

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. 9383
Order No. R-8683

APPLICATION OF TXO PRODUCTION CORPOR-
ATION FOR DIRECTIONAL DRILLING AND
UNORTHODOX OIL WELL LOCATIONS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 8, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of July, 1988, 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) Division Case Nos. 9382 and 9383 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, TXO Production Company, seeks authority to re-enter the plugged and abandoned Skelton Oil Company Phillips State Well No. 1 located 2310 feet from the South line and 1650 feet from the East line (Unit J) of Section 36, Township 11 South, Range 37 East, NMPM, Lea County, New Mexico, wherein the applicant proposes to deepen and deviate said well to within 50 feet of the following targeted unorthodox bottom-hole locations:

- a. In the Wolfcamp formation - 2570 feet from the North line and 1604 feet from the East line of said Section 36; and,
- b. In the Devonian formation - 2100 feet from the North line and 1550 feet from the East line of said Section 36;

both zones to be dedicated to the SW/4 NE/4 (Unit G) of said Section 36 forming a standard 40-acre oil spacing and proration unit, Wildcat Wolfcamp and Gladiola-Devonian Pools.

(4) Should re-entry into the aforementioned well be found impractical, the applicant, in the alternative, seeks authority to re-enter the temporarily abandoned Apache Corporation Heyco "36" State Well No. 1 located 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 36, wherein the applicant proposes to deepen and deviate said well to within 50 feet of the following targeted unorthodox bottom-hole locations:

- a. In the Wolfcamp formation - 1890 feet from the North line and 1289 feet from the East line of said Section 36 to be dedicated to the SE/4 NE/4 (Unit H) of said Section 36 forming a standard 40-acre oil spacing and proration unit, Wildcat Wolfcamp Pool; and,
- b. In the Devonian formation - 2100 feet from the North line and 1550 feet from the East line of said Section 36 to be dedicated to the SW/4 NE/4 (Unit G) of said Section 36 forming a standard 40-acre oil spacing and proration unit, Gladiola-Devonian Pool.

(5) The record in this case indicates that the aforesaid Phillips State Well No. 1 was originally drilled in 1958 to the Devonian formation, tested non-commercial and was subsequently plugged and abandoned; the well was re-entered in 1973, tested non-commercial in the Wolfcamp formation, and was subsequently plugged and abandoned.

(6) The record further indicates that the aforesaid Heyco "36" State Well No. 1 was drilled in 1984 and was completed in the Gladiola-Devonian Pool where it produced approximately 21,269 barrels of oil and a substantially large quantity of water before being temporarily abandoned in 1986.

(7) The applicant, through its geological evidence and testimony, has demonstrated that the proposed re-entry should penetrate the Devonian formation at a structurally advantageous position up-dip above the oil-water contact.

(8) A well at the proposed unorthodox bottom-hole location should better enable the applicant to produce the remaining oil reserves underlying the proposed proration unit.

(9) The applicant has ensured the protection of correlative rights by its proposed unitization of the E/2 of said Section 36 (Division Case No. 9382).

(10) Approval of the subject application will prevent 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 whichever wellbore is utilized prior to directional drilling and the bottom-hole total depth location by means of a directional survey acceptable to the Division.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, TXO Production Corporation, is hereby authorized to re-enter the plugged and abandoned Skelton Oil Company Phillips State Well No. 1 located 2310 feet from the South line and 1650 feet from the East line (Unit J) of Section 36, Township 11 South, Range 37 East, NMPM, Lea County, New Mexico, and deepen and deviate said well to within 50 feet of the following targeted unorthodox bottom-hole locations:

- a. In the Wolfcamp formation - 2570 feet from the North line and 1604 feet from the East line of said Section 36; and,
- b. In the Devonian formation - 2100 feet from the North line and 1550 feet from the East line of said Section 36.

Both zones shall be dedicated to the SW/4 NE/4 (Unit G) of said Section 36 forming a standard 40-acre oil spacing and proration unit, Wildcat Wolfcamp and Gladiola-Devonian Pools.

(2) Should re-entry into the aforementioned well be found impractical, the applicant, in the alternative, is hereby authorized to re-enter the temporarily abandoned Apache Corporation Heyco "36" State Well No. 1 located 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 36, and deepen and deviate said well to within 50 feet of the following targeted unorthodox bottom-hole locations:

- a. In the Wolfcamp formation - 1890 feet from the North line and 1289 feet from the East line of said Section 36 to be dedicated to the SE/4 NE/4 (Unit H) of said Section 36 forming a standard 40-acre oil spacing and proration unit, Wildcat Wolfcamp Pool; and,
- b. In the Devonian formation - 2100 feet from the North line and 1550 feet from the East line of said Section 36 to be dedicated to the SW/4 NE/4 (Unit G) of said Section 36 forming a standard 40-acre oil spacing and proration unit, Gladiola-Devonian Pool.

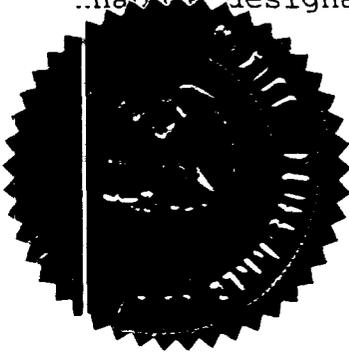
PROVIDED HOWEVER THAT, prior to commencing directional drilling operations into whichever wellbore is utilized, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT, subsequent to reaching total depth in whichever wellbore is utilized, the applicant shall establish the bottom-hole location by means of a directional survey acceptable to the Division.

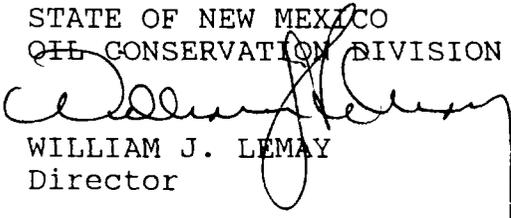
(3) The applicant shall furnish to the Division a copy of each directional survey as described above.

(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