



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

June 7, 1996

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

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

Dear Mr. Foppiano:

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

The Division Director Finds That:

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

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

IT IS THEREFORE ORDERED THAT:

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

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

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

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

Administrative Order DD-147(H)

Oxy USA Inc.

June 7, 1996

Page 3

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

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

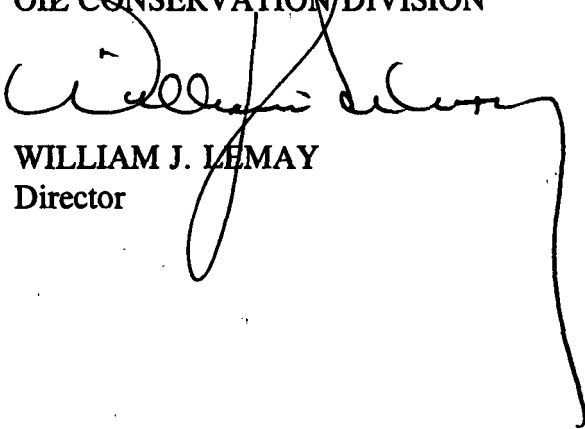
(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

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

PD-OXY

Rec: 5-7-96

Susp: 5-28-96

Released: 6-7-96

June 7, 1996

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

Attention: Richard E. Foppiano

147

Administrative Order DD-~~22~~(H)
High Angle/Horizontal

Dear Mr. Foppiano:

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

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

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

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

IT IS THEREFORE ORDERED THAT:

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

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*****
* User name:  MIKSTOGNER (20)           Queue:  PACHECO/OCD_LJ4SIMX_ENG  *
* File name:                               Server:  OCD_LJ4SIMX_ENG      *
* Directory:                                     *
* Description: LPT1 Catch                                     *
*      December 29, 1995                      10:03am                    *
*****
*
*      M  M  III  K  K  SSS  TTTT  OOO  GGGG  N  N  EEEEE  RRRR  *
*      MM MM  I  K  K  S  S  T  O  O  G  N  N  E  R  R  *
*      M M M  I  K  K  S  T  O  O  G  NN  N  E  R  R  *
*      M M M  I  KK  SSS  T  O  O  G  GGG  N  N  EEEE  RRRR  *
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proposed 40-acre standard oil spacing and proration unit.

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

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

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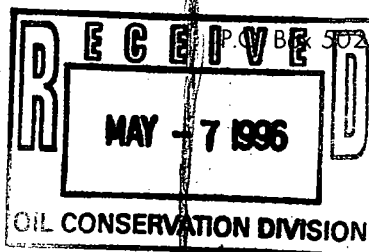
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

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



OXY USA Inc.

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

April 29, 1996

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

40-acre spacing

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

Dear Mr. Lemay:

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

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

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

Sincerely,

Richard E. Foppiano
Regulatory Affairs Advisor
Western Region - Midland

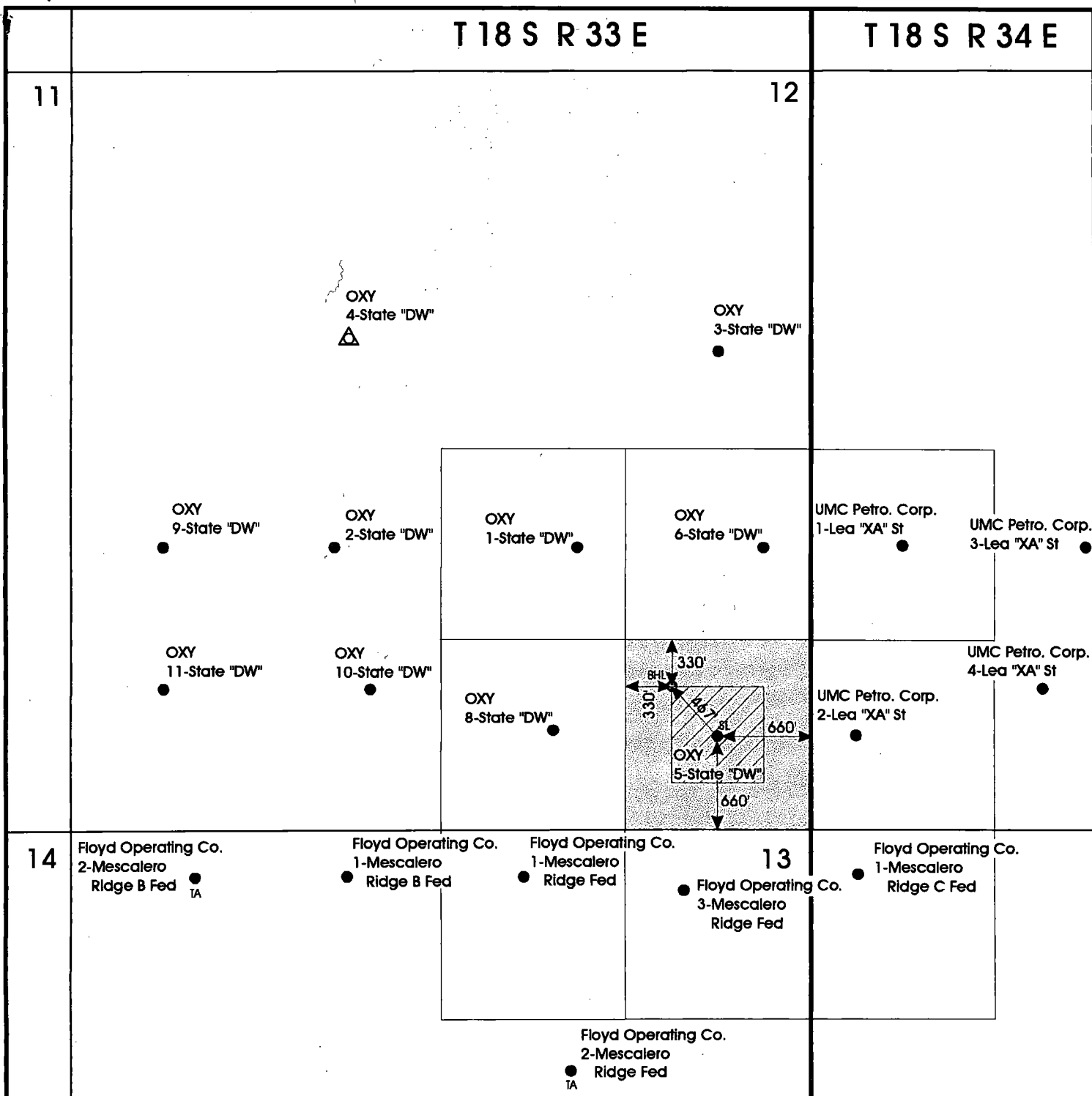
REF/ref
attachments

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

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

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

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



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

Only Bone Spring Wells Shown
Source: Dwight's Energydata

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

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

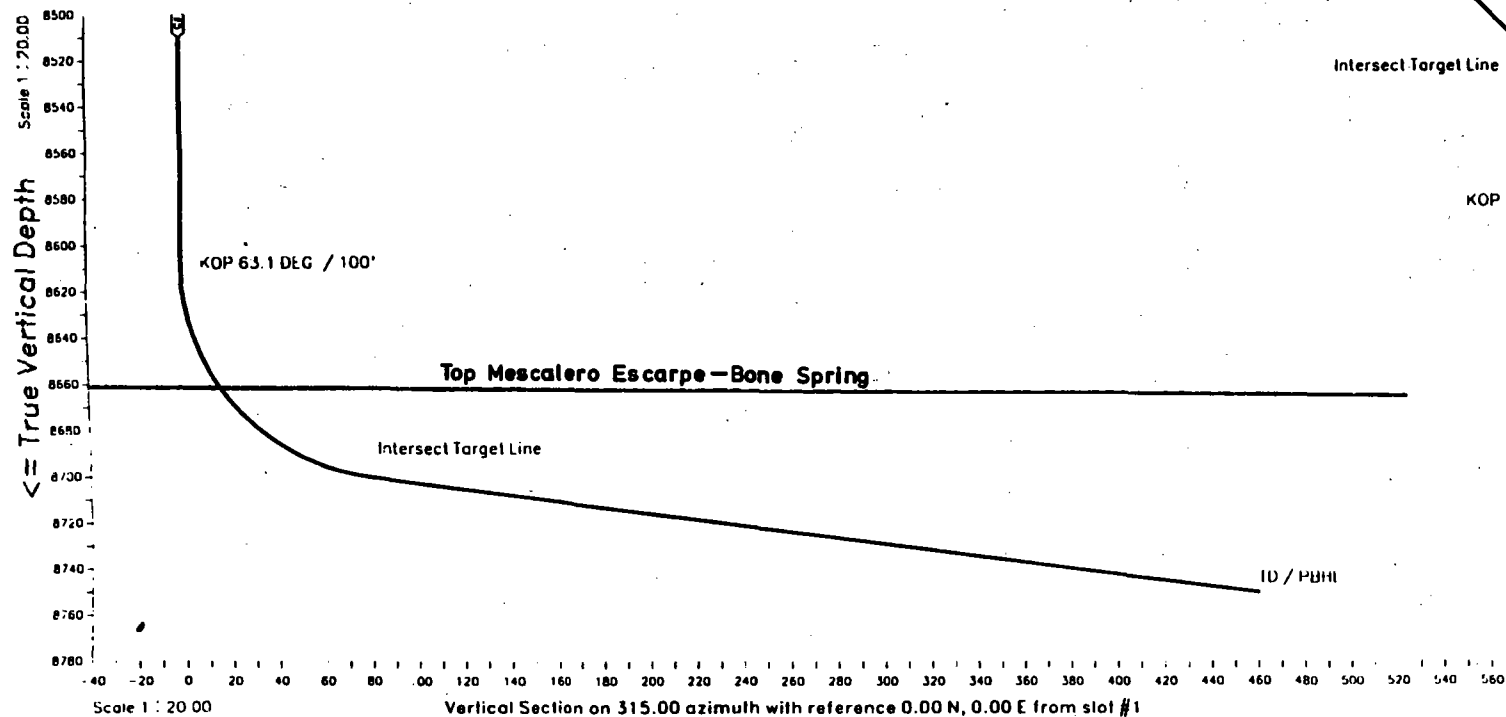
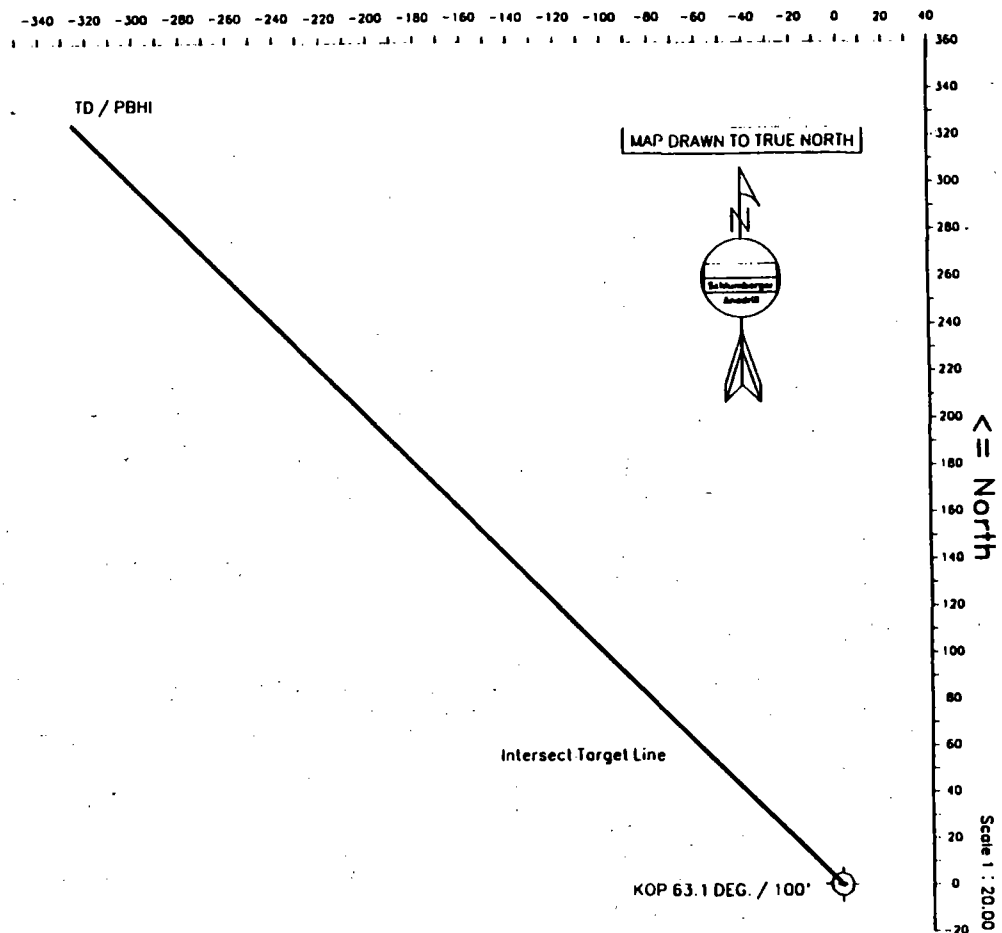
Geol: M. Liebert

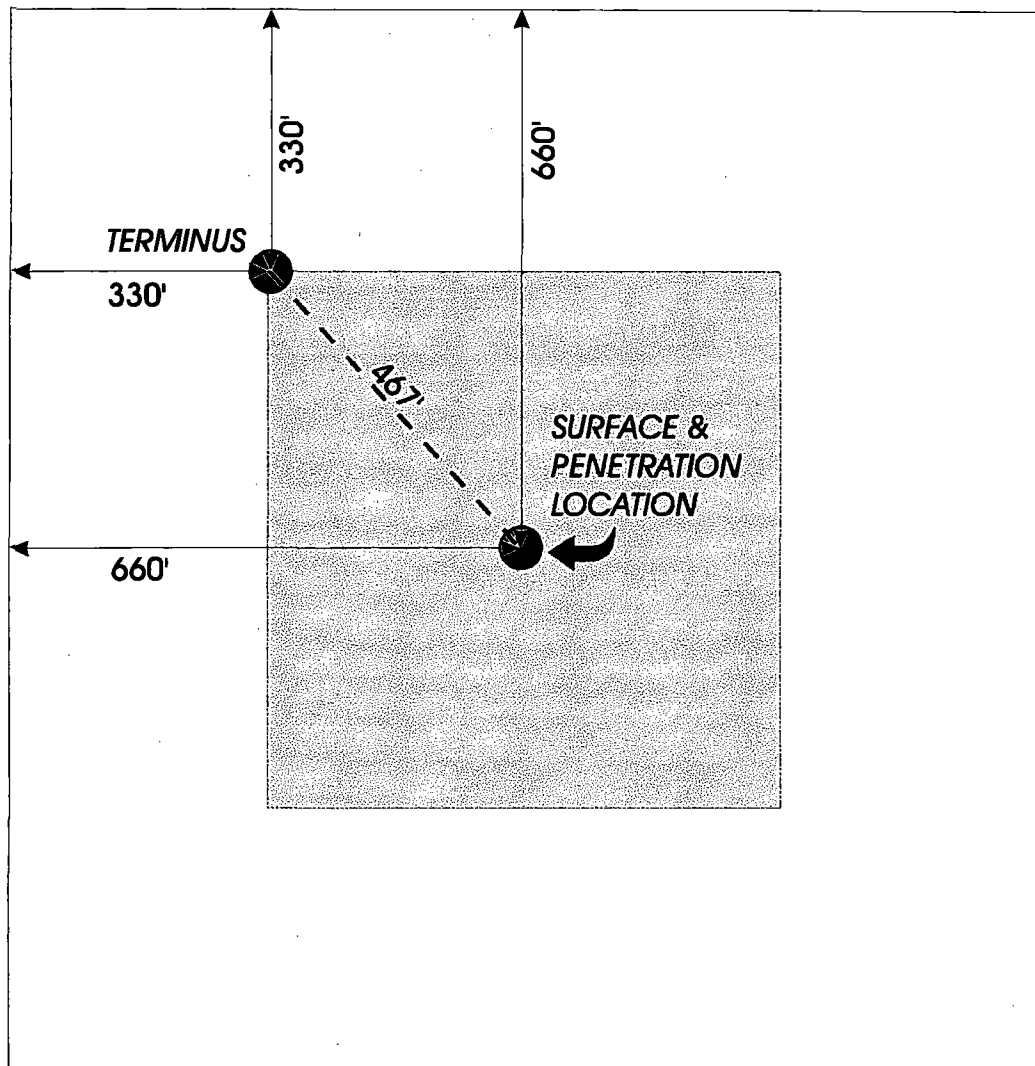
OXY USA Inc.
Mescalero Escarpe-Bone Spring
Lea County, New Mexico

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

Scale 1 : 20.00

East =>





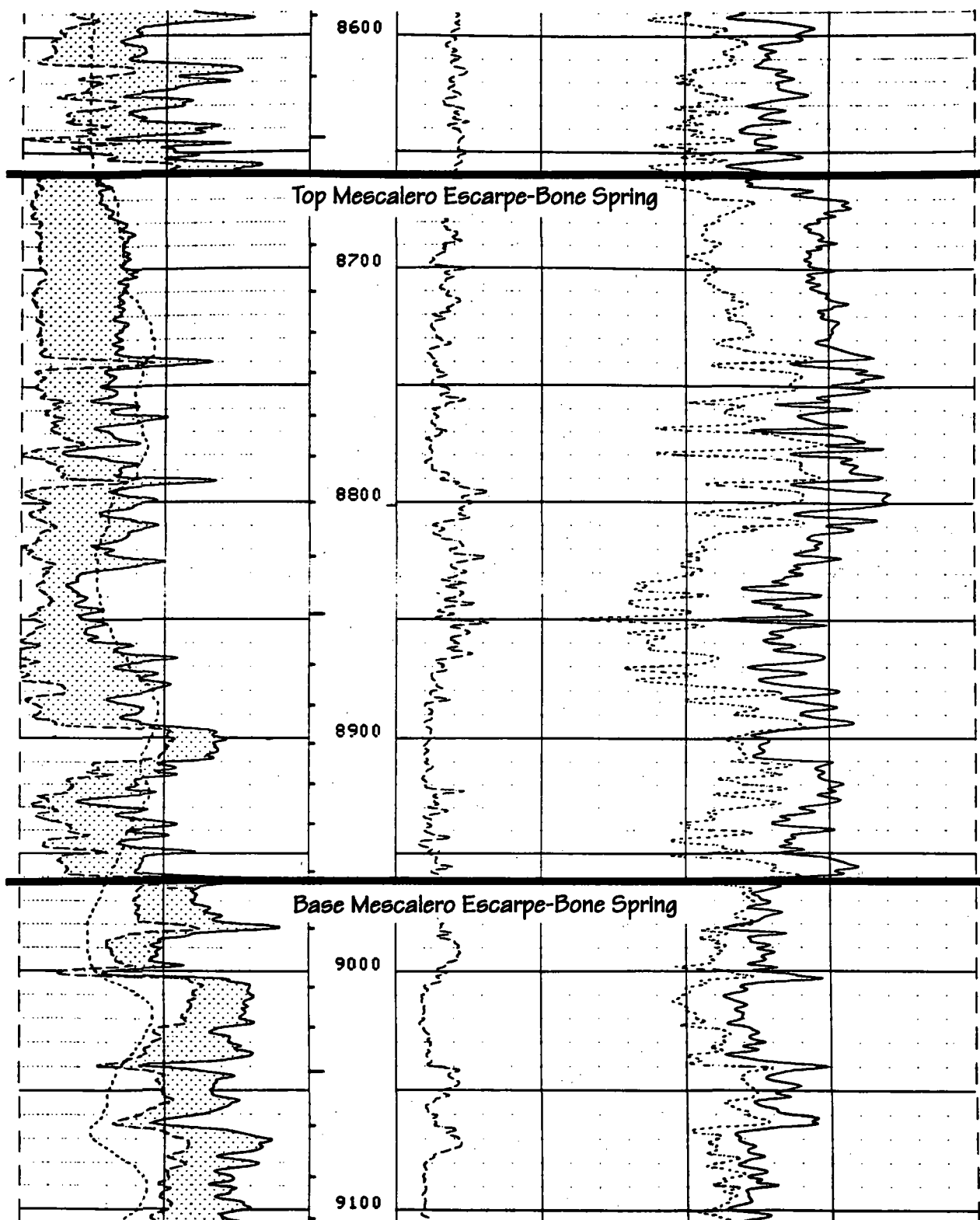
 Producing Area
for State "DW">#5

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

Date: April, 1996

Scale: None

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



District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, 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-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: OXY USA Inc. P.O. Box 50250 Midland, TX 79710-0250		OGRID Number 16696 API Number 30-025-28800
Property Code 008656	Property Name State DW	Well No. 5

7 Surface Location

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

8 Proposed Bottom Hole Location If Different From Surface

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

9 Proposed Pool 1

Mescalero Escarpe-Bone Spring Pool 045793

10 Proposed Pool 2

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

21 Proposed Casing and Cement Program

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

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.

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

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

Surface Location - 660 FSL 660 FEL
Penetration Point - 660 FSL 660 FEL
Terminus - 990 FSL 990 FEL

Lateral - 467'

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

Signature:

Printed name:

David Stewart

Title:

Regulatory Analyst

Date:

4/30/96

Phone:

915-685-5717

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

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

State of New Mexico
Energy, Minerals & Natural Resources Department

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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

¹⁰ Surface Location

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

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
40	N		

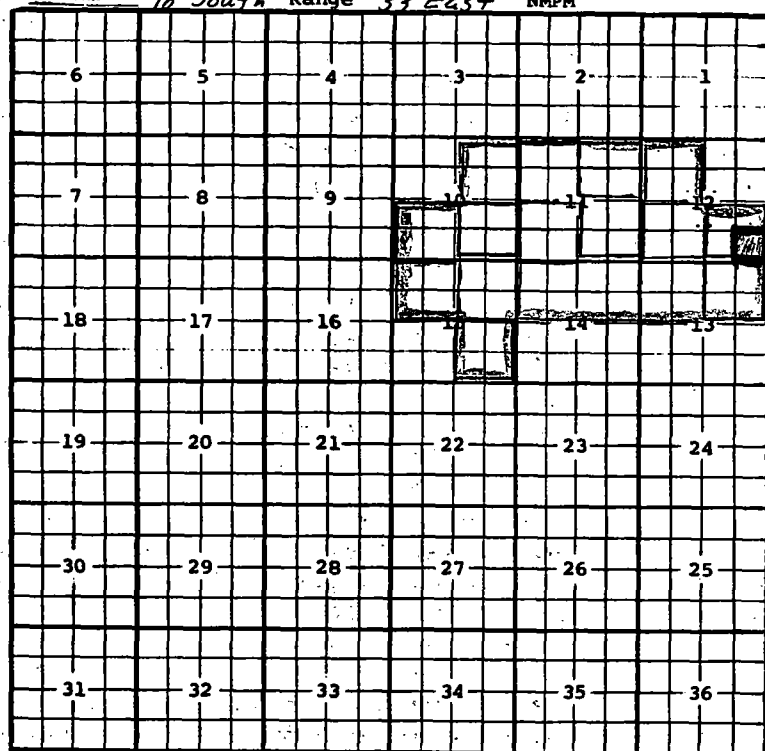
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

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

Diagram showing well location T and S-PP. Distances: 990' (horizontal), 990' (vertical), 467' (diagonal), and 660' (horizontal).

County Lea Pool Mescalero Escarpe - Bone Spring

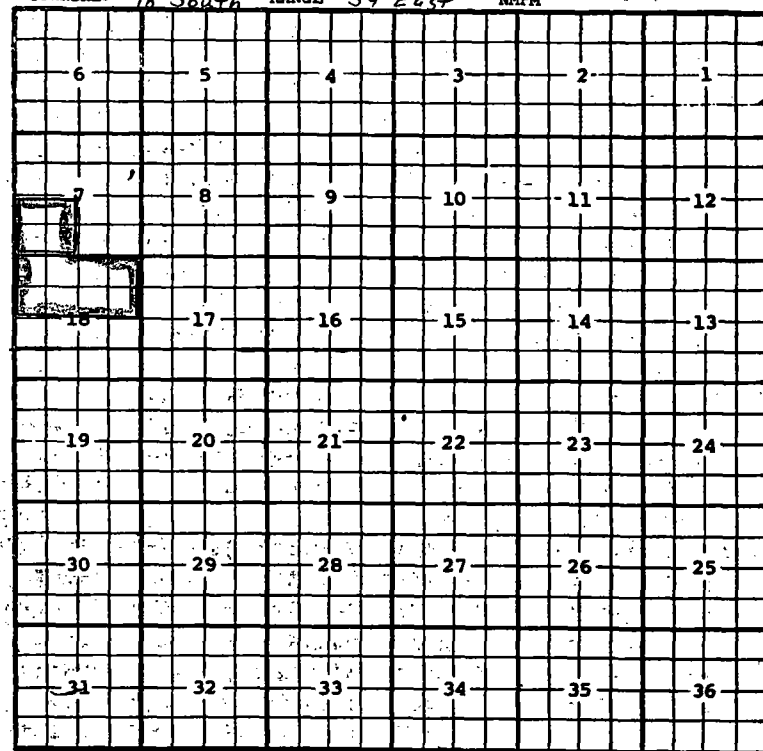
TOWNSHIP 18 South Range 37 East NMPM



Description: $\frac{5}{8}$ Sec. 12 (A-7554, 6-14-84)
 Ext: $\frac{1}{4}$ Sec. 12 (A-7607, 2-22-84) Ext: $\frac{1}{4}$ Sec. 12 (A-7768, 1-8-85)
 Ext: $\frac{1}{4}$ Sec. 11 (A-7959, 6-12-85) Ext: $\frac{1}{4}$ Sec. 13 (A-8024, 8-30-85)
 Ext: $\frac{5}{8}$ Sec. 11 (A-8075, 11-8-85) Ext: $\frac{1}{4}$ Sec. 13, $\frac{1}{2}$ Sec. 14 (A-8125, 1-14-86)
 Ext: $\frac{1}{4}$ Sec. 11 (A-8193, 2-21-86) Ext: $\frac{5}{8}$ Sec. 10 (A-8461, 6-25-87)
 Ext: $\frac{1}{4}$ Sec. 11 (A-8483, 8-13-87) Ext: $\frac{1}{4}$ Sec. 10, $\frac{1}{4}$ Sec. 15
 (A-8561, 12-4-87) Ext: $\frac{5}{8}$ Sec. 15 (A-9038, 12-1-89) Ext: SW $\frac{1}{4}$ Sec. 10 (A-9120, 3-1-90)
 Ext: NW $\frac{1}{4}$ Sec. 15 (A-8772, 11-1-88)

COUNTY Lea POOL Mescalero Escarpe - Bone Spring

TOWNSHIP 18 South RANGE 34 East NMPM



Ext: $\frac{1}{4}$ Sec. 7 (A-7607, 2-22-84) Ext: $\frac{1}{2}$ Sec. 18 (A-7263, 1-8-85)