

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. 7926
Order No.R-7332

APPLICATION OF EXXON CORPORATION
FOR DIRECTIONAL DRILLING, LEA
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 3, 1983, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 8th day of August, 1983, 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, Exxon Corporation, is the owner and operator of the New Mexico "DK" State Well No. 1, the surface location of which is 660 feet from the South line and 1320 feet from the West line of Section 2, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks to directionally drill said well by kicking off from vertical at a depth of approximately 3,800 feet and then drilling in a northwesterly direction to bottom the well at an estimated measured vertical depth of 10,000 feet in the McKee Sand formation at a standard location within the boundaries of the NW/4 SW/4 of said Section 2.

(4) That the NW/4 SW/4 of said Section 2 should be dedicated to the well.

(5) That the directional drilling is necessitated in order to avoid the City of Hobbs waste water holding ponds located on the surface at a standard location in the NW/4 SW/4 of said Section 2.

(6) That the applicant should be required to determine the subsurface location of the kick-off point prior to the above described directional drilling, and 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.

(7) 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, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Exxon Corporation, is hereby authorized to directionally drill its New Mexico "DK" State Well No. 1 from a surface location 660 feet from the South line and 1320 feet from the West line of Section 2, Township 20 South, Range 38 East, NMPM, by kicking off from vertical at a depth of approximately 3,800 feet, and then drilling in a northwesterly direction to bottom the well at an estimated measured vertical depth of 10,000 feet in the McKee Sand formation at a standard location within the outer boundaries of the NW/4 SW/4 of said Section 2.

PROVIDED HOWEVER, that prior to the above described directional drilling, the operator shall determine the subsurface location of the kick-off point;

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 shall notify the Division's Hobbs District Office of the date and time said survey is to be commenced.

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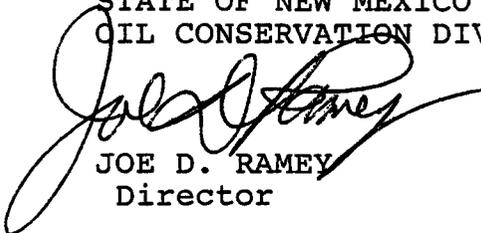
(2) That Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(3) That the NW/4 SW/4 of said Section 2 shall be dedicated to the subject well.

(4) 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

S E A L

Note to file: 10-20-2003

Talked w/ Scott Davis this afternoon

Since the Blinley interval is an unproven 160-acre shared gas pool subject to the Utterback Shullgas gas rules, the Blinley interval being within an existing 160 acre tract comprising the SW $\frac{1}{4}$ of Sec. 2 - T20S - R38E for Cahalan's existing Well No. 2 in Unit #1, this portion of Davis's application will require a hearing.

This application will be amended for only the Utterback Shullgas intervals.

talked w/
Scott Davis
on Tuesday Oct. 21st
to check on formation
and subsurface location.
MS

Stogner, Michael

From: CAPATAZHSD@aol.com
Sent: Friday, October 17, 2003 3:32 PM
To: mstogner@state.nm.us
Subject: CAPATAZ L&M#1

Michael,

Capataz submitted for your review and approval an application to re-enter the Exxon DK State #1 well located in Sec. 2-T20S-R38E of Lea County on 09/05/03. We hope to move a drilling rig in on this location on or about November 5, 2003, after we reach TD on our #1 Dixie Queen 1 mile to the south. Would you please give me a call and let me know the status of our application. Should you desire or require additional information I will endeavor to get same to you in a timely fashion.

Thanks for you help.

Scott Davis
(432)620-8820

10/20/2003