

AMERICAN TRADING AND PRODUCTION CORPORATION

PETROLEUM LIFE BUILDING  
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April 8, 1969

Oil Conservation Commission  
Box 2038  
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Secretary-Director

Re: Extension of Osudo (Morrow) North, and  
Request for Non-Standard Unit, and  
Request for Unorthodox Location  
Lea County, New Mexico

Gentlemen:

Reference is made to Commission Order No. R-3710, dated March 20, 1969, creating the West Osudo-Morrow Gas Pool with 320-acre spacing for the American Trading and Production Corporation Southeast Lea Unit Well No. 2, located in Unit L of Section 25, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico.

American Trading and Production Corporation, as Operator under the Southeast Lea Unit Agreement embracing the Southwest One-Quarter (SW 1/4) of Section 25 together with other lands in Sections 26, 27, 35 and 36, Township 20 South, Range 35 East, caused to be drilled a Devonian (oil) test well pursuant to the terms of the unit agreement, and permitted by the Oil Conservation Commission, located 660 feet from the West line and 1830 feet from the South line of said Section 25, said well being completed on or about December 29, 1968 at a total depth of 14,643 feet, for a total cost of approximately \$794,000.00. The test well was dry in the Devonian formation and was completed to produce gas-condensate from the Wolfcamp formation through perforations from 11,410 feet to 11,422 feet and gas-condensate from the Morrow formation through perforations from 12,856 feet to 13,082 feet.

On a 24-hour potential test of the Morrow formation, the No. 2 Unit Well flowed gas through a 16/64ths inch choke at a rate of 134 MCFPD plus 1.78 barrels of condensate daily, with initial tubing pressure of 2283 psi and final tubing pressure of 93 psi.

The above production data reflect that the Morrow formation is, at best, a marginal completion and, the poor economic status coupled with the Southeast Lea Unit land position of controlling only 160 acres in said Section 25, prompt us to apply to the Commission for the following exception under Order No. R-3710 and under the Statewide Well Spacing Rule 104-C-II (a).