



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 18, 2000

Kerr-McGee Oil & Gas Onshore, L.L.C.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Administrative Order NSL-4379-A

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator Kerr-McGee Oil & Gas Onshore, L.L.C. ("Kerr-McGee") dated January 14, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file on Division Administrative Order NSL-4379, dated November 16, 1999: all concerning Kerr-McGee's request to drill a replacement well at an unorthodox gas well location within an existing standard 640-acre gas spacing and proration unit comprising all of Section 17, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico in the Indian Basin-Upper Pennsylvanian Gas Pool.

The Division Director Finds That:

(1) The Indian Basin-Upper Pennsylvanian Gas Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 3:	W/2
Section 4:	All
Sections 8 and 9:	All
Section 10:	W/2
Section 15:	W/2
Sections 16 through 30:	All
Sections 32 through 35:	All
Section 36:	W/2

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 19:	All
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TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Section 1:	W/2
Sections 2 through 5:	All

Sections 8 through 11:	All
Section 12:	W/2
Section 13:	W/2
Sections 14 through 17:	All
Section 21:	N/2
Section 22:	All;

(3) The Indian Basin-Upper Pennsylvanian Gas Pool is a prorated gas pool currently governed by the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool*," as promulgated by Division Order No. R-8170, as amended, which require standard 640-acre gas spacing and proration units with wells to be located no closer than 1650 feet from the outer boundary of the unit nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary;

(4) Division records indicate that all of Section 17 is dedicated to Kerr-McGee's West Indian Basin Gas Unit Well No. 1 (**API No. 30-015-10209**), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 17 was drilled to a total depth of 9025 feet in 1963 and was subsequently completed within the Indian Basin-Upper Pennsylvanian Gas Pool;

(5) The location of the West Indian Basin Unit Well No. 1, which is unorthodox under the current special pool rules, was grandfathered in as standard under the special pool rules at the time they were adopted;

(6) On November 16, 1999, the Division issued Administrative Order NSL-4379, authorizing Kerr-McGee to recomplete its West Indian Basin Unit Well No. 1 by kickoff from vertical in a northerly direction and directionally drill as to bottom the well back into the Indian Basin-Upper Pennsylvanian Gas Pool at a subsurface location considered to be unorthodox;

(7) It is our understanding that the recompletion attempt on the West Indian Basin Unit Well No. 1 was unsuccessful and that Kerr-McGee's proposed replacement well, to be located at an unorthodox gas well location 660 feet from the South line and 2180 feet from the West line (Unit N) of Section 17, will be drilled as a straight hole in order to achieve the desired results that the directionally drilled recompletion was to accomplish; and

(8) The subject application for this replacement well has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It Is Therefore Ordered That:

(1) By the authority granted me under the provisions of Rule 2 (d) of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool*," as promulgated by Division Order No. R-8170, as amended, and Division Rule 104.F (2), Kerr-McGee Oil & Gas Onshore, L.L.C. ("Kerr-McGee") is hereby authorized to drill a well at an unorthodox gas well location in the Indian Basin-Upper Pennsylvanian Gas Pool 660 feet from the South line and 2180 feet from the West line (Unit N) of Section 17, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.

(2) The existing standard 640-acre gas spacing and proration unit within the Indian Basin-Upper Pennsylvanian Gas Pool that comprises all of Section 17 is to be dedicated to this replacement well.

It Is Further Ordered That:

(3) Division Administrative Order NSL-4379, dated November 16, 1999, which order involved Kerr-McGee's existing West Indian Basin Gas Unit Well No. 1 (API No. 30-015-10209), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 17, shall be placed in abeyance until further notice.

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

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-4379 ✓