PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. DRAWER 1290 · FORT WORTH 1, TEXAS

E. HOSFORD
DIVISION PRODUCTION COORDINATOR

FORT WORTH
PRODUCTION DIVISION

March 12, 1958

Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: Application for Permit to Oil-Oil Dually Complete Gulf's Lea State "R" (NCT-A) Well No. 1, Anderson Ranch (Devonian) and (Wolfcamp) Pools, Sections 1 and 2, T-16-S, R-32-E, Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation respectfully requests a hearing to consider our application for permission to dually complete Lea State "R" (NCT-A) Well No. 1 in such a manner that the Devonian and Wolfcamp Reservoirs may be produced through parallel strings of tubing, and in support thereof states the following:

(1) Gulf Oil Corporation is the owner and operator of the Lea State "R" (NCT-A) 100.79-acre lease which consists of Lot 1, Section 2, and Lot 4 in Section 1 of T-16-S, R-32-E, Lea County, New Mexico, as shown on the attached plat. Gulf's Lea State "R" (NCT-A) Well No. 1 is located 990 feet from the north and 660 feet from the east lines of said Section 2.

(2) Subject well has 13-3/8" casing set at 611 feet and cement circulated with 725 sacks. The 9-5/8" casing is set at 4174 feet and cement circulated with 2770 sacks. Well was drilled to a total depth of 13,420 feet with 7" casing set and cemented at 13,391 feet with 1152 sacks. Lea State "R" (NCT-A) Well No. 1 was potentialed in the Devonian zone on February 27, 1958, and on the initial test, flowed 247 barrels of 52° API gravity oil in 13 hours through a 30/64" choke from the open hole interval 13,391 to 13,420 feet.

(3) On a 4½-hour drill stem test from the interval 9820 to 9962 feet in the Wolfcamp, the well flowed 373.60 barrels of 42 gravity oil and 41.20 barrels of water through 5/8" choke. Thirty minute BHP was 3575 pounds.

(4) Applicant proposes to perforate the 7" casing opposite the Wolfcamp Formation in an interval approximately 9820 to 9920 feet and dually complete through the use of parallel strings of tubing in the manner set out in the diagrammatic sketch attached hereto. The two producing intervals will be separated by means of a Baker Production Packer capable of withstanding any differential in pressures expected to be encountered between the two producing formations. If approved, applicant plans to run 2-3/8" O.D. EUE tubing from each producing horizon.

The manner and method of the proposed dual completion is mechanically feasible and practical and the granting of this application is in the interest of conservation and the protection of correlative rights. Applicant will comply with all rules and regulations of the New Mexico Oil Conservation Commission to maintain separation of production from the two pays.

By copy of this letter of application, all offset operators are notified of the proposed dual completion.

Respectfully submitted,

GULF OIL CORPORATION

By E. Hoffard
Division Production Coordinator

cc: Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Mr. Edward G. Burke, Jr.
Milam Building
San Antonio 5, Texas

Humble Oil & Refining Company
P. O. Box 1600
Midland, Texas

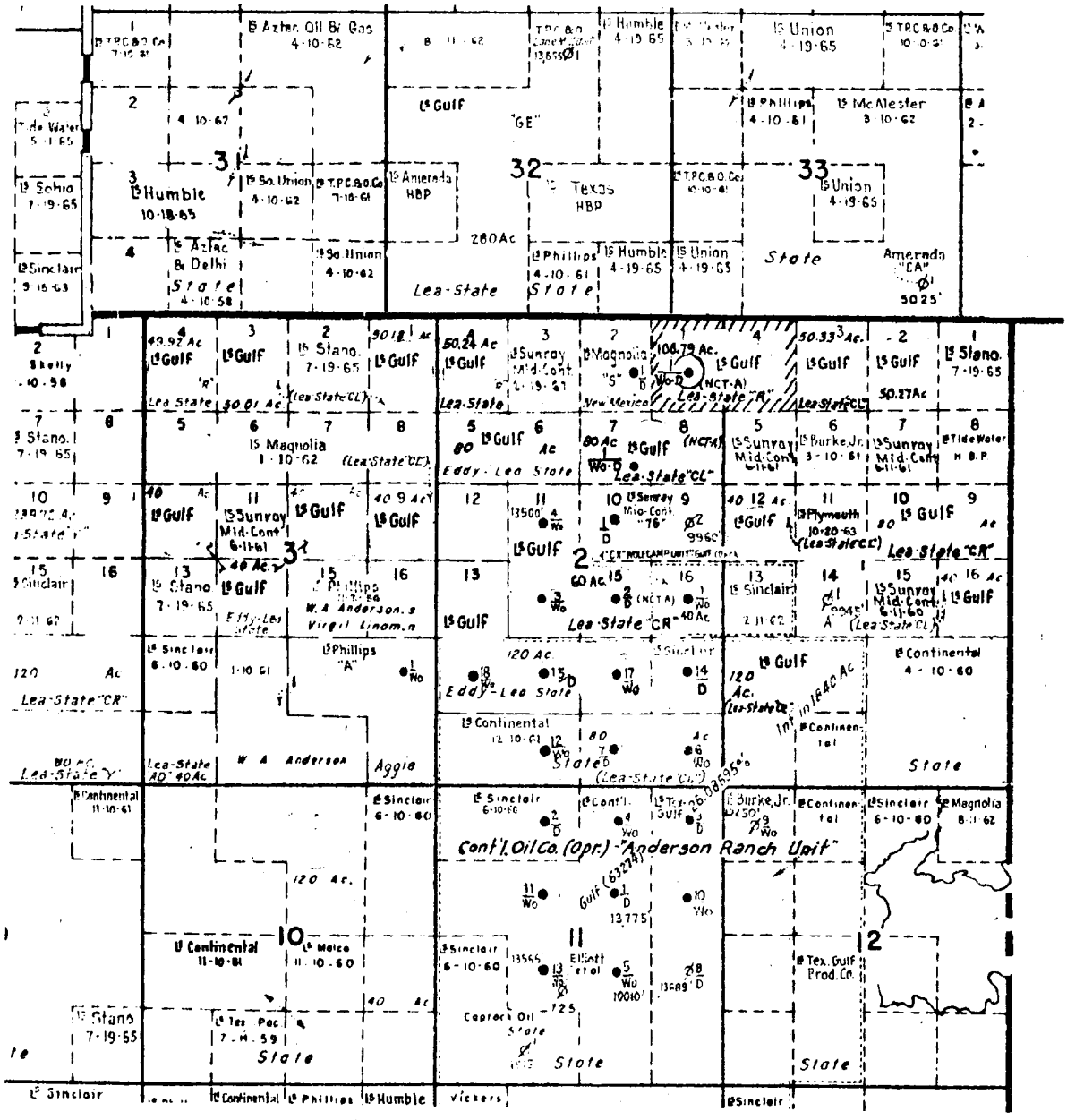
Magnolia Petroleum Company
P. O. Box 727
Kermit, Texas

McAlester Fuel Company
P. O. Box 783
McAlester, Oklahoma

Phillips Petroleum Company
P. O. Box 2105
Hobbs, New Mexico

Sunray Mid-Continent Oil Corporation
Wilco Building
Midland, Texas

Union Oil Company of California
619 West Texas Avenue
Midland, Texas

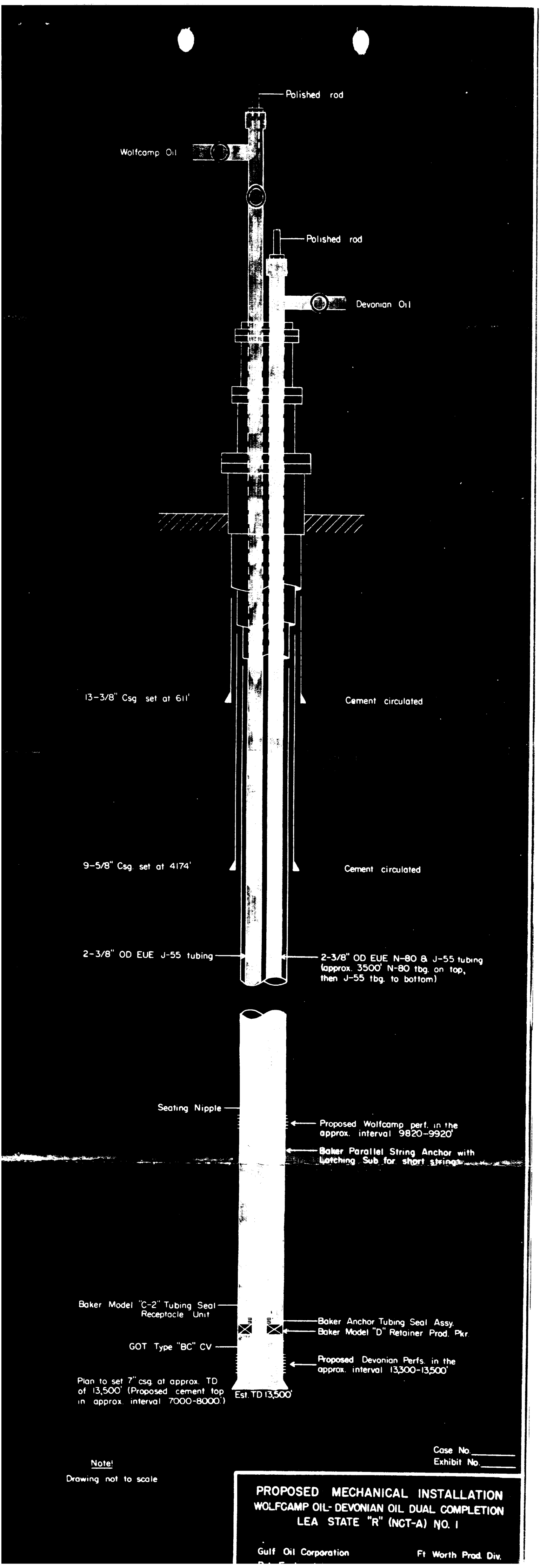


GULF'S LEA STATE "R" (NCT-A) LEASE
LEA COUNTY, NEW MEXICO

Legend
Wolfcamp Oil Unit 80 Ac.
Devonian Oil Unit 80 Ac.

⊙ 1/Wo-D Proposed Oil-Oil Dual

GULF OIL CORPORATION SCAIE 1" - 3000'



Case No._____
Exhibit No._____

Note!
Drawing not to scale

PROPOSED MECHANICAL INSTALLATION
WOLFCAMP OIL- DEVONIAN OIL DUAL COMPLETION
LEA STATE "R" (NCT-A) NO. 1

Gulf Oil Corporation — Ft Worth Prod. Div.