



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 10, 1998

Burlington Resources Oil & Gas Company
P. O. Box 51810
Midland, Texas 79710-1810
Attention: Maria L. Perez

Administrative Order NSL-3940(NSBHL)(SD)

Dear Ms. Perez:

Reference is made to the following (i) your original application dated September 23, 1997; (ii) supplemental information filed on October 24, 1997; and, (iii) the records of the Division in Santa Fe on the subject well and surrounding wells in the immediate area: all concerning Burlington Resources Oil and Gas Company's ("Burlington") recent directional horizontal drilling of the Red Tank Federal Well No. 3 (API No. 30-025-32507), located on the surface at a standard oil well location 330 feet from the South line and 990 feet from the West line (Unit M) of Section 14, Township 22 South, Range 32 East, NMPM, West Red Tank-Delaware Pool, Lea County, New Mexico.

The Division Director Finds That:

- (1) The subject application has been duly filed under the provisions of Rule 104.F of the general statewide rules and regulations of the New Mexico Oil Conservation Division ("Division");
- (2) The West Red Tank-Delaware Pool currently comprises the following described area in Lea County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 13:	S/2
Section 14:	NE/4 and S/2
Section 22:	SE/4
Section 23:	W/2 and SE/4
Section 24:	NE/4
Section 25:	W/2
Sections 26 and 27:	All
Section 28:	E/2
Section 34:	N/2
Section 35:	N/2
Section 36:	N/2 and SE/4

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 1: NE/4;

- (3) Said 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) A "project area", pursuant to Division General Rule 111.A(9) is defined as "*an area designated on Form C-102 that is enclosed by the outer boundaries of a spacing unit, a combination of complete spacing units, or an approved waterflood, secondary, tertiary, or pressure maintenance project;*" further, in accordance with Division General Rule 111.C(3), the maximum allowable assigned to such a project area with multiple proration units shall be based upon the number of standard spacing units that are developed or traversed by the producing interval of a horizontal/high angle wellbore;
- (5) According to the information submitted this well was originally drilled in 1994 to a total depth of 8,892 feet. In September, 1997 Burlington recompleted said well by kicking-off at a depth of approximately 8,196 feet, built the angle up until a 90-degree inclination was obtained, and directionally drilled a horizontal drainhole at an angle of 23 degrees east of true north an approximate distance of 1,560 feet;
- (6) The end or bottomhole location of the resulting drainhole is reported to be 1720 feet from the South line and 1604 feet from the West line (Unit K) of said Section 14;
- (7) The resulting project area for this well should therefore be the 120-acre area comprising the NE/4 SW/4 and S/2 SW/4 of said Section 14;
- (8) Burlington is currently developing the West Red Tank-Delaware Pool within the subject 120-acre project area with its:
 - (A) Red Tank Federal Well No. 1 (API No. 30-025-32469) located at a standard oil well location 330 feet from the South line and 1980 feet from the West line (Unit N) of said Section 14; and,
 - (B) Red Tank Federal Well No. 4 (API No. 30-025-

32528) located at a standard oil well location 1650 feet from the South line and 2135 feet from the West line (Unit K) of said Section 14;

- (9) The NE/4 SW/4, S/2 SW/4, and W/2 SE/4 of said Section 14 is a single Federal lease (U. S. Government lease No. NM-77058) in which Burlington is the operator;
- (10) The affected 40-acre tract immediately offsetting the subject 120-acre project area is the NW/4 SW/4 (Unit L) of said Section 14, is assigned to Exxon Company U.S.A. Inc. ("Exxon");
- (11) The subject drainhole at its closest point comes within approximately 97 feet of Exxon's acreage;
- (12) Exxon received the required notice of this application, pursuant to Division General Rule 104.F(3) and did not object Burlington's unorthodox location for the subject drainhole; and,
- (13) It appearing the applicant has satisfied all of the appropriate requirements prescribed in Rules 111.C(2) and 104.F, the subject application should be approved and the subject horizontal drainhole and 120-acre project area 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) Burlington Resources Oil and Gas Company ("Burlington") is hereby authorized to operate a horizontal/high angle directional drilling project area [as defined by Division General Rule 111.A(3) and 111.C(3)] within the 120 acres that comprises the NE/4 SW/4 and S/2 SW/4 of Section 14, Township 22 South, Range 32 East, NMPM, West Red Tank-Delaware Pool, Lea County, New Mexico, in which the following three wells are to be dedicated:

- (A) Red Tank Federal Well No. 1 (API No. 30-025-32469) located at a standard oil well location 330 feet from the South line and 1980 feet from the West line (Unit N) of said Section 14;
- (B) Red Tank Federal Well No. 3 (API No. 30-025-32507), located on the surface at a standard oil well location 330 feet from the South line and 990 feet

from the West line (Unit M) of said Section 14 and a bottomhole location that is approximately 1720 feet from the South line and 1604 feet from the West line (Unit K) of said Section 14; and,

- (C) Red Tank Federal Well No. 4 (API No. 30-025-32528) located at a standard oil well location 1650 feet from the South line and 2135 feet from the West line (Unit K) of said Section 14.

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

(3) 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


LORI WROTENBERY
Director

S E A L

cc: New Mexico Oil Conservation Division - Hobbs /
U. S. Bureau of Land Management - Carlsbad