

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

February 24, 1978

Aminoil USA, Inc.
600 Western United Life Building
Midland, Texas 79701

Attention: Thomas W. Jacobs

Re: Case No. 5401
1978 Plan of Operation/
Development
Willow Lake Federal Unit

Gentlemen:

We hereby approve the 1978 Plan of Operation/Development for the Willow Lake Federal Unit, Eddy County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands.

One approved copy of the Plan of Operation/Development is returned herewith.

Very truly yours,

JOE D. RAMEY
Secretary-Director

JDR/LT/fd
enc.

cc: U.S.G.S. - Roswell
Commissioner of Public Lands



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Box 26124
Albuquerque, New Mexico 87125

FEB 09 1978

Aminoil USA
Attention: Mr. Thomas W. Jacobs
600 Western United Life Building
Midland, Texas 79701

5401

Gentlemen:

Three approved copies of your 1978 plan of development for the Willow Lake unit area, Eddy County, New Mexico, are enclosed. Such plan, proposing continuation of current drilling operations on well No. 3 and the drilling of one additional well pending evaluation of the data obtained from wells No. 1 and No. 3, was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

Sincerely yours,

(ORIG. SGD.) GENE F. DANIEL

Acting Area Oil and Gas Supervisor

Enclosures

cc:

Com. Pub. Lands, Santa Fe (ltr. only)

NMOCC, Santa Fe (ltr. only) ← This Copy for

Aminoil USA, Inc.
600 Western United Life Building
Midland, Texas 79701
(915) 682-8231

AMINOIL USA

January 30, 1978

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Plan of Operation/Development (Calendar year 1978)
Willow Lake Federal Unit
Eddy County, New Mexico

*No. 5401
Approved*

Gentlemen:

Attached for your approval are two (2) copies of our Plan of Operation/Development for the calendar year 1978 covering the Willow Lake Federal Unit (No. 14-08-0001-14,260) Eddy County, New Mexico.

Should you require anything further, please advise.

Thank you.

Yours very truly,



THOMAS W. JACOBS
Senior Landman

TWJ/mlh

Attachments (2)

PLAN OF OPERATION/DEVELOPMENT
FOR CALENDAR YEAR 1978
WILLOW LAKE FEDERAL UNIT (No. 14-08-0001-14,260)
EDDY COUNTY, NEW MEXICO

TO: THE OIL AND GAS SUPERVISOR (6)
UNITED STATES GEOLOGICAL SURVEY
P. O. BOX 1857
ROSWELL, NEW MEXICO 88201

COMMISSIONER OF PUBLIC LANDS (3)
STATE OF NEW MEXICO
P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

OIL CONSERVATION COMMISSION (2)
STATE OF NEW MEXICO
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

GENTLEMEN:

In compliance with Section 10 of the Willow Lake Unit Agreement dated February 15, 1975, Aminoil USA, Inc., (formerly Burmah Oil and Gas Company), as Unit Operator, hereby submits for your approval a Summary of Operations & Development for the year 1977 and a Plan of Operation/Development for 1978.

SUMMARY OF 1977 OPERATIONS:

During the year a Designation of Pooled or Unitized Acreage was executed by all working interest owners and filed of record in Eddy County, New Mexico covering the entire north half of Section 22, T-24-S, R-28-E, N.M.P.M. This pooled area coincides with the initial participating area established in April, 1977 covering acreage around the Willow Lake No. 1 well. Production from the Willow Lake No. 1 through November 30, 1977 has been approximately 1.17 BCF of gas and 780 bbls. of condensate.

Plans were made in mid 1977 to drill the Willow Lake No. 3 well and during December 1977 a 12,800' Morrow test was commenced at a location 1940' FWL and 1940' FSL of Section 15, T-24-S, R-28-E, N.M.P.M. This well will be drilling through the first quarter of 1978.

OTHER ITEMS AFFECTING UNIT OPERATIONS:

On appeal to the Tenth Circuit Court of Appeals of the United States, Case No. 76-1737, Robert N. Enfield et al, vs. Thomas S. Kleppe, Secretary of the Interior, the decision of the District Court for the district of New Mexico (D.C. No. 75-260-M) was overturned. As a result of this decision leases covering some 960+ acres being the south one-half (S/2) of Section 21 and all of Section 28 were determined to have expired.

During the course of the year, leases covering 180 acres in Section 23 (under lease to Phillips Petroleum Company) and 295 acres out of the N/2 of Section 21 (under lease to HNG et al) also expired.

Currently Aminoil is negotiating with El Paso Natural Gas Company for sale of our share of gas from the No. 1 well. Gas is still being produced and sold by other participating working interest owners under the terms of a gas balancing agreement dated February 15, 1975.

PLAN OF OPERATION/DEVELOPMENT
WILLOW LAKE FEDERAL UNIT (No. 14-08-0001-14,260)
EDDY COUNTY, NEW MEXICO
Page two

PROPOSED DEVELOPMENT DURING 1978:

Present plans are to continue watching production and pressure from the No. 1 well and continue drilling/completion efforts on the No. 3 well through production or P&A. If these two wells warrant, it is our plan to drill one (1) additional development well at a legal location which is mutually acceptable to the working interest owners of the Willow Lake Federal Unit. In the event the No. 1 well does not hold up or the No. 3 well is plugged and abandoned, Aminoil, as operator, shall file a new Plan of Development. The No. 3 well and any subsequent development wells will be drilled to a depth sufficient to test the Morrow, Strawn and Atoka formations and to protect these formations from drainage by any non-unit well that might be drilled.

MODIFICATION:

It is understood that portions of this Plan of Operation/Development outlined above are dependent upon certain information to be obtained prior and subsequent to the proposed work as well as other contingencies, and for these reasons, this Plan of Operation/Development may be modified from time to time with like approval to meet changing conditions.

EFFECTIVE DATE:

This Plan of Operation/Development shall be effective upon approval by the Supervisor, Commissioner and Commission.

DATE: December 30, 1977

TERM:

This Plan of Operation/Development is submitted for the period ending December 31, 1978. Prior to that date another Plan of Operation/Development will be submitted for approval.

AMINOIL USA, INC.
UNIT OPERATOR

BY: David H. Lounston *209*

DATE: DECEMBER 30, 1977

APPROVED: _____
Department of the Interior

DATE: _____

APPROVED: _____
Commissioner of Public Lands

DATE: _____

APPROVED: James O. Ramsey
New Mexico Oil Conservation
Commission

DATE: 2/24/78