

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. 10802
Order No. R-9957

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR 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 August 26, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 9th day of September, 1993, 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 in this matter, Phillips Petroleum Company ("Phillips"), is the owner and operator of the James "E" Federal Well No. 8 located on the surface 2247 feet from the South line and 1558 feet from the East line (Unit J) of Section 11, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) By Division Administrative Order DD-76, dated March 8, 1993, Phillips was given authorization to directional drill the James "E" Federal Well No. 8 to the Undesignated Cabin Lake-Delaware Pool in such a manner as to bottom, or complete, said wellbore at a standard oil well location in the NE/4 SE/4 (Unit I) of said Section 11.

(4) Said well is within one mile of the Cabin Lake-Delaware Pool, which is subject to the Division's Statewide Rules and Regulations which require standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.

(5) At this time Phillips seeks an order approving the unorthodox subsurface location of the subject well within the Undesignated Cabin Lake-Delaware Pool.

(6) On June 17, 1993 Phillips commenced drilling the James "E" Federal Well No. 8, kicked-off from vertical in an easterly direction at an approximate depth of 3000 feet, and continued drilling to a total measured depth of 7600 feet.

(7) From the downhole directional drilling survey run by Scientific Drilling International of Midland, Texas on this well on August 6, 1993 (Phillips' Exhibit No. 4 presented at the hearing) and from the electric log it was determined that the wellbore trajectory crossed the quarter-quarter section line separating Units "I" and "J" at an approximate depth of 4700 feet, intercepted the top of the Cherry Canyon formation of the Delaware Mountain Group (Undesignated Cabin Lake-Delaware Pool) at a measured vertical depth of 5768 feet at a point approximately 1970 feet from the South line and 1022 feet from the East line of said Section 11, which is only 298 feet east of said quarter-quarter section line, the 330 foot boundary forming a standard oil well location in Unit "I" was intersected at a measured depth of 5930 feet, and the bottom of the well was determined to be located 1782 feet from the South line and 599 feet from the East line of said Section 11.

(8) Phillips is proposing to perforate this well in the Delaware interval from 5768 feet (MVD) to approximately 5820 feet (MVD) and from approximately 7200 feet (MVD) to approximately 7350 feet (MVD).

(9) The uppermost planned perforations (5768' - 5820') for this well will be considered unorthodox since they are closer than 330 feet to the quarter-quarter section line between Units "I" and "J".

(10) The Phillips operated James "E" Federal Lease comprises all of said Section 11; therefore, there are no other affected offset mineral interests other than Phillips.

(11) No other interested party appeared at the hearing in opposition to this application.

(12) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Undesignated Cabin Lake-Delaware 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.

(13) Since approval of this application has some effect on the previous directional drilling Administrative Order DD-76, dated March 8, 1993, this order should be made a part of the official record of said administrative approval.

IT IS THEREFORE ORDERED THAT:

(1) The application of Phillips Petroleum Company for an unorthodox subsurface oil well location for its James "E" Federal Well No. 8, which was drilled into the Undesignated Cabin Lake-Delaware Pool in the NE/4 SE/4 (Unit I) of Section 11, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico, in the manner described in Finding Paragraph No.(6) above, is hereby approved.

(2) The downhole directional drilling survey run by Scientific Drilling International of Midland, Texas on this well on August 6, 1993, which was submitted to the Division at the time of the hearing as Exhibit No. 4 is hereby associated by reference into this order.

(3) The NE/4 SE/4 of said Section 11 shall be dedicated to said well forming a standard 40-acre oil spacing and proration unit for said pool.

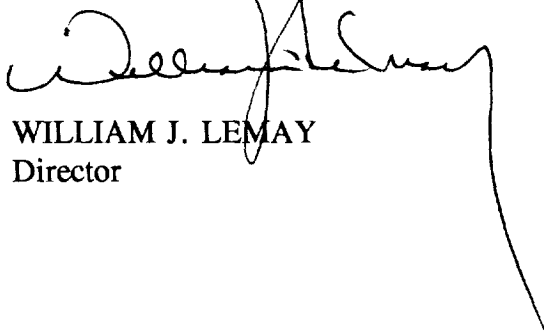
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(4) This order shall become a part of the official record of Division Administrative Order DD-76, dated March 8, 1993, which order authorized Phillips Petroleum Company to directional drill the James "E" Federal Well No. 8 to the Undesignated Cabin Lake-Delaware Pool in such a manner as to bottom, or complete, said wellbore at a subsurface location considered to be "standard" within said 40-acre tract.

(5) Jurisdiction of this cause is hereby 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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