

Received 12-27-94
Released 1-17-95

January 17, 1995

ARCO Permian
c/o Campbell, Carr, Berge & Sheridan, P. A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attn: William F. Carr

104
Administrative Order DD-***^(H)
Horizontal Drainhole

Dear Carr:

Under the provisions of the Special Rules and Regulations for the Empire-Abo Pressure Maintenance Project, as promulgated by Division Order No. R-4549, as amended, ARCO Permian made application to the New Mexico Oil Conservation Division on December 27, 1994 for a high angle/short radius horizontal drainhole to be drilled in the Empire-Abo Pressure Maintenance Project, Empire-Abo Unit Area, Empire-Abo Pool, Eddy County, New Mexico.

Now on this 17th day of January, 1995, the Division Director finds that:

(1) The application has been duly filed under the provisions of Rules 14 B., 14 C., and 14 D. of said Order No. R-4549, as amended, for administrative authorization to drill a high angle/short radius horizontal drainhole within the wellbore of its existing Empire Abo Unit "K" Well No. 161 (API No. 30-015-22914), located 1310 feet from the South line and 590 feet from the East line (Unit I) of Section 2, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) The applicant proposes to kick-off from the existing vertical wellbore at a depth of approximately 6,065 feet with a short radius curve and drill horizontally within the Abo formation in a westerly direction a lateral distance of 1,000 feet.

(3) Said well and projected drainhole will be no closer than 330 feet to the outer boundary of the Empire-Abo Unit Area, as required by said Rule 14.B; therefore, correlative rights of other off-set operators should be adequately protected from any adverse effects caused by the drilling of the subject drainhole.

(4) The Division having reviewed the subject application, supplemented by OCD records in Santa Fe, all requirements prescribed in said Rules 14. A, B, C, and D have been met.

(5) The subject application should be approved and the well should be governed by the provisions contained within this order and all other provisions of the Special Rules and Regulations for the Empire-Abo Pressure Maintenance Project, as promulgated by Division Order No. R-4549, as amended.

IT IS THEREFORE ORDERED THAT:

(1) ARCO Permian is hereby authorized to recomplete its existing Empire Abo Unit "K" Well No. 161 (API No. 30-015-22914), located 1310 feet from the South line and 590 feet from the East line (Unit I) of Section 2, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, by kick-off from the vertical wellbore at a depth of approximately 6,065 feet in a westerly direction with a high angle radius curve, build to an angle of 90 degrees and continue drilling a horizontal drainhole in the Abo formation a lateral distance of 1,000 feet.

PROVIDED HOWEVER THAT: Prior to directional drilling operations, the ARCO Permian shall determine the subsurface location of the kick-off point in said well; and,

PROVIDED HOWEVER THAT: Subsequent to the above-described directional drilling, a survey shall be made of the wellbore from total depth to kick-off point. The operator shall forward a copy of the survey report directionally to the Santa Fe Office and to the Artesia District Office of the Division.

(2) The operator shall notify the Division's Artesia District Office of the date and time said survey is to be commenced.

(3) 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).

(4) 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

*Administrative Order DD-***(H)*

*January ***, 1995*

Page No. 3

S E A L

cc: Oil Conservation Division - Artesia
U.S. BLM - Carlsbad
File Case No: 11193

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



OIL CONSERVATION DIVISION



January 18, 1995

ARCO Permian
c/o Campbell, Carr, Berge & Sheridan, P. A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attn: William F. Carr

Administrative Order DD-104(H)
Horizontal Drainhole

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VILLAGRA BUILDING - 408 Galisteo

Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830

Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco

Office of the Secretary
827-5950

Administrative Services
827-5925

Energy Conservation & Management
827-5900

Mining and Minerals
827-5970

Oil Conservation
827-7131

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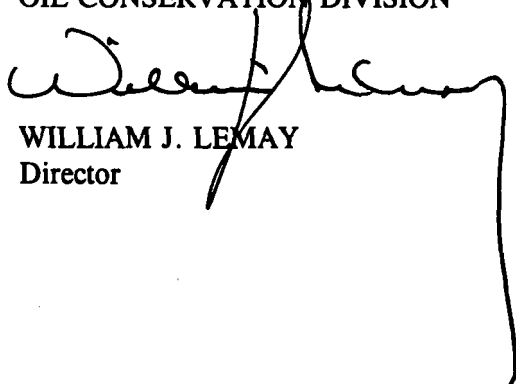
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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

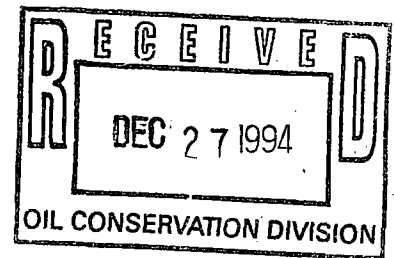
cc: Oil Conservation Division - Artesia
U.S. BLM - Carlsbad
File Case No: 11193

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
NANCY A. RATH

JACK M. CAMPBELL
OF COUNSEL



JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

December 27, 1994

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Application of ARCO Permian, a Unit of Atlantic Richfield, for
Administrative Approval of Horizontal Drainhole, Empire Abo Unit Area,
Eddy County, New Mexico

Dear Mr. LeMay:

ARCO Permian, a Unit of Atlantic Richfield ("ARCO"), pursuant to the provisions of Rule 6(b) of the Special Rules and Regulations for the Empire-Abo Unit Pressure Maintenance Project promulgated by Order No. R-4549, as amended, hereby makes application for a horizontal drainhole for its Empire Abo K-161 Well located 1310 feet from the South line and 590 feet from the East line of Section 2, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. This well is necessary to complete an efficient production pattern in the ARCO Empire-Abo Unit Area.

ARCO proposes to reenter the subject well, kick-off at a depth of approximately 6065 feet, use a short radius tool, and drill in a southerly direction until 1,000 feet of horizontal drainhole is drilled in the Abo formation.

In accordance with the provisions of Rule 6(b) of the Special Rules and Regulations for the Empire-Abo Unit Pressure Maintenance Project, attached hereto are the following:

1. Plats identifying the lands committed to the unit agreement and those lands not committed to said agreement showing the location of the proposed well, all wells within the unit area, and the two offset operators, and

William J. LeMay, Director

December 27, 1994

Page 2

2. Schematic drawings of the proposed well which fully describes the casing, tubing, perforated or openhole interval, kick-off point, and proposed trajectory of the drainhole section.

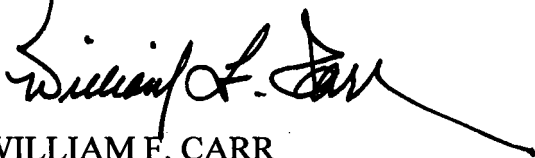
This well will be located more than 330 feet from the outer boundary of the unit and the boundary of any tract not committed to the unit.

All offset operators to the proposed horizontal drainhole have been furnished a complete copy of the application by certified mail, return receipt requested; have been advised that this application was filed on this date; and have been advised that if no objection to this application is received by the Division Director within twenty (20) days of this date, this application may be approved.

This application is being filed in triplicate with the Division's Santa Fe office and one copy has been mailed to the Oil Conservation Division District II office in Artesia.

Your consideration of this application is appreciated.

Very truly yours,



WILLIAM F. CARR

Attorney for ARCO Permian, a Unit of Atlantic Richfield

WFC:mlh

Enclosures

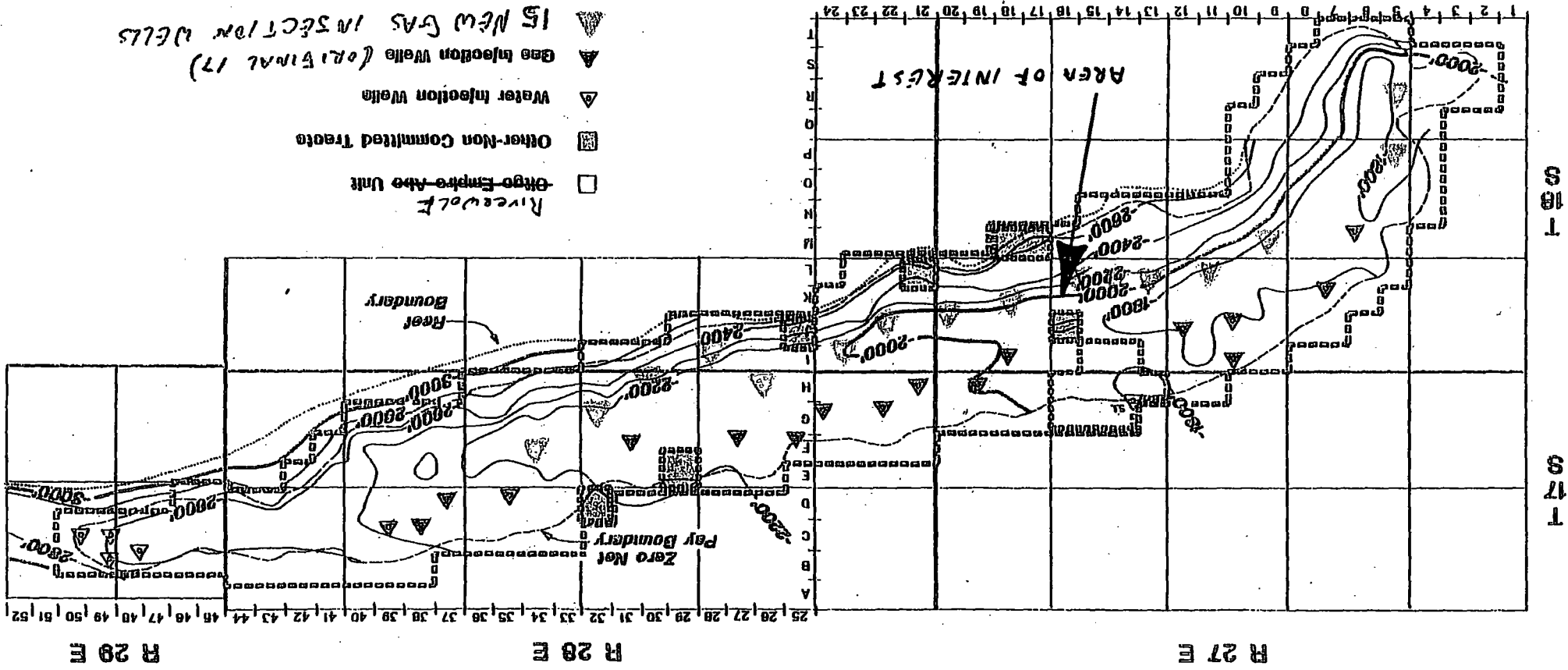
cc: Oil Conservation Division
District II
Post Office Drawer DD
Artesia, New Mexico 88210

Gary Smallwood
ARCO Permian, a Unit of Atlantic Richfield
Post Office Box 1610
Midland, TX 79702

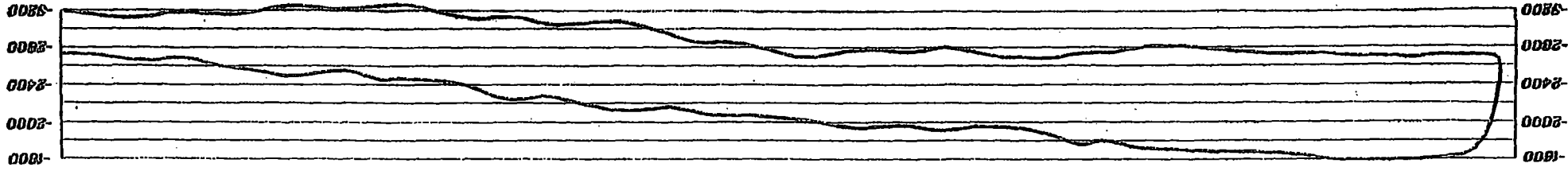
EMPIRE ABO POOL

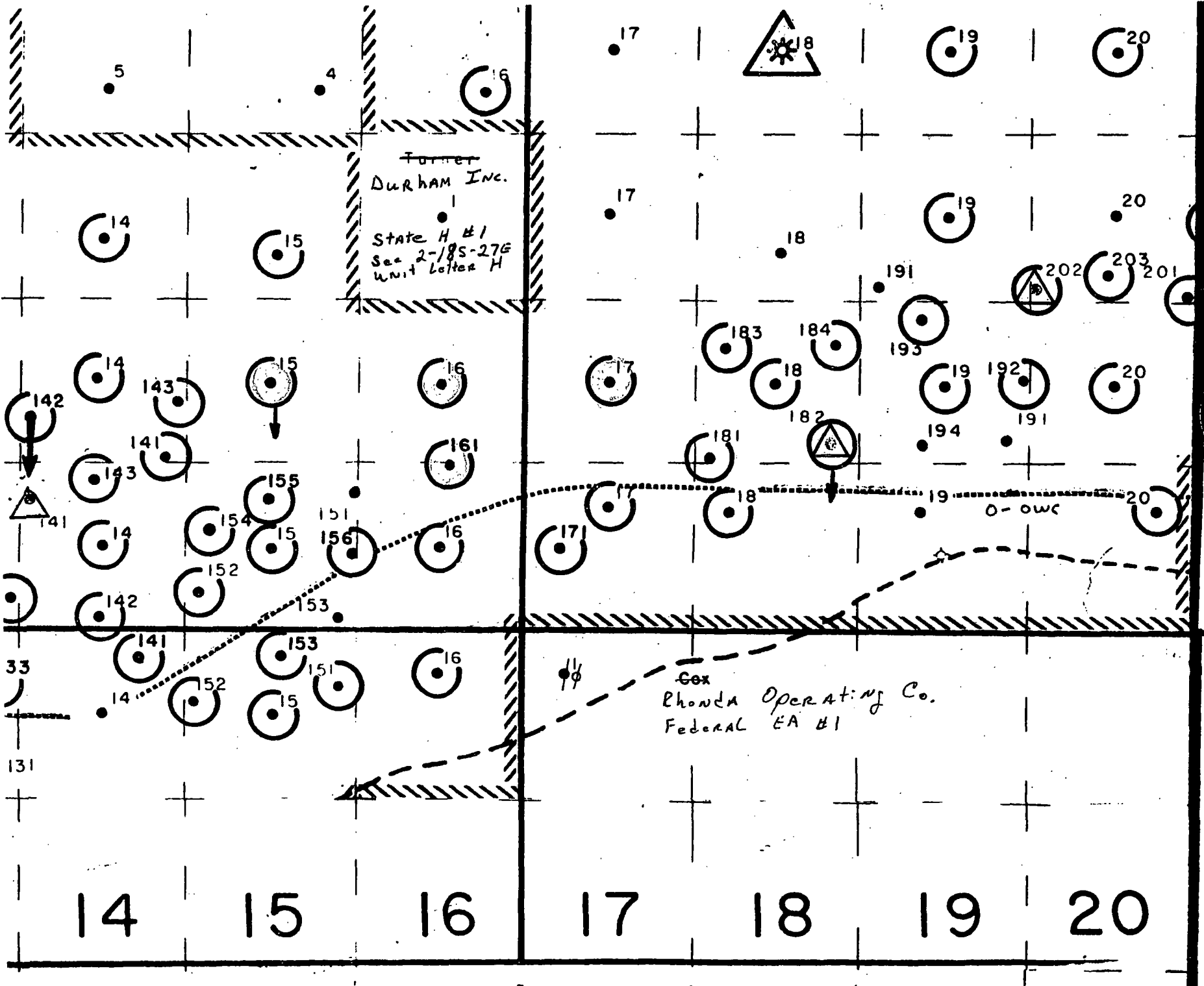
Eddy County, New Mexico

Top Of Reef



West-East Front Elevation





EMPIRE ABO K-161

Present Status

Drilled 1979

11' KB

11" hole

Elevation 3570 RKB
1310' FSL, 590' FEL
Sec 2, T-18-S, R-27-E
Eddy Co., NM

8-5/8" 24# J-55 set @ 1000'
cmt'd w/500 sx, TOC surface, circ

7-7/8" hole

196 jts 2-3/8" 4.7# EUE
Baker Mod R SA 6078'

5-1/2" 15.5# K55 SA 6225'
cmt'd w/DV @ 4011', 1st stg 625 sx,
2nd stg 1275 sx, both circ to surf
TD @ 6225', PBTD 6182'

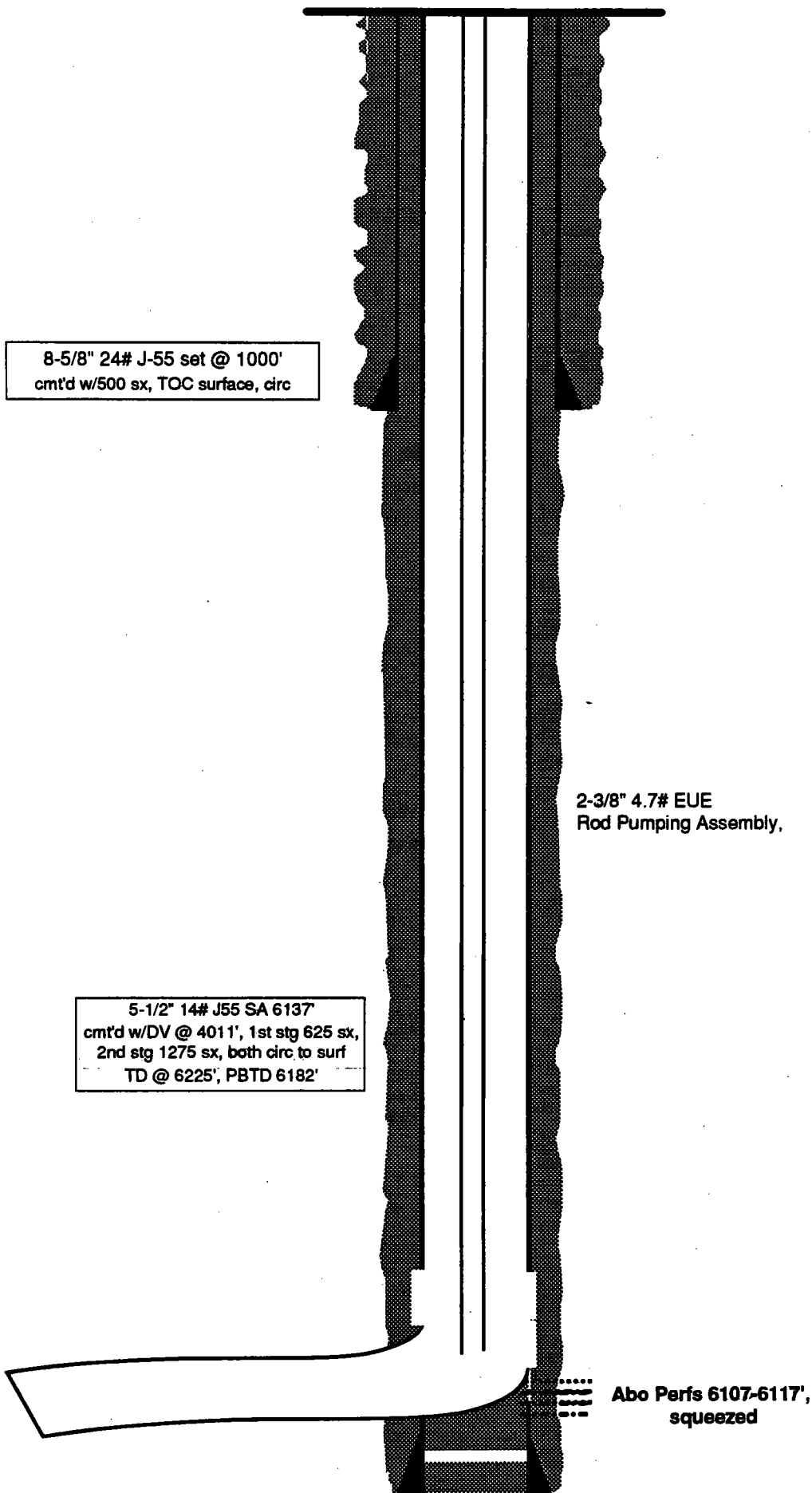
Abo Perfs 6107-6117', 2 spf

PBTD 6182'
TD 6225'

EMPIRE ABO K-161

Proposed Status

Drilled 1979



cut

ARCO

Structure : EMPIRE ABO UNIT K-161

Field : EDDY COUNTY, NM.

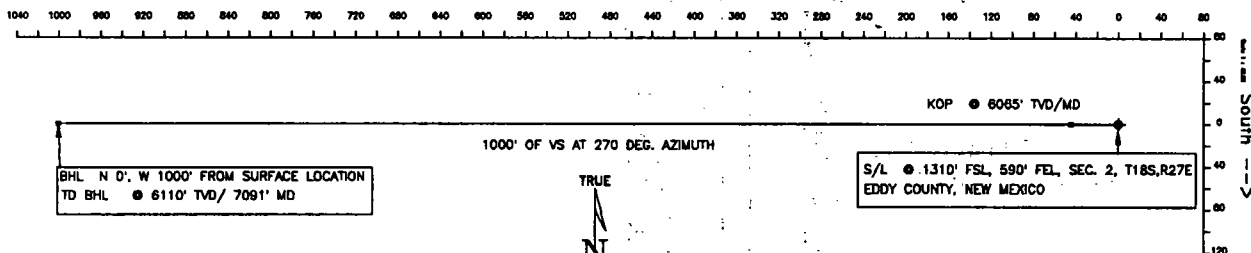
Location : EDDY COUNTY, NM.

WELL PROFILE DATA

Point	MD	Inc	Dr	TVD	North	East	Dep/100
Top of well	0	0.00	270.00	0	0	0	0.00
End of Hole	6065	0.00	270.00	6065	0	0	0.00
End of Build	6136	90.00	270.00	6110	0	-45	127.32
End of Hole	7091	90.00	270.00	6110	0	-1000	0.00

<-- West

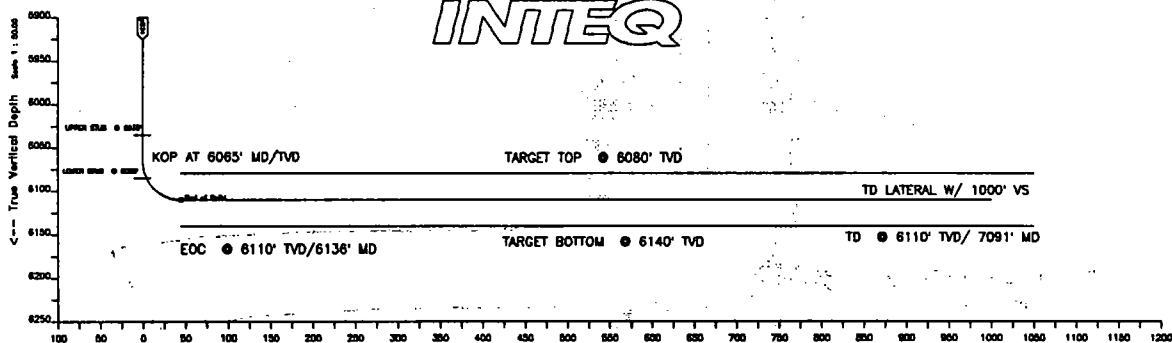
Scale 1 : 40.00



MAGNETIC DECLINATION
8 DEGREES EAST



127 DEG./100' BUR



Scale 1 : 50.00

Vertical Section on 270.00 azimuth with reference 0.00 N, 0.00 E from slot #1

ARCO
EMPIRE ABO UNIT K-161, slot #1
EDDY COUNTY, NM., EDDY COUNTY, NM.

PROPOSAL LISTING Page 1
Your ref : 45' RADIUS
Last revised : 12-Dec-94

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert. Depth	R E C T A N G U L A R C O O R D I N A T E S		Dogleg Deg/100Ft
0.00	0.00	270.00	0.00	0.00 N	0.00 E	0.00
500.00	0.00	270.00	500.00	0.00 N	0.00 E	0.00
1000.00	0.00	270.00	1000.00	0.00 N	0.00 E	0.00
1500.00	0.00	270.00	1500.00	0.00 N	0.00 E	0.00
2000.00	0.00	270.00	2000.00	0.00 N	0.00 E	0.00
2500.00	0.00	270.00	2500.00	0.00 N	0.00 E	0.00
3000.00	0.00	270.00	3000.00	0.00 N	0.00 E	0.00
3500.00	0.00	270.00	3500.00	0.00 N	0.00 E	0.00
4000.00	0.00	270.00	4000.00	0.00 N	0.00 E	0.00
4500.00	0.00	270.00	4500.00	0.00 N	0.00 E	0.00
5000.00	0.00	270.00	5000.00	0.00 N	0.00 E	0.00
5500.00	0.00	270.00	5500.00	0.00 N	0.00 E	0.00
6000.00	0.00	270.00	6000.00	0.00 N	0.00 E	0.00
6065.00	0.00	270.00	6065.00	0.00 N	0.00 E	0.00
6135.68	90.00	270.00	6110.00	0.00 S	45.00 W	127.32
6500.00	90.00	270.00	6110.00	0.00 S	409.31 W	0.00
7000.00	90.00	270.00	6110.00	0.00 S	909.31 W	0.00
7090.68	90.00	270.00	6110.00	0.00 S	1000.00 W	0.00

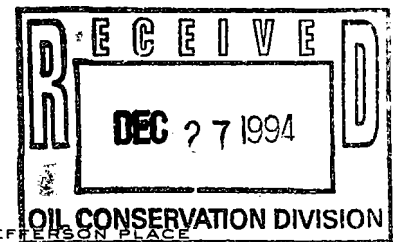
All data is in feet unless otherwise stated
Coordinates from slot #1 and TVD from wellhead.
Declination is 0.00 degrees, Convergence is -3.24 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

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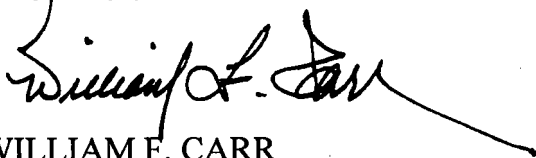
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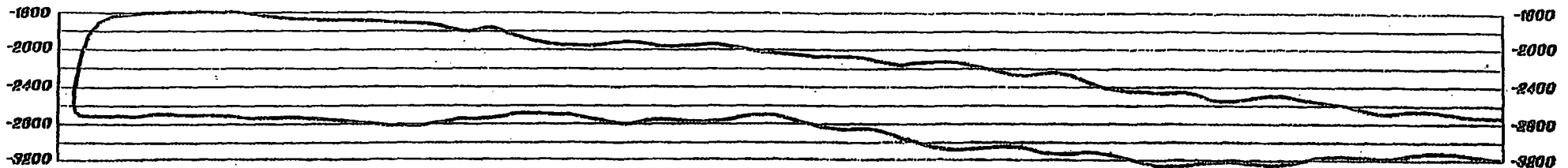
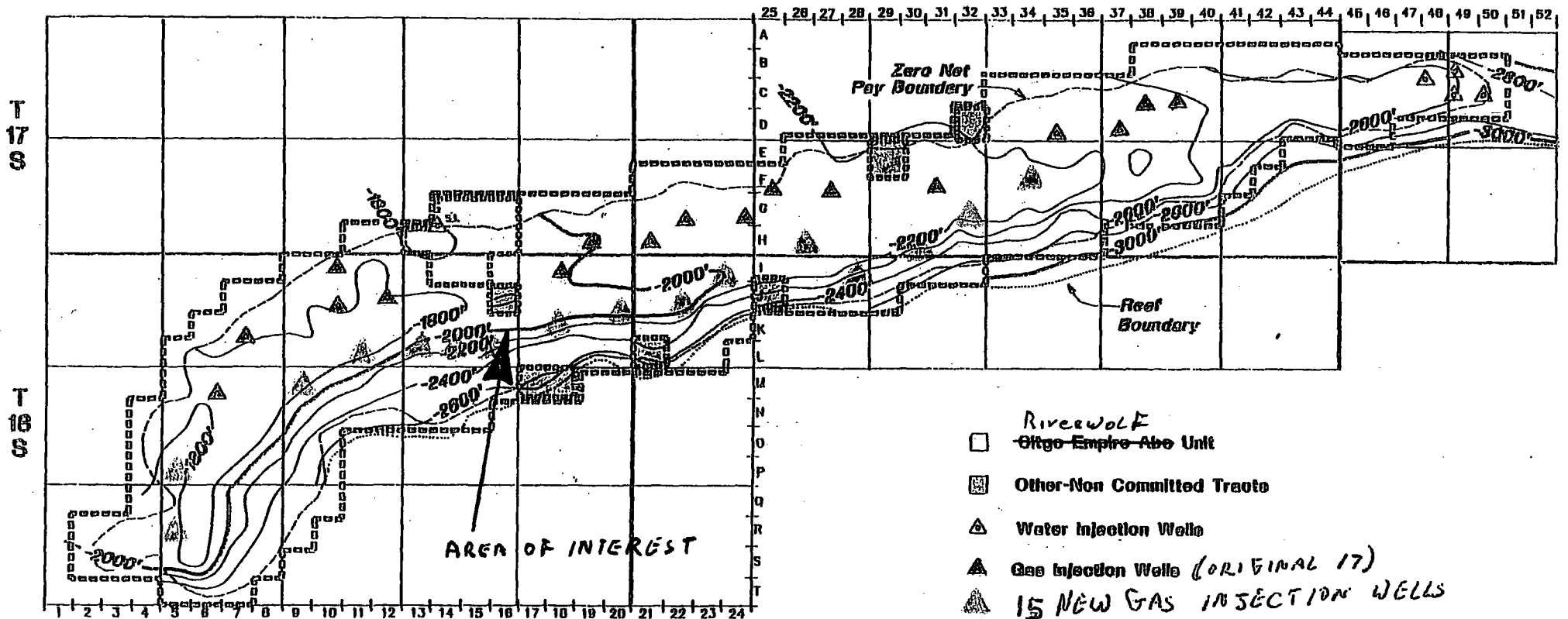
Eddy County, New Mexico

Top Of Reef

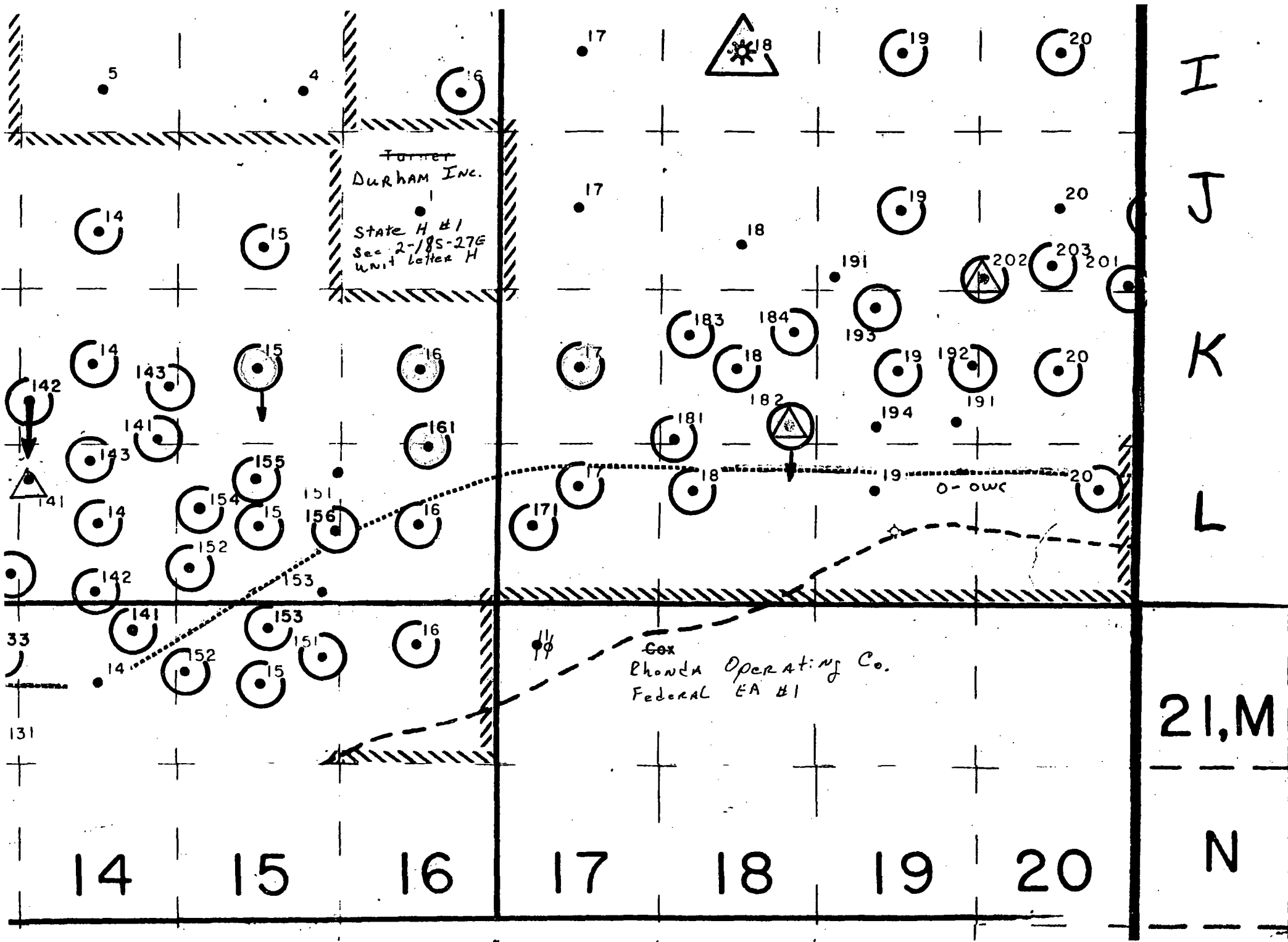
R 27 E

R 28 E

R 29 E



West-East Front Elevation



EMPIRE ABO K-161

Present Status

Drilled 1979

11' KB

11" hole

Elevation 3570 RKB
1310' FSL, 590' FEL
Sec 2, T-18-S, R-27-E
Eddy Co., NM

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cmt'd w/500 sx, TOC surface, circ

7-7/8" hole

196 jts 2-3/8" 4.7# EUE
Baker Mod R SA 6078'

5-1/2" 15.5# K55 SA 6225'
cmt'd w/DV @ 4011', 1st stg 625 sx,
2nd stg 1275 sx, both circ to surf
TD @ 6225', PBTD 6182'

Abo Perfs 6107-6117', 2 spf

PBTD 6182'
TD 6225'

ant

EMPIRE ABO K-161

Proposed Status

Drilled 1979

8-5/8" 24# J-55 set @ 1000'
cmt'd w/500 sx, TOC surface, circ

2-3/8" 4:7# EUE
Rod Pumping Assembly,

5-1/2" 14# J55 SA 6137'
cmt'd w/DV @ 4011', 1st stg 625 sx,
2nd stg 1275 sx, both circ to surf
TD @ 6225', PBTD 6182'

Abo Perfs 6107-6117',
squeezed

cut

ARCO

Structure : EMPIRE ABO UNIT K-161

Field : EDDY COUNTY, NM.

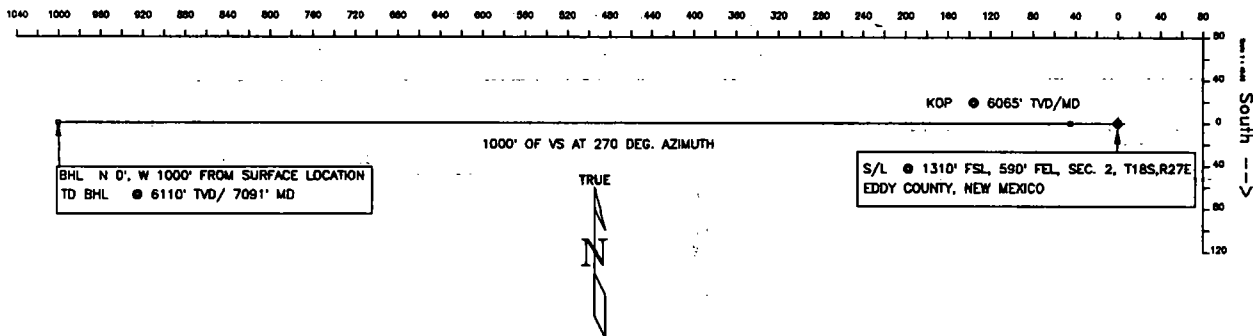
Location : EDDY COUNTY, NM.

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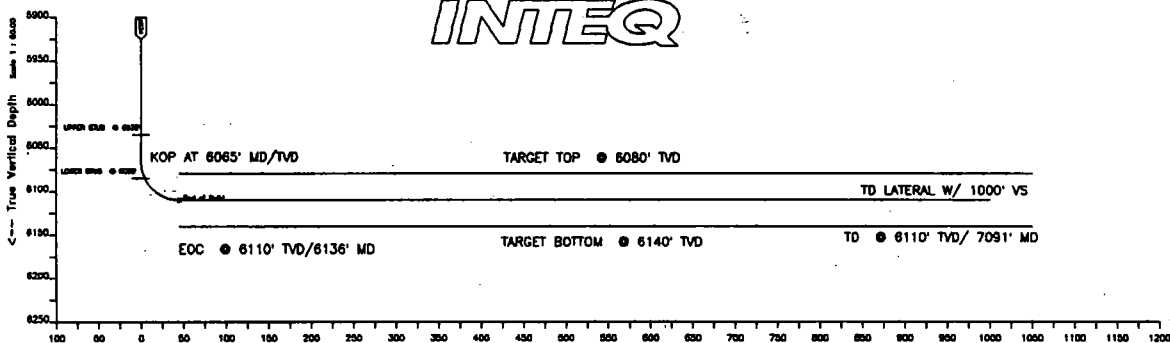
Scale 1 : 40.00



MAGNETIC DECLINATION
8 DEGREES EAST



127 DEG./100' BUR



Scale 1 : 50.00

Vertical Section on 270.00 azimuth with reference 0.00 N, 0.00 E from slot #1

ARCO
EMPIRE ABO UNIT K-161, slot #1
EDDY COUNTY, NM., EDDY COUNTY, NM.

PROPOSAL LISTING Page 1
Your ref : 45'RADIUS
Last revised : 12-Dec-94

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert. Depth	R E C T A N G U L A R C O O R D I N A T E S	Dogleg Deg/100Ft
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500.00	0.00	270.00	500.00	0.00 N 0.00 E	0.00
1000.00	0.00	270.00	1000.00	0.00 N 0.00 E	0.00
1500.00	0.00	270.00	1500.00	0.00 N 0.00 E	0.00
2000.00	0.00	270.00	2000.00	0.00 N 0.00 E	0.00
2500.00	0.00	270.00	2500.00	0.00 N 0.00 E	0.00
3000.00	0.00	270.00	3000.00	0.00 N 0.00 E	0.00
3500.00	0.00	270.00	3500.00	0.00 N 0.00 E	0.00
4000.00	0.00	270.00	4000.00	0.00 N 0.00 E	0.00
4500.00	0.00	270.00	4500.00	0.00 N 0.00 E	0.00
5000.00	0.00	270.00	5000.00	0.00 N 0.00 E	0.00
5500.00	0.00	270.00	5500.00	0.00 N 0.00 E	0.00
6000.00	0.00	270.00	6000.00	0.00 N 0.00 E	0.00
6065.00	0.00	270.00	6065.00	0.00 N 0.00 E	0.00
6135.68	90.00	270.00	6110.00	0.00 S 45.00 W	127.32
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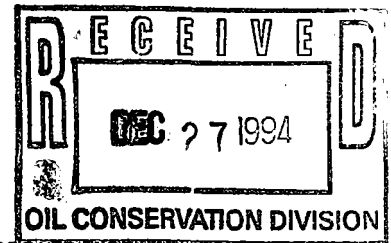
All data is in feet unless otherwise stated
Coordinates from slot #1 and TVD from wellhead.
Declination is 0.00 degrees, Convergence is -3.24 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

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BRADFORD C. BERGE
MARK F. SHERIDAN

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December 27, 1994

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Application of ARCO Permian, a Unit of Atlantic Richfield, for
Administrative Approval of Horizontal Drainhole, Empire Abo Unit Area,
Eddy County, New Mexico

Dear Mr. LeMay:

ARCO Permian, a Unit of Atlantic Richfield ("ARCO"), pursuant to the provisions of Rule 6(b) of the Special Rules and Regulations for the Empire-Abo Unit Pressure Maintenance Project promulgated by Order No. R-4549, as amended, hereby makes application for a horizontal drainhole for its Empire Abo K-161 Well located 1310 feet from the South line and 590 feet from the East line of Section 2, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. This well is necessary to complete an efficient production pattern in the ARCO Empire-Abo Unit Area.

ARCO proposes to reenter the subject well, kick-off at a depth of approximately 6065 feet, use a short radius tool, and drill in a southerly direction until 1,000 feet of horizontal drainhole is drilled in the Abo formation.

In accordance with the provisions of Rule 6(b) of the Special Rules and Regulations for the Empire-Abo Unit Pressure Maintenance Project, attached hereto are the following:

1. Plats identifying the lands committed to the unit agreement and those lands not committed to said agreement showing the location of the proposed well, all wells within the unit area, and the two offset operators, and

William J. LeMay, Director
December 27, 1994
Page 2

2. Schematic drawings of the proposed well which fully describes the casing, tubing, perforated or openhole interval, kick-off point, and proposed trajectory of the drainhole section.

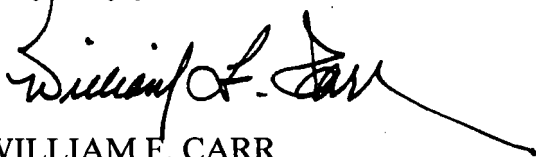
This well will be located more than 330 feet from the outer boundary of the unit and the boundary of any tract not committed to the unit.

All offset operators to the proposed horizontal drainhole have been furnished a complete copy of the application by certified mail, return receipt requested; have been advised that this application was filed on this date; and have been advised that if no objection to this application is received by the Division Director within twenty (20) days of this date, this application may be approved.

This application is being filed in triplicate with the Division's Santa Fe office and one copy has been mailed to the Oil Conservation Division District II office in Artesia.

Your consideration of this application is appreciated.

Very truly yours,



WILLIAM F. CARR
Attorney for ARCO Permian, a Unit of Atlantic Richfield

WFC:mlh
Enclosures

cc: Oil Conservation Division
District II
Post Office Drawer DD
Artesia, New Mexico 88210

Gary Smallwood
ARCO Permian, a Unit of Atlantic Richfield
Post Office Box 1610
Midland, TX 79702

EMPIRE ABO POOL

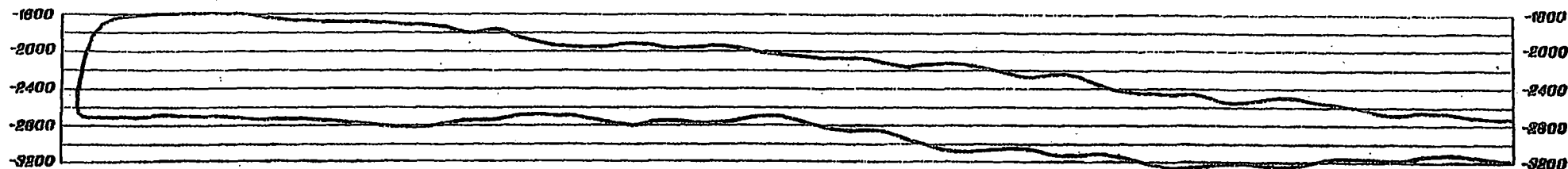
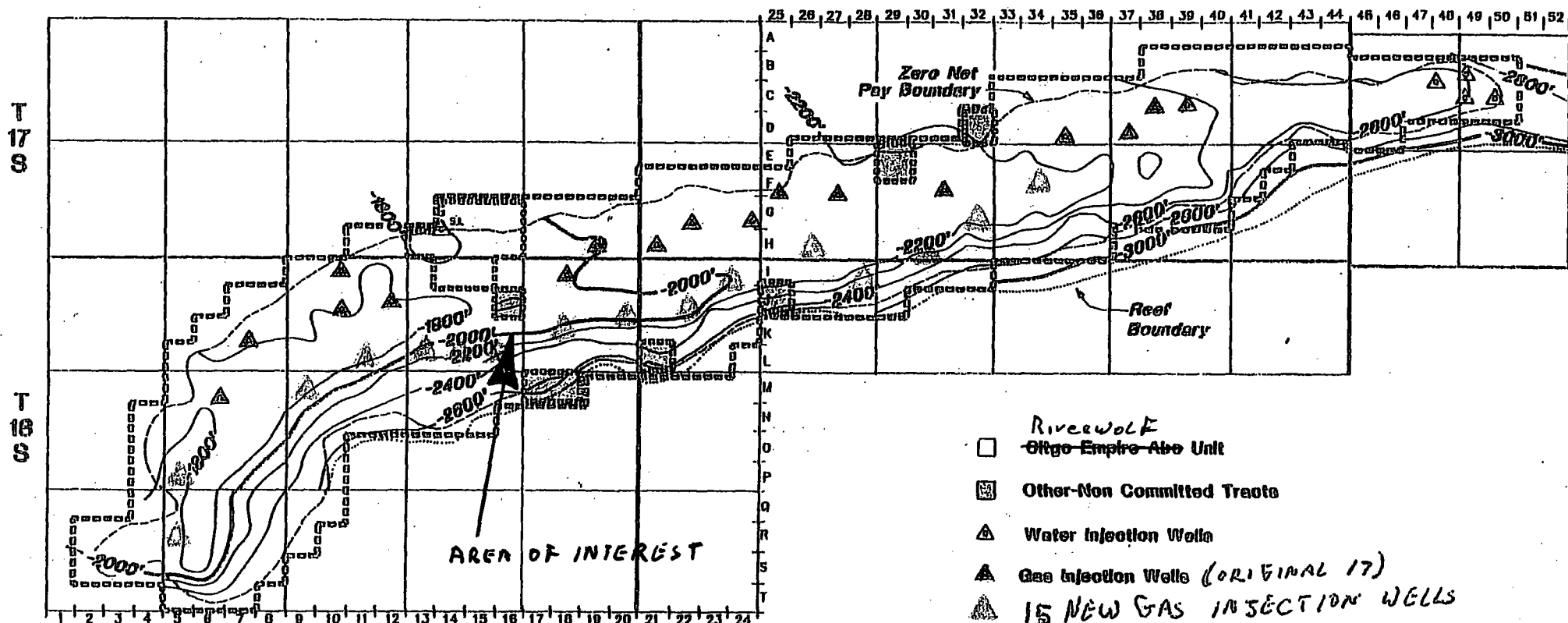
Eddy County, New Mexico

Top Of Reef

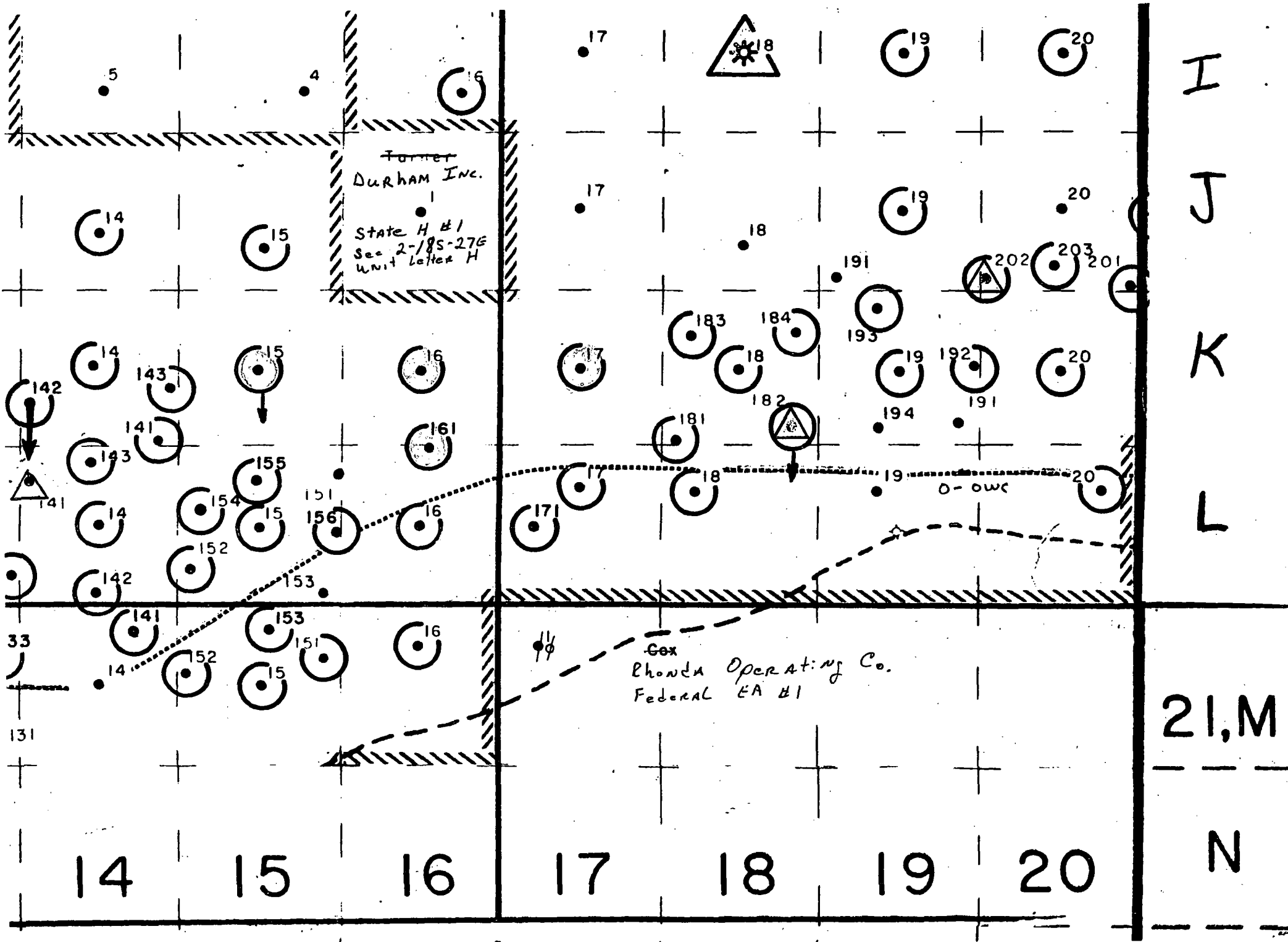
R 27 E

R 28 E

R 29 E



West-East Front Elevation



Turner
Durham Inc.
State H #1
Sec 2-185-276
Unit letter H

Gex
Rhonda Operating Co.
Federal EA #1

I

J

K

L

21, M

N

14

15

16

17

18

19

20

EMPIRE ABO K-161

Present Status

Drilled 1979

11' KB

11" hole

Elevation 3570 RKB
1310' FSL, 590' FEL
Sec 2, T-18-S, R-27-E
Eddy Co., NM

8-5/8" 24# J-55 set @ 1000'
cmt'd w/500 sx, TOC surface, drc

7-7/8" hole

196 jts 2-3/8" 4.7# EUE
Baker Mod R SA 6078'

5-1/2" 15.5# K55 SA 6225'
cmt'd w/DV @ 4011', 1st stg 625 sx,
2nd stg 1275 sx, both circ to surf
TD @ 6225', PBTD 6182'

Abo Perfs 6107-6117', 2 spf

PBTD 6182'
TD 6225'

Cut

EMPIRE ABO K-161

Proposed Status

Drilled 1979

8-5/8" 24# J-55 set @ 1000'
cmt'd w/500 sx, TOC surface, circ

2-3/8" 4.7# EUE
Rod Pumping Assembly,

5-1/2" 14# J55 SA 6137'
cmt'd w/DV @ 4011', 1st stg 625 sx,
2nd stg 1275 sx, both circ to surf
TD @ 6225', PBTD 6182'

Abo Perfs 6107-6117',
squeezed

cut

ARCO

Structure : EMPIRE ABO UNIT K-161

Field : EDDY COUNTY, NM.

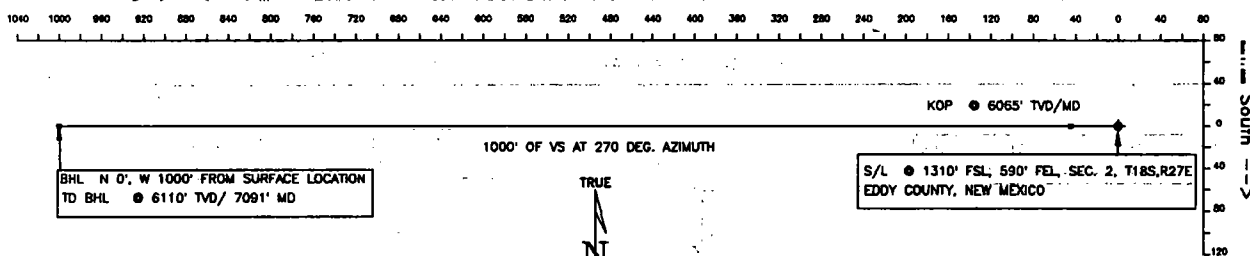
Location : EDDY COUNTY, NM.

WELL PROFILE DATA

Point	MD	Inc	Dr	TVD	North	East	Dep/100
Tie in	0	0.00	270.00	0	0	0	0.00
End of Hole	6065	0.00	270.00	6065	0	0	0.00
End of Build	6136	60.00	270.00	6110	0	-45	127.32
End of Hole	7091	90.00	270.00	6110	0	-1000	0.00

West

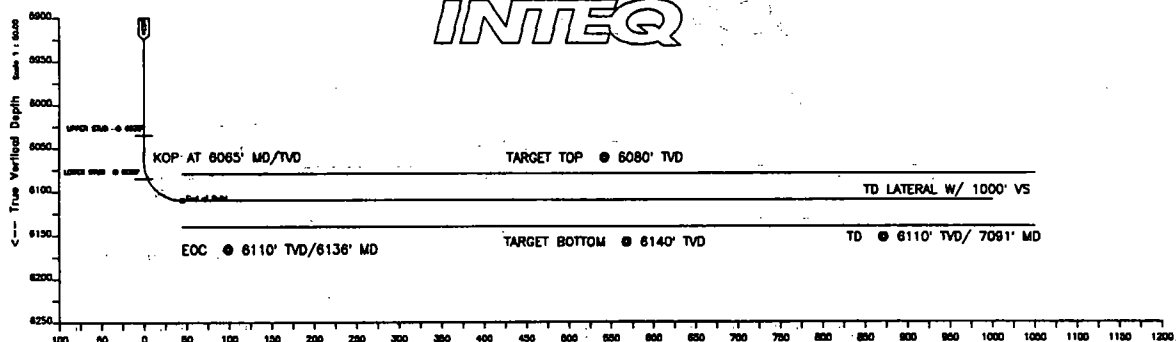
Scale 1 : 40.00



MAGNETIC DECLINATION
8 DEGREES EAST



127 DEG./100' BUR



Scale 1 : 50.00

Vertical Section on 270.00 azimuth with reference 0.00 N, 0.00 E from slot #1

ARCO
EMPIRE ABO UNIT K-161, slot #1
EDDY COUNTY, NM., EDDY COUNTY, NM.

PROPOSAL LISTING Page 1
Your ref : 45'RADIUS
Last revised : 12-Dec-94

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert. Depth	R E C T A N G U L A R C O O R D I N A T E S	Dogleg Deg/100Ft
0.00	0.00	270.00	0.00	0.00 N 0.00 E	0.00
500.00	0.00	270.00	500.00	0.00 N 0.00 E	0.00
1000.00	0.00	270.00	1000.00	0.00 N 0.00 E	0.00
1500.00	0.00	270.00	1500.00	0.00 N 0.00 E	0.00
2000.00	0.00	270.00	2000.00	0.00 N 0.00 E	0.00
2500.00	0.00	270.00	2500.00	0.00 N 0.00 E	0.00
3000.00	0.00	270.00	3000.00	0.00 N 0.00 E	0.00
3500.00	0.00	270.00	3500.00	0.00 N 0.00 E	0.00
4000.00	0.00	270.00	4000.00	0.00 N 0.00 E	0.00
4500.00	0.00	270.00	4500.00	0.00 N 0.00 E	0.00
5000.00	0.00	270.00	5000.00	0.00 N 0.00 E	0.00
5500.00	0.00	270.00	5500.00	0.00 N 0.00 E	0.00
6000.00	0.00	270.00	6000.00	0.00 N 0.00 E	0.00
6065.00	0.00	270.00	6065.00	0.00 N 0.00 E	0.00
6135.68	90.00	270.00	6110.00	0.00 S 45.00 W	127.32
6500.00	90.00	270.00	6110.00	0.00 S 409.31 W	0.00
7000.00	90.00	270.00	6110.00	0.00 S 909.31 W	0.00
7090.68	90.00	270.00	6110.00	0.00 S 1000.00 W	0.00

All data is in feet unless otherwise stated
Coordinates from slot #1 and TVD from wellhead.
Declination is 0.00 degrees, Convergence is -3.24 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

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. 6742
Order No. R-4549-E

APPLICATION OF ARCO OIL AND GAS
COMPANY FOR AN ADMINISTRATIVE
PROCEDURE, EDDY COUNTY, NEW MEXICO.

See Also Order Nos.

R-4549

R-4549-A

R-4549-B

R-4549-C

R-4549-D

R-4549-F

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of January, 1980, 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, ARCO Oil and Gas Company, is the operator of the Empire Abo Pressure Maintenance Project, Empire-Abo Pool, Eddy County, New Mexico, which project was authorized by Division Order No. R-4549, and is governed by operating rules included in said order as amended by Orders Nos. R-4549-A through R-4549-D.

(3) That the applicant seeks the amendment of Rule 14 of the Special Rules and Regulations for said project adopted by Order No. R-4549, as amended, to additionally provide for an administrative procedure for authorizing the drilling, for production or injection purposes, of "horizontal drainholes" within such project.

(4) That the drilling of said horizontal drainholes within the boundaries of said project should result in the recovery of oil and gas therefrom which might not otherwise

be produced thereby preventing waste.

(5) That correlative rights will not be violated provided that no perforated or openhole portion of any horizontal drainhole shall be closer than 330 feet to the outer boundary of the Empire Abo Unit or any tract not committed to said unit nor, in the case of a well to be used for injection, closer than 1650 feet to such boundary or tract.

(6) That the application for administrative procedure should be approved by amending said Rule 14 to read in its entirety as shown on Exhibit "A" attached to this order.

IT IS THEREFORE ORDERED:

(1) That Rule 14 of the Special Rules and Regulations for the Empire Abo Pressure Maintenance Project is hereby amended to read in its entirety as shown on Exhibit "A" to this order.

(2) 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

fd/

EXHIBIT "A"
ORDER NO. R-4549-E

RULE 14 A. The Director of the Division is hereby authorized to approve such additional producing wells and gas injection and water injection wells at orthodox and un-orthodox locations within the boundaries of the ARCO Empire Abo Unit Area as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 660 feet to the outer boundary of said unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary and provided that no well shall be approved for gas or water injection when such well is located closer than 1650 feet to a tract which is not committed to the unit and on which is located a well producing from the same common source of supply. To obtain such approval, the project operator shall file proper application with the Division Director, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following:

(1) A plat identifying the lands committed to the unit agreement and those lands not committed to said agreement, and showing the location of the proposed well, all wells within the unit area, and offset operators.

(2) A schematic drawing of the proposed well which fully describes the casing, tubing, perforated interval, and depth.

(3) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification.

RULE 14 B. The Director of the Division is hereby authorized to approve the drilling of "horizontal drainholes" for the purposes of production or injection within the boundaries of the ARCO Empire Abo Unit Area as may be necessary to complete an efficient production and injection pattern, provided no perforated or openhole portion of said wells shall be closer than 330 feet to the outer boundary of said unit or to any tract not committed to such unit nor, in the case of a well to be used for injection closer than 1650 feet to such boundary or tract. To obtain such approval, the project operator shall file proper application with the Division Director, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following:

(1) A plat identifying the lands committed to the unit agreement and those lands not committed to said agreement, and showing the location of the proposed well, all wells within the unit area, and offset operators.

(2) Schematic drawings of the proposed well which fully describes the casing, tubing, perforated or open-hole interval, kick-off point, and proposed trajectory of the drainhole section.

(3) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification.

RULE 14 C. The Director may approve the proposed well if, within 20 days after receiving the application, no objection to the proposal is received. The Director may grant immediate approval, provided waivers of objection are received from all offset operators.

RULE 14 D. Within 20 days following completion of any horizontal drainhole the operator shall submit a report to the Division Director with sufficient detail to locate the kick-off point and the trajectory of the deviated portion of the well bore with respect to any quarter-quarter section(s) penetrated by such well and any 40-acre tract directly or diagonally offsetting such quarter-quarter section(s).

The Director may approve the final location of the horizontal drainhole by acceptance of such report.

The Director may rescind the authority for any horizontal drainhole if the perforated or openhole portion of such hole is located closer to the unit boundary or any uncommitted tract than permitted by these rules or if it should appear that such rescission is necessary to prevent waste or protect correlative rights.