

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF HONDO DRILLING COMPANY AND T. J. SIVLEY, FOR AN ORDER GRANTING PERMISSION TO DRILL THREE UNORTHODOX LOCATIONS; ONE BEING MILLER NO. 2, IN THE NW/4 SW/4 OF SECTION 23, ONE BEING MILLER NO. 3, IN THE SW/4 SE/4 OF SECTION 22, AND ONE BEING AID NO. 2, IN THE SE/4 SE/4 OF SECTION 22, ALL IN TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M., IN THE TONTO POOL OF LEA COUNTY, NEW MEXICO.

CASE
NO. 536

APPLICATION

HONDO DRILLING COMPANY and T. J. SIVLEY, Applicants herein, in connection herewith respectfully show to the OIL CONSERVATION COMMISSION:

1. That Applicant, Hondo Drilling Company, is a New Mexico corporation with an office at Artesia, New Mexico, and that Applicant, T. J. Sivley, is a resident of Artesia, Eddy County, New Mexico.

2. That Applicants herein are the owners and holders of the following oil and gas leases, on Federal lands:

- (a) Oil and Gas Lease New Mexico Serial No. 01707, known as their Miller Lease, described as NE/4 SE/4 and SW/4 SE/4 Section 22, and NW/4 SW/4 Section 23, Township 19 South, Range 33 East, N.M.P.M., and containing 120 acres, more or less;
- (b) Oil and Gas Lease New Mexico Serial No. 02796, known as their Aid Lease, described as SE/4 SE/4 Section 22, Township 19 South, Range 33 East, N.M.P.M., and containing 40 acres, more or less;
- (c) Oil and Gas Lease Las Cruces Serial No. 070020, known as their Edwards and Ratliff Lease, described as NW/4 Section 23, Township 19 South, Range 33 East, N.M.P.M., and containing 160 acres, more or less;

- (d) Oil and Gas Lease Las Cruces Serial No. 064763-A, known as their Emperor, Aid and Tennessee Lease, described as the E/2 NE/4 Section 22, Township 19 South, Range 33 East, N.M.P.M., and containing 80 acres, more or less,

all of said leases being located in Lea County, New Mexico.

3. That Miller Well No. 1 is located 1980 feet north of the south line and 495 feet west of the east line of Section 22, Township 19 South, Range 33 East, N.M.P.M., in Lea County, New Mexico, and is the only producing well in the entire area. This well is capable of producing 300 barrels of 35-gravity oil per day from the Upper Seven Rivers Formation, encountered at a depth of 3536 feet.

4. That Applicants, on the basis of geological information, subsurface information and seismic reflections, are of the opinion and belief that the structural size of the producing area is limited to such a small area that unorthodox locations are absolutely necessary to recover the oil that is producible. It is the opinion and belief of Applicants that one well will not effectively drain the recoverable oil from this type of irregular reservoir and that the economics of the operation of an isolated one-well pool precludes the possibility of draining the reservoir, even if one well were capable of so doing over an extended time. It is further the belief of Applicants that the drilling of the unorthodox locations hereinafter described in this area would be in the interest of conservation, prevent waste, and enable Applicants to obtain a greater ultimate recovery of oil in that Applicants would be able to recover substantial quantities of oil which would not otherwise be produced if such locations were not drilled.

5. That Applicants herein desire and hereby make application to drill unorthodox locations to the Upper Seven Rivers Formation, to be located as follows:

MILLER WELL NO. 2: Section 23, Township 19 South, Range 33 East, N.M.P.M., to be located 2125 feet north of the south line and 100 feet east of the west line of said Section 23.

MILLER WELL NO. 3: Section 22, Township 19 South, Range 33 East, N.M.P.M., to be located 990 feet north of the south line and 1420 feet west of the east line of said Section 22.

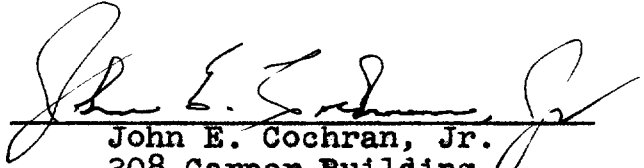
AID WELL NO. 2: Section 22, Township 19 South, Range 33 East, N.M.P.M., to be located 660 feet west of the east line and 1220 feet north of the south line of said Section 22.

Each of which locations are shown on map attached hereto, marked Exhibit "A", and by reference made a part hereof.

6. That in the event an order is entered by the Oil Conservation Commission granting permission to Applicants to drill the hereinabove described unorthodox locations at the locations designated, it is not Applicants' intention, nor do Applicants ask that they be granted any allowable in addition to the daily allowable as fixed, monthly, by the Oil Conservation Commission for the forty acre proration unit upon which said unorthodox location is drilled.

WHEREFORE, Applicants pray that the Commission set a date for hearing this Application, in accordance with its rules and regulations; that upon presentation of this Application, Applicants be granted permission to drill the three unorthodox locations hereinabove described, and that a proper order be entered granting permission to Applicants to produce the daily allowable from the forty

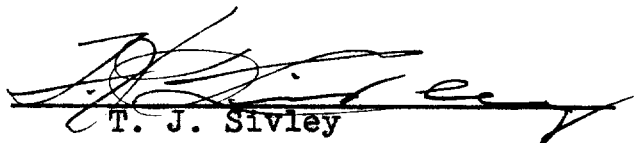
acre proration unit upon which each such unorthodox location is located.


John E. Cochran, Jr.
308 Carper Building
Artesia, New Mexico
Attorney for Hondo Drilling Company and T. J. Sivley.

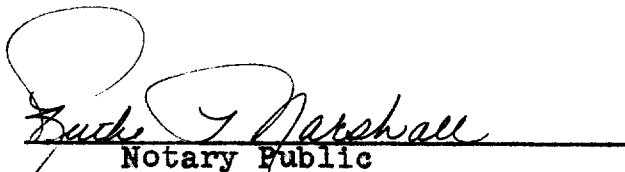
STATE OF NEW MEXICO)
 : ss.
COUNTY OF EDDY)

T. J. SIVLEY, being first duly sworn upon his oath, deposes and states:

That he is one of the Applicants in the within and foregoing Application, and that he is agent for Hondo Drilling Company; that he has read the within and foregoing Application and from personal knowledge knows the matters therein contained to be true and correct, except such statements as are alleged upon information and belief, and as to those, he verily believes them to be true. That this verification is made by him on behalf of himself and as agent for Hondo Drilling Company.


T. J. Sivley

SUBSCRIBED AND SWORN TO before me this 13th day of April, 1953.


Buck T. Marshall
Notary Public

My commission expires:

April 15, 1954