

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

July 7, 1994

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800



Victory Oil & Gas Incorporated
6060 North Central Expressway, Suite 638
Dallas, Texas 75206

Attention: David H. Holstein

Administrative Order DD-96

Dear Mr. Holstein:

Under the provisions of General Rule 111 (c), (d) and (e), Victory Oil & Gas Incorporated made application to the New Mexico Oil Conservation Division on March 21, 1994, for authorization to recomplete its existing Kim Harris Well No. 1 in Lea County, New Mexico by side tracking off of the vertical wellbore and directionally drill to a pre-determined bottom-hole location in order to further deplete the Northeast Lovington-Wolfcamp Pool underlying the existing 40-acre oil spacing and proration unit currently dedicated to said well.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 111(d) and (e) of the Division General Rules and Regulations;
- (2) The Kim Harris Well No. 1 (API No. 30-025-30939) was originally drilled in September 1990 to a total depth of 11,800 feet to test the Undesignated Northeast Lovington-Pennsylvanian Pool at a previously approved unorthodox oil well location for said pool (see Division Order No. R-9258) 990 feet from the North line and 2310 feet from the East line (Unit B) of Section 12, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico. The Strawn (Pennsylvanian) formation tested uneconomical in this well and was completed up-hole into the Wolfcamp formation.
- (3) The applicant/operator proposes to kick off vertical at a depth of approximately 10,150 feet in a northeasterly direction and drill in such a manner as to bottom back in the Wolfcamp formation at a true vertical depth of approximately 10,550 feet at a standard oil well location within the NW/4 NE/4 (Unit B) of said Section 12.

- (4) The application submitted indicates that the dedicated acreage for said well is within a single lease operated by the applicant and that there were no off-set operators to notify; and,
- (5) The applicant will be required to abide by all Division rules, regulations, and policies as to directionally drilled wells.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Victory Oil & Gas Incorporated, is hereby authorized to recomplete its existing Kim Harris Well No. 1, located at a standard surface oil well location, 990 feet from the North line and 2310 feet from the East line (Unit B) of Section 12, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, by side tracking off of the vertical wellbore at a depth of approximately 10,150 feet in a northeasterly direction and drill in such a manner as to bottom back in the Wolfcamp formation at a true vertical depth of approximately 10,550 feet at a standard oil well location within the NW/4 NE/4 (Unit B) of said Section 12.

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

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

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

(3) 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.

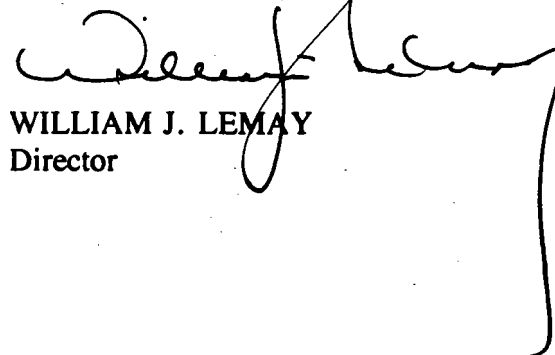
(4) The existing standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 (Unit B) of said Section 12 shall remain dedicated to said well.

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

Administrative Order DD-96
Victory Oil and Gas Incorporated
July 7, 1994
Page No. 3

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the printed name and title.

WILLIAM J. LEMAY
Director

S E A L

WJL/MES/amg

cc: Oil Conservation Division - Hobbs



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

July 7, 1994

Victory Oil & Gas Incorporated
6060 North Central Expressway
Suite 638
Dallas, Texas 75206

Attention: David H. Holstein

96
Administrative Order DD-***

Dear Mr. Holstein:

Under the provisions of General Rule 111 (c), (d) and (e), Victory Oil & Gas Incorporated made application to the New Mexico Oil Conservation Division on March 21, 1994, for authorization to recompleate its existing Kim Harris Well No. 1 in Lea County, New Mexico by side tracking off of the vertical wellbore and directionally drill to a pre-determined bottom-hole location in order to further deplete the Northeast Lovington-Wolfcamp Pool underlying the existing 40-acre oil spacing and proration unit currently dedicated to said well.

The Division Director Finds That:

(see Division Order No. D-9258)

- (1) The application has been duly filed under the provisions of Rule 111(d) and (e) of the Division General Rules and Regulations;
- (2) The Kim Harris Well No. 1 (API No. 30-025-30939) was originally drilled in September 1990 to a total depth of 11,800 feet to test the Undesignated Northeast Lovington-Pennsylvanian Pool at a previously approved unorthodox oil well location for said pool 990 feet from the North line and 2310 feet from the East line (Unit B) of Section 12, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico. The Strawn (Pennsylvanian) formation tested uneconomical in this well and was completed up-hole into the Wolfcamp formation.
- (3) The applicant/operator proposes to kick off vertical at a depth of approximately 10,150 feet in a northeasterly direction and drill in such a manner as to bottom back in the Wolfcamp formation at a true vertical depth of approximately 10,550 feet at a standard oil well location within the NW/4 NE/4 (Unit B) of said Section 12.



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING
GOVERNORANITA LOCKWOOD
CABINET SECRETARYPOST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

- (4) The application submitted indicates that the dedicated acreage for said well is within a single lease operated by the applicant and that there were no off-set operators to notify; and,
- (5) The applicant will be required to abide by all Division rules, regulations, and policies as to directionally drilled wells.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Victory Oil & Gas Incorporated, is hereby authorized to recomplete its existing Kim Harris Well No. 1, located at a standard surface oil well location, 990 feet from the North line and 2310 feet from the East line (Unit B) of Section 12, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, by side tracking off of the vertical wellbore at a depth of approximately 10,150 feet in a northeasterly direction and drill in such a manner as to bottom back in the Wolfcamp formation at a true vertical depth of approximately 10,550 feet at a standard oil well location within the NW/4 NE/4 (Unit B) of said Section 12.

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

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

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

(3) 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.

(4) The existing standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 (Unit B) of said Section 12 shall remain dedicated to said well.

(5) 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

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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

WILLIAM J. LEMAY
Director

SEAL

WJL/MES/amg

cc: Oil Conservation Division - Hobbs

OIL CONSERVATION DIVISION
RECEIVED

'94 MAR 25 AM 8 39

VICTORY OIL & GAS
INCORPORATED

6060 North Central Expressway, Suite 638, Dallas, TX 75206 (214) 696-4000

March 21, 1994

Mr. William LaMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Kim Harris No. 1
API No.: 30-025-30939
Lea County, New Mexico

Dear Mr. LaMay,

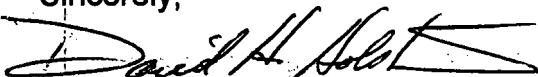
Pursuant to our earlier telephone conversation, the Kim Harris No. 1 well was initially completed in the Lower Wolfcamp formation, produced approximately 63,300 BO and prematurely watered out because of coning problems. Therefore, Victory Oil & Gas, Inc. intends to side-track the referenced well and attempt to move the BHL away from the coned area. If successful, the well will be re-completed in the Lower Wolfcamp.

Currently, the surface location of the well is 990 FNL & 2310 FEL of Section 12, T-16-S, R-36-E, Lea County, New Mexico. The proposed BHL will 660 FNL & 2223 FEL of Section 12, T-16-S, R-36-E, Lea County, New Mexico. This proposed BHL will be farther from both of the closest lease lines than the current BHL. Therefore, since our new BHL will be targeted towards the center of the lease, and will not encroach upon any lease line, Victory Oil & Gas, Inc. hereby requests an administrative approval concerning these operations.

Upon the completion of our proposed side-track, Victory Oil & Gas, Inc. will submit to your office a copy of side-track profile and any surveys taken during the operation. This profile should adequately locate the BHL and insure that we have not encroached towards any lease line.

Please contact me should you have any questions concerning our request or require any additional information. Your attention to this matter is most certainly appreciated.

Sincerely,



David H. Holstein
President

Submit 5 Copies
Appropriate District Office
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-104
Revised 1-1-89
See Instructions
at Bottom of Page

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

REQUEST FOR ALLOWABLE AND AUTHORIZATION
TO TRANSPORT OIL AND NATURAL GAS

Operator Victory Oil & Gas, Inc.	Well API No. 30-025-30939
Address 6060 N. Central Expwy, Suite 638, Dallas, TX 75206	
Reason(s) for Filing (Check proper box) <input type="checkbox"/> Other (Please explain)	
New Well <input type="checkbox"/>	Change in Transporter of:
Recompletion <input type="checkbox"/>	Oil <input type="checkbox"/> Dry Gas <input type="checkbox"/>
Change in Operator <input checked="" type="checkbox"/>	Casinghead Gas <input type="checkbox"/> Condensate <input type="checkbox"/>
If change of operator give name and address of previous operator Bridge Oil Company, L.P., 12404 Park Central Dr., Suite 400, Dallas, TX	

II. DESCRIPTION OF WELL AND LEASE

Lease Name Kim Harris	Well No. 1	Pool Name, Including Formation NE. Lovington-Wolfcamp	Kind of Lease State, Federal or Fee	Lease No.
Location Unit Letter B : 990 Feet From The North Line and 2310 Feet From The East Line Section 12 Township 16S Range 36E, NMPM, Lea County				

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)					
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)					
If well produces oil or liquids, give location of tanks.	Unit	Sec.	Twp.	Rge.	Is gas actually connected?	When?
If this production is commingled with that from any other lease or pool, give commingling order number:						

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'v	Diff Res'v
Date Spudded	Date Compl. Ready to Prod.		Total Depth			P.B.T.D.		
Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation		Top Oil/Gas Pay			Tubing Depth		
Perforations						Depth Casing Shoe		
TUBING, CASING AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE		DEPTH SET			SACKS CEMENT		

V. TEST DATA AND REQUEST FOR ALLOWABLE

OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours.)

Date First New Oil Run To Tank	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil - Bbls.	Water - Bbls.	Gas - MCF

GAS WELL

Actual Prod. Test - MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pilot, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size

VI. OPERATOR CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature David H. Holstein
Printed Name David H. Holstein Title President
Date 1-20-94 Telephone No. 214/696-4000

OIL CONSERVATION DIVISION

Date Approved MAR 21 1994

By [Signature]
Title Geologist

INSTRUCTIONS: This form is to be filed in compliance with Rule 1104

- 1) Request for allowable for newly drilled or deepened well must be accompanied by tabulation of deviation tests taken in accordance with Rule 111.
- 2) All sections of this form must be filled out for allowable on new and recompleted wells.
- 3) Fill out only Sections I, II, III, and VI for changes of operator, well name or number, transporter, or other such changes.
- 4) Separate Form C-104 must be filed for each pool in multiply completed wells.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87430
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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

☐ AMENDED REPORT

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

Operator Name and Address. Victory Oil & Gas, Inc. 6060 N. Central Expressway, Suite 638 Dallas Texas 75204		OGRID Number 37282
Property Code 13929		Property Name Kim Harris
Well No. 1		API Number 30-025-30939

7 Surface Location									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	12	16S	36E		990	North	2310	East	Lea

8 Proposed Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	12	16S	36E		688	North	2223	East	Lea

9 Proposed Pool 1					10 Proposed Pool 2				
N.E. Lovington - Wolfcamp									

11 Work Type Code E	12 Well Type Code O	13 Cable/Rotary R	14 Lease Type Code P	15 Ground Level Elevation 3861'
16 Multiple No	17 Proposed Depth 10,700	18 Formation Wolfcamp	19 Contractor Pride Pet.	20 Spud Date 3-14-94

21 Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
4-3/4	None	None	None	None	N/A

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

Plans are to plug the existing Wolfcamp formation which is perforated from 10,556'-584', with a CIBP @ 10,450'. Next mill a window in the casing from 10,100 to 10,180 \pm 10'. Then set a cement kick-off plug from 10,250 to 10,150. Kick-off with a down-hole motor at 10,150 and directionally drill N-15°-E at 15°/100 ft into the Wolfcamp. Estimated TVD will be 10,550 at BHL.

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: **David H. Holstein**

Printed name: **David H. Holstein**

Title: **President**

Date: **3-1-94**

Phone: **(214) 696-4000**

OIL CONSERVATION DIVISION	
Approved by: DISTRICT 1 SUPERVISOR	
Title: [Signature]	
Approval Date: MAR 1 1994	Expiration Date:
Conditions of Approval: Attached <input type="checkbox"/>	

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-30939		Pool Code 41080	Pool Name NE Lovington - Wolfcamp
Property Code 13428	Property Name Kim Harris		Well Number 1
OGRID No. 37232	Operator Name Victory Oil & Gas, Inc.		Elevation 3861

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	12	16S	36E		990	North	2310	East	Lea

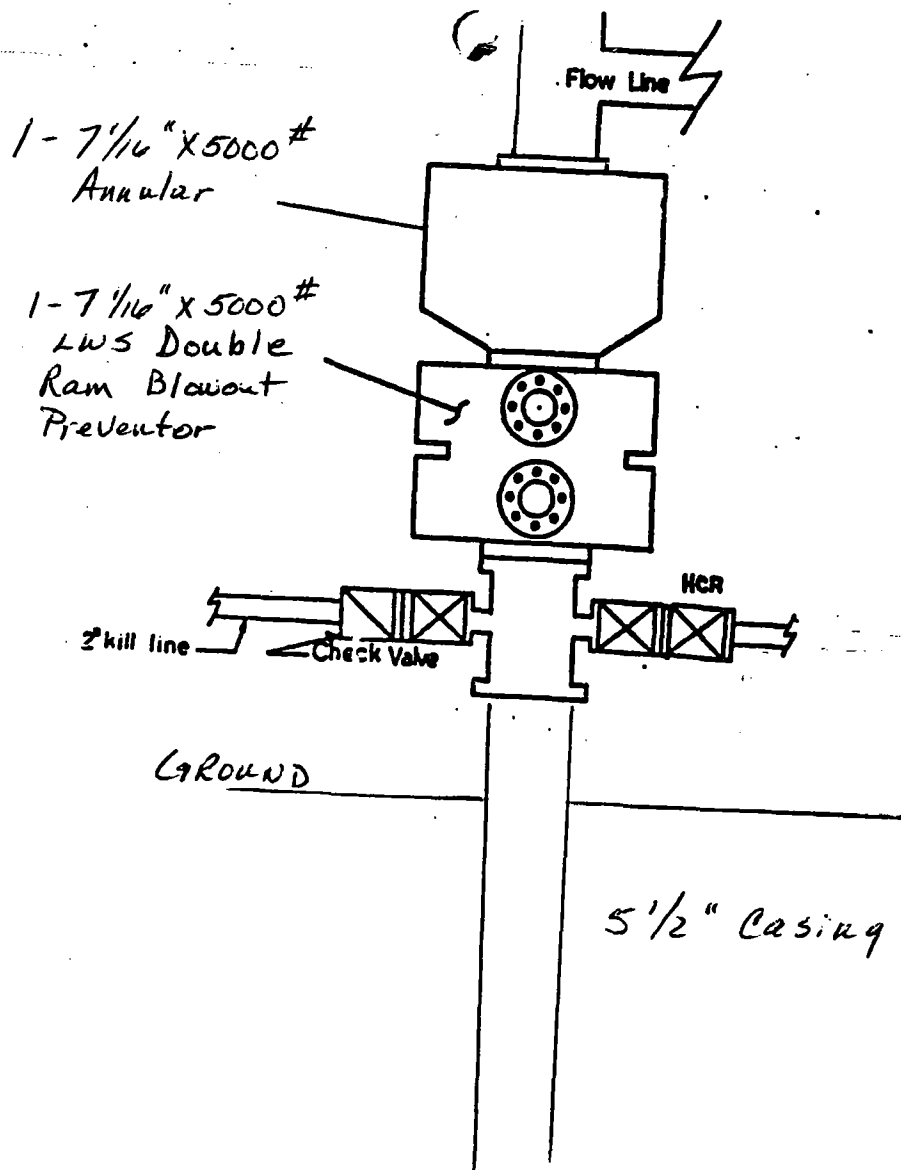
11 Bottom Hole Location: If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	12	16S	36E		688	North	2223	East	Lea

12 Dedication Acres 40	13 Joint or Infill N	14 Consolidation Code U	15 Order No. Directional Drilling
----------------------------------	--------------------------------	-----------------------------------	---

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				<h4>17 OPERATOR CERTIFICATION</h4> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature: <u>David H. Abolstein</u></p> <p>Printed Name: <u>David H. Abolstein</u></p> <p>Title: <u>President</u></p> <p>Date: <u>3-1-94</u></p>
				<h4>18 SURVEYOR CERTIFICATION</h4> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number: _____</p>



**PRIDE
PETROLEUM
SERVICES****BLOWOUT EQUIPMENT**

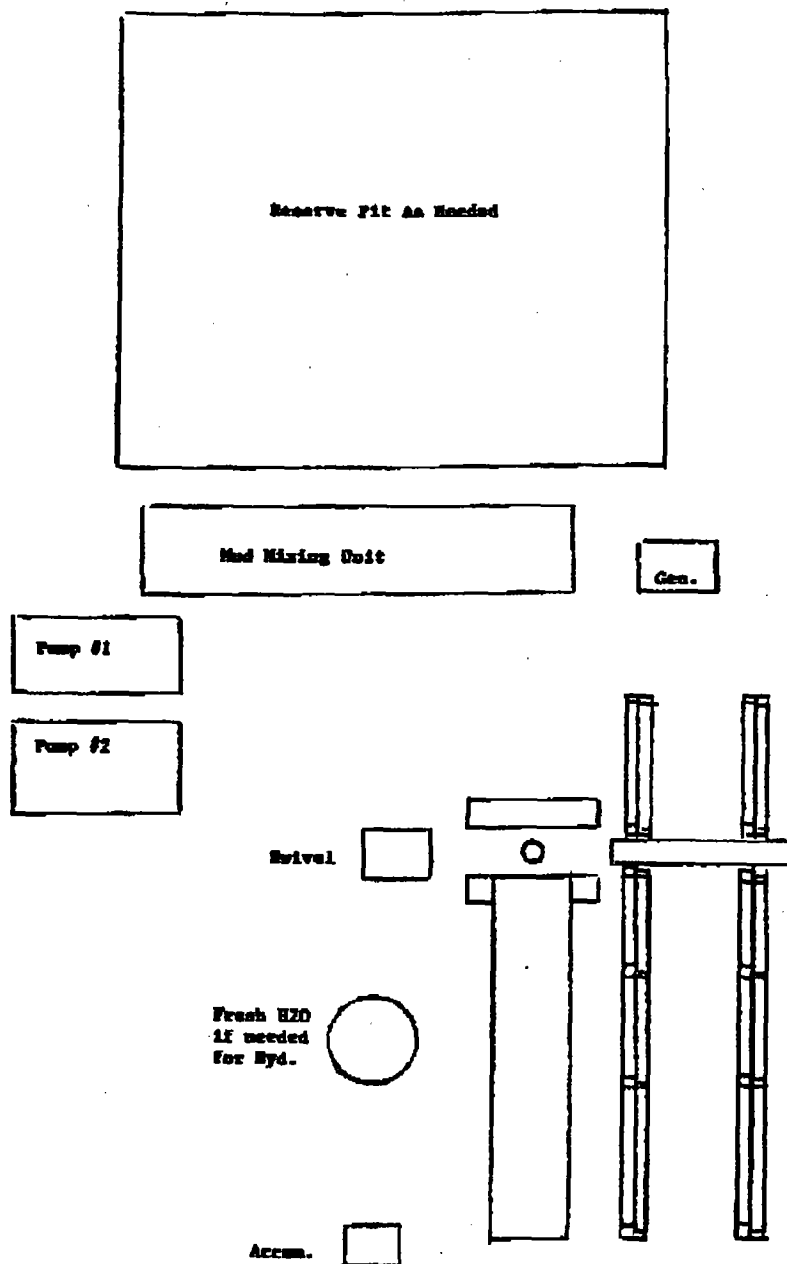
- 1 7 1/16 X 5000 LWS Double ram Blowout Preventor
- 1 7 1/16 X 5000 Annular
- 1 Closing unit ; 40 Gal. cap. ; 2 stations
- 1 TIW valve w/ crossovers to accomodate drill string
Choke manifold if desired
Any spools or adapters for nipple up BOP equip.

DRILL STRING AND HANDLING TOOLS

Drill collars	@ desired OD's
Must be minimum 2 1/16 ID	
All crossovers & subs	if desired
Drill collar clamp	
Elevators MYT	for desired pipe size
Elevators YC	for desired pipe size
Tong Heads	as needed
Spider & Slips	as needed
CatWalk	
Triangle Pipe Racks	



PRIDE PETROLEUM SERVICES



Structure : KIM HARRIS #1	
Field : EAST LOVINGTON PROSPECT Location : LEA COUNTY, NEW MEXICO	

----- WELL PROFILE DATA -----

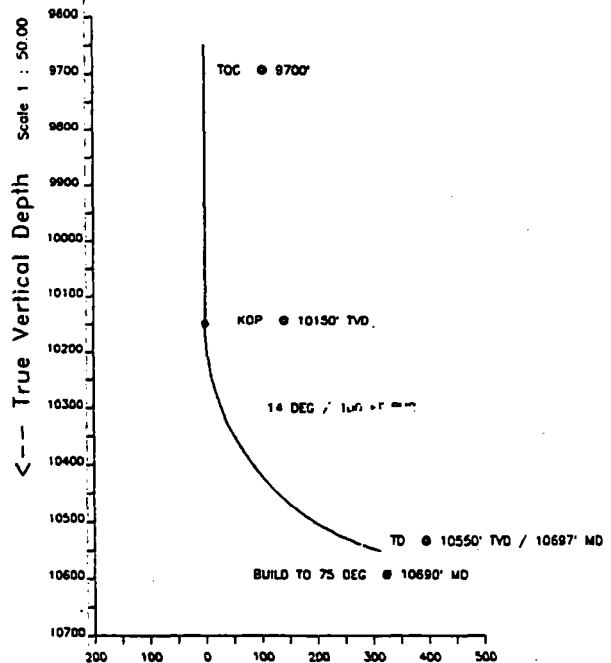
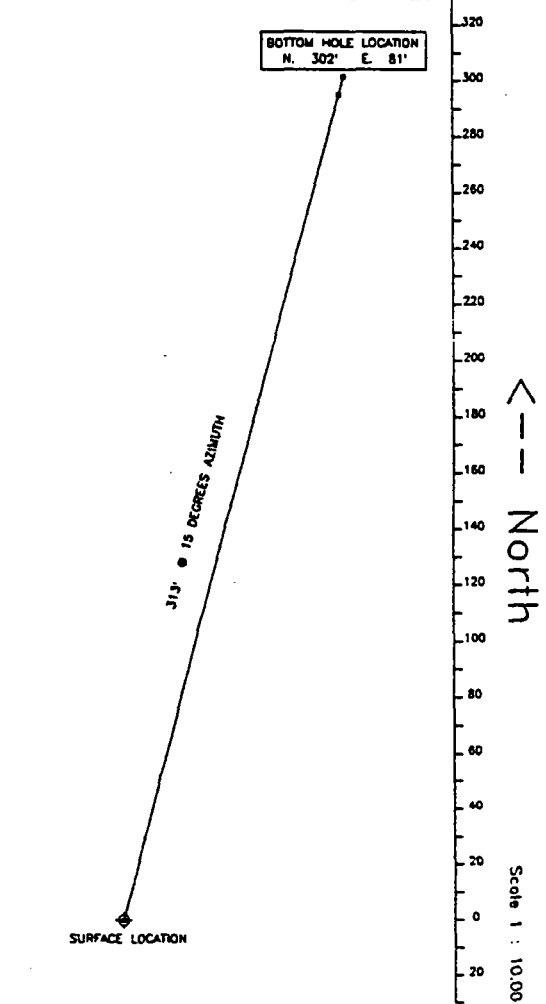
Point	MD	Inc	Dir	TVD	North	East
Tie on	0	0.00	15.00	0	0	0
KDP	10150	0.00	15.00	10150	0	0
End of Build	10690	75.00	15.00	10548	295	79
Target	10697	75.00	15.00	10550	302	81



MAGNETIC DECLINATION
8 DEGREES EAST



Scale 1 : 10.00 East --->



Scale 1 : 50.00
Vertical Section on 15.00 azimuth with reference 0.00 N, 0.00 E from structure

Structure : KIM HARRIS #1	
Field : EAST LOVINGTON PROSPECT Location : LEA COUNTY, NEW MEXICO	

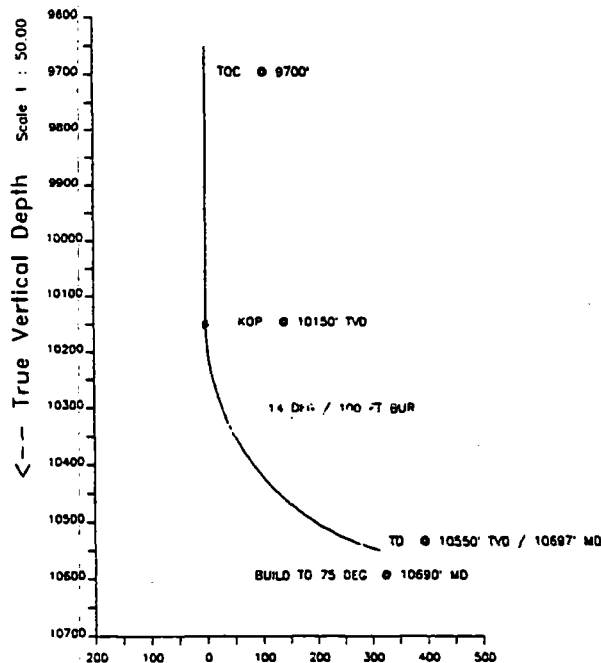
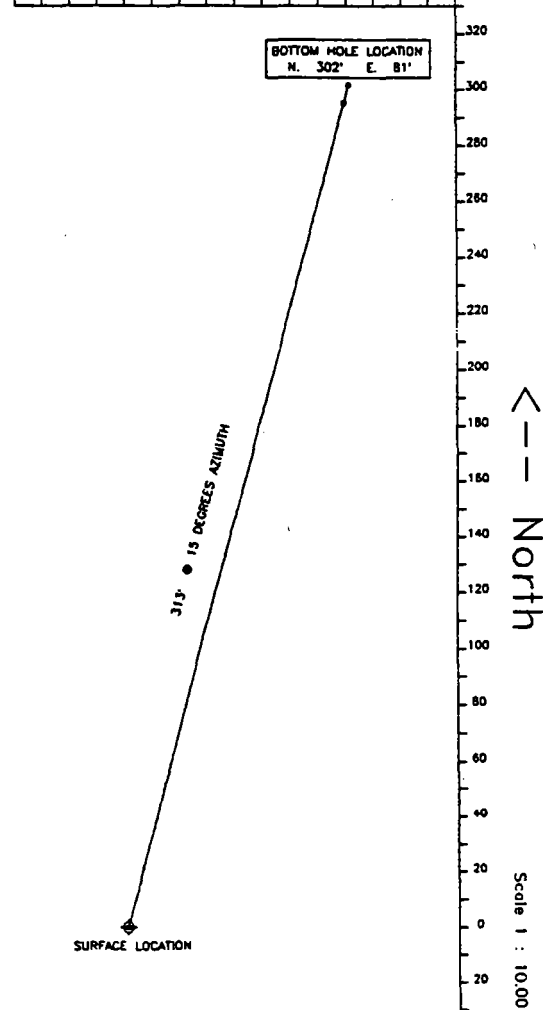
WELL PROFILE DATA						
Point	MD	Inc	Dir	TVD	North	East
Top	0	0.00	15.00	0	0	0
KOP	10150	0.00	15.00	10150	0	0
End of Build	10690	75.00	15.00	10548	285	79
Target	10697	75.00	15.00	10550	302	81



MAGNETIC DECLINATION
8 DEGREES EAST



Scale 1 : 10.00 East --->



Scale 1 : 50.00
Vertical Section on 15.00 azimuth with reference 0.00 N, 0.00 E from structure

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 10028
ORDER NO. R-9258

APPLICATION OF BRIDGE OIL (USA),
INC. FOR AN UNORTHODOX OIL WELL
LOCATION, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 8, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of August, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Bridge Oil (USA) Inc. operating for Bridge Oil Company, L.P., seeks approval of an unorthodox oil well location 990 feet from the North line and 2310 feet from the East line (Unit B) of Section 12, Township 16 South, Range 36 East, NMPM, to test the Undesignated Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.
- (3) The N/2 NE/4 of said Section 12 is to be dedicated to the well forming an 80-acre oil spacing and proration unit for said pool.

Case No. 10028
Order No. R-9258
Page No. 2

(4) The proposed spacing unit directly offsets the Northeast Lovington-Pennsylvanian Pool to the north and east and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-3816, as amended, which require 80-acre spacing units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

(5) The applicant presented geological evidence and testimony which indicates that a well drilled at the proposed location should penetrate a small algal reef mound within the Strawn formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(6) No offset operator or interested party appeared or objected to the proposed unorthodox oil well location.

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected 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 THAT:

(1) The application of Bridge Oil (USA), Inc. operating for Bridge Oil Company, L.P., for an unorthodox oil well location for the Undesignated Northeast Lovington-Pennsylvanian Pool is hereby approved for a well to be located at a point 990 feet from the North line and 2310 feet from the East line (Unit B) of Section 12, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico.

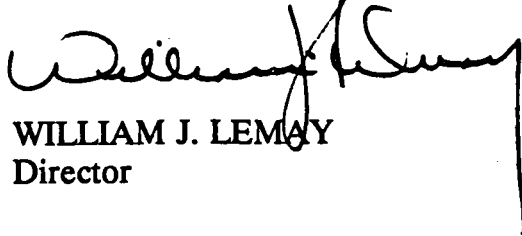
(2) The N/2 NE/4 of said Section 12 shall be dedicated to the above-described well forming a standard 80-acre oil spacing and proration unit for said pool.

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

Case No. 10028
Order No. R-9258
Page No. 3

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

SEAL