

TAMARACK PETROLEUM COMPANY, INC.
PROPOSED RE-ENTRY: HOOD 8 # 1
SECTION 8, T 17 S, R 38 E, LEA COUNTY, NEW MEXICO

ATOKA JUSTIFICATION

Tamarack requests a permit to test the Atoka zone in the subject well, even though it is an unorthodox location that could end up 318' from the west line of unit B. Justification for this permission is based on the following:

Geology

The original bottom hole location (752' FNL & 2003' FEL, or 107' north and 22' west of surface location) penetrated the Atoka formation, but encountered no pay sands. Cross section A - A' illustrates the presence of and subsequent pinching out of Atoka sands moving from west to east. These sands, if present at the proposed unorthodox bottom hole location, will be in a structurally high position making them potentially productive. Even with 3-D seismic across this area, it is impossible to determine whether these sands are present at this location. A standard location further to the east would be even less likely to encounter these sands, due to the presence of a structural high during deposition of these sands (see Woodford and Upper Mississippian Structure Maps)

Drilling Cost

Estimated drilling cost is as follows:

	<u>Depth</u>	<u>Casing Point</u>	<u>Completion</u>	<u>Total Cost</u>
Atoka	11,400'	\$437,000	\$252,000	\$689,000
Strawn	<u>12,000'</u>	<u>\$404,000</u>	<u>\$247,000</u>	<u>\$651,000</u>
Difference	600'	\$ 33,000	\$ 5,000	\$ 38,000

As shown, the additional cost to test the Atoka in the proposed re-entry is only \$33,000 to casing point.

Land

Tamarack owns a portion of the leasehold in the W/2 of Section 8, and is participating in a well to be drilled by Harvey E. Yates Company (HEYCO). This well will also test the Atoka, and the HEYCO partners have no objections to the proposed unorthodox location.

Conclusion

Due to the high risk associated with locating the Atoka sands, the cost of a stand-alone well at a standard location cannot be justified. However, the incremental cost to continue drilling an additional 600' to test the presence of these sands can be justified in the proposed well.

BEFORE THE
OIL CONSERVATION DIVISION
Case No.12378 Exhibit No. 12
Submitted By:
Tamarack Petroleum Company
Hearing Date: April 20, 2000