

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. 9720
ORDER R-8928-A

APPLICATION OF STEVE SELL FOR
AMENDMENT TO ORDER R-8928 FOR
DIRECTIONAL DRILLING AN UNORTHODOX
GAS WELL LOCATION AND A NON-STANDARD
UNIT, EDDY COUNTY, NEW MEXICO

STEVE SELL'S PROPOSED ORDER
OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 9, 1989, at Santa Fe, New Mexico before Examiner Michael E. Stogner.

NOW, on this ____ day of August, 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. On May 10, 1989, the Division entered Order R-8928 which authorized the Applicant to directionally drill its Shafer Federal Com. Well No. 1 from a surface location 1327 feet from the south line and 1145 feet from the west line

(Unit L) of Section 35, Township 21 South, Range 24 East, to a bottomhole unorthodox gas well location in the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool and Undesignated Indian Basin-Morrow Gas Pool being no closer than 1600 feet from the south line and 800 feet from the west line of Section 35, all of Section 35 to be dedicated to the well forming a 654.47-acre gas proration unit for both pools.

3. Applicant has drilled the previously approved unorthodox bottomhole location and has been unable to obtain commercial production.

4. Applicant now seeks to amend Division Order No. R-8928 to allow the Shafer Federal Com. Well No. 1 to be plugged back to the vertical portion of the wellbore, kicking-off in an east-southeasterly direction, and directionally drilling to a new unorthodox bottomhole location to a depth sufficient to test the Cisco formation at a true vertical depth of approximately 7780 feet within 200 feet of a point 900 feet from the south line and 2500 feet from the east line (Unit O) of said Section 35.

5. The Applicant presented new geologic evidence and testimony which indicates that a well located at the proposed amended unorthodox bottomhole location will encounter the Upper Pennsylvanian formation at a more structurally advantageous position above the gas-water contact than a well drilled at a standard location for the previously approved unorthodox bottomhole location thereon, thereby increasing the likelihood of obtaining commercial production.

6. Applicant further requests that this well be properly classified as a wildcat well in the Pennsylvanian formations and subject to the Statewide General Rules for such a test. The subject well is to be dedicated to Lots 1 through 6 and the W/2 SW/4 of said Section 35 forming a non-standard 334.47-acre gas spacing and proration unit.

7. The interest ownership in said Section 35 and Section 34 (the affected offset acreage to the west) is common.

8. No offset operator objected to the proposed directional drilling and unorthodox bottomhole location.

9. Approval of the subject application will afford the Applicant the opportunity to produce its just and equitable share of the gas in a Wildcat Upper Pennsylvanian Gas 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.

10. The Applicant should notify the supervisor of the Artesia district office of the Division of the date and time of conducting said directional surveys in order that they may be witnessed.

11. Upon completion of conducting directional surveys, the Applicant should submit copies of each survey to the Santa Fe office of the Division.

IT IS THEREFORE ORDERED THAT:

1. The Applicant, Steve Hall, is hereby authorized to directionally drill its Shafer Federal Com. Well No. 1-R from a surface location 1327 feet from the south and 1145 feet from the west line (Unit L) of Section 35, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, in a southwesterly direction to a depth sufficient to test an Undesignated Upper Pennsylvanian Gas Pool at an unorthodox bottomhole location at a true vertical depth of approximately 7780 feet which shall be within 200 feet of a point 900 feet from the south line and 2500 feet from the east line of said Section 35.

2. S/2 of said Section 35 shall be dedicated to the subject well forming a non-standard 334.47-acre gas spacing and proration unit for a wildcat well in the Pennsylvanian formations.

3. 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

S E A L