

Shell Western E&P Inc.

A Subsidiary of Shell Oil Company



P.O. Box 576

Houston, TX 77001

June 29, 1984

The State of New Mexico
Energy and Minerals Department
Oil Conservation Division
ATTN: Mr. Joe D. Ramey
P.O. Box 2088
Santa Fe, New Mexico 87501

Case 8-264

Gentlemen:

RE: APPLICATION FOR ORDER:

- (1) APPROVING 35 UNORTHODOX WELL LOCATIONS
- (2) APPROVING DIRECTIONAL DRILLING OF 3 WELLS AT UNORTHODOX WELL LOCATIONS, AND
- (3) EFFECTIVE AND EFFICIENT DRAINAGE FINDINGS FOR THE WELLS

IN THE HOBBS GRAYBURG-SAN ANDRES POOL
LEA COUNTY, NEW MEXICO

Shell Western E&P Inc., as operator of the North Hobbs (Grayburg-San Andres) Unit, Lea County, New Mexico, proposes to drill, as infill wells, 38 unit wells, more particularly identified on Exhibits "A" and "B" attached hereto, at the locations described on Exhibits "A" and "B", Hobbs Grayburg-San Andres Pool, Lea County, New Mexico.

Shell Western E&P Inc. ("Shell Western") respectfully applies for an order approving this application as described more particularly below.

I. Unorthodox Well Location

Shell Western applies for an order allowing it to drill each of the wells identified on Exhibit "A" at the unorthodox well location described on Exhibit "A". The unorthodox well locations are necessary to complete on an efficient production and injection pattern within the North Hobbs Grayburg-San Andres Pressure Maintenance Project approved in Oil Conservation Commission Order No. R-6199.

II. Directional Drilling at Unorthodox Well Locations

Shell Western applies for an order allowing it to directionally drill each of the wells identified on Exhibit B and to drill

each well at the unorthodox surface location and unorthodox bottom hole location described in Exhibit "B". The unorthodox locations are necessary to complete an efficient production and injection pattern within the North Hobbs Grayburg-San Andres Pressure Maintenance Project. Directional drilling is necessitated by surface obstructions.

III. Effective and Efficient Finding

Shell Western applies for an order finding that each well listed on Exhibits "A" and "B" is necessary to effectively and efficiently drain a portion of the North Hobbs Grayburg-San Andres Pool covered by the existing proration unit, into which the well will be drilled, which cannot be so drained by any existing well within the proration unit.

Therefore, Shell Western requests that this application be set for hearing before an examiner on the July 11, 1984, docket.

Oral application for the relief sought herein was made 22 days prior to July 11, 1984, in accordance with Rule 1203 of the Division Rules and Regulations. Amoco Production Company (USA), Moranco, and Phillips Petroleum Co. have been notified by certified mail, return receipt requested, of this application.

Respectfully submitted,



A. J. Fore
Supervisor Regulation and Permitting
Mid-Continent Division
Shell Western E&P Inc.
(713) 870-3787

MF/mwt

Enclosures

cc: w/enclosures
Amoco Production Company (USA)
P.O. Box 3092
Houston, Texas 77253

Moranco
P.O. Box 1860
Hobbs, New Mexico 88240

Phillips Petroleum Co.
ATTN: Laws and Regulations
336 H.S. & L. Building
Bartlesville, Oklahoma 74004

EXHIBIT A

NORTH HOBBS (GRAYBURG-SAN ANDRES) UNIT HOBBS GRAYBURG-SAN ANDRES POOL LEA COUNTY, NEW MEXICO

| <u>Well No.</u> | <u>Location</u> | <u>Sec.</u> | <u>TWP</u> | <u>RNG</u> |
|-----------------|----------------------|-------------|------------|------------|
| 13-342 | 1200' FSL, 2500' FEL | 13 | 18S | 37E |
| 13-442 | 1200' FSL, 220' FEL | 13 | 18S | 37E |
| 24-312 | 10' FNL, 2630' FEL | 24 | 18S | 37E |
| 24-414 | 10' FNL, 1280' FEL | 24 | 18S | 37E |
| 19-212 | 1460' FWL, 160' FNL | 19 | 18S | 38E |
| 24-432 | 1280' FEL, 2480' FSL | 24 | 18S | 37E |
| 19-232 | 1390' FWL, 2795' FNL | 19 | 18S | 38E |
| 20-132 | 180' FWL, 2490' FSL | 20 | 18S | 38E |
| 24-442 | 200' FEL, 1260' FSL | 24 | 18S | 37E |
| 19-332 | 2535' FEL, 1430' FSL | 19 | 18S | 38E |
| 24-212 | 2620' FWL, 1280' FNL | 24 | 18S | 37E |
| 29-442 | 170' FEL, 1230' FSL | 29 | 18S | 38E |
| 30-242 | 1400' FWL, 200' FSL | 30 | 18S | 38E |
| 30-444 | 215' FSL, 1255' FEL | 30 | 18S | 38E |
| 32-312 | 1400' FEL, 210' FNL | 32 | 18S | 38E |
| 32-422 | 110' FEL, 1385' FNL | 32 | 18S | 38E |
| 33-212 | 1420' FWL, 205' FNL | 33 | 18S | 38E |
| 31-422 | 2259' FNL, 600' FEL | 31 | 18S | 38E |

| <u>Well No.</u> | <u>Location</u> | <u>Sec.</u> | <u>TWP</u> | <u>RNG</u> |
|-----------------|----------------------|-------------|------------|------------|
| 32-223 | 1410' FWL, 2630' FNL | 32 | 18S | 38E |
| 32-423 | 1280' FEL, 2540' FNL | 32 | 18S | 38E |
| 33-323 | 1420' FEL, 2495' FNL | 33 | 18S | 38E |
| 32-143 | 300' FWL, 1185' FSL | 32 | 18S | 38E |
| 32-332 | 2350' FEL, 1550' FSL | 32 | 18S | 38E |
| 33-242 | 2530' FWL, 1280' FSL | 33 | 18S | 38E |
| 19-442 | 380' FEL, 1100' FSL | 19 | 18S | 38E |
| 24-342 | 145' FSL, 1435' FEL | 24 | 18S | 37E |
| 30-112 | 200' FNL, 1310' FWL | 30 | 18S | 38E |
| 30-113 | 1310' FNL, 195' FWL | 30 | 18S | 38E |
| 29-322 | 2350' FEL, 1430' FNL | 29 | 18S | 38E |
| 28-122 | 200' FWL, 1592' FNL | 28 | 18S | 38E |
| 30-233 | 1480' FWL, 2455' FSL | 30 | 18S | 38E |
| 30-332 | 1600' FEL, 2470' FSL | 30 | 18S | 38E |
| 30-432 | 180' FEL, 2260' FSL | 30 | 18S | 38E |
| 29-323 | 2500' FEL, 2540' FNL | 29 | 18S | 38E |
| 29-122 | 180' FWL, 1600' FNL | 29 | 18S | 38E |

EXHIBIT B

NORTH HOBBS (GRAYBURG-SAN ANDRES) UNIT
HOBBS GRAYBURG-SAN ANDRES POOL
LEA COUNTY, NEW MEXICO

| <u>Well No.</u> | <u>Location</u> | <u>Sec.</u> | <u>TWP</u> | <u>RNG</u> |
|-----------------|--|-------------|------------|------------|
| 28-242 | Suf 2014' FWL, 1163' FSL Bhl 2400' FWL, 1100' FSL | 28 | 18S | 38E |
| 33-312 | Suf 1702' FEL, 136' FNL Bhl 1330' FEL, 10' FNL | 33 | 18S | 38E |
| 30-312 | Suf 500' FNL, 1448' FEL Bhl 20' FNL, 1268' FEL | 30 | 18S | 38E |

CASE 8264: Application of Shell Western E & P, Inc. for directional drilling and unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the directional drilling of three wells in the North Hobbs (Grayburg San Andres) Unit at unorthodox surface locations to unorthodox bottom hole locations. Applicant proposes to drill a well from a location 1163 feet from the South line and 1014 feet from the West line of Section 28, Township 18 South, Range 38 East, to a bottom hole location within 100 feet of a point 1100 feet from the South line and 2400 feet from the West line of that Section.

Applicant proposes to drill a well from a surface location 110 feet from the North line and 1830 feet from the East line of Section 33, Township 18 South, Range 38 East to a bottom hole location 10 feet from the North line and 1330 feet from the East line of that Section.

Applicant proposes to drill a well from a surface location 500 feet from the North line and 1448 feet from the East line of Section 30, Township 18 South, Range 38 East, to a bottom hole location 20 feet from the North line and 1268 feet from the East line.

CASE 8260: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider: The assignment of a discovery allowable of 29,200 barrels to the East Avalon-Bone Spring Pool in Eddy County.

Docket No. 26-84

DOCKET: COMMISSION HEARING - TUESDAY - JULY 17, 1984

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8132: (Continued from May 15, 1984, Commission Hearing)

Application of Amoco Production Company for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde pools of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of the wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such applications for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8109: (Continued from May 15, 1984, Commission Hearing)

Application of Amoco Production Company for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in Order R-5436 will be granted.

CASE 8111: (Continued from May 15, 1984, Commission Hearing)

Application of Southland Royalty Company for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8265: Application of Southland Royalty Co. for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8134: (Continued from May 15, 1984, Commission Hearing)

Application of Ladd Petroleum Corp. for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota Pool of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8135: (Continued from May 15, 1984 Commission Hearing)

Application of Veryl F. Moore for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Pictured Cliffs formation of Northwest New Mexico as provided in Section 62-7-5, NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8266: Application of Sun Exploration and Production for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota Pool as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.CASE 8133: (Continued from May 15, 1984, Commission Hearing)

Application of Gulf Oil Exploration for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8105: (Continued from May 15, 1984, Commission Hearing)

Application of Conoco Inc. for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8267: Application of Caulkins Oil Co. for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota, Blanco-Mesaverde and Pictured Cliffs Pools as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.