



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 15, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Cimarron Exploration Company
P. O. Box 1592
Roswell, New Mexico 88202
Attention: Richard C. Gilliland

Telefax No. (505) 624-1006

Administrative Order NSL-4608(NSBHL)

Dear Mr. Gilliland:

Reference is made to the following: (i) your application dated May 16, 2001; (ii) the records of the New Mexico Oil Conservation Division in Santa Fe ("Division"), including the file on Division Case No. 9728: all concerning Cimarron Exploration Company's ("Cimarron") request for exception to Division Rules 111.A (13) and 111.C (2) and Rule 4 of the "*Special Rules and Regulations for the Shipp-Strawn Pool*," as promulgated by Division Order No. R-8062-A, as amended.

The Division Director Finds That:

- (1) The subject application has been duly filed under the provisions of Division Rules 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and 111.C (2) and the applicable provisions of the special rules governing the Shipp-Strawn Pool;
- (2) By Order No. R-8062 issued in Case No. 8696, dated October 31, 1985, the Division created and defined the Shipp-Strawn Pool (**55695**) for the production of oil from the Strawn formation. The horizontal limits for this pool, as currently designated, include the following lands in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 1:	W/2
Sections 2 through 4:	All
Section 5:	N/2 and SE/4
Section 9:	N/2
Section 12:	NW/4

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 32:	SE/4
Section 33:	S/2

Section 34:	SE/4
Section 35:	SE/4
Section 36:	W/2 and SE/4

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM

Section 31:	SW/4;
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- (3) The special rules governing the Shipp-Strawn Pool provides for 80-acre oil spacing and proration units and requires wells be located within 150 feet of the center of a governmental quarter-quarter section or lot;
- (4) The "project area" proposed by Cimarron is to consist of a single standard 80-acre stand-up oil spacing and proration unit comprising the E/2 SE/4 of Section 34, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico;
- (5) It is our understanding from the Division's records that Conoco, Inc. initially drilled the West Knowles Well No. 11 (**API No. 30-025-30668**) at an unorthodox Strawn oil well location within a standard 80-acre lay-down oil spacing and proration unit comprising the S/2 SE/4 of Section 34 (approved by Division Order No. R-8992, issued in Case No. 9728 and dated August 31, 1989) 660 feet from the South line and 330 feet from the East line (Unit P) of Section 34 to a depth of 11,704 feet in October/November, 1989;
- (6) It is further understood that Cimarron now intends to recomplete this well by plugging back to an approximate depth of 11,305 feet, kick-off in a northerly direction, built angle to approximately 90 degrees, continue drilling horizontally a distance of 1,236 feet;
- (7) The targeted end or bottom-hole location of this drainhole is proposed to be within the NE/4 SE/4 (Unit I) of Section 34 at a standard subsurface oil well location that is approximately 1875 feet from the South line and 555 feet from the East line of Section 34;
- (8) At the request of the applicant, the dedicated acreage for this well is to be re-oriented from a lay-down unit (S/2 SE/4 of Section 34) to a stand-up unit (E/2 SE/4 of Section 34) ;
- (9) It appears that the applicant has satisfied all of the appropriate requirements prescribed in Division Rules 111.C (2) and 104.F and RULE 5 of the special pool

rules; therefore the subject application should be approved; and

- (10) The provisions contained within this order and all other applicable provisions of Division Rule 111 and Division Order No. R-8062-A, as amended, should govern the subject 80-acre oil spacing and proration unit.

It Is Therefore Ordered That:

(1) By the authority granted me under the provisions of Division Rule 104.F (2) and RULE 5 of the "*Special Rules and Regulations for the Shipp-Strawn Pool*," as promulgated by Division Order No. R-8062, as amended, the above-described application of Cimarron Exploration Company ("Cimarron") for exception to Division Rules 111.A (13) and 111.C (2) and RULE 4 of the special pool rules, is hereby approved. Cimarron is further authorized to recomplete its existing West Knowles Well No. 11 (**API No. 30-025-30668**) located on the surface at an unorthodox oil well location (approved by Division Order No. R-8992) 660 feet from the South line and 330 feet from the East line (Unit P) of Section 34, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, by plugging the existing completion interval back to an approximate depth of 11,305 feet, kick-off in a northerly direction, build angle to approximately 90 degrees, and continue drilling horizontally through the Strawn formation a distance of 1,236 feet to a targeted bottom-hole location within the NE/4 SE/4 (Unit I) of Section 34 at a point considered to be standard that is approximately 1875 feet from the South line and 555 feet from the East line of Section 34.

(2) The "project area" for this well shall consist of a single standard 80-acre oil spacing and proration unit comprising the E/2 SE/4 of Section 34.

(3) The applicable drilling window or producing area within the Shipp-Strawn Pool (**55695**) for this wellbore shall include that area within the subject 80-acre oil spacing and proration unit that is:

(a) no closer then 330 feet to the East line of Section 34:

(b) no closer then 510 feet to the South line of Section 34; and; and

(b) no closer then 510 feet to either the northern and western boundaries of the subject 80-acre unit.

- (4) The operator shall comply with all applicable requirements and conditions set forth

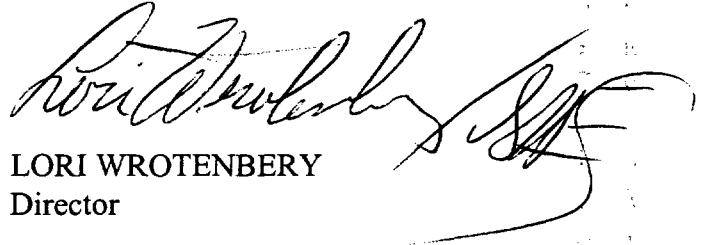
in Division Rule 111 and Division Order No. R-8062, as amended.

(5) Division Order No. R-8992 shall be placed in abeyance until further notice.

(6) Jurisdiction of this case 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


LORI WROTENBERY
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs