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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECC
SANTA FE, NEW MEXICO 87505
(505) 827-7131

September 6, 1995

D. J. Simmons Company, Ltd.
c/o On Site Technologies, Ltd.
P. O. Box 2606
Farmington, New Mexico 87499

Attention: Robert L. Crabb

Administrative Order DD-116

Dear Mr. Crabb:

Reference is made to your application on behalf of the operator D. J. Simmons Company, Ltd. dated July 31, 1995 for authorization to recomplete its existing Simmons "E" Well No. 2 (API No. 30-045-07944) by side tracking off of the vertical wellbore and directionally drill to a pre-determined bottom-hole location in order to further develop the Blanco-Mesaverde Pool underlying its existing 296.26-acre gas spacing and proration unit ("GPU") comprising Lots 3, 4, 5, 6, 11, 12, 13, and 14 (W/2 equivalent) of Section 23, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico.

The Division Director Finds That:

- (1) The 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 Simmons "E" Well No. 2, located at a standard gas well location 890 feet from the South line and 990 feet from the West line (Lot 3/Unit M) of said Section 23, was originally drilled and completed as an initial Blanco-Mesaverde well in 1952/53;
- (3) By Order No. R-8170, as amended, the Division promulgated the "*General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Blanco-Mesaverde Pool*", which includes provisions for 320-acre gas spacing and proration units and well location requirements whereby the initial well drilled

on a GPU shall be located be no closer than 790 feet to the outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary and the infill well drilled on an existing GPU shall be in the quarter section not containing a Mesaverde gas well and shall be located with respect to the restrictions as previously described;

- (4) The infill well for the subject GPU is the Simmons "E" Well No. 2-A (**API No. 30-045-22802**), located at a standard gas well location 1700 feet from the North line and 790 feet from the West line (Lot 5/Unit E) of said Section 23.
- (5) The applicant/operator proposes to kick-off from vertical at a depth of approximately 3,800 feet in a northeasterly direction and drill in such a manner as to bottom back into the Blanco-Mesaverde Pool, with total horizontal displacement of said well to be approximately 840 feet;
- (6) The applicable drilling window or "producing area" for said wellbore should include that area within the SW/4 equivalent of said Section 23 that is no closer than 790 feet to the quarter section line; and,
- (7) It appearing 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 operator, D. J. Simmons Company, Ltd., is hereby authorized to recomplete its existing Simmons "E" Well No. 2 (**API No. 30-045-07944**), located at a standard gas well location 890 feet from the South line and 990 feet from the West line (Lot 13/Unit M) of Section 23, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico, by side tracking off of the vertical wellbore at a depth of approximately 3,800 feet in a northeasterly direction and drill in such a manner as to bottom back in the Blanco-Mesaverde Pool, within the SW/4 equivalent of said Section 23 such that the bottomhole location is no closer than 790 feet to the quarter section line;

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 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 Aztec 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 Aztec offices of the Division upon completion.

(3) This well shall remain in the existing 296.26-acre gas spacing and proration unit comprising the W/2 equivalent of said Section 23.

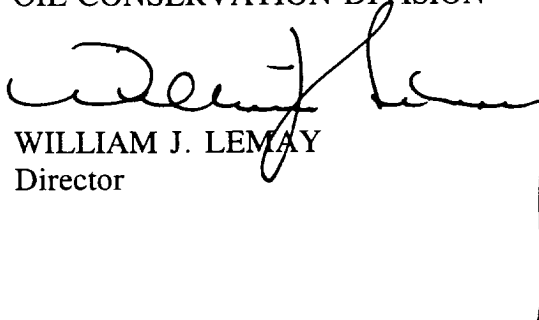
(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and Order No. R-8170, as amended.

(5) 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.

(6) 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

WJL/MES/kv

cc: Oil Conservation Division - Aztec ✓
U. S. Bureau of Land Management - Farmington
File: Case 11,274