

Entered June 25, 1981
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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. 7273
Order No. R-6715

APPLICATION OF BLANKS ENERGY
CORPORATION FOR AN UNORTHODOX
OIL WELL LOCATION AND POSSIBLE
DIRECTIONAL DRILLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 17, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

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, Blanks Energy Corporation, seeks approval of an unorthodox well location 330 feet from the South line and 900 feet from the East line of Section 16, Township 18 South, Range 35 East, NMPM, to test the Devonian formation, South Vacuum-Devonian Pool, Lea County, New Mexico.

(3) That the S/2 SE/4 of said Section 16 is to be dedicated to the well.

(4) That said unorthodox location will enable applicant to avoid a known fault which crosses said proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

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(6) That applicant further proposes, if commercial production is not obtained at said unorthodox location, to come back up the hole to approximately 7500 feet and directionally drill in a westerly direction and bottom the well in the Devonian formation at a standard location in the SW/4 SE/4 of said Section 16.

(7) That if such is the case, and applicant does directionally drill said well, 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.

(8) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, 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.

IT IS THEREFORE ORDERED:

(1) That the application of Blanks Energy Corporation for an unorthodox well location for the Devonian formation is hereby approved for a well to be located at a point 330 feet from the South line and 900 feet from the East line of Section 16, Township 18 South, Range 35 East, NMPM, South Vacuum-Devonian Pool, Lea County, New Mexico.

(2) That the S/2 SE/4 of said Section 16 shall be dedicated to the above-described well.

(3) That in the event commercial production is not obtained after drilling the aforesaid well at the above-described location, the applicant is hereby authorized to plug said well back to approximately 7500 feet, set a whipstock, and directionally drill in a westerly direction, bottoming said well in the Devonian formation at a standard location in the SW/4 SE/4 of said Section 16.

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

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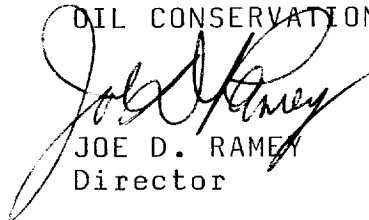
Santa Fe office of the Division, P. O. Box 2088, Santa Fe, New Mexico, and that the operator shall notify the Division's Hobbs District Office of the date and time said survey is to be commenced.

(4) 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.

(5) 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. RAMEN
Director

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