

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. 10271
ORDER NO. R-9486

**APPLICATION OF STEVENS OPERATING
CORPORATION FOR DIRECTIONAL DRILLING
AND UNORTHODOX BOTTOMHOLE OIL WELL
LOCATION, CHAVES COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 21, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of April, 1991 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, Stevens Operating Corporation, seeks approval to reenter the plugged and abandoned Intex Oil Company Gulf State Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 11, Township 13 South, Range 28 East, NMPM, Chaves County, New Mexico, and recomplete by side-tracking and directionally drilling from a kick-off point at approximately 5850 feet and bottom the newly deviated portion of the wellbore in the Devonian formation at a true vertical depth of approximately 8800 feet at an unorthodox bottomhole location within a target area described as a rectangle 130 to 530 feet from the North line and 1400 to 1800 feet from the East line of said Section 11.

(3) The NW/4 NE/4 (Unit B) of said Section 11 is to be dedicated to the well forming a standard 40-acre oil spacing and proration unit for said pool.

(4) The N/2 of said Section 11 is inclusive of a single State Lease having common ownership throughout of which Stevens Operating Corporation is to be the operator.

(5) The applicant presented geological evidence and testimony which indicates that the Devonian formation in this area is a wrench-fault system and that a well drilled at a proposed bottomhole location should intersect the Devonian formation on the upthrown side of a faulted anticline, resulting in a more structurally advantageous position and should increase the likelihood of encountering hydrocarbons than a well drilled at a standard location thereon.

(6) The cost to the operator would substantially be reduced by recompleting said well in the above-described manner than would be incurred by the drilling of a new well from the surface.

(7) No offset operator or interested party objected to the subject application.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected formations, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

(9) The applicant should be required to determine the subsurface location of the kick-off point in the wellbore prior to directional drilling and should subsequently be required to conduct an accurate wellbore survey during or upon completion of drilling operations from a kick-off point to total depth to determine its true depth and course.

(10) The applicant should be required to notify the supervisor of the Artesia District Office of the Division of the date and time said directional surveys are to be conducted so that they may be witnessed. The applicant should further be required to provide a copy of said directional surveys to the Santa Fe and Artesia offices of the Division upon completion.

IT IS THEREFORE ORDERED THAT:

(1) The application of Stevens Operating Company to reenter the plugged and abandoned Intex Oil Company Gulf State Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 11, Township 13 South, Range 28 East, NMPM,

Chaves County, New Mexico, and directionally drill from the existing wellbore in such a manner as to bottom the deviated wellbore in the Devonian formation at an unorthodox bottomhole location within a target area described as a rectangle 130 to 530 feet from the North line and 1400 to 1800 feet from the East line of said Section 11, is hereby approved.

(2) 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 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.

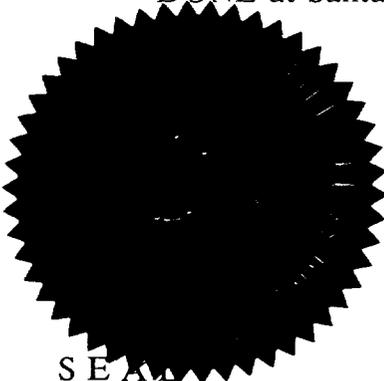
(3) The applicant shall notify the supervisor of the Artesia District Office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(4) 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.

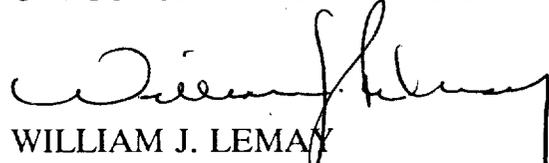
(5) The NW/4 NE/4 (Unit B) of said Section 11 shall be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit.

(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

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