

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Azusa, 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

Operator Name and Address: OXY USA Inc. P.O. Box 50250 Midland, TX 79710-0250		OGRID Number 16696 API Number 30-025-34326
Property Code 22882	Property Name Lone Ranger "16" State Com.	Well No. 1

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
0	16	19S	33E		990	South	1980	East	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
Proposed Pool 1 Undesignated Gem Morrow					Proposed Pool 2 Undesignated Tonto Atoka				

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3642'
Multiple No	Proposed Depth 13650'	Formation Morrow	Contractor N/A	Spud Date 3/10/98

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	400'	420	Surface
11"	8-5/8"	32#	5200'	1680	Surface
7-7/8"	5-1/2"	17-20#	13650'	510	10400'

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.

Approved by: [Signature]  
Date: [Signature]

See other side

Case No. 11902 Order No. R-10959

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: [Signature]		OIL CONSERVATION DIVISION Approved by: [Signature] FIELD REP. II	
Printed name: David Stewart		Title: FIELD REP. II	
Title: Regulatory Analyst		Approval Date: MAR 04 1998 Expiration Date:	
Date: 2/25/98	Phone: 915-685-5717	Conditions of Approval: Attached <input type="checkbox"/>	

**ATTACHMENT C-101  
OXY USA Inc.  
LONE RANGER "16" STATE COM. #1  
SEC 16 T19S R33E  
EDDY COUNTY, NM**

**PROPOSED TD:** 13650' TVD

**BOP PROGRAM:**

0-400'	None
400-5200'	13-3/8 5M blind and pipe rams with 5M annular preventer
5200-13650'	13-3/8" 5M blind and pipe rams with 5M annular preventer and rotating head below 10900'

**CASING:**

13-3/8" 48# H-40 ST&C casing @ 400', 17-1/2" hole.

8-5/8" 32# K55-S80 ST&C casing @ 5200', 11" hole  
K55-4080' S80-1120'

5-1/2" 17# N80 20# N80-S95 LT&C casing @ 13650', 7-7/8" hole.  
17# N80-8100' 20# N80-5000' 20# S95-550'

**CEMENT:**

**SURFACE** - Circulate cement with 220sx 35:65 POZ C w/ 2% CaCl<sub>2</sub> + 6% gel + .25#/sx Cello-seal followed by 200sx CL C w/ 2% CaCl<sub>2</sub>.

**INTERMEDIATE** - Circulate cement with 500sx 35:65 POZ C w/ 6% gel + 5#/sx salt + .25#/sx Cello-seal followed by 1180sx CL C w/2% CaCl<sub>2</sub>. Cement volumes may be adjusted to fluid caliper

**PRODUCTION** - Cement with 510sx Super C Modified w/ 5#/sx Gilsonite + fluid loss additives and retarder. Estimated top of cement is 10,400'.

**MUD:**

0-400'	Gel / lime for pH control (9 –10 ), paper for seepage Wt. 8.6-8.7 ppg, vis 32-34 sec.
400' – 5200'	Fresh/Brine water. Caustic for pH control (10-10.7) paper for seepage. Wt. 10.0-10.1 ppg, vis 28-32 sec.
5200 – 10900'	Fresh water. Caustic for pH control (9-9.5) paper for seepage. Wt. 8.4-8.5 ppg, vis 28-29 sec.
10900' –12500'	Cut brine. Caustic for pH control (10-10.5) 9.2-9.7 ppg, vis 28-29 sec
12500'-13650'	Mud up with XCD polymer system Wt. 10.2-11.5 ppg, vis 42-48 sec. WL 6-8 cc

## DISTRICT I

P.O. Box 1888, Hobbs, NM 88241-1888

## 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

## DISTRICT II

P.O. Drawer 88, Artesia, NM 88211-0718

## DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

## DISTRICT IV

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

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34326	Pool Code 77370	Pool Name Undesignated Gem Morrow
Property Code 22882	Property Name LONE RANGER "16" STATE	Well Number 1
OGRID No. 16696	Operator Name OXY USA Inc.	Elevation 3642

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	16	19 S	33 E		990	SOUTH	1980	EAST	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

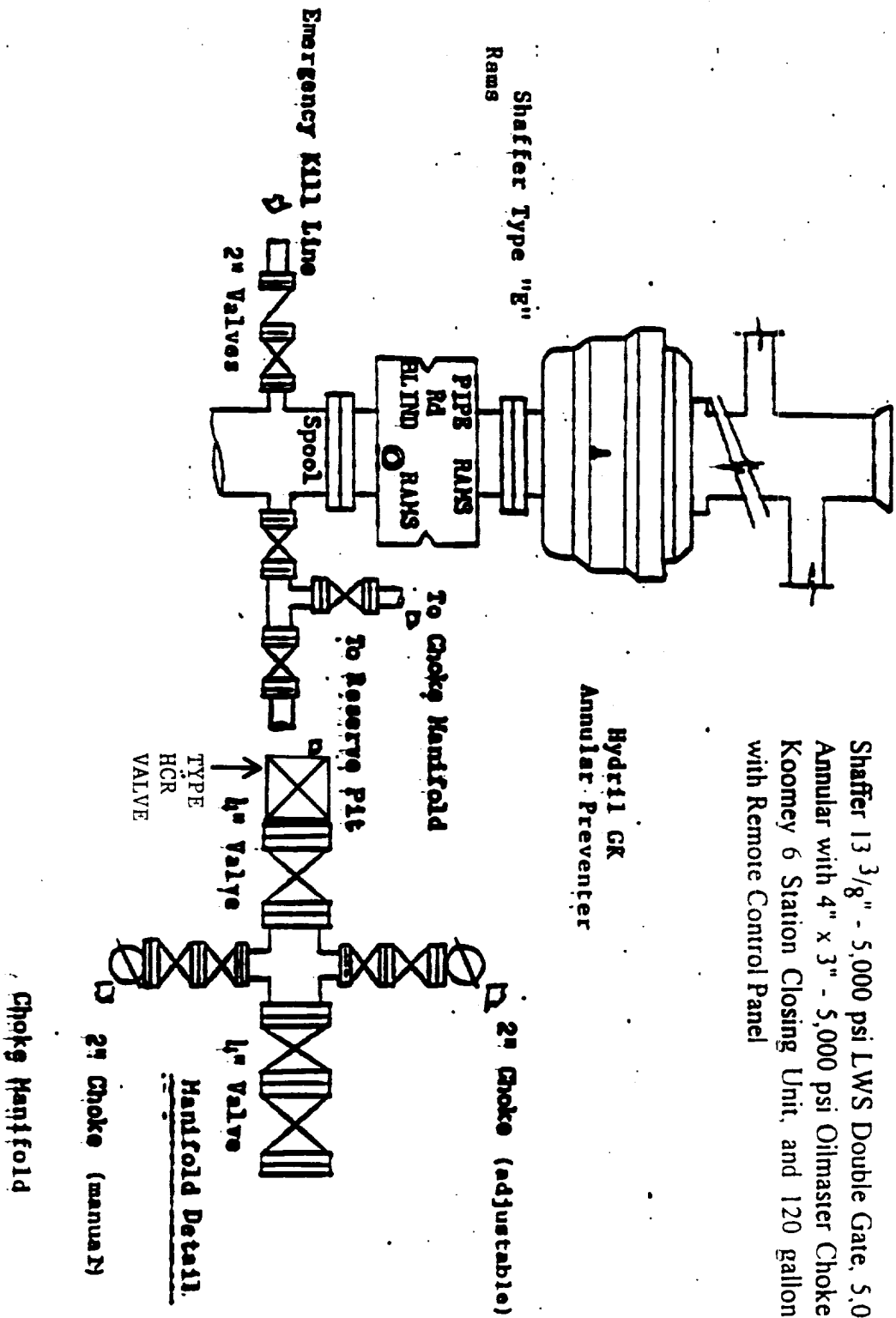
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			NSL R-10959

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

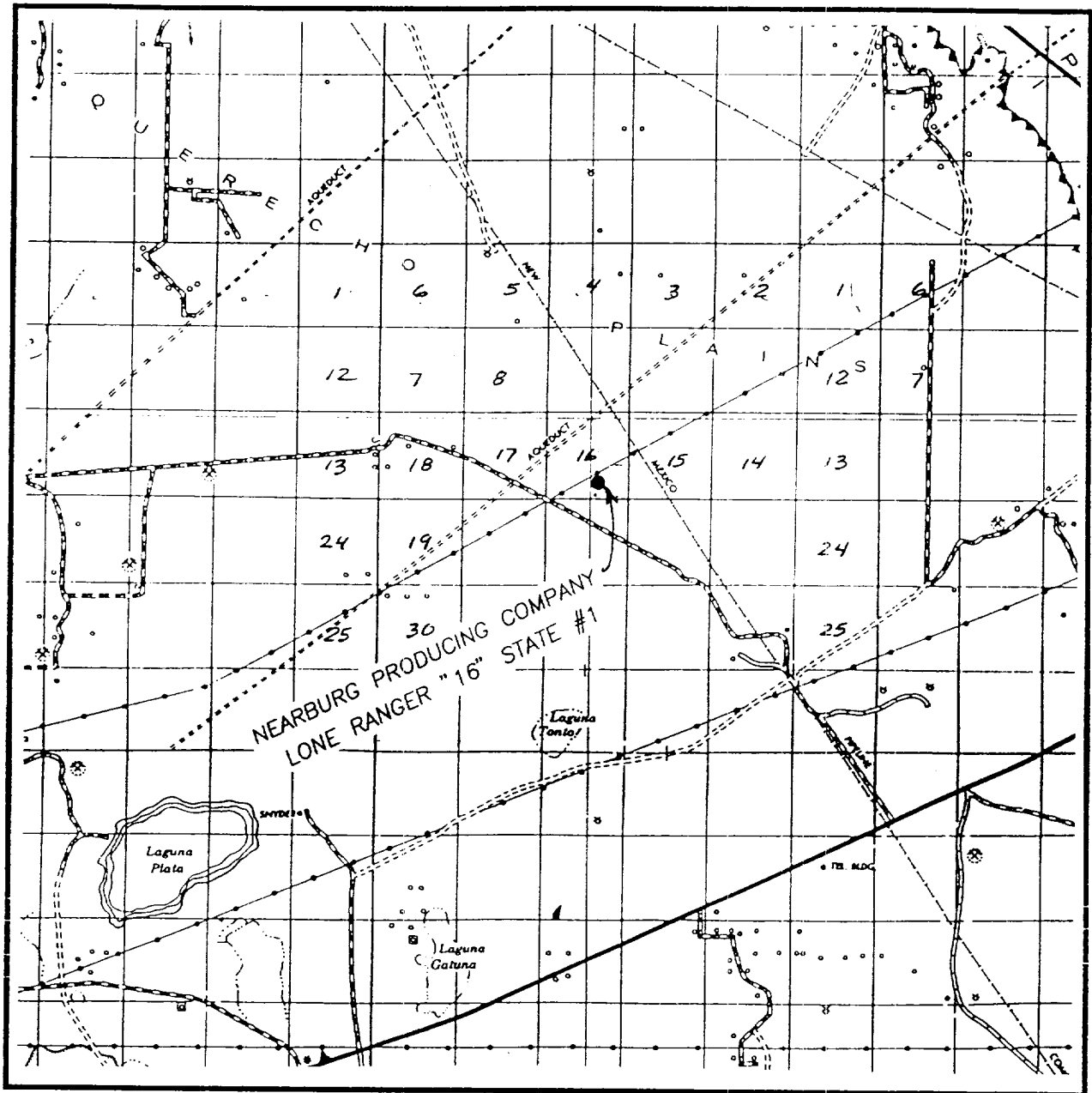
	<b>OPERATOR CERTIFICATION</b> I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.  Signature David Stewart Printed Name Regulatory Analyst Title 2/25/98 Date	
	<b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this 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. JANUARY 24, 1998 Date Surveyed JLP Signature & Seal of Professional Surveyor  W.O. Num. 98-10103 Certificate No. RONALD E. EIDSON, 3239 GARY G. EIDSON, 12841 PROFESSIONAL SURVEYOR, 12185	

# BLOWOUT PREVENTOR SCHEME

EXHIBIT A



# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 16 TWP. 19-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 990' FSL & 1980' FEL

ELEVATION 3642'

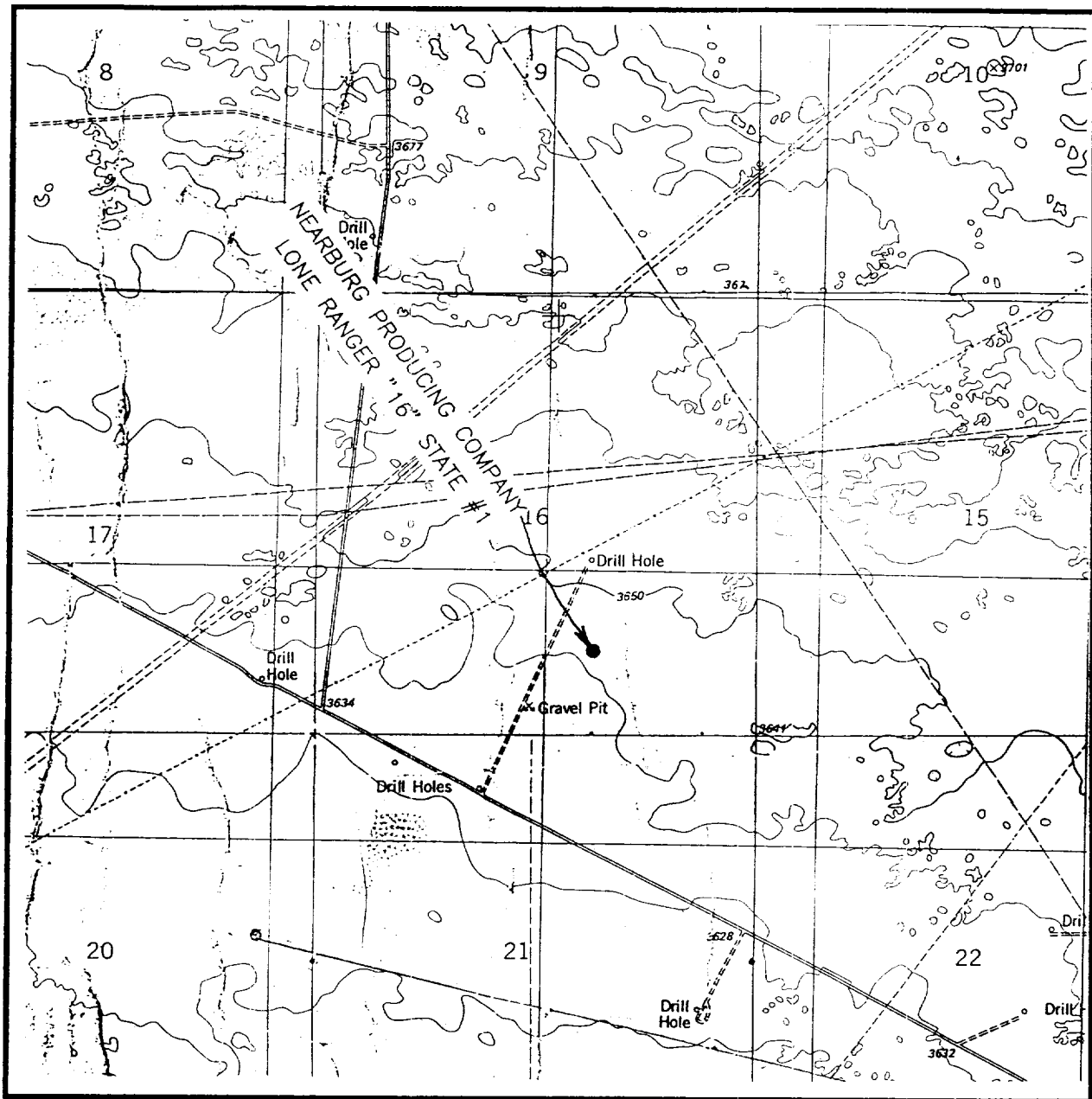
OPERATOR NEARBURG PRODUCING COMPANY

LEASE LONE RANGER "16" STATE

**JOHN WEST ENGINEERING  
HOBBS, NEW MEXICO**

**(505) 393-3117**

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 10'

SEC. 16 TWP. 19-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 990' FSL & 1980' FEL

ELEVATION 3642'

OPERATOR NEARBURG PRODUCING COMPANY

LEASE LONE RANGER "16" STATE

U.S.G.S. TOPOGRAPHIC MAP

LAGUNA GATUNA, N.M.

**JOHN WEST ENGINEERING  
HOBBS, NEW MEXICO**

**(505) 393-3117**

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

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 11902  
Order No. R-10959**

**APPLICATION OF NEARBURG EXPLORATION  
COMPANY, L.L.C. FOR AN UNORTHODOX WELL  
LOCATION, LEA COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on February 5, 1998, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 11<sup>th</sup> day of February, 1998, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS THAT:**

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Nearburg Exploration Company, L.L.C., seeks approval to drill its Lone Ranger "16" State Com Well No. 1 at an unorthodox gas well location 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 16, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, to test the Morrow formation, Undesignated Gem-Morrow Gas Pool. The E/2 of Section 16 is to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool.

(3) At the time of the hearing the applicant testified that as a result of an agreement with the affected offset operator, Yates Energy Corporation, it now proposes to drill the aforesaid Lone Ranger "16" State Com Well No. 1 at an unorthodox gas well location 990 feet from the South line and 1980 feet from the East line (Unit O) of Section 16.

(4) Inasmuch as the newly proposed location is less unorthodox than the originally proposed location, the Division determined that re-advertisement of this case is not necessary.

**CASE NO. 11902****Order No. R-10959****Page -2-**

(5) The applicant testified that the primary objectives within the subject well are the Upper Morrow "B" Sand, and Lower Morrow "B" and "C" Sands.

(6) The applicant's geologic evidence and testimony indicates that a well drilled at the proposed unorthodox gas well location should penetrate the Upper Morrow "B" Sand and Lower Morrow "B" and "C" Sands in an area of greater sand thickness than a well drilled at a standard gas well location within the SE/4 of Section 16, thereby increasing the likelihood of obtaining commercial gas production.

(7) The applicant's evidence further indicates that the proposed well location is also geologically favorable to a standard gas well location with respect to an Atoka formation completion, being a secondary target within the Lone Ranger "16" State Com Well No. 1.

(8) In addition, the applicant testified that in 1970, King Resources Company drilled its Kimo Sabe Well No. 1, located at a standard gas well location 1980 feet from the South and East lines (Unit J) of Section 16, to a total depth of 14,700 feet to test the Devonian formation. This well was DST'd in various Morrow sand intervals, however, no commercial gas production from the Morrow was encountered.

(9) Yates Energy Corporation currently operates an Atoka producing well within the N/2 of Section 21, being the affected offset acreage. This well, the Sun Bright Federal Com Well No. 1, cumulatively produced approximately 3.0 BCF from the Morrow formation prior to being plugged back to the Atoka formation in 1993.

(10) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(11) At the time of the hearing, the applicant requested that Nearburg Producing Company be named operator of the Lone Ranger "16" State Com Well No. 1.

(12) The applicant's request should be granted.

(13) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.



SENT BY: Xerox Telecopier 7021 : 2-16-98 : 9:35AM : 5059 0049 915 886 7806 : 5

**CASE NO. 11902****Order No. R-10959****Page -3-****IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Nearburg Exploration Company, L.L.C., is hereby authorized to drill its Lone Ranger "16" State Com Well No. 1 at an unorthodox gas well location 990 feet from the South line and 1980 feet from the East line (Unit O) of Section 16, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, to test the Morrow and Atoka formations, Undesignated Gam-Morrow and Undesignated Tonto-Atoka Gas Pools.

(2) The E/2 of Section 16 shall be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pools.

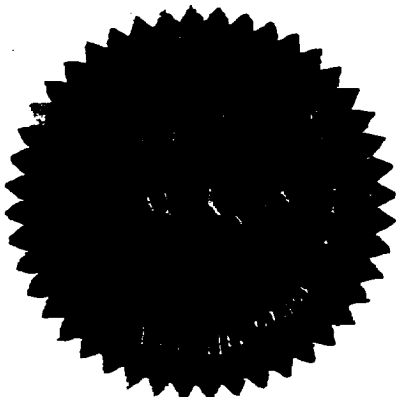
(3) Nearburg Producing Company is hereby designated operator of the Lone Ranger "16" State Com Well No. 1.

(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Lori Wrotenberg*  
LORI WROTENBERY  
Director



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