



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

June 7, 1996

Oxy USA, Inc.
P. O. Box 50250
Midland, Texas 79710-0250
Attention: Richard E. Foppiano

Administrative Order DD-147(H)
High Angle/Horizontal

Dear Mr. Foppiano:

Reference is made to Oxy USA, Inc.'s ("Oxy") application dated April 29, 1996 for authorization to recomplete the State "DW" Well No. 5 (API No. 30-025-28800) by side tracking off of the vertical wellbore and penetrate the Mescalero Escarpe-Bone Spring Pool with a horizontal wellbore within the SE/4 SE/4 (Unit P) of Section 12, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico.

The Division Director Finds That:

- (1) The subject application has been duly filed under the provisions of Rule 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The State "DW" Well No. 5, located at a standard oil well location 660 feet from the South and East lines (Unit P) of said Section 12, was originally drilled in the summer of 1984 to a total depth of 9,030 feet; the Bone Spring formation tested uneconomical and the well was subsequently completed in the E-K Yates Seven Rivers Queen Pool;
- (3) It is our understanding that Oxy intends to kick-off from vertical at a depth of approximately 8,610 feet by milling a window in the production casing, drill in a northwesterly direction with a medium radius curve (63.1 deg./100 feet), and drill horizontally within the Mescalero Escarpe-Bone Spring Pool a lateral distance of approximately 467 feet;

- (4) Said well is within one mile of the current boundary of the Mescalero Escarpe-Bone Spring Pool, said pool is subject to the statewide rules and regulations, as promulgated by Rule 104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;
- (5) The "project area" proposed by Oxy would consist of a standard 40-acre spacing and proration unit comprising the SE/4 SE/4 of said Section 12;
- (6) The applicable drilling window or "producing area" for said wellbore should include that area within the SE/4 SE/4 (Unit P) of said Section 12 that is no closer than 330 feet to any quarter-quarter; and,
- (7) It appears the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Oxy USA, Inc.'s ("Oxy"), is hereby authorized to recomplete the State "DW" Well No. 5 (API No. 30-025-28800), from a standard surface location 660 feet from the South and East lines (Unit P) of Section 12, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico, by milling a window in the production casing, drill in a northwesterly direction with a medium radius curve (63.1 deg./100 feet), and drill horizontally within the Mescalero Escarpe-Bone Spring Pool a lateral distance of approximately 467 feet.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Hobbs District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Hobbs offices of the Division upon completion.

Administrative Order DD-147(H)

Oxy USA Inc.

June 7, 1996

Page 3

(3) The "project area" for said horizontal well shall consist of a standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of said Section 12.

(4) The "producing area" for said horizontal wellbore shall include that area within the SE/4 SE/4 of said Section 12 that is no closer than 330 feet from the outer boundary of proposed 40-acre standard oil spacing and proration unit.

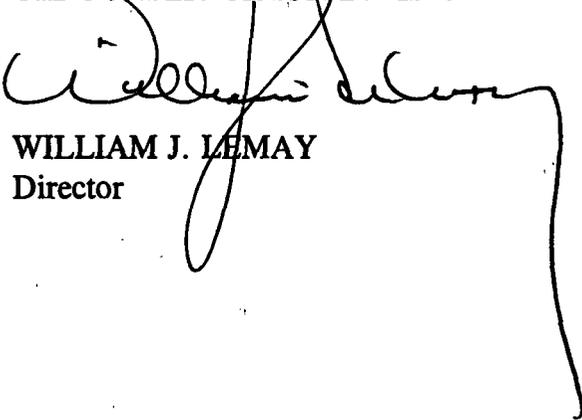
(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured depths (MVD).

(7) 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

S E A L

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe

DD-Oxy

Rec: 5-7-96

Susp: 5-28-96

Released: 6-7-96

June 7, 1996

Oxy USA, Inc.
P. O. Box 50250
Midland, Texas 79710-0250

Attention: Richard E. Foppiano

147

Administrative Order DD-**(H)
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- (4) Said well is within one mile of the current boundary of the Mescalero Escarpe-Bone Spring Pool, said pool is subject to the statewide rules and regulations, as

promulgated by Rule 104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;

- (5) The "project area" proposed by Oxy would consist of a standard 40-acre spacing and proration unit comprising the SE/4 SE/4 of said Section 12;
- (6) The applicable drilling window or "producing area" for said wellbore should include that area within the SE/4 SE/4 (Unit P) of said Section 12 that is no closer than 330 feet to any quarter-quarter; and,
- (7) It appears the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Oxy USA, Inc.'s ("Oxy"), is hereby authorized to recomplete the State "DW" Well No. 5 (API No. 30-025-28800), from a standard surface location 660 feet from the South and East lines (Unit P) of Section 12, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico, by milling a window in the production casing, drill in a northwesterly direction with a medium radius curve (63.1 deg./100 feet), and drill horizontally within the Mescalero Escarpe-Bone Spring Pool a lateral distance of approximately 467 feet.

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(2) The applicant shall notify the supervisor of the Hobbs District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Hobbs offices of the Division upon completion.

(3) The "project area" for said horizontal well shall consist of a standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of said Section 12.

(4) The "producing area" for said horizontal wellbore shall include that area within the SE/4 SE/4 of said Section 12 that is no closer than 330 feet from the outer boundary of

proposed 40-acre standard oil spacing and proration unit.

(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured depths (MVD).

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

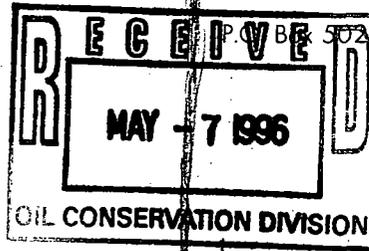
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe



OXY USA Inc.

P.O. Box 50250, Midland, TX 79710-0250

April 29, 1996

Mr. Bill Lemay, Director
New Mexico Oil Conservation Division
P. O. Box 6429
Santa Fe, New Mexico 87505

40-acre spacing

Re: **Application of OXY USA Inc. for Administrative Approval to Horizontally Drill Well #5, State "DW" Lease, Mescalero Escarpe-Bone Spring Pool, Lea County, New Mexico.**

Dear Mr. Lemay:

Per Statewide Rule 111 (D), OXY USA Inc. respectfully requests administrative approval to horizontally drill and produce well #5 on our State "DW" lease located in Section 12, Township 18 South, Range 33 East. This well is currently producing from the Mescalero Escarpe-Grayburg Pool. These perforations will be squeezed off, a window cut in the casing at 8610' (MD), and a new wellbore drilled to a TD of 9125' (MD). The purpose of this horizontal completion is to more effectively and efficiently drain the hydrocarbons in the Bone Springs pool underlying the SE/4 SE/4 of Section 12. Attached as a part of this application are various plats and other information in accordance with the requirements spelled out in Rule 111 (D)(2) (a)-(e). They include a plat of the project area and offsetting units, cross-sectional and plan views of the subject well, and a type log of Mescalero Escarpe-Bone Spring pool. Also enclosed are Forms C-101 & C-102 for the proposed operation.

UMC Petroleum Corporation and Floyd Operating Company are the only offsets to the proposed project area. There are no undrilled spacing units that directly offset the SE/4 SE/4 of Section 12. By signing below, I hereby certify that all operators of spacing units in the Mescalero Escarpe-Bone Springs Pool offsetting our proposed project area have been or will be sent a copy of this application including attachments by certified mail, return receipt requested. By copy of this letter they are advised that, if they have an objection, it must be filed in writing to the NMOCD within 20 days of the date notice was sent.

As always, we appreciate your consideration of our request. If you have questions or need additional information, please do not hesitate to call me at 915/685-5913.

Sincerely,

Richard E. Foppiano
Regulatory Affairs Advisor
Western Region - Midland

REF/ref
attachments

cc (w/attachments): New Mexico Oil Conservation Division
Hobbs District Office
P. O. Box 1980
Hobbs, New Mexico 88240

Floyd Operating Company (by certified mail return receipt requested)
711 Louisiana, Suite 1740
South Pennzoil Tower
Houston, Texas 77002

UMC Petroleum Corp. (by certified mail return receipt requested)
1201 Louisiana, Suite 1400
Houston, Texas 77002

David Stewart (OXY)
Mike Liebert (OXY)
Scott Gengler (OXY)



T 18 S R 33 E

T 18 S R 34 E

11

12

OXY
4-State "DW"
▲

OXY
3-State "DW"
●

OXY
9-State "DW"
●

OXY
2-State "DW"
●

OXY
1-State "DW"
●

OXY
6-State "DW"
●

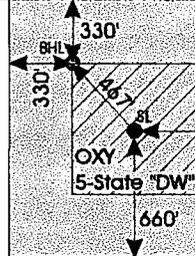
UMC Petro. Corp.
1-Lea "XA" St
●

UMC Petro. Corp.
3-Lea "XA" St
●

OXY
11-State "DW"
●

OXY
10-State "DW"
●

OXY
8-State "DW"
●



UMC Petro. Corp.
2-Lea "XA" St
●

UMC Petro. Corp.
4-Lea "XA" St
●

14

Floyd Operating Co.
2-Mescalero
Ridge B Fed
●
TA

Floyd Operating Co.
1-Mescalero
Ridge B Fed
●

Floyd Operating Co.
1-Mescalero
Ridge Fed
●

13

Floyd Operating Co.
3-Mescalero
Ridge Fed
●

Floyd Operating Co.
1-Mescalero
Ridge C Fed
●

Floyd Operating Co.
2-Mescalero
Ridge Fed
●
TA

- Oil Well
- TA Temporarily Abandoned
- ▲ Service Well
- Project Area for State "DW" #5
- ▨ Producing Area
- SL Surface Location
- BHL Bottom Hole Location

OXY USA Inc.
State "DW" #5
Mescalero Escarpe-Bone Spring Field
Lea Co, New Mexico

Scale: 1"=1000'
Date: April, 1996

Geol: M. Liebert

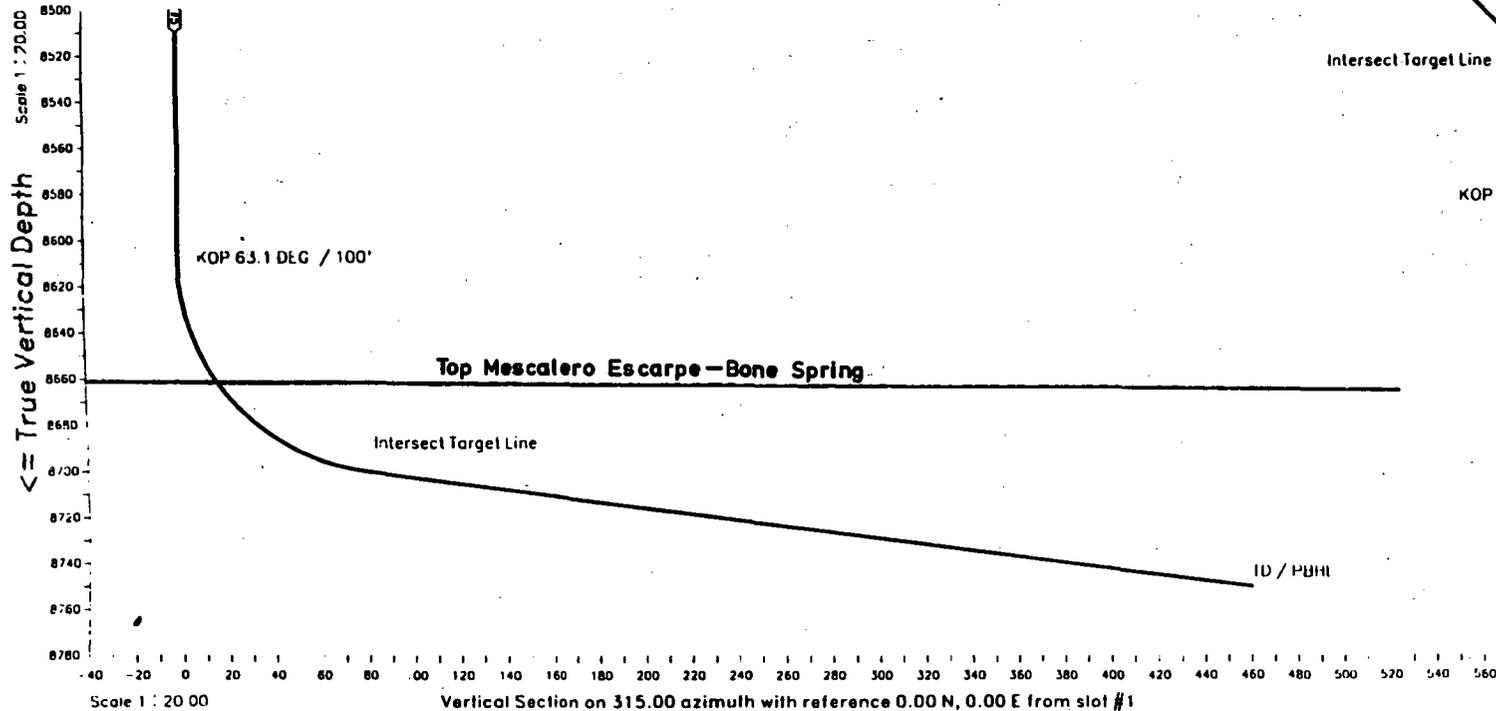
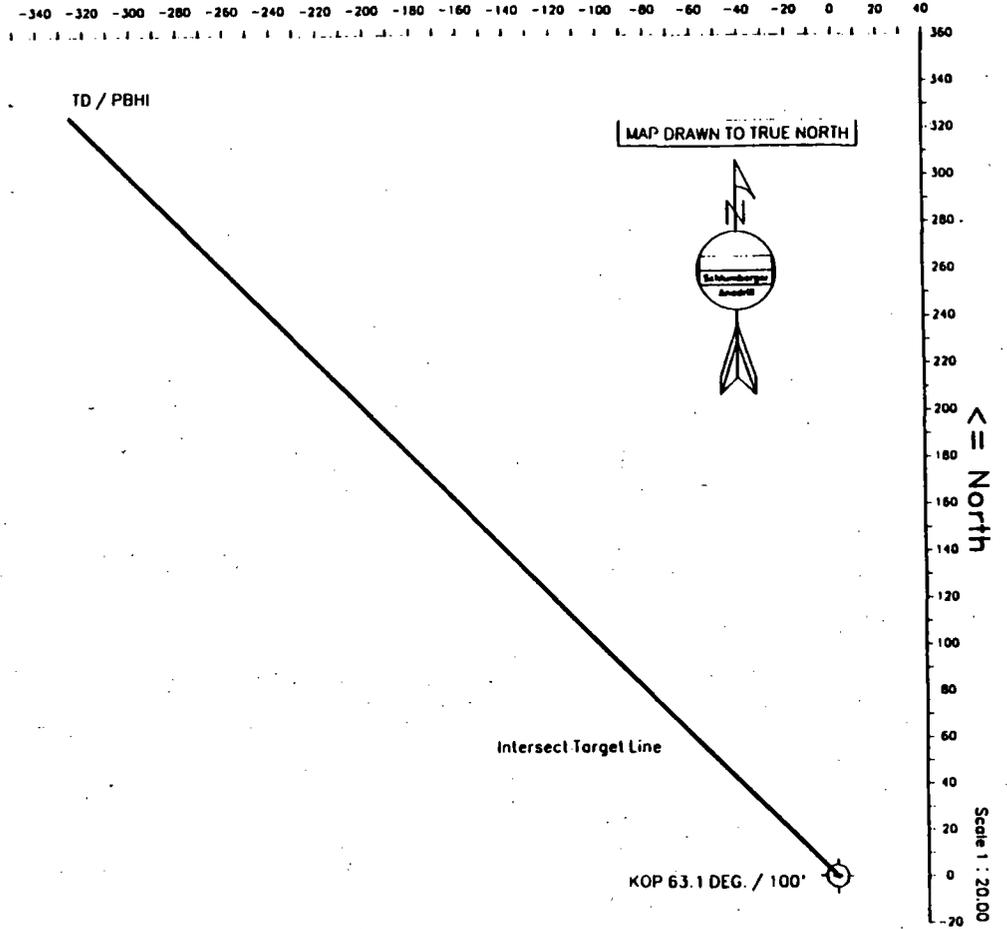
Only Bone Spring Wells Shown
Source: Dwight's Energydata

OXY USA Inc.
Mescalero Escarpe-Bone Spring
Lea County, New Mexico

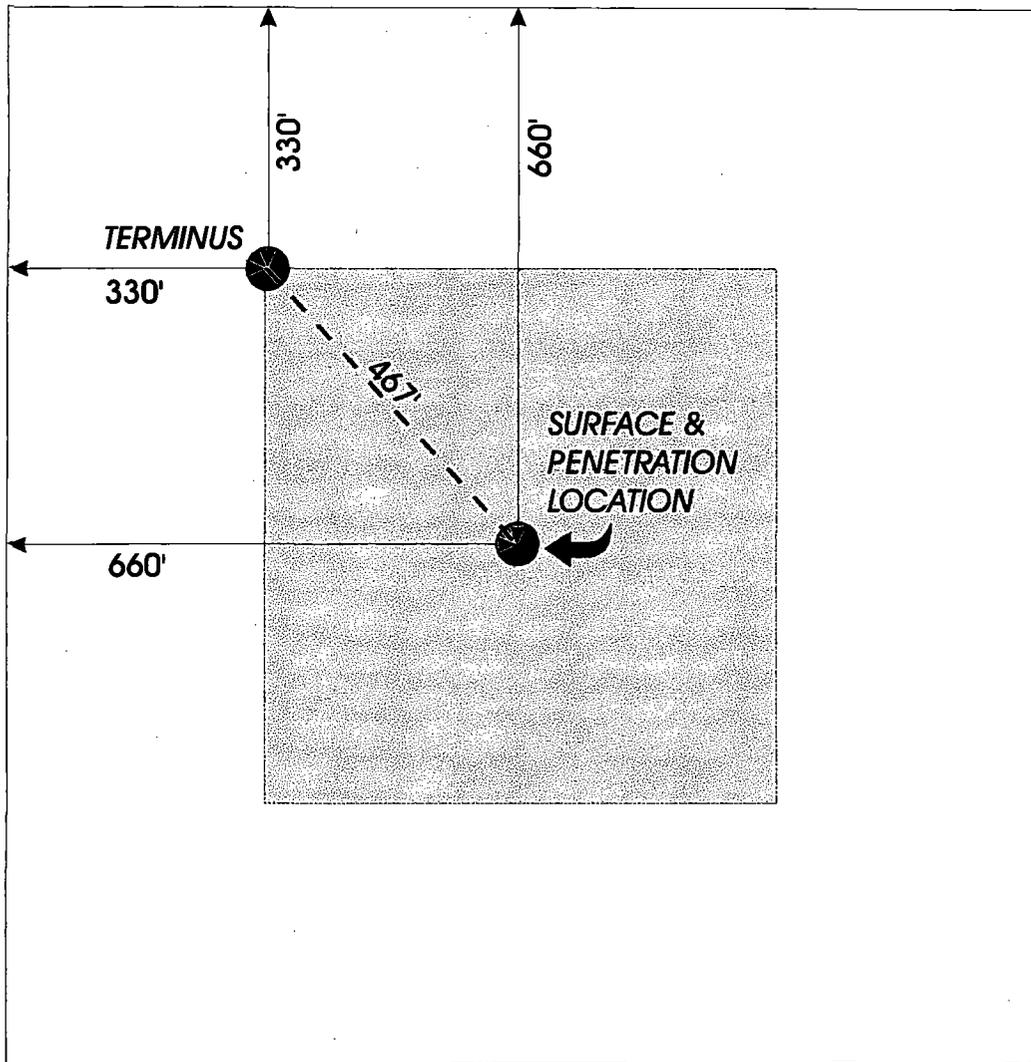
Cross Section
OXY USA Inc.
State "DW" #5
Section 12, T18S, R33E

Scale 1 : 20.00

East =>



Schlumberger
Anadrill



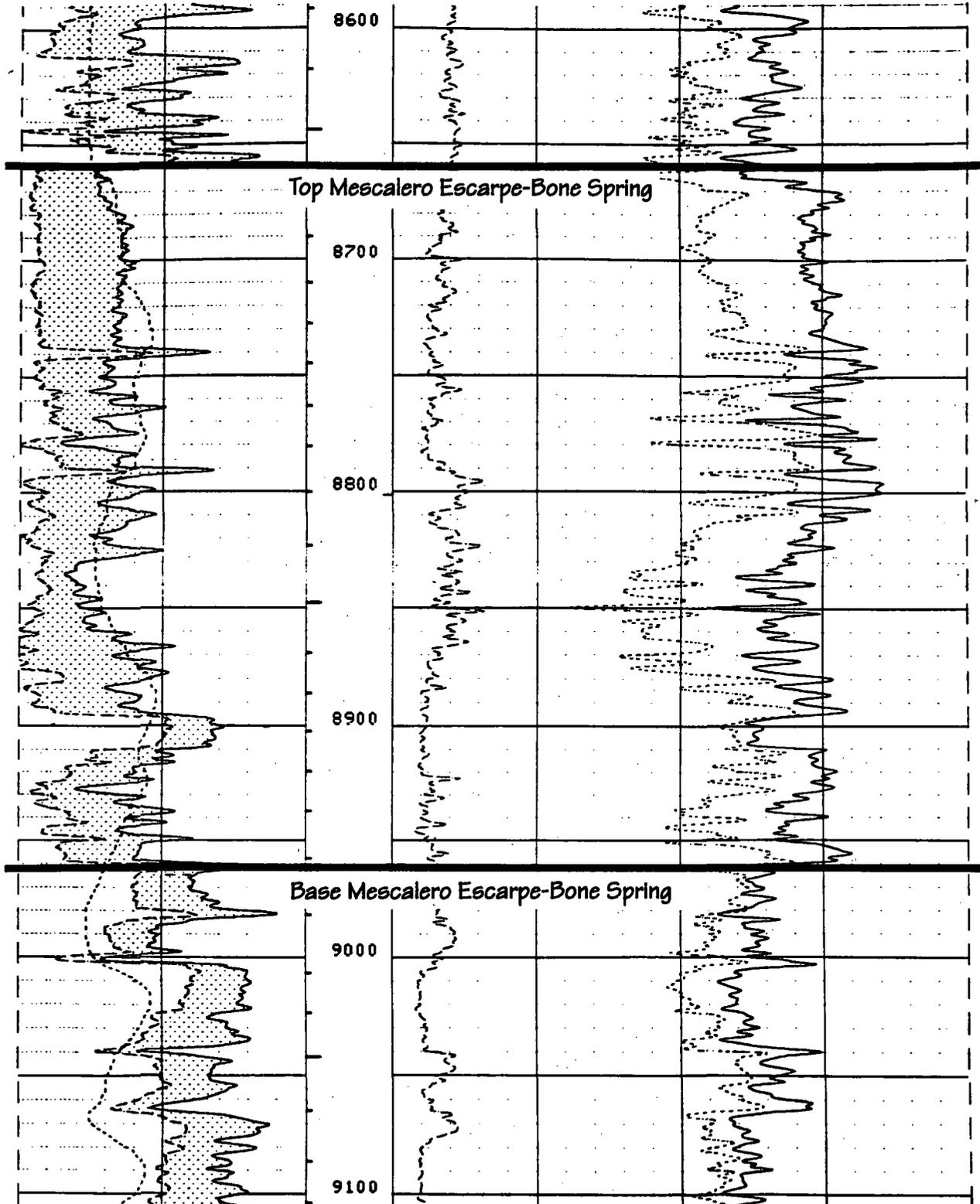
 Producing Area
 for State "DW"#5

OXY USA Inc.
 State "DW"#5
 Section 12, T18S, R33E
 Mescalero Escarpe-Bone Spring Field
 Lea Co, New Mexico
**Plan View of 40 Acre Drilling
 Unit and Proposed Horizontal Completion**

Date: April, 1996

Scale: None

Type Log
OXY USA Inc.
State "DW" #5
Section 12, T18S, R33E
Lea County, New Mexico



District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesa, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-101
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address: OXY USA Inc. P.O. Box 50250 Midland, TX 79710-0250		OGRID Number 16696
		API Number 30-025-28800
Property Code 008656	Property Name State DW	Well No. 5

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	12	18S	33E		660	South	660	East	Lea

8 Proposed Bottom Hole Location if Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	12	18S	33E		990	South	990	East	Lea

Proposed Pool 1 Mescalero Escarpe-Bone Spring Pool 045793	Proposed Pool 2
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Work Type Code D	Well Type Code O	Cable/ Rotary R	Lease Type Code S	Ground Level Elevation 4089'
Multiple N	Proposed Depth 8750'	Formation Bone Spring	Contractor N/A	Spud Date ASAP

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48#	348'	500	Surface
11"	8-5/8"	24-32#	3300'	1300	Surface
7-7/8"	5-1/2"	15.5-17#	9030'	1335	TS-3300'

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present protective zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

TD - 9030' PBD - 4913' Perfs - 3343-3478'

It is proposed to drill out to 8610'TVD and horizontally drill to 8750'TVD and test the Bone Springs formation.

Surface Location - 660 FSL 660 FEL
 Penetration Point - 660 FSL 660 FEL
 Terminus - 990 FSL 990 FEL
 Lateral - 467'

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: 	OIL CONSERVATION DIVISION	
	Approved by:	
Printed name: David Stewart	Title:	
Title: Regulatory Analyst	Approval Date:	Expiration Date:
Date: 4/30/96	Phone: 915-685-5717	Conditions of Approval: Attached <input type="checkbox"/>

District I
 O Box 1980, Hobbs, NM 88241-1980
 District II
 O Drawer DD, Artesia, NM 88211-0719
 District III
 000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

STATE OF NEW MEXICO
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-28800		Pool Code 045793	Pool Name Mescalero Escarpe-Bone Spring Pool
Property Code 008656	Property Name State DW		Well Number 5
OGRID No. 16696	Operator Name OXY USA Inc.		Elevation 4089'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
P	12	18S	33E		660	South	660	East	Lea

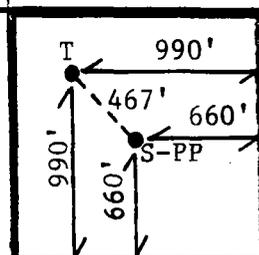
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
P	12	18S	33E		990	South	990	East	Lea

¹² Dedicated Acres 40	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.
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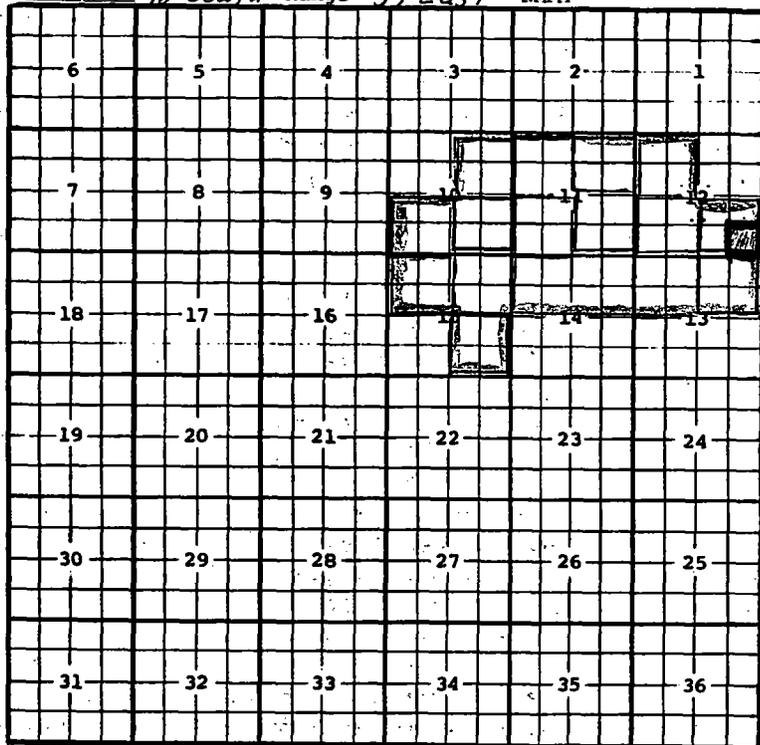
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>  Signature David Stewart Printed Name Regulatory Analyst Title 4/30/96 Date
				18 SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	



County Lea Pool Mescalero Escarpe - Bone Spring

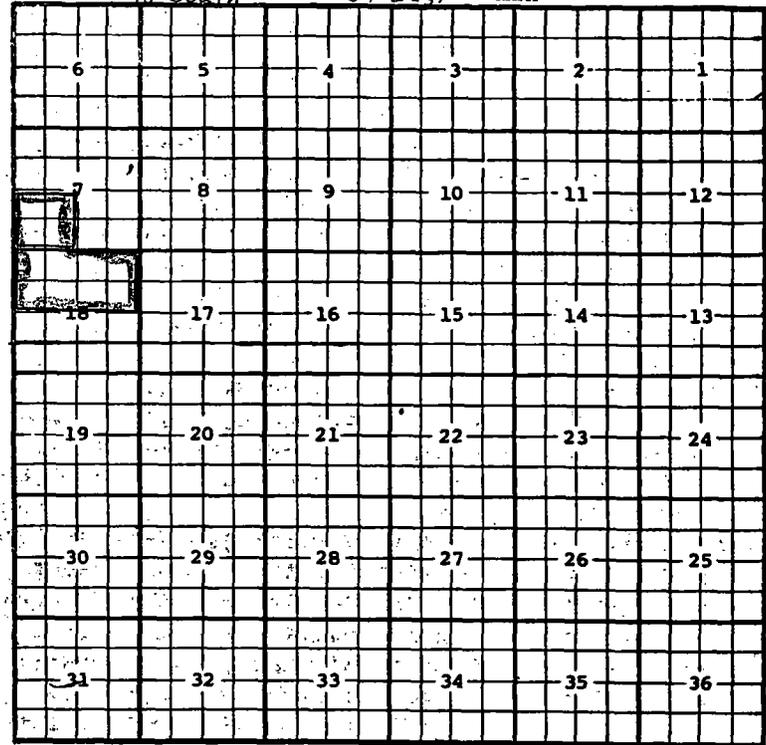
TOWNSHIP - 18 South Range 37 East NMPM



Description: $\frac{SE}{4}$ Sec. 12 (R-7584, 6-14-84)
Ext: $\frac{SW}{4}$ Sec. 12 (R-7607, 7-22-84) Ext: $\frac{NW}{4}$ Sec. 12 (R-7769, 1-8-85)
Ext: $\frac{NE}{4}$ Sec. 11 (R-7959, 6-12-85) Ext: $\frac{NE}{4}$ Sec. 13 (R-8024, 8-30-85)
Ext: $\frac{SE}{4}$ Sec. 11 (R-8075, 11-8-85) Ext: $\frac{NW}{4}$ Sec. 13, $\frac{NE}{4}$ Sec. 14 (R-8125, 1-14-86)
Ext: $\frac{SW}{4}$ Sec. 11 (R-8193, 7-21-86) Ext: $\frac{SE}{4}$ Sec. 10 (R-8461, 6-25-87)
Ext: $\frac{NW}{4}$ Sec. 11 (R-8483, 8-13-87) Ext: $\frac{NE}{4}$ Sec. 10, $\frac{NE}{4}$ Sec. 15
(R-8561, 7-4-87) Ext: $\frac{SE}{4}$ Sec. 15 (R-9038, 12-1-89) Ext: $\frac{SW}{4}$ Sec. 10 (R-9120, 3-1-90)
Ext: $\frac{NW}{4}$ Sec. 15 (R-8772, 11-1-88)

COUNTY Lea POOL Mescalero Escarpe - Bone Spring

TOWNSHIP 18 South RANGE 34 East NMPM



Ext: $\frac{SW}{4}$ Sec. 7 (R-7607, 7-22-84) Ext: $\frac{NE}{4}$ Sec. 18 (R-7263, 1-8-85)