



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

May 15, 1997

Texaco Exploration & Production Inc.
P. O. Box 3109
Midland, Texas 79702
Attention: C. Wade Howard

Administrative Order DD-171(H)
High Angle/Horizontal

Dear Mr. Howard:

Reference is made to your application dated March 25, 1997 for authorization to initiate a high angle/horizontal directionally drilling project within the SW/4 of Section 1, Township 20 South, Range 36 East, NMPM, Monument-Blinbry Pool, Lea County, New Mexico.

The Division Director Finds That:

- (1) The subject application has been duly filed under the provisions of 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;
- (2) In Township 20 South, Range 36 East, NMPM, Lea County, New Mexico the Monument-Blinbry Pool currently comprises all of said 1;
- (3) The Monument-Blinbry Pool is subject to the statewide rules and regulations, as promulgated by Rule 104.C(1)(a), 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 a single 40-acre oil spacing and proration unit;
- (4) The "project area" proposed by Texaco would consist of an over-sized spacing unit comprising 120 acres (three standard 40-acre tracts) underlying the N/2 SW/4 and the SE/4 SW/4 of said Section 1;
- (5) There are currently no producing Monument-Blinbry wells within the proposed project area, however at one time Texaco's New Mexico "E" State NCT-1 Well No. 5 (API No. 30-025-12722) in Unit "K" produced from the Monument-Blinbry Pool;
- (6) Texaco is seeking to initiate a high angle/horizontal directional drilling project within this portion of the Monument-Blinbry Pool, which is a heterogeneous reservoir where vertical segregation is common, in an attempt to drain laterally discontinuous lenses that would not

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otherwise be exploited without dense vertical well spacing;

- (7) It is Texaco's intent to place its New Mexico "E" State NCT-1 Well No. 7 (API No. 30-025-33774) at a standard Monument-Blinbry Pool oil well location 990 feet from the South line and 1855 feet from the West line (Unit N) of said Section 1, drill vertically to an approximate depth of 5,650 feet, kick-off in a northwesterly direction with a short radius wellbore (80 degrees/100 feet), and drill in horizontally a lateral distance of approximately 2,000 feet through the Blinbry formation;
- (8) The applicable drilling window or "producing area" for said wellbore should include that area within the 120-acre area comprising the N/2 SW/4 and the SE/4 SW/4 of said Section 1 that is no closer than 330 feet to the outer boundary of the subject 120-acre non-standard oil spacing and proration unit that is the N/2 SW/4 and SE/4 SW/4 of said Section 1; and,
- (9) It appears 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) Texaco Exploration and Production, Inc. ("Texaco") is hereby authorized to initiate a high angle/horizontal directional drilling project within a non-standard 120-acre oil spacing and proration unit comprising the N/2 SW/4 and the SE/4 SW/4 of Section 1, Township 20 South, Range 36 East, NMPM, Monument-Blinbry Pool, Lea County, New Mexico, by drilling its New Mexico "E" State NCT-1 Well No. 7 (API No. 30-025-33774) at a standard Monument-Blinbry Pool oil well location 990 feet from the South line and 1855 feet from the West line (Unit N) of said Section 1, drill vertically to an approximate depth of 5,650 feet, kick-off in a northwesterly direction with a short radius wellbore (80 degrees/100 feet), and drill in horizontally a lateral distance of approximately 2,000 feet through the Blinbry formation;

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 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 "project area" for said horizontal well shall consist of an oversized 120-acre non-

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standard oil spacing and proration unit for said pool comprising the N/2 SW/4 and the SE/4 SW/4 of said Section 1.

(4) The "producing area" for said horizontal wellbore shall include that area within said project area that is no closer than 330 feet from the outer boundary of said 120-acre area comprising the N/2 SW/4 and SE/4 SW/4 of said Section 1.

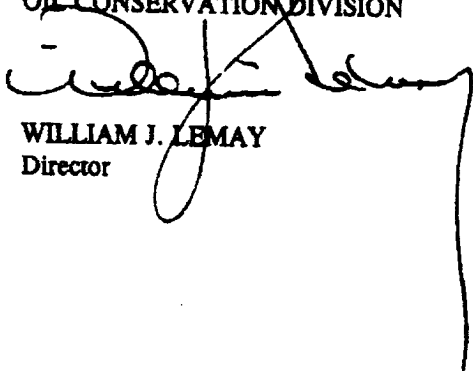
(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

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

(7) 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

SEAL

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe