

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



Northwell #26
I - 22 - 29N - 14W

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BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

May 9, 1994

Sirgo Brothers Energy Corporation
P.O. Box 3531
Midland, TX 79702

RECEIVED
MAY 12 1994

Attention: M.A. Sirgo, III

OIL CON. DIV.
DIST. 3

Administrative Order DD-94(NSBHL)

Dear Mr. Sirgo:

Under the provisions of General Rule 111 (c), (d) and (e), and the Special Rules and Regulations for the Cha Cha Gallup Pressure Maintenance Project as promulgated by Division Order No. R-2154, as amended by Division Order No. R-6172, Sirgo Brothers Energy Corporation made application to the New Mexico Oil Conservation Division on April 29, 1994, for authorization to directionally drill its proposed Northwest Cha Cha Unit Well No. 26, San Juan 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 Division General Rules and Regulations;
- (2) Under the provisions of Division General Rule 104.F(1), the Special Rules and Regulations for the Cha Cha Gallup Oil Pool and Division Memorandum No. 4-86, the applicant has requested that the bottomhole location be unorthodox for the purpose of completing an efficient injection/production pattern within the Cha Cha Gallup Pressure Maintenance Project;
- (3) The dedicated acreage for said well is within the applicant's Northwest Cha Cha Unit Area;
- (4) No notification was required in this instance; and
- (5) The applicant has presented satisfactory evidence that all requirements prescribed in General Rule 111 have either been met or will be met.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Sirgo Brothers Energy Corporation, is hereby authorized to directionally drill its Northwest Cha Cha Unit Well No. 26, the surface location of which shall be 2077 feet from the South line and 317 feet from the East line (Unit I) of Section 22, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, by kicking off from the vertical and drilling in such a manner as to bottom in the Cha Cha Gallup Pool within fifty feet of a point 2105 feet from the South line and 851 feet from the East line (Unit I) of said Section 22, being an unorthodox bottomhole oil well location.

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

PROVIDED HOWEVER 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) 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.

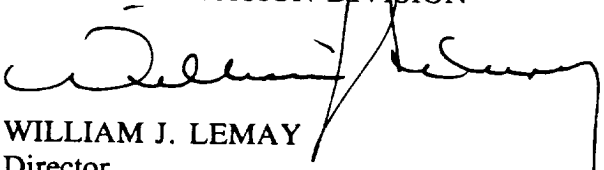
(4) The E/2 SE/4 of said Section 22 shall be dedicated to said well to form a standard 80-acre oil spacing and proration unit for said pool.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

WJL/MES/amg

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington

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