

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. 9831
ORDER NO. R-9103

APPLICATION OF TXO PRODUCTION
CORPORATION FOR DIRECTIONAL
DRILLING AND AN UNORTHODOX GAS
WELL LOCATION, EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 29, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 24th day of January, 1990, 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) The applicant, TXO Production Corporation, seeks authority to directionally drill its proposed Burton Flat Federal Well No. 1 from a surface location 900 feet from the South line and 1815 feet from the West line (Unit N) of Section 11, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, in such a manner as to penetrate the top of the Undesignated East Burton Flat-Strawn Gas Pool at a point within 150 feet of a target point 2145 feet from the North line and 1815 feet from the West line and continue drilling in such a manner as to bottom the well at the base of the Strawn formation within 150 feet of a target point 2345 feet from the North line and 1815 feet from the West line, both in Section 14, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, said bottomhole location being an unorthodox gas well location for said pool.
- (3) The W/2 of said Section 14 is to be dedicated to the well forming a 320-acre gas spacing and proration unit for said pool.

Case No. 9831
Order No. R-9103
Page No. 2

(4) Only a small portion of the target zone at the bottom of the deviated wellbore is unorthodox, inasmuch as it is crowding the internal quarter section line.

(5) The Potash Area, governed under Division Order No. R-111-P, encompasses the proposed proration unit; however, the proposed surface location lies outside of this area and the proposed bottomhole location is within the designated Life-of-Mine Reserve (L.M.R.), as described by the United States Bureau of Land Management.

(6) The applicant is requesting directional drilling for the purposes of meeting the requirements of part G(e)(b) of said Order No. R-111-P which states that "a deep well shall be drilled no closer than one-half (1/2) mile from the L.M.R.)".

(7) No offset operator or interested party objected to the proposed directional drilling and unorthodox location.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pool, will prevent the economic loss 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.

(9) Approval of such application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Pennsylvanian formation, will prevent the economic loss 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.

(10) The applicant should be required to determine the subsurface location of the kick-off point in the wellbore prior to directional drilling and should subsequently be required to conduct an accurate wellbore survey during or upon completion of drilling operations from a kick-off point to total depth to determine its true depth and course.

(11) The applicant should be required to notify the supervisor of the Artesia district office of the Division of the date and time said directional surveys are to be conducted so that they may be witnessed. The applicant should further be required to provide a copy of said directional surveys to the Santa Fe and Artesia offices of the Division upon completion.

Case No. 9831
Order No. R-9103
Page No. 3

IT IS THEREFORE ORDERED THAT:

(1) The applicant, TXO Production Corporation, is hereby authorized to directionally drill its Burton Flat Federal Well No. 1 from a surface location 900 feet from the South line and 1815 feet from the West line (Unit N) of Section 11, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, in such a manner as to penetrate the top of the Undesignated East Burton Flat-Strawn Gas Pool at a point within 150 feet of a target point 2145 feet from the North line and 1815 feet from the West line and continue drilling in such a manner as to bottom the well at the base of the Strawn formation within 150 feet of a target point 2345 feet from the North line and 1815 feet from the West line, both in Section 14, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, said bottomhole location being an unorthodox gas well location for said pool.

PROVIDED HOWEVER THAT, prior to the above-described directional drilling, the applicant shall establish the location of the kick-off point by conducting a continuous multi-shot directional survey of the well.

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 Artesia 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 Artesia offices of the Division upon completion.

(3) 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.

(4) The W/2 of said Section 14 shall be dedicated to the above-described well forming a 320-acre gas spacing and proration unit for said pool.

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

Case No. 9831
Order No. R-9103
Page No. 4

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