



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

June 11, 1996

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762
Attention: Larry M. Sanders

Administrative Order DD-148

Dear Mr. Sanders:

Under the provisions of **Rules 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, Phillips Petroleum Company ("Phillips") made application to the New Mexico Oil Conservation Division on May 6, 1996 for authorization to directional drill its proposed State "H-35" Well No. 16, Lea County, New Mexico.

The Division Director Finds That:

- (1) The proposed wellbore is to be drilled to a pre-determined bottom-hole location in the Phillips Petroleum Company's (Conoco) State H-35 Vacuum Pressure Maintenance Project Area, established by Division Order No. R-7182, dated January 12, 1983, and as such the Vacuum-Grayburg-San Andres Pool is subject to the statewide rules and regulations for oil wells, as promulgated by **Rules 104.C(1) and F(1)**, which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of the lease or unitized area (pressure maintenance/waterflood project area), nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary;
- (2) The (Conoco) State H-35 Vacuum Pressure Maintenance Project Area comprises the NE/4 and E/2 NW/4 of Section 35, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico;
- (3) The surface area of the proposed well location dictates the necessity for deviating this well in a predetermined direction. The existence of gathering lines, flow lines,

pipelines, and tank production facilities requires the well to be located 1120 feet from the North line and 660 feet from the East line (Unit A) of said Section 35;

- (4) The proposed bottom-hole location within the Vacuum-Grayburg-San Andres Pool, 1310 feet from the North line and 660 feet from the East line (Unit A) of said Section 35, is necessary to complete an effective and efficient injection/production pattern for the current secondary recovery operations and for the future tertiary recovery operation proposed by Phillips, which was the subject of Division Case 11523 heard on May 2, 1996;
- (5) The "target or project area" for said directional drilling should be within a reasonable radius of the projected bottom-hole location of 1310 feet from the North line and 660 feet from the East line; and,
- (6) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said **Rules 111.D and E and 104.C(1) and F(1)**, 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 Rules 104 and 111**.

IT IS THEREFORE ORDERED THAT:

(1) Phillips Petroleum Company ("Phillips") is hereby authorized to drill its State "H-35" Well No. 16 from a surface location 1120 feet from the North line and 660 feet from the East line (Unit A) of Section 35, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, kick-off to the south and directionally drill into the Vacuum-Grayburg-San Andres Pool as close as is reasonably possible to the targeted bottom-hole location of 1310 feet from the North line and 660 feet from the East line (Unit A) of said Section 35.

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 operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottom-hole 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.

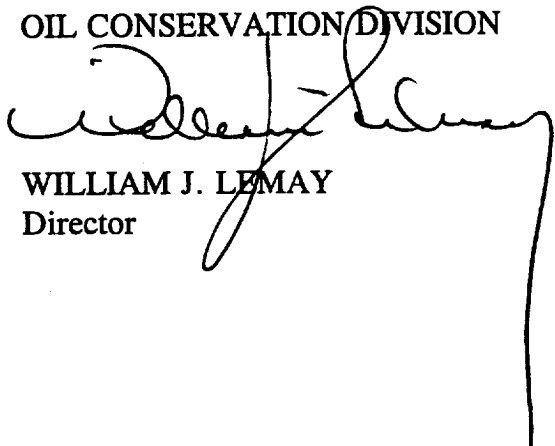
(3) The operator shall comply with all requirements and conditions set forth in **Division General Rule 111.E(2)** and any applicable requirements in **111.D and F** and **104.C(1)** and **104.F(2)**.

(4) 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.

(5) 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

S E A L

cc: Oil Conservation Division - Hobbs ✓
New Mexico State Land Office - Santa Fe
File: Case 1152