



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

**OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87506
(505) 827-7131**

September 16, 1997

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

Administrative Order DD-199(NSBHL)(SD)

Dear Mr. Howard:

Reference is made to your application dated April 16, 1997 for authorization to directional drill the C. H. Weir "A" Well No. 20 (API No. 30-025-34096), Lea County, New Mexico to a pre-determined subsurface unorthodox oil well location within a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing from the top of the Drinkard formation to the base of the Ellenburger formation, which presently includes but is not necessarily limited to the Skaggs-Drinkard and Undesignated Warren-McKee Pools.

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 11274 on June 13, 1995; and,
 - (b) **Rule 104.F** of said Division general rules;
- (2) It is the Division's understanding that Texaco Exploration and Production Inc. ("Texaco") intends to place its C. H. Weir "A" Well No. 20 (API No. 30-025-34096) at a surface location 2510 feet from the North line and 2225 feet from the West line (Unit F) of Section 12, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, drill vertically to an approximate depth of 4,250 feet, kick-off in an east-southeasterly direction, drill directionally in such a manner as to allow the wellbore to penetrate that interval from the top of the Skaggs-Drinkard Pool to the base of the Ellenburger formation at a targeted unorthodox subsurface oil well location that is approximately 2630 feet from the North line and 2575 feet from the West line (Unit F) of said Section 12;
- (3) Within the SE/4 NW/4 (Unit F) of said Section 12, all intervals from the top of the Drinkard formation to the base of the Ellenburger formation, which includes the Skaggs-Drinkard and Undesignated Warren-McKee Pools, are all currently 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) According to the application, the C. H. Weir "A" fee lease comprises an area that includes the S/2 N/2 and N/2 S/2 of said Section 12 and is operated by Texaco; therefore, there are no affected offsets to the subject 40-acre tract other than Texaco;
- (5) Within the 160 acres that comprises the SW/4 NE/4, SE/4 NW/4, NE/4 SW/4, and NW/4 SE/4 of said Section 12, Texaco is currently developing the Skaggs-Drinkard Pool in the following manner:

- (a) the SW/4 NE/4 (Unit G) of said Section 12, being a standard 40-acre oil spacing and proration unit, is dedicated to Texaco's C. H. Weir "A" Well No. 12 (API No. 30-025-27398), located at a standard oil well location 2307 feet from the North and East lines of said Section 12;

- (b) the SE/4 NW/4 (Unit F) of said Section 12, being a standard 40-acre oil spacing and proration unit, is dedicated to Texaco's C. H. Weir "A" Well No. 19 (API No. 30-025-29686), located at a standard oil well location 1980 feet from the North line and 1651 feet from the West line of said Section 12;

- (c) the NW/4 SE/4 (Unit J) of said Section 12, being a standard 40-acre oil spacing and proration unit, is simultaneously dedicated to Texaco's:

- (i) C. H. Weir "A" Well No. 10 (API No. 30-025-20964), located at a standard oil well location 1980 feet from the South line and 2306 feet from the East line of said Section 12; and,

- (ii) C. H. Weir "A" Well No. 16 (API No. 30-025-29207), located at a standard oil well location 2310 feet from the South line and 1650 feet from the East line of said Section 12; and,

- (d) the NE/4 SW/4 (Unit K) of said Section 12, being

a standard 40-acre oil spacing and proration unit, is dedicated to Texaco's C. H. Weir "A" Well No. 17 (API No. 30-025-29320), located at a standard oil well location 1720 feet from the South line and 2103 feet from the West line of said Section 12;

- (6) The proposed subsurface "infill" Skaggs-Drinkard oil well location in Unit "F" of said Section 12 (2603 feet from the North line and 2225 feet from the West line), being somewhat of equidistance to all five of the above-described producing Drinkard oil wells, will enable Texaco to further develop and deplete the reserves within the aforementioned 160-acre area within its C. H. Weir "A" fee lease;
- (7) According to Texaco's geological data submitted with this application:
 - (i) a small localized anticlinal structure exists within the McKee formation in portions of the SW/4 NE/4, the SE/4 NW/4, and the NE/4 SW/4 of said Section 12; and,
 - (ii) a well drilled at the proposed subsurface unorthodox oil well location [2630 feet from the North line and 2575 feet from the West line (Unit F) of said Section 12] should intersect this structure at a point of maximum thickness within the potentially productive area, thereby increasing the likelihood of obtaining commercial oil production;
- (8) Texaco intends to test the other intervals for possible oil production with the same wellbore thereby enabling maximum utilization of the subject wellbore;
- (9) The "project area" for any and all formations and/or pools developed on 40-acre spacing from the top of the Drinkard formation to the base of the Ellenburger formation, which includes the Skaggs-Drinkard and Undesignated Warren-McKee Pools, is to consist of a single standard 40-acre oil spacing and proration unit comprising the SE/4 NW/4 (Unit F) of said Section 12 and the applicable drilling window or "producing area" for said wellbore should include that area within the SE/4 NW/4 (Unit F) of said Section 12 that:
 - (i) is no closer than 330 feet to the north and west lines of said quarter-quarter section lines;
 - (ii) nor closer than 65 to the east line;
 - (iii) nor closer than 10 feet to the south line; and,
- (10) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said **Rule 111.D and E and 104.F(2)**, 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 drill its proposed C. H. Weir "A" Well No. 20 (API No. 30-025-34096) at a surface location 2510 feet from the North line and 2225 feet from the West line (Unit F) of Section 12, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, drill vertically to an approximate depth of 4,250 feet, kick-off in an east-southeasterly direction, drill directionally in such a manner as to allow the wellbore to penetrate that interval from the top of the Skaggs-Drinkard Pool to the base of the Ellenburger formation at a targeted unorthodox subsurface oil well location that is approximately 2630 feet from the North line and 2575 feet from the West line (Unit F) of said Section 12.

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) For the Skaggs-Drinkard Pool the existing standard 40-acre oil spacing and proration unit comprising the SE/4 NW/4 (Unit F) of said Section 12, which is presently dedicated to Texaco's C. H. Weir "A" Well No. 19 (API No. 30-025-29686), located at a standard oil well location 1980 feet from the North line and 1651 feet from the West line of said Section 12, and said C. H. Weir "A" Well No. 20 are both to be dedicated to said well.

(4) Further, Texaco is hereby: (i) authorized to simultaneously dedicate Skaggs-Drinkard oil production from the existing C. H. Weir "A" Well No. 19 with the proposed C. H. Weir "A" Well No. 20; and, (ii) permitted to produce the allowable assigned the subject standard 40-acre oil spacing and proration unit from both wells in any proportion.

(5) For all other formations and/or pools developed on 40-acre spacing from the top of the Drinkard formation to the base of the Ellenburger formation, which includes the Undesignated Warren-McKee Pool, the "project area" is to consist of a single standard 40-acre oil spacing and proration unit comprising the SE/4 NW/4 (Unit F) of said Section 12 and the applicable drilling window or "producing area" for said wellbore should include that area within the SE/4 NW/4 (Unit F) of said Section 12.

(6) The applicable drilling window or "producing area" for said wellbore should include that area within the SE/4 NW/4 (Unit F) of said Section 12 that: (i) is no closer than 330 feet to the north and west lines of said quarter-quarter section lines; (ii) nor closer than 65 to the east line; (iii) nor closer than

10 feet to the south line.

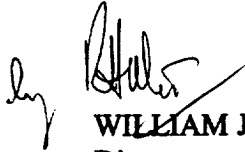
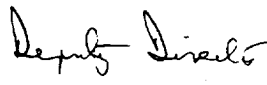
(7) The operator shall comply with all requirements and conditions set forth in **Division General Rule 111.E(2)** and any applicable requirements in **111.D** and **F**.

(8) 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 vertical depth (MVD).

(9) 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 /
Texaco Exploration & Production Inc. - Denver, Colorado