

Case No. 9670
Order No. R-8917-A
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- b. a penalty (P_2) based on the proportion of distance the actual location is moved toward the nearest well from the minimum distance under the pool rules; and
- c. the product of $(1-P_1) \times (1-P_2)$.

(4) The applicant in the immediate case, Stevens Operating Corporation, which has replaced Curry and Thornton as operator of the E/2 W/2 of said Section 9, now seeks to amend said Division Order No. R-8917, and in lieu of drilling a new well at the previously authorized unorthodox oil well location, be permitted to re-enter the plugged and abandoned Philtex Oil Company Honolulu Federal Well No. 1 located 1980 feet from the South and West lines (Unit K) of said Section 9, wherein the applicant proposes to deviate said well so as to penetrate the North King-Camp Devonian Pool at an unorthodox bottomhole oil well location within 500 feet west of a point 1980 feet from the South line and 2475 feet from the West line of said Section 9.

(5) The subject well in this matter was spudded on November 3, 1961 and was drilled to a total depth of 9894 feet where it tested dry in the Devonian formation and was subsequently plugged and abandoned.

(6) The applicant proposes to re-enter said well and drill out the existing cement plugs to a depth of approximately 7474 feet, kick-off at this point due east, build angle to 15 degrees and hold to a measured depth of approximately 8913 feet, at which point the angle will be allowed to drop and return to vertical to a measured depth of approximately 9450 feet, whereby the hole will be allowed to build angle back and drift to the west bottoming at a true vertical depth of approximately 9710 feet in the Devonian formation approximately 330 feet west of the well's surface location.

(7) Should said well be a producer, it is the intent of this application that all survey and penalty provisions in the original Order No. R-8917 be fully applicable with respect to this well.

(8) Santa Fe Exploration Company, the offset operator to the east of the non-standard unit, appeared at the hearing and objected to the existing method of assessing a penalty on production from this well and proposed that the top unit allowable for this well, regardless of its location within the proposed target area, be set at a flat rate of 80 barrels of oil per day.

(9) the existence of a fault, downthrown to the west, which traverses the W/2 of said Section 9 in a north-south direction, resulting in only a small portion of the extreme east side of the E/2 W/2 of said Section 9 being potentially productive, as described in Case No. 9617 and further in this matter, makes it necessary for the applicant to crowd the east line of the unit to adequately drain those reserves underlying the unit. By utilizing an existing wellbore to directionally drill into the subject reservoir, the cost of developing this acreage