

**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. 11276
Order No. R-10370**

**APPLICATION OF PLAINS PETROLEUM
OPERATING CORPORATION FOR
DIRECTIONAL DRILLING AND AN
UNORTHODOX BOTTOMHOLE 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 May 4, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of May, 1995, 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, Plains Petroleum Operating Corporation, seeks authority to directionally drill its E. C. Hill "B" Federal Well No. 13 from a surface location 947 feet from the South line and 1361 feet from the East line (Unit O) of Section 34, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, to an unorthodox bottomhole oil well location that is within 50 feet of a point 1120 feet from the South line and 1380 feet from the East line (Unit O) of Section 34 to test the Teague-Simpson Pool.

(3) The SW/4 SE/4 of Section 34 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for the Teague-Simpson Pool.

(4) Case No. 11276 was styled such that in the absence of objection, the case would be taken under advisement. No party appeared in opposition to the application.

(5) The subject well is located within the Teague-Simpson Pool which is currently governed by Statewide Rules and Regulations which require standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.

(6) The applicant supplied geologic evidence in this case based upon 3-D seismic data and well control.

(7) The geologic evidence in this case indicates that:

- a) the proposed E. C. Hill "B" Federal Well No. 13 was originally staked at a standard location 985 feet from the South line and 1570 feet from the East line of Section 34, however, applicant's geologic evidence indicated that this location was in close proximity to a northwest to southeast trending fault which traversed the SW/4 SE/4;
- b) only a portion of the NE/4 of the spacing unit is located on the upthrown side of the fault;
- c) although not conclusively determined, applicant believes that the reservoir may be structurally low and wet on the downthrown side of the fault; and,
- d) a well at the proposed unorthodox bottomhole location should encounter the Mckee formation within the Teague-Simpson Pool on the upthrown side of the aforesaid fault and at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial oil production.

(8) The evidence further indicates that the proposed directional drilling is necessitated by topographic considerations, namely the presence of a gas pipeline.

(9) The affected offset acreage, being the N/2 SE/4 and SE/4 SE/4 of Section 34, is currently operated by Plains Petroleum Operating Company.

(10) No other offset interest owner and/or interest owner appeared at the hearing in opposition to the application.

(11) Approval of the proposed directional drilling and unorthodox bottomhole oil well location will afford the applicant the opportunity to produce its just and equitable share of the oil 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.

(12) The applicant should be required to determine the subsurface location of the kick-off point in the wellbore prior to directional drilling and should be required to conduct a directional survey during or upon completion of directional drilling operations in order to determine the bottomhole location.

(13) The applicant should be required to submit copies of the directional surveys conducted on the subject well to the Santa Fe and Hobbs offices of the Division.

(14) The applicant should notify the supervisor of the Hobbs district office of the Division of the date and time of commencement of directional drilling operations and of the conductance of any directional surveys on the subject well in order that these operations may be witnessed.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Plains Petroleum Operating Corporation, is hereby authorized to directionally drill its E. C. Hill "B" Federal Well No. 13 from a surface location 947 feet from the South line and 1361 feet from the East line (Unit O) of Section 34, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, to an unorthodox bottomhole oil well location that is within 50 feet of a point 1120 feet from the South line and 1380 feet from the East line (Unit O) of Section 34 to test the Teague-Simpson Pool.

(2) The SW/4 SE/4 of Section 34 shall be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for the Teague-Simpson Pool.

(3) The applicant shall determine the subsurface location of the kick-off point in the wellbore prior to directional drilling and shall conduct a directional survey during or upon completion of directional drilling operations in order to determine the bottomhole location.

(4) The applicant shall submit copies of the directional surveys conducted on the subject well to the Santa Fe and Hobbs offices of the Division.

(5) The applicant shall notify the supervisor of the Hobbs district office of the Division of the date and time of commencement of directional drilling operations and of the conductance of any directional surveys on the subject well in order that these operations may be witnessed.

(6) Jurisdiction is hereby 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

A handwritten signature in black ink, appearing to read "William J. Lemay". The signature is written in a cursive style and is positioned above the printed name and title.

WILLIAM J. LEMAY
Director