

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. 9440
Order No. R-8771

APPLICATION OF UNION PACIFIC
RESOURCES COMPANY FOR DIREC-
TIONAL DRILLING AND AN
UNORTHODOX (SUBSURFACE) OIL
WELL LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 17, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 26th day of October, 1988, 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) Division Case Nos. 9439 and 9440 were consolidated at the time of the hearing for the purpose of testimony.
- (3) The applicant, Union Pacific Resources Company, is the owner and operator of the State "26" Well No. 2 located at a standard oil well location 1910 feet from the South line and 1980 feet from the East line (Unit J) of Section 26, Township 10 South, Range 33 East, NMPM, Lea County, New Mexico.
- (4) The applicant seeks approval to plug back said State "26" Well No. 2 to a depth of 9,900 feet and then commence drilling directionally to penetrate the top of the

Devonian formation, Undesignated Vada-Devonian Pool, at a true vertical depth of approximately 12,900 feet and within a 150-foot radius of an unorthodox subsurface location 1910 feet from the South line and 2580 feet from the East line (Unit J) of said Section 26.

(5) By Order No. R-8770, entered in companion Case No. 9439, the Division, upon the application of Union Pacific Resources Company, has promulgated temporary special rules and regulations for said Vada-Devonian Pool including a provision for 80-acre spacing and proration units.

(6) The applicant proposes to dedicate a standard 80-acre proration unit consisting of the N/2 SE/4 of said Section 26 to the above-described State "26" Well No. 2.

(7) Evidence and testimony indicate that the subject well, which was originally spudded April 21, 1988, penetrated the Devonian formation at the non-productive downthrone side of the structure.

(8) Prior to the hearing in this case, the applicant received verbal approval from the Division to commence said directional drilling operations on the subject well.

(9) At the time of the hearing, the directional drilling operations on the subject well had been completed, and the applicant submitted as evidence a directional survey on the subject well which indicates the bottomhole location to be 1858 feet from the South line and 2593 feet from the East line (Unit J) of said Section 26.

(10) The actual bottomhole location as described above is within the target area described in Finding No. (4).

(11) At the time of the hearing, completion operations were still being conducted on the subject well.

(12) Evidence and testimony in this case further indicate that all affected offset acreage is owned by the same working interest owners who have participated in the drilling of the subject well.

(13) No offset operator or interest owner objected to the proposed directional drilling and unorthodox bottomhole location.

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(14) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic losses 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.

IT IS THEREFORE ORDERED THAT:

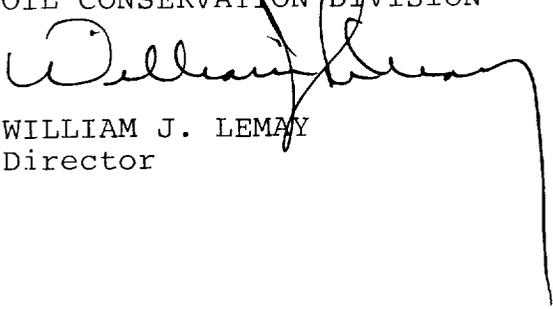
(1) The applicant, Union Pacific Resources Company, is hereby authorized to plug back its State "26" Well No. 2, located at a standard surface location 1910 feet from the South line and 1980 feet from the East line (Unit J) of Section 26, Township 10 South, Range 33 East, NMPM, Undesignated Vada-Devonian Pool, Lea County, New Mexico, to a depth of 9,900 feet and then commence drilling directionally to penetrate the top of the Devonian formation at a true vertical depth of approximately 12,900 feet and within a 150-foot radius of an unorthodox subsurface location 1910 feet from the South line and 2580 feet from the East line (Unit J) of said Section 26.

(2) The N/2 SE/4 of said Section 26 shall be dedicated to the above-described well.

(3) 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
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