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W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

February 7, 1994

FEB - 7 1994

Mr. William J. LeMay  
Oil Conservation Division  
310 Old Santa Fe Trail, 2nd Floor  
Santa Fe, New Mexico 87501

Re: Application of GECKO, Inc. for  
Directional Drilling and Unorthodox Surface and  
Subsurface Oil Well Locations,  
Lea County, New Mexico

Case 10924

Dear Mr. LeMay:

On behalf of GECKO, Inc. please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for March 3, 1994. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

By copy of this letter and application, sent certified mail, we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, February 25, 1994, with a copy delivered to the undersigned.

Very truly yours,

  
W. Thomas Kellahin

Enclosure

cc: GECKO, Inc. and By Certified Mail - Return Receipt  
All Parties Listed on Exhibit "C" of Application

FFB - 7 1994

PROPOSED ADVERTISEMENT

**CASE 10924**: Application of GECKO, Inc. for directional drilling and an unorthodox oil well surface and bottom hole locations, Lea County, New Mexico. Applicant seeks exceptions to Division General Rule 111 and the Special Rules and Regulations of the Casey-Strawn Pool and for approval to reenter its Gecko State "35 Well No. 1 at unorthodox surface location 434 feet FNL and 1762 feet FEL (Unit B) in Section 35, T16S, R37E, NMPM, Lea County, New Mexico, establish a kickoff point and to deviate from vertical in a southerly direction to a total vertical depth of approximately 11,750 feet to the base of the Strawn formation at a point within a 100 foot radius of an estimated bottom hole target 1762 feet FEL and 934 FNL (Unit B) in said Section 35 and for approval to produce the Strawn formation at said unorthodox bottom hole location within an 80-acre spacing and proration unit consisting of the N/2NE/4 of Section 35 being dedicated to production from the Casey-Strawn Pool. Said well is located approximately 6 miles north from Humble City, New Mexico.

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

IN THE MATTER OF THE APPLICATION  
OF GRECKO, INC. FOR DIRECTIONAL  
DRILLING AND UNORTHODOX OIL WELL  
SURFACE AND BOTTOM HOLE LOCATIONS,  
LEA COUNTY, NEW MEXICO

FEB - 7 1991

CASE NO.: 10924

A P P L I C A T I O N

Comes now GECKO, INC. by its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for exceptions to Division General Rule 111 and the Special Rules and Regulations of the Casey-Strawn Pool and for approval to reenter its Gecko State "35 Well No. 1 at unorthodox surface location 434 feet FNL and 1762 feet FEL (Unit B) in Section 35, T16S, R37E, NMPM, Lea County, New Mexico, establish a kickoff point and to deviate from vertical in a southerly direction to a total vertical depth of approximately 11,750 feet at the base of the Strawn formation to a point within a 100 foot radius bottom hole target 1762 feet FEL and 934 FNL (Unit B) in said Section 35 and for approval to produce the Strawn formation at said unorthodox bottom hole location within an 80-acre spacing and proration unit consisting of the N/2NE/4 of Section 35 being dedicated to production from the Casey-Strawn Pool. Said well is located approximately 6 miles north from Humble City, New Mexico.

and in support states:

(1) GECKO, Inc. is the proposed operator for and a working interest owner in the GECKO State "35" Well No. 1 previously drilled at an unorthodox oil well location 434 FNL and 1762 feet FEL (Unit B) of Section 35, T16S, R37E, NMPM, Undesignated Casey-Strawn Pool, Lea County, New Mexico. See Exhibit "A" attached

(2) GECKO, Inc. proposes to reenter this well at its unorthodox surface location, establish a kickoff point estimated to be approximately 9,000 measured depth and to drill directionally in a southerly direction to penetrate the base of the Strawn formation, at a true vertical depth of approximately 11,750 feet and within a 100 foot radius of a subsurface location 1762 feet FEL and 934 feet FNL of Section 35 being an unorthodox subsurface location for production from the Strawn formation of the Casey-Strawn Pool. See Exhibit "B" attached.

(3) The Strawn formation at this location is within the Casey-Strawn Pool which is subject to Special Rules and Regulations as set forth in Division Order R-2187-A issued January 23, 1979.

(4) The Special Rules and Regulations for the Pool provide, among other things, for 80-acre proration and spacing units for oil production with wells located within 150 feet of the center of a governmental quarter-quarter section

(5) GECKO, Inc. requests exceptions to the Special Rules and Regulations of the Casey-Strawn Pool concerning both surface and subsurface locations.

(6) GECKO, Inc. also requests exceptions to Division General Rule 111 concerning this proposed intentional deviation and the size of the radius for the bottom hole target.

(7) The proposed reentry and directional drilling of the existing GECKO State "35" Well No. 1 will afford to the applicant and the other working interest owners in this well an opportunity to reduce the costs of drilling.

(8) Based upon geological considerations and in order to maximize the opportunity to encounter the Strawn formation at its most favorable location in this spacing unit, GECKO, Inc. proposes to locate the well in the Strawn formation at an unorthodox bottom hole location.

(9) Approval of a 100 foot radius bottom hole target will provide an economic savings to the cost bearing interest owners involved in this well.

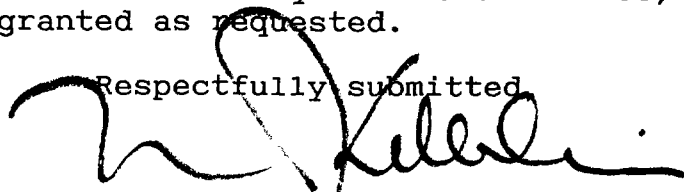
(10) The direction of encroachment is towards the S/2NE/4 of said Section 35 which involves the same owners with the same percentages as those who will participate in the subject well.

(11) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the affected pool and to protect its spacing unit from drainage thereby protecting correlative rights and potentially recover hydrocarbons that might otherwise not be recovered thereby preventing waste.

(12) In accordance with Division notice requirements, notice of this application and applicant's request for a hearing to be set on March 3, 1994 has been sent to those parties listed on Exhibit "C" attached.

WHEREFORE, GECKO, Inc. requests that this application be set for hearing and that after notice and hearing as provided for by Division rules, the application be granted as requested.

Respectfully submitted,



W. Thomas Kellahin  
KELLAHIN AND KELLAHIN  
P. O. Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285  
ATTORNEYS FOR APPLICANT

# OIL CONSERVATION DIVISION

DISTRICT I  
P.O. Box 1980, Hobbs, NM 38240

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

DISTRICT II  
P.O. Drawer DD, Artesia, NM 80210

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

## WELL LOCATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section.

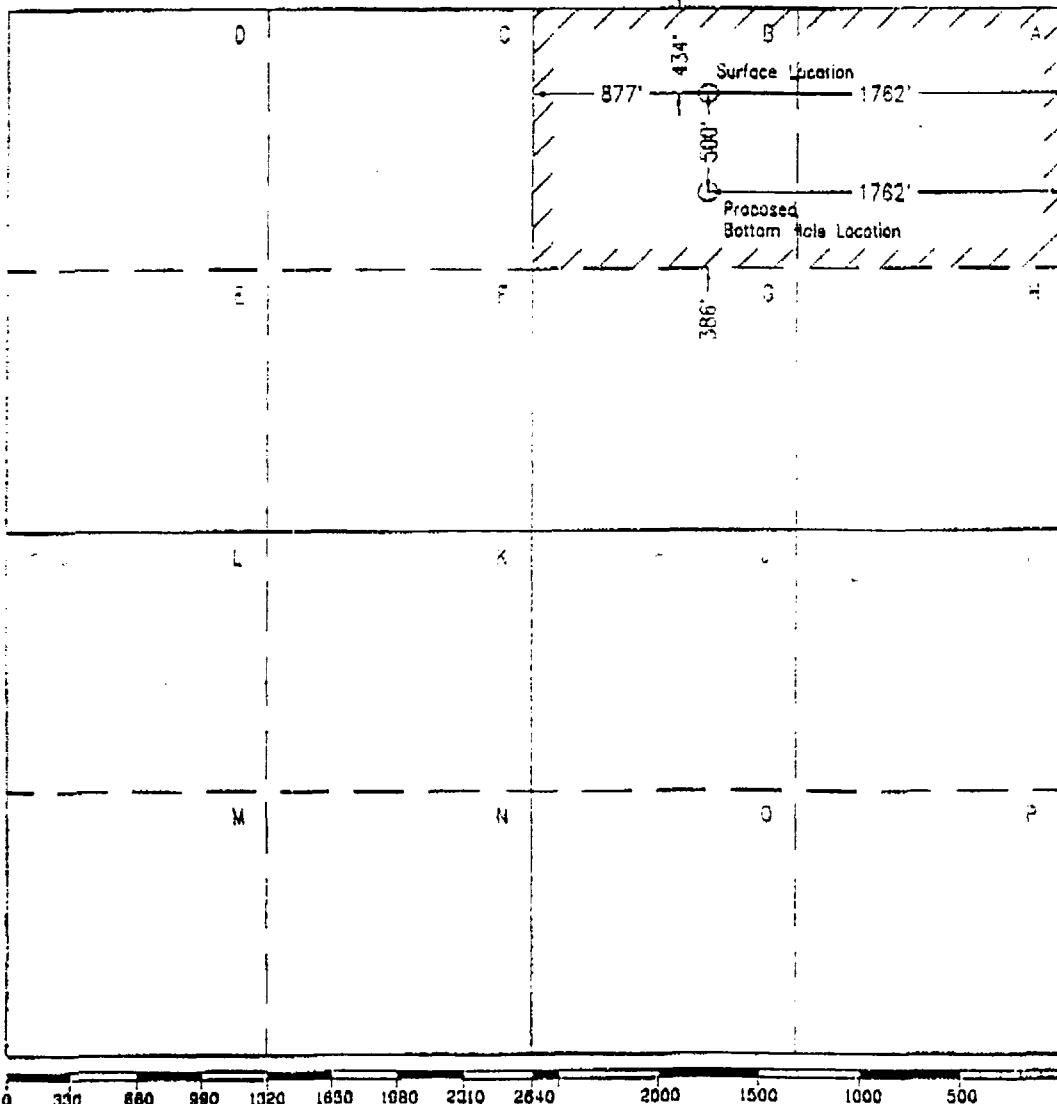
Operator <b>GECKO, INC.</b>			Lease <b>GECKO State -35-</b>			Well No. <b>1</b>		
Unit Letter <b>B</b>	Section <b>35</b>	Township <b>T16S</b>	Range <b>R37E</b>	County <b>NMPM</b>		Loc <b>Lea</b>		
Actual Footage Location of Well: <b>434</b> feet from the <b>North</b> line and <b>1762</b> feet from the <b>East</b> line.								
Ground level Elev. <b>3762</b>	Producing Formation <b>Strawn</b>			Pool <b>Casey (Strawn)</b>			Dedicated Acreage: <b>80</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes  No If answer is "yes", type of consolidation \_\_\_\_\_

If answer is "no", list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



### OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature \_\_\_\_\_  
 Printed Name **Steve L. Thomson**  
 Position **President**  
 Company **GECKO, Inc.**  
 Date **January 31, 1994**

### SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed **10-20-93**  
 Signature & Seal of Professional Surveyor  
  
 Certificate No. \_\_\_\_\_

**9** Miles **SE** of **Lovington**, New Mexico.

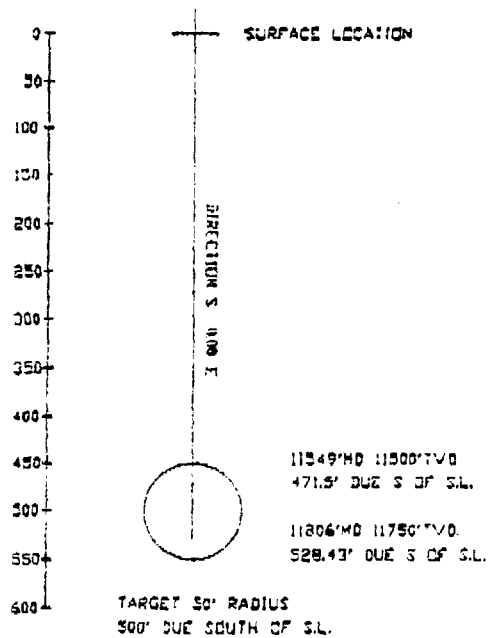
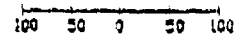
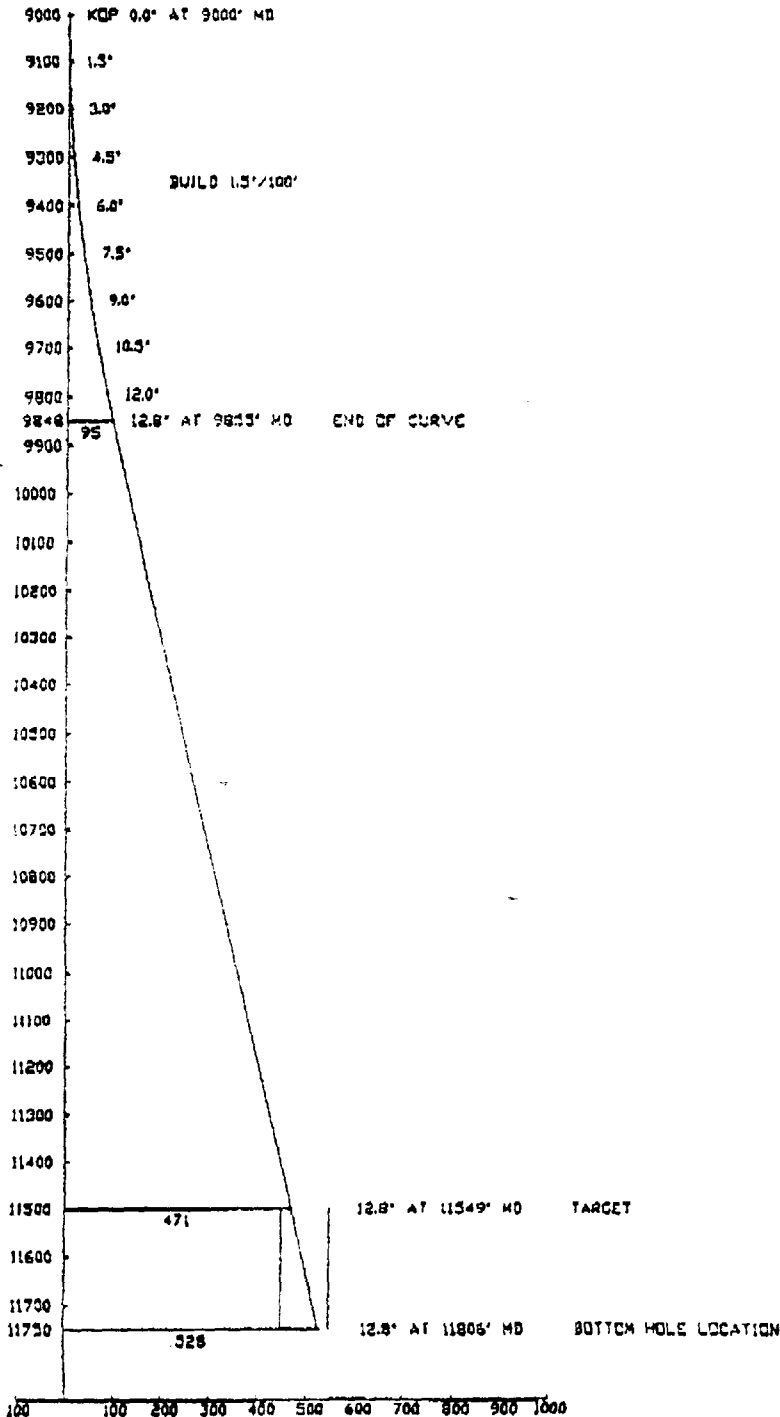
File No. **A-0300**

GECKO, INCORPORATED  
 GECKO STATE 35 #1  
 LEA COUNTY, NEW MEXICO



VERTICAL SECTION  
 SCALE: 100 FEET/DIVISION

HORIZONTAL PLAN  
 SCALE: 50 FEET/DIVISION



VERTICAL SECTION PLANE: S 0.00 E

NOTICE LIST OF OFFSETTING OPERATORS

Yates Petroleum Company  
105 S. Fourth Street  
Artesia, New Mexico 88210  
Attn: Mr. Randy Patterson

PG&E Resources Company  
6688 N. Central Expressway, Suite 1000  
Dallas, Texas 75202-3922  
Attn: Mr. Jerry R. Anderson

EXHIBIT "C"  
TO  
GECKO, INC, NMOCD APPLICATION