

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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



June 19, 1997

Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401
Attention: Patrick H. Noah

RECEIVED
JUN 24 1997

OIL CON. DIV.
DIST. 3

Administrative Order DD-174

Dear Mr. Noah:

Reference is made to Phillips Petroleum Company's ("Phillips") application dated June 2, 1997 for authorization to recompleate the existing **San Juan "31-6" Unit Well No. 213** (API No. **30-039-24531**) by side tracking off of the vertical portion of the wellbore and directionally drill to a pre-determined bottom-hole location in order to further develop the Basin-Fruitland Coal (Gas) Pool underlying its existing 317.49-acre standard gas spacing and proration unit comprising Lots 7 and 8, the S/2 NW/4, and the SW/4 (W/2 equivalent) **of Section 5, Township 30 North, Range 6 West**, NMPM, Rio Arriba County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 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;
- (2) The San Juan "31-6" Unit Well No. 213, located at a standard coal gas well location 1865 feet from the South line and 1595 feet from the West line (Unit K) of said Section 5, was originally drilled to and completed in the Basin-Fruitland Coal (Gas) Pool in 1989 and was assigned the above-described 317.49-acre unit;
- (3) By Division Order No. R-8768, as amended, the Division promulgated "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*", which includes provisions for 320-acre gas spacing and proration units and wells to be located within either the NE/4 or SW/4 of the section and not closer than 790 feet from any outer boundary of the spacing unit nor closer than 130 feet from any quarter section line nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary. Further, since the Basin-Fruitland Coal (Gas) Pool

is a "non-prorated" gas pool, Division General Rule 104.D(3) applies, which limits gas spacing units to only one producing well therein;

- (4) It is our understanding that Phillips intends to kick-off from vertical at a depth of approximately 650 feet by milling a window in the 9-5/8 inch casing, drill directionally in a southerly direction in order to bottom back into the Basin Fruitland Coal (Gas) Pool at a standard sub-surface coal gas well location in the SE/4 SW/4 (Unit N) of said Section 5;
- (5) The applicable drilling window or "producing area" for said wellbore should include that area within the SE/4 SW/4 of said Section 5 that is no closer than 790 feet to the quarter section line to the east, nor closer than 790 feet from the South line of said Section 5, nor closer than 10 from either quarter-quarter section line to the north and west; 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 operator, Phillips Petroleum Company, is hereby authorized to recomplete its existing San Juan "31-6" Unit Well No. 213 (API No. 30-039-24531), located at a standard coal gas well location 1865 feet from the South line and 1595 feet from the West line (Unit K) of Section 5, Township 30 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, by milling a window in the 9-5/8 inch casing and kicking-off from vertical at a depth of approximately 650 feet, drill directionally in a southerly direction in order to bottom back into the Basin Fruitland Coal (Gas) Pool at a standard sub-surface coal gas well location in the SE/4 SW/4 (Unit N) of said Section 5.

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 Aztec 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 Aztec offices of the Division upon completion.

(3) The existing 317.49-acre gas spacing and proration unit comprising Lots 7 and 8, the S/2 NW/4, and the SW/4 (W/2 equivalent) of said Section 5 shall be dedicated to said well.

(4) The "producing area" for said wellbore shall include that area within the SE/4 SW/4 (Unit N) of said Section 5 that is no closer than 790 feet to the quarter section line to the east, nor closer than 790 feet from the South line of said Section 5, nor closer than 10 from either quarter-quarter section line to the north and west; and,

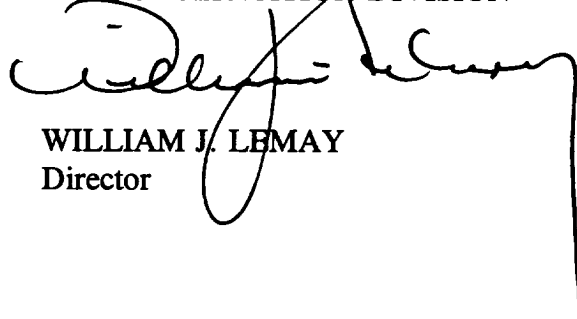
(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and Order No. R-8768, as amended.

(6) 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.

(7) 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 - Aztec /
New Mexico State Land Office - Santa Fe