

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. 9386
Order No. R-8663

APPLICATION OF STANDARD OIL
PRODUCTION COMPANY FOR AN
UNORTHODOX OIL WELL LOCATION
AND DIRECTIONAL DRILLING, LEA
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 25, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of June, 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) The applicant, Standard Oil Production Company, seeks approval to directionally drill its proposed State "36" Well No. 2 from an unorthodox surface location 1300 feet from the North line and 1060 feet from the East line (Unit A) of Section 36, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, to a non-standard bottom hole location in the Undesignated Casey-Strawn Pool within 150 feet of a target point 1090 feet from the North line and 1180 feet from the East line (Unit A) of said Section 36.

(3) The N/2 NE/4 of said Section 36 is to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool.

(4) A well at said unorthodox bottom hole location will better enable applicant to produce the oil underlying the proration unit.

(5) No offset operator objected to the proposed unorthodox bottom hole location or directional drilling of the subject well.

(6) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, 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.

(7) Subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey should be made of the wellbore from total depth to the surface.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Standard Oil Production Company, is hereby authorized to directionally drill its State "36" Well No. 2, the surface location of which shall be 1300 feet from the North line and 1060 feet from the East line (Unit A) of Section 36, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, to a non-standard bottom hole location in the Undesignated Casey-Strawn Pool within 150 feet of a target point 1090 feet from the North line and 1180 feet from the East line (Unit A) of said Section 36.

PROVIDED HOWEVER 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, NM 87504-2088, and the operator shall notify the Division's Hobbs District Office of the date and time said survey is to be commenced.

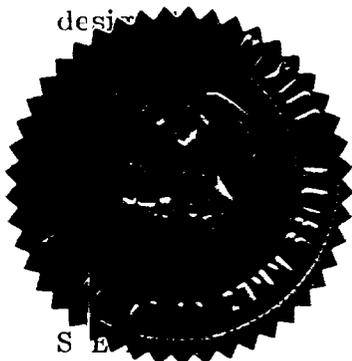
(2) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(3) The N/2 NE/4 of said Section 36 shall be dedicated to the above-described well forming a standard 80-acre oil spacing and proration unit for said pool.

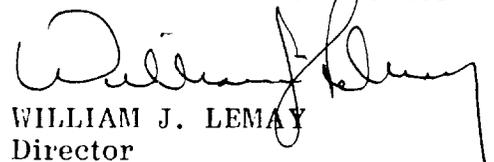
(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case 9386
Order No. R-8663
Page 3

DONE at Santa Fe, New Mexico, on the day and year hereinabove
desire



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director