

Stogner, Michael

From: Thomas Kellahin [kellahin@earthlink.net]
Sent: Thursday, April 15, 2004 12:24 PM
To: Mike Braun; Lynda F. Townsend
Cc: Michael E. Stogner
Subject: NMOCD Case 13247

Re:Harris 3-C compulsory pooling case

Dear Mike and Lynda:

Because I will be on vacation until May 10th, Please reply to Mr. Stogner's request that the hearing this morning.

Please faxed to him at 505-476-3462 the following:

- (1) The C-102 for this well
- (2) the first 2 pages of the APD
- (3) the API number

For you information, I again checked and don't find a Stallion-Wolfcamp Oil Pool.

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>

CONCHO RESOURCES INC.

Fasken Center, Tower II
550 W. Texas Ave., Ste. 1300
Midland, Texas 79701

(432) 683-7443
FAX 683-7441

April 16, 2004

Via Fax 505-476-3462 (8 pages total)

Attention: Mr. Michael Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: NMOCD Case No. 13247

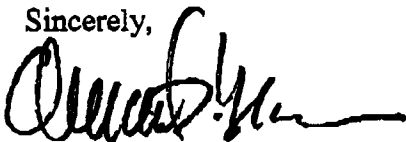
Dear Mr. Stogner,

On behalf of Mr. Tom Kellahin, faxed herewith are the following regarding the subject case:

1. Form C-101, Concho Resources Inc., Operator, Harris 3C #1 well, API 30-025-36535, Bronco; Wolfcamp Pool.
2. Form C-102, Concho Resources Inc., Operator, Harris 3C #1 well, API 30-025-36535, Bronco; Wolfcamp Pool.
3. East Stallion-Devonian Pool, Rules. This pool was mentioned in testimony.

If I may be of further assistance, please advise.

Sincerely,



Michael S. Braun
Consulting Landman
Chesapeake Permian, L.P.
(Successor to Concho Resources Inc.)

cc: Tom Kellahin
Lynda Townsend

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address CONCHO RESOURCES, INC. 550 W. Texas Ave, Suite 1300 Midland, TX 79701		OGRID Number 193407
		API Number 30-025-36535
Property Code 33272	Property Name Harris 3C	Well No. 001

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
F	3	13S	38E	F	1980	N	1650	W	Lea

Proposed Pools

BRONCO;WOLFCAMP 7600

Work Type New Well	Well Type OIL	Cable/Rotary	Lease Type Private	Ground Level Elevation 3810
Multiple N	Proposed Depth 9800	Formation Wolfcamp	Contractor	Spud Date 03/11/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	430	485	0
Intl	12.25	8.625	32	4550	1240	0
Prod	7.875	5.5	17	9800	1160	4000

Casing/Cement Program: Additional Comments

In 17 1/2 hole run 13 3/8 48# H40 STC set @ 430 cmtd w/485 sx C+ 2% CaCl₂ & 1/4# FC (14.8/1.32)- circ. In 12 1/4 hole run 8 5/8 32# J55 STC csg. cmtd w/1040 sx 50:50:10 PozC: Gel w/5% salt, 3# gilsonite & 1/4# FC + 200 sx C - Circ. In 7 7/8 hole run 5 1/2 17# N80 LTC csg. set @ 9800, cmtd w 560 sx 50:50:10 Poz:H; Gel w/5% salt, 5# gil & 1/4# FC + 600 sx 50:50:2 Poz:H; gel w/5% salt, .4% D167, .2% D65 & 0.1% D13. TOC 4000

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	1500	
Double Ram	3000	3000	

*passed to Theo on
4-13-04*

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Electronically Signed By: Brenda Coffman		Electronically Approved By: Paul Kautz	
Title: Regulatory Analyst		Title: Geologist	
Date: 01/13/2004		Approval Date: 01/14/2004	Expiration Date: 01/14/2005
Phone: 432-685-4373		Conditions of Approval: No Conditions	

Permit Comments

Operator: CONCHO RESOURCES, INC. , 193407

Well: Harris 3C #001

There Are No Comments

Permit Conditions Of Approval

Operator: CONCHO RESOURCES, INC. , 193407

Well: Harris 3C #001

There Are No Conditions Of Approval

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State of New Mexico

Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

Form C-102

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36535	Pool Name BRONCO;WOLFCAMP	Pool Code 7600
Property Code 33272	Property Name Harris 3C	Well No. 001
OGRID No. 193407	Operator Name CONCHO RESOURCES, INC.	Elevation 3810

Surface And Bottom Hole Location

UL or Lot F	Section 3	Township 13S	Range 38E	Lot Idn F	Feet From 1980	N/S Line N	Feet From 1650	E/W Line W	County Lea
Dedicated Acres 40		Joint or Infill		Consolidation Code		Order No.			

OPERATOR CERTIFICATION

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

Electronically Signed By: Brenda Coffman

Title: Regulatory Analyst

Date: 01/13/2004

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 to the best of my belief.

Surveyed By: B. L. Bezner

Date of Survey: 10/09/2003

Certificate Number: 7920

Page 700 New Mexico

SECTION II

R. W. Byram & Co. - Sept., 1998

EAST STALLION-DEVONIAN POOL
Lea County, Texas

Order No. R-10679-A, Creating and Adopting Temporary Operating Rules for the East Stallion-Devonian Pool, Lea County, New Mexico, October 2, 1996.

Order No. R-10679-B, August 27, 1998, continues in effect the temporary rules adopted in Order No. R-10679-A.

Application of Fasken Oil & Ranch Ltd. for Creation of a New Oil Pool with Special Rules, Lea County, New Mexico.

Nomenclature
Case No. 11612
Order No. R-10679-A

NUNC PRO TUNC ORDER

BY THE DIVISION: It appearing to the Division that Order No. R-10679 dated October 2, 1996, which order created a new pool for the production of oil from the Devonian formation and promulgated special rules and regulations for the pool including 80-acre spacing and proration units and designated well location requirements, inadvertently utilized a pool name, the West Bronco-Devonian Pool, which is already in existence.

In order to eliminate confusion as a result of this error, Division Order No. R-10679 shall be re-entered in its entirety as follows reflecting the proper nomenclature nunc pro tunc as of October 2, 1996:

"This cause came on for hearing at 8:15 a.m. on September 26, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 2nd day of October, 1996, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Fasken Oil & Ranch, Ltd., seeks the creation of a new pool for the production of oil from the Devonian formation comprising the W/2 SW/4 of Section 3, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico, and the promulgation of special rules and regulations therefor including a provision for 80-acre spacing and proration units and designated well location requirements, and for the assignment of a discovery allowable.

(3) At the time of the hearing, the applicant requested that the portion of its application requesting the assignment of a discovery allowable to the Grande Well No. 1 be dismissed.

(4) The evidence presented indicates that the applicant has recently drilled and completed its Grande Well No. 1 at a location 990 feet from the South line and 768 feet from the West line (Unit M) of said Section 3. The well was completed in the Devonian formation through perforations from 12,210 feet to 12,228 feet at an initial producing rate of approximately 201 barrels of oil per day and 30 MCF gas per day.

(5) Division records indicate that there is an existing Devonian pool located within one mile of the Grande Well No. 1, this being the Bronco-Siluro Devonian Pool. The Bronco-Siluro Devonian Pool is currently governed by Division General Rule No. 104 which requires standard 40-acre spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the proration unit.

(6) The geologic evidence presented by the applicant indicates that the Grande Well No. 1 has discovered a separate and distinct Devonian producing structure within Section 3. This producing structure, according to applicant's geologic evidence, appears to be limited in extent and comprises only a portion of the SW/4 of Section 3 and E/2 SE/4 of Section 4.

(7) The geologic evidence and testimony further indicates that the subject Devonian reservoir exhibits high permeability in the range of 236 md.

(8) The preliminary engineering evidence presented by the applicant indicates that the Grande Well No. 1 should be capable of draining an area in excess of 80 acres.

(9) Further engineering evidence and testimony presented by the applicant indicates that the Grande Well No. 1 may be capable of draining the entire structure, and that there is a possibility that no additional wells will be drilled to develop this reservoir.

(10) The applicant currently operates the affected acreage in Sections 3 and 4.

(11) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(12) In order 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, prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the proposed pool.

(13) The temporary special rules and regulations should provide for designated well locations such that a well should be located within 150 feet of the center of a governmental quarter-quarter section or lot in order to assure the orderly development of the pool and protect correlative rights.

(14) Temporary special rules and regulations for the proposed pool should be established for a period of eighteen months in order to allow the operators in the subject pool the opportunity to gather sufficient reservoir information to show that an 80-acre proration unit in this pool can be efficiently and economically drained and developed by one well.

(15) Pursuant to Division General Rule Nos. 505 and 506, the subject pool should be assigned a depth bracket allowable of 490 barrels of oil per day at a limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

(16) A new pool classified as an oil pool for Devonian production should be created and designated the East Stallion-Devonian Pool, with vertical limits comprising the Devonian formation and horizontal limits comprising the W/2 SW/4 of Section 3, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico.

R. W. Byram & Co. - Nov., 1997

SECTION II

New Mexico Page 701

(EAST STALLION-DEVONIAN POOL - Contr'd.)

(17) This case should be reopened at an examiner hearing in March, 1998, at which time the operators in the subject pool should be prepared to appear and show cause why the Temporary Special Rules and Regulations for the East Stallion-Devonian Pool should not be rescinded.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Fasken Oil & Ranch, Ltd., a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production is hereby created and designated the East Stallion-Devonian Pool, with vertical limits comprising the Devonian formation, and horizontal limits comprising the W/2 SW/4 of Section 3, Township 13 South, Range 38 East, NMPM.

(2) Temporary Special Rules and Regulations for the East Stallion-Devonian Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
EAST STALLION-DEVONIAN POOL**

RULE 1. Each well completed in or recompleted in the East Stallion-Devonian Pool or in the Devonian formation within one mile thereof, and not nearer to or within the limits of another designated Devonian pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules hereinafter set forth.

RULE 2. Each well completed or recompleted in the East Stallion-Devonian Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2 or W/2 of a single governmental quarter section.

RULE 3. The Director of the Oil Conservation Division, hereinafter referred to as the "Division" may grant an exception to the requirements of Rule 2 without hearing when an application has been filed for a non-standard unit consisting of less than 80 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to a deeper

horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 6. The allowable for a standard proration unit (79 through 81 acres) shall be based on a depth bracket allowable of 490 barrels of oil per day, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED THAT:

(3) The location of all wells presently drilling to or completed in the East Stallion-Devonian Pool or in the Devonian formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well within 30 days from the date of this order.

(4) Pursuant to Paragraph A of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws of 1969, Chapter 271, existing oil wells in the East Stallion-Devonian Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable until a non-standard spacing unit has been approved and, subject to said 60-day limitation, each well presently drilling to or completed in the East Stallion-Devonian Pool or in its corresponding vertical limits as described in Ordering Paragraph No. (1) above, or within one mile thereof, shall receive no more than one-fourth of a standard allowable for said pool.

(5) This case shall be reopened at an examiner hearing in March, 1998, at which time the operators in the subject pool shall appear and show cause why the Temporary Special Rules and Regulations for the East Stallion-Devonian Pool promulgated herein should not be rescinded.

(6) Jurisdiction is hereby 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.