

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

Sovereign 32-6 #1

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7816
Order No. R-7242

APPLICATION OF SOVEREIGN OIL CO.
FOR DIRECTIONAL DRILLING, UNORTHODOX
LOCATION, COMPULSORY POOLING, AND A
NON-STANDARD PRORATION UNIT, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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DIST. 3

This cause came on for hearing at 9 a.m. on March 16, 1983, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 29th day of March, 1983, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Sovereign Oil Co., seeks authority to directionally drill its proposed 32-6 Well No. 1 from a surface location 1730 feet from the North line and 900 feet from the West line of Section 9, Township 32 North, Range 6 West, San Juan County, New Mexico, by kicking off from the vertical at a depth of 1500 feet and drilling in a northerly direction in such a manner as to penetrate the Pictured Cliffs formation at an unorthodox location within 50 feet of a point 1500 feet from the North line and 900 feet from the West line and to penetrate the Mesaverde formation at an unorthodox location no nearer than 1100 feet from the North line and no nearer than 700 feet from the West line, all in said Section 9, dedicating the N/2 of said Section 9 to the well.

(3) That the applicant further seeks an order pooling all mineral interests in the Mesaverde and Pictured Cliffs formations underlying a 237.6-acre non-standard proration unit

comprising the N/2 of said Section 9. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

(4) That at the time of the hearing the applicant requested and received approval to dismiss those portions of this application seeking compulsory pooling and directional drilling to the Mesaverde formation.

(5) That the unorthodox surface location and directional drilling are necessary in that a standard well location lies below the high water mark within Navajo reservoir.

(6) That the non-standard prortion unit is the result in variation in the legal subdivision of the U. S. Public Land Surveys.

(7) That the applicant should be required to determine the subsurface location of the bottom hole and of the hole within the Pictured Cliffs formation by means of a continuous multi-shot directional survey conducted subsequent to said directional drilling, if said well is to be completed as a producing well.

(8) That the application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Sovereign Oil Co., is hereby authorized to directionally drill a well from an unorthodox surface location 1730 feet from the North line and 900 feet from the West line of Section 9, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico, vertically to an approximate depth of 1500 feet and then directionally to a bottom hole location in the Pictured Cliffs formation within 50 feet of a point 1500 feet from the North line and 900 feet from the West line of said Section 9.

(2) That a 237.6 acre non-standard gas proration unit consisting of the North half of said Section 9 to be dedicated to said directionally drilled well, is hereby approved for the Pictured Cliffs formation.

PROVIDED HOWEVER, 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 the kick-off point with shot

points not more than 100 feet apart; that the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, P. O. Box 2088, Santa Fe, New Mexico, and that the operator shall notify the Division's Aztec District Office of the date and time said survey is to be commenced.

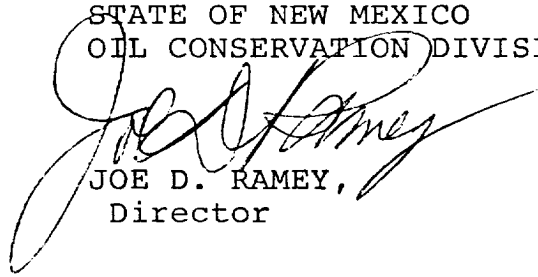
(3) That Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths, and the bottom hole location of the well.

(4) That those portions of the subject application seeking compulsory pooling in the Pictured Cliffs and Mesaverde formations and for directional drilling to the Mesaverde formation are hereby dismissed.

(5) That 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


JOE D. RAMEY,
Director

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