

Entered June 25, 1981  
JHR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 7238  
Order No. R-6705

APPLICATION OF HOLLY ENERGY, INC.  
FOR DIRECTIONAL DRILLING AND AN  
UNORTHODOX GAS WELL LOCATION, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 3, 1981,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of June, 1981, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

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

(2) That the applicant, Holly Energy, Inc., seeks  
authority to directionally drill its Salt Lake South Deep Well  
No. 1, the surface location of which is 2189 feet from the North  
line and 500 feet from the East line of Section 6, Township 21  
South, Range 32 East, South Salt Lake-Morrow Gas Pool, and  
drill said well in a northerly direction to bottom it within  
150 feet of the center of Unit A (Lot 1) of said Section 6,  
Lots 1 through 8 to be dedicated to the well.

(3) That at the hearing the applicant proposed to amend  
the target bottom-hole location to within 150 feet of a standard  
location in the center of Unit B (Lot 2) of said Section 6.

(4) That said amendment to the application should be  
approved.

-2-

Case No. 7238

Order No. R-6705

(5) That the applicant should be required to determine the subsurface location of the bottom of the hole by means of a continuous multi-shot directional survey conducted subsequent to said directional drilling, if said well is to be completed as a producing well.

IT IS THEREFORE ORDERED:

(1) That the applicant, Holly Energy, Inc., is hereby authorized to directionally drill its Salt Lake South Deep Well No. 1, the surface location of which is 2189 feet from the North line and 500 feet from the East line of Section 6, Township 21 South, Range 32 East, South Salt Lake-Morrow Gas Pool, and drill said well in a northwesterly direction to bottom it within 150 feet of the center of Unit B (Lot 2) of said Section 6, Lots 1 through 8 to be dedicated to the well.

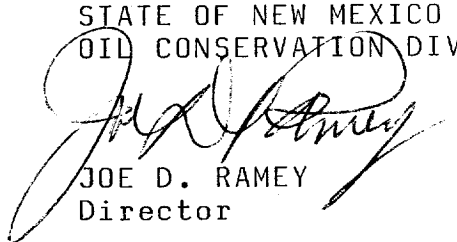
PROVIDED HOWEVER, that subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey shall be made of the wellbore from total depth to the kick-off point with shot points not more than 100 feet apart; that the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, P. O. Box 2088, Santa Fe, New Mexico, and that the operator shall notify the Division's Hobbs District Office of the date and time said survey is to be commenced.

(2) That 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) That 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

  
JOE D. RAMEY  
Director

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