

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. 12378
Order No. R-11367

APPLICATION OF TAMARACK PETROLEUM COMPANY, INC. FOR AN
UNORTHODOX SUBSURFACE OIL AND GAS 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 April 20, 2000 at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 3rd day of May, 2000, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this cause and its subject matter.

(2) The applicant, Tamarack Petroleum Company, Inc. ("Tamarack"), proposes to re-enter the plugged and abandoned Anadarko Petroleum Corporation Hood "8" Well No. 1 (API No. 30-025-30513), located 859 feet from the North line and 1981 feet from the East line (Unit B) of Section 8, Township 17 South, Range 38 East, NMPM, Lea County, New Mexico, and directionally drill to an approximate depth of 12,200 feet (TVD) at an unorthodox subsurface well location within 110 feet of a target point at the top of the Strawn formation that is 1179 feet from the North line and 2211 feet from the East line (Unit B) of Section 8. Further, the E/2 of Section 8 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for any and all formations from the top of the Wolfcamp formation to the base of the Atoka formation developed on 320-acre spacing; and the NW/4 NE/4 of Section 8 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for any and all formations from the top of the Wolfcamp formation to the base of the Atoka formation developed on 40-acre spacing.

(3) Tamarack originally sought administrative approval of this location; however, following discussions with the Division, the application was set for hearing to require Tamarack to present additional evidence concerning the proposed well location.

(4) Approval of this application, in accordance with Division Rule 111.C(2), will require the Division to grant exceptions to Division Rules 104.B(1) and 104.C(2), as revised by Division Order R-11231, issued in Case No. 12119 and dated August 12, 1999.

(5) Tamarack testified that the subject well will be unorthodox towards the west line and south line of Unit B of Section 8, the ownership is uniform throughout the NE/4 of Section 8, and all unleased mineral owners and leased working interest owners in the W/2 of Section 8 have been properly notified of this application.

(6) No interested party appeared at the hearing in opposition to this application.

(7) Tamarack presented geological evidence demonstrating that:

- (a) the greatest opportunity for a successful Strawn oil well in the NE/4 of this section is created by locating the well at the highest point on the Strawn structure in order to be at a point of maximum reservoir thickness and maximum vertical distance from known water within this reservoir;
- (b) based on detailed 3-D seismic data validated by existing well control, the optimum well location in this spacing unit is at the proposed unorthodox well location which is anticipated to be within the highest structural contour of this reservoir and within the contour of greatest reservoir thickness;
- (c) any attempt to locate this well at a standard location will substantially increase the risk of drilling an unsuccessful well because that location would be down structure from the highest structural contour;
- (d) an opportunity exists at the proposed location to recover oil from the Strawn reservoir that might not be recovered if this well were drilled at the closest standard well location; and
- (e) there is the possibility that if this well is drilled an additional 600 feet below the base of the Strawn formation, it might encounter gas production in the Atoka formation.

(8) Tamarack further testified that:

- (a) the interest owners paying for this re-entry will realize a substantial economic savings by using this existing wellbore and directionally drilling it as proposed; and
- (b) the risks involved do not justify drilling to the Atoka formation unless this wellbore is used.

(9) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of oil and gas within the subject formations, will result in the recovery of hydrocarbons that would otherwise be left in the ground and wasted, and will otherwise prevent waste and protect correlative rights.

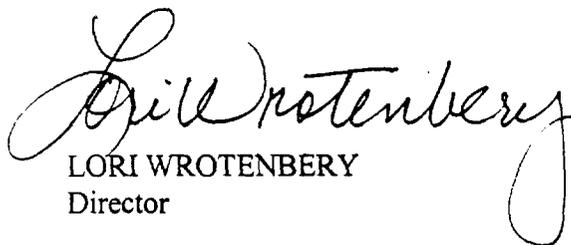
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Tamarack Petroleum Company, Inc., is hereby authorized to re-enter the plugged and abandoned Anadarko Petroleum Corporation Hood "8" Well No. 1 (API No. 30-025-30513), located 859 feet from the North line and 1981 feet from the East line (Unit B) of Section 8, Township 17 South, Range 38 East, NMPM, Lea County, New Mexico, and directionally drill to an approximate depth of 12,200 feet (TVD) at an unorthodox subsurface well location within 110 feet of a target point at the top of the Strawn formation that is 1179 feet from the North line and 2211 feet from the East line (Unit B) of Section 8. Further, the E/2 of Section 8 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for any and all formations from the top of the Wolfcamp formation to the base of the Atoka formation developed on 320-acre spacing; and the NW/4 NE/4 of Section 8 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for any and all formations from the top of the Wolfcamp formation to the base of the Atoka formation developed on 40-acre spacing.

(2) 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


LORI WROTENBERY
Director

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