

STEVENS OPERATING CORPORATION

1250 UNITED BANK PLAZA

P. O. BOX 2408

ROSWELL, NEW MEXICO 88201

505-622-7273

November 21, 1988

New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Sub
Case 9561

RE: APPLICATION OF STEVENS OPERATING CORPORATION
FOR AN ORDER APPROVING AN UNORTHODOX WELL
LOCATION, TWINLAKES DEVONIAN POOL, CHAVES
COUNTY, NEW MEXICO

COMES NOW, Stevens Operating Corporation, and applies to the Oil Conservation Division of the State of New Mexico for the approval of an order authorizing an unorthodox well location designated the Stevens Operating Corporation O'Brien "C" #9 located 1870 feet from the North line and 80 feet from the West line of Section 1, Township 9 South, Range 28E, Twinlakes Devonian Pool, Chaves County, New Mexico and in support thereof, Applicant would show Division:

1. Stevens Operating Corporation has the operating rights in the NW/4 of Section 1, and NE/4 of Section 2, above Township and Range and is proposing to drill the above named well in search of oil and gas from the Siluro-Devonian formation.

2. Subject location is based on Vibroseis data which shows a North/South Siluro-Devonian structure of approximately 100+ feet of closure. The limited areal size and relief of this closure plus a possible small percentage of fill-up makes it imperative that the proposed location be at the highest vibration point on the seismic data in said proration unit, subject point being 1870 feet from the North line and 80 feet from the West line of Section 1, above Township and Range.

3. As is obvious from the enclosed structure map a well at a standard location 660' from the West line of the proration unit would be low to the O'Brien "C" #4, one location south, which was drilled too low and too close to the Oil-Water contact resulting in a non-commercial well. Unless a well can be drilled at this unorthodox location the owners under the proration unit will be deprived of the right to recover the reserves underlying the tract.

4. Applicant is enclosing a seismic structure map on the top of the Siluro-Devonian (Fusselman) together with land data clearly showing all deep rights offset operators. All such operators offsetting the unit have been notified of the Application by certified mail.

WHEREFORE Applicant hereby applies for Administrative approval of this unorthodox well location for Siluro-Devonian production as requested above.

Respectfully submitted,

STEVENS OPERATING CORPORATION

A handwritten signature in cursive script, appearing to read "Patricia Thompson Greenwade", is written over the printed name.

Patricia Thompson Greenwade
General Manager

PTG/sp
Enclosures

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

P. O. BOX 2083
SANTA FE, NEW MEXICO 87501

Form C-101
Revised 10-1-78

NO. OF COPIES RECEIVED	
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FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

5A. Indicate Type of Lease
LEASE ☐ FREE ☒

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		7. Unit Agreement Name
2. Type of Well OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. Farm or Lease Name O'Brien "C"
3. Name of Operator Stevens Operating Corporation		9. Well No. 9
4. Address of Operator P. O. Box 2408, Roswell, New Mexico 88201		10. Field and Pool, or Wildcat Siluro-Devonian
6. Location of Well UNIT LETTER <u>E</u> LOCATED <u>1870</u> FEET FROM THE <u>North</u> LINE <u>80</u> FEET FROM THE <u>West</u> LINE OF SEC. <u>1</u> TWP. <u>9S</u> RGC. <u>28E</u>		11. County Chaves
19. Proposed Depth 7250'		20. Rotary or C.T. Rotary
21A. Kind & Status Plug. Bond Statewide		22. Approx. Date Work will start December 27, 1988

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	8 5/8"	24#	1900'	Circulated	
7 7/8"	5 1/1"	17#	7250'	Circulate to tie in to surface string	

Well will be drilled to a total depth of 7250' and all potential zones evaluated. If commercial production is indicated, well will be selectively perforated and stimulated.

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTION. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed [Signature] Title General Manager Date 11/21/88

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

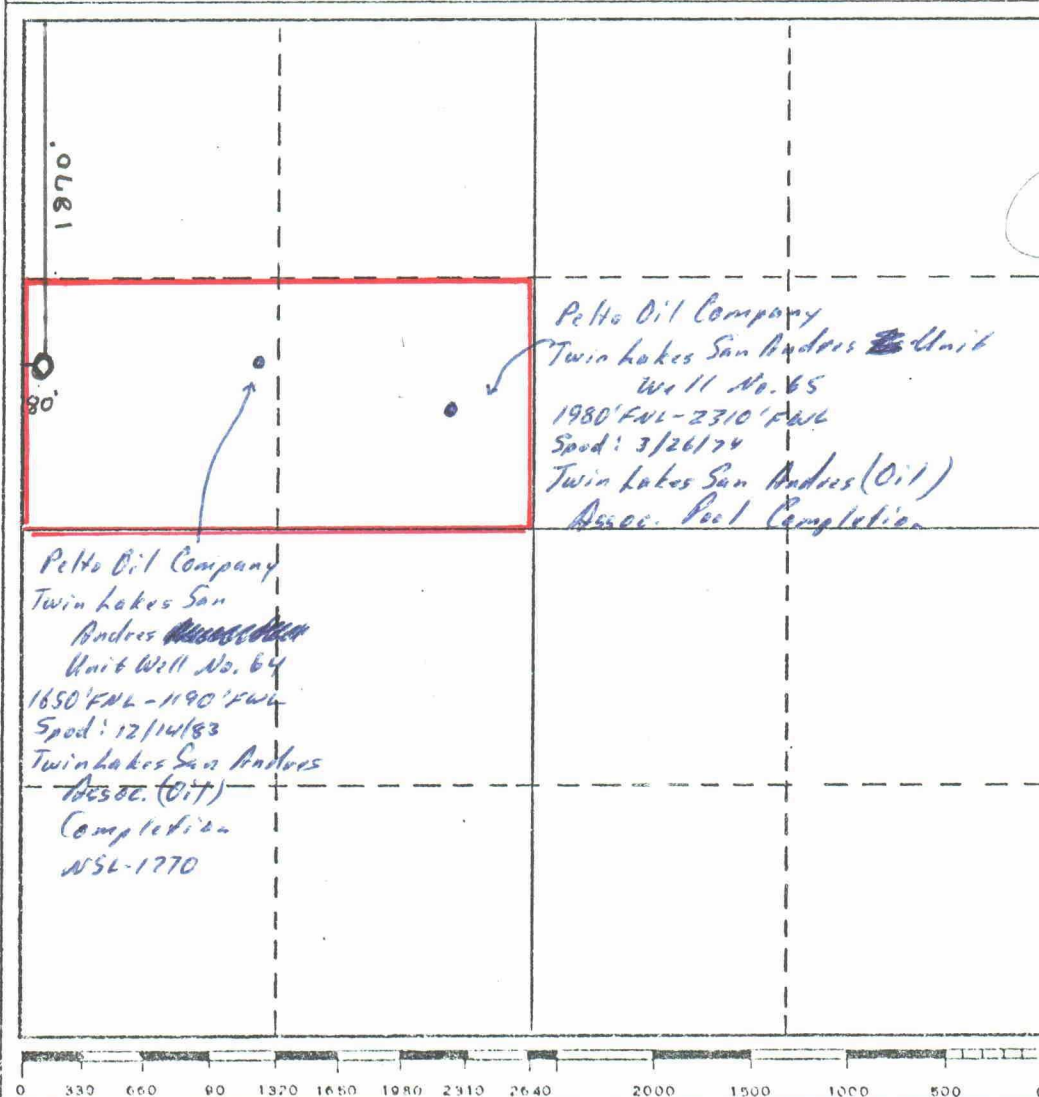
Operator Stevens Operating Corporation			Lease O'Brien "C"		Well No. 9
Unit Letter E	Section 1	Township 9 South	Range 28 East	County Chaves	
Actual Footage Location of Well: 1870' feet from the North line and 80' feet from the West line					
Ground Level Elev.	Producing Formation Siluro-Devonian		Pool	Dedicated Acreage; 80 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name
Patricia Greenwade
Position
General Manager
Company
Stevens Operating Corp.
Date
11/21/88

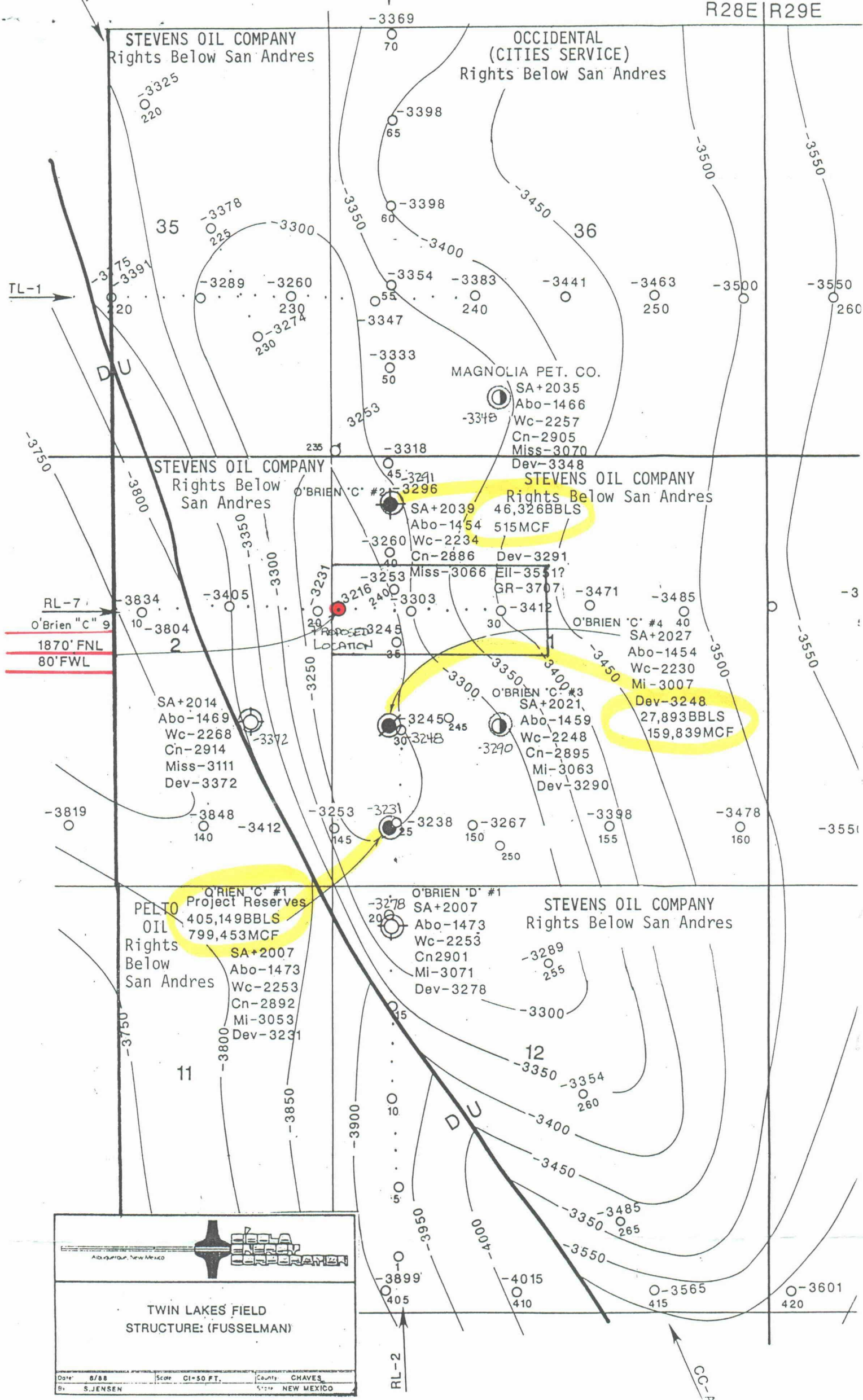
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.

OCCIDENTAL
(CITIES SERVICE)
Rights Below San Andres



COUNTY Chaves POOL Twin Lakes- (Devonian)

TOWNSHIP 8-South		RANGE 28-East		NWPM	
6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: 34 Sec. 35, 1/2 Sec. 36, (R-55)
Ext:

COUNTY Chaves POOL Twin Lakes (Devonian)

TOWNSHIP 9-South		RANGE 28-East		NWPM	
6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: All Sec. 1, 1/2 Sec. 2, (R-55, 6-29-51)

to the provisions of Rule 104 of the Commission Rules and Regulations notwithstanding the fact said pool was created and defined prior to November 1, 1975.

IT IS FURTHER ORDERED:

- (1) That the locations of all wells presently drilling or to be completed in the East Carlsbad-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof are hereby approved, that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well by February 15, 1976.
- (2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, all existing wells in the East Carlsbad-Wolfcamp Gas Pool shall have dedicated therefor 320 acres in accordance with Rule 104 of the Commission Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated therefor, in accordance with the Commission Rules and Regulations, provided that the Commission is notified by the Commission within 60 days from the effective date of this order, and that the well, to cancellation of allowable, order, shall be subject to the well, to cancellation of allowable, order.
- (3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

Witness my hand and seal of the Commission, this 15th day of February, 1977.

TWIN LAKES-DEVONIAN POOL
Chaves County, New Mexico

Order No. R-5142. Adopting Temporary Operating Rules for the Twin Lakes-Devonian Pool, Chaves County, New Mexico, January 6, 1976, as Amended by Order No. R-5142-A, February 15, 1977.

Order No. R-5142-A, February 15, 1977, makes permanent the temporary rules adopted in Order No. R-5142.

Application of Stevens Oil Company for Special Pool Rules, Chaves County, New Mexico.

CASE NO. 5599
Order No. R-5142

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on December 17, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of January, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINES: That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Stevens Oil Company, seeks the promulgation of special rules and regulations for the Twin Lakes-Devonian Pool, Chaves County, New Mexico, including provisions for 80-acre oil proration units and exemption of said pool from any gas-oil ratio limitation.

(3) That producing the subject pool without any gas-oil ratio limitation may result in the waste of reservoir energy and a violation of correlative rights.

(4) That the establishment of a special gas-oil ratio limitation of 4000 cubic feet of gas for each barrel of oil will afford to the owner of each property in the subject pool the opportunity to produce his just and equitable share of the oil and gas and will not cause waste nor violate correlative rights, provided the flaring or venting of gas in the pool is prohibited.

(TWIN LAKES-DEVONIAN POOL - Cont'd.)

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells to 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 Twin Lakes-Devonian Pool.

(6) That the temporary special rules and Regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and Regulations should be established for a one-year period in order to allow the operator in the subject pool to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order, and that the well, to cancellation of allowable, order, shall be subject to the well, to cancellation of allowable, order, and developed by one well.

(8) That this case should be reopened at an examiner hearing in January, 1977, at which time the operators in the subject pool should be prepared to appear and show cause why the Twin Lakes-Devonian Pool should not be developed on 40-acre spacing units, and why the limiting gas-oil ratio should not revert to the Statewide limit of 2000 to one.

IT IS THEREFORE ORDERED

(1) That temporary Special Rules and Regulations for the Twin Lakes-Devonian Pool, Chaves County, New Mexico, are hereby promulgated as follows.

SPECIAL RULES AND REGULATIONS FOR THE TWIN LAKES-DEVONIAN POOL

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

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit containing a governmental quarter-quarter section, and the operator of such well has filed an application for a variation in the legal subdivision of the United States Public Land Surveys. 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 Secretary-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 Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit.

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

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned a depth bracket allowable of 267 barrels, subject to the market demand percentage factor, 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.

RULE 7. (As Amended by Order No. R-5142-A, February 15, 1977.) The limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced.

RULE 8. No gas shall be flared or vented on or after the effective date of this order, provided however, that any well completed in the subject pool after the effective date of this order shall be given 30 days in which to make beneficial use of the produced casinghead gas.

RULE 9. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 8 without notice and hearing when an application has been filed setting forth the facts and circumstances justifying the exception and he determines such action is necessary to prevent waste or protect correlative rights.

IT IS FURTHER ORDERED

(1) That the locations of all wells presently drilling or to be completed in the Twin Lakes-Devonian Pool or in the Devonian formation within one mile thereof, and not nearer to well within the limits of another designated Devonian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations herein-after set forth.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Twin Lakes-Devonian Pool shall have dedicated therefor 80 acres in accordance with the foregoing pool rules, or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable unit said Form C-102 has been filed or until a non-standard unit has been approved and subjected to the provisions of the Commission Rules and Regulations in the Twin Lakes-Devonian Pool or in the Devonian formation within one mile thereof, shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in January, 1977, at which time the operators in the subject pool may appear and show cause why the Twin Lakes-Devonian Pool should not be developed on 40-acre spacing units and why the limiting gas-oil ratio should not revert to 2000 to one.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

PLAINS RADIO & BROADCASTING OWNS 3/4 MINS
ON J. P. WHITE LANDS
Exchange O. & G. M.I.
Tennessee J.P.
Exchange O. & G. M.I.
Tennessee J.P.