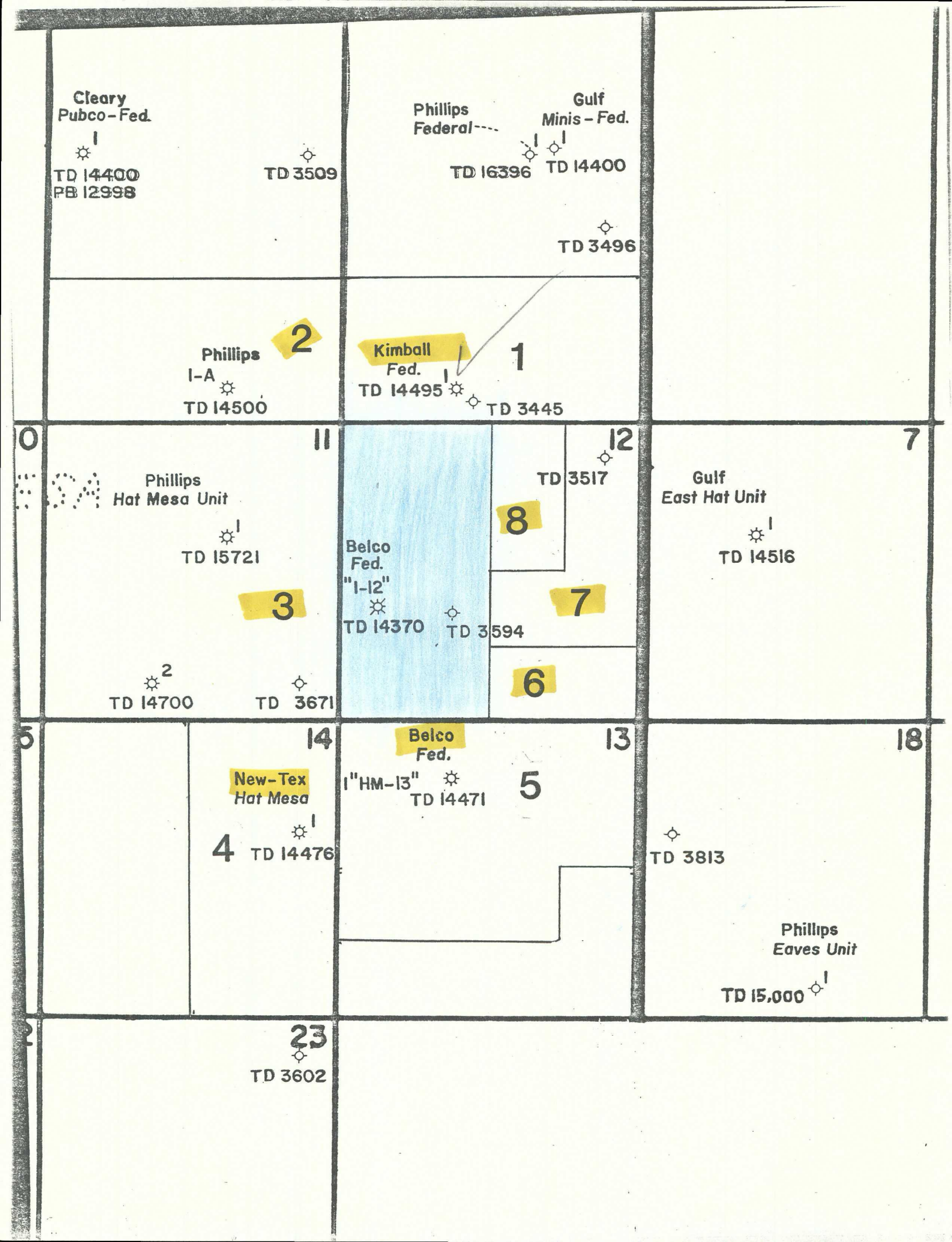
Steven R. Foy
Landman

SRF/mg

EARLE M. CRAIG, JR. CORPORATION

OFFSET OPERATORS

Tract 1	Kimball Production Company 9999 Richmond Avenue, Suite 151 Houston, Texas 77042
Tracts 2, 3, and 7	Phillips Petroleum Company 4001 Penbrook Odessa, Texas 79762
Tract 4	New Tex Oil Company P. O. Box 297 Hobbs, New Mexico 88240
Tract 5	BelNorth Petroleum Corporation One Petroleum Center, Building 6 3300 North "A", Suite 201 Midland, Texas 79705
Tracts 6 and 8	Craig, Ltd. c/o Earle M. Craig, Jr. Corporation P. O. Box 1351 Midland, Texas 79702


Cleary
Pubco-Fed.
1
TD 14400
PB 12998
TD 3509
Phillips
Federal
1
TD 16396
Gulf
Minis-Fed.
1
TD 14400
TD 3496
Phillips
1-A
TD 14500
2
Kimball
Fed.
1
TD 14495
TD 3445
1
0
11
Phillips
Hat Mesa Unit
1
TD 15721
3
2
TD 14700
TD 3671
Belco
Fed.
"1-12"
TD 14370
TD 3594
12
TD 3517
8
7
6
7
Gulf
East Hat Unit
1
TD 14516
5
14
New-Tex
Hat Mesa
1
4
TD 14476
Belco
Fed.
1"HM-13"
TD 14471
13
5
18
TD 3813
Phillips
Eaves Unit
1
TD 15,000
23
TD 3602

EARLE M. CRAIG, JR. CORPORATION
1400 TWO FIRST CITY CENTER
MIDLAND, TEXAS
915 682-8244

WAYNE R. GIBSON
MANAGER, GEOLOGY AND GEOPHYSICS

MAILING ADDRESS:
P. O. BOX 1351
MIDLAND, TEXAS 79702-1351

01 March 1985

Geologic Report
EMCjr. Corporation
Hurricane "12" #1
1320' FNL & 660' FWL
Section 12,
T-21-S; R-32-E
Lea County, New Mexico

This report is submitted to give geologic reasons for the captioned proposed unorthodox well location which will be drilled to extend Morrow gas production in the Hat Mesa field. The planned well at the captioned location will penetrate the prospective Morrow clastic section at a structurally and stratigraphically optimum location based on the nearby well data. Please refer to the enclosed Exhibit "A", a geologic montage containing a structural cross-section, production data, lower Morrow structure, and upper Morrow "B" sand isolith maps.

Morrow Structure

Lower Morrow subsurface mapping (Exhibit "A-1") indicates an east plunging nose across the north half of section 12. This structural interpretation is based on close-by well data. A well drilled at the proposed unorthodox location on the axis of this nosing will encounter the lower Morrow at a depth of approximately 10,375 feet below sea level. Using this subsea projection, the well to be drilled at the proposed location will encounter the Morrow "pay" sandstones approximately 40' high to the Belco #1-12 Federal which produced 9,543 MCF of gas from upper Morrow "A" zone perforations before being plugged and abandoned in 1978.

Completion, production and remedial operations reports which were reviewed in Bellnorth's Midland office, are evidence that this well encountered some of the pay sandstones at their gas/water contacts and that water production was a limiting influence on gas production from the Morrow. The Belco #1-12 Federal wireline log on the cross-section (Exhibit "A-2") and the corresponding drilling time - hydrocarbon log, Exhibit "B", suggest that the well encountered porous reservoirs which would be capable of producing gas in economic quantities. A well drilled at the captioned updip location should not have the formation water problems from the Morrow "A" zone that the Belco #1-12 Federal experienced.

Morrow Sand Development

The planned well will test both the Morrow "A" and "B" zones at an optimum location based on sandstone isolith mapping. This sandstone distribution is shown on the isolith map (Exhibit "A-3") located on the montage.

Porosity in the Morrow clastic section is developed to the northwest in the Phillips #1 Hat Mesa Unit, located in the NE/4 of section 11 and the Phillips #1-A, located in the S/3 of section 2. These wells have cumulative gas production of approximately 4.28 and 2.60 billion cubic feet and current rates of approximately 6,214 and 5,089 MCFG per month respectively as shown on the production map (Exhibit "A-4") of the montage. Wells immediately north and south and approximately equidistant from the captioned proposed location produced uneconomic amounts of gas. Porous sand reservoir development may not extend far east of the proposed well location which is situated between the above referenced two uneconomical Morrow wells.

Summary

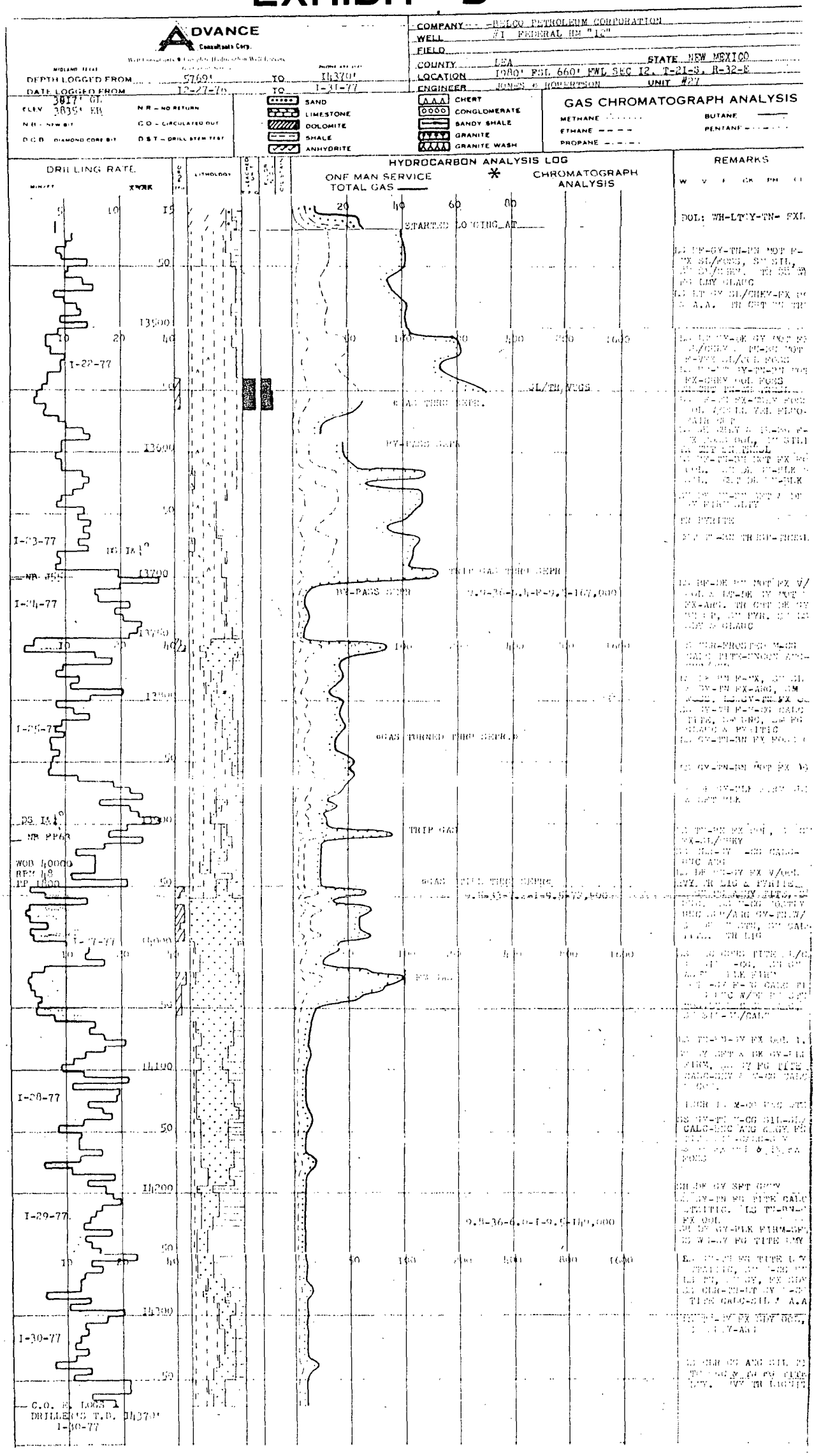
The proposed location, 1320' FNL and 660' FWL of section 12, is the drillsite necessary to minimize dryhole risk and prevent waste based on the data presented with this report.

Sincerely submitted,

Wayne R. Gibson, Manager
Geology and Geophysics

WRG:ri

EXHIBIT "B"


ADVANCE
Consultants Corp.
COMPANY -PELCO PETROLEUM CORPORATION
WELL #1 FEDERAL BM "12"
FIELD
COUNTY LEA STATE NEW MEXICO
LOCATION 1980' FSL 660' FWL SEC 12, T-21-S, R-32-E
ENGINEER JONES & ROBERTSON UNIT #27
DEPTH LOGGED FROM 5760' TO 13700'
DATE LOGGED FROM 12-27-76 TO 1-31-77
3817' GL
ELEV. 3835' KB
N.R. - NO RETURN
C.O. - CIRCULATED OUT
D.S.T. - DRILL STEM TEST
N.B. - NEW BIT
D.C.B. DIAMOND CORE BIT
SAND
LIMESTONE
DOLOMITE
SHALE
ANHYDRITE
CHERT
CONGLOMERATE
SANDY SHALE
GRANITE
GRANITE WASH
GAS CHROMATOGRAPH ANALYSIS
METHANE
ETHANE
PROPANE
BUTANE
PENTANE
DRILLING RATE
MIN/FT
FT/HR
LITHOLOGY
HYDROCARBON ANALYSIS LOG
ONE MAN SERVICE
TOTAL GAS
CHROMATOGRAPH ANALYSIS
REMARKS
STARTED LOGGING AT
I-22-77
I-23-77
I-24-77
I-25-77
I-27-77
I-28-77
I-29-77
I-30-77
C.O. E. LOGS
DRILLER'S T.D. 13700'
1-30-77