

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. 9644
ORDER NO. R-8919

APPLICATION OF NEARBURG PRODUCING
COMPANY FOR DIRECTIONAL DRILLING AND
AN UNORTHODOX 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 April 12, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 3rd day of May, 1989, 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, Nearburg Producing Company, seeks authority to re-enter the UNC Texas, Inc. State "10" Well No. 1 from a surface location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 10, Township 12 South, Range 38 East, NMPM, Lea County, New Mexico, and directionally drill so as to test the Devonian formation (Undesignated Gladiola-Devonian Pool or Undesignated East Gladiola-Devonian Pool) to within 100 feet of an unorthodox bottomhole oil well location 1000 feet from the North line and 1100 feet from the West line (Unit D) of said Section 10.

(3) The NW/4 NW/4 of said Section 10 is to be dedicated to the well forming a standard 40-acre oil spacing and proration unit.

(4) The subject well, located at a standard oil well location, was spudded on February 16, 1982 and was drilled to a total depth of 12,134 feet where it tested dry in the Devonian formation and was subsequently plugged and abandoned.

(5) The applicant proposes to re-enter said well and drill out the existing cement plugs to a depth of approximately 8250 feet and commence directional drilling operations by deviating the wellbore in a west-southwesterly direction, bottoming said well in the Devonian formation at an approximate true vertical depth of 12,200 feet, within 100 feet of a target point 1000 feet from the North line and 1100 feet from the West line of said Section 10.

(6) The geological evidence presented at the hearing indicates that the Devonian formation in this area is a small localized structure bounded on all sides by faults.

(7) Testimony presented indicates that a well penetrating the Devonian formation at the requested bottomhole location is at a structurally more advantageous position, thereby increasing the likelihood of obtaining commercial production which would prevent the economic loss caused by the drilling of unnecessary wells and would further avoid the augmentation of risk arising from the drilling of an excessive number of wells.

(8) The applicant is the lessee of record for the State Lease which comprises the NW/4, N/2 SW/4, and W/2 SE/4 of said Section 10. The applicant is also the lease owner of the SW/4 of Section 3, the S/2 SE/4 of Section 4, and the NE/4 of Section 9, Township 12 South, Range 38 East, NMPM, Lea County, New Mexico.

(9) The applicant controls all of the surrounding proration units and no interested party objected to the proposed unorthodox bottomhole location and directional drilling; and correlative rights will not be violated.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected producing interval and will otherwise prevent waste.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Nearburg Producing Company, is hereby authorized to re-enter the previously plugged and abandoned UNC Texas, Inc. State "10" Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 10, Township 12 South, Range 38 East, NMPM, Lea County, New Mexico, to a kick-off point of approximately 8250 feet, commence directional drilling operations by deviating the wellbore in a west-southwesterly direction,

bottoming the well in the Devonian formation (Undesignated Gladiola-Devonian Pool or Undesignated East Gladiola-Devonian Pool) to an approximate true vertical depth of 12,200 feet, and within 100 feet of an unorthodox bottomhole oil well location 1000 feet from the North line and 1100 feet from the West line (Unit D) of said Section 10.

PROVIDED HOWEVER THAT, prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

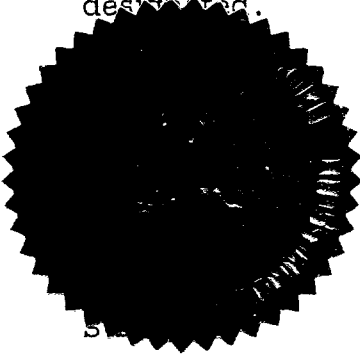
PROVIDED FURTHER THAT, subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional drilling survey shall be made of the wellbore from total depth to the kick-off point with shot points not more than 100 feet apart; the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe Office of the Division, P.O. Box 2088, Santa Fe, New Mexico, 87504, and the operator shall notify the Division's Hobbs District Office of the date and time said survey is to be commenced.

(2) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

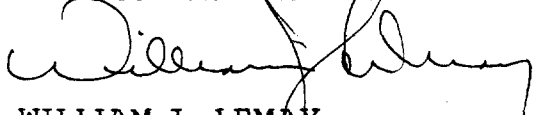
(3) The NW/4 NW/4 of said Section 10 shall be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit for said pool.

(4) 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


WILLIAM J. LEMAY
Director