

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
TXO PRODUCTION CORP. FOR DIRECTIONAL :
DRILLING AND AN UNORTHODOX WELL :
LOCATION, LEA COUNTY, NEW MEXICO :
_____ :

CASE NO. 4383

AMENDED APPLICATION

COMES NOW TXO Production Corp., by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of all formations from the surface down to the base of the Devonian formation, underlying:

Township 11 South, Range 37 East, N.M.P.M.

Section 36: E/2

containing 320 acres, more or less, and proposes to re-enter and deepen the Humble State "C" No. 1 Well, located at a point 2,310 feet from the south line and 1,650 feet from the east line (Unit J) of said Section 36, to a depth sufficient to test the Devonian formation, at approximately 12,500 feet. Applicant proposes to directionally drill said well to come within 50 feet of the following target bottomhole locations (both of which are unorthodox locations):

- (a) In the Wolfcamp formation - 2,570 feet from the north line and 1,604 feet from the east line of said Section 36; and

- (b) In the Devonian formation - 2,100 feet from the north line and 1,550 feet from the east line of said Section 36;

and to dedicate the SW/4 NE/4 of said Section 36 to the well.

2. In the event the re-entry of the Humble State "C" No. 1 Well is impracticable, Applicant proposes to re-enter and deepen the Heyco State "36" No. 1 Well, located at a point 1,650 feet from the north line and 990 feet from the east line (Unit H) of said Section 36, and to directionally drill said well to come within 50 feet of the following target bottomhole locations (both of which are unorthodox locations:

- (a) In the Wolfcamp formation - 1,890 feet from the north line and 1,289 feet from the east line of said Section 36; and
- (b) In the Devonian formation - 2,100 feet from the north line and 1,550 feet from the east line of said Section 36;

3. Applicant should be authorized to directionally drill its well to come within 50 feet of the target bottomhole locations described in 1 and 2 (a) and (b) above.

4. The Applicant seeks an exception to the well location requirements of Rule 104 of the Oil Conservation Division to permit the re-entry and deepening of the Humble State "C" No. 1 Well or, in the event such re-entry proves to be impracticable, to permit Applicant to re-enter and deepen the Heyco State "36" No. 1 Well at the above mentioned unorthodox locations, for all formations in Unit G and H of said Section 36 which may be developed on 40-acre spacing.

5. A standard 40-acre proration unit should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be productive of oil and gas.

6. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent 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.

WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting Applicant permission to re-enter the Humble State "C" No. 1 Well, at a point located 2,310 feet from the south line and 1,650 feet from the east line of said Section 36 or, in the event such re-entry proves impracticable, granting Applicant permission to re-enter the Heyco State "36" No. 1 Well located at a point 1,650 feet from the north line and 990 feet from the east line of said Section 36, and in either event to directionally drill said well to come within 50 feet of the target bottomhole locations described in 1 and 2 (a) and (b) above, and to dedicate the appropriate 40-acre tract within Section 36 to said well for

production from all formations which may be developed on 40-acre spacing.

C. And for such other and further relief as may be just in the premises.

TXO PRODUCTION CORP.

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