

September 17, 1990

New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501-2088

Attention: Mr. Mike Stogner

RE: Confirmation of Verbal Approval to Proceed Pennzoil S.C. #699 State 16 No. 5 Well 2310' FSL and 900' FWL, Section 16, T16S, R37E Lea County, New Mexico Lovington, N.E. Area

Dear Mr. Stogner:

As we discussed by telephone, Pennzoil recently drilled the captioned unorthodox well pursuant to Case No. 9951, Order No. R-9195. Due to a faulty primary cement job and subsequent unsuccessful remedial work (cement squeezes), Pennzoil has not been able to alleviate the coning of formation water into the wellbore. Therefore, Pennzoil has concluded that a side track operation is the only viable alternative to solve this problem.

We plan to pull the 5 1/2" casing above the cement top at approximately 9400' subsurface and sidetrack with a deviation of no more than 50' from the above approved surface location.

In accordance with our discussion, Pennzoil will proceed as described above and upon completion of the subject operation we will then pursue administrative approval.

L13790RB

	State of New Mexico Energy, Minerals and Natural Resources Department		Form C·103 Revised 1-1-89		
strict Office <u>STRICT 1</u> D. Box 1980, Hobbs, NM 88240	OIL CONSERVATION P.O. Box 2088		WELL API NO. 30-025-30926		
<u>STRICT II</u> D. Drawer DD, Artesia, NM 88210	Santa Fe, New Mexico 8	5. Indicate Type of Lease STATE X FEE			
<u>STRICT III</u> 00 Rio Brazos Rd., Aztec, NM 87410			6. State Oil & Gas Lease No. K 6806		
DO NOT USE THIS FORM FOR PRO	CES AND REPORTS ON WELL POSALS TO DRILL OR TO DEEPEN O VOIR. USE "APPLICATION FOR PER 101) FOR SUCH PROPOSALS.)	DR PLUG BACK TO A	7. Lease Name or Unit Agreement Name		
Type of Well: OIL GAS WELL X WELL	OTHER		STATE -16-		
Name of Operator	tion & Production Compa	עמו	8. Well No. 5		
Address of Operator	LION & HOULELION COMPO		9. Pool name or Wildcat		
P. O. Drawer 182	<u>8 - Midland, Texas 7970</u>)2-1828	Lovington,NE (Penn)		
	0 Feet From The South	0.7 m	00 Feet From The West Lin		
Section 16	10. Elevation (Show whether I	DF, RKB, RT, GR, etc.)			
	Appropriate Box to Indicate N	- 3826.1 RKB			
	TENTION TO:	SUI	BSEQUENT REPORT OF:		
		REMEDIAL WORK			
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PENNZOIL EXPLORATION AND PRODUCTION COMPANY

New Mexico Oil Conservation Division Mr. Mike Stogner September 17, 1990 Page Two

If the above correctly represents our understanding, please indicate your approval by executing both copies of this letter and return one (1) copy to me at the earliest possible date.

Thank you for your consideration.

Very truly yours,

PENNZOIL EXPLORATION AND PRODUCTION COMPANY

Robert F. Blucher Advanced Landman

RFB:1s

cc: New Mexico Oil Conservation Division (District 1)
P. O. Box 1980
Hobbs, New Mexico 88241
Attention: Mr. Jerry Sexton

Α.	Bell	G.	Kornegay
R.	Burton	Μ.	McCullough
J.	Butler	G.	SanFilippo

AGREED TO AND ACCEPTED THIS ____ DAY OF _____, 1990.

NEW MEXICO OIL CONSERVATION DIVISION

By: Title:

L13790RB

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Submit 5 Copies Appropriate District Office DISTRICT I BO Reg 1080 Units a DB 6 889.40		New Mexico nural Resources Department	Form C-104 Revised 1-1-89 See Instructions				
P.O. Box 1980, Hobbe, NM 88240 <u>DISTRICT II</u> P.O. Drawer DD, Artesia, NM 88210	P.O. I	ATION DIVISION Box 2088	at Bottom of Page				
DISTRICT III		lexico 87504-2088					
ICOD Rio Brazos Rd., Aziec, NM \$7410 I. TO TRANSPORT OIL AND NATURAL GAS							
	ATION & PRODUCTION COMP.	ANY	Weil API No. 30-025-30926				
Address P. O. DRAWER 1	828 - MIDLAND, TEXAS	79702-1828					
Reason(s) for Filing (Check proper box)	Reason(s) for Filing (Check proper box)						
Recompletion	New Well X Change in Transporter of: Recompletion Oil Dry Gas Need 3500 bbl. Testing Allowable						
Change in Operator	Casinghead Gas Condensate	for JULY 199					
and address of previous operator		· · · · · · · · · · · · · · · · · · ·					
II. DESCRIPTION OF WELL	AND LEASE Well No. Pool Name, Includ	ling Formation	Kind of Lease No.				
STATE -16-		n, NE (Penn)	State, Reservice K 6806				
Location Unit LetterL		South Line and 900	Feet From The WestLine				
Section 16 Townsh	ip 16S Range 3	7е , ммрм ,	Lea County				
III. DESIGNATION OF TRAN	SPORTER OF OIL AND NATU	RAL GAS					
Name of Authorized Transporter of Oil Enron, Trading, Inc.	txx or Condensate		pproved copy of this form is to be sent) Shreveport, LA 71112				
Name of Authorized Transporter of Casin None at this time	ghead Gas XX or Dry Gas		pproved copy of this form is to be sent)				
If well produces oil or liquids, give location of tanks.	Unit Sec. Twp. Rge. L 16 16S 37E	Is gas actually connected? NO	When ?				
If this production is commingled with that IV. COMPLETION DATA	from any other lease or pool, give comming		Soon				
Designate Type of Completion	- (X) Oil Well Gas Well	New Well Workover D	eepen Plug Back Same Res'v Diff Res'v				
Date Spudded 06/20/90	Date Compi. Ready to Prod. 07/25/90	Total Depth 11900	P.B.T.D. 11864				
Elevations (DF, RKB, RT, GR, etc.)			Tubing Depth				
3812.1 GR Performions	Penn	11477	Depth Casing Shoe				
11477' to	11477' to 11497' with 4 shots per foot 11900						
HOLE SIZE	TUBING, CASING AND CASING & TUBING SIZE	CEMENTING RECORD	SACKS CEMENT				
17-1/2	13-3/8	420	450				
11	8-5/8	4400	1540				
7-7/8	5-1/2	11900	600				
V. TEST DATA AND REQUES OIL WELL (Test must be after r		he excel to an encoded tom allowable	for this death on he for 6.11.24 hours)				
Date First New Oil Run To Tank	ecovery of total volume of load oil and must Date of Test	Producing Method (Flow, pump, g					
Length of Test	Tubing Pressure	Casing Pressure	Choke Size				
Actual Prod. During Test	Oil - Bbls.	Water - Bbis.	Gu- MCF				
GAS WELL	l	<u> </u>					
Actual Prod. Test - MCF/D	Length of Test	Bbis. Condensate/MMCF	Gravity of Condensate				
Testing Method (pilot, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size				
VI. OPERATOR CERTIFIC	ATE OF COMPLIANCE						
I hereby certify that the rules and regul: Division have been complied with and is true and complyte to the best of my b	that the information given above	OIL CONSERVATION DIVISION Date Approved					
You K.	huson						
Signature ROY R. JOHNSON - Proc Printed Name		By					
July 25, 1990	915-682-7316 Telephone No.	Title					
	• • • • • • • • • • • • • • • • • • •						

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INSTRUCTIONS: This form is to be filed in compliance with Rule 1104

1) Request for allowable for newly drilled or deepened well must be accompanied by tabulation of deviation tests taken in accordance with Rule 111.

2) All sections of this form must be filled out for allowable on new and recompleted wells.

3) Fill out only Sections I, II, III, and VI for changes of operator, well name or number, transporter, or other such changes.

4) Separate Form C-104 must be filed for each pool in multiply completed wells.