

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

April 19, 1999

Well file

FEDERAL EXPRESS

Mr. Chris Williams, Supervisor
Oil Conservation Division
1000 W. Broadway
Hobbs, New Mexico 88240

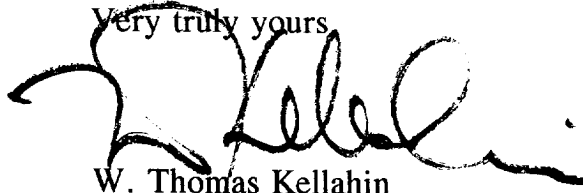
Re: Gallagher State Com Well No. 2-~~X~~
Administrative Application of
Amerind Oil Company, Ltd.
for a Non-Standard Proration Unit
and for a Directional Wellbore
North 1/3rd equivalent of Irregular Section 2, T16S, R35E
Lea County, New Mexico

Dear Mr. Williams:

On behalf of Amerind Oil Company, Ltd. and in accordance with Division Rule 111, please find enclosed the enclosed original of this application for approval to drill this well directionally to a standard subsurface drilling and producing window within a non-standard gas proration and spacing unit.

Please call me if you have any questions.

Very truly yours



W. Thomas Kellahin

cc: Mr. Michael E. Stogner (OCD-Santa Fe)
cc: Amerind Oil Company, Ltd.
Attn: Robert C. Leibrock

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A].

[A] Location - Spacing Unit - Directional Drilling
☐ NSL ☒ NSP ☒ DD ☐ SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☒ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

KELLAHIN & KELLAHIN

Attorneys At Law

P.O. Box 2265

Print or Type Name 87504-2265

Signature

Title

Date

4/19/99

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF AMERIND OIL COMPANY, LTD.
FOR A DIRECTIONAL WELLBORE AND A
NON-STANDARD GAS PRORATION AND SPACING UNIT
LEA COUNTY, NEW MEXICO**

ADMINISTRATIVE APPLICATION

Comes now Amerind Oil Company, Ltd. ("Amerind"), by and through its attorneys, Kellahin & Kellahin, and in accordance with Division Rule 111 applies to the District Supervisor-Hobbs of the New Mexico Oil Conservation Division for approval for a Directional Wellbore and in accordance with Division Rule 104.D(2)(a) for a non-standard 361.16 gas proration and spacing unit for its Gallagher State Com Well No. 2-X and in support states:

(1) Amerind is the proposed operator for a non-standard 361.16 acre gas proration and spacing unit consisting of Lots 1-8 of Irregular Section 2, T16S, R35E, NMPM, Lea County, New Mexico.

(2) Amerind has conducted a geologic investigation and has concluded that the optimum location for a well in the referenced spacing unit is just to the northeast of its Gallagher State Well No. 2 which is currently producing from the Strawn formation but has reached its economic limit. Amerind proposes to squeeze cement the Strawn producing interval, drill out below the 5-1.2" casing and directionally drill to the nearest standard (and geologically acceptable) bottom hole location in the Morrow formation, being approximately 2300 feet from the North line and 2300 feet from the East line of this section.

(3) Therefore, Amerind requests approval to drill this well directionally to a standard subsurface location within a Producing Area and Producing Interval at the top of the Morrow formation not closer than 660 feet from the south nor closer than 1650 feet to the east boundaries of the proposed non-standard proration and spacing unit for any gas production below the top of the Atoka formation.

(4) Amerind proposes the following:

- (a) **Project Area:**
non-standard 361.16-acre gas dedication
(Lots 1-8 Section 3)
- (b) **Producing Area & Producing Interval:**
being within an area at the top of
the Morrow formation within the
proposed spacing unit but not
closer than 660 feet to the south
or 1650 feet to the east boundaries
of the spacing unit

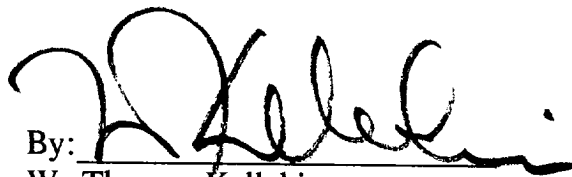
(5) The following exhibits are attached:

- Exhibit 1: Area Locator Plat indicating spacing unit,
surface and subsurface well location, offset
owners
- Exhibit 2: C-102
- Exhibit 3: APD
- Exhibit 4: Schlumberger's numerical tabulation of
directional program.





WHEREFORE, Applicant requests that this application be approved.

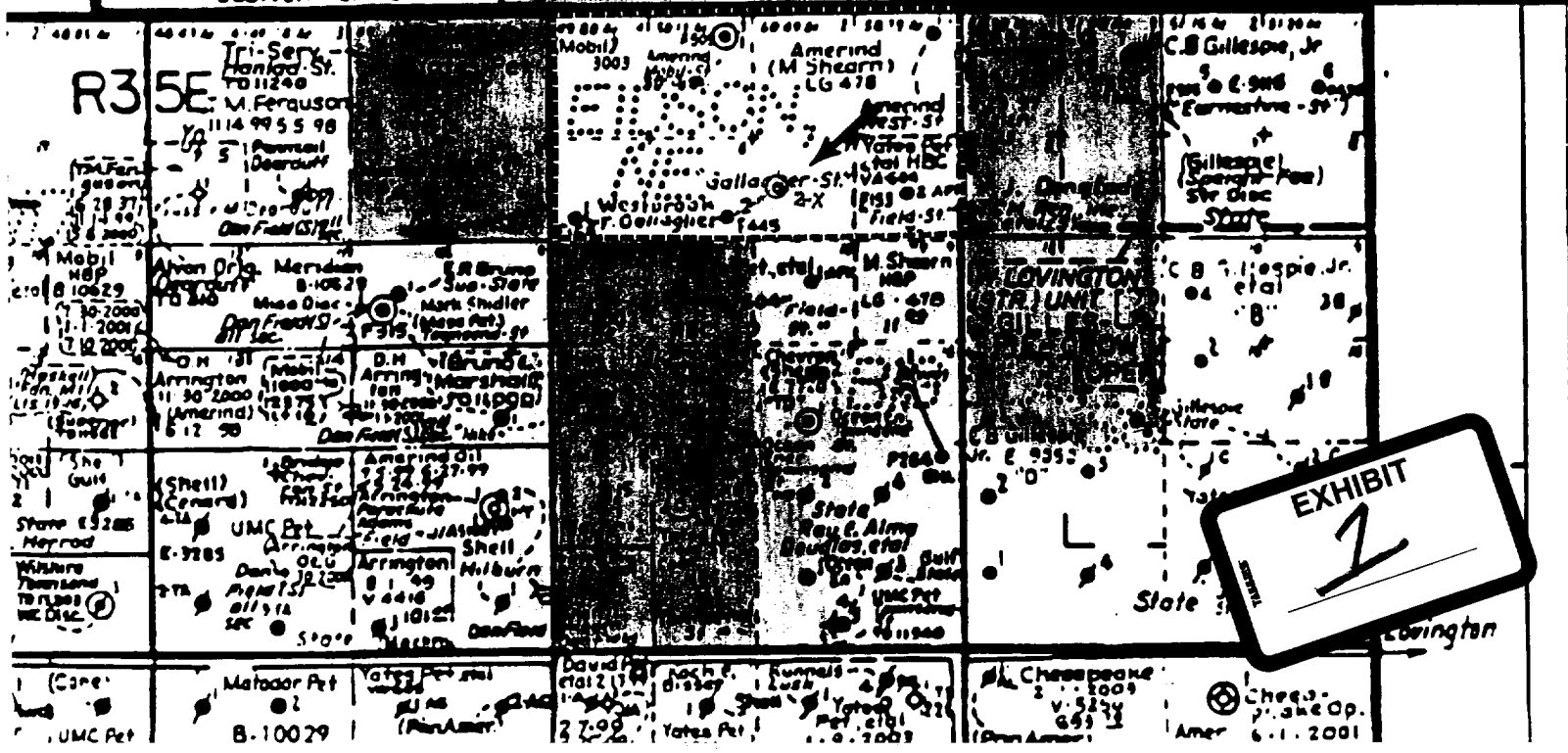
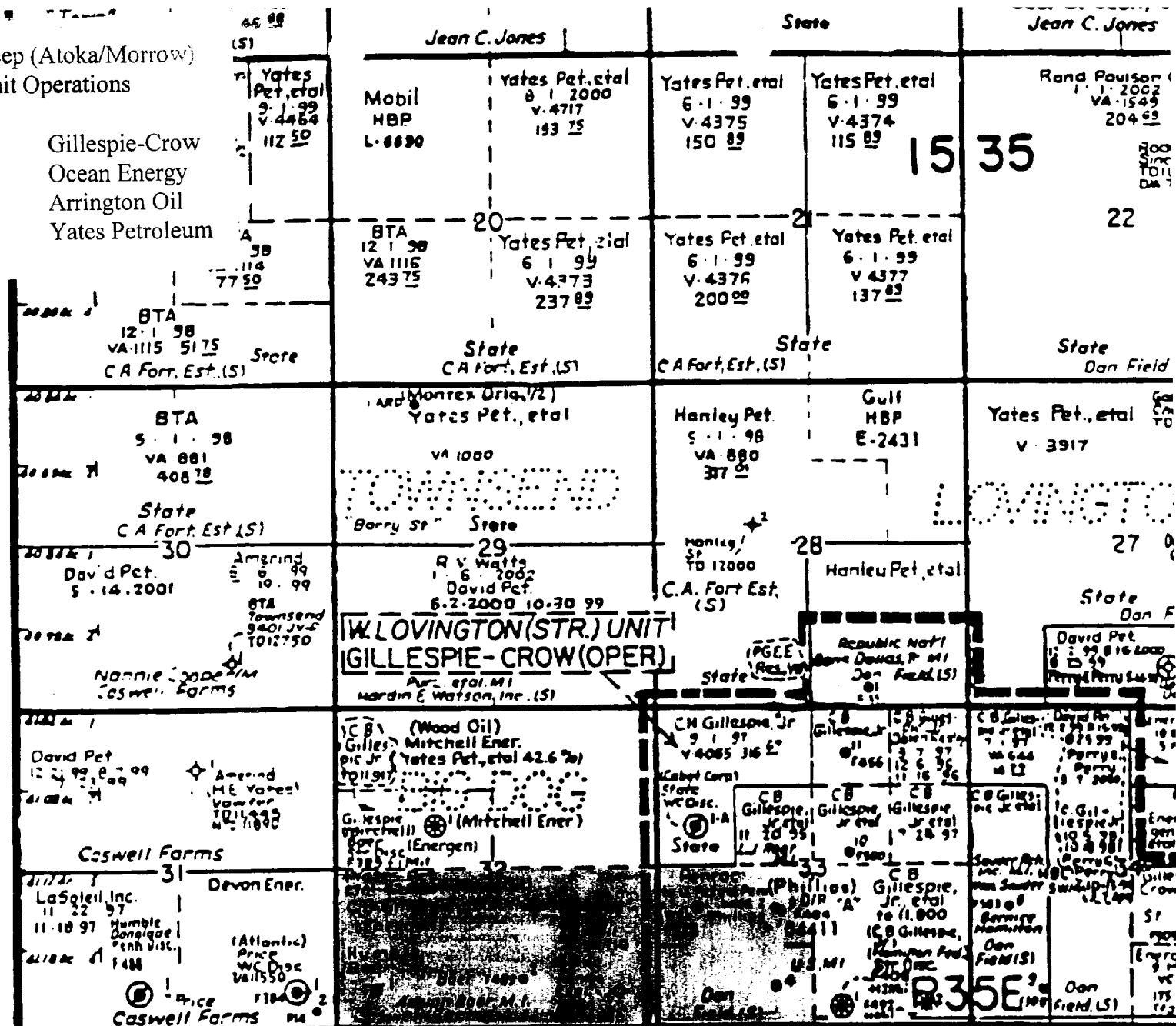
Respectfully submitted,

KELLAHIN & KELLAHIN

By: 

W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
Attorneys for Applicant

-  Gillespie-Crow
-  Ocean Energy
-  Arrington Oil
-  Yates Petroleum



DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

DISTRICT II
P.O. Drawer 22, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Wildcat
Property Code	Property Name	Well Number
	GALLAGHER STATE COM	2-X
OGED No.	Operator Name	Elevation
000671	AMERIND OIL COMPANY, LTD.	3992

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
6	2	16 S	35 E		2646	NORTH	2299	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
7	2	16 S	35 E		2300	NORTH	2300	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

Lots 3, 4
State of New Mexico
Lease No.
E-3003-1

LOT 4 49.80 ACRES	LOT 3 50.13 ACRES	LOT 2 50.45 ACRES	LOT 1 50.78 ACRES
LOT 5 40 ACRES	LOT 6 40 ACRES	LOT 7 40 ACRES	LOT 8 40 ACRES
LOT 12 40 ACRES	LOT 11 40 ACRES	LOT 10 40 ACRES	LOT 9 40 ACRES
LOT 13 40 ACRES	LOT 14 40 ACRES	LOT 15 40 ACRES	LOT 16 40 ACRES

Lots 1, 2, 5, 6, 7
State of New Mexico
Lease No. LG-0478

Lot 8
State of New Mexico
Lease No. VA-0604

OPERATOR CERTIFICATION

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

[Signature]

Signature

Robert C. Leibrock

Printed Name

General Partner

Title

March 3, 1999

Date

SURVEYOR CERTIFICATION

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 belief.

APRIL 10, 1996

Date Surveyed J. EIDSON JLP
Signature & Seal of Professional Surveyor

[Signature]
3239
W.O. Num. 96-15-0438

Certified by: J. EIDSON, 676
PROFESSIONAL SURVEYOR, 3239

EXHIBIT
2

SCALE: 1"=2000'

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address. Amerind Oil Company Limited Partnership 415 West Wall Street, Suite 500 Midland TX 79701-4467		¹ OGRID Number 000671
		¹ API Number 30 - 0
¹ Property Code	¹ Property Name Gallagher State Com	¹ Well No. 2-X

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
6	2	16S	35E		2646	North	2299	West	Lea

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
7	2	16S	35E		2300	North	2300	East	Lea

¹⁰ Proposed Pool 1 Morrow (Undesignated)	¹⁰ Proposed Pool 2
--	-------------------------------

¹¹ Work Type Code D	¹¹ Well Type Code G	¹³ Cable/Rotary Rotary (pulling unit)	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3992'
¹⁶ Multiple No	¹⁷ Proposed Depth 12,766' MD (12,320' TVD)	¹⁸ Formation Mississippian	¹⁹ Contractor Pride Well Service	²⁰ Spud Date 4/30/99

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
4-3/4"	3-1/2" liner	9.3 # N-80	12,766' MD	To be determined	see below

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Plan is to squeeze Strawn perfs at 11,572' - 11,583' in the existing Gallagher State No. 2 well, drill out below 5-1/2" casing set at 11,797', directionally drill to target top of Morrow formation at 2300' FNL and 2300' FEL of section 2, TD in Mississippian lime. Set 3-1/2" liner at approximately 11,400' in existing 5-1/2" casing. Complete in Morrow formation. (BOP Schematic attached.)

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Robert C. Leibrock

Printed name:

Robert C. Leibrock

Title:

General Partner

Date:

April 7, 1999

Phone:

915/682-8217

OIL CONSERVATION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

EXHIBIT

3

Schlumberger

Anadrill

Proposed Well Profile

Client: Amerind Oil Company, LTD Field: Lea County, NM Structure: Gallagher State Com #2 Well: Gallagher State Com #2 - X Borehole: Gallagher State Com #2 API #: Date: April 06, 1999 Grid Convergence: 0.55914217" Scale Factor: 1.00002315 Location: N 32 55 39.475, W 103 18 17.215 : N 702724.300 ftUS, E 815600.800 ftUS Coordinate System: NAD27 New Mexico State Planes, Eastern Zone, US Feet	Survey Computation Method: Minimum Curvature DLS Computation Method: Lubinski Vertical Section Azimuth: 48.410° Vertical Section Origin: N 0.000 ft, E 0.000 ft TVD Reference: 2646.0 ft above Magnetic Declination: 8.915° Total Field Strength: 50341.648 nT Dip: 61.247° Declination Date: April 06, 1999 Magnetic Declination Model: BGS 1998 North Reference: True North Coordinate Reference To: Structure Reference Point
--	--

Station ID	MD (ft)	Incl (°)	Azim (°)	TVD (ft)	VSec (ft)	N-S (ft)	E-W (ft)	Closure (ft)	at Azim (°)	DLS ("/100ft)	TF (°)
Tie-In	11500.00	0.69	10.09	11499.25	48.84	67.01	5.83	67.26	4.97	0.00	48.5MTF
	11600.00	0.66	20.80	11599.24	49.82	68.14	6.14	68.42	5.15	0.13	48.5MTF
	11700.00	0.65	32.13	11699.24	50.88	69.16	6.65	69.48	5.49	0.13	48.5MTF
	11800.00	0.67	43.25	11799.23	52.01	70.07	7.35	70.45	5.99	0.13	48.5MTF
	11800.00	0.67	43.25	11799.23	52.01	70.07	7.35	70.45	5.99	0.13	48.5MTF
Casing Point											
KOP	11850.00	0.69	48.48	11849.23	52.60	70.48	7.78	70.91	6.30	0.13	48.5MTF
	11900.00	9.69	48.48	11898.97	57.12	73.48	11.16	74.32	8.64	18.00	0.0
	12000.00	27.69	48.48	11993.31	89.03	94.63	35.05	100.91	20.33	18.00	0.0
	12100.00	45.69	48.48	12073.17	148.53	134.07	79.60	155.92	30.70	18.00	0.0
	12200.00	63.69	48.48	12130.73	229.80	187.94	140.45	234.63	36.77	18.00	0.0
EOC	12238.95	70.70	48.48	12145.82	265.68	211.73	167.32	269.86	38.32	18.00	0.0
PBHL/TD	12765.95	70.70	48.48	12320.00	763.07	541.44	539.72	764.50	44.91	0.00	0.0

EXHIBIT

4