

to said well to form a standard oil spacing and proration unit for said pool;

- (5) The operator proposes to plug the vertical hole to a depth of 6,600 feet, kick-off at a depth of approximately 6,700 feet, drill in a southwesterly direction, build to an angle of approximately 21 degrees and continue drilling in such a manner as to bottom back into the Strawn formation, with total horizontal displacement of said wellbore to be approximately 1700 feet;
- (6) The applicable drilling window or "producing area" for said wellbore should include that area within the NW/4 SE/4 of said Section 31 that is no closer than 330 feet to the outer boundary of said dedicated 40-acre tract; and,
- (7) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said **Rule 111.D** and **E**, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of **Division General Rule 111**.

IT IS THEREFORE ORDERED THAT

(1) Rand Paulson Oil Company, Inc. is hereby authorized to recomplete its existing Nicholas "31" (Federal) Well No. 1 (**API No. 30-025-33822**), located on the surface 2090 feet from the North line and 660 feet from the East line (Unit H) of Section 31, Township 14 South, Range 35 East, NMPM, Lea County, New Mexico, by plugging the vertical well back to an approximate depth of 6,600 feet, kick-off at a depth of approximately 6,700 feet, drill in a southwesterly direction, build to an angle of approximately 21 degrees and continue drilling in such a manner as to bottom back into the Strawn formation, with total horizontal displacement of said wellbore to be approximately 1700 feet.

(2) The 40-acre tract comprising the NW/4 SE/4 of said Section 31 shall be dedicated to said well to form a standard oil spacing and proration unit for said formation.

(3) The applicable drilling window or "producing area" for said wellbore shall consist of that area within the NW/4 SE/4 of said Section 31 that is no closer than 330 feet to the outer boundary of said dedicated 40 acre tract.

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

PROVIDED FURTHER THAT during or upon completion of said directional drilling