

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: 11041

**APPLICATION OF MOBIL EXPLORATION & PRODUCING U.S. INC.
AS AGENT FOR MOBIL PRODUCING TX & NM INC., FOR A HIGH
ANGLE/HORIZONTAL/DIRECTIONAL DRILLING PILOT PROJECT, SPECIAL
OPERATING RULES THEREFOR, INCLUDING A NON-STANDARD OIL SPACING &
PRORATION UNIT, AND A SPECIAL PROJECT ALLOWABLE AND TESTING
PERIOD, LEA COUNTY, NEW MEXICO**

APPLICATION

Comes now MOBIL EXPLORATION & PRODUCING U.S. INC. as agent for MOBIL PRODUCING TX & NM INC., by and through its attorneys Montgomery & Andrews, P.A., and applies to the New Mexico Oil Conservation Division for a high angle/horizontal/directional drilling pilot project and special operating rules therefor including a non-standard oil spacing and proration unit, a special project allowable and testing period, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Wildcat Drinkard member of the Wildcat Drinkard Oil Pool, underlying the NW/4 of Section 34 and the NW/4SW/4 of Section 33, T17S, R35E, NMPM. Applicant proposes to drill its State "M" #16, State M #17, and State "O" #3 Wells (refer to as "3 horizontal Wells") by commencing at standard oil well surface location, as shown in Exhibits A, B and C of Section 34 and 33, with the horizontal section being in an East-Northeasterly direction.

Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of a non-standard spacing and proration unit consisting of the NW/4 of Section 34 and the NW/4SW/4 of Section 33, and for a special project allowable and testing period;

and in support thereof states:

1. Applicant, Mobil Exploration & Producing U.S. Inc. as agent for Mobil Producing TX & NM Inc. ("Mobil") is the proposed operator for the three horizontal Wells. See Exhibit D.

2. Mobil proposes to drill a high angle/horizontal directional well commencing at a surface location as shown in Exhibits A, B, and C. The wells will be drilled vertically to 8000 feet first then will be kicked off in an east-northeasterly direction at approximately 7600 feet in the Wildcat Drinkard member for a distance of approximately 1000 feet as shown on Exhibits E, F and G.

3. Applicant will dedicate the NW/4 of Section 34 and the NW/4SW/4 of Section 33 as a non-standard spacing and proration unit for production from the Wildcat Drinkard Oil Pool.

4. Applicant proposes that this project be subject to Special Rules and Regulations as follows:

- (a) Pool Name: Wildcat Drinkard Oil Pool;
- (b) Spacing/Proration Unit: 80 acres being a non-standard unit consisting of the NW/4 of Section 34 and 40 acres being a more standard unit consisting of the NW/4SW/4 of Section 33 described above;
- (c) A producing window within the project area not closer than 330 feet from the outer boundaries of the non-standard proration and spacing unit;
- (d) Special Daily Project Allowable based on the current depth bracket oil allowable of 187 BOPD times the number of 40-acre tracts contacted by the producing lateral of the wellbore as determined from the directional surveys;
- (e) An exception to Division General Rule 502 to establish a test period being the first three months from the date of first production, during the first three months of which the project well may be produced at rates up to three times the daily project allowable of 374 BOPD or 1122 BOPD for the State "M" wells and up to three times the daily allowable of 187 or 561 BOPD for the State "O" well #3.
- (f) That any over production which has accrued at the end of the test period shall be made up during the next year of production, such that no over-production shall exist after the 15th month following first production.

- (g) The Wildcat Drinkard member of the Wildcat Drinkard Oil Pool is the potential productive zone at this location in the Pool. That interval is located between 7700 feet and 8,000 and is a solution gas drive reservoir with possible bottom water drive present.
- (h) The proposed wells will be drilled, cased and cemented in accordance with the requirements of the New Mexico Oil Conservation Division.
- (i) By drilling a single high angle/horizontal wellbore, the applicant is decreasing flow velocity in the reservoir while increasing the amount of the reservoir which is normally exposed in the wellbore of a vertical well which is calculated to result in the recovery of an amount of gas and oil equivalent to the production of two vertical wells, thereby preventing waste caused by the drilling of unnecessary vertical wells. It will also help in preventing coning from water in the lower zones of the Drinkard member.
- (j) The purpose of the special allowable and testing period is to provide an opportunity for Mobil to conduct rate-time tests on the project wells in order to obtain relevant reservoir data including reliable testing of the horizontal section versus testing from just the vertical section which cannot be obtained in any other method.
- (k) In as much as the exact distance and direction of the lateral portion of the wellbore is not known at this time, the Applicant seeks approval to be allowed to drill and produce said lateral portion anywhere within an area designated a target window as follows: commencing at a producing distance not closer than 330 feet from any of the side boundaries of the proposed spacing unit so that within the drilling window no portion of the wellbore open for production shall be closer than 330 feet to the outer boundary of the spacing unit.
- (l) As required, notice is provided to those offsetting operators as listed on Exhibit H.
- (m) The granting of this Application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing on August 18, 1994, before a duly appointed Examiner of the Oil Conservation Division and, after notice and hearing as required by law, the Division enter its Order granting this Application.

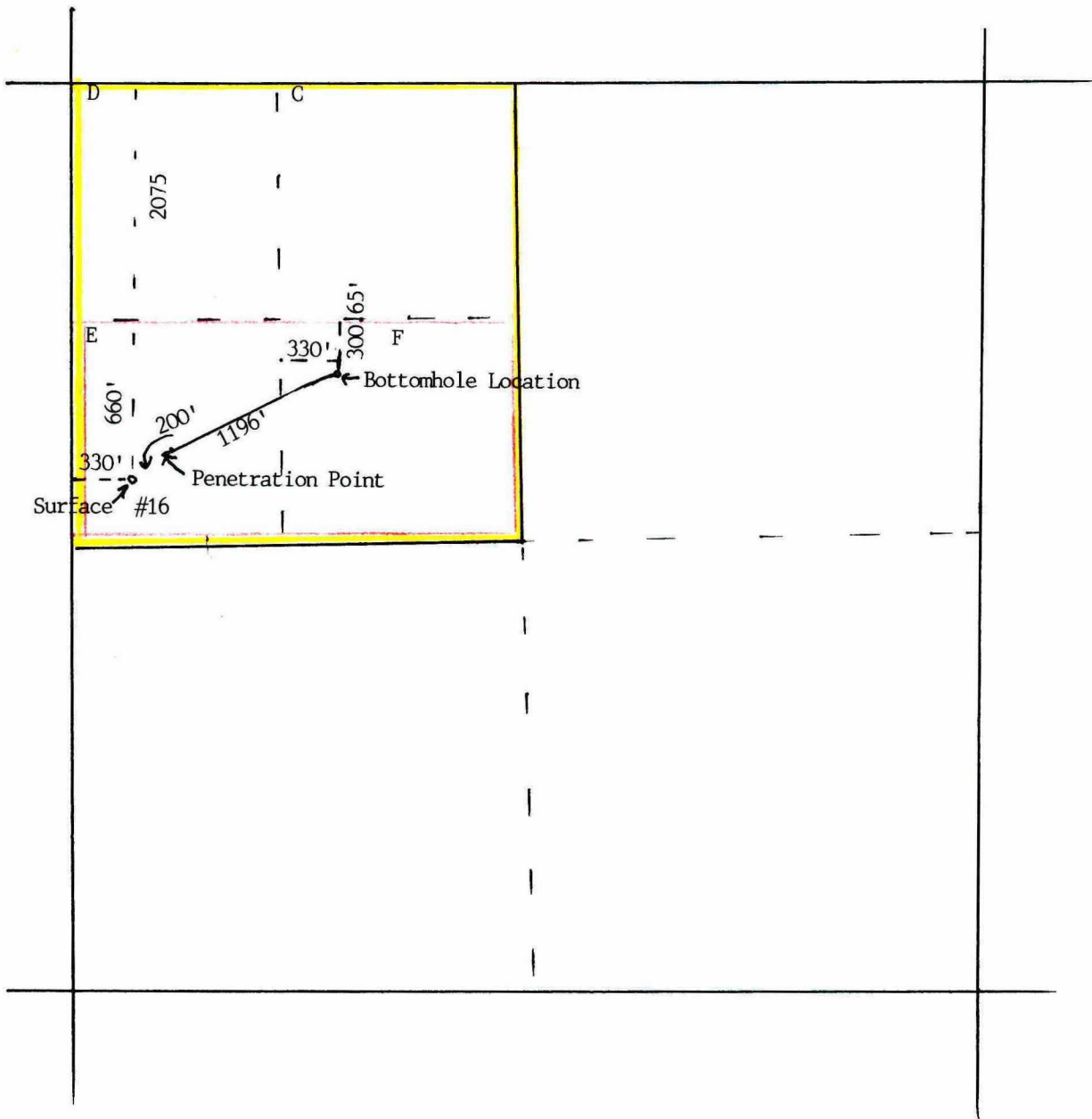
Respectfully submitted,

K.E. Olson
MOBIL EXPLORATION & PRODUCING
U.S. INC.
Post Office Box 633
Midland, Texas 79707

MONTGOMERY & ANDREWS, P.A.

By Nancy M. King
Nancy M. King
Galen M. Buller
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 982-3873

Attorneys for Mobil Exploration &
Producing U.S. Inc.



Reserve _____ Permit Depth _____

Special Instructions _____

THE STATE OF TEXAS
COUNTY OF Midland

I hereby certify that this plat truly represents conditions as they actually exist on this lease; that said plat which is drawn to the scale indicated hereon, is to the best of my knowledge true and correct; that it accurately shows said lease with all wells on same; that number and locations of said wells are as indicated hereon; and that this plat correctly reflects all pertinent and required data.

Kay Peacock-Lynn

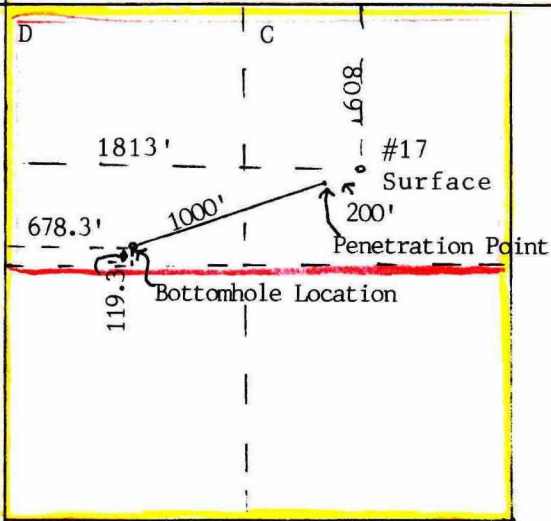
**Mobil Producing Texas & New Mexico Inc.
Midland Division**

LEASE State M
WELL NO. 16 DATE July 25 19 94
LEASE NO. _____
TOTAL ACRES IN LEASE 160 ACRES COVERED BY PLAT 160
DESCRIPTION Section 34, Township 71-S, Range 35-E
Lea County, NM

DRAWN kbl DATE 07-25-94 FIELD VACUUM (DRINKARD)
SCALE 1"=1000' FILE NO. _____

EXHIBIT

A



Reserve _____ Permit Depth _____

Special Instructions _____

THE STATE OF TEXAS
COUNTY OF Midland

I hereby certify that this plat truly represents conditions as they actually exist on this lease; that said plat which is drawn to the scale indicated hereon, is to the best of my knowledge true and correct; that it accurately shows said lease with all wells on same; that number and locations of said wells are as indicated hereon; and that this plat correctly reflects all pertinent and required data.

Kay Black-Syon

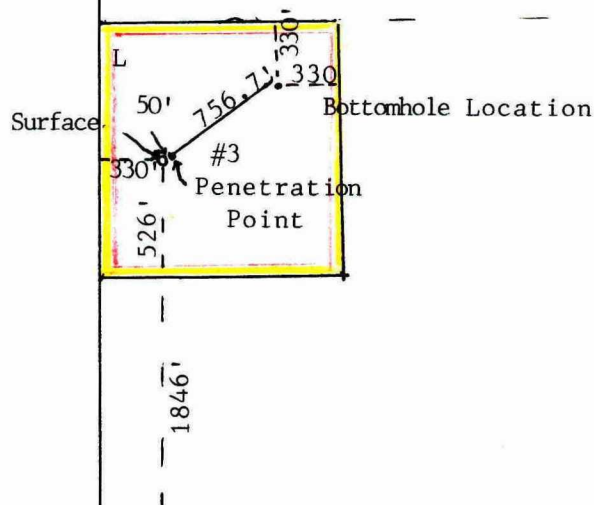
**Mobil Producing Texas & New Mexico Inc.
Midland Division**

LEASE <u>State M</u>		
WELL NO. <u>17</u>	DATE <u>July 25</u>	19 <u>94</u>
LEASE NO. _____		
TOTAL ACRES IN LEASE <u>160</u> ACRES COVERED BY PLAT <u>160</u>		
DESCRIPTION _____		
<u>Section 34, Township 17-S, Range 35-E</u>		

<u>Lea County, NM</u>		
DRAWN <u>kbl</u>	DATE <u>7-25-94</u>	FIELD <u>VACUUM (DRINKARD)</u>
SCALE <u>1"=1000'</u>	FILE NO. _____	

EXHIBIT

B



Reserve _____ Permit Depth _____

Special Instructions _____

THE STATE OF TEXAS
COUNTY OF Midland

I hereby certify that this plat truly represents conditions as they actually exist on this lease; that said plat which is drawn to the scale indicated hereon, is to the best of my knowledge true and correct; that it accurately shows said lease with all wells on same; that number and locations of said wells are as indicated hereon; and that this plat correctly reflects all pertinent and required data.

Kay Pollock-Kay

Mobil Producing Texas & New Mexico Inc. Midland Division

LEASE State 0
WELL NO. 3 DATE 07-25 19 94
LEASE NO. 40
TOTAL ACRES IN LEASE 40 ACRES COVERED BY PLAT 40
DESCRIPTION Section 33, Township 17-S, Range 35 E
Lea County, NM

DRAWN kbl DATE 7-25-94 FIELD VACUUM (Drinkard)
SCALE 1"=1000' FILE NO. _____

EXHIBIT

C

STATE "M" #16
LEA COUNTY, NEW MEXICO

11" hole w/
8 5/8" Surface @ 1585'
Cmt to surface

Rusler @ 1580'

San Andres @ 4420'

7 7/8" hole w/
5 1/2" Csg @ 7500'
Cmt to 3700'

Tubb @ 7637'

4 3/4" hole
200' curve section
1200' lateral section

Drinkard @ 7762'

Sand Plug

7 7/8" hole

7950'

EXHIBIT

E

STATE "M" #17
LEA COUNTY, NEW MEXICO

11" hole w/
8 5/8" Surface @ 1585'
Cmt to surface

Rusler @ 1580'

San Andres @ 4420'

7 7/8" hole w/
5 1/2" Csg @ 7500'
Cmt to 3700'

Tubb @ 7637'

4 3/4" hole
200' curve section
1000' lateral section

Drinkard @ 7762'

Sand Plug

7 7/8" hole

7950'

EXHIBIT

F

STATE "O" #3
LEA COUNTY, NEW MEXICO

11" hole w/
8 5/8" Surface @ 1585'
Cmt to surface

Rusler @ 1580'

San Andres @ 4420'

7 7/8" hole w/
5 1/2" Gsg @ 7650'
Cmt to 3700'

Jubb @ 7637'

4 3/4" hole
50' curve section
757' lateral section

Drinkard @ 7762'

Sand Plug

7 7/8" hole

7950'

EXHIBIT

G

EXHIBIT H

OFFSET OPERATORS

STATE M LEASE

Chevron USA Inc.
Post Office Box 1150
Midland, Texas 79702

EXXON USA Inc.
Post Office Box 1600
Midland, Texas 79702

Marathon Oil Company
Post Office Box 3128
Houston, Texas 77253

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762

Shell Western E & P Inc.
Post Office Box 576
Houston, Texas 77001-0576

STATE O LEASE

Marathon Oil Company
Post Office Box 3128
Houston, Texas 77253

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 77253

Shell Western E & P Inc.
Post Office Box 576
Houston, Texas 77001-0576

Texaco E & P Inc.
Post Office Box 46513
Denver, Colorado 80201

Exxon USA Inc.
Post Office Box 1600
Midland, Texas 79702