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**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. 10909
Order No. R-10075**

**APPLICATION OF KLABZUBA OIL
AND GAS FOR AN UNORTHODOX WELL
LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 3, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of March, 1994, 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, Klabzuba Oil and Gas, seeks authority to drill a well at an unorthodox oil well location 2403 feet from the North line and 2620 feet from the West line (Unit F) of Section 36, Township 11 South, Range 37 East, NMPM, to test the Devonian formation, Undesignated Gladiola-Devonian Pool, Lea County, New Mexico.

(3) The applicant proposes to dedicate the SE/4 NW/4 of Section 36 to the above-described well forming a standard 40-acre oil spacing and proration unit for said pool.

(4) The applicant presented geologic evidence and testimony which indicates that the Devonian formation within Section 36 is highly faulted.

(5) Due to the presence of these faults, the targeted productive area within the Devonian formation is limited to the SE/4 NW/4 and SW/4 NE/4 of Section 36.

(6) The NE/4 of Section 36 has previously been tested in the Devonian formation by the Harper Oil Company Heyco State Well No. 36-1 located in Unit H. This well cumulatively produced some 21,269 barrels of oil from the Gladiola-Devonian Pool before watering out in approximately 1986.

(7) The applicant has conducted extensive 3-D seismic work within Section 36.

(8) The applicant's geologic evidence indicates that a well at the proposed unorthodox location should penetrate the Devonian formation within the productive area and in the highest structural position within the SE/4 NW/4 and SW/4 NE/4 of Section 36.

(9) Testimony by the applicant further indicates that a well located at the highest structural position within the limited productive area will enable the recovery of the greatest amount of oil from this Devonian structure, thereby preventing waste.

(10) Section 36 is comprised of two separate state leases, the first consisting of the N/2 and SE/4, and the second consisting of the SW/4. Testimony by the applicant indicates that it is the only working interest owner within Section 36.

(11) There are no affected offset operators and/or interest owners.

(12) Currently there is no other Devonian production within Section 36.

(13) 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.

(14) Due to the close proximity of the subject well to the eastern boundary of the proration unit, it is possible that due to drift the producing portion or bottomhole location of the wellbore may be located on the adjacent 40-acre tract (SW/4 NE/4).

(15) The applicant should be required to conduct a directional survey upon completion of drilling operations in order to determine the actual bottomhole location.

(16) In the event the bottomhole location or producing portion of the wellbore is located within the SW/4 NE/4 of Section 36, the applicant should be required to amend its Division Form C-102 (Acreage Dedication Plat) to reflect the proper dedication of acreage to the subject well.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Klabzuba Oil and Gas, is hereby authorized to drill a well at an unorthodox oil well location 2403 feet from the North line and 2620 feet from the West line (Unit F) of Section 36, Township 11 South, Range 37 East, NMPM, to test the Devonian formation, Undesignated Gladiola-Devonian Pool, Lea County, New Mexico.

(2) The SE/4 NW/4 of Section 36 shall be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit for said pool.

(3) The applicant shall conduct a directional survey upon completion of drilling operations in order to determine the actual bottomhole location.

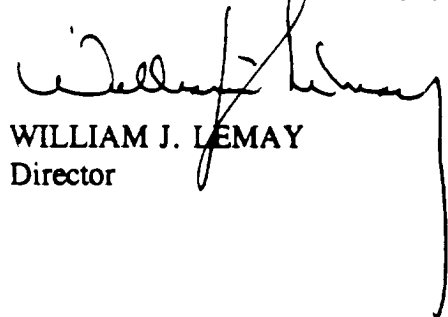
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(4) In the event the bottomhole location or producing portion of the wellbore is located within the SW/4 NE/4 of Section 36, the applicant shall amend its Division Form C-102 (Acreage Dedication Plat) to reflect the proper dedication of acreage to the subject well.

(5) Jurisdiction of this cause is hereby 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

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