



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 9, 1997

Lone Star Oil & Gas, Inc.
P. O. Box 2735
Midland, Texas 79702
Attention: Mark L. Branum

Administrative Order DD-181 (NSBHL)

Dear Mr. Branum:

Reference is made to your application dated June 17, 1997 for approval to recomplete the Marathon Oil Company J. Benson Well No. 1 (API No. 30-025-29787), located on the surface 330 feet from the South line and 330 feet from the East line (Unit P) of Section 14, Township 16 South, Range 38 East, NMPM, in order to further develop the North Knowles-Devonian Pool, Lea County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of:
 - (a) Rule 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995; and,
 - (b) Rule 104.F of said Division general rules, revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996;
- (2) The subject well was drilled by Marathon Oil Company in late 1986 and completed as the discovery well for the North Knowles-Devonian Pool in February, 1987 (see Division Order No. R-8451, issued in Case 9133 and dated June 3, 1987); the 80 acres comprising the S/2 SE/4 of said Section 14 was dedicated to said well to

form a standard 80-acre oil spacing and proration unit for the North Knowles-Devonian Pool; the well ceased producing in January, 1993;

- (3) The North Knowles-Devonian Pool is subject to the "*Special Rules and Regulations for the North Knowles-Devonian Pool*", as promulgated by Division Order No. R-8497, as amended, which includes provisions for 80-acre oil spacing and proration units with wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot;
- (4) Lone Star proposes to recomplete the subject well by kicking-off from vertical at a depth of approximately 9,500 feet, drill in a north-northeasterly direction, build angle to approximately 15 degrees, and continue drilling in such a manner as to bottom back into the Devonian formation at a subsurface location considered to be unorthodox that is within a target area 100 feet in radius of a point that is 1100 feet from the South line and 770 feet from the East line (Unit P) of said Section 14, with total horizontal displacement of said wellbore to be approximately 800 feet; and,
- (5) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, 104.F(2), and Rule 5 of said Order No. R-8451, as amended, 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) The applicant, Lone Star Oil & Gas, Inc., is hereby authorized to recomplete the Marathon Oil Company J. Benson Well No. 1 (API No. 30-025-29787), located on the surface 330 feet from the South line and 330 feet from the East line (Unit P) of Section 14, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico, by kicking-off from vertical at a depth of approximately 9,500 feet, drill in a north-northeasterly direction, build angle to approximately 15 degrees, and continue drilling in such a manner as to bottom back into the Devonian formation at a subsurface location considered to be unorthodox that is within a target area 100 feet in radius of a point that is 1100 feet from the South line and 770 feet from the East line (Unit P) of said Section 14, with total horizontal displacement of said wellbore to be approximately 800 feet.

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 directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Hobbs district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Hobbs offices of the Division upon completion.

(3) The S/2 SE/4 of said Section 14 shall be dedicated to said well to form a standard 80-acre oil spacing and proration unit for the North Knowles-Devonian Pool.

(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F and Division Order No. R-8451, as amended.

(5) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(6) 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

WJL/MES/kv

cc: Oil Conservation Division - Hobbs /