

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12378
Order No. R-_____**

**APPLICATION OF TAMARACK PETROLEUM COMPANY, INC.
FOR AN UNORTHODOX SUBSURFACE OIL AND GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.**

**TAMARACK PETROLEUM COMPANY INC.'S
PROPOSED
ORDER OF THE DIVISION**

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 20, 2000, at Santa Fe, New Mexico before Examiner Mark Ashley.

NOW, on this ____ day of May, 2000, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Tamarack Petroleum Company, Inc. ("Tamarack"), proposes to re-enter the plugged and abandoned Anadarko Petroleum Corporation Hood "8" Well No. 1 (API No. 30-025-30513), located 859 feet from the North line and 1981 feet from the east line (Unit B) of Section 8, T17S, R38E, and directionally drill to an approximate depth of 12,200 feet (TVD) at an unorthodox subsurface well location to be within 110 feet of a target point at the top of the Strawn formation that is 1179 feet from the North line and 2211 feet from the East line (Unit B) of this section to be dedicated to (i) the E/2 of this section to form a standard 320-acre gas spacing unit for any production below the top of the Wolfcamp formation to the base of the Atoka formation, and (ii) the NW/4NE/4 of this section to form a standard 40-acre oil spacing unit for any oil production.

(3) Approval of this application, in accordance with Division Rule 111.C(2), will require the Division to grant exceptions to Division Rules 104.B(1) and 104.C(2), as revised by Division Order R-11231.

(4) Tamarack presented evidence which demonstrates that:

Ownership-Notification

(a) the well will be unorthodox towards the west line and south line of Unit B of this section;

(b) the ownership for the NE/4 of this section is common;

(c) all unleased mineral owners and leased working interest owners in the W/2 of this section have been properly notified of this application;

(d) there were no adversely affected parties who have filed an objection with the Division.

geologic justification

(e) detailed 3-D seismic data, validated by existing well control, demonstrated that the greatest opportunity for a successful Strawn oil well in the NE/4 of this section is achieved by locating the well at the highest point on the Strawn structure in order to be at a point of maximum reservoir thickness and a maximum vertical distance from known water within this reservoir;

(f) the optimum well location in this spacing unit is at the proposed unorthodox well location which is anticipated to be within the highest structural contour of this reservoir and within the contour of greatest reservoir thickness;

(g) any attempt to locate this well at a standard location will substantially increase the risk of drilling an unsuccessful well because that location would be down structure from the highest structural contour;

(h) an opportunity exists at the proposed location to recover oil from the Strawn reservoir which might not otherwise be recovered if this well is drilled at the closest standard well location;

(i) there is the possibility that if this well is drilled an additional 600 feet below the base of the Strawn formation, it might encounter gas production in the Atoka formation;

Petroleum engineering

(j) The interest owners paying for this re-entry will realize a substantial economic savings by using this existing wellbore and directionally drilling it as proposed;

(k) Because this wellbore will be at an unorthodox location in the Strawn formation, it also will be at an unorthodox location for the Atoka formation;

(l) The risk involved do not justify drilling to the Atoka formation unless that is accomplished by utilizing this wellbore.

Division Decision

(9) It is the Division's practice and policy to grant well location exceptions from the Division's General Rules when there is substantial evidence to demonstrate to do so is necessary to prevent waste and/or protect correlative rights.

(10) Tamarack has provided substantial geological evidence which demonstrates that it is possible to accurately estimate the potential limits of this Strawn reservoir and the orientation and location of this reservoir.

(11) Tamarack has provided substantial geological evidence which demonstrates that it is necessary to grant exceptions to Division Rules 104.B(1) and 104.C(2) in order to prevent waste and in doing so, correlative right will not be impaired.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Tamarack Petroleum Company, Inc. ("Tamarack"), is hereby authorized to re-enter the plugged and abandoned Anadarko Petroleum Corporation Hood "8" Well No. 1 (API No. 30-025-30513), located 859 feet from the North line and 1981 feet from the east line (Unit B) of Section 8, T17S, R38E, and directionally drill to an approximate depth of 12,200 feet (TVD) at an unorthodox subsurface well location to be within 110 feet of a target point at the top of the Strawn formation that is 1179 feet from the North line and 2211 feet from the East line (Unit B) of this section to be dedicated to (i) the E/2 of this section to form a standard 320-acre gas spacing unit for any production below the top of the Wolfcamp formation to the base of the Atoka formation, and (ii) the NW/4NE/4 of this section to form a standard 40-acre oil spacing unit for any oil production.

(2) The applicant shall comply with the applicable requirements and conditions set forth in Division Rule 111 **except** that the radius of the target area shall be 110 feet rather than 50 feet.

CASE NO. 12378

Order No. R-

-Page 5-

(3) 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

LORI WROTENBERY
Director