

Entered February 7 1984  
JMR

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. 8057  
Order No. R-7444

APPLICATION OF BELCO DEVELOPMENT  
CORPORATION FOR AN UNORTHODOX LOCATION  
AND DIRECTIONAL DRILLING, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on February 1, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 9th day of February, 1984, 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, Belco Development Corporation, seeks approval of the directional drilling of a well at an unorthodox surface location 660 feet from the South line and 100 feet from the West line of Section 8, Township 23 South, Range 31 East, with deviation commencing at a depth of approximately 8430 feet to a bottomhole location in the Wolfcamp and Pennsylvanian formations within a 100 foot radius of a point 660 feet from the South line and 1980 feet from the East line of Section 7, Township 23 South, Range 31 East, Eddy County, New Mexico.

(3) That the S/2 of said Section 7 should be dedicated to the well.

(4) That at the hearing the applicant sought and received approval to amend the bottomhole target area to an area at least 660 feet and not more than 990 feet from the South line

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and at least 1980 feet and not more than 2310 feet from the East line of said Section 7.

(5) That the application was opposed by International Minerals and Potash Corporation and Noranda Exploration, Inc.

(6) That International is the owner of the potash lease covering Section 7 and is mining potash approximately 6 miles to the West Northwest of this location.

(7) That International may be mining within 4 miles of the proposed well within 3 years and does not expect to be mining in the immediate vicinity for 10 years.

(8) That Noranda acquired its potash lease covering said Section 8, and other sections, by assignment effective August 1, 1983.

(9) That the lease acquired by Noranda was originally issued on March 1, 1967.

(10) That at the time of the hearing neither Noranda nor the previous lessors had undertaken active exploration and evaluation of the "potash" which may underlie said Section 8.

(11) That by Order No. R-111-A, as amended, the Division has adopted rules to provide for the protection of commercial deposits of potash in the "Potash-Oil Area" in Eddy and Lea Counties, New Mexico.

(12) That this Potash-Oil Area was created by said Order No. R-111-A on October 13, 1955, and has been extended from time to time based upon evidence of the existence of commercial reserves of potash.

(13) That the proposed well location lies outside the boundaries of the Potash-Oil Area.

(14) That the proposed location lies outside the "Potash Enclave" designated by the United States Secretary of the Interior.

(15) That the purpose of the Secretary's designation of potash enclaves is also to provide protection to potash reserves.

(16) That in the absence of definitive evidence of commercial potash ore in the immediate area of the proposed well, the application should be approved.

(17) That the applicant should be required to abide by the casing and cementing rules of said Order No. R-111-A, as amended.

(18) That the applicant should be required to give notice to International, Noranda, and the Division of the date and time of the spudding of the well and of the setting and cementing of each casing string in said well in order that such operations may, at the option of said parties, be witnessed.

(19) 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.

(20) That approval of the subject application will prevent the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent waste, protect correlative rights, and will not cause waste of commercial reserves of Potash.

IT IS THEREFORE ORDERED:

(1) That the applicant, Belco Development Corporation, is hereby authorized to directionally drill a well at an unorthodox surface location 660 feet from the South line and 100 feet from the West line of Section 8, Township 23 South, Range 31 East, with deviation commencing at a depth of approximately 8430 feet to a bottomhole location in the Wolfcamp and Pennsylvanian formations at least 660 feet and not more than 990 feet from the South line and at least 1980 feet and not more than 2310 feet from the East line of Section 7, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico.

PROVIDED HOWEVER, that prior to the above-described directional drilling, the applicant shall establish the location of the kick-off point by conducting a continuous multi-shot directional survey of the well.

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 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 87501, and that the operator

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shall notify the Division's Artesia 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 the S/2 of said Section 7 shall be dedicated to the subject well.

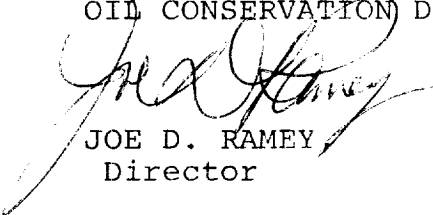
(4) That the applicant is further ordered to abide by the casing and cementing requirements of Division Order No. R-111-A, as amended.

(5) That the applicant shall give notice to International Minerals and Potash Corporation, Noranda Exploration Inc., and the Artesia district office of the Division of the date and time of the spudding of the well and of the setting and cementing of each casing string run therein in order that such operations may, at the option of said parties, be witnessed.

(6) 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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