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Application

Transcripts

Small Exhibits



Other

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

June 29, 1981

Mr. Conrad Coffield Hinkle, Cox, Eaton, Coffield & Hensley	Re: CASE NO. 7273 ORDER NO. R-6715
Attorneys at Law P. O. Box 3580 Midland, Texas 79702	Applicant:
	Blanks Energy Corporation
Dear Sir:	
Enclosed herewith are two co Division order recently ente	pies of the above-referenced red in the subject case.
Pours very truly,	
JOE D. RAMEY Director	ali mang dan menggapatan 19 menganan beranda dalam beranda 19 menganan beranda 19 menganan beranda 19 menganan 19 menganan beranda dalam beranda dalam beranda 19 menganan beranda 19 menganan beranda 19 menganan beranda 1 19 menganan beranda dalam beranda dalam beranda 19 menganan beranda 19 menganan beranda 19 menganan beranda 1
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Copy of order also sent to:	
Hobbs OCD x Artesia OCD x Aztec OCD	

STATE OF NEW MEXICO ENERGY AND MINERAL'S DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 7273 Order No. R-6715

APPLICATION OF BLANKS ENERGY CORPORATION FOR AN UNORTHODOX OIL WELL LOCATION AND POSSIBLE DIRECTIONAL DRILLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 17, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of June, 1981, 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, Blanks Energy Corporation, seeks approval of an unorthodox well location 330 feet from the South line and 900 feet from the East line of Section 16, Township 18 South, Range 35 East, MNPM, to test the Cavonian formation, South Vacuum-Devonian Pool, Lea County, New Mexico.
- (3) That the S/2 SE/4 of said Section 16 is to be dedicated to the well.
- (4) Thet said unorthodox location will enable applicant to avoid a known fault which crosses said proretion unit.
- (5) That no effect operator objected to the proposed un-

-2-Case No. 7273 Order No. R-6715

- (6) That applicant further proposes, if commercial production is not obtained at eaid unorthodox location, to come back up the hole to approximately 7500 feet and directionally drill in a westerly direction and bottom the well in the Devonian Formation at a standard location in the SW/4 SE/4 of said Section 16.
- (7) That if such is the case, and applicant does directionally drill said well, 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.
- (8) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject 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.

IT IS THEREFORE ORDERED.

- (1) That the application of Blanks Energy Gurporation for an unorthodox well location for the Devonian formation is hereby approved for a well to be located at a point 330 feet from the South line and 900 feet from the East line of Section 16, Town-ship 18 South, Range 35 East, NMPH, South Vacuum-Devonian Pool, Lee County, New Mexico.
- (2) That the S/2 SE/4 of said Section 16 shall be dedicated to the above-described well.
- (3) That in the event commercial production is not obtained after drilling the aforesaid well at the above-described location, the applicant is hereby authorized to plug said well back to approximately 7500 feet, set a whipstock, and directionally drill in a westerly direction, bottoming said well in the Devonian formation at a standard location in the SW/4 SE/4 of said Section 16.

FREVIDED HOWEVER, 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 spart; that the operator shall cause the surveying company to forward a copy of the survey report directly to the

-3-Case No. 7273 Order No. R-6715

Santa Fe office of the Division, P. O. Box 2088, Santa Fe, New Mexico, and that the operator shall notify the Division's Hobbs District Office of the date and time said survey is to be compensed.

- (4) 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.
- (5) 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.

OLL CONSERVATION DIVISION

STATE OF NEW MEXICO

JOE D. RAMEX Director

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 17 June 1981

EXAMINER HEARING

IN THE MATTER OF:

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Application of Blanks Energy Corporation for an unorthodox oil well location and possible directional drilling, Lea County, New Mexico.

CASE 7273

MEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division:

Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501

For the Applicant:

Conrad E. Coffield, Esq. HINKLE LAW FIRM P. O. Box 3580 Midland, Texas

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NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE , NEW MEXICO

Hearing Date_

JUNE 17, 1981

_Time: 9:00 A.M.

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Nev	MEXICO OIL CONSERVATION COMMISSION EXAMINER HEARING	
	SANTA FE , NEW MEXICO	
Hearing Date	JUNE 17, 1981	Time: 9:00 A.M.
		
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3	INDEX	
4 W. C. B	DRKETT	
5	Direct Examination by Mr. Coffield	3
	Cross Examination by Mr. Nutter	14
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	nt Exhibit One, Plat	
	nt Exhibit Two, Structure Map	
	nt Exhibit Three, Waiver	9
	nt Exhibit Four, Recommendation	
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	선물하는 지역의 발표 교통 보고 있다. 발생들은 기가 기계되고 되었 보고 있는 발생을 하고 있다면 하고 있는데 하고 있다.	
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3 MR. NUTTER: Call next Case Number 7273. 2 MR. PADILLA: Application of Blanks 3 Energy Corporation for an unorthodox oil well location and possible directional drilling, Lea County, New Mexico. 5 MR. COFFIELD: Mr. Examiner, I'm Conrad Coffield with the Hinkle law firm in Midland, Texas, and I 7 have one witness to be sworn. 10 (Witness sworn.) 11 12 W. C. BURKETT 13 being called as a witness and being duly sworn upon his oath, 14 testified as follows, to-wit: 15 DIRECT EXAMINATION 16 17 BY MR. COFFIELD: 18 Mr. Burkett, for the record would you 19 please state your name, address, occupation, and your relationship to the applicant? 21 William C. Burkett, 3208 Lockheed, 22 Midland, Texas. I am a geologist for Blanks Energy Corpora-23 tion, 24 MR. NUTTER: How do you spell your last

name, Mr. Burkett?

1		승규는 경기를 하지 않는데 그는 사람은 생각이다. 생각복
2		B-U-R-K-E-T-T.
3		MR. NUTTER: Thank you.
4		Have you previously testified before the
5	Division as a geolog	išt?
6		No, I have not.
7		Would you please give a resume, brief
8	resume, of your educa	ational background and your work experience
9		I was graduated with a Bachelor of
10	Science degree in ge	ology from Miami University in Oxford,
11	Ohio, in 1967, and I	furthered my study and completed work on
ī2	my Master's degree a	nd received my Master's degree in geology
13	in 1969.	그리는 마르크 보고 있었다. 그런 그는 그런 경기를 보고 생각을 때 뿐만 말 당고 하는 이번 10년 시간 경기를 보고 있다면 하는 11년 중에 가지를 보고 있다.
14		I came to work in Midland, Texas, for
15	Texaco, Incorporated	, where I was employed for eleven years.
16		In February of 1980 I came to work for
17	Mr. Blanks at Blanks	Energy Corporation as a geologist. I'm
18	currently employed ti	iere:
19	\mathbf{a}	Mr. Burkett, are you familiar with the
20	Blanks Energy applica	ition in this case?
21		Yes.
22		And are you familiar with the property
23	and proposed well loo	eation involved here?
24	[1] 1 [1] 1 [2] [2] 1 [
25		MR. COFFIELD: Mr. Examiner, do you have

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any other questions of Mr. Burkett?

MR. NUTTER: Mr. Burkett is qualified.

Mr. Burkett, would you please state briefly what it is Blanks Energy seeks by this application?

A Blanks Energy seeks approval for the unorthodox location of a well to be drilled 330 feet from the south line and 900 feet from the east line of Section 16, Township 18 South, Range 35 East, in Lea County, New Mexico, in the South Vacuum-Devonian Pool. The south half of the southeast quarter of said section is to be dedicated to this well.

If commercial production is not obtained at said location, we propose to come back up the hole and directionally drill in a westerly direction and bottom the well in the Devonian formation at a standard location in the southwest quarter of said Section 16;

Q Mr. Burkett, relative to the unorthodox location aspect of this particular application, is this unorthodox location sought for geological reasons?

A. Yes, that's correct,

Q Would you please refer to what we've marked as Exhibit One and explain that exhibit to the Examiner

A. Okay. Exhibit One is a location and land plat on a portion of Lea County, New Mexico. Acreage

THE RESERVE OF THE PROPERTY OF THE PERSON OF

currently in control by Blanks is colored in yellow. The unorthodox location and the whipstock total depth location is noted in the southeast corner of Section 16. Geographically we're about eighteen miles to the west of the City of Hobbs. The big field up to the north is the Vacuum Field, and the field which we're trying to develop up to the north is the Vacuum South-Devonian Field.

Q Okay, would you refer now to what we've marked as Exhibit Two and explain what that represents?

A. Exhibit Two is a structure map on top of the Devonian structure. The Devonian is the main producing corizon in this area. The production from the Devonian in Vacuum South and Vacuum Middle Field is structurally controlled and by recent drilling we have determined that this is also the case in our subject area.

The Blanks acreage again is colored in yellow. The dark yellow acreage is the 80 acres that's dedicated to the subject well. The two red spots indicate the unorthodox location and the red spot south of the Sinclair Well No. 7403 is the bottom hole location for the whipstock, proposed whipstock.

Basically we have a structural entrapment of hydrocarbons here. Very critical to this entrapment is the big fault which you see trending northwest/southeast.

, juga elikus misko dala kalanda.

We have determined from subsurface control and drilling, and seismic control, the most critical lineation of this fault is critical to our unorthodox location. We have determined from seismic that in the area of our location the fault is downthrown approximately 1400 feet to the north side of that fault.

What we are proposing to do is drill to the north of the Sinclair No. 2 - 401 State Lea in this unorthodox location within the same fault block as the No. 2 401 State Lea and recover reserves at a structurally higher position than that well, which cannot be recovered, or have not been recovered by the Sinclair well, which watered out from the Devonian after producing about 38,000 barrels of oil.

MR. NUTTER: Now, you're talking about the Sinclair No. 2 - 401?

Right, that's correct.

MR. NUTTER: Okay. Was the Sinclair
State Lea 403 up here, the No. 7, was it a dry hole on com-

A. It was drilled to the Mississippian and it was abandoned there. It was intended to drill to the Devonian but they were running low at Mississippian level and they abandoned the well at Mississippian level.

Bone Spring pay.

They are currently using that well as a water injection well, which they're injecting -- they have injected approximately 7-million barrels of water to date and are currently injecting approximately 1500 barrels of water per day at a pressure of about 2100 pounds.

A. It's going into several formations from a depth of about 3300 feet to 6900 feet and it's above the

MR. NUTTER: Into what formation?

MR. NUTTER: So it never has penetrated the Devonian, then?

. That's correct.

MR. NUTTER: Okay.

A. The top you see by that well is based on projection, assuming the same thickness of the Mississ-ippian, Woodford, and Devonian that we saw in the Blanks No. 1 Honeysuckle to the south.

If we are unsuccessful in obtaining hydrocarbon in commercial quantities at the unorthodox location, it is our proposal to come back up-hole and whip-stock to a legal location in the southeast quarter of the southwest -- southwest quarter of the southeast quarter of said Section 16.

In this case we hope to recover reserves

1		보는 보다는 경기 등을 하고 있다. 그 사람들은 그리고 보고 있다. 그리고 있는 것이 되었습니다. 그런 그런 그는 것이 보고 있는 3 를 하는 것을 보다.
2	that we can't recover	from the Blanks No. 1 Honeysuckle, and
3	we hope to avoid prob	lems with the high pressure water injecti
4	well which we'll be t	winning to the south.
5 、	Q.	Did you have anything further to add on
5	this exhibit?	
7		No.
3	•	What would a standard well location be
)	relative to the propo	sed unorthodox location?
)		The standard location in that quarter
	quarter section is no	ted by an "X", which falls to the north
2	of the main fault and	would be on the downthrown side of that
	fault.	
)	Q.	Is Blanks Energy the leasehold owner
S	as well as the propos	ed operator on this?
5		Not the leasehold owner, but we do have
7.	a farm-out arrangemen	t from ARCO. When we drill the well,
	subject well, we will	earn this acreage.
)		Do you happen to have a waiver From the
)	offset operator to the	e east?
l		Yes, I believe Exhibit
2	Q	Is that
3		Three.
		Is that Exhibit Three? In your expert
, ()	opinion, Mr. Burkett,	is the unorthodox location sought by

1 2 Blanks a more acceptable location geologically? Yes. And if a well were attempted in an orthodox location in the center of the southeast of the southwest quarter of that section, do you believe it would be productive? Now turning to the, let's see, the 10 directional drilling aspects of this application, why, I 11 think maybe you've alluded to it, but why is it that Blanks 12 Energy seeks authority to directionally drill this well if 13 it's nonproductive in this unorthodox location to the east? 14 I think there's a couple of problems that justify whipstocking the well, and the two main ones are 15 16 a risk factor and an economic factor. 17 Were we to drill straight down, a south 18 twin to the water injection well, we would encounterathis water formation from 3300 to 6600 feet. It is under high 19 20 pressure and, as I've said, they have injected about 7-million 21 barrels of water in that well to date. 22 When we were drilling the No. 1 Honey-23 suckle to the south and encountered this section, we encountered 24 a water flowback and had trouble drilling through this sec-

tion.

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We feel a location as close to the Sinclair State No. 7 - 403 as we have proposed would be impossible to drill.

We have designed a drilling program
whereby we, if we could get through it, we would have to set
an exotic casing string, the cost of which would be approximately
\$1.7 million to drill that well, as compared to whipstocking
from the location at a depth of 7500 feet, kicking off, it
would cost approximately \$1.1 million.

So it's economically better, as well as there is less risk involved in whipstocking because we'll whipstock underneath the formation that's taking the water, formations that are taking the water.

Q Okay, Mr. Burkett, relative to the -the actual whipstock operation, would you now curn to Exhibit
Four and describe that exhibit, please?

Exhibit Four is a recommendation on the whipstock from the unorthodox location to the legal location, as I previously said.

Basically what they would do is go to a depth of approximately 7500 feet and kickout with a directional tool and continue to drill towards the target depth and direction. There would be surveys run prior to kicking off the well. There would be a continuous reading

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Sinclair State No. 7 - 403 as we have proposed would be impossible to drill.

We feel a location as close to the

We have designed a drilling program whereby we, if we could get through it, we would have to set an exotic casing string, the cost of which would be approximately \$1.7 million to drill that well, as compared to whipstocking from the location at a depth of 7500 feet, kicking off, it would cost approximately \$1.1 million.

So it's economically better, as well as there is less risk involved in whipstocking because we'll whipstock underneath the formation that's taking the water, formations that are taking the water.

Okay, Mr. Burkett, relative to the -the actual whipstock operation, would you now turn to Exhibit Four and describe that exhibit, please?

Exhibit Four is a recommendation on the whipstock from the unorthodox location to the legal location, as I previously said.

Basically what they would do is go to a depth of approximately 7500 feet and kickout with a directional tool and continue to drill towards the target depth and direction. There would be surveys run prior to kicking off the well. There would be a continuous reading

survey at the kick off point for about 60 to 90 feet with the directional orientation tool, and there would be surveys every 200 feet or less during the actual drilling operations.

After we have reached the target location at total depth we would run a multiple shot survey back to the kick off point as required by the State.

Mr. Burkett, you've testified to the existence of a fault feature in this area, lying immediately to the west of the unorthodox location that we seek. Is it not true that directional drilling through a faulted area is considered dangerous or certainly undesireable?

A Yes, this is correct.

Q What would you propose to do about that problem in this case?

a I have reviewed the seismic record sections as well as the subsurface well control, and from my knowledge of the area, in addition, I know to be a fact that the faulting in this area comes up only as high as the Strawn formation, which is in this area is a depth of approximately 10,600 feet.

The kick off point at 7500 feet is well above this depth of 10,600 feet and from the graph on Exhibit Three -- Exhibit Four, I'm sorry, at 10,600 feet the well, the bottom hole location has migrated approximately

1 2 800 feet, which would put us well across the fault above the 3 fault, so there would be no problem in whipstocking across that fault. We'd be above the fault and below the 5 water injection formations. 7 Did you have anything further to add to your testimony, Mr. Burkett? 8 9 10 Were Exhibits One through Three prepared 11 by you or under your supervision? 12 Yes. And on Exhibit Four, is that a matter 13 which you have carefully reviewed and with which you concur 14 15 in its conclusions and recommendation? 16 Yes. 17 MR. COFFIELD: Mr. Examiner, I move the 18 admission of Exhibits One through Four. 19 MR. NUTTER: Exhibits One through Four 20 will be admitted in evidence. 21 And in your opinion, Mr. Burkett, would 22 the granting of this application be in the interests of con-23 servation, prevention of waste, and protection of correlative 24 rights? 25 Yes. A.

14 1 MR. COFFIELD: I have no further ques-2 tions of Mr. Burkett on direct examination, Mr. Examiner. 3 CROSS EXAMINATION 5 BY MR. NUTTER: 6 Mr. Burkett, now you've mentioned that ·7 when you drilled the Honeysuckle, you encountered this water 8 flow due to the injected water in the old well to the north. 9 10 Yes. And you stated that if you drilled at 11 the standard location through the injection zone, you would --12 it would require this exotic casing program. That would be 13 to withstand the pressure of the water that's been injected 14 15 into that area? I think after we drilled through that 16 water injection zone, then we would have to set an additional 17 string of casing. So I'm not sure exactly how many strings 18 of casing is involved, but I know we'd have to start out with 19 a 20-inch casing at the surface in order to case off this 20 water injection zone and still drill out with a 7-7/8ths. 21

stand the pressure. It would just be to counteract the

problems with this waterflow while you're drilling through

In other words, it wouldn't be to with-

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it.

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2		We're uncertain as to what the pressures
3	may or may not d	o to us if:we would drill at the standard
4	location,	
\$		But by going in under the injection
6	zone you don't a	nticipate any problems with it?
7	A.	That's correct, and we feel that should
8	we start at a kid	ckoff point of 7500 feet, which has already
9	been drilled, it	would save us money.
10	Q.	Which do you feel is the more likely,
11	that you'd get p	roduction at the unorthodox surface location
12	or by whipstocking	ng over to the standard location?
13		γ_3 I think that we'll get in my opinion,
14	we'll establish p	production at the unorthodox location.
15		You're going to control that and try to
16	drill it pretty s	straight, are you?
17		Yes.
18		Now, how far would you go before you
19	decide whether yo	ou've got to whipstock or not? Would you
20	drill into the De	evonian or would you
21		Yes, uh-huh, we would.
22		You would test the Devonian before
23	4	That's correct.
24	Q	making a decision?
25	A	That's correct.

3	α (Now, looking at Eastman's program here,
1 don't	see the ki	ckoff point stated in the in the recom-
mended	procedure,	but it is on their diagram back here. The
kickoff	point woul	d be 7500 feet?
	A .	That is correct.
	Q	And then you'd deviate some 1095 feet
to the	west northwe	est?
	A	That's correct.
		MR. NUTTER: Are there any further
questio	ons of Mr. B	urkett? He may be excused.
		Do you have anything further, Mr. Cof-
field?		
		MR. COFFIELD: No, Mr. Examiner, I do
not.		
		MR. NUTTER: Does anyone have anything
they wi	sh to offer	in Case Number 7273?
		We'll take the case under advisement.
		선생활성 : 사용이 되고 있는 것이 되었다. 그 사람들은 그리는 것이 되고 있는 것은 것이 없다. 선생활성 : 사용이 사용하는 것이 되었다. 그 사용이 되었다는 것이 되었다. 그 사용이 되었다.
		(Hearing concluded.)
		는 문제 강하는 역 전도 보고는 본 시간에 보고 말하는 것이 되는 것이라고 하는 분들이 하고 하는다.
		도하는 사람이 되었다. 그런 말로 하면 함께 되었다. 이번 모르말로 그는 보는 것이 되었다. 그는 사람들은 사람들은 사람들이 되었다.
		소리를 받는다는 물건이 가장 보았다. 사람들은 사용 기업을 받는 것이 되었다. (이를 하실 것은 사용 회장에 제공하였다. 그런 제공에 가장 되었다.)
		있다. 그 말라면 보고 하는 말로 그리고 있다. 그는 사람들이 함께 되는 것을 되었다. 사람들의 사용하다는 국가 하는 사람이 가는 사람들이 가는 것을 하는 것

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CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7273. heard by me on_

, Examiner Oll Conservation Division

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 17 June 1981

EXAMINER HEARING

IN THE MATTER OF:

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Application of Blanks Energy Corporation for an unorthodox oil well location and possible directional drilling, Lea County, New Mexico.

CASE 7273

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501

For the Applicant:

Conrad E. Coffield, Esq. HINKLE LAW FIRM P. O. Box 3580 Midland, Texas

W. C. BUR	KETT				
	Direct Exa	mination by	y Mr. Cof	field	3
	Cross Exam	ination by	Mr. Nutt	ier	14
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		E X H I B	I T S		
Applicant	Exhibit One,	Plat			5 ,
Applicant	Exhibit Two,	Structure	Map		6
Applicant	: Exhibit Thre	e, Waiver		1946 (1946) 1941 - 1946 1946 - 1946	9
Applicant	Exhibit Four	, Recommend	dation		11

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MR. NUTTER: Call next Case Number 7273. 3 MR. PADILLA: Application of Blanks Energy Corporation for an unorthodox oil well location and possible directional drilling, Lea County, New Mexico. MR. COFFIELD. Mr. Examiner, I'm Conrad 7 Coffield with the Handle law firm in Midland, Texas, and I have one witness to be sworn. 10 (Witness sworn.) 12 W. C. BURKETT 13 being called as a witness and being duly sworn upon his oath, 14 testified as follows, to-wit: 15 16 DIRECT EXAMINATION 17 BY MR. COFFIELD: 18 19 20 tionship to the applicant?

Mr. Burkett, for the record would you please state your name, address, occupation, and your rela-

A. William C. Burkett, 3208 Lockheed, Midland, Texas. I am a geologist for Blanks Energy Corporation.

MR. NUTTER: How do you spell your last

name, Mr. Burkett?

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MR. COFFIELD: Mr. Examiner, do you have

2 any other questions of Mr. Burkett? MR. NUTTER: Mr. Burkett is qualified. Mr. Burkett, would you please state 5 briefly what it is Blanks Energy seeks by this application? Blanks Energy seeks approval for the 7 unorthodox location of a well to be drilled 330 feet from the south line and 900 feet from the east line of Section 16, Township 18 South, Range 35 East, in Lea County, New Mexico, in the South Vacuum-Devonian Pool. The south half of the 11 southeast quarter of said section is to be dedicated to this 12 wall. 13 If commercial production is not obtained 14 at said location, we propose to come back up the hole and 15 directionally drill in a westerly direction and bottom the 16 well in the Devonian formation at a standard location in the 17 southwest quarter of the southeast quarter of said Section 16. 18 Mr. Burkett, relative to the unorthodox 19 location aspect of this particular application, is this unor-20 thodox location sought for geological reasons? 21 A Yes, that's correct.

Would you please refer to what we've marked as Exhibit One and explain that exhibit to the Examiner?

Okay. Exhibit One is a location and land plat on a portion of Lea County, New Mexico. Acreage

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currently in control by Blanks is colored in yellow. The unorthodox location and the whipstock total depth location is noted in the southeast corner of Section 16. Geographically we're about eighteen miles to the west of the City of Hobbs. The big field up to the north is the Vacuum Field, and the field which we're trying to develop up to the north is the Vacuum South-Devonian Field.

Okay, would you refer now to what we've marked as Exhibit Two and explain what that represents?

A. Exhibit Two is a structure map on top

of the Devonian structure. The Devonian is the main producing horizon in this area. The production from the Devonian in Vacuum South and Vacuum Middle Field is structurally controlled and by recent drilling we have determined that this is also the case in our subject area.

The Blanks acreage again is colored in yellow. The dark yellow acreage is the 80 acres that's dedicated to the subject well. The two red spots indicate the unorthodox location and the red spot south of the Sinclair Well No. 7403 is the bottom hole location for the whipstock, proposed whipstock.

Basically we have a structural entrapment of hydrocarbons here. Very critical to this entrapment is the big fault which you see trending northwest/southeast.

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We have determined from subsurface control and drilling, and seismic control, the most critical lineation of this fault is critical to our unorthodox location, We have determined from seismic that in the area of our location the fault is downthrown approximately 1400 feet to the north side of that fault.

What we are proposing to do is drill to the north of the Sinclair No. 2 - 401 State Lea in this unorthodox location within the same fault block as the No. 2 401 State Lea and recover reserves at a structurally higher position than that well, which cannot be recovered, or have not been recovered by the Sinclair well, which watered out from the Devonian after producing about 38,000 barrels of oil.

MR. NUTTER: Now, you're talking about the Sinclair No. 2 - 401?

Right, that's correct.

MR. NUTTER: Okay. Was the Sinclair State Lea 403 up here, the No. 7, was it a dry hole on completion?

It was drilled to the Mississippian and it was abandoned there. It was intended to drill to the Devonian but they were running low at Mississippian level and they abandoned the well at Mississippian level.

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 the Devonian, then?

18,

They are currently using that well as a water injection well, which they're injecting — they have injected approximately 7-million barrels of water to date and are currently injecting approximately 1500 barrels of water per day at a pressure of about 2100 pounds.

MR. NUTTER: Into what formation?

A. It's going into several formations from a depth of about 3300 feet to 6900 feet and it's above the Bone Spring pay.

MR. NUTTER: So it never has penetrated

That's correct.

MR. NUTTER: Okay.

A. The top you see by that well is based on projection, assuming the same thickness of the Mississippian, Woodford, and Devonian that we saw in the Blanks No.
1 Honeysuckle to the south.

If we are unsuccessful in obtaining hydrocarbon in commercial quantities at the unorthodox location, it is our proposal to come back up-hole and whipstock to a legal location in the southeast quarter of the southwest - southwest quarter of the southeast quarter of said Section 16.

In this case we hope to recover reserves

that we car	't recov	er from the Blanks No. 1 Honeysuckle, and
we hope to	avoid pr	oblems with the high pressure water injec
well which	we'll be	twinning to the south.
	Q	Did you have anything further to add o
this exhibi	t?	
		no.
	Q	What would a standard well location be
relative to	the pro	posed unorthodox location?
	A	The standard location in that quarter
quarter sec	tion is	noted by an "X", which falls to the north
of the main	fault a	nd would be on the downthrown side of the
fault.		
	Q	Is Blanks Energy the leasehold owner
as well as	the prope	osed operator on this?
		Not the leasehold owner, but we do have
a farm-out	arrangem	ent from ARCO. When we drill the well,
subject wel	l, we wi	ll earn this acreage.
	Q	Do you happen to have a waiver from th
offset oper	ator to	the east?
		Yes, I believe Exhibit
	Q	
	.	
	Q	Is that Exhibit Three? In your expert
oninion My	Burket	t, is the unorthodox location sought by

Blanks a more acceptable location geologically?

Yes.

And if a well were attempted in an orthodox location in the center of the southeast of the southwest quarter of that section, do you believe it would be productive?

No.

Now turning to the, let's see, the directional drilling aspects of this application, why, I think maybe you've alluded to it, but why is it that Blanks Energy seeks authority to directionally drill this well if it's nonproductive in this unorthodox location to the east?

I think there's a couple of problems that justify whipstocking the well, and the two main ones are a risk factor and an economic factor.

Were we to drill straight down, a south twin to the water injection well, we would encounter this o water formation from 3300 to 6600 feet. It is under high pressure and, as I've said, they have injected about 7-million barrels of water in that well to date.

When we were drilling the No. 1 Honeysuckle to the south and encountered this section, we encountered a water flowback and had trouble drilling through this section.

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We feel a location as close to the Sinclair State No. 7 - 403 as we have proposed would be impossible to drill.

We have designed a drilling program whereby we, if we could get through it, we would have to set an exotic casing string, the cost of which would be approximately \$1.7 million to drill that well, as compared to whipstocking from the location at a depth of 7500 feet, kicking off, it would cost approximately \$1.1 million.

So it's economically better, as well as there is less risk involved in whipstocking because we'll whipstock underneath the formation that's taking the water, formations that are taking the water.

Okay, Mr. Burkett, relative to the -the actual whipstock operation, would you now turn to Exhibit Four and describe that exhibit, please?

Exhibit Four is a recommendation on the whipstock from the unorthodox location to the legal location, as I previously said.

Basically what they would do is go to a depth of approximately 7500 feet and kickout with a directional tool and continue to drill towards the target depth and direction. There would be surveys run prior to kicking off the well. There would be a continuous reading

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survey at the kick off point for about 60 to 90 feet with the directional orientation tool, and there would be surveys every 200 feet or less during the actual drilling operations.

at total depth we would run a multiple shot survey back to the kick off point as required by the State.

Mr. Burkett, you've testified to the existence of a fault feature in this area, lying immediately to the west of the unorthodox location that we seek. Is it not true that directional drilling through a faulted area is considered dangerous or certainly undesireable?

Yes, this is correct.

Q What would you propose to do about that problem in this case?

a I have reviewed the seismic record sections as well as the subsurface well control, and from my knowledge of the area, in addition, I know to be a fact that the faulting in this area comes up only as high as the Strawn formation, which is in this area is a depth of approximately 10,600 feet.

The kick off point at 7500 feet is

well above this depth of 10,600 feet and from the graph on

Exhibit Three -- Exhibit Four, I'm sorry, at 10,600 feet

the well, the bottom hole location has migrated approximately

1 13 2 800 feet, which would put us well across the fault above the 3 fault, so there would be no problem in whipstocking across that fault. We'd be above the fault and below the 6 water injection formations. 7 Did you have anything further to add to 8 your testimony, Mr. Burkett? No. 10 Were Exhibits One through Three prepared 11 by you or under your supervision? 12 Yes. 13 And on Exhibit Four, is that a matter 14 which you have carefully reviewed and with which you concur 15 in its conclusions and recommendation? 16 Yes. 17 MR. COFFIELD: Mr. Examiner, I move the 18 admission of Exhibits One through Four. 19 . MR. NUTTER: Exhibits One through Four 20 will be admitted in evidence. 21 And in your opinion, Mr. Burkett, would 22 the granting of this application be in the interests of con-23 servation, prevention of waste, and protestion of correlative rights?

Yes.

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MR. COFFIELD: I have no further questions of Mr. Burkett on direct examination, Mr. Examiner.

CROSS EXAMINATION

BY MR. NUTTER:

Mr. Burkett, now you've mentioned that when you drilled the Honeysuckle, you encountered this water flow due to the injected water in the old well to the north.

Assistant Asychic

And you stated that if you drilled at the standard location through the injection zone, you would -it would require this exotic casing program. That would be to withstand t'e pressure of the water that's been injected into that area?

I think after we drilled through that water injection zone, then we would have to set an additional string of casing. So I'm not sure exactly how many strings of casing is involved, but I know we'd have to start out with a 20-inch casing at the surface in order to case off this water injection zone and still drill out with a 7-7/8ths.

In other words, it wouldn't be to withstand the pressure. It would just be to counteract the problems with this waterflow while you're drilling through lt.

2		We're uncertain as to what the pressure
3	may or may not do	to us if we would drill at the standard
4	location.	
5	Q	But by going in under the injection
6	zone you don't ant	icipate any problems with it?
7		That's correct, and we feel that should
8	we start at a kick	off point of 7500 feet, which has already
•	been drilled, it we	ould save us money.
10	Q	Which do you feel is the more likely,
11	that you'd get pro	duction at the unorthodox surface location
12	or by whipstocking	over to the standard location?
13,		I think that we'll get in my opinion,
14	we'll establish pro	oduction at the unorthodox location.
15	Q	You're going to control that and try to
16	drill it pretty str	raight, are you?
17		
18		Now, how far would you go before you
19	decide whether you'	we got to whipstock or not? Would you
20	drill into the Devo	onian or would you
21		Yes, uhthuh, we would.
22		You would test the Devonian before
23		That's correct.
24		making a decision?
25		That's correct.
T. 1 1/25		

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CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

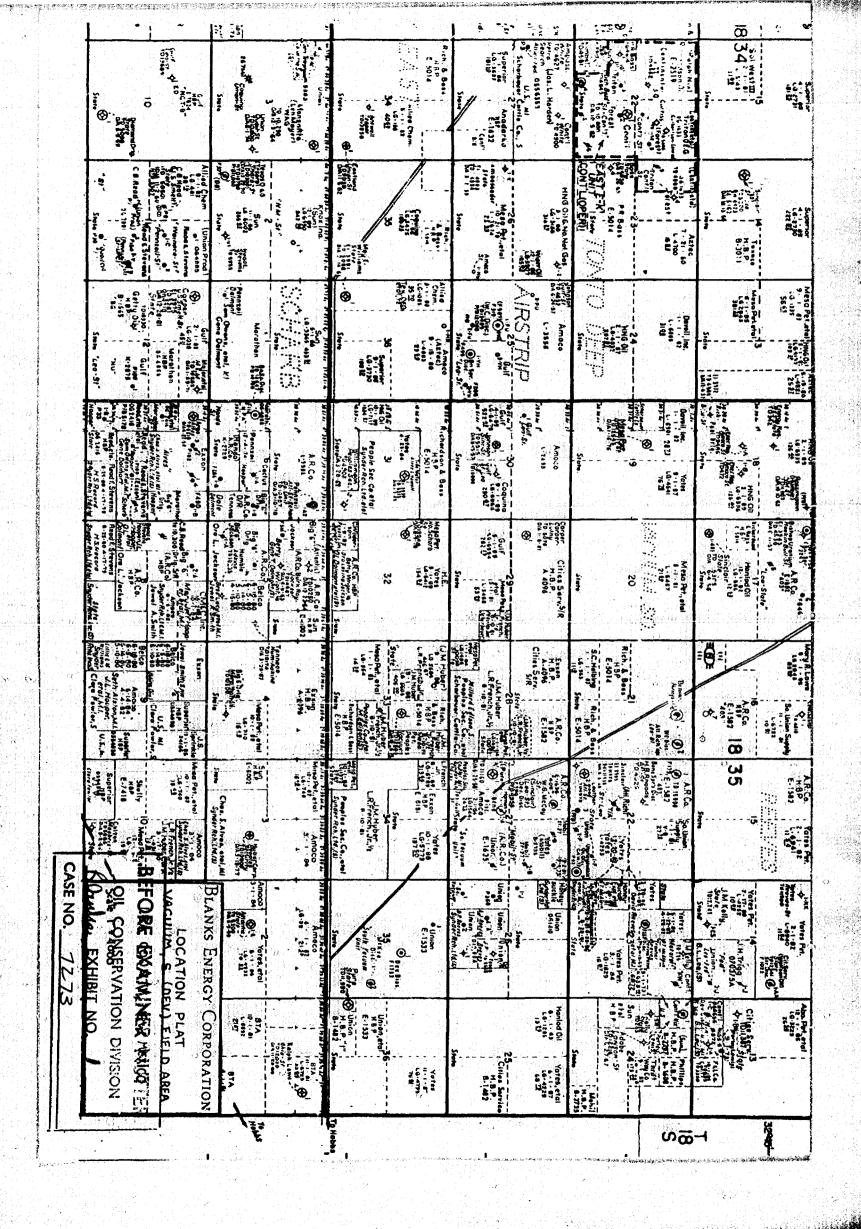
Sally W. Boyd CSR

SALLY W. BOYD, C.:
Rt. 1 Box 193-B

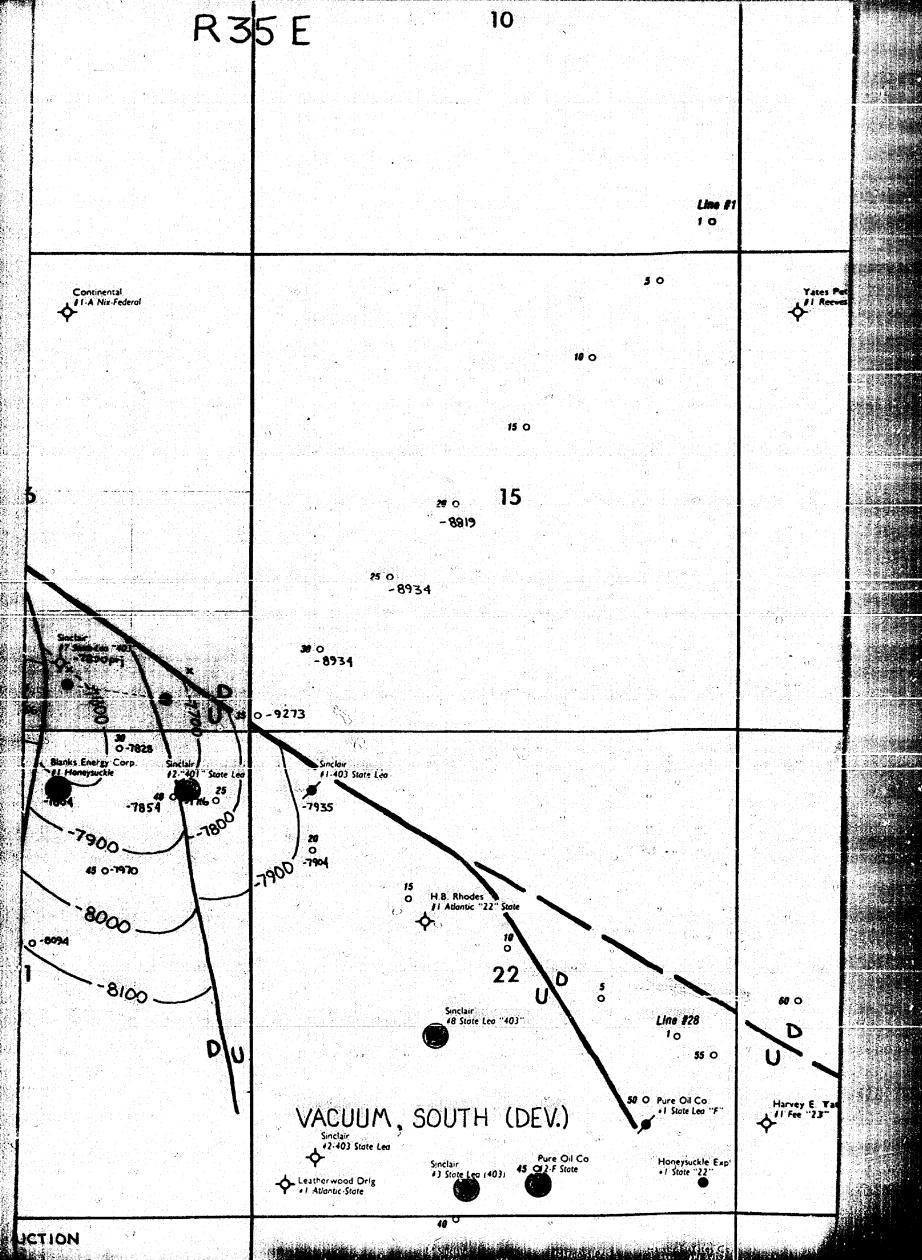
Santa Fe, New Merico 8736
Phone (993) 455-7499

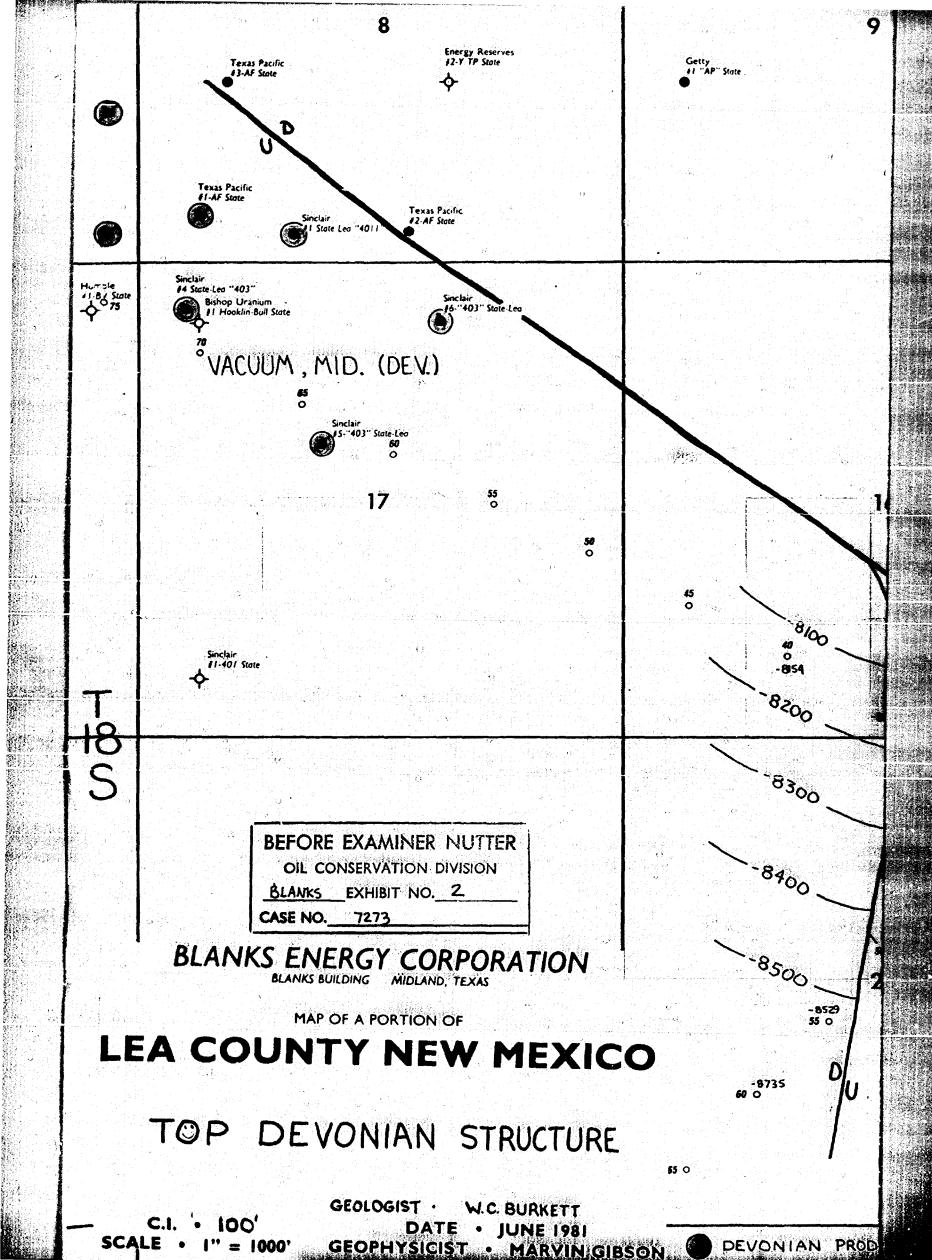
I do here of const. that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2372 heard by me on 1981

Cil Conservation Division



-2-2-3: B 1936 H. S. P Enthering Committee Commit N Aztec Of @





ARCO Oil and Gas Company

Permiss District
Post Office Boy 1610
Midland, Texas 79702
Telephone 915 684 0100



June 15, 1981

New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501

Gentlemen:

ARCO Oil and Gas Company waives any objection to Blanks Energy Corporation's proposed unorthodox location, 900' from the East and 330' from the South of Section 16 of Township 18 South and 35 East; and also its proposed option to whipstock the well to a proposed bottom hole location of 1980' from the east and 510' from the South.

Sincerely,

J. L. Tweed District Engineer

JLT:sep

cc: Blanks Energy Corporation

BEFORE EXAMINER MUTTER
OIL CONSERVATION DIVISION
Blanks EXHIBIT NO. 3
CASE NO. 7273

ARCO Oll and Gas Company is a Division of Atlantic Richfield Company



P. O. Box 5577/Midland, Texas 79701/(915) 563-0511 TWX 910-881-5066/Cable: EASTCO

May 5, 1981

BLANKS ENERGY CORPORATION Gary Feist ARCO STATE #1 LEA COUNTY, NEW MEXICO

RECOMMENDED PROCEDURE

- 1. Drill to 4800' keeping well bore as near vertical as possible and set 8 5/8" casing. Run Gyro Directional Survey 0' to 4800' on wire line before drilling out.
- 2. Drill out with 7 7/8" bit, 7 7/8" bottom hole (RWP) 10' drill collar, 7 7/8" string (RWP) stabilizer, shock sub, 6" X 30' non magnetic drill collar, 7 7/8" string (RWP) stabilizer, 45,000# drill collars, jars, 10,000# drill collars (above jars) and drill pipe. Drill to the kickoff point and trip out of hole.
- 3. Go in hole with 7 7/8" MD 33 RSST bit, 5" mud motor. 2° Bent Sub with orienting sleeve, 6" X 30' non magnetic drill collar, drill collars and drill pipe. Orient with directional orientation tool and drill 60' (+ -) to deflect well bore with proper direction and angle. Trip out of hole.
- 4. Go in hole with regular 7 7/8" drill bit, 7 7/8" bottom hole (RWP), 6" X 30' non magnetic drill collar, 3 30' steel drill collars, 7 7/8" stabilizer, drill collars and drill pipe. Drill and build angle at the rate of 1° 30' per 100' until the desired average angle is obtained, and trip out of hole.
- 5. Go in hole with 7 7/8" bit, 7 7/8" bottom hole (RWP), 10' drill collar, 7 7/8" (1/8" undergauge) string (RWP) stabilizer, shock sub, 6" X 30' non magnetic drill collar, 7 7/8" (1/8" undergauge) string (RWP) stabilizer 45,000# drill collars, jars, 10,000# drill collars (above jars) and drill pipe. Drill with this assembly to the proposed target depth or until a corrective run is needed.
- 6. Upon reaching total depth on trip out of hole, drop magnetic multiple shot survey and survey back to kick off point. This will give a complete multiple shot survey from surface to total depth which is required by the New Mexico Oil and Gas Conservation Commission.

REFORE	EXAMINER NUTTER
OII CO	NSERVATION DIVISION
BLANKS	EXHIBIT NO. 4
CASE NO.	7273

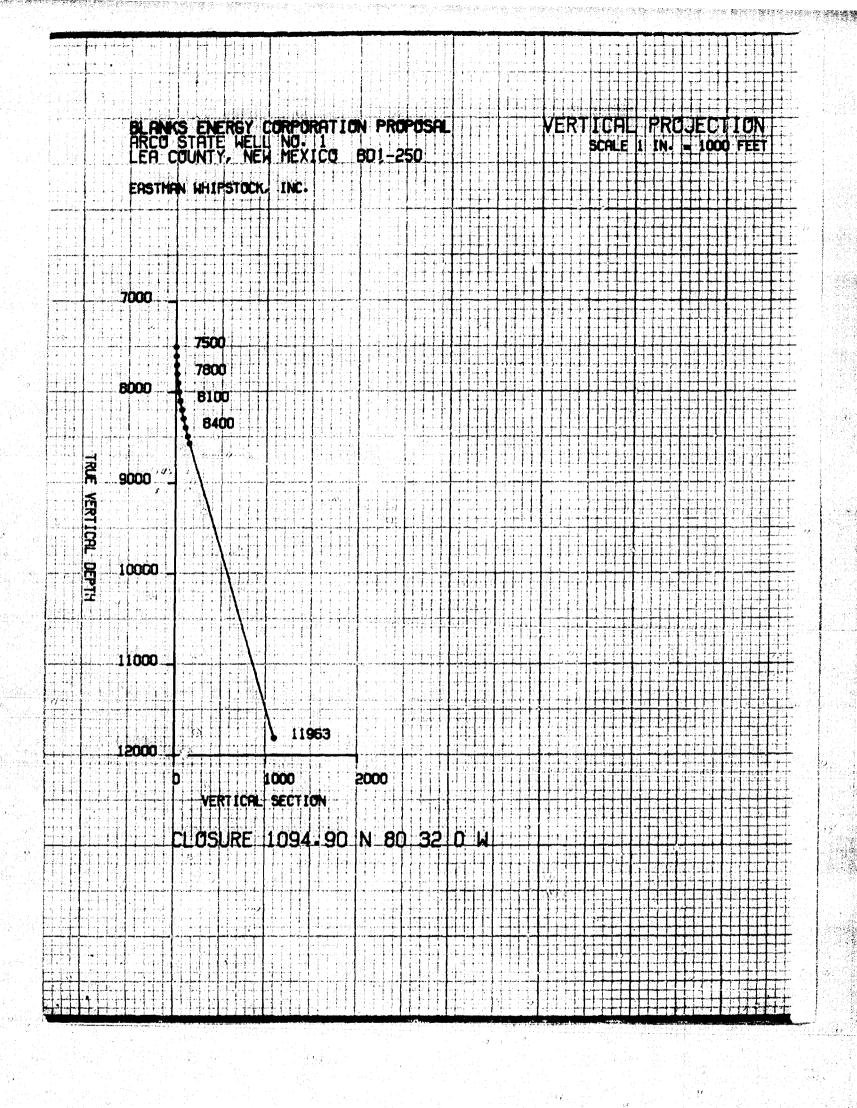
Directional Drillers/Sub-Surface Surveyors/Instrument & Tool Rentals/Sales/Worldwide

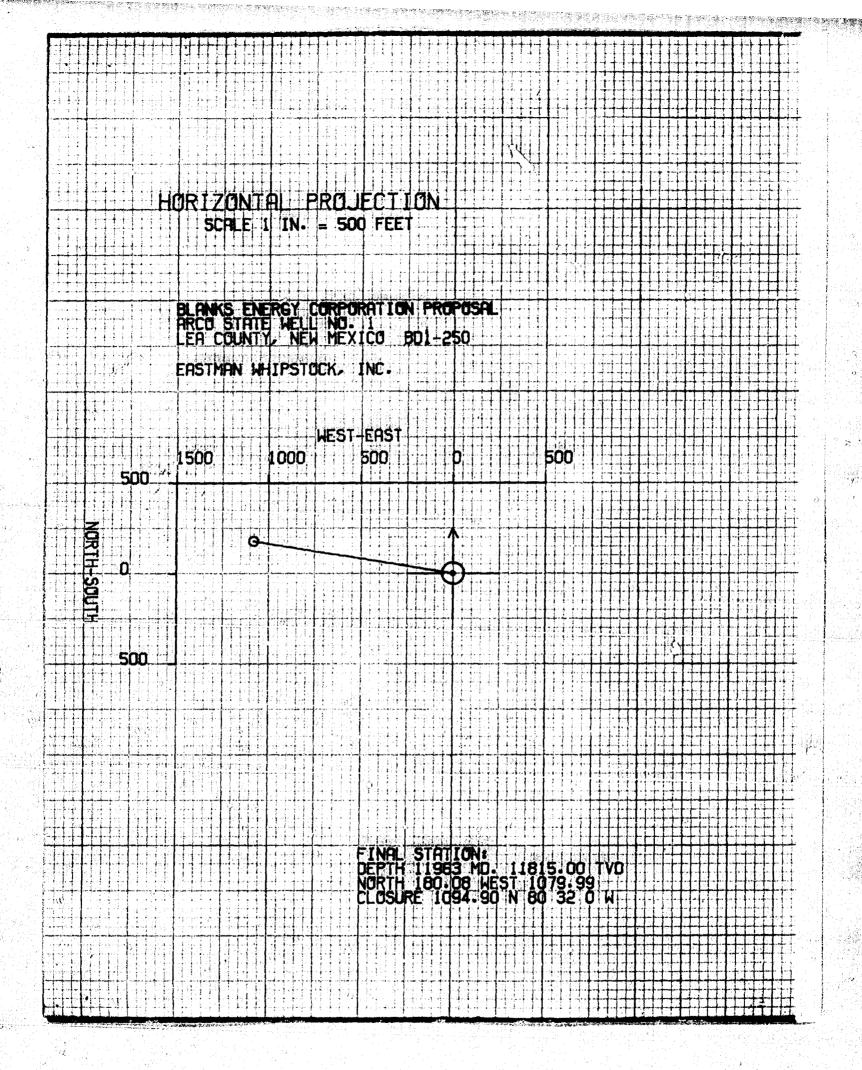
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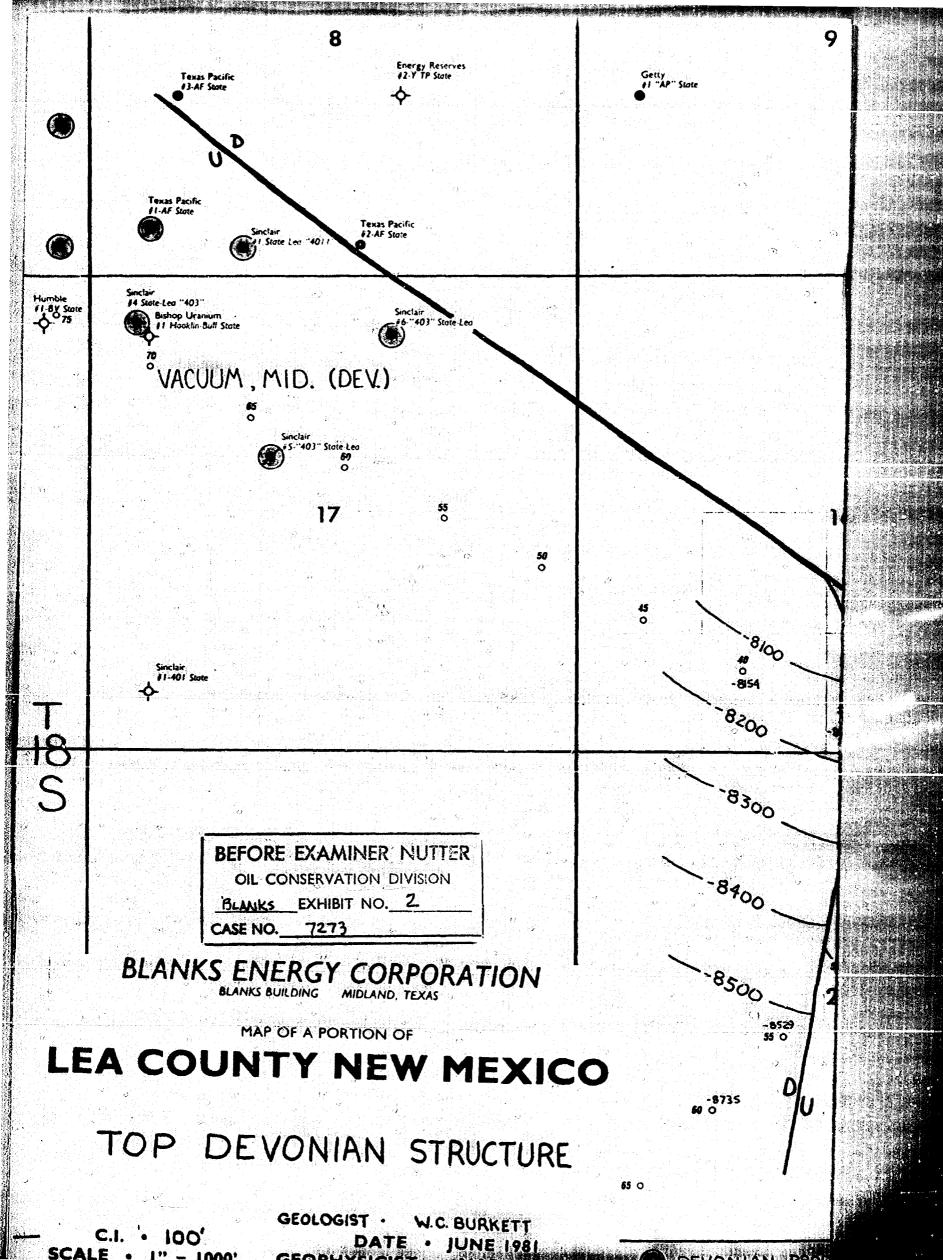


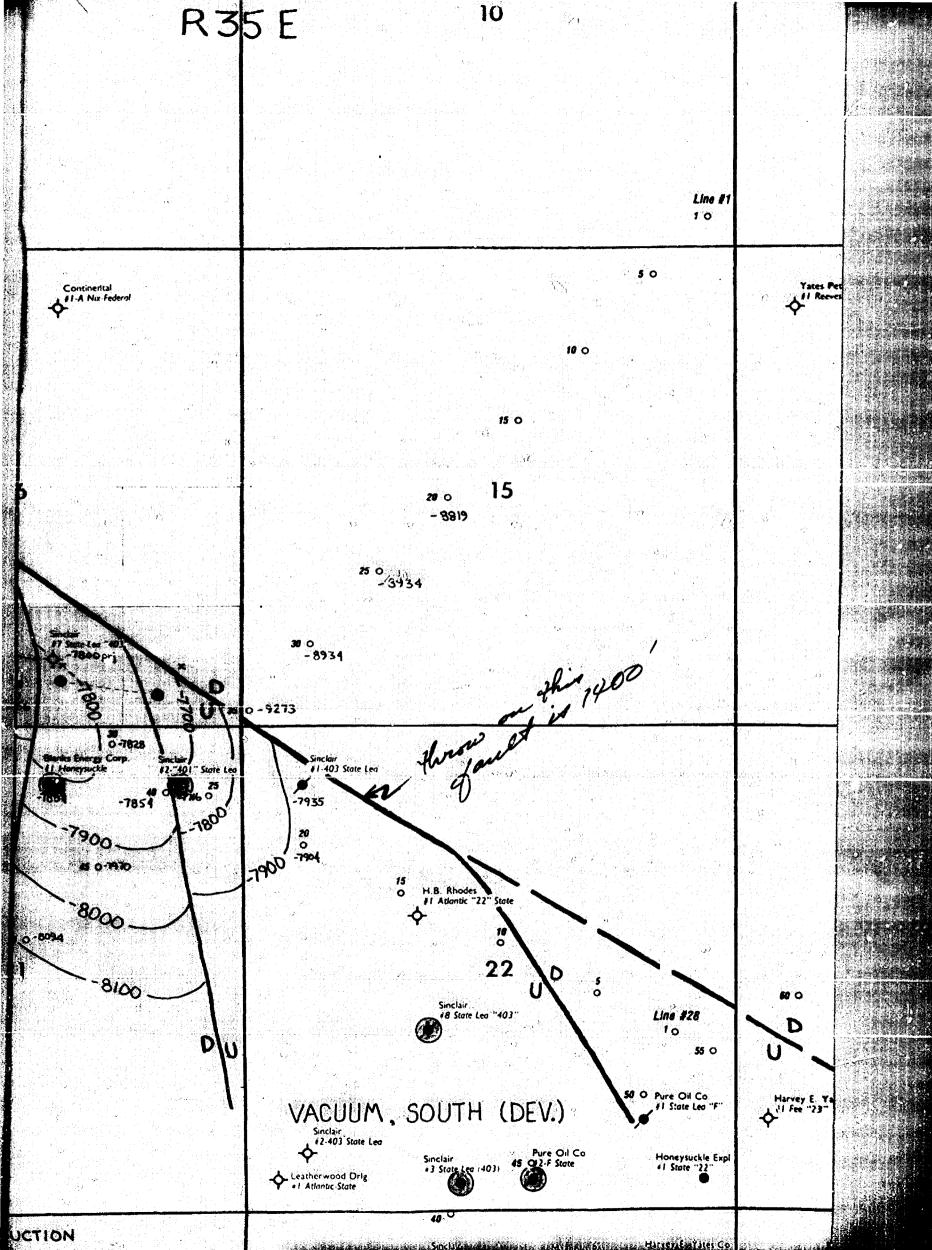
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ARCO Oil and Gas Company

Post Office Box 1616 Midland, Texas 79702 Telephone 915 684 0100



June 15, 1981

New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87501

Gentlemen:

ARCO Oil and Gas Company waives any objection to Blanks Energy Corporation's proposed unorthodox location, 900' from the East and 330' from the South of Section 16 of Township 18 South and 35 East; and also its proposed option to whipstock the well to a proposed bottom hole location of 1980' from the east and 510' from the South.

Sincerely

J. L. Tweed

District Engineer

JLT:sep

cc: Blanks Energy Corporation

OIL CONSERVATION DIVISION

ROLLS EXHIBIT NO. 3

CASE NO. 1273

ARCO Off and Gas Company is a Division of Atlantic Richfield Company



P. O. Box 55/7/Midland, Texas 79701/(915) 563-0511 TWX 910-881-5066/Cable: EASTCO

May 5, 1981

BLANKS ENERGY CORPORATION Gary Feist

ARCO STATE #1 LEA COUNTY, NEW MEXICO

RECOMMENDED PROCEDURE

- Drill to 4800' keeping well bore as near vertical as possible and set 8 5/8" casing. Run Gyro Directional Survey 0' to 4800' on wire line before drilling out.
- 2. Drill out with 7 7/8" bit, 7 7/8" bottom hole (RWP) 10' drill collar, 7 7/8" string (RWP) stabilizer, shock sub, 6" X 30' non magnetic drill collar, 7 7/8" string (RWP) stabilizer, 45,000# drill collars, jars, 10,000# drill collars (above jars) and drill pipe. Drill to the kickoff point and trip out of hole.
- 3. Go in hole with 7 7/8" MD 33 RSST bit, 5" mud motor. 20 Bent Sub with orienting sleeve, 6" X 30' non magnetic drill collar, drill with orienting sleeve, 6" X 30' non magnetic drill collar, drill collars and drill pipe. Orient with directional orientation tool collars and drill pipe. Orient well bore with proper direction and and drill 60' (+ 7) to deflect well bore with proper direction and angle. Trip out of hole.
- 4. Go in hole with regular 7 7/8" drill bit, 7 7/8" bottom hole (RWP), 6" X 30' non magnetic drill collar, 3 30' steel drill collars, 7 7/8" stabilizer, drill collars and drill pipe. Drill and build 7 7/8" stabilizer, drill collars and drill the desired average angle at the rate of 10 30' per 100' until the desired average angle is obtained, and trip out of hole.
- 5. Go in hole with 7 7/8" bit, 7 7/8" bottom hole (RWP), 10' drill collar, 7 7/8" (1/8" undergauge) string (RWP) stabilizer, shock sub, 6" X 30' non magnetic drill collar, 7 7/8" (1/8" undergauge) string (RWP) stabilizer 45,000# drill collars, jars, 10,000# drill string (RWP) stabilizer 45,000# drill with this assembly to collars (above jars) and drill pipe. Drill with this assembly to the proposed target depth or until a corrective run is needed.
- 6. Upon reaching total depth on trip out of hole, drop magnetic multiple shot survey and survey back to kick off point. This will give a complete multiple shot survey from surface to total depth which is required by the New Mexico Oil and Gas Conservation Commission.

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Blombes EXHIBIT NO. 4
CASE NO. 7273

Directional Drillers/Sub-Surface Surveyors/Instrument & Tool Rentals/Sales/Worldwide

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SURVEY CREATED BY PROPOSAL PROGRAM

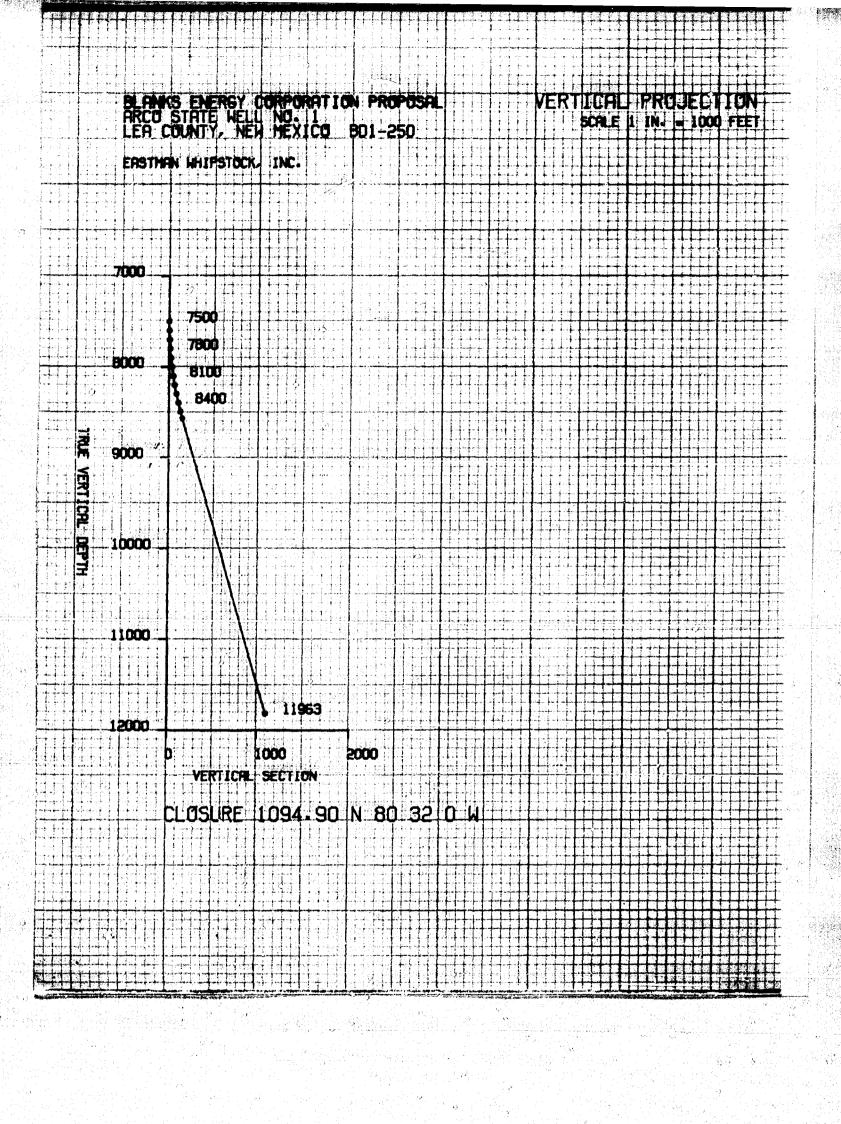
RECORD OF SURVEY

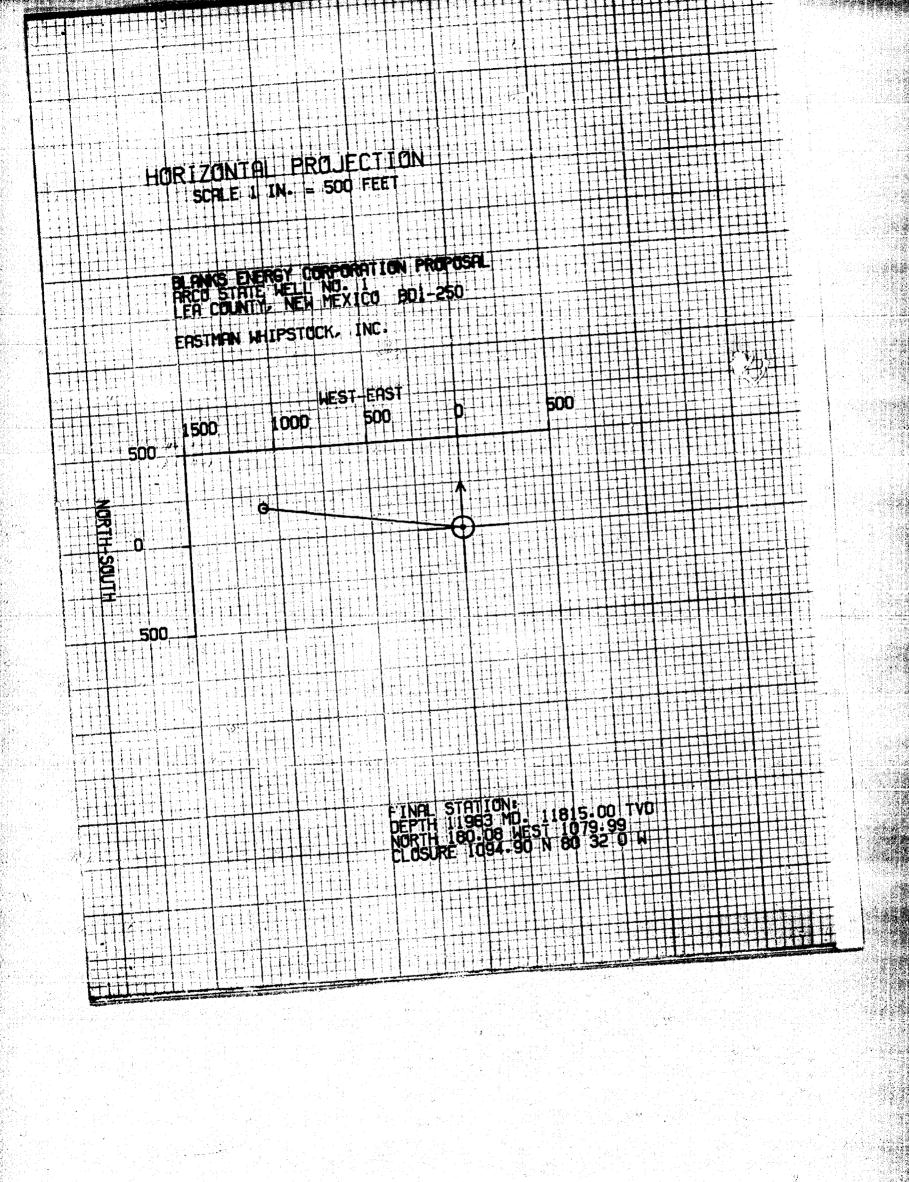
RADIUS OF CÜRVATÜRE METHOD

COMPUTATION TIME DATE 14:25:15 15-JUN-81

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8200.	10 30	N 80 W	8196.09	10.52 N	63.09 W	1.50
8300.	12 0	N 80 W	8294.17	13.73 N	82.33 W	1.50
8400.	13 30	N 80 W	8391.70	17.36 N	104.10 W	1.50
8500.	15 0	N ao M	8488.62	21.41 N	128.38 W	1.50
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Parents.

Dockets Nos. 20-61 and 21-61 are tentatively set for July 2 and 15, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 17, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1981, from fifteen prorated pools in Les, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for July, 1981, from four prorated pools in Sen Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7273: Application of Blanks Energy Corporation for an unorthodox oil well location and possible directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the South line and 900 feet from the East line of Section 16, Township 18 South, Range 35 East, South Vacuum-Devonian Pool, the S/2 SE/4 of said Section 16 to be dedicated to the well. If commercial production is not obtained at said location, applicant proposes to come back up the hole and directionally drill in a mesterly direction and bottom the well in the Devonian formation at a standard location in the SW/4 SE/4 of said Section 16.
- CASE 7274: Application of Bass Enterprises Production Company for directional drilling, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks authority to directionally drill its James Ranch Unit
 Well No. 13 from an unorthodox surface location 660 feet from the South line and 1340 feet from the
 East line of Section 36, Township 22 South, Range 30 East, in such a manner as to bottom said well
 in the Morrow formation at a standard location at least 660 feet from the South line and 1980 feet
 from the West line of Section 31, Township 22 South, Range 31 East, the S/2 of said Section 31 to
 be dedicated to the well.
- CASE 7275: Application of S. P. Yates for compulsory pooling, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the WolfcampPennsylvanian formations underlying the N/2 of Section 21, Township 19 South, Range 27 East, to be
 dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the
 cost of drilling and completing said w.11 and the allocation of the cost thereof as well as actual
 operating costs and charges for supervision, designation of applicant as operator of the well, and
 a charge for risk involved in drilling said well.
- CASE 7263: (Continued from June 3, 1981, Examiner Hearing)

 Application of Yates Petroleum Corporation for amendment of Order No. R-5527, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-5527, which approved an unorthodox Horrow location, to permit the recompletion of its Blevins "IK" Well No. 1 in Unit D of

an unorthodox Morrow location, to permit the recompletion of its Blevins "IK" Well No. 1 in Unit D of Section 35, Township 17 South, Range 26 East, as an unorthodox gas well location in all Wolfcamp and Pennsylvanian formations.

- CASE 7276: Application of Mobil Producing Texas & New Mexico Inc. for the extension of the vertical limits of the Langlie Mattix Pool, Les County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to the following depths underlying the following 40-acre tracts in Township 25 South, Range 37 East: NE/4 SE/4 of Section 4: 3327 feet; NE/4 SW/4 of Section 3: 3215 feet; and NE/4 NW/4 of Section 15: 3206 feet.
- CASE 7277: Application of Holly Energy, Inc. for an unorthodox oil well location, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Beeson
 Well No. 2 to be drilled 1100 feet from the North line and 2300 feet from the West line of Section
 29, Township 17 South, Range 30 East, Grayburg-Jackson Pool, the NE/4 NW/4 of said Section 29 to be dedicated to the well.
- GASE 7278: Application of Pollution Control, Inc. for an oil treating plant permit, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the E/2 NW/4 of Section 18, Township 20 South, Range 33 East.

- CASE 7279: Application of BCO, Inc. for downhole commingling, Rio Arriba County, New Maxico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Lybrook-Gallup production in the wellbores of the following wells located in Township 23 North, Range 7 West: Dunn Well No. 3 located in Unit I of Section 3 and State H Wells Nos. 3 and 4, located in Units H and D, respectively, of Section 2.
- CASE 7280: Application of Northwest Pipeline Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Ross Unit Well No. 77 1000000 in Unit L of Section 33, Township 31 North, Range 5 West, to produce gas from the Mesaverde formation and commingled Gallup and Dakota production through separate strings of tubing.
- CASE 7281: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated

 Gallup and Basin-Dakota production in the wellbore of its Windfall Well No. 10 located in Unit F of

 Section 31. Township 26 North, Range 11 West.
- CASE 7282: Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wildhorse-Gallup and Basin-Dakota production in the wellbore of his Apache Well No. 3-E located in Unit H of Section 19, Township 26 North, Range 3 West.
- CASE 7254: (Continued from May 20, 1981, Examiner Hearing)

Application of Mesa Petroleum Company for compulsory pooling. San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the W/2 of Section 15, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7270: (Continued from June 3, 1981, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 21, Township 19 South, Range 27 East, to be dedicated to its Pecos River Federal 21-A Com Well No. 1 drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7250: (Continued from June 3, 1981, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 22, Township 18 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSOL CONSERVATION DIXISION

POST OFFICE BOX 3550 MIDLAND, TEXAS 79702 (915) 583-4691

HOSWESANT ALENSO OF

JUN 0 5 1981

(505) 622-6510

AMARILLO, TEXAS OFFICE 1701 AMERICAN NATIONAL BANK BUILDING (806) 372-5569

NOT LICENSED IN TEXAS

Case 7273

June 2, 1981

Mr. Dan Nutter Oil Conservation Division Post Office Box 2088 Santa Fe, New Mexico 87501

Re: Blanks Energy Corporation Application for June 17, 1981

Dear Dan:

W. E. BONLJURANT, JR. (1914-1973)

OF COUNSEL CLARENCE E. HINKLE' ROBERT A. STONE

ROBERT A. STONE
LEWIS C. COX. JR.*
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.*
STUART D. SHANOR*
C. D. MARTIN
PAUL J. KELLY, JR.*
JAMES H. BOZARTH
DOUGLAS L. LUNSFORD*
PAUL M. BOHANNON
ERNEST R. FINNEY, JR.
J. DOUGLAS POSTER

K, DOUGLAS PERRIN

K. DOUGLAS PERRIN'
C. RAY ALLEN
T. CÁLDER EZZELL, JR.*
WILLIAM B. BURFORD
JOHN S. NELSON'
RICHARD E. OLSON'
ANDERSON CARTER, II
STEVEN D. ARNOLO
JEFFREY J. BOWMAN
JOHN C. HARRISON'

I am transmitting herewith, executed in triplicate, copies of an Application for Blanks Energy Corporation for an unorthodox location and alternative directional drilling of its Arco State #1 Well.

It is our understanding that this matter has already been placed on the docket for June 17, 1981.

If any additional materials or information is required, please advise.

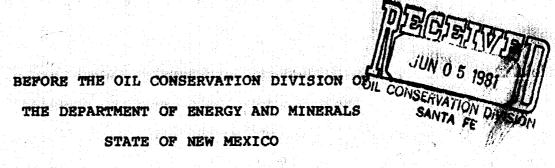
Very truly yours,

HINKLE, COX, EATON, COFFIELD & HENSLEY

Conrad E. Coffield

CEC: rh Enclosures

xc: Mr. John Elphick



APPLICATION OF BLANKS ENERGY CORPORATION FOR AN UNORTHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO

Case 7273

APPLICATION

Blanks Energy Corporation hereby makes application for approval of an unorthodox oil well location and states:

- 1. Applicant seeks approval of an unorthodox oil well location for its Arco State #1 Well to be drilled at a point 900 feet from the East line and 330 feet from the South line of Section 16, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico, to test the Devonian formation.
 - 2. The SysEk of Section 16 is to be dedicated to the well.
- 3. In the alternative, if the well proves to be nonproductive, Applicant further seeks approval for the directional drilling of the Arco State \$1 Well in the Vacuum South Devonian Field, the surface location of which would be 900 feet from the East line and 330 feet from the South line of Section 16, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and then directionally drilled in a westerly direction to bottom said well in SW\SE\s of said Section.
- 4. Approval of the unorthodox location and the alternative directional drilling will be in the interest of conservation, prevention of waste and protection of correlative rights.
- Applicant respectfully requests that this application be set on the June 17, 1981 Docket.

Dated this 2th day of June, 1981.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD & HENSLEY

3y: 🚤

Conrad E. Coffield \\
Attorney for Blanks Energy

Corporation

BEFORE THE OIL CONSERVATION DIVISION OF 5 1981

THE DEPARTMENT OF ENERGY AND MINERSPRANTOR DIVISION SANTA FE

STATE OF NEW MEXICO

APPLICATION OF BLANKS ENERGY CORPORATION FOR AN UNORTHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO

Case 7273

APPLICATION

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- 4. Approval of the unorthodox location and the alternative directional drilling will be in the interest of conservation, prevention of waste and protection of correlative rights.
- 5. Applicant respectfully requests that this application be set on the June 17, 1981 Docket.

Dated this 2th day of June, 1981.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD & HENSLEY

By:

Conrad E. Coffield Attorney for Blanks Energy

Corporation

Blanks Energy Congaration Conrad Coffell 10:00 am 5/27/81

Replication of Blanks Energy Corporation for an unor Hadas il where location Vand Joseph Mirechonal drilling, La County, hew mexico

and approval for the unorthoday focation of a well to be drilled soo feet from the santh line and 900 feet from the East line of Acetion 16, Tonewhip 18 Santh, Rays 35 East Santh Vacuum Devertier of his satisficant to material from the live of the hope of the factor of the hope of the first formation and friends in the hope direction and bottom the west in the section for the west in the section formation and a standard focation in the safe section for the safe focation in the safe section formation at a standard focation in the safe section for said section 16.

CRAFT dr/

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:

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CASE	MO		72	73	15 199	A Section
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ORDER	. ON 5	R-	6	7/5		

APPLICATION OF BLANKS ENERGY CORPORATION

FOR AN UNORTHODOX CAS WELL LOCATION, AND POSSIBLE DIRECTIONAL LING, COUNTY, NEW MEXICO. LEA

ORDER OF THE DIVISION

BY THE DIVISION:

19 81, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter day of June , 19 81 , the Division NOW, on this 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.

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feet from	the _	outh	_ line ar	d 900	feet fro	m the	
East	_line o	of Section	16	_, Townshi	p 18 South		
Range 35 E	est		NMPM, to	test the	Devonian		
					l, Lea		y s
County, N							
(3)	That t	he S/2 SE	$^{/4}$ of sa	id Section	16	is to	he l
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if such is the case, and applicant does directionally drill said well,

- (7) 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.
 - That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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.

- IT IS THEREFORE ORDERED:

 The application of Blanks Energy Corporation for (1) That an unorthodox gas well location for the Devonian formation is hereby approved for a well to be located at a point ____330__ feet from the South () line and 900 feet from the East line of Section 16 , Township 18 South , Range 35 East NMPM. South Vacuum-Devonian Pool, Lea County, New Mexico.
- (2) That the $\frac{5/2}{5}$ SE/of said Section $\frac{16}{2}$ shall be dedicated to the above-described well.

(3) That in the event commercial production is not obtained efter drilling the aforesaid well at the above described location, the applicant is hereby authorised to some plug said Lose back to approximately 7500 feet, set a whipstock, and direction ally drill in a westerly direction, bottoming said WE() in the Devowan Permation at a standard location in the SW74 SE/4 of said Section 16.

PROVIDED HOWEVER, 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, and that the operator shall notify the Division's Hobbs District Office of the date and time said survey is to be commenced

(#) 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.

(5) 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 OFL CONSERVATION DIVISION

JOE D. RAMEY Director

SEAL fd/