

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



OIL CONSERVATION DIVISION



January 18, 1995

ARCO Permian
c/o Campbell, Carr, Berge & Sheridan, P. A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attn: William F. Carr

Administrative Order DD-104(H)
Horizontal Drainhole

Dear Mr. Carr:

Under the provisions of the Special Rules and Regulations for the Empire-Abo Pressure Maintenance Project, as promulgated by Division Order No. R-4549, as amended, ARCO Permian made application to the New Mexico Oil Conservation Division on December 27, 1994 for a high angle/short radius horizontal drainhole to be drilled in the Empire-Abo Pressure Maintenance Project, Empire-Abo Unit Area, Empire-Abo Pool, Eddy County, New Mexico.

Now on this 17th day of January, 1995, the Division Director finds that:

(1) The application has been duly filed under the provisions of Rules 14 B., 14 C., and 14 D. of said Order No. R-4549, as amended, for administrative authorization to drill a high angle/short radius horizontal drainhole within the wellbore of its existing Empire Abo Unit "K" Well No. 161 (API No. 30-015-22914), located 1310 feet from the South line and 590 feet from the East line (Unit I) of Section 2, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) The applicant proposes to kick-off from the existing vertical wellbore at a depth of approximately 6,065 feet with a short radius curve and drill horizontally within the Abo formation in a westerly direction a lateral distance of 1,000 feet.

(3) Said well and projected drainhole will be no closer than 330 feet to the outer boundary of the Empire-Abo Unit Area, as required by said Rule 14.B; therefore, correlative rights of other off-set operators should be adequately protected from any adverse effects caused by the drilling of the subject drainhole.

(4) The Division having reviewed the subject application, supplemented by OCD records in Santa Fe, all requirements prescribed in said Rules 14. A, B, C, and D have been met.

VILLAGRA BUILDING - 408 Gallateo

Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830

Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco

Office of the Secretary
827-5950

Administrative Services
827-5925

Energy Conservation & Management
827-5900

Mining and Minerals
827-5970

Oil Conservation
827-7131

(5) The subject application should be approved and the well should be governed by the provisions contained within this order and all other provisions of the Special Rules and Regulations for the Empire-Abo Pressure Maintenance Project, as promulgated by Division Order No. R-4549, as amended.

IT IS THEREFORE ORDERED THAT:

(1) ARCO Permian is hereby authorized to recomplete its existing Empire Abo Unit "K" Well No. 161 (API No. 30-015-22914), located 1310 feet from the South line and 590 feet from the East line (Unit I) of Section 2, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, by kick-off from the vertical wellbore at a depth of approximately 6,065 feet in a westerly direction with a high angle radius curve, build to an angle of 90 degrees and continue drilling a horizontal drainhole in the Abo formation a lateral distance of 1,000 feet.

PROVIDED HOWEVER THAT: Prior to directional drilling operations, the ARCO Permian shall determine the subsurface location of the kick-off point in said well; and,

PROVIDED HOWEVER THAT: Subsequent to the above-described directional drilling, a survey shall be made of the wellbore from total depth to kick-off point. The operator shall forward a copy of the survey report directionally to the Santa Fe Office and to the Artesia District Office of the Division.

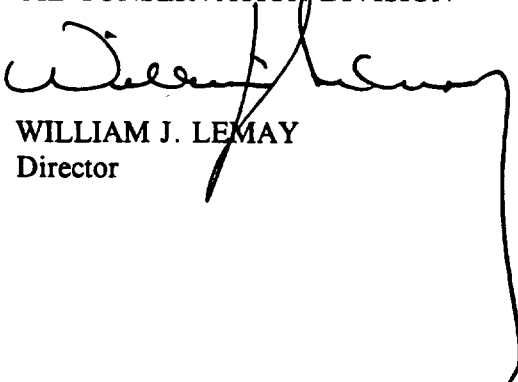
(2) The operator shall notify the Division's Artesia District Office of the date and time said survey is to be commenced.

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

(4) 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

cc: Oil Conservation Division - Artesia
U.S. BLM - Carlsbad
File Case No: 11193