
Facsimile Cover Sheet

To: MR. JERRY SEXTON
Company: N. M. OIL CONSERVATION DIV.-HOBBS
Phone: (505) 393-6161
Fax: (505) 393-0720

From: Yvonne T. Iverson
Company: Shell Western E&P Inc.
Phone: (713) 544-3226
Fax: (713) 544-3304

Date: 08/07/96

**Pages including this
cover page:** 2

Comments:

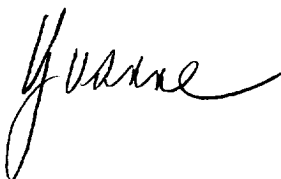
Mr. Jerry Sexton:

SUBJECT: REQUEST FOR TEMPORARY ALLOWABLE AND
AUTHORIZATION TO TRANSPORT PRODUCTION
STATE BG; NO. 1 WELL
NORTH VACUUM ATOKA MORROW GAS POOL
PROPERTY CODE 18861 - API #30-025-33395
SECTION 19, T17S - R35E
LEA COUNTY, NEW MEXICO

Shell Western E&P Inc. (SWEPI) has drilled the subject well to a total depth of 12,500' and has recently perforated the Morrow formation. Attached, please find a form C-104 - "Request for Allowable and Authorization to Transport", whereby SWEPI is requesting a testing allowable for the subject well. The well will be completed in the North Vacuum Atoka Morrow Gas Pool, an unprorated gas pool. Currently, SWEPI is flaring the gas and plans to have Eott Energy Operating LP truck the condensate production from the storage facilities at the well location to sales.

Please be advised that a hard copy of the attached C-104 form has been placed in the mail to your attention.

Thanks for your attention to this matter. Should you have any questions, please give me a call.



Shell Western E&P Inc
An affiliate of Shell Oil Company



PO Box 576
Houston, TX 77252

R. I. McQuerry
Drilling & Construction
Phone: (713) 544-2816
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July 2, 1996

To: Jerry Sexton, NMOCD
From: Randy McQuerry
Subject: Inclination surveys for State BG #1

Shell Western E&P, Inc. is currently drilling State BG #1 in Lea County, New Mexico, located 990' FNL; 2310' FEL; Section 19; T17S; R35E; API #30-025-33395. We were drilling with an 8.7 ppg mud system at 11,950 feet when we took a gas kick from the Morrow formation. It was necessary to increase mud weight to 12 ppg to maintain well control. This increase in mud weight has caused increased problems with lost circulation in upper zones. We are concerned that these mud losses may result in differential sticking problems if drill pipe movement is not sustained.

We request a waiver, for the remainder of the well, in the rule requiring that inclination surveys be run every 500 feet. Our last survey was 1.5° at 10,830 feet. This well has remained very straight (relative to the State limit of 5° over a 500 foot interval), with the largest inclination so far at 1.75°. Per our telephone conversation, we plan to run one more survey at TD (12,500 feet) to verify that the angle of the hole has not changed significantly since 10,830 feet.

Let me know if you need additional information.

Thanks,

A handwritten signature in black ink, appearing to read 'Randy McQuerry', written in a cursive style.