

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. 10826
ORDER NO. R-10004*

**APPLICATION OF BARBARA T. FASKEN FOR DIRECTIONAL DRILLING, AN
UNORTHODOX BOTTOMHOLE GAS WELL LOCATION AND SIMULTANEOUS
DEDICATION, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 23, 1993 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of October, 1993, 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, Barbara T. Fasken, seeks authority to directionally drill her proposed Inexco Federal "17" Well No. 2 from an orthodox surface location 2300 feet from the South line and 1800 feet from the East line (Unit J) of Section 17, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico, in such a manner so as to bottom said wellbore in the Catclaw Draw-Morrow Gas Pool within 50 feet of a point 800 feet from the North line and 1400 feet from the East line (Unit B) of said Section 17, which is an unorthodox subsurface gas well location for said pool. Further, the applicant proposes to simultaneously dedicate the existing standard 640-acre gas spacing and proration unit comprising all of said Section 17 to the subject well and the applicant's Inexco Federal "17" Well No. 1, located at a standard gas well location 1650 feet from the South line and 1850 feet from the West line (Unit K) of said Section 17.

(3) The Catclaw Draw-Morrow Gas Pool is a prorated gas pool governed by the General Rules and Regulations for the Prorated Gas Pools of New Mexico, as promulgated by Division Order No. R-8170, as amended. Further said order contains special provisions for said pool (Special Rules and Regulations for the Catclaw Draw Morrow Gas Pool) that includes 640-acre spacing and for all well locations to be no closer than 1650 feet from the outer boundary of the proration unit nor closer than 330 feet from any governmental quarter-quarter section or subdivision inner boundary.

(4) The existing Inexco Federal "17" Well No. 1 was drilled to completion in the Catclaw Draw-Morrow Gas Pool in mid-1974 and is currently producing at a rate of approximately 150 MCF of gas per day.

(5) Directly offsetting the said 640-acre gas spacing and proration unit to the north in Section 8, to the northeast in Section 9, and in Section 16 to the east is the non-prorated Avalon-Morrow Gas Pool which is governed under the spacing provisions of the Division's General Rules and Regulations [104.C(2)(b)] which provides for 320-acre drilling tracts and well locations to be no closer than 660 feet to the nearest side (long) boundary nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. One particular offsetting well, the Kaiser Francis "AM" Federal Well No. 1, drilled and completed in 1975 and now abandoned after producing 3.05 BCF of Morrow gas, was located 660 feet from the South line and 1980 feet from the East line of Section 8, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico.

(6) The subject well has been staked at the proposed surface location due to surface obstructions, namely the presence of a housing subdivision in the vicinity of the City of Carlsbad, New Mexico; however, the applicant proposes to directionally drill the subject well to the proposed unorthodox bottomhole location for geologic reasons.

(7) The technical evidence presented by the applicant demonstrates that by drilling the proposed well in said Section 17 at the unorthodox bottomhole location gas production that might otherwise be left behind could be produced, is geologically justified, demonstrates good conservation practices, gains no competitive advantage on the adjoining oil and gas leases being operated on 320-acre spacing, and will enable applicant to recover her just and equitable share of the gas reserves.

(8) The owners and operators offsetting the proposed well were notified, pursuant to General Rule 1207.A.(5), of this application but did not file any objection.

(9) Applicant requested that no production penalty be imposed on the proposed well and that to protect her correlative rights, she should be permitted to produce the allowable assigned the subject 640-acre unit from both the Federal "17" Well Nos. 1 and 2 in any proportion.

(10) Approval of the proposed directional drilling and unorthodox bottomhole location, and simultaneous dedication, will afford the applicant the opportunity to recover her just and equitable share of the gas in the Catclaw Draw-Morrow Gas Pool underlying Section 17, 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.

(11) 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.

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

(13) The applicant should notify the supervisor of the Artesia 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, Barbara T. Fasken, is hereby authorized to directionally drill her Inexco Federal "17" Well No. 2 from a surface location 2300 feet from the South line and 1800 feet from the East line (Unit J) of Section 17, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, in such a manner so as to bottom said wellbore in the Catclaw Draw-Morrow Gas Pool within 50 feet of a point 800 feet from the North line and 1400 feet from the East line (Unit B) of said Section 17, being an unorthodox gas well location for said pool.

(2) All of said Section 17, being a standard 640-acre gas spacing and proration unit in said pool, shall be simultaneously dedicated to the subject well and the applicant's Inexco Federal "17" Well No. 1, located 1650 feet from the South line and 1850 feet from the West line (Unit K) of said Section 17. Furthermore, the operator of the subject 640-acre unit is hereby permitted to produce the assigned allowable from both wells in any proportion.

(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.

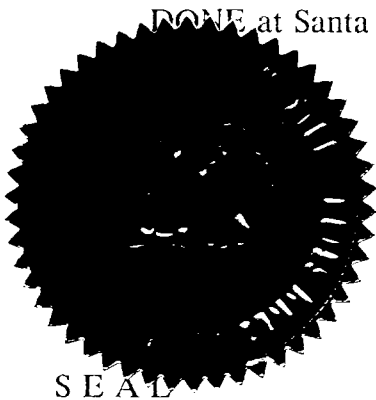
(4) The applicant shall submit copies of the directional surveys conducted on the subject well to the Santa Fe and Artesia offices of the Division.

(5) The applicant shall notify the supervisor of the Artesia 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) Subsequent to completing directional drilling operations, the applicant shall submit a Division Form C-102 (Acreage Dedication Plat) to the Artesia office of the Division showing the surface and bottomhole location of the Inexco Federal "17" Well No. 2.

(7) Jurisdiction of this cause 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.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "William J. Lemay".

WILLIAM J. LEMAY
Director