

**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. 11307
Order No. R-10401**

**APPLICATION OF MARBOB ENERGY
CORPORATION FOR DIRECTIONAL
DRILLING AND AN UNORTHODOX
BOTTOMHOLE OIL WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 15, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 22nd day of June, 1995, 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, Marbob Energy Corporation, seeks authority to re-enter its temporarily abandoned Marathon Federal Well No. 2 located 1650 feet from the North line and 1980 feet from the West line (Unit F) of Section 33, Township 13 South, Range 29 East, NMPM, Chaves County, New Mexico, wherein the applicant proposes to kick off from the vertical and directionally drill the subject well in a northwesterly direction to an unorthodox bottomhole oil well location in the South Lone Wolf-Devonian Pool within 50 feet of a point 1353 feet from the North line and 1914 feet from the West line (Unit F) of Section 33.

(3) The SE/4 NW/4 of Section 33 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for said pool.

(4) The proposed well is located within the South Lone Wolf-Devonian Pool which is currently governed by Statewide Oil Rules and Regulations which require standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.

(5) The evidence and testimony presented indicates that the applicant originally intended to drill a new well within the SE/4 NW/4 of Section 33 to test the Devonian formation. In conjunction with such intent, the applicant sought and obtained Division approval to drill its White Fang Federal Well No. 1 at an unorthodox oil well location 1353 feet from the North line and 1914 feet from the West line (Unit F) of Section 33 by Division Order No. R-10351 issued in Case No. 11238 on April 13, 1995.

(6) By utilizing the existing Marathon Federal Well No. 2 as opposed to drilling a new well, the applicant can save considerable drilling expense.

(7) Division records indicate that the Marathon Federal Well No. 2 was drilled in 1992 by Marathon Oil Company and was completed in the South Lone Wolf-Devonian Pool on or about August 26, 1992. On August 15, 1994, Hanagan Petroleum Corporation assumed operations on the well from Marathon Oil Company. The well was temporarily abandoned in November, 1994 due to high water production after cumulatively producing approximately 17,745 barrels of oil from the subject pool

(8) On February 1, 1995, Marbob Energy Corporation assumed operations on the well from Hanagan Petroleum Corporation.

(9) The applicant's geologic evidence and testimony indicates that the Marathon Federal Well No. 2 is located on the downthrown side of a fault which traverses the SE/4 NW/4 of Section 33 in a northeast to southwest direction.

(10) Applicant's geologic evidence and testimony further indicates that the proposed unorthodox bottomhole oil well location will be located on the upthrown side of the fault at one of the highest structural positions in the reservoir within this quarter-quarter section.

(11) The applicant's further evidence and testimony indicates that the proposed directional drilling and unorthodox bottomhole oil well location are necessary in order to effectively drain that portion of the SE/4 NW/4 not previously drained by the aforesaid Marathon Federal Well No. 2.

(12) From evidence and testimony presented in Case No. 11238, applicant estimates that a well located at the proposed unorthodox bottomhole oil well location

should recover between 300-500 thousand barrels of "attic" oil within the South Lone Wolf-Devonian Pool.

(13) There are currently no other wells within the NW/4 of Section 33 producing from the subject pool.

(14) The NE/4 NW/4, being the affected offset acreage, is currently operated by the applicant, and, according to applicant's testimony, the interest ownership between the NE/4 NW/4 and the proposed proration unit is common.

(15) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(16) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the South Lone Wolf-Devonian 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.

(17) The applicant should be required to conduct a directional survey on the well prior to initiating directional drilling operations and subsequent to the completion of such operations in order that the bottomhole location of the well may be verified to be in compliance with the terms of this order.

(18) The applicant should notify the supervisor of the Division's Hobbs district office of the date and time of the conductance of any directional survey on the subject well in order that the same may be witnessed. In addition, subsequent to the conductance of such directional surveys, copies of these surveys should be furnished to the Santa Fe and Hobbs offices of the Division.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Marbob Energy Corporation, is hereby authorized to re-enter its temporarily abandoned Marathon Federal Well No. 2 located 1650 feet from the North line and 1980 feet from the West line (Unit F) of Section 33, Township 13 South, Range 29 East, NMPM, Chaves County, New Mexico, kick off from the vertical and directionally drill the subject well in a northwesterly direction to an unorthodox bottomhole oil well location in the South Lone Wolf-Devonian Pool within 50 feet of a point 1353 feet from the North line and 1914 feet from the West line (Unit F) of Section 33.

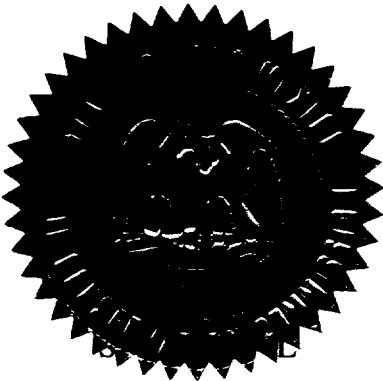
(2) The SE/4 NW/4 of Section 33 shall be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for said pool.

(3) The applicant shall conduct a directional survey on the well prior to initiating directional drilling operations and subsequent to completion of such operations in order that the bottomhole location of the well may be verified to be in compliance with the terms of this order.

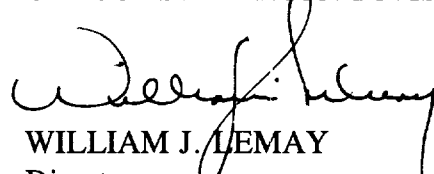
(4) The applicant shall notify the supervisor of the Division's Hobbs district office of the date and time of the conductance of any directional survey on the subject well in order that the same may be witnessed. In addition, subsequent to the conductance of such directional surveys, copies of these surveys shall be furnished to the Santa Fe and Hobbs offices of the Division.

(5) Jurisdiction is hereby 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