

File



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

February 13, 1996

RECEIVED

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702

OIL CONSERVATION
DIVISION

Attention: Walter J. Dueease

Administrative Order DD-131

Dear Mr. Dueease:

Under the provisions of Rules 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995, Marathon Oil Company made application to the New Mexico Oil Conservation Division on January 30, 1996 for authorization to directional drill its proposed North Indian Basin Unit Well No. 24, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The operator proposes to locate said well at an unorthodox surface location 122 feet from the North line and 310 feet from the West line (Unit D) of Section 11, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico, drill vertically to a depth of approximately 5,000 feet, kickoff in a southeasterly direction and directionally drill to an estimated true vertical depth of 8,100 feet within the South Dagger Draw-Upper Pennsylvanian Associated Pool at a standard subsurface oil well location within the NW/4 NW/4 (Unit D) of said Section 11;
- (2) An existing 320-acre standard spacing and proration unit comprising the W/2 of said Section 11 is to be dedicated to said well;
- (3) By Order No. R-5353, as amended by supplemental Orders "A", "L", and "L-1", the Division promulgated *"Special Rules and Regulations For The South Dagger Draw-Upper Pennsylvanian Associated Pool"*, which includes provisions for 320-acre spacing and proration units for both oil and gas and well location requirements which provides that wells be no closer than 660 feet to the outer boundary of a

320-acre spacing unit and not closer than 330 feet to any quarter-quarter section line or subdivision inner boundary thereon;

- (4) It is necessary for the operator to directionally drill the Indian Basin Unit Well No 24 in the above-described manner in order to satisfy the United States Bureau of Land Management surface use restrictions and to obtain an acceptable subsurface location for this well;
- (5) The applicable drilling window or "producing area" for said wellbore should include that area within the NW/4 NW/4 (Unit D) of said Section 11 that is no closer than 660 feet to either the North or West lines of said Section 11 nor closer than 330 feet to either internal quarter-quarter section line; and,
- (6) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Marathon Oil Company, is hereby authorized to drill its Indian Basin Unit Well No. 24 at an unorthodox surface location 122 feet from the North line and 310 feet from the West line (Unit D) of Section 11, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico and directional drill in a southeasterly direction in such a manner as to bottom said well within the South Dagger Draw-Upper Pennsylvanian Associated Pool at a standard subsurface well location within the NW/4 NW/4 (Unit D) of said Section 11 that is no closer than 660 feet to either the North or West lines of said Section 11 nor closer than 330 feet to either internal quarter-quarter section line.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The

applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The existing 320-acre standard spacing and proration unit comprising the W/2 of said Section 11 shall be dedicated to said well.

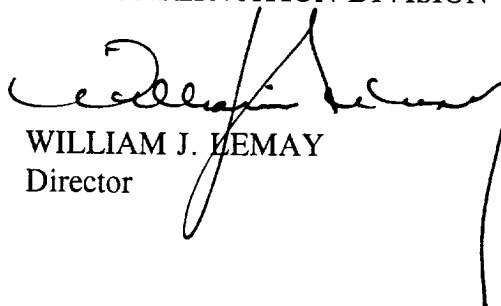
(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(5) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(6) Jurisdiction of this cause is 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


WILLIAM J. LEMAY
Director

S E A L

WJL/MES/kv

cc: Oil Conservation Division - Artesia ✓
U. S. Bureau of Land Management - Carlsbad