

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. 9555
Order No. R-8814

APPLICATION OF CHARLES B.
GILLESPIE, JR. FOR DIRECTIONAL
DRILLING AND AN UNORTHODOX
SUBSURFACE LOCATION, LEA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 7, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 21st day of December, 1988, 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, Charles B. Gillespie Jr., seeks authority to re-enter its Shipp Well No. 1 located at an unorthodox surface location 550 feet from the North line and 2310 feet from the East line (Unit B) of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, wherein the applicant proposes to plug back to a depth of approximately 8500 feet and directionally drill said well to penetrate the top of the Strawn formation, Undesignated Humble City-Strawn Pool, within a 75 foot radius of an unorthodox bottomhole location 990 feet from the North line and 2310 feet from the East line (Unit B) of said Section 11.

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(3) The applicant further proposes to dedicate a standard 80-acre spacing and proration unit consisting of the W/2 NE/4 of said Section 11 to the above-described well.

(4) The subject well is located within one mile of the outer boundary of the Humble City-Strawn Pool, which is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-4338, dated July 17, 1972, which require wells to be located within 150 feet of the center of either dedicated quarter-quarter section.

(5) The subject well was originally drilled in February and March, 1987 by the applicant as a Mississippian oil test, and is currently temporarily abandoned.

(6) The applicant presented geologic evidence and testimony which indicates that the subject well encountered no porosity in the Strawn formation.

(7) Further geologic evidence presented by the applicant indicates that the proposed directional drilling should allow the well to penetrate the Strawn formation at a structurally advantageous position and a potentially productive area within the proposed proration unit.

(8) The applicant is the operator of the affected offset acreage in the NW/4 of said Section 11, and no other offset operator appeared and objected to the application.

(9) Approval of the subject application will allow the applicant the opportunity to produce the oil underlying the proration unit, 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.

(10) The applicant should be required to conduct a multishot directional survey from the surface to the proposed sidetrack depth prior to initiating directional drilling operations in order to determine the well's current bottomhole location; the applicant should also be required

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to conduct a multishot directional survey from the sidetrack depth to total depth upon completion of directional drilling operations.

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

(13) Upon completion of conducting said directional surveys, the applicant should submit copies of each survey to the Santa Fe and Hobbs offices of the Division.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Charles B. Gillespie Jr., is hereby authorized to re-enter its Shipp Well No. 1 located at an unorthodox surface location 550 feet from the North line and 2310 feet from the East line (Unit B) of Section 11, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico, sidetrack said well at a depth of approximately 8500 feet, and directionally drill to penetrate the top of the Strawn formation, Undesignated Humble City-Strawn Pool, within a 75 foot radius of an unorthodox bottomhole location 990 feet from the North line and 2310 feet from the East line (Unit B) of said Section 11.

(2) The W/2 NE/4 of said Section 11 shall be dedicated to the above-described well.

(3) The applicant shall be required to conduct a multishot directional survey from the surface to the proposed sidetrack depth prior to initiating directional drilling operations in order to determine the well's current bottomhole location; the applicant shall also be required to conduct a multishot directional survey from the sidetrack depth to total depth upon completion of directional drilling operations.

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

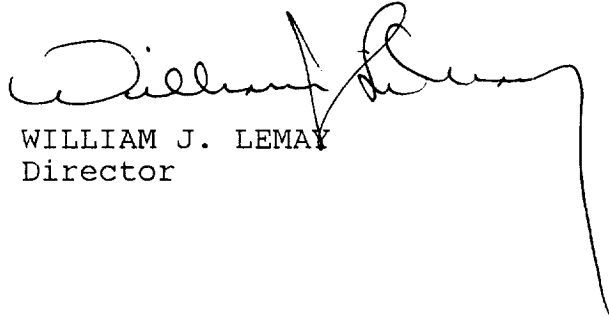
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(5) Upon completion of conducting said directional surveys, the applicant shall submit copies of each survey to the Santa Fe and Hobbs offices of the Division.

(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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