

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. 9643
Order No. R-8928

APPLICATION OF STEVE SELL FOR
DIRECTIONAL DRILLING AND AN
UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 26, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of May, 1989, 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, Steve Sell, seeks authorization to directionally drill its Shafer Federal Com Well No. 1 from a surface location 1327 feet from the South line and 1145 feet from the West line (Unit L) of Section 35, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, in a northwesterly direction to a depth sufficient to test the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool and the Undesignated Indian Basin-Morrow Gas Pool at an unorthodox bottomhole location which shall not be closer than 1600 feet from the South line and 800 feet from the West line (Unit L) of said Section 35. All of said Section 35 is to be dedicated to the proposed well forming a standard 640-acre gas spacing and proration unit for both pools.

(3) The proposed proration unit is located one mile from the outer boundary of the Indian Basin-Upper Pennsylvanian Gas Pool and is therefore subject to the special rules and regulations for said pool as promulgated by Division Order No. R-8170, as amended, which require wells to be located no closer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

(4) Division records indicate, however, that the subject well is not located within one mile of any designated Morrow gas pool and, as a result, should properly be classified as Wildcat Morrow at this time.

(5) Evidence presented by the applicant indicates that the proposed directional drilling is necessitated by topographical conditions in the SW/4 of said Section 35.

(6) The applicant further presented geologic evidence and testimony which indicates that a well located at the proposed unorthodox bottomhole location will encounter the Upper Pennsylvanian formation at a more structurally advantageous position above the gas-water contact than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(7) The evidence further indicates that the Harvey E. Yates Company Anadarko Federal Well No. 1-Y, which was drilled in 1979 at a standard location 1960 feet from the South line and 2310 feet from the West line (Unit K) of said Section 35, was tested in the Upper Pennsylvanian formation and subsequently plugged and abandoned.

(8) The interest ownership in said Section 35 and Section 34 (the affected offset acreage to the west) is common.

(9) No offset operator objected to the proposed directional drilling and unorthodox bottomhole location.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Indian Basin-Upper Pennsylvanian Gas Pool and Wildcat Morrow Gas Pool, will prevent the economic loss caused by the drilling of

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Case No. 9643

Order No. R-8928

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.

(11) The applicant should be authorized to drill the subject well to a depth sufficient to test the Morrow formation, however, should commercial gas production be encountered, the applicant should be required to obtain any additional approvals necessary to produce said Morrow zone.

(12) The applicant should be required to conduct a multishot directional survey from the surface to the proposed sidetrack depth of 4900 feet prior to initiating directional drilling operations, and should further be required to conduct a multishot directional survey from the sidetrack depth to total depth upon completion of directional drilling operations.

(13) The applicant should notify the supervisor of the Artesia district office of the Division of the date and time of conducting said directional surveys in order that they may be witnessed.

(14) Upon completion of conducting said directional surveys, the applicant should submit copies of each survey to the Santa Fe office of the Division.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Steve Sell, is hereby authorized to directionally drill its Shafer Federal Com Well No. 1 from a surface location 1327 feet from the South line and 1145 feet from the West line (Unit L) of Section 35, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, in a northwesterly direction to a depth sufficient to test the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool and Wildcat Morrow Gas Pool at an unorthodox bottomhole location which shall not be closer than 1600 feet from the South line and 800 feet from the West line (Unit L) of said Section 35.

(2) All of said Section 35 shall be dedicated to the subject well forming a standard 640-acre gas spacing and proration unit for the Indian Basin-Upper Pennsylvanian Gas Pool.

(3) Should commercial production be established in the Morrow formation, the applicant shall be required to obtain

-4-

Case No. 9643

Order No. R-8928

any additional Division approvals necessary to produce said Morrow zone.

(4) The applicant shall be required to conduct a multishot directional survey from the surface to the proposed sidetrack depth of 4900 feet prior to initiating directional drilling operations, and shall further be required to conduct a multishot directional survey from the sidetrack depth to total depth upon completion of directional drilling operations.

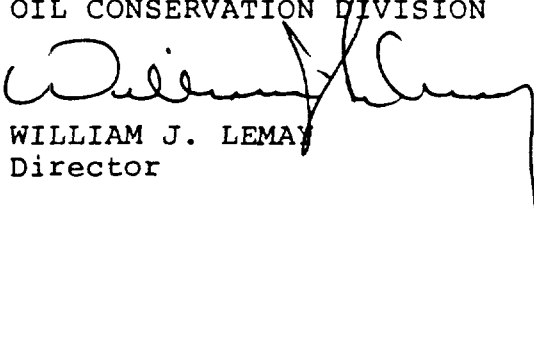
(5) The applicant shall notify the supervisor of the Artesia district office of the Division of the date and time of conducting said directional surveys in order that they may be witnessed.

(6) Upon completion of conducting said directional surveys, the applicant shall submit copies of each survey to the Santa Fe office of the Division.

(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

fd/

STEVE SELL
P.O. Box 5061
MIDLAND, TEXAS 79704
(915) 687-1664

Case No. 9720
ms.
RECEIVED
JUL 24 1989
OIL CONSERVATION DIV.
SANTA FE

July 19, 1989

Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87054-2088

R-8928

Attn: Mr. Mike Stogner

Re: Shafer Federal Comm. #1 Plugback
Sec. 35, T21S, R24E
Eddy County, New Mexico
Surface Location: 1327'FSL, 1143'FWL
T.D. Location: Approx. 2500'FEL, 900'FSL
T.D. Measured Depth: +/- 8000'

Dear Mr. Stogner:

Steve Sell is proposing to re-enter the referenced well and drill out the cement plugs to a depth of approximately 4300'. We then propose to kick the well in a South 60 degree East direction and build an angle adequate to encounter our bottom hole location of approximately 2500' FEL and 900' FSL at approximately 8000' measured depth. I am requesting that Steve Sell be given a 200' radius window around the bottom hole location. The necessary deviation plans are currently being calculated by the D.I.G. Company.

If the well is successfully completed in the Pennsylvanian, then Steve Sell will dedicate the south half of section 35 for the 320 acre proration unit. Our hearing on this matter covering the deviation proposal and unorthodox location (closer than 330' to an interior 40 acres) is scheduled for August 9, 1989. If you have any questions or comments, please contact me at (915) 685-1761. Thank you for your time and consideration in this matter.

Sincerely,

Kurt Boley

Kurt Boley
Geologist

KB:bw

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

Santa Fe, New Mexico 87504-2000

RECEIVED

JUL 24 1989

WELL API NO.

5. Indicate Type of Lease

STATE ☐

FEE ☒

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

OIL
WELL ☐

GAS
WELL ☒

OTHER

2. Name of Operator

Steve Sell

3. Address of Operator

P. O. Box 5061, Midland, Tx 79704

7. Lease Name or Unit Agreement Name

Shafer Fed. Comm.

8. Well No.

#1

9. Pool name or Wildcat

Indian Basin Cisco

4. Well Location

Unit Letter L : Feet From The Line and Feet From The Line

Section 35 Township 21S Range 24E NMPM Eddy County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

KB 3857

11.

Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☒

CHANGE PLANS ☐

PULL OR ALTER CASING ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐

ALTERING CASING ☐

COMMENCE DRILLING OP'NS. ☐

PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Drilled 8 3/4" hole to 7941'. Temporarily abandoned as follows:

1. Hole loaded with fluid.
2. Spotted 42 sxs (100') cement plug @ 7925'-7825' - Cisco Reef.
3. Spotted 42 sxs (100') cement plug @ 7350'-7250' - Wolfcamp.
4. Spotted 42 sxs (100') cement plug @ 4500'-4400' - Bone Spring.
5. Spotted 90 sxs (270') cement plug @ 2670'-2400' - 9 5/8" casing. (Tag)
6. Spotted 42 sxs (100') cement plug @ 417'-317' - 13 3/8" casing.
7. Spotted 10 sxs surface plug.

Plugging procedure orally approved by Johnny Robinson July 13, 1989.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Steve Sell

TITLE Owner

DATE July 13, 1989

TYPE OR PRINT NAME

Steve Sell

TELEPHONE NO. (915) 685-1761

(This space for State Use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION LAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

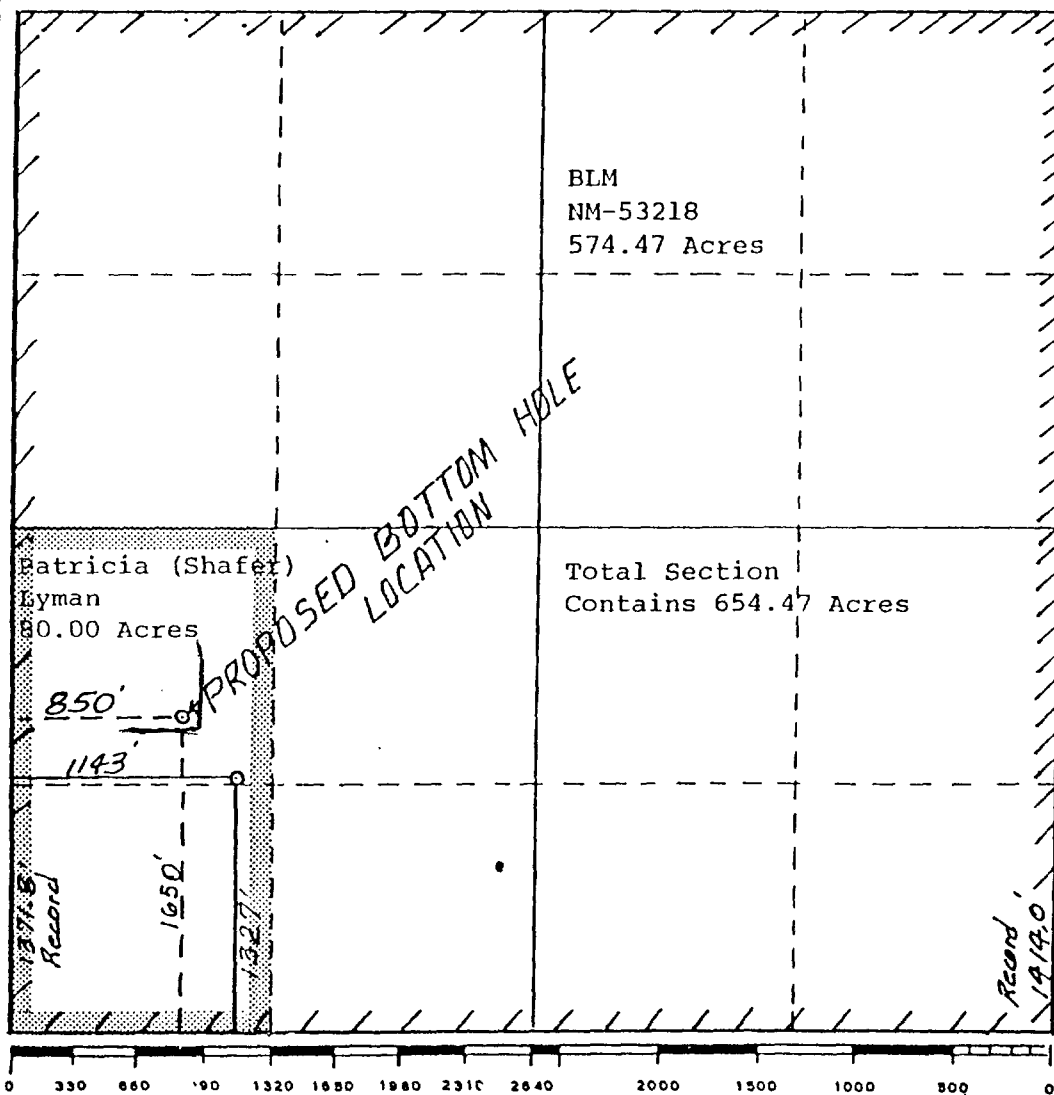
Operator STEVE SELL		Lease Shafer Federal Com		Well No. 1
Unit Letter M	Section 35	Township 21 South	Range 24 East	County Eddy County, N.M.
Actual Footage Location of Well: 1143 feet from the West line and 1327 feet from the South line				
Ground Level Elev. 3842.	Producing Formation Cisco/Morrow	Pool U110 Indian Basin MORROW	Dedicated Acreage: 654.47 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). Patricia H. (Shafer) Lyman (Fee Land) $80/654.47 \times .1875 = .0229193$ Net Royalty BLM NM-53218 $574.47/654.47 \times .125 = .1097205$ Net Royalty Steve Sell 100% WI
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name Kurt Boley
Position Geologist
Company Steve Sell
Date 3-23-89

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

AN R. REDD
NEW MEXICO
5412
REGISTERED PROFESSIONAL ENGINEER
LAND SURVEYOR

Date Surveyed
March 22, 1989

Registered Professional Engineer and/or Land Surveyor

Don R. Redd
Certificate No.
NM PE&LS NO. 5412

CASE NO

Application of Steve Sell for the amendment of Division order No. 2-8928, Eddy County, New Mexico.
Applicant, in the above styled cause, seeks to amend Division Order No. 2-8928, which order authorized the applicant to directionally drill its ~~Shaffer~~ Shaffer Federal Comm Well No. 1 from a surface locate 1327 feet from the South line and 1145 feet from the West line (Unit L) of Section 35, T-21 South, R-21 East, NMPM, Eddy County, New Mexico, to an unorthodox bottomhole locate located no closer than 1600 feet from the South line and 800 feet from the West line of (Unit L) of said Section 35, to test the Upper Pennsylvanian and Morrow formations, to authorize the re-entry of said well to ~~directionally drill~~ to an ~~unorthodox~~ bottomhole locate ²⁵⁰⁰ 2700 feet from the East line and 900 feet from the South line (Unit W) of said Section 35, to test the Upper Pennsylvanian formation, the S/2 of said Section 35 to be dedicated to the subject well.

Jordan Cox

He drilled a vertical well and
made subject to
the general rules
and have dedicated 328 acres.

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION LAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

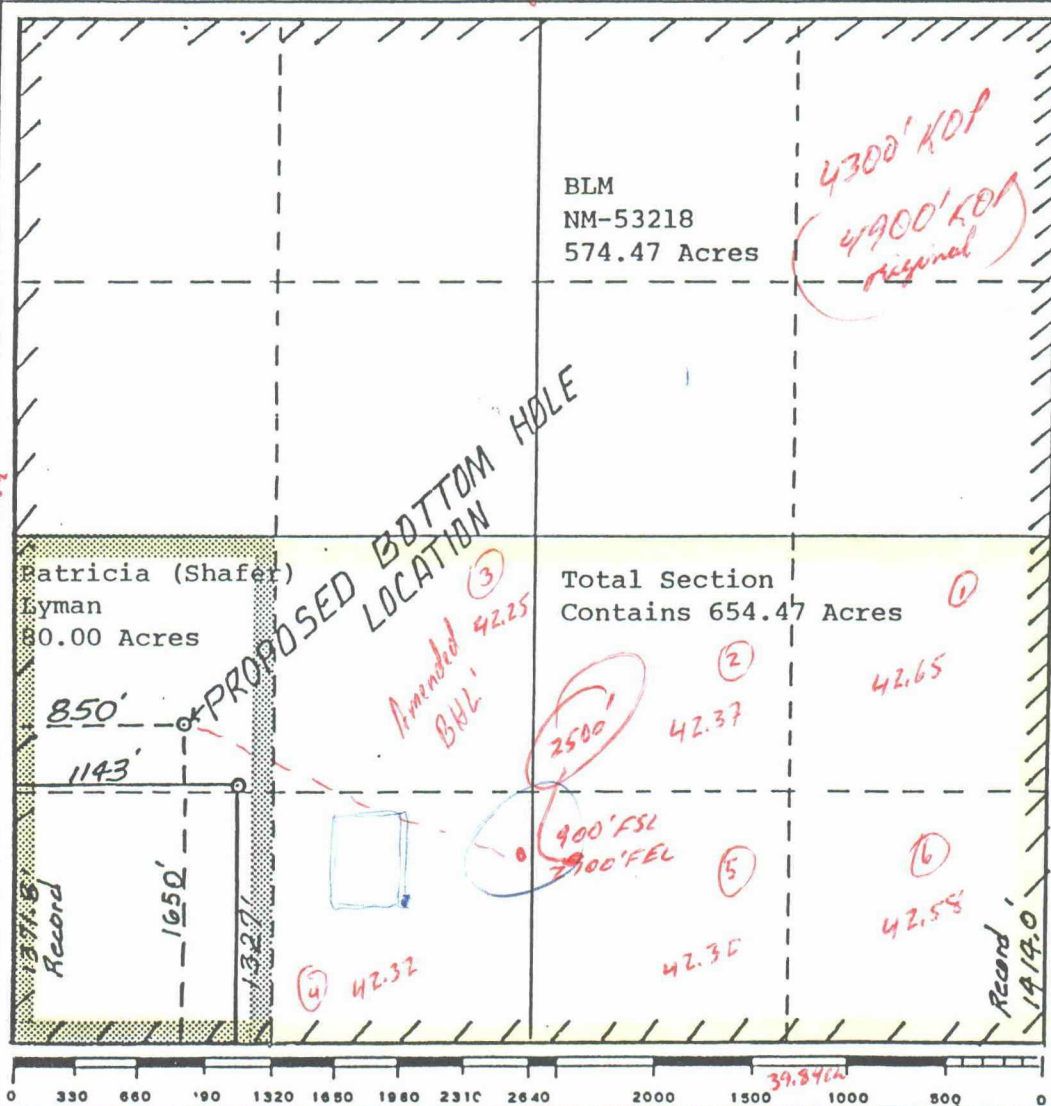
Operator STEVE SELL			Lease Shafer Federal Com		Well No. 1
Unit Letter M	Section 35	Township 21 South	Range 24 East	County Eddy County, N.M.	
Actual Footage Location of Well: 1143 feet from the West line and 1327 feet from the South line					
Ground Level Elev. 3842.	Producing Formation Cisco/Morrow	Pool UND. Indian Basin Morrow		Dedicated Acreage: 654.47 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). Patricia H. (Shafer) Lyman (Fee Land) $80/654.47 \times .1875 = .0229193$ Net Royalty BLM NM-53218 $574.47/654.47 \times .125 = .1097205$ Net Royalty Steve Sell 100% WI
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Communitization

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No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Kurt Boley
Name

Kurt Boley

Position

Geologist

Company

Steve Sell

Date

3-23-89

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

DAN R. REDD
REGISTERED PROFESSIONAL ENGINEER
AND LAND SURVEYOR

Date Surveyed
March 22, 1989

Registered Professional Engineer and/or Land Surveyor

Dan R. Redd
Certificate No.

NM PE&LS NO. 5412

34.8414 x 66 in/sq = 2629.4451

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. 9643
Order No. R-8928

APPLICATION OF STEVE SELL FOR
DIRECTIONAL DRILLING AND AN
UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 26, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of May, 1989, 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, Steve Sell, seeks authorization to directionally drill its Shafer Federal Com Well No. 1 from a surface location 1327 feet from the South line and 1145 feet from the West line (Unit L) of Section 35, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, in a northwesterly direction to a depth sufficient to test the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool and the Undesignated Indian Basin-Morrow Gas Pool at an unorthodox bottomhole location which shall not be closer than 1600 feet from the South line and 800 feet from the West line (Unit L) of said Section 35. All of said Section 35 is to be dedicated to the proposed well forming a standard 640-acre gas spacing and proration unit for both pools.

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Case No. 9643

Order No. R-8928

(3) The proposed proration unit is located one mile from the outer boundary of the Indian Basin-Upper Pennsylvanian Gas Pool and is therefore subject to the special rules and regulations for said pool as promulgated by Division Order No. R-8170, as amended, which require wells to be located no closer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

(4) Division records indicate, however, that the subject well is not located within one mile of any designated Morrow gas pool and, as a result, should properly be classified as Wildcat Morrow at this time.

(5) Evidence presented by the applicant indicates that the proposed directional drilling is necessitated by topographical conditions in the SW/4 of said Section 35.

(6) The applicant further presented geologic evidence and testimony which indicates that a well located at the proposed unorthodox bottomhole location will encounter the Upper Pennsylvanian formation at a more structurally advantageous position above the gas-water contact than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(7) The evidence further indicates that the Harvey E. Yates Company Anadarko Federal Well No. 1-Y, which was drilled in 1979 at a standard location 1960 feet from the South line and 2310 feet from the West line (Unit K) of said Section 35, was tested in the Upper Pennsylvanian formation and subsequently plugged and abandoned.

(8) The interest ownership in said Section 35 and Section 34 (the affected offset acreage to the west) is common.

(9) No offset operator objected to the proposed directional drilling and unorthodox bottomhole location.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Indian Basin-Upper Pennsylvanian Gas Pool and Wildcat Morrow Gas Pool, will prevent the economic loss caused by the drilling of

-3-

Case No. 9643

Order No. R-8928

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.

(11) The applicant should be authorized to drill the subject well to a depth sufficient to test the Morrow formation, however, should commercial gas production be encountered, the applicant should be required to obtain any additional approvals necessary to produce said Morrow zone.

(12) The applicant should be required to conduct a multishot directional survey from the surface to the proposed sidetrack depth of 4900 feet prior to initiating directional drilling operations, and should further be required to conduct a multishot directional survey from the sidetrack depth to total depth upon completion of directional drilling operations.

(13) The applicant should notify the supervisor of the Artesia district office of the Division of the date and time of conducting said directional surveys in order that they may be witnessed.

(14) Upon completion of conducting said directional surveys, the applicant should submit copies of each survey to the Santa Fe office of the Division.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Steve Sell, is hereby authorized to directionally drill its Shafer Federal Com Well No. 1 from a surface location 1327 feet from the South line and 1145 feet from the West line (Unit L) of Section 35, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, in a northwesterly direction to a depth sufficient to test the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool and Wildcat Morrow Gas Pool at an unorthodox bottomhole location which shall not be closer than 1600 feet from the South line and 800 feet from the West line (Unit L) of said Section 35.

(2) All of said Section 35 shall be dedicated to the subject well forming a standard 640-acre gas spacing and proration unit for the Indian Basin-Upper Pennsylvanian Gas Pool.

(3) Should commercial production be established in the Morrow formation, the applicant shall be required to obtain

-4-

Case No. 9643
Order No. R-8928

any additional Division approvals necessary to produce said Morrow zone.

(4) The applicant shall be required to conduct a multishot directional survey from the surface to the proposed sidetrack depth of 4900 feet prior to initiating directional drilling operations, and shall further be required to conduct a multishot directional survey from the sidetrack depth to total depth upon completion of directional drilling operations.

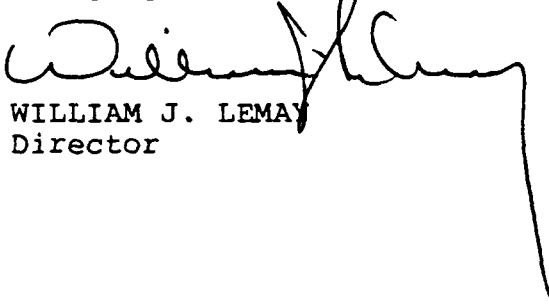
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(6) Upon completion of conducting said directional surveys, the applicant shall submit copies of each survey to the Santa Fe office of the Division.

(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.

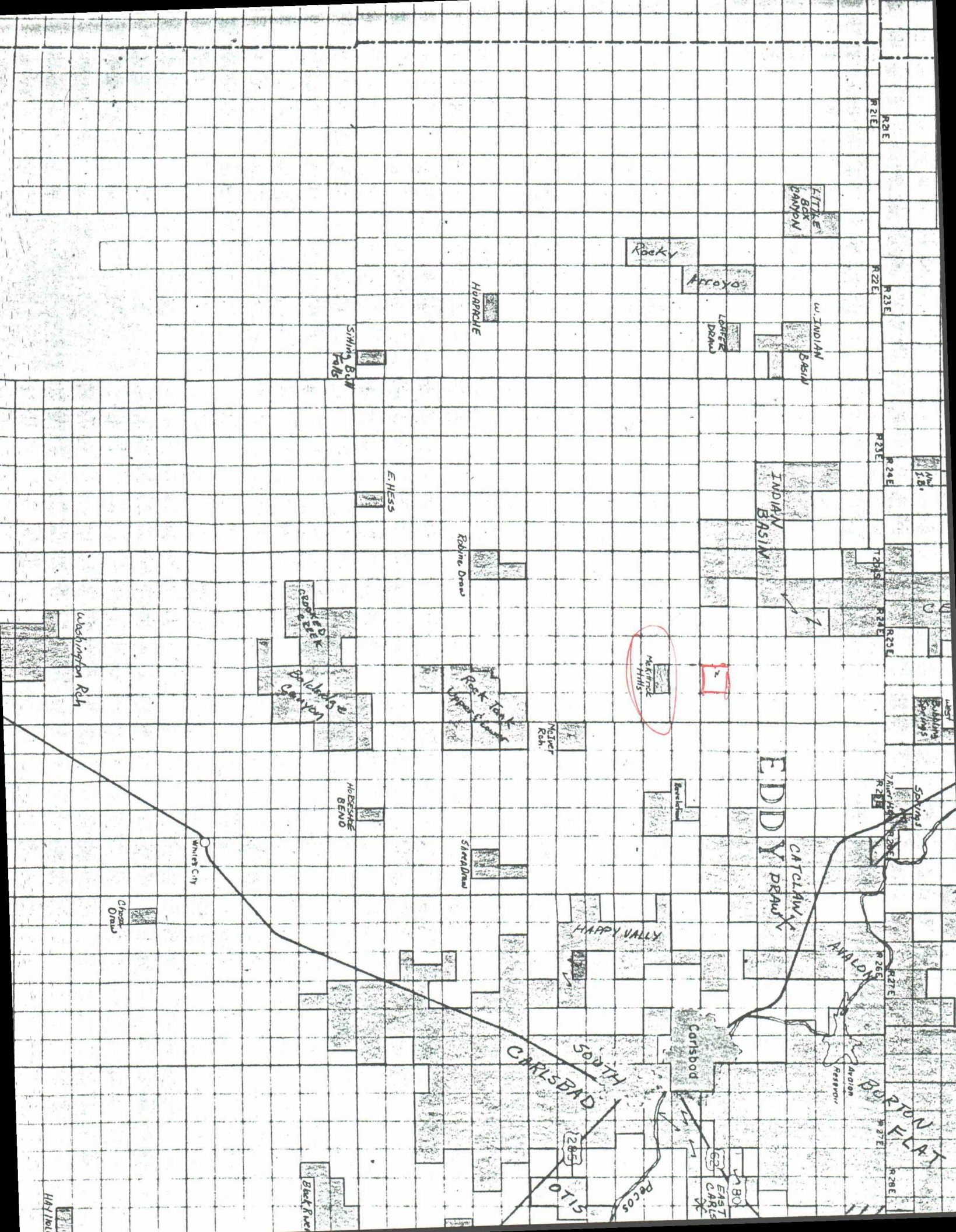
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

fd/





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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

January 22, 1990

Steve Sell
P.O. Box 5061
Midland, TX 79704

Administrative Order DD-33

Dear Mr. Sell:

Under the provisions of General Rule 111 (c), (d) and (e), Steve Sell made application to the New Mexico Oil Conservation Division on December 29, 1989, for authorization to amend their directional drilling authorization for the Shafer Federal Com Well No. 1, Eddy County, New Mexico.

The Division Director Finds That:

(1) On August 31, 1989, the Division entered Order No. R-8928-A which authorized the applicant to directionally drill its Shafer Federal Com Well No. 1 from a surface location 1327 feet from the South line and 1145 feet from the West line (Unit L) of Section 35, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, to a bottomhole unorthodox gas well location, in the Pennsylvanian formation, within 200 feet of a point 900 feet from the South line and 2500 feet from the East line.

(2) It is our understanding at this time that while attempting to drill the above-described wellbore, problems were encountered and the wellbore was abandoned prior to reaching the target zone.

(3) The application has been duly filed under the provisions of Rule 111 (d) and (e) of the Division General Rules and Regulations;

(4) Satisfactory information has been provided that all offset operators have been duly notified;

(5) The applicant has presented satisfactory evidence that all requirements prescribed in General Rule 111 will be met; and

(6) No objections have been received within the waiting period prescribed by said rule.

Administrative Order DD-30
Steve Sell
January 22, 1990
Page No. 2

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Steve Sell, is hereby authorized to directionally drill its Shafer Federal Com Well No. 1 from its surface location 1327 feet from the South line and 1145 feet from the West line (Unit L) of Section 35, Township 21 South, Range 24 East, Eddy County, New Mexico, by kicking out of the existing hole at a depth of approximately 5035 feet, and drilling in such a manner as to bottom in the Pennsylvanian formation within 50 feet of a point 1200 feet from the South line and 1980 feet from the West line (Unit N) of said Section 35, being an unorthodox gas well location for said formation.

PROVIDED HOWEVER THAT: prior to directional drilling, the operator shall determine the subsurface location of the kick-off point; and

PROVIDED FURTHER THAT: subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey shall be made of the wellbore from total depth to kick-off point with shot points not more than 100 feet apart; the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, 310 Old Santa Fe Trail, Room 206, Santa Fe, New Mexico 87503, and the operator shall notify the Division's Artesia District Office of the date and time said survey is to be commenced.

(2) 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.

(3) Lots 1 through 6 and the W/2 SW/4 of said Section 35 shall be dedicated to the well forming a previously approved non-standard gas proration unit (Order No. R-8928-A).

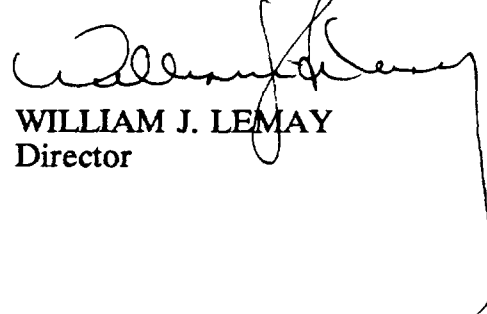
(4) All provisions in said Division Order No. R-8928-A are still in effect for this well and said provisions shall be adhered to as they pertain to spacing, reporting and other related issues.

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

Administrative Order DD-30
Steve Sell
January 22, 1990
Page No. 3

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
US Bureau of Land Management - Carlsbad
Case File Nos. 9643 and 9720