

*Administrative Order DD-95(NSBHL)**Matador Petroleum Corporation**June 28, 1994**Page No. 2*

- (5) Said well is within one mile of the Little Lucky Lake-Devonian Pool and is therefore subject to the Division's General Rules and Regulations governing well locations in this pool [see Rule 104.B(1)(a)] which require wells to be no closer than 330 feet from the outer boundary of its designated 40-acre, more or less, drilling tract;
- (6) The proposed sidetracked bottom-hole recompletion is therefore considered to be unorthodox;
- (7) The N/2, W/2 SW/4, SE/4 SW/4, and SE/4 of said Section 32 is included within a single lease issued by the New Mexico State Land Commission as Lease No. V-03756; therefore, there are no off-set operators directly effected by the unorthodox bottomhole location;
- (8) This application has met all the necessary requirements under Division General Rule 104.F and 111 and approval of such will serve to 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;
- (9) The operator should be required to determine the subsurface location of the kick-off point of the State "LLA" Shell Well No. 1 prior to directional drilling and should subsequently be required to conduct an accurate wellbore survey during or upon completion of directional drilling operations from the kick-off point to total depth to determine its true depth and course; and,
- (10) The operator should be required to notify the supervisor of the Hobbs District Office of the Division of the date and time said directional surveys are to be conducted so that they may be witnessed. The applicant should further be required to provide a copy of said directional surveys to the Santa Fe and Hobbs District Offices of the Division upon said re-completion.

IT IS THEREFORE ORDERED THAT:

(1) Matador Petroleum Corporation, is hereby authorized to re-enter the existing Texaco, Inc. State "LLA" Shell Well No. 1, located at a standard surface oil well location, 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 32, Township 15 South, Range 30 East, NMPM, Chaves County, New Mexico, and recomplete said well by side tracking off of the vertical wellbore and directionally drill in such a manner as to bottom in the Little Lucky Lake-Devonian Pool at a true vertical depth of approximately 11,200 feet within 50 feet of a target point located 440 feet from the North line and 2420 feet from the West line of said Section 32, being an unorthodox bottom-hole oil well location for said pool.

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