

NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION DISTRICT | HOBBS PO BOX 1980, Hobbs, NM 88241 (505) 393-6161 FAX (505) 393-0720

Jennifer A. Salisbury

November 7, 1997

Betty Petzold Browning Oil Company, Inc. P.O. Box 686 Giddings, Texas 78942

RE: Browning Oil Company Inc, Byers # 1 C-29-16s-39e, and Rule 111 requirements for Directional & Horizontal Wells

Dear Ms Betty Petzold

The APD for this well was one of the first wells approved under the newly revised Rule 111. It was overlooked that this was an application for a horizontal drain hole. Before we can approve an allowable for this well, under the revised Rule 111 a plat needs to be submitted with the following shown:

- 1) Project areas. For project areas with more than one proration unit, the maximum allowable is based on the units that are developed or traversed by the well's producing interval.
- 2)Producing area. Producing area is the orthodox window as defined by the applicable minimum setbacks from the outer boundaries of the project area. For statewide rules the setback is 330 feet for 40 acre oil pools. The wellbore is unorthodox when the producing interval encroaches on the outer boundaries (i.e., it is outside of the producing area).
- 3)Point of entry or point of first development (i.e., for this well top of open hole interval at 1167 FNL and 1902 FEL.

4)End point or Bottom hole (i.e., for this well BH is 1662 FNL and 1932 FWL)

Please see the attached example and if you have any questions about this matter, please call (505) 393-6161 for assistance from Chris Williams or Paul Kautz.

Yours very truly,

OIL CONSERVATION DIVISION

Chris Williams

District I, Supervisor

District I PO Box 1980, Hobbs, NM 88241-1980 District II 811 South First, Artesia, NM 88210 District III

State of New Mexico Energy, Minerals & Natural Resources Department

Revised October 18, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies

OIL CONSERVATION DIVISION 2040 South Pacheco

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Form C-102

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