

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

In the matter of the application of
Read & Stevens, Inc. for administrative
approval of an unorthodox gas well
location, Eddy County, New Mexico.

9.5 miles

APPLICATION

Read & Stevens, Inc. hereby makes application to the Oil Conservation Division for administrative approval of an unorthodox gas well location, and in support thereof would show the Division:

- 1) Applicant is the Operator of the S/2 of Section 26, Township 15 South, Range 27 East, Chaves County, New Mexico and proposes to drill a well at a point 990' FSL and 1980' FWL of said Section 26.
- 2) Applicant seeks an exception to the well location requirements of the Oil Conservation Division special rules and regulations for the Buffalo Valley Pennsylvanian gas pool to permit the drilling of the well at the above described unorthodox location to a depth sufficient to adequately test the Morrow formation, Buffalo Valley Pennsylvanian gas pool.
- 3) A standard 320 acre proration unit comprised of the S/2 of said Section 26 will be dedicated to the well.
- 4) The proposed location is on the western edge of the prolific Buffalo Valley gas field which produces from fluvial sand channels in the Pennsylvanian formation. The sand channels were deposited onto the underlying eroded Mississippian formation in a north to south trend, as illustrated by Exhibit "A", an Atoka net sand isopach.
- 5) Exhibit "B", an Atoka stratigraphic cross section, illustrates the axis of the main pay Atoka channel running from north to south on cross section B-B', from the Harris Federal #8 in Section 26 Township 15 South, Range 27 East through the proposed location to the White State #2 located in the N/2 of Section 35, Township 15 South, Range 27 East. The A-A' cross section from west to east illustrates the channel is not present west of the location at the Harris Federal #3 but as you move to the Harris Federal #8 the channel is developed. The cross section continues through the subject location, then east to the Harris Federal #4, where the channel again is pinching out.

6) The Harris Federal #4 in the SE/4 of Section 26, Township 15 South, Range 27 East has produced 582 MMCFG, and is currently producing 36 MCFD. This low cumulative production and marginal rate is the result of the poor quality of the main pay Atoka sand on the eastern side of the channel pinch out.

7) At current product prices and lease operating expenses, ultimate production on the Harris Federal #4 will be less than 600 MMCFG. The Harris Federal #8 which is the north offset to the proposed location, and the White State #2 which is the south offset, have both produced in excess of 5 BCFG to date.

8) The proposed location is in the Buffalo Valley Penn prorated pool, while the White State #2 which is the south offset is in the nonprorated Diamond Mound Atoka. The White State #2 produces from the same stratigraphic equivalent as the sand underlying the proposed location.

9) The proposed well will be drilled for geologic reasons in an attempt to recover remaining recoverable gas reserves underlying the S/2 Section 26 and thereby protect correlative rights and prevent waste.

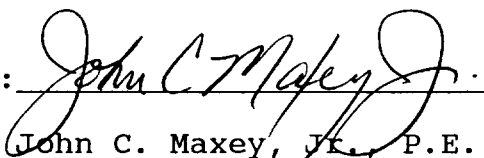
10) Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the remaining gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

11) Notification of this application has been sent to the offsetting operators and/or interested parties as required by Division rules and as identified on Exhibit "C" attached.

Applicant requests that this application be approved as requested.

READ & STEVENS, INC.

BY: _____



John C. Maxey, Jr. P.E.

P. O. Box 1518

Roswell, New Mexico 88202

505/622-3770

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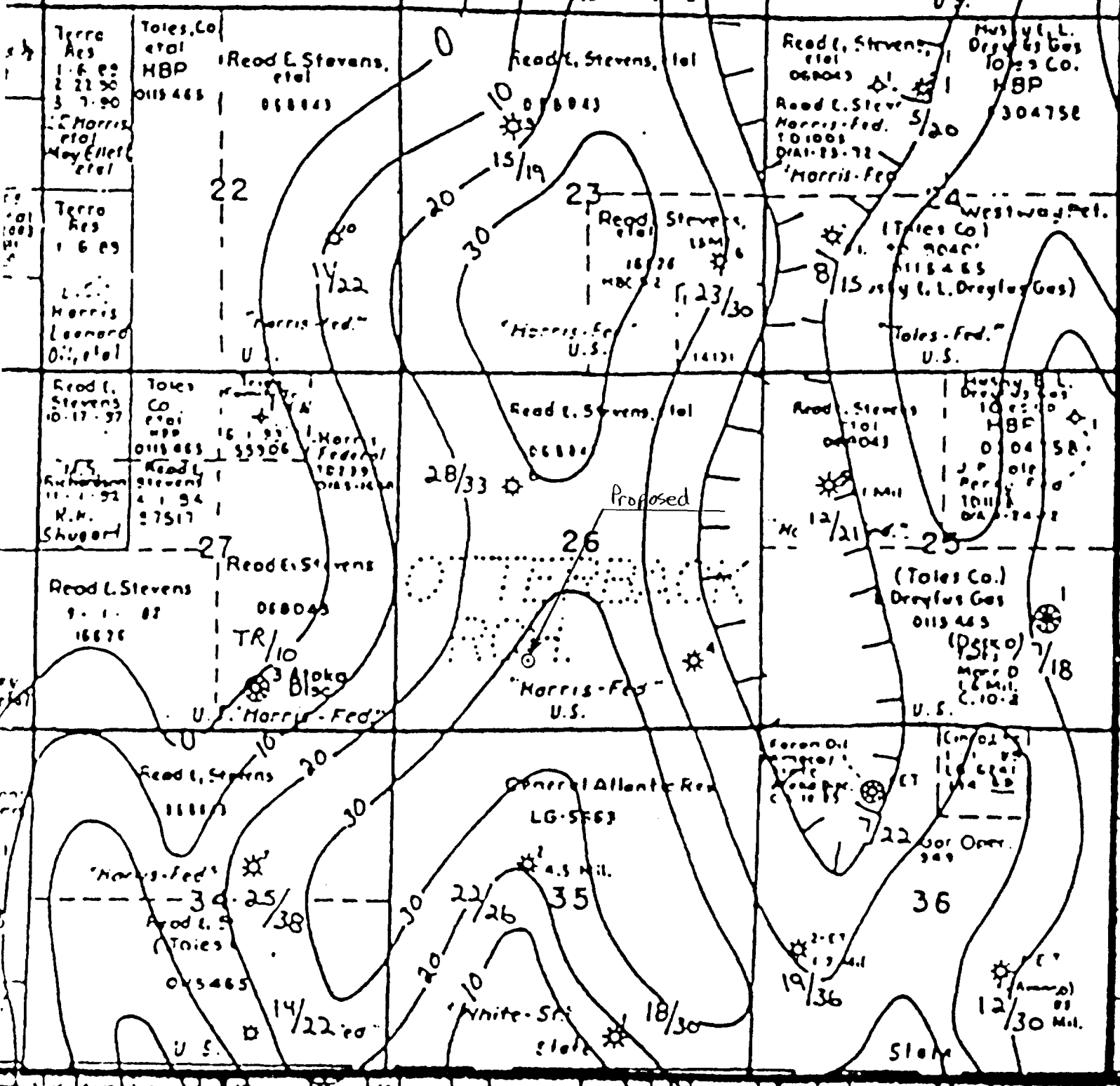
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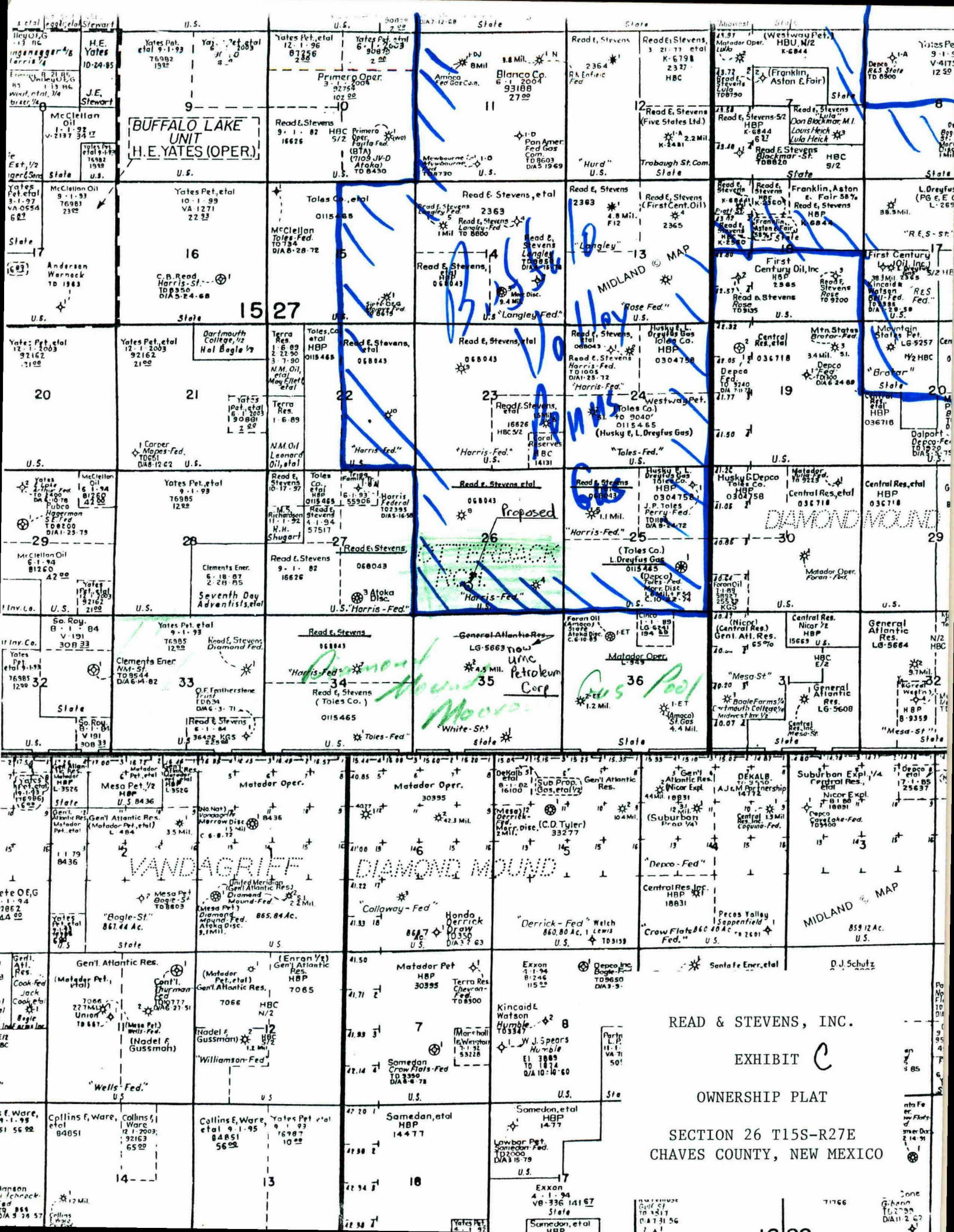
READ & STEVENS, INC.

EXHIBIT A

Atoka Channel
Net Sand Isopach
8% Porosity Cutoff
50 API Cutoff
T15S-R27E
Chaves County, New Mexico

2/21/96

CI=10'



LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE