

KELLAHIN, KELLAHIN and AUBREY

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Santa Fé, New Mexico 87504-2265

April 4, 1989

RECEIVED

APR 4 1989

HAND-DELIVERED

OIL CONSERVATION DIVISION

Mr. William J. LeMay  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Re: Steve Sell for an Unorthodox  
Surface and Subsurface Location  
and Approval to Intentionally  
Deviate Well Bore  
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Steve Sell, please set our first amended application enclosed for hearing at the next available examiner's docket now set for April 21, 1989.

We would appreciate you continuing and readvertising Division Case No. 9643 now set for April 12, 1989. We suggest the following to be used for the advertisement for this case:

Application of Steve Sell for an unorthodox surface and subsurface location and directional drilling, Eddy County, New Mexico. Applicant in the above styled cause seeks approval to spud its Shafer Federal Com #1 well at an unorthodox surface of 1,327' FSL and 1,143' FWL and drill vertically to a depth of 4,911' (TVD) and then to commence drilling directionally to penetrate the top of the Cisco formation in the undesignated Indian Basin Upper Penn Pool at a true vertical depth of approximately 7,764' and within a 50' radius of an unorthodox subsurface location 1,650' from the South line and 850' from the West line of Section 35, T21S, R24E, with all of said section being dedicated to its well, forming a standard 640 acre gas spacing and proration unit for said pool. In addition, the applicant seeks approval of an unorthodox subsurface well location within a 50' radius of a point 1,650' FSL and 850' FWL of said Section 35 in the Indian Basin Morrow Pool. Said location is approximately 14 miles West of Carlsbad, New Mexico.

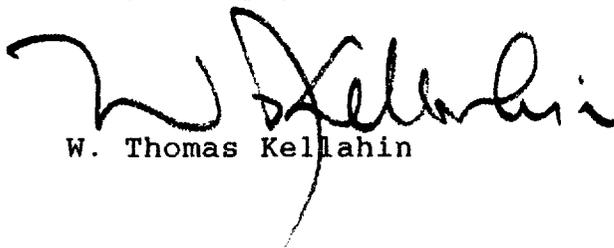
KELLAHIN, KELLAHIN and AUBREY

Mr. William J. LeMay  
April 4, 1989  
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By copy of this letter and application sent certified mail, return-receipt to all offset operators, we are notifying each of them of the right to appear at the hearing either in support of or in opposition to this application.

Should any such party desire more information about this matter or about the procedures to hearing this application, they may call the Division or the undersigned.

Very truly yours,



W. Thomas Kellahin

WTK/rs  
Encl.

cc: Steve Sell  
P. O. Box 5061  
Midland, Texas 79704

"Certified-Return Receipt Requested"

All parties listed on Exhibit "A".

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF STEVE SELL FOR APPROVAL FOR  
DIRECTIONAL DRILLING AND APPROVAL  
OF AN UNORTHODOX SURFACE AND SUB-  
SURFACE LOCATIONS  
EDDY COUNTY, NEW MEXICO

Case No. 9643

F I R S T   A M E N D E D  
A P P L I C A T I O N

COMES NOW, STEVE SELL, by and through its attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division for approval for directional drilling and for an unorthodox surface and subsurface location for its Shafer Federal Com Well #1 to be located at an unorthodox surface location 1,327' FSL and 1,143' FWL of Section 35, T21S, R24E, NMPM, Eddy County, New Mexico, and to be directionally drilled to an unorthodox bottom hole location in the Cisco formation of the undesignated Indian Basin Upper Penn Pool and in the Morrow formation of the Indian Basin Morrow Pool and in support thereof would show:

1. Applicant is a working interest owner and operator in Section 35, T21S, R24E, NMPM, Eddy County, New Mexico.

2. Applicant proposes to drill its well commencing at an unorthodox surface location of 1,327' FSL and 1,143' FWL to 4,911 feet at which point applicant will then commence to directionally drill the subject well to penetrate the top of the Cisco formation in the undesignated Indian Basin Upper Pennsylvanian Gas Pool at a true vertical depth of approximately 7,764 feet to be within 50' radius of an unorthodox subsurface target which will be 1,650' FSL and 850' FWL of said section and then to continue drilling in a vertical manner to penetrate the top of the Morrow formation in the undesignated Indian Basin Morrow Pool at a true vertical depth of approximately 9,850 feet within a 50' radius of an unorthodox subsurface target 850'FWL and 1,650' FSL of said section. The approximate total depth of the well will be 10,300 feet.

4. The applicant proposes that the proration and spacing unit for the subject well for Cisco and Morrow production will be all of Section 35.

5. Applicant's well will be an attempt to obtain production from the undesignated Indian Basin Penn Pool and the undesignated Indian Basin Morrow Pool which requires wells to locate no closer than 1,650' to the outer boundary of a section.

6. The subject well at its bottom hole location will be no closer than 1,650' from the North, South or East line of subject spacing unit but will be unorthodox to the West acre line of Section 35.

7. Applicant is the operator of all of the adjoining Section 34 and all of the interests between Section 34 and Section 35 are identical.

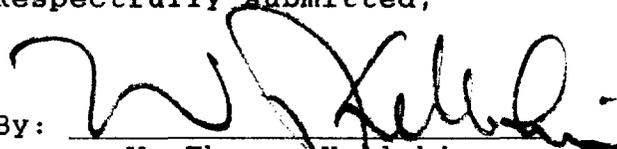
8. In accordance with Division Rule 111, applicant seeks approval to directional drill the subject well based upon geologic and economic reasons.

9. All offset operators are listed on Exhibit A and pursuant to Division Notice Rules have been provided with a copy of this application.

10. Applicant requests that this application be set for hearing on April 21, 1989.

WHEREFORE, applicant requests that after notice and hearing the application be approved as requested.

Respectfully submitted,

By: 

W. Thomas Kellahin  
Kellahin, Kellahin & Aubrey  
Post Office Box 2265  
Santa Fe, New Mexico 87504

(505) 982-4285

Exhibit "A"

Mr. Mark Nearburg  
Nearburg Producing Company  
401 E. Illinois  
Suite 300  
Midland, Texas 79701

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

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

GARREY CARRUTHERS  
GOVERNOR

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

January 22, 1990

Steve Sell  
P.O. Box 5061  
Midland, TX 79704

*Administrative Order DD-33*

Dear Mr. Sell:

Under the provisions of General Rule 111 (c), (d) and (e), Steve Sell made application to the New Mexico Oil Conservation Division on December 29, 1989, for authorization to amend their directional drilling authorization for the Shafer Federal Com Well No. 1, Eddy County, New Mexico.

The Division Director Finds That:

(1) On August 31, 1989, the Division entered Order No. R-8928-A which authorized the applicant to directionally drill its Shafer Federal Com Well No. 1 from a surface location 1327 feet from the South line and 1145 feet from the West line (Unit L) of Section 35, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, to a bottomhole unorthodox gas well location, in the Pennsylvanian formation, within 200 feet of a point 900 feet from the South line and 2500 feet from the East line.

(2) It is our understanding at this time that while attempting to drill the above-described wellbore, problems were encountered and the wellbore was abandoned prior to reaching the target zone.

(3) The application has been duly filed under the provisions of Rule 111 (d) and (e) of the Division General Rules and Regulations;

(4) Satisfactory information has been provided that all offset operators have been duly notified;

(5) The applicant has presented satisfactory evidence that all requirements prescribed in General Rule 111 will be met; and

(6) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Steve Sell, is hereby authorized to directionally drill its Shafer Federal Com Well No. 1 from its surface location 1327 feet from the South line and 1145 feet from the West line (Unit L) of Section 35, Township 21 South, Range 24 East, Eddy County, New Mexico, by kicking out of the existing hole at a depth of approximately 5035 feet, and drilling in such a manner as to bottom in the Pennsylvanian formation within 50 feet of a point 1200 feet from the South line and 1980 feet from the West line (Unit N) of said Section 35, being an unorthodox gas well location for said formation.

PROVIDED HOWEVER THAT: prior to directional drilling, the operator shall determine the subsurface location of the kick-off point; and

PROVIDED FURTHER THAT: subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey shall be made of the wellbore from total depth to kick-off point with shot points not more than 100 feet apart; the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, 310 Old Santa Fe Trail, Room 206, Santa Fe, New Mexico 87503, and the operator shall notify the Division's Artesia District Office of the date and time said survey is to be commenced.

(2) 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.

(3) Lots 1 through 6 and the W/2 SW/4 of said Section 35 shall be dedicated to the well forming a previously approved non-standard gas proration unit (Order No. R-8928-A).

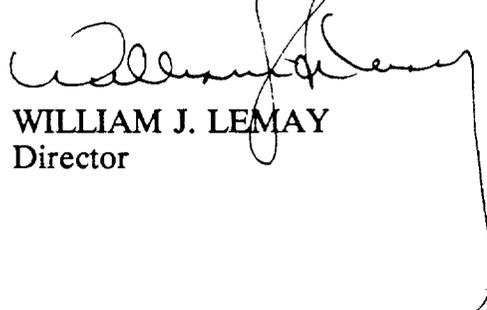
(4) All provisions in said Division Order No. R-8928-A are still in effect for this well and said provisions shall be adhered to as they pertain to spacing, reporting and other related issues.

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

Administrative Order DD-30  
Steve Sell  
January 22, 1990  
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the typed name and title. The signature is fluid and cursive, with a long vertical stroke extending downwards from the end of the name.

WILLIAM J. LEMAY  
Director

S E A L

cc: Oil Conservation Division - Artesia  
US Bureau of Land Management - Carlsbad  
Case File Nos. 9643 and 9720